

*Mindaugas Jurkynas\**

*Institute of International Relations and Political Science, University of Vilnius*

## Regional Cooperation within the European Economic Area\*\*

A theory-ridden case study analysis and institutionalisation of regional cooperation, empirically evaluates the existing mechanisms for regional cooperation by specifying functions and limits of the action of the European Commission's Directorate General for Regional Policy, the Committee of Regions the European Free Trade Association, and the European Economic Area. Later on, the investigation looks for opportunities for the development of regional cooperation between the EU and EFTA Member States. In essence, *modus operandi* of the Directorate General for Regional Policy, the Committee of Regions, on the one hand, and the European Free Trade Association and the European Economic Area, on the other, are quite incompatible. The former entities are preoccupied with cohesion and regional cooperation mostly among the countries and sub-national units of the European Union, whereas the latter two are primarily driven by the participation in the common internal market. Nevertheless, these crossing each other functional trajectories can make their ends meet only given the existent political willpower to develop cooperation since the existing institutional frameworks provide certain tangents for enhanced cooperation.

### Introduction

The year 2009 renders an opportunity for increased discourse about the European Union. The elections to the European Parliament in June 2009 and the process of the ratification of the Lisbon Treaty reinvigorated the debate about the role of the EU in the everyday lives of its citizens and the place of a politically unified Europe in global affairs. The European Union, as one of the most important players in world politics, does face a number of internal and external challenges: financial and economic crisis including its management; institutional reform; immigration; aging populations; climate change; energy security; international terrorism and organised crime; the EU enlargement; the EU neighbourhood policy; and EU-Russia relations are just a handful.

During the last five years, the European Union expanded from 15 to 27 member states, increasing political, social, and cultural diversity, which requires

---

\* *Dr. Mindaugas Jurkynas* is an associate professor at the Institute of International Relations and Political Science of the University of Vilnius, Vokiečių 10, LT-01130 Vilnius, Lithuania, tel. +370 52514139, [mindaugas.jurkynas@tspm.vu.lt](mailto:mindaugas.jurkynas@tspm.vu.lt)

\*\* The article is a revised version of a study "Regional Cooperation and EEA (structures – DG REGIO, Committee of Regions); opportunities and challenges to develop regional cooperation between the EU and the EFTA", presented to the Committee of Foreign Relations of the European Parliament in March 2009 (2006/S 154-165848).

efficient and attentive institutions to satisfy the needs of welfare, security, and legitimisation among the EU citizens. A sharp-sighted observer would also add an EU-related issue of 'democratic deficit', which implies a wide distance between the 'eurocratic' EU decision-making institutions and citizens. However, one may notice a "decreasing trend in civic activities offered by democratic systems, linked to the erosion of sense of belonging to community, local, regional, national or European".<sup>1</sup>

The EU offers a legion of institutions that represent or at least take into consideration national, regional, and local interests. Some of them participate in the decision-making process and others contribute to the decision-shaping procedures. Still, a plethora of institutional opportunities help to search for value-added within the EU-related bodies aiming at the reduction of democracy deficit and enhancing the profile of the EU abroad, e.g. among 'reluctant Europeans', that is, the European Free Trade Association (EFTA) member states. Some of them can deliver and some need synergies with other organisational enterprises within the EU. The key objective of this article is to evaluate the relationship between the Directorate General for Regional Policy and the Committee of Regions on the one hand, and the EFTA and the European Economic Area (EEA) on the other, and to discuss the possibilities for their collaboration. Some EU institutions are important for politics and democracy, whereas the others still have to find their synergies.<sup>2</sup>

Therefore, the paper will empirically evaluate the existing mechanisms for regional cooperation by specifying responsibilities and limits of the European Commission's the Directorate General for Regional Policy (DG REGIO), the Committee of Regions the EFTA and the EEA, and investigate opportunities for the development of regional cooperation between the EU and EFTA Member States through analysed mechanisms. These institutions have been extensively researched, yet their cooperation is under-investigated. Therefore, a theory-ridden case study that analyses the institutionalisation of regional cooperation knowledge, about which might have practical relevance for Lithuania to be presiding in the EU Council in 2013 and fill in the gaps of information about the interrelation between the EU and EFTA. Moreover, strengthening external vectors of the EU in 2008-2009, as Eastern partnership, Mediterranean union, and EU Baltic sea strategy, Icelandic attempts to approach the EU politically gives us an opportunity to reconsider EU's relations and collaboration potential with 'wealthy' neighbours in the continent.

The initial parts of the analysis discuss the structural framework for regional collaboration, outline functions of the Directorate General for Regional Policy, and establishes the role of Committee of Regions and the relation

<sup>1</sup> Bekemans L., *Intercultural Dialogue, Democracy & Active Citizenship in Europe, 2008*, [http://www.cor.europa.eu/COR\\_cms/ui/ViewDocument.aspx?siteid=default&contentID=746137e4-4ffb-43b0-b18a-13f698bc25e9](http://www.cor.europa.eu/COR_cms/ui/ViewDocument.aspx?siteid=default&contentID=746137e4-4ffb-43b0-b18a-13f698bc25e9), 14 01 2009.

<sup>2</sup> Hix, S., *What's wrong with the European Union and how to fix it*, Cambridge Malden, Polity Press, 2008.

of the EFTA and to the EU. Finally, activities of the EEA and perspectives of developing regional cooperation between the EU and EFTA Member States are presented in the last chapters of the article.

## 1. Directorate General for Regional Policy and its External Vectors?

Theoretical insights suggest us that the European Union as a ‘mega-region’ possesses opportunities to expand cooperation with bordering regions and regional organizations via institutional collaboration, and also by involving different levels of political representation. Thereof, the outcomes of newly institutionalised cooperation among regional actors such as the European Free Trade Association, the DG REGIO, and the Committee of Regions can be designed to meet the economic, political and social challenges/needs and could signify a ‘new deal’.<sup>3</sup> Expanded regional cooperation can influence the behaviour of parties involved and create new norms. Perhaps they can pave the way for furnishing European identity with good practices and synergies. Regular collaboration can change the perceptions of actors about themselves and partners. ‘Soft’ European integration without full membership could proceed with the assistance of analytically targeted institutions in case they can be pilot projects for policies of a ‘new neighbourhood’, which embraces less politically accentuated EFTA countries. A dominant party such as the EU, is in a favourable position to provide required conditions for revised cooperation and employ its interstate institutions and their modes of operation. These sustain a regular exchange of information, link mutually relevant issues and encourage parties involved to think of actions for common aims. Therefore, there is a need to clarify roles and the potential of the DG REGIO, the Committee of Regions, the European Free Trade Association and the EEA for the development of more dense patterns of mutual cooperation with value added. The next chapter of the briefing will pay attention to functions of the DG REGIO and the Committee of Regions their interrelation and their links to the EFTA and EEA responsibilities.

