LESSONS FROM THE DANISH-GERMAN BORDER REGION FOR POST 2020 INTERREG A – AN ALIGNMENT WITH CROSS-BORDER FUNCTIONAL REGIONS?

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Abstract. Interreg has been the European Union (EU) initiative to support territorial cooperation and integration across borders. 30 years of Interreg, though, have not changed the fact that different barriers persist at the inner borders of the EU, and that only a few cross-border territories have emerged as joint action spaces with in-depth political cooperation and people’s interaction. While it is consensus that cross-border economic flows are decisive for the development of functional and in the end institutionalized cross-border regions, regional econometric models demonstrate the persistence of border barriers within the EU, but also that the removal of these barriers greatly increases regional growth potential. In a research project focusing on the alignment of cross-border regional economic interests, cross-border networks between business and politics and cross-border policies in the Danish-German cross-border region Sønderjylland-Schleswig we have discovered issues on different communication codes between business and politics, lack of tangible cross-border development strategies and a lack of alignment of short-term, time delimited Interreg project oriented operational programs to tangible, long-term strategies of cross-border regional economic development. EU territorial cohesion policies could be better aligned with long-term, cross-border economic strategies to create sustainable cross-border development. It will be important to rethink Interreg in a less project-oriented, but more strategy-oriented direction; focusing on flows and institutional settings promoting the development of flows by reducing cross-border barriers.

Keywords: cross-border cooperation, Interreg, lobbyism, territorial cooperation.

Introduction

2020 marks a new era for the European Union (EU). For the first time in its history, a member state has left the Union. This has and will have a deep impact on the EU’s institutional setup and governance. In spring, but also during the autumn, the SARS-CoV-2 pandemic has furthermore challenged the EU and its member states. All of them applied measures restricting free movement
of people, and in the immediate, perceived threat also restricted the movement of strategic supplies to the health sector. This challenge to the idea of a borderless Europe with free movement of people and goods came along the renegotiation of the reduced EU-27’s budget, were Cohesion Policy was a key area of suggested cuts and reductions along new priorities.

This article will discuss a refocus in the design of the European Territorial Cooperation (ETC) goal and the EU policy instrument Interreg, specifically strand A supporting territorial cooperation between adjacent border regions. Employing the notion of border regions as living spaces, but also referring to Castell’s vision of the networked society, where flows become more important than territorially defined spaces (Castells, 1998), focusing on the hitherto neglected research field of cross-border business cooperation and employing results of a study on cooperation between business and regional politics in the Danish-German border region of Sønderjylland-Schleswig, we encourage a move away from the territorial understanding of border- and cross-border regions imminent to Interreg funding principles to a more functional understanding of cross-border regions, and a corresponding alignment of Interreg funding principles.

Reflecting on the theoretical background of cross-border cooperation and integration, we present Interreg and its development since 1990, followed by our case study on dialogue between business and politics in the Danish-German border region and the conclusions we draw for an adjustment of the ETC policies.

Cohesion Policy, cross-border cooperation and integration – a theoretical background

About 30% of the EU population live in areas along forty land borders between the EU and EFTA member states. These borders are principally open to free movement of persons, goods, capital and services, but also of knowledge, information and ideas. Border region residents have been encouraged to exploit the free movement and actively engage in creating cross-border living spaces, where daily life activities such as residence, work, education, shopping and leisure activities span borders. Therefore, border regions as living spaces function as laboratories of European integration. The EU’s Cohesion Policy has supported cross-border cooperation with the Interreg initiative, with a total of €6.6 billion during the 2014-2020 funding period. ETC was introduced as a political term with the reform of European Cohesion Policy in 2007, raising Interreg from the status of Community Initiative to Cohesion Policy aim (Reitel, Wassenberg & Peyrony, 2018). A research consensus produced during the 1990s and 2000s stated that multi-level governance, EU regional Cohesion Policies, the political agenda of the Europe of the Regions and an increase in para-diplomatic activities of non-central governments have resulted in the rescaling of Europe, creating new spaces for regional and local actors and integrating regions across borders (among others Keating, 1998b; Warleigh-Lack, Robinson & Rosamond, 2011). This space-based approach is focusing on institutionalized regions along a border, or even crossing a border (Euroregions and European Groupings of Territorial Cooperation, EGTC). It is analysed within discourses of New Regionalism (Keating, 2004) or the Europe of the Regions (Keating, 2008), arguing that in the EU as well as other supranational trade areas as the North American Free Trade Agreement (NAFTA) and the Southern Common Market (MERCOSUR), multiple institutional actors of governance complement the Westphalian state as international actors governing international relations in border regions. Here, Euroregions and EGTC have been hailed as transnational, territorial political actors re-bordering the
EU’s geography (Schmitt-Egner, 1998; Scott, 2000; Blatter, Kreutzer, Rentl & Thiele, 2008; Gabbe, von Malchus & Stumm, 2008; Hall, 2008; Medeiros, 2011; Wassenberg, 2016).

