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**Economic Partnership as a Stabilizing Factor for Shaping Political and
Social Cooperation
The case of Evros-Maritza-Meric Euroregion**

by

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Abstract:

Cross-border integration between Greece, Turkey and Bulgaria has been recently dominated by traditional perception of political diplomacy that overrides the considerations for economic cooperation. This project suggests that more in-depth case analysis of the Evros-Maritza-Meric *Euroregion* will elucidate the evolution of this concept. The existence of long-term barriers in the cross-border region impeded the *process* of synergies exploitation as well as utilization of existing driving forces. The recent EU enlargement and Turkey's EU membership negotiations lessened considerably the tensions in the region and opened up new venues to fully explore the potential of three corner area i. e. the Evros-Maritza-Meric Euroregion.

Key words: cross-border integration; Greece, Turkey, Bulgaria; synergy; barriers; driving forces

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Table of Contents

<i>Abstract:</i>	1
1. Introduction.....	3
2. Method and material.....	7
2.1. <i>Choice of data</i>	7
2.2. <i>Method limitations</i>	8
2.3. <i>Sources and source criticism</i>	8
3. Theoretical framework	10
3.1. <i>Cross-border integration</i>	10
3.2. <i>Summary</i>	18
4. Empirical Study.....	20
4.1. <i>The Evros-Maritza-Meric Euroregion</i>	20
4.2. <i>Obstacles and chances for cross-border cooperation</i>	25
4.3. <i>Patterns of flows within the eligible area</i>	28
4.4. <i>Prospects of economic cooperation</i>	31
4.5. <i>Discussion</i>	33
5. Conclusion	36
<i>Reference List</i>	38
<i>Annexes</i>	42

1. Introduction

“The market can clean the path but it is politics which places the concrete to make it a road”

President of the Greek Enterprises Federation et al Tsarouhas 2009

After the Cold War, economic changes accompanied by increased mobility of people led to the emergence of new demands for regional regulation and rebuilding of trust across Europe. In recent years we witness tremendous changes in the realm of international politics preparing the ground for more efficient interregional cooperation where economic factors (rather than pure political formal negotiations) actually preside over or at least influence significantly power relations among states (Tsarouhas 2009). Such an assumption undeniably challenges the ideas of neorealist theory regarding its state-centric orientation and its indiscriminate use of a vaguely defined ‘national interest’ as the motivating factor of state performance (ibid).

The three countries - Greece, Bulgaria and Turkey - share a long history of political tensions and conflicts thereby attracting considerable attention of historians and political scientists. However, the perception of conflict superseded considerations for cooperation particularly in the field of economic partnership (Kollias & Günlük-Senesen 2003: 1). Clearly, it is not possible to find two all the more three matching regions for a process of successful integration. However, for many countries, Euro regions turned into the role models of power rearrangement between the government and the border regions in dealing with actual problems linked to social and political areas as well as setting off a variety of projects targeting development of interregional growth possibilities.

The cross-border relationships in the Evros-Maritza-Meric Euro region between Greece-Bulgaria and Turkey are complex and as a model of regional cooperation not easily understood at a glance. The three countries have different economic and political structures and account of EU membership accompanied by rich and common historical heritages. This makes this case a real research challenge; as much as the tools used to facilitate cross-border cooperation in the eligible area are also subject to a certain degree of ambiguity.

My study was originally motivated by my transnational observance of the remarkable upsurge of interregional cooperation and partnership as means of exchanging practices to fully utilize a regional potential. Preliminary, this presupposition began to shape itself by my seeking to examine in which ways economic potential i.e. industrial complementarities, which are traditionally thought to be the indicators of interregional synergy, affects political stability and collaboration in the Evros-Maritza-Meric Euro region. In the process, however, it became clear to me that to identify and highlight economic complementarities in the region that includes three countries with different organizational structures and the account of EU membership appears to be a rather challenging task. In seeking an understanding of obstacles and chances for economic interaction within the chosen geographical area, the barriers and driving forces for integration are to be identified and evaluated followed by further elaboration of the cross-border linkages by evaluating prospect industrial complementarities, FDI flows and trade levels in the Evros-Maritza-Meric Euroregion.

Prior literature documents that the development of international ties to overcome difficult national disputes is not a new phenomenon. It is perceived as a quite logical way to open up possibilities for economic growth and collaboration. Take for instance Germany's border regions with France or the Netherlands. These regions are no longer considered to be challenging regions because of successful cross-border cooperation channeled via Euro regions. The Rhine river was once perceived as the 'Great Divide' by the French and Germans, yet has been transformed into 'unparalleled axis and pole of development' (Hansen, 1983: 258). The same applies to the successful Dutch-German cross-border cooperation that has not only enhanced economic development of the region, but has also 'deepened' integration between the states; thereby eliminating the distrust between the two nations (Grix & Knowles 2002).

A number of scholars have described cross-border cooperation extensively from a variety of disciplinary perspectives. However, these works are highly imbued with traditional inflections, arguing that strengthening of cross-border cooperation will eventually weaken the position of a nation-state. At the same time, they also question an often-mentioned supposition about globalization and its impact on state and state borders. Other, more empirically focused works, contribute greatly to the cross-border heritage by scrutinizing specific cases from different perspectives (Perkmann 2003; Grix & Knowles 2002; Anderson

1997; Anderson & O'Dowd 2002; Anderson & O'Dowd 1999; Krätke 1999; Lundquist & Trippel 2011; Trippel 2010; Lundquist & Winther 2006).

The historical evolution of the relationship between Greece, Bulgaria and Turkey has been described by academics, NGOs, governments and it is certainly not an unexplored domain of study (Kollias & Günlük-Senesen 2003, Tsarouhas 2009; Rumelili 2003, Papadopoulos 2008). The majority of the literature has been politically centered; however, Tsarouhas in his analysis deviates from the "political harmonization to economic cooperation" model presuming that economic cooperation through improved trade, joint ventures and FDI flows is well able to improve political relations between countries (Tsarouhas 2009). Admittedly my research has been largely motivated from his standpoint.

Based on these preliminary findings of my studies into the history and literature regarding this geographical area, the Euro region concept and related theories the problem in focus of my thesis can now be formulated in the following way:

To what extent economic cooperation may possibly shape political domain in the corner area – the Evros-Maritza-Meric Euro region?

The aim of this study is then further detailed by the following interconnected research questions:

1. Can economic cooperation be seen as an important tool for development of long-term partnership within the region?
2. How can it affect political trilateral relations and permanent peace establishment within the cooperation area?

The answering of the research questions above will be structured around the following three main approaches.

1. Political and economic interdependence of three engaged countries while not 'new' are not as established as historical and geographical perspective in the field of international cooperation and from my findings are seldom intertwined with the regional stability and cooperation on a fundamental level. Therefore, I aim to scrutinize this matter on a regional level by considering cross-border cooperation in the *Evros-Maritza-Meric Euro region*;

2. By conducting more in-depth analysis of the cross-border region, I explicate the barriers and driving forces that exist for integration and analyze how they can affect both political and economic cross-border integration within the Euro region;
3. I address the issue of complexity of the eligible area and analyze economic linkages together with possible economic complementarities in this cross-border cooperation.

Based on this approach the paper will be structured in the following way:

In the first section of the analysis, I present methodological framework for addressing cross-border challenges and possibilities in the Evros-Maritza-Meric Euroregion. The next section presents the theoretical skeleton of the project that incorporates various factors usually influencing cross-border integration and is amplified by specific arguments of location theory and political dialogue. In the following section of the analysis, I present historical and economic background of the eligible area in order to give a reader a glimpse of the studied environment, its structure and account. Moving on, the discussion on potential barriers and driving forces within the cooperation area and the role played by FDI flows as well as trade decisions in enhancing of cooperation within the region is investigated and underlined. Industrial complementarities are briefly discussed in order to elucidate cross-regional synergies and possible ways of their exploitation. In conclusion, I apply insights gained from the empirical discussion and provide further elaboration of economic-political cooperation. I show that growing cooperation in a context characterized by the proliferation of cross-border economic competition and partnership is crucial for political collaboration.

Finally, the thesis will culminate with conclusions based on findings, further thoughts and suggestions for future research.