The chief objective of the Directorate General for Regional Policy is to reduce differences between the levels of development of regions and countries in the European Union and to strengthen economic, social, and territorial cohesion. The cohesion policy promotes improvements in competitiveness and employment and generally aims at the Commissions strategic objectives of prosperity and solidarity.<sup>4</sup> According to the Annual Management Plan of the

<sup>3</sup> Haas, E. B., *The Study of Regional Integration*, in Lindberg, L. N. and Scheingold, S. A. eds, *Regional Integration*, Cambridge, Prentice-Hall, 1971.

<sup>4</sup> Regional policy is the main partner policy for the delivery of the Growth and Jobs strategy of the Lisbon Agenda.

DG REGIO for the 2008 European Cohesion policy, it pursued the stimulation of the growth potential of the least-developed Member States and regions, strengthening of regions' competitiveness and attractiveness as well as their employment capacity and promotion of stronger integration of the territory of the EU, to support balanced and sustainable development<sup>5</sup> and assistance to the candidate countries and potential candidate countries in their alignment with the standards and policies of the EU including cross-border cooperation.<sup>6</sup>

The Directorate General is responsible for three funds: the European Regional Development Fund, the Cohesion Fund, and the Instrument for Structural Policies for Pre-Accession. The European Regional Development Fund co-finances investments, the Cohesion Fund co-finances transport and environment projects and the Instrument for Structural Policies for Pre-Accession helps candidate countries to develop transportation networks and improve environmental infrastructure.<sup>7</sup> The Directorate General also conducts policy issues concerning the structural funds and thereof coordination with other Directorates General involved (Employment and Social Affairs; and partly Agriculture and Fisheries).

The European Cohesion policy in 2007-2013 has undergone a significant reform and now seeks to contribute to a greater decentralisation. The implementation of the policy has been simplified, while maintaining emphasis in the partnership between the Commission and national and regional levels. The DG REGIO plans to launch and effective implementation of 335 programmes 2007-2013 and around 900 major projects (including 7 national programmes and around 45 major projects in candidate countries and 12 programmes for cross-border cooperation between member states and candidate and potential candidate countries).<sup>8</sup> However, the DG REGIO structure and its functions are EU inward oriented and do not offer direct linkages with the EFTA organisation or its countries.

---

<sup>5</sup> This will be achieved through joint cross-border projects for local development aiming at reducing effects of borders; transnational actions conducive to integrated territorial development linked to Community priorities; and identification and more efficient exchange of experience and good practice at the appropriate territorial level under the initiative 'Regions For Economic Change'

<sup>6</sup> Annual Management Plan 2008 [http://ec.europa.eu/dgs/regional\\_policy/document/amp2008\\_en.pdf](http://ec.europa.eu/dgs/regional_policy/document/amp2008_en.pdf), 15 01 2009.

<sup>7</sup> The DGRP bears responsibility for additional three areas: the implementation of the European Union Solidarity Fund, which aims at rapid intervention in the case of major disasters; the co-ordination group on ultra-peripheral regions, which focuses upon the encouraging EU actions to implement measures compensating for the disadvantaged situation of the outermost regions; and the management of the EU contributions to the International Fund for Ireland which aims at peace and reconciliation in Northern Ireland.

<sup>8</sup> Moreover, for the next period of cohesion policy programmes for 2007-2013, four initiatives are prepared: 1. JASPERS: Joint Assistance in Supporting Projects in European Regions; 2. JEREMIE: Joint European Resources for Micro to medium Enterprises; 3. JESSICA: Joint European Support for Sustainable Investment in City Areas and 4. MICRO-CREDIT Initiative.

## 2. Committee of Regions and its Role in Regional and Sub-regional Cooperation

The Committee of the Regions (CoR) has a certain role in regional cooperation in the EU. The CoR, like the EU Economic and Social Committee, is the advisory EU institution, which was founded in 1994 and represents sub-regions of the EU member countries. The institution has 344 members and 344 alternate members who serve a 4-year term. Each EU country is represented at the Committee with the number of representatives (from 5 to 24) reflecting the size of the population of the country. CoR members work both at the Committee and in their home regions by continuing with their local or regional government responsibilities and, taking Europeanisation as a two-way process,<sup>9</sup> are being able to 'download' EU-related experiences home and 'upload' regional and local *problematique* to Brussels. The Committee's activities are guided by subsidiarity, proximity and partnership. As a consultative assembly the CoR provides local and regional authorities possibilities to express their concerns at the level of the European Union. The CoR can to comment upon new EU legislation (since about three quarters of EU legislation is implemented at local or regional level) and involve local and regional government in the debates on about EU domestic and external affairs.

The CoR's structure includes a Bureau, elected from the 60 Committee members, which is responsible for implementation of the CoR's political programme. There are 6 CoR Commissions, made up of CoR members<sup>10</sup>: (1) for Territorial Cohesion Policy, (2) for Economic and Social Policy, (3) for Sustainable Development, (4) for Culture, Education and Research, (5) for Constitutional Affairs, European Governance and the Area of Freedom, Security and Justice, and (6) for External relations and Decentralised Cooperation.<sup>11</sup> The Commissions examine the proposals on which the CoR is consulted and prepare draft opinions towards the European Commission's proposals.<sup>12</sup> The European Commission and the European Council are obliged to consult the CoR whenever new

---

<sup>9</sup> Flockhart, T., Europeanization: the myths and the facts, *Public Policy Research*, vol. 13, 2, 2006.

<sup>10</sup> There are four political groups represented in the CoR, reflecting the main European political families: the Party of European Socialists (PES), the European People's Party (EPP), the Group of the Alliance of Liberals and Democrats for Europe (ALDE) and Union for Europe of the Nations - the European Alliance (UEN-EA).