This consensus has more recently been challenged for neglecting or underestimating the persistence of legal, administrative, cultural, linguistic and mental barriers in European border regions. Euroregions have been criticized for remaining political dreamscapes rather than examples of strong transnational integration (Löfgren, 2008). They can be characterized as policy entrepreneurs (Perkmann, 2007) with limited societal impact beyond a narrow circle of core stakeholders and have not succeeded to become a new regional sub-system of broader social consciousness (Paasi, 2009). While bordered space (van Houtum, Kramsch & Zierhofer, 2005) understood as bounded territory without doubt is important to analyse politics in border regions, we advocate a border regions as living space perspective with a need to refocus on flows: how do people, goods and services (and capital) circulate in border regions? Empiric observation in the laboratories of European integration helps understanding the impact of Cohesion Policies on cross-border integration. EU-wide, Cohesion Policy has a positive impact on growth and development, but there are considerable regional differences (Crescenzi & Giua, 2020). A more flow-based analysis of cross-border regions was first applied when comparing European and North American cross-border regions, the latter not being politically institutionalized at all (Blatter & Clement, 2000; Blatter, 2004). Here, the argument is that flows of goods and interactions of people define a cross-border region, which is to be considered more a network than a bordered, territorial space. This is also theorized in Emmanuel Brunet-Jailly’s flow-oriented model of the emergence of integrating cross-border regions (2005). Brunet-Jailly uses four clouts or analytical lenses, which enhance or complement each other in a circle for integrating cross-border regions to emerge: besides market and trade flows spanning the border and borderland, local cross-border culture (sense of belonging, common language or other cultural traits spanning the border), a local cross-border political clout (active local civic and political organizations, local policy networks, local cross-border institutions), and the policy activities of multiple levels of government. The model does not identify a kick-off point but argues that each clout will enhance and catalyse cooperation.

So far, the EU has applied a rather technocratic approach to these issues by introducing the EGTC as legal instrument to committing cross-border cooperation. Application of this instrument has been both functional, as juridical framework for a cross-border service, and territorial as legal framework for a Euroregion. In the latter case, though, it appears not to have been applied to long-term cross-border institutional commitment, yet (Evrard, 2016). To overcome these deficiencies, the European cross-border mechanism (ECBM) is presently projected as a tool to flexible approaches to legal challenges in cross-border cooperation, opening for the opportunity to apply member state law across the border – in the post 2020 EU Cohesion Policy (Engl & Evrard, 2020).

Border studies, in turn, have moved to scrutinise borders as multifaceted social constructions produced by social processes. Borders (and border regions) are barriers and contact points at the same time. Concepts such as Borderworks, Borderness, the Border Multiple, Borderscapes and Unfamiliarity address the multiplicity and diversity of borders as institutions producing, influencing and reproducing space, behaviour, culture, etc. They also account for practices resisting this production of space in a bottom-up approach. Instead of focusing on the border as a barrier, it is therefore important to see it as a resource, too (Sohn, 2014), and to connect bottom-up and top-down approaches to borders. Borderwork is societal bordering undertaken by citizens, not necessarily initiated by state power (Rumford, 2008). Borderscapes attempts to unpack the thinking, mapping, acting and living of borders under contemporary globalisation (Brambilla, 2015). It is a fluid concept developed to understand the relationship between borders, forms of power,
territory and political systems, as well as citizenship, identity and otherness. While all these concepts re-inscribe the border as a line including its disciplinary, discursive and norm-setting place, the concept of Unfamiliarity attempts to explain specific border transgressing social practices, or the absence thereof (Spierings & van der Velde, 2013a). The bandwidth of unfamiliarity describes, which differences border region residents are willing to accept and find appealing, creating cross-border attention, mobility and interaction. Cross-border familiarity has remained a niche of certain border region residents. It can be described as a somewhat exclusive issue of elites, who are well-prepared to accept, embrace and utilize the alterity. Furthermore, it signifies the importance to reduce cross-border transaction costs for border region actors to engage in cross-border cooperation (Lange, 2018). The Border Multiple (Andersen & Sandberg, 2012) recapitulates the need to focus on the multiple aspects of border construction and de-construction by social practices. Border regions’ residents may develop or adopt a specific border culture and border identity, which is characterised by the specific proximity of the other. Localized border practices may also contest the demarcation and lead to a re-appropriation of the borderlands.