2. Method and material

The theme of my project is rather broad and complex thus may prompt many questions and considerations of different perspectives. The study is based upon qualitative research since it allows applying unstructured forms of data collection thereby providing certain space for verbal explanations instead of pure measurements and statistical analysis (Hammersley, 1990).

At the outset, I choose to apply the *case study* namely the case of the three-corner area Evros-Maritza-Meric Euro region. Application of this method provides an opportunity first, to acquire new knowledge on a specific geographic area and related region-specific issues; and secondly, to develop analytical skills necessary to address the issue political and economic integration in the Evros-Maritza-Meric Euro region. At the same time, it challenges research outcomes while insufficient information may lead to inappropriate results and conclusions (Saunders 2006: 146).

Briefly, the method applied to collect data includes the following steps:

1. Qualitative analysis of secondary data namely documentary secondary data. The choice of this type of method is rather obvious: it is timesaving. Furthermore, the application of this method provides a large database, probably even bigger than if you would collect the data on your own.
2. Administrative records that provide useful information for analysis and evaluation in the research paper.

2.1. Choice of data

The decision to carry out research on the cross-border area of Evros-Maritza-Meric Euro region was based on several reasons. First and foremost, regional integration is simply too large and too diverse in order to get a proper overview of connections; hence, a foothold is needed in this matter. Narrowing down my choice to one cross-border region was made on the basis of geographical location and historical background. Cooperation between Greece, Bulgaria and Turkey has developed into a sphere of high academic inquire and Evros-Maritza-Meric Euro region represents a perfect case for investigating cross-border linkages allowing for the fact that it shares external borders with a candidate country and a new EU member state. Finally, a limited number of studies have been carried out on this cross-border

region providing a unique opportunity to reveal new and very region-specific challenges and constraints in the process of cross-border integration.

2.2. Method limitations

Considering the complexity and the scope of the chosen topic, many aspects may be overlooked or simply not considered in this project due to time and space limitations. Political economy of cross-border regions is a multifaceted phenomenon and requires a proper deliberation of many side-issues. For that reason, I have decided to consider one specific aspect of this matter: the improvement of trilateral political dialogue through more intensive economic cooperation in the case of Evros-Maritza-Meric Euro region.

Despite the lack (or nearly absolute absence) of primary information and reluctant research assistance on officials' part in the cooperation area (particularly in Greek side) I managed to base my research and conclusions on interpretation of a large body of secondary sources which have both positive and negative sides. On the one hand, application of secondary data in unveiling cross-border integration in the Evros-Maritza-Meric Euro does not allow to have complete control over the quality of information/data I obtain. On the other hand, however, secondary data provide enough scope for critical reflection and avert taking any statement for granted (Saunders 2006: 272). Obviously, these arguments apply to primary data as well; however, it requires more consciousness when you work with secondary rather than primary data. It is particularly true for the case of the Evros-Maritza-Meric Euroregion that comprises three different countries, with different aspirations and different cultures thereby exposing research to certain ambiguity. Furthermore, as I conduct my case study research, consideration of different types of sources in order to acquire and grasp the wide range of views and aspects is absolutely vital for this kind of study.

2.3. Sources and source criticism

Since I am conducting a case study research, I have not only taken one source into account but rather diverse types of sources though only secondary ones. In order to give sense to the sources, I have analyzed, interpreted and compared them with the intention to obtain a precise answer and confirm the validity of the process. Altogether I rely on the following types of data:

1. The following official documents were provided by Bulgarian regional authorities: Bulgaria-Turkey IPA Cross-Border Program, National Regional Development Strategy of the Republic of Bulgaria for the period 2005-2015, Local/Regional Economic Development in South-Eastern Europe. Several sources also can be found on the official webpage of Evros-Maritza-Meric Euro region i.e. www.evroregion.gr; the website can be considered as a reliable source of information due to its official status.
2. A number of different online articles have been considered in order to get an idea of public opinion on specific points. However, any controversial publications were not used or quoted in the given project. The variety of academic articles and reports were the main source of information for both theoretical and empirical parts.
3. Statistical websites, both EU and national, supported my findings with quantitative data. However, in many cases the national websites tend to reflect the national interests, striving to preserve a positive image of the country and may omit sometimes factual information. In order to avoid being one sided and be able to verify and compare my findings, I have referred to European Commission statistical data which provide objective look on matters under discussion.

However, considering the specific nature of my study (in terms of location), lack of data to verify the hypothesis was an inevitable attribute. In general, regional data are rather scarce and are difficult to find without thorough field research. In my case, regional data on Greece constituted the biggest problem since data are either missing or not updated. Bulgarian and Turkish statistical databases were relatively available however it is still possible to question their validity.

In addition, to consider perspectives derived from different data sources was not possible due to time restrictions. But despite limited access to information and data availability, this research opened plenty of new ways for investigation of this subject. I would like to see more detailed investigation taking place by considering the small parts of the whole subject (e.g. telecommunication synergies in the cross-border electricity sector) and its relations in exploring and giving comprehensive and complete answers.

3. Theoretical framework

In order to approach my research question, I intend to discuss in the following section the subject of cross-border integration coupled with particular arguments drawn from location theory and political dialogue. Being aware of the fact that a discussed issue cannot be thoroughly investigated in a master thesis, I intend mainly to provide a comprehensive discussion of possible interactions between economic and political dimensions of interregional cooperation. The research question assumes that economic collaboration may possibly shape political choices within the corner area – the Evros-Maritza-Meric Euro region.

The theoretical background is two-fold:

- Firstly, it draws from a large pool of literature on cross-border integration in order to provide the basis for the understanding of the cross-border cooperation and the motives behind it;
- Secondly, the concepts of political dialogue and competitive advantage (incorporated into barriers and driving forces discussion) used as a supplementary tool to evaluate how cooperation through development of long-term cross-border economic ties elucidates the problem of integration within the cooperation area and aids the facilitation of broadening the way it is perceived.

3.1. Cross-border integration

A tremendous development of integration processes has taken place during the last decades across Europe particularly in border regions. Intensified cross-border cooperation is seen as a tool to manage complex processes of economic globalization and to remove structural and cognitive barriers blocking the development of the border regions (Scott 1999). Initially this cooperation has been encouraged by the Council of Europe followed by a gradual establishment of a single market in the end of 1992 (Anderson & O'Dowd 1999).

The primary aim of a cross-border region is to increase the potential of a functionally incorporated region (where national borders previously served as dividing line between the states) and to contribute to economic development of different industrial districts and economically connected areas (Hansen & Serin 2005). In a normative language, cross-border

integration entails “the achievement of a ‘higher’ level of interstate cooperation, contributing to the development of new forms of regional governance above and beyond traditional administrative and nationally-oriented frameworks” (Scott 1999).

Although this type of integration is perceived to be a rational way to open up possibilities for economic growth and collaboration, yet it is often exposed to the risk of being temporary and not consistent. Traditionalists thought that cross-border regions comprise transactions arising from a combination of two asymmetrical politico-economic systems:

- From a *regulationist* standpoint cross-regional entities are viewed as particular forms of political and economic regulation which act as a third party between the local ‘sociologies’ and the external demands (Scott 1999).
- From a *constructivist* perspective cross-regional integration is perceived as a cognitive project formed on the basis of “regional self-awareness [...], by material incentives and by overlying discourses of interdependence and integration emerging in Europe” (ibid 1999).

Cross-border regions often emerge from the use of the border to utilize “funding opportunities or differentials in wages, prices and institutional norms on either side of the border” (Anderson & O’Dowd 1999). Most of regional researchers agree that institutional resources i.e. varied types of regional economic cooperation, regional inter-firm networks, entrepreneurial skills and industrial know-how are crucial components of regional economic development (Krätke 1999). In recent times, the focus has been placed more on the development of regional innovative capacity where economy’s learning potential is perceived to be an essential element of innovation, which is strongly connected to interregional cooperation. Innovation and collaboration will guide regional policy “to the creation of supportive institutions capable of promoting co-operation in the regional economy” (ibid). However, considering functional proximity*, knowledge flow is hampered by regional innovative disparities in a cross-border area (Trippel 2010; Lundquist & Trippel 2011). Given that a strong asymmetry in competence and performance will hinder the reaping of mutual benefits from the integration process (Lundquist & Trippel 2011). Cross-border integration is a complex phenomenon and not all obstacles are easily detachable; e.g. cultural and linguistic

* Signifies the differences between the regions in innovative capacity (Lundquist & Trippel 2011)

hurdles may require long-term cooperation to be eliminated entirely. Consequently, the role of regional policy may vary on different sides of a cross-border region depending on the potential of respective area and the stage of its innovative development. When integration is weak, policy actors would rather apply ‘hands-off’ policy and focus on intra-regional issues than promoting cross-border cooperation (Lundquist & Tripl 2011). The process of integration can be aggravated by different levels of regional embedding into national settings (Lundquist & Winther 2006). To put it simply, it is not just innovation capabilities and competitive strategies that drive cross-border cooperation; certain degree of industrial complementarities is an equally necessary condition for successful interregional cooperation (Tripl 2010).