<sup>11</sup> The CoR has also set up a Committee for Administrative and Financial Affairs and Ad Hoc Temporary Commission on the EU Budget Review. The former aims at the improvement of the relationship with the budget authority, in order to ensure that the CoR's priorities are taken into account. The latter body submits to the plenary session a draft CoR opinion on the EU budget review; ensures that the various CoR commissions' opinions and official declarations are consistent; acts as the political interface with the other institutions concerned and represents the CoR externally throughout the debate on the review of the European financial framework.

<sup>12</sup> These drafts are submitted to the CoR's Plenary Assembly for adoption. If a majority at the plenary session approves it, the draft is adopted as the opinion of the Committee of the Regions and is sent on to the Commission, Parliament and Council.

political proposals are made in areas of regional or local level.<sup>13</sup> The Commission, the Council and the European Parliament can also consult the CoR on issues of regional or local implications stemming from new EU legislation.

The cooperation agreement between the European Commission and the CoR, adopted in November 2005 does not embrace the DG REGIO, the EFTA or the EEA, yet, the agreement outlines the external dimension of the EU. The Committee acts in the spheres of external EU action where local and regional authorities recognize powers both at an institutional level and on the ground. Cooperation with the Commission, in particular, concentrates on such areas as support for the EU enlargement process and participation in pre-accession policy; support for the EU neighbourhood policy; promotion of local and regional democracy in third countries, in particular the candidate countries and neighbouring countries; development and promotion of decentralised cooperation; and cross-border cooperation.<sup>14</sup>

In terms of sub-regional cooperation, in December 2008 the CoR signed a declaration of common interest<sup>15</sup> for 2008-2011 with the Baltic Sea States Cooperation Council, the Union of Baltic Cities, and the Baltic Sea Islands Network in order to promote cooperation.<sup>16</sup> Cooperation has been enlarged to include all Baltic Sea regions' organizations representing at the local and regional level.<sup>17</sup> All three associations will assign one representative to the CoR. The parties will cooperate in the following fields:

- Involvement of expertise in selected areas of interest of the CoR;
- Dialogue between the European Commission and the Association of Regional and Local Authorities;
- Participation in conferences and other activities;
- Joint activities in the field of communication and the mutual policy of key events;
- Joint activities in relations to the CoR's responsibility for safeguarding local and regional interests and for monitoring the application of subsidiarity;
- Joint efforts to strengthen regional participation in Northern Dimension; and
- The development of the EU Strategy for the Baltic Sea Region.

In addition, the European Commission established the so-called Dialogue between the European Commission and the Associations of Regional

<sup>13</sup> The areas include economic and social cohesion, trans-European infrastructure networks, health, education, culture, employment policy, social policy, the environment, vocational training and transport.

<sup>14</sup> Cooperation Agreement Between The European Commission And The CoR, [http://www.cor.europa.eu/COR\\_CMS/ui/ViewDocument.aspx?siteid=default&contentid=d9d6dec2-b85e-48c4-a939-dc418e675894](http://www.cor.europa.eu/COR_CMS/ui/ViewDocument.aspx?siteid=default&contentid=d9d6dec2-b85e-48c4-a939-dc418e675894)

<sup>15</sup> Declaration of common interest 2008-2011, [http://www.cor.europa.eu/COR\\_cms/ui/ViewDocument.aspx?siteid=default&contentID=f1335773-1096-4253-b369-bd37dfd5c292, 28 01 2009](http://www.cor.europa.eu/COR_cms/ui/ViewDocument.aspx?siteid=default&contentID=f1335773-1096-4253-b369-bd37dfd5c292, 28 01 2009).

<sup>16</sup> The CoR and the BSSC signed similar declaration in February 2007.

<sup>17</sup> The BSSSC and the UBC include subregional entities and cities from the only EFTA member country Norway.

and Local Authorities.<sup>18</sup> The aim of this dialogue is to improve legislation by ensuring the integration of regional and local associations' viewpoints before the formal decision-making processes start and to ensure a better understanding of the EU's policy guidelines and to make the EU more transparent and meaningful to its citizens. The European Commission addressed the CoR to cooperate with the associations and to establish the criteria for participation in the dialogue. The Commission also considered the CoR to be the key institution identifying associations of interest and proposing European and other National associations' relevant subjects to be discussed. Since 2002 the CoR has been playing the main role in the development of this Dialogue by coordinating the preparation of the different dialogues in close cooperation with the Commission and the associations across the EU and beyond its borders. The Dialogue is open to all national and European associations of Regional and Local Authorities. In 2006-2008 there have been ten meetings of the Structured Dialogue between associations of local and regional authorities and members of the European Commission during which issues of common interest were discussed.<sup>19</sup> The CoR aimed at a better involvement of the CoR's partners in its institutional activities and prepared a number of joint action plans with regional and local associations.<sup>20</sup>

Another EU initiative, though again inward oriented, was the organising of debates on the European institutional change and recent Treaties. After the referendums in France and the Netherlands said 'no' to the Constitutional Treaty for Europe in 2005, the European Commission launched a so-called '3D Plan' (Democracy, Debate, Dialogue), which aimed at boosting public participation by organising debates on the future of Europe at local and regional level. The European Commission has called upon the CoR to play the main role in this Plan and the CoR appointed a team leader for each pilot country (Portugal, Spain, France, Slovenia, Ireland, United Kingdom, Germany, Hungary, and Denmark) to coordinate its efforts with those of the European Commission delegations to the member states. The CoR was also working in cooperation with its national

---

<sup>18</sup> In line with its commitment made in the White Paper on European Governance, the European Commission adopted a communication in December 2003 on dialogue with associations of regional and local authorities on the formulation of European Union policy (COM(2003) 811 final). This dialogue is a new form of contact, beyond and in addition to the existing methods of public and institutional consultation launched by the Union institutions in the pre-legislative phase.

<sup>19</sup> Past Dialogue Meetings 2006-2008: <http://www.cor.europa.eu/pages/EventTemplate.aspx?view=folder&id=f6c524ce-0d60-4141-977d-389af3852740&sm=f6c524ce-0d60-4141-977d-389af3852740>, 29 01 2009.