Three concepts have been developed to classify people living in border regions, beyond the territorial trap of a binary separation into groups of different passport holders: national/transnational borderlanders, regionauts and border surfers. Oscar Martinez’ distinction of national and transnational borderlanders plays on the level of border region residents’ border crossing practices (1994). It is empirically based on ethnographic research in the US-Mexico borderlands. In a contemporary European borderlands context, the national/transnational borderlander dichotomy has been adapted with the terms regionauts (O’Dell, 2003, Löfgren, 2008) for border region residents developing the skill of using the world on the other side of the border, and border surfers (Terlouw, 2012) for border region residents profiting from exactly the economic and the social differences contained by the border, often contrary to the intentions of regional and EU policies stimulating cross-border integration.

International business studies’ focus is inter-country and global level business, i.e. the exchange of goods, services and labour among individuals and businesses in multiple countries. This field of study usually investigates the activities of multinational enterprises as they operate in multiple environments (Nehrt, Truitt & Wright, 1970). Even though cross-border business activities constitute one of the sub-domains of international business studies (Eden, 2010), the business relations in and the particular role of border regions remain under-explored. In principle, the unique features of border regions, such as the dual natured historical and cultural contexts, spatial closeness, and a flexible cross-border labor market provide several opportunities for regional, national and international cross-border business and economic development (Krätke, 1996; Brunet-Jailly, 2005; Lundquist & Winther, 2006; Leick, 2011; Kurowska-Pysz, 2016; Paudel & Devkota, 2018). Price and cost differentials could also convince businesses to use the border as a resource by locating there (Sohn, 2014), illustrated by i.e. shopping centers at borders where there are considerable different price levels on either side.

**Interreg – 30 years of EU-funded cross-border cooperation**

This article focuses on the impact of a political central, but financial minor, goal of the EU’s cohesion policy – ETC – more known as Interreg, and here specifically strand A funding cross-border cooperation in territorially adjacent border regions. Perceived by many stakeholders as a best
practice, irreplaceable tool to realize the ideal of a borderless Europe with even development 
in its central and peripheral regions, it is also viewed as a bottom-up, people-to-people tool to 
demonstrate the relevance and support of the EU at a low, down to earth level (Gabbe et al., 2008; 
Lambertz, 2011, cit. after Reitel et.al., 2018; Guillermo Ramírez, 2018). Still, there is also a 
consensus that many barriers to cross-border cooperation have remained at internal EU borders 
(Klatt & Herrmann, 2011; Svensson & Balogh, 2018). There are also clear deficits in appropriate 
evaluation, such as the insufficient use of proper, generally accepted impact assessment method-
ologies and tools (Knippschild & Vock, 2017; Medeiros, 2019).

Interreg was introduced in 1990, ‘primarily to compensate for the introduction of the Single 
Market and soften the blow for border regions, which, everyone thought, would suffer most from 
the abolition of economic borders’, as Corinna Creţu, then EU Commissioner for Regional Pol-
icy, expressed at the program’s 25th anniversary in 2015 (Wassenberg, Reitel, Rubio & Peyrony, 
2015, p. 4). This statement contradicts a long-held consensus that closed borders are barriers to 
trade and communication, which leaves border regions in the dilemma of isolation, being cut off 
from about half of their natural hinterland. They have been subject to state-centred and designed 
policies of regulation of entry and exit, not necessarily in the economic interest of the border region 
and its inhabitants, which has resulted in economists having treated borders primarily as a barrier 
to commerce and thereby limiting border regions’ potential for economic development (Clement, 
2004). Thus, in principle, border regions should profit from opening borders and reducing trade 
barriers. Border studies have long propagated the importance of transforming borderlands from 
alienated to integrated (Martinez, 1994), of developing cross-border regions into transnational 
action spaces (Schmitt-Egner, 1998), and of the great potentials, global trends of globalization, a 
borderless world (Ohmae, 1990) and also regionalization (Keating, 1998a) have in stake for border-
or rather cross-border regions (Perkmann & Sum, 2002).

In fact, regional econometric models elaborated in the 1990s demonstrated the continuous 
existence of border barriers within the EU impeding full integration (Bröcker & Schneider, 2002; 
Barten, Bröcker, Herrmann & Klatt, 2006). Barriers can be manifold: technical, administrative, 
but also linguistic and cultural (Barten et al., 2006). To assess these barriers, the Commission’s 
Directorate-General for Regional and Urban Policy (DG Regio) conducted the initiative ‘Cross-
Border Review’ from 2015-2017. This intensive fact-finding and dialogue with border stakeholders, 
EU member states’ national authorities, partner countries and regional and local authorities 
resulted in the EU Commission’s Communication ‘Boosting Growth and Cohesion in EU Border 
Regions’ (EC, 2017). It presented three general categories of border obstacles emerging from 
local, regional, national or EU legislation as well as from different administrative practices (Pucher, 
Stumm & Schneidewind, 2017, p. 5):
1. legal obstacles caused by absence of EU legislation in policy fields where an EU competence 
exists or by shortcomings in a transition of EU legislation into national law;
2. legal obstacles caused by incoherent or inconsistent domestic laws of EU member states in 
policy fields where no or only a partial EU competence does exist;
3. administrative obstacles caused by inadequate procedural and adverse behavioural aspects at 
the local, regional or national level.