3.1.1. Motives behind the development of cross-border cooperation

After the recent enlargement of the European Union, political stability has become a serious concern both in regional and European terms. The shift of EU’s eastern borders raised the doubts about aggravation of division “between rich and poor regions, between the interconnectedness of EU members and the relative isolation of non-members” (Delanty & Rumford 2005:130). The Commission, however, has made it clear in the original “Wider Europe-Neighborhood” document that it is important to refrain from drawing any new separating lines in Europe (ibid). Several attempts have been made to reinforce and promote cross-border cooperation within the extended European Union and to facilitate “the movements of local inhabitants” and sustain “people-to-people contacts” (ibid: 130).

With the reference to the literature on cross-border integration used in this project paper, the main reasons of cross-border cooperation can be organized into three basic groups:

A. Political: Mobilization of peripheries

Power accumulation usually progresses outward from the ‘core’ leaving periphery regions “the objects rather than the subject of the policies and politics” (Anderson & O’Dowd 1999). Given that, border regions are often lagging behind both economically and politically. Thus, cross-border cooperation aims at more equal social participation in economic and political matters that extends beyond core-periphery dichotomy.

B. Economic: Expansion of local markets by means of physical and human resources incorporation

It is traditionally thought that cooperation across national borders opens up opportunities for economic development by expanding the local markets and integrating both human and physical resources on all sides of the region (Jönsson, Tägil & Tötqvist 2000). Cross-border market enlargement offers new possibilities to local markets while delivering prospective markets for existing goods i.e. complementary industries and new geographic regions. In the case of the Evros-Maritza-Meric Euro region, the primary objective of cross-border cooperation is to favor the increase of the cautiousness as well as to take the edge off the underdevelopment problems, which are the results of border-line isolation (www.euroregion.gr).

C. Cultural: Cultural exchange in order to eliminate barriers for closer cooperation

Armstrong 1998 et al made a suggestion that “multi-faceted, multi-lingual and multi-cultural border environments have the capacity to teach their respective governments tolerance while working out a *modus vivendi* that gives viability to, and defines, their society” (Anderson & O’Dowd 1999). In other words, the degree of cultural openness and cultural cooperation determines the degree of different kinds of cross-border relations (ibid). Considering the fact that cultural differences remain the biggest stumbling block in the practices of cross-border cooperation, cultural activities focusing on integration will facilitate partnership across the border.

Consequently, the advantages of cross-border integration will be best realized in the areas where cooperation and harmonization across borders is most needed; where ‘back-to-back’ subsistence will be changed into ‘face-to-face’ cooperation by removing the barriers blocking the process of cross-border cooperation (Gabbe & von Malchus 2006).

3.1.2. Barriers to cross-border integration

The concept of ‘integration’ implies a process and “any instance of it will entail the interpretation of a string of actions as a set of acts with identified pattern or trend” (Slocum & Langenhove 2004). For that reason, instead of enthusiastic ideas about rapidly integrated regions, there must be a focus on barriers blocking regional development as well as driving forces stimulating its growth. Lundquist and Trippel find two explanations to weak cross-border integration:

1. *Lack of synergies* meaning one of two things. First, the difference in terms of specialization, knowledge bases and economic structures is so extreme that none of the sides will benefit from cooperation. Second, the regions exhibit too

much similarity in relation to knowledge bases that nothing new can be ‘taken out’ of this cooperation (Lundquist & Trippel 2011). Proceeding from these two views, the prospects of advanced interregional cooperation are rather poor. Furthermore, the presence of functional distance aggravates considerably distribution of benefits and is strongly related to absorptive capacity of the region (ibid). However, even asymmetric cost-driven integration can produce knowledge spillovers to the weak region and FDI as well as labour mobility are driving forces in this regard (ibid).

2. *Under-exploited synergies* mean that in a view of certain barriers e.g. physical or institutional distance, the potential of the region cannot be fully exploited. Certainly, it is easier to remove physical barriers hindering accessibility rather than eliminate cultural obstacles; yet the lack of legitimacy and agreement between different political actors coupled with “very low social acceptance of building a cross-border region among firms and citizens” (Lundquist & Trippel 2011) will constitute a big problem to both interregional partnership and attracting of FDI to the area.

The key barriers for integration are grouped and summarized in the table below (Anderson & O’Dowd 1999; Lundquist & Trippel 2011):

Barriers for integration	
<i>Political</i>	<ul style="list-style-type: none">• Splitting of economic catchment areas• Variety of regulatory regimes generates smuggling, unofficial exchange rates and illegal immigration
<i>Economic</i>	<ul style="list-style-type: none">• Different levels of ability to implement innovation• Arbitrage economies that tend to be short term, informal and perhaps illegal• Border-dependend economies
<i>Cultural</i>	<ul style="list-style-type: none">• Different languages• Different norms and customs
<i>Physical</i>	<ul style="list-style-type: none">• Accessibility• Transportation costs• Transaction costs

When we think about border regions in terms of territoriality then it encourages ‘zero-sum thinking’ meaning that one side is winning while the other is losing or in other words what is considered as a gain for one side is typically seen a loss for another side (Anderson &

O'Dowd 2003). The position of a border in comparison to the border region in the neighboring state bears a crucial meaning for the development of cross-border cooperation. In general, cross-border regions are characterized by different institutional systems and levels of economic development. Degrees of cross-border dissimilarity, complementarily or asymmetry i.e. economic inequality, political compatibility and cultural flexibility determines "the potential for different types of cross-border relations that are affected, in turn, by the degree of 'openness' of the border concerned" (Anderson & O'Dowd 1999).

Political economy of cross-border regions discloses asymmetrical nature of interregional cooperation. Many states that share external border with non-EU country/or countries, quite often prioritize political aspects over economic benefits by increasing transaction costs and consequently dividing economic catchment areas that affects negatively cross-border economic development (Anderson & O'Dowd 1999). High tariffs, cultural differences and political instability hamper cross-border trade and production and render "border regions economically as well as geographically peripheral" (ibid).

The myriad of systems, which function at diverse spatial levels on every side of the border region, facilitates smuggling and illegal immigration (Scott 1999; Anderson & O'Dowd 1999). It is obvious that this statement hardly can be applied to cross-border cooperation within the EU; however, as in the case of Evros-Maritza-Meric Euroregion, the flow of immigrants (mainly from Afghanistan and North Africa) coming through Turkey, penetrate into the territory of Greece through the border region of Evros (www.balcanicaucaso.org). Furthermore, 'arbitrage economies' serve a purpose of low-risk realization of profit and due to their compensatory effect they are rather limited and unstable and depend on "asymmetries, including different market failures or dysfunctionalities [...] on either side of the border" (Anderson & O'Dowd 1999). Such economies are certainly more flexible and better adaptive to short term policy changes, however they do not provide a possibility to surpass the border. On the contrary, they use the variety of politico-administrative institutions to their economic advantage by upholding national borders.

As has been mentioned above, border depended economies are rather unstable and short span in nature. Krätke would explain it in terms of 'low road' and 'high road'. The majority of cross-border regions follow the 'low road' path of cooperation meaning that one side of the

border derives benefits at the expense of the other side i.e. differences in income and wage levels between the participating countries (Krätke 1999). However, it is important to notice that “innovation-based regional competitiveness gains importance at the expense of the exploitation of factor cost differentials” (ibid); this means that ‘high road’ i.e. development of more soundly-based cross-border production networks, clusters or learning regions are much more reliable than those border regions whose growth relies upon asymmetric linkages (Krätke 1999; Anderson & O’Dowd 1999). At the same time, however, to achieve this advanced level of integration is quite the task and in most of the cases it relies heavily on “the success of previous incremental and less advanced modes of integration” (Lundquist & Trippel 2011).

