

第 1 5 章 GOVERNANCE IN SPAIN-PORTUGAL CROSS-BORDER REGIONS. Contrasting systems of institutional integration

Ritsumeikan University
Lluís Valls

Abstract

Since their integration into the European Union, the economies of Spain and Portugal are becoming integrated with each other. In this process, public and private organizations of neighbor border-regions are cooperating in order to promote and regulate their economic relations and to promote their economic development. In this paper we analyze how these cross-border relations are organized and how they effect economic relations.

Introduction

The relationship between Spain and Portugal along the history has been full of conflicts on territorial sovereignty and mutual fear, as is shown by the huge number of castles and fortresses along the frontier line (the so called “Raya”). During the period of dictatorship in both countries in the 20th century there were little economic and political relations between them. However, this lack of relationship greatly changed with the development of democratic systems in both countries in the last fourth of the century, and especially with their integration into the European Union (European Community at that time) in 1986. Since then, economic and political relations between both countries have increased very much.

The regions of both countries that form the border area, on the one hand are regions that lag-behind in their economic development, and have little industry. On the other hand, they have geographical proximity to the regions of the neighbor country, which are factors that can facilitate the cooperation between them in order to improve their economic situation.

The aim of this paper is to analyze the activities undertaken by regional and local governments and by private organizations in order to promote the economic integration between the border regions of both countries and their economic development, and the effect their activities have. Thus, we analyze the system of governance of the cross-border economy, and its effects in terms of deepening integration, increasing economic cohesion and promoting economic development.

1. Governance of the cross-border economy

By governance we understand *the entirety of institutions which co-ordinate or regulate action or transaction among (economic) subjects within an (economic) system* (Le Gales and Voelzkow, 2001: 6). Cross-border governance refers to the cross-border institutions that regulate action or transaction among the subjects of the different regions that compose the cross-border region. Several public and private organizations can engage in cross-border cooperation activities just for the period of time necessary for developing a specific cooperation project. If many organizations are participating in cross-border cooperation projects the cross-border institutional integration will increase. Also, if different parts of society are mobilized in cross-border cooperation, integration will be even deeper. Thus, the amount and diversity of mobilization in cross-border cooperation will be a factor increasing institutional integration. However, the form in which cooperation is organized can be stronger than just for the realization of a specific project, becoming a permanent cross-border governance structure.

The public institutions governing at the regional and local level are different in Spain and Portugal. In Spain the regional governments of Autonomous Communities (NUTS 2) have much autonomous political capacity from the national government. City councils have much less political power, but are responsible of the city infrastructures and undertake administrative tasks in many areas (health, education, culture, etc.) Between the regional government and the municipalities there is an intermediate administrative level, the Diputaciones Provinciales. These are responsible of many infrastructures at the level of the Province (NUTS 3), and also undertake economic development programs and provide with services to city councils. In Portugal, the regional administrations (NUTS 2) are the Commissions for the Regional Coordination and Development. These do not have legislative power nor autonomy from the national government, but have much power at implementation level due to the huge amount of European funds they manage (Dominguez, 2004). The municipalities have more autonomy than in Spain and are integrated in regions (NUTS 3) that do not have any administrative capacity.

When we analyze the governance of cross-border relations we consider the form in which these institutions relate to each other, and how they take and implement decisions. A high level of political integration would be recognized when there is a cross-border authority with autonomy from the regional and local governments, thus they organize “cross-border governments”. The level of political integration would be

considered lower if institutions negotiate and cooperate with each other, but keep their independence.

In addition, private actors (mainly business associations, trade unions and companies) can participate in the governance of the cross-border economy. They also can organize in cross-border associations that have their own staff, get a privileged access to the public administration, and become autonomous from their members. When the government delegates the capacity to regulate some issues they become private interest governments (PIGs) (Streeck and Schmitter, 1985). If this PIGs are developed at cross-border level they will become “cross-border private interest governments”, having an important role in the governance of the cross-border relations and the cross-border region’s economy, and the cross-border institutional integration will be stronger.

Small and medium enterprises (SMEs) are not able to provide by themselves with many goods and services that are necessary for competitiveness. These are qualified labor, access to research and development, information on markets, infrastructures, and so on. In addition, companies have incentives to not produce these goods and services by themselves, since they can be appropriated by other companies. In other words, these are *local collective competition goods* (Leganes and Voelzkow, 2001). Since companies do not have incentives to produce them, these goods have to be provided by other means. Regional and local governments and associations can provide with local collective competition goods (Leganes and Voelzkow, 2001). The establishment of cross-border cooperation can provide with these goods because companies can get knowledge on other markets, have access to other technology, and have access to labor with different qualifications, and so on. Cross-border associations can provide with local collective competition goods to companies of the cross-border region, contributing to its economic integration and the promotion of its economic competitiveness.

In order to analyze the cross-border governance we need to consider the mobilization of society in cross-border cooperation, and the structural form that this cooperation takes and its functions, especially the provision of collective competition goods.

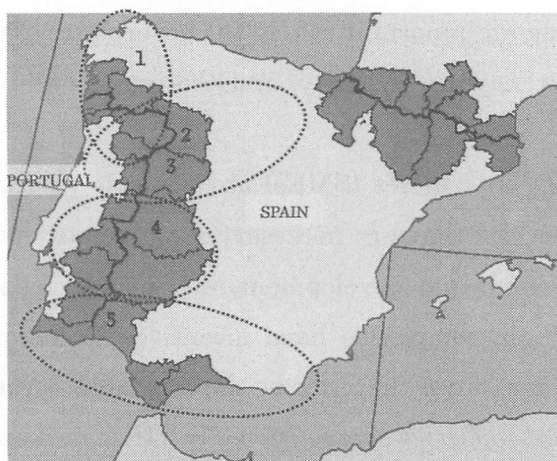
2. Cross-border regions in the Spain-Portugal border

2.1. Cross-border regions

All the Spain-Portugal cross-border regions together have a population of 20 million. All these regions, except Algarve, have a per capita GDP lower than the national

average (Table 1). Considering only the sub-regions (NUTS 3) that are in the border, which are the target of a specific European program for the promotion of cross-border cooperation between regions (the Interreg program), they have a total area of 136,561 Km² and a population of 5.5 millions in 2000. The population density in the border area is very low (39.7 people per Km²) and the per capita GDP was only the 57.2% of the EU's averaged in 1999, even lower in the Portuguese side (57.2%) (Table 1).

FIGURE 1: Cross-border regions in the Spain-Portugal border and regions targeted by Interreg III A



Source: Adapted from EC, 2003

There are 5 cross-border regions in the Spain-Portugal border, and 6 subprograms of Interreg (5 are managed by the cross-border regions and one is managed by the national governments). The main characteristics of the cross-border regions are as follows (see Figure 1 and Table 1). (1) Galicia (Spain) – Norte (Portugal): The two regions have much cultural proximity, and the language of Galicia (Galician) is very similar to Portuguese. This is the only region with concentration of industry (food, metal, automobiles, and textile) near the border. Also tourism is an important sector. However there are huge imbalances in between the coastal area and the internal area, which is poor and dependent on agriculture. (2) Castilla y Leon (Spain) – Norte (Portugal): The Spanish region is much bigger than the Portuguese region, and only a little part shares border with Norte. Its border area is very dependent on agriculture, and suffers from ageing and depopulation. (3) Castilla y Leon (Spain) – Centro (Portugal): This Spanish region takes part in two cross-border regions, but with little part of its territory in touch with the border. Its border area has the same problems as

the latter, but tourism is a growing economic activity. (4) Extremadura (Spain) – Centro – Alentejo (Portugal): These regions are the regions with a longer border area. They are some of the poorest regions in Europe, and suffer from high unemployment. However, agro industry and tourism offer chances for development. (5) Andalucia (Spain) – Alentejo – Algarve (Portugal): Andalucia is a huge region of Spain, and only one of its Provinces is in touch with the Portuguese border. Its border area suffers from depopulation and ageing, has little industrialization and is isolated from other regions.