More than one obstacle could be identified at most of the internal EU borders. While the 
report did not identify any obstacles at the LT-LV, AT-CZ and HU-RO borders, this was explained by a 
lack of available documentation (Pucher et al., 2017, p. 18). This could be interpreted to indicate a 
lack of significant cross-border flows at these borders. Specifically, the report identifies 10 specific
fields of intervention within six wider policy areas that are particularly affected by legal and administrative obstacles (Pucher et al., 2017, p. 19):

- Labour Market & Education: ‘Mobility of cross-border workers’, ‘Mobility of trainees, students and teachers’ and ‘Recognition of diploma or professional qualification certificates’;
- Social Security & Health: ‘Access to social insurance system’ and ‘Access to health care and medical treatment’;
- Transport & Mobility: ‘Public transport by bus, rail, light rail or metro’ and ‘Scope and quality of regional/local and cross-border transport infrastructures and of related maintenance services’;
- Industry & Trade: ‘Exportation of goods and cross-border provision of commercial services, including e-commerce’;
- Policy Planning & Public Services: ‘Emergency and rescue services’;
- Environment: ‘Protection and management of natural resources’.

In 2020, Interreg’s fifth 7-year funding period ends, and negotiations are on the way on the future of the programme (Table 1). While the first funding period (1990-1993) exclusively supported cross-border cooperation in geographically adjacent border regions (strand A, territorial cooperation), a strand B (transnational cooperation, macro cross-border regions as the Baltic Sea Region) was introduced in the Second funding period (1994-1999), to be complemented with a strand C (interregional cooperation – cooperation between non-adjacent regions in different member states) introduced in the third funding period (2000-2006). Medeiros lists the following primary aims of Interreg A in the hitherto five funding periods (2018, p. 81):

- Interreg I: prepare the border areas for the opening of the Single Market;
- Interreg II: develop cross-border social and economic centres through common development strategies;
- Interreg III: joint strategies for sustainable territorial development;
- Interreg IV: reduce the negative effects of borders as administrative, legal and physical barriers;
- Interreg V: tackle common challenges identified jointly in the border regions and exploit the untapped growth potential in border areas.

Table 1. Interreg in figures

<table>
<thead>
<tr>
<th>Interreg</th>
<th>Phase</th>
<th>Numbers of Programmes</th>
<th>Funding amount (million EUR in real terms)</th>
<th>Number of EU member states</th>
</tr>
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<tbody>
<tr>
<td>0</td>
<td>1988-1989</td>
<td>14</td>
<td>21</td>
<td>–*</td>
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<td>I</td>
<td>1990-1993</td>
<td>31</td>
<td>1082</td>
<td>12</td>
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<td>II</td>
<td>1994-1999</td>
<td>59</td>
<td>3500</td>
<td>15</td>
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<tr>
<td>III</td>
<td>2000-2006</td>
<td>79</td>
<td>5100</td>
<td>25**</td>
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<td>IV</td>
<td>2007-2013</td>
<td>92</td>
<td>7800</td>
<td>24</td>
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<td>V</td>
<td>2014-2020</td>
<td>100</td>
<td>10100</td>
<td>28</td>
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* art. 10 ERDF pilot projects
** after 2004

Interreg has become part of the Lisbon Strategy, focusing on making Europe more competitive, since the third funding period. With Interreg IV, ETC has become one of the three goals of European Cohesion Policy. Interreg V, then, is closely aligned to the EU’s 2020 Strategy to promote smart and sustainable growth as well as a diverse and inclusive society (Wassenberg et al., 2015, p. 33).

Interreg IV’s budget accounted for 2.5% of the total EU allocation to Cohesion Policy during the 2007-2013 funding period, for Interreg V, the share is 2.8% during the 2014-2020 funding period.
period (EC, 2020a). This demonstrates that, even though stakeholders perceive Interreg to be highly important for the improvement of border region development and territorial cooperation, it remains a niche program within the EU’s Cohesion Policy.

The exact outline of Interreg VI within the EU Cohesion Policy’s 2021-2027 funding period has not been decided upon, yet, and is part of the present negotiations on the future, post-Brexit EU budget. At writing time, future regional development investments will focus strongly on Objectives 1 and 2 (Strengthening research, technological development and innovation; Enhancing access to, and use and quality of, information and communication technologies). More concrete, the Commission advocates:

- a Smarter Europe, through innovation, digitalization, economic transformation and support to small and medium-sized businesses;
- a Greener, carbon free Europe, implementing the Paris Agreement and investing in energy transition, renewables and the fight against climate change;
- a more Connected Europe, with strategic transport and digital networks;
- a more Social Europe, delivering on the European Pillar of Social Rights and supporting quality employment, education, skills, social inclusion and equal access to healthcare;
- a Europe closer to citizens, by supporting locally-led development strategies and sustainable urban development across the EU (EC, 2020b).