3.1.3. Driving forces

The last couple of years have been marked by an upsurge of political debate on driving forces behind the process of regionalization. Barriers that have been mentioned above may also constitute the key driving forces for the integration process. An often-mentioned condition for the establishment of cross-border cooperation is the development of institutional resources and institutional fortification which in turn encourage independent cross-border cooperation (Krätke 1999; Hansen & Serin 2005). At the same time, however, they will often lack political influence though “will be organizations that argue and lobby for changes in laws and regulations” (Hansen & Serin 2005).

Different cultural associations play their part in strengthening cross-border cooperation by participating in the administrative bodies at both formal and informal levels (ibid). Often these organizations, which are based upon national interests, perceive economic and political modifications as a chance to systematize their activities effectively for their own benefit.

Hence, relying on the large body of literature, the key driving forces can be organized in the following way:

A. Political forces: Regional leadership

Cross-border integration discloses a dual nature of political cooperation/political dialogue. On the one hand it reveals a great potential for development of new and more advanced approaches to cross-border integration; on the other hand, however, divulges the complexity of this process through different phases of its operationalism (Abdoul 2007). Promotion of this sort of political cooperation raises the question of equal authenticity of all actors involved in the process since it may clash with the “modalities of representative democracy” (ibid). For that reason the interaction of different actors/representatives from every side of the border are

crucial for appropriate regulation and political cooperation. Furthermore, the comprehension of various backgrounds will help to evade the trap of Perkmann's strategic selectivity^{*}; in other words, the prejudices against the creation and realization of particular strategies by certain collective actors may be easier overcome when considering a wider context (Hansen & Serin 2005).

Given that, political cross-border cooperation is facilitated significantly by the emergence of political networks across borders, in which both national and regional authorities can participate (Jönsson, Tägil & Tötnqvist 2000: 149). The role of regional authorities is crucial at this point as they are more exposed to the limits of slow cross-border cooperation on a 'daily basis' and might appear to be more responsive towards specific incentives promoting cross-border partnership (Rhi-Sausi & Coletti 2009). Although in some cases they do not exercise enough power to offer any kind of policy arrangement yet they might influence considerably the final decision concerning its implementation e.g. by blocking it (ibid).

B. Economic forces: Regional needs and opportunities

The concept may have a wide implication: from collaboration with the purpose to create an environment favorable for macroeconomic stability and economic growth to cooperation with the intention to diversify tourist products and services. The expansion of EU and gradual abundance of the state's hegemony across Europe opens up new prospects and possibilities for cross-border regions (Jönsson, Tägil & Tötnqvist 2000: 147). Traditional understanding of advantages brought about by enlargement of EU and consequently extension of local markets is based upon classical location theory comprising both classical and neoclassical economic thoughts (Hansen & Serin 2005). Neoclassical model views borders as a barrier for economic cooperation which disrupts 'free trade' and entails 'costs' (Anderson & O'Dowd 2003). Industry location, according to this perspective, depends "on the specialization of the territorial unit considered in line with comparative advantages, which in their turn result from exogenous differences across locations" (Resmini 2007). Generally speaking, this matches Weberian thinking about correlation between 'maximum profit and minimum cost'; following the line of his thought, firms will locate where profit is greatest (Hansen & Serin 2005).

However, this theoretical discussion overlooks the reality of competitiveness and its role in the process of cross-border integration. From this classical perspective, competition is viewed as a static process relying mainly on cost minimization rather than on a dynamic force that rests primarily on innovative

^{*} "the goal of which is to develop a framework for analyzing the role of political strategies in forging the state's institutional strategies and modes of socioeconomic intervention" (Brenner 2004 : 87)

potential of the region (Porter 2000). In this broader view, location plays a crucial role affecting regional competitive advantage (ibid; Hirsch-Kreinsen & Jacobson 2008: 222). Pavitt argues that competitiveness and performance of a certain industrial sector rises as the result of cross-border exchange of ideas, products, services and employees with another sector on the other side of the cooperation area (Hirsch-Kreinsen & Jacobson 2008: 224). Such complementarities can be facilitated either by geographic proximity or institutional environment favoring cooperation between different industries or by intensified and strong market relations between different regions (ibid).

C. Cultural forces: Local norms, culture and history

Not only political harmonization and economic competitiveness but also culture and history represent an important tool for enhancing cross-border cooperation. In cross-border regions people are ‘spatially close’ but quite often are socially and culturally remote due to lack of trust among the nations (Ahat 2009). However, there is certain inconsistency with this argument considering a wide range of successful cross-border practices across Europe. At the same time, the enlargement of EU and the shift of external borders stirred up cultural and social dimensions in cross-border practices. It is traditionally thought that common history and culture have to represent a strong basis for cross-border cooperation. However, the case of the Evros-Maritza-Meric Euro region explicates a reverse outcome proving that common historical and cultural heritage is not enough in order to create a sense of unity within the eligible area because Greek see the border as a line emphasizing the image of ‘other’ represented by Turks (Tsarouhas 2008). Given that, the development of mutual trust lies in the heart of cross-border integration seeing as “both a condition for and a result of interaction, as well as a precondition for the success of the relationship (van Houtum 1998).

Following from the arguments mentioned above, cultural and history represent significant (or probably the most important) driving force and can be exploited as a tool for stronger cross-border cooperation. On the one hand, cultural and historical heritage indicate a great potential to set relations with neighboring countries going (e.g. through museums, cultural centers); on the other hand, local customs and norms may also constitute the basis for development of new products and services as well as employment possibilities in relation to other economic sectors (IPA Bulgaria-Turkey 2007).

3.2. *Summary*

Cross-border integration is perceived as a tool to carry out the bridging function and offer good prospects for further development. The cross-border regions are rather heterogeneous in

nature particularly in terms of political compatibility, economic differences and cultural flexibility, which are the factors that literally define the potential of the region for various kinds of cross-border relations.

In view of recent EU enlargement and changes in international politics, regions sharing the external border with non-EU countries face bigger challenge allowing for the fact of peripheral position of their neighboring countries, different account of democracy, availability of synergies and cultural/historical heritage. Restriction of movements over external borders due to established visa regimes and lack of infrastructure networks at some sides of the cross-border region further aggravates integration. For that reason, the development and exploitation of existing economic synergies within the cooperation area is a crucial driving force stimulating integration and smoothing over barriers in the form of e.g. cultural tensions and different political aspirations.

The Evros-Maritza-Meric Euro region shares borders with both non-EU and new member states; and consequently is characterized by the variety of political practices with the long history of centralized political order and little delegation of power to regional authorities. In addition, the region exhibits rather interesting pattern in terms of economic possibilities. Empirical section discusses the main obstacles and opportunities for cooperation within the eligible cross-border area and elaborates on politico-economic issues related to the research question.

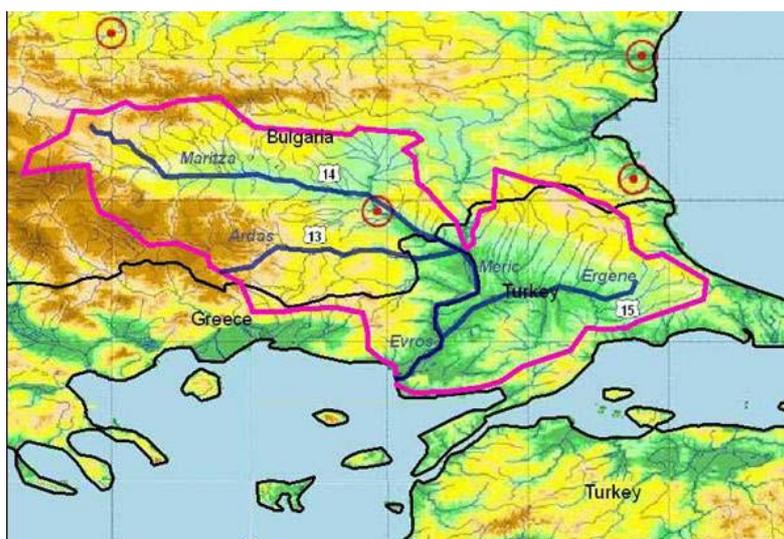
4. Empirical Study

The previous section has sought to provide a theoretical platform for further discussion. It has helped to present the eclectic crux of cross-border cooperation, with the primary objective to introduce the significant lack of rationalization of interregional cooperation within the region under discussion. This section now seeks to elucidate chances and obstacles for integration, the potential of the cooperation area as well as to explore possible linkages to political cooperation.