TABLE 1: Economic characteristics of the Spain-Portugal border regions

	Per capita GDP (EU15 =100) 1988	Per capita GDP (EU15 =100) Average of the period 1996-1998	Per capita GDP (EU15 =100) Average of the period 1999-2001	Unemployment (%) 1989	Unemployment (%) 2002	Patents applied per one million people. Average of the period 1997-1999	Patents applied per one million people. Average of the period 1999-2001	Change in the number of hotel rooms 1998-2000	Population density 1998	Population density 2001	Population 2000
Spain	74.0	80.2	83.9	17.4	11.4	18.5	24.1	168,674	79.0	79.8	41,116,842
Galicia	57.9	64.1	66.3	12.5	12.2	6.8	5.0	12,711	92.0	92.6	2,732,926
Castilla León	68.1	74.4	77.5	17.4	10.4	8.2	9.9	9,457	26.4	26.2	2,479,425
Extremadura	49.8	50.4	53.8	26.8	19.2	3.9	2.7	3,182	25.7	25.9	1,073,381
Andalucia	55.9	57.8	62.5	27.2	19.6	5.0	6.6	21,148	82.0	83.6	7,403,968
Portugal	58.9	73.6	70.6	4.8	5.1	2.7	4.7	2,921	108.6	112.0	10,256,658
Norte	51.4	64.7	57.3	2.9	4.9	1.8	4.3	443	168.2	171.3	3,643,795
Centro	46.3	63.4	56.8	2.9	3.0	2.7	4.8	-132	72.3	75.4	1,760,291
Alentejo	57.9	64.6	56.5	11.6	6.6	1.9	1.2	-35	19.0	19.5	524,644
Algarve	61.4	74.3	71.4	3.1	5.3	3.0	3.1	-64	69.9	78.9	383,399
Spanish border**	-	56.4 (1998)	59.1 (1999)	-	21.5 (1999)*	-	-	10,792	38.5	38.8 (2000)	3,348,475
Portuguese border**	-	54.1 (1998)	54.3 (1999)	-	-	-	-	285	40.7	41.4 (2000)	2,080,200
Total border**	-	55.5 (1998)	57.2 (1999)	-	-	-	-	11,077	37.1	39.75	5,428,675

*In 1999 the Spanish unemployment rate was 15.9%.

** It includes only the regions (NUTS 2) that are in the very border, which are targeted by Interreg III A

Source: Elaborated from EC, 2001; EC, 2005; Quasar Consultores, 2003

2.2. Evolution of cross-border relations

Cross-border cooperation between the governments of Spain and Portugal began after the end of the dictatorships and the establishment of democratic regimes in both countries, with the signature in 1977 of the Spain-Portugal Cooperation and Friendship Treaty, and the establishment of the Council for the Spanish-Portuguese Cooperation, which established periodic meetings between the governments (Ponte, 2004). The aim of the Treaty was to protect and coordinate the exploitation of common natural resources (like rivers) and improve transport infrastructures. In the first half of the 1980s several Conventions between both countries enlarged cooperation in customs, health, cooperation in hazards and their prevention. Since the incorporation into the European Community, the governments both countries have been cooperating

in the elaboration of European policy due to their socio-economic similarities (M.T. Ponte, 2004; Venade, 2004).

In addition, the establishment of the Interreg program since 1990, has promoted the relation between the border regions of Spain and Portugal.¹ In order to participate in the implementation of Interreg program governments of neighbor regions established working communities (WCs), which join members from the governments of both regions. Thus, the WC Galicia—Norte de Portugal was established in 1991; the WC Extremadura Alentejo was established in 1992, and the Portuguese region of Centro joined in 1994; the WC Castilla y Leon—Centro was established in 1995, Castilla y Leon signed a cooperation agreement with Norte in 1995 and they established the WC Castilla y Leon—Norte in 2000; the WC Andaluca—Algarve was established in 1995 and in 2000 Andaluca and Alentejo signed a cooperation protocol. All these WCs and cooperation agreements do not establish legal obligations between regional governments, because this possibility was not allowed by the national governments until the signature of the Treaty of Valencia in 2002.²

3. European policy in the Spain-Portugal border

3.1. Cross-border regional policy

The Interreg program was initiated in 1990 with the aim of preventing the national frontiers from being a difficulty for the balanced development and the integration of the European territory. There have been three generations of this program: Interreg I (1990-1993), Interreg II (1994-1999), Interreg III (2000-2006).³

¹ Regional governments of border regions also developed relations in order to coordinate their strategies in the European forums that represent regional interests, like the Conference of Peripheral Maritime Regions of Europe (CPMR) and the Association of European Border Regions (AEBR).

² The Spanish and Portuguese governments signed the European General Convention on the Cross-Border Cooperation in 1990. This Convention, established in 1980, has the aim to allow regions to engage in cross-border cooperation. However, in order to have effect in a specific frontier, the two states have to sign a specific convention, which Spain and Portugal did not sign until the year 2002, with the signature of the Treaty of Valencia. With this treaty, regional and local public organizations taking part in cross-border cooperation can get organized in legally recognized associations (Ponte et al, 2004).

³ The Interreg III program is divided in three strands: Interreg A, Interreg B, and Interreg C. Interreg III A promotes “cross-border cooperation.” The aim is to promote the integrated regional development of neighbor regions of different countries, with the implementation of common development strategies. Interreg III B promotes “transnational cooperation.” Its objective is to promote a better integration through the formation of large groups of regions that have a territorial continuity among different countries. Interreg III C promotes “interregional cooperation.” The aim is to improve the efficiency for the regional development programs, through experience exchanges between any regions of the EU.

The aims of Interreg I, with 45 million Ecus from the EU, were the construction of cross-border transport infrastructures and the establishment cross-border cooperation activities and structures, promoting the organization of working communities and working groups, organizing study meetings, cultural activities and so on.

The strategic aims of Interreg II, with 39.6 million Euros from the EU, were the reinforcement of the institutional cooperation, support to the networks and organizations for business and socio-cultural cross-border cooperation, coordinated management of the natural and architectonic resources, and the construction of cross-border infrastructures (EC, 2001).