Within this framework Interreg is envisaged to focus especially on the removal of cross-border obstacles and the support of interregional innovation projects. The Commission furthermore advocates a new legal instrument, the ECBM, making it easier for bordering member states to harmonize their legal frameworks (EC, 2020b; Engl & Evrard, 2020).

**Case study: Dialogue between business and politics in Sønderjylland-Schleswig**

The case of business cooperation in the Danish-German cross-border region Sønderjylland-Schleswig presented here is set in the context of long standing research on Danish-German cross-border cooperation and integration (Klatt, 2006, 2008, 2013, 2014; Buch, Dall Schmidt & Niebuhr, 2009; Klatt & Herrmann, 2011; Schmidt & Jensen, 2012) and based on observation and recent field work in the region on commuters (Andersen & Winkler, 2020) as well as hitherto unpublished work based on data gathered in a research project on cross-border dialogue between business and politics carried out by the authors.

When Interreg was designed as a tool to enhance cross-border cooperation, it could not be used to directly supporting specific companies or industries, as it must not interfere with European Competition Law. On the other hand, it has been obvious from the beginning of Interreg, as well as the above mentioned, general discourse on border regions’ periphery and marginality, that attractive business environments can be key factors improving a border region’s attractiveness. Therefore, from the very beginning, part of Interreg funds in all Operational Programmes have been targeted to activities improving companies’ and industries’ competitiveness. These projects usually were given a social constructivist frame of normative, ‘good’ general policies, usually environmental (green economy, green tourism, ecological agriculture); targeting specifically small and medium-sized enterprises (SME). Contact fairs and measures to improve vocational training and the labour force qualification or the integration of young people, females, immigrants or other
disadvantaged groups into the labour market have also been frequent themes of Interreg-funded business projects.

Our geographical focus is the immediate border region, Region Sønderjylland-Schleswig (Fig. 1). It was institutionalized as a euroregion in 1997 (Klatt, 2006). It had approximately 680,000 inhabitants and 7,750 km² in 2018 (RSS, 2020). Per capita income in 2017 in South Jutland (NUTS 2) was 165% of EU 28 average, 141% in the city of Flensburg, 117% in Nordfriesland County and 88% in Schleswig-Flensburg county respectively (Schrader & Laaser, 2020, p. 19). While Interreg I and II only covered Region Sønderjylland-Schleswig, Interreg III and IV extended the geographical funding area to the new Danish region of Southern Denmark and the Kiel region in Schleswig-Holstein. Interreg V integrated this area with the Fehmarn-Belt Interreg programme covering the Danish region of Zealand and German Ostholstein and Lübeck (Fig. 2).

Region Sønderjylland-Schleswig is located along the E45 highway connecting Danish industrial central Jutland with the Hamburg Metropolitan Area. A recent study revealed that especially the German part of the region represents a picture of socio-economic stagnation between the two very dynamic regions of South- and mid-Jutland and the Hamburg metropolitan region (Schrader & Laaser, 2020).

Region Sønderjylland-Schleswig as institution has had a strong focus on cultural cooperation, but has also produced a cross-border business strategy (Schack & Dall Schmidt, 2005). It has a standing committee on cross-border regional business development. The region’s Infocenter is very active in advising citizens of the border region on cross-border issues, with a strong focus on the cross-border labour market. Business cooperation is also enhanced by other institutions on either side of the border, with different approaches and interests: chambers of industry and commerce, municipal business promotion agencies as well as more loose, cross-border networks as the German-Danish business forum and the Jutland Corridor network. In practice, business cooperation has been on the agenda since the 1950s, when Danish companies opened subsidiaries and production plants just across the border. This practice continued when Denmark joined the European Communities (EC) and is still common today. It is very practical for a Danish company to have a German subsidiary in the border region: geographic proximity plays a role as well as the fact
that the border region provides a Danish education system because of the Danish minority residing there. ‘Danes feel less unfamiliar in South Schleswig than further south’ – the CEO of a German subsidiary of a Danish company told the author (MK) in an interview some years ago. German companies expanding to Denmark usually do not choose the border region as location for a subsidiary, though. Different elements of EU crisis have affected the border region manifold. The 2015 Danish referendum on easing the Danish 1993 opt-out on Home and Justice Affairs cooperation ended with a ‘No’. Following the so-called migration crisis of autumn 2015, Denmark reintroduced ‘temporary’ border controls in the form of physical presence of the police and the home guard at the major border crossings together with random passport control of incoming persons in January 2016, which still continue at the time of writing. In 2019, a 1.5 m high fence was erected along the whole land border to Germany to keep wild boars out of the country, of fear of infection with the African swine fever. The SARS-CoV-2 crisis has resulted in a closure of the border to all unnecessary traffic in March 2020. Restrictions have been lifted during the summer of 2020, especially for citizens of the border region, but reintroduced with increasing infections in autumn 2020. These closures have had a significant impact on cross-border flows and practices, but also demonstrated the existence of a variety of cross-border living practices in the region (Klatt, 2020).

