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CROSS-BORDER COOPERATION AS A MECHANISM OF REGIONAL MARKETING IN THE BALTIC REGION

The article offers a pragmatic approach to certain aspects of cross-border regionalisation. The marketing component of Euroregion development and the implementation of cross-border cooperation projects are considered as key directions of the joint activity of cross-border partner-regions. The authors analyse the opportunity to apply the territory brand model to research on the mechanisms of cross-border cooperation and to the elaboration of an efficient development strategy as a promising direction of further study of the cross-border cooperation and regionalisation phenomena.

Key words: cross-border cooperation, cross-border regionalisation, Euroregion, regional brand, Baltic Sea Region.

The scope of the notion of 'cross-border cooperation', the analysis of its mechanisms, the definition of its role in the development of peripheral border regions, and the process of cross-border development – all these issues have only recently drawn the attention of researchers.

Over the last decades, cross-border cooperation has developed into a new sphere of administrative activity aimed at creating conditions for the development of other forms of cross-border interaction (production cooperation, trade, tourism, cooperation in the field of security, etc.), and has taken the shape of a new type of social regional service in the framework of the cooperation of governmental and non-governmental structures of states' neighbouring regions. Cross-border cooperation became possible only under the conditions of globalisation, when regions were given more opportunities to develop their own international relations concerning a wide range of issues within their competence.

Thus, cross-border cooperation is a form of cross-border interaction, the aggregate of bilateral and multilateral connections between the authorities, economic entities, non-governmental organisations and population of cross-border regions of two or more countries.

There are different forms of cross-border cooperation:

— local cross-border contacts;

— interaction on the basis of cooperation agreements between individual organisations (for instance, universities) or administrative units, or groups of such units (it can be implemented in the context of town twinning agreements or agreements on interregional cooperation, etc.);

— temporary cooperation networks created for the implementation of cross-border projects in different spheres (economic, social, ecological, cultural, etc.);

— new spatial forms of international integration (NSFII) – spatial formations of sub-national level that include regions of several states and are characterised by active cross-border and interregional cooperation and the increasing level of socio-economic integration [1, p. 82]. Euroregions, corridors of development, cross border clusters, etc. can be quoted as examples of NSFII.

In recent years, a multilevel network of connections and contacts ensuring interaction between individual organisations and governmental programmes, municipalities and non-governmental organisations, has developed in the Baltic Region [2, p. 74]. Such region-wide networks as the Council of the Baltic Sea States (the principal political forum of intergovernmental cooperation), the Union of the Baltic Cities, the "Vasab" initiative in the field of spatial planning, the "Helcom" initiative in the sphere of the Baltic Sea environment protection, and a number of others play the role of the main nodes of cooperation infrastructure in the Baltic Region.

In 1964, the first Euroregion, Öreseund, emerged in the Baltic Region. Today, Copenhagen and Malmö represent an example of a full-blown cross-border agglomeration. Since 1990s, the development of Euroregions, including those with the participation of Eastern European countries and the Russian Federation, has been quickening. Russian partners participate in 8 out of 26 Euroregions in the Baltic Region (Peipsi Centre for Transboundary Cooperation, the Pskov-Livonia, Nemunas-Niemen-Neman, Baltic, Saule, Karelia, Šešupė, and Lyna-Lawa Euroregions).

An important financial instrument of the EU policy in the Baltic Sea Region is the Interreg programme, one of the large-scale EU programmes aimed at supporting cross-border cooperation and integration processes at the EU internal and external borders. Cross-border regionalisation is a priority of the current EU policy. This process can take shape of certain network structures that allow forming the schemes of cross-border (trans-boundary) cooperation. Firstly, cross-border cooperation is considered as a

promising tool for the acceleration of development of peripheral territories situated at the borders of national states. At the same time, its main objective is integration and the equalization of development level throughout the EU. Secondly, local authorities and economic actors make strenuous attempts to form new regional alliances; which implies financing in the framework of the EU programmes and, moreover, increasing political influence by means of joining a strategic network partnership. Thirdly, a strong belief that the diversity of natural, cultural and economic features can significantly contribute to the development of different social spheres struck root in European regions [9].

In 1997-1999, the Interreg IIC "Transnational cooperation in the field of regional and spatial planning" programme was being implemented in the region. This programme was particularly aimed to facilitate the implementation of spatial development plans for the Baltic Region formulated in the Vasab 2010 initiative [10]. The total of 45 projects, which accounted for almost 24 million Euros, were carried out in the following fields: urban development, rural-urban territory relations, trans-Baltic network creation, telecommunication, energy sector and transport (cooperation between ports, communications between ports and onshore infrastructure), management of seaside development, tourism, environment protection, rural districts, and islands.