TABLE 2: Results of cross-border cooperation (Interreg II, 1994-1999)

Organization of the territory and infrastructures	
Direct results of cross-border cooperation	Factors influenced by cross-border cooperation
<ul style="list-style-type: none"> - 106 projects related to transports, most of them for roads construction or improvement (3,000 Km). These works created 200 direct jobs and 3,000 indirect jobs - 6 cross-border bridges - 3 cross-border high-ways - 3 studies on the management of the cross-border territory - 2 cross-border national parks 	<ul style="list-style-type: none"> - Between 1992 and 1997 the number of cars crossing the border increased by 1.05% per year
Economic relations	
Direct results of cross-border cooperation	Factors influenced by cross-border cooperation
<ul style="list-style-type: none"> - One cross-border risk capital fund was established (it has invested in the establishment of 4 cross-border companies) - 31 projects for the organization of cross-border business meetings, workshops, etc. - 29 technical studies 	<ul style="list-style-type: none"> - Between 1993 and 1998 trade between the border regions increased by 154.6% - Spanish companies invested in Portugal 853 million Euros in 1999 - Portuguese companies invested in Spain 238 million Euros in 1999 - The number of hotel rooms in the border areas increased - Between 1994 and 1999 the number of nights spend at hotels by Spanish in Portugal and by Portuguese in Spain increased by 10.1% per year
Cooperation networks	
Direct results of cross-border cooperation	Factors influenced by cross-border cooperation
<ul style="list-style-type: none"> - 7 cross-border working communities - 25 organizations for cross-border cooperation between cities and private organizations 	<ul style="list-style-type: none"> - Elaboration of the Interreg III A regional sub-programs - Elaboration and implementation of cross-border cooperation projects

Source: Elaborated from EC, 2000b and EC, 2001

The main direct results of Interreg II (Table 2) were the cross-border construction of bridges and roads, the promotion of contacts between companies, universities and other organizations from both sides of the border, and the establishment of associations of public and private organizations from both sides of the border with the purpose to promote cross-border cooperation. These actions have influence on economic and political factors. Thus, cross-border traffic has growth, tourist industry in the border area is developing, cross-border trade and investment are growing, and cross-border cooperation is deepening. Also population in the border area has grown, as is shown by the increase of its density between 1999 and 2001 (Table 1) However; the economic

difference between both sides of the border is not being reduced. The GDP per capita in the Spanish border area improved between 1998 and 1999, but in the Portuguese border area it became stagnant (Table 1). If we consider the larger regions in the border (Table 1), we see how their GDP has greatly improved between 1988 and 1998. However, from 1999 the economic situation in Portugal has deteriorated, while in Spain GDP and unemployment continued improving. Also the number of applied patents has improved in most of the regions, showing an improvement in their innovation capacities.

3.2. Interreg III A

In Interreg III A *cross-border cooperation between neighboring authorities is intended to develop cross-border economic and social centers through joint strategies for sustainable territorial development* (EC, 2000a). Due to the failure of Interreg II to promote projects that were really cross-border,⁴ Interreg III A emphasizes that programs presented to the Commission for approval must be elaborated through cooperation between regional, local and national authorities, and private organizations (academia, NGOs, social partners, and so on) from both sides of the border in a bottom-up fashion. This cross-border partnership must be reached from the beginning of the planning process to the end of the implementation of specific cooperation projects (EC, 2000a). Interreg III A for the Spain-Portugal border has a total budget of more than 1,000 million Euros, 807 million from EFDR, to be spent between 2000 and 2006. Since the regions targeted by Interreg are backward regions, the projects approved can get a maximum of 75% of finance from that budget. Infrastructures, management and development of the rural trans-border space (Axis 1) gets 33.2% of the total amount, promotion and protection of the environment and the heritage and natural resources (Axis 2) gets 29.1%, economic development and promotion of employment (Axis 3) receives 24.3%, and economic development and promotion of employment (Axis 4) gets 19.2%, and technical help for the implementation of the program gets 3.1% (Table 3).

The implementation of Interreg III A has produced an important mobilization of public and private regional organizations. However, considering the number of project leaders⁵ and the amount of funds from ERDF they receive (Table 4), we see how

⁴ Many cooperation projects of Interreg II were in reality parallel projects in both sides of the border (EC, 200b).

⁵ In every cooperation project at least two organizations take part, one from each side of the border. However, the available data (MINHAC, 2005) just shows the composition of project leaders, not the

regional and city governments are leader of most of the projects. So, regional governments and administrations are leader of 45.3% of the projects and cities are leader of 25.2% of the projects. The Mid-Term Evaluation (Quasar Consultores, 2003) of Interreg III A has concluded that the low participation of private organizations in projects is due to difficulties to undertake the administrative tasks that it requires, and a deficient flux of information from the authorities responsible of the implementation of the program.

TABLE 3: Budget of Spain-Portugal Interreg III A (2000-2006) (Euros)

AXIS and MEASURES	ERDF	Other finance*	Total	%
Axis 1: Infrastructures, management and development of the rural trans-border space	274,751,069	101,621,000	376,372,069	33.2
1.1 Transport and communications infrastructures	169,006,70	56,335,777	225,342,447	19.9
1.2 Urban and coastal management	53,196,587	17,732,184	70,928,771	6.3
1.3 Rural development.	52,547,812	27,553,039	80,100,851	7.1
Axis 2: Promotion and protection of the environment and the heritage and natural resources	240,522,065	88,960,000	329,482,065	29.1
2.1 Environmental sustainability	128,870,715	48,050,432	176,921,147	15.6
2.2 Cultural sustainability, historical heritage and local identity	51,366,713	18,884,380	70,251,093	6.2
2.3 Energy efficiency and alternative energies	15,093,646	5,559,204	20,652,850	1.8
2.4 Cross-border tourism.	45,190,991	16,465,984	61,656,975	5.4
Axis 3: Economic development and promotion of employment	178,531,034	96,820,000	275,351,034	24.3
3.1 Development of the productive base	47,364,063	33,323,038	80,687,101	7.1
3.2 Technology and information society	72,060,749	29,831,317	101,892,066	9.0
3.3 Local and rural socioeconomic activation	36,503,858	21,743,982	58,247,840	5.1
3.4 Education, training and employment	22,602,364	11,921,663	34,524,027	3.0
Axis 4: Promotion of the social and institutional integration and cooperation	86,414,018	28,877,000	115,219,018	10.2
4.1 Social, labor and institutional cooperation and integration	36,603,392	12,186,859	48,790,251	4.3
4.2 Development of local services and facilities	29,775,598	9,939,918	39,715,516	3.5
4.3 Institutional structures for cooperation	20,035,028	6,678,223	26,713,251	2.4
Axis 5: Technical help	26,697,014	8,896,000	35,593,014	3.1
5.1 Management of the program	19,587,030	6,525,878	26,112,909	2.3
5.2 Studies, seminars, training, information, and external evaluation	7,109,984	2,370,121	9,480,105	0.8
TOTAL	806,915,200	325,102,000	1,132,017,200	100

* Other finance: Funds from national, regional and local governments, and from private organizations

Source: Elaborated from EC, 2002

TABLE 4: Projects approved in Interreg III A (1st and 2nd calls) according to the type of project leader

	Number	%	ERDF (Euros)	%
City governments and associations of cities	103	26.2	192,992,654	30.8
Business associations	14	3.6	11,428,770	1.8
Foundations	19	4.8	36,037,703	5.7
National governments	12	3.0	29,883,352	4.8
Research and education centers	35	8.9	22,290,088	3.6
Regional administrations	178	45.3	288,490,147	46.0
Companies and cooperatives	9	2.3	17,042,468	2.7
Others	19	4.8	18,492,290	2.9
Unknown	4	1.0	10,167,444	1.6
Total	393	100.0	626,824,916	100.0

Elaborated from MINHAC, 2005

composition of the whole partners taking part in projects.

