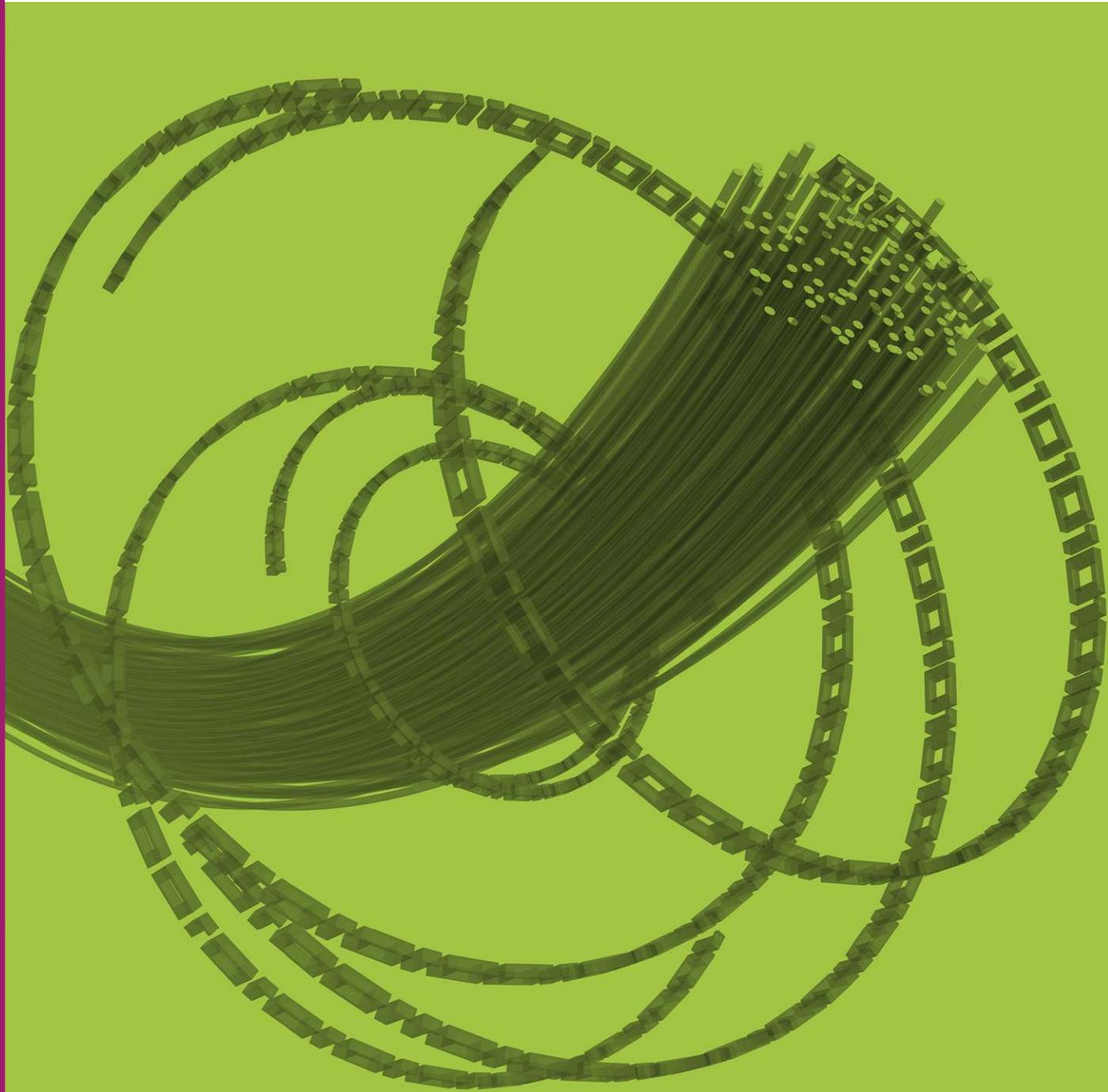


# SWOT 1

## Analysis and Planning for Cross-border Co-operation in Central European Countries



**ISIG** Institute of  
International  
Sociology  
Gorizia



# Swot Analysis and Planning for Cross-Border Co-operation in Central European Countries

Prepared by

**Institute of International Sociology of Gorizia (ISIG)**

for the

**Council of Europe**



## **SERIES**

1. Swot Analysis and Planning for Cross-border Co-operation in Central European Countries
2. Swot Analysis and Planning for Cross-border Co-operation in Northern Europe
3. Swot Analysis and Planning for Cross-border Co-operation in South Eastern Europe

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## Foreword

This study has been prepared by ISIG - Istituto di Sociologia Internazionale di Gorizia (Institute of International Sociology of Gorizia), Italy at the request of the Council of Europe. Its purpose is to provide a scientific assessment of the state of crossborder co-operation between European states in the geographical area of Central Europe. It applies the so-called SWOT methodology according to the specific parameters developed by ISIG to assess the extent and depth of crossborder co-operation thus giving both a quantitative and qualitative appraisal. This is followed by the identification of the most appropriate “strategy” recommended in order to achieve the best possible crossborder co-operation (removing obstacles, skipping threats, exploiting opportunities, healing weaknesses).

The interest of the Council of Europe for transfrontier co-operation dates back to the 1980’s with the adoption of the European Outline Convention on Transfrontier Co-operation between Territorial Authorities or Communities (Madrid Convention). In the subsequent years, the Council of Europe, through its intergovernmental committees – the European Committee on Local and Regional Democracy (CDLR) and the Committee of Experts on Transfrontier Co-operation (LR-TC) – and various assistance and capacity building activities has actively promoted the adoption of the most suitable measures and policies to encourage and facilitate crossborder co-operation between local and regional authorities.

In the framework of the Stability Pact for South Eastern Europe, a SWOT analysis of crossborder co-operation between Balkan-Danube states was published in 2005 with the financial support of Belgium. (An updated version covering South-Eastern European states is being prepared and will be published shortly in this series.) Subsequently, it was felt appropriate that a similar study of crossborder co-operation between Central European states be prepared and further on another study of crossborder co-operation between Northern European states was launched, also at the request of the Council of Europe.

This report is based on data collated in 2007-2008 and analysed in 2009. Prior to its publication, it has been circulated among the members of the CDLR for comments. The remarks made have been taken into consideration. Detailed remarks by Hungary are reproduced in extenso at the end of the document. However, the report has not been approved or validated by any Council of Europe intergovernmental body. Its contents and opinions therefore are those of its authors and not those of the Council of Europe.

In releasing this report, the Council of Europe wishes to put at the disposal of its member states an additional tool for assessing the state of crossborder co-operation between themselves and thus taking the appropriate policy measures in order to achieve the goal of a “ever closer union” between them that the Statute of the Council of Europe, to which they have subscribed, advocates (article 1).



**Swot Analysis and Planning  
for Cross-Border Co-operation  
in Central European Countries**



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## Part I

### 1. Introduction

The SWOT analysis was born in the strategic planning offices of businesses, rationalising market reality, bringing together the elements that make it analytically functional, identifying the most appropriate actions to be undertaken to limit the effects of negative elements and maximising the possible effects of positive ones. In the case at hand, SWOT analysis is crucial, because it attains sets of heuristically relevant indicators from cross-border co-operation processes. The elements of the up-to-date analytical scenario thus delineated can be modified to influence future scenarios positively. Cross-border co-operation can only benefit from careful strategic planning, as well as from practical actions organised by a *Euroregion* body for transfrontier areas.

Thus, the main function of SWOT analysis is to determine rationally a cross-border region's prospects, set between its operational present (*current scenario*) and a future predominantly marked by local development fostered by cross-border co-operation (*latent scenario*) (cf Gasparini 1988). The SWOT method involves an analysis of what occurs, and above all, of how we want it to occur, between time  $t_0$  and time  $t_1$ .

These being the conditions, co-operation might well result from the ideology of empathetic and expressive action, which commonly lead to expectations of something more from a common effort at relations and networking. As true as this may be (*ideological matrix*), SWOT analysis, action and strategies within the individual border region that is the object of the analysis in fact challenge this ideology, by assessing the whole region's propensity towards an ontological transformation of values and culture in practical terms. Ideology nevertheless remains an important ingredient. Mixed with concrete action, it enables two co-operating regions to reach shared targets on either side of the border.

SWOT analysis further "unmasks" ideological interpretations of cross-border co-operation: it is based on a very concrete system of indicators. It can identify the factual processes by which a particular co-operation is carried out, and above all, provide reliable relations between indicators and forecasts.

### 2. Cross-border co-operation: theoretical elements and internal/external functional aspects

Cross-border co-operation is the active outcome of the proximity of cultural diversity. It stems from differences between distinct sovereign areas. While these variations generally appear in legal, administrative and economic regulations, or in the cultural and linguistic reconstruction plans of those nation-state that favour the strengthening of stereotypes in relation policies. Here instead, such factors are exploited with creativity, which in turn thrives on diversity itself, providing new opportunities to establish relations, and to benefit from advantages that would not exist in the absence of differences between sovereign areas.

Therefore, on either side of the border the two sovereign areas have to partially sacrifice their autonomy and act pragmatically as regards concrete everyday economic, social or cultural issues (cf Gasparini 1996). In these cross-border regions, sovereignty concerns central national issues or national politics alone, while in regional matters, the sense of sovereignty has been lost (it is no longer possible to say "yes or no", "all or nothing" with respect to this or the other region).

In this way, the cross-border region becomes a transition area. The territory takes on a new meaning (cf Badie 1996), differing from that of the national system, in such a way that national regulations

are worth less than elsewhere in the country. Moreover, the transition is continuous: based on the balance between the actions of the bordering population and the administrative, institutional and economic regulations, all of which must constantly be adjusted according to this precarious equilibrium, made unstable by the passage of time and by changes taking place within the countries to which the two cooperating regions belong.

Cross-border co-operation is thus caught up in perpetual instability, due to local internal factors which constantly change and, remarkably, offer advantages not possible without co-operation. Such co-operation is faced with endless challenges from the countries involved (which, as legal systems, fear impending self-determination, or that the national borders to be redrawn into regional ones, etc.); these challenges test the will towards co-operation of the bordering population, and may well engender frustration.

Having thus defined cross-border co-operation, we can better understand its importance by distinguishing between its endogenous and exogenous dimensions (within and without the cross-border area), evaluating above all those dimensions which extend beyond the regions involved, finding their *raison d'être* in the two or three nations themselves, in their internal and bilateral policies.

Dimensions with operational implications:

1. Propensity towards cross-border co-operation
2. Level of training and co-ordination
3. Cross-border relations in each activity sector
4. Institutional obstacles for cross-border co-operation
5. Economic obstacles for cross-border co-operation
6. Socio-cultural obstacles for cross-border co-operation
7. Institutional factors for effective cross-border co-operation
8. Administrative factors for effective cross-border co-operation
9. Economic factors for effective cross-border co-operation
10. Linguistic, cultural and historical factors for effective cross-border co-operation

## 2.1. Internal dimensions and indicators

The *first level* of endogenous (*internal*) dimensions concerns the existence of a basic form of collaboration, based on products derived from *the active collaboration found in a civil society*. Such collaboration is of deep importance and it is considered essential, as it produces results otherwise impossible to obtain. As far as this research is concerned, there are two such dimensions:

1. **Propensity towards cross-border co-operation.** This is defined by indicators which refer to operators in industry (1), commerce (2), culture (3), institutions (4). In short, a high propensity for cross-border co-operation in all four operator types means that there are realistic opportunities to develop stable co-operation.

3. **Cross-border relations in each activity sector.** These relations are expressed by the indicators of relations among institutions (9), planning and environment (10), transports and telecommunications (11), work and economy (12), tourism (13), culture and education (14), everyday services (15). The indicators specify the connection among civil societies on either side of the border. Such aspects represent the structural (but local) side of the propensity towards co-operation indicated by Dimension 1. If there is already such a structural dimension (number 3), the following dimensions will be easier to obtain.

A less relevant *second level* of endogenous dimensions is represented by two other dimensions, which concern the *characteristics of institutions* and the *context*.

2. **Level of training and co-ordination.** These indicators define the *characteristics of institutions* and their personnel. The indicators highlight the formation of local “élites” ie, groups of highly trained people or people with social, economic or political responsibilities<sup>1</sup> (5), the co-ordination among different local and national administration sectors (6), the co-ordination between local organisations and social and economic stakeholders (7), the co-ordination between central administrations (8).

9. **Economic factors for effective cross-border co-operation.** This dimension describes the context in which cross-border co-operation should take place.

These indicators detect whether or not borders act as a “filter” (44), if the economies are integrable (45), if economic action is not exclusively oriented towards the centre of the national system (46), if there is a significant participation in programmes such as *Phare*, *Interreg*, etc. (47), and if roads, waterways and railways are in good conditions (48).

A *third level* of internal dimensions, still less central than the previous ones, consists of two further dimensions, which relate to the cultural *context* of the cross-border area. Such cultural dimensions are considered to be less relevant than economic policies, assuming that cross-border co-operation is predominantly linked to business interests and to basic services, rather than to cultural and linguistic attractions and values (which nevertheless play a remarkably positive role). The latter may subsequently form stereotypes and linguistic matters can be developed or solved according to varied and complex modalities, as each of the national areas might have to deal with its own specific issues.

6. **Socio-cultural obstacles for cross-border co-operation.** These obstacles are evaluated according to their impact on cross-border co-operation. The indicators taken into account are as follows: negative national and/or regional stereotypes (31), language barriers (32), lack of or weak reaction to proposals for socio-cultural co-operation (33).

10. **Linguistic, cultural and historical factors for effective cross-border co-operation.** This is another cultural dimension of the context. Its indicators outline a specific situation: the existence of a common historical *background*, free from stereotypes (49), a common language or widespread knowledge of each other’s language (50), the ratification of the 1995 Framework Convention for the Protection of National Minorities (51), a tradition of co-operation (52), good cross-border transport routes (geomorphology, passes, types of transportation) (53).

---

<sup>1</sup> In the remainder of this document the expression « highly trained people » will be used instead of « élites ».

**Table 1 – SWOT analysis indicators, according to conceptual dimensions**

**1. Propensity towards cross-border co-operation**

1. Of manufacturing industry operators
2. Of commerce operators
3. Of socio-cultural operators
4. Of institutional operators

**2. Level of training and co-ordination**

5. Training of local bodies
6. Co-ordination between different national and local administration sectors
7. Co-ordination between local bodies and social and economic stakeholders
8. Co-ordination between central administrations

**3. Cross-border relations in each activity sector**

9. Institutional relations
10. Environment and territory planning
11. Transports and telecommunications
12. Economy and work
13. Tourism
14. Education and culture
15. Everyday services

**4. Institutional obstacles for cross-border co-operation**

16. State centralisation
17. Lack of adequate structures for cross-border co-operation
18. Differing competences on either side of the border
19. Restrictive regulations on cross-border relations
20. Lack of credibility from co-operation organisations
21. Low degree of mutual knowledge and trust
22. Insufficient financial resources
23. Different political-ideological orientation
24. Lack of or weak reaction to opportunities for cross-border co-operation

**5. Economic obstacles for cross-border co-operation**

25. Uneven development levels or rates
26. Technology gap
27. Business shutdowns due to overcoming competition
28. Labour market protection
29. Customs and fiscal issues
30. Lack of or weak reaction to opportunities for cross-border co-operation

**6. Socio-cultural obstacles for cross-border co-operation**

31. Presence of national/regional negative stereotypes
32. Language barriers
33. Lack of or weak reaction to opportunities for cross-border co-operation

## **7. Institutional factors for effective cross-border co-operation**

34. Signatory of the European Outline Convention on Transfrontier Co-operation (Madrid, 21 May 1980)
35. Signatory of the additional Protocol to the Madrid Convention (1995)
36. Signatory of the second Protocol to the Madrid Convention (1998)
37. Internationally recognised borders
38. Good institutional and legal framework (EU requirements)

## **8. Administrative factors for effective cross-border co-operation**

39. Official definition of cross-border areas
40. Non-centralised countries with relevant government powers devolved to local authorities
41. Local authorities charged with foreign relations
42. Local authorities with competent management
43. Local authorities with autonomous financial administration

## **9. Economic factors for effective cross-border co-operation**

44. Presence of positive “filter” borders in both countries
45. Integrable economies, characterised by complementary features
46. Economic action not exclusively oriented towards and depending on the central administration
47. Significant participation in *Interreg/Phare* projects
48. Efficient and well connected roads, waterways and railways

## **10. Linguistic, cultural and historical factors for effective cross-border co-operation**

49. Common historical background and absence of stereotypes
50. Common language or widespread knowledge of the neighbouring country’s language, at least on one side of the border
51. Ratification of the Framework Convention for the Protection of National Minorities (1995)
52. Tradition of co-operation
53. Good cross-border transport routes (geomorphology, passes, transports)

### **2.2. External dimensions and indicators**

The exogenous (*external*) dimensions of co-operation in cross-border areas concern national, European and international conditions, which may favour or not the development of co-operation in a cross-border area. There are four external dimensions, which are thought to have a progressively lower gradient of direct influence on specific co-operation processes. Such a declining gradient does not result from the last dimension (in the presentation) being essential as a general (European) framework, but implies that other dimensions are necessary, to activate the specific mechanisms of co-operation.

5. **Economic obstacles for cross-border co-operation.** This dimension is based on countries' complementary development levels in a specific cross-border area. The selected indicators are: uneven economic development levels or rates (25), technology gap (26), reluctance due to overcoming competition (27), labour market protection (28), customs and fiscal issues (29), lack of or weak reaction to opportunities for economic co-operation. All these obstacles are generated from the lack of balance between the two cross-border areas.

4. **Institutional obstacles for cross-border co-operation.** These obstacles also result from an unbalanced situation in cross-border areas. The indicators are: state centralisation (16), lack of adequate structures for cross-border co-operation (17), differing competences on either side of the

border (18), restrictive regulations on cross-border co-operation (19), lack of credibility from co-operation agencies (20), low degree of mutual knowledge and trust (21), insufficient financial resources (22), different political-ideological orientation (23), lack of or weak reaction to opportunities for institutional co-operation (24).

8. **Administrative factors for effective cross-border co-operation.** This dimension concerns the relation between local borderland administrations and the powers yielded to them by central authorities. This appears in the relation between the bordering areas, and in the connotation of the area. A *cross-border area* can be contiguous to the border or wider, and may include several regions, to carry out special functions (e.g. macro infrastructures). The pertinent indicators for this dimension are: official definition of cross-border areas (39), non-centralised countries with relevant government powers devolved to local authorities (40), local authorities charged with foreign relations (41), local authorities with competent management (42), local authorities with autonomous financial administration (43).

7. **Institutional factors and international relations.** This dimension concerns the accession of the two countries to conventions and international protocols, as well as clean acceptance of its status of borderland region. The pertinent indicators are: signature of the 1980 Madrid Convention (34), signature of the 1995 Additional Protocol to the Madrid Convention (35), signature of the 1998 Protocol II to the Madrid Convention (36), international recognition of borders (37), good institutional and legal framework. (38)

### 2.3. Measurement of indicators

Swot analysis is based on two sets of criteria for the evaluation of variables: one is concerned with positive (*Strengths and Opportunities* for the cross-border area) or negative (*Weaknesses and Threats*) variables, while the other identifies variables as either internal or external to the cross-border area. In order to locate variables within a SWOT framework, it is necessary to first measure them, as SWOT only takes into account extreme values, either positive (SO: strengths, opportunities) or negative (WT: weaknesses, threats).

Measurement is carried out as follows:

First, each indicator is evaluated according to “very high”, “high”, “medium”, “low”, “very low” values. The modalities of cross-border sector activities (Dimension 3) are evaluated as: “co-operation” in a sector on either side of the border, “consultation”, “information exchange”, “no relations”, “competition”. A symbol is associated to each evaluation and modality: “++”, “+”, “±”, “-“, “- -“; an ordinal scale, formed by the numbers “2”, “1”, “0”, “-1”, “-2”, is then applied as a convention to each of these symbols.

**Measures of indicators:**

Evaluation of intensity and modality		Symbol	Numeric value
Very high	co-operation	++	2
High	consultation	+	1
Medium	information exchange	±	0
Low	no relations	-	-1
Very low	competition	--	-2

**2.4. SWOT analysis methodological process**

Swot framework is based on detecting the *dimensions* and the *internal indicators* of a cross-border area, and the *external* ones referring to central governments or Europe, to subsequently *measure* the indicators, allowing evaluation of them as positive or negative, according to the intensity of their presence. There are *variables*, self-explanatory in their (positive or negative) presence. There is “*noise*”, which consists of existing indicators with low intensity, and thus not capable of generating a context. There is also *neutrality*, in the presence of indicators of medium or poor relevance which, as such, have no influence on cross-border co-operation, *in the present scenario as outlined by SWOT analysis*.

In the end, it is possible to define SWOT variables, redrawing the previous table, to show a possible SWOT scenario outline:

Cross-border area for co-operation			
Measure of indicators		Internal	External
+ 2	Swot variables	Strengths (S)	Opportunities (O)
+ 1		positive context	positive context
0		“neutral” (non-relevant)	“neutral” (non-relevant)
- 1		negative context	negative context
- 2	Swot variables	Weaknesses (W)	Threats (T)

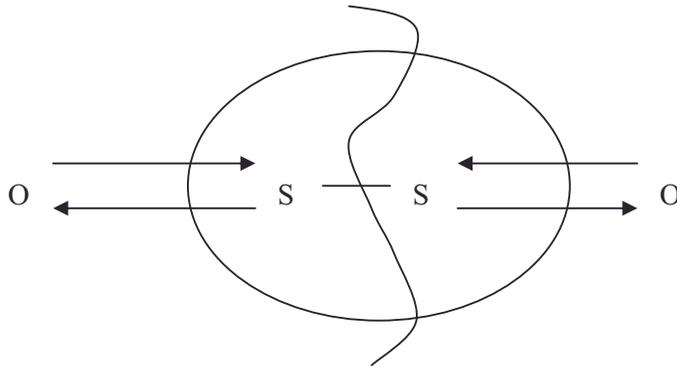
By this complex data processing, SWOT analysis defines the conditions of cross-border co-operation in a specific area. It also helps to highlight any potential for co-operation, by operating on the given elements to emphasise strengths (S) and opportunities (O), while limiting the negative effects of weaknesses (W) and threats (T).

**2.5. Action strategies**

Action strategy needs to be rationalised within the frame of a scenario, outlining the future by which, starting from the present situation, the area can establish effective cross-border co-operation. The chosen strategy, considered to be the most appropriate for a specific future target, is the primary tool for action, and the general frame within which decisions are made. When dealing with several realistic options for cross-border co-operation, it becomes necessary to devise differing action strategies. In this research, fives types of strategies are taken into account.

**A) First strategy: Strengthening strategy.** This strategy is based on the strengthening of positives, both internal and external to the cross-border area, assuming that by so doing, negatives will be critically abated and bypassed or absorbed by positives.

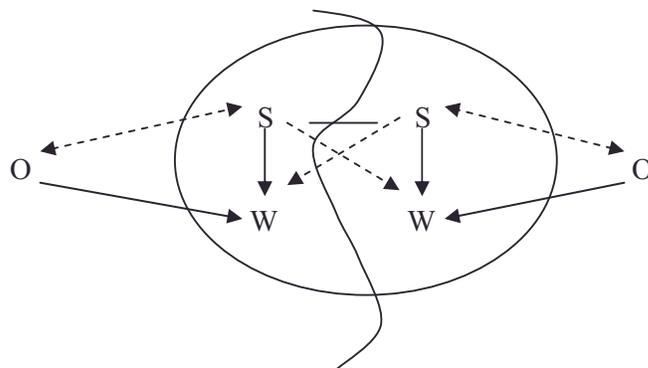
This strategy is expressed in the following diagram:



Such a strategy should be applied where it is possible to act on already large, strong, stable strengths (S) and opportunities (O), to spur the rest of the system, transforming or mitigating the weight of a few, irrelevant weaknesses (W) and threats (T).

**B) Second strategy: Overcoming strategy.** This strategy is more cautious and systemic, less expansionist than the first. Applying a reverse logic, it acts on positives (strengths and opportunities) to decrease, if not deactivate, internal negatives (weaknesses). The aim of this strategy is to preserve and balance stakeholder participation, preventing major internal fractures.

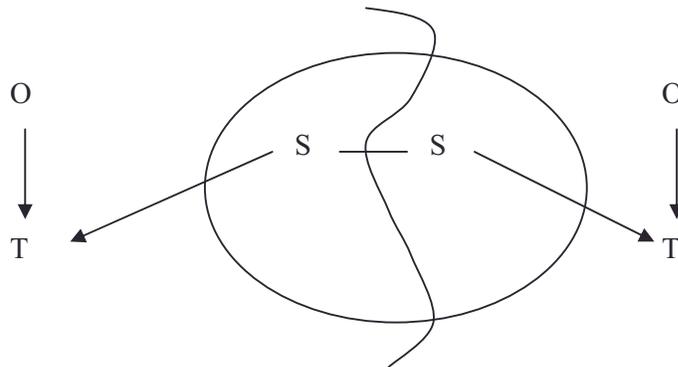
This strategy is expressed in the following diagram:



Besides applying this strategy to a rational development plan backed by political will, it is more generally appropriate where together with evident and substantial obstacles, there are also enough widespread strengths (S) and opportunities (O) to overcome the existing weaknesses (W).

**C) Third strategy: Mobilisation strategy for context control.** This strategy emphasises the effect of strengths (S) and opportunities (O) on the negative (T) context, which poses serious challenges to the establishment of a positive system.

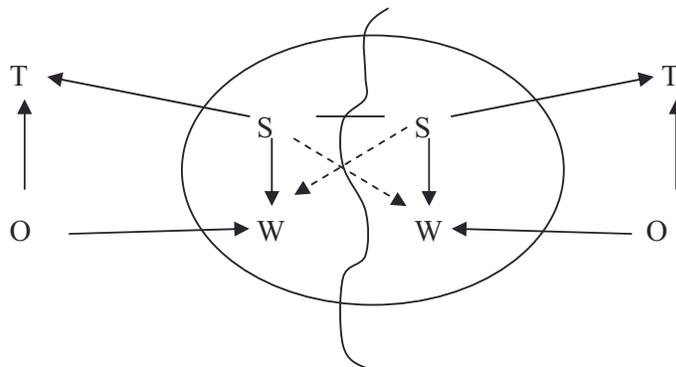
This strategy is expressed in the following diagram:



This strategy is appropriate where external threats (T) are so overwhelming or widespread, that it becomes necessary to exploit strengths and opportunities to limit the influence of external threats (T).

**D) Fourth strategy (Combining the second and the third strategies): negatives control strategy.** This strategy is based on the joint action of strengths and opportunities (O) in decreasing weaknesses (W) and threats (T), therefore abating overall negatives.

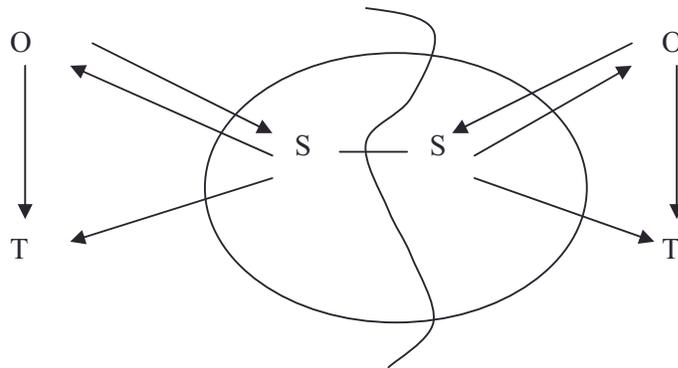
This strategy is expressed in the following diagram:



This strategy is suitable where both weaknesses (W) and threats (T) are strong. In this markedly negative environment, all available resources, limited as they might be, have to be employed to tackle heavy imbalances and counteract negatives.

**E) Fifth strategy (combining the first and the third strategy): joint internal-external coalition for context control.** This strategy consists in employing available strengths (S) and opportunities (O) of sufficient level, to face consistent threats (T). This is made possible by the absence of influential weaknesses (W) in the cross-border area.

This strategy is expressed in the following diagram:



This strategy is applied where there are plenty of positive strengths and opportunities (O) (more specifically, if pro-activeness is wide-spread), and weaknesses (W) refer to non-relevant elements. In this case, strategy focuses on decreasing those threats (T) which might affect the present positives.

## 2.6. Euroregions

The *Euroregion* is an action strategy frame involving a single institutional actor with a specific administration system. As such, it is *beyond* a network of connected relations, expressed by many actors, operating according to a transparent context of action and planning, shared among and by the actors themselves.

While legal issues still linger over the creation of actual *Euroregions*, it has been already shown how, according to their function, there can be three *Euroregion* types, possibly one within the other. The *Cross-border Euroregion* carries out co-operation functions between contiguous border areas. The *Functional Network Euroregion* cooperates with distant actors who are linked by networks of resources and exchange of connections, and therefore includes wider areas than the *Cross-border Euroregion*. The *Macro Infrastructures Euroregion* is made up of several cross-border regions, and focuses on local enhancement by providing macro infrastructures for transports, technology, and macro organisations for general social functions (schools, large enterprises, etc.).

The aim with *Euroregions* is to assess to what extent the measurement of the 53 indicators of the 10 conceptual dimensions of cross-border co-operation offers insight into the creation of one, two or three cross-border area *Euroregions*, institutionalising the co-operation taken into account. The final number of *Euroregions* will be determined by which functions are most needed, to implement overall co-operation. There are 46 pertinent indicators for *Cross-border Euroregions*, 34 for *Functional Network Euroregions* and 12 for *Macro structures Euroregions*. *Euroregions* are most needed where the total indicator mark is particularly low: e.g. on the Austrian-Czech border where the mark for the first type of *Euroregion* is 3.2/10, 3.6 for the second and 3.1 for the third. In this case, it is necessary to create all three types of *Euroregions*.

### 3. Measurement of the conceptual dimensions of co-operation in the nineteen cross-border areas of Central Europe

Each of the ten dimensions (both internal and external to the cross-border area) is intersected with each of the nineteen cross-border areas, resulting in a decimal score (from 1 to 10) representing each of the ten dimensions.

Tables and diagrams provide elements for understanding the state of cross-border co-operation in the nineteen Central-European cross-border areas. Table 2 provides the marks obtained intersecting conceptual dimensions and cross-border areas. This table permits the creation of a graphic frame for insertion of data. More specifically, diagram 1 indicates the mark (1 to 10) of the ten dimensions, according to existing strengths and weaknesses (SW) within the cross-border area, to present external opportunities and threats (OT), and to the extent to which they can encourage the establishment of co-operation.

Diagram 2 ranks each area from 1 to 10. The marks in the two diagrams are means for dimensions and areas. Finally, diagrams from 3 to 12 set each of the ten dimensions in a geographic frame, inclusive of all 19 areas. They highlight the variables within each cross-border area (strengths and weaknesses, opportunities and threats).

Data analysis and geographic positioning permit the development of multiple perspectives on cross-border Central Europe. A few are listed here:

1) The ten dimensions indicate an overall *positive situation* in the nineteen cross-border areas, reaching a mean mark of 6.4 on a scale of 1 to 10. This data implies both that there is at least some awareness of the specificity of transfrontier territories, which are perceived as worthy of being exploited and experienced (see Gasparini 1999-2000a), and that the structural levels are fit to foster their endogenous development.

Obviously, if compared to the general mean, the specific aspects of cross-border areas and their conceptual dimensions are characterised by neater and more uncompromising marks. Diagram 1 shows, for instance, how the conceptual dimensions of cross-border co-operation obtain higher marks in propensity towards co-operation (mark 8.4), in the absence of linguistic (7.2) and institutional obstacles: i.e. the country in question is a signatory of the European Outline Madrid Convention and its related Protocols (mark 7.8). Nevertheless, these three dimensions present specific variations in each area: while a 0.98 standard deviation propensity is widespread in all of the nineteen areas. Area marks signal noteworthy differences in the other two dimensions. Moreover, Table 2 highlights how negative marks relate to institutional obstacles (4.7), economic obstacles (5.2), and administrative factors for effective cross-border co-operation (5.6).

Although the standard deviation ( $\sigma$ ) proves that in the nineteen areas certain dimensions (especially a propensity towards co-operation, which is a very positive factor) are widely and firmly established ( $\sigma = 0.98$ ), in other dimensions marks vary dramatically from one area to the other, remarkably in socio-cultural obstacles ( $\sigma = 2.42$ ), in levels of training and co-ordination of local workforce ( $\sigma = 2.42$ ), and in economic/administrative factors ( $\sigma = 2.12$ ).

It is worth remarking that the highest marks for cross-border co-operation are attributed to Hungary-Slovenia (8.2), Austria-Hungary (7.8), Czech Republic-Slovakia (7.8). As former entities of the Austro-Hungarian Empire, both the approach to local collaboration and the economic-institutional international framework are still visible in the countries' present relations. Institutionalised cultural habits and widespread know-how in the administration of borderlands are often characterised by a

softer approach to ethnic and identity issues. At the opposite end of the scale, negative marks are attributed to several former Soviet republics, e.g. the cross-border areas of Belarus-Poland (4.4), Moldova-Ukraine (4.7), Belarus-Ukraine (5.1). This mirrors the Soviet conception of the state: ever-centralising, restrictive on outbound communication, and alien to decentralisation policies. In fact, all Central European cross-border areas fall somewhere between these two opposed traditions (Austro-Hungarian Empire / Soviet Union) of cross-border interaction (see Diagram 2).

2) The second aspect considers the *gap between dimensions of cross-border co-operation*, by comparing SWOT internal variables to external ones, which relate to the area's sphere of influence. Table 3 and Diagram 2 show the extent of such a gap, which mainly concerns the following aspects:

2.1) There are six dimensions of cross-border co-operation which relate to SWOT internal variables. Their mark is definitely positive (6.7), primarily due to marks attributed to Czech Republic-Slovakia (8.9), Hungary-Slovenia (8.6), Austria-Hungary (8.1), and Poland-Ukraine (7.9). The latter now shares the region of Galicija/Halychyna, boasting major centres such as Kraków/Krakiv and L'viv/Lwów. This approach to co-operation is even more evident in the recent establishment of Czech-Slovak borders, in the context of the dissolution of Czechoslovakia. The mark attributed to the area between Austria and Czech Republic (- 5.1), is a result of economic obstacles and, more relevantly, of cultural and linguistic issues. This case can be considered an example of preservation of negative relations in a transfrontier area.

2.2) The four external dimensions of SWOT variables for cross-border areas, which derive from the country's national policies, tend to present more negative marks than internal dimensions, achieving only a low 5.6 mean. More precisely, these negative situations concern economic, administrative and institutional obstacles and factors affecting the government centres of the country to which the borderland region belongs. Peripheral areas seem to receive little attention from national centres, especially along the borders between Central and Eastern European countries (Belarus-Poland = 2.9; Poland-Ukraine = 4.6; Romania-Ukraine = 4.6; Slovakia-Ukraine = 4.2), as well as former Soviet republics (Belarus-Ukraine = 3.8; Moldova-Ukraine = 4.8). Negative marks for cross-border co-operation are also recorded in the national centres of Croatia-Slovenia (5.3), Poland-Czech Republic (4.7), and Poland-Slovakia (5.2). Negative marks for cross-border co-operation appear therefore to be typical of countries where past issues rest unsolved and decentralisation policies were opposed.

**Diagram 1 – Marks of conceptual dimensions in cross-border areas. The ellipses represent marks from 4 to 10**

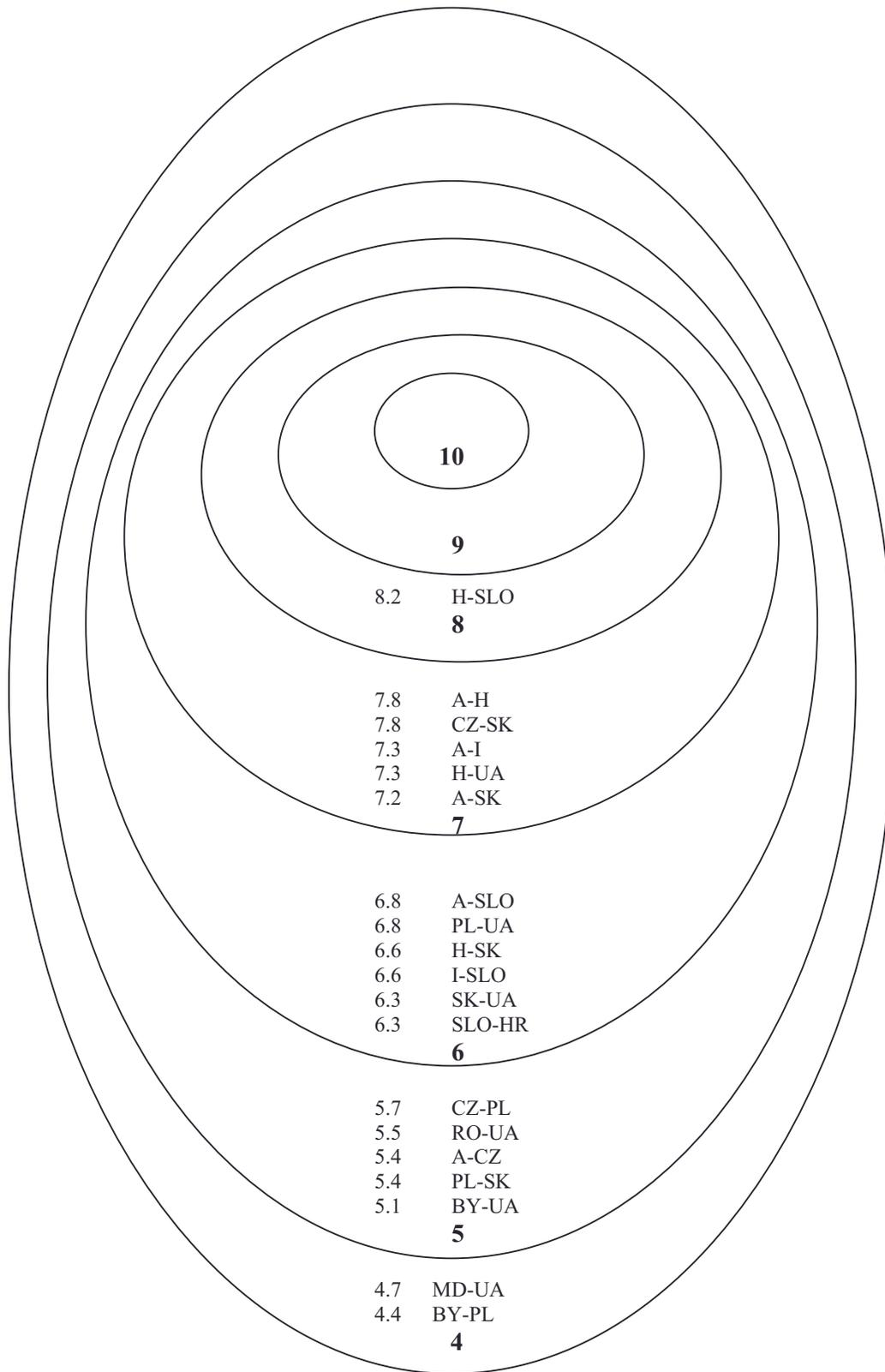


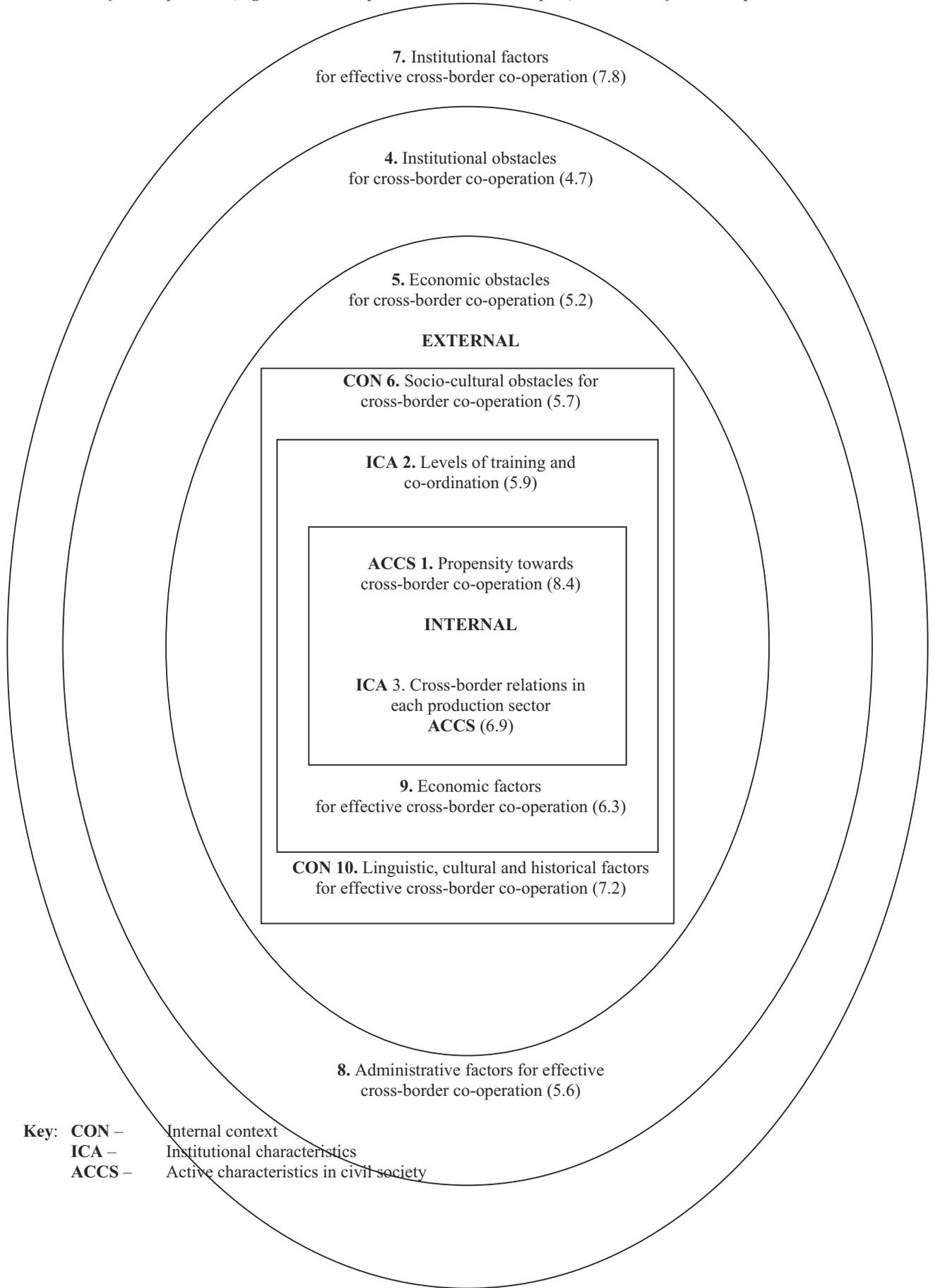
Table 2 – Marks (1 to 10) for conceptual dimensions of cross-border co-operation in cross-border areas

Conceptual dimensions of cross-border co-operation

Cross-border areas:	internal					external				area means	
	I	III	II	IX	VI	X	V	IV	VIII		VII
Austria-Czech Republic (A-CZ)	<b>6.6</b>	7.1	7.8	<b>3.3</b>	<b>2.5</b>	<b>2.8</b>	3.3	4.8	<u>7.8</u>	8.2	5.4
Austria-Hungary (A-H)	<u>9.4</u>	8.1	7.8	7.8	7.0	8.2	6.3	<u>6.5</u>	<u>8.7</u>	8.2	<u>7.8</u>
Austria-Italy (A-I)	<b>7.2</b>	7.1	7.2	5.1	<u>9.3</u>	7.3	7.0	<u>7.0</u>	<u>7.8</u>	7.8	<u>7.3</u>
Austria-Slovakia (A-SK)	<b>7.2</b>	<b>3.0</b>	<u>8.9</u>	6.9	<u>10.0</u>	6.4	6.3	4.3	<u>8.2</u>	<u>10.0</u>	7.2
Austria-Slovenia (A-SLO)	8.3	6.8	6.1	<u>9.1</u>	5.5	7.3	4.4	3.3	7.3	<u>10.0</u>	6.8
Belarus-Poland (BY-PL)	7.8	6.5	<b>2.7</b>	<b>4.2</b>	6.3	<b>3.9</b>	3.6	<b>1.5</b>	<b>2.4</b>	<b>5.1</b>	<b>4.4</b>
Belarus-Ukraine (BY-UA)	8.9	6.2	4.9	5.5	<b>1.8</b>	8.2	3.3	3.3	<b>2.8</b>	<b>6.4</b>	<b>5.1</b>
Croatia-Slovenia (HR-SLO)	8.9	6.8	4.1	8.2	4.0	8.2	5.1	4.5	4.2	8.2	6.3
Czech Republic-Poland (CZ-PL)	7.8	7.4	<b>2.1</b>	7.3	4.8	8.2	<b>2.9</b>	5.0	5.1	<b>6.0</b>	5.7
Czech Republic-Slovakia (CZ-SK)	<u>9.4</u>	<u>9.4</u>	7.8	<u>9.6</u>	5.5	<u>10.0</u>	5.1	4.8	<u>7.8</u>	8.2	<u>7.8</u>
Hungary-Slovakia (H-SK)	<u>9.4</u>	8.1	7.8	<b>2.4</b>	7.8	6.0	<u>8.9</u>	<u>8.3</u>	<b>2.8</b>	<b>4.6</b>	6.6
Hungary-Slovenia (H-SLO)	8.3	<u>9.0</u>	6.6	<u>8.7</u>	<u>9.3</u>	<u>9.1</u>	<u>9.3</u>	<u>7.0</u>	6.4	8.2	<u>8.2</u>
Hungary-Ukraine (H-UA)	<u>9.4</u>	7.4	<u>8.3</u>	5.1	7.8	6.0	<u>7.8</u>	5.5	<u>8.2</u>	7.8	<u>7.3</u>
Italy-Slovenia (I-SLO)	8.9	6.1	4.9	<u>9.1</u>	4.0	6.4	6.6	5.3	<u>5.5</u>	8.7	6.6
Moldova-Ukraine (MD-UA)	<b>7.2</b>	<b>2.6</b>	<b>2.7</b>	<b>3.3</b>	<b>2.5</b>	8.2	6.3	3.5	<b>2.4</b>	7.8	<b>4.7</b>
Poland-Slovakia (PL-SK)	<b>7.2</b>	6.5	<b>1.0</b>	6.0	4.0	7.8	<b>2.5</b>	5.8	5.1	7.8	5.4
Poland-Ukraine (PL-UA)	<u>10.0</u>	<u>8.7</u>	7.8	7.3	7.8	6.5	3.3	3.5	5.1	7.8	6.8
Romania-Ukraine (RO-UA)	8.9	5.8	3.8	4.6	4.8	7.4	4.4	3.8	3.7	7.3	5.5
Slovakia-Ukraine (SK-UA)	<u>9.4</u>	7.5	<u>8.9</u>	6.9	<b>3.3</b>	8.2	<b>2.1</b>	<b>2.5</b>	4.2	<u>9.6</u>	6.3
Mean by dimension (m)	8.4	6.9	5.9	6.3	5.7	7.2	5.2	4.7	5.6	7.8	6.4
Mean standard deviation(σ)	0.98	1.49	2.42	2.12	2.42	1.67	2.09	1.75	2.12	1.40	1.32

**Key:** marks in bold indicate lowest means ( $< m - 1\sigma$ )  
marks in underlined italics indicate highest means ( $> m + 1\sigma$ )

**Diagram 2** – Internal  and external  conceptual dimensions of cross-border co-operation according to their relevance for co-operation (high in central ellipses, low in external ellipses) and marks of the conceptual dimension.



**Key:** CON – Internal context  
ICA – Institutional characteristics  
ACCS – Active characteristics in civil society

**Table 3 Mean marks (1 to 10) of internal and external conceptual dimensions in cross-border areas and SW/OT ratio**

<b>Conceptual dimensions</b>			
	<b>Internal (SW)</b>	<b>external (OT)</b>	<b>SW/OT Ratio</b>
Austria-Czech Republic (A-CZ)	<b>5.1</b>	5.7	<b>0.89</b>
Austria-Hungary (A-H)	<u>8.1</u>	<u>7.2</u>	1.13
Austria-Italy (A-I)	7.0	<u>7.3</u>	<b>0.96</b>
Austria-Slovakia (A-SK)	6.7	6.7	1.00
Austria-Slovenia (A-SLO)	7.3	5.7	1.28
Belarus-Poland (BY-PL)	<b>5.1</b>	<b>2.9</b>	<u>1.76</u>
Belarus-Ukraine (BY-UA)	5.7	<b>3.8</b>	<u>1.50</u>
Croatia-Slovenia (HR-SLO)	6.9	5.3	1.30
Czech Republic-Poland (CZ-PL)	6.5	4.7	1.38
Czech Republic-Slovakia (CZ-SK)	<u>8.9</u>	6.1	1.46
Hungary-Slovakia (H-SK)	6.8	6.6	1.03
Hungary-Slovenia (H-SLO)	<u>8.6</u>	<u>7.7</u>	1.12
Hungary-Ukraine (H-UA)	7.2	<u>7.0</u>	1.03
Italy-Slovenia (I-SLO)	6.7	6.3	1.06
Moldova-Ukraine (MD-UA)	<b>4.4</b>	4.8	<b>0.92</b>
Poland-Slovakia (PL-SK)	5.7	5.2	1.10
Poland-Ukraine (PL-UA)	<u>7.9</u>	4.6	<u>1.72</u>
Romania-Ukraine (RO-UA)	6.0	4.6	1.30
Slovakia-Ukraine (SK-UA)	7.5	<b>4.2</b>	<u>1.79</u>
Mean by dimension (m)	6.7	5.6	1.25
Mean standard deviation ( $\sigma$ )	1.17	1.28	0.28

**Key:** marks in bold indicate lowest means ( $< m - 1\sigma$ )  
marks in underlined italics indicate highest means ( $> m + 1\sigma$ )

2.3) From Table 3, it appears also that the gap between internal and external dimensions of co-operation is consistent (6.7 versus 5.6): with the country's external scenario being 1.00, the gap reaches 1.25.

At local level in cross-border areas, co-operation conditions are always stronger than at national or European level. This means that at local level there is full awareness and willingness to collaborate, which is a warranty for local development to be attainable by pressuring national authorities. This interpretation becomes even more significant, when taking into account that the gap between external and internal marks is higher in those cross-border areas which are less supported by their central governments. The gap between internal and external dimensions widens in Slovakia-Ukraine ( $\Delta$  1.79), Belarus-Poland ( $\Delta$  1.76), and Poland-Ukraine ( $\Delta$  1.72).

In many other areas, SWOT internal and external variables' averages are balanced, as a result of a method based on internal and external policies. This is the case of Italy-Austria ( $\Delta = 0.96$ ), Italy-Slovenia ( $\Delta = 1.06$ ), Austria-Slovakia ( $\Delta = 1.00$ ), Hungary-Slovakia ( $\Delta = 1.03$ ), Hungary-Ukraine ( $\Delta = 1.03$ ).

Sometimes national governments are ahead of local initiative in planning cross-border co-operation. This is the case of Austria-Czech Republic ( $\Delta = 0.89$ ) and Moldova-Ukraine ( $\Delta = 0.92$ ). It seems odd, but in these cases the national government works as a representative for the creation of proper conditions for cross-border co-operation.

2.4) In addition to differing marks, the ten dimensions of cross-border co-operation have different relevance as well. In fact, it has already been pointed out how some of these dimensions are more influential than others in encouraging co-operation. If the most relevant SWOT variables reach high marks, they generate a strong impact. Conversely if the SWOT variables for co-operation are secondary, regardless of their objectively high marks, co-operation will not benefit from them.

Diagram 3, showing dimensions according to their relevance for outbound co-operation, from the centre to the border areas, proves that the most effective dimensions for co-operation are those connected to local propensity and to cross-border relations for each production sector. It is precisely the latter, which mark higher, especially propensity towards co-operation (8.4/10) which, as mentioned above, is widespread over the nineteen cross-border areas. Data concerning relations among production sectors generates a very similar influence.

The opposite end on the scale of relevance of local dimensions is represented by institutional factors concerning the signing, by the sovereign countries of a borderland area, of the European Outline Convention on Transfrontier Co-operation and its related Protocols. Regardless of its being an essential feature, it is entirely insufficient to foster co-operation, even where the pertaining average mark is very high (7.8).

Generally speaking, a common propensity towards co-operation and cross-border relations between different production sectors indicates a very positive environment for co-operation, for at least two reasons: both because these two characteristics are objectively relevant for co-operation, and because marks are particularly high (especially propensity towards co-operation). This is particularly true for Middle-European borderlands and for their relations with Ukraine, whose westernmost borderlands (Galicia/Halychyna, Hungary, Bukovyna/Bucovina), are former entities of the Austro-Hungarian Empire (Table 2).

3) Has *homogeneity* been achieved in *co-operation and borderland policies* among neighbouring countries? An answer has long been sought (see Gasparini 1999-2000b). In this study verification has been possible through SWOT analysis and cross-border internal and external dimensions.

Tables 4 and 5 and Diagrams 3-12 provide elements for a comparative analysis among a 12 country sample, analysed on the basis of their marks for the ten dimensions of cross-border co-operation. If internal action for co-operation might generally be ascribed to local population, external action is primarily carried out by the national government, or more properly, by the governmental action of each participating country.

In consequence, a country should ideally feature high marks both for the dimensions stemming out of the action of local communities in cross-border areas, as well as for those conceived by central authorities. A negative situation takes place if these two marks are low or negative (i.e. below 5.5). Intermediate scenarios are characterised by a wide gap between internal dimensions and external ones, thus revealing an extreme centralisation of the government system. Table 5 offers an overview, while Table 4 reports more detailed data.

*Hungary* boasts marks among the highest for cross-border collaboration, with 7.5 for internal dimensions and 7.2 for external ones. This implies a substantial balance and convergence between the four cross-border local areas (Austria, Slovenia, Ukraine and Slovakia), and the policies of the four countries' governments. Although data concerning the other Hungarian cross-border areas (Croatia and Romania) is missing from this analysis, previous research has shown these areas' co-operation marks to be relatively high as well.

If dimensions are taken individually, Hungary achieves maximum marks (comparatively) in six dimensions, with just one – very significant – negative mark (4.8) related to economic factors for effective cross-border co-operation: more precisely, issues involve scarce freedom of movement across-borders; economic integration; degree of participation in European projects; road, waterway and railway conditions.<sup>2</sup>

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<sup>2</sup> Hungary has commented on this appraisal. See page 221

Table 4 Mean marks for conceptual dimensions of cross-border co-operation in cross-border areas for each country

Conceptual dimensions of cross-border co-operation:

Mean marks for each country with bordering countries:	internal					external					country mean	internal/external ratio
	I	III	II	IX	VI	X	V	IV	VIII	VII		
Austria (A)	7.7	6.6	<u>7.6</u>	6.4	<u>6.9</u>	<b>6.4</b>	5.2	5.2	<u>8.0</u>	<u>8.8</u>	6.9	1.01
Belarus (BY)	8.4	6.4	3.8	4.9	4.1	<b>6.1</b>	<b>3.5</b>	<b>2.4</b>	<b>2.6</b>	<b>5.8</b>	<b>4.9</b>	<u>1.56</u>
Czech Republic (CZ)	7.9	<u>8.0</u>	5.9	6.7	4.3	7.0	<b>3.0</b>	4.9	<u>6.9</u>	7.5	6.2	1.18
Hungary (H)	<u>9.1</u>	<u>8.2</u>	<u>7.6</u>	4.8	<u>8.0</u>	7.3	<u>8.1</u>	<u>6.8</u>	6.5	7.2	<u>7.4</u>	1.04
Croatia (HR)	<u>8.9</u>	6.8	4.4	<u>8.2</u>	4.0	<u>8.2</u>	5.1	4.5	4.2	8.2	6.3	1.24
Italy (I)	8.1	6.6	6.1	7.1	<u>6.7</u>	6.9	<u>6.8</u>	<u>6.2</u>	<u>6.7</u>	8.3	<u>7.0</u>	<b>0.99</b>
Moldova (MD)	<b>7.2</b>	<b>2.6</b>	<b>2.7</b>	<b>3.3</b>	<b>2.5</b>	<u>8.2</u>	6.3	<b>3.5</b>	<b>2.4</b>	7.8	<b>4.7</b>	<b>0.88</b>
Poland (PL)	8.2	7.3	<b>3.4</b>	6.2	5.7	<b>6.6</b>	<b>3.1</b>	4.0	4.4	<b>6.7</b>	5.6	<u>1.35</u>
Romania (RO)	<u>8.9</u>	5.8	3.8	<b>4.6</b>	4.8	7.4	4.4	3.8	3.7	7.3	5.5	1.23
Slovakia (SK)	8.5	7.1	<u>6.9</u>	6.4	6.1	7.7	4.3	5.1	5.6	8.0	6.6	1.22
Slovenia (SLO)	8.6	7.2	5.5	<u>8.8</u>	5.7	<u>7.9</u>	6.4	5.0	5.9	<u>8.8</u>	<u>7.0</u>	1.12
Ukraine (UA)	<u>9.0</u>	6.4	6.1	5.5	4.7	<u>7.4</u>	4.5	3.7	4.4	<u>7.8</u>	6.0	1.27
Mean by dimension (m)	8.4	6.6	5.3	6.1	5.3	7.3	5.1	4.6	5.1	7.7	6.2	1.17
Mean standard deviation ( $\sigma$ )	0.56	1.37	1.59	1.50	1.45	0.65	1.51	1.16	1.69	0.83	0.84	0.17

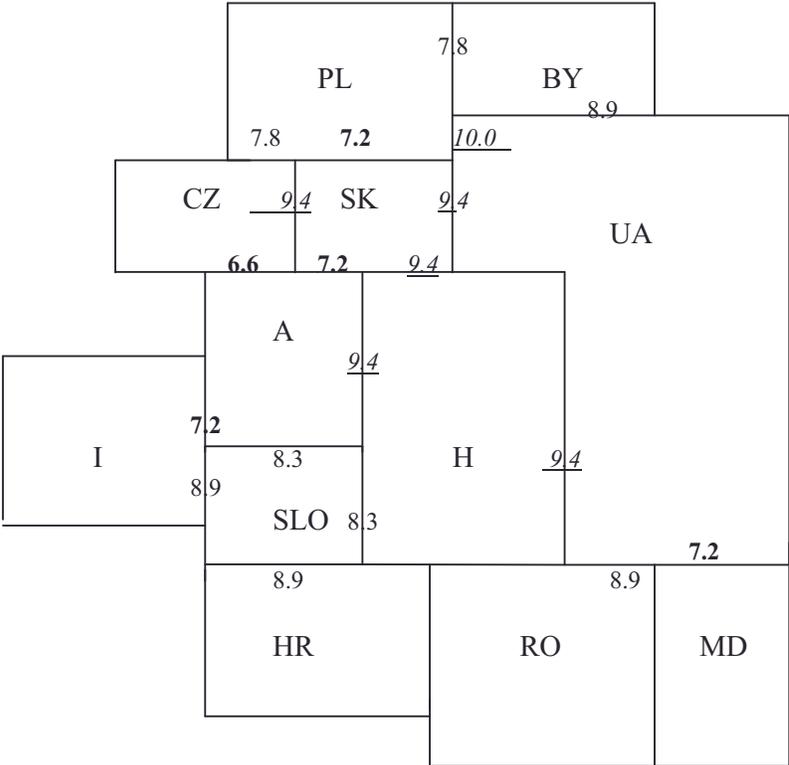
**Key:** marks in bold indicate lowest means ( $< m - 1\sigma$ )  
marks in underlined italics indicate highest means ( $> m + 1\sigma$ )

**Table 5 Mean marks of cross-border areas in each country in descending order according to internal and external conceptual dimensions of cross-border co-operation areas**

	no. of cross-border areas	Conceptual dimensions			Internal/external ratio	
		internal	external	total		
Hungary (H)	4	<u>7.5</u>	<u>7.2</u>	<u>7.4</u>	1.04	++
Slovenia (SLO)	4	<u>7.3</u>	6.5	<u>7.0</u>	1.12	+
Slovakia (SK)	5	7.1	5.8	6.6	1.22	-
Austria (A)	5	6.9	<u>6.8</u>	6.9	1.01	++
Italy (I)	2	6.9	<u>7.0</u>	<u>7.0</u>	<b>0.99</b>	++
Croatia (HR)	1	6.8	5.5	6.3	1.24	-
Czech Republic (CZ)	3	6.6	5.6	6.2	1.18	+
Ukraine (UA)	6	6.5	5.1	6.0	1.27	-
Poland (PL)	4	6.2	<b>4.6</b>	5.6	<u>1.35</u>	--
Romania (RO)	1	5.9	<b>4.8</b>	5.5	1.23	-
Belarus (BY)	2	<b>5.6</b>	<b>3.6</b>	<b>4.8</b>	<u>1.56</u>	--
Moldova (MD)	1	<b>4.4</b>	5.0	<b>4.7</b>	<b>0.88</b>	--
Mean by dimension (m)		6.5	5.6	6.2	1.17	
Mean standard deviation ( $\sigma$ )		0.82	1.04	0.84	0.17	

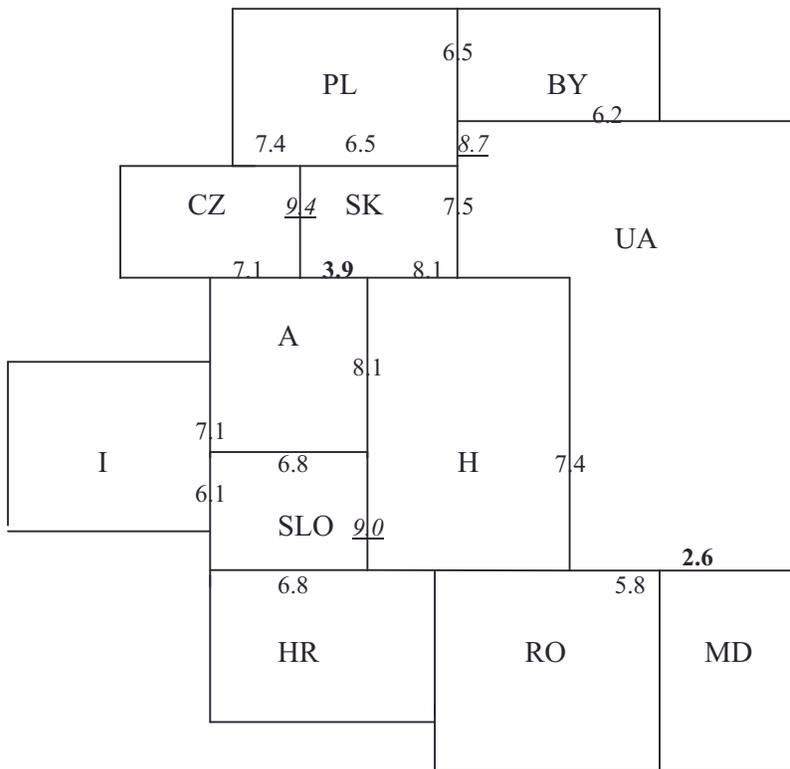
**Key:** marks in bold indicate lowest means ( $< m - 1\sigma$ )  
marks in underlined italics indicate highest means ( $> m + 1\sigma$ )