<sup>20</sup> According to the Fact Sheets On The Activities, Representatives And Work Schedules Of European Organisations Representing Local And Regional Authorities, Updated For The First Half Of 2009 among the countries of EFTA there are the Working Community Of The Central Alps (Arge Alp) with Grisons, St Gall, and Ticino cantons of Switzerland and the Baltic Sea State Subregional Co-operation (BSSSC) with regional authorities from Norway. [http://www.cor.europa.eu/cor\\_cms/ui/viewdocument.aspx?siteid=default&contentid=bac07f91-c90a-4527-b8da-3f4e1ad80858](http://www.cor.europa.eu/cor_cms/ui/viewdocument.aspx?siteid=default&contentid=bac07f91-c90a-4527-b8da-3f4e1ad80858), 29 01 2009.

delegations, encouraging them to become involved in this process.<sup>21</sup>

In 2006 the European Grouping of Territorial Cooperation (EGTC) became a new European legal instrument, which promoted cross-border, transnational, and interregional cooperation.<sup>22</sup> Its adoption was both a major change in the legal framework for territorial cooperation because it was the first EU instrument with regulatory scope in the field and because it brought this cooperation between authorities from different European states. From the point of view of law on cross-border cooperation and the precursor of territorial cooperation, this is an entirely new prospect.<sup>23</sup>

Unlike the structures that governed this kind of cooperation before 2007, the EGTC enables regional and local authorities and other public bodies from different member states to set up cooperation groupings since August 2007. The EGTC members can be any one of the following: EU member states, regional or local authorities, associations, or other public bodies. This initiative enables public authorities to produce joint services, without a prior international agreement. The EGTC organises and manages cross-border, transnational, or interregional cooperation measures, with or without a financial contribution from the EU.<sup>24</sup> The CoR has a consultative role in the area of cross-border cooperation and the CoR was very active in the establishment of the EGTC, which has been operational since August 2008.

The EGTC has established an Expert Group to analyse and monitor EGTC activities and also serve as a bridge between practitioners and institutions. The Expert Group attempts to monitor the adoption and implementation of provisions at the member state level in order to facilitate the exchange of experiences on the establishment of EGTCs' at territorial level and also share knowledge of best practices in the field, in order to assist in identifying the potential of EGTC in cohesive territorial development and to improve the communication on EGTC opportunities and challenges at territorial level.<sup>25</sup>

Another example of the practice of good cooperation is the initiative of the European Commission's DG for Regional Policy and the CoR to organise the seventh OPEN DAYS event between 5 and 8 October 2009 in Brussels. The purpose of this event is to bring political representatives, decision makers,

<sup>21</sup> In the CoR Survey „Communicating - Europe Going Local“ of 2006 there was an overview of the questionnaire, where local and regional actors were asked to comment on three principle domains with relation to Plan-D. Among 66 responses there was a contribution from Switzerland (Regio Basiliensis). [http://www.cor.europa.eu/pages/EventTemplate.aspx?view=folder&id=bdebadda-9abd-49f5-ba5d-2b6b1750e7c4](http://www.cor.europa.eu/pages/EventTemplate.aspx?view=folder&id=bdebadda-9abd-49f5-ba5d-2b6b1750e7c4&sm=bdebadda-9abd-49f5-ba5d-2b6b1750e7c4), 30 01 2009.

<sup>22</sup> It was established by Regulation 1082/2006/EC of the European Parliament and the Council on the 5th July 2006.

<sup>23</sup> Levrat, N. et al., *The European Grouping Of Territorial Cooperation*, 2007, [http://www.cor.europa.eu/COR\\_cms/ui/ViewDocument.aspx?siteid=default&contentID=a0ba4bb0-c621-4b36-83c8-2a6aa5db5b4f](http://www.cor.europa.eu/COR_cms/ui/ViewDocument.aspx?siteid=default&contentID=a0ba4bb0-c621-4b36-83c8-2a6aa5db5b4f), 30 01 2009.

<sup>24</sup> To carry out these tasks, an EGTC may create its own structure, have assets and hire staff.

<sup>25</sup> European Grouping of Territorial Cooperation Expert Group, <http://www.cor.europa.eu/pages/EventTemplate.aspx?view=folder&id=4cdd9dc3-783a-4ec2-916a-028dfdb4b61b&sm=4cdd9dc3-783a-4ec2-916a-028dfdb4b61b>, 30 01 2009.



experts and practitioners of regional policy and participants from banking, business, civil society organisations, academia, EU institutions and the media to discuss common challenges for European regions; to provide a platform for capacity building in the implementation of the EU cohesion policy and in the management of its financial instruments; to facilitate cooperation; and networking among regions and cities on good practice in regional development.<sup>26</sup> Finally, in relation to the EEA and the EFTA, the CoR at times organises conferences and seminars in order to inform local and regional authorities in the new EU-member states about the possibilities of the EEA Financial Mechanism and the Norwegian Financial Mechanism.

### 3. European Free Trade Association in a Broader Framework of Regional Cooperation

The European Free Trade Association is an intergovernmental organisation set up for the promotion of free trade and economic integration to the benefit of its current four members (Iceland, Liechtenstein, Norway and Switzerland.) The EFTA Convention was signed in Stockholm by Austria, Denmark, Norway, Portugal, Sweden, Switzerland, and the United Kingdom on 4 January 1960. Finland joined in 1961, Iceland in 1970, and Liechtenstein in 1991. In 1973, the UK and Denmark left EFTA to join the European Community. They were followed by Portugal in 1986 and by Austria, Finland and Sweden in 1995. The EFTA Stockholm Convention<sup>27</sup> forms the legal basis of the organisation and provides a framework for the liberalisation of trade in goods amongst its members. The then establishment of the EFTA was an economic response to the more politically driven European Economic Community. Relations with the European Economic Community (later the European Community and the European Union) have been important for the EFTA from the very beginning of its existence. In the 1970's the EFTA States concluded free trade agreements<sup>28</sup> with the European Community. The EEA Agreement entered into force in 1994

---

<sup>26</sup> This communication platform has enlisted loyal support from over 7 000 local, regional, national and European decision-makers and experts.

