Mechanism to resolve legal and administrative obstacles in a cross-border context

OVERVIEW

Often isolated, and with generally poorer access to public services, the EU’s border regions face a unique set of challenges. This has been recognised under Article 174 of the Treaty on the Functioning of the European Union, which provides that particular attention should be paid to cross-border regions when developing action to strengthen the EU’s economic, social and territorial cohesion. Yet while the EU has provided significant support over the years, particularly within the framework of European territorial cooperation, helping to strengthen connectivity and create new growth and jobs, numerous obstacles continue to hamper cross-border cooperation.

Organised to identify these remaining bottlenecks, the Commission's 2015 cross-border review revealed legal and administrative barriers to be the main obstacle to cross-border cooperation while, in parallel, the 2015 Luxembourg Presidency put forward plans for an EU cross-border mechanism, with an informal working group set up to develop the idea. Both processes have fed into discussions in recent years to create a mechanism for cross-border areas, leading to the current proposal, introduced as part of the multiannual financial framework’s cohesion policy package.

Proposal for a regulation on mechanism to resolve legal and administrative obstacles in a cross-border context

| Committee responsible: | Regional Development (REGI) | COM(2018) 373 |
| Rapporteur: | Matthijs van Miltenburg (ALDE, the Netherlands) | 29.5.2018 |
| Shadow rapporteurs: | Joachim Zeller (EPP, Germany) | 2018/198 (COD) |
| | Bronis Rope (Greens/EFA, Lithuania) | |
| | Rosa D’Amato (EFDD, Italy) | |
| Next steps expected: | Publication of draft report | Ordinary legislative procedure (COD) |
| | | (Parliament and Council on equal footing – formerly ‘co-decision’)

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Introduction

As part of the May 2018 package of legislative proposals establishing a new cohesion policy framework for the 2021 to 2027 period, the European Commission published a proposal for a regulation on a mechanism to resolve legal and administrative obstacles in a cross-border context. While the opening up of Europe’s borders has provided people in border regions with new opportunities to live, work and access services in neighbouring Member States, numerous legal and administrative obstacles continue to hamper cross-border interaction. With a 2017 study estimating that the removal of just 20% of cross-border obstacles in border regions could increase their GDP by 2%, overcoming these barriers could mean much more than creating better conditions for doing business or living across the border. The introduction of a mechanism to address cross-border obstacles could enable the EU’s border regions to take full advantage of their economic potential, thereby helping to strengthen the overall economic, social and territorial cohesion of the Union.

The idea of an EU cross-border mechanism was first put forward by the Luxembourg Presidency in 2015, leading to the creation of an informal working group of interested Member States which has met on a regular basis to further develop the tool. A subsequent EU-wide cross-border review identified numerous barriers to effective cross-border cooperation, resulting in the publication in September 2017 of a Commission communication on boosting growth and cohesion in EU border regions. This document set out a ten-point action plan and made specific reference to on-going work on the cross-border initiative, with the Commission stating that it would consider ways to take this new instrument forward. After several years of discussion, a proposal is now on the table, with the need to define the architecture of EU cohesion policy for the post-2020 multiannual financial framework (MFF) providing a timely opportunity to address the issue.

The proposed regulation would establish a voluntary mechanism for resolving legal obstacles in border regions, which would focus on neighbouring EU land borders at NUTS 3 level and cover joint projects for any item of infrastructure or service of general economic interest in operation in a cross-border region. Specifically, the regulation would enable the application, within a given Member State and in relation to a common cross-border region, of the laws of a neighbouring Member State in cases where the laws of the former are a legal obstacle to the delivery of a joint project.

Existing situation

The process of ever closer integration among EU Member States, driven by the gradual construction of the single market and the removal of Europe’s frontier posts, has helped transform border regions from peripheral areas into poles of growth in recent years. However, as highlighted in the European Commission’s September 2017 seventh report on economic, social and territorial cohesion, although integration among Member States has expanded progressively over the last few decades, involving the elimination of many institutional and regulatory barriers, borders continue to represent an obstacle to the movement of goods, services, people, capital and ideas.

A number of legal instruments have been developed over the years to promote and facilitate cross-border cooperation, the most widely known of which is the European grouping of territorial cooperation (EGTC). Established under Regulation (EU) No 1082/2006, an EGTC involves the signature of a convention that makes it possible for public entities from two or more Member States to work together under a common structure with full legal personality. While this instrument has facilitated cooperation by creating legal certainty for cross-border projects, EGTCs do not have policy making competences and, in particular, may not exercise any powers conferred by public law, pursuant to Article 7(4) of the EGTC Regulation. As EGTCs do not have any regulatory powers, this means they are unable to make any changes to the laws applicable to their activities. With legal and administrative obstacles often caused by differences between the laws of the countries involved, EGTCs may arguably be considered to be an insufficient instrument for resolving such obstacles given their lack of powers to regulate or adopt laws. The implementation of cross-border projects,
Meanwhile, continues to be a challenge for partners in many border regions, leading to a search for new solutions in this field.