Diagram 3 – 1/SW dimension – Propensity towards cross-border co-operation



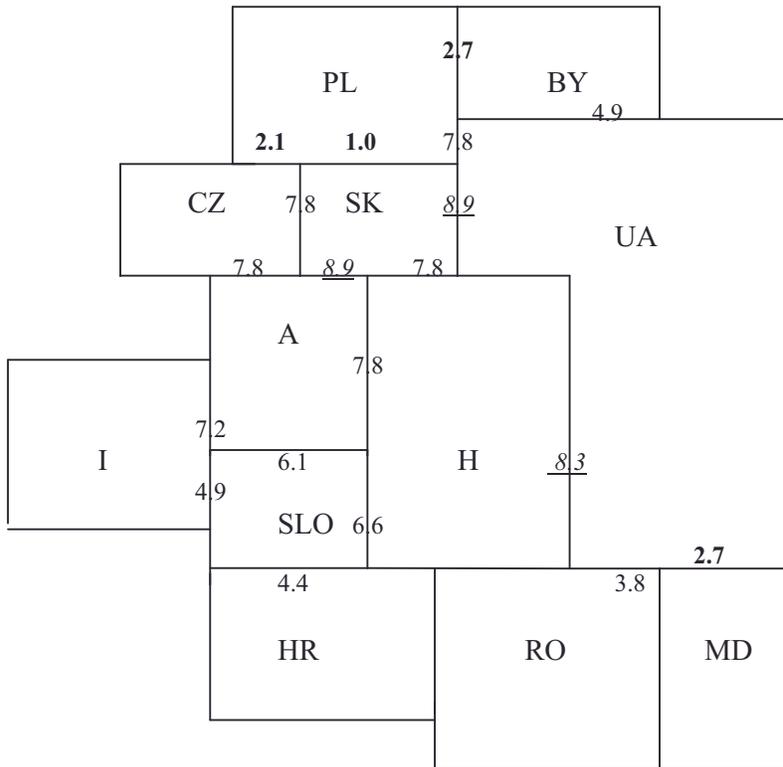
Mean = 8.4

Diagram 4 – 3/SW dimension – Cross-border relations for each production sector



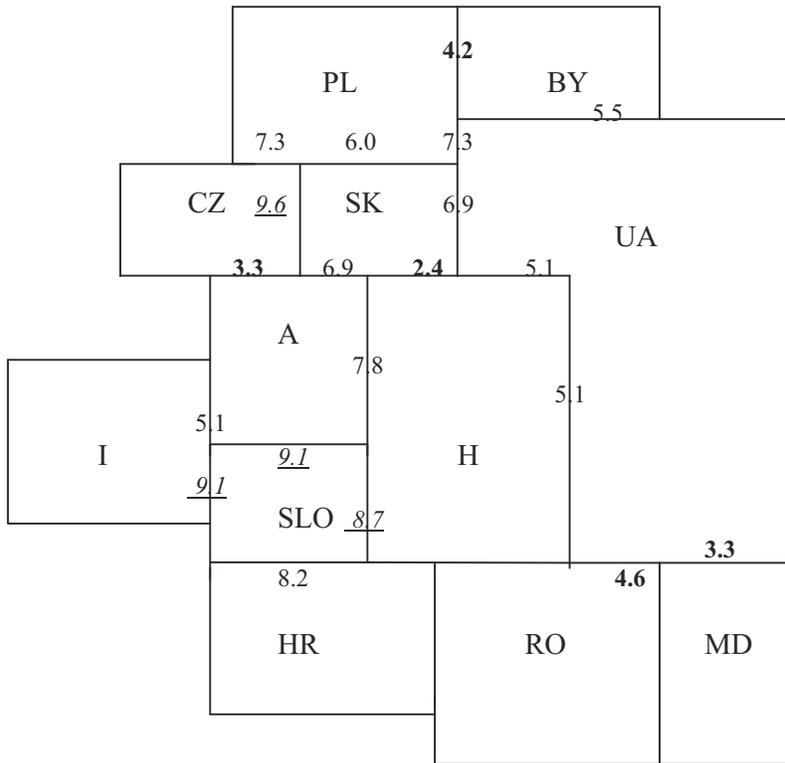
Mean = 6.9

Diagram 5 –2/SW dimension – Levels of training and co-ordination



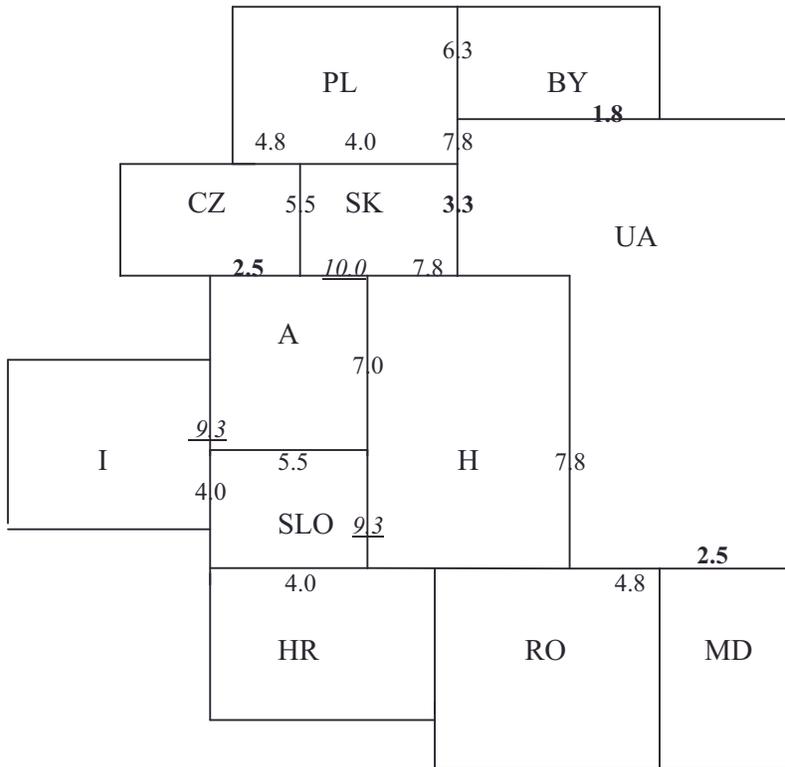
Mean = 5.9

Diagram 6 – 9/SW dimension – Economic factors for effective cross-border co-operation



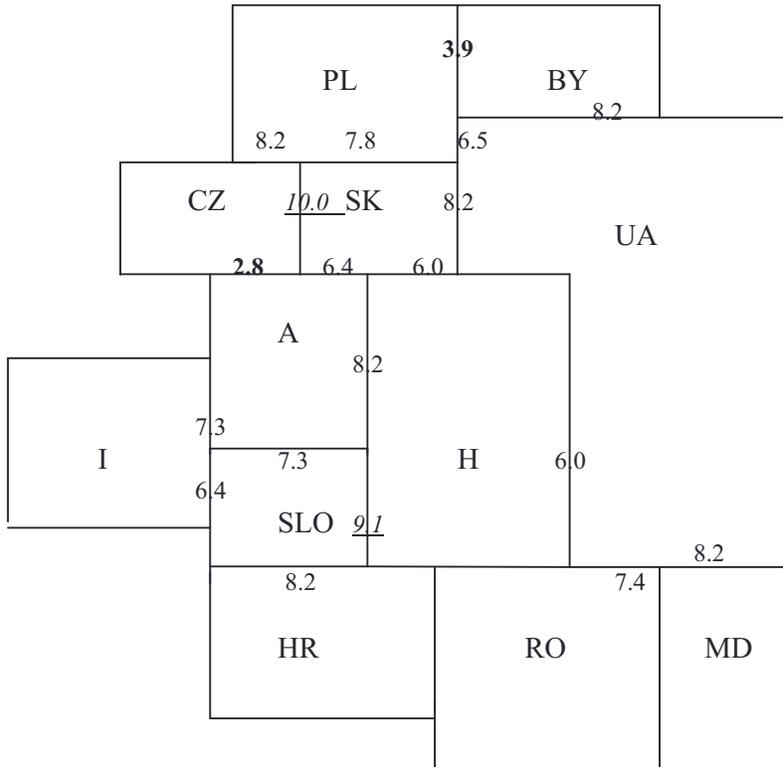
Mean = 6.3

Diagram 7 – 6/SW dimension – Socio-cultural obstacles for cross-border co-operation



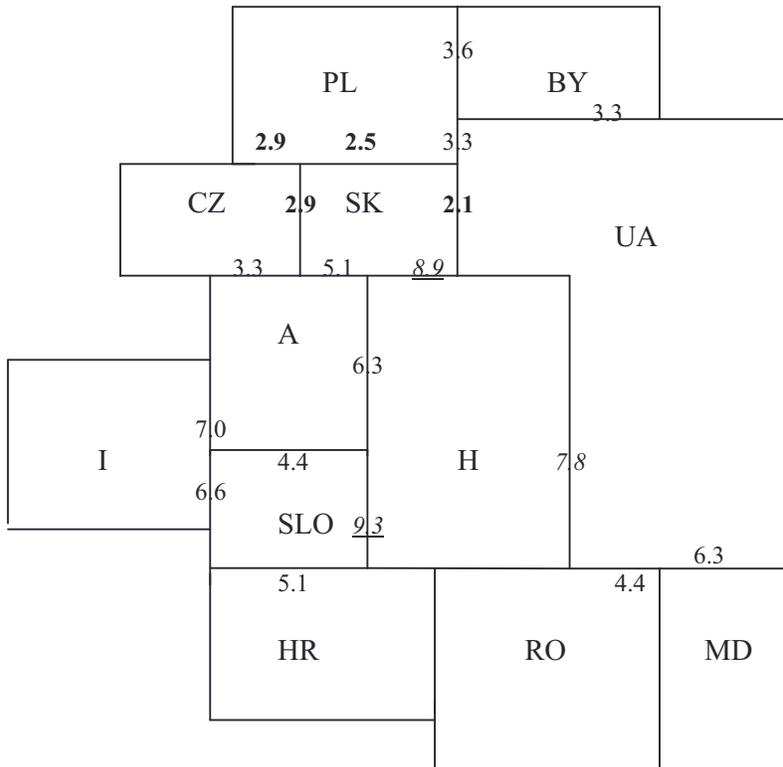
Mean = 5.7

Diagram 8 – 10/SW dimension – Linguistic, cultural and historical factors for effective cross-border co-operation



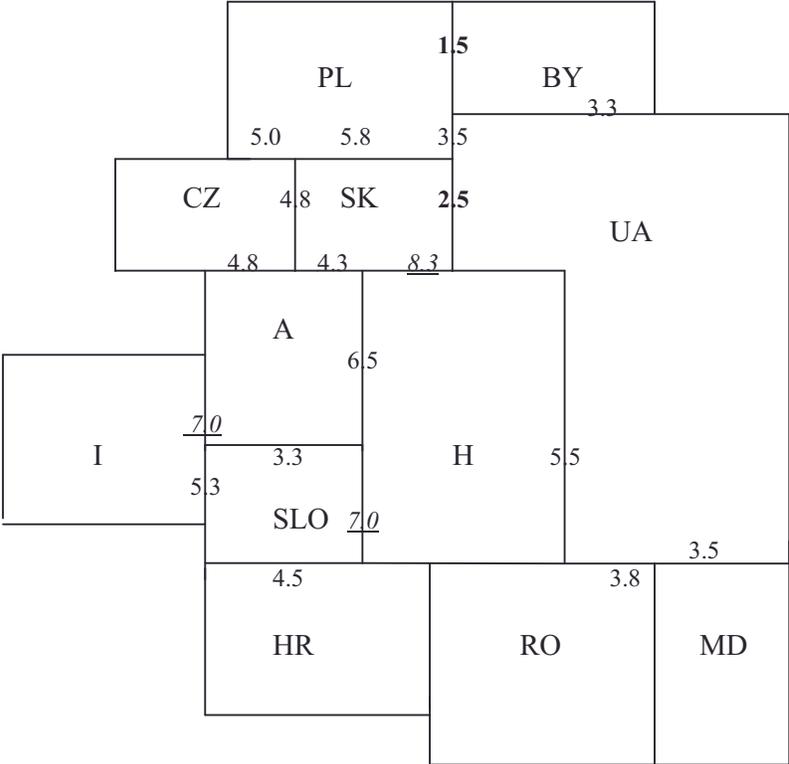
Mean = 7.2

Diagram 9 – 5/OT dimension – Economic obstacles for cross-border co-operation



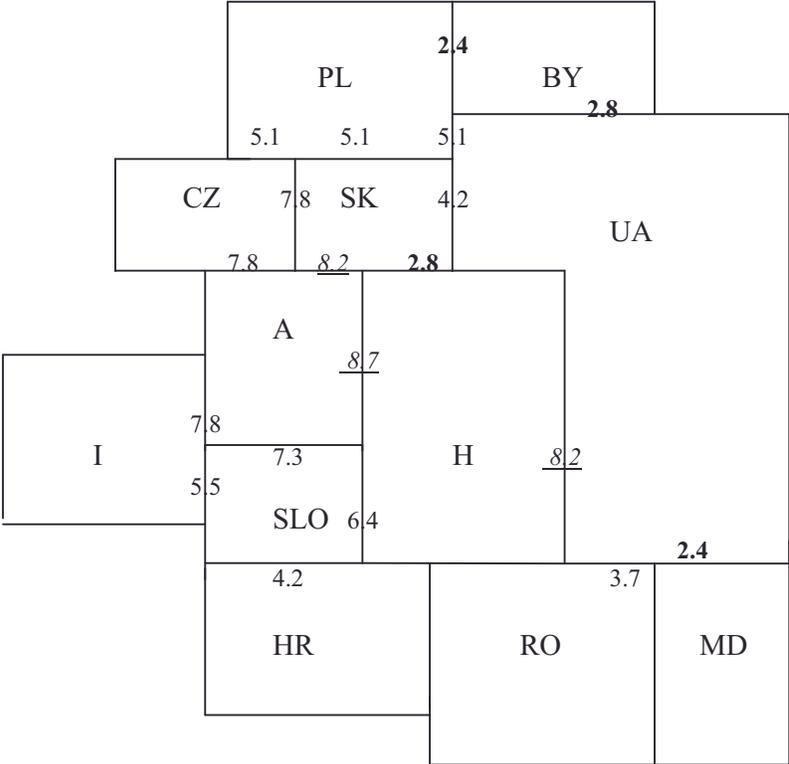
Mean = 5.2

Diagram 10 – 4/OT dimension – Institutional obstacles for cross-border co-operation



Mean = 4.7

Diagram 11 – 8/OT dimension – Administrative factors for effective cross-border co-operation



Mean = 5.6



*Slovenia* obtains high co-operation marks (7.3) in its four cross-border areas, and slightly lower ones in national policies (6.5). Economic conditions (8.8), participation of international cross-border co-operation treaties (8.8), and cultural, historical, linguistic factors (7.9) are all attributed excellent marks. Negative dimensions concern workforce training and lack of co-ordination among public and private stakeholders (5.5). Institutional obstacles arise as a consequence of a centralised state and the lack of adequate structures for cross-border co-operation.

*Italy* has the third highest overall mark for cross-border co-operation (7.0), with a slight preference for external dimensions of its two (Austria and Slovenia) cross-border areas (see Gasparini, Ferluga 2005). In relative terms, all of the ten dimensions generate positive marks (from 6.1 up, with 5.5 as sufficiency threshold).

At the other extreme, *Moldova* and *Belarus* obtain the lowest overall marks.

*Moldova* (here analysed only in its borders with Ukraine) obtains radically negative marks in its internal dimensions (4.4), as well as in central government policies (5.0). The country is left with only one positive dimension (Table 4), concerning its history, culture and language, a common heritage shared with Ukraine. This scenario requires accurate local and national policies to generate transfrontier collaboration.

*Belarus* has poor cross-border co-operation marks, especially where national policies are involved, besides being hindered by external obstacles which limit the internal action power of its cross-border areas.

*Romania* (borderland with Ukraine), *Poland* (all four borders) and *Ukraine* (all six borders) share similar trends with *Belarus*, although attaining positive marks in internal dimensions of cross-border areas, and negative ones in external ones, those more directly connected to the central government's initiative. Taken individually, there are serious deficiencies in workforce training, and in the co-ordination both between different sectors and between central and local administration. There are also consistent economic and institutional obstacles for co-operation, as well as low marks in administrative factors, which prevent the benefit of skilled and trained personnel in cross-border co-operation. Such weaknesses gain yet more relevance, in affecting the efficiency of individual co-operation processes.

#### **4. SWOT variables for the nineteen cross-border areas of Central and Eastern Europe**

After comparing cross-border co-operation dynamics (analysed using ten dimensions) for the nineteen areas, it is now necessary to consider each area individually, describing in detail the co-operation parameters previously determined with SWOT analysis, to outline appropriate strategies and measures for the development of positive transfrontier collaboration. Transfrontier collaboration will be considered *fully positive* if scoring 220 [53 indicators x (+2)], and *fully negative* if scoring -220 [53 indicators x (-2)] (2).

Area analysis takes into account the distribution of variables: SWOT, *halo effect* (positive or negative), *non relevant* for co-operation; SWOT variables positive/negative and internal/external categories; and reports SWOT variables by their denomination.

Such data allows identification of the most effective action strategy for individual co-operation processes.

#### 4.1. Prospects for “good” cross-border co-operation between Austria and Czech Republic

The 53 indicators of cross-border analysis listed by type:

			number	%
- <i>SWOT variables</i> indicators			22	41.5
- <i>Halo effect</i> indicators	positive	13		
	negative	<u>4</u>	17	32.1
- <i>non-relevant</i> indicators			<u>14</u>	<u>26.4</u>
			53	100.0

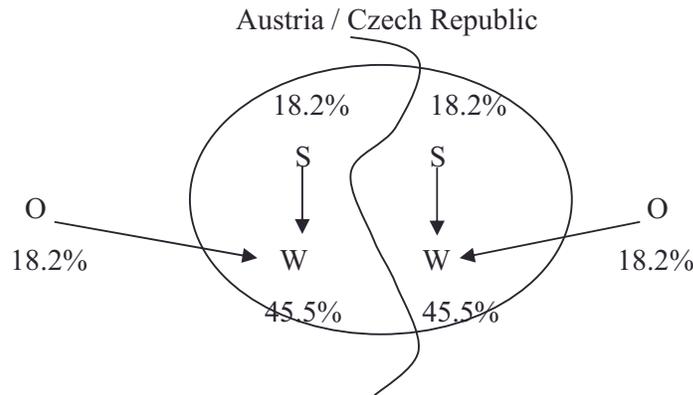
SWOT variables are then configured as follows:

	Internal to the area (SW)	External	Total to the area (OT)	%
Positive (SO)	4	4	8	36.4
Negative (WT)	10	4	14	63.6
Total	14	8	22	
%	63.6	36.4		100.0

**Denomination of SWOT variables:**

<b>Denomination</b>	<b>Relevance</b>	<b>Dimension</b>	<b>S</b>	<b>W</b>	<b>O</b>	<b>T</b>
<b>Internal variables</b>						
1. Propensity towards cross-border co-operation of manufacturing industry operators	+++	1	x			
2. Propensity towards cross-border co-operation of commerce operators	+++	1	x			
3. Propensity towards cross-border co-operation of socio-cultural operators	+++	1		x		
9. Cross-border relations for institutions	+++	3	x			
45. Integrable economies, characterised by complementary features	++	9		x		
46. Economic action not exclusively “oriented towards” and “dependent on” central administration	++	9		x		
48. Good roads, waterways and railways and transport connections	++	9		x		
31. Presence of negative national and/or regional stereotypes	+	6		x		
32. Linguistic barriers	+	6		x		
49. Common historical context and absence of stereotypes	+	10		x		
50. Common language or widespread knowledge of the neighbouring country’s language, in at least one country	+	10		x		
52. Tradition of co-operation	+	10		x		
53. Good cross-border transport routes (geomorphology, passes, transports)	+	10		x		
<b>External variables</b>						
25. Uneven development levels or rates	+++	5				x
26. Technology gap	+++	5				x
28. Labour market protection	+++	5				x
21. Low mutual knowledge and trust	++	4				x
39. Official definition of cross-border areas	++	8			x	
34. Signatory of the 1980 Madrid Convention	+	7			x	
37. Internationally recognised borders	+	7			x	
38. Good institutional and legal framework (EU requirements)	+	7			x	
51. Ratification of the 1995 Framework Convention for the Protection of National Minorities	+	10			x	
			3	10	5	4

The border situation shows how over half of the sampled indicators result from the *halo effect* of SWOT analysis (32.1%), or are non-relevant, i.e. indicators are permanently neutral (26.4%). Most SWOT variables are internal (63.6%) and, more relevantly, they are negative (63.6%). To encourage cross-border co-operation, the suggested action strategy for this scenario is the *second* one, which relies on the strengthening of positives (strengths and opportunities), and is more effective in tackling negatives (weaknesses and threats).



This type of strategy consists of specific action plans to enhance co-operation, among which:

1. planning of work-force training courses and specific action for the creation of bodies of highly trained people , to expand mutual knowledge among borderland peoples, presently a weak point;
2. administration training aimed at the establishment of a co-operative approach on either side of the border, to increase the influence of co-operation policies;
3. creation of support plans for relation making in business sectors such as tourism, economy, education and culture;
4. cooperative policy making, aimed at mitigating differences among bordering countries: certain relevant threats to co-operation are represented by gaps in technology, in labour market economic development, and in labour market protection. It is crucial to face these issues before they engender further inequity between rich and poor or between new urban centres and new borderlands.
5. enhancement of infrastructures (roads, waterways, railways), promotion of the specific features and the autonomy of the area from national centres; exploitation of EU development programmes and funds.

In order to achieve these goals, the *Cross-border Euroregion* and *Functional Network Euroregion* and their related EGCTs represent essential tools for the first four action strategies listed above. For further action, and especially for point 5, wider planning is required, as it implies demanding investments, and would be managed more properly by the participation of the Austria-Czech Republic cross-border area in a broader *Macro Infrastructures Euroregion*.

#### 4.2. Prospects for “good” cross-border co-operation between Austria and Hungary

The 53 indicators of cross-border analysis listed by type:

		number	%
- <i>SWOT variables</i> indicators		26	49.1
- <i>Halo effect</i> indicators	positive	15	
	negative	<u>4</u>	19
- <i>non-relevant</i> indicators		<u>8</u>	<u>15.1</u>
		53	100.0

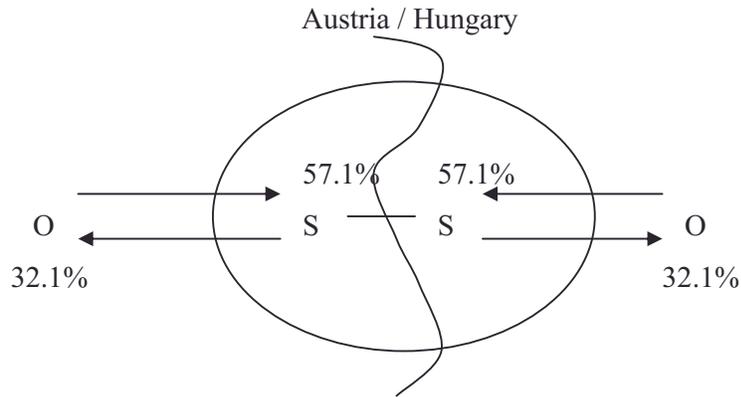
SWOT variables are then configured as follows:

	Internal to the area (SW)	External to the area (OT)	Total	%
Positive (SO)	16	9	25	89.3
Negative (WT)	1	2	3	10.7
Total	17	11	28	
%	60.7	39.3		100.0

**Denomination of SWOT variables:**

Denomination	Relevance	Dimension	S	W	O	T
<b>Internal variables</b>						
1. Propensity towards cross-border co-operation of manufacturing industry operators	+++	1	x			
2. Propensity towards cross-border co-operation of commerce operators	+++	1	x			
4. Propensity towards cross-border co-operation of institutional operators	+++	1	x			
9. Cross-border relations for institutional relations	+++	3	x			
13. Cross-border relations for tourism	+++	3	x			
44. Presence of “filter” borders (freedom of movement of people and goods) with positive effects for both countries	++	9	x			
45. Integrable economies, characterised by complementary features	++	9	x			
47. Significant participation in <i>Interreg/Phare</i> projects	++	9	x			
48. Good roads, waterways and railways and transport connections	++	9	x			
31. Presence of negative national and/or regional stereotypes	+	6		x		
49. Common historical context and absence of stereotypes	+	10	x			
<b>External variables</b>						
25. Uneven development levels or rates	+++	5				x
27. Business shutdowns due to overcoming competition	+++	5			x	
30. Weak or absent response to opportunities for cross-border co-operation	+++	5			x	
18. Differing competence on either side of the border	++	4				x
20. Lack of credibility from co-operation organisations	++	4			x	
21. Low mutual knowledge and trust	++	4			x	
22. Insufficient financial resources	++	4			x	
24. Weak or absent response to opportunities for cross-border co-operation	++	4			x	
39. Official definition of cross-border areas	++	8			x	
42. Local authorities with competent management	++	8			x	
43. Local authorities with autonomous financial administration	++	8			x	
34. Signatory of the 1980 Madrid Convention	+	7			x	
37. Internationally recognised borders	+	7			x	
38. Good institutional and legal framework (EU requirements)	+	7			x	
51. Ratification of the 1995 Framework Convention for the Protection of National Minorities	+	10			x	
			10	1	13	2

The SWOT analysis for the Austria-Hungary cross-border area shows variables to be mostly related to internal strengths and external opportunities. There are few negative SWOT variables, among which is the scarce development of transport routes (a weakness for connections), a factor that can only be solved with strong investment, especially from the joint action of the bordering countries' national governments. The appropriate *strategy* for further improving co-operation is the *first*, which relies on best exploiting strong points and opportunities.



This type of strategy consists of specific action plans to enhance positive *halo effects*, and institutionalise and stabilise existing positive SWOT variables.

Strategic action can be summarised as follows:

1. planning training courses for socio-cultural operators on either side of the border (3);
2. enhancement of relations in territory and environmental planning (10), of transports and telecommunications (11), of economy and labour (12), of education and culture (13), of everyday services. Clearly, local councils, professionals (urban designers), public services (including hospitals) (15) and education and culture (14) should find specific ways and forms of connection, to grow free progressively from the restrictions of borderland regulations. Previous cases in Europe prove that this is possible (Gasparini 1999-2000b) in cross-border areas and can develop to the point that border areas may be in a position to choose which country's services to use.
3. implementing co-ordination processes (2) between national and local level, between public operators and social and economic stakeholders. This kind of co-ordination is not necessarily dependent on a *Euroregion*-type body. It can be defined in bilateral agreements between homologous institutions;
4. pressure by local authorities on central government bodies to decentralise administration (16) where this is not yet the case, as for Burgenland for Objective 3 (2007-2013 programming period); create adequate structures for cross-border co-operation (17), and sign the additional Protocols to the 1980 Madrid Convention, etc.

This generally positive cross-border landscape does not suggest focusing on the creation of a *Cross-border Euroregion* (or a *Functional Network* one), but rather a *Macro Infrastructures Euroregion*, which can better tackle the overall road, waterway and railway connections across the border and with national centres (48).

### 4.3. Prospects for “good” cross-border co-operation between Austria and Italy

The 53 indicators of cross-border analysis listed by type:

		number	%
- <i>SWOT variables</i> indicators		25	47.2
- <i>Halo effect</i> indicators	positive	16	
	negative	9	47.2
- <i>non-relevant</i> indicators		3	5.6
		53	100.0

SWOT variables are then configured as follows:

	Internal to the area (SW)	External to the area (OT)	Total	%
Positive (SO)	10	10	20	80.0
Negative (WT)	2	3	5	20.0
Total	12	13	25	
%	48.0	52.0		100.0

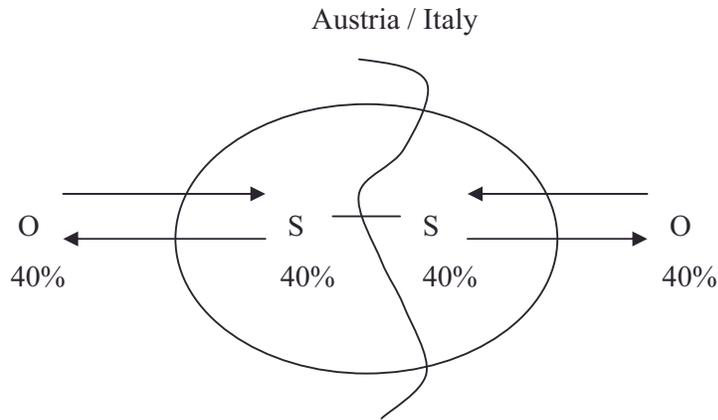
#### Denomination of SWOT variables:

Denomination	Relevance	Dimension	S	W	O	T
<b>Internal variables</b>						
3. Propensity towards cross-border co-operation of socio-cultural operators	+++	1	x			
4. Propensity towards cross-border co-operation of institutional operators	+++	1	x			
9. Cross-border relations for institutions	+++	3	x			
10. Cross-border relations for environment and territory planning	+++	3	x			
5. Training of local bodies	++	2	x			
44. Presence of “filter” borders (freedom of movement of people and goods) with positive effects for both countries	++	9	x			
45. Integrable economies, characterised by complementary features	++	9		x		
46. Economic action not exclusively “oriented towards” and “dependent on” central administration	++	9		x		
47. Significant participation in <i>Interreg/Phare</i> projects	++	9	x			
31. Presence of negative national and/or regional stereotypes	+	6	x			
32. Linguistic barriers	+	6	x			
50. Common language or widespread knowledge of the neighbouring country’s language, in at least one country	+	10	x			

**External variables**

26. Technology gap	+++	5		x
27. Business shutdowns due to overcoming competition	+++	5	x	
29. Customs and fiscal issues	+++	5	x	
30. Weak or absent response to opportunities for cross-border co-operation	+++	5		x
19. Restrictive regulations on cross-border relations	++	4	x	
23. Different political-ideological orientation	++	4	x	
39. Official definition of cross-border areas	++	8	x	
40. Non-centralised countries with relevant government powers devolved to local authorities	++	8	x	
34. Signatory of the 1980 Madrid Convention	+	7	x	
36. Signatory of the second 1998 Protocol to the Madrid Convention	+	7		x
37. Internationally recognised borders	+	7	x	
38. Institutional and legal framework (EU requirements)	+	7	x	
51. Ratification of the 1995 Framework Convention for the Protection of National Minorities	+	10	x	
			$\overline{10}$	$\overline{2}$
			$\overline{10}$	$\overline{3}$

SWOT data on the Italian-Austrian cross-border area shows how most of the variables are related to strengths and opportunities (80% of variables), while the rest refer to negative aspects. Another relevant feature is the *halo effect*: those non-SWOT indicators which play *relevant* and *positive* roles in the cross-border area. This scenario requires the enhancement and stabilisation of positive SWOT scores (the afore mentioned 80%), and the strengthening of the positive *halo effect*. By improving and consolidating positives, negatives are mitigated, especially for economic factors: both in permanent obstacles (26, 30) and cross-border economy integration factors (45, 46). The use of stabilisation and strengthening policies to decrease negative levels implies the use of the *first strategy* (*strengthening strategy*).



Strategic action can be summarised as follows:

1. promote the creation of specialised economic operators on either side of the border, especially for transports and telecommunications, tourism and education. Operators can be sector bodies or cross-border sector federations;
2. public support policies for cross-border sectors, so that solid financial and logistic opportunities may decrease imbalances within specific sectors;
3. creation of professional training courses to enhance industry and commerce co-operation, as well as to shrink technology gaps (25) and counteract local weak response to co-operation opportunities (30).
4. pressure on governments to improve cross-border areas, especially road and railway connections.

This cross-border area does not need the intervention of the radical measures which characterise the *Cross-border Euroregion* or the *Functional Network Euroregion*. As the area boasts very positive scores, it may suffice to promote local agreements between local authorities on either side of the border. However, this area might benefit from the framework of a *Macro Infrastructures Euroregion*, which could finance roadway and railway enhancement and improve local flight connections between Trieste and Klagenfurt.

#### 4.4. Prospects for “good” cross-border co-operation between Austria and Slovakia

The 53 indicators of cross-border analysis listed by type

	number	%
- <i>SWOT variables</i> indicators	30	56.6
- <i>Halo effect</i> indicators		
positive	13	
negative	9	41.5
- <i>non-relevant</i> indicators	1	1.9
	53	100.0

SWOT variables are then configured as follows:

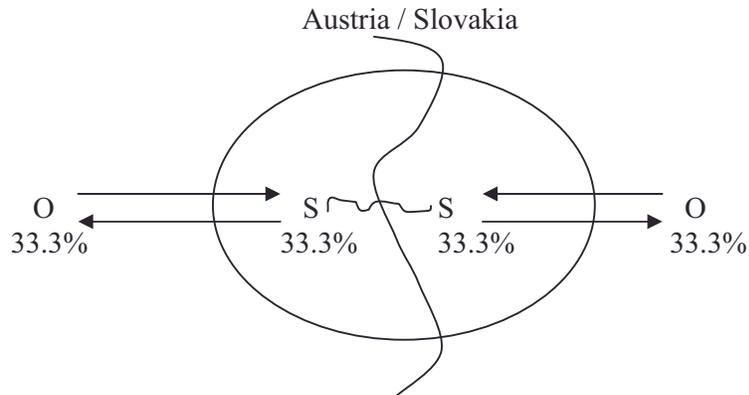
	Internal to the area (SW)	External to the area (OT)	Total	%
Positive (SO)	10	10	20	66.7
Negative (WT)	6	4	10	33.3
Total	16	14	30	
%	53.3	46.7		100.0

#### Denomination of SWOT variables:

Denomination	Relevance	Dimension	S	W	O	T
<b>Internal variables</b>						
1. Propensity towards cross-border co-operation of manufacturing industry operators	+++	1	x			
2. Propensity towards cross-border co-operation of commerce operators	+++	1	x			
3. Propensity towards cross-border co-operation of socio-cultural operators	+++	1		x		
11. Cross-border relations for transports and telecommunications	+++	3		x		
12. Cross-border relations for economy and work	+++	3		x		
5. Training of local bodies	++	2	x			
6. Co-ordination between different national and local administration sectors	++	2	x			
44. Presence of “filter” borders (freedom of movement of people and goods) with positive effects for both countries	++	9	x			
45. Integrable economies, characterised by complementary features	++	9	x			
46. Economic action not exclusively “oriented towards” and “dependent from” central administration	++	9	x			
48. Good roads, waterways, railways and transport connections	++	9		x		
31. Presence of negative national and/or regional stereotypes	+	6	x			
32. Linguistic barriers	+	6	x			

33. Weak or absent response to opportunities for cross-border co-operation	+	6	x		
49. Common historical background and absence of stereotypes	+	10		x	
53. Good cross-border transport routes (geomorphology, passes, transports)	+	10		x	
<b>External variables</b>					
25. Uneven development levels or rates	+++	5			x
27. Business shutdowns due to overcoming competition	+++	5		x	
16. State centralisation	++	4			x
18. Differing competence on either side of the border	++	4			x
21. Low mutual knowledge and trust	++	4			x
39. Official definition of cross-border areas	++	8		x	
40. Non-centralised countries with relevant government powers devolved to local authorities	++	8		x	
42. Local authorities with competent management	++	8		x	
34. Signatory of the 1980 Madrid Convention	+	7		x	
35. Signatory of the additional 1995 Protocol to the Madrid Convention	+	7		x	
36. Signatory of the second 1998 Protocol to the Madrid Convention	+	7		x	
37. Internationally recognised borders	+	7		x	
38. Good institutional and legal framework (EU requirements)	+	7		x	
51. Ratification of the 1995 Framework Convention for the Protection of National Minorities	+	10			x
			$\overline{10}$	$\overline{6}$	$\overline{10}$ $\overline{4}$

SWOT data for the Austria-Slovakia cross-border area shows two-thirds of variables are related to strengths and opportunities, one-third concerning weaknesses and threats. Moreover, there is a consistent *halo effect*, both in positive and negative terms. Only one indicator refers to non-influent elements (21: insufficient financial resources). In this scenario, the *first strategy* seems to be the most appropriate for strengthening positives, regardless the influence of negative elements.



Strategic action can be summarised as follows:

1. planning of work-force training courses and specific action for the creation of groups of highly trained people ;
2. promote the creation of specialised economic operators on either side of the border, especially for economy and transports. Operators can be sector bodies or cross-border sector federations;
3. promote action in unbalanced sectors of the two border areas, especially economic development, technology gap reduction, labour market protection, tax system, weak response to collaboration opportunities;
4. pressure on central governments to overcome institutional obstacles on either side of the border, starting with state centralisation and its role in borderland administration;
5. promote activities for the growth of mutual knowledge;
6. pressure on central governments for the enhancement of roads, waterways and railways;
7. encouraging the participation in and the exploitation of European regional programmes.

The *Cross-border Euroregion* perfectly fits the needs of this area, especially concerning the creation of local groups of people with influence, the reduction of imbalances and gaps between the two bordering areas, and the management of EU support programmes. In this case, EGTC regulations are essential. Strategic intervention in this area also requires participation in a *Macro Infrastructures Euroregion*.

#### 4.5. Prospects for “good” cross-border co-operation between Austria and Slovenia

The 53 indicators of cross-border analysis listed by type:

		number	%
- <i>SWOT variables</i> indicators		20	37.7
- <i>Halo effect</i> indicators	positive	15	
	negative	<u>11</u>	49.1
- <i>non-relevant</i> indicators		<u>7</u>	<u>13.2</u>
		53	100.0

SWOT variables are then configured as follows:

	Internal to the area (SW)	External to the area (OT)	Total	%
Positive (SO)	8	7	15	75.0
Negative (WT)	-	5	5	25.0
Total	8	12	20	
%	40.0	60.0		100.0

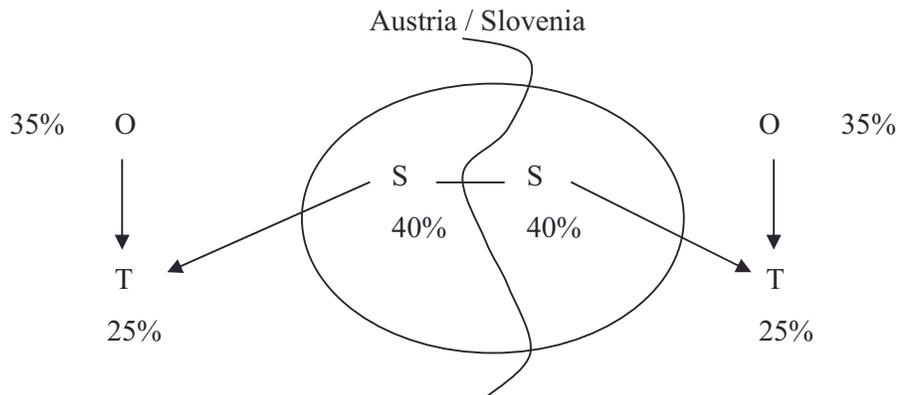
#### Denomination of SWOT variables:

Denomination	Relevance	Dimension	S	W	O	T
<b>Internal variables</b>						
1. Propensity towards cross-border co-operation of manufacturing industry operators	+++	1	x			
2. Propensity towards cross-border co-operation of commerce operators	+++	1	x			
4. Propensity towards cross-border co-operation of institutional operators	+++	1	x			
11. Cross-border relations for transports and telecommunications	+++	3	x			
12. Cross-border relations for economy and work	+++	3	x			
44. Presence of “filter” borders (freedom of movement of people and goods) with positive effects for both countries	++	9	x			
45. Integrable economies, characterised by complementary features	++	9	x			
46. Economic action not exclusively “oriented towards” and “dependent on” central administration	++	9	x			

**External variables**

25. Uneven development levels or rates	+++	5		x
30. Weak or absent response to opportunities for cross-border co-operation	+++	5		x
19. Restrictive regulations on cross-border relations	++	4		x
20. Lack of credibility from co-operation organisations	++	4		x
24. Weak or absent response to opportunities for cross-border co-operation	++	4		x
39. Official definition of cross-border areas	++	8	x	
34. Signatory of the 1980 Madrid Convention	+	7	x	
35. Signatory of the additional 1995 Protocol to the Madrid Convention	+	7	x	
36. Signatory of the second 1998 Protocol to the Madrid Convention	+	7	x	
37. Internationally recognised borders	+	7	x	
38. Good institutional and legal framework (EU requirements)	+	7	x	
51. Ratification of the 1995 Framework Convention for the Protection of National Minorities	+	10	x	
			$\overline{8}$ $\overline{0}$ $\overline{7}$ $\overline{5}$	

The Austria-Slovenia SWOT analysis situation is rather complex. There are many positives (75%), but these SWOT variables are few, as over one half of the indicators consist of a *halo effect* of those same variables. Such a *halo effect* features both positive and negative indicators, contributing to the general complexity of a scenario where within the same ten dimensions there are opposite sign indicators. Finally, negative SWOT variables are related to external threats rather than to internal weaknesses. In this situation, action should focus on stabilizing positives while carefully managing the general context. The appropriate strategy for these tasks is the *third one*.



Strategic action can be summarised in the following points:

1. promote the creation of specialised economic operators on either side of the border, especially for communication and transports, tourism, education and culture. Operators can be sector bodies or cross-border sector federations;

2. training courses for administration staff, to encourage both centre-border area and cross-border co-operation;
3. Promote action in unbalanced sectors in the two border areas, especially economic development, technology gap reduction, labour market protection, tax system, weak response to collaboration opportunities;
4. encourage the local groups of people with influence to pressure central governments to obtain more institutional and legal autonomy;
5. promote activities for the growth of mutual knowledge;
6. creation – where this is not yet done – of a training system for enterprises and institutions for the proper management of EU programmes;
7. pressure on central governments to include the cross-border area in a funding system to improve transports ,roads and railways.

The *Cross-border Euroregion*, and even more so the *Macro Infrastructures Euroregion* are the adequate models to achieve these goals and to insert this cross-border area in a wider context, regardless of strong governmental restrictions.

#### 4.6. Prospects for “good” cross-border co-operation between Belarus and Poland

The 55 indicators of cross-border analysis listed by type:

		number	%
- <i>SWOT variables</i> indicators		24	43.6
- <i>Halo effect</i> indicators	positive	12	
	negative	<u>10</u>	40.0
- <i>non-relevant</i> indicators		<u>9</u>	<u>16.4</u>
		55	100.0

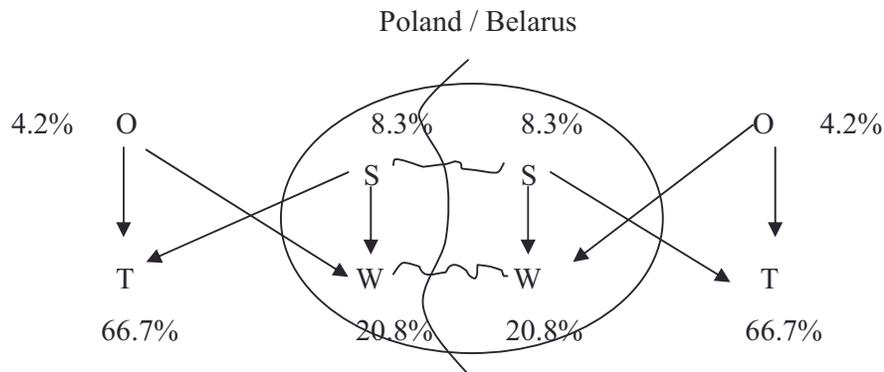
SWOT variables are then configured as follows:

	Internal to the area (SW)	External to the area (OT)	Total	%
Positive (SO)	2	1	3	12.5
Negative (WT)	5	16	21	87.5
Total	7	17	24	
%	29.2	70.8		100.0

**Denomination of SWOT variables:**

<b>Denomination</b>	<b>Relevance</b>	<b>Dimension</b>	<b>S</b>	<b>W</b>	<b>O</b>	<b>T</b>
<b>Internal variables</b>						
1. Propensity towards cross-border co-operation of manufacturing industry operators	+++	1	x			
6. Co-ordination between different national and local administration sectors	++	2		x		
7. Co-ordination between local bodies and social and economic stakeholders	++	2		x		
44. Presence of “filter” borders (freedom of movement of people and goods) with positive effects for both countries	++	9		x		
46. Economic action not exclusively “oriented towards” and “dependent on” central administration	++	9		x		
32. Linguistic barriers	+	6	x			
53. Good cross-border transport routes (geomorphology, passes, transports)	+	10		x		
<b>External variables</b>						
28. Labour market protection	+++	5				x
29. Customs and fiscal issues	+++	5				x
16. State centralisation	++	4				x
17. Lack of adequate structures for cross-border co-operation	++	4				x
18. Differing competence on either side Of the border	++	4	4			x
19. Restrictive regulations on cross-border relations	++	4	4			x
20. Lack of credibility from co-operation organisations	++	4				x
21. Low mutual knowledge and trust	++	4				x
23. Different political-ideological orientation	++	4				x
40. Non-centralised countries with relevant government powers devolved to local authorities	++	8				x
41. Local authorities charged with foreign relations	++	8				x
42. Local authorities with competent management	++	8				x
43. Local authorities with autonomous financial administration	++	8				x
37. Internationally recognised borders	+	7			x	
38. Good institutional and legal framework (EU requirements)	+	7				x
54. Authoritarian government in Belarus	+	10				x
55. Incompatible development models in Poland and Belarus	+	10				x
			—	—	—	—
			2	5	1	16

SWOT analysis data for the Belarus-Poland cross-border area are markedly negative, for two main reasons. There are only three positive SWOT variables, while the rest are negative, both due to internal issues (seven indicators), and to governmental policies. Positive co-operation dynamics are still at a nascent level, or derive from *halo effects*: This is especially true for internal indicators, in particular propensity towards co-operation, production and cultural cross-border relations. This scenario suggests application of the *fourth strategy*, which focuses on keeping negatives under control. Although it is not wholly satisfying, this strategy represents, nevertheless, the best option for this area.



The implementation of this strategy is very complex, its goals being out of reach of civil society and local groups of people with influence. While issues concern mainly central governments, there are specific targets which can be attained by civil society, as well as forms of political pressure on national institutions. Among the main strategic options, it is worth mentioning the following:

1. training courses to increase propensity towards cross-border co-operation in sector operators (commerce, culture, institutions) and local groups of people with influence;
2. promote the creation of specialised economic operators on either side of the border, especially for economy, transports, planning and tourism. Operators can be sector bodies or cross-border sector federations;
3. conference agendas and establishment of semi-permanent reference bodies to improve co-ordination levels between local administrations, between local and central administrations, and between administrations and social/financial stakeholders;
4. strong pressure on both national governments, to decrease state centralisation and to implement compatible development models.

These goals can hardly be achieved by public institutions, private bodies or public opinion alone. The creation of a *Cross-border Euroregion* and a *Functional Network Euroregion* can significantly spur action and grant support to co-operation plans. Large investments (roads, railways, airports etc.) and, more generally outbound area transports and connections require the presence of a *Macro Infrastructure Euroregion* as well.

#### 4.7. Prospects for “good” cross-border co-operation between Belarus and Ukraine

The 53 indicators of cross-border analysis listed by type:

	number	%
- <i>SWOT variables</i> indicators	18	34.0
- <i>Halo effect</i> indicators	8	
positive	8	
negative	<u>9</u>	32.0
- <i>non-relevant</i> indicators	<u>18</u>	<u>34.0</u>
	53	100.0

SWOT variables are then configured as follows:

	Internal to the area (SW)	External to the area (OT)	Total	%
Positive (SO)	5	0	5	27.8
Negative (WT)	<u>5</u>	<u>8</u>	<u>13</u>	<u>72.2</u>
Total	10	8	18	
%	55.6	44.4		100.0

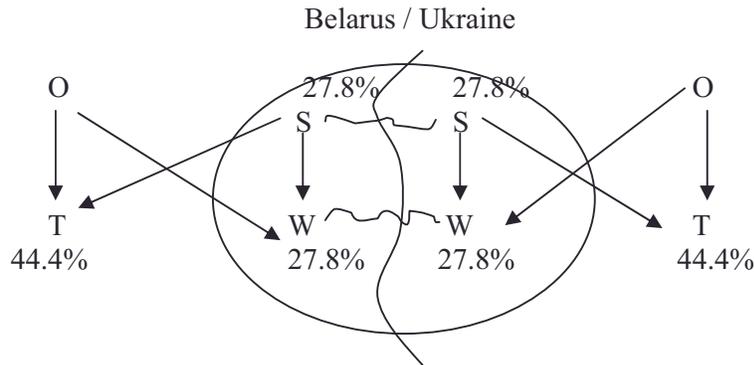
#### Denomination of SWOT variables:

Denomination	Relevance	Dimension	S	W	O	T
<b>Internal variables</b>						
1. Propensity towards cross-border co-operation of manufacturing industry operators	+++	1	x			
2. Propensity towards cross-border co-operation of commerce operators	+++	1	x			
10. Cross-border relations for environment and territory planning	+++	3		x		
13. Cross-border relations for tourism	+++	3		x		
5. Training of local bodies	++	2		x		
32. Linguistic barriers	+	6		x		
33. Weak or absent response to opportunities for cross-border co-operation	+	6		x		
49. Common historical context and absence of stereotypes	+	10	x			
50. Common language or widespread knowledge of the neighbouring country's language, in at least one country	+	10	x			
52. Tradition of co-operation	+	10	x			

**External variables**

26. Technology gap	+++	5		x
27. Business shutdowns due to overcoming competition	+++	5		x
16. State centralisation	++	4		x
20. Lack of credibility from co-operation organisations	++	4		x
24. Weak or absent response to opportunities for cross-border co-operation	++	4		x
40. Non-centralised countries with relevant government powers devolved to local authorities	++	8		x
41. Local authorities charged with foreign relations	++	8	8	x
43. Local authorities with autonomous financial administration	++	8		x
			$\frac{\quad}{5}$ $\frac{\quad}{5}$ $\frac{\quad}{0}$ $\frac{\quad}{8}$	

The SWOT analysis situation for the Belarus-Ukraine cross-border area is primarily negative, especially in external variables. The internal context is better structured, thanks to a widespread propensity towards cross-border co-operation, and a common tradition of collaboration, although there is lack of communication between economic sectors across the border, more markedly in territory planning and tourism. External relations are hindered by economic and institutional obstacles, among which figure negative administrative factors. The *fourth strategy* seems thus to be adequate to this scenario, as it focuses on the strengthening of specific strengths, by introducing original policies for overcoming or mitigating negatives and exploiting *non-relevant* indicators, turning them into positive factors (18).



The action policies required by this strategy are complex, and cannot be solely enacted by local civil society, as negatives are generally related to national centres.

Among available options, the following are the most significant:

1. professional training aimed at increasing the already present propensity towards cross-border co-operation in sector operators and local socio-cultural and institutional groups of people with influence;
2. promote the creation of specialised economic operators on either side of the border, especially for economy, transports, planning and tourism, education and everyday services. Operators can be sector bodies or cross-border sector federations;

3. organisation of conferences and establishment of semi-permanent reference bodies to improve co-ordination levels between local administrations, between local and central administrations, and between administrations and social/financial stakeholders;
4. active governmental commitment for decentralisation and power devolution, to integrate economic development and technology levels, counteract competitive dynamics, soften labour market protection, customs, and fiscal obstacles.

Although the area's civil society does not have direct decision power on these issues, it can play a relevant role by establishing influential relations and pressuring public and private authorities. Such a function can be effectively managed within the frame of both a *Cross-border Euroregion* and a *Functional Network Euroregion*.

#### 4.8. Prospects for “good” cross-border co-operation between Croatia and Slovenia

The 53 indicators of cross-border analysis listed by type:

		number	%
- <i>SWOT variables</i> indicators		20	37.7
- <i>Halo effect</i> indicators	positive	14	
	negative	<u>3</u>	32.1
- <i>non-relevant</i> indicators		<u>16</u>	<u>30.2</u>
		53	100.0

SWOT variables are then configured as follows:

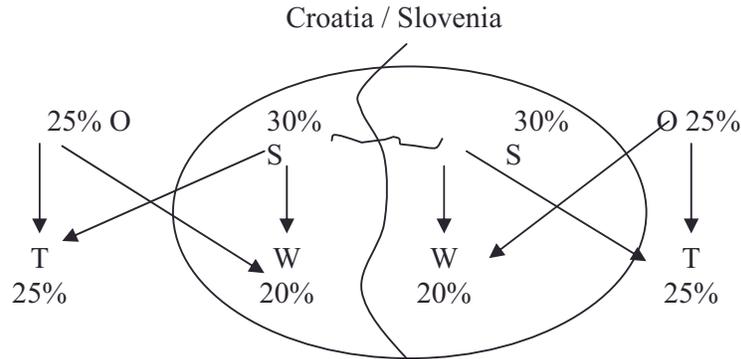
	Internal to the area (SW)	External to the area (OT)	Total	%
Positive (SO)	6	5	11	55.0
Negative (WT)	4	5	9	45.0
Total	10	10	20	
%	50.0	50.0		100.0

**Denomination of SWOT variables:**

<b>Denomination</b>	<b>Relevance</b>	<b>Dimension</b>	<b>S</b>	<b>W</b>	<b>O</b>	<b>T</b>
<b>Internal variables</b>						
1. Propensity towards cross-border co-operation of manufacturing industry operators	+++	1	x			
2. Propensity towards cross-border co-operation of commerce operators	+++	1	x			
9. Cross-border relations for institutions	+++	3		x		
11. Cross-border relations for transports and telecommunications	+++	3	x			
12. Cross-border relations for economy and work	+++	3	x			
13. Cross-border relations for tourism	+++	3	x			
7. Co-ordination between local bodies and social and economic stakeholders	++	2		x		
8. Co-ordination between Central administrations	++	2		x		
47. Significant participation in <i>Interreg/Phare</i> projects	++	9	x			
33. Weak or absent response to opportunities for cross-border co-operation	+	6		x		
<b>External variables</b>						
16. State centralisation	++	4				x
19. Restrictive regulations on cross-border relations	++	4				x
39. Official definition of cross-border areas	++	8			x	
41. Local authorities charged with foreign relations	++	8				x
42. Local authorities with competent management	++	8				x
43. Local authorities with Autonomous financial administration	++	8				x
34. Signatory of the 1980 Madrid Convention	+	7			x	
37. Internationally recognised borders	+	7			x	
38. Good institutional and legal framework (EU requirements)	+	7			x	
51. Ratification of the 1995 Framework Convention for the Protection of National Minorities	+	10			x	
			6	4	5	5

SWOT analysis assesses co-operation between Croatia and Slovenia as being generally positive, with higher marks in internal strengths and weaknesses than in external opportunities and threats. All strengths relate to relevant factors for co-operation, while weaknesses are less influential. Positives also benefit from a *halo effect*, made up of as many as 12 positive indicators, against three negatives. The core of internal positives is represented by strong propensity towards co-operation and in the level of relations between production sectors across the border. As for opportunities and threats, the latter have a strong impact, and precisely deeply rooted centralisation policies and

inadequate administration skills (41) of local authorities. In this scenario, the *fourth strategy* appears to be the most appropriate tool.



Strategic action can be organised as follows:

1. professional training aimed at increasing the already present propensity towards cross-border co-operation in sector operators and local socio-cultural and institutional groups of people with influence;
2. promote the creation of specialised economic operators especially in territorial planning, education and everyday services;
3. exploit European programmes and funding to mitigate economic obstacles (dimension 5);
4. pressure on central authorities to mitigate the incidence of institutional obstacles, especially state centralisation.

The present situation demands a central co-ordination body for the cross-border area, to organise and encourage such policies. This body could be the *Cross-border Euroregion*, and possibly the other two Euroregions (*Functional Networks Euroregion* and *Macro Infrastructures Euroregion*).

#### 4.9. Prospects for “good” cross-border co-operation between Czech Republic and Poland

The 53 indicators of cross-border analysis organised by type:

	number	%
- <i>SWOT variables</i> indicators	30	56.6
- <i>halo effects</i> indicators		
positive	10	
negative	<u>6</u>	16
- <i>non-relevant</i> indicators	<u>7</u>	<u>13.2</u>
	53	100.0

SWOT variables are then configured as follows:

	Internal to the area (SW)	External to the area (OT)	Total	%
Positive (SO)	9	6	15	50.0
Negative (WT)	4	11	15	50.0
Total	13	17	30	
%	43.3	56.7		100.0

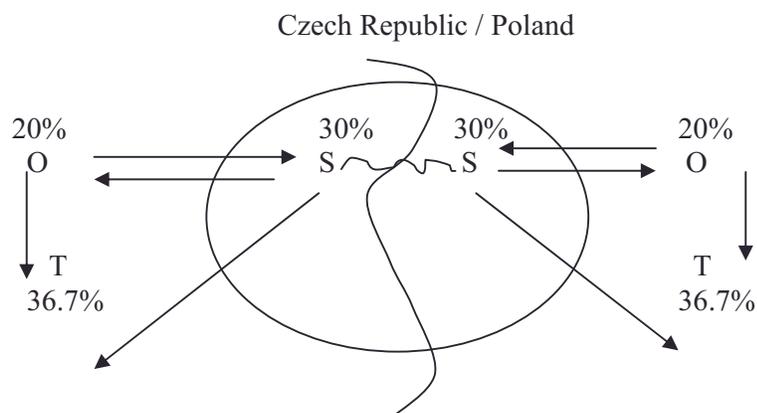
#### Denomination of SWOT variables:

Denomination	Relevance	Dimension	S	W	O	T
<b>Internal variables</b>						
2. Propensity towards cross-border co-operation of commerce operators	+++	1	x			
9. Cross-border relations for institutions	+++	3	x			
13. Cross-border relations for tourism	+++	3	x			
14. Cross-border relations for education and culture	+++	3	x			
6. Co-ordination between different national and local administration sectors	++	2		x		
7. Co-ordination between local bodies and social and economic stakeholders	++	2		x		
8. Co-ordination between central administrations	++	2		x		
44. Presence of “filter” borders (freedom of movement of people and goods) with positive effects for both countries	++	9	x			
47. Significant participation in <i>Interreg/Phare</i> projects	++	9	x			
31. Presence of negative national and/or regional stereotypes	+	6	x			
33. Weak or absent response to opportunities for cross-border co-operation	+	6		x		
52. Tradition of co-operation	+	10	x			
53. Good cross-border transport routes (geomorphology, passes, transports)	+	10	x			

### External variables

27. Business shutdowns due to overcoming competition	+++	5		x
28. Labour market protection	+++	5		x
29. Customs and fiscal issues	+++	5		x
16. State centralisation	++	4		x
17. Lack of adequate structures for cross-border co-operation	++	4		x
18. Differing competence on either side of the border	++	4		x
22. Insufficient financial resources	++	4		x
23. Different political-ideological orientation	++	4	x	
24. Weak or absent response to opportunities for cross-border co-operation	++	4	x	
39. Official definition of cross-border areas	++	8	x	
40. Non-centralised countries with relevant government powers devolved to local authorities	++	8		x
43. Local authorities with Autonomous financial administration	++	8		x
34. Signatory of the 1980 Madrid Convention	+	7	x	
35. Signatory of the additional 1995 Protocol to the Madrid Convention	+	7		x
36. Signatory of the second 1998 Protocol to the Madrid Convention	+	7		x
37. Internationally recognised borders	+	7	x	
51. Ratification of the 1995 Framework Convention for the Protection of National Minorities	+	10		x
			$\overline{9}$	$\overline{4}$
			$\overline{6}$	$\overline{11}$

The SWOT analysis situation for Czech Republic-Poland co-operation is marked by balanced internal strengths and external threats, to which correspond low weaknesses and opportunities. The overall image is typical of former socialist countries; local opportunities for collaboration are good, while national centres serve as negative elements, for instance implementing centralisation policies. The *fifth strategy* can exploit at best the use of joint external-internal coalition in counteracting external threats (T).



Strategic action can be organised as follows:

1. in this area as well, it is necessary to organise professional training aimed at increasing the already present propensity towards cross-border co-operation in sector operators and local and institutional groups of people with influence;
2. organisation of conferences and establishment of semi-permanent reference bodies to improve co-ordination levels among local administrations, between local and central administrations, and between administrations and social/economic stakeholders;
3. organisation of parallel professional training courses for local administration personnel;
4. Pressure on national governments, to lessen state centralisation and encourage power devolution, so as to integrate economic development, technology levels, overcoming labour market protection and different tax systems.

The most appropriate *Euroregion* for this area is a *Functional Networks Euroregion*. It relates to a wider context than that provided by the *Cross-border Euroregion*, and more aware of co-ordination strategies for sectors and operators across the border. For state centralisation and resources devolution, the *Macro Infrastructures Euroregion* could be an effective tool as well, especially if extended to the Czech Republic-Poland cross-border area.

#### 4.10. Prospects for “good” cross-border co-operation between Czech Republic and Slovakia

The 53 indicators of cross-border analysis listed by type:

		number	%
- <i>SWOT variables</i> indicators		23	43.4
- <i>Halo effect</i> indicators	positive	12	
	negative	<u>5</u>	17
- <i>non-relevant</i> indicators		<u>13</u>	<u>24.5</u>
		53	100.0

SWOT variables are then configured as follows:

	Internal to the area (SW)	External to the area (OT)	Total	%
Positive (SO)	16	6	22	95.7
Negative (WT)	-	1	1	4.3
<b>Total</b>	<b>16</b>	<b>7</b>	<b>23</b>	
<b>%</b>	<b>69.6</b>	<b>30.4</b>		<b>100.0</b>

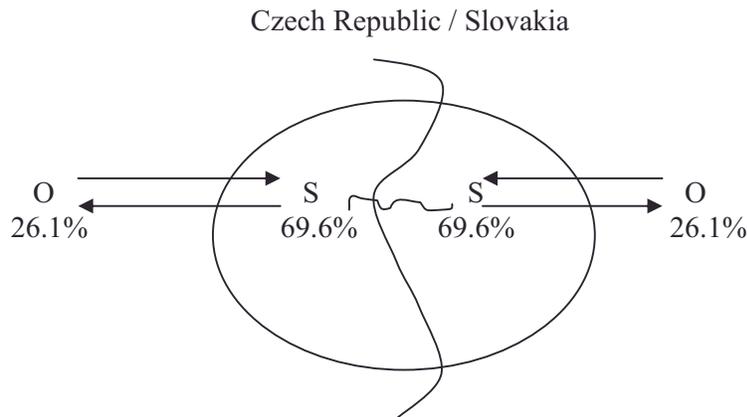
**Denomination of SWOT variables:**

Denomination	Relevance	Dimension	S	W	O	T
<b>Internal variables</b>						
1. Propensity towards cross-border co-operation of manufacturing industry operators	+++	1	x			
2. Propensity towards cross-border co-operation of commerce operators	+++	1	x			
3. Propensity towards cross-border co-operation of socio-cultural operators	+++	1	x			
11. Cross-border relations for transports and telecommunications	+++	3	x			
12. Cross-border relations for economy and work	+++	3	x			
13. Cross-border relations for tourism	+++	3	x			
14. Cross-border relations for education and culture	+++	3	x			
15. Cross-border relations for everyday services	+++	3	x			
44. Presence of “filter” borders (freedom of movement of people and goods) with positive effects for both countries	++	9	x			
45. Integrable economies, characterised by complementary features	++	9	x			
46. Economic action not exclusively “oriented towards” and “dependent from” central administration	++	9	x			
47. Significant participation in <i>Interreg/Phare</i> projects	++	9	x			
49. Common historical context and absence of stereotypes	+	10	x			
50. Common language or widespread knowledge of the neighbouring country’s language, in at least one country	+	10	x			
52. Tradition of co-operation	+	10	x			
53. Good cross-border transport routes (geomorphology, passes, transports)	+	10	x			

**External variables**

17. Lack of adequate structures for cross-border co-operation	+++	4		x
21. Low mutual knowledge and trust	+++	4	x	
39. Official definition of cross-border areas	+++	8	x	
34. Signatory of the 1980 Madrid Convention	+	7	x	
37. Internationally recognised borders	+	7	x	
38. Good institutional and legal framework (EU requirements)	+	7	x	
51. Ratification of the 1995 Framework Convention for the Protection of National Minorities	+	10	x	
			$\overline{16}$	$\overline{0}$
			$\overline{6}$	$\overline{1}$

The SWOT analysis for the Czech Republic-Slovakia cross-border area is remarkably positive, i.e. transfrontier co-operation is very high, as high as the analysis for a country’s internal borders ought to be: This border was drawn very recently, without causing any local or national turmoil, thus representing a context worthy of being preserved. The only not wholly positive aspect is related to economic obstacles, which have already been shown to hold no relevance for cross-border collaboration. This scenario suggests application of the *first strategy*, the fittest to strengthen already existing co-operation.



Strategic action focuses on the strengthening and stabilisation of existing positives.

Among the available options, it is interesting to mention the following:

1. Support to several sectors suffering from uneven economic development levels, a weak response to co-operation opportunities, as well as imbalance in technology levels and labour market protection. Action concentrates on the neutralisation of economic obstacles.

This area does not require inclusion within any specific *Euroregion*, as co-operation was well established even before this border existed.