4. Governance system in Galicia—Norte

4.1. Organizations for cross-border governance

4.1.1. Working Community Galicia—Norte de Portugal

The Working Community (WC) was the first organization established for cross-border cooperation. It was established in 1991 by the regional governments of Galicia and Norte de Portugal. Its Aims are to promote periodical meetings between both regions in order to exchange information, discuss on topics of common interest, coordinate initiatives and search for solutions to common problems, and to make common statements to other authorities (national and European). The WC is formed by 15 commissions: 10 sectoral commissions (composed by the representatives of the administration of both regional governments in every area of cooperation); four Territorial Cooperation Communities that join local administrations of the border regions; and a Commission established by the Atlantic Axis, which promotes cooperation in the area of urban policy between the cities that are member of the Atlantic Axis. There is also a Coordination Commission, and the Council of the WC, composed by two representatives from each commission. All the organs have a bi-national structure, with the same number of representatives from each region, and take the decisions by consensus. The TCC and the Atlantic Axis have autonomy to decide their own aims, strategies, activities and budgets.

The WC has been undertaking three kinds of activities. The first is the elaboration of a development strategy for the Eurorregion, with the elaboration the Common Action Program,⁶ in order to establish a common development plan for the whole Eurorregion, and the elaboration of the subprogram for Galicia and Norte of the Interreg III A program. The second is the promotion of the establishment of organizations for cross-border cooperation. Thus, the WC promoted the establishment of the 4 TCCs, reached and agreement with the Atlantic Axis to integrate it into the WC's structure, signed a cooperation agreement with the Inter Territorial Union Council, and participated in the creation of the Cross-Border Office of the European Employment Service (EURES). The third is the elaboration and execution of cooperation projects financed by Interreg II and Interreg III. The main cooperation projects with finance from Interreg II undertaken by the regional governments were: 1) Construction of transportation

⁶ This program has three aims: to increase the exchanges internal to the region and the external economic exchanges, to promote the cross-border area with the coordination of public actions in the management of territory and in the supply of collective services, to promote the idea of common space Galicia-Norte internally and externally (Report of the Presidency 1998-2000).

infrastructures, especially cross-border roads and bridges. 2) Protection of the natural environment, with the establishment of the cross-border Peneda-Sunes national park, and improvement of the water supply. 3) Creation of a capital-risk fund for cross-border companies. 4) Support to cross-border cooperation of SMEs. 5) Cooperation with EURES. 6) Establishment of the Regional Studies Center, in which 3 universities from each side of the border take part. 7) Social projects, like rehabilitation programs for marginal population and exchanges of students. 8) Rehabilitation of historical monuments. 9) Making of a tourist map of the Eurorregion. 9) Promotion of I&D, with the establishment of a network of research centers in the Eurorregion. 10) Creation of a statistical information system of the Eurorregion.⁷

4.1.2. Territorial Cooperation Communities (TCCs)

The 4 TCCs are structures for cross-border cooperation in which the municipalities of the border area of Norte and their associations, and the municipalities and Diputaciones (supra-municipal administrations) of the border area of Galicia take part. The members of TCCs are small cities. Because of this, Diputaciones and associations of cities have taken a leading role in their establishment. Their aim is the promotion of a harmonious and sustainable development of the border areas, through concertation in order to manage matters under their jurisdiction, exchange of information, coordination of activities, solution to common problems, elaboration of cooperation projects and recommendations and proposals to other authorities. The first TCC, the TCC of Vale do Lima, was established in 1998, and has 26 members. TCC Vale do Minho and the TCC Vale do Tamega were established in 2000. They have 41 and 19 members. The TCC of Vale do Cavado was established in 2002, with 13 members. The agreements that establish each TCC are the same, and very similar to the agreement establishing the WC. Their main activities have been preparing and implementing Interreg projects (in Interreg III A TCCs have managed more than 19 million Euros as project leaders), most of them for roads construction, water supplies, environmental protection and promotion of tourism.

4.1.3. Atlanti Axis (Eje Atlantico del Noroeste Peninsular)

The Atlantic Axis is a cross-border association of cities established in 1992 as an initiative of the Major of Vigo. It has 9 members from Norte and 9 members from

⁷ Its products have been the next publications: *Yearbook of Galicia-Norte de Portugal*, *Atlas of Companies*, *Trade Relations Between the Two Regions*, and *Intra Community Trade*.

Galicia. They are the main cities in the region. It has three aims: promotion of cohesion, promotion of cross-border cooperation and local development, and promotion of participation of cities in the development of the EU (the “Europe of cities”). Its organizational structure also keeps a bi-national balance, but the 6 bigger cities are the only members of the Executive Commission, while all members take part in the General Assembly and the Delegated and Technical Commissions (both are in charge of specific issues). Decisions are taken by consensus. It is the only organization with a staff (of 7 members) independent from the members of the association. In addition, it has its own offices (3 offices), and its own budget, although most of its activities are financed by the EU. The Atlantic Axis undertakes 3 types of activities: think tank and strategy formation,⁸ lobby in front of the regional and national governments and in front of the EU, and elaboration and execution of cross-border cooperation projects (it has received 3.4 million Euros from Interreg III A). These projects have been on cultural and sport activities, social policy, promotion of the internationalization of SMEs, protection of the urban environment, establishment of a research center, training of local officials and edition of a magazine and a website.

4.1.4. Cross-Border Office of the European Employment Service (EURES)

The cross-border office of EURES was established in 1997. Its main activities are surveys on the labor market in the Euroregion; publication of guides for cross-border workers and employers, and their diffusion through its website;⁹ information and advice on living conditions, labor, fiscal and other legislation, and on job and training opportunities in the Euroregion to cross-border workers and employers; and organization of courses and study meetings on cross-border labor. EURES has 16 members, including business associations of the border regions, ITUC, universities, and the employment offices of Galicia and Norte. Although it has its own headquarters, the two coordinators and the advisers that work for the cross-border office of EURES are staff from the member organizations. The salaries of advisers and coordinators are paid by the EU and the member organizations, and the budget for the activities of EURES is paid 80% by the EU and 20% by the members.

⁸ The activities for strategy-making have been the elaboration of an infrastructures map, the elaboration of a plan for promotion of the historical and cultural heritage as economic resource (Atlante), and the First and Second Strategic Plans in 1993 and 2003.

⁹ These studies are *Study on Employment and Mobility in the Euroregion Galicia-Norte de Portugal*, *Study on the Barriers to Cross-Border Workers Mobility*, *Employment Needs of the Cross-Border Space*, *Cross-Border Workers Census 2003*, and *Cross-Border Business State*. In addition EURES has a data base of more than 30,000 companies of the region

4.1.5 Interregional Trade Union Council Galicia—Norte de Portugal (ITUC)

ITUC was founded in 1985 and its members are the 4 trade unions of the Eurorregion. Its aims are to cooperate for the solution of labor, social and cultural common problems, to promote cross-border cooperation and the relationship between workers of both sides, and to cooperate with the European Trade Unions Council (ETUC). Its organs keep a bi-national balance. ITUC is member of EURES, and its main activities have been surveys and reports on topics related to labor in the Eurorregion, activities to promote the relationship between workers and assistance to cross-border workers, and release of public opinions.

4.1.6. Business Centre of Trans Bordering Cooperation (CECOTRAN)

CECOTRAN was an Interreg III A project with a finance of 1,169,335 Euros from EDRF, organized by the Confederation of Employers of Pontevedra (CEP), which is the leader of the project, and the Industrial Association of Minho (AIMinho), and with the participation of other business organizations (in total 7 members from Galicia and 4 from Norte),¹⁰ and it was implemented between January of 2003 and February of 2005. Its aim was to provide with common services to the SMEs of the strategic industries¹¹ of the border-area (Pontevedra, Ourense, Minho-Lima and Cavado), and to improve their environmental management. The associations member did not establish any organization for CECOTRAN, this project was implemented by the staff of the members, and only one person was employed as manager during the duration of the project.