The EU support of the cooperation in the Baltic Region continued and significantly increased in the framework of the subsequent Interreg IIIB BSR 2000-2006 programme. The programme was aimed to strengthen cross-border cooperation in the sphere of spatial planning and regional development in the Baltic Region. The Interreg IIIB BSR transnational projects were being implemented in accordance with the Northern Dimension, Vasab 2010, Helcom and Baltic 21 strategies. The programme was aimed to achieve a higher level of spatial integration and competitiveness of the Baltic Sea Region on the basis of enhanced interregional cooperation [6]. The European regional development fund (ERDF) allocated 149 million Euros in the course of the programme implementation. Moreover, 6 million Euros were earmarked by the Norwegian government. 1085 organisations from 639 cities of the Baltic region participated in 136 projects that were implemented in the framework of the programme. In 2004-2006, the total EU (TACIS) financing of Russian and Belarusian partners amounted to 7.5 million Euros [3]. The last projects of the programme had been completed by the end of 2008.

The "Baltic Sea Region" neighbourhood programme (2007-2013), which succeeded the "Interreg IIIB BSR", also finances transnational cooperation projects aimed at the balanced and sustainable development of European territory. The programme has four priorities: innovations, external and internal accessibility, the Baltic Sea as a common resource, and attractive and competitive cities and regions. The programme provides for the Russian participation, but the mechanism of financing Russian partners has not come into force yet.

The EU also attracts the ERDF resources to finance the cooperation programmes of individual border regions of different countries. In the Baltic Region, such territories are represented by: the Nord region (Norway/Sweden/Finland/Russia), Kvarken-Mittskandia (Norway/Sweden/Finland); Karelia (Finland/Russia); Öreseund (Sweden/Denmark), Pomerania (Germany/ Poland), Viadrina (Germany/Poland), the Kaliningrad region/Lithuania/Poland, Estonia/Latvia/Russia, and a number of others.

The development funds allocated by Brussels are of great importance for the participation of Eastern European countries and the regions of the Russian Federation. The involvement of partner organisations from Poland, Lithuania, Latvia and Estonia in the Interreg IIIB BSR has dramatically increased since 2004, when, alongside the accession to the EU, these countries got the opportunity to finance projects with the ERDF resources (instead of the funds of the PHARE programme, which was meant for candidate states).

Russian partners were involved in 83 out of 163 projects realised in the framework of the Interreg IIIB BSR programme. 27 projects belonged to the last two calls for applications when there arose an opportunity to finance the Russian side directly with TACIS funds. Earlier, Russia's participation either was supported by attracting additional sources or limited to the observer status. 79 Russian partners were involved in 54 projects selected in the first seven rounds (7% of the total number of organisations participating in the programme in the given period). In the eighth call for applications, when the joint financing by the ERDF and TACIS funds was introduced, 40 Russian organisations became full-fledged members of 16 projects (12.7% of the total number of organisations). The projects of the ninth call were financed exclusively by TACIS funds. 37 Russian organisations participated in 11 projects (39% of the total number of partners).

At the same time, experts in the cross-border development in the EU in general and in the Baltic Region in particular often face the question whether the cross-border regionalisation and, specifically, the development of Euroregions as flexible supranational forms of territorial administration is not a political utopia, an unachievable (with few exceptions) dream?

Kramsch and Hooper [15] specify that the representatives of the EU structures constitute the major part of the advocates of Euroregions as functional network territorial formations enjoying a significant political autonomy, which results from the concentration of tangible and intangible flows due to globalisation. The 'realists' (broadly represented by the governments of larger states, including Russia) consider Euroregions as a convenient mechanism applied by the administrations of border territories in order to attract the resources of structural funds [15].

A significant deceleration (up to the discontinuation) of cross-border cooperation projects against the background of the lack of European financing, especially characteristic of the eastern part of the Baltic Region, can serve as another argument in favour of the second approach.

Löfgren [16] claims that many European cross-border regions are imaginary political landscapes rather than examples of active international integration that can be seen both from Brussels and from the level of local administration but are hardly noticeable in the everyday life of the population of these territories [16, p. 195—196].