4.1. The Evros-Maritza-Meric Euroregion

Euroregion Evros-Maritza was established on June 9th 2001 and expanded on October 6th 2001 to include the members of the Border Union of Turkey – Meric (www.maritza.info). The map of eligible area is presented below.

Figure 1 The Evros-Maritza-Meric Euro region



Source: Flapp Policy Working Group

Currently, the cross-border area covers a territory of 19081.3 sq km with total population of 964 313 people comprising four provinces: Edirne (Turkey), Evros (Greece), Haskovo and Kardzhali (Bulgaria). The eligible area in Bulgaria represents 66% of total cross-border cooperation (CBC) territory respectively the eligible area in Turkey represents 28% and 6% in Greece. The population structure among participating units differs considerably. The population of Bulgarian part is 411 127 inhabitants accounting for approximately 40% of total CBC population, followed by Edirne (Turkish side) with population of 402 606 inhabitants and Evros (Greek side) with population of only 150 580 inhabitants. The average population

density of Bulgarian and Greek sides of the cooperation area is significantly lower than the national average 69.9 and 84 inhabitants per sq. km respectively; this observable fact can be explained by the prevalence of rural areas with small population size (IPA Bulgaria-Turkey 2007). The similar pattern can be observed on the Turkish side of the cooperation area allowing for the fact that the northern part of Turkey is one of the least populated areas of the country (ibid). The data are summarized in the table below.

Table 1 List of the eligible NUTS III units in cross-border area

<i>NUTS III level equivalent</i>	<i>Area in sq km</i>	<i>% of the cooperation area</i>	<i>Population</i>	<i>Density per km²</i>
Edirne (Turkey)	6097	28%	402 606	62.2
Haskovo (Bulgaria)	5533.3	66%*	256 408	43.7
Kardzhali (Bulgaria)	3209		154 719	48.81
Evros (Greece)	4242	6%	150 580	35
Total CBC	19081.3	100%	964 313	

Source: Turkish Statistical Institute; National Statistical Institute of Bulgaria; National Statistical Service of Greece; IPA Cross-Border Cooperation Programme Bulgaria-Turkey 2007, EU Program "Change in Borders"

Geographically, the eligible units are relatively isolated from both political and economic centers of the respective countries (Cross-border cooperation Bulgaria-Turkey 2004-2006). However, besides geography, historically the borders between Greece, Bulgaria and Turkey were the borders between two different political systems i.e. NATO and the Warsaw Pact (ibid). Specifically, Greece and Turkey were NATO members while Bulgaria was a part of the Warsaw Pact. Given that, a number of buffer zones were established in the border regions and the access to them was strictly restricted (ibid).

In general, the regions of cooperation area share common history and culture. The historical bond that ties these three countries together dates back to the Ottoman Empire; and cultural heritage still prevails in the area forming "the basis of group identities in some quarters of the region" (Kucukcan 1999). After the collapse of the Empire, the process of nation-building has been launched bringing along the rise of hostility and furious quarrels over the issue of belonging. From the very outset, the modern Greek state has been placed in "juxtaposition to a real or imagined 'other' represented by Turkey; or better put, 'the (abstract) Turk'" (Tsarouhas 2009). The presence of Turkish minorities in Greece and Bulgaria, as a legacy of Ottoman reign, caused a great deal of political conflicts between three countries. The end of

* Haskovo and Kardzhali together represent 66% of total cross-border territory

the Cold War signified a considerable lessening of hostile tensions between Bulgaria and Turkey though not with Greece.

The recent changes in the international arena have altered considerably the political terrain of the cooperation area. First change was the expansion of EU eastwards in May 2004 to encompass 10 new member states. Secondly, Bulgaria became a full member of EU in January 2007. And thirdly, and probably the most important in this case, it is Turkey's acceptance as EU candidate country and launch of negotiations concerning full membership in 2005. All this put together gave a significant impetus to improve trilateral relations, to put aside historical and political misunderstandings and promote economic integration with a purpose to exterminate regional backwardness caused by "border-line isolation" (www.maritza.info).

4.1.1. Economic and industrial structure of the Evros-Maritza-Meric Euroregion

Economic structures on each and every side of the cooperation area vary considerably. *Edirne* province is a part of Marmara region, which appears to be one of the most urbanized regions of Turkey. As literature documents, in the late 1970s industry started to shift rapidly from Istanbul towards the borders of Thrace thereby affecting neighboring cities like Edirne and Kırklareli (Olçay & Erkut). Between the year 1980 and 2000 the region started gradually to be transferred from an agricultural to a manufacturing area developing mainly labor-intensive and low-value industries; however, the economy of the region still remains for the most part agricultural, followed by service sector and industry (IPA Bulgaria-Turkey 2007).

Haskovo and *Kardzhali* is a part of Southern Bulgaria, which exhibits rather heterogeneous economic structure. The primary reason for that is a period of transition accompanied with a number of economic and institutional reforms, which is a rather typical phenomenon for many post-communist countries (European Territorial Cooperation Programme 2007-2013). *Haskovo* and *Kardzhali* are mainly represented by agriculture and forestry. The movement towards an important reduction of the production output that started in the 90s seems to start swaying back in positive direction (European Territorial Cooperation Programme 2007-2013). However, the problem of finding the market for agricultural production constitutes the major challenge in the development of the regions (ibid). Although the industrial sector's contribution has increased over the years yet considerable decrease of manufacturing activities in 90s caused the "decline of the sector and the implementation of unfavorable

structural changes” (European Territorial Cooperation Programme 2007-2013). The main industries developed in Haskovo and Kardzhali are in the chemical industry producing organic and non-organic chemicals that are used to meet the needs of the agricultural sector, textile, and machine building producing equipment for primary sector of economy.

Evros is a part of Greek Thrace region, which is characterized by availability of rich natural resources but rather poor exploitation of them. The primary reason for that is a partial isolation of the region from the major national markets caused by the absence of a proper infrastructural network; the problem is further aggravated by unsatisfactory level of personnel specialization and insufficient training of human capital in the region (Stathakis 2008). In addition, regional economy is dominated by the agricultural sector followed by textile and services i.e. tourism.

In Edirne province, in terms of GDP by sectors, services have the share of 47.42% of regional GDP, followed by agriculture 35.8% and industry 16.78%. It has to be noticed that the share of agriculture in Edirne is far over national average 13.43% (IPA Bulgaria-Turkey 2007). On Bulgarian side, the share of tertiary sector in both Haskovo and Kardzhali reaches 55% and 48.5% of regional GDP respectively. The share of secondary sector in Haskovo constitutes 23.8% of regional GDP followed by primary sector with a share of 21.2%. Kardzhali, on the contrary, exhibits clear dominance of primary sector with a share of 30.7% followed by secondary sector with a share of 20.8% of regional GDP. Evros demonstrates similar pattern: 57.6% of regional GDP in services, 21.4% in agriculture and 21% in industry. What is striking, however, is the fact that Evros' GDP per capita is nearly 4 times larger as in Edirne and 6 times larger as in Haskovo and Kardzhali. This can be attributed either to so-called economic boom in Greece in 2000-2007 or to shadow economy accompanied with tax evasion so widely spread across the country. Data are summarized in the table below.

Table 2 Economic characteristics of eligible area

<i>NUTS III level equivalent</i>	<i>GDP per capita in Euros</i>	<i>% in primary sector</i>	<i>% in secondary sector</i>	<i>% in tertiary sector</i>
Edirne (Turkey)	2264*	35.8%	16.78%	47.42%
Haskovo (Bulgaria)	1820.8	21.2%	23.8%	55%
Kardzhali (Bulgaria)	1815.7	30.7%	20.8%	48.5%
Evros (Greece)	10852,8**	21.4%	21%	57.6%

Source: IPA Cross-Border Cooperation Programme Bulgaria-Turkey 2007; European Territorial Cooperation Programme Greece-Bulgaria 2007

The cooperation area is characterized by the presence of a great number of small and medium size enterprises (SME) with a little share of big enterprises, which are the key economic drivers “providing a lot of value added, employment and business for many of the local SMEs” (IPA Bulgaria-Turkey 2007). In recent years, private incentives in the SME sector have been relatively intensive aiming at promotion of free competition and employment opportunities within the eligible region (ibid). For example, Association of the producers of machinery for food producing industry was established in Haskovo province signifying a potential for development and realization of various initiatives for SME support related to increase of market access and information basis (ibid).