4.2. Structure of the governance system

The system of governance is quite integrative (Figure 2). The Working Group integrates a large range of policy departments of the regional governments, 4 territorial associations of municipalities (TCCs) and the Atlantic Axis. The 4 TCCs cover the whole area of the border, and the Atlantic Axis interconnects the 18 main

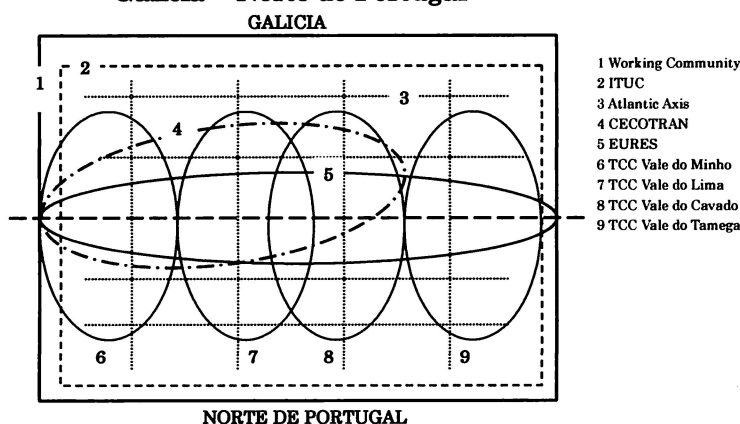
¹⁰ In Galicia the members are: Employers Confederation of Pontevedra (CEP), Employers Confederation of Ourense (CEO), Association of Young Employers of Galicia (AJE-Vigo), Association of Women Employers of the Province of de Pontevedra (APE), Metal Employers Association of Galicia (ASIME), University of Vigo and Professional Association of Environmental Companies (APROEMA). The Office of Industry and Trade of the Regional Government, the Office of Natural Environment of the Regional Government and the University of Vigo also cooperate with CECOTRAN. In Norte the members are: Industrial Association of Minho (AIMINHO), Business Innovation Centre of Minho (BIC – Minho), Centre for Remainders Valorization (CVR), and Institute for the Technological Innovation and Development of Minho (IDITE-Minho).

¹¹ The sectors targeted by CECOTRAN are textile, metal machinery, wood and furniture, construction, non-metal mining (including granite and slate), and commerce.

cities of the whole Eurorregion. This interconnection promotes the exchanges of information among all the organizations and the coordination for the elaboration of Interreg projects. Also the participation of all sectors in the management of EURES promotes the consensus on its activities, and the increase of a common knowledge on the situation of the cross-border labor market. However, EURES is not a forum for negotiation. The Eurorregion lacks a forum for negotiation on cross-border labor, and the labor unions and ITUC express their complaints on the situation through public opinions. Finally, CECOTRAN and EURES cover the whole border area in their activities, the former promoting business competitiveness and cross-border relations, and the later promoting cross-border labor.

Internally, all organization show their dependence on the members for staff and facilities, and their dependence on European finance. There is no differentiation between the associations and their members, and all decisions are taken by consensus. The Atlantic Axis is the only organization with its own staff and headquarters.

FIGURE 2: Cross-border governance structure in Galicia – Norte de Portugal



5. Governance system in Extremadura—Alentejo—Centro

5.1. Organizations for cross-border cooperation in the region

5.1.1. Working Community Extremadura-Centro-Alentejo

The Working Community (WC) was established in 1992 by the regional governments of Extremadura and Alentejo, and Centro joined in 1994. The organizational structure of the WC is formed by 11 sectoral commissions and the Permanent Working Group, which is composed by the directors of the Departments of the regional governments. All organs have the same bi-national composition as in the case of Galicia-Norte.

Commissions are assisted by the Offices of Cross-Border Initiatives (GITs), which work as a General Secretariat. The aims of the WC are to establish meetings and exchange information, prepare cooperation projects, promote the relations between organizations that can contribute to the economic development, and promote cultural, social and economic relations.

The activities of the WC have been the preparation of the subprogram of Interreg III A, realization of cooperation projects financed by Interreg, and the promotion of cross-border activities by other organizations. Differently from the WC Galicia-Norte, the strategy has not been to promote other cross-border structures and integrate them in the WC, but to promote punctual cross-border activities between other organizations. The main cross-border projects implemented by the WC have been the construction of infrastructures, environmental protection, restoration of historic buildings, and the realization of many business meetings, seminars, and cross-border fairs.

5.1.2. Offices of Cross-Border Initiatives (GITs)

GITs were established at the same time as the WC with the objective to act as the secretariat of the WC and to promote cross-border cooperation between all kinds of organizations of the regions. There are 3 GITs, one in each region. GITs are an Interreg project, thus ERDF provides with 75% of its budget (in Interreg III A GITs have got 4,820,100 Euros from EFDR). The 3 GITs are independent, but coordinate with each other. The GIT in Extremadura has a full-time personnel of 6 people.

In the beginning of the implementation of Interreg II the regional governments signed agreements with other institutions (universities, local administrations, fair organizations and so on), in order that they introduced cross-border cooperation activities in their activities. From 1996, instead of agreements, GITs finance cross-border cooperation projects that they select from the projects presented by any kind of organization. GITs allows the regional governments to subsidize the activities of small cities and organizations that do not have the human resources necessary to manage an Interreg project. In this new period, GIT in Extremadura has two calls for projects per year. One is for Portuguese courses, and the other one is economic support for any kind of cross-border cooperation.¹² GIT-Extremadura is increasingly cooperating with organizations from other parts of Portugal, not only from its neighboring regions.

¹² GIT-Extremadura also publishes books and studies on cross-border topics (170 publications), promotes school exchanges (78 between 1997 and 2002); also has established the annual forum for debate "Agora", with the aim to promote the relationships between Spain and Portugal; and GIT also,

5.1.3. The Corchiça and Floresta projects

The Corchiça project was initiated in 2004, financed by the 1st call for projects of Interreg III A, and has continued with the Floresta project with a subsidy from the second call for projects of Interreg III A, receiving in total 2,009,826 Euros from ERDF. It is developed by ASECOR (the association of cork producers of Extremadura), which is the leader, and APCOR (the association of Portuguese cork producers). Also one city in Extremadura and 4 cities in Alentejo take part in the project. Its aim is to improve the competitiveness of the companies that are members of the associations, by creating mechanisms to support cooperation projects between the producers of Alentejo and Extremadura and projects for improving management.

5.1.4. Triangulo Urbano Iberico-Rayano (TRIURBIR)

Triurbir was established in 1997 by two Spanish cities (Caceres and Plasencia) and one Portuguese city (Castelo Branco), which are close to each other in the north of the cross-border region. Its aims are to promote all kinds of cooperation, undertake Interreg projects, and promote the development of the northern area of the cross-border region. Now, the members of Triurbir are undertaking three Interreg III A projects. Two of them are for infrastructures and restoring buildings, and one (project RETIS) is for the promotion of cross-border relationships between businesses. In total these projects receive 3, 594,933 Euros from ERDF.