#### 4.11. Prospects for “good” cross-border co-operation between Hungary and Slovakia

The 53 indicators of cross-border analysis listed by type:

		number	%
- <i>SWOT variables</i> indicators		22	41.5
- <i>Halo effect</i> indicators	positive	15	
	negative	7	22
- <i>non-relevant</i> indicators		9	17.0
		53	100.0

SWOT variables are then configured as follows:

	Internal to the area (SW)	External to the area (OT)	Total	%
Positive (SO)	7	9	16	72.7
Negative (WT)	3	3	6	27.3
Total	10	12	22	
%	45.5	54.5		100.0

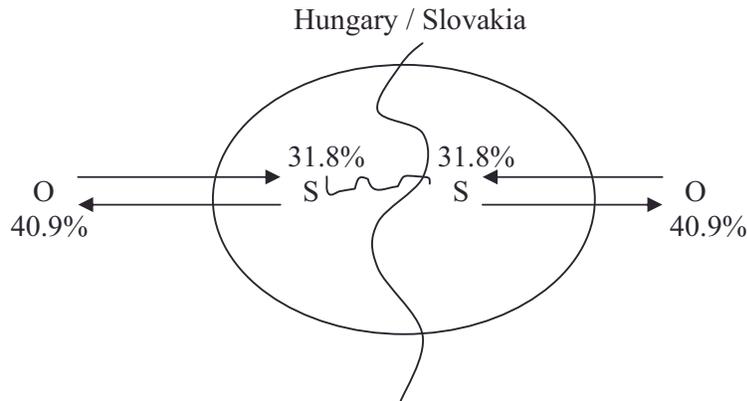
#### Denomination of SWOT variables:

Denomination	Relevance	Dimension	S	W	O	T
<b>Internal variables</b>						
2. Propensity towards cross-border co-operation of commerce operators	+++	1	x			
3. Propensity towards cross-border co-operation of socio-cultural operators	+++	1	x			
4. Propensity towards cross-border co-operation of institutional operators	+++	1	x			
9. Cross-border relations for institutions	+++	3	x			
13. Cross-border relations for tourism	+++	3	x			
8. Co-ordination between central administrations	++	2	x			
44. Presence of “filter” borders (freedom of movement of people and goods) with positive effects for both countries	++	9		x		
46. Economic action not exclusively “oriented towards” and “dependent from” central administration	++	9		x		
47. Significant participation in <i>Interreg/Phare</i> project	++	9		x		
33. Weak or absent response to opportunities for cross-border co-operation	+	6	x			

**External variables**

27. Business shutdowns due to overcoming competition	+++	5		x
29. Customs and fiscal issues	+++	5		x
30. Weak or absent response to opportunities for cross-border co-operation	+++	5		x
17. Lack of adequate structures for cross-border co-operation	++	4		x
19. Restrictive regulations on cross-border relations	++	4		x
20. Lack of credibility from co-operation organisations	++	4		x
24. Weak or absent response to opportunities for cross-border co-operation	++	4		x
39. Official definition of cross-border areas	++	8		x
34. Signatory of the 1980 Madrid Convention	+	7		x
37. Internationally recognised borders	+	7		x
38. Good institutional and legal framework (EU requirements)	+	7		x
51. Ratification of the 1995 Framework Convention for the Protection of National Minorities	+	10		x
			$\overline{7}$	$\overline{3}$
			$\overline{9}$	$\overline{3}$

The SWOT analysis for the Hungary-Slovakia cross-border area is generally positive, if rather complex. Positive SWOT variables prevail, as well as their positive *halo effect*. This is even more significant considering that such positive variables are either very important or rather important (+++ and/or ++) for co-operation. These Hungarian borderlands benefit from a tradition of co-operation, which explains why the present boundaries seem “not to matter too much” to both countries (37, 39). Necessary action fits in the frame of the *first strategy*, applied to strengthen and stabilize existing positive SWOT variables.



Strategic action focuses on the strengthening and stabilisation of existing positives. Among the available options it is interesting to mention the following:

1. professional training courses to strengthen propensity towards co-operation, and more specifically mutual knowledge and understanding of each other's history;
2. promotion of all action aimed at the establishment of relations between sectors and administrative co-ordination between local and central bodies;
3. creation of a sphere of influence within central governments to obtain the improvement of airports, roads, waterways and railways;
4. creation of reference bodies to encourage and provide advice to access European Union programmes, where not yet in place.

This scenario does not require inclusion in a *Cross-border Euroregion* or *Functional Networks Euroregion*, as much as the supervision of an EGTC over the administration of European funds. Nevertheless, the area should be part of a *Macro Infrastructures Euroregion*, to connect the area to broader European communication networks.

#### 4.12. Prospects for “good” cross-border co-operation between Hungary and Slovenia

The 53 indicators of cross-border analysis listed by type:

		number	%
- <i>SWOT variables</i> indicators		25	47.2
- <i>Halo effect</i> indicators	positive	17	
	negative	<u>5</u>	22
- <i>non-relevant</i> indicators		<u>6</u>	<u>11.3</u>
		53	100.0

SWOT variables are then configured as follows:

	Internal to the area (SW)	External to the area (OT)	Total	%
Positive (SO)	12	13	25	100
Negative (WT)	-	-	-	0
Total	12	13	25	
%	48	52		100

**Denomination of SWOT variables:**

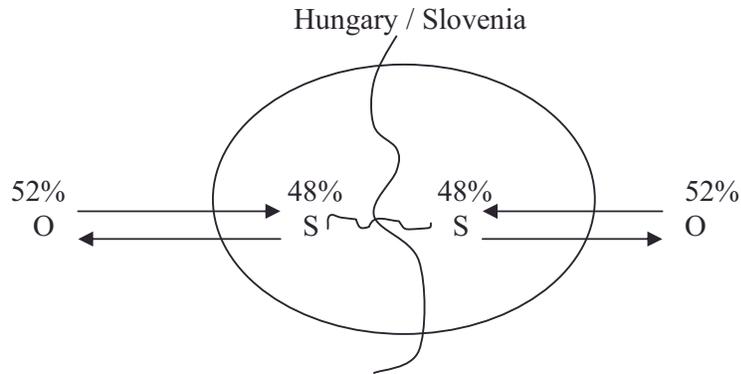
<b>Denomination</b>	<b>Relevance</b>	<b>Dimension</b>	<b>S</b>	<b>W</b>	<b>O</b>	<b>T</b>
<b>Internal variables</b>						
2. Propensity towards cross-border co-operation of commerce operators	+++	1	x			
9. Cross-border relations for institutions	+++	3	x			
11. Cross-border relations for transports and telecommunications	+++	3	x			
13. Cross-border relations for tourism	+++	3	x			
14. Cross-border relations for education and culture	+++	3	x			
44. Presence of “filter” borders (freedom of movement of people and goods) with positive effects for both countries <sup>3</sup>	++	9	x			
47. Significant participation in <i>Interreg/Phare</i> projects <sup>4</sup>	++	9	x			
31. Presence of negative national and/or regional stereotypes	+	6	x			
33. Weak or absent response to opportunities for cross-border co-operation	+	6	x			
49. Common historical context and absence of stereotypes	+	10	x			
52. Tradition of co-operation	+	10	x			
53. Good cross-border transport routes (geomorphology, passes, transports)	+	10	x			
<b>External variables</b>						
25. Uneven development levels or rates	+++	5			x	
26. Technology gap	+++	5			x	
27. Business shutdowns due to overcoming competition	+++	5			x	
30. Weak or absent response to opportunities for cross-border co-operation	+++	5			x	
20. Lack of credibility from co-operation organisations	++	4			x	
21. Low mutual knowledge and trust	++	4			x	
23. Different political-ideological orientation	++	4			x	
24. Weak or absent response to opportunities for cross-border co-operation	++	4			x	
39. Official definition of cross-border areas	++	8			x	
34. Signatory of the 1980 Madrid Convention	+	7			x	
37. Internationally recognised borders	+	7			x	
38. Good institutional and legal framework (EU requirements) <sup>5</sup>	+	7			x	
51. Ratification of the 1995 Framework Convention for the Protection of National Minorities	+	10			x	
			12	0	13	0

<sup>3</sup> Hungary has commented on this appraisal. See page 221

<sup>4</sup> Hungary has commented on this appraisal. See page 221

<sup>5</sup> Hungary has commented on this appraisal. See page 222

The SWOT analysis for the Hungary-Slovenia cross-border area is absolutely positive both in its internal and external variables (there are only strengths and opportunities). This scenario is further enhanced by a positive *halo effect*. This naturally implies the use of the *first strategy*, to stabilize and strengthen existing positives.



Strategic action depends on the initiative of civil society and local administration in stabilising and strengthening what already exists. There is no need, therefore, for the establishment of a *Cross-border Euroregion* or *Functional Network Euroregion*, because their inherent co-operation dynamics already take place according to automatic and structured processes. There might be some interest in activating an EGTC to achieve objective 3, operational EU CBC programme targets, etc. In the near future, a temporary participation in a broader *Macro Infrastructures Euroregion* could bring this area into wider connection with other European contexts.

#### 4.13. Prospects for “good” cross-border co-operation between Hungary and Ukraine

The 53 indicators of cross-border analysis listed by type:

	number	%
- <i>SWOT variables</i> indicators	25	47.2
- <i>Halo effect</i> indicators		
positive	17	
negative	5	41.5
- <i>non-relevant</i> indicators	6	11.3
	53	100.0

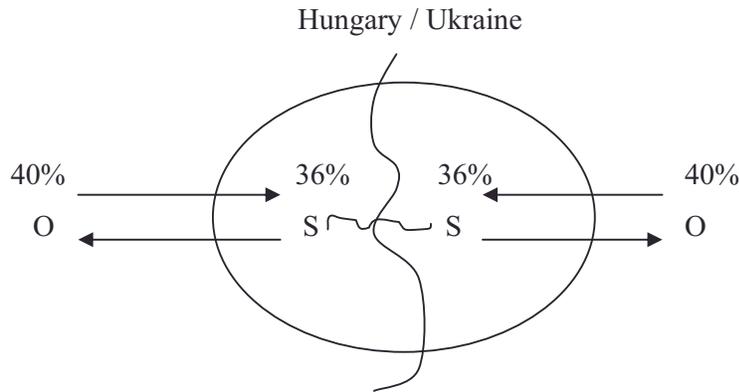
SWOT variables are then configured as follows:

	Internal to the area (SW)	External to the area (OT)	Total	%
Positive (SO)	9	10	19	76
Negative (WT)	2	4	6	24
Total	11	14	25	
%	44	56		100

**Denomination of SWOT variables:**

<b>Denomination</b>	<b>Relevance</b>	<b>Dimension</b>	<b>S</b>	<b>W</b>	<b>O</b>	<b>T</b>
<b>Internal variables</b>						
2. Propensity towards cross-border co-operation of commerce operators	+++	1	x			
3. Propensity towards cross-border co-operation of socio-cultural operators	+++	1	x			
4. Propensity towards cross-border co-operation of institutional operators	+++	1	x			
9. Cross-border relations for institutions	+++	3	x			
11. Cross-border relation for transports and telecommunications	+++	3		x		
14. Cross-border relation for education and culture	+++	3	x			
6. Co-ordination between different national and local administration sectors	++	2	x			
8. Co-ordination between central administrations	++	2	x			
48. Good roads, waterways and railways and transport connections	++	9		x		
31. Presence of negative national and/or regional stereotypes	+	6	x			
33. Weak or absent response to opportunities for cross-border co-operation	+	6	x			
53. Good cross-border transport routes (geomorphology, passes, transports)	+	10		x		
<b>External variables</b>						
27. Business shutdowns due to overcoming competition	+++	5			x	
28. Labour market protection	+++	5			x	
30. Weak or absent response to opportunities	+++	5			x	
16. State centralisation	++	4				x
17. Lack of adequate structures for cross-border co-operation	++	4				x
19. Restrictive regulations on cross-border relations	++	4				x
21. Low mutual knowledge and trust	++	4			x	
24. Weak or absent response to opportunities for cross-border co-operation	++	4			x	
39. Official definition of cross-border areas	++	8			x	
41. Local authorities charged with foreign relations	++	8			x	
34. Signatory of the 1980 Madrid Convention	+	7			x	
37. Internationally recognised borders	+	7			x	
51. Ratification of the 1995 Framework Convention for the Protection of National Minorities	+	10			x	
			9	3	10	3

The SWOT analysis for the Hungary-Ukraine cross-border area is essentially positive, both in terms of internal and external variables. Their *halo effect* is positive, and there are only a few non-influent indicators. The only truly relevant issue is represented by serious deficiencies in transports: road, railway and air transport conditions on either side of the border. These problems are subject to the centralising logic of central governments (especially in Ukraine) and to legal restrictions concerning local autonomy. The *first strategy* seems to be the most appropriate to enhance positives, and leads in turn to a stronger negotiation position and the granting of the necessary autonomy for full development of positives.



Strategic action depends on the initiative of civil society and local administration in stabilising and strengthening what already exists. Actual issues concern logistic connections across the border and power devolution from central government bodies. An answer to these issues can be to include the area in a *Cross-border Euroregion*, focusing on solving these two main issues (first state centralisation, subsequently logistics), as well as a *Macro Infrastructures Euroregion* to carry out the necessary works for the improvement of transport structures, road connections and railways.

#### 4.14. Prospects for “good” cross-border co-operation between Italy and Slovenia

The 53 indicators of cross-border analysis listed by type:

	number	%
- <i>SWOT variables indicators</i>	17	32.1
- <i>Halo effect indicators</i>		
positive	18	
negative	<u>8</u>	26
- <i>non-relevant indicators</i>	<u>10</u>	<u>18.9</u>
	53	100.0

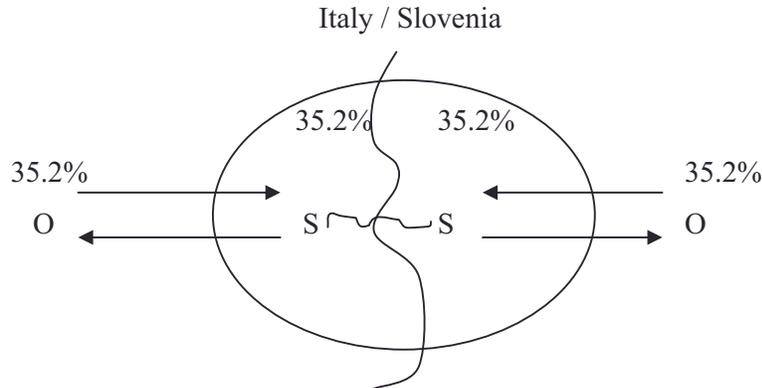
SWOT variables are then configured as follows:

	Internal to the area (SW)	External to the area (OT)	Total	%
Positive (SO)	6	6	12	70.6
Negative (WT)	3	2	5	29.4
Total	9	8	17	
%	52.9	47.1		100.0

**Denomination of SWOT variables:**

<b>Denomination</b>	<b>Relevance</b>	<b>Dimension</b>	<b>S</b>	<b>W</b>	<b>O</b>	<b>T</b>
<b>Internal variables</b>						
3. Propensity towards cross-border co-operation of socio-cultural operators	+++	1	x			
4. Propensity towards cross-border co-operation of institutional operators	+++	1	x			
9. Cross-border relations for institutions	+++	3	x			
15. Cross-border relations for everyday services	+++	3		x		
44. Presence of “filter” borders (freedom of movement of people and goods) with positive effects for both countries	++	9	x			
47. Significant participation in <i>Interreg/Phare</i> projects	++	9	x			
48. Good roads, waterways and railways and transport connections	++	9	x			
32. Linguistic barriers	+	6		x		
50. Common language or widespread knowledge of the neighbouring country’s language, in at least one country	+	10		x		
<b>External variables</b>						
29. Customs and fiscal issues	+++	5			x	
16. State centralisation	++	4				x
39. Official definition of cross-border areas	++	8			x	
41. Local authorities charged with foreign relations	++	8				x
34. Signatory of the 1980 Madrid Convention	+	7			x	
37. Internationally recognised borders	+	7			x	
38. Good institutional and legal framework (EU requirements)	+	7			x	
51. Ratification of the 1995 Framework Convention for the Protection of National Minorities	+	10			x	
			6	3	6	2

The SWOT analysis for the Italy-Slovenia cross-border area is generally positive, both in SWOT indicators and *halo effect* ones. Nevertheless, it is necessary to mention ten non-relevant indicators, which refer to cross-border relations in education and culture, institutional obstacles, presence of mutual stereotypes (however non-relevant). In a scenario characterised by positives, the *first strategy* could be adopted to further enhance such variables.



Strategic action focuses on the strengthening and stabilisation of existing positives. Such action is configured as follows:

1. professional training courses to strengthen propensity towards co-operation in sector operators, especially in industry and commerce;
2. promotion or introduction of relation-making initiatives among different sectors across the border. Such relations are particularly needed for everyday services on either side of the border;
3. organisation of conferences and semi-permanent reference bodies to coordinate different administration sectors and social/economic operators;
4. pressure on national government to mitigate state centralisation and grant power devolution to local authorities;
5. integration of one country's language in the other's education model.

The *Cross-border Euroregion* seems to be the most appropriate tool to direct and spur these strategic actions. Corridor 5 requires this area to be included within a *Macro Infrastructures Euroregion* as well.

#### 4.15. Prospects for “good” cross-border co-operation between Moldova and Ukraine

The 53 indicators of cross-border analysis listed by type:

	number	%
- <i>SWOT variables</i> indicators	18	34.0
- <i>Halo effect</i> indicators		
positive	8	
negative	<u>22</u>	56.6
- <i>non-relevant</i> indicators	<u>5</u>	<u>9.4</u>
	53	100.0

SWOT variables are then configured as follows:

	Internal to the area (SW)	External to the area (OT)	Total	%
Positive (SO)	3	4	7	38.9
Negative (WT)	6	5	11	61.1
Total	9	9	18	
%	50	50		100.0

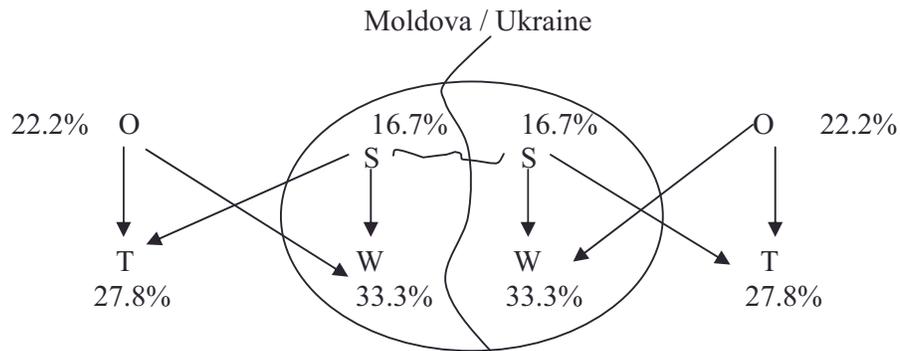
#### Denomination of SWOT variables:

Denomination	Relevance	Dimension	S	W	O	T
<b>Internal variables</b>						
2. Propensity towards cross-border co-operation of commerce operators	+++	1	x			
9. Cross-border relations for institutions	+++	3		x		
13. Cross-border relations for tourism	+++	3		x		
5. Training of local bodies	++	2		x		
45. Integrable economies, characterised by complementary features	++	9		x		
47. Significant participation in <i>Interreg/Phare</i> projects	++	9		x		
32. Linguistic barriers	+	6		x		
50. Common language or widespread knowledge of the neighbouring country's language, in at least one country	+	10	x			
52. Tradition of co-operation	+	10	x			

**External variables**

16. State centralisation	++	4		x
17. Lack of adequate structures for cross-border co-operation	++	4		x
40. Non-centralised countries with relevant government powers devolved to local authorities	++	8		x
41. Local authorities charged with foreign relations	++	8		x
34. Signatory of the 1980 Madrid Convention	+	7		x
35. Signatory of the additional 1995 Protocol to the Madrid Convention	+	7		x
36. Signatory of the second 1998 Protocol to the Madrid Convention	+	7		x
38. Good institutional and legal framework (EU requirements)	+	7		x
51. Ratification of the 1995 Framework Convention for the Protection of National Minorities	+	10		x
			$\frac{\quad}{3}$	$\frac{\quad}{6}$
			$\frac{\quad}{4}$	$\frac{\quad}{5}$

The SWOT analysis for the Moldova-Ukraine cross-border area contrasts remarkably with co-operation dynamics. Both internal and external indicators show deficiencies and negative aspects in SWOT variables, as well as in SWOT-related *halo effects* (11 SWOT variables out of 18 are negative; as are 22 *halo effect* indicators out of 30). This area requires the *fourth strategy* as the approach to enhance positives (and other factors) and limit negatives.



Strategic action can be summarised as follows:

1. professional training courses for extending the propensity towards co-operation (already present in commerce operators), to other sector operators and local institutional, industry and socio-cultural groups of people with influence;
2. creation of new actors to enhance relation-making between institutions, tourism, territory planning, transports, economy and work, education and culture, everyday services;
3. organisation of conferences and semi-permanent reference bodies to coordinate different sectors of local and central administrations, as well as local administrations and social/economic operators;

4. exploitation of European programmes and funds to mitigate economic obstacles (Dimension 5);
5. pressure on central government to mitigate the incidence of institutional obstacles, first of all state centralisation.

Neither civil society nor local administrations are able to bring cross-border co-operation to a higher level. It is important to create a *Cross-border Euroregion*, together with a *Functional Networks Euroregion*. Moreover, the isolation of this cross-border area makes it useful to include it in a *Macro Infrastructure Euroregion*.

#### 4.16. Prospects for “good” cross-border co-operation between Poland and Slovakia

The 53 indicators of cross-border analysis listed by type:

		number	%
- <i>SWOT variables</i> indicators		30	56.6
- <i>Halo effect</i> indicators	positive	11	
	negative	<u>4</u>	15
- <i>non-relevant</i> indicators		<u>8</u>	<u>15.1</u>
		53	100.0

SWOT variables are then configured as follows:

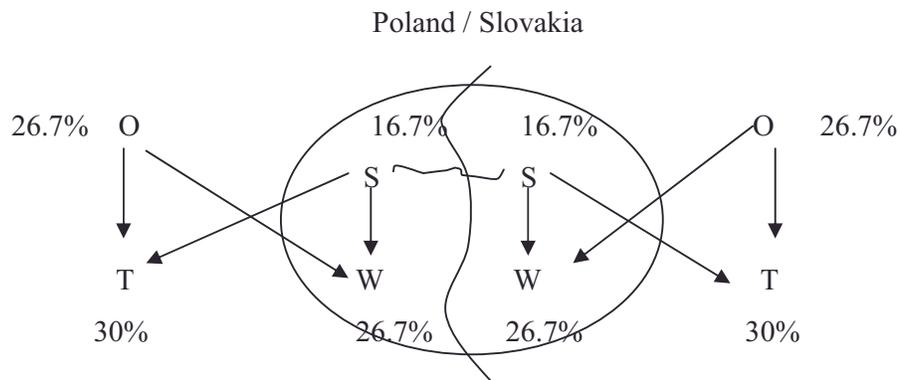
	Internal to the area (SW)	External to the area (OT)	Total	%
Positive (SO)	5	8	13	43.3
Negative (WT)	8	9	17	<u>56.7</u>
Total	13	17	30	
%	43.3	56.7		100.0

**Denomination of SWOT variables:**

<b>Denomination</b>	<b>Relevance</b>	<b>Dimension</b>	<b>S</b>	<b>W</b>	<b>O</b>	<b>T</b>
<b>Internal variables</b>						
2. Propensity towards cross-border co-operation of commerce operators	+++	1	x			
9. Propensity towards cross-border co-operation of institutional relations	+++	3	x			
10. Cross-border relations for environment and territory planning	+++	3		x		
11. Cross-border relations for transports and telecommunications	+++	3		x		
12. Cross-border relations for economy and work	+++	3	x			
5. Training of local bodies	++	2		x		
6. Co-ordination between different national and local administration sectors	++	2		x		
7. Co-ordination between local bodies and social and economic stakeholders	++	2		x		
8. Co-ordination between central administrations	++	2		x		
47. Significant participation in <i>Interreg/Phare</i> projects	++	9	x			
48. Good roads, waterways and railways and transport connections	++	9		x		
33. Weak or absent response to opportunities for cross-border co-operation	+	6		x		
52. Tradition of co-operation	+	10	x			
<b>External variables</b>						
27. Business shutdowns due to overcoming competition	+++	5				x
28. Labour market protection	+++	5				x
29. Customs and fiscal issues	+++	5				x
30. Weak or absent response to opportunities for cross-border co-operation	+++	5				x
16. State centralisation	++	4			x	
17. Lack of adequate structures for cross-border co-operation	++	4			x	
18. Differing competence on either side of the border	++	4			x	
19. Restrictive regulations on cross-border relations	++	4				x
22. Insufficient financial resources	++	4			x	
23. Different political-ideological orientation	++	4				x
24. Weak or absent response to opportunities for cross-border co-operation	++	4				x
39. Official definition of cross-border areas	++	8			x	
40. Non-centralised countries with relevant government powers devolved to local authorities	++	8				x

43. Local authorities with autonomous financial administration	++	8		x
34. Signatory of the 1980 Madrid Convention	+	7		x
37. Internationally recognised borders	+	7		x
51. Ratification of the 1995 Framework Convention for the Protection of National Minorities	+	10		x
			$\frac{5}{8}$	$\frac{8}{9}$

The SWOT analysis for the Poland-Slovakia cross-border area presents a very intense intersection of a few positives and many negatives within each dimension. Negatives are related to lack of co-ordination between central bodies and borderlands, and between the cross-border areas, in addition to significant economic obstacles and poor cross-border transport routes. Positives, conversely, are scattered here and there in some co-operation dimensions; while institution levels are satisfying (both in terms of scarce institutional obstacles and positive factors). This scenario can benefit from the *fourth strategy*, wherein positives are used to counteract negatives.



Strategic action can be summarised as follows:

1. professional training courses to increase propensity levels, presently wide-spread only among commerce operators;
2. creation of new actors to enhance relation-making in institutions and tourism;
3. organisation of conferences and semi-permanent reference bodies to coordinate different sectors of local and central administrations, as well as local administrations and social/economic operators;
4. Pressure on central government for power devolution to borderland areas, to mitigate economic obstacles (and particularly competition between bordering areas, labour market protection, tax system), as well as planning investments in transports routes and logistics.

The institutional structure to carry out this action plan is the *Euroregion*, in all of its three dimensions: *Cross-border*, *Functional Networks*, and *Macro Infrastructures*.

#### 4.17. Prospects for “good” cross-border co-operation between Poland and Ukraine

The 55 indicators of cross-border analysis listed by type:

		number	%
- <i>SWOT variables</i> indicators		24	43.7
- <i>Halo effect</i> indicators	positive	12	
	negative	<u>6</u>	32.7
- <i>non-relevant</i> indicators		<u>13</u>	<u>23.6</u>
		55	100.0

SWOT variables are then configured as follows:

	Internal to the area (SW)	External to the area (OT)	Total	%
Positive (SO)	12	4	16	66.7
Negative (WT)	0	8	8	33.3
Total	12	12	24	
%	50	50		100.0

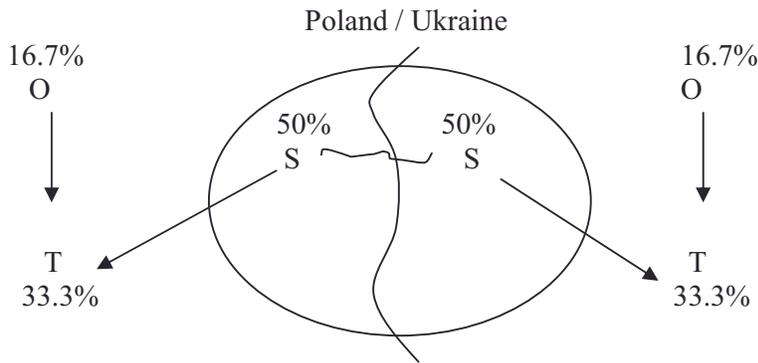
#### Denomination of SWOT variables:

Denomination	Relevance	Dimension	S	W	O	T
<b>Internal variables</b>						
1. Propensity towards cross-border co-operation of manufacturing industry operators	+++	1	x			
2. Propensity towards cross-border co-operation of commerce operators	+++	1	x			
3. Propensity towards cross-border co-operation of socio-cultural operators	+++	1	x			
4. Propensity towards cross-border co-operation of institutional operators	+++	1	x			
10. Cross-border relations for environment and territory planning	+++	3	x			
12. Cross-border relations for economy and work	+++	3	x			
13. Cross-border relations for tourism	+++	3	x			
14. Cross-border relations for education and culture	+++	3	x			
5. Training of local bodies	++	2	x			
8. Co-ordination between central administrations	++	2	x			
32. Linguistic barriers	+	6	x			
55. Strong impact of irrelevant commercial relations	+	10	x			

**External variables**

27. Business shutdowns due to overcoming competition	+++	5		x
28. Labour market protection	+++	5		x
29. Customs and fiscal issues	+++	5		x
16. State centralisation	++	4		x
17. Lack of adequate structures for cross-border co-operation	++	4		x
19. Restrictive regulations on cross-border relations	++	4		x
21. Low mutual knowledge and trust	++	4		x
23. Different political-ideological orientation	++	4	x	
43. Local authorities with autonomous financial administration	++	9		x
34. Signatory of the 1980 Madrid Convention	+	7	x	
37. Internationally recognised borders	+	7	x	
51. Ratification of the 1995 Framework Convention for the Protection of National Minorities	+	10	x	
			$\overline{12}$	$\overline{0}$
			$\overline{4}$	$\overline{8}$

The SWOT analysis for the Poland-Ukraine cross-border area suffers from a radical split between internal positives and external negatives. Thereby, consistent and positive co-operation is sided by a remarkable incidence of institutional and economic obstacles. The most appropriate *strategy* for this area is the *third*, focusing on the control of negative contexts.



Strategic action can be summarised as follows:

1. pressure on central government to implement power devolution to borderland areas, and mitigate institutional and economic obstacles (especially over-competition, labour market protection and tax system);
2. Obtain the support of the national government for the enhancement of transports and the creation of connections between the cross-border area and the neighbouring ones.

The institutional structure to carry out this action plan, is the *Functional Networks Euroregion*. Subsequently, this area should be included in a wider *Macro Infrastructures Euroregion*, to connect it to main European transport routes.

#### 4.18. Prospects for “good” cross-border co-operation between Slovakia and Ukraine

The 53 indicators of cross-border analysis listed by type:

		number	%
- <i>SWOT variables</i> indicators		21	39.6
- <i>Halo effect</i> indicators	positive	14	
	negative	<u>14</u>	52.8
- <i>non-relevant</i> indicators		<u>4</u>	<u>7.6</u>
		53	100.0

SWOT variables are then configured as follows:

	Internal to the area (SW)	External to the area (OT)	Total	%
Positive (SO)	8	5	13	61.9
Negative (WT)	1	7	8	38.1
Total	9	12	21	
%	42.9	57.1		100.0

#### Denomination of SWOT variables:

Denomination	Relevance	Dimension	S	W	O	T
<b>Internal variables</b>						
1. Propensity towards cross-border co-operation of manufacturing industry operators	+++	1	x			
2. Propensity towards cross-border co-operation of commerce operators	+++	1	x			
4. Propensity towards cross-border co-operation of institutional operators	+++	1	x			
9. Cross-border relations for institutions	+++	3	x			
11. Cross-border relations for transports and telecommunications	+++	3	x			
15. Cross-border relations for everyday services	+++	3		x		
6. Co-ordination between different national and local administration sectors	++	2	x			
8. Co-ordination between central administrations	++	2	x			
47. Significant participation in <i>Interreg/Phare</i> projects	++	9	x			
<b>External variables</b>						
25. Uneven development levels or rates	+++	5				x
26. Technology gap	+++	5				x
28. Labour market protection	+++	5				x
16. State centralisation	++	4				x
18. Differing competence on either side of the border	++	4				x
22. Insufficient financial resources	++	4				x
43. Local authorities with autonomous financial administration	++	8				x



#### 4.19. Prospects for “good” cross-border co-operation between Romania and Ukraine

The 54 indicators of cross-border analysis listed by type:

		number	%
- <i>SWOT variables</i> indicators		10	18.5
- <i>Halo effect</i> indicators	positive	13	
	negative	<u>17</u>	55.6
- <i>non-relevant</i> indicators		<u>14</u>	<u>25.9</u>
		54	100.0

SWOT variables are then configured as follows:

	Internal to the area (SW)	External to the area (OT)	Total	%
Positive (SO)	3	2	5	50
Negative (WT)	1	4	5	50
Total	4	6	10	
%	40	60		100

**Denomination of SWOT variables:**

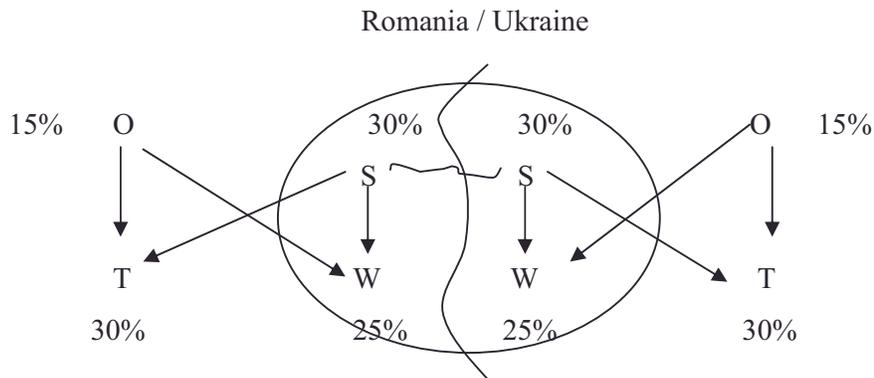
<b>Denomination</b>	<b>Relevance</b>	<b>Dimension</b>	<b>S</b>	<b>W</b>	<b>O</b>	<b>T</b>
<b>Internal variables</b>						
1. Propensity towards cross-border co-operation of manufacturing industry operators	+++	1	<input checked="" type="checkbox"/>			
2. Propensity towards cross-border co-operation of commerce operators	+++	1	<input checked="" type="checkbox"/>			
3. Propensity towards cross-border co-operation of socio-cultural operators	+++	1	x			
4. Propensity towards cross-border co-operation of institutional operators	+++	1	x			
9. Cross-border relations for institutions	+++	3		x		
13. Cross-border relations for tourism	+++	3	x			
14. Cross-border relations for education and culture	+++	3	x			
5. Training of local bodies	++	2		x		
6. Co-ordination between different national and local administration sectors	++	2			x	
8. Co-ordination between central administrations	++	2			x	
44. Presence of “filter” borders (freedom of movement of people and goods) with positive effects for both countries	++	9			x	
45. Integrable economies, characterised by complementary features	++	9			<input checked="" type="checkbox"/>	
46. Economic action not exclusively “oriented towards” and “dependent from” central administration	++	9	x			
47. Significant participation in <i>Interreg/Phare</i> projects	++	9				x
48. Good roads, waterways and railways and transport connections	++	9	x			
31. Presence of negative national and/or regional stereotypes	+	6	x			
32. Linguistic barriers	+	6			x	
33. Weak or absent response to opportunities for cross-border co-operation	+	6			x	
49. Common historical context and absence of stereotypes	+	10	x			
52. Tradition of co-operation	+	10	<input checked="" type="checkbox"/>			
53. Good cross-border transport routes (geomorphology, passes, transports)	+	10			x	
54. Political exploitation of inter-ethnic and environment issues	+	10	x			

**External variables and indicators**

26. Technology gap	+++	5		<input checked="" type="checkbox"/>
27. Business shutdowns due to overcoming competition	+++	5		x
28. Labour market protection	+++	5		x
29. Customs and fiscal issues	+++	5	x	
16. State centralisation	++	4		<input checked="" type="checkbox"/>
18. Differing competence on either side of the border	++	4		x
20. Lack of credibility from co-operation organisations	++	4		x
22. Insufficient financial resources	++	4		<input checked="" type="checkbox"/>
23. Different political-ideological orientation	++	4		x
39. Official definition of cross-border areas	++	8	x	
40. Non-centralised countries with relevant government powers devolved to local authorities	++	8		<input checked="" type="checkbox"/>
41. Local authorities charged with foreign relations	++	8		x
42. Local authorities with competent management	++	8		x
43. Local authorities with autonomous financial administration	++	8		x
34. Signatory of the 1980 Madrid Convention	+	7		<input checked="" type="checkbox"/>
35. Signatory of the additional 1995 Protocol to the Madrid Convention	+	7	x	
36. Signatory of the second 1998 Protocol to the Madrid Convention	+	7	x	
51. Ratification of the 1995 Framework Convention for the Protection of National Minorities	+	10		<input checked="" type="checkbox"/>

of which SWOT variables:  $\overline{12}$   $\overline{10}$   $\overline{6}$   $\overline{12}$

The SWOT analysis for the Romania-Ukraine cross-border area reports *SWOT variables* with their *halo effect* sign. This indicator integration aims to verify whether SWOT variables peaks are expressed by a *halo effect* which is congruent to the types and quantity of the variables. The assessment had a positive outcome. SWOT analysis shows to be part of a balanced frame of positives and negatives, thereby indicating how action should involve almost all of the positive dimensions (to strengthen and stabilise them) as well as negatives (to overcome or at least mitigate them). The appropriate *strategy* is therefore the *fourth*, as it focuses on the control of negatives:



**PLEASE NOTE: percentages refer to SWOT and halo effect indicators.**

Strategic action can be summarised as follows:

1. professional training courses to enhance the existing levels of propensity towards cross-border co-operation in socio-cultural and institutional operators and local groups of people with influence;
2. organisation of conferences and semi-permanent reference bodies to coordinate different sectors of local and central administrations, as well as between local administrations and social/economic operators;
3. exploitation of European programmes and funds to mitigate economic obstacles (dimension 5 of co-operation);
4. pressure on central government to mitigate the incidence of institutional obstacles, first of all state centralisation;
5. promote alliances with other cross-border areas to obtain a better negotiation position when requesting enhancements of road and railways.

The present situation demands a central co-ordination body for the cross-border area, to organise and encourage such policies. This body could be a *Cross-border Euroregion*, and possibly a *Functional Networks Euroregion* included in a *Macro Infrastructures Euroregion*.

#### **5. An overview of strategies and institutional policies leading to effective cross-border co-operation**

Among the five co-operation strategies applied to the nineteen cross-border areas of Central and Eastern Europe, the *first* prevails, more oriented as it is towards the strengthening of positives. The area it concerns is primarily within the borders of the former Austro-Hungarian Empire (Diagram 13). The *first strategy* includes Italy-Austria and Italy-Slovenia, then it links Austria and Slovenia to Hungary, and finally reaches Slovakia and Czech Republic.

The *fourth strategy* is present on the border areas of Central-Eastern Europe, where it is necessary to focus on the control of negatives. This peripheral region is banana-shaped, stretching from Poland-Belarus, to Belarus-Ukraine, Ukraine-Romania, ending with Ukraine-Moldova.

The other strategies are related to individual buffer areas between the central part (*first strategy*) and borderlands (*fourth strategy*). The *second strategy* is appropriate to minimize or deactivate negatives in the Czech Republic-Austria, while the *fifth strategy* consists in an internal-external coalition aimed at context control (i.e. threats), and is applicable to Czech Republic-Poland. The comparatively moderate *third strategy* aims instead at exploiting positives to control the context (i.e. threats).

The main geographic clusters consist of a central *first strategy* area, and a peripheral *fourth strategy* one. In the latter, the marks of the 53 indicators are congruent with individual action strategies, and at the same time it seems that the institutionalisation of co-operation is a consequence of the need for such co-operation. Table 6 shows how the *first strategy* extends over the areas with the highest average internal (7.5) and external (6.9) marks. This supports the vision according to which institutional structures for co-operation, in this case the *Euroregion*, generally takes the form of a *Macro Infrastructures Euroregion*, a frame where each single area is included, together with other areas, within a much wider context. In theory, a *Macro Infrastructure Euroregion* could include all of the seven *first strategy* sub-areas. Conversely, the *Cross-border Euroregion* is necessary only in certain areas (Austria-Slovakia, Hungary-Ukraine, Italy-Slovenia), while in the other areas stakeholders and civil society already provide adequate tools for co-operation.

The *fourth strategy*, specialised in the control of negative factors, is required in response to poor marks both in internal indicators (5.6) and external ones (4.4). From an institutional point of view, such a scenario requires the use of all three types of *Euroregion: Cross-border, Functional Networks* and *Macro Infrastructures*, the last possibly being extended to other *fourth strategy* areas.

Finally, the *third* and *fifth strategies* are based on the control of a context (i.e. *threats*) suffering from an imbalance between positive marks in internal indicators (7.6, 6.5) and negative external ones (4.8, 4.4).

This situation shows how institutional structures tend to prefer the *Functional Network* or the *Macro Infrastructures Euroregion*, rather than the *Transfrontier Euroregion*, probably due to the fact that core issues relate more to networks of non-contiguous elements and national centre policies than to borderland local elements.

Besides the geographical distribution of strategies, this research has shown how the institutionalisation of cross-border co-operation in the shape of *Euroregions* is not a constant and universal choice, and that its usefulness may vary through time. The type of *Euroregion* which is necessary today might be deactivated once its function is outdated. In other cases, where co-operation already exists, *Euroregions* are not necessary at all, as in the case of Czech Republic-Slovakia, where none of the types of *Euroregion* is required. In this area, the rupture dynamics which often affect frontier regions never took place, as Czechoslovakia ceased to exist only very recently. In an apparently similar case instead, involving Croatia and Slovenia following the dissolution of Yugoslavia, all three *Euroregions* are presently needed.

**Table 6 – Summary of SWOT analysis data**

Cross-border Areas	Best Strategy	Euroregion				marks for internal indicators	marks for external indicators	% indicators	non-relevant number
		Cross-Border	Functional Networks	Macro-Infra-Structures	Possible EGTC				
A-H	1			X		7.2	15.1	(8)	
A-I	1			X	8.1	7.2	5.6	(3)	
A-SK	1	X		X	7.0	7.3	1.9	(1)	
CZ-SK	1			X	6.7	6.7	24.5	(13)	
H-SK	1			X	8.9	6.1	17.0	(9)	
H-SLO	1			X	6.8	6.6	11.3	(6)	
H-UA	1	X		X	8.6	7.7	11.3	(6)	
I-SLO	1	X		X	7.2	7.0	18.9	(10)	
<b>totals</b>		(3)	(-)	(7)	(7.5)	(6.9)	(13.2)		
A-CZ	2	X	X	X	5.1	5.7	26.4	(14)	
<b>totals</b>		(1)	(1)	(1)	(5.1)	(5.7)	(26.4)		
A-SLO	3	X		X	7.3	5.7	13.2	(7)	
PL-UA	3		X	X	7.9	4.6	23.6	(13)	
SK-UA	3		X	X	7.5	4.2	7.6	(4)	
<b>totals</b>		(1)	(2)	(3)	(7.6)	(4.8)	(14.8)		
BY-PL	4	X	X	X	5.1	2.9	16.4	(9)	
BY-UA	4	X	X	X	5.7	3.8	34.0	(18)	
HR-SLO	4	X	X	X	6.9	5.3	30.2	(16)	
MD-UA	4	X	X	X	4.4	4.8	9.4	(5)	
PL-SK	4	X	X	X	5.7	5.2	15.1	(8)	
RO-UA	4	X	X	X	6.0	4.6	25.9	(14)	
<b>totals</b>		(6)	(6)	(6)	(5.6)	(4.4)	(21.8)		
CZ-PL	5		X	X	6.5	4.9	13.2	(7)	
<b>totals</b>		(-)	(1)	(1)	(6.5)	(4.9)	(13.2)		
<b>General means</b>					6.7	5.6			



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## Part II: Cross-Border Co-Operation In Individual Border Areas

### 1. Austria-Czech Republic



#### Geographical and historical background

The border between Austria and the Czech Republic runs first for a short distance from the Austrian-Slovak border near the town of Hohenau in north eastern Lower Austria to the north, then to the west where, by the town of Haugschlag, it turns south again and leaves Lower Austria to continue its western course in the province of Upper Austria. There it meets the Czech-German border on the Plöckenstein mountain. In Lower Austria, the border follows sections of the Thaya River and in Upper Austria it crosses the Bohemian Forest.

The Austrian border shared with the Czech Republic is 466 km long, of which 334 km in Lower Austria and 132 km in Upper Austria. The border between Austria and the Czech Republic has 25 border crossings for the time being, out of which five are railway crossings.

The western part of the Austrian-Czech border is a low mountain range which belongs to the oldest geological formations of Europe (Bohemian Massif). The highest mountain in this area is the Plöckenstein (1 378 m) where the Czech-Austrian-German border meets. Further to the east, the landscape changes into the rolling hills and flat lands of the northern Vienna Basin. Geographically the river Danube/Donau is the southern limitation of this border region. The Czech side of the border is structured by the basin and river landscape of the Vltava/Moldau and Luznice/Lainsitz. The most dominant geological formation along the border in Lower Austria is the “Waldviertel” (a granite and gneiss highland, average altitude between 400 and 700 m).

The Czech-Austrian border is a relatively old border dating back to medieval times. This is linked to the old statehood of Bohemia (Kingdom of Bohemia) and Moravia (Dukedom of Moravia). Today’s Czech Republic is a composition of the historical lands of Bohemia, Moravia and Slesia. When Czechoslovakia was formed as a successor state of the Austro-Hungarian Monarchy in 1918 and was trying to determine its borders, the winners of World War I (WWI) supported the historical statehood argument (integrity of “Crown Land”) against the modern ethnic argument. According to the latter, large parts of these former Crown Lands would have had to be integrated into the new Republic “Deutsch-Österreich” (later “Republic of Austria”) because of the ethnic composition of Bohemia and Moravia: about one third was ethnic Austro-Germans. However, the Austro-Germans were not asked about this and thus remained in Czechoslovakia as a large minority population until their collective expulsion after World War II (WWII). During WWII – similarly to the Republic of Austria – Czechoslovakia did not exist as a state. The German speaking areas were separated from the Czech speaking areas which were administered by the Third Reich under the name of “Protektorat Böhmen und Mähren”. Slovakia became an independent state. After WWII

Czechoslovakia was re-established more or less in its old borders. However, in the east it lost a considerable part to the Soviet Union. Between 1945 and 1948 hundreds of thousands of ethnic Germans were forced to give up their homes in the border regions under discussion here. These expellees found refuge mainly in Germany and Austria. The emptied zones were resettled by population from other parts of Czechoslovakia and from abroad. In 1993, Czechoslovakia was dissolved and two new states were established on its territory: Slovakia and the Czech Republic. The Austrian-Czech border remained more or less as it was drawn with Czechoslovakia after World War I. In 2004, the Czech Republic became a member of the European Union. Since then the border between Austria and the Czech Republic is still a “Schengen Border” but not the external border of the EU any more.

The Austrian border region with the Czech Republic comprises the following NUTS III districts (populations) in the provinces of Lower Austria (LA) and Upper Austria (UA): Weinviertel (124 500) – Waldviertel (226 000) – Vienna: Northern Surrounding (272 000) (LA); the City of Vienna (1.6 million) (VE) and Mühlviertel (200 000) in UA. NUTS III districts in the Czech Republic: Prachatice (51 000), Cesky Krumlov (59 000), Ceske Budejovice (178 000), Jindrichuv Hradec (94 000), Jihlava (110 000), Znojmo (114 000), Trebic (118 000), Brno mesto (386 000), Brno venkov (158 000), Breclav (125 000) and Hodonin (162 000). This is the core of the border region. Associated with it are in Austria the region Linz – Wels (527 000) (UA), St. Pölten (142 000) (LA) and a few more distant regions. In the Czech Republic, three major cities exist inside the core region: Ceske Budejovice, Jihlava and Brno. In total the entire border region has a population of approximately 4.0 million: 2.4 million (60%) in Austria (without associated areas) and in the Czech Republic 1.6 million (40%). Larger towns on the Austrian side are Krems (23 000), Mistelbach (10 000) and Hollabrunn (10 000); on the Czech side Brno/Brünn (386 000), Ceske Budejovice/Budweiss (97 000), Jihlava/Iglau (54 000), Znojmo/Znaim (39 000), Trebic/Trebitsch (37 000), Jindrichuv Hradec/Neuhaus (14 000) and Prachatice/Prachatitz (12 000).

Both the Austrian and the Czech side of the border experienced a demographic decline for decades after World War II. Exceptions were the border region in Upper Austria (Mühlviertel) and some of the larger towns on the Czech side which even increased their population. However, due to the Iron Curtain the border zone remained economically unattractive. Since the border became more permeable population growth stabilised and it is now even slightly increasing. As far as the age structure is concerned, it is particularly unfavourable on the Austrian side (with the exception of the “Mühlviertel”) and in the city of Brno. In Austrian border districts more than 25% of the population is over 60 years old.

### **Economic and infrastructural characteristics**

The economy of the Austrian-Czech border is characterised by strong disparities between rural and urban regions and disparities between the Austrian and the Czech side. In the late nineties the Austrian border districts reached a GDP which was between 61% (Mühlviertel) and 167% (Vienna) of the EU15 average. On the Czech side GDP was between 59% and 63% of the EU15 average. It should be mentioned that during the final decades of the Austro-Hungarian Monarchy Bohemia belonged to the richest Crown Lands of the monarchy.

In contrast to the immediate Austrian border region which includes some of the least economically developed districts in Austria, the adjacent southern Bohemian and southern Moravian districts come very close to the Czech GDP national average. However, the Czech government has defined these border lands as “structurally weak”. The agricultural sector is developed on both sides of the border above the national average. Industry and manufacturing remains rather conventional (textile, glass, wood etc.) on both sides and is concentrated in a few locations. The service sector is picking

up but can still be considered as “underdeveloped”. On the Austrian side the structural problems are linked to the generally small size of the companies and to little developed marketing strategies. On the Czech side the problems are linked to transition (changes in ownership etc.) and the low overall productivity. Employment in the construction and building sectors are above the national average in the Austrian border districts. The border region is generally low in innovations. Exceptions are the cross-border business park Gmünd-Ceske Velenice or the Innovation Centre in Freistadt. On the Czech side, Ceske Budejovice, Cesky Krumlov and in particular the city of Brno have industrial and innovative potentials. The city of Brno is a historic place for trade fairs. Medium sized enterprises dominate. Transition has led to a growing service sector principally in the cities. On the Austrian side, tourism, retailers and health services have expanded. Tourism is still mainly domestic on both sides. Agriculture in the border region is characterised by large but low productive farms on the Czech side and small but highly productive farms on the Austrian side. Still, the latter need additional income to survive.

The labour market on the Austrian side is characterised by limited qualifications. In the nineties, employment grew particularly in the construction, wood processing and service sectors. If we include Vienna then about three quarters of employment in the border region is provided by this city. Rural-urban commuting along the Austrian-Czech border is close to 40% on average. On the Czech side, employment shrank significantly in the course of transition. Southern Moravia was more effected than Southern Bohemia by this process. However, the strong position of agriculture and food production in this region had a stabilizing effect on the labour market. Unemployment on the Austrian side varies with structural problems and commuting possibilities. The City of Vienna and the Waldviertel have unemployment rates above the Austrian average, whereas the Mühlviertel in Upper Austria and surrounding Vienna have below average rates. A specific problem in Vienna is the large number of low qualified foreign residents. On the Czech side unemployment is also unevenly distributed. It is generally below national average in the west of the border zone (particularly around Ceske Budejovice) and above in the east. Since the Czech Republic joined the EU (1.5.2004), the cross-border labour market is drawing increased attention. A positive consequence of enlargement is more FDI in the region. Although the Austrian side with its higher standard of living is afraid of social dumping, the Czech side is fearing “brain drain” to the high income economic centres on the Austrian side.

With respect to traffic infrastructure, the whole Austrian-Czech border region became disadvantaged after WWII. Road and rail systems focus on local urban centres. In particular the railway system has deteriorated in comparison to a century ago. On the Austrian side, most roads either go to Linz or Vienna. There are few connections between these radial lines. Whereas on the Czech side the road and railway infrastructure had for many decades been influenced by the existence of “Czechoslovakia”. Additionally, the communist system had no interest to improve or even keep up historical routes to Austria or Germany. Hence, most attention was given to the Praha-Brno-Bratislava route. This policy disadvantaged the southern regions of Bohemia and Moravia. Now, more attention is being given to cross-border and supranational corridors (Trans European Networks etc.). On the Austrian side some of the radial traffic lines are now gaining international importance due to the greater permeability of the border. So far, Vienna has motorways in all directions except to the north (Brno, Cz) and Bratislava (SK). However, plans and constructions are under way. Most important will be the motorway A5 to Brno in Moravia and highway S10 from the city of Linz to Praha. As far as railways are concerned, three lines are of relevance: 1) The “Nordbahn” from Vienna to Brno (crossing the border at Bernhardsthal/Breclav) and further to Praha or Poland, 2) the “Franz-Josefs-Bahn” from Vienna to Praha (crossing the border at Gmünd/Ceske Velenice) and further to Germany and 3) the “Summerauer Bahn” from Linz to Praha (crossing the border at Summerau/Dolni Dvoriste) and further to Germany. All three routes are now defined as belonging to the so-called “Pontebbana-Achse” which is supposed to channel

traffic from north-eastern to south-western Europe. Great endeavours are being made to improve the speed and capacity of these routes in the future.

### **Cross-border declarations and agreements**

The border between Austria and the Czech Republic is regulated in several treaties and agreements dating back to the founding of Czechoslovakia after World War I. The basic document is the Treaty of Saint Germain (10.9.1919) which regulated the disintegration of the Austro-Hungarian Monarchy. Based on this treaty is the agreement between Austria and Czechoslovakia concerning the course of the common border (10.3.1921). Subsequently, a treaty from 1928 regulates legal relations at the border. Between the two World Wars a number of agreements between Czechoslovakia and the Republic of Austria had the “border” as subject, mainly regulating border traffic and the use of water resources. In addition, during the Cold War era many of the agreements between the Republic of Austria and the Czechoslovak Socialist Republic related to the border, in particular to questions of cross-border traffic (e.g. Danube river) and the border regime in general. In an agreement from October 1958 (22.10.) the marking of the border near the reservoir of the Lipno hydroelectric power plant was negotiated, because this plant dammed the river Moldau/Vltava to a huge lake. Another basic treaty between Austria and Czechoslovakia dates from 1973 and contains basic regulations about the “common border”. This treaty was revised and supplemented in 2001 (26.10) adapting it to the new geopolitical situation in which Czechoslovakia had been replaced by the Czech Republic (and Slovakia). In 2005, Austria and the Czech Republic signed an agreement which opened up the opportunity for cross-border police co-operation. In future police force from both sides will be able to pursue suspects across the border after consultation with the other country’s authorities.

Besides these international treaties/agreements, other agreements concerning cross-border co-operation obviously exist at the level of private and public actors. Most important in this context is the framework of EU cross-border programmes. However, the founding of CENTROPE in 2003 drew more public attention. In the autumn of 2003, a political declaration was signed by the heads of the Austrian provinces of Vienna, Lower Austria and Burgenland, and the presidents and mayors of the regions and cities of Southern Moravia, Western Slovakia and Western Hungary to establish CENTROPE as a frame for continuing co-operation in this region, but essentially for raising its global visibility and attracting international investors. CENTROPE is a region with more than six million inhabitants. A less recognised, but nevertheless ambitious, agreement is the one on establishing a Euregio “Weinviertel-Südmähren-Westslovakei” between the Federation of Towns and Communities in Southern Moravia (Sdruzeni mest a obci Jizni Moravy), the Communities of West Slovakia (Regionálne zdruzenie Zahorie) and the Regional Association Europaregion Weinviertel in 1997.

Another significant example for mutual consultation are the regular meetings of interior ministers from seven central European countries, including Austria and Slovakia, known as “Forum Salzburg”. The results of these meetings are usually recorded in a declaration with border relevance. In 2005 it was cross-border police co-operation and “Schengen” for the new EU member states.

### **Propensity towards cross-border co-operation**

Whereas politically the Austrian-Czech border is relatively old (Kingdom of Bohemia, Dukedom of Moravia), culturally it is the product of “ethnic cleansing” after World War II. This seems to have at least tacitly a restraining impact on the propensity towards cross-border co-operation. On the one hand there is the partly visionary official rhetoric since the beginning of the transformation in Eastern Europe, on the other hand there are the rather modest practical results since the dismantling

of the Iron Curtain twenty years ago. With the exception of the border to Slovakia, nowhere else along Austria's borders can this ambiguity towards co-operation be so strongly felt as at the border of Bohemia and Moravia. Not only were decisions about improving traffic infrastructure with the Czech Republic made hesitantly, there also seems to be a deep seated uncertainty and distrust in the Austrian population about the benefits of integrating the cross-border area. This can be seen from all kinds of opinion surveys and research into local attitudes. Nowhere in Austria was the support for EU membership of the immediate neighbour so low as in the regions along the borders of former Czechoslovakia.

The reasons for this strong ambiguity in the propensity towards cross-border co-operation are manifold: expulsion of several millions of ethnic Germans from Czechoslovakia after 1945, persistence of national prejudices and stereotypes from the 19th century, ignorance about the neighbouring people due to the Iron Curtain, divergent policies concerning the use of nuclear power (the case of "Temelin"), fear of unfair competition in the labour market etc. On the Czech side there are fears with regard to the restitution of property rights and foreign domination in general.

### **Implemented projects**

The most prominent cross-border project between Austria and Southern Bohemia as well as Southern Moravia is CENTROPE, launched in 2003 at the eve of enlargement. The objectives of this initiative are to create efficient overarching structures, to position the region in a European and global context, to make it into a quality location for all areas of life such as regional planning and development, joint infrastructure, educational and research policy, environmental issues and the creation of a common cultural and tourist space. Whereas CENTROPE is a kind of framework region to interlink and support a common development of the historical city belt around the twin-cities Vienna and Bratislava (Brno, Trnava, Győr, Sopron, Szombathely, St. Pölten, Wiener Neustadt), the euroregion "Weinviertel-Südmähren-Westslovakei" is supposed to facilitate cross-border co-operation in the more rural areas. A major task of this euroregion is to provide support for EU cross-border programmes. Several hundred small projects have been realised since the late nineties. Besides this Euro Region, two more are active along the Austrian-Czech border: the euroregion "Silva Nortica" (2002) and the euroregion "Bayrischer Wald - Böhmerwald"(1994). "Silva Nortica" is an organisational frame to facilitate co-operation between the Waldviertel in Lower Austria and four adjacent southern Bohemian districts. The Euregio "Bayrischer Wald – Böhmerwald" in the west of the Austrian-Czech border has been particularly active in cross-border nature conservation projects and the development of tourist infrastructure. The euroregion comprises on the Austrian side the Mühlviertel in Upper Austria, on the Czech side the districts Cesky Krumlov, Prachatice, Domazlice and Klatovy and on the German side the communities of the Bavarian Forest. Outstanding projects are the "Lipno-Cycle path network", a "Regional Database for Business Support", the "Lanzhot Waste Water Treatment Plant", the "Industrial Park Gmünd – Ceske Velenice" and GreVOLATO (cross-border bird protection).

Additionally, a number of service companies and public agencies are establishing or supporting cross-border initiatives. Projects concern the building of cycle paths, cross-border regional planning and development, learning the language of the neighbour, building a festival centre, facilitating cross-border business co-operation, establishing a cross-border data base for different areas (e.g. labour market) etc.

The Austrian-Czech border is also an area of great scenic beauty which has remained untouched due to the former Iron Curtain. Nowadays, this preserved nature ("green belt") is stimulating numerous cross-border activities to protect the "jewels" from developers.

## Elements of Swot analysis

Strength: Inherent to the Austrian-Czech border region are two axes of development. The Vienna-Brno axis and the Linz-Ceske Budejovice axis. The population in the region is slightly increasing. The service sector in rural areas is picking up. Cross-border co-operation is increasing. Special know-how in wood processing and forestry exists. Decentralised locations in higher education, research and development. Many tourist, recreational and scenic places (national parks). Potential for ecological (organic) agriculture. Well developed infrastructure in traffic, energy, waste water processing etc. High level of skills and education in the population. Low unemployment in rural areas due to commuting into nearby urban centres. Several cross-border euregios exist. The Czech side of the border offers low labour costs but also a rich historical (castles, churches, ancient city centres etc.) and industrial heritage. The advantage of this combination will increase further when the Czech Republic joins “Schengen”. Additionally, in the course of EU enlargement, the whole region has become part of a very important West-East development axis. The global investment initiative “Centrope” with Vienna in the centre and several euroregions are already consequences of this new situation.

Weaknesses: The cross-border region suffers from its long division by the Iron Curtain. Distance to the western European economic centres. High social and economic disparities between rural and urban centres and between Austria and the Czech Republic in general. Aging population in some parts. Cross-border traffic links have been destroyed or not modernised in the past. Differences in legal frameworks, administrative and regional competence structures. A lack of knowledge of the language of the neighbour. Low share of domestic capital and low labour productivity on the Czech side. Insufficient integration of SMEs in research and development activities. Insufficient co-operation of all innovative actors to establish an “innovative environment”. Insufficient supply of public transport in peripheral regions. Insufficient capacity of border crossings. Insufficient supply of transport infrastructure. Territorial uneven distribution of basic infrastructure (e.g. sewerage, waste disposal). High unemployment in some sub-regions, high dependence on urban labour markets, high percentage of seasonal unemployment, no coordinated strategies for developing cross-border labour markets, lack of cross-border co-operation in the fields of education/training and research. Mental barriers due to a “difficult” history.

Opportunities: The membership of both countries in the EU creates increasing opportunities for advanced cross-border co-operation. With the implementation of “Schengen” by the Czech Republic and the adoption of the euro, the border might become almost invisible. This can provide additional opportunities for co-operation. Taking advantage of historical links and its excellent geographical location, the region could become a gateway for development in eastern and south eastern Europe. CENTROPE, if successfully implemented as a cross-border region, could offer opportunities for access to global resources and networks. The new spirit of “openness” provides the chance to balance the many inequalities in the cross-border settlement system. The proximity of high tech and low wages can add great value and stimulate growth. Good quality arable land near population centres can stimulate agriculture and help to substitute products with high transport costs and unknown ecological backgrounds. The same holds true for “clusters” producing ecologically sound and healthy food. In connection with the latter, tourism could be given a higher level of sustainability. Improved roads, airports and railway lines will provide new opportunities for the rural areas along the border.

In the long run, the region could become the model of a new type of society in Central Europe, in which existing old traditions merge with new opportunities of technology and knowledge.

Risks and threats: The present entirely economic character of priorities in cross-border co-operation and of development in general could harm the rich culture and traditions in the region. Pressure on wage levels and the substitution of the local labour force by workers from neighbouring countries could cause social unrest. If the necessary investments in infrastructure, education and training do not take place in a reasonable time, part of the rural areas could depopulate and nature take over. On the other hand, intensified economic activities as a consequence of a practical removal of the border can be dangerous as well. Property and real estate prices are going to develop asymmetrically depending on purchasing power. The new “openness” could develop into a risk for the environment and social stability. Already traffic in the region is exploding and adding to the health hazards of the population. The increasing global attractiveness of the region is also not without risk. The international traffic lines in the region could attract even more criminals and illegal migrants, as is already the case. In particular, property crimes by foreigners have skyrocketed with the relaxing of border controls and increased permeability of the border. In addition it cannot be completely excluded that the European integration process will be reversed. This could have severe consequences for cross-border initiatives.

## 2. Austria-Hungary



### Geographical and historical background

The border between Austria and Hungary runs from the Austrian-Slovenian border near the town of Tauka in Southern Burgenland – Burgenland is Austria's easternmost province – first to the north east, then to the north with a westward loop around the city of Sopron (Ödenburg), after going eastward in crossing the southern dip of the “Neusiedler See” it turns north again to meet the Austrian-Slovakian border near the town of Deutsch Jahrndorf. The border crosses the low eastern most outcroppings of the Alpine system until it reaches the waters of the “Neusiedler See” and the low lands east of it. Similar to Lake Balaton in Hungary the “Neusiedler See” is a flat steppe lake with a considerable reed belt.

The length of Austria's border with Hungary is 356 km and this is entirely in the province of Burgenland. The border between Austria and Hungary provides 23 border crossings, out of which seven are railway crossings.

In medieval times, this whole territory belonged to the frontier of the Holy Roman Empire. The most severe challenges were the sieges of Vienna by the Turks in the 16th and 17th centuries. However, local people know about even smaller battles such as Mogersdorf in Southern Burgenland where Duke Montecuccoli repelled a strong Turkish force under Pasha Köprülü in 1664. A border in the modern sense was not drawn between Austria and Hungary until the end of the First World War (WWI), and it is thus a fairly recent border. Nevertheless, it has a rather complicated history. The final determination of this border took time, from the end of WWI in 1918 until 1921, and in some sections even until 1923, when villages were traded back and forth, until somehow an ethnic balance between Hungarian and German speakers was found (that was also an economic one). The city of Ödenburg (Sopron) decided to remain with Hungary in a plebiscite in 1921, thus depriving the new Austrian province of Burgenland of its natural capital. The old administrative border between Austria and Hungary was further to the west, in line with the Leitha and Rosalien mountains – thus there is sometimes talk of “Cisleithanien” and “Transleithanien” referring to the Austrian and Hungarian part of the late Habsburg monarchy. It was only in 1850 that this border lost its function as a custom line. Today on the Austrian side of the border there is the province of Burgenland. Until 1921 its area was part of the west Hungarian districts (“Komitate”) of Moson (Wieselburg), Sopron (Ödenburg) and Vas (Eisenburg). The population was (and still is) mixed German speaking, Hungarian speaking and Croat speaking. However, on both sides there is less language diversity now than before the border was drawn. With the awakening of nationalism and the two world wars, pressure to assimilate (and even ethnic cleansing) was part of the game. Besides ethnic Germans and Hungarians, some Croat villages from the era of the “Türkenkriege” (Ottoman Wars) also exist in this borderland. Interestingly, the preserved language of these Croats

has drawn attention to linguists who try to create a modern language for Croatia in the course of post yugoslavian “nation building”.