**Method**

Main aim of data collection was to analyse the ongoing dialogue between business and regional politics in Sønderjylland-Schleswig to get more knowledge on businesses’ and regional politics’ opportunities to improve regional development within a multilevel governance framework with a special focus on the step from political strategy to action. This is deemed relevant as stakeholders concede deficits in the implementation of the diverse existing regional development strategies for the border region.

Besides desk research in the form of analysing regional development strategies, existing cooperation in the field and Interreg-projects implemented which supported business cooperation, the authors conducted 17 semi-structured interviews with stakeholders from August 2017-March 2019: a) seven business leaders, b) five staff members of business-oriented agencies and c) five key policymakers/policy implementers.

The interviews focused on the personal experiences of stakeholders with cross-border cooperation and development, on barriers and opportunities in the border region, on different agents and their roles, on political structure, and finally on suggestions for improvement.

**Findings**

**Interview narratives**

The different interviews conducted resulted in surprisingly similar narratives. Business stakeholders complained about politicians’ apparent difficulties to act across national borders, and often across regional and municipal borders as well because of parochial thinking. Cross-border meetings with regional politicians are conducted in a friendly, positive way, but apparently without any
tangible results. Business stakeholders, on the contrary, are convinced that they are more potent, faster, more flexible and more pragmatic when it comes to the establishment of cross-border cooperation. They also point out that they are not restricted by as many administrative frameworks. One interviewee (business leader) conceded, though, that meetings in the Danish-German business forum usually did not produce much substance either.

Political stakeholders, on the other hand, see their task more in promoting regional interests than company interests. They should set frames and conditions, but not guide each company in its international ambitions. Political stakeholders perceive business’ cross-border activities as limited. Like business stakeholders complaining about lack of substance of the politicians’ cross-border contacts, they also observe many contacts between companies on both sides of the border, but fail to notice intensive, coordinated cooperation.

Business at the border

It was expressed that Southern Denmark’s business community is internationally oriented and has perceived the location close to the German border as an advantage rather than a problem. This self-perception is also reflected in a higher share of international active companies based in the rural municipalities at the border compared to the national average (in 2013 Aabenraa 20.6%, Tønder 15.8%, Haderslev 14.1%, Sønderborg 12.2%, all Denmark 11.7%; RSD, 2013). It is quite apparent that European integration and the open borders have resulted in prosperous development. Businesses have increasingly integrated across the border, have improved cooperation and are increasingly lobbying for political influence south of the border, especially regarding infrastructure development. Politicians praise the success of cooperation in a narrative of ‘from against each other to with each other’ (vom Gegeneinander zum Füreinander) (Klatt, 2017). The Border Information Centre (Infocenter Grænse) counsels businesses and commuters on relevant issues when crossing the border. Frequent meetings of high-level politicians reiterate both sides aim to further improve cooperation and integrate the border region.

Regarding border controls, neither the fence nor the only random checks of few passenger cars and vans have had a serious effect on businesses’ cross-border interactions. Still, traffic congestion at the major crossing-points has become a problem at certain peak hours, especially Saturdays during the summer holiday period. Still, business leaders of the region have made it clear that they do not support the idea of permanent and more consequent border controls, but instead advocate free movement across borders. Furthermore, the psychological consequences of the reintroduction of border controls in January 2016 are difficult to measure.

Structures

The present structures of dialogue between business and politics are both separate and cross-border. Danish Southern Jutland Development Council (Udviklingsråd Sønderjylland)\(^1\) is a public-private partnership of the four municipalities in Southern Jutland (Aabenraa, Haderslev, Sønderborg and Tønder), private enterprises in the region, institutes of adult education, business associations and the trade unions. The Chamber of Industry and Commerce Schleswig-Holstein’s branch in Flensburg\(^2\) organizes all enterprises on the German side of the border region. A Danish-German Business Forum has existed since 2011, holding three to four annual meetings. Its aim is to (BTBF, 2020):

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\(^1\) More information on https://www.soenderjylland.dk/.
strengthen industrial and commercial cooperation in the region, especially on products and services within effective use of energy and renewable energy,
• strengthen cooperation on the general framework for business, like infrastructure and education,
• increase networking and cooperation in the region.