To sum up, the Evros-Maritza-Meric Euro region is characterized by agricultural economy and mono-structured industry that coexists with service-oriented economy (Cross-Border Cooperation Bulgaria-Turkey 2004-2006). Despite certain economic increase, the growth rates in the cross-border region continue to be insufficient to overcome substantial lagging behind in comparison to EU average indicators. Consequently, appropriate interventions i.e. removal of blocking factors and evoking of existing potentials are highly required so that to improve and exploit regional synergies on the Bulgarian, Greek and Turkish sides. Allowing that, identification and analysis of key barriers for and driving forces behind cross-border cooperation in the Evros-Maritza-Meric Euroregion are discussed in the next section.

* As for year 2005

** As for year 2006

4.2. Obstacles and chances for cross-border cooperation

To bridge empirical evidence with theoretical discussion on cross-border integration, outlined below are the key obstacles and chances for cross-border cooperation in the cross-border region.

Table 3 Barriers for and driving forces behind cross-border cooperation in Evros-Maritza-Meric Euro region

Indicator	Barriers	Driving forces
<i>Political</i>	different political regimes and experiences	Bulgarian full EU membership and Turkey's candidate country status
<i>Economic</i>	corruption (particularly thriving on Bulgarian and Greek sides); abandonment of traditional activities i.e. agriculture; lack of knowledge based workforce	available synergies
<i>Cultural</i>	cultural mistrust; oral and written communication problems (different languages)	common history and culture; cultural exchange through various networks e.g. twinning of municipalities of Kardzhali (Bulgaria) and Komotini (Greece)
<i>Physical</i>	visa regimes; inefficient road infrastructure in the Bulgarian area	neighboring location; strategic location within the international network (corridor 4 & 9)

Sources: Jönsson, Tägil & Törnqvist 2003; IPA Cross-Border Cooperation Programme Bulgaria-Turkey 2007; European Territorial Cooperation Programme Greece-Bulgaria 2007

Jönsson argues that regions with common history and culture usually demonstrate rather strong potential for political mobilization (Jönsson 2003:46). At the same time, however, they can also represent a danger “to territorial states whose boundaries do not coincide with regional identities” (ibid: 47). The cooperation area of the Evros-Maritza-Meric Euro region is significantly fragmented politically and overwhelmed with ethnically based tensions; it comprises three countries with different political and economic backgrounds but common culture and history.

Political Barriers and Driving Forces

From the outset of independence, Bulgaria has been struggling considerably with distrust (a legacy left by communist regime) towards public authorities indicating its limited experience in democracy and political autonomy. The entrance to the EU in January 2007 has stimulated a wide range of reforms in Bulgaria thereby aiding regional capacity escalation (Ahat 2009). Greece, on the contrary, has been concerned with self-identification matters and considered

every sign of decentralization as a threat to its territorial integrity (ibid). Only implementation of EU cohesion policy allowed Greek local authorities to enjoy more power and influence in policy making. Similarly, Turkey has perceived national unity as the highest priority in political life thereby being reluctant to empower regional authorities in decision-making (ibid). Becoming a candidate country after the Helsinki summit, has motivated Turkey to ease the centralized grip on regional officials and to drift towards closer cooperation with neighboring countries. Indeed, Bulgarian full membership and Turkey's candidacy status have become the major driving political forces in the cross-border region. However, whether political rapprochement will stand the test remains to see (any shift in political circles on both national and regional levels may challenge cross-border cooperation in Evros-Maritza-Meric Euro region).

Economic Barriers and Driving Forces

Due to peripheral location, the eligible cooperation area experiences a significant migration of young educated specialists moving closer to larger metropolitan areas in search of better employment opportunities (Ahat 2009). On the one hand, it indicates lack of production and utilization of human resources; on the other hand, however, it reveals inefficiency of regional policy in cultivating regional potential. Statistical data show that the rate of unemployment in the cooperation area is relatively high in comparison to EU average (9.5%) particularly in Edirne 13.4%. The situation is further aggravated by prevalence of traditional economic activities particularly those related to agriculture. In addition, high level of corruption, widely spread across the cross-border region (particularly in Greece and Bulgaria), discourages flows of investment into the Euro region and hampers cross-border integration in general. However, the presence of economic synergies particularly in agro-industry, tourism, telecommunications and logistics make the area attractive for the development of an integrated economic cross-border space.

Cultural Barriers and Driving Forces

Throughout the history a high level of cultural mistrust has been developed between Bulgarian, Greek and Turkish nations. The ambitions to create a distinguished identity, quarrels over religious views aggravated by language differences constitute significant barriers for cooperation in the eligible corner area. At the same time, however, rich and common culture (and history) represents an important driving force. Joint cross-border

projects related to scientific research, archeological excavations and other cultural programs intensify (or will eventually) the integration process and prepare the basis for more advanced and long-term cross-border linkages (IPA Bulgaria-Turkey 2007; European Territorial Cooperation Programme Greece-Bulgaria 2007-2013). The increase of NGO's activities in preserving historical and cultural heritage and implementation of projects like 'twinning municipalities' play a part in encouraging cultural exchange across borders as well as the cooperation among local authorities (European Territorial Cooperation Programme Greece-Bulgaria 2007-2013). However, to exploit this potential properly the three engaged countries need to tackle and alleviate any "implications and impacts of [...] historic reality" (EU Program 'Change in Borders') and focus on the possibilities this cross-border cooperation offers.

Physical Barriers and Driving Forces

Visa regimes on the borders Greece-Turkey and Bulgaria-Turkey aggravated by inefficient road infrastructure in the Bulgarian side of the Euro region, represent the most important physical barriers for cross-border integration. In addition, they reveal asymmetrical nature of this cooperation: for both Bulgarian and Greek businesses it is much easier to find partners and get access to Turkey rather than the other way around (there is one Greek consultancy in Edirne though). The matter of abolishment of visa regimes between cooperating countries has been already negotiated however led to nowhere so far. At the same time, however, close geographical proximity smoothes considerably over visa disadvantages. Furthermore, the Evros-Maritza-Meric Euro region is directly served by the European Transport Network i.e. Corridor number 4 crossing the eligible area in Haskovo and Edirne provinces and number 9 crossing the cooperation area in Evros, Haskovo and passing by Edirne province (IPA Bulgaria-Turkey 2007). Close geographical proximity and strategic location within the international transport network serve as reasonable preconditions for development of closer cross-border cooperation.

However, to comprehend how well three engaged countries are economically integrated it is important to consider linkages at every side of the cooperation area i.e. trade and foreign direct investments as well as consideration of possible economic synergies within the Evros-Maritza-Meric Euro region.

4.3. Patterns of flows within the eligible area

4.3.1 Trade

Cross-border trade is a rather simple form of inter-country collaboration and will be the first economic activity to respond to lessening (or improving) of interregional tensions (situation) (Papadopoulos 2008). After 2000, just few years after Turkey's Custom Union with the EU came into force and one year after summit in Helsinki where Turkey was accepted as a candidate country, the trade between these two countries almost quadrupled (ibid). In January 2007 Bulgaria joined EU thereby increasing considerably trade relations between three engaged countries. For both Bulgaria and Turkey, Greece represents the 'most developed' neighbor and trade partner that offer significant market expansion (Tsarouhas 2008). For Greece, Turkey and Bulgaria are perceived "as an added part to the chain of trade diversification" (ibid) and as an option to move away from the pressure of EU open market.