After the new border between Austria and Hungary was in place, it remained rather permeable until 1948. Local people who had property and fields on the other side could cross the border and use their property with a simple pass. Social and cultural relations went on undisturbed as before. In terms of economic life however it was different. Suddenly, access to the traditional markets in Körmend, Szombathely and Sopron were regulated and interrupted by the border agreements. Traffic routes to Graz and Vienna were not yet developed.

Shortly after the end of WWII, about 65 000 German speakers were expelled from the Hungarian side of the border. In total more than 250 000 ethnic Hungarian-Germans had to leave Hungary. The next turning point came in 1948/49 with the putting up of the border fences and the laying down of mine fields by the Hungarians, part of a Trans-European border which became famous as the “Iron Curtain”. After a short opening of this border during the Hungarian revolt in 1956, it was re-established, more technical and difficult than ever. After 1965 an electronic warning system started to replace the mines. The contacts between the villages across the border, that remained intact at the very least by shouting, was then completely broken. The areas along the border were declared closed on the Hungarian side; they could only be entered with special permission, and controls began many kilometres before the actual borderline.

It was on 27 June, 1989 when the Austrian and Hungarian foreign ministers cut through the fences of the “Iron Curtain”, indicating the coming changes in global and European politics. With membership of Austria in the European Union (1995), the Austro-Hungarian border became an external border of the European Union. In 2004, Hungary also became a member of the European Union. Since then the border between Austria and Hungary is still a “Schengen Border” but no longer the external border of the EU. The border regime has been simplified. Not only have custom controls been abandoned due to EU membership, but control points of the two countries have also been brought together into one location.

The population in the border region is approximately 1.3 million, with about 80% in Hungary and 20% in Austria. On the Austrian side the population is concentrated in Northern Burgenland which is not far from the urban agglomeration of Vienna. The Austrian border region comprises the following NUTS III districts: Northern Burgenland, Central Burgenland and Southern Burgenland. The Hungarian border region is composed of Győr-Moson-Sopron Megye, Vas Megye and Zala Megye. The population is concentrated in Győr-Moson-Sopron (<40%). If Vienna, which belongs to another political administration inside Austria, is excluded from this border region, then the only urban centres are on the Hungarian side: Győr (130 000), Sopron (53 400) and Szombathely (83.700). On the Austrian side the provincial centre of Eisenstadt (11 334) and towns like Oberpullendorf or Güssing have much smaller populations. In the course of the post-1989 developments, population and employment have stabilised. In fact, Burgenland belongs to those provinces in Austria where on average the demographic trend is increasing, whereas the population in Hungary is declining, less so but still also in its western regions.

### **Economic and infrastructural characteristics**

The Iron Curtain was a significant factor in keeping the province of Burgenland a peripheral province in Austria. Although the national government provided substantial funds to compensate for the disadvantages of this “dead” border, the province remained one with the lowest GDP among Austria’s nine provinces. However, as far as “family income” is concerned, Burgenland is in a better position, because of a considerable part of the work force commuting to Vienna. Since the

eighties, the province has also enjoyed rapid economic growth, not least due to the removal of the Iron Curtain. The “dead” border of the past has become a factor of production comparable to “labour” or “land”. Not only has the new situation increased national and international awareness of the potential for cross-border business, but also Austria joining the European Union in 1995 later brought to the Burgenland the status of an Objective 1 area in the EU financial programmes. This status opened new developmental opportunities and attracted considerable financial and managerial resources. Despite favourable developmental trends in the past decade, the considerable economic disparities between the north and the south of the province remain. Whereas Northern Burgenland with the capital Eisenstadt is functionally more or less part of the Vienna region, Middle and Southern Burgenland remain rural and in a disadvantaged mobility situation. This is a situation which can probably only be marginally improved in the framework of Austria. It can probably only be improved by re-establishing links to the nearby urban centres on the other side of the border in Hungary.

The situation on the Hungarian border is in many respects different, in some respects similar and in others even complementary. In contrast to Burgenland which belongs to the lesser economically developed among Austria’s nine provinces, the adjacent “West Transdanubia” (West TD), one of the NUTS II regions which Hungary established in 1998 for planning purposes and to participate in EU programmes, became one of the richest and most developed regions of Hungary during the transition process. GDP figures of West TD are continuously above Hungarian average, whereas in Burgenland these figures are below the Austrian average. GDP/C in West TD is about one third lower than in Burgenland and wages even more, although the gap is getting smaller. Nevertheless, Burgenland is already a “post-industrial” society (Services >60%, Austria >70%), whereas in West TD this figure is still well below the threshold of 50%. Instead, West TD in the course of transition has attracted considerable FDI in “manufacturing” which makes it a new industrial base inside Hungary. The German automobile manufacturer Audi (in Győr) and General Motors (Szentgotthard) have been among the largest international investors. Burgenland lacks such prominent investors. Its enterprises are first of all SMEs, whereby small companies with less than 20 employees dominate. However, Burgenland does host a few “global players” like the Nokia R&D centre in Eisenstadt and a huge artificial fibre (Lyocel) producing plant in Southern Burgenland (Heiligenkreuz) owned by Lenzing Chemie. What is similar between both border regions is the similar employment in agriculture (around 6%).

On the Hungarian side of the border a number of services (dental services, hair dressers, masseurs etc.) have been established which are directly targeting Austrian customers and clients. In addition, Austrians continue to visit the super and mega markets of international chains (like Tesco) which do not exist in Austria to see if there are still goods at lower prices than at home. Simultaneously a considerable cross-border tourism sector has developed, particularly in the north around the Neusiedler See (bird watching, cycling and hiking) and scenic areas in general. On both sides of the border several spas with thermal springs can be found. Co-operation’s arrival at a critical mass for high quality “wellness tourism” appears to be natural. Many enterprises in the region have investigated or already established business links across the border. Interestingly, Austrian farmers were among the first to look for co-operation or buying land across the border. As far as the labour market is concerned, for years thousands of Hungarians have been commuting every day into Burgenland to work legally and this despite the restrictive rules in the accession treaty which will protect the Austrian labour market for up to seven years. A cross-border labour market does exist and it will most likely further develop when the existing barriers will disappear in a couple of years.

Burgenland as well as Western TD are disadvantaged as far as infrastructure is concerned. On the Austrian side this holds true particularly for Middle and Southern Burgenland, but Northern Burgenland could also be better connected to Vienna. Although Austria has considerably invested

in road construction, the conditions for such investments were not favourable (low population density, topography, peripheral location etc.) so far. What is missing first of all in the south as well as in the north is an efficient international railway connection. As far as roads and motorways are concerned, Southern Burgenland is close to the A2 motorway which crosses eastern Styria from Graz to Vienna, and Northern Burgenland has even its own connection to Vienna via the A2 motorway. With regard to road links to Vienna, the A3, A4 and S31 should also be mentioned. Also, the planned S7 highway (half motorway) from Heiligenkreuz at the Austria Hungarian border to the A2 might improve the situation in the south in a couple of years. The situation on the other side in Western TD is similar if not worse. Whereas the north takes advantage of the A4/M1 motorway from Vienna to Budapest, the south has to rely mainly on one major road which is Highway 8 from Budapest to Szeged and further to Graz. The situation with railways is similar. Whereas the line between Vienna and Budapest is being ambitiously modernised as part of a long distant route (Trans European Network) from Paris via Munich and Vienna to Bucharest, the local and trans-regional network is stagnating, if not crumbling. However, there are plans and already serious endeavours to modernize the railways connecting Sopron with Szombathely and Győr on the one side and Vienna on the other (project: pannoniaRAIL). This could also revitalize the old direct route from Vienna to Zagreb. Like the railways, the cross-border roads are a heritage from the Monarchy times, one hundred years ago. With the Iron Curtain, most of these roads disappeared or ended at the border. There are talks that with Hungary joining Schengen, many of these dead end roads will be revitalised and produce a complete new traffic situation in the region, a kind of historical “déjà vu”. With presently seven international and a couple of local border crossings, the channelling of cross-border traffic is still tight.

### **Cross-border declarations and agreements**

The border between Austria and Hungary is regulated in a number of international treaties, protocols and agreements dating back to the drawing of the border in the post WWI era. Significant documents are the Treaty of Saint-Germain (10.9.1919) which regulated the disintegration of the Austro-Hungarian Monarchy and the Protocol of Venice (13.10.1921) which regulates the “western Hungarian question”. Between the two World Wars, the “border” was the subject of a number of agreements between the Republic of Austria and the Kingdom of Hungary, mainly regulating border traffic and the use of water. Also, during the Cold War era, many of the agreements between the Republic of Austria and the Peoples’ Republic of Hungary related to the border, in particular to questions of cross-border traffic and the visibility (e.g. the Treaty of 31.10.1964) of the border. After the end of communism in 1989, even more border agreements and issues were on the agenda. Such new issues were the return of illegal immigrants, cross-border support in emergencies, opening of new and local border crossings, exchange of trainees, employment in border areas, access to certain places directly in the border zone, etc.

Besides these interstate agreements many other agreements concerning cross-border co-operation exist of course at the level of private and public actors. In this context the most relevant agreement is probably on the creation of the Euregio West/Nyugat Pannonia signed on 7 October 1998 in Eisenstadt by the Head of the Province of Burgenland and the Presidents of the Győr-Moson-Sopron and Vas County Assemblies. The southern Zala County became a full member of this co-operation in June 1999. This Euregio supports regional development, investments relating to economy and tourism and the preservation of cultural heritage. Another significant example for mutual consultation are the regular meetings of interior ministers from seven central European countries, including Austria and Hungary, known as “Forum Salzburg”. The results of these meetings are usually recorded in a declaration with border relevance. In 2005 it was cross-border police co-operation and “Schengen” for the new EU member states.

## **Propensity towards cross-border co-operation**

The Austrian-Hungarian border is probably the least problematic of all former Iron Curtain sections when it comes to cross-border co-operation, despite the partly painful process of drawing this border ninety years ago. Cross-border co-operation is developing very well in comparison to other Austrian and European borders. Along Austria's post-communist borders it is probably the "best practice". The reasons for this are manifold and complex. One factor is certainly that in the collective consciousness of Austrians and Hungarians there seem to be more positive than negative memories. There were, initially, battles and fierce conflicts, but in the really major confrontations of history (Ottoman threat, WWI, WWII) Austrians and Hungarians were in principle on the same side. Austrians remember Hungarians as one of the pillars of the Austro-Hungarian Monarchy and Hungarians sometimes speak about Austrians as "Schwager" (brother-in-law). Secondly, the Germans were better treated in the Hungarian Kingdom than other ethnic groups, thus this antagonism is remembered less. Thirdly, Burgenland and West TD belonged to the same districts and rulers during most of history. Hence, cross-border co-operation can be felt as a healing of historical pain, as a kind of "reunification", even if the rationale for it is probably different on either side. Fourthly, although Hungary has also expelled more than 200 000 of its ethnic Germans after WWII, this was not accompanied by such atrocities as in Czechoslovakia. However, what some Austrians do know is that Hungarians were also victims of expropriation and expulsion in those days. Fifthly, of all Austria's border with new member states the border to Hungary is probably economically the most promising, not least because of the short distance of its main urban centres – Győr/Raab, Sopron/Ödenburg and Szombathely/Steinamanger - to the large and old imperial capital of Vienna.

However, this does not mean that the region is without antagonism. Even in the nineties many people in Burgenland were almost regretting the disappearance of the Iron Curtain. The reasons given were decreasing security, growing traffic and environmental issues. Since then, police and customs personnel have military support. Since September 1991, the Austrian Army (Osterreichisches Bundesheer) has been assisting the forces of the Interior Ministry (BMI) at the Hungarian border around the clock, responding to demands from the border population. For some, illegal migration and downward pressure on wages due to increased competition are also a matter for concern. Negative social and economic effects are also sometimes anticipated. In addition, on the Hungarian side, people sometimes express their fears about being dominated and exploited by the West. One problem seems to be the direct or indirect acquisition of land by farmers from Burgenland and Austria in general. Finally, despite the harmonistic rhetoric about a "common history" or "great opportunities", friction can easily arise in every day encounters. Decades of separation by borders have turned the once common culture into a distant memory. From the understanding of gender relations via the evaluation of traffic to different approaches towards the natural environment, attitudinal cleavages which can cause annoyance can be encountered any time.

## Implemented projects

The experience of Burgenland in building cross-border contacts with the neighbouring Hungarian districts goes back more than forty years to the era of the Iron Curtain. This created relatively early a foundation for mutual understanding and common solutions in certain sectors of life. Burgenland's membership of international working communities such as the Alps-Adriatic Working Community (Arge Alpen-Adria) and the Working community of the Danubian Countries (Arge DonauLaender) is of great benefit to Burgenland's external relations in the area of crossborder co-operation, though. To better coordinate and intensify these occasional contacts, a framework programme was agreed between Burgenland and the neighbouring Hungarian districts of Győr-Moson-Sopron and Vas at the end of the eighties. This programme already included an array of topics from economy to culture. In 1992 this relationship was further institutionalised by establishing a cross-border "regional council" in line with the principles of the Council of Europe. In 1998 this council was replaced with the founding of the Euregio West/Nyugat PANNONIA. However, although the organisational body of this euroregion has a very differentiated and elaborate structure, it still lacks a formal legal status and hence cannot directly submit project proposals to participate in EU programmes. Other ambiguities of the Euregio West/Nyugat Pannonia derive from competing membership of some or all of the contractors in organisations with similar objectives, such as the Alps-Adriatic Working Community, the Working Community of the Danubian Countries, the Vienna Region and Centrope. Further friction in this construction could derive from the power imbalance between the participating provinces. Whereas the Austrian province of Burgenland has a NUTS II level status, the Hungarian districts (megye) which are partners in the euroregion have not. The equivalent NUTS II would have been the "region" West Transdanubia, but this region (out of seven) is more or less restricted to statistical and programme development functions and lacks the political profile necessary for cross-border region building. Consequently, the Euregio West/Nyugat Pannonia is not so much an operational political unit to implement cross-border interests as a general frame for discourses in which the semantic core are cross-border issues. The real cross-border work is taking place at different levels.

One important agency with private law status initiating and facilitating cross-border projects is "Regional management Burgenland" (Regional Management Burgenland GmbH). However, contractors for EU supported and other projects are usually those who propose and implement the projects. And indeed, such projects are numerous, not least because Burgenland was Objective 1 region of the EU for two periods. Thematically the implemented projects span a broad range, from hiking trails in nature parks to the modernisation of cross-border railway links. One outstanding project in this range is for example the modernisation and electrification of an old railway connecting the town of Neusiedl am See in Burgenland with Fertőszentmiklos in Hungary (48 km). This railway, crossing an ecologically very sensitive region east of Neusiedler See (Lake Neusiedl), is supposed to encourage the substitution of environmentally hazardous road traffic by the more ecologically sound travelling by train. 72% of the costs for the electrification of this railway was taken over by Interreg IIIA Ö-H funds. A larger but similar project and one which is not yet fully realised is called "pannoniaRAIL". Its objective is to modernize the railways connecting Sopron with Szombathely and Győr on the one side and Vienna on the other. If this project is completed, travelling time between Vienna and Sopron/Ödenburg could be shortened by 35 minutes from 1 hour 20 minutes to 45 minutes and Szombathely could be reached in 1 hour 10 minutes from Vienna (now almost 3 hours). The Business Park Heiligenkreuz/Szentgotthart is also something sizeable which EU programmes have facilitated (Objective 1). Other selected projects include (Interreg): + "Pannonian Fire Guard Centre". The objective of this project is to make Austrian and Hungarian fire guards more compatible and better able to cope with common tasks. + "100 Words in 100 days". A programme of the Austrian Broadcasting Company (ORF) to improve fluency in the Croat and Hungarian languages in the border area. + "Nature Park Management" to improve

resources, structures and capacities for cross-border park management co-operation. + “Business and Border”, a project of the Chamber of Commerce to facilitate cross-border business contacts and co-operation.

### **Elements of SWOT analysis**

Strengths: The Austrian-Hungarian border region profits from its proximity to the agglomeration of Vienna and a relatively dense network of smaller cities surrounding the Austrian capital. The advantage of this configuration has increased further after Hungary (Slovakia and the Czech Republic) joined “Schengen”. Additionally, in the course of EU enlargement, the whole region became part of a very important West-East development axis. The global investment initiative “Centrope” with Vienna in the centre and the overlapping Euregio “West Pannonia/Nyugat Pannonia” are already consequences of this new situation. The combination of low labour costs (Hungary) with high social standards and excellent public services (Austria) in a relatively small area could produce an attractive mix. Living in Austria (high quality of life) and producing in Hungary (low labour costs) or living in Hungary (low living costs) and working in Austria (high income, social security) - both could be attractive and a strength for the region. Furthermore, both sides have low unemployment rates and the Austrian side also benefits from population growth, a favourable climate, thermal waters, preserved nature, good agricultural conditions, an excellent banking system and financial services.

A strength for establishing cross-border co-operation is probably also the ethnic relations in this region which until the end of WWI entirely belonged the Hungarian part of the dual monarchy. The Croat and Hungarian ethnic minorities in Burgenland are recognised as assets for cross-border networking.

Weaknesses: The Hungarian side lacks strong regional organisations (NUTS II) which could be important for promoting co-operation. Most of the transborder region has no substantial industrial experience prior to WWII. This is particularly true for the Austrian side which additionally was left with a very weak urban infrastructure. There is great regional, social and economic inequality, particularly between north and south and additionally between the Austrian and Hungarian side. Inadequacy of the interregional road and railway networks, lack of intellectual research and educational establishments in the region proper, lack of a modern waste treatment system on the Hungarian side, weak economic integration, decreasing population in the south and east. On the Hungarian side also a low employment rate and rudimentary service sector, whereas on the Austrian side the service sector has partly not yet upgraded its “knowledge base”.

Opportunities: The membership of both countries in the EU creates increasing opportunities for advanced cross-border co-operation. With the implementation of “Schengen” by Hungary and the adoption of the Euro, the border might become almost invisible. This can provide additional opportunities for co-operation. Taking advantage of historical links and its excellent geographical location, the region could become the gateway for development in eastern and south eastern Europe. Participation in “Centrope” (extended Vienna region) could offers opportunities for access to global resources and networks. The new spirit of “openness” provides the chance to balance the many inequalities in the cross-border settlement system. The proximity of high tech and low wages can add great value and stimulate growth. Good quality arable land near population centres can stimulate agriculture and help to substitute products with high transport costs and unknown ecological backgrounds. (In the Dual Monarchy Hungary was the “Kornkammer” [agricultural heartland] of the empire.) The same holds true for “clusters” producing ecologically sound and healthy food. In connection with the latter, tourism could be given a higher level of sustainability. Improved roads, airports and railway lines will provide new opportunities for the thermal spas

(“wellness”) in the south and east of the region. In the long run the region could become the core of a new type of society in Central Europe, in which existing old traditions merge with new opportunities of technology and knowledge.

Risks and threats: The existing economic priorities of cross-border co-operation and of development in general could harm the rich culture and traditions in the region. The institutional imbalance between Austrian and Hungarian actors which derives from different constitutional systems could lead to friction or even termination of this cross-border region building. If the necessary investment in infrastructure, education and training do not take place within a reasonable time, part of the region could depopulate and nature take over. On the other hand, any intensified economic activities as a consequence of a practical removal of the border could be dangerous as well. The new “openness” could become a risk for the environment and social stability. Already traffic in the region is exploding and adding to the health hazards of the population. The increasing global attractiveness of the region is also not without risk. Already international traffic lines in the region are attracting criminals and illegal migrants alike. In particular, property crimes by foreigners have skyrocketed with the relaxing of border controls and increased permeability of the border. This could have severe consequences for cross-border initiatives.

### 3. Austria-Italy



#### Geographical and historical background

The border line between Italy and Austria runs, on a west-east axis, for 430 kilometres along the Alpine barrier starting at the Resia Pass/Reschenscheideck (1525 m) passing through the Brennero/Brenner, the Vetta d'Italia/Klockerkarkopf (2 912 m) to the Dreilander Mountains (1 508m.a.s.l) where the borders of Austria, Italy and Slovenia meet. Although within the Schengen area, border crossings have a mere geo-political relevance, there are eight Alpine road crossing points, out of which three are also railroad crossing points (the Brennero/Brenner Pass, the Prato crossing point over the Drava/Drau River and the Coccau-Tarvisio crossing point).

The border line between Austria and Italy has remained substantially unchanged through history; however, since Roman times, it has very often been demolished and then re-established. A first “political” border between the Italian geographic region and the territory today constituting Austria dates back to 24 b.c.. Following the division enacted by Augustus, the border line divided the Venetia – Regio X from the Nordicum, considered as a vassal state. The border line ran on the alpine continental divide, thus, anticipating by and large today’s border between Austria and Italy. The Roman emperors Diocletian and Theodosius operated the administrative division, still within the Roman empire, between Italy and the Illyricum, thus moving the border line south (i.e. a great part of today’s Friuli area was included in the Nordicum Mediterraneum in the Pannonia I region (285-395 d.C.). The fall of the Roman empire and the establishment of Roman-barbaric kingdoms left the border line running along the Alps almost unchanged. During the Italian Longobard kingdom the border line was moved so as to include the whole Isonzo/Soča river valley and, thus, separated the Italian region from the Avari Kingdom on the East, and from the Franks and Avari Kingdoms on the north, where they met at the head of the Piave river. The border line *de facto* disappeared with the expansion of the Carolingian empire but was once more established on the alpine barrier by the Verdun Treaty in 843 when Lothair gained the Italian part and Louis the Pious the territory which today constitutes Bayern and Carinthia. During the Low Middle Ages, the Italian border shared by the Feltre Bishopdom and the Aquileia Patriarchy ran South of the Drava/Drau river separating them from the Carinthia Earldom. With the establishment of the Holy Roman Empire, the border line was once more blurred since, in the XIII century, the territories North of the Po river (Venice and its limited hinterland excluded) belonged to the Empire itself. With the Peace of Lodi (1454) and the consolidation of regional states, the border line was re-established clearly separating the Absburg kingdom, to the North, from the Trento/Triest Princedom and the Venice Republic to the South. This border line still ran South of the Drava/Drau river, with the Habsburg Kingdom gaining part of the Isonzo/Soča river, the town of Trieste and its hinterland (i.e. Krast). The Trento/Triest Princedom became in the XVI century part of the Holy Roman Empire which meant that the border line was once again moved South to the Adige river valley whilst remained almost unchanged in its eastern part which separated it from the Venice Republic until the

Campoformido Treaty (1797) when the border between the Austrian territory and the Cisalpine Republic ran along the Southern bank of the Po and Adige rivers.

The Habsburg hegemony was extended on the whole Italian peninsula by the Vienna Congress (1815) and, thus, the border line disappeared once again. The wars and conflicts which took place in the whole region from 1848 to 1866 led to the re-establishment of the border line to what it was 200 years before and the Austro-Hungarian Empire (so-called since 1867) kept the upper Adige river valley and the Drava/Drau valley.

The border line was once more tragically called into question when Italy entered World War I. At the end of the world conflict, the Saint-Germain Treaty on 10 September 1919 established the new borderline between Italy and Austria: the Trentino and Alto Adige/Süd Tyrol regions, the Isonzo/Soča river valley, Karst plateau and Istria became part of the Italian Kingdom. The Northern part of the border joined the Resia Pass/Reschenscheideck to the Brennero/Brenner and to the Vetta d'Italia/Klockerkarkopf and then it followed the continental divide of the Carnic and Giulie Alps. The Eastern border saw a new political entity: the Kingdom of Serbs, Croat and Slovenian which, in 1929, became the Kingdom of Yugoslavia.

At the end of World War II, whilst the Italian Eastern border was subject to several modifications, the border line between Italy and Austria remained unchanged despite the Austrian ambition to annex the Alto Adige/Süd Tyrol region which was rejected at the Paris Peace Conference on 30 June 1946. And such was the border line on 1 January 1995 when Austria joined the EU.

The border between Italy and Austria, thus represents the Northern limit of three Italian Regions (NUTSII) (Trentino-Alto Adige/Süd Tyrol with the Bolzano/Bozen Province (NUTSIII) for a total of 297 km; Veneto with the Belluno Province for a total of 30 km and Friuli Venezia Giulia with the Udine province for a total of 103 km) and three Austrian Federal States (Bundesländer) (NUTSII): Tyrol, Salzburg and Carinthia respectively with the NUTSIII provinces: (Tyrol) Tyroler Oberland, Innsbruck, Tyroler Unterland e OstTyrol; (Salzburg) Pinzgau-Pongau; and (Carinthia) Oberkaernten e Klagenfurt-Villach. The total cross-border area extends for 37 939 km<sup>2</sup> with a total population of approximately 2 440 000 million inhabitants, out of which 46% live in Austria, and with an overall population density of 63 inhabitants/ km<sup>2</sup>. Almost 94% of the territory is mountainous (i.e. at least 600m a.s.l.) and the rural dimension appears predominant in the cross-border area as a whole, with only a few cities of about 100 000 inhabitants (Innsbruck, Udine, Bolzano/Bozen and Klagenfurt) .

German speaking communities inhabit the Italian side of the whole cross-border area; the vast majority of them is concentrated in the Alto Adige/Süd Tyrol region.

### **Economic and infrastructural characteristics**

The economy of the cross-border area and its infrastructural characteristics are strongly influenced by its mountainous morphology which equally characterise the whole region.

Given purchasing power parity, the analysis of the cross-border area in terms of GDP appears to be very heterogeneous. In fact, within the cross-border territory (which scores an average GDP pro-capita of about 27 000 euros), regions with a GDP pro-capita much above both national and European averages (from 28 000 euros to 32 000 euros) – notably Bolzano, Innsbruck, Tyroler Unterland and Klagenfurt-Villach – co-exist with others such as Upper Carinthia and Eastern Tyrol with a GDP per capita much below both Italian (22 000 euros) and Austrian (27 000 euros) national averages – about 19 000 euros - 18 000 euros. In terms of productive sectors contributing to the

cross-border area GDP, the incidence of primary sector is relatively higher in Upper Carinthia (5% of regional GDP), in Alto Adige/Südtirol (3.5%), in the Udine and Eastern Tyrol provinces (3.3%). The secondary sector plays a more important role in the Belluno province (37%) and in Eastern Tyrol, Lower Tyrol and Upper Carinthia (35%, 34%, 33%). The Italian region of Alto Adige/Südtirol and the Udine province have a clearer tertiary vocation which makes up respectively for the 70% and 68.5% of regional GDP, and so do the Austrian Klagenfurt-Villach and Pinzgau-Pongau areas (70% and 69%). As a whole, within the cross-border area, the agricultural sector makes up for 2.5% of total GDP, the industrial sector for 28.5% and the tertiary sector produces 69% of total GDP.

Looking at the density of firms in the cross-border area (the number of firms per 1 000 inhabitants) the average figure for the cross-border is 61.5, out of which 24% operate in the industrial sector, 23% in the trade and retailing sectors and 52 in the tertiary sector. The Italian area has a much higher density with an average density of 78.6 whilst the Austrian area average is 42.3. The Italian provinces of Belluno and Udine have the highest concentration of firms operating in the industrial sector, scoring the highest percentage of employees in this sector for the entire cross-border area, characterised by the predominance of the tertiary sector both in terms of number of firms and employees. Within this sector, the lion's share, at least for the Alto Adige/Südtirol region, Upper Tyrol, Lower Tyrol, Pinzgau-Pongau and the Belluno region, is played, in terms of number of people employed, by the tourism sector in general and in particular by hotels and restaurants. The IT sector employs more people in Italy, whereas the social services and health care play a greater role in Austria.

The entrepreneurial fabric of the cross-border area is mostly made up of small-scale firms and micro-enterprises: on the Italian side of the cross-border area, 94% of firms have less than ten employees and only 0.7% more than 50; the same figures for the Austrian area are 87% and 1.6%. It should be noted, however, that these firms are often organised into productive clusters which enhance their competitiveness as, for example, the micro-electronic-component industries in Austria. Moreover, especially on the Italian side, the small scale of the enterprises is also linked to traditional management patterns but still preserve some dynamism operating within the final stages of the production process.

With the only exception of the Udine province, and with the preponderant contribution of the Tyrol and Alto Adige/Südtirol regions, the cross-border area has a strong vocation for tourism with more than 113 million tourists per year. The area, in aggregate terms, is relatively well equipped in terms of tourism-related infrastructures both compared to the respective national and European averages. There is no strong cross-border component in terms of tourist flows for the area with Germany and non-EU States playing a determining role. The area does not seem to have fully capitalised on the cross-border nature of its tourism sector: stronger networking in promoting and managing tourism-related services and infrastructures could aim at prolonging the average stay of tourists in the area (today approximately five days). The growing role between the tourism and agricultural sector is played by the agro-tourism sector, especially in Austria. Given the mountainous configuration of the cross-border area, 75% of agricultural land is woods, fields and pasture. Besides Alto Adige/Südtirol, and some parts of Tyrol and Carinthia, the agricultural sector plays a limited role. The agricultural firms' fabric differs substantially between Italy and Austria, where firms tend to be bigger; however, recent trends show that although the number of firms is decreasing, the scale of those remaining active is increasing: this could suggest a more efficient use of land.

As far as the labour market is concerned, there seems to be a West-East divide in the cross-border area. In fact, although some discrepancies could arise from the different sources of data available,

the average index of employment for the Eastern area (Udine Province, Klagenfurt-Villach, Upper Carinthia and East Tyrol) is approximately 58.2 whilst the same figure for the western part is 67 (the figures for female employment index are respectively 47.8 and 55.5). With the mere exceptions of the Belluno and Udine provinces, the unemployment rate has been slowly but surely increasing since 2002 for the whole cross-border area, even when youth and female unemployment are taken into account. There is no significant cross-border labour market. These trends become all the more significant if compared to the following aspects of the cross-border area demographic trends. The whole region has homogeneously contributed to increasing the aging index from 101 in 2001 to 108.5 in 2004; moreover, whereas the natural demographic rate is relatively low, the situation is exacerbated in some areas such as Upper Carinthia and Pinzgau-Pongau, where the migration demographic rate is also negative. The level of scholarisation in the area is relatively low when compared to the respective national averages, and there is room for further improvement also from an equality of opportunity approach. However, the cross-border area is very well equipped in terms of scholastic infrastructures and has an impressive amount of universities (13) teaching more than 60 000 students during the academic year 2004/05.

Although the situation has radically improved in the past few decades, the cross-border area propensity to invest in R&D is still more than one point under the Lisbon Target (3%). At the aggregate regional level Friuli-Venezia Giulia and Carinthia score the highest percentages as million of euros spent on R&D/GDP; it is important to note however that, whilst on the Austrian side the investment (and people employed in the R&D sector) come from the private sector, in Italy it is mainly channelled through universities and public administration.

The social infrastructure framework of the cross-border area, besides its good supply of school, universities and research centres, finds an important sector in the health care and social affairs/services context. In fact, not only is there an adequate number of hospitals and health care centres (more so on the Austrian side), but there are also numerous voluntary associations active in this sector. Further potentialities could be enacted through a stronger cross-border co-operation among such organisations.

As far as hard infrastructures are concerned, the cross-border area suffers from its morphological settings. There are two main north-south axes: the Brennero/Brenner (Munich – Innsbruck – Brennero/Brenner – Bolzano/Bozen – Verona) and the Tauri/Tauern Pontebbana (Salzburg – Spittal an der Drau – Villach – Tarvisio – Udine – Venezia/Trieste). Along these axes, both highways and railways are developed and guarantee both cross-border and international transport. The central area is equipped only with small roads and one railroad (Fortezza-Spittal and der Drau). The alpine nature of the area has limited the number of roads and railroad border crossing points to thirteen, out of which there are only two main highway crossings (Thoerl-Maglern/Coccau on the East and Brennero/Brenner in the centre) and two main railroad crossings (Tarvisio on the East and Brennero in the centre). These crossing points are heavily used, since they represent the only access to the region and most of the commercial transports are by road. Finally, the cross-border area is equipped with a number of airports out of which two are international ones.

### **Cross-border declarations and agreements**

The border between Italy and Austria is regulated by a number of international treaties dating back to the late 40s and 50s which established its position and normalised the relations between the two countries. Since 1995, when Austria joined the EU, relations between the two states have found an adequate and common framework within the European juridical system. However, several bilateral and multilateral declarations, agreements and institutional partnerships have been developed since the end of WWII which have attempted to define an international relations and legal framework

within which to activate cross-border activity. Since 1946, Italy and Austria have entered into 132 formal (i.e. officially recorded) diplomatic contracts which led to the signing of a treaty, to an agreement or to a formal exchange of notes; of these 97 are protocols or agreements (18 are European multilateral agreements). Finally, Italy and Austria entered into 42 bilateral agreements with a clear cross-border orientation: 15 focused on the customs relations between the two states and the collaboration between the two national police agencies; nine aimed at regulating the legal and infrastructural framework for cross-border traffic and transportation (especially in the railroad sector); four focused on the mobility of the people living in the cross-border area; three focused directly on facilitating cross-border co-operation in general and a cross-border ambulance service in particular; two regulated the status of national minorities; two regulated the definition of the border line and its maintenance; one regulated co-operation in the tourism sector; and one was concerned with energy issues and the preservation of the environment.

The 1946 the Paris peace treaty established a land-mark for cross-border declarations and agreements between Italy and Austria, although some issues remained unresolved. Notably, the issue of the German-speaking minority in Alto Adige/Süd Tyrol was regulated with the so-called De Gasperi- Gruber agreement (5 September 1946). However, Austria claimed that Italy did not implement this agreement in the fields of cultural, economic and ethnic promotion and protection of minorities which called for a UN resolution in 1960 (UN resolution 1497) and one in 1961 (UN resolution 1661). The promotion and protection of the German-speaking minority in Italy has been transferred to the regional and provincial authorities who have entered into all sorts of agreements to enhance the promotion and protection of the German-speaking minority and have enacted several projects and initiatives in this direction. An interesting example is the Decree of the President of the Trentino-Alto Adige Region (17/03/2005) on the protection and promotion of linguistic minorities.

Since the establishment of the Working Community of Countries and Regions of the Eastern Alpine Area – Alpe Adria (in Venice, 20 November 1978), Italy and Austria have been involved in a number of important international partnerships which have led to the signing of numerous cross-border agreements and declarations. The founding principle of Alpe Adria was to alleviate the tension between the then-separated Western and Eastern Europe through international co-operation at regional level. At that time, the Alpe Adria working community represented a first bridge between the two cold-war political systems; at present, given the dramatic changes which have taken place in the geo-political context, the working community is undergoing an important political and institutional process (which led three regional partners to withdraw from it in 2005 - Bavaria, Canton Ticino and Alto Adige/Süd Tyrol) in order to re-define its scope and role.

Both Italy and Austria are members of the Central European Initiative (CEI) established in Budapest on 11 November 1989. The CEI is a regional organisation which brings together Central European States (17 members) in order to promote the development of its members through economic and social co-operation and the EU enlargement process.

Furthermore, both countries are involved in a number of trans-regional associations involving some of their regions in larger co-operation networks. Such initiatives are taking place today within the Framework Agreement between Italy and Austria on the cross-border co-operation activities of local communities and local authorities signed on 27 January 1993.

One example is the Working Community of the Alpine Region – Arge Alp established in 1972 (12 October) between the Bavaria State, the Cantone dei Grigioni/Kanton Graubunden, the Salzburg and Tyrol and Vorarlberg Laender, the Lombardia Region and the Bolzano/Bozen province and, later, the Trento/Triest autonomous province (1973, the Cantone San Gallo/Kanton St.Gallen

(1982), Canton Ticino (1986) and the Baden-Wuerttemberg (1989)<sup>6</sup> state, with the aim of dealing with common problems in the fields of culture, education, the environment, regional/spatial planning, agriculture and forestry, economic and regional policy, energy and climate protection, tourism and transport. Another example is the Euregio Tyrol-AltoAdige/Süd-Tyrol-Trentino, established as a common space aimed at the socio-economic development of the area and the promotion of joint initiatives notably in the sectors of transport, research and development, tourism, social affairs, mutual knowledge and environmental protection. The Euregio covers 26 254 km<sup>2</sup> with more than 1.5 million inhabitants.

Finally, another interesting euroregional project is gaining momentum in the Eastern part of the cross-border area. In this direction, a most important agreement on the strategy towards the establishment of a Euroregion was signed by the Presidents of the Regions interested by the project (Veneto, Carinthia, Istrian County, Primorsko Goranska County) and by the Ministry of Regional Policy of Slovenia on 17 October 2005. The Euradria Euroregion extends 128 994 km<sup>2</sup> with approximately 14 million inhabitants. Such a Euroregional project is capitalising on a number of protocols and agreements signed by the regional governments involved. One example is the Collaboration Protocol among the Autonomous Region Friuli-Venezia Giulia and the Carinthia Land signed in Trieste on 14 December 2001, directly aimed at enhancing collaboration between the partners with a particular focus on the institutionalisation of such contacts. A more recent example is testified by the documents drawn up on the occasion of the meeting between the Friuli-Venezia Giulia Region, Carinthia and the Istria Region on 2 August 2005 when new strategies for cross-border co-operation were adopted, notably in the field of cross-border infrastructures and mutual representation in Bruxelles.

### **Propensity towards cross-border co-operation**

Three levels of interpretation should be considered when analysing the propensity towards cross-border co-operation (CBC): the civil society level, the economic actors level and the institutional level. These levels also represent the phases of CBC which starts from co-operation between people and private actors in different spheres of daily life; it develops into the participation of local authorities for enacting cross-border networks for local entrepreneurs and for turning local border-generated peripheries into context-related centres; and, finally, it branches into co-operation between regional or national institutions enacting larger institutional networks concerned with the macro-economic (infrastructural) and social aspects of the cross-border area. However, as far as the Italian – Austrian cross-border area is concerned, the morphology of the territory and the consequently limited cross-border infrastructural network should be regarded as a factor hindering the propensity to co-operate at least at the first two levels.

Ethnic relations in the (narrowly defined) border areas are at times antagonistic and affect both the local socio-political context and central government relations. Although the violent episodes which characterised the 60s and 70s were overcome, a recent example is the diplomatic friction between Italy and Austria when the latter revised its constitution so as to include the principle of protection of Austria of the German-speaking minority in Alto Adige/Süd Tyrol, in the first few months of 2006. However, the German-speaking minority (which represents the majority of the population in certain parts of the Alto Adige/Süd Tyrol) has always experienced high levels of cross-border relations with the Austria region. If on the one hand the propensity towards cross-border co-operation at the civil society level suffers disproportionately from the morphology of the cross-border area, on the other hand people living in the towns and villages contiguous to the crossing points experience a high level of contact mainly due to shopping and other trade-related activities.

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<sup>6</sup> Baden-Württemberg withdrew in 2004.

As far as the economic actors are concerned, the rule of profitability of return on investment appears to be stronger than any other CBC logic. Namely, although some projects and investments were launched to promote cross-border economic initiatives and entrepreneurship, their success is disproportionately hindered or promoted by the economic profitability stemming from them. Moreover, it should be noted that co-operation between firms within the cross-border area is rather due to the size of the firm and by the depth of integration of regional partners with the most important national or international partners, rather than with the geographical distance between firms. Therefore, it appears that economic actors are not keen on cross-border co-operation per se, but rather have cross-border partners when they too are operating within a larger productive network. Furthermore, although Italy has always been a most important commercial partner for Austria with a number of Italian enterprises investing in Austria and vice versa, very few entrepreneurs from the cross-border area are involved in economic activities on the other side of the border due to the low density of economic activities in the area. Co-operation in the tourism sector is limited and, at times, actors in the sectors are in competition.

If the morphology of the cross-border area and its mountainous outlook might be considered as factors hindering the propensity to co-operate in a cross-border fashion of civil society and economic actors, these aspects, exacerbating the marginality of the territory and their peripheral position as compared to their national centres, have prompted and enhanced the propensity to co-operate of the regional institutions concerned. As illustrated above, local authorities (i.e. municipalities, provinces or regions/states contiguous to the border) appear to be most eager to co-operate with their (cross-) border counterparts, especially in the field of environmental protection or the promotion of common economic strengths (especially tourism) in a wider market.

Bringing together the different aspects raised by this tripartite approach, and once ideological issues are isolated, the overall propensity to co-operate highlights how it is significantly higher when (i.) cross-border objectives are clearly identified; (ii.) cross-border approaches are perceived as indispensable and equitable in order to achieve given objectives; (iii.) when cross-border services (to people or economic actors) are clearly identifiable and persist over time.

Crossborder co-operation, bilateral agreements and also Arge-Alp should in principle be regarded as positive. The problems that arise in practical projects lie in the particular complexity of the legal, economic and other parameters in border regions. The productive clusters provide an opportunity for the further development of the economic situation in border regions. Greater consideration could be given to the possibilities for crossborder co-operation between health care agencies, although the issue of the legal parameters is not straightforward in this case.

## **Implemented projects**

The geo-political positioning of the region with respect to both the national and the European contexts makes it inevitable for the regional institutions of the cross-border area to co-operate and to implement projects in this direction. Several projects have thus been implemented in the area in a straightforward cross-border perspective. Although some projects stemmed from the mere initiative and will of local authorities and associations and date back to the establishment of the first trans-regional and trans-national working communities (described elsewhere), a large number of projects and initiatives were carried out in the framework of the Interreg communitarian programme initiatives which provided the necessary funding to implement such activities. Notably, the area is interested by Interreg IIIA Italy-Austria, Interreg IIIB Cadses, Interreg Alpine Space, and Interreg IIIC. It should be noted, moreover, that the Interreg IIIA Italy-Switzerland and Austria-Switzerland, although not directly interested in the Italian-Austria cross-border area, has supported projects and initiatives indirectly enhancing the socio-economic context of the area of study as well.

Within the Interreg IIIA (2000-2006) framework, more than 73 million euros have been spent in the funding of more than 200 common projects aimed at promoting the sustainable development of the territory, of the cross-border infrastructures and networks – such as the promotion of a cross-border seismologic alert system; the economic co-operation – such as the promotion of the cross-border timber trade; and human resources notably in the employment market, culture, research and innovation and the health sector, as was the case of a project aiming to harmonise the management of patients living in the cross-border area through the coordination of the hospitals of the region. Within the Interreg IIIB Cadses framework, for instance, almost 80 projects had Italian or Austrian beneficiaries for projects which aimed at supporting and enhancing mutual collaboration and partnerships for the development of the Central European, Adriatic Danubian, South Eastern European Space; 58 projects were activated under the Interreg IIIB-Alpine Space in the period 2000-2006: a recent example of such activity are the seminars organised in September 2006 with the funding of the Interreg IIIB Alpine Space programme by the Regione Veneto.

As stated elsewhere, although there is a certain degree of synergy between the cross-border area institutional actors, regional and local authorities tend to act on an individual basis too. Notably the Trentino-Alto Adige region has carried out several projects (21) under various European programmes: under Interreg IIIA Italy Austria 10 projects were activated –two on rural areas; two on economic co-operation and regional competitiveness; two in the tourism sector; one in the environment protection and hydrological risk sector; one in the field of culture; one in the field of sustainable transport systems; one in the field of human resources.

## **Elements of Swot analysis**

Strengths: The membership of both Italy and Austria in the European Union guarantees both countries full access to the EU political, economic and financial activities and programmes. Moreover, both Italy and Austria have been member states for at least ten years which has enabled the two countries to establish a stable and consolidated framework for international relations also within the enlarged European context. The socio-economic performance of the regions constituting the cross-border area (and more frequently so on the Italian side) is overall better than the national averages and often above the average European levels (both EU 15 and 25). From a demographic perspective, the population is slowly but steadily increasing and, although in a heterogeneous fashion across the territory, it attracts young foreign workers with trends that seem to ensure a well balanced economic-welfare system. Looking at the labour market level and at the cross-border area economic system, the territory appears heterogeneous, but has overall low unemployment rates (also female unemployment) – lower than the national contexts – and a slowly increasing GDP with

a very advanced tertiary sector. However, the most promising economic sectors appears to be the tourism sector, since there is an increasing flow of tourists in the whole region thanks to the existing infrastructures, the cross-border experiences in terms of promotion and the increasing incidence and presence of agro-tourism initiatives. There is know-how in the area (and especially so in some Italian regions and Carinthia) regarding local industrial development activated through SMEs productive clusters. The alpine character of the area provides hydrological renewable energy and the existing infrastructures for its production and use appear to be adequate. The social infrastructures (e.g. public and private health care) of the area are adequate and able to support further development of the private sector and could represent a new industry for the development of the tertiary sector. There are numerous universities, training and research centres in the cross-border area which do initiate co-operation activities both at the level of youth training and innovation and research. Although not at the levels advocated by the Lisbon targets, the cross-border area displays positive rates of GDP expenditure on R&D. Moreover, especially on the Austrian side, there is sustained investment in R&D from the private sector. Finally, at the institutional level, there is adequate know-how of the institutions of the cross-border area in cross-border co-operation. Although several problems have hindered the full potential of joint programming within the communitarian programme initiatives, several studies and researches have been carried out to highlight past weaknesses, and new strategies have been adopted to participate more successfully in the 2007-2013 programming period.

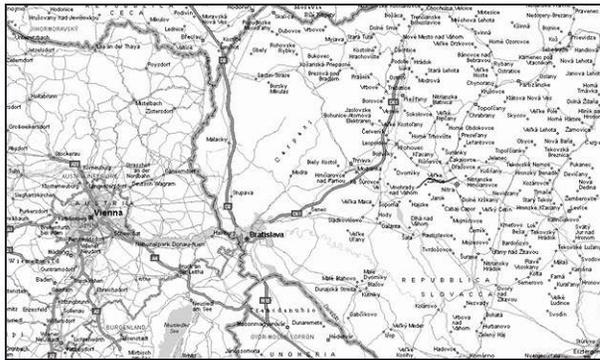
Weaknesses: The geographic and morphological nature of the area has historically imposed limits on the contacts and relationships between the populations inhabiting the larger cross-border area, whilst reinforcing relationships between linguistic groups inhabiting strictly contiguous areas. The German-speaking linguistic minority has a great potential to favour cross-border relations; however, although much progress has been made in the past decade, the overall contribution to cross-border co-operation for the whole region coming from this minority is still limited. One explanation is that the German-speaking minority represents the majority of the population in certain Italian areas. Due to the alpine character of the area, there are only a few crossing points which are able to sustain modern traffic patterns. Therefore the existing cross-border highways and railways are often overcrowded and consequently polluted – border infrastructures as a whole could be further improved. At a demographic level, the cross-border area has an ageing population and immigration does not involve the whole area homogeneously. A cross-border labour market is almost non-existent and although the overall economic indicators for the area are positive, a significant heterogeneity has to be noted with certain areas performing well below the regional averages. The enterprises fabric of the area is in need of further development. The territorial concentration of enterprises is very low, there are only a few medium firms whilst the majority are micro-firms. The overall limited economy of scale of the regional economic activities hinders the potential for cross-border co-operation. Although the area is well equipped in terms of education infrastructures, the index of scholarisation is relatively low. There are still consistent language barriers hindering both cross-border work and social relations. Although institutional cross-border relations have existed for at least three decades, the relations between institutions appear not yet completely efficient, especially when considering the rate of projects and initiatives in the European programmes. This is in part due to the differences in competences among the institutions of the border areas, differences which are both inter-national and, as is the Italian case, intra-national.

Opportunities: The integration of the cross-border area is promoted and developed through the European harmonisation process which opens up further practical co-operation in the field of welfare services. The German-speaking minority represents an important asset to promote cultural and economic integration especially in the tourism (and agro-tourism) sector. The development of the European North-South and West-East multimodal communication corridors represents an important opportunity for the area which could attract new tourism flows. Demographic, economic

and social trends are moving towards an homogenisation of the relative indicators of the area. Further development of productive clusters among the SMEs operating in the region are the research and development centres located on both side of the borders. Further projects could identify the productive specificity of the area and the cross-border area within the external productive and trade networks. Another opportunity is for a harmonisation of the education (and promotion of bilingual curricula) and health systems. Increased institutional (horizontal and vertical) communication and internal harmonisation or enhanced networking among trans-regional institutions is needed.

Threats: Sustained positive economic trends of neighbouring regions might push for risky delocalisation policies of local entrepreneurs, thus deteriorating the employment rates and widening existing wage differentials. The economic development of the Eastern and South Eastern neighbouring regions may endanger the competitive geo-economic positioning of the cross-border area. Sustained immigration might endanger the sustainability of the local labour market and of the agencies providing welfare services. The missed-development of the secondary and primary sector in a integrated system opening up to global markets may provoke significant migration trends toward the national central regions. Such trends would have a negative effect on the protection and conservation of the alpine territory. The EU harmonisation process accentuates the competition between potential users of services such as child-care or housing, since nationality does not represent a discriminating factor. In the vacuum of stable and consistent private funding, the progressive reduction of EU funding may exacerbate the competition between R&D and training (notably universities) centres. The cross-border results so far achieved by means of institutional relations may appear insufficient to the citizens inhabiting the cross-border, especially in the wake of Euro-scepticism.

## 4. Austria-Slovak Republic



### Geographical and historical background

The border between Austria and Slovakia is the shortest (107 km) of all Austrian borders with the new member states (NMS). It runs from the Austrian-Hungarian border near the town of Deutsch Jahrandorf in the province of Burgenland west-north around the Petrzalka suburb of the city of Bratislava (Pressburg, Pozsony), the capital of Slovakia, following a few kilometres the Danube river stream up to Devin/Theben, where the river March/Morava flows into the Danube. From here the border follows the river midstream to the north, where it meets the Austrian-Czech border near the town of Hohenau. Along with the rivers Danube and March the border follows midstream and is “liquid”. Only the short section in the province of Burgenland (26 km), where it cuts through flat agricultural land is entirely territorial. The border between Austria and Slovakia is equipped with six border crossings, out of which two are railway crossings.

Historically, the border between Austria and Slovakia is probably one of the least contested of Austria. It has been identical to the eastern border of the province of Lower Austria for centuries (until 1918 Crown Land). Although there were some disputes in the course of the formation of Czechoslovakia in 1918-19, it remained more or less the same as today. What Austria had to cede was a small territory near Bratislava, which now forms the district of Petrzalka/Engerau. Compared to the original demands which even suggested a corridor between the new Czechoslovakia and the Southern Slaves to “keep Hungarians and (Austro-) Germans for ever apart”, that was only a minor concession. During WWII both Austria and Czechoslovakia did not exist as states. Whereas Slovakia declared independence in 1938 and remained a separate state until the end of WWII, the Czech heartlands in the West were turned into a German protectorate. It should be noted here that today’s Slovakia territory was once ruled by the Hungarian Crown. This territory is, in fact, known to historians also as “Upper Hungary”. Today the number of ethnic Hungarians settling along its southern borders and around Bratislava is significant (over 20% of the total population) and Hungarian politicians again play an important role in the Slovak politics. Since 1526, when the Hungarian Crown fell to the Habsburgs, and up to 1918-19, Slovakia was ruled by the Habsburg dynasty. During this time the capital was mostly Vienna, but since 1867 it was once again moved to Budapest. During the “Türkenkriege”, in the 16th and 17th centuries, Upper Hungary (Slovakia) belonged to that part of Hungary which was not under Ottoman occupation. At that time, Pozsony/Pressburg/Bratislava became the centre of the Hungarian aristocracy. Between 1526 and 1784, Habsburg rulers were crowned as Hungarian kings in Pressburg. During the Cold War the March border was part of the Iron Curtain system. This meant a restricted or even prohibited zone on the Czechoslovak side, and economically disadvantaged but somehow idyllic villages on the Austrian side. All previously used river crossings had been removed. Whereas before 1918 the March river had twelve river crossings, and among them four road bridges, during the Cold War there were none. And not much has changed yet: only recently a one lane bridge was opened near

Hohenau in the north. Besides that there is a ferry in Angern, further south. As far as railways are concerned, there is one bridge near the town of Marchegg for the old railway line from Vienna to Bratislava. The only way to get from Austria to Slovakia is by using one of the two road crossings south of the Danube (Berg and Kittsee). However, Slovakia has been a member of the European Union since 1 May 2004, and “Schengen” membership is looming on the horizon. The rebuilding of a road bridge at Marchegg in the south, near Bratislava, has so far been prevented by citizen initiatives who are afraid of excessive traffic threatening the ecosystem of the March and Danube wetlands.

The landscape of the cross-border region is characterised by the Danube and March rivers and their wetlands as well as the Small Carpathians.

The Austrian-Slovak cross-border region has a population of approximately 3.3 million, with about two thirds in Austria and one third in Slovakia. On both sides the population is concentrated within the national capitals Vienna (1.6 million) and Bratislava (430 000). Both cities are naturally connected by the River Danube. The Austrian border region comprises the following NUTS III districts: Weinviertel (124 500), Vienna (1,6 million), Vienna: Northern Surrounding (272 000) and Northern Burgenland (140 980). The Slovakian border region is composed of Bratislava Region (599 000) and Trnava Region (551 000). The city of Trnava has approximately 75 000 inhabitants. During the 20th century Bratislava was one of Europe’s most dynamically growing capitals, although the population growth has slowed since 1990. Vienna, on the contrary, is characterised by quite an opposite trend having lost about half a million of its population since 1910. Only recently has population growth started to pick up again, mostly due to massive immigration.

## **Economic and infrastructural characteristics**

Whereas Vienna not only belongs to the regions with the highest GDP per capita in Austria (Austria = 100, Vienna = 135), but also to the richest regions inside the EU (EU15 = 100, Vienna = 152), the nearby immediate cross-border areas are relatively poor. The GDP per capita of the latter is 60%-80% of the national average, employment in agriculture is far above the national average (7-8%, Austrian 2%) and commuting to work in Vienna is very common. The Iron Curtain had a significant role in keeping the border area with Slovakia a peripheral region. Although the national government provided substantial funds to compensate the disadvantages of this “dead” border, it remained relatively poor as far as economic activities are concerned.

However, it might be different with “family income” due to the substantial commuting to Vienna. The city is characterised by a highly developed tertiary sector (>80%). It is increasingly becoming the main banking and insurance centre in the Danube region, whereas the secondary sector is low (18% of employment).

The situation in adjacent Slovakia is similar, only on a lower level. Whereas Bratislava reaches a level of GDP per capita of 98 points above the national average (SK = 100) and 98 points of EU15 average, the respective figures for Trnava are 108 and 50 (EU15). The two regions produce more than one third of the entire Slovak GDP. In Bratislava, which dominates, in economic terms, the whole region, the tertiary sector (73%) plays a major role. However, Bratislava is also the industrial centre of the region (employment share 25%). In contrast, the Trnava region exhibits a high share of agriculture (10%) and a secondary sector with 39%. Automotive industry (mainly FDI) and energy production (nuclear power in Mohovce and Bohunice; hydro-electric in Gabčíkovo) is also important. Whereas Vienna attracts regional headquarters of major international companies (currently about 300), Bratislava appears to be attractive for manufacturing (Volkswagen, Henkel, Sony etc.).

Vienna and Bratislava lay on the intersection of important European traffic lines. The Danube flowing straight through both cities has taken on a connection function between the North Sea port of Rotterdam and the Black Sea. The international airports of Vienna and Bratislava provide connections around the globe. Vienna International Airport has emerged as one of Europe’s most significant hubs, particular to Eastern Europe and the Middle East. The airport in Bratislava is also growing at a fast pace. A series of technology parks, science parks, business parks and other innovation centres have been established particularly on the Austrian side of the border. However, these developments are not without frictions and delays. In fact, although Vienna and Bratislava are only 65 km apart (from city borders only 35 km) and are the closest capitals in Europe, the establishment of modern and effective transport connections has been slow to come. It took fifteen years after the fall of the Iron curtain for a motorway to be built between Vienna and Bratislava and the two railway lines from the 19<sup>th</sup> century still lack metropolitan sophistication. Even worse are the cross-border connections in the rural border areas along the River March. Until recently along the 80 km of this river border there were only two provisional crossings (a pontoon bridge and a ferry). Finally, in 2005, a one lane bridge was opened near Hohenau in the north. However, this situation between the “twin-cities” will probably completely change during the next decade. At least, one might draw such conclusions from the ongoing discussions, planning documents and projects which are already under way. Most important will be the A5 motorway to Brno/Cz and the A6 motorway has finally closed the gap between the A4 (Vienna-Budapest) and the Austrian-Slovak border at Kittsee. As far as the border outside the metropolitan area is concerned, it is still much more uncertain whether or not more cross-border links will be established, because of the strong ecological, social and cultural interests opposing it.

## **Cross-border declarations and agreements**

The border between Austria and Slovakia is regulated by several treaties and agreements dating back to the drawing of the border in the post WWI era. The basic document is the Treaty of Saint-Germain (10/9/1919) which regulated over the disintegration of the Austro-Hungarian Monarchy. The agreement between Austria and Czechoslovakia concerning the course of the common border (10/3/1921) is based on this treaty. Furthermore, a treaty signed in 1928 regulates the legal relations at the border. Between the two World Wars period a number of agreements between Czechoslovakia – of which today's Slovakia was part – and the Republic of Austria, focused on the “border”, and were mainly concerned with regulating border traffic and the use of water. In addition, during the Cold War era many of the agreements between the Republic of Austria and the Czechoslovak Socialist Republic related to the border, in particular to questions such as cross-border traffic (e.g. the Danube river) and border regime in general. After the independence of Slovakia in 1993 more border agreements were signed. Such new documents were concerned with cross-border environmental policy, the handling of illegal immigrants, cross-border co-operation at municipal level, and with the opening of new, local border crossings.

Besides these international treaties/agreements, other agreements concerning cross-border co-operation exist at the level of private and public actors. Most important, in this context, is the framework offered by EU cross-border programmes. However, more cross-border interest arose with the founding of CENTROPE in 2003. In the autumn of 2003, a political declaration was signed by the heads of the Austrian provinces of Vienna, Lower Austria and Burgenland, and the presidents and mayors of the regions and cities of Southern Moravia, Western Slovakia and Western Hungary to establish CENTROPE as a framework for continuing co-operation in this region. Its first goal was, however, to raise its global visibility and attract international investors. CENTROPE is a region with more than six million inhabitants. A less visible, but still ambitious, agreement is the one on establishing a Euregio “Weinviertel-Südmähren-Westslowakei” between the Federation of Towns and Communities in Southern Moravia “Sdruzeni mest a obci Jizni Moravy”, the Communities of West Slovakia (“Regionalne zdruzenie Zahorie”) and the Regional Association Europaregion Weinviertel, signed in 1997.

Another significant example of mutual consultation are the regular meetings of interior ministers from seven central European countries, including Austria and Slovakia, known as “Forum Salzburg”. The results of these meetings are usually recorded in a joint declaration of substantial border relevance. In 2005 such a declaration was made on cross-border police co-operation and “Schengen” initiatives for the new EU member states.

## **Propensity towards cross-border co-operation**

Although the March/Morava river which makes up for the greatest part of the Austrian-Slovak border has been recognised for centuries as a borderline and was rarely disputed in its course, the propensity for cross-border co-operation in this region seems to remain highly ambiguous. On the one hand there is the partly visionary official rhetoric since the beginning of the transformation in Eastern Europe, and on the other hand there are the (so far) modest practical results since the dismantling of the Iron Curtain fifteen years ago. Maybe nowhere else along Austria's borders can this ambiguity towards co-operation be so strongly felt as here in the region of the twin-cities of Bratislava and Vienna. Decisions about improving the infrastructure which connects Austria and Slovakia and the implementation of infrastructure investments been taken practically only after Slovakia joined the EU in 2004. Nowhere in Austria was the support for EU membership of the immediate neighbour so low as in the regions bordering Slovakia (and the Czech Republic). However, all this seems to have had no impact on the economic co-operation between the two

countries. Austria from the very beginning was one of the largest if not the largest investor in Slovakia.

The reasons for this strong ambiguity in the propensity towards cross-border co-operation are manifold: expulsion of several millions of ethnic Germans from Czechoslovakia after 1945, persistence of national prejudices and stereotypes from the 19th century, ignorance about the neighbouring people due to the Iron Curtain, divergent policies concerning the use of nuclear power, fear of unfair competition in the labour market etc.

### **Implemented projects**

The most prominent cross-border project between Austria and Slovakia is CENTROPE, founded in 2003 at the eve of enlargement. The objectives of this initiative are to create efficient overarching structures, to position the region in a European and global context, to make it a quality location for all areas of life such as regional planning and development, joint infrastructure, educational and research policy, environmental issues and the creation of a common cultural and tourist space. Whereas CENTROPE is a kind of framework region to interlink and support a common development of the historical city belt around the twin-cities of Vienna and Bratislava (Brno, Trnava, Győr, Sopron, Szombathely, St. Pölten, Wiener Neustadt), the Euregio “Weinviertel-Südmähren-Westslowakei” is supposed to facilitate cross-border co-operation in the more rural areas. A major task of this Euregio is to provide support for EU cross-border programmes. Several hundred small projects have been realised since the late nineties. Additionally a number of service companies and public agencies are establishing or supporting cross-border initiatives. Projects concern the building of bicycle trails, cross-border regional planning and development, learning the language of the neighbour, building a festival centre, facilitating cross-border business co-operation, establishing a cross-border data base for different areas (e.g. labour market) etc.

Project example: “Living in Parndorf”. Parndorf is an old, ethnic Croat town in Northern Burgenland which experienced a one third population growth in the post 1989 period and enlargement era. This is leading to quality of life and social problems. The objective of the project is to provide answers to such problems. The cross-border partner is the town of Senec in Slovakia which encounters similar problems.

### **Elements of SWOT analysis**

Strengths: The Austrian-Slovak border region profits from its proximity to the urban agglomeration Vienna-Bratislava and a relatively dense network of smaller cities surrounding it. The advantage of this configuration will increase further when Slovakia (Hungary and the Czech Republic) will join “Schengen”. Additionally, in the course of EU enlargement the whole region became part of a very important West-East development axis. The global investment initiative “Centrope”, with Vienna as its centre, and several euregios are already consequences of this new situation. The combination of low labour costs (Slovakia) with high social standards and excellent public services (Austria) in a relatively small area produces an attractive mix. Dynamic urban centres with convenient access to the Eastern European markets. Internationality of urban centres (particularly Vienna) and growing population. GDP, exports, industrial output, FDI etc. are increasing. Long traditions in industrial production, agriculture, centre of financial services (banking, insurance etc.), tourism etc. The region is the location of various universities and research centres and is characterised by: a high degree of regionalisation of research and innovation centres, supportive innovation and technology policy; a highly developed transport infrastructure, good accessibility along the central axes through high speed routes, the Danube as an international transport route, three international airports, European transport corridors (IV, V and VII), a highly developed telecommunication infrastructure;

a high level of education and training, potential for cross-border division of labour, a good supply of qualified labour forces. Areas of outstanding beauty, high environmental standards, important cultural sites.

Weaknesses: The cross-border region suffers disproportionately from its long division by the Iron Curtain. Distance to the western European economic centres. High social and economic disparities between rural and urban centres and between Austria and Slovakia in general. Cross-border traffic links have been destroyed or not modernised in the past. Differences in legal frameworks, administrative and regional competence structures. Lack of knowledge of the language of the neighbour. Aging population and out-migration from rural parts of the region. Low share of domestic capital and low labour productivity on the Slovak side. Insufficient integration of SMEs in research and development activities. Insufficient co-operation of all innovative actors to establish an “innovative environment”. Overcrowded traffic routes in the urban agglomerations due to slow and delayed investments. Insufficient supply of public transport in peripheral regions. Insufficient capacity of border crossings. Low intensity of co-operation and coordination of the means of transport. Insufficient supply of transport infrastructure. Uneven territorial distribution of basic infrastructure (e.g. sewerage, waste disposal). High unemployment in some sub-regions, large share of long term unemployment in Vienna, great dependence on urban labour markets, high percentage of seasonal unemployment, pressure on the urban labour markets caused by immigration, no coordinated strategies for developing cross-border labour markets, lack of cross-border co-operation in the fields of education/training and research. Worsening environmental situation through the increase in transit and cross-border traffic, increase in waste volumes, partly (Slovakia) insufficient commitment of the population to environmental issues.