In July 2015, the European Commission set out to identify the problems in this area and respond to border obstacles by organising a Cross-Border Review, which covered three main pillars: a public consultation, workshops with stakeholders and a study incorporating an inventory of border obstacles. Covering 37 of the EU’s 40 internal land borders and taking nearly two years to complete, this review provides a comprehensive overview of the current problems facing border regions and is a valuable source of information about the existing situation in terms of cross-border obstacles.

The findings of the public consultation revealed legal and administrative barriers to be the most important obstacle to cross-border cooperation, with as many as one in two respondents mentioning this problem. This has helped give clear direction to the focus of future research in the area of cross-border obstacles, with the scope of the proposed mechanism exclusively covering legal and administrative obstacles. Drawing up an inventory of 239 border obstacles, the study finds that the majority of obstacles are caused by inconsistencies between national or regional legislation (104 cases), followed closely by administrative obstacles due to inadequate procedural or administrative practices at local, regional or national level (99 cases), with far fewer obstacles relating to the existence or lack of EU legislation. This suggests that removing or alleviating the majority of border obstacles will above all require action between and within Member States.

Over 90% of the legal and administrative obstacles identified are to be found in just five policy areas: labour market and education, social security and health, transport and mobility, industry and trade, and policy and public planning. The study's findings reveal that almost two thirds of the legal and administrative obstacles identified affect the whole length of the EU land border in question, most of which are caused by differences between national or regional legislation, while only one third of all obstacles apply to just a small section of a given EU land border. According to the study, the wider negative impact on cross-border integration is either high or moderate for 98% of the obstacles. With the study noting that such negative impacts reduce the intensity of cross-border interaction in almost all areas of integration, adversely affecting the cross-border economy (i.e. labour market integration), cross-border communication, societal aspects (i.e. social security systems) not to mention at the level of the individual citizen, it would appear that addressing such cross-border obstacles could have a positive impact on many aspects of life in border regions.

Parliament’s starting position

In its resolution of 13 September 2016 on European Territorial Cooperation, the European Parliament welcomed the Luxembourg Presidency’s initiative, which proposed a specific legal tool for border regions that would give Member States the opportunity to agree on specific legal provisions. It asked the Commission to include a study on border regions’ needs in its analysis of the barriers to cross-border cooperation and requested that the study also take account of Parliament’s recommendations and the results of the public consultation on obstacles to cross-border cooperation. It also called on the Commission, the Member States and the managing authorities to consider the proposal by the Luxembourg Presidency for the creation of a new legal instrument for cohesion policy post-2020 following the results of the ex post evaluations, the implementation of the 2014-2020 programmes and an appropriate impact assessment.

Parliament’s resolution of 14 March 2018 on preparing its position on the post-2020 MFF called, among other things, for reinforced territorial cooperation under cohesion policy post 2020, including a cross-border component, as well as dedicated provisions for remote areas.

On 10 July 2018, Parliament’s Committee on Regional Development (REGI) adopted an own-initiative report on boosting growth and cohesion in EU border regions. Noting that access to public services is crucial for the population of internal cross-border areas, and frequently hampered by legal, administrative and linguistic barriers, the REGI committee calls on the Commission and Member States to maximise their efforts and step up cooperation to remove these barriers. It also
encourages the Commission to enhance the use of existing innovative tools, which contribute to the ongoing modernisation and deepening of cross-border cooperation, and to develop new ones. In particular, it strongly believes that a European cross-border convention (ECBC), which, in the case of a territorially defined cross-border infrastructure or service, would allow the application of the national normative framework and/or the standards of just one of the countries concerned, would further reduce cross-border obstacles. In this context, it welcomes the recently published proposal for a regulation on a mechanism to resolve legal and administrative obstacles.

**Council starting position**

In its conclusions of March 2018 on streamlining the delivery system and implementation of cohesion policy and the European structural and investment (ESI) funds post-2020, the Council welcomes the Commission communication on boosting growth and cohesion in EU border regions and takes note of its suggestions regarding further EU action aimed at facilitating cross-border cooperation, including beyond 2020, calling on the Commission to explore ways to extend these studies to maritime and further external borders of the EU. It also invites the Commission to continue working on specific measures for regions that suffer from severe and permanent natural or demographic handicaps, including cross-border regions.