A more comprehensive analysis of the cross-border region phenomenon brings many researchers to the understanding of the fact that the governmental bodies of partner states still play an important and, sometimes crucial role in the process of cross-border cooperation development [15]. In the context of global competition, local, regional, national, and supranational authorities try to exploit the potential of cross-border regions to attract investment [11, p. 178]. Local border territories aiming at attracting tourist and investment flows use regional cross-border cooperation networks as a tool for becoming noticeable at the global level [16, p. 196; 11, p. 177].

Löfgren [16] shows through the example of the Öreseund Euroregion how the construction of the bridge between Copenhagen and Malmö extended beyond the framework of an engineering project, rather complicated both in terms of the technical and administrative aspects, and turned into an important cultural event organised in compliance with the leading marketing technologies. Cross-border spatial planning, construction process and the opening ceremony in 2000 were accompanied by a large-scale information and marketing campaign, numerous cultural and political events. The bridge became a brand of the most successful EU Euroregions.

The bridge metaphor as a model of the formation and application of cross-border region brand obtained circulation across other territories of cross-border cooperation. The Tornio-Haparanda Euroregion, which unites historically connected neighbouring municipalities at the Swedish-Finnish border, is implementing the Euro-City infrastructural project aimed at the construction of a complex that includes an information technology centre, a hotel and two shopping malls situated precisely on the state border. The main objective of this Euroregion located in one of the least populated corners of Europe is to become a distinct point on the map and an attractive territory for business and tourism. At the same time, Löfgren [16] emphasises that, at the moment, the Euro-City project cannot be quoted as a successful example. Nevertheless, since the opening of the IKEA store in 2006, which was accompanied by a large-scale marketing and cultural campaign, the role of the Tornio-Haparanda Euroregion has significantly increased not only for Sweden and Finland, but also for the northern territories of Norway and Russia [16]. It seems that all projects implemented in the framework of the Interreg programme included the marketing component. On the one hand, the EU financing involves certain responsibilities concerning compliance with the so-called visualisation rules: promotion of project results through various media sources, with obligatory use of the EU symbols, which contributes to the formation of the positive image of the European Union. On the other hand, the participants of cross-border projects actively exploit these resources as well as the print and electronic media of joint projects to advance the interest of their territories aimed at developing new markets. Thus, most participants of the Interreg IIIB BSR projects were represented by local, regional, and federal authorities. Cross-border cooperation, on the one hand, becomes a means to promote the national and regional brand of the participating region in the framework of the cross-border cooperation network; on the other hand, it is implemented as a common marketing strategy of the cross-border territory.

The opportunities of applying the marketing notion of 'brand' to advance the interests of cities, regions and states is associated with the name of Simon Anholt who introduced the concept of national brand [4]. Further research in this field allowed the author to elaborate a theory of ”competitive identity” [5], which is more related to the issues of national identity, politics and the development of a competitive economy than to the concept of 'brand', which is characteristic of the business administration sphere.

Over many decades, a brand was understood as “a name, term, sign, symbol, or design, or some combination of these elements, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors” [13, p. 229]. Recent years have seen a change in the understanding of the 'brand’ concept. Kotler and Keller [14] suggest defining a brand as a competitive bid from a known source. In its turn, a competitive bid is a physical implementation of the process of

positioning values and goods offered by the supplier to the potential consumer that are capable of meeting the consumer's needs. A competitive bid can be a combination of goods, services, information and impressions [14, p. 53]. The fact that not only a commercial company but any other actor or even a territory (a municipality, region, country, cross-border region) can be a supplier of values and goods, is recognised not only by the representatives of such pioneer fields of marketing as state and region branding, but also by a wide range of researchers in the field of marketing [12].

The shift in the meaning of the 'brand' concept is connected with the gradual abandonment of the goods-centred approach to marketing and branding and the turn to the understanding of network character of interrelations between suppliers, customers, competitors, partners and other interested actors. Today, this approach to marketing is connected with the emergence of such concepts as service and relationship marketing, claiming the status of a new paradigm of research on the functioning of market mechanisms and society in general [7; 8; 17].

Interconnections and networks are the central component of the forming theory of cross-border cooperation. Thus, the upgraded 'brand' concept can be applied as a model of research on cross-border cooperation mechanisms and elaboration of an efficient strategy of its development both at the level of separate cross-border partner territories and cross-border regions. This line of research will require linking the model of territory brand with such concepts, related to political science and theory of international relations, as national identity, public diplomacy, and cross-border management.

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