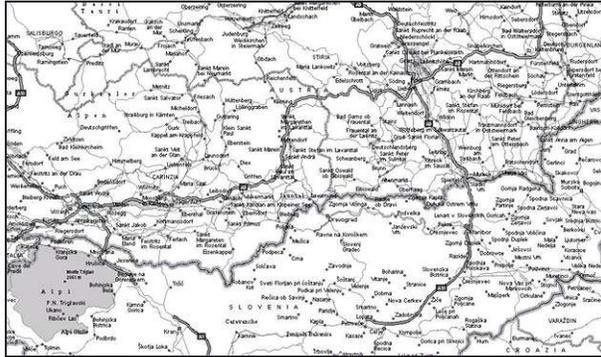
Opportunities: The EU membership of both countries creates increasing opportunities for advanced cross-border co-operation. With the implementation of “Schengen” by Slovakia and the adoption of the euro, the border might become almost invisible. This might provide additional opportunities for co-operation. Taking advantage of historical links and its excellent geographical location, the region could become a gateway for development in eastern and south eastern Europe. CENTROPE, if successfully implemented as a cross-border region, could offer opportunities for access to global resources and networks. The new spirit of “openness” provides the chance to balance the many inequalities in the cross-border settlement system. The proximity of high-tech and low wages might add great value and stimulate growth. Good quality arable land near population centres can stimulate agriculture and help to substitute products with high transport costs and unknown ecological backgrounds. The same holds true for “clusters” producing ecologically sound and healthy food. In connection with the latter, tourism could be given a higher level of sustainability. Improved roads, airports and railway lines will provide new opportunities for the rural areas along the border.

In the long run, the region could become the core of a new type of society in Central Europe, in which still existing traditions merge with new opportunities of technology and knowledge.

Risks and threats: The present entirely economic character of priorities in cross-border co-operation and development in general could harm the rich culture and traditions in the region. Pressure on wage levels and the substitution of the local labour force by workers from the neighbouring countries could cause social unrest. If the necessary investments in infrastructure, education and training do not take place in a reasonable time, part of the rural areas could depopulate and nature take over. On the other hand, the intensified economic activities as the consequence of a practical removal of the border can be dangerous as well. Property and real estate prices are going to develop asymmetric dependence on purchasing power. The new “openness” could develop into a risk for the environment and social stability. Already traffic in the region is exploding and adding to the health

hazards of the population. The increasing global attractiveness of the region is also not without risks. The international traffic lines in the region could attract even more criminals and illegal migrants, as is already the case. Particularly property crimes by foreigners have skyrocketed with the relaxing of border controls and increased permeability of the border. In addition it cannot be completely excluded that the European integration process will be reversed. This could have severe consequences for cross-border initiatives.

## 5. Austria-Slovenia



### Geographical and historical background

The border between Austria and Slovenia runs first on a partly straight and, then, on a slightly north bound line from west to east. The border starts at the “Dreiländereck” in the west, where the borders of Italy, Austria and Slovenia meet, follows the Karawanken mountain range (altitude around 2 000 m) in the southern Austrian province of Carinthia (Kärnten) and gradually cuts into the rolling hills of the province of Styria (Steiermark), for some time follows the river Mur and finally meets the Austrian-Hungarian border near Tauka (district: Jennersdorf) in the province of Burgenland. Austria’s border shared with Slovenia stretches 170 km in the province of Carinthia, 145 km in Styria and 15 km in the province of Burgenland, in total 330 km (Source: Bundesamt für Eich- und Vermessungswesen, Vienna). The border between Austria and Slovenia provides 37 border crossings, out of which three are railway crossings.

As a division line between states this border is relatively young and a result of First World War (WWI) when the successor states of the century old Habsburg Monarchy emerged: among them the Republic of Austria and the Kingdom of Serbs, Croats and Slovenes (SHS). The border between these two states was laid down in the Peace Treaty of Saint-Germain (1919). However, due to historical reasons and a mixed German and Slovene speaking population in the region, the border remained contested, particularly before the final arrangements of the Peace Treaty but later as well. The political representatives of the German speaking population argued over the historical borders of the old Habsburg Crown Lands, whereas the Slovenes emphasised the modern principle of ethnic belonging. The political identity of both, the Crown Land of Carinthia and the Crown Land of Styria, goes back to the Middle Ages where the Holy Roman Empire tried to secure its South eastern frontier by establishing regional political structures. By the end of WWI these structures still existed as the Dukedom of Carinthia (Kärnten), Dukedom of Styria (Steiermark) and Dukedom of Carniola (Krain). The latter, with mainly a Slovene speaking population, transformed into Slovenia and opted for the new kingdom SHS of the southern slaves (after 1929 “Yugoslavia”). Shortly after the armistice which ended WWI, armed forces from this new state invaded those parts of Carinthia and Styria which had large portions of the Slovene speaking population.

In Styria this was Lower Styria in the south with the towns of Marburg (Maribor), Pettau (Ptuj) and Cilli (Celje). Whereas these towns had a considerable German speaking population, the surrounding countryside was mainly Slovene. The emerging Slovenia, the core of which was the former Crown Land of Carniola, took this part of Styria more or less by surprise and with not much resistance. The principle of a historical territorial integrity of Styria had to be abandoned. However, it should be mentioned that those territories of Styria which became part of Yugoslavia are still called Styria (“Stajerska”) in today’s Slovenia. In Carinthia, which also had a strong Slovene population in the south, the situation was different: Here the endeavour to annex the respective territory to the

Kingdom of SHS met with fierce armed resistance by those who wanted the historical borders to be secured and to keep Carinthia “undivided” within Austria. Finally, this led to a plebiscite on 10.10.1920 under the supervision of the winners of WWI. This plebiscite was restricted to a zone south of the provincial capital of Klagenfurt/Celovec where most of the Carinthian Slovenes lived. As in this first step of the plebiscite already 59% voted for staying with Austria, the procedure was not continued in other parts of Carinthia as originally planned. However, the former Crown Land had to cede a smaller territory to the SHS state.

The borders between Austria and Slovenia are still the same as they were drawn after WWI between Austria and the Kingdom of Serbs, Croats and Slovenes (named “Yugoslavia” in 1929). The situation was different during Second World War (WWII) when Austria did not exist as a state between 1938 and 1945. After 1941 when the Third Reich invaded Yugoslavia, Slovenia was divided between Germans and Italians. The areas occupied by Germany were supposed to be reintegrated into the “Reich” in case of victory. However, in 1945 the Republic of Austria was resurrected “in the borders of 1937”, the year before the “Anschluss” (annexation) to Germany. Until the first half of the sixties this border was pretty much sealed off and was similar to the Iron Curtain of the Soviet Block. Although it was never as fortified as the Iron Curtain, for refugees it was still very dangerous to cross, not least because of the difficult and deceptive topography of the Karawanken mountains. Since the sixties the border situation between Austria and Yugoslavia normalised more and more. Until the late eighties this border was crossed by the main traffic lines from northern to south eastern Europe. The frequency of border crossings peaked shortly before the disintegration of Yugoslavia turned into war at the beginning of the nineties. During the nineties much of the traffic shifted to the East (Hungary) and West (Italy). When the Yugoslav Peoples Army clashed with Slovene territorial defence units in June 1991, the border once more became a war zone for a couple of days. With the new Slovenian state in place, the border situation turned more and more from a line of division into a zone of co-operation. This is particularly true since Slovenia became a member of the European Union in May 2004. However, due to the new political situation in Europe, traffic might never return to the frequency of the late eighties.

The population in the border regions is approximately 2.21 million, with 43% in Slovenia and 57% in Austria. On the Austrian side, the population is distributed between the Carinthian and Styrian border regions in a relation of 1/3 to 2/3. The Austrian border region with Slovenia comprises the following NUTS III districts: Southern Burgenland (97 514), Eastern Styria (268 054), Western and Southern Styria (190 414), Graz Region (357 548), Lower Carinthia (158 928) and Klagenfurt-Villach (268 727). The Slovenian border regions are Gorenjska, Savinjska, Pomurska, Podravska and Koroska. Urban centres in Austria are Graz (226 000), Klagenfurt (90 000) and Villach (57 000). In Slovenia it is Maribor (111 000). In addition, there are a number of smaller towns like Wolfsberg, Ferlach, Feldbach, Fürstenfeld, Radkersburg and others. On the Austrian side of the border, about 13 000 people’s mother tongue is Slovenian. In all of Austria this ethnic group constitutes approximately 18 000 people. On the Slovenian side only few German speakers are left. Most of them had to leave after WWII. Finally, whereas demographers predict a considerably population increase mainly through immigration for Austria as a whole in the coming decades, the population of Styria and Carinthia is supposed to decline.

### **Economic and infrastructural characteristics**

When comparing, one should keep in mind that Austria is among the richest countries in the European Union (3rd or 4th rank; GDP ~ 28 000 euro) with an unemployment rate of about 4,5%. Slovenia, on the other hand, belongs to the most prosperous new member states (NMS) and is economically (GDP ~ 15 000 euro) sometimes compared with Greece and Portugal. However, with the exception of the city of Graz, all Austrian border regions to Slovenia are below the national

average of GDP. Klagenfurt and Villach come close to the national average. On the Slovene side the whole border area is below the national average. The economically weakest regions on the Austrian side are Southern Burgenland, Eastern Styria, Western and Southern Styria and Lower Carinthia. Throughout the nineties, economic growth in the Carinthian central space lagged significantly behind Graz. This was primarily due to crises in the construction and tourism industries. However, in recent years the situation has somewhat improved. Carinthia even became one of the most dynamic provinces in Austria as far as the development of research expenditure is concerned. Whereas Styria has already very successfully put in place an automotive cluster, Carinthia is, with some success, trying to develop electronic and software industries. The restructuring of the economy has also improved the employment situation in Southern Austria, whereas in Austria as a whole it has slightly worsened in the last decade. Differences in unemployment between the regions are still significant. Much of the regional employment is generated by small and medium-sized enterprises. Furthermore, in some regions employment is affected by the seasonal nature of the tourism and construction sectors. However, the construction sector has been improving recently due to increasing investment into large infrastructure projects such as railways and motor ways.

A total of thirteen international border crossings and an additional sixteen local crossings can be found along the Slovenian-Austrian border. These are supplemented by three international railway connections. Three small Alpine border crossings and a large toll tunnel make up the Carinthian door to Slovenia. Styria's international border traffic is relatively better developed through a range of small yet well-equipped crossings. Infrastructure in Southern Austria is generally well developed. Both Carinthia and Styria are crossed by international auto and railway routes. Both provincial centres, Klagenfurt and Graz, have international airports which are part of low cost and national airline networks. As far as ground traffic is concerned, the strategic crossing point in Carinthia is the city of Villach, where the A10 motorway from Salzburg/Munich/Linz to Ljubljana/Zagreb/Belgrade crosses the A2 motorway from Vienna/Prague/Budapest/Warsaw to Trieste/Venice/Rome. In Styria it is the city of Graz where the A9 motorway from Nuremberg/Linz/Prague to Maribor/Zagreb/Ljubljana/Koper/Triest crosses the A2 motorway from Vienna to Klagenfurt/Trieste/Rome. A motorway (S7) connecting the A2 near Graz to western Hungary is currently in the planning stage. Three international railway lines cross Southern Austria: a) The "Tauernbahn" from Salzburg via Villach to Ljubljana/Zagreb/Koper/Triest, b) the "Südbahn" from Vienna via Klagenfurt/Villach to Trieste/Venice/Rome and c) the "Pyhrnbahn" from Nuremberg/Prague/Linz via Graz to Maribor/Ljubljana/Zagreb/Koper. Currently a new railway from Graz to Klagenfurt is under construction. This new route will considerably improve the "Südbahn" as a connection between north eastern to south western Europe. Besides this high level mobility network, the region also has excellent local roads.

### **Cross-border declarations and agreements**

The border between Austria and Slovenia is regulated by a number of international treaties and agreements going back to the time of the Federal Republic of Yugoslavia and also to the era when Austria had not yet regained full sovereignty after WWII. For example, the agreement about the use of the waters from the river Mur in Styria (signed on 16.12.1954). Yugoslavia became also a member of the Austrian State Treaty in 1955 which regulates the status of the Slovene minorities in Carinthia and Styria (Art. 7). After the creation of independent Slovenia, Austria disputed the right of Slovenia to step into this Treaty as one of the "successor states of Yugoslavia". Until the eighties Yugoslavia signed all kinds of agreements with its northern neighbour Austria. These agreements concerned the course of the border, its policing, the custom regime and cross-border co-operation. The most important documents concerning the common border are probably the treaties from 1965 and 1975. These treaties now also regulate the border between Austria and Slovenia. In 1995 a

general agreement on cross-border co-operation under INTERREG and Phare was signed between Austria and Slovenia. (Similar agreements also exist between Austria and Hungary and Austria and Slovenia.) In addition, a great number of bilateral agreements between Slovenia and Austria concern border questions such as the return of illegal immigrants, common border regime, documents and visas, cross-border Alpine tourism, local border crossings, cross-border EU projects and after Slovenia joined the European Union the establishing of common border check points.

It should be mentioned that in 1999 the National Assembly of the Republic of Slovenia adopted a declaration on basic principles of Slovenia's foreign policy. In the same declaration the Slovene National Assembly also promises support of regional cross-border initiatives including trilateral initiatives. In 2003, Austria and Slovenia, together with ten other states from Central and South Eastern Europe, signed a joint declaration to fight "illegal migration and related crimes" (The Brdo Initiative). Also significant in this context are the regular meetings of interior ministers from seven central European countries, including Austria and Slovenia, known as "Forum Salzburg". The results of these meetings are usually recorded in a declaration with border relevance. In 2005 it was cross-border police co-operation and "Schengen" for the new EU member states.

### **Propensity towards cross-border co-operation**

Although ethnic relations in Southern Austria are sometimes antagonistic, this does not seem to have a negative impact on cross-border co-operation, even in the province of Carinthia, where ethnic antagonism between (parts of) the German speaking majority and the Slovene minority historically is the strongest. The federal government is usually pro cross-border co-operation anyway. A relaxed situation can be observed in Slovenia, particularly since its independence. However, already in the late Yugoslavia the cross-border relations were good, although this could not be felt so much in the ethnic relations. The ethnic conflict in Southern Austria was, to some extent, an integral element of the Cold War policy between the communist and the capitalist systems. With the implosion of the Soviet Block and the disintegration of Yugoslavia, the ethnic conflict immediately became much less intense. Austria was a strong supporter of the independence of Slovenia and Croatia. However, already in the time of Yugoslavia, the ethnic situation had barely any negative impact on business relations or common infrastructure projects. Obstacles to co-operation were usually connected with the different political and economic systems. The "neutral" status of Austria on the one hand and the "non-aligned" character of Yugoslavia on the other also produced a favourable communality.

On the individual level and from the perspective of collective consciousness the situation is more ambiguous. This ambiguity derives from historical processes and particular from experiences in the course and aftermath of the Second World War.

### **Implemented projects**

Despite the ambiguous ideological propensity towards cross-border co-operation, the reality looks promising. Not only is Austria one of the largest foreign investors in Slovenia (2003: 23% of FDI), and many of the investors come from the border provinces of Styria and Carinthia, but there are also numerous projects with a specific cross-border character. For example, currently 150 EU sponsored cross-border projects involving the Slovene minority exist in the province of Carinthia alone. Generally, the Slovene minority plays an important role in cross-border co-operation between Austria and Slovenia. The intensity of contacts at local level is often a consequence of minorities living on both sides of the border. Equally important is the existence of EU Objective 3 programme to strengthen border regions economically and to foster cross-border co-operation. The joint programmes for cross-border co-operation in the framework of the EU between Austria and

Slovenia set out economic co-operation, the development of human resources, education and cultural co-operation and spatial development. It includes projects such as turning the Maribor prison complex into a regional development centre or the economic revitalisation of the border town of Jesenice. Other recent projects in the framework of INTERREG are “Alps-Adriatic Business Network” providing expertise for cross-border business co-operations and “Bio - Alpe Adria” (together with Italy), a project in support of organic farming. Other projects: “School co-operation in the Styrian borderland 2002-2006”, “Living in Eastern Styrian farmhouses”, “Trilateral wellness education”, “Eco-camp of Slovenian and Styrian schools”, “Technological axis Graz-Maribor”, “Development of Virtual- and Technology Park Western Styria”, “Alps-Adriatic tourist guide”, “Hemma pilgrimage trail” and many more. It should also be mentioned that Austria and Slovenia (together with Italy) have established a common police centre in the border town of Thörl-Maglern. The centre offers support in public order maintenance and the prevention of cross-border crime and illegal migration.

However, if we leave the projects and co-operations which developed inside the framework of the European Union, then the real pioneer of cross-border co-operation here is the “Alps-Adriatic Working Community” (AAWC) which was founded in 1978. The founding of this Community crossing the border between “capitalist” and “communist” states has a pre-history going back to the fifties but which was particularly favoured by preceding political solutions between Austria and Italy (Agreement on Southern Tyrol, 1969) and between Italy and Yugoslavia (Treaty of Osimo, 1975). The number of its members increased from nine in 1978 to 17 in 2004. With the expansion and the appearance of the European Union on the scene, some feared that the Alps-Adriatic Working Community would lose many of its functions. This has not happened. On the contrary, it should be mentioned that so far this Working Community has successfully organised about 500 projects including chess competitions, youth meetings, sport competitions and workshops on peace. Not least was the attempt to organise the 2006 Winter Olympics as three country games between Carinthia, Slovenia and Friuli (Senza confine/brez meja/ohne Grenzen). Although this project finally failed, it had many positive side effects from an increased international awareness of the region to all kinds of project spin offs.

It seems as if the Alps-Adriatic Working Community as a framework for cross-border co-operation will sooner or later have to adapt to the new situation that all its core members are now part of the European Union. One such adaptation could be the transformation into a so-called “euregio” or “euroregion”. However, euregios have no clear definitions yet and are being discussed under different perspectives attracting different interests, that might give the AAWC a pause for thought or even provide an opportunity for a new self-definition. It seems that so far in Austria and Slovenia euroregions are mainly understood as an organisational element to more successfully apply for EU funds. This is particularly true for Styria, where a number of regional agencies have already been established under this brand, whereas in Carinthia the euregio is still merely part of the political rhetoric. Styria is also strategically involved in the planning of an EU-Future Region South East and in a project called MATRIOSCA which is supposed to investigate the best organisational structure for cross-border co-operation. Both could lead to a replacement or marginalisation of the AAWC and put cross-border co-operation on a new track.

### **Elements of Swot analysis**

Strengths: The border region between Austria and Slovenia is characterised by a century long common history in which it was not political divided. In comparison to this history, the age of the border is very young. This can be the foundation of shared memories and mutual dependence. Besides, the ethnic overlapping creates great potential for cross-border co-operation. Slovenia and Austria are both members of the European Union with full access to the Union’s financial and

political arrangements. The population in the border areas is characterised by a high level of occupational training, skills and education. Educational institutions at all levels are available in a short distance. Infrastructure, particularly on the Austrian side, is in many ways excellent. The border area participates in high level networks of Transeuropean communication. Transformation to a knowledge based economy is successfully under way. High-tech facilities are flourishing well. The still significant wage differences between Austria and Slovenia opens excellent business opportunities. The partly different mentalities of the population on both sides of the border could complement each other in an advantageous way: whereas the Slovenian population is embracing Western models of progress in an unambiguous way, the Austrians, although visibly more prosperous, are inclined to view “innovations” from abroad critically and implement them with hesitation, if at all. Another asset is the interesting and attractive natural as well as cultural landscape.

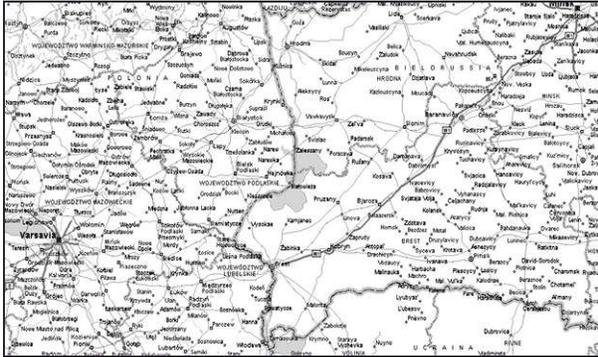
Weaknesses: The history of the region is not only a foundation of strength for cross-border co-operation but also produces barriers. This is particularly true in the area of culture and communal co-operation. In part of the population mistrust towards the neighbour from across border is strong and rivalry can be felt. This is mainly fed by a collective memory of historical atrocities and the fear of domination. The region is a latecomer with respect to economic and social development. It does not belong to the established prosperity belts for which the foundation was laid already in the late Middle Ages. Part of the region has a difficult Alpine topography which makes infrastructure investments expensive and economic activities in general difficult. The relatively great distance to the main European economic and political centres also counts. From certain angles the stagnating or even declining population can also be seen as a weakness.

Opportunities: The membership of both countries in the EU creates excellent opportunities for advanced cross-border co-operation. With the expected membership of Slovenia in “Schengen” and the adoption of the euro, the border might become almost invisible. This can provide new opportunities for co-operation. The recent discussions about a EU future region South-eastern Europe or a Euregio “Alpe-Adria” point in this direction. The already existing intellectual assets (universities, research institutions etc.) and high tech clusters (automotive, electronic, information technology etc.) in combination with high social stability in both countries and a strong ecological orientation (strive for “sustainability”) in Austria can produce opportunities for the emergence of a unique society in this part of Europe. The easier cross-border pooling of resources under the new circumstances provides the opportunity for a recombination of production factors and a better economy of scale. The emergence of new entrepreneurial undertakings in kind and scale can be expected. In general, the region will become more attractive, not only for domestic, but also for global actors.

Risks and threats: The intensified economic activities as a consequence of a practical removal of the border can develop into a risk for environmental and social stability. Already traffic in the region is exploding and adding to the health hazards of the population. The question is also how much “foreign” impact in the economy particular but also in other spheres of life a society can handle. EU integration once more enables an ethnic mix which was for so long typical of the region but which in the end led to very destructive consequences. However, the feared influx of cheap Slovene labour into Graz or Klagenfurt is less likely to create disturbances, because due to the relatively small size of the Slovene labour force and the excellent opportunities in the Slovene economy not much influx is expected. The increasing global attractiveness of the region is also not without risk. Already now, the international traffic lines in the region attract criminals and illegal migrants alike. In particular, property crimes by foreigners have skyrocketed since the arrival of the EU. One indicator of this is the discussion about building new prisons (instead of schools), something completely absent until the arrival of EU, “Schengen” and the dismantling of the Iron Curtain. The

temptation to counter the negative demographic trend with immigration from distant and alien cultures could produce additional risks of social instability and conflict. In addition it cannot be completely excluded that the European integration process will be reversed. This would have grave consequences for all cross-border undertakings hitherto established.

## 6. Belarus - Poland



### Geographical and historical background

The borderline between Belarus and Poland runs for 418.25 km. The south part of the border lies parallel to the Bug River from near Włodawa to Janów Podlaski. Far to the north it cuts the Białowieża Forest, the Augustowski Channel and ends on the Polish-Lithuanian border.

As the result of Poland divisions at the end of XVIII century, the territory of contemporary Belarus was put under the rule of Russia. From the end of the XIX century to the beginning of XX the regional cultural and political establishment was created in order to promote the idea of a Belorussian nation. On 25 March 1918, Belarus proclaimed its independence for first time in history and, thus, the Belorussian People's Republic was established. Poland restored its independence in 1918. As the result of Polish-Soviet War and the Treaty of Riga, in 1921, the western part of Belarus was annexed to Poland and the eastern part was included in the USSR as the Belorussian Soviet Republic. The main cultural centre for the Belorussian establishment became Vilnius and to small degree Białystok. As a result of the Soviet aggression to the Polish eastern borderland in September 1939, Białystok, Grodno and Polesie were annexed to Belarus. From 1941 to 1944, Belarus was occupied by German troops. The BSSR was given its own seat in the UN, as was the USSR). As the result of the systemic changes in the Soviet Union and the independency aspirations of Belarus, the parliament proclaimed the Republic sovereignty in 1990. In August 1991, the independence of Belarus was proclaimed and Belarus became part of the Commonwealth of Independent States. In December 1999, the Treaty of Belorussian-Russian Union was signed. The Treaty states that Russia and Belarus, whilst remaining independent countries, create a common economic area, which however has some traits of a federative state. The political system of Belarus after 1994 was transformed into a presidential republic.

In Poland, the totalitarian system collapsed in 1989 and the political transition process started. The Polish-Belorussian border underwent several changes. Its contemporary course, established in 1945 according to the agreement with the former USSR, is in line with cultural and ethnic frontiers in the greatest measure.

The largest cities on the Belorussian side are Brześć and Grodno; on the Polish side Białystok, Łomża, Bielsk Podlaski, Biała Podlaska, Siedlce. The Belorussian side of the border area is inhabited by 25.6% of the country's total population (10.3 million), including ethnic minorities: Poles (13.30%), Russians (9.40%), Ukrainians (2.80%). The Polish side of the border area is inhabited by 6.4% of the total population (38.2 million), including ethnic minorities: Byelorussians (3.8%), Ukrainians (0.06%), Latvians (0.05%), Romanians (0.02%) and Russians (0.02%).

The Belarus administrative system, as established on 12 July 1990, is composed of six districts: Brzeski, Homelski, Grodzieński, Mohylewski, Miński, Witebski and the city of Minsk which represents a separate district in its own right. Districts are divided into 25 urban areas and 118 rural areas. The border check points between Belarus and Poland are: Kuźnica Białostocka – Bruzhi (temporally closed for truck traffic), Bobrowniki – Berestawica (for truck and passenger traffic),

Połowce – Pieszczatka (for passenger traffic), Kukuryki – Kazławiczy (for truck traffic), Terespol – Brześć (for passenger traffic), Sławatycze – Domaczewo (for passenger traffic), Kuźnica Białostocka – Grodno (railway traffic), Terespol – Brześć (railway traffic).

### **Economic and infrastructural characteristics**

The low competitiveness of the Byelorussian economy is primarily due to its heavy reliance on raw material and energy production. However, Belarus cannot count on a large wealth of natural resources apart from some minerals, for example 40-45 million tons of potassium sodium (the world's third producer after Canada and Russia). Since February 2003, Belarus has a common economic area with Russia, Ukraine and Kazakhstan. In September 2003, these countries agreed on a project aimed at creating an area with common custom taxation and financial policy and currency. Belarus has been described as one of the better developing Soviet republics for many years. In fact, although after its independence there was a period of deep recession (until 1996), the GDP increased afterwards, scoring an increase of 4.5% in the period 2000-2002. The high rates of inflation worsened the macro-economic situation in the area where an increasing number of firms are facing bankruptcy. Belarus has trade relations with 166 countries (exports to 124 countries, and imports from 152). Russia is the main trade partner of Belarus. Others partners are: Germany (6.1%), Latvia (3.3%), Ukraine (3.3%), Great Britain (3.3%), Poland (2.9%), Lithuania (2.1%), Holland (2.1%), Italy (2%) and China (1.5%). Exports to Poland are centered on oil, chemical and artificial fertilizer goods. The biggest effect after enforcing the EU rules and policies in Poland will be in agricultural production export (milk and others). Imports are mainly linked to the following industries: machines and additional equipment (29%), electric tools (5.8%), wood (6.1%), polymeries, artificial materials (5.8%), meat (4.6%). On the Polish side of the border, the economic context does not indicate more positive trends. The border area is to a large degree economically poorly-developed with low GDP per capita, a high percentage of the population employed in agriculture, weak transport infrastructure (in Poland) and a deteriorating environment. Moreover, small and middle sized businesses fail to undertake consistent investments in the restructuring of production methods. On the other hand, the Byelorussian-Polish border area has great development potential. In fact, given its strategic position in terms of environmental and cultural heritage, the area has the opportunity to develop an interesting tourism sector. Its location on the crossroads of international corridors can help to a large degree its economic development. The development of the region will be possible only if, apart from much needed technical infrastructure, the effective promotion of the tourism sector is continued. The condition of economic development in the border area is depends on the as well and to a large extent social integration between Polish, Belorussian and Ukrainian people who live in that area.

In order to increase living standards and social-economic integration within the bordering regions, it appears necessary to achieve the following goals: development of the tourism sector; development and improvement of the transborder infrastructure; institutional co-operation; enhanced border safety.

## **Cross-border declarations and agreements**

Poland has entered into a number of declarations and agreements with Belarus. Cross-border co-operation in the area is based on both the European Outline Convention on Transfrontier Co-operation between Territorial Communities or Authorities (the Madrid Convention) and on the European Charter of Local Self-Government. Poland ratified these agreements in 1993 (Dz.U.10.07.1993) and in 1994 (Dz.U. 25.11.1994) respectively. All following agreements on cross-border co-operation are designed and implemented according to the framework of these two documents.

In 1993, Poland and Belarus signed the Treaty on neighbourhood friendly relations and co-operation (Dz.U. from 09.12.1993r., nr 118 poz. 527) whilst earlier, in 1992, an agreement on the joint management of border check points was signed (M.P. 2003r. nr 37 poz.518). In 1995, agreements on “conservation of tombs and places of memory of war and repression victims” (Dz.U. from 1997r., nr 32 poz. 185) and “fostering co-operation on legal relationships in civil, family, labour and criminal cases” (Dz.U. from 1995r. nr 128, poz. 619) were signed. The first formal agreement “on cultural, educational and scientific co-operation” (Dz.U. from 1996 r. nr 76 pos. 366) was signed in 1996 and since then a number of declarations and agreements were developed with particular reference to Poland’s entry in the EU and to the INTERREG projects developed in the area.

## **Propensity towards cross-border co-operation**

Polish-Belorussian transborder co-operation is based on agreements and contacts between local authorities of both countries and is concerned mainly with check points and cross-border security issues, the protection of the environment, the setting up of a cross-border economic market, and with the fostering of cross-border cultural exchange and the setting up of joint organisations. The most successful example of cross-border co-operation is represented by the cultural and political co-operation between the communities and local authorities of Lublin and Brześć .

However, cross-border co-operation remains under-developed and there are several examples which show how difficult mutual co-operation is. The entry of Poland in the European Union has, to some extent, caused problems in co-operation with Belarus as, for instance, with the new visa regime introduced by Poland.

## **Implemented projects**

The Neighbourhood Programme Poland-Belarus-Ukraine INTERREG IIIA/TACIS CBC 2004-2006 provides the main umbrella under which a variety of projects have been activated. The main aim is supporting cross-border co-operation in the area to increase the level of living standards and to create a lasting co-operation between bordering regions. Before the PHARE programme for the Poland eastern border, which started in 1997, almost no financial support was given to cross-border co-operation activities between Belarus and Poland.

The main cross-border project implemented in the area is the Niemen Euroregion (full name: Transborder Union “Niemen Euroregion”, Polish-Belorussian-Lithuanian) and of Białowieża ForestEuroregion, which includes the following territorial units: Białostocko – Suwalski and Łomżyński region (Podlaskie Voivodship), Chełmsko – Zamojski and Lubelski region (Lubelskie Voivodship), Rzeszowsko – Tarnobrzanski and Krośnieńsko – Orzemyński region (Podkarpackie Voivodship) Ostrołęcko – Siedlecki region (part of Mazowieckie Voivodship). On the Belorussian side: Grodzieński district, Brzeski district and the west part of Minsk district.

## Elements of Swot Analysis

Strengths: the natural and cultural characteristics of the cross-border area represent the key factors for fostering and building further the co-operative relations and projects between Belarus and Poland: the high quality of Polish agricultural products; the concentration of industrial clusters near transport infrastructures running parallel to the Berlin-Warsaw-Minsk-Moscow railway and roadway; the existing co-operation in the cross-border area, especially at the informal level in the “twin-cities”; the co-operation in small and middle business sector between Polish and Belorussian businessmen (the rate of Belorussian small and middle sized businesses on the Belorussian market is 32%); the supporting of cross-border firms and enterprises by non-governmental organisations (e.g. the activity of the Polish-Belorussian Chamber of Commerce and Industry; the existing investments of Polish companies in Belarus in general and in the so-called “Free Economic Areas” (e.g. Grodnoinvest, Brześć) in particular; co-operation in the tourism sector especially in the area of Białowieża Forest (opening the Polish-Belarus border check point for tourists in the Forest).

Weaknesses: Cross-border co-operation in the area however is still confronted with the following systemic weaknesses: the economic stagnation and state centralisation of the economy, particularly in Belarus; political and economic disparities between Poland and Russia; problems of the Polish minority in Belarus which bring on political and economic issues (the negative attitude of the Belorussian authorities towards the Polish ethnic minority, which represents 4% of Belorussian citizens) and underdeveloped IT infrastructure and roads and railway system in the cross-border area.

Opportunities: The main opportunities consist of creating a long-term state policy for the development of mutual cross-border relations and regional development; promoting by the Podlaskie Voivodship regional authorities of the development for trade and production co-operation with Belarus (strategic aim of Podlaskie Regions “Development of regional and international co-operation by using border location of the region”); changing the aim and managerial nature of the Polish eastern border after EU accession; developing border infrastructure through European funding; protecting and promoting the cross-border dimension of the natural and cultural environment in the cross-border area, i.e. Suwalsko-Wisztynieckiego, Three Forests, Białowieża Forest and Turn of Bug River; increasing the cross-border exchange of Polish and Belorussian students and researchers; developing the cultural contacts with a clear inter-regional scope; developing contacts between the Polish minority in Belarus and promoting the Belorussian minority in Poland .

Threats: Threats to cross-border co-operation between Belarus and Poland may arise from the weakness of the cross-border market and from a lack of policies directly aimed at its support (i.e. policies that would focus on the existing high level of taxation, on limiting the large number of law regulations, on promoting the rule of law in terms of cross-border and internationalisation of markets); the low consumer demand, the existence of black and grey economies; the disadvantageous Belorussian government regulations towards Belorussian imports (especially food products); the enforcement of custom taxation such as transit-fees and fees for using sanitary facilities and border infrastructure facilities; the tightening of the border as a result of Polish EU accession (e.g. decreasing bordering trade).

## 7. Belarus – Ukraine



### Geographical and historical background

The 952.7 kilometres long border between Ukraine and Belarus represents in terms of length the third of Ukrainian outer borders after the Ukrainian-Russian and Ukrainian-Moldavian borders, and it is approximately the same length as the Belarusian-Russian one. It runs on a west-east axis from the point where the borders between Ukraine-Belarus-Poland meet at Belarusian Brest, Ukrainian Kovel' and Polish Helm to end at the Ukraine-Belarus-Russia “triangle” between Ukrainian Chernivka (Chernigiv Oblast), Belarusian Lenina (Gomel Oblast) and Russian Novye Jurkovci (Brjansk Oblast).

The Ukrainian border region in the northern part of the country is made up of Volyn', Rivne, Zhytomyr, Kiev and Chernigiv Oblasts. This area has a surface area of 121 000 km<sup>2</sup>, that represents more than 21% of the total territory of Ukraine. The number of inhabitants living in this area is approximately 6.76 million (without the City of Kiev). This represents more than 12% of the total population of Ukraine. The density of population is lower than the Ukrainian average (82.2 inhabitants/ km<sup>2</sup>).

The main Ukrainian municipalities and districts bordering with the Belarusian territory are: Golovne and Ratne in Volyn' Oblast, Dubrovica in Rivne Oblast, Owruch in Zhytomyr Oblast, Poleskoje, Novo-Sapelica and Chernobyl' in Kiev Oblast and Dobrjanka in Chernigiv Oblast. On the Belarusian side there are Brest and Gomel Oblasts – the complete southern part of the country with a total population of approximately 3 million and a territory which covers more than 73 km<sup>2</sup>. The main Belarusian municipalities and districts along the border with Ukraine are Malorita and Pinsk in Brest Oblast and Kolyban' and Novaja Huta in Gomel Oblast. The main part of this border Region is covered by the Polesje Wetlands in the basins of Bug river (right tributary of Visla river) and Pripjat' and Desna rivers (right and left tributaries of Dnepr/Dnipro river, which cross the region). Therefore this territory simultaneously belongs both to the Baltic and the Black Sea basins. Both sides of the border are more or less of a similar plains character. The western part in Belarus is famous for the unique European relict forests of Belovezhskaja Pushcha and the eastern part is unfortunately known from the time of the Chernobyl disaster. Both bordering States had a long common history, starting from Kievskaja Rus' and the joint struggle against the Mongolian-Tatars Horde. In World War II this territory also had the most developed guerrilla warfare against German troops. For many centuries both States were part of the Russian Empire and USSR and became fully independent only after the meeting of Russian and Ukrainian Presidents with the Head of the Belarusian Parliament in Belovezhskaja Pushcha in December 1991. The Treaty between Ukraine and the Republic of Belarus on the State Border was signed on 12 May 1997. The delimitation process was finished in the next two years, but the demarcation of the border is still not implemented. The Ukrainian-Belarusian border has 21 road cross-border points, out of which nine

are local, seven are international and five are interstate; six railway international cross-border points and one river cross-border point.

### **Economic and infrastructure characteristics**

The natural resources of the region create good opportunities both for regional development and sustainable transfrontier co-operation, especially in the following areas: forests, peat deposits, small quantities of oil and natural gas, granite, dolomite limestone, marl, chalk, sand, gravel, clay etc. on the Belarusian side; iron ore, coal, manganese, natural gas, oil, salt, sulphur, graphite, titanium, magnesium, kaolin, nickel, mercury, timber and arable land on the Ukrainian side. Both sides of the border can be characterised by manufacturing and agrarian sectors, which consist of food, fuel, machine engineering and metal-working, equipment, woodworking, pulp and paper, light industries.

This economic potential of the region, together with neighbouring Polish and Russian regions, reflect particularly on the annual Exhibition-Fair “Brest: Commonwealth”. Further development potential of this region is conditioned by: the presence in the border area of Oblsts, the capital of Ukraine, Kiev and the Belarusian city of Gomel; the concentration of the largest transport junction of both countries, especially Brest (near 80% of total transit from CIS to the west) and Ukrainian Kovel’ as well as through the eastern transport triangle of Gomel, Chrnigiv and Russian Brjansk; the main connections of the II, III, V and IX TEN corridors cross this region both in the Belarusian and Ukrainian parts.

Environmental issues of the main part of the region (besides the western zone) became mainly infamous as a result of Chernobyl disaster in 1986. On the western part the general attraction is focused on the above-mentioned Belovezhskaja Pushcha relict forests (Brest Oblast) and Szack National Park (Volyn’Oblast).

### **Cross-border declarations and agreements**

The Euroregion “Bug” was established by the Ukrainian-Polish interregional Agreement of 29 September 1995 (signed in the city of Lutsk, Volyn’Oblast of Ukraine), supported by the governments of both countries. The aim of the agreement was development from neighbourly co-operation in the fields of: regional development, transport and communication, delivery of energy and water supply networks, protection of nature and environment, industry, trade, agriculture and food processing, education and scientific research, health care, culture, art, tourism, recreation and mutual assistance as far as the prevention and elimination of crime and natural disasters are concerned. The Belarusian Brest Oblast became a member of this Euroregion through the special Agreement signed on 15 May 1998. In 2002 from the Ukrainian side, two Ukrainian districts of the Lviv Oblast were also additionally included in this Euroregion

The Euroregion “Dnepr” was established by the Agreement between the Heads of the Belarussian Gomel, Ukrainian Chernigiv and Russian Brjansk Oblasts of 29 April 2003. Its head-quarters are in Gomel (Belarus). The legal basis for this action was formed by the Ukrainian-Belarusian Intergovernmental Agreement on collaboration between boundary Oblasts of 5 December 1997 and the Treaty on friendship, co-operation and partnership between Ukraine and the Russian Federation of 25 May 1997 as well as by the preliminary Agreement between the Regional State Administration of the Ukrainian Chenigiv Oblast, the Administration of the Russian Brjansk Oblast and the Executive Committee of the Belarusian Gomel Oblast on trading, economic, scientific, technical and cultural collaboration of 30 June 2002.

Both Euroregions participate now in the Association of European Border Regions (AEBR).

On this border the approaches to cross-border co-operation are outlined in the Madrid Convention, the Ukrainian legislation “On transfrontier co-operation” and the establishing concept of the CIS Convention on cross-border and inter-regional co-operation. Therefore, it appears relevant to take into account the various simultaneous processes which are determinant for future CBC activities in the border area. Firstly, the transformation, in the EU, of formerly physical into administrative borders, promoting economic and people-to-people co-operation and empowering the regions. Secondly, the rise of the physical borders in the place of administrative ones in the former USSR, which worsens the pre-conditions for co-operation, calls for further application of the principle of subsidiarity between central states and local authorities.

If along the new EU border and even on the Ukrainian-Moldavian border there were some prerequisites (from previous history), on the main part of the Ukrainian-Belarusian border (besides only Volyn’Oblast, which before World War I was the boundary zone between Russian and Austrian Monarchies) cross-border co-operation is a relatively new and little known and used process.

### **Propensity towards cross-border co -operation**

The main peculiarity of this border area is that it simultaneously brings together two different approaches to transfrontier co-operation: firstly, the European approach to the creation of the Euroregion “Bug”, which has now become practically the core area of the EU Neighbourhood Program Poland-Ukraine-Belarus; and secondly, the first Euroregion, which is totally inside the former USSR Republics and has no common points with the new EU border.

Such a new composition can clarify another peculiarity of this border: the total involvement of the two Belarusian Oblasts and the gap of Rivne, Zhytomyr and Kiev Oblasts on the Ukrainian side between the very active Volyn’ and Chernigiv ones.

### **Implemented projects**

According to its Statute, the Euroregion «Bug» Association was created for the purpose of developing co-operation between border areas in the following fields: spatial planning; communication and transport; education, health care, culture, sports and tourism; protection and improvement of the natural environment; elimination of hazards and the effects of natural disasters; developing relations between the inhabitants of cross-border areas, co-operation between institutions and businesses.

A Small Projects Fund, administered by the Euroregion «Bug», was created in 1998 within the first edition of the Integrated Program for the Polish Eastern Border. The Euroregion received subsidies of 120 000 euros at the time. Since 2000, Euroregion «Bug» Local Governments Association (SSERB) has managed the Fund on the Polish-Ukrainian and Polish-Belarusian borders on the territory of the Euroregion «Bug». In most cases it was content-related and consisted of administrative aid, although sometimes the partner had to cover the costs which were not refundable (e.g. transport of participants, advertising events in the media, preparation of materials for conferences and seminars). The realisation of the Small Projects Fund brings about permanent effects in many fields of euroregional co-operation, enabling the exchange of experience and limiting prejudice. It has stimulated the process of increasing new social and economic relations; it has also strengthened the already existing relations.

Neighbourhood Program Poland-Belarus-Ukraine INTERREG IIIA/TACIS CBC will be co-financed from two budget lines: by the European Regional Development Fund (ERDF) on the Polish side, and from the funds of TACIS CBC (community aid program for former soviet republics and Mongolia – with the exclusion of Lithuania, Latvia and Estonia, which belong to the EU) on the Belarusian and Ukrainian side. The allocation of TACIS CBC funds for Belarus and Ukraine will amount to eight million euros. Applications have been submitted since the beginning of September 2005.

The main objective of Micro-projects Fund's activity is the development of co-operation between local and regional organisations in the fields of culture, education, tourism, economy, including the creation of the basis for economically stable cross-border co-operation. Prioritised projects will be those which involve the creation of favourable conditions for social-economic development of border areas, as well as the development of trade and business related co-operation, an increase in the number and importance of organisations involved in such co-operation, and also improving co-operation at micro-projects level.

The model-events realised within the Micro-projects Fund are the following: organisation of a fair or other trade events, sports competitions, concerts, festivals, workshops, panels, seminars, sculpture and open air painting; mutual environment protection and spatial planning action, supporting mutual action aimed at preserving the identity and traditions of the region (publications, promotion, web-sites etc); development of institutional partnerships as far as exchange of information and experience is concerned; co-operation between associations which represent women, the disabled, national minorities; creation of centres/offices of cross-border co-operation; action aimed at finding potential partners.

Micro-projects or actions taken within them, co-financed from ERDF funds, may be financially supported by the Fund by up to 75% of the qualified costs. The minimum limit for co-financing a project from ERDF funds amounts to 5 000 euros, and maximum 50 000 euros.

The remaining 25% of qualified costs and non-qualified costs come from national sources (mostly local and regional). ERDF funds are given as reimbursements. In addition, micro-projects or actions taken within them, co-financed from TACIS funds, may receive financial support from the Fund of up to 95% of the costs incurred. The minimum limit for co-financing a project from TACIS CBC funds is 5 000 euros, and maximum 50 000 euros.

### **Elements of Swot analysis**

Strengths: at the infrastructural level, the following represent the strengths of the cross border area: convenient location for passenger and cargo transit; well developed transport system; good access to gas, oil and petroleum transport. At the economic level, the following represent the strengths of the cross border area: fixed production traditions in certain branches of industry such as timber, meat processing, brewing, tobacco, chemical and light industry; geographic location favours the development of trading relations with EU, East Europe and Asia; high quality raw material base for agri-food and timber processing; mineral and mining resources. At the environmental level, the following represent the strengths of the cross border area: large areas of protected zones; low level of environmental pollution; vast areas for tourism development; biodiversity of flora and fauna; areas listed by the UNESCO. At the tourism and culture level, the following represent the strengths of the cross border area: outstanding natural beauty; numerous sites of great therapeutic value - spas, springs, health resorts; many places of historical interest and tourism potential; a large number of agro-tourism facilities; numerous cultural sites registered on UNESCO's World Heritage List. At the labour market, education and social institutions levels, the following represent the strengths of

the cross border area: a well developed higher education base; most of the population are working age; low labour costs.

Weaknesses: at the infrastructural level, the following represent the weaknesses of the cross border area: lack of expressways, ring-roads for towns; poor quality of road infrastructure; limited road capacity; the number of border crossings does still not meet the requirements of passenger and cargo traffic; closure of crossing points for small border traffic; insufficient access to telecommunication services (internet, mobile and wire telephones); poor infrastructure of sewage and waste treatment facilities. At the economic level, the following represent the weaknesses of the cross border area: concentration of economic activity in the declining sectors; concentration of economic activity around urban agglomerations only; low level of innovative activities in enterprises; poor technological level of enterprises; low level of investment and capital inflow; poorly developed business support institutions and commercial information systems. At the environmental level, the following represent the weaknesses of the cross border area linked to the insufficient protection of natural landscapes, habitats, flora and fauna from adverse technological impacts. At the tourism and culture level, the following represent the weaknesses of the cross border area: low standard of tourism facilities; shortage of high quality accommodation in motels and hotels; underdevelopment of tourist information systems; bad condition of monuments and historical areas. At the labour market, education and social institutions levels, the following represent the weaknesses of the cross border area: high level of registered and hidden unemployment; high unemployment levels among graduates; low level of per capita, income; language barriers; insufficient social infrastructure facilities in the area; unfavourable employment structure; lack of basic social infrastructure in rural areas.

Opportunities: at the infrastructural level, the following represent the opportunities of the cross border area: development of border crossing infrastructure; modernisation and extension of roads, including expressways; opportunities for developing existing transport systems which may be used for international cargo transit; reopening of crossing points for small border traffic. At the economic level, the following represent the opportunities of the cross border area: introduction of high-tech; stimulation of initiatives for increased economic activity; capital inflow to the border area. At the environmental level, the following represent the opportunities of the cross border area: co-operation in respect of trans-boundary protected areas; development of advanced technologies in environmental protection in co-operation with scientific institutions. At the tourism and culture level, the following represent the opportunities of the cross border area: restructuring of tourist facilities; establishment of international tourism areas; implementation of a joint cross-border strategy for tourism; renovation of monuments, establishment and improvement of cultural co-operation and networks; development of cultural products, events and initiatives; fast development of agro- and ecotourism. At the labour market, education and social institutions levels, the following represent the opportunities of the cross border area: ethnic and cultural differentiation of the population; high quality of human capital in terms of education and skills; development of the NGO sector.

Threats: at the infrastructural level, the following represent the threats of the cross border area: traffic routes run across protected areas; lack of funds for development and modernisation of a communication system and new border crossing infrastructure. At the economic level, the following represent the threats of the cross border area: low growth rate in non-urban agglomerations; introduction of visas for Belarusian and Ukrainian citizens. At the environmental level, the following represent the threats of the cross border area: low input in environmental investments; pollution of water and lakes; high cost of maintaining the unique wildlife environment; high costs of unique environment protection. At the tourism and culture level, the insufficient level of investment in the tourism sector represents the main threat of the cross border area. At the labour

market, education and social institutions levels, the following represent the threats of the cross border area: high and ever increasing unemployment; growing social pathology rates; illegal immigration.

## 8. Croatia And Slovenia



### Geographic and historical background

Slovenia is situated in central Europe and covers an area of 20 273 km<sup>2</sup>, that is half the size of Switzerland. The major European geographic regions in Slovenia are the Alps, the Dinaric area, the Pannonian plain and the Mediterranean. Slovenia borders Italy in the west, Hungary in the east, Austria in the north and Croatia in the south. The total length of borders is 1 382 km, of which the border with Italy is 280 km, Austria 330 km, Croatia 670 km and Hungary 102 km long. Slovenia also has 46.6 km of coastline, the Adriatic Sea. The borderline with Croatia represents 48.5% of all borders. For Croatia, the borderline with Slovenia represents 30,5% of all borders, the border countries are: Bosnia and Herzegovina 932 km, Hungary 329 km, Serbia 241 km, Montenegro 25 km and Slovenia 670 km.

The bordering regions from east to west are: seven regions in Slovenia: Pomurska, Podravska, Savinjska, Spodnjeposavska, Jugovzhodna Slovenija, Notranjsko-kraška in the Obalno-kraška region; and seven regions in Croatia: Međimurska, Varaždinska, Krapinsko-zagorska, Zagrebačka (without the city of Zagreb), Karlovačka, Primorsko-goranska in the Istarska region.

Slovenia was originally settled by Illyrian and Celtic peoples in the 3rd and 4th centuries. They formed the first state, called Noricum, which was annexed by the Roman Empire in the first century B.C. In the 5th and 6th centuries, the area was exposed to invasions by the Huns and Germanic tribes during their incursions into Italy. In the 6th century, Slavs from the East began to dominate the area and formed the independent duchy of Carantania. Soon the Slavs of Carantania and of Carniola began developing an independent nation of Slovenes. When the Slovene territory was divided into a number of border regions of the Holy Roman Empire, Carantania was elevated to the duchy of Great Carantania in 976 CE.

Intensive German colonisation between the 11th and 15th centuries diminished Slovene lands to a similar size to the present-day Slovene ethnic territory. Most of the territory of Slovenia was taken over by the Habsburgs, who retained control of the area right up until the beginning of the 20th century. At the end of the Middle Ages life was fraught with Turkish raids and the united Slovene-Croatian peasant revolts of 1515 and 1572-73 continued throughout the 17th century. The Reformation which spread across Slovene territory in the middle of the 16th century helped to establish the underpinnings of the Slovene literary language. The Enlightenment in Europe and under the Habsburg monarchy was a progressive period for the Slovene people. It spurred economic development and facilitated the appearance of a Slovene middle class. Under the reign of Emperor Joseph II (1765-1790) many social infrastructures were established, including land reforms, the feudal system, the modernisation of the Church and compulsory primary education conducted in the Slovene language. The start of cultural-linguistic activities by Slovene intellectuals of the time

brought about a national revival and the birth of the Slovene nation in the modern sense of the word.

When Napoleon captured the south-eastern regions, consisting of Koroška, Kranjska, Gorizia, Trieste, Istria, Dalmatia and Croatia south of the river Sava, the Illyrian Provinces (1809-1813) of the French state were created and Ljubljana became their capital. The short-lived French rule changed the taxation system and improved the position of the Slovene language in schools; it did not, however, abolish feudalism. The first Slovene political programme called Unified Slovenia emerged during the European Spring of Nations in 1848. It demanded that all the lands inhabited by Slovenes should be united into Slovenia, an autonomous province with its own provincial assembly within the framework of the Habsburg monarchy, where Slovene would be the official language. In 1867, Slovene representatives received a majority of votes in the provincial elections. In the same year, the Austro-Hungarian monarchy was established and split into two equal parts. Most of the territory of present-day Slovenia remained in the Austrian part of the monarchy, while Pomurje was in the Hungarian part. (Croatia also belonged to the Hungarian part.) The idea of a unified Slovenia remained the central theme of the national-political efforts of the Slovenes within the Habsburg monarchy for the next few years.

After the end of the First World War and the dissolution of Austro-Hungarian Empire the Croatian assembly in Zagreb and a national gathering in Ljubljana on 29 October 1918 declared national freedom, forming an independent new state of Slovenes, Croats and Serbs, with its capital in Zagreb as first proposal. Italy had annexed Primorska and Istria as well as some parts of Dalmatia. The idea of unification resulted in the creation of the Kingdom of Serbs, Croats and Slovenes (with its capital in Belgrade) on 1 December 1918, which in 1929 was proclaimed the Kingdom of Yugoslavia under the leadership of the Serbian king. Following a plebiscite in 1920, the Slovene part of Carinthia was annexed to Austria.

In April 1941, during the Second World War, the Kingdom of Yugoslavia was attacked by Germans and Slovene territory was divided between Germany, Italy and Hungary. In the same year, the Liberation Front of the Slovene Nation was founded in Ljubljana and the armed resistance began which liberated all of ethnic Slovenia. The Federal Republic of Yugoslavia was declared in 1945, uniting Slovenes, Croatians, Serbs, Bosnians, Macedonians, Montenegrins and other nations.

In the 1980s, Slovenia wanted greater autonomy and occasionally threatened to secede. In April 1990 the first democratic elections in Slovenia took place and the united opposition movement emerged victorious; 88% of the people voted for a sovereign and independent Slovenia. It introduced a multiparty system and in 1990 elected a new Slovene government. Slovenia declared its independence on 25 June, 1991. With recognition of its independence by the European Community in 1992, the country began realigning its economy and society towards Western Europe. Slovenia is now a member of many international organisations and joined the EU and NATO in 2004.

Croatia applied for European membership and in 2005 had the status of EU applicant country.

### **Economics and infrastructure characteristics**

The macroeconomic situation in Slovenia is generally stable, 4.2% dynamic economic growth in 2004 follows 2.7% in 2003 and signifies a positive economic trend with 3.4% five-year average growth in the period 2000-2005. On account of this favourable economic growth the development level of Slovenia, measured by GDP per capita by purchasing power by Eurostat, has grown from 73.5% to 78.5% of the EU-25 average from the year 2000 to 2004. The structure of Slovenian

economy is: 37.7% of added value generated by the industrial sector and 62.3% by the services sector, of which 45.5% market services and 16.8% government services.

Croatia has experienced the up and up in economic growth since 2000, the average GDP growth rate was 4.1% in the five-year period and 3.7% in 2004. By the development level Croatia has reached 45.9% of the EU-25 average in 2004 compared to the 41.3% in 2000. Measuring by GDP per person Croatia has reached 58.5% of the average Slovenian GDP. The Croatian economy is the third most important Slovenian foreign trade partner, after Germany and Italy, where Slovenia exports 240 billion tolar of goods and 75 billion tolar of services (2003). Imports from Croatia are to the value of 105 billion tolar for goods and 100 billion tolar for services. Therefore the net current account for goods is positive to the value of 110 billion tolar (135 billion tolar for goods and -25 billion tolar for services). In 2004, the value of total exports was 1.164 billion euros and imports to the value of 508 million euros, vivid growth exports was 15.6%.

The main products which the Slovenian economy exports to Croatia are: electrical energy, medicaments, cars, furniture, car tyres, refrigerators and equipment, household electrical appliances, car parts and services, paper products for households, timber, etc. The major Slovene exporters are: Nuklearna elektrarna, Gorenje, Krka, Revoz, Lek, Merkur, Paloma, Sava tires, Cimos, five of them having their headquarters in the bordering regions. The main imported products are: diesel oil, car parts and services, iron-steel waste and remains, seats, paper and millboard, medicaments, timber, electrical energy, ethylene polymers, kitchenware and glass, etc. The major Slovene importers are: Cimos, Petrol Interina, Prevent, Revoz, Eta, Valkarton, SŽ Acroni, Podravka, Merkur, etc.

Despite the striking differences in the level of economic development, both countries experienced favourable economic growth in the observed five-year period. Foreign trade between Slovenia and Croatia, the traditional foreign trade partners, is well-developed and is currently growing rapidly.

With its foreign investment the Slovenian economy is orientated mostly towards the countries in the area of former Yugoslavia, with 59.4% share and among them Croatia in first place with 33% of all foreign investment in 2003.

The infrastructure between both countries is well developed and has been under intensive construction. The Slovenian A1 East - West motorway course is a direct connection between the Slovenian coast in the West and the Hungarian border in the East, together with exits to Sežana (Italy), Nova Gorica (Italy) and Šentilj (Austria). It links Slovenia with its neighbours, Hungary, Italy and Croatia and is part of the 5th European Transport Corridor (Trieste - Koper - Postojna - Ljubljana - Budapest), which will be one of the more important links of Italy to central and eastern Europe by 2010. As part of the National Motorway Construction Programme, another 406 km of motorways in the East-West direction still need to be completed. The Primorska leg links the existing Ljubljana-Razdrto motorway with the new motorway leg via Divača, Kozina, Črni kal viaduct along with the Port of Koper, with the branch road to Škofije and the coastal road leading to Croatia. The second important motorway is the A2 from Karavanke to Obrežje which connects Gorenjska region with Central Slovenia, the Ljubljana capital, and continues towards the South - East, i.e. Dolenjska region. This route also connects Austria (via the Karavanke Tunnel) on one leg and Croatia on the other leg (Obrežje border crossing) and represents a part of the 10th European Traffic Corridor. 113 kilometres of the uncompleted section is still under construction, partially in Gorenjska and the majority in Dolenjska.

The railway network is well developed and connects Slovenia and Croatia. The prevailing role in the future development of the railway infrastructure will be within the 5th (East-West) and 10th (North-South) European Transport Corridor.

## **Cross-border declarations and agreements**

Bilateral relations between Slovenia and Croatia are intensive and well developed. Several bilateral agreements and treaties have been concluded in the past few years since both countries became independent states, while some issues are still under discussion and will be resolved gradually. Slovenia must, as a member state that forms part of the EU's external border, implement the strict Schengen border rules to curb illegal migration and commerce through south-eastern Europe.

More than 60 bilateral agreements and treaties have been concluded in the past few years, out of which 41 have been currently implemented, from different fields, including: diplomatic relations, administrative issues, local border traffic and co-operation, trade and economic co-operation, labour affairs and social insurance, transport, infrastructure, defence co-operation, police co-operation and crime prevention, etc. The most important for economic co-operation are: Agreement on local border transport and co-operation (2001, 2005); Agreement on trade and economic co-operation (2005); Free trade agreement (2004); Agreement on encouragement and mutual protection of investment (2000); Agreement on standardisation and metrology of products (2000); Treaty on legal regulation of property issues (1999); Agreement on social insurance (1997); Agreement on scientific and technological co-operation (1996); Agreement on co-operation regarding veterinary medicine (1996); Treaty on maritime fishery (1996); Agreement on employment (1994).

The Agreement on local border transport and co-operation is the main document improving living conditions of border populations, managing co-operation of local communities and encouraging economic co-operation in the border area. The agreement defines passing over the border and the documents, agricultural and forestry activities, foreign currency and customs relief, maritime and continental transport, border economic co-operation. Among border economic co-operation, it regulates common issues regarding investment, infrastructure, water and electricity supply, communication, protection of the environment, cultural heritage, forestry and fishery. For implementation of the agreement, the permanent committee was established consisting of six members from each state.

Slovenia is Party to the Interim agreement on trade and trade-related matters between the European Community and Croatia (2001) that is introducing trade liberalisation gradually by 2007, with customs rates decreasing from 70% of basic tax in 2002 to 50% in 2003, 40% in 2004, 30% in 2005 and 15% in 2006.

The Croatia-Slovenia maritime boundary agreement, concluded in June 2001 and signed by the prime ministers Račan and Drnovšek, was ratified in the Slovene parliament, but Croatian parliament later refused ratification. This agreement is an important open issue as it determines the border in the Piran Bay and maritime access of Slovenia to the international open sea. The maritime border will be presumably settled in the process of international arbitration.

## **Propensity towards Cross-Border Co-operation**

Traditional trade flows and economic co-operation between Slovenia and Croatia with positive trends in foreign investment keep the countries highly connected. Further progress would be achieved with special programmes and financial encouragement.

Therefore the EU initiative INTERREG is of great importance and interest to regional and local units. The Committee of the Regions, referring to the principle of subsidiarity, emphasises that the definition and implementation of plans and programmes are primarily the prerogative of local and regional authorities. The INTERREG initiative's main aim is "developing cross-border co-operation

between adjacent areas on the EU's internal and external frontiers, which, due to their geographic position, are disadvantaged and often isolated from major economic centres in their respective countries. Strand A of the INTERREG III initiative relates to cross-border co-operation, meaning that the border areas of member states, candidate countries and third countries, that is, (to a certain extent) areas "lying along" border areas may participate in Strand A programmes. In most cases, the certain border areas within states are included in a specific programme".

The European Commission has decided to encourage cross-border co-operation between Slovenia, Hungary and Croatia by co-financing for the 2004-2006 period within INTERREG III a "Neighbourhood" programme. The total budget is 27.4 million euros, the assistance from the ERDF European regional development fund amounting to 20.55 million euros. Within the programme three priority areas are defined: economic and social cohesion and human resources development with a budget of 15 million euros, sustainable development with a budget of 10 million euros and technical assistance with a budget of 2 million euros.

The main aim of the programme for Slovenia, Hungary and Croatia is to develop trilateral bordering territory into an economic and social environment oriented to the future, with the intention of improving competitiveness in the European area, improving living conditions of the population and helping to bridge the regional development gaps, caused by the borders. There are two strategic goals: the development of economic and social conditions for regional economic integrity and the strengthening of cross-border relations between people, organisations and institutions on the fields with expected structural changes. Within the first priority – economic and social cohesion – the following measures are foreseen: 1) a common economic area, aiming at more economic co-operation, better business dynamics, improved co-operation between research and development activities; 2) common human resource development, aiming at better employability, better co-operation in the management of the labour market, better co-operation between the educational system and economy, support in opening up new jobs; 3) common tourist and cultural areas with improvement of activities significant for cross-border areas.

The second priority - sustainable development - consists of the measures: 1) sustainable use of natural resources and environment protection, including the establishment of cross-border co-operation within the projects and awareness raising on environment; 2) protection of nature with the establishment of protected natural areas and better management of natural parks; and 3) accessibility with integral cross-border public transport and better access and use of new information and telecommunication technologies.

The "neighbourhood" programme is well designed and has been working successfully with Hungary, while Croatia has to organise the institutions, legislation and development documents in order to be able to implement the EU standards.

### **Implemented projects**

Croatia is in the early phases of forming a structural and regional policy system according to the implementation of European standards. The legislation on regional development needs to be prepared and implemented. A national strategy of regional development and a National development plan including the activity will be prepared. The national action plan on employment is in the initial phase of development. In addition, the regional development programmes need to be elaborated. Therefore co-operation on cross-border programmes is in the initial phase.

So far one development project has been approved: "Establishment of cross-border organisational structure and strengthening of human capacities", a first partnership co-operation of six

development and business agencies from both sides of the border. Partners in the project are: Regional development centre Koper, Business centre Novo mesto, Regional development agency Porin from Rijeka, Istrian development agency from Pulj and Business centre Karlovac. The main purpose of the project is to create a business network that would assure successful creation of quality cross-border projects for the future and the strengthening of human development via education and training, exchange of professionals, transfer of scholarship schemes, creation of a joint webpage, publications etc. The project began in September 2005 and will last 15 months; this co-operation is expected to permanently strengthen cross-border project capacities.

### **Elements of Swot analysis**

Strengths: strong economic co-operation, traditional trade flows, tourism flows, labour migration, common history, understanding of languages and cultures and human contacts.

Weaknesses: transport infrastructure – main connecting highways and motorways are still under construction.

Opportunities: Slovenia, as a new European member state, could help Croatia who has recently applied for membership. In this context, cross-border co-operation is among the most important issues, therefore bilateral agreements should be discussed, with emphasis on regional development and regional agencies in Croatia; joint research projects, co-operation of education institutions and universities.

Threats: unsolved maritime border, difficulties of Slovenes land and real estate owners in Croatia.