It has 20 members, 13 from Denmark and 7 from Germany. In our fieldwork, we had difficulties discovering tangible activities of the forum. Interviewees conceded irregular participation in the meetings and the very informal working atmosphere.

Finally, the Euroregion Region Sønderjylland-Schleswig is a forum for dialogue between business and local politicians. It has a standing committee on business development, but no decision-making competencies. It’s political influence is low, though.

Interreg targeting business cooperation

Interreg has funded a few large-scale business cooperation projects:

• Benefits4region (Interreg 5A, 2014-2020) attempted to revitalise rural areas in the border regions with different measures evolving around the tourism industry, agriculture, CO2-neutrality, digitalization and other topics.
• Fit4jobs (Interreg 5A, 2014-2020) attempts to improve labour market access on the West Coast of the Jutland peninsula (Nordfriesland County and Tønder Municipality) with measures focusing on vocational training cooperation and digitalization.
• Vækstcentret.eu (Interreg IV, 2007-2013, homepage taken over by esoteric center) attempted to integrate the cross-border region as a business region around six strategic focuses (tourism and entertainment economy, food industries, health technology, renewable energies, logistics and knowledge economy), including developing a brand (The Danish-German Region – den dansk-tyske region) to be used by companies in the region.
• CBLog (Interreg IV, 2007-2013) focused on cross-border logistics as one of the core strengths in the border region’s economic fabric (Klatt, 2008, 2013). It created a think-tank of transport companies in the border region to develop a cross-border cluster. In fact, many Danish transport companies have since expanded south by taking over local German competitors facing financial problems creating a cross-border logistics cluster.

Except for CBLog, the projects’ impact has been limited. The Danish-German Region brand has gone into oblivion. The stakeholder interviews revealed likewise that business and political stakeholders do not perceive the cross-border region as a cross-border business region, but think in categories of markets, profits, investments and market expansion. Benefits4region collected several strenuous micro-companies, but an overall strategic impact has been difficult to assess. Its final activity, a well-advertised one-day public fair of opportunities did not attract many visitors from outside the project beneficiaries (observation MK). Fit4jobs was hit severely by the SARS-CoV-2 lockdown in spring 2020, which cancelled most of its activities. Project beneficiaries admitted that they were surprised how long it took to understand frameworks within education and vocational training in the neighbouring country and identify needs of companies (observation MK, member of Advisory Network).

3 For more information on the projects see individual project webpages: https://benefit4regions.eu/da/om-os-dk/visionen; https://www.interreg5a.eu/dk/blog/fit4jobswaddenc/; http://interreg4a.dk/wm281681.
Conclusions: Can politics and business be aligned?

Differences prevail

Apparently, political and business stakeholders both have a different and contradicting perception of their own and the other parts’ cross-border activities. This leads to the question whether cross-border politics and business’ cross-border activities could be aligned better. The interviewees are sceptical: they concede politics and business to have a different pace of development. Business stakeholders believe that they neither think politics nor Danish or German, but in the framework of their business and their needs. One interviewee (regional development/business promotion, DK) specifically complained about the difficulty to take politics into consideration when arranging a meeting. Political etiquette required to invite a reciprocal and geographically correct group of politicians, with often different interests, which made business discussions difficult (Så går der politik i den – then it becomes politics).

Even though both parties have a normative approach to regional development in that their aim is an improvement of the socioeconomic data of a region (Chilla, Altena & Neufeld, 2016), their approach differs. While business naturally focuses more on opportunities for regional companies to develop, politics consider the overall socioeconomic development of their national, regional or municipal zone of influence. On the other hand, interview partners in business also reflected perceived otherness, psychic distance and unfamiliarity and a clear, social constructivist perception of ‘us’ and ‘them’ (Danes and Germans).

Infrastructure – a best practice example?

The territorial Euroregion Region Sønderjylland-Schleswig is supplemented by a ‘space of flows’ (Blatter, 2004), the so-called Jutland-corridor region. This is a functional region based on the north-south transport corridor from Jutland to the Hamburg metropolitan area. The Jutland corridor has been a major transport corridor since medieval times. It’s two names Ochsenweg (oxen route) and Hærvejen (army route) reflect its significance as a commercial and military road connecting Denmark with Germany. Today, it is again Denmark’s most important commercial connection to Germany, as about 46% of its export to Germany and other European countries is crossing the border here (Sønderjylland, 2020, p. 4). It is also important for tourism and the accessibility of the popular Danish North Sea Coast. For rail transport, its importance has decreased over time; but it is for now the only feasible rail freight transport connection from Scandinavia to Europe. In consequence, Danish national economic interests in the functioning of the road and rail connection of the Jutland corridor are vital.