**Preparation of the proposal**

Co-chaired by France and Luxembourg, a working group on innovative solutions to cross border obstacles was set up in July 2016 to develop the tool presented under the Luxembourg presidency, bringing together experts, local level representatives and stakeholders as part of a structured dialogue with the EU institutions. The working group's July 2017 final report proposed the creation of a mechanism, the European cross-border convention (ECBC), to be applied in relation to an obstacle to a cross-border activity (or project) or to a service of general interest. This tool is a bottom-up procedure that allows the local or regional authorities and stakeholders of one Member State to apply the administrative or legal rules and provisions that are applicable in the neighbouring Member State in a geographically defined area of application along the border.

In parallel to the work of this group, the European Commission adopted a communication in June 2017 on boosting growth and cohesion in EU border regions, building on the findings of the 2015 Cross-Border Review. Highlighting how the EU and the Member States can limit the complexities, length and costs of cross-border relations, the communication puts forward a series of measures and recommendations to facilitate cooperation between people and businesses in land border regions by setting out a list of 10 actions, with action nine making specific reference to the work on the Luxembourg initiative. Entitled 'Considering the legal and financial framework for cross-border cooperation', this action states that a number of Member States are considering the merits of a new instrument that would make it possible, on a voluntary basis, for the rules of one Member State to apply in a neighbouring Member State for a specific project or action limited in time, located within a border region and initiated by local authorities.

The staff working document accompanying the communication on boosting growth and cohesion in EU border regions, draws attention to a number of advantages that the ECBC would have over existing tools, noting that it would be quicker and more efficient than intergovernmental agreements and also provide stakeholders with greater administrative and legal certainty compared with the bottom-up approach of many initiatives in cross-border areas. It also argues that the tool could limit the administrative burden for the Member States, as existing mechanisms, structures and institutions could be integrated into the tool's procedure. The document notes that existing mechanisms, structures and institutions could be used at every step of the procedure to help the process of identifying a solution. To further improve the legal and financial framework for cross-border cooperation, the document sets out two actions. Firstly, the Commission will follow the work carried out by the Member States on the ECBC and consider ways to take this instrument forward taking account of the evidence provided by the pilot projects testing new solutions for tackling
border-specific legal or administrative problems. Secondly, the EU institutions and Member States will examine how future funding programmes can make a more strategic contribution to preventing and resolving border obstacles and to the development of cross-border public services.

At the February 2018 meeting of the working group on innovative solutions to cross-border obstacles, the European Commission announced that it was working on a draft version of the ECBC regulation and that it was willing to include this regulation as part of the post 2020 cohesion package to ensure that it was discussed in the context of cohesion policy. The European Commission subsequently confirmed the inclusion of the ECBC regulation in the cohesion policy package at the working group’s May 2018 meeting, emphasising also that the working group had been an asset in the whole process as it had effectively fulfilled the role of a stakeholder consultation.

The Commission’s May 2018 impact assessment, which evaluates, among other things, the proposal for a mechanism to resolve legal and administrative obstacles in a cross-border context, identifies increasing interregional cooperation and efforts to overcome obstacles to cross-border interactions between people and firms as one of the key challenges for cohesion policy post 2020. The impact assessment considers that since the action is voluntary and optional, and will be used at the initiative of the Member States concerned, it upholds the principles of subsidiarity and proportionality. The document also stresses that the mechanism will have no cost impact on the EU budget. Highlighting that the mechanism provides two options, a European cross-border commitment, which allows derogation from normal rules, and a European cross-border statement, where signatories undertake formally to legislate to amend normal rules, the impact assessment states that for reasons of parliamentary primacy, legal certainty and transparency, most Member States will need to adopt up front a formal parliamentary act to empower the executive authorities to sign a European cross-border commitment. The document stresses that the European cross-border statement will be used in cases where a Member State decides not to adopt a formal parliamentary act up front.

The changes the proposal would bring

According to the Commission’s proposal, the mechanism would enable the application, within a given Member State and in relation to a common cross-border region, of the laws of a neighbouring Member State if the laws of the former were a legal obstacle to the delivery of a joint project.