## 9. Czech Republic – Poland



### Geographical and historical background

The border between Poland and the Czech Republic stretches over 790 km and is the longest border both countries have with any of their neighbours. It starts at the triangle with the Polish-German border at the Nysa Luzycka River and goes South-East to the place where the borders of Poland, the Czech Republic and Slovakia meet. For the most part, it is a natural boundary based on the mountain ridges of Sudetes and the Silesian Beskid Mountains. Only relatively short sections of it are made up of rivers (Orlica and Olza). At its peak (Sniezka Mountain) the border reaches the elevation of 1602 metres. It is precisely these natural obstacles that have made it one of the oldest border lines on the European continent. As regards the administrative division, the Polish side of the borderland is organised in three voivodships: Lower Silesia (dolnoslaskie), Opole (opolskie) and Silesia (slaskie). On the Czech side there are five 'lands' (districts): Liberec, Hradec Kralove, Pardubice, Olomouc and Moravia-Silesia.

The biggest towns in the borderland on the Polish side are: Bielsko-Biala (178 000 inhabitants), Rybnik (143 000), Walbrzych (130 000), Jelenia Gora (88 000), Raciborz (59 000), Wodzislaw Slaski (50 000), Nysa (48 000), Cieszyn (36 000) and Klodzko (30 000). On the Czech side the biggest towns are: Ostrava (320 000 inhabitants – the third biggest town of the Czech Republic), Liberec (100 000), Hradec Kralove (99 000), Havirov (88 000), Karvina (66 000), Frydek Mistek (66 000), Opava (61 000), Cesky Tesin (26 000) and Bohumin (23 000).

The present shape of the Polish-Czech border was set in the 10th century when both polities emerged. The mountains which at that time were quite impenetrable additionally supported the process of border shaping. The rule over the borderland towns had strategic importance. A good example of this is the city of Klodzko, at that time within the boundaries of the Bohemian Kingdom. The Polish prince Boleslaus the Brave temporarily gained control over Bohemia in the early 11th century for about a year. After that, the border returned once again to the Sudetian summits.

During the fragmentation of the Polish polity into districts (12th-14th centuries) the Polish dominance over the borderlands, which were aspiring to independence or even secession, weakened. Such a process happened in Silesia for example. As a result, the Silesian princes started falling into a tributary dependence from Czech rulers. Consequently, the Sudetes lost their importance as the mountains dividing the two countries. They became merely an internal boundary between provinces for several centuries. From the 15th century the political standing of the Czech Kingdom weakened. The kingdom became increasingly dependent on foreign powers. In the 16th century it entered into the lands governed by the Habsburg dynasty, a state of affairs which lasted until 1918.

The Sudeten became a state border again in 1742 when Prussia conquered Silesia as a result of the so-called First Silesian war. The peace treaties of Wroclaw (Breslau or Vratislavia) of 1742 and Hubertsburg of 1763 confirmed this Prussian conquest. Since then, the Sudetes became the border between Prussia (and since 1871 Germany) and Austria. Despite the territorial claims by Czechoslovakia which emerged after World War I regarding, among other things, the land of Klodzko, the aforementioned border remained unchanged in its Sudetian part. Prague suffered territorial losses only in the autumn of 1938 when, after the Munich Agreement, Nazi Germany, enjoying the acceptance of Britain and France, annexed the borderland of the Czechoslovak state including the Sudetes.

The Silesia of Cieszyn (Tesin) became a disputed territory in 1918. A year later this rivalry took the form of a short war. Finally, the Conference of Ambassadors adopted a resolution dividing the disputed land and making the Olza River a border. As a result, the city of Cieszyn was divided into a Polish and a Czech part. Since the ethnic criteria were not taken into account, a Polish minority of several thousand was left behind south of the Olza River.

This minority became a spark of conflict over Cieszyn Silesia after 1945 when the Polish side was striving to redraw the border in this region. In retaliation, the Czech side made claims regarding the districts of Klodzko, Glubczyce and Raciborz. Finally, despite the tensions, the borders from before the Munich Agreement were reinstalled. These borders, with minimal corrections, resembled the border between Prussia and Austria.

The present shape of the Polish-Czech border was finally set by the bilateral agreements of 1947 and 1958 and no further territorial disputes have been raised since.

Contemporary direct Polish-Czech relations were started by an unofficial meeting of the prime ministers Mrs. H. Suchocka and Mr. V. Klaus in Rudawa near Dlugopole Zdroj in September 1992. Bilateral relations are of a friendly character and the border and its shape evoke no particular emotions.

### **Economic and infrastructural characteristics**

The economic development of the various areas of the Polish and Czech borderland is very diversified. Despite this, the whole area plays a significant role. On the Polish side, the wealthiest areas are those adjacent to the border, with a strong presence of coal mining (Jastrzebie Zdroj and Wodzislaw Slaski) and heavy industry currently in transition. On the other hand, the majority of the Czech deposits of this raw material is located in the so-called Tesin Silesia. The biggest coal mines and steelworks of this area are located in such cities as Bohumin, Karvina, Ostrava, Havirov and Trinec. Ostrava is the main centre for the machine and electrical engineering industry. Opava is where the food industry is concentrated. The deposits of brown coal near the city of Bogatynia and the related Turow power plant are important spots on the map of the Polish borderland. There are also numerous areas plagued by structural unemployment which has been a consequence of the collapse of the socialist economy. Such conditions persist near Walbrzych and Nowa Ruda where the unemployment rate is close to 30%.

On both sides of the border, there are towns and areas at the foothills of the Sudetes and Beskid Mountains which display significant tourist potential. Although this potential has been widely used, there are still untapped opportunities for tourist development. Among the best-known tourist resorts are: Szklarska Poreba, Karpacz, Polanica Zdroj, Duszniki Zdroj, Ladek Zdroj and Kudowa Zdroj (in Poland) and Liberec, Spindleruv Mlyn, Harrachov, Jesenik and Frenstat pod Radostem (in the

Czech Republic). Investing in the development of tourism, especially skiing and wellness is a leading motive and a main reference point for the efforts and activities of the local government and by the same token for the Euroregions.

Important communication routes cut across the Polish-Czech borderland which connect the North and the South of the continent. The biggest border crossings are Cieszyn - Boguszowice and Kudowa – Nachod.

Higher education institutions located near the border areas or not far from them play a significant role in stimulating activities in the borderland. Among the most important centres are the universities in Wrocław and Opole with their branches in Walbrzych, the Cieszyn branch of the Silesian University and the Czech universities in Opava and Hradec Kralove. One of the examples of a joint research effort is a series of meetings which has been occurring regularly for eleven years of the Polish-Czech Research Committee on the Klodzko Land.

### **Cross-border declarations and agreements**

The local and regional authorities in Poland are: the Regional Council and Executive Committee (regional tier), the County Council and Foreman (county tier), the town and municipality Council with Mayor (local tier). All the authorities are elected by popular vote for four years. The Governor (“wojewoda”) is a representative of the central government in his/her region and is responsible mostly for supervising the legality of action of elected bodies and supervising several “special administrations”, not subject to control exercised by elected representatives (police, environmental inspections etc).

The administrative system of the Czech Republic consists of 13 regions (kraj) and a special unit of the city of Prague. Each region is run by the president (hejtman). Regions, in turn, have their own parliaments. However, regional parliaments enjoy relatively limited competences acting as state institutions. The second level of the administrative system in the Czech Republic is the county (okres). The basic unit in this system is a commune (obec). Counties and communes represent self-government bodies constituted by the motion of local elections for the four years term. The administrative system in the Czech Republic is, therefore, more centralised than the one in Poland.

Agreements between states are the main instrument to set out the detailed framework for international co-operation along the borders of Poland. Each of the documents signed so far provides for establishing, facilitating and promoting cross-border co-operation. All the agreements and contracts which create the legal basis for local and regional governments with their partners from neighbouring countries were signed based on these framework agreements. As for the scope of the subject matter, the agreements signed so far clearly break down into two main parts with their respective subcategories. Firstly, the unchangeable (fixed) part resulting either from international agreements signed by the governments or from the conventions of the Council of Europe in which the contracting parties usually: define the concepts of cross-border co-operation, local and regional government; impose certain obligations on themselves to provide information to local and regional governments about the competences and possibilities related to cross-border co-operation; accept an obligation to solve all problems of a legal, administrative or technical nature which might interfere with such co-operation; provide a numbered list of fields for cross-border co-operation; establish joint coordination bodies at the governmental (intergovernmental committees), local and regional level; provide for possible restrictions to co-operation as regards the territory, field, forms or subject matter of co-operation; reiterate that the cross-border co-operation must always comply with the national laws and international obligations from the previously signed agreements. Secondly, the variable part, depending on the local conditions, e.g. the body to sign the agreement, a record of

previous contacts, geographic environment, social and economic development, common problems to solve etc, which is governed by the accords of a given Euroregion. Since 1990, the Polish authorities have signed nineteen intergovernmental agreements which affect decision-making in cross-border co-operation. Given the special character of the cross-border co-operation along the southern border of Poland, i.e. the fact that in three specific cases the co-operation is trilateral, we will be focusing of the agreements signed by the government of Poland with the governments of: the Federal Republic of Germany, the Czech Republic, the Republic of Slovakia and the Republic of Ukraine.

The main agreements currently in force are: the agreement between the governments of Poland and Germany on regional and border co-operation of 17 June 1991; the agreement between the governments of Poland and Slovakia on cross-border co-operation of 18 July 1994; the agreement between the governments of Poland and the Czech Republic on cross-border co-operation of 8 September 1994; the agreement between the governments of Poland and Ukraine on cross-border co-operation of 24 May 1993.

Apart from the agreements mentioned above, there are intergovernmental agreements concerning specific issues such as establishing an intergovernmental committee for regional and border co-operation (Poland and Germany) or the agreement regulating the cross-border movement of persons inhabiting certain areas located near the border (Poland and the Czech Republic).

### **Propensity towards cross-border co-operation**

The ability to overcome existing barriers constitutes a fundamental criterion for the efficiency of the institutions involved in transborder co-operation in the analysed area. For example, barriers such as the dispersion of resources, imbalance of resources, competence centralisation, different levels of modernisation of the institutional framework. Despite a structural imbalance and institutional entropy, there appear to be elements of inter-regional system integration focused on statutory bodies responsible for the implementation of the transborder agenda. Intensification of collaboration takes place in the spheres constituting the areas of biggest developmental threat such as unemployment (including its agrarian form), support for small and medium sized firms, tourism, protection of the environment, attraction of foreign investments, transport infrastructure and border control points. It should be noted that a significant part of this activity is supported by EU funds.

The challenge for transborder co-operation in the analysed area in the near future is to develop an inter-regional policy that would be based on taking advantage of engines of growth in the service of sustainable development of the entire area. It seems that the strategy of regional authorities in the cross-border area aims at the modification of primary directions of development of local capitals, so they could contribute to sustainable development of innovation centres outside. The second fundamental challenge for this strategy is the need to overcome centralisation of the state that deprives regional self-governments of tools for implementing transborder policy. The second fundamental danger is the fact that local capitals are mostly oriented internationally rather than internally in terms of economic exchange. This change of orientation will not be possible as long as the smaller units in the analysed regions do not behave as partners for local capitals. However, local capitals themselves must realise that they have to contribute to the emergence of such partnerships. One positive sign for the future is the fact that awareness of mutual dependence is no longer a matter of empty declarations, but is becoming a day to day reality.

## **Implemented projects**

Nine Euroregions have been established so far along the southern border of Poland (which is 1329 km long). In terms of the number of parties involved, we can break them down into: three trilateral agreements and six bilateral agreements.

Seven Euroregions operate in the Polish-Czech borderland. No other Polish borderland is as rich in this kind of cross-border co-operation. Two of these Euroregions also include other partners: there are German local bodies involved in the Nysa Euroregion, and Slovak local bodies involved in the Euroregion of the Beskid Mountains. The remaining Euroregions of Dobrava, Glacensis, Pradziad, Silesia and Cieszyn Silesia rely on the co-operation of Polish and Czech partners. The diversity of co-operation is undoubtedly the result of the existence of historically constructed entities in the borderland, wishing to stress their uniqueness and specificity. Good examples are Cieszyn Silesia and the Land of Klodzko.

Co-operation in the Polish-Czech borderland sometimes takes the form of exchange of experience between the towns located close to the national border. It should be noted that, according to the standards approved by the Council of European Municipalities and Regions, this kind of co-operation cannot be categorised as town twinning. It is rather a partnership of towns. Usually such co-operation is based on relevant bilateral agreements which set out specific objectives for meetings. There are numerous examples of co-operation. It is hard to find a city in Poland nowadays which has not signed any international agreements. The following are only some examples.

Partnership between Raciborz and Opava. A partnership agreement was signed as early as 1 June 1991. The cities focus on the exchange of experience by local governments. They facilitate contacts between municipal services and other units which offer services to the populations of both cities. They also try and create optimal conditions for co-operation between centres of culture, sport and tourism. The councils of both cities hold regular joint sessions.

Partnership between Rybnik and Karvina. It is based on the agreement of 30 April 2004. The co-operation concerns several fields: contacts between local governments (learning how they operate), efforts to establish joint projects in the framework of available aid funds, education (exchange programmes for teachers; learning how foreign education systems work), tourism (joint promotion of this form of leisure), sport and culture, information (sharing of information and promotional materials).

Partnership between Glubczyce and Krnov has been operating based on an agreement of 26 May 2001. However, the real co-operation had started much earlier. The annual Festival of Upper Silesia (since 1990) is one of the tangible results. The festival provides a platform for contacts in folklore, culture, sport and the presentation of the cultural heritage of the borderland. As many as five thousand performers have taken part so far.

Partnership between Kudowa and Nachod. An agreement on co-operation was signed on 10 September 2004. Nevertheless, informal initiatives had been taken in this region – especially in the field of education and culture – since the beginning of the 1990s. The first anniversary of the agreement was celebrated as a Day of the European City.

Partnership between Bielsko – Biala and Frydek – Mistek was started by an agreement of 14 July 1999. The aim of this agreement was to establish friendly ties between the two cities and their municipal governments and develop economic and tourist co-operation. Both cities take part each

year in tourism trade fairs in Brno, Prague, Bielsko-Biala and Zylina where they present a joint exhibition “Beskid Mountains without frontiers” to promote a joint tourist offer.

Partnership between Bielsko – Biala and Trinec (CZ). An agreement on partnership and co-operation was signed on 15 December 1999. The contracting parties confirmed their will to establish and develop friendly relations between citizens of both towns, between municipal authorities, local governments and other bodies operating in the region.

### **Elements of swot analysis**

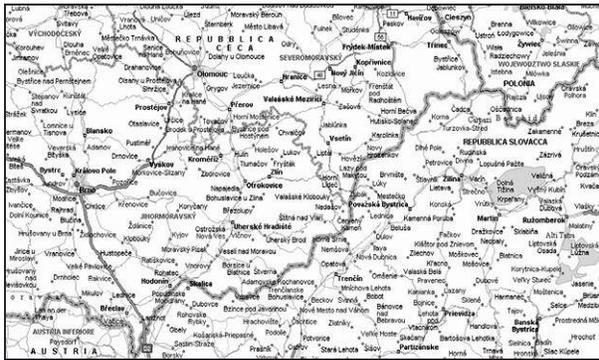
Strengths: The richness of natural resources, in particular the natural beauty along the borders: picturesque mountains, creeks and rivers, relatively unspoiled forest areas (national parks, that is protected areas of unspoiled nature, including enclaves where rare and protected animals live), beautiful landscapes. The tradition of holiday-making: the border regions are traditionally visited by tourists and holiday-makers from the whole of Poland and Czech Republic, as well as an increasing number of international tourists. The relatively well-developed tourist industry in the mountains along the Polish-Czech borders. Especially in recent years, many new small hotels, restaurants and cafes have appeared, together with a number of cultural sites such as museums commemorating the cultural heritage of the region. Sports facilities are also developing, in particular in the Karkonosze Mountains, and especially winter sports and mountaineering. The existence of natural sources of mineral water and spas with old traditions, recently revitalised. The young population. The presence of several higher educational institutions, especially on the Polish side of the region. The proximity of a few important universities, including two of the oldest and most prestigious universities in Central Europe: Prague and Kraków. A well-developed network of scientific research centres. The existing network of cross-border co-operation. Low labour costs. The existence of natural resources (coal, minerals, wood, fishing). Developed food industry. In the western part of the region the existence of traditional working class (Silesia). International airports; growth of the “cheap flights” network, especially in Prague, Katowice, Wrocław and Krakow. Cultural similarities of regions on all sides of the borders (linguistic and historical). Similarity of problems to be solved (post-communist transformation).

Weaknesses: Centralisation of decision-making processes in public administration and public finances. Low level of regional autonomy, which affects the ability to use European and other funds. Underdeveloped infrastructure, especially low quality roads, lack of road bypasses of towns/overpopulation of agrarian areas. Many small and autarchic farms. Post-communist legacy of huge, inefficient heavy industry and very large groups of heavy industry workers unable to move to other sectors of the economy. Devastated municipal infrastructure. Polluted environment and water. Inadequate infrastructure of border crossings. The existence of protected areas of natural parks and very fragmented farming areas result in difficulties in planning the construction of new roads and/or motorways. Poor technical conditions of railway networks. Inadequate sewage systems and inadequate use of water. Low environmental awareness among the local populations. Low level of education, especially among older generations and farming communities. Very traditional work culture and value system, conservative and not compatible with the requirements of a market economy and democratic civil society. High rate of unemployment. Low average income, resulting in weak purchasing power. Large unqualified labour force. Low level of industrial and commercial investment, lack of capital. Low life expectancy and poor health, especially in rural areas and old heavy-industrial centres. Shortage of modern technology and know-how. Low level of participation of foreign capital. Poorly developed services, including communication. Low level economic cross-border co-operation. Incomplete privatisation process. Migration of qualified labour, especially the young.

Opportunities: Availability of European funds. Development of tourism and holidays as well as the sports industry. More foreign investment following stabilisation after the European accession. Development of communication and information structures. Development of cross-border co-operation in infrastructure (road) construction. Development of cross-border co-operation in the sports and leisure industries (winter sports). Development of natural food industry and agrotourism. Development of industrial high technology parks, based on the existing research and higher education system, in co-operation across borders. Development of institutions which link education with the labour market. Providing new qualifications to unemployed industrial workers to facilitate their transition to other sectors of the economy, especially services. Development of the leisure and sports industries and infrastructure on the basis of the advantages of the natural environment of the region (winter sports, mountaineering and hiking, horse riding, golf). Development of small and medium size enterprises.

Threats: Legacy of political and national conflicts (such as the history of struggle over the Zaolzie region between the Poles and Czechs). Inability to overcome centralisation and incapacitation of regional governments by the central governments. Centralisation of finances and consequently inadequate financial means at the region's disposal for its own contribution to European projects, as well as cross-border projects. Local political conflicts, and under development of the class of apolitical civil servants. Social protests and the financial demands of large groups of heavy industry workers and the unemployed. Political pressure on the conservation of socialist structures of industry and against privatisation and restructuring of the economy. Inefficient and dangerous transport due to poor quality roads. A decrease in the population due to migration, especially among young, educated people. Stable structural unemployment. Passive political attitudes, apathy and frustration resulting from disappointment with economic and social transition. Growth of social exclusion and pathologies. Growth of the gap between high and low income. Inadequate coordination of strategic investments across national borders at governmental level, in particular regarding transportation network. Unsolved issues such as legal procedures related to the ownership of land, which precludes a dynamic development of infrastructure.

## 10. Czech Republic-Slovak Republic



### Geographical and historical background

The border between these two countries is 265 km long, running from Poland in the north down to the Austrian border in the south-west.

It runs mainly along an Outer Carpathian chain of mountains ending in the White Carpathians that separate the Povazie region (a system of valleys around the central part of the Vah, Slovakia's longest river) from the Czech historical provinces Moravia and Silesia, located around the major rivers Morava (its upper and central part) and Odra (the most upper part). The most southern part of the border (about 40 km) follows the Morava river, between Skalica (the historical city) under the White Carpathians) and the mouth of its main tributary Dije (50 km north of Bratislava).

The border between Slovakia and the Czech Republic belongs to the oldest border in central Europe. For many centuries it has been one of most stable parts of the eastern border of the multi-ethnic German Empire (as well as of its part Czech Kingdom) and of north-western border of (equally multi-ethnic) the Kingdom of Hungary (that also contained the Slovak territory). The fact that both sides of the border have been inhabited by an ethnically similar West Slavonic population (preserving a tradition of a common 9th century state Great Moravia) and that the Czech and Hungarian Kingdoms were mostly ruled by members of the same foreign dynasties as from 1300 (Luxemburgs, Jagiellonians and mainly Habsburgs who had been fighting Turks for almost two centuries while these had occupied Hungarian lowland including Budapest), that have invited a large number of German colonists who were founding and developing many towns and cities (especially mining communities), has made this border highly permeable for all kinds of cultural and economic contacts. They culminated in the existence of a common Czecho-Slovak state (when this border continued to separate Slovakia administratively from Czech administrative units) in the periods 1918-1939 and 1945-1992. These contacts have expectedly diminished after a velvet divorce in 2003 but their level dramatically exceeds usual standards (also thanks to a joint accession of both countries to the EU and its internal market in 2004).

On the Slovak side, there are three administrative regions [NUTS 3] bordering on Czech Republic: Trnavsky region, Trenčiansky region and Zilinsky region.

Zilina is the administrative centre of the Zilinsky region (700 000 inhabitants). The territory of the region is formed by valleys next to the river Vah and its tributaries Orava, Turiec, Kysuca and others, that lie 300-600 m above sea level and are closed by mountains, of which the most significant are the Western Tatras.

Trencin is the administrative centre of Trenciansky kraj, the population in this border region is 600 000 inhabitants. The surface of the territory is relatively rangy. Mountains have the prevalent character of highlands. The western part of the region is dewatered directly by the river Vah, the eastern part by its largest tributary the Nitra.

The administrative centre of Trnavsky kraj (550 000 inhabitants) is Trnava. From a geographical aspect, the largest surface area is covered by the Podunajska and Zahorska lowland, water network belongs to basin of the river Danube and its tributaries, the Morava and the Vah.

On the Czech side, three of the fourteen regional administrative divisions (regions) border on Slovakia.

The Moravskoslezsky region (1 300 000 inhabitants) in the north-east of the Czech Republic has Ostrava as its administrative centre. The region belongs to the areas with the biggest environmental burden in the Czech Republic, because in the past all components of the environment have been polluted. Currently, the most problematic issues are contamination of the soil and subterranean waters due to industrial activity, the sinking land caused by the coal-mining activity and pollution of surface waters. The character of the nature and different economic developments create differences in the quality of the environment in individual parts of the Region. The most serious impact on the environment are concentrated in the central and north eastern parts of the Region (the area of Ostrava and Karvina towns). On the other hand, there are also places of important and valuable natural beauty that are protected landscape areas – Beskydy and Jeseniky mountains.

Zlinsky region (600.000 inhabitants) has its administrative centre in Zlin.

There is a large protected landscape area in the Zlinsky Region - Beskydy and Bile Karpaty mountains that covers approximately 30% of the area. The protected landscape region of Bile Karpaty belongs to six biosphere reservations of UNESCO in the Czech Republic

In the south-east there is the Jihomoravsky region (1.200.000) with its administrative centre in Brno. It is the second largest city in the Czech Republic, situated on the crossroads of the motorways to Prague, Vienna, Bratislava and Olomouc, and is a place where traditional international exhibitions and fairs take place. Thanks to very favourable climatic conditions, the Jihomoravsky region has a long tradition and a high level of specialised agricultural production: viniculture, fruit-growing and vegetable-growing.

The majority of the population on both sides of the border understand both mutually intelligible languages.

## **Economic and infrastructure characteristics**

Cross-border economy and trade are favoured by a long-standing tradition of contacts and communication between socio-economic actors, operating on both sides of the border. This tradition has evolved historically, since the area belonged for a long time to one common state.

In this area there is a considerable amount of industry and other socio-economic activities; there is a strong impulse towards further development. A great complex of natural alluvial forests is located here.

In the region of Zilina, branch structure of industry is varied and the most important branch of industry is the production of cellulose, paper and paper products. Food is also important – the processing industry, production of machines, production of electricity on the Vah and Orava rivers and its distribution. The region of Zilina maintains a tenth of agricultural land of SR, of which more than one quarter forms ploughland with potatoes, cereals and forage growing.

The region of Trnava belongs to the most productive agricultural regions of the Slovak Republic. Cereals, sugar-beet and forage are the most abundant and they also have the richest harvest within all regions of Slovakia. Animal farming also completes vegetal production, while expressive share has rearing of beef and pork. Industry is represented nearly by all sectors. Locating of industry is territorially unequal. Accompanying basic agriculture, food - processing industry (milk and dairy products, meat and meat products, sugar, sweets and sparkling wine) is mainly developed. A large part of regional production is formed by the chemical industry (production of coloring and coating compositions, viscose and polyester fibres, pharmaceuticals and cosmetic products). Other important branches of industry are the production of metallic products, telecommunication equipment, motor cars, engines, machines and non-metallic mineral products. A dense network of trade, hospitality and accommodation facilities is being formed within the whole region.

Industry is also varied in the Trenčín region. It is represented by engineering, electrical engineering, mining industry, textile and clothing industry, glass industry, leather and food – processing industry. From an economic point of view, the region has two markedly distinct areas: Povazie and Ponitrie separated by Povazský Inovec. The most significant brown coal mining area of Slovakia is situated in the upper Nitra. According to agricultural production, the region has various climatic conditions. Vegetal production in warmer, lower lying parts of the region specialise mainly in barley, sugar beet and wheat growing. Significant for this part of region is the production of fruit and hops. In upper localities potatoes are mainly grown. With an increasing altitude there is grassland farming of cattle on meadows wide-spread.

There are important international airports in Bratislava, Vienna and Prague for travelling the whole world. The Bratislava airport is connected to Prague with regular airlines. Vienna-Schwechat Airport in Austria is only 60 km from Bratislava.

The Danube waterway provides connections to Vienna, Budapest and cities of the upper and lower Danube.

There are internationally important connections between Bratislava, Trnava, Trenčín, Zilina and Košice; Bratislava and Vienna; Budapest, Bratislava, Brno, Prague and Berlin; Vienna, Brno, Ostrava and Warsaw; Prague, Zilina, Košice and Kiev; Ostrava, Zilina, Zvolen and Budapest; Trnava, Zvolen and Košice.

Most of them have been upgraded or are scheduled for modernisation to top international standards. Many transport connections are of local importance as e.g. Trnava - Brno, Trenčín - Brno, Brno - Zlín, Ostrava - Zlín.

### **Cross-border declarations and agreements**

There is a tradition of good-neighbourly policies between the Czech and Slovak Republics. The parties have signed many agreements on various aspects of the social, economic and political life. Agreement between the Government of the Slovak Republic and the Government of the Czech Republic on the Field of Education; Agreement on the Mutual Recognition of Educational Diplomas and Certificates of Scientific Degrees and Titles issued in the Slovak Republic and the Czech Republic; Agreement for the Area of Healthcare; Agreement on the Establishment and Operation of Cultural Centres; Agreement on Co-operation in Science and Technology; Agreement on Co-operation between the Ministry of Culture of the Slovak Republic and the Ministry of Culture of the Czech Republic; Protocol between the Ministry of Education of the Slovak Republic and the Ministry of Education, Youth and Sports of the Czech Republic on Co-operation in the Field of Education, Youth, Physical Culture and Sport.

One important element of multilateral economic diplomacy is the Czech and Slovak Republics' active participation in the Organisation for Economic Co-operation and Development (OECD). The Czech and Slovak Republics are members of the World Trade Organisation (WTO) and they actively participate in the work of UN specialised agencies and organisations.

### **Propensity towards Cross-Border Co-operation**

Slovakia, the Czech Republic together with Hungary and Poland in the V4 (Visegrad group) format place key importance on co-operation.

In the area of regional and cross-border co-operation, the Ministry of Foreign Affairs and other central bodies in Slovakia, as in Czech Republic, participate in the completion of the legislative and institutional framework for the development of cross-border co-operation. The Ministries of Foreign Affairs also participate in the creation of optimal conditions for the use of Cross-Border Co-operation Programme funds. The important topics discussed are: bilateral Slovak-Czech relations (especially border regime), Visegrad co-operation, the exchange of the experience of the Slovak Republic and the Czech Republic resulting from European Union membership and the future direction of co-operation of both countries in the field of foreign policy in a wider European dimension.

The bilateral relations between Slovakia and the Czech Republic are excellent and do not present any problems. The Ministers of the foreign affairs of Slovakia and Czech Republic the Protocol on Co-operation and Mutual Assistance in Case of Extraordinary Incidents and Emergency Crises Abroad. The presidencies consider further expansion of cross-border co-operation to be both important and beneficial.

### **Implemented projects**

The INTERREG IIIA Programme "Slovakia-Czech Republic" covering 4.8 million inhabitants along the border, supports the social and cultural development of the region focusing on human resources, tourism and rural development. The contribution from European Regional Policy resources amounts to 13.7 million euros.

The Community Initiative Programme INTERREG IIIA in border areas has been directly linked to the Phare cross-border co-operation pre-accession programme. Under Phare cross border co-operation, individual projects and grant schemes have been implemented. Projects were aimed especially at improving the transport situation and the environment on both sides of the border. Ten percent of yearly allocations of the Phare cross border co-operation programme were earmarked for the implementation of the Joint Small Project Fund (JSPF) supporting mainly cross-border co-operation of the “people-to people” type (organisation of seminars, training, establishment of joint social and economic institutions, co-operation between communities, youth exchanges).

Visegrad co-operation has shown its effectiveness and growing dynamism. Due to support from the Czech Republic, Hungary and Poland, Slovakia has registered success in reducing the gap between this country and its Visegrad partners in the European integration process. The establishment of the International Visegrad Fund represented an important contribution towards widening co-operation between the V4 countries; so far, the Fund is the only institutionalised form of Visegrad co-operation. The objective of the Fund’s activities is to provide financial support for joint projects in the areas of culture, education, science, youth and cross-border co-operation. The Fund successfully commences its activities and provides the funds to selected projects.

### **Elements of Swot analysis**

Strengths: The long-standing tradition of contacts fosters cross-border trade; the desire of economic operators to co-operate is satisfactory with an increase in business; a well-developed cross-border trade involves both the agricultural and the manufacturing sectors; tradition of intensive mobility of Slovak workers to the Czech Republic; stabilisation of the macroeconomic environment; inflow of foreign capital; decrease in tax charges; low labour costs; fast absorption of standards of quality in the sector of big companies; qualified work force and high standards in the area of technical education.

Weaknesses: high unemployment in the region that causes migration; low rate of added value in output; deficient development of the capital market; increase of social differences in society and slow forming of the middle class; high energetic, material and import seriousness of production; regional differences in qualified and flexible work force; high finance charges and administrative barriers to business; low bulk of invested capital, especially in small and middle businesses; high rate of unemployed and regional differences.

Opportunities: Strategic geographical position of the region, international transport corridors crossing its territory; development of ecological agriculture and ecologisation of industrial production; increase of inflow of foreign capital; development of information technologies in the industry and services; development of services supporting tourism; disposal of administrative barriers to business; development of industrial zones through domestic and foreign capital, utilisation of scientific, research and production capacities for innovation.

Threats: insufficient level of investment and own capital; slow modernisation of production facilities and technologies; dependence on import of strategic raw materials, slow pace of reconstruction of production facilities and of inflow of technologies, low degree of support for research and development in business sector; deficient and incomplete institutional system of support for small and middle businesses, low level of rights enforcement, high prices of inputs including regulated prices.

## 11. Hungary-Slovak Republic



### Geographical and historical background

The 680.9 km long border between Hungary and Slovakia runs on an East-West axis, constituting almost all of Hungary's Northern border. The western part of the border (for about 160 km) is marked by the Danube river, then it follows the Ipeľ (Ipoly) river to the East. Leaving the river near Ipolytarnóc, the boundary continues on land: it crosses the southern foothills of the main Carpathian Mountains, to the north of the Hungarian Northern Central Mountains and then runs east towards the Ukrainian-Slovak-Hungarian border marked by the Tisza river near Záhony.

Prior to World War I, the entire border region was part of the Kingdom of Hungary which later constituted a part of the Austro-Hungarian Empire. At the time the Pozsony (Bratislava) and Kassa (Košice) military districts were demarcated among entirely different borderlines: they ran deeply into the territory of today's Hungary.

The present day border was formed, after the end of World War I in 1918, with the creation of Czechoslovakia, and was laid down in the Trianon Peace Treaty on 4 June 1920 (coming into effect on 26 July 1921), and has remained largely unchanged ever since.

In 1938, through the intervention of Germany, Hungary obtained a revision of the boundary with Slovakia following the Munich Agreement. Moreover, after the collapse of Czechoslovakia in 1939, Hungary unilaterally occupied Ruthenia and parts of Slovakia. The peace treaty of 1947, however, negated these actions and restored the Trianon boundaries of Hungary, with only slight modifications, benefiting Czechoslovakia.

The border was not disputed after the 'Velvet Revolution' and the change of political systems in 1989, which eventually led to the founding of the independent Republic of Slovakia in 1993.

After the 1920 Trianon Peace Treaty, the previous everyday forms of co-existence gradually declined, but economic and family relations remained largely undisturbed. The Second World War brought significant changes, as the Czechoslovakian party took every opportunity to segregate the two countries, eliminate the previous forms of co-existence and to decrease the number and ratio of the ethnic Hungarian population. Under the decades of communism the situation was somewhat alleviated and from the 1960s relations began to be re-established. On the one hand crossing the border with a passport began again; on the other, the number of representative political visits increased, together with the revitalisation of economic relations under the regulation of COMECON. Before the change of political systems, significant co-operation was realised in agriculture by the system of lending machinery. Also, the academic-level debate of historians (with

only a limited public appearance) may be considered a significant point in the line of cultural co-operation.

Slovakia is divided into administrative divisions, called Regions (kraje), of which there have been eight since they were reinstated in 1996. Five of these regions can be found on the Hungarian border: Bratislava, Trnava, Nitra, Banská Bystrica and Košice. Since 2002, Slovakia is additionally divided into 8 “vyššie územné celky” abbr. VÚC (Higher Territorial Units) and 8 “samosprávne kraje” (Self-governing or: Autonomous Regions), both of which are presently identical with the 8 “kraje” . The kraj of Bratislava does not actually border Hungary, but due to its proximity and importance it is also included in the list.

The Regions are named after their principal cities: Bratislava (Pozsony) (428 000 inhabitants), Trnava (Nagyszombat) (68,300 inhabitants), Nitra (Nyitra) (87 000 inhabitants), Banská Bystrica (Besztercebánya) (83 000 inhabitants) and Košice (Kassa) (242 000 inhabitants).

Further cities in these regions are as follows: Senec, Pezinok and Malacky in Bratislava Region, Dunajska Streda, Galanta, Hlohovec, Piešťany, Senica and Skalica in Trnava Region, Komarno, Nové Zámky, Šala, Levice, Zlaté Moravce and Topolčany in Nitra Region, Veľký Krtíš, Krupina, Lučenec, Rimávska Sobota, Poltár, Detva, Zvolen, Banská Štiavnica, Žarovica, Žiar nad Hronom, Brezno and Revúca in Banská Bystrica Region, Rožňava, Gelnica, Spišská Nová ves, Trebišov, Michalovce and Sobrance in Košice Region.

On the Hungarian side of the border there are five counties (megye): Győr-Sopron-Moson (administrative centre: Győr (population: 130 000)), Komárom-Esztergom (administrative centre: Tatabánya (population: 72 000)), Pest (administrative centre: Budapest, also an individual region in itself (population: 130 000)) (Nógrád (administrative centre: Salgótarján (population: 45 000)) and Borsod-Abaúj-Zemplén (administrative centre: Miskolc (population: 179 000)). Also important in the region, however, with no actual border point, is Heves county (administrative centre: Eger (population: 57 000)). Further significant cities are: Mosonmagyaróvár, Komárom, Tata, Dorog, Esztergom, Bicske, Vác, Balassagyarmat, Ózd, Kazincbarcika, Gyöngyös, Kiskvárda.

Hungary's compliance with EU accession requirements led to the creation of seven statistical and planning regions in 1996 at the NUTS2 level. Each of these regions is endowed with a Regional Development Council (composed of a representative of the ministers responsible for agriculture and rural development, health care, employment policy, education, economy policy, environment protection, territorial development, head of Prime Minister's Office, moreover a representative per county of multi-purpose micro regional association and micro regional development council, mayors of the cities with county rank in the territory of the Council, head of the Regional Tourist Committee in the region). These councils are responsible for the division of development resources and within its framework may influence economic development, education and healthcare issues.

The population density of these areas is rather varied; it may generally be stated that the western territories of Slovakia are more densely populated and that both of Slovakia's largest cities (Bratislava and Košice) lie near the Hungarian border. Virtually all of Slovakia's 9.68% ethnic Hungarian minority (about 520 000 people) live in the border territories, with the largest density towards the western Regions, mainly concentrated in the southern districts of the Nitra and Trnava Regions (between 50 and 83%). The border regions are also populated by Roma (in certain eastern districts of Banská Bystrica and Košice between 5 and 8%) and Czech and Moravian nationalities (in much lower numbers, under 1%, with a higher concentration in the two cities). In the border regions of Hungary, the number of ethnic Slovaks is significant, especially in the Komárom-

Esztergom, Pest and Nógrád counties. In this northern region of the country, ethnic Germans, Serbs, Ukrainians, Croatians and Roma also live in larger numbers.

### **Economic and Infrastructural Characteristics**

Due to their common historical past, similar working cultures have developed in these regions. In addition, in the last few decades, despite the separation, similar influences have affected the population of both sides of the border. Owing to the forced development of heavy industry, mines were opened, integrated metallurgy works were established and several plants of the engineering industry were moved to the cities. However, this form of development was point-like and left large areas in between untouched – mainly in the countryside. After the fall of communist power this economic structure devalued, and heavy industry was forced into the background, accompanied by the agricultural crisis of large organisational units. The processing industry concentrated in the cities, contributing to the rising unemployment in the countryside. The state of the transport system has also degraded, and the roads and railways are in a state of disrepair. The only field where significant improvement has taken place is telecommunications, due to its relatively low investment costs. As for the road network, it can generally be said that it is denser in the western regions on both sides of the border. On the Slovak part of the border, there are virtually no motorways (except the short section near the Austrian border leading to Bratislava). The only Slovak motorways of interest in this region is the one connecting Bratislava with Nitra, the short way running south and west from Banská Bystrica and the motorway connecting Košice and Prešov, which are both quite a long way from the border). On the Hungarian side, the M1 motorway runs west from the capital relatively close to the border, directly connecting Budapest and Bratislava (170 km). In the eastern part of the region, the M3 motorway runs in a north-eastern direction from the capital (under Miskolc and Eger), and although under construction, has not yet reached its goal, the eastern three-border area currently about 200 km long). In the course of the last few years, cross-border transport has significantly increased, which is further facilitated by the opening of new crossing stations. Currently there are 15 major crossing points on the border.

The years since the change of the political systems in the two countries, especially with the approaching accession to the European Union (finally realised on 1 May 2004) have seen increasing traffic between the two sides, facilitated by the setting up of new crossing stations and other facilities, such as rebuilding the Maria Valeria Bridge between Esztergom and Štúrovo, which was opened in 2001.

The main economic institutions on the Hungarian side are the Chambers of Commerce and Industry of the counties, that is, Győr-Sopron-Moson, Komárom-Esztergom, Nógrád Heves and Borsod-Abaúj-Zemplén, Pest, and the Chamber of Commerce and Industry of Budapest. The counterparts of these institutions can be found in Slovakia as well: the Chamber of Commerce and Industry of Bratislava and the Regional Chambers of Commerce and Industry of Bratislava, Trnava, Nitra, Banská Bystrica and Košice.

The Carpathians Borderland Economic Development Alliance, with the participation of the municipalities, Chambers of Commerce and enterprises of the relevant regions, has been facilitating the co-operation of enterprise development organisations at the three-country border of Slovakia-Hungary-Ukraine, since 1994.

### **Cross-border declaration and agreements**

Slovakia was recognised by the EU and Hungary at international level in January 1993. Diplomatic relations were officially established between Hungary and Slovakia on 1 January 1993 at the

formation of the new state. The Hungarian embassy has been operational since 1993 in Bratislava, and as of 2004, the Slovak Embassy was re-established in Budapest. Hungary also recognised the international border with Czechoslovakia as the new Slovak border. No disputes arose in this respect. In 1997 Hungary and Slovakia concluded a treaty on the amendment of the state border as a consequence of the water management regulation of the Ipoly, Sajó and Ronyva border rivers.

Hungary and Slovakia have concluded several bilateral agreements. These agreements were also made necessary by the large Hungarian ethnic minority living close to the state border in Slovakia. In 1994 an agreement was concluded to avoid double income tax, and visa requirements were mutually abolished. In 1995 Hungary and Slovakia signed an agreement on the co-operation and operation concerning the common state border and an agreement on good-neighbourly relations and friendly co-operation. The latter promoted enhanced co-operation in the fields of commerce, industry, agriculture, transportation, telecommunication, health care, culture education and scientific research for example. The treaty also included provisions on the protection of ethnic minorities which was acknowledged not to be the internal affairs of the two states. The treaty also provided for the protection of historic monuments and the environment, the development of infrastructure and the permeability of state borders.

There is an Intergovernmental Joint Committee for Cross-border Co-operation that meets regularly, works efficiently, discusses lots of topics and issues, drafts many recommendations and suggestions and channels them into the relation of the central governments and the local authorities.

In 2001 a treaty was signed on the cross-border co-operation of municipal governments and administrative organs and on the accessibility of historic monuments and natural sites alongside the border. In 1999 the two governments also concluded an agreement on the mutual employment of the citizens of the two countries. In 1999, 11 inter-governmental joint committees were established, and in 2004, the 12th joint committee was formed to promote the cross-border co-operation of municipalities. In 2003 an agreement was also reached on the control of public roads, railway and water traffic and a treaty was concluded to promote mutual cultural, educational, scientific, sport and youth co-operation between the two countries to achieve a compromise after the dispute concerning the Hungarian 'status-law' offering additional support structures to people belonging to the Hungarian ethnic minority in neighbouring countries. In September 2004 the Selye János state university applying Hungarian as the language of education was opened at Rév-Komárom.

In 2004 a readmission agreement was adopted by the two states. The crossing of the border with identity cards only was also made possible in view of the accession of the two states to the EU.

As mentioned earlier, the full length of the Hungarian-Slovak border is covered by Euroregions. As the core of these organisations are the municipalities, their presence serves as a guarantee of professionalism and reliability, and also as efficient indicators of the willingness to co-operate on both sides of the border. It might be stated that a significant majority of Hungarian Euroregional activities are related to Slovakia (9 out of 12 Euroregions in Hungary involve Slovak parties).

The Euroregions involving the Hungarian-Slovak border area are the following: Carpathians Euroregion, Košice-Miskolc Euroregion, Sajó-Rima-Slaná Rimava Euroregion, Kras (Karszt-Gömör) Euroregion, Neogradiensis Euroregion, Ipel' (Ipoly) Euroregion, Zemplén Euroregion, Váh-Danube-Ipel' (Vág-Duna Ipoly) Euroregion, Three-part Danube Region (Hármas Duna-vidék) Euroregion.

The Carpathians Euroregion was set up in 1993 and encompasses the region of the Carpathian Mountains, thus including Slovakia, Poland, Ukraine, Romania and Hungary. This region might be

considered as a symbolic Euroregion, as its vast territory (150,000 km<sup>2</sup>) and huge population (14.7 million) makes it extremely difficult for the 26 member regions to co-operate, which is even further hampered by the several differing national laws and state boundaries. However, the purpose of establishing the region was to facilitate co-operation and the establishment of mutually beneficial relations among the regions and especially among the government organisations of this region. Among the regions on the Hungarian-Slovak border are Borsod-Abaúj-Zemplén County and Košice Region. The Euroregion offers an organisational framework for cross-border co-operation in the region. This framework also offers opportunities for the work of non-governmental organisations, such as the Carpathians Foundation, which aims at the regional development of the territories and at assisting application for several types of grants for the participating regions. Intensive co-operation characterises the tripartite region at the Hungarian-Slovak-Ukrainian border, with the participation of Sátoraljaújhely (Hungary), Kráľovský Chlmec (Slovakia) and Uzhgorod (Ukraine), also apparent in a regularly published three-language newspaper and a regional television programme. The Carpathians Borderland Economic Development Alliance was also set up under consultations with the secretariat of the Euroregion.

The Košice-Miskolc Euroregion - before 1920, Košice was the industrial and economic centre of the region, but after the separation Miskolc was chosen to fill its place. The Euroregion was created in order to prevent future rivalry between the two cities, and instead facilitate co-operation and joint regional development in order to improve the degraded conditions characteristic of both regions.

The Sajó-Rima–Slaná-Rimava Euroregion began as a cross-border co-operation of the municipalities of the former Gömör county. However, as this state of affairs still proved inadequate for efficient development, the scope of the participants was extended to the regions along the rivers Sajó and Rima. Thus, from 1999, the main focus of co-operation was through, for example, sister town agreements and business fairs, nature conservation, tourism and waste water management. The Agreement on Co-operation was signed in 2000.

The Kras (Karszt-Gömör) Euroregion was primarily set up for the purposes of nature conservation and tourism, with the participation of the Galya region settlement association.

The Neogradiensis Euroregion was set up in the traditional territory of the former, multi-ethnic Nógrád-Novohrad county, covering today's Hungarian Nógrád county, and Slovak districts Velký Krtíš, Lučenec and Poltár. The agreement setting up the region was signed in 1998. The purpose of the participants is to facilitate the development of the region currently facing recession. To this end strategic plans have been drafted, including the development of transportation conditions and the increase of crossing points on the border. Also important are the plans for the production of the raw materials found on the Slovak side, and their distribution, with the active co-operation of the Hungarian party.

The Ipeľ (Ipoly) Euroregion was created as the environmental protection and cultural NGO's established on both sides of the border joined forces. The Euroregion was established in 1999, and after signing an agreement in 2002, the Ipeľ-Ipoly Euroregion was created as an individual legal entity. The organisation, in this form, was able to enter the Assembly of European Regions in 2003. Currently the organisation is focusing on constructing bridges over the Ipoly.

The Zemplén Euroregion is a new organisation, established in 2004 by the joint initiative of the Enterprise Development Foundation of Sátoraljaújhely (Hungary) and the Regional Development Agency in Kráľovský Chlmec (Slovakia).

The Váh-Danube-Ipel' (Vág-Duna Ipoly) Euroregion was set up in 1999 by the agreement of Hungarian counties Pest and Komárom-Esztergom, and the Slovak Nitra Region. The purpose of the organisation is the comprehensive development of the region, including co-operation in the fields of regional development, education, scientific relations, social and humanitarian issues, exchange of information, etc. The co-operation in the region promotes several initiatives, such as the European Citizen Training Course at the Vitéz János Roman catholic Teacher Training College in Esztergom, whose institution wishes to become a cultural end educational focal point of the Euroregion, contributing to the overall development.

The Three-party Danube Region (Hármas Duna-vidék) Euroregion began in 1999 with the signing of a statement of intent and was established at the beginning of 2001 by the Hungarian County Győr-Moson-Sopron and Slovak Districts Galanta and Dunajská Streda. The purpose of the Euroregion is to promote co-operation and regional development in several fields, including scientific relations, education, social and humanitarian issues, exchange of information, etc.

The Ister-Granum Euroregion (EGTC): As agreed upon by the bodies of representatives of the two towns, the co-operation agreement between Esztergom and Šturovo regarding the establishment of a regional co-operation was born in 2000. In October 2000 The representatives of the Juhny region (Southern Region) with Šturovo as centre, the Esztergom-Nyergesújfalu Kistérségi Területfejlesztési Társulás (Esztergom-Nyergesújfalu Sub-region Development Association), and of the settlements of Tokod and Tokodaltáró signed the declaration of regional co-operation in the presence of Hans Beck, the head of the European Union delegation in Hungary. It created the framework for co-operation of 22 Slovakian and 11 Hungarian settlements. At the very beginning it operated only as a cross-border sub-region, but in 2003 the declaration of intent for the establishment of the Ister-Granum Euroregion was signed. It consists of 102 municipalities today. On the 21st September, 2005 the delegation of the Euroregion (first amongst the Euroregions of the newly joined states) presented their development plan in the European Parliament in Brussels. Later an independent regional development agency was also established. The Ister-Granum EGTC was founded on the 6th May, 2008 with the participation of 47 Hungarian and 39 Slovakian local authorities. The administration tasks have been managed by the euroregional agency. It held the name of the Euroregion - but just in terms of geography -, the regional development bodies work in the frame of an EGTC.

### **Propensity towards cross-border co-operation**

Due to the historical and language ties that exist on both sides of the border, and the large numbers of Slovak and Hungarian nationals on the opposite sides of the border, there is a very good propensity towards cross-border co-operation in this region, which is further facilitated by the increasing political will on both sides that appeared with the change of political systems. The 2004 accession to the European Union and the previous preparation leading towards it gave further impetus to co-operation.

After the change of political system, Hungary and Slovakia provided for the regulation of their relations in a 1996 bilateral agreement. This document makes provisions about facilitating cross-border co-operation. It also sets down that continuous and regular contact should be established and developed between government, state administration, and local and regional government bodies.

The active cultural relations and co-operation (such as co-operation between universities) is a sign of long-term contact-building between the two countries and regions. The contact-systems of NGOs and Chambers of commerce are becoming increasingly significant, bringing results in several areas, for example, in creating an information base for cross-border entrepreneurial relations.

After EU accession, the expanding possibilities and sources of finance gave a fresh impulse to the previously established forms of relations with enriched and increasing demand for joint development projects. There are detectable efforts towards the establishment of the information basis and operational conditions of a lasting, integrated joint regional development. The basis of these formations can be seen in the settlement associations formed in the 80s (in Cserehát, Zemplén, Galyaság regions). Today, the whole length of the border is covered by a chain of Euroregions. Although the level of organisation of the individual organisations is very varied, it might be expected that the newly opened perspectives of regional projects and the regional politics of the EU will contribute to the development of the situation.

Although not exclusively related to the border regions, the Visegrad Co-operation between the four countries of Hungary, Slovakia, the Czech Republic and Poland needs to be mentioned. The co-operation started in 1991 with the Visegrad (Hungary) meeting of the leaders of Hungary, Czechoslovakia and Poland, who wanted to build co-operation that would bring the three countries together and also facilitate Euro-Atlantic integration. After the 1993 separation of the Czech Republic and Slovakia, both countries wished to continue the co-operation, thus from that point the parties of the co-operation have been referred to as the Visegrad Four (V4).

The Visegrad co-operation is not institutionalised in any way. It is based solely on the principle of periodical meetings of its representatives at various levels (from Prime Ministers and Presidents to expert consultations). An official meeting of Prime Ministers takes place on an annual basis. The sole firm organisational structure of V4 is the International Visegrad Fund, established in 2000 with a view to supporting the development of co-operation in culture, scientific exchange, research and co-operation in education systems, exchange of students and development of cross-border co-operation. The Fund provides financing for activities of non-governmental entities, thus significantly promoting the civic dimension of Visegrad co-operation. As agreed at the 2004 Summit of Prime Ministers, the Fund represents 3 million euros per year effective from 2005.

One good example of completed co-operation projects at government level is the rebuilding of the Maria Valeria Bridge between Eszergom and Štúrovo (destroyed in the Second World War), which was opened in 2001. The construction was realised from an equally shared investment of the two governments, backed by a 10 million Euro PHARE funding. There are also agreements towards further development of the transport routes in their region: statements of intent were signed in 2005 on building two new bridges over the river Ipel' and the concerted development of roads on both sides of the border.

As evident from the large number of Euroregions in this area (9 out of 12 in Hungary), besides the highest levels of co-operation, there is very intensive co-operation at the level of municipalities, NGOs and enterprises on both sides of the borders, which is encouraged at all levels.

However, this lower-level co-operation, as is inherent in its nature, is made up of a large number of very small initiatives and remains unco-ordinated at a higher level. The number of projects actually realised is significantly lower than the large number of agreements of co-operation between different parties of different levels on both sides of the border.

Furthermore, it makes it difficult for the partners to find their way in the differing institutional structures of the two countries, which still presents an obstacle to successful and effective co-operation.

## **Implemented projects**

As clarified before, there is a bustling exchange and co-operation between the two sides of the border, with a great number of projects, initiated at governmental (such as the Visegrad co-operation) and local level as well (mainly through the nine Euroregions of the border area). The co-operation projects involve numerous fields, such as environmental protection, regional development, tourism, culture, education, economic co-operation, infrastructural development, science, exchange of information etc.

Both Slovakia and Hungary had the first chance to participate in the PHARE CBC programme in 1999. The PHARE Credo and PHARE CBC programmes provided non-refundable incentives for co-operation aimed at yielding specific results. They not only help participants to prepare for applying for the much more significant INTERREG sources, but also allow the potential partners to re-create the previously existent networks between the now different sides of the border.

Between 1999 and 2004 the two border regions received altogether 970,687 euros funding in the framework of PHARE Credo and PHARE CBC programmes.

In Hungary, the Small and Large projects were carried out in this framework. Some examples of the implemented projects: Reconstruction of Road II/587 Plešivec at the SR/HU state border in 2003 and the previously mentioned Maria Valeria Bridge between Eszergom and Štúrovo. The Small projects were numerous in varied fields, generally with four to six target fields in each project. These fields included regional development, tourism, networking of entrepreneurs, preparation of infrastructural development, foundations of joint development programmes, creation of databases, nature conservation, environmental protection, marketing of local products, etc. It is common to have four or more partners in one project and there are groups of regular co-operating partners with several successful projects.

A new initiative is the NORRIS programme (North-Hungary–Kosice Bilateral Regional Innovation Strategy) launched in 2005 by the North-Hungary Regional development Agency. The objective of the programme is to establish a detailed bilateral regional innovation strategy and thus strengthen cross-border economic cohesion. The programme is strongly supported by EU funding (600,000 of the 703,405 euros budget is provided from EU sources).

## **Elements of Swot Analysis**

Strengths: The area is characterised by varied landscapes and different forms of industry and architecture, natural resources. It also includes the largest cities of the two countries: Budapest, Bratislava and Košice. Since the change of the political regime there has been an ever-increasing level of co-operation between the two countries, at government and municipality level, also intertwined with the lower levels of individual NGOs, businesses, cultural and ethnic minority organisations, institutions. The 2004 EU accession of both countries eliminated a large number of obstacles to beneficial co-operation.

Weaknesses: Transportation needs development on both sides of the border. In the western regions the Danube presents a natural obstacle to transportation, and in the eastern, less developed regions the quality of the road network hampers co-operation efforts. The activities of non-governmental organisations are very much dependent on the funding by governments, enterprises and individuals, which is often an obstacle to effective co-operation. The information bases related to both sides of the border are under development, but are not yet comprehensive enough to provide information on the highly different complex administrative structures and processes involved on both sides in

cross-border activities. There are also detectable traces of the remnants of adverse feelings towards each other, originating from the post-Trianon era in the first half of Hungarian-Czechoslovakian relations.

Opportunities: On an economic and cultural level there are several opportunities for reviving the economic and cultural forms of co-operation and co-existence that have developed for centuries in the region. There is also great touristic potential in the varied natural and urban landscape to be found on both sides of the border. The EU accession has opened the way for large-scale projects of regional development. Furthermore, both the western and eastern end-points of the border constitute a three-border area with Ukraine and Austria, respectively. (There are several opportunities in the closer co-operation of the economically active western part, especially in the Vienna-Győr-Bratislava 'Gold triangle'.)

Threats: The low level of the co-ordination of cross-border programmes and projects at different levels reduces their effectiveness; many of the programmes remain rather inefficient failing to properly progress and be further developed. A sore point of the otherwise friendly and co-operative political relations is the Gabčíkovo-Nagymaros case, which remains unsettled to this day.

## 12. Hungary – Slovenia



### Geographical and historical background

The border between Hungary and Slovenia runs in a south-eastern direction for 102 km. The border line begins at the junction with Austria in the north-west, between Kuzma (SLO) and Felsőszolnok (H), and at the end connects to Serbia and Montenegro in the south-east, near the river Mura.

The Slovenian territories were absorbed into the Habsburg Empire from 1278 to 1335. From 1848, the Slovenes began their struggle for independence and this was achieved in 1918 following the collapse of the Austro-Hungarian Empire. The territory was incorporated into the Kingdom of the Serbs, Croats and Slovenes, which became known as the Kingdom of Yugoslavia from 1929. During World War II the region was occupied by Germany and Italy. In November 1945, Slovenia became a republic of the communist Yugoslav Socialist Federal Republic. On 2 July 1990 the Slovenian National Assembly declared the sovereignty of the republic, and on 8 October 1991 the country proclaimed its full independence. Slovenia's independence was formally recognised by the EC in January 1992 and by the United States in April 1992. In May 1992, it became a member of the UN and the OSCE and on 1 May 2004, together with Hungary, a full member of the EU.

The Slovenian historical region on the border is Pomurje (1 336 km<sup>2</sup>, population: 130 000) whose southern parts near the river Mura are flat, while its northern parts are hilly. Pomurje is named after the river Mura, which separates it from the rest of Slovenia; it means Trans-Mura. The capital city of the region is Murska Sobota with 13 884 inhabitants; other towns are Lendava (3 806 inhabitants), Dobrovnik, Beltinci, Bratonci, Pertoča and Moravci. The Hungarian population in the region is around 6 200, the Slovenian population in Hungary is around 3 500.

The Hungarian counties on the border are Zala and Vas, and the main cities are Nagykanizsa and Zalaegerszeg. Vas county's area is 3 336 km<sup>2</sup> with a population of 269 000 (according to the 2002 census). Zala county's area is 3 784 km<sup>2</sup> with a population of 299 000 (2002). The main towns in the region are Lenti, Récics, Páka, Őrszentpéter and Letenye.

### Economic and infrastructural characteristics

As for the economic structure in the border area, the border region on the Hungarian side is one of the most developed parts of the country due to its high productivity in the secondary sector and its low unemployment rates (Vas 5.2%, Zala 3.3% in 2001). The major industries in the region are processing of chemical products, manufacture of electrical machines, textile industry, production of construction materials, oil refinement and glass production.

Slovenia has a well developed economy with the highest GDP per capita (21 500 USD) of the new EU Members. Pomurje is Slovenia's largest agricultural region. Although it constitutes only 6.6% of Slovenia's territory, it amounts to 22.3% of all Slovene arable land and gardens, 12% of the country's orchards, and 11.7% of its vineyards. At the end of 1995 there were 949 companies operating under the auspices of the Chamber of Slovenia – Regional Chamber of Pomurje, 44 of which were large, 54 were middle-sized and 851 were small-sized ventures. The main activities in the region in relation to the income of enterprises are: industry and mining (43.6%), trade (23.4%), financial, technical and business services (10.5%), agriculture and fishing (6.6%), transport and communications (2%), catering and tourism (1.7%). In 1995 the region's exports totalled 380 million dollars, which amounts to 5% of Slovenia's entire annual exports. 42.9% of the exports goes to the EU, mainly to Germany, Austria and Italy.

The infrastructure on the Hungarian side is developed. The main road network in Vas county is 1 510 km long, whereas in Zala county it is 1 631 km. The railway system is well developed, more than 300 km long in the region. There is a new direct railway connection between Hungary and Slovenia from Zalaegerszeg to Maribor (Zalaegerszeg-Zalalövő-Hodos-Murska Sobota-Maribor). There is another line between Zalaegerszeg and the frontier town of Récics, but with no extension into Slovenia.

The infrastructure on the Slovenian side is excellent. Both the road network and the railway system are highly developed. Murska Sobota is located 59 km from Maribor, 184 km from Ljubljana and 79 km from Graz. There are several coach and railway links between the region and Central Slovenia. Ten direct bus connections have been established between Murska Sobota and Ljubljana; coaches leave every hour to and from Maribor while local bus services operate every hour.

There are only minimal border formalities required at the Hungarian-Slovenian border, the citizens of the EU need only a valid identity card. The main crossing points are Bajánsenye, Felsőszölnök, Kétvölgy, Magyarzombatfa, Nemesnép, Récics and Tornyiszentmiklós. A direct airline between Budapest and Ljubljana was established on 3 May 2004.

### **Cross-border declarations and agreements**

After the fall of the communist regimes, the main task was not only to produce new agreements and treaties between the two countries. Hungary recognised the new Slovenian Republic on 15 January 1992 and diplomatic relations were established. The Slovenian embassy in Budapest was opened in June 1992, the Hungarian embassy in Ljubljana was opened one month later, in July. Since November 1998 Slovenia's consulate general has been open to the public in Szentgotthárd too. The countries signed the agreement on the mutual recognition of diplomats in February 1999.

On 6 November 1992 the two countries signed the Convention on providing Special Rights for the Slovenian minority living in Hungary and for the Hungarian minority living in Slovenia, which established a new inter-state framework for minority protection. The Convention ensures special individual and common rights for the minorities. On 2 December of the same year, the Hungarian-Slovenian Treaty on Friendship and Co-operation was signed. The dynamic co-operation between the two countries is well illustrated by the more than 60 intergovernmental and inter-departmental agreements which cover the entire scope of bilateral co-operation.

The 1992 Treaty on Friendship and Co-operation is a framework treaty which envisages a large field of co-operation between the two states, namely economic, commercial, cultural and environmental. The parties refer to the reinforcement of the existing state borders (territorial integrity) and declare the importance of the protection of their national minorities on the basis of

international documents and the Convention signed on 6 November 1992. The Treaty provides a framework for potential co-operation in the field of fighting anti-semitism, terrorism, organised crime, drug trafficking, illegal migration and violation of minority rights.

In the 1990s Hungary and Slovenia signed several bilateral agreements on educational and cultural co-operation on the one hand, and scientific and technological co-operation on the other. On 20 May 1992, in Ptuj, the two states signed an Agreement on establishing new border crossing points to enable more intense cross-border traffic and trade. Before the direct railway connection between Zalaegerszeg and Maribor was established, the Parties had signed the Agreement on direct railway connection in Budapest on 15 October 1996. Furthermore, Hungary and Slovenia co-operate successfully within the Central-European Initiative for the protection of minority rights, and both countries support the effort to make the ties between Slovenia and the Visegrad Group (Hungary-Poland-Czech Republic and Slovakia) closer.

### **Propensity towards cross-border co-operation**

There is excellent propensity towards cross-border co-operation in this region due to the common history at the time of the Austro-Hungarian Empire. This propensity is reinforced by the very good relationships between the two neighbouring states and the fact that both countries joined the European Union in May 2004. The Hungarian minority in Slovenia (about 6200 people) and the Slovenian minority in Hungary (about 3500 people) live together with the majority without any difficulties. The mutual experience, the traditionally good relationships between the two countries and the common ambition to be integrated into the European Union make co-operation not only easier but also absolutely desirable in the region.

Since 1986, the General Assembly of Vas and Zala county has signed co-operation agreements with the Self-administration Community of Hungarians in the Mura region (Muravidéki magyar Nemzeti Öngazgatási Közösség) every year. The annual agreement makes educational and cultural co-operation possible at a regional level. In February 1999 the Agreement on the mutual recognition of certificates and diplomas was signed, which facilitates studying and working abroad.

The propensity of cross-border co-operation at regional and settlement level is different. Several Euroregion-projects were set up, but their efficiency differs. The Dráva-Mura Euroregion was established between Lendava (Slovenia), Varaždin, Čakovec (Croatia), Csurgó, Letenye, Lenti, Marcali, Nagyatád, and Zalakaros (Hungary) with the presidency of Nagykanizsa. Due to major differences between the administrative structures of the two countries, it is often difficult to recognise and co-ordinate the same levels. The Mura-Drava Euroregion was set up between Hungarian and Croatian counties on NUTS III level. This co-operation has proved to be more fruitful. The presidency is held at present by Zala county, and co-operation is focusing mainly on environmental issues. The parties support Pomurje's participation in their regional co-operation.

Another successful co-operative project in the region is the Murania project ("Civitates privilegiatae regionis Muraniae"). In 2003 the Hungarian town of Lenti, the Austrian Bad Radkersburg, the Croatian Mursko Središće (Muraszerdahely) and the Slovenian Lendava (Lendva) made a statement that in the future they were to co-operate in cultural, commercial, touristic, sports and environmental issues. One year later, in 2004, the Italian city Capannori joined the regional co-operation. The 9th Muranian Regional Fair and Exhibition was organised in Lenti in September 2005. All five cities participated and presented their customs and peculiarities.

However, there are several factors hindering effective co-operation in the region. One main obstacle is that the countries concerned (Hungary, Slovenia, Croatia and possibly Austria and Italy) have

different legal and administrative structures. It is also problematic that the cities in the region mainly make political declarations but often fail to implement them. The fact that effective work is carried out preponderantly by voluntary citizens also makes regional co-operation difficult. Lower level co-operation is often un-co-ordinated; the region needs more experts in cross-border co-operation and regional development policy.