To ease cross-border cooperation on infrastructure issues, a Joint Danish-German Transport Commission was established in 2011. It included representatives from the transport ministries of Denmark, Germany and Schleswig-Holstein and stakeholders from the transport industries. In 2015, it published a report on infrastructure issues between Denmark and Germany (Commission, 2015), but no concrete action plan followed. Since, there have been irregular meetings, no concrete decision-making has taken place. The Commission discussed a joint train station directly on the border to accelerate train services on the Jutland Corridor.4

The Commission’s report creates an impression of constructive, targeted multilevel governance of transport and infrastructure issues. It must be examined, though, how much impact the

4 E-mail from Stefan Seidler (Schleswig-Holstein government’s coordinator of cross-border cooperation with Denmark) to Martin Klatt from 30 September 2019.
Commission has had on actual decision-making in infrastructure policies. Here, and this has been confirmed of one of our interview partner, Northern Germany has a difficult stand in the Federal Republic’s Transport Ministry and its centralised planning of all major German infrastructure projects. Business has frequently criticized the five north German states of Schleswig-Holstein, Niedersachsen, Mecklenburg-Vorpommern, Hamburg and Bremen for not joining forces when it comes to lobbying for infrastructure projects, contrary to the larger states of southern Germany. German infrastructure projects have focused on the East-West connections since reunification. For freight railways, this was supplemented by faster and better connections from Germany’s ports south.

**Lessons for Interreg and EU Cohesion Policies**

So, what is the lesson of these findings for the future design of EU Cohesion Policies, especially ETC/Interreg? Our research demonstrates that there are difficulties to align politics and business interests. Obviously, politics must represent the people and cater for more interests than just the business community’s interest. Space and territory are relevant, too. While business mainly thinks in two spatial categories, in this case Denmark and Germany, politicians think in multiple spatial categories. They feel responsible to their precinct, municipality, region, country, perhaps the EU. Business stakeholders think in flows: where to find markets for their products, suppliers, partners, labour force. Borders influence such flows, but business actors try to minimalize that impact. Hence, when Danish business stakeholders lobby interests they are concerned about infrastructure according to their marketing/supply chain needs, not according to political borders. The same applies in their search for qualified labour force. Therefore, it does not come as a surprise that logistics as a totally flow-oriented industry appears as a best practice case of cross-border business integration in the Danish-German case.

Interreg, on the other hand, has a space-based territorial approach. To be eligible for funding, it is necessary to be based in a border region. This is usually defined as NUTS 3 region along an inner EU border. For the analysed case, the Hamburg metropolitan region is important for Danish (and Schleswig-Holstein) economic flows, but in the logic of Interreg (Territorial Cooperation), cooperation with partners located there is not eligible for funding. The integration of many regional Interreg Operational Programmes (OP) into larger ones, usually covering the complete land border between two member states, has eased finding suitable project partners on a flow-oriented base, but still has space-based limitations.

Furthermore, Interreg has had a normative, social constructivist approach during the early funding periods. It was used as an instrument to create new spaces, territorial cross-border regions in line with concepts like the Europe of the Regions (Keating 1998b, 2004) and transnational regionalism (Schmitt-Egner, 2001). From the third funding period (2000-2006), there has been a clear alignment to overall EU development strategies. This has, on the one hand, made the program more strategic and focused, but also more political and remote from direct regional involvement. Today, it is perceived as a very political program respecting divergent interests. On a regional, OP level, there has been resilience to the more strategic orientation, as there were fears that many local, people to people initiatives deemed valuable would no longer be eligible for funding.

The perseverance of technical border obstacles as well as the continuous psychological distance/unfamiliarity suggests a realignment of regional development strategies. Instead of pursuing social constructivist approaches to create spatially defined cross-border regions as a new sub-system of spatially defined and territorially bounded, competitive regions with symbolisms and institutions (Paasi, 2009), focus should be laid on issues of flows and cross-border interaction,
facilitating bottom-up region building by increasing opportunities as well as widening the bandwidth of unfamiliarity (Spierings & van der Velde, 2013b, Klatt, 2017). This might be interpreted as a ‘back to the basics’ approach: Cross-border integration within the EU is promoted through a fully functioning common market, implementation of the four freedoms by the removal of barriers and the promotion of cross-border interaction. Business interaction, as demonstrated, can be self-interest driven. Cohesion Policy can supplement the factors driving cross-border interaction and thus contribute to the further integration of EU border regions, beyond spatially defined regional concepts. Interreg should be redefined by easing or even removing spatial limitations opening for flow-oriented partnerships beyond border adjacent NUTS 3 regions, with cross-border impact assessment as the decisive funding criteria.

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References


5 For more information see https://www.bhj-fonden.dk/.


Lessons from the Danish-German Border Region for Post 2020 Interreg A
– an Alignment with Cross-Border Functional Regions?