<sup>27</sup> The updated EFTA Convention, the Vaduz Convention, was signed on 21 June 2001 and entered into force on 1 June 2002, in parallel with the EU-Swiss Bilateral Agreements. It includes several significant changes of which the most important is the integration of the principles and rules established between the EU and the EEA EFTA States in the EEA Agreement, and between the EU and Switzerland in the EU-Swiss Bilateral Agreements. The Vaduz Convention covers all the important aspects of modern trade and considerably reinforces the ties between the EFTA countries. The revised EFTA Convention is updated by the Council on a continuous basis. The purpose of these reviews is to take stock of, and to update the Convention in line with recent developments under the EEA Agreement and under the Swiss-EU Bilateral Agreements.

<sup>28</sup> The EFTA has concluded 16 free trade agreements (FTAs) with countries all over the world by 2008.

and the EU-Swiss Bilateral Agreement - in 1999.<sup>29</sup> The EEA Agreement allows three out of four EFTA Member States (Iceland, Liechtenstein and Norway) to participate in the EU's internal market.<sup>30</sup> Switzerland, is not a member of the EEA, but has an observer status in the EEA structure through its administration of the bilateral Swiss-EU agreements.

The EFTA main institutions are the Council, the Advisory bodies, and the Secretariat. The EFTA Council is the governing body, yet without supranational features. It is responsible for intra-EFTA relations and those between EFTA States and third countries. It is also the forum in which the member states consult, negotiate and act together. The activities of the Council try to facilitate the development of links with other states, unions of states and international organisations, and provide political guidance for EFTA's work, especially in terms of both free trade and the EEA Agreement. The Council is responsible for administrative and budgetary matters within EFTA and meets at ministerial level.<sup>31</sup> Nine committees and seven experts groups assist to the Council. There are also advisory bodies at the EFTA: EFTA Consultative Committee (comprising representatives of industry and labour) and the EFTA Parliamentary Committee (comprising members from the EFTA countries' parliaments). The EFTA is also linked to the EFTA Surveillance Authority and the EFTA Court to be presented below. The EFTA Secretariat headed by the Secretary-General assists the EFTA member states with the input to EU decision-making process. Finally, the Board of Auditors is the supreme auditing authority for the EFTA Secretariat, the EFTA Surveillance Authority and the EFTA Court. It also serves as a point of contact with the Court of Auditors for the auditing of EEA EFTA contributions to the EU budget.<sup>32</sup>

---

<sup>29</sup> The EFTA today maintains the management of the EFTA Convention (intra-EFTA trade), the EEA Agreement (EFTA-EU relations). The EFTA Convention and the EFTA free trade agreements are managed from the Geneva office, the EEA Agreement from the Brussels office.

<sup>30</sup> It was originally negotiated between all the EFTA States and the European Commission and its Member States, but Switzerland decided eventually not to join this extensive arrangement. Switzerland has concluded, in addition to its Free Trade Agreement of 1972, seven bilateral agreements with the EU that constitute a framework for economic relations which goes further than the EFTA Convention. Switzerland proposed to Iceland, Liechtenstein and Norway to accord the same treatment to them as to the EU countries, on the basis of reciprocity. <http://www.efta.int/content/legal-texts/efta-convention/detailed-overview>, 31 01 2009.

<sup>31</sup> Between the ministerial meetings the Council meets monthly at ambassadorial level.

<sup>32</sup> The Budget Committee also assists the Council on EFTA budgetary matters.

## 4. European Economic Area – a New Area for Regional Cooperation?

The European Economic Area was created on 1 January 1994.<sup>33</sup> It currently allows three out of four EFTA countries (Norway, Iceland and Liechtenstein) to participate in the internal market, with no right to vote. The EEA Agreement embraces the so-called ‘four freedoms’, that is, freedom of movement of goods, persons, services and capital.<sup>34</sup> The operation of the EEA is based on the principle of homogeneity, which means the integration of *acquis communautaire* into the EEA Agreement. After the adoption of any European Commission legal act the EEA Joint Committee decides to amend the EEA Agreement. The adoption of EEA rules takes place in the EEA institutions set up by the Agreement. Then the EEA EFTA states implement the EEA rules on the national level. The EFTA states also make financial contributions towards the reduction of economic and social disparities in the EEA. Now the EEA unites 27 EU member states and three EFTA States (Iceland, Liechtenstein, and Norway). Cooperation is being carried out through common activities such as EFTA participation in EU programmes<sup>35</sup> and agencies.<sup>36</sup> The participation of EEA/EFTA states was beneficial for both sides. While allowing EFTA participants to find EU partners, the programmes also provide an opportunity for the EU to benefit from the expertise and best practices of EFTA states, beside the increase in the programmes’ budget through the financial contributions of the EFTA states to be presented below. The EEA

<sup>33</sup> The history of the EEA is closely linked to the development of the Internal Market on the EU side. The idea for the Internal Market was set out in the Single European Act of 1986, under Commission President Jacques Delors who in 1989 proposed an EEA with more structured arrangements in trade and common institutions. The negotiations were initiated in 1990. The EEA Agreement was signed on 2 May 1992 and entered into force on 1 January 1994. Switzerland in a referendum voted to stay out of the EEA; Austria, Finland and Sweden switched side within the EEA, from EFTA to the EU, in 1995; the same year Liechtenstein joined the EEA. <http://www.efta.int/content/eea/EURelations/EEAInfo>, 31 01 2009.

<sup>34</sup> Social policy, consumer protection, environment policy, competition and state aid rules may also be covered under the EEA Agreement, but the Agreement does not cover Common Agriculture and Fisheries Policies (although the Agreement contains provisions on various aspects of trade in agricultural and fish products); Customs Union; Common Trade Policy; Common Foreign and Security Policy; Justice and Home Affairs (even though the majority of the EFTA countries are part of the Schengen area); and Monetary Union. „This is EFTA”, <http://www.efta.int/content/publications/this-is-efta/this-is-efta-2008>, 31 01 2009.