The enlargement of EU reduces trade barriers between neighboring countries thereby rising "the prospect of an alteration in the regional allocation of international trade" (Lafourcade & Paluzie 2005). As has been mentioned above, the Evros-Maritza-Meric Euro region exhibits certain characteristics of a peripheral region, relatively isolated from both political and economic centers of their countries. In the process of market liberalization (or at least relative market liberalization) and interregional integration, the cross-border region improves market access due to "closer location to foreign demand" (ibid). One can refute the argument by claiming that having an external border with non-EU country will make regions incline towards domestic markets instead. The level of trade in the Evros-Maritza-Meric Euro region is rather low in comparison to other regions; this can be explained by weakly developed industrial sector and the dominance of agriculture in the eligible area (Scott & Matzeit 2006). In addition, the cooperation area shares typical characteristics of the border region with relatively small market available (ibid). In recent years, the pattern significantly changed on Turkish side: Edirne has grown in economic significance by turning into a major hub of cross-border cooperation between the EU and Turkey. Given that, there are some prospects for change in terms of trade within the Evros-Maritza-Meric Euroregion as well.

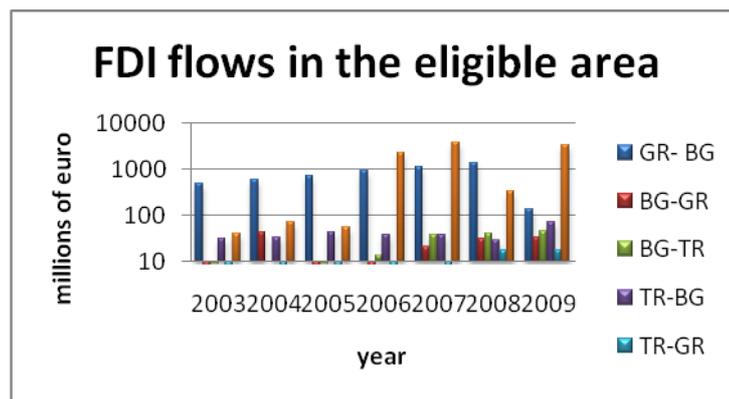
4.3.2. Foreign Direct Investments

Foreign direct investments do not just represent the level of economic cooperation between different countries but also "willingness to [...] show a large degree of trust in [...] political

and legal culture” (Papadopoulos 2008). In this respect, the eligible area exhibits different patterns though mutual positive gains are very likely: Greece and Bulgaria provide a beneficial opportunity for the launch of EU-funded projects as well as access to wider European and Northern American markets and Turkey represents the ‘market opening door’ to Asia and the Middle East (Tsarouhas 2009). Basically, it goes down to a simple economic deal i.e. win-win regional trade access for Greek, Bulgarian and Turkish companies. The Evros-Maritza-Meric Euro region is a geographically integrated area and private sectors on every side need to be strengthened through mutual investments in order to maximize profits and opportunities.

FDI flows among engaged countries are summarized and presented in the chart below.

*Chart 1 FDI flows between Greece, Turkey and Bulgaria**



Source: Eurostat

The level of FDI flows between Turkey and Greece remained rather low until 2006. Considering the sequence of political events it is not surprising. However, there is one important event that preceded the breakthrough in terms of FDI between these countries i.e. National Bank of Greece acquisition of 46% of Finansbank in Turkey in the beginning of 2006 thereby demonstrating “confidence in the Turkish market” (Tsarouhas 2008). After this event took place, four Turkish companies opened a few retail outlets in Greece joining other Turkish firms that were already active on Greek market (Papadopoulos 2008). This ‘move’ indicates an interesting fact; higher wage costs in Greece do not constitute a barrier for Turkish entrepreneurs who previously were choosing e.g. Bulgaria over Greece as FDI

* Negative results are not included in the chart (that would be Bulgaria-Turkey in 2004)

destination (ibid). Although until quite recently residence and work permits were frequently denied by Greek authorities for Turkish businessmen who were interested in investing in Greece, yet Turkish companies continued to move their businesses across border i.e. to Evros and other regions of Greece with the purpose to venture into European market (Papadopoulos 2008). Despite this, however, Turkish FDI to Greece did not surpass \$2, 5 million edge (ibid).

Low Turkish FDI flows to Greece represent just a tip of the iceberg; historically Greece has never been a significant recipient of FDI (Monastiriotis & Jordaan 2011). This problem can be attributed to the fact of excessive regulations and bureaucracy, high taxes and overall rather weak macroeconomic milieu (ibid). In addition, FDI in Greece are highly spatially concentrated. Statistical data reveal that in the period of 2000-2008 out of 51 NUTS III regions in Greece only 25 received certain share of FDI, with 87% of FDI flowing to Attica province where all national capital is accumulated (ibid). Allowing for that, Evros province received a very little share of FDI constituting less than 2% of total employment in comparison to Attica receiving the share of FDI constituting nearly 20% of regional employment (*see annex I*; Manstiriotis & Jordaan 2010).

By the end of the year 2004 Greece ranked number 22 on the list of biggest investors in Turkey accounting 35 Greek companies active on the market in 2006 (ibid). Bulgarian FDI flows to the neighboring countries are not that significant and started to slowly grow only after its accession to the EU in 2007. Greece is one of the largest investors in Bulgaria accounting for €139 million followed by Turkey with FDI accounting for €71 million (www.eurostat.ec). Totev argues that Bulgaria attractiveness to ‘neighbors’ FDI flows is due to ‘situational factors’* rather than economic potential (Totev 2005). Indeed, the level of FDI flows coming from the USA and Japan, which is much lower, compared to their economic possibilities, signifies the immaturity of the Bulgarian market (ibid). At the same time, the Turkish FDI in Bulgaria is much lower than in Greece mainly because of ‘movement restrictions’: after the accession of Bulgaria to EU, visa regime was established between the two countries restricting movement for Turkish businessmen.

Considering everything said above, although Greece appears to be an important investor in the eligible area yet the Evros-Maritza-Meric does not seem to represent either significant

* geographic proximity and low labour costs

place of origin or destination for FDI flows (Scott & Matzeit 2006). Greek and Turkish border companies invest in neighboring regions in the Bulgarian side i.e. Haskovo and Kardzhali because of manufacturing that usually requires low labour costs (ibid). The majority of Greek FDI is still located in Sofia or Sofia province, yet there is a significant concentration of FDI in the provinces close to the border line with Greece (Slaveski & Nedanovski 2002; Totev 2005). Turkish companies, on the contrary, favor regions closely located to the border (Cross-Border Cooperation Bulgaria-Turkey 2004-2006). There are a number of reasons that motivate Greek and Turkish companies to invest in Haskovo and Kardzhali: geographical proximity, which is directly related to low transportation costs; abundance of cheap and qualified labour force; great potential in finding new economic niches for Greek and Turkish production thereby avoiding pressure of the open European market (Totev 2005).

Consequently, in this context, the distribution of FDI flows and trade levels in the Evros-Maritza-Meric Euro region represent rough indicators of cross-border cooperation. In examining the pattern of economic interaction within the Evros-Maritza-Meric Euro region, it is important to recognize first of all the significance of economic complementarities and synergies in the eligible area. As the primary intention of this project is not to analyze all potential areas of interregional cooperation (that would require more time and space as well as availability of primary data) but rather to focus on those that are most closely related to the discussed issue.

4.4. Prospects of economic cooperation

In view of facts presented above, the Evros-Maritza-Meric Euro region exhibits a pattern of a weakly industrialized area though with a great potential for development of agro-industry. For instance energy drinks and food can be considered as one possible area to develop competitive advantage. Haskovo province has a big beverage factory that has been offering traditional boza* for an extended period of time; however, the improvement of infrastructure and opening of borders in recent years has provided an opportunity to bring business to the next level and diversify products in line with international demand. The Turkish side experience an increasing demand on energy drinks however does not have domestic

* a fermented drink of the Arabs and Egyptians made from millet seeds and a mixture of astringent substances (www.dictionary.sensagent.com)

production and very small share of import coming mainly from Canada (www.ats.agr.gc.ca). Evros province is 'rich' in sugar canes which are used to facilitate conversion of food/drinks to energy. Given that, integration within this particular sector of agro-food production in the eligible area may eventually produce spill-over effect into related sectors thereby facilitating economic growth and trade, increasing employment possibilities and accelerating overall cross-border cooperation in the Evros-Maritza-Meric Euroregion.

Development of the complementarities within one sector inevitably links to other related sectors like logistics and telecommunication. As many EU accounts report, the Evros-Maritza-Meric Euro region has adequate both infrastructure (with a small exception of Kardzhali province) and telecommunication platforms. The engaged provinces are well-connected with international automatic communication network (e.g. transit optical cable system connects Haskovo and Edirne) and international transport networks (IPA Bulgaria-Turkey 2007). Given that, it might be a reasonable and logical next step to advance trading systems through implementation of optical transmission systems with low-latency that will prevent the delays in issuing and executing trading orders (ibid). The expansion of telecommunication market through the introduction of new products will add force to the demand for increased transmission capacity within the cross-border region.