5.1.5. Inter-Territorial Union Council

The Inter-Territorial Union Council (ITUC) was established in 1994 and the 4 unions present in the cross-border region are its members. In the beginning its aim was to assist cross-border Portuguese workers that temporary worked in Extremadura's agriculture. However, now machines have substituted them. Thus, ITUC's activities have changed to the cooperation with other ETUC and consideration of European level problems, promotion of the social dialog in the cross-border region, and support to

since 2003, gives a price as recognition for the institutions that have promoted the cooperation between Extremadura and Portugal (not only between Extremadura and the Portuguese border regions). According to Ignacio Sanchez, Director of the Cabinet of the President of the Junta de Extremadura (2003), GITs' activities have had the next results: 9,000 students of Portuguese in 2002 (66% of the students of Portuguese in Spain) –in 1996 they were 667 students–, 352 courses in 7 years, 170 publications, more than 40 school exchanges per year, at the regional press every year there are more than 1,300 articles on Hispano-Portuguese topics, 40% of the Extremadura's exports go to Portugal. Ten years ago, when GITs were established, GITs organized the cooperation and promoted participation from social actors. Now, the social actors are the promoters of cooperation, and GITs assists them (Caudal de Extremadura, December 2002).

Spanish health workers in Portugal, and to the workers in the construction of Alqueba Dam, which is in Portugal but most of the companies working in its construction are Spanish. One member of the staff of each union undertakes the tasks of ITUC, and also one member of one union (UGT of Extremadura) undertakes the tasks necessary for the implementation of the Interreg project.

5.1.6. Association La Raya / A Raya

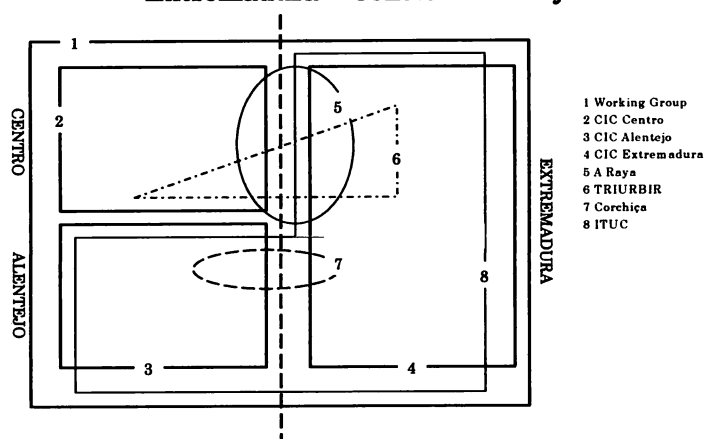
This is an association of 7 groups for the promotion of local development in the border area of the North of Extremadura and the South of Centro, established in 1998 as a result of their participation in the European program Leader 2.¹³ It has one general secretary, and its activities are developed by the officials of the cities. The activities of this association have been an annual fair of that cross-border area, joint participation in other fairs, elaboration of statistics, creation of working groups on tourism, agriculture and support for the SMEs, and cross-border cooperation activities. At present the annual fair is its main activity, although some of its members are implementing Interreg III A projects.

5.2. Structure of the governance system

The structure of the governance system in this cross-border region is much more fragmented than in Galicia-Norte. The WG has only sectoral commissions, and does not have territorial commissions. In the north of the border region there is one territorial association for the development of that area, but it is not integrated in other organizations. Also, the cities organized in a network are just 3 cities in the northern part of the region. In addition, there is no office of EURES in this region. The only organization in charge of labor is targeting the cross-border region Extremadura-Alentejo, but not Centro, which is engaged with the Spanish region of Castilla y Leon in another ITUC. The cross-border cooperation between business is also fragmented, and the cooperation between business associations of the cork industry covers just the specific area where this industry is concentrated. Internally, the different organizations, same as in the case of Galicia-Norte, do not organize a structure really independent from their members.

¹³ This program has the aim to promote cooperation among public and private organizations of rural regions in order to prepare and implement development projects.

FIGURE 3: Cross-border governance structure in Extremadura – Centro – Alentejo



6. Governance of the cross-border economy in the two regions

6.1. Governance of cross-border labor

6.1.1. Galicia—Norte de Portugal

The Cross-Border Office of the European Employment Service (EURES) has undertaken 5 studies on the cross-border labor market. These have led to a good knowledge on the situation of cross-border workers. Cross-border workers are those workers that have their residence in one country and their work-place in another country. According to the data of these studies (EURES, 2003), there are 1,629 Portuguese workers in the border regions of Galicia, and 3,230 Spanish workers in the region of Norte. However, there are huge differences in their characteristics and situation. Spanish workers in Norte have high qualification, most of them work in the health sector (mainly as doctors), and have stability and most of them commute every day. Contrarily, Portuguese workers in Galicia have very low qualification, most of them are workers in industry (many in mining), and, compared to Spanish cross-border workers, have shorter contracts and get back to their homes with less frequency. In addition, a study of ITUC (2004), with the cooperation of EURES, has found that Portuguese cross-border workers in Galicia suffer discrimination in their salaries, and sometimes they work without contracts. All this shows that the labor markets of both regions, rather than being integrating into one single market of the Eurorregion, are undertaking a process of segmentation in which cross-border workers from Galicia get

good and stable jobs and cross-border workers from Norte get hard jobs and bad employment conditions.

EURES has not the function of establishing social negotiations. Thus, the ITUC is the organization that claims for a reinforcement of the control on the respect of the labor legislation and not discrimination of workers according to their nationality. However, there is no organization for social dialog at the level of the Eurorregion. In addition, other problems in the cross-border labor market detected by EURES are the difficulties that the legal procedures posse to cross-border workers and the lack of knowledge of employers on the qualifications of the workers of the other side (EURES, 1999, 2005). The later is due to the difference in the education and training systems of both countries, and the lack of common training programs in the Eurorregion.

6.1.2. Extremadura—Alentejo—Centro

In the other cross-border regions, due to the lack of EURES offices there is also a lack of knowledge on the cross-border labor market. In Extremadura-Centro-Alentejo, ITUC is now developing an Interreg III A project with the aim of studying the labor situation in both sides of the border and to promote social dialog. The main activities in this project are the study of the socio-economic situation, cross-border labor, and cross-border companies in the region; the realization of seminars in order to find solutions to the existence of barriers for labor in the cross-border region, with the participation of labor, employers and administration, in the sectors of health, education, agro food industry, transports and services; and elaborate an action plan for ITUC. This project has a total budget of 413,333 Euros, of which 310,000 Euros come from EFDR and the rest from the trade unions.

6.2. Governance of business cross-border relations

6.2.1. Galicia—Norte de Portugal

In Galicia, during the implementation of Interreg II, the WC tried to promote cross-border relations between business with the organization of cross-border meetings and fairs. These activities did not have continuity and are not evaluated as successful for the creation of cooperation structures, although they contributed to the establishment of contacts between the Industry Association of Minho (AIMinho) in Norte and the Confederation of Employers of Pontevedra (CEP) in Galicia, which later signed a cooperation agreement in 1998 (Domínguez, 2004). Also, the WC is in charge of the Risk-Capital Fund Galicia—Norte de Portugal. This fund has cooperated in the

establishment of 4 cross-border companies. The fund was established in 1998, with a compromised investment of 10 million Euros, financed 50% by ERDF, 25% by the regional government of Galicia and 25% by the regional government of Norte. Its aim is to promote the economic relationship between the two regions, by taking part for a limited period of time in productive investments (new companies) in the Eurorregion. Finance can be provided to companies from Norte that invest in Galicia, companies from Galicia that invest in Norte, and companies with mixed capital (from Galicia and Norte) that invest in the Eurorregion or in other regions (if this investment is considered to have a positive effect on the economy of the Eurorregion). This fund is managed by two capital-risk managing societies, PME Capital in Norte and XesGalicia in Galicia. The decisions about investments are taken by consensus between both societies, and every side gives the same amount of finance for each selected project, which together can not be over 45% of the capital of the company that are financing. Although this fund has the goal to finance about 10 projects, it has financed only 4 projects, two in 1999, one in 2000 and one in 2005.