<sup>35</sup> Every year, more than 1 500 organisations, public bodies and entities in the EEA EFTA states participate in the numerous EU programmes. The programmes, projects and networks range from youth exchange programmes and research to public health and development of digital content. The EEA EFTA States have access to 17 new EU programmes through the EEA Agreement. Switzerland has access to the Research and Media programmes through their separate bilateral agreements with the EU. Some of the programmes are e.g. Seventh Framework programme (FP7), Lifelong Learning programme (LLP), Competitiveness and Innovation programme (CIP), Employment and Social Solidarity - PROGRESS, Daphne - Combating Violence, Health 2008-2013, Consumer programme 2007-2013, Youth in Action, Culture 2007, MEDIA 2007, Safer Internet Plus 2005-2008, Data Interchange - IDABC, Marco Polo - Transport, EU statistical Programme, The Civil Protection Financial Mechanism 2007-2013. <http://www.efta.int/content/eea/eu-programmes>, 31 01 2009.

<sup>36</sup> European Environment Agency, European Medicines Agency, European Aviation Safety Agency, European Centre for Disease Prevention and Control, European Maritime Safety Agency, European Railway Agency, European Network and Information Security Agency.

Agreement provides the EEA/EFTA states with opportunities to contribute to the shaping of EU legislation at the preparatory stage by participating in the European Commission's experts groups and comitology committees. Experts groups are formed to advise and assist the Commission with the drafting of new laws, which the EU Council of Ministers and the European Parliament adopt later on.

Since the EEA/EFTA states have little influence in the EU decision-making, they get involved in the decision-shaping which is the preparatory work undertaken by the European Commission to draft new EU legislation. The Commission is obliged to ask for an advice from external sources when making proposals for new legal acts. According to the EEA Agreement EEA/EFTA experts may react to initiatives from the Commission by participating in European Commission committees, expert groups and advisory bodies, providing EEA/EFTA comments and adopting resolutions. The EEA/EFTA states' representatives participate in comitology committees, programme committees and other committees in very specific areas. The comitology committees assist the Commission to establish subsidiary legislation and to bring into effect a broader piece of legislation. The programme committees are responsible for the development and management of EU programmes outside the four freedoms. The participation of EEA/EFTA experts in the aforementioned EU committees ensures an exchange of information about the necessity to incorporate legislation into the EEA Agreement and to assist the EEA/EFTA countries in implementing such legislation. Participation in committees helps to influence the development of the *acquis* and the management of EU programmes.

There are additional three and EEA-related EFTA institutions: the Standing Committee of the EFTA States, the EFTA Surveillance Authority and the EFTA Court. The first one serves as a forum in which the EEA/EFTA states consult one another and arrive at a common position before meeting with the EU in the EEA Joint Committee. It is made up of the Ambassadors of Norway, Iceland, and Liechtenstein to the EU and observers from Switzerland and the EFTA Surveillance Authority.<sup>37</sup> In turn, the Surveillance Authority ensures that Iceland, Liechtenstein, and Norway respect their obligations under the EEA Agreement. The EFTA Court deals with the EEA/EFTA states and is concerned with infringement actions brought by the EFTA Surveillance Authority against an EEA/EFTA state, with regards to EEA rules. The Court also handles the settlement of disputes between two or more EEA/EFTA states.<sup>38</sup>

The two-pillar structure with the EEA/EFTA institutions represents the institutional functioning of the EEA. Key decisions concerning the EEA are taken by four joint EEA bodies (1) the EEA Joint Committee, (2) the EEA Council, (3) the EEA Joint Parliamentary Committee, and (4) the EEA Consultative Committee). The EEA Joint Committee is responsible for the management of the EEA

<sup>37</sup> The Committee's sub-structure consists of five subcommittees, under which there are several working groups.

<sup>38</sup> It also hears appeals against decisions taken by the EFTA Surveillance Authority and gives advisory opinions to courts in the EEA EFTA states on the interpretation of EEA rules.

Agreement. This forum helps to exchange views and to incorporate European Commission legislation in the EEA Agreement. The Joint Committee is made up of ambassadors of the EEA/EFTA States, representatives from the European Commission and EU Member States.<sup>39</sup> The EEA Council is composed of EEA/EFTA foreign ministers, the EU is represented also by foreign ministers in the *troika* format (past, present and future EU Council Presidencies), and officials responsible for EU's external relations. The EEA Council provides political impetus for the development of the Agreement and guidelines for the EEA Joint Committee. A political dialogue at the Council takes place on a wide range of foreign political issues.<sup>40</sup> The joint EEA institutional set-up also encompasses the EEA Joint Parliamentary Committee and the EEA Consultative Committee.<sup>41</sup> Both committees are consultative bodies. Whereas the former comprises members of the national parliaments of the EEA/EFTA States and Members of the European Parliament, the latter is made up of members of the EFTA Consultative Committee and the European Economic and Social Committee.

The three EEA/EFTA countries make their financial contributions to the EEA in return for possibilities to enjoy the benefits of the enlarged internal market. The financial mechanisms were established in 2004 in connection with the penultimate EU and the European Economic Area enlargement. Through the mechanisms a wide range of public authorities and institutions, organisations, and businesses across Central and Southern Europe are eligible for grant support to realise projects for the public benefit. Institutions from Iceland, Liechtenstein and Norway can participate as project partners. The EEA financial mechanism and the Norwegian financial mechanism consist of the contributions of Iceland, Liechtenstein and Norway to cohesion across the EEA area. The EEA/EFTA states participate in the reduction of economic and social disparities between the regions of the EEA through the financial mechanisms.<sup>42</sup> Over a five-year period through April 2009, the EEA Financial Mechanism will make available 672 million euro assistance to 15 beneficiary states in Central and Southern Europe. Norway – as the largest donor – is contributing close to 95 percent of the funding. The Norwegian Financial Mechanism will make available an additional €567 million to ten countries that joined the European Union in 2004.<sup>43</sup>

<sup>39</sup> Four subcommittees assist the Joint Committee (on the free movement of goods; free movement of capital and services including company law; free movement of persons; and horizontal and flanking policies). Numerous expert and working groups report to these subcommittees. The EEA Joint Committee also presents an annual report on the functioning of the EEA Agreement. <http://www.efta.int/content/eea/institutions/eea-joint-committee>, 01 02 2009.

<sup>40</sup> As part of an assessment of the overall functioning of the EEA Agreement, the EEA Joint Committee prepares a progress report on its activities for each EEA Council meeting. The EEA Council also takes into consideration resolutions adopted by the EEA Joint Parliamentary Committee and the EEA Consultative Committee. <http://www.efta.int/content/eea/institutions/eea-council>, 01 02 2009.