The planned mechanism comprises two options. A self-executing measure, the European cross-border commitment would allow the ‘committing’ Member State to transfer laws from the neighbouring Member State (‘transferring’ Member State) across the border, thereby creating a derogation from national laws, which would continue to remain in force. The European cross-border statement, meanwhile, involves a legislative procedure in the Member State to formally amend the national rules of the given Member State to allow for a derogation. As the process of establishing this mechanism would necessarily involve regular contact between the authorities of the Member States concerned, the proposal provides for the creation of cross-border coordination points, which would be responsible for coordinating the preparation, signature, implementation and monitoring of all commitments and statements relating to the Member States. They would also liaise with their counterpart(s) in the neighbouring Member State and with the European Commission.

In practice, the process of concluding a commitment or statement would begin with the preparation of an initiative document. This document would describe the nature of the cross-border project, the legal obstacle and the solution in the transferring Member State, and would be drafted by an initiator (a public or private body initiating or implementing a joint project, including local/regional authorities, cross-border cooperation bodies or European associations of border regions). It would then be sent to the cross-border coordination points of the committing and transferring Member States, who would respond by preparing a ‘preliminary analysis’, stating whether or not to launch a procedure leading to the conclusion of a commitment or statement, whether the legal obstacle was valid and whether or not there were any solutions to the legal obstacle. If necessary, they could also
request a revised version of the initiative document. Once the initiative document had been finalised, the cross-border coordination point of the committing Member State would prepare a draft commitment or statement, which would be sent to the transferring Member State. After agreement between both Member States on the content of the commitment or statement, it would be concluded and signed by the competent authorities of the Member States concerned.

In terms of monitoring, Member States would decide if responsibility for monitoring the application of a commitment or statement was to be given to the authorities of the committing or the transferring Member State and, in the case of the latter, whether the monitoring authorities would act in the name of the committing Member State or in their own name. On the issue of legal protection, individuals seeking legal redress against the application of a commitment or statement would be heard before the courts of the committing Member State, even if they were legally domiciled in the transferring Member State. The same situation would apply for individuals seeking legal redress against the monitoring of a commitment or statement. However, in cases where the monitoring authority could act in its own name, the court of the Member State in which the individual was resident would be competent.

The Parliament’s 2016 resolution on European territorial cooperation noted that account should be taken of the results of the public consultation on obstacles to cross-border cooperation. While the proposal clearly reflects the consultation’s finding that legal and administrative barriers are the most important obstacle to cross-border cooperation, certain elements of the proposal would seem to take less account of the results of the cross-border review. In particular, the proposal’s focus on NUTS 3 regions would appear to fly in the face of the review’s findings that almost two thirds of all legal and administrative obstacles affect the whole length of a given EU land border. Given that only one third of all obstacles were found to affect small sections of a given EU land border, this raises questions as to why the proposal has not opted for a wider geographical scope that would cover a larger population and, potentially, more obstacles. Furthermore, as highlighted above, the Council conclusions, which called on the Commission to explore the possibilities to extend such studies to EU maritime and external borders of the EU, also suggest that the mechanism could benefit from a broader territorial scope. In addition, the cross-border review sets out a number of different options for addressing border obstacles such as signing new inter-state agreements to clarify the roles of institutional actors on both sides of the border, establishing horizontal cross-border cooperation among institutions to identify and address obstacles or using existing legal instruments for cross-border cooperation to overcome obstacles. Notwithstanding the findings of the working group on innovative solutions to cross-border obstacles, it is interesting to note that the Cross-Border Review does not specifically mention the creation of a mechanism for resolving cross-border obstacles as a possible solution.

Advisory committees

Consultation of the European Economic and Social Committee (EESC) and of the European Committee of the Regions (CoR) is mandatory as the legal basis for the proposal is the third paragraph of Article 175 of the Treaty on the Functioning of the European Union.

The CoR has appointed Bouke Arends (the Netherlands, PES) as the rapporteur for its opinion on this file (COTER VI-048), which is currently in preparation. The draft opinion is scheduled to be adopted on 14 December 2018, with the opinion due to be adopted at the CoR’s January 2019 plenary session. On 13 October 2015, the CoR adopted an opinion (COTER-VI/007; Rapporteur: Nikola Dobroslavić, Croatia, EPP) on 'strengthening cross-border cooperation - the need for a better regulatory framework’, which examined the prospects for developing new measures to enhance cross-border cooperation. It welcomed the initiative of the Luxembourg Presidency to make a first suggestion for a new legal tool, with the objective of allowing Member States concerned by a specific cross-border project to agree on a legal framework created from the existing laws of these Member States and applicable only to this specific cross-border project. It also stressed that this would contribute to cohesion in border areas. In particular, the CoR welcomed the leading role that
the proposal of the Luxembourg Presidency would give to local and regional authorities, and called on the Commission to consider this proposal and develop it further in the light of the results of the cross-border review.