### **Implemented projects**

One of the outstanding multilateral co-operations for the planning and implementation of regional development is the Slovenian-Hungarian Council for Border-region Development. The Council was established on 6 May 1996 with the participation of several cities, General Assemblies and civic associations of the region. Its aim is to recommend and draft proposals, co-ordinate and implement projects related to regional development, infrastructure, energy supply, environmental protection, culture, education, science, economy, tourism, employment, health, public security, prevention of disasters and minority policy. It has special committees on economic co-operation, infrastructure and information technology, regional development, prevention of natural disasters and human resources. One of the priorities of the Council is to develop the north-south traffic network between the two countries by rebuilding the railway connection between Rédiics (Hungary) and Lendava (Slovenia).

The region is, to some degree, part of the Alps Adria Working Community, and both Vas and Zala counties are contributing to the work of the multilateral co-operation. The community enables the parties to set up not only bilateral economic and cultural projects, but also to involve Croatian and Austrian cities, smaller administrative units, as well.

The European Union is supporting various ways of cross-border co-operation between Hungary and Slovenia. The aim of the programme is to prevent the emergence of peripheral economic zones and to accelerate economic convergence. The Phare CBC Small project programme for Hungary and Slovenia provided 1 million euros in 2003-2004 for 12 different projects related to environmental, touristic and economic development. The INTERREG IIIA programme of the European Union is supporting the bicycle lane between Murakeresztúr and Mohacs (east-west axis at the Hungarian-Croatian and the Hungarian-Slovenian border) with 57 million forints, which will be part of the EUROVELO European bicycle lane, ("Three rivers" tourist bicycle lane) between Austria, Slovenia, Hungary and Croatia. Within the framework of the Slovenian-Hungarian bilateral CBC Programme, the Joint Co-operation Committee adopted the Joint Programming Document which is valid for 2000-2006. The Programme provided 2-2 million euros for the Parties in the years 2000-2002. The Document gives three priorities, namely sustainable development, human resource management and regional cohesion and economic co-operation. Implementation is at an advanced stage concerning the Naturepark-project and organic-farming. The most spectacular developments have been achieved in the field of the infrastructure in the region. Several checkpoints (Rédiics, Tornyiszentmiklós) were jointly reconstructed, highways and railways were built in the framework of regional co-operation. In the environmental sector, with the support of the PHARE Credo programme, a joint drain system was built and the capacity of a sewage farm was increased. On the Hungarian side, the M70 motorway has been extended to the Slovenian border; together with the Slovenian large-scale motorway project the region will be a well-developed area of the European Union within a few years.

### **Elements of Swot analysis**

Strengths: the long-standing tradition of good relations is crucial; the common cultural and historical background makes day-to-day work more efficient. The presence of the Hungarian

minority in Slovenia and the Slovenian minority in Hungary encourages the authorities to ensure minority rights. There are no historical stereotypes or prejudices, Hungarians and Slovenians used to live together for centuries.

Weaknesses: due to the similar economic, agricultural and geographic features, the counties and provinces in the region can easily become competitors in certain situations, which hinders co-operation. The different level of centralisation of state administrations and the recent administrative transformations in Slovenia cause difficulties and confusion. More financial resources are needed in the region, but the relatively short border and the proximity of Austria and Italy decrease the importance of successful regional co-operation.

Opportunities: setting up Euroregions has proved to be successful in some cases; this formation of co-operation can effectively contribute to enhanced economic and cultural relations. Joint applications for projects also contributed to the vast development of the region. The reopening of railway and road connections and the reconstruction of checkpoints encourage both the population and the economy to participate in cross-border business.

Threats: because of various similarities, the two sides of the region are potential competitors in the fields of foreign investments and tourism. Due to the more centralised Slovenian administration and the more decentralised Hungarian regional system, co-ordination is not satisfactory. The ever decreasing number of the minorities limits the advantageous effects caused by peaceful coexistence of the two historic cultures.

### 13. Hungary – Ukraine



#### Geographical and historical background

The border between Hungary and Ukraine runs in a south-east direction for 134.8 km. The border line begins at the junction with Slovakia in the north-west, near Záhony, and it ends at the connecting point to Romania, 10 km north of the Tur River near Tiszabecs (Hungary), Halmeu (Romania) and Diakove (Ukraine).

Ukraine was a divided territory between Russia, the Ottoman Empire, Poland, Austria and Romania. After a very short time of independence, Ukraine was absorbed into the Soviet Union after the Russian Revolution. Carpatho-Ukraine was part of the Kingdom of Hungary (counties of Máramaros, Ugocsa, Bereg, Zempén, Sáros and Ung) from the 11th to the early 20th century. It was known as Transcarpathia, without being an administrative unit. After the 1920 Trianon Treaty it became part of Czechoslovakia and obtained autonomy after the Munich Agreement in October 1938. After the Dictate of Vienna in November 1938 parts of the territory (Nagyszőlős, Beregszász, Ungvár, Munkács) returned to Hungary. Between 15 and 18 March 1939, Hungary annexed some further parts of Transcarpathia. In 1944 the Soviet army occupied the region, which became part of the Soviet Union (Ukrainian Soviet Socialist Republic), following the agreement between Czechoslovakia and the Soviet Union in June 1945. This agreement was reinforced in the Treaty of Paris in February 1947. Ukraine became independent following the collapse of the Soviet Union in 1991 and a founding member of the Commonwealth of Independent States, with Carpatho-Ukraine as a part of the state.

The Ukrainian province at the border is Zakarpattia Oblast or Transcarpathian Oblast (Hungarian: Kárpátalja). Its capital is Užhorod (Ungvár), other important cities are Mukačeve (Munkács), Čop (Csop), Berehove (Beregszász), Vynohradiv (Nagyszőlős), Iršava (Ilosva), Rahiv (Rahó), Svaljava (Szolyva) and Tyacsiv (Técső). Ukrainians are in the majority (970 000) in the region, but other ethnic groups, namely Hungarians (156 000), Romanians (30 000), Russians (50 000), Slovaks and Roma, are relatively numerous in Zakarpattia. The area of the region is 12 800 km<sup>2</sup>, its population is about 1.242 million people. The urban population is 37%, and there are over 500 villages in the region.

The Hungarian county at the border is called Szabolcs-Szatmár-Bereg. The capital of Szabolcs-Szatmár-Bereg county is Nyíregyháza, and other main cities are Csenger, Baktalórántháza, Demecser, Dombrád, Kisvárd, Ibrány, Fehérgyarmat, Záhony and Mátészalka. The county was given its present name in 1989. It was formed from the remaining parts of five historic counties, namely from Szabolcs vármegye, Szatmár vármegye, Bereg vármegye, Ugocsa vármegye, and Ung vármegye. Szabolcs-Szatmár-Bereg's area is 5936 km<sup>2</sup>, and it has 588 000 inhabitants (2002). 47%

of the county's population are city-dwellers. The main crossing points are Barabás, Beregsurány-Luzsanka, Lónya, Tiszabecs-Vilok and Záhony-Csop.

### **Economic and infrastructural characteristics**

Szabolcs-Szatmár-Bereg county's territory comprises of only lowlands with a maximum height of 183 m (Hoportyó). It is poor in minerals except loam and sand. It covers 6.3% of Hungary's territory but is responsible only for 2.7% of the country's industrial production with the relatively high unemployment rate of 9.6% (2001). The most important industries in the region include the textile industry, the processing of chemical products, industrial machinery plants, the wood, optics, rubber, pharmaceutical and food industries. It is an important agricultural region responsible for 6.7% of the agricultural production of Hungary. The region produces corn, wheat, potatoes and sugar-beet.

Zakarpattia's economy depends mostly on trans-border trade, grape-growing, vineries, the mining, forestry and wood industries. Its area covers the north-east of the Carpathians with relatively high hills (around 2000m), as well as the surrounding lowlands (20% of the territory), where the majority of the Hungarian population lives (Bereg síkság). Ukraine's economy is developing dynamically with a GDP growth of 12% in the last year. The volume of industrial production has increased by 12.5%, while agricultural production (grain and sugar-beet) was 19.1% more than in the previous year. Trade between Zakarpattia and Hungary is particularly important. Ukraine is one of Hungary's chief trading partners. In 2003 and in 2004 the commercial exchange of goods and services between the two countries exceeded 1 billion USD. Hungary's exports (about 610 million USD) consist mostly of pesticides and herbicides, medicine, vehicles, and industrial machines, while Ukraine's exports (about 640 million USD) are typically raw and basic materials, chemical products, minerals, iron smelting products and wood. Tourism between the two countries is considerable; according to the Magyar Turizmus Rt. the number of Ukrainian travellers was approximately 2.5 million last year, while the number of Hungarian tourists visiting the Ukraine is about 300 000. According to statistics, Hungary is by far the biggest investor in the region, with more than 20% of all foreign investments. Hungary's contribution after the 1998 floods was also substantial.

The infrastructure on the Hungarian side is well developed. The main road network in Szabolcs-Szatmár-Bereg county covers 2096 km. The railway system is also well developed, consisting of around 180 km of tracks. Direct connection is established between Hungary and Ukraine from Nyíregyháza and Záhony to Užhorod (Ungvár), Mukačeve (Munkács) or Berehove (Beregszász). The other main railway line in the region runs between Debrecen and Mátészalka, but does not reach the Ukrainian border.

The infrastructure on the Ukraine side is well developed, too. Both the road network and the railway system are dense compared to the geographical conditions (80% of the region is mountainous). Railways connects the main cities in the region (Čop, Mukačeve, Berehove, Vynohradiv, Chust, Užhorod and Svaljava). There are two main railway lines: one in an east-west direction and one in a south-north direction. Bus services run frequently between the settlements in Zakarpattia. The 1998 floods slowed down development slightly, since dozens of bridges were swept away - roads, railway tracks, dams and thousands of houses were destroyed.

### **Cross-border declarations and agreements**

Independent Ukraine was acknowledged by Hungary before the dissolution of the USSR and diplomatic relations were established on 3 December 1993. The Kiev chief consulate became the

embassy of Hungary. The embassy of Ukraine opened on 26 March 1992, while on 2 July 1993 the Ungvár representation of Hungary established on 8 August 1991 was upgraded to chief consulate. The international border with the USSR was recognised by Hungary to be the new Ukrainian border. No disputes arose in this respect.

Hungary and Ukraine have concluded several bilateral agreements. These agreements were also spurred by the fact that a considerable Hungarian ethnic minority can be found close to the state border in Ukraine. Thus, in 1991 Hungary and Ukraine signed an agreement on good-neighbourly relations and friendly co-operation which contains a specific declaration on the protection of minorities with a view to ensuring for example non-discrimination, the use of minority languages in the field of education or the preservation of cultural identity. In order to resolve any potential difficulties, a joint committee was also established. Furthermore, one of the main objectives of the treaty on good-neighbourly relations and friendly co-operation was to provide a framework for the development of enhanced co-operation between the public authorities, regional, local administration, cross-border co-operation in every field, but especially with respect to economic development, scientific research, environment protection, cross-border transportation and the establishment of cultural links. To facilitate these incentives, several agreements were concluded between the two states, including those on the institution of several new border crossing points (1993), on the reconstruction of the bridge on the Tisza (1996) or on the co-operation and operation concerning the common state border (1995). In 2002 an agreement was reached on the control of public road, railway and water traffic. An agreement was also reached in 2003 on the conditions of entry and movement of citizens of the two states. While Ukrainian citizens are under visa obligations according to respective EU norms, Hungarian citizens do not need a visa to enter Ukraine, and Ukrainian citizens in possession of a Schengen visa do not need to obtain a transit visa for crossing Hungary. Passports are needed for border-crossing.

In order to breathe life into the 1991 agreement on good-neighbourly relations and friendly co-operation, several agreements have been signed in special fields such as environment protection and regional development (1993), cultural, scientific, educational co-operation (1995), the encouragement and mutual protection of economic investment, the avoidance of double income taxes (1995), cross-border co-operation of municipal and administrative authorities (1997).

The Carpathians Euroregion is also an important participant of cross-border co-operation in the region. The Euroregion was set up in 1993 and encompasses the region of the Carpathian Mountains, thus including Slovakia, Poland, Ukraine, Romania and Hungary. The region might be considered to be a symbolic Euroregion, as its vast territory (150,000 km<sup>2</sup>) and huge population (14.7 million) makes it highly difficult for the 26 member regions to co-operate, which is even further hampered by the several differing national laws and state boundaries. However, the purpose of establishing the region was to facilitate co-operation and the establishment of mutually beneficial relations between the regions and especially between the government organisations of this region. From among the regions on the Hungarian-Ukrainian border it includes Borsod-Abaúj-Zemplén County and Zakarpattia Oblast. The Euroregion offers an organisational framework for cross-border co-operation in the region. This framework also offers opportunities for the work of non-governmental organisations, such as the Carpathians Foundation, which aims at the regional development of the territories and assisting applications for several types of grants for the participating regions. Intensive co-operation characterises the tripartite region at the Hungarian-Slovak-Ukrainian border, with the participation of Sátoraljaújhely (Hungary), Kráľovský Chlmec (Slovakia) and Uzhgorod (Ukraine), also apparent in a regularly published three-language newspaper and a regional television programme. The Carpathians Borderland Economic Development Alliance was also set up under consultation with the secretariat of the Euroregion.

## **Propensity towards cross-border co-operation**

Overall, there is a good propensity towards cross-border co-operation, which is especially facilitated by the cultural and language ties represented by the Ukrainian minorities in Hungary and the Hungarian minorities in Ukraine.

At the government level, a Ukrainian-Hungarian Intergovernmental Joint Commission is co-ordinating the co-operation programmes.

The economic relations between the two countries have been on a trajectory of sustained development during the last few years: in 2003 the bilateral trade of goods doubled and was over one billion USD. 25% of the overall foreign trade of Zakarpattia Oblast is with Hungary. Currently there are about 180 Ukrainian-Hungarian joint companies operational in the region.

With Hungary's 2004 accession to the European Union, Ukrainian citizens are obliged to apply for a visa before entering Hungary (the regulation entered into force on 1 November 2003). In order to mitigate any complications emerging from this situation (especially concerning ethnic Hungarians), Hungary has opened a new consulate in Zakarpattia Oblast, in Berehove (Beregszász).

A strong objective of Ukrainian policy is the country's future accession to the EU and wider-scale Euro-Atlantic integration. Furthermore, in the framework of the EU's new Neighbourhood Policy, the Hungary-Slovakia-Ukraine Neighbourhood Programme provides significant funding to assist Ukraine, as a new border-country of the Union, via co-operation programmes.

After the 2005 March meeting of the Intergovernmental Joint Commission, there are also plans for creating a free-trade economic area in the border regions and for the joint construction of a flood-prevention reservoirs and power plants on the Upper-Tisza, with EU funding.

## **Implemented projects**

Owing to the several natural disasters occurring in the region of the river Tisza, co-operation in flood prevention is a focal point of intergovernmental relations. In 2001 an agreement at prime minister level was made on the development of a joint complex flood-prevention programme.

Hungary's joining the European Union has further facilitated cross-border co-operation in the region, with the assistance of different EU programmes: PHARE, the Ukrainian TACIS-CBS, "Co-operation Bridge 2003", the Nyíregyház Initiative, in the framework of which the EuroClip public foundation was established. The regional participants of the co-operation programmes are of different levels: municipalities, NGOs and enterprises. The Ukrainian-Hungarian Intergovernmental Joint Commission is co-ordinating the co-operation programmes, evaluating and granting tenders.

The Hungary-Slovakia-Ukraine Neighbourhood Programme between 2004 and 2006 provides a 4.2 billion HUF funding for (among others) the development of business relations.

A significant aspect of the co-operation between the two countries since the fall of the Soviet Union has been the reconstruction and development of crossing points on the border and thus the facilitation and promotion of cross-border transport. Such points are the Záhony crossing station, assisted by TACIS funding and the Beregsurány crossing station, finished in 2003, whose construction was assisted by PHARE funding.

There are also plans for the reconstruction of further crossing stations and the road network leading to them. According to current plans, the Hungarian M3 motorway will approach the border at two points by 2007. There are plans for constructing a new Tisza bridge at the Záhony-Csop crossing-point and the reconstruction of the bridge at Városnamény. The project shall be funded by INTERREG and the Hungarian Second National Development Plan.

### **Elements of Swot Analysis**

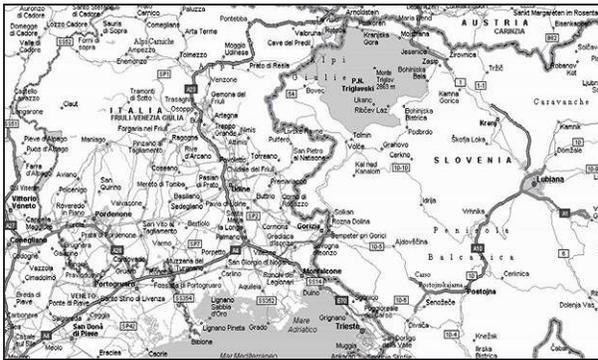
Strengths: The complementary characteristics of the regions situated along the border with respect to geographical features, industrial, economic potentials, and natural resources constitute a strength for any development and co-operation project. There is a gradually increasing level of economic co-operation, mainly fuelled by the high GDP growth rate of the Ukrainian economy and the large number of Hungarian investments in the region. The amelioration of NGO and administrative co-operation is significant. Intensive cultural links due to a considerable number of people belonging to the Hungarian ethnic minority living in the Ukraine facilitates cross-border projects.

Weaknesses: The settlement structure, namely the low level of urbanisation can be considered as one of the weaknesses of the region, together with the relative underdevelopment of transportation. In particular, the Tisza River presents a natural obstacle in the way of transportation and the quality of the road network hampers co-operation efforts. Furthermore, no motorways crossing the border have been constructed. The different environment protection regulations of the two countries lead to unresolved disputes and tensions. Ukraine is not an EU member state, the visa requirements for Ukrainian citizens hinder effective cross-border co-operation. The different level of centralisation of the municipalities and administrative structures and language differences constitute a setback.

Opportunities: If Ukraine can effectively render its legal and economic system compatible with the requirements of the EU in view of its possible accession to the EU, this could largely facilitate cross-border co-operation. Much depends on the long-term relationship between the two governments which at present seems to be promising. Moreover, the existing cultural ties and economic relations provide adequate circumstances for further development. The multicultural Karpattia Oblast could be a leading example of the peaceful coexistence of diverse ethnic groups.

Threats: One of the main threats is caused by the intensive deforestation projects in Ukraine leading to extensive floods in the region, and this remains an unresolved disputed issue. Furthermore, investment and development projects are threatened by the political instability of Ukraine. It might constitute a threat if the Ukrainian efforts fail to keep up with the speed of legal harmonisation required by the EU from Hungary as a new member state. This failure may result in an increasing gap between the two countries.

## 14. Italy – Slovenia



### Geographical and historical background

The border between Italy and Slovenia runs on a north-south axis for about 232 km. Starting at the Dreilander Mountains (1 508m.a.s.l) where the borders of Austria, Italy and Slovenia meet and then, leaving eastwards the Italian city of Tarvisio, the Italian-Slovenian border climbs up to the Mangart Mountain (2 677 m.a.s.l.) to follow gradually the Isonzo/Soča (transborder) river valley up to the twin town of Gorizia/Nova Gorica. The border then runs along the Carso/Karst hills to end in the Adriatic Sea some 20 km south of Trieste at the Italian municipality of Muggia/Milje. The maritime border between Italy and Slovenia lies in the Upper Adriatic in the gulf which includes Trieste and Koper/Capodistria. The territorial orography, besides five alpine border crossings, allows for several road crossing-points out of which 14 are category I, 20 category II, 2 are pedestrian crossing-points and 19 are agricultural crossing-points. Moreover, there are two railway crossing-points in Gorizia and in Trieste and one international airport (Trieste/Ronchi dei Legionari).

Slovenia is an independent state since 25 June 1991.

Disputed first among the Aquileia Patriarchate, the Habsburg empire and the Gorizia earldom, Slovenia belonged since the end of World War I to the kingdom of Serbs, Croats and Slovenians, which became the kingdom of Yugoslavia in 1929. After World War II it became a Federate Republic within Yugoslavia and from the Paris Peace Conference in 1919 to its independence in 1991 its borders with Italy were the borders between Italy and Yugoslavia.

During the Paris Peace Conference, Yugoslavia requested that the border with Italy would be the old border between Italy and Austria: from the Ferro Canal to the town of Cormons, to then develop along the Western line of the Karst Plateau up to the Adriatic Sea. This border would have left Cormons and Monfalcone to Italy whilst Gorizia and Trieste would have become Yugoslavian. Such requests were not answered and the Congress opted for the Wilson III line, which was put into place with the Rapallo Treaty on 12 November 1920. This borderline runs east of the Isonzo Valley and along the eastern line of the Karst Plateau and then south, leaving a vast part of the Istrian Peninsula to Italy. By this Treaty the Free State of Fiume was created, a territory which had a short and troubled life and whose final status would be defined by the Rome Treaty of 27 January 1924, when the Baros harbour and the Northern part of the state were given to the Serbian, Croats and Slovenians Kingdom whilst the rest was given to the Italian Kingdom. This border remained the same for less than 20 years when, in 1941, the German and Italian invasion of Yugoslavia moved the border in the Slovenian territory, and on 3 May 1941 the Ljubljana province was established and extended over the whole of Slovenia and part of today's Croatia.

With the end of the military operations, a most troubled period started as far as the definition of the border between Italy and Yugoslavia was concerned. In May 1945 the troops of New Zealand entered Monfalcone and Trieste, the American army arrived in Udine to proceed up to Klagenfurt and the IV Yugoslavian army, together with the IX Corpus, occupied Trieste, Gorizia, Monfalcone, the Isonzo river valley and the Slavia Veneta region. Between the zones occupied by the Anglo-Americans and those occupied by the Yugoslavs, on 12 June 1945, the so-called "Morgan Line" was established, leaving the towns of S. Daniele del Carso, Sesana, Muggia, Trieste under the Anglo-American control; this line developed then along the Transalpina railways towards Gorizia and the left bank of the Isonzo river up to Caporetto, Plezzo, to finally reach the Mangart mountain on the left bank of the Coritenza river. The thus-established Morgan Line represented the border line on which the treaties for the definition of the Italian-Yugoslavian border were later based. The Venezia Giulia region was divided into Zone A and Zone B, which were respectively administrated by the AMG (Allied Military Government) and by the VUJA (Vojaška Uprava Jugoslovanske Armade - Military Government of the Yugoslavian Army).

The Peace Conference, first in London and then in Paris, was confronted with a most difficult process in order to define and establish the border line between Italy and Yugoslavia. Such difficulty derived, in part, from the fact that no agreements or discussions were carried out on this topic during the Jalta Conference. Moreover, the Adriatisches K nstenland (the Venezia Giulia region was part of it until May 1945) was not set under direct Italian sovereignty and, finally, the Yugoslav troops were the first to occupy the Isonzo river valley. Italy pushed to define the border line according to the provisions elaborated by President Wilson in 1919, whilst Yugoslavia aimed at integrating the whole of the Venezia Giulia region into its territory. With the Peace treaty of 15 September 1947, Italy obtained the Udine province and part of the Venezia Giulia territory in Zone A (Gorizia included), whilst Yugoslavia integrated into its territory Zone B and the remaining part of Zone A (Pola included). Finally, the Territorio Libero di Trieste (TLT) (Free Territory of Trieste) was established and was composed by two zones (A and B). With the London Memorandum of 5 October 1954, Zone A of TLT was annexed to Italy and Zone B to Yugoslavia. The Osimo Treaty of 10 November 1975 conclusively established the border line decided upon in the London Memorandum.

As stated above, Slovenia became an independent republic on 25 June 1991 and was recognised as such by the European Community on 15 January 1992. In accordance to what is stated in the Constitution of Slovenia, both Slovenia and the EC recognised the Italian-Yugoslav border as established by the Treaties signed by the Federation of Socialist Republic of Yugoslavia. On 1 May 2004, Slovenia became part of the European Union and in 2007 Slovenia will enter the Schengen Treaty area.

Slovenia is made up of several areas which once belonged to the Austrian-Hungarian empire. The central area, called Kranjska (divided into Upper Kranjska – Gorenjska and Lower Kranjska – Dolenjska and Inner Kranjska – Notranjska), constitutes the majority of its territory. The eastern part is formed by the southern territory of Styria –  tajerska, once belonging to the Hungarian Kingdom. The northern part of Slovenia includes a small part of Carinthia – Koro ska. The coastal and western part includes the Primorska region which was once, during the Austrian-Hungarian Empire, called Kustenland and was made up of areas which belonged in the past to the Gorizia and Gradisca Earldoms, and the Istria region.

In June 2006 the Slovenian Parliament passed a constitutional act (changing articles 121, 140 and 143) which allows for the establishment of provinces in the country, and six months later the Government underlined its will to set them up by the end of its mandate. The changes in the constitution guarantee local communities autonomy, with article 143 stating that the state devolves

certain powers to the provinces whilst securing the necessary funding. Whilst at present municipalities have the power to decide on whether or not to join together, thus constituting provinces, the new law allows for the establishment of new provinces top-down by law.

The border between Italy and Slovenia, thus, represents the eastern border of the Italian Autonomous Region Friuli-Venezia Giulia and it touches three out of four of its Provinces (NUTS III): namely, (north to south) the provinces of Udine, Gorizia and Trieste, passing through 24 Italian municipalities. Considering the three above-mentioned provinces, together the Italian border area extends a total of 123 municipalities, with a population of 909,006 inhabitants, accounting for 1.6% of the total Italian population (57 110 144). The Italian border area extends for 5583.26 km<sup>2</sup> with an average population density of 379.8 inhabitants/ km<sup>2</sup>. More than half the population is concentrated in the province of Udine.

The border touches 13 Slovenian municipalities; however, the Slovenian border area, defined according to the Interreg IIIA criteria, includes the statistical regions Obalno-kraška and Goriška and the municipality of Kranjska Gora for a total of 20 municipalities, with a population of 225,828 inhabitants, accounting for 11.5% of the total population (1 964 036). The Slovenian border area thus extends for 3625.3 km<sup>2</sup> with an average population density of 56.2 inhabitants/ km<sup>2</sup>. Almost half of the population is concentrated in the statistical region of Goriška.

It should be noted here that the Interreg IIIA Italy-Slovenia Community Initiative Programme program interests a much larger area. Namely, the initiative area is made up of the following Slovenian Statistical regions: Goriška, Obalno-Kraška, Gorenjska and the following Italian NUTS III Trieste, Gorizia, Udine and Pordenone (Friuli-Venezia Giulia Region), Venezia and Rovigo. The Interreg program thus covers a total area of 11 400 km<sup>2</sup> and a population of 1 943 078 inhabitants. The Slovenian statistical regions of Obalno-kraška and Goriška account respectively for 5% (102 565) and 6% (119 967) of the total populations; the Italian NUTSIII account respectively: Venezia/Rovigo for 42%, Udine/Pordenone for 27%, Trieste for 13% and Gorizia for 7% of total population .

Although Slovenian is spoken on the Eastern part of the Friuli-Venezia Giulia Region, it is necessary to distinguish the Slovenian-speaking community of the Udine Province from those located in the Gorizia and Trieste Provinces. In fact, from a linguistic but also historical and socio-economic point of view, whilst the former speak mainly archaic Slovenian dialects the latter are fully and constantly integrated in the Slovenian cultural and political context. Given the complex multilingual nature of the Friuli-Venezia Giulia Region and due to the absence of a linguistic census, there are non official data on the quantitative weight of the Slovenian minority in Italy, although Slovenian is recognised as a minority language in Italy.

Slovenia has recognised two autochthonous ethnic and linguistic minorities: the Hungarian and Italian. According to the Slovenian Census (1991-2002) the Slovenians who declared themselves of Italian ethnicity have decreased by 25 percentage points (from 2,959 to 2,258). The Italian minority is mostly based in the Istrian area (Koper/Capodistria, Piran/Pirano and Izola/Isola).

### **Economic and Infrastructural Characteristics**

Given purchasing power parity, the GDP per capita of Friuli-Venezia Giulia is slightly more than 26 000 euros with employment and unemployment rates at 62% and 3.7% respectively; the figures for Slovenia are respectively: slightly less than 16 000 euros, 63.4% and 6,3 with the Slovenian cross-border areas having a very similar outlook to the national aggregate. However, they differ from the national average in terms of the ageing index: in 2003 in Slovenia the ageing index was 103 whilst

the cross-border area scored approximately 125, still much lower than the 185 scored by Friuli-Venezia Giulia. Although the overall total employment rate for the area is some 20 percentage points from the Lisbon criteria, the unemployment rate for the Italian and Slovenian cross-border area appears substantially smaller than the respective national and communitarian macro-aggregates. Moreover, especially on the Italian side, female unemployment appears to be smaller than the national levels. Although there are no quantitative data available on cross-border workers (from Slovenia to Italy), a number of qualitative studies have highlighted the following characteristics : the majority of cross-border workers are young (under 30) males working as unskilled or skilled workers in the primary and secondary sectors (especially the building sector) with a permanent contract. Italian urban centres (particularly Gorizia and Trieste) attract the vast majority of cross-border workers. As far as illegal cross-border workers are concerned, the vast majority of them are seasonal workers in the primary sector (particularly males) or employed as carers (particularly females) or caretakers.

Looking at the environmental characteristics of the area, a considerable proportion (50%) of the territory are natural areas and the natural risk assessment is considerably lower than the national averages. However, especially in the Trieste area there is a relatively high technological risk mainly due to the harbour activity and the transport of hazardous substances. Energy production and consumption levels for the area are higher than the national average, especially when the Slovenian side is considered. In fact, Slovenia as a whole produces more renewable energy (especially hydroelectric production) than the EU 15 and EU 25 average levels.

On average, less than half of the area is agricultural land. The agricultural sector has been characterised by divergent trends. In fact, on the one hand the wine producers have managed to innovate their production process, enhance their qualitative standards and especially market their products successfully, joining quality-certifying consortia and entering international markets; on the other hand, more traditional agricultural farming (oleaginous crops) has been slowly deteriorating mainly due to the lack of managerial skills and generation turnover. However, although there are no statistical data for the Slovenian side, the agri-tourism sector is rapidly taking on in the whole area and several farms are embarking upon forms of rural tourism.

The fishing industry for the cross-border area is relatively well developed but limited to the costal area. The fleet is mostly composed by small and medium fishing boats.

The tourism sector for the cross-border area is well developed and efficiently managed when compared to the respective national systems, however there appears to be room for further development. The supply of tourism infrastructure is mostly developed in the costal area whilst private room-renting remains the rule for the rest of the area. Thermal tourism represents an important share of the cross-border tourism sector which has been supported by several cross-border management initiatives.

Referring to the import/export movement of the cross-border area, the exports from Italy to Slovenia appear to be remarkable. The overall volume of trade interchange between Slovenia and Italy sets the latter as the second trade partner of Slovenia after Germany. The Italian exports to Slovenia are primarily made up of machinery, electric equipment and telecommunication technology, textiles and clothing. The imports from Slovenia to Italy are mostly transportation vehicles, metal products, electric equipment, textiles and clothing. The cross-border areas of Trieste, Gorizia and Udine show a significant intensity of interchange. At the cross-border level, the energy, gas and water sectors represent an important import flow from Slovenia for the Gorizia and Trieste provinces (approximately 329million euros).

Looking only at the Italian provinces (Udine, Gorizia and Trieste) and the Slovenian regions (Goriška, Gorenjska and Obalno-Kraška) directly touched by the border, the leading industrial sectors for the Italian provinces are respectively: (Udine) chairs-furniture, industrial plant engineering and automation, food industry, chemical industry, steel and iron industry, paper industry, building materials, IT and TC industries, plastics industry, transportation and logistics; (Gorizia) shipbuilding industry, transportation and logistics, food and wine industry, engineering industry, electric and electronic equipment; (Trieste) shipbuilding industry, transportation and logistics, food and coffee industry, iron and steel industry, paper industry, IT and TC industries, engineering industry, pharmaceutical industry, diagnostics and biomedical industry. The leading industrial sectors for the Slovenian regions are: (Goriška) food industry, electric and electronic equipments, timber-furniture; (Gorenjska) TC industry, rubber industry, shoemaking industry, iron and steel industry, engineering industry; (Obalno-Kraška) transportation and logistics, engineering industry, food industry.

Entrepreneurship and entrepreneurial activity in the secondary sector is mostly developed in the Udine and Pordenone provinces but also in the Slovenian statistical regions of Obalno-kraška and Goriška. The Gorizia and Trieste provinces are characterised by a well developed service and trade sector, although the Fincantieri dockyards located in Monfalcone (Gorizia) still represent the single most important example of heavy industry in the whole cross-border area. The five most important productive divisions within the secondary sector for the Italian side are the timber industry, the mechanical industry, the steel industry, the non-metal-producing mineral processing and the food industry. The tourism, financial and building sectors also represent an important share of the Italian economic context which is, however, characterised by a latent fragility due to its specialisation in rather traditional and less capital intensive sectors and its reluctance to open up to more modern and dynamic productive solutions. The transport system, finally, represents an important aspect of the regional economic system. Its relevance, however, due to its intrinsic dependency on the existence of the border, has somewhat decreased since Slovenia's accession to the EU. The enterprise fabric of the Italian area is made up mostly of medium, small and very small enterprises. On the Slovenian side, the agro-alimentary sector appears to be significant, along with a recent resurgence of small and medium enterprises in the secondary sector. Finally, the Koper/Capodistria area has developed its economic system alongside the development of the harbour. Finally, the tourism, finance, services (to the person), building and retailing sector play an important role in the overall economic context. The less densely-populated mountain areas (both in Italy and Slovenia) are less economically developed and suffer from emigration, disproportionately so on the Italian side.

As far as education and human capital building are concerned, the expenditure on research and development for the cross-border area as a percentage of GDP is about 1%; the percentage of Slovenian citizens with a high-school diploma or a degree is much higher than in Italy.

The cross-border area has 63 border crossings. In 2003, more than 49 million people crossed the border; in 2000, more than 10 million tons of goods crossed over road borders and 3 million tons crossed over railway borders .

The regional road system appears, on an aggregate level, sufficiently developed by national standards, but is heterogeneously distributed on the territory, disproportionately favouring some areas over others. Moreover, its cross-border dimension is still relatively under-developed with only a few tentative experiences of cross-border public transport (as is the case between Gorizia and Nova Gorica).

The railway system is well developed but fails to be competitive if compared to the road system in terms of speed, reliability and costs. The Italian and Slovene systems need to be logistically

connected so as to allow for a new corridor towards eastern European countries such as Romania, Bulgaria and Ukraine.

The ports of Trieste and Koper/Capodistria represent an important asset of the cross-border economic infrastructures system, along with the ports of Monfalcone and Nogarò.

The Friuli-Venezia Giulia international airport represents another important asset for the cross-border area. Its development in recent years in terms of traffic of passengers and goods and in terms of new destinations is an important achievement for the regional infrastructural system.

Overall, the regional infrastructural dotation needs further development both at a structural and management level. The implementation of joint logistic strategies is much needed especially as a condition for an optimal use of the Transeuropean Corridor 5 Lion-Turin-Trieste-Ljubljana-Kiev, exploiting the infrastructures which are already, to some extent, in place but which need further development such as the Cervignano multimodal platform. At present, the two main high-ways connecting the two countries are: Venice-Gorizia-Ljubljana and Trieste-(Koper/Capodistria)Ljubljana-Zagreb-Dubrovnik; as far as railways are concerned there are two main lines: Venice-Trieste-Ljubljana/Rijeka and Venice-Udine-Gorizia-Ljubljana.

In the past decade, several initiatives in terms of development of cross-border infrastructures were launched, such as the 1999 pre-feasibility study for the improvement of the railway Trieste-Venezia-Ljubljana by opening a Ronchi Sud – Trieste railway line. This new (high-capacity) line represents an important infrastructure especially when the Slovenian plans for the improvement of the Divača hub are considered. In fact these new infrastructures would constitute an ideal railroad triangle joining together the two ports of Trieste and Koper/Capodistria.

### **Cross-border declarations and agreements**

Not only is the border between Italy and Slovenia regulated by several international treaties dating back to the late 40s and 50s, but there is also a vast number of declarations, agreements and institutional partnerships which have, since then, attempted to define an international relations and legal framework within which to activate cross-border activities.

According to the succession rights and obligation principles adopted in 1999 by the Declaration on Basic principles of Slovenia foreign policy, Slovenia entered into a vast majority of the agreements and treaties signed between Italy and Yugoslavia in its capacity as “successor state”. In any case, up to 1991, Italy and Yugoslavia entered into 159 formal (i.e. officially recorded) diplomatic contacts which led to the signing of a treaty, to an agreement or to a formal exchange of notes, out of which 98 were protocols or agreements. Finally, Italy and Yugoslavia entered into 31 protocols or agreements with a clear cross-border orientation: five focused on issues linked to the property left by Italians in Yugoslavia as a consequence of WWII; three regulated the definition of the border line; eight focused on the cross-border mobility of Italian and Yugoslavian citizens inhabiting the respective border areas; four were directly concerned with facilitating cross-border transport; four were directed at regulating the (cross-border) water supply of Gorizia; three aimed at solving issues linked to fishing in the Upper Adriatic Sea; two were concerned with issues of cross-border cultural relations; two regulated the status of national minorities; two regulated cross-border economic relations; one was concerned with cross-border environmental protection, one with tourism and one with customs co-operation.

Since 1991, Italy and Slovenia have had 29 formal diplomatic contacts, out of which 16 led to protocols or agreements of which five were directly concerned with cross-border issues: three were aimed at facilitating co-operation between Italian and Slovene police and customs departments, one

was directed at co-operation and the joint management of the common Upper Adriatic Sea area and one further defined issues linked to cross-border transport.

Most notably, the treaty signed by the Italian and Yugoslavian foreign ministries in Osimo on 10 November 1975 not only established that part of the boundary between the two countries which had not been determined by the Peace Treaty in Paris, but it also represented the main international and legal framework within which Italy and Slovenia could operate and co-operate. It regulated various matters from territorial aspects to issues linked to national minorities and economic co-operation, the institution of free-trade areas and cross-border mobility, transfrontier work and the preservation of the environment. Together with the Udine agreement (1955, 1962 and 1982), and to some extent the agreements established under the Interreg Community Initiative Program, the Osimo Treaty (and the declaration of succession of Slovenia signed on 31 July 1992) represents a land-mark for cross-border declarations and agreements between Italy and Slovenia.

Since the establishment of the Working Community of Countries and Regions of the Eastern Alpine Area – Alpe Adria (in Venice on 20 November 1978), Italy and Yugoslavia (and now Slovenia) are involved in a number of important international partnership which have led to the signing of numerous cross-border agreements and declarations. The founding principle of Alpe Adria was to alleviate the tension between the then-separated western and eastern Europe through international co-operation at the regional level. At that time, the Alpe Adria working community represented a first bridge between the two cold-war political systems; at present, given the dramatic changes which have taken place in the geo-political context, the working community is undergoing an important political and institutional process (which led some regional partners to withdraw from it in 2005) in order to re-define its scope and role.

Both Italy and Slovenia are members of the Central European Initiative (CEI) established in Budapest on 11 November 1989. The CEI is a regional organisation which brings together Central European States (17 members) in order to promote the development of its members through economic and social co-operation and the EU enlargement process.

Furthermore, both countries are involved, together with Hungary, in the Trilateral (Quadrilateral since 2000 with Croatia) Initiative launched in Slovenia in 1996 which represents a specific co-operation project between these countries on issues of internal affairs, defence, culture, environment, regional development, labour and employment.

Another important example of cross-border declarations and agreements between Italy and Slovenia is the Adriatic-Ionian Initiative (established in Ancona in May 2000). Both countries, together with the other 6 countries of the area, signed an agreement to foster the economic development and co-operation, the stability and the security in the Adriatic and Ionian seas area.

Finally, a most important agreement on the strategy towards the establishment of a Euroregion was signed by the Presidents of the Regions interested in the project (Veneto, Carinthia, Istrian County, Primorsko Goranska County) and by the Ministry of Regional Policy of Slovenia on 17 October 2005. The Euradria Euroregion extends over 128 994 km<sup>2</sup> with approximately 14 million inhabitants.

### **Propensity towards cross-border co-operation**

Three levels of interpretation should be considered when analysing the propensity towards cross-border co-operation (CBC): the civil society level, the economic actors level and the institutional level. These levels also represent the phases of CBC which start from co-operation between people

and private actors in different spheres of daily life; develop into the participation of local authorities for enacting cross-border networks for local entrepreneurs and for turning local border-generated peripheries into context-related centres; and, finally, branch into the co-operation between regional or national institutions enacting larger institutional networks concerned with the macro-economic (infrastructural) and social aspects of the cross-border area.

Although ethnic relations in the (narrowly defined) border areas are at times antagonistic, observers seem to agree that cross-border relations (if not co-operation) have been in place since 1948 at the familiar and friendship level, and have steadily increased with time, enhanced by the treaties and agreements put in place on cross-border mobility and trade. The ethnic frictions, however stronger in the past, are mostly due to the tragic memories of the events which took place during the course and in the aftermath of WWII which still permeates, to different extents, the collective consciousness, especially in Gorizia, Trieste and the Carso/Karst area. By and large, the population inhabiting the border area are in daily contact with their counterparts on the other side of the border. Whereas before the disintegration of Yugoslavia, contacts between Italians and Slovenian were mostly due to the regular shopping of Italians in Yugoslavia for cheaper goods and services, in recent years border-crossing shopping, trading and cultural activities appear to be more balanced. It could be argued that the Slovenian modernisation process, both in political and economic terms, is a prime actor in promoting the propensity towards CBC, since it produces a more equal approach to the (cross-border) other.

As far as the economic actors are concerned, the rule of profitability of return on investment appears to be stronger than any CBC logic. Namely, although some projects and investments were launched to promote cross-border economic initiatives and entrepreneurship, their success is disproportionately hindered or promoted by the economic profitability stemming from them. Moreover, although Italy has always been a most important commercial partner for Slovenia with a number of Italian enterprises investing in Slovenia, only few entrepreneurs from the cross-border area are involved in economic activities on the other side of the border. This seems to be mainly due to the scale, management structure and economic vocation of cross-border business. Finally, at the civil society level, there appears to be a high propensity to co-operate at the level of individuals, organisations and economic actors. However, it should be noted that the level of propensity towards CBC is proportionally linked to the cross-border services and opportunities put in place by local agencies.

The geo-economic position of the Italian border regions vis-à-vis the Slovenian modernisation process, considering the European enlargement, implied the opening and collaboration of these regions towards and with Slovenia. The CBC efforts of the Italian regions with Slovenia, moreover, were fostered by the Community's technical and financial support, notably through the Interreg and Phare CBC programs. Since 1991, the propensity to co-operate among these institutional subjects has been steadily growing, affirming itself at present as a key element of their socio-economic development policies. The Friuli-Venezia Giulia region has made CBC one of its institutional strengths, initiating a wide variety of CBC projects with Slovenia to become a source for best practice at European level. If one were to take the number of projects implemented between these actors or the number of meetings they have held over the past few years on different CBC-related issues as a proxy for their propensity towards co-operation, it could easily be stated that the Italian-Slovene border area is, at the institutional level, very keen on CBC. However, if one looks at cross-border co-operation at the institutional level as an altogether different and integrated approach to the socio-economic development of a cross-border area, then the propensity towards CBC of these institutions should be weighted against their success in promoting at European level lobbying actions in favour of the territory.

Local authorities (i.e. municipalities or provinces contiguous to the border) appear to be most eager to co-operate with their (cross-)border counterparts, especially in the field of environmental protection or the promotion of common economic (especially agricultural) strengths in a wider market.

Bringing together the different aspects raised by this tripartite approach, and once ideological issues are isolated, the overall propensity to co-operate highlights how it is significantly higher when (i.) cross-border objectives are clearly identified; (ii.) cross-border approaches are perceived as indispensable and equitable in order to achieve given objectives; (iii.) when cross-border services (to people or economic actors) are clearly identifiable and persist over time.

### **Implemented projects**

Italy and Slovenia have implemented numerous projects with a straight forward CBC perspective. The vast majority were funded through the programmes designed by the European Union and, most notably, under the Interreg I-II and IIIA initiative. Slovenia entered the Community programme for cross-border co-operation once the European Parliament upgraded the Interreg I and II initiatives with the Phare CBC program which enabled non-member states to be involved in cross-border mirror projects. During the 1994-1999 period, Slovenia established its first cross-border co-operation projects with the Italian regions Friuli-Venezia Giulia and Veneto. The initial projects successfully developed adequate infrastructures for cross-border road communication and environment protection (notably in the field of water purification). Moreover, tentative contacts enhancing co-operation strategies between small and medium enterprises located on both sides of the border were launched. Finally, various projects were initiated promoting the cross-border agricultural sector.

The Phare programme provided support as from 1994 to non-profit, non-governmental organisations in the border region with Italy for projects linking activities, people-to-people and soft local development activities with cross-border partners, contributing to strengthening the formal and informal bounds between the beneficiaries. By the end of 2006, 21 Small Project Funds (SPF) will be carried out on the borders with Italy and Slovenia (and Hungary) in Slovenia under the Phare CBC programmes with a total of 375 small projects. In 2003, for example, as far as the Slovenian municipalities are concerned, the projects funded under the SPF of the Phare CBC programme Slovenia/Italy 2003 covered a variety of areas such as environmental protection (7.1% of total selected projects), local economic development and tourism (14.3%), local employment, education and training initiatives (28.6%), and cultural exchanges (50%). In the 1994-2003 period, 171 projects were completed within the Italy-Slovenia Interreg Phare CBC program.

The Community Initiative Programme Interreg IIIA Italy-Slovenia 2000-2006 provided funds for 631 million euros. Up to February 2005, 203 projects have been presented to the Interreg IIIA 2002-2006 Piloting Committee: 126 from the Friuli Venezia Giulia Region, 36 from the Veneto Region and 41 from Slovenia. The programme priority areas for the periods are sustainable development in the cross-border area, economic co-operation and the development of human resources and networking activities. There are three typologies of projects on the basis of the degree of CBC involved: joint projects, mirror projects and co-operative projects. Joint projects were particularly directed at: preparing territorial and environmental planning, managing natural parks and protected natural resorts more jointly; developing joint tourism oriented products improving cross-border tourism supply competitiveness; developing further joint activities promoting the agricultural sectors with specific reference to the promotion of the typical products of the cross-border area.

A relatively recent and significant example of the projects funded by the EU within the framework of the Community Program Initiative Interreg IIIA Italy – Slovenia is HiCo, “high tech integrated co-operation for cross-border economic growth and SME competitiveness increase”. This is an initiative of territorial marketing aimed at attracting investments in research, innovation and technology in the cross-border territory made up by the Friuli Venezia Giulia Regional and the Slovenian regions of Goriška, Gorenjska and Obalno-Kraška. The project is targeted at emphasizing competences and knowledge on the technical-scientific and productive systems of the area by promoting the creation of scientific and industrial partnerships and implementing and experimenting border structures of technological animation and guidance to innovation funding in the field, through shared methods, services and structures for promotion and attraction of industrial investments.

Besides Interreg IIIA, Italy and Slovenia have activated projects under two other main Community Programmes: Interreg IIIB Trans-national co-operation for territorial development (Cadses and Alpine Area) and Interreg IIIC – Inter-regional co-operation (East Zone). An interesting example of the projects activated in the framework of Interreg IIIB – Cadses is the “Common strategy network for spatial development and implementation – Conspace” project. The participating regions are the Austrian federal states of Carinthia and Styria, the Italian regions of Veneto and Friuli-Venezia Giulia, the Italian province of Gorizia, Slovenia, Croatia, the Croatian counties of Primorje-Gorski, Kotar and Istria, and the South-Transdanubian region in Hungary with the counties of Baranya, Somogy and Tolna. The partners have committed themselves to co-operating in order to enhance the competitiveness of the region, to improve living and economic standards to European levels, to create synergies between the partners and to achieve a greater level of integration in economic, social and political terms.

Finally, it should be noted that projects and activities with a strong CBC perspective are also being activated outside the Interreg programs. One example of such co-operation is the Friuli-Venezia Giulia Region/Slovenia joint working groups. Started on 18 May 2005, it organises its activities into eight Working tables focusing on a variety of issues where CBC is relevant, such as those linked to minorities, economic activities, health and welfare, scientific research, and the establishment of a Euroregion.

### **Elements of Swot analysis**

Strengths: The Italian-Slovenian border area is characterised by a common history of unity in which the establishment of the border-line is a relatively recent event. Capitalising on it, the border area finds a collective memory prompting integration not only at the cultural level, but also when marketing the territory to third parties. Both Italy and Slovenia are members of the European Union with full access to the EU political, economic and financial activities and programmes. The Italian-Slovenian cross-border area represents in geo-economic terms a strategic territory which could attract FDI and financial flows aimed at relations of trade and economic development between Western Europe and South Eastern Europe, especially in the Adriatic context. At the demographic level, the Slovenian population is young (especially if compared to its Italian counterpart) and the cross-border area (especially the Italian side) attracts young foreign migrants, creating a favourable context for the development of a well balanced economic-welfare system. The cross-border area has unemployment rates which are consistently lower than the national averages, even when female unemployment is considered. The economy of the area is relatively well developed: the entrepreneurial fabric of the Italian areas (especially in the Veneto region) is developed and Italy is the second commercial partner of Slovenia. Moreover, the cross-border area finds in its natural resources and in its improved infrastructure a most favourable context to develop the tourism sector.

To some extent, moreover, the Italian and Slovenian entrepreneurial systems appear to be complementary, at least, insofar as investments in R&D are considered. In fact, although the industrial clusters remain more developed (although the gap is rapidly closing), Slovenia is much closer than Italy to the Lisbon target on GDP expenditure of research and development. Although not dramatic, the wage differential between Italy and Slovenia opens up good business and investment opportunities. The cross-border area (and notably the Slovenian regions) scores good overall levels of scholarisation, it is equipped with many and well-established universities and international training and research institutes. At the environmental level, the cross-border area presents high levels of nature preservation and renewable energy production, and environmentally friendly waste management policies are well spread across the territory. Finally, another important strength is the established networks of collaboration and co-operation between the Italian contiguous regions and Slovenia. Such networks grew stronger over time and produced several CBC projects which led to substantial results in terms of achieved cross-border co-operation objectives. These experiences built the know-how of the institutions of the cross-border area necessary to jointly participate in the European programmes.

Weaknesses: From an historical perspective, the tragic events which took place during second World War and in its aftermath represent at cultural and mutual trust levels (especially for the older generations inhabiting the cross-border area) a factor which hinders co-operation. In economic terms, the region still lacks an integrated approach to the new global challenges. On the Italian side, SME suffer from their limited economies of scale and managerial capital, whilst in Slovenia industrial clusters and entrepreneurship are not yet stably established. At the infrastructural level, the railroad system is underdeveloped and, thus, commercial transports are road-oriented, often provoking traffic congestion of the regional highways. Public cross-border transportation and IT is still underdeveloped in some parts of the region. The harmonisation between national welfare agencies is still limited, hindering potential collaboration and the use of services of the cross-border population offered on the other side of the border. Overall, the area suffers from the centre-periphery divide with the respective state, the more so since the institutions and local authorities of the border area do not have similar competences: at the Italian level, the Veneto Region does not have the competences granted to the Friuli-Venezia Giulia Region by its autonomous status; on the Slovenian side, there are no formal administrative levels between the municipalities and the state. Finally, the role of the Italian minority in Slovenia and vice versa in promoting cross-border co-operation is still not expressing its full potential and some linguistic barriers persist.

Opportunities: Both the membership of Italy and Slovenia to the EU and their strong institutional relations represent opportunities for the further promotion of the cross-border at EU level. The 2007-2013 programming period will be an important opportunity to attract EU financial and political support. The institution-building process leading to the institutionalisation of a euroregion for the cross-border area (as described elsewhere) is an important challenge to both promote further internal integration and for the area to gain new centralities both at EU and South-Eastern European levels. The global economic forces channelled by the existing projects and cross-border initiatives push for the creation of cross-border clusters stimulating co-operation between entrepreneurs, research institutes and universities, especially in high-technology sectors which could, whilst restructuring the existing tertiary sector, offer services to the regional SMEs and to the new Adriatic markets. At the infrastructural level, the European multimodal transport corridor 5, represents a most important opportunity for the development of the region. With the new generation and the widespread use of English as lingua franca, cultural contacts and mutual trust will be enhanced. The legal, political and socio-economic harmonisation process at EU level will have a positive impact in the region, favouring cross-border work and the organisation of welfare services. Finally, a positive impact on the cross-border area will stem from Slovenia entering into the Schengen Treaty (in 2007).

Threats: Sustained positive economic trends of neighbouring regions might push for risky delocalisation policies of local entrepreneurs thus deteriorating the employment rates and widening existing wage differentials. The economic development of the eastern and south eastern neighbouring region may endanger the competitive geo-economic positioning of the Italian-Slovenian cross-border area. Alternative transportation axes will be developed at European level leaving out the cross-border area and thus further undermining its strategic positioning and exacerbating its peripheral location. Moreover, sustained immigration might endanger the sustainability of the local labour market and of the agencies providing welfare services (which in turn may provoke an upheaval of ethnic conflicts). The relatively rapid development of the Slovenian regions might not be able to compete in a sustainable fashion once EU fundings are reduced. At a cross-border level, such threats will be exacerbated in the vacuum of restructuring of the Italian SMEs sector. The EU harmonisation process accentuates the competition among potential users of services such as child-care or housing, since nationality does not represent a discriminating factor.

## 15. Moldova – Ukraine



### Geographical and historical background

The 1142.4 km long border between Ukraine and the Republic of Moldova is the longest part of Moldovan borders (Romanian-Moldovan border along the river Prut is only 450 km) and for Ukraine it is second in length after the Ukrainian-Russian one (2484 km). Both ends of this border are on the Prut river (the longest tributary of the Danube) in Ukrainian-Moldovan-Romanian triangles: in the north, near the main Ukrainian-Moldovan railway and road cross-border point Mamalyga (Chernivtsi Oblast of Ukraine)-Criva (Briceni District of Moldova) in front of Botosani County (Romania), situated on the right bank of the Prut; in the south, near the estuary of the Prut between the Ukrainian Reni and Moldovan Dzhurdzhulesti ports on the Danube in front of the Romanian port of Galati.

The Ukrainian-Moldovan border consists of 3 parts: the northern part of 170 km between Chernivtsi oblast of Ukraine and Briceni and Oknitsa Districts of Moldova, which runs mainly in a west-east direction from the Prut to the Dnestr (Dnister, Nistru), where the joint Dnestr Hydro-accumulation power station is being built. The longest part of the border runs (north to south) along the Dnestr to its estuary in Odessa Oblast of Ukraine. This part of the border represents the riverside-border between the Ukrainian Vinnitsa Oblast (“Podillya”) and the Moldovan District of Soroca, and the most problematic sector between the northern part of the Ukrainian Odessa Oblast and the self-proclaimed (in 1990) Moldovan Transnistria. The southern part of the border runs in an east-west direction between Odessa Oblast and Moldovan Gagaus Autonomous region with the centre in Cahul (Districts of Cahul, Vulkanesti and Kantemir).

The Ukrainian border region in the southern-western part of the country is made up of three Oblasts: Chernivtsi, Vinnitsa and Odessa. This area has a surface of 67.900 km<sup>2</sup>, that is 11.2% of the total territory of Ukraine. The number of inhabitants living in this area is close to 5.3 million which is more than 11% of the total population of Ukraine. Chernivtsi Oblast scores the highest population density with 115 inhabitants/ km<sup>2</sup> (Ukrainian average of 82.2 inhabitants/ km<sup>2</sup>).

The main Ukrainian municipalities and districts bordering the Moldovan territory are: Novoselitsa, Kelmentsi, Sokirjany and Novodnestrovsk in Chernivtsi Oblast, Mogiliv-Podil’skiy and Yampol’ in Vinnitsa Oblast and Kotovsk, Razdel’naja, Belgorod-Dnestrovskiy, Izmail, Bolgrad and Reni in Odessa Oblast.

Under the Neighbourhood Policy of the EU, the whole territory of the Republic of Moldova (33.843 km<sup>2</sup>) is involved in transfrontier co-operation. The number of inhabitants of Moldova is 4.46 million.

The main Moldovan municipalities and districts along the border with Ukraine are Lipkani, Briceni, Oknitsa, Soroca, Rybnitsa, Tiraspol, Comrat and Cahul. In the last few years, the administrative-territorial structure of Moldova has changed twice. In 1999, to replace the former USSR system of more than 40 Districts, a ten counties (Judets) system was established similar to the Romanian territorial units. However, in 2003, the left-wing governmental coalition brought the administrative system back to the previous configuration.

The main part of the border belongs to the Dnestr basin, and this fact has an essential influence on the bilateral interrelationships. For instance, the fresh water supply for a large part of Moldova and its capital city of Chisinau depends on the water protection in Ukraine, as the water supply of Odessa depends on Moldova and especially on Transnistria.

The variety of landscapes in the Prut and Dnestr basins (famous for wine production in both countries), the interesting urban areas as well as the rich historical/cultural heritage (monasteries, monuments and traditions) appear to offer a strong basis for the development of several forms of tourism. The Ukrainian side of the border also has a large variety of mineral resources include peat, germanium, kaolin, rock salt, shale, oil, gold, non-ore minerals, in particular, potassium and magnesium salts, table salt, deposits of mineral waters and curative mud.

Both bordering states have a long common history not least in the parallel transformation of Ukraine and Moldova into independent republics after the dissolution of the former USSR in 1991. Since the Middle Ages, the Moldovan and Ukrainian states, together with the neighbouring Romanian Kingdom, established in 1859, were united by a joint struggle against the Horde and Crimea Tatars and especially against Ottoman Empire. The thousand year old Khotin fortress on the Dnestr is one of the witnesses of a common Ukrainian and Moldovan struggle against the Turkish aggressors.

After several centuries of wars with Russia, Poland, Lithuania and Austria, from the XVIII century to the beginning of the XIX century, a vast part of this territory became the provinces of Bessarabia and Novorossia in the Russian Empire, as well as the main territory of today's Chernivtsi Oblast together with Romanian Suceava County which became the Bucovina Land in the Austrian Monarchy.

After World War I, the Russian Revolution, the short independence of Ukraine and the decomposition of Austrian Monarchy, all this territory up to the Dnestr in 1918-1940 was occupied by the Romanian Kingdom. Today's Transnistria became at that time the Moldovan Autonomous Region belonging to the Ukrainian Soviet Socialist Republic in the framework of the USSR.

The general framework for new interrelations between these states was formulated by the Treaty on neighbourly relations, friendship and collaboration between Ukraine and the Republic of Moldova, signed by the Presidents of both States in Chisinau on 10 October 1992 and ratified by the Parliaments of both States in 1996. Ten years later the interrelations between these States was regulated by 117 Acts, of which 14 are interstate, 51 intergovernmental and 52 inter-ministerial. The active participation and initiatives of Ukraine for the adjustment of the conflict in Transnistria also play an important role. At the same time, several problems are hindering further development of bilateral co-operation. For instance, the absence of a shared, common policy on the transport sector has led to the sensitive reduction of Ukrainian cargo transit, trains, vehicles and passengers Moldova.

The delimitation of the border between Ukraine and Moldova started in 1995 and was finalised in 1999 by the Agreement on the State border. On 29 January 2003, the Boundary post Nr. 1 at cross-border point Mamalyga (Chernivtsi Oblast of Ukraine)-Criva (Briceni District of Moldova) near the triangle of the Ukrainian-Moldovian-Romanian border on the Prut river was solemnly installed. The border demarcation is under way. Sometimes parties find “win-win” solutions, for instance the small territorial compromise along the Odessa-Reni road. However, there are other examples such as the establishment of the Moldovan border guard post immediately at the dam of the Dnestr Hydro-accumulation Power station, which belongs to Ukraine on the Moldovan side of the river according to the Agreement made in the time of the USSR.

### **Economic, environmental and infrastructure characteristics**

The economies of the Ukrainian border regions and Republic of Moldova have different structures, which were established mainly in the time of the USSR.

The economy of Moldova was dominated by the agricultural sector and was specialised in the time of the former USSR as the “all Soviet Union fruits and vegetables garden”. The main commodity exchange and manufactory co-operation was in fresh and frozen fruits and vegetable delivery, as well as collaboration with tinned fruit factories in the neighbouring regions of Ukraine. In addition, Moldova produced some types of specialised agro-techniques, appliances etc. One of the last metallurgy plants built in the time of the USSR in Rybnitsa (Transnistria) was for the processing of scrap collected in Ukraine and other Soviet Republics.

The Ukrainian side traditionally delivered to Moldova many different industrial productions, wood products, construction materials and energy. The Ukrainian border area is more diverse in terms of economic specialisation. A considerable share of regional value-added of Ukrainian border regions is formed by services (the highest share of services is in Odessa Oblast - 56% of VA).

Transport has been the key to the recent development, especially across all three border sectors from Odessa pass Kuchurgan – Tiraspol (railway) and Lubashevka (road), from Vinnitsa pass Mogilev-Podil'skiy - Ataki and from Chernivtsi Oblast pass Mamalyga-Criva and Sokirjany-Ocnitsa railway and roads border passing points. There are also the cross-border pipelines, which can be used not only for bilateral tasks, but also for gas transit to Romania and further to the Balkans.

There are many national parks on both sides of the border. This collaboration is more developed in the Dnestr basin and worse in the Prut one.

For the last decade a drastic acceleration of the karst processes has been observed, especially in the narrowest part of the watershed area between Dnestr and Prut. The rise of the water level in the reservoir of the Dnestr Hydro-complex is nearly six meters. Additional rises through floods and/or intake of water are combined with other negative factors and can ultimately initiate, systems disaster, such as break of the watershed.

Both parts of the border region are characterised by a relatively high level of unemployment which partly results from the blocking of traditional bonds. Collaboration between the regions of both states and of neighbouring Romania is a possible solution to accelerate the local economic development in the boundary areas. Progress could be made in the development of SME sectors in the region, both in traditional areas of co-operation and in new ones such as cross-border tourism and recreational activity, in response to downsizing or closing down obsolete industries and to the required structural economic reforms in general.

## **Cross-border Declarations and Agreements**

The above-mentioned links between Ukrainian and Moldovan Regions through the Soviet time started to be restored after their first few years of independence.

The date of 11 March is particularly significant for Ukrainian-Moldovan collaboration in the field of transfrontier co-operation. In 1997 on this day, the Agreement was signed between the Government of the Republic of Moldova and the Government of Ukraine on co-operation of administrative-territorial units of the Republic of Moldova and frontier regions of Ukraine. On 11 March 2002, the “Ukraine-EU” Council approved transfrontier co-operation as one of the main priorities for European Integration Policy for Ukraine. And in 2003, when on 11 March the EU Commission proclaimed the new Neighbourhood Policy, the Government of the Republic of Moldova adopted on the same day Order Nr. 264 “On development of cross-border co-operation in the framework of Euroregions”.

Specific stimulus was also given to this bilateral activity by the triangle Ukrainian-Moldovan-Romanian Summits in Izmail (July 1997) and in Chisinau (October 1998 and April 2005), where the key issues of transfrontier and interregional collaboration were stressed. As well as reflection of these issues in bilateral and multilateral Acts, such as Agreements between the Government of the Republic of Moldova and the Government of Ukraine on collective use and protection of transboundary waters of 23 November 1994; agreement between Government of Republic of Moldova and Cabinet of Ministers of Ukraine on co-operation in the sphere of preventing industrial and natural disasters, calamities, and liquidation of their consequences of 4 August 1998; partially open Agreement of the Council of Europe on the prevention, protection and rendering help in the case of natural and industrial disasters (1992); Convention on the trans-boundary effect of industrial accidents of 17 March 1992; Convention on Environmental impact assessment in a trans-boundary context of 25 February 1991; Convention on protection and sustainable use of watercourses and international lakes of 17 March 1992; Convention on co-operation for the protection and sustainable use of the river of Danube of 29 June 1994; the Charter of the Organisation of the Black Sea Economic Co-operation (BSEC) and Declaration of the BSEC member states, signed at the Yalta summit on 4-5 June 1998; the above-mentioned Declaration of Bucharest Summit (2001) etc.

Further legal and normative frame for the development of transfrontier (cross-border and interregional) co-operation was established by the above mentioned Orders of the Ukrainian Government of 2002.02.14 and of 2002.04.29 on pilot status of the Euroregion “Upper Prut”, State Program for support of the Euroregions development and on Inter-ministerial Commission, by the Order of Moldovan Government of 2003.03.11 Nr. 264 “On development of cross-border co-operation in the framework of Euroregions” and especially by the Ukrainian Law “On transfrontier co-operation” (2004).