<sup>41</sup> In both these Committees Switzerland is an observer.

<sup>42</sup> Priority for financing is attributed to academic research, conservation of European cultural heritage, development of human resources, health and childcare, protection of the environment, sustainable development, *aquis communautaire*, Schengen and the judiciary, cross-border activities and regional policy.

<sup>43</sup> Norway will also contribute €68 million in bilateral cooperation programmes with Bulgaria and Romania.

## In Lieu of Conclusions: Where are the Tangents of Cooperation?

With the Lisbon Treaty of the EU, a High representative of the EU for foreign and security policy is responsible for external relations within the European Commission and for coordinating other aspects of the Union's external action and conducts the Union's common foreign and security policy. However, the Directorate General for External Relations (DG RELEX) contributes to formulation of such policy and keeps relations with four other directorate generals, among which DG REGIO is not mentioned. However, the overview of existing structures and mechanisms for regional cooperation policies, by specifying the roles and responsibilities of the European Commission's DG REGIO and the CoR, help to disclose the opportunities and challenges to furthering the EU's collaboration with regional and sub-regional bodies at the EFTA and the EEA. New cooperative practices to be outlined might expand a circle of European partners towards the countries of the EFTA. The logic of differentiating 'European neighbours' (countries with European identity, in geographical Europe and similar patterns of interrelated history) and 'neighbours of Europe' (countries without or with feeble historical and socio-cultural links to the EU and/or outside geographical perimeter of Europe) can be extended to the four EFTA states as to 'European countries'. The 'reluctant Europeans', as Iceland, Norway, Lichtenstein and Switzerland are sometimes referred to, could, if they wanted, contribute to the development of European identity and, perhaps, welfare, with good cooperative practices and reducing democracy deficit, let alone the strengthening efficiency of political and institutional networking across Europe. Cooperation can change perceptions of partners involved about themselves and the others. Therefore it is relevant to establish dimensions and vectors in which the greatest synergy between the EU and the EFTA could be achieved.

One could initially consider perspectives of deepening 'soft' EU integration without full membership, in case the EU and the EFTA developed new pilot collaborative projects with certain institutional foundation. The EU's political and economic gravity and accumulated experience enables the organisation to come up with initiatives for revised cooperation. On the other hand, after two last EU enlargements and the launch of the Eastern partnership in May 2009 may face scepticism, if not a resistance, from the southern European states. In essence, *modi operandi* of the DG REGIO, the CoR, on the one hand, and the EFTA and the EEA, on the other hand are quite incompatible in principle. The former entities are preoccupied with cohesion and regional cooperation mostly among the countries and sub-national units of the European Union, whereas the latter two are primarily driven by the participation in the common internal market. Nevertheless, these crossing each other functional trajectories can make the ends meet only given the existent political will to develop cooperation.

Against the backdrop of the current economic and financial crisis, a political context for enhanced collaboration became more favourable. Iceland,

which was severely hit by the economic hardship started seriously considering EU membership perspectives. In turn, in a referendum of February 2009, Swiss voters have come out in favour of extending to Switzerland the free movement already enjoyed within the European Union by citizens from Romania and Bulgaria. The approaching of the EFTA countries towards the EU is an opportunity to discern other dimensions for cooperative practices.

The DG REGIO is oriented towards reducing differences between countries and regions and towards strengthening cohesion with the EU. The Cohesion programmes for 2007-2013 do not mention the EFTA or the EFTA EEA states. Actually, none of the DG REGIO programmes and instruments deals with the European Economic Area or the EFTA countries. The only instrument for Pre-Accession Assistance focuses only on EU candidate countries (Croatia, Turkey and the Former Yugoslav Republic of Macedonia). The DG REGIO Fifth Progress Report on Economic and Social Cohesion does not consider closer cooperation with the EFTA, the EEA and the CoR has not been taken into consideration either.

Still, one of the aims of the EU cohesion policy is the promotion of cross-border cooperation, which could be oriented towards, as the DG REGIO annual management plan of 2009 states, 'potential candidate countries'.<sup>44</sup> Nowadays, the concept of a 'border' in international relations acquires different meanings: borders can separate, but they can also unite. Regions on a national or sub-national level have nowadays two perspectives: sovereignty-bound (modern<sup>45</sup>) and sovereignty-eroding (postmodern<sup>46</sup>).<sup>47</sup> Postmodernism recognises the abundance of actors in international politics and soft security *problematique*. Regions can be built in a bottom-up manner, that is, not only by states, but also by sub-state actors as NGOs, cross-border regions, universities, municipalities, counties, and so forth. Postmodernism downplays political and collective homogeneity and gives a ticket to multiple identities which can rather well cohabit. Political actors can have overlapping, changing or divergent collective identities. Therefore, it is worth extending cross-border cooperation with 'European countries' within the DG REGIO framework and

<sup>44</sup> Actual Management Plan, [http://ec.europa.eu/dgs/regional\\_policy/document/amp2009\\_en.pdf](http://ec.europa.eu/dgs/regional_policy/document/amp2009_en.pdf), 02 02 2009.

<sup>45</sup> Sovereignty is a powerful principle of activities of a modern state. This principle has become established with the peace accord of Westphalia in 1648. Then sovereign states emerged as key actors in international politics.

<sup>46</sup> Postmodern features of international politics are fuzzy state borders, networking, asecurity, and post-sovereignty. Fuzzy state borders refer to irrelevance of state boundaries, since borders have to unite – not separate. Networking is understood as a means to develop channels of communication among different sub-state actors. Asecurity refers to a situation when security is taken away from the agenda of cooperation among states. Finally, post-sovereignty speaks of pooling more authority to sub-state actors who could be more independent of the state which, in turn, is not afraid to "loosen" control over sovereignty and territorial integrity while dealing with partners.

<sup>47</sup> Acharya A., Regionalism and emerging world order: sovereignty, autonomy, identity, in Breslin Shaun, Christopher W. Hughes, Nicola Phillips and Ben Rosamond, eds, *New regionalisms in the global political economy*, London, Routledge, 2002, 30.

employing CoR expertise of sub-national level. In case there is political will among 'reluctant Europeans' for increased cooperation and moving closer to the EU, then the DG REGIO could reconsider its geographical vectors in the usage of pre-accession instrument. The DG REGIO is also responsible for EU Solidarity Fund which could be employed, if needed, for the creation of positive image of the EU in the EFTA countries.