In Galicia-Norte the activities for the promotion of business cross-border relations have mainly been developed by the business associations that take part in CECOTRAN, which is financed by Interreg III A. Because of this, the objectives of the project and the activities to developed were planed and implemented by business organizations of both sides of the border,¹⁴ and have targeted the SMEs of the main industrial sectors of border regions that have industry. Thus, one characteristic of cross-border business promotion in this Eurorregion is that it integrates different industrial sectors and covers the all the border area with industry. The activities of CECOTRAN have provided with 8 types of services to SMEs in order to promote their competitiveness and cross-border relations (Table 5).

With the completion of the project, CECOTRAN's activities have finished, except the system for cross-border transportation of remainders, which is now managed by the regional government of Galicia. However, the organizations and companies that took part in CECOTRAN's activities and are looking for a way to continue with its

¹⁴ However, there is an imbalance between both sides of the border in the participation in activities and in the orientation of the final products. This imbalance is shown by the predominance of Spanish in the documents elaborated as result of CECOTRAN's activities, the dominance of Galicia as territorial area object of most of the activities, the focus of documents on topics of interest for companies in Galicia, and the origin of the companies taking part in different activities. All this shows that CECOTRAN has been much a project of CEP than of AIMinho, in order to give services to its members and to promote their knowledge on business and the market in the harder region and Norte de Portugal, to promote the environmental management of companies in the south of Galicia, and promote the competitiveness of companies in the south of Galicia.

activities.¹⁵

TABLE 5: Activities of CECOTRAN

1) Information and advice to SMEs: It has been provided by the different members of CECOTRAN, especially about the topics of information and communication technologies (ICTs), environment, and other topics of general interest for SMEs like taxes, labor, subsidies, public regulations and so on.
2) Training: CECOTRAN organized 110 course and seminars, basically on ICTs, environment, innovation and technology transfer, and internationalization.
3) Promotion of cross-border relations between SMEs and external promotion of the Eurorregion: Companies of the region took part in foreign fairs and missions for the promotion of their internationalization and attraction of foreign investment.
4) Observatories: a) Environmental observatory for the evaluation of the environmental management of the companies in the region. It elaborated guidelines for good environmental practices for 5 industrial sectors. b) Business Observatory and Sociological Observatory for the analysis of the situation of SMEs in the Eurorregion and their interrelationships and the analysis of consumers in the Eurorregion. It elaborated reports for the diagnosis of 6 industrial sectors in the border region, one report on the perception of the Eurorregion by SMEs and their cross-border relationships, and one report on the market of the Eurorregion were elaborated.
5) Construction of a website: Information is in Spanish, Portuguese and English, and provides with the next services. a) Information on technological sources and interactive system to answer to technical questions. Experts of the organizations member of CECOTRAN and the universities answer to the questions. b) Information for the foreign investor, which also has an interactive system to answer questions. c) Engine for the preparation of the documents necessary for cross-border transportation of dangerous and industrial remainders. Also there is an engine for evaluating the environmental management of companies by themselves. In total 500 questions have been answered and more than 100 documents have been publicized through the website.
6) Promotion of the use of new technologies by SMEs: Technological advisers have given advice to 200 companies on the introduction of ICTs, 50 reports on the same topic have been submitted to companies, and 10 web sites for the relation between business and consumer have been constructed.
7) Publications: 18 documents (surveys, statistic data, guidelines, etc.)
8) Promotion of the cross-border identity: Cross-border university games on simulation of companies, and a prize for the best cross-border business initiative.

Source: Elaborated from CECOTRAN, 2005

6.2.2. Extremadura-Centro-Alentejo

The way in which activities for the promotion of cross-border relations between business and the promotion of business competitiveness have been planed and implemented in the cross-border regions of Galicia-Norte and Extremadura-Centro-Alentejo show important differences. In the latter, activities for the promotions of cross-border cooperation have been much more fragmented than in Galicia-Norte. The projects for cross-border cooperation do not target the whole border regions. Also, the cooperation projects do not cover a wide range of the economic sectors, but just a specific industrial sector (like cork), or the companies of a specific locality. Thus, the cross-border cooperation in this cross-border region is much more fragmented in its **targeted regions** and economic sectors than it is in Galicia-Norte. The main activities

¹⁵ Interview with the official of the CEP in charge of CECOTRAN.

for cross-border cooperation in industry have been business meetings and fairs.¹⁶ Differently from Galicia-Norte, the cooperation projects do not provide with common services to the SMEs of the border regions, but have the aim of promoting mutual knowledge and promoting business chances through the organization of meetings and fairs. Between 1993 and 2002, 34 cross-border fairs and 51 cross-border business meetings and seminars took place.¹⁷ Among them, the following are especially relevant because of their continuity and their activities.¹⁸

Hispano-Portuguese Fair (FEHISPORT): It is organized once a year by the Institucion Ferial de Badajoz (IFEBA), since 1990. Its aims are to promote the cooperation between Spain and Portugal, promoting Badajoz as a commercial and industrial center, and to facilitate the commercial exchanges and investment between the two countries.

Cross-border fair of Alconchel (FEMUAL): It is organized every year by the city council of Alconchel, since 1999, with the aim of promoting all types of relationships with the neighbor localities, including all economic sectors of border region in the south of Extremadura and Alentejo. In order to promote the participation in the fair, the city council has signed an agreement with the Chamber of Trade and Industry of Elvas and other city councils.

Feria Rayana: The association La Raya / A Raya organizes this fair every year since 1994, during 4 days this fair, every time in a different city of the border region of the north of Extremadura and the south of Centro. Its aims are to promote the relationships between businesses, show the products of the region and from other regions, exchange information and promote the economic development of the region. The activities include presentations of companies, shows of products and livestock, and

¹⁶ Also many projects have been developed in order to promote agriculture modernization and the tourism industry. Between 1993 and 2002, 54 cross-border cooperation projects for agriculture and 42 for tourism took place (calculated from GIT-Extremadura, 1998 and 2003).

¹⁷ Calculated with the analysis of the contents of GIT-Extremadura, 1998 and 2003.

¹⁸ The Business Council of Centro is leader of a project for the promotion of business cross-border cooperation, with a finance from ERDF of 740,000 Euros; the city of Castelo Branco is leader of a project for the technical support for agribusiness enterprises, with finance from ERDF of 2,102,715 Euros; and the Confederation of Business Associations of Extremadura (CREEEX) is leading a project, with the participation of the Portuguese business associations NERPOR (Nucleo empresarial de Portalegre), NERBE-AEBAL (Asociacion de Empresarios del Bajo Alentejo y Litoral), NERCAB (Asociacion de empresarios de Castelo Branco), NERE (Nucleo empresarial de Evora), NERGA (Nucleo empresarial de Guarda), and finance from ERDF of 400,000 Euros. This project has the aim of promoting quality, environmental management and security in the companies of several sectors in the whole region. These projects have just begun to be implemented, thus their results have not been studied yet. In addition, the Chamber of Trade and Industry of Badajoz organizes Portuguese courses with financial help from GIT, organizes business meetings twice or three times a year in Lisbon or Porto, especially about tourism, and has published a guide on the energy sector and the construction sector of Portugal, sectors in which Spanish companies are interested.

cultural and social activities. The fair involves the participation of city councils and companies of the region.