Geographic proximity plays a decisive role in intensifying existing complementarities in the cooperation area particularly in the service sector i.e. tourism. Certainly tourism can be perceived as a significant source of income for some countries; however, in recent decades it has been transformed into one of the most dynamic industries of international economy (Papadopoulos 2008). In general, the cross-border region has an important competitive advantage namely its exceptional combination of natural resources as well as rich and diverse historical and cultural heritage (European Territorial Cooperation Program Greece-Bulgaria 2007-2013). However, tourism sector is lacking cross-border dimension in its programs and activities. The three-corner area offers a variety of recreation possibilities i.e. agro-tourism, which is particularly developed in Evros; cultural tourism (particularly developed in Haskovo), leisure etc. (ibid). Edirne is a rather attractive tourist destination due to its historical and cultural heritage; however, a lot still needs to be done to make these visits permanent (Cross-Border Cooperation Bulgaria-Turkey 2004-2006). The tourist industry exhibits rather seasonal nature (mainly in summer months) and there is a need to develop

alternative kinds of tourism across national borders. Bulgarian, Turkish and Greek tour operators could develop incorporated holiday packages across borders in order to add some diversity into already existing forms of tourism (ibid). Industrial experts claim that initiatives to smooth cross-border cooperation “can be expected to produce significant synergies” for cooperating countries (Papadopoulos 2008). Take for instance Edirne (Turkish side) where many tourists come to the city just for a one day trip, for the most part on excursions from Istanbul (Cross-Border Cooperation Bulgaria-Turkey 2004-2006). For this to be beneficial for the cooperation area, tourists have to be “attracted by the new ‘joint’ product” (Papadopoulos 2008) and cultural heritage is a significant asset in these terms (IPA Bulgaria-Turkey 2007).

4.5. Discussion

Can economic cooperation be seen as a precondition for long-term partnership and political stability? To provide an answer to this question, it is important to recognize the fact that economic cooperation does not appear in political and social void. It builds on cultural and historical bonds and frequently indicates strong common interests that exist within the cooperation area. In the Evros-Maritza-Meric Euroregion regional authorities have to collaborate along both external and internal EU borders and thus cope with the presence of political-administrative heterogeneity. Practice suggests that cross-border cooperation normally reflects both national and regional interests and adds significance to interstate partnership through exploitation of synergies across borders. Until recently, the Evros-Maritza-Meric Euroregion has been characterized by centralized politico-administrative system that was impeding harmonization of decision-making in the cooperation area. As data reveals, both the volume and character of economic partnership in the Evros-Maritza-Meric Euroregion have been notably altered in recent times. Driven by international changes and encouraged by the presence of new alternatives for capital in/outflows, all engaged provinces showed different levels of grasping opportunities for economic cooperation (Tsarouhas 2008).

The Evros-Maritza-Meric Euroregion is relatively weakly integrated characterized by low level of cross-border trade, as the result of agricultural sector prevalence, poorly developed industry (excluding services); slow FDI inflows (though with a slight tendency to grow) and the lack of synergies (what explains a slow rate of trade in the cross-border region). As analysis indicates, the rapprochement that was launched in 1999 and intensified after 2006 created favorable conditions for economic approximation; however, the degree of integration

has not changed considerably. Turkey's ambition to become a full member of EU accompanied with Bulgaria's EU accession in 2007 brought about certain political changes namely: opening up of eastern borders and slow upgrading of economic factors. However, considering how difficult it is for Turkey to meet the requirements set by the EU, hopes for future full membership remain rather vague. At this point, the lack of synergies put at risk the establishment of lasting economic cross-border cooperation. The extension of a long-term collaboration project outlining the stipulation of industrial complementarities and promoting a partnership based on consolidation of benefits of rapprochement represent a significant driving force in the Evros-Maritza-Meric Euroregion (Tsarouhas 2008). The reality shows that, the Evros-Maritza-Meric Euroregion is experiencing a significant lack of synergies. The most feasible source of synergy in the cooperation area can be in agro-sector and tourism with some prospects of collaboration in logistics and telecommunication. However, it is difficult to claim at this stage of the game and with this set of data available that cooperation in these sectors will offer enough competitive advantage to make the cooperation in the cross-border region permanent both economically and politically.

The case of Evros-Maritza-Meric Euroregion seems to support the view that economic cooperation does not depend entirely on political decisions but rather on cross-border synergies, exploitation of which requires harmonized political milieu at regional, national and interregional levels. In the Evros-Maritza-Meric Euroregion, EU enlargement and Turkey's EU membership negotiation constitute political driving force necessary for integration. However, as data reveals (in terms of trade and FDI), cross-border cooperation will not work without a proper economic basis i.e. availability of synergies. Furthermore, the interests of all sides have to be in play otherwise, as Papadopoulos claims, economic integration will just intensify hostility in the Evros-Maritza-Meric Euroregion (Papadopoulos 2008). The relations between economic and political integration in this cooperation area are rather complex and strongly interconnected; one will not work without the other one.

4.5.1. Recommendations

The cross-border cooperation in the Evros-Maritza-Meric Euro region has to move to a more advanced level of collaboration by creating new complementarities that will provide competitive advantage for the eligible area. In order to maximize available (or potential) resources discussed above it might be useful to develop strategy plan. For instance in tourism,

the Evros-Martiza-Meric Euro region shares a common market theme and development of package-attraction will allure visitors to stay in the region for a longer period of time.

To ensure that cross-border potential and demand for it is matched it is practical to apply grant/tender scheme development to promote tourism, advancement of telecommunications in the cooperation area. Such scheme will encourage more competition and increase quality of the projects implemented.

5. Conclusion

Cross-border integration is a multifaceted phenomenon comprising a wide range of intricate political and economic processes. The enlargement of EU and the shift of its external borders eastwards raised some doubts about economic isolation of non-EU members and a potential of cross-border relations. In general, cross-border regions demonstrate heterogeneous nature in terms of economic inequality and political compatibility accompanied by cultural diversity. The driving forces for cross-border cooperation i.e. differences in economic and costs structures open up new ways to discover and exploit available synergies, at the same time, however, they constitute the major barriers blocking the development of cross-border integration. Consequently, the concept of integration implies the process of ‘interpretation’ of a range of barriers and driving forces behind cross-border cooperation.

Development of cross-border relations, as a tool to overcome challenging disputes, is perceived to be a logical way to enhance economic cooperation across national borders. Until very recently cross-border cooperation has been mainly understood in terms of diplomacy while largely neglecting economic factors like trade, FDI and economic synergies. A crucial question raised in this project paper is, however, how economic cross-border cooperation in the Evros-Maritza-Meric Euro region may enhance political integration considering the variety of organizational and economic structures typical for this Euro region. In order to provide an answer to this query, a theoretical model was suggested that encompasses analysis of barriers and driving forces of cross-border cooperation enriched by arguments derived from location theory and political dialogue. The evidence suggests that in the Evros-Maritza-Meric Euro region slow trade and FDI flows indicate weak cross-border integration resulting from the absence of proper synergies. In addition, the cross-border region remains rather sensitive to international fluctuations making transformation of economic cooperation into strong political partnership rather problematic.

This project paper can serve as a theoretical background for further empirical analysis of specific industrial sectors in the Evros-Maritza-Meric Euro region in order to discover how far this cross-border cooperation can reach and what potential benefits it may offer for the engaged countries and the EU in general. Unveiling of new synergies will inevitably raise the question of asymmetric linkages and complexity of cross-border relations involving three countries where the risk of economic advantages favoring one side over the other increases.

So far, empirical studies have merely revised general dimensions of cross-border cooperation passing over specific ones. However, the theory and empirical evidence used in this paper will serve as a good theoretical basis for further studies focusing on this geographical area and politico-economic dimension of cross-border cooperation.

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Annex 1 Regional FDI distribution in Greece 2002-2006*



Notes: Pale shadow: <2% of total employment; Grey: 2-6% of regional employment; Black: 6-20% of regional employment.

Source: Monastiriotis & Jordaan 2011

* General flow of FDI