Every now and then the DG REGIO and the CoR institutions jointly issue publications about regions and cities in the EU.<sup>48</sup> The DG REGIO could extend experiences of cooperation with the CoR by expanding the geographical scope of publications into the EFTA states. This would increase European awareness, exchange of information and networking possibilities in national and sub-national levels across a wider European area. Moreover, the Directorate General in cooperation with the Committee of Regions organises conferences devoted for regional policies, their implementation and networking, but the conferences do not encompass cooperation with EFTA countries or EEA issues so far.<sup>49</sup> Conferences could be regarded as an additional opportunity for pooling expertise both from the EU and the EFTA countries, as both parties face very similar political, economic, social challenges, let alone they share European identity.

The update of opinions adopted during the four-year term of CoR office (2006-2010) and CoR's political priorities for 2008-2010 reveal virtually non-existent links with DG REGIO, EFTA countries, or EEA cooperation.<sup>50</sup> This notwithstanding, although the Committee of Regions is a consultative institution, it can become one of the vehicles for the approach between the EU and EFTA. The advisory status of the EU's CoR does not pose any dangers to the reduction sovereignty to the outsiders and therefore the Committee could consider employing its structure for regional cooperation with the EFTA states. One of the key CoR's bodies is its Bureau, which consists only of EU member states. In such a case, granting an observer status of the integration of the EFTA's sub-national representatives in the Bureau would broaden local and regional appeal and move political consultations beyond the issues of internal market. The same could be done, in a coherent and timely manner, with corresponding CoR's institutions as CoR Commissions, plenary sessions and party groups. Institutional cohesion at the sub-national level would thus increase and 'democracy deficit' would diminish, as new partners would be able to follow and comment upon the EU decision-shaping and decision-making which might affect their interests. Besides, with the Lisbon treaty the CoR's status increases

<sup>48</sup> For example, „Regions & Cities Of Europe - Newsletter Of The Committee Of The Regions - Special issue in association with the European Commission Regional Policy Directorate-General - November 2007“ [http://www.cor.europa.eu/migrated\\_data/opendays2007.pdf](http://www.cor.europa.eu/migrated_data/opendays2007.pdf), 03 02 2009.

<sup>49</sup> Regions for Economic Change: Exchanging good practice between Europe's regions, [http://ec.europa.eu/regional\\_policy/cooperation/interregional/ecochange/index\\_en.cfm](http://ec.europa.eu/regional_policy/cooperation/interregional/ecochange/index_en.cfm), 03 02 2009.

<sup>50</sup> Opinions and resolutions: <http://www.cor.europa.eu/pages/DocumentTemplate.aspx?view=folder&id=f31fdade-9fac-4462-a3ea-07fd71019b44&sm=f31fdade-9fac-4462-a3ea-07fd71019b44>, 03 02 2009.



as the Committee would become able to address the European Court of Justice. In order to discover the opinions of experts and policy-makers from the EFTA states about multi-level governance and prospects for cooperation between the EU and the EFTA the CoR and the DG REGIO could invite EFTA participants into 'Open Days' events (European Week of Regions and Cities) organised by the DG REGIO and the CoR. The acquired expertise could pave the way for drafting new political initiatives in the field of enhanced cooperation.

Another political project, the European Grouping of Territorial Cooperation, in principle opens a gate for closer involvement of the EFTA states. The EGTCs can be established at the EU's external borders, provided that the legislation of the non-EU countries or agreements between the latter and member states allow it. The EGTC can even address the 2007-2013 and later programming periods asking to finance new projects of cooperation and convene experts to debate cross-border cooperation. Some non-EU European countries, notably Norway and Switzerland, have for a long time been involved in cross-border cooperation with their neighbours and it is quite likely that these relations might continue and intensify. For example, there is a cross-border urban project around Geneva (thus between Switzerland and France) that inevitably generates closer cross-border cooperation links at this external border of the EU.<sup>51</sup>

The CoR has prepared a number of joint action plans with regional and local associations, but these plans have next to nothing to do with the EFTA states despite the participation of the Norwegian and Swiss sub-national bodies in two associations. Therefore, the Committee could show more political proclivity in the elaboration of the joint action plan towards the EFTA countries which are a part of the associations the CoR collaborates with. Another sub-national dimension of extended cooperation functionally as well as geographically could be the Covenant of Mayors, which does not include any of the EFTA state. The Covenant has been established by the EU with the aim to contribute to the sustainable urban energy usage, but could be used as a forum for extended cooperation with the EFTA representatives.

As for the EFTA and the EEA frameworks, they possess certain features to be applied for cooperation with the EU institutions. Activities of the EFTA Council endeavour to facilitate the development of links with other states, unions of states and international organisations. As a ministerial/ambassadorial forum it could invite the responsible EU representatives to participate in the debates surrounding issues of common interest and all four EFTA countries would be represented in the political discussions. The European Economic Area from its perspective does not foresee the direct involvement of the DG REGIO or the CoR either. However, the financial contribution from EFTA/EEA countries target the reduction of social and economic disparities in the EEA and this is

---

<sup>51</sup> Levrat, N. et al., *The European Grouping Of Territorial Cooperation*, 2007, [http://www.cor.europa.eu/COR\\_cms/ui/ViewDocument.aspx?siteid=default&contentID=a0ba4bb0-c621-4b36-83c8-2a6aa5db5b4f](http://www.cor.europa.eu/COR_cms/ui/ViewDocument.aspx?siteid=default&contentID=a0ba4bb0-c621-4b36-83c8-2a6aa5db5b4f) 30 01 2009.

compatible with the aims of the DG REGIO. Such a common ground serves as a favourable background for potentially developing compatible approaches in increasing political cohesion across the EEA. In conclusion, the analysed network of the EU, the EFTA, and the EEA institutions has a potential to link interrelated issues, to sustain the exchange of information, and to induce partners involved to consider actions for common objectives. However, the trajectories between the institutions studied do not possess too many tangents due to different goals, functions, and responsibilities.