Adopted on 4 July 2018, the CoR's opinion on boosting growth and cohesion in EU border regions (COTER-VI/036, Rapporteur: János Ádám Karácsony, Hungary, EPP), underlines the fact that legal, administrative, physical and cultural obstacles need to be addressed in order to strengthen cooperation in EU border regions, pointing out, for instance, that missing, insufficient or low-quality transport services are still a reality in many border regions. In particular, it welcomes the Commission proposal for a regulation on a mechanism to resolve legal and administrative obstacles in a cross-border context. It notes that, it is a bottom-up legal tool complementary to the EGTCs that could support cross-border cooperation projects effectively. The CoR considers that the regulation could result in considerably more efficient cross-border cooperation, especially in cross-border investments, at the same time reducing the administrative and financial burden.

On 13 June 2018, the EESC's study group on the regulation on the cross-border mechanism issued a working document on this file (ECO/465, Rapporteur: Etele Baráth, Diversity Europe – Group III, Hungary) welcoming the proposal for a regulation and, in particular, the initiative's bottom-up nature, and considering that the proposal is likely to further strengthen possibilities for cooperation based on subsidiarity between different Member States. Nonetheless, the rapporteur raises a number of concerns. Noting that the mechanism works on the principle that a Member State can apply the laws in place on the other side of the border to solve a problem, he highlights that the text contains no information about what to do when there are no relevant laws on either side of the border. He finds it regrettable that it is not mandatory for Member States to apply the mechanism. Its voluntary nature could, in his view, lead to greater fragmentation of legal practice in Europe and legal uncertainty. The document also voices concern about the lack of European funding, which could be a problem for less developed Member States, and questions how the mechanism could be applied in cases where a country has not set up a cross-border coordination point.

National parliaments

A deadline of 31 July 2018 has been set for national parliaments to carry out a subsidiarity check of the proposal. The Swedish Parliament's reasoned opinion notes that the current proposal is complex and unclear on a number of points, particularly as regards the extent to which the proposed mechanism is voluntary and on the powers of cross-border coordination points in relation to national law, and considers that the proposal in its current form is not in compliance with the subsidiarity principle.

Stakeholders' views

Noting that the proposal for a regulation on a European cross-border mechanism is based on the work carried out over the past three years by the working group on innovative solutions to cross-border obstacles, Mission Opérationnelle Transfrontalière, which operates the working group's technical secretariat, considers that the proposal represents a real innovation in terms of designing a multilevel architecture for overcoming obstacles.

Legislative process

On 29 May 2018, the European Commission adopted the legislative proposal and submitted it to the European Parliament and the Council. In the European Parliament, the file has been allocated to the Committee on Regional Development (REGI). On 20 June 2018, Matthijs van Miltenburg (ALDE, the Netherlands) was appointed rapporteur, with the draft report due to be considered in a REGI committee meeting in October 2018.

A webstreamed exchange of views with European Commission representatives took place in the REGI committee on 20 June 2018 and included a presentation of and discussion on the
Commission’s proposal for the cross-border mechanism. While welcoming the proposal and highlighting the usefulness of the mechanism, MEPs raised a number of questions about the operation of the mechanism itself. Issues discussed at the meeting included the non-eligibility of NUTS 2 regions, whether the European Fund for Regional Development could be used to finance cross-border coordination points, and the role of the Commission in terms of implementing commitments and statements. Highlighting that the mechanism was necessary, MEPs emphasised the need to concentrate on the legal protection of people who live in border areas and on cross-border coordination points. In addition, MEPs noted that differences between national legal systems or the mutual recognition of judicial systems need to be analysed in detail to ensure the tool’s effectiveness and asked for more information about how the Commission would resolve this issue.

In the Council, the Working Party on Structural Measures examined this file at its meeting on 14 June 2018 and discussed the simplification provisions and technical clarifications under the 2021-2027 cohesion policy package at a meeting on 2 July 2018. Its 12 July 2018 meeting examined the 2021-2027 cohesion policy package through a comparative overview of the 2014-2020 and 2021-2027 regulations, including a presentation of how this package links to other funds and instruments.

EP SUPPORTING ANALYSIS


OTHER SOURCES

Mechanism to resolve legal and administrative obstacles in a cross-border context, Legislative Observatory (OEIL), European Parliament.

ENDNOTES

1 Defined in the regulation as a territory covered by neighbouring land border regions in two or more Member States at NUTS level 3.
2 This section aims to provide a flavour of the debate and is not intended to be an exhaustive account of all different views on the proposal. Additional information can be found in related publications listed under ‘EP supporting analysis’.

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