Also the network of cities TRIURBIR, with the implementation of the RETIS project, financed by Interreg III A, organizes business fairs in the three cities members of TRIURBIR, and supports the participation of SMEs of these cities in the fairs of Lisbon and Porto. It also organizes language and culture courses for businessmen and local officials, a prize for the best cross-border business initiative of the year, and has constructed a website, which is also used as intranet of TRIURBIR.¹⁹

The cooperation projects Corchiça and Floresta, developed by the cork associations of the region (ASECOR and APCOR) and 5 cities, is another of the main cooperation projects.²⁰ However, its area of implementation is limited to the central area of the border, in which this industry is concentrated. The project contemplates both forestry and industry initiatives. The most important activities are (Noticias Infoagro, 2003): Socioeconomic study of the territory and the sector; training courses for workers; courses for businessmen and technicians on the International Code of the Cork Stopper Manufacturing Practices; training courses for new technology adaptation; business cooperation seminars; ethnographical tour with the theme "The cork oak and the economical structure of the territory"; website construction; cork promotion campaigns; and language and cultural courses. There is one person contracted as the manager of the project, and also the staffs of the associations undertake the necessary tasks.

Conclusions

A cross-border governance system has been established in the Spain-Portugal border. This system is highly dependent on European funds and policies, especially the Interreg program. This program has mobilized many organizations into cross-border

¹⁹ Other activities done by the same project are a festival of Iberian cinema and school meetings.

²⁰ The development of this project has two reasons. One reason is that the cork sector is one main sector in Extremadura and in Alentejo. Even more, Portugal is the first cork producer in the world, with big and modern industries, which have their main factories in the north of Portugal. Cooperating with the producers in Alentejo, the producers of Extremadura can have access to the know-how of the big Portuguese companies. The second reason is a feeling of threat in the cork sector. European producers, especially Portugal and Spain, had dominated this sector. But, now China has begun to produce cork, and also new wine producer countries, instead of using cork tabs are using plastic taps. These two factors can have terrible consequences for the European cork industry, and the producers cooperate in order to improve cork quality for taps, scientifically show their efficiency in front of plastic taps, and promote their use.

cooperation projects, and has promoted the construction of structures for the governance of cross-border relations (political, economic, cultural, and social). However, the governance structures in the cross-border regions do not establish either “cross-border governments” or “cross-border PIGs”. This does not mean they do not have an important role in cross-border governance. Even more, as the comparative analysis of two cross-border regions has shown, the more developed and integrative the cross-border governance structure is, its role in regulating cross-border relations is more relevant. The structure in Galicia-Norte shows a high degree of interrelationships among organizations, while in Extremadura-Centro-Alentejo the different organizations are not interconnected. This difference seems to be producing more coordinated policies in Galicia-Norte, although there is no conclusive evidence.

Analyzing the specific area of the labor market and the integration of the labor markets in one cross-border market, again Galicia-Norte shows a greater degree of organizational development with the establishment of EURES and the participation of different social sectors in it. However, it still lacks an organizational structure to promote negotiation and policy making to manage the problems posed by integration. In the other cross-border region the situation is worse due to the not existence of EURES. In Extremadura-Alentejo, ITUC is trying to compensate this problem with the development of an Interreg project.

Also, in the area of promotion of cross-border business relations, Galicia-Norte has developed an organization, CECOTRAN, which is multisectoral and covers all the industrial border regions. This organization has provided with services (information, training, external promotion, introduction of ICTs, and so on) that promote the competitiveness of companies, and has promoted cross-border contacts between companies with the celebration of joint activities. In addition, CECOTRAN has published guidelines for good environmental practices. With these activities, CECOTRAN provides SMEs with collective competitive goods. In Extremadura-Centro-Alentejo, the cross-border projects have mainly focused on the organization of business-meetings and fairs, organized by many different organizations. There is no organization that includes a large part of companies of the cross-border region. The only organization with activities similar to CECOTRAN is the project Corchica-Floresta. But this project is focused only on one sub-region and only on the cork industry. Finally, in order to evaluate the economic results of the two different governance systems that we have found, we need to analyze more case studies, which would allow us appreciate economic changes in specific localities and industrial sectors,

and analyze the interrelationships (and or competition) between the activities of different organizations.

References

- Caudal de Extremadura*. December 2002.
- CECOTRAN (2005) *Memoria CECOTRAN*. Vigo: CECOTRAN.
- Domínguez, L. (2004) "Europa e a fronteira Luso-Galaica: Historia e reencotro" in Domínguez, L. Et al (2004).
- Domínguez, L. Et al (2004) *As Eurorrexións e of Futuro de Europa: O Modelo da Eurorrexión Galicia-Norte de Portugal*. Porto: Eje Atlántico.
- EC (2000a) *C(2000) 1101-EN*.
- EC (2000b) *Community Initiative Interreg II (1994-1999): An Initial Evaluation*, EC.
- EC (2001) *Interreg III Apartado A. España-Portugal*. EC
- EC (2002) *Complemento de Proqramama. Documento Unico de Programacion Interreg III A*. EC.
- EC (2003) http://europa.eu.int/comm/index_es.htm
- EC (2005) *Tercer Informe de Cohesion*. EC
- EURES (1999) *Estudio sobre los Obstáculos a la Movilidad de los Trabajadores Transfronterizos en la Euro-región Galicia-Norte de Portugal*. Valença: EURES
- EURES (2003) *Censos de traballadores transfronteirizos Norte de Portugal – Galicia 2003*. Valença: EURES
- EURES (2005) *Realidad Empresarial Transfronteriza Galicia-Norte de Portugal*. Valença: EURES
- Gabinete de Iniciativas Transfronterizas (1998) *Extremadura y Portugal. Actividades de Cooperacion, 1993-1997*. Junta de Extremadura.
- Gabinete de Iniciativas Transfronterizas (2003) *Extremadura y Portugal. Actividades de Cooperacion, 1998-2002*. Junta de Extremadura.
- ITUC Galicia-Norte de Portugal (2004) "Cumplimiento de la Normativa Laboral en la Eurorregión". Vigo: ITUC.
- Le Gales, P. and Voelzkow, H. (2001) "The Governance of Local Economies" Crouch, C. et al (Eds.) (2001) *Local Production Systems in Europe*. Oxford: Oxford University Press.
- Ministerio de Hacienda (MINHAC) (2005) "Proyectos aprobados Interreg III A", in www.dgfc.sggp.minhac.es
- Ponte, T., Pueyo, J., Brito, W., Venade, N. (2004) *El Régimen Jurídico de la Cooperación Transfronteriza Hispano-Portuguesa entre Entidades e Instancias Territoriales a la Luz del del Tratado entre el Reino de España y la República Porguguesa sobre Cooperación Transfronteriza de 3 de Octubre de 2002*.
- Quasar Consultores (2003) *Mid-Term Evaluation of the Spain-Portugal Operative Program Interreg III A*, Madrid: Quasar Consultores.
- Streeck, W. and Schmitter, P.C. (1985) "Community, market, state and associations?" Streeck, W. and Schmitter, P.C. (Eds.) (1985) *Private Interest Governments*. London: Sage.
- Venade, N. (2004) "Galiza-Norte de Portugal: a eurorregiao necessária" in Domínguez, L. Et al. (2004).