To execute the provisions of this Law Ukrainian Government approved on 2005.05.11 the Decree Nr. 339 “On acceptance of Provisions on the order of competitive selection of the projects (programs), which can be included into State Program for development of transfrontier co-operation”.

### **Propensity towards cross-border co-operation**

Under the umbrella of the Madrid Convention (1980) and all its Protocols, in accordance with above-mentioned Acts, Ukraine and Moldova together with their neighbour Romania established the trilateral Euroregions “Lower Danube” (1998, Odessa Oblast of Ukraine, Cahul, Vulcanesti and Kantemir Districts of Moldova and Tulcea, Galati and Braila Counties of Romania) and “Upper

Prut” (2000, Chernivtsi Oblast of Ukraine, Belts and Edinets Counties of Moldova and Botosani and Suceava Counties of Romania).

Further development in this direction aims to “cover” the eastern part of the Ukrainian-Moldovan border, in particular through the idea of new Euroregion “Dnestr”. This was foreseen by the Protocol on collaboration between boundary regions of Ukraine and the Republic of Moldova, signed by the Heads of Odessa, Vinnitsa and Chernivtsi Regional State Administrations of Ukraine and by Prefects of Moldovan Counties on 19 October 2001 in the framework of the official visit of the Ukrainian Prime Minister to the Republic of Moldova.

The establishment of bilateral agreements between regional authorities and institutions also continues besides Euroregions. Thus in the framework of the official visit of the Speaker of the Moldovan Parliament to Ukraine in October 2002 both the Agreement on economic, trading, scientific, technical and cultural collaboration between Chernivtsi Oblast of Ukraine and the Edinets County of the Republic of Moldova, and the Protocol on collaboration between Universities of Chernivtsi and of Belts were signed.

The common vision of priorities for further bilateral, trilateral and multilateral transfrontier cooperation on the new border of the EU and NATO was formulated both by the above-mentioned interstate documents and by the special Appeals, which were approved by the Council of the Euroregion “Upper Prut” in 2001-2003.

The number of projects, proposed by the Euroregion “Upper Prut”, was discussed and initially supported in 2003 by Mr Luca Barbone, Director of the World Bank in Ukraine, Belarus, Moldova Europe and Central Asia, who foresaw in the World Bank Country Assistant Strategy for Ukraine 2004-2007 the special regional pilot project for European integration.

The existing legal and structural stimulus should also find further development, especially for Ukrainian-Moldovan collaboration, in the Concept of the CIS CBC Convention, similar to the above-mentioned Madrid Convention of 1980, the principles of which were agreed at the CIS Summit in Kazan’ (Russia) on 26 August 2005.

From the EU side these approaches should be supported according to the above-mentioned Final Statement approved on 2003.10.01 at the VI Meeting of Ukrainian representatives in the EU-Ukraine Parliamentary Co-operation Committee and the EU Parliamentary Delegation for Ukraine, Belarus and Moldova, whose key points were reflected in the Resolution of the European Parliament of 20 November 2003 Nr. (COM(2003) 104 - 2003/2018(INI)) on the Communication of the European Commission “Wider Europe - Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours”.

The main obstacles which should be surmounted in this way (besides the general necessity for negotiation settlement of the Transnistrian conflict) are: firstly, new dividing lines across the two already existing Euroregions “Upper Prut” and “Lower Danube”, created by the EU Commission through the total separation of Neighbourhood Programs (NPs) “Romania-Ukraine” and “Romania-Moldova”, which is crucially different from trilateral NPs “Poland-Ukraine-Belarus” and “Hungary-Slovakia-Ukraine”. From the very beginning in 2003, and especially on the common meeting of the Task Forces of the NPs “Romania-Ukraine” and “Romania-Moldova” in Bucharest on 19 March 2004, both Ukrainian and Moldovan Delegations expressed their common desire to create close links between these two NPs. Secondly, complications originated from the return to the Districts Structure in the Moldovan parts of the above-mentioned Euroregions, especially in “Upper Prut”. For today, instead of two former counties there are now nine Moldovan members. This

problem can be solved through the new doctrine of Regional Development already created by key Moldovan Institutions. It foresees the establishment of a few Economical Zones, in particular the Northern Zone with its Centre in Belts, which will improve conditions for Moldovan active participation in transfrontier co-operation.

### **Implemented projects**

The main topics for CBC in the framework of the already existing and foreseen Euroregions was formulated: to support the sustainable development of small and middle sized businesses, in particular in the touristic field for the most efficient and safe utilisation of natural and human resources; to develop and introduce advanced technologies (know-how), as well as cross-border information systems for deeper interaction in all economic, social, cultural, safety and other spheres of common interests; to secure ecological safety, biodiversity, to widen and improve the cross-border system of national parks and reservations; to reduce pollution in the basin of the river Dnister, Danube, Prut, basins and the Black Sea, to prevent and liquidate the impacts of industrial accidents and natural disasters, to increase cleaner productions; to harmonise the development of national infrastructures, including power systems, transportation and communication networks; to develop cross-border relationships and to expand co-operation in the fields of legislation, science, education, culture, sport and youth; to introduce and secure full and true non-discrimination policies for the persons who belong to the national minorities and persons who belong to the majority of the population in the economic, social, political fields and cultural life; to provide health protection for the population and recreational activities.

To realise this multi-level system of co-operation, since the Ukrainian-Moldovan-Romanian Summit in Izmail (1997) the following scale for transfrontier projects was formulated: educational and small scale infrastructure projects; joint investigation projects aimed at defining common issues and their win-win resolution ways as well as technology foresight, feasibility studies and development of new mechanisms for transfrontier activity; pilot-demonstrative projects oriented for case studies, experimental implementation and visual proof of the advantages of transfrontier collaboration in the innovation-preinvestment field as well as for further dissemination of results obtained; investment projects with mutual vested interests as well as the involvement of powerful international donors.

Because of political issues and mainly through the absence of developed subsidiarity of power in both States, real support for such a system of projects both at the regional (local) and national levels is still in its infancy.

Therefore up to now there have been mainly bilateral TACIS micro-projects of the first type with Partners from EU Member States where boundary partners were only involved.

The closest collaboration took place in the sphere of cultural and other people-to people contacts, as well as joint measures concerning specific events such as symposiums, fairs, forums, city days etc. The special initiative of the Euroregion “Upper Prut” days was successfully carried out in 2002.

### **Elements of Swot analysis**

Strengths: at the population, culture and society level, the main strengths of the border area are: a relatively young and educated population (23%) which can sustain the future development process; strong and diverse local cultural traditions which stress the profile of the targeted area; a high proportion of bilingual people. At the economic level: commonality between the eligible region’s overall economic structure (especially the agriculture sector); abundant fertile agricultural land and natural local resources; processes underway for restructuring key economic sectors and activities;

major agricultural, light industry (clothing and textile) food processing capacity etc and tourism potential; border area potential (commodities traffic, resources corridor – e.g. natural gas pipes). At the employment and equal opportunities level: skilled workforce in some areas, particularly in the agricultural and manufacturing sectors; increase in the female activity rate in the labour market (largely in food production, textiles and clothing); flexible labour force; competitive labour costs. At the education, health and social services level: presence of further education institutions in both academic and vocational training; a large and varied system of state-education facilities; established network of health and social care services. At the transport and infrastructure level: established airports, road and railway networks, utilities; established border crossings; Trans European Network corridor running through the eligible region. At the environmental level: beautiful ecosystems with some unique areas; high quality natural sites; good-practice experience in environmental protection; Anti-hail capacity within Moldova.

Weaknesses: at the population, culture and society level, the main weaknesses of the border area are: the majority of the population resides in rural areas, which have poorer living conditions; local traditions are not well known on a wider scale; increasing ageing of the population and an overall negative demographic trend (migration because of economic reasons); low levels of EU-standard qualifications of most of the working population; low income in most areas; lack of public communication and information tools. At the economic level: very low GDP per capita (less than 20% of the EU average) with little perspective of any increase in the near future; most of the sectors of economic activity in the region are in decline (agriculture, manufacturing industry etc.), with a notable lack of modern technologies; low level of capital investment, foreign direct investment and overall competitiveness in nearly all of the region, related to the poor level of ICT facilities in most areas; a low percentage of SMEs in the local economy; non-supportive (hard and soft) business environment for SMEs; one-industry urban areas and rural areas (agriculture); underdeveloped tourism infrastructure and services with almost no co-operation and co-integration; weak economic impact of current cross-border relationships; adverse effects of corruption and fraud. At the employment and equal opportunities level: high levels of unemployment in all parts of the region; low level of opportunity for vocational training/re-training of industrial and agricultural sector workers; continuing social barriers to female mobility in the labour market. At the education, health and social services levels: both the education and the health systems are undergoing a painful and drawn-out restructuring process; a lack of modern technologies and methods in the health care system and education; a low number of education, social services and health professionals available (coupled with low incentive) to work - at all levels - in the rural areas; education, social services and vocational training systems not adapted to the (market) demand. At the transport and infrastructure levels: the border crossing infrastructure is deficient; border management co-operation is insufficient; low quantity of urban and rural infrastructure, facilities and services; lack of an updated integrated spatial planning concept. At the environmental level: poor waste and water management; lack of management plans for protected-areas; lack of a modern and efficient integrated monitoring system for environmental factors; deforestation (resulting in worsening landslides); soil erosion phenomena; poor levels of information and education on environmental protection.

Opportunities: at the population, culture and society level, the main opportunities for the border area are: the EU integration process offers more possibilities for young people to be exposed to western European culture; free society allows people to have personal initiatives and develop a co-operative attitude; increased awareness of, and demand for local cultural products and services outside the eligible area. At the economic level: international investment opportunities in skilled-labour low-wage countries; NNI (post 2006) increases the funding available for joint activities in the border region; a common management system of EU funds opens new-relation opportunities and can improve the efficiency of co-operation; great potential of the tourism sector; great potential of

services development; great potential of ecological production; existing and unused/unfinished real estate. At the employment and equal opportunities levels: EU Programmes on human resources development, vocational training and social services; increased demand for agro and eco tourism human resources; increased social awareness of equal opportunities issues; high-tech potential of the workforce. At the education, health and social services levels: increased shared programmes between border regions; increased transfer of know-how within the border region in the public health sector; demand for extension of health and social services. At the transport and infrastructure levels: increased spending on required infrastructure; planned motorway east-west (long term); realisation of Trans European Networks through the region; increased demand for housing. At the environmental level: increased effectiveness of environmental and nature protection initiatives as a result of co-ordinated action; Potential for a large increase in environmental and nature protection activities in all areas of the eligible region; increased cross border co-operation on common and shared environmental problems.

Threats: at the population, culture and society level, the main threats for the border area are: migration of the young population (both external and internal), especially those most qualified; poverty affects all sectors of society and is a factor in the increasingly ageing of the population; significant differences in the respective countries' relationships with the EU which could further accentuate differences in the cross border region. At the economic level: continued high dependence of the economy on agriculture – not compatible with EU reforms; low dynamism of the economy; continued high and generalised degree of poverty; low percentage of high-value-added industries. At the employment and equal opportunities levels: continued high industrial unemployment; inability of any major sector to absorb heavy losses in any other sector; little targeted activity to increase the employment of women. At the education, health and social services levels: inability of education and vocational training systems to react to the demands of the labour market; failure to develop systems of care for the increasingly elderly population; inability to provide resources for rural health and social services. At the transport and infrastructure levels: failure to further develop the region's physical infrastructure seriously limits both cross-border co-operation and endogenous growth on the Moldovan side of the border considering the realities of Transnistria; failure to sufficiently develop human resources within border management hinders concurrent infrastructural developments. At the environmental level: failure to successfully monitor and assess environmental damage undermines all economic activities in the region; failure to reform the environmental and nature protection regulations and institutions would hinder the joint protection of cross-border areas.

## 16. Poland – Slovak Republic



### Geographical and historical background

The border between the republics of Poland and Slovakia stretches over 539 km. Looking from the west, it starts where the borders of Poland, Slovakia and the Czech Republic connect, in the Silesian Beskid Mountains. Then, the border goes east to the border of Poland and Ukraine. Its shape is determined by several ridges of the West Carpathian Mountains with the highest summit of Rysy (2499 metres) located in the Tatra Mountains – the highest ridge in the Carpathians. On a few occasions the border is delineated also by rivers (Dunajec and Poprad). Such a definition of the border makes it one of the oldest political boundaries of Europe with only marginal changes over the centuries.

As regards the administrative division on the Polish side, the borderland near Slovakia constitutes parts of three voivodships: Silesia (Slaskie), Lesser Poland (Malopolskie) and Subcarpathian (Podkarpackie). On the Slovak side there are two lands (districts): Zilina and Presov.

Among the bigger towns of the borderland on the Slovak side there are: Zilina (84 000 inhabitants), Poprad (57 000), Bardejov (32 000), Cadca (27 000), Kezmarok (17 000). On the Polish side there are: Bielsko-Biala (178 000), Nowy Sacz (85 000), Krosno (48 000), Sanok (41 000), Nowy Targ (35 000), Zywiec (32 000), Zakopane (30 000) and Gorlice (30 000).

Over the centuries the present border between Poland and Slovakia has been merely fine-tuned. The ridge of the Western Carpathians used to constitute an impassable frontier as early as the 10th century when the Polish Kingdom emerged whose southern part at that time bordered the Hungarian Kingdom. Slovakia was part of the Hungarian Kingdom. This state of affairs persisted until the beginning of the 20th century. The conquest of Slovakia by Boleslaus the Brave the ruler of Poland at the beginning of the 11th century proved ephemeral. At the beginning of the 19th century, Poland lost the city of Podoliniec and its environs to Hungary.

Some very limited changes were introduced to the shape of the border in 1412 when Sigismund of Luxembourg, the king of Hungary, handed over as a deposit thirteen towns of Spisz (among others: Lubovla, Poprad and Levoca). This deposit lasted until 1769. Then in 1772 the southern part of the Polish Commonwealth was annexed by Austria as a consequence of increased weakening of the Polish state in the 18th century. As a result, the border in the Carpathians ceased to exist because the entire mountain chain was included in just one state – the Austrian Empire. The territories which were included in Austria were renamed Galicia and Lodomeria. In the wake of an administrative reform of Austria, since 1867 the Carpathians delineated the connection between the Austrian and Hungarian parts of the Habsburg monarchy.

In 1918 the border in this area changed slightly, despite the ongoing disputes over Spisz and Orava. The northern parts of Spisz and Orava were incorporated into Poland which created a Slovak minority of more than twelve thousand people within the boundaries of the Polish state. Slovakia was part of Czechoslovakia (1918-39). Spisz and Orava made up a tiny bit of Slovakia under the collaborationist Tisa government – the puppet regime loyal to Nazi Germany. In 1945, despite the tensions, the borders from before 1939 were reinstated.

The political changes in Europe in 1989 which brought about the collapse of communist regimes facilitated new ties between Poland and Slovakia. The development of Polish-Slovak relations was preceded by the division of the federal Czechoslovak state which, on 1 January 1993 – for the first time in history – established an independent Slovak Republic.

The shape of the border at the turn of the millennia has never been a matter for conflict or even debate. It was acknowledged and accepted by both sides and by all political forces in both countries. At present, the Slovak minority of more than twelve thousand living on the Polish side enjoys the protection by the Polish Constitution of 1997 and the National Minorities Act of 2005. The Slovak minority in Poland inhabits a compact area, unlike the few scattered Polish minority groups in Slovakia.

### **Economic and infrastructural characteristics**

The Polish-Slovak borderland is characterised by a relatively low level of industrial development. It is particularly visible on the Slovak side because the vast majority of Slovakia's industry is located in the southern and central part of the country. Among the important industrial centres of the borderland are: Zilina (light industry and recent investments in the car industry), Bardejov (light industry) and Poprad. On the Polish side of the border, the most significant industrial centres are: Bielsko-Biala (car industry), Zywiec (brewing industry), Gorlice and Jaslo (oil industry) and Nowy Sacz (construction, services, modern technologies). The border is crosscut by vital, transregional communication networks. The most important border crossing is located in Chyzne. Transport by rail plays a definitely less significant role with just three railroads cutting across the border between the two countries.

The borderland plays a much more significant role in tourism because of its splendid location, virtually entirely within mountainous or hilly terrains. Undoubtedly it is tourism where most hopes for the future are invested. It has already proven a rewarding and the most profitable trade of all. The best-known tourist resorts on both sides are: Zawoja, Zakopane, Szczawnica, Krynica Zdroj as well as various places in Bieszczady (in Poland) and Strbske Pleso, Smokovec, Tatranska Lomnica and other villages of the Tatra foothills (in Slovakia). Despite unfavourable soil conditions, agriculture still plays an important role. Because of a shortage of arable land, sheep herding has remained an important source of agricultural revenue. 'Oscypek' the name of the cheese produced in the Polish-Slovak borderland has been registered as a trademark by the services of the European Union which makes it a typical regional product.

Higher education institutions constitute an important element in the development of the borderland. Among the most prominent are: the Academy of Technology and Humanities in Bielsko-Biala (ATH) as well as other universities of this city, Wyższa Szkoła Biznesu - National Louis University in Nowy Sacz and the National Professional Academy (PWSZ) in Krosno.

## **Cross-border declarations and agreements**

The main cross-border declarations and agreements with a specific focus on the cross-border area are directly concerned with the following local authorities: (in Poland) the Regional Council and Executive Committee (regional tier), the County Council and Foreman (county tier), the town and municipality Council with Mayor (local tier). All the authorities are elected by popular vote for four years. The Governor (“wojewoda”) is a representative of the central government in his/her region and is responsible mostly for supervising the legality of actions of elected bodies and supervising several “special administrations”, not subject to control exercised by elected representatives (police, environmental inspections etc). And (in Slovakia) Municipality Councils with their Mayors are the only local/regional governments elected by popular vote. The remaining units (District – “okres” and Province – “kraj”) belong to the state administration only. The Slovak system is much more centralised than the Polish one and thus the approach to crossborder co-operation in the border regions is, to a much greater extent, dependent on the political orientation of the central government.

Agreements between states are the main instrument to set out the detailed framework for international co-operation along the borders of Poland. Each of the documents signed so far provides for establishing, facilitating and promoting cross-border co-operation. All the agreements and contracts which create the legal basis for local and regional governments with their partners from neighbouring countries were signed based on framework agreements. As for the scope of the subject matter, the agreements signed so far can clearly be broken down into the following two main parts with their respective subcategories: first, the unchangeable (fixed) part resulting either from international agreements signed by the governments or from the conventions of the Council of Europe; second, the variable part, depending on local conditions, e.g. the body to sign the agreement, a record of previous contacts, geographic environment, social and economic development, common problems to solve etc, which is governed by the accords of a given Euroregion.

Since 1990, the Polish authorities have signed nineteen intergovernmental agreements which affect decision-making in cross-border co-operation. Given the special character of the cross-border co-operation along the southern border of Poland, i.e. the fact that in three specific cases the co-operation is trilateral, we will be focusing on the agreements signed by the government of Poland with the governments of: the Federal Republic of Germany, the Czech Republic, the Republic of Slovakia and the Republic of Ukraine.

The main agreements currently in force are: the agreement between the governments of Poland and Germany on regional and border co-operation of 17 June 1991; the agreement between the governments of Poland and Slovakia on cross-border co-operation of 18 July 1994; the agreement between the governments of Poland and the Czech Republic on cross-border co-operation of 8 September 1994; the agreement between the governments of Poland and Ukraine on cross-border co-operation of 24 May 1993.

Apart from the agreements mentioned above, there are intergovernmental agreements concerning specific issues such as, for example, establishing an intergovernmental committee for regional and border co-operation (Poland and Germany) or the agreement regulating the cross-border movement of persons inhabiting certain areas located near the border (Poland and the Czech Republic).

## Implemented projects

Nine Euroregions have been established so far along the southern border of Poland (which is 1 329 km long). In terms of the number of parties involved, we can break them down into: three trilateral agreements and six bilateral agreements.

Seven Euroregions are operating in the Polish-Czech borderland. No other Polish borderland is as rich in this kind of cross-border co-operation. Two of these Euroregions also include other partners: there are German local bodies involved in the Nysa Euroregion and Slovak local bodies involved in the Euroregion of the Beskid Mountains. The remaining Euroregions of Dobrava, Glacensis, Pradziad, Silesia and Cieszyn Silesia rely on the co-operation of Polish and Czech partners. The diversity of co-operation is undoubtedly a result of the existence of historically constructed entities in the borderland, wishing to stress their uniqueness and specificity. Good examples are Cieszyn Silesia and the Land of Klodzko. The Euroregion of the Beskid Mountains is a trilateral Euroregion. In 2000, after several years of exchange of experience between Polish, Czech and Slovak local authorities under the slogan “Beskid Mountains without frontiers” a decision was finally made to create the Euroregion of the Beskid Mountains. This is located where three borders meet. Its capital cities are Bielsko-Biala (Poland), Frydek – Mistek (Czech Republic) and Zilina (Slovakia). The members of the Euroregion are: the association “Region Beskidy” with its office in Bielsko-Biala (thirty members), the association “Region Beskydy” with its office in Zylina (seventy eight members) and the association “Region Beskydy” with its office in Frydek-Mistek (sixty three members). The area of co-operation covers 3 928 km<sup>2</sup> and is inhabited by 930 000 people. The Polish part has an area of 1 850 km<sup>2</sup> and is inhabited by 505 000 people. The Czech part has an area of 972 km<sup>2</sup> and 161 500 inhabitants. The Slovak part has an area of 2 023 km<sup>2</sup> and 264 000 inhabitants. The biggest towns of the Euroregion are: Bielsko-Biala, Zywiec, Sucha Beskidzka, Kety, Zilina, Cadca, Namestovo, Frydek-Mistek and Frydlant.

One great advantage is its location. It is crosscut by significant trans-European communication routes, especially in the north-south orientation. The region displays great tourist and economic potential. Cultural exchange has been acknowledged as one of the objectives of co-operation.

One important example of established co-operation in the cross-border area is that of the euroregion of the Tatra Mountains. The agreement between the Polish and Slovak local authorities establishing the Euroregion of the Tatra Mountains was signed in 1993 in Zakopane. Based on this declaration, the Euroregion of the Tatra was formally called into being in August 1994. It is a Polish-Czech association of poviats, towns, communes and villages. The Tatra Euroregion has a pronounced mountainous character. It encompasses, on both sides of the border, Orava, Spisz, Slovak Liptov, the Polish Pieniny Mountains, Podhale, Beskid Sadecki, Beskid Wyspowy and Beskid Niski. The Tatra Euroregion consists of twenty-five units of local government on the Polish side (twenty-one communes and four poviats) and seventy-two units of local government on the Slovak side (fourteen towns and fifty-eight villages). The Tatra Euroregion now has 8 164 km<sup>2</sup> (of which 1 952 km<sup>2</sup> in Poland and 6 212 km<sup>2</sup> in Slovakia) and is inhabited by 468 000 people (of which 245 000 in Poland and 223 000 in Slovakia). The Euroregion has unique natural, tourist and cultural value. It accommodates five national parks: Tatra, Pieniny, Babia Gora, Gorce and Slovensky Raj. Another euroregional example is that of the Carpathian Euroregion which was established in February 1993. The Carpathian Euroregion is the biggest venture of its kind in Europe. It has an area of some 160 000 km<sup>2</sup> (18 000 in Poland and 15 500 in Slovakia). Its territory is inhabited by some 16 million people from five countries (2.1 million in Poland and 1.55 million in Slovakia).

Another example of cross-border co-operation are the Greenways. These are paths created along rivers or some historical or natural routes. The “Central European Greenway” is an initiative by a

Central European Consortium “Environmental Partnership for Central Europe” which associates five foundations e.g. from Poland (Fundacja Partnerstwo dla Środowiska), the Czech Republic (Nadace Partnerstvi), Slovakia (Nadacia Ekopolis) as well as Hungary and Romania. The consortium aims at promoting local tourist attractions, a healthy way of life and environmentally friendly tourism.

### **Elements of Swot analysis**

Strengths: The cross-border co-operation between Poland and Slovak Republic has considerable potential for further development. The following strengths determine the chances of success. The richness of natural resources, in particular the natural beauty along the borders: picturesque mountains, creeks and rivers, relatively unspoiled forest areas (national parks, that is protected areas of unspoiled nature, including enclaves where rare and protected animals live), beautiful landscapes. The tradition of holiday-making: the border regions are traditionally visited by tourists and holiday-makers from the whole of Poland and the Slovak Republic, as well as the increasing number of international tourists. The tradition of regional culture, folklore, as well as high brow culture (particularly in Poland) developed in the area of the Tatra Mountains on the border between Poland and Slovakia at the turn of the 20th century. This interesting cultural phenomenon of high brow culture combined with the folk tradition of the region, which attributed much value to the vernacular culture and incorporated it into the high brow culture of the elite was at that time widespread across central Europe. Today, this heritage enriches the cultural potential of the region and contributes to its tourist attractiveness. The Polish border region of Podhale (along the border of Slovakia) is still very popular with intellectuals who seek inspiration in the unique combination of the natural landscape and cultural heritage. The relatively well-developed tourist industry in the mountains along the Polish-Slovakian especially in recent years where a lot of new small hotels, restaurants and cafes have appeared, together with a number of cultural sites such as museums commemorating the cultural heritage of the region. Sports facilities are also developing, in particular in the Tatra Mountains, especially winter sports and mountaineering. The existence of natural sources of mineral water and spas with old traditions, recently revitalised. The young population. The presence of several higher educational institutions, especially on the Polish side of the region. A well-developed network of scientific research centres. The existing network of cross-border co-operation. Low labour costs. The existence of natural resources (minerals, fishing and hunting resources, mineral waters). Developed industry of foodstuff production. International airports and the growth of the “cheap flights” network, especially in Krakow and Kosice. Cultural similarities of the regions on all sides of the borders (linguistic and historical). Similarity of problems to be solved (post-communist transformation).

Weaknesses: The main weakness of the cross-border area are the following. Centralisation of decision-making processes in public administration and public finances. Low level of autonomy of regions, which affects the ability to use European and other funds. Underdeveloped infrastructure, especially low quality roads, lack of road bypasses of towns. Overpopulation of agrarian areas. Small size and autarchic character of many farms. Post-communist legacy of huge, inefficient heavy industry and very large groups of heavy industry workers unable and unwilling to move to other sectors of the economy. Devastated municipal infrastructure. Polluted environment and water. Inadequate infrastructure of border crossings. The existence of protected areas of natural parks and very fragmented farming areas result in difficulties in planning the development of the construction of new roads and/or motorways. The poor technical condition of railway networks. Inadequate sewage systems and inadequate utilisation of water. Low environmental awareness among the local populations. Low level of education, especially among older generations and farming communities. Very traditional work culture and value system, conservative and not compatible with the requirements of market economy and democratic civil society. High rate of unemployment. Low

level average income, resulting in weak purchasing power. Large unqualified labour force. Low level of industrial and commercial investment, lack of capital. Low life expectancy and poor health, especially in the rural areas and former heavy industrial centres. Shortage of modern technology and know-how. Low level of participation of foreign capital. Poorly developed services, including communication. Low level of cross-border co-operation in the field of economy. Incomplete privatisation processes. Migration of qualified labour, especially the young.

Opportunities: In terms of opportunities, the following factors could potentially prompt cross-border co-operation in the area: the availability of European funds. Development of the tourism and holiday industries as well as the sports industry. More foreign investment following stabilisation after European accession. Development of communication and information structures. Development of cross-border co-operation in infrastructure (road) construction. Development of cross-border co-operation in the sports and leisure industry (winter sports). Development of natural food industry and agro-tourism. Development of industrial high technology parks, based on the existing research and higher education system, in co-operation across borders. Development of institutions which link education to the labour market. Providing new qualifications to unemployed industrial workers to facilitate their transition to other sectors of the economy, especially services. Development of leisure and sports industry and infrastructure on the basis of the advantages of the natural environment of the region (winter sports, mountaineering and hiking, horse riding, golf). Development of small and medium sized enterprises.

Threats: the main threats which could hinder the development of cross-border co-operation in the area are the following. Inability to overcome centralisation and incapacitation of regional governments by the central national governments. Centralisation of finances and consequently inadequate financial means at the region's disposal for its own contribution to European and cross-border projects. Local political conflicts and little development of the class of a-political civil servants. Social protests and financial demands of large groups of heavy industry workers and the unemployed. Political pressure to conserve the socialists' structure of industry and prevent privatisation and restructuring of the economy. Inefficient and dangerous transport due to poor quality roads. Decrease in the population due to migration, especially among young, educated people. Stable structural unemployment. Passive political attitudes, apathy and frustration resulting from disappointment with economic and social transition. Growth of social exclusion and pathologies. Growth of the gap between high and low incomes.

Inadequate coordination of strategic investments across national borders at governmental level, in particular regarding the transportation network. Unsolved issues such as legal procedures relating to the ownership of land slow down the development of infrastructure.

## 17. Poland – Ukraine



### Geographical and historical background

The Polish-Ukrainian border runs for 535.18 km. From the southern end, the border runs, at the beginning, through the main rip of the Bieszczady Mountains to the Piniaskowy summit over the Użocka Creek, and afterwards develops parallelly to the valley of the River San. After leaving the Carpathian Mountains, it cuts the eastern edge of the Sandomierska Hollow and the Roztocze range. In the northern part, the border follows the line of the Bug river.

In the XIII century, most of east Kiev Russia was under the rule of the Tatars, and the centre of statehood was displaced to the west Wołyńsko-Halicka Russia. In the XIV century, the west part of Ukraine, the so-called Czerwienskie Castles was annexed by Poland and the east part, Russia, by the Great Lithuanian Duchy and afterwards as the result of Lublin Union in 1569 was included to the Korona (Crown) of Polish Kingdom. In 1596 some bishops of the Orthodox Church went under the supremacy of the pope as the result of the Brzeska Union. In the XVII century, there were several Cossacks riots against Korona. The most important of them, led by Bohdan Chmielnicki, resulted in separation from Korona and occupation of left-side Ukraine by Russia. As the result of Poland divisions the Russians took Kiev, Podole and Wołyń. The Austrians took the so-called Galicia. After WWI, Poland restored its independence. East Galicia and Wołyń were in the Polish borders, Podkarpacka Russia became part of Czechoslovakia, Besarabia and Bukovina part of Romania. The remaining part of contemporary Ukraine was included in the USSR as one of the Soviet republics.

After WWII, Poland was forced into a totalitarian system and became dependent on Russia. In 1947, as the result of the Vistula Action, most of the Ukrainians from the east-south part of Poland were resettled to the so-called Ziemie Odzyskane area. In 1989, the totalitarian system collapsed and the political transformation process started. A modern, three-level system of public authorities with independent elected self-governmental authorities at national, regional and local level was established in 1999. In July 1990, the Ukrainian Socialist Soviet Republic proclaimed sovereignty, and in 1991 its independence was proclaimed and the communist party's activities were forbidden. Poland was the first country which acknowledged the independence of Ukraine. On 14 June 1994, Ukraine and the EC countries signed the Partnership and Co-operation Agreement for an interim period of ten years. The Polish-Ukrainian border changed many times. Today's border is based on the agreement with the former Soviet Union in 1945. In 1951, its course in the south part was re-drawn. Poland gave back the area of 480 km<sup>2</sup> on the River Bug near Sokal and gained the same area located near Ustrzyki Dolne. Its contemporary course is lined with cultural and ethnical frontiers in the greatest measure. Both countries do not make any territorial pretence .

The border area in the Ukrainian part is inhabited by 10.4% of the country's population (47.4 million). The following ethnical minorities live there: Hungarians (6.63%), Russians (3.56%), Romanians (1.33%), Romanies (0.53%), Slovaks (0.32%), Belorussians (0.23%), Poles (0.20%), Germans (0.16%), Jews (0.14%), Armenians (0.01%), Georgians (0.01%), Moldovans (0.01%), others (0.50%). The border area in the Polish part is inhabited by 10.2% of the population (38.2 million), including Ukrainian (0,08%) and Romany (0,03%) minorities. The most prominent cities on the Ukrainian side are, *inter alia*: Lvov, Łuck, Kowel, Uzgorod; on the Polish side: Lublin, Chełm, Rzeszów, Przemyśl, Krosno. The Polish-Ukrainian borderland is made up of an area of four administrative units. On the Polish side – Lubelskie and Podkarpackie voivodships, on the Ukrainian side – Wołyński and Lvov districts. The area is 85 018 km<sup>2</sup>, including 43 041 km<sup>2</sup> on the Polish side and 41 977 km<sup>2</sup> on the Ukrainian side. It is 13,8% of Poland's area and 7% of Ukraine's area. These units have similar areas (Lubelskie voivodship has 25,1 thousand km<sup>2</sup>, Podkarpackie voivodship has 17,9 thousand km<sup>2</sup>, Lvov district has 21,8 thousand km<sup>2</sup>, Wołyński district has 20,2 thousand km<sup>2</sup>). The border traffic is regulated according to the agreement between the Government of the Republic of Poland and the Government of Ukraine about border check points, signed in Warsaw on 18 May 1992.

The Polish-Ukrainian border check points (from north to south) are: Dorohusk-Jagodzin (road-passenger, goods); Dorohusk-Jagodzin (railway-passenger, goods); Zosin-Uściług (road-passenger); Hrubieszów-Włodzimierz Wołyński (railway-passenger, goods); Hrebenne-Rawa Ruska (road-passenger, goods); Hrebenne-Rawa Ruska (railway-passenger); Werchrata-Rawa Ruska (railway-goods); Korczowa-Krakowiec (road-passenger, goods); Przemyśl-Mościska (railway-passenger, goods); Medyka-Szeginie (road-passenger, goods); Krościenko-Smolnica (road-passenger, goods); Krościenko-Chyrów (railway-passenger: only Polish and Ukrainian citizens).

### **Economic and infrastructural characteristics**

In the past, the contemporary Polish-Ukrainian border was positioned on the Polish-Soviet border, re-drawn after WWII in 1945 and it was a closed, hard border with a low level of traffic and a limited number of open border-crossings until 1991. Contact restrictions between both areas were further hardened by the poorly developed transport infrastructure. After WWII, the bridges in Dorohusk (railway and road) and in Zosin (road) were used only for military purposes. The only new investment was building the railway for commercial transport between GOP and Wołyń and the far area of the USSR. When the Soviet Union collapsed in 1991, Poland was the first country which acknowledged the independence and borders of Ukraine and started the new stage of the Polish-Ukrainian border and transborder co-operation.

On 1 May 2004, the European Union entered a new historic period. Poland and Ukraine are the biggest countries in central-eastern Europe and they have strong mutual relations by virtue of their history, common European culture and many mutual interests. The border area on the Ukrainian side has started to attract foreign capital at an unprecedented pace, as direct investments and companies with foreign capital, notably so in Lvov district, where as from 1 April 2004 the sum of direct foreign investment was 316 million USD, including 80 million USD in 2003, and 60.6 million USD in 2002. It was the result of a high level of economic development in Ukraine, relatively low costs of production and labour, close relations with the Russian market and with the neighbouring EU countries, and it was also due to the establishment of a special economic area near the border.

In the past few years the volume of cross-border traffic has increased significantly. Up to two hundred thousand citizens from west Ukraine crossed the border to sell their products on the Polish side of the border (often at a small market near a check point), and another two hundred thousand

are transborder (illegal) workers in Poland. Until 1 October 2003, Ukrainian citizens did not need an entry visa for a stay of less than three months. From 1 October 2004, visas have been introduced for Ukrainian and other non-EU citizens, but this procedure has been simplified as far as possible. Ukraine agreed that Poles did not need entry visas for Ukraine. In return, there are no visa fees for Ukrainians. This solution has mitigated the negative effects the visa regime would have had on cross-border co-operation.

### **Cross-border declarations and agreements**

Cross-border co-operation between the two countries was established within the framework of the Madrid Convention of the Council of Europe of 21 May 1980 and the European Charter of Local Self-Government. Poland signed these treaties in 1993 (based on: Dz.U. from 10.07.1993,) and in 1994 (Dz.U. from 25.11.1994). Thus, following these two documents, several agreements on transborder co-operation between local authorities in the two countries were signed.

In 1993, Poland and Ukraine signed the Treaty on good neighbourhood, friendly relations and co-operation (Dz.U. z 20.12.1993r., nr 125 poz. 573). In the 1990s, Poland and Ukraine signed many agreements, which regulated neighbour relations, as following: on 18 May 1992 “About check points” (M.P. z 2003r. nr 37 poz. 530); on 12 January 1993 “About law relations on The Polish-Ukrainian national border and about co-operation and mutual help in border issues” (Dz.U. z 1994r. nr 63 poz. 267); and “About co-operation in water economy on the border waters” (Dz.U. z 1999 r. nr 30 poz. 282); on 6 April 2000 “About co-operation and mutual help in preventing damages, natural disasters and eliminating their results” (Dz.U. z 2004r.nr 166 poz. 1737) and also the Convention of 12 January 1993 on the issue of avoiding double taxation, of avoiding tax evasion on income and on property (Dz. U. z 1994r., nr 63 poz. 269).

The above-mentioned agreements, as did the policy of the European Commission for promoting new neighbourhood relations on the external borders, resulted in the creation of the Neighbourhood Program for Poland-Belarus-Ukraine (Interreg IIIA/TACIS CBC 2004-2006). The aim of the programme is to support transborder co-operation on the east border of Poland (an EU border too) to increase the quality of life and to create socio-economic integration for the bordering regions. In this framework, the Carpathian Euroregion was established. The following administrative units are included in the Carpathian Euroregion on the Polish side : Białostocko – Suwalski and Łomżyński region (Podlaskie Voivodship), Chełmsko – Zamojski i Lubelski (Lubelskie Voivodship), Rzeszowsko – Tarnobrzesci and Krośnieńsko – Przemyski (Podkarpackie Voivodship) Ostrołęcko – Siedlecki (part of Mazowieckie Voivodship). Three districts are on the Ukrainian side: Wołyński, Lwowski and Zakarpacki. Also the sub-region of Rzeszów Tarnobrzeg is included in the Carpathian Euroregion (established in 1995, full name is: Interregional Union “Euroregion Karpacki”, Polish – Slovakian – Ukrainian-Hungarian - Romanian). The Lublin sub-region is included too in the Bug Euroregion (full name: Transborder Union of “Bug Euroregion”, Polish-Ukrainian)

Moreover, it should be noted that in the past there was no specific Polish-Ukrainian program for transborder co-operation. Co-operation was based on the PHARE program “Polish east border”. The programme started in 1997 and it aimed to improve border safety and to create transborder co-operation based on the model of the Program for Bordering Co-operation.

### **Propensity to cross-border co-operation**

The cross-border area is characterised by micro-level Polish-Ukrainian relations. The most important part of these relations are everyday contacts with the partners on the other side of the border, joint elaboration of solutions for common problems, interchanging of experience and small-

scale trade. Ukraine effectively competes with new members of the EU in many fields (electrical machines, energy producing machines, clothes, furniture, metallurgy). The new labour dynamics after the enlargement of the EU will create new investment opportunities on the eastern border, because production costs will remain lower than in the member states. Ukraine could be a sub-producer for many European firms and once direct investments increase could even be a full producer of competitive goods. Ukraine and new member states were and will be competitive in terms of goods production on the European capital market. The enlargement of the EU increases the competition among central-eastern European countries in terms of available financial aid. The most important factors hindering transborder co-operation are: weak infrastructure of check points and roads, complicated procedures of border crossing and using various tools of trade policy. The situation on the Polish-Ukrainian border check points is becoming difficult because of the increasing trade turnover of Ukraine with its neighbours, which has resulted in more queuing on the border. There is the process of displacement of production activity from Poland to the Ukrainian territory, caused by the increasing value (costs) of labour power in Poland after Polish access to the EC. There is also intensification of establishing new common companies with the Polish capital.

### **Implemented projects**

Nowadays the Polish-Ukrainian bordering regions are included in four Euroregions: “Carpathian” (Poland, Slovakia, Romania, Hungary and Zakarpachi, Lvov, Iwanofrankowski, Czerniowiecki regions in Ukraine); “Low Danube” (Romania, Moldova, Odessa region); “Bug” (Poland, Belarus, Wołyński region); “High Prut” (Romania, Mołdowa, Czerniowiecki region). There are no specific activities in the above-mentioned regions, but there are some positive examples of co-operation, especially in the development of cross-border infrastructures, such as the building of bridges, and in the economic and cultural heritage sectors. Euroregions enable bordering regions to apply for European financial support to modernise telecommunication infrastructures, and to carry out projects in the transport, energy, ecology and tourism sectors.

Further co-operation between regions of western Ukraine and eastern Poland will be based on differences in economic potential, geographical closeness, common history and neighbourhood tradition.

### **Elements of Swot analysis**

Strengths: the following represent the strengths of the cross-border area: supplies and advantages of environment, culture and tourist supplies (Karpaty and Pogórze); demographic potential; well-developed secondary schools and an increasing number of students; existence of a wide scientific base and collaboration between universities and colleges (e.g. Lublin and Rzeszów); international airport (Jasionka near Rzeszów). Moreover, the cross-border area can count on a well-developed system of NGOs supporting regional development and an increasing activity of local authorities in developing cross-border co-operation. At the economic level, there are advanced economic infrastructures on which to base market co-operation and to support the development of business in Ukraine. There is also room for development of small and middle sized business at the cross-border level, based on the know-how in electrical machines and the chemical, agricultural and food industries.

Weaknesses: high level of unemployment (20-25%); low living standards and low levels of wages; non-organised transport system, including lack of fast roads and lack of international airports; underdeveloped telecommunications and IT sectors; non-ecological friendly production systems. Border check points with Ukraine are not adequately developed and are not compatible with large commercial traffic or pedestrian traffic. A most important factor hindering cross-border co-

operation is the lack of a Ukrainian capital, which impedes and even prevents the realisation of mutual economic projects for re-vitalising transborder social and economic development policies.

Opportunities: these are to be found in the geopolitical position, especially after the accession of Poland to NATO and the EU, and also in terms of transport corridors. Another opportunity is the activity of administrative, economic and scientific groups, considering transborder co-operation, e.g. in Bug Euroregion.

Threats: one important danger for the development of cross-border co-operation between Poland and Ukraine is the lack of know-how in terms of project-making, and the presence of structural barriers (unclear EU position at its outer borders) which appear to hinder the realisation of common projects especially in the economic sector but also at the social and scientific levels. Finally, the lack of FDI in the area does considerably slow-down the development potential of the cross-border area.

## 18. Romania - Ukraine



### Geographical and historical background

The border between Romania and Ukraine runs for 686 km, out of which 343.9 km are on the river and 31.7 km on the sea. The border mainly runs in the Carpathian Region: from the Ukrainian-Romanian-Moldovian triangle on the Prut river near the main railway and road Ukrainian-Moldovian cross-border point at Mamalyga (Chernivtsi Oblast-Ukraine), to the Criva (Briceni District-Moldova) in front of Botosani County (Romania), situated on the western bank of the Prut river. The border then runs to the Hungarian-Ukrainian-Romanian triangle on the Tisa river near the railway and road Ukrainian-Romanian cross-border point of Djakovo (Trans-Carpathian Oblast-Ukraine) and finally to Halmeu (Satu-Mare County-Romania). The southern part of the border between Odessa Oblast-Ukraine and Tulcea County-Romania runs along the Danube estuary on the Black Sea (where the Snakes Island and the Bystroe Branch of Danube estuary are situated ) to end at the estuary of the Prut river near the port of Reni on the Danube. The Ukrainian border region in the south west part of the country is made up of four Oblasts: Transcarpathian, Ivano-Frankivsk, Chernivtsi and Odessa. This area is 68 100 km<sup>2</sup>, that is 11.2% of the total area of Ukraine. The number of inhabitants living in the area is 6 654 900. This represents 12.6% of the total population of Ukraine. The main Ukrainian municipalities and districts bordering the Romanian territory are: Khust, Tjachiv and Rakhiv in Transcarpathian Oblast, Verhovina in Ivano-Frankivsk Oblast, Putila, Seljatin, Krasnoilsk, Storozhinets, Glyboka, Hertsa, Novoselitsa in Chernivtsi Oblast and Reni, Izmail, Kilia, Vylkovo in Odessa Oblast.

The Romanian border area is located in the northern, north-eastern and south-eastern parts of the country and consists of five counties, that are administrative units (NUTS III) and they are the Counties of Satu-Mare, Maramures, Suceava, Botosani and Tulcea with a total surface area of 32,760 km<sup>2</sup>, that is 13.74% of Romania. The number of inhabitants living in the area is 2 366 179. The main Romanian municipalities along the border are Halmeu in Satu-Mare County, Sighetul-Marmaciei, Petrova, Visea-de-Sus, Borsa in Maramures County, Izvorile-Suceaviei, Ulma, Putna, Radauti, Siret in Suceava County, Mikhaileni, Dorohoj, Darabani in Botosani County and Lunkavita, Somova, Ceatalchioi, Sulina in Tulcea County.

The two bordering countries share a long history of struggle for independence up to the construction of a united Romanian Kingdom in the middle of the XIX century and then the final transformation of Ukraine into an independent republic after the dissolution of the former USSR in 1991. Different parts of this new EU and NATO border have been the subject of quarrels throughout history to present day. Nowadays disputes concern the oil deposits near Snake Island and shipping in the Danube Delta. The general framework for new interrelations between these states was formulated in the Treaty on neighbourly relations and collaboration between Romania and Ukraine, signed in Izmail on 2 June 1997 and the Agreement on the State border, signed in Chernivtsi on 17 June 2003

as well as by new European Neighbourhood and Partnership Instrument (ENPI) and Action Plan “Ukraine-EU” (2005).

### **Economic, environmental and infrastructure characteristics**

The economic systems of the Romanian and Ukrainian border regions have different structures. The economic structure of the Romanian border area is dominated by the agricultural and forestry sectors. Due to the lack of investment programmes and the poor technology in the wood industry and in furniture manufacturing, large amounts of raw materials (rather than finished products) are being exported (timber and wood-cutting), which has led to an unreasonable exploitation of the forest fund and a degradation of the environment. Industrial activities include food processing, wood processing, textile, machine building, naval construction, furniture, electric equipment and mining.

The Ukrainian border area is more diverse in terms of economic specialisation. A considerable share of the regional added value of Ukrainian border regions is a result of the services (Odessa Oblast has the highest share of the regional added value for services at 56%, while Ivano-Frankivsk Oblast has the lowest share at 38%). Transportation and the tourism services are accountable for the largest contribution to the value-added in the services sector. Transport has been the key to the recent development, especially in Odessa Oblast. Agriculture and industry are also a priority, but the lack of own raw materials impedes industrial development. The Odessa and Ivano-Frankivsk Oblasts are characterised by a developed industry (20% and 18% of oblast GDP respectively). The Odessa Oblast industry is specialised in chemicals and food. Electricity and fuel make the biggest contribution to the industrial output of the Ivano-Frankivsk Oblast. Agricultural production plays an important role in the economy of other oblasts in the cross-border area as well, but the low level of organisation of the sector (80% of output is actually produced by individual subsidiary holdings) and the insignificant influence of small scale private/family farming enterprises hinder the introduction of new technologies, which makes the economy sensitive to weather conditions and competition in agricultural markets.

The 2001 Bucharest Summit involving 16 countries and entitled “Environment and Sustainable Development in the Carpathian and Danube Region” acknowledged that “the Carpathian region is a natural treasure of great beauty and ecological value, a reservoir of biodiversity, the headwaters of major rivers and Europe’s largest area of virgin forest”.

Economic links between the Romanian and Ukrainian border regions are rather weak. Although the share of exports and imports to each other is higher in the cross-border area in comparison with national data, it is still insignificant. The same applies for mutual FDI. The level of economic development in the border regions of both countries is rather low, with the GDP/per capita lower than the national figure. The Ukrainian Odessa Oblast is the only exception, with GDP per capita higher than the national Ukrainian GDP per capita. In the Romanian border region, the largest part of the employed population can be found in the sector of agriculture (53.95%), followed by industry and services.

For the Ukrainian border Oblasts, the service sector has the largest share (with the exception of Trans-Carpathian Oblast, where the dominant sector for employment is agriculture). The structure of the service sector is not favourable for sustainable economic development however, since the share of high value-added service sectors (business services, banking services, etc.) is very low. Thus, only 0.6 -1.0% of the total working population works in the financial services sector, and almost half of the people employed in the service sector are civil servants.

In Romania, downsizing and plant closures of obsolete industries have resulted in increased unemployment. There are only a few programmes which offer support (vocational training, consultancy) and alleviate the consequences of industrial decline. The main vocational training and professional re-training institutions in Romania are the County Agencies for Employment and Vocational Training. According to the data of the National Agency for Employment, the average unemployment rate in the border area was 6.78% in December 2003, lower than the national average of 7.2%. However, the unemployment rate of the five Romanian counties shows significant differences. The Ukrainian border territory is characterised by a relatively high level of unemployment in comparison with the Romanian border counties. The main causes for the high unemployment rate in the Ukrainian boundary area are closure or reduction in the production of a large part of the industrial enterprises and low labour demand in rural areas.

A possible solution to accelerate local economic development in the boundary areas could be to develop the SME sector in the region, in response to downsizing or closing down obsolete industries and to the required structural economic reforms in general.

Furthermore, analyses show that this area has a big potential for tourism, which could gain significantly from closer co-operation between the two countries.

Although the number of SMEs in the Ukrainian border area is below the national average, these enterprises produce double the country average for Transcarpathian, Ivano-Frankivsk and Chernivtsi Oblasts and 1.2 times the average Ukrainian level in Odessa Oblast. The largest percentage of small enterprises is engaged in trade, following by industry.

In the cross-border area the highway connections with neighbouring countries are missing and local roads are poorly repaired. The inadequate transport network is not favourable for the development of small and medium sized towns and villages. The transit potential of this area is characterised by the traditional junction of the “Silk Way” with the “from Varangians to Greeks” route. For many centuries it was the shortest and safest way from the Baltic to the Eastern Mediterranean and Western Black Sea bypass Carpathian in the valleys of the main tributaries of the Danube, Prut and Siret rivers as well as along the Dnestr River. For most Romanian and Ukrainian border regions, the development of the railway and highway infrastructure is below national averages. Chernivtsi Oblast is the exception and Transcarpathian Oblast has relatively many railways.

For railroads, the main obstacle to cross-border co-operation is of course the fact that the width of Romanian and Ukrainian rails is different.

Some Pan European roads and corridors cross this region: E85 Bucuresti - Bacau - Suceava - Chernivtsi; E81 which crosses Satu Mare; E576 which is a part of the IX Pan European lane; E87 links with the big Trans-European corridors which ends at Tulcea; the international transport corridor No. 5 traverses Transcarpathian Oblast and its probable branch pass Chernivtsi - Suceava - Bystitsa - Cluj-Napoca - Oradea.

The routes of five important international transport corridors pass through Odessa Oblast's territory, four of which cross sea ports of the region: Cretan Nr. 7 (by water along the Danube), Cretan Nr. 9 “Baltic Sea – Black Sea” (as well as its probable branch pass Chernivtsi-Suceava-Bacau for connection “Baltic-Mediterranean Seas”, OBSEC “Black Sea transport circle”, TRACECA (Transport Corridor Europe-Caucasus-Asia). The strategically important Odessa – Kyiv – St. Petersburg highway that is part of international transportation corridor Nr. 9 as well as the existing railway connection Moscow (St.-Petersburg, Minsk, Kaliningrad)-Chernivtsi-Bucharest-Sofia-Istanbul. Railroads transport goods to the ports. New prospects for the development of the Odessa

oblast's transportation economy have opened with the construction of the Odessa-Brody oil pipeline. The coastline location of Tulcea county and Odessa Oblast define the importance of ports in their transport system. The ports of Tulcea, Izmail, Reni are the gateway to the Danube Delta. It connects the ports of Sulina, Chilia and Sfantu Gheorghe to the large ports and commercial and industrial centres of Galati and Braila. The ports of Tulcea and Sulina (where the Administration of the Sulina Free Trade Zone established in 1977 and reorganised in 1993 is operating) carry out the sea-river transport. At the same time, the system of international airports in Odessa, Suceava, Chernivtsi, Ivano-Frankivsk, which are closely connected to these developed railways, road networks and ports also becomes more attractive for the combined transit of passengers and cargo. However, as for today, Ukrainian-Romanian cross-border infrastructure includes only nine road, five railway and four pedestrian crossing points. The crossing points are: Siret-Porubnoe, Vicsani-Bogrenivka, Izvoarele Sucevei-Sepit, Vascauti-Novei Vovcinet, Vicovul de Sus-Krasnoilsk, Falcau-Falkeuti, Climauti-Belaia Krinita, Racovat-Diakivtsy, Halmeu-Djakovo, Tarna Mare-Chiza, Valea Viseului-Dilove, Sighetul Marmatiei-Solotvino, Campulung la Tisa-Teresva, Sulina, Tulcea.

### **Cross-border declarations and agreements**

Since the time of the USSR, the boundary regions have established cultural and economical links. Today's basis for modern transfrontier co-operation was established by the signing of the above-mentioned General Treaty in 1997 and by both States signing the Madrid Convention (1980) and its protocols. At the same time (1997-1998), the Romanian Government established the Council of representatives of all border regions of the country. The idea of the National Network of Border Regions, initiated by Chernivtsi Oblast, was also supported by 16 out of 19 border regions of Ukraine.

The General Ukrainian-Romanian Treaty of 1997 promoted what is stated in the European Outline Convention on Transfrontier Co-operation between Territorial Communities and that is the promotion of collaboration between administrative-territorial units of both countries and facilitated the establishment of the Euroregions "Upper Prut" and "Lower Danube". Further development of the legal framework for transfrontier co-operation was made through the Ukrainian-Romanian-Moldovian Summits in Izmail (1997) and Chisinau (1998) and the Ukrainian-Romanian Summits in Chernivtsi (1999 and 2003). As well as a number of priority areas for transfrontier co-operation the Declaration of the above-mentioned Bucharest Summit of 16 States "Environment and Sustainable Development in the Carpathian-Danube Region" (2001) prescribed the Carpathian Convention (2003); agreement between the Government of Romania and the Government of Ukraine on co-operation in the sphere of water systems in trans-boundary waters of 30 September 1997; agreement between the Governments of the participant states of the Black Sea Economic Co-operation (BSEC) on Collaboration in Emergency Assistance to natural and manmade disasters of 15 April 1998; the Charter of the Organisation of the Black Sea Economic Co-operation (BSEC) and Declaration of the BSEC member states, signed on the summit in Yalta in 1998.

Further development of the legal framework for transfrontier co-operation was made in the process of establishing the above-mentioned Euroregions "Lower Danube" (1998) and "Upper Prut" (2000) and in their further operation, as well as through common activity in the framework of the Carpathian mega-Euroregion (established in 1993 and including the regions of five states with a population of almost 15 million).

### **Propensity towards cross-border co –operation**

All border regions of Ukraine and Romania are now involved in Euroregions: Odessa Oblast of Ukraine together with Tulcea, Braila and Galati Counties of Romania are in "Lower Danube",

Chernivtsi and also the Ivano-Frankivsk Oblasts together with Romanian Suceava and Botosani Counties are in the “Upper Prut”, as well as all participants of “Upper Prut” together with Transcarpathian Oblast of Ukraine and Maramuresh, Satu-Mare and other Romanian Counties are also members of the Carpathian Euroregion.

### **Implemented projects**

Several project proposals were elaborated and agreed upon by the Working Commissions of Euroregions and further in the process of Neighbourhood Program preparation and, thus, a number of projects were successfully implemented specifically in the educational TACIS/PHARE transfrontier framework. However, the conditions for project implementation differ crucially on the Romanian and Ukrainian sides of the border. Examples of implemented projects, which were activated through the Euroregion “Upper Prut”, are the following: “Suceava – “Nature Management and Environment towards the European Standards” (219 million euros); “Investment project on modernisation of the technological basis of the wood processing industry” (200 million euros); development of the infrastructure of Suceava Airport (7,65 million euros); construction of the Cargo Terminal in Cross-border check-point “Siret” (more than 3 million euros); establishment of “Bukovina” Centre for Economy and Business (4 million euros); establishment of a Free Economic Zone in the area of the City of Siret (near 200 000 euros).

### **Elements of Swot analysis**

Strengths: the following represent the main strengths of the cross-border area at the environmental level: a good quality, attractive natural environment offers favourable conditions for various forms of tourism; presence of one of the most important and yet uncontaminated natural wetlands in Europe, the Danube Delta. At the economy level: common mountain communities heritage operating with a clear competitive advantage in the forestry sector and related activities; skilled workforce, industrial and agricultural, forestry, common fishing tradition; good tourism market potential and actual activity; on-going development of rural tourism activities especially on the Romanian side. At the socio-cultural level: multicultural traditions and ethnic diversity within a common historical heritage; common religious traditions with specific cultural assets internationally recognised as world cultural patrimony; common religious/civil traditions with high level rural art (small wooden churches, historical wooden shelters, wooden art and craft, etc.) on both Ukrainian and Romanian sides; presence of local universities with good growth potential (Odessa, Chernivetska, Ivano-Frankivska, Suceava, Tulcea, Baia Mare).

Weaknesses: the following represent the main weaknesses of the cross-border area at the infrastructure level: lack of a good regional transportation network (rail, road, water), and motorway connections between the border regions; an underdeveloped network of border crossing points, with insufficient links to national transportation networks. At the environmental level: high level of industrial pollution in certain parts of the border areas; a lack of joint flood protection structures/precautions; the extremely sensitive biological equilibrium of the Danube Delta; over exploitation of forestry resources; lack of good and extensive joint monitoring networks on the environment (air, water, soil pollution). At the economy level: limited competitiveness of SMEs in the border regions of the Ukrainian western part of Odessa Oblast and Tulcea county; traditional low GDP per head in bordering regions compared to the national averages; low level of FDI in the relevant border regions of the two countries; very small agriculture enterprises; low level of cross-border entrepreneurial co-operation due to lack of mutual market knowledge, different languages, very different legal framework and limited information flow; insufficient development of business infrastructure; low level of local administration capacity especially for common action; low productivity in agriculture; limited access to, and use of the internet, primarily in rural areas;

relatively high level of unemployment; underdeveloped tourism infrastructure and services, lack of integrated tourist information and attractive programmed packages. At the socio-cultural level: negative demographic trends: decreasing natural growth, significant migration away from some of the border regions in Ukraine and Romania (Tulcea; Satu-Mare and Maramures counties).

Opportunities: the following represent the main opportunities of the cross-border area at the infrastructure level: two pan-European corridors (V and IX) cross the border regions. At the environmental level: increased effectiveness of environmental and nature protection initiatives as a result of co-ordinated actions. At the economy level: increased efficiency in public spending, due to application of EU procedures; secure accession of Romania to the EU; increase in funds available for developing cross-border co-operation; increasing interest of potential investors and tourists as a result of the improvement of the infrastructure (roads, border crossing); improving the economic performance of the countries can contribute to the strengthening of cross-border co-operation; common management system of EU funds opens new relation opportunities and can improve the efficiency of co-operation. At the socio-cultural level: the improving connections of the two states have a positive impact on the border regions; stable relations between the two states; the process of EU accession strengthens co-operation, the *acquis communautaire* will contribute to the harmonisation of administrative systems.

Threats: the following represent the main threats of the cross-border area at the infrastructure level: failure to implement the necessary development of physical infrastructure limits cross-border co-operation. At the environment level: failure to reform the environmental and nature protection regulations and institutions would hinder the joint protection of sensitive cross-border areas; relatively high risk of serious natural disasters. At the economy level: continuation of the relatively low level of economic development and lack of capital that reduces interest in cross-border co-operation; A growing gap between the economic development of the two countries could hinder the extension of co-operation.

## 19. Slovak Republic-Ukraine



### Geographical and historical background

The border between these two countries is 98 km long, running from Poland in the north down to Hungary in the south.

Inhabited by Slavic tribes from the 8th century, the region was part of Kievan Rus in the 10th and 11th centuries but was conquered by the Magyars, who ruled it until 1918. It has been variously known as Ruthenia or the Carpathian Ukraine, or by its Czech name of Podkarpatská Rus (Subcarpathian Ruthenia) or its Ukrainian name of Zakarpatska Ukraina (Trans-Carpathian Ukraine). Its inhabitants were historically called Ruthenians. Until the early 20th century, the region was an area of severe economic underdevelopment. Hungarian absentee landlords owned virtually all the land, and the peasantry was mired in abysmal poverty.

After World War I, the Khust Ukrainian congress voted for the union with Ukraine, but after the prospects for an independent Ukraine declined, the Central Ruthenia People's council called for the region unification with the newly independent Czechoslovakia, which incorporated the Trans-Carpathian region in 1919. Although the provincial autonomy embodied in the Treaty of St Germain (1919) was never put into practice, the region then began its economic modernisation. The peasants were freed from their servile status, but agrarian reform failed to break up the larger estates.

In the wake of the Munich Pact (1938), the reorganised state of Czechoslovakia was pressured by Germany to grant autonomy to the Trans-Carpathian region. After Czechoslovakia was dismembered in 1939, the region proclaimed its independence; but it was shortly occupied by and annexed to Hungary. Transcarpathia was taken over by Soviet troops and local guerrillas in 1944. In 1945, Czechoslovakia was persuaded to cede the area to the USSR. The region was formed in 1946 and has remained part of Ukraine since.

The region of Prešov (800,000 inhabitants) occupies the north east of the Slovak Republic and forms the second biggest region in Slovakia. The long northern border is at the same time the national border with Poland. The relief of the region is considerably rangy. There are several large and small protected areas, of which Tatra national park and Pieniny national park are the biggest in extent and significance. The region is rich in mineral resoures, the most significant of which are reserves of white salt, limestone, building stone units, raw brick material, zeolite and manganese ore.

The region of Košice (800,000 inhabitants) lies in the south east of the Slovak Republic. Košice is the second largest city of Slovakia and the regional centre. Within the territory of the Košický region there are four large areas of protected areas declared. These are the National park Slovenský raj and protected regional areas: Slovenský kras, Latorica and Vihorlat. One unique natural feature is the Dobšinská ice cave and the Herliansky geyser. Water reservoirs have economical and recreational importance: Zemplínska šírava, Bukovec, Ružín and Dobšiná. The biggest river is the Bodrog that dewaters the Východoslovenská lowland. Raw materials present in the area of the Slovenské rudohorie Mountains gave rise to the foundation of mining, metallurgy of non-ferrous metal and engineering in the past.

### **Economic and infrastructure characteristics**

The Transcarpathian Region is thickly forested and largely agricultural. The plain in the southwest, which is drained by the Tisza River and its tributaries, supports crops of wheat, corn, tobacco, sugar beets and potatoes. There are vineyards, fruit orchards and walnut groves in the foothills. The region's mineral resources include brown coal, rock salt, fire clays, marble and limestone. Forests occupy nearly half the area of the region, and lumbering is a leading industry, along with the production of such items as wood chemicals, furniture and cartons.

The Kosický Region, as far as creating gross domestic product and sharing in the existing economic foundation is concerned belongs to the most important regions of the Slovak Republic. Enterprise activities are concentrated mainly in branches of trade and services, industry and the building industry and from a regional aspect they are mainly in the town of Kosice and in the district of Michalovce. There are energy reserves and ore and non-metallic resources. There are oil and natural gas reserves in the districts of Michalovce and Trebišov. Supplies of geothermal energy are also to be found in the district of Kosice. Iron and silver resources play an important role in the Rožnava and Spišská Nova Ves districts. Magnesite deposits are significant near Košice, white salt in the district of Michalovce, talc and gypsum in the Rožnava and Spišská Nova Ves districts. There are different sorts of building stone units, brickclays, limestones, kaoline, gravel, sand material and others.

The central economical branches are industry (metallurgical, engineering, food processing, electrotechnical, mining, building materials industry, fuel and power engineering), the building industry and agriculture. Food processing production is significant, using products of basic agricultural production. Woods cover two fifths of the regional surface.

The total length of the road network within regions is 2 665,1 km (13,8% of SR), of which class I roads form 284,2 km and class II roads form 670,9 km. 788,6 km of railway tracks traverse the region. The terrestrial port-transship centre in Cierna nad Tisou is important, and in Košice the airport is internationally significant.

The economy of Presovský Region is defined first of all by industry and agriculture with developing travelling activities. In the region there is the lowest level of average nominal monthly income. Industry in the region is varied although the chemical industry is very important in Humenne. Also important are engineering, electrotechnical, food processing, wood processing, clothing and the textile industry. Industry is concentrated mainly into district towns. The agricultural land takes 40% of the total area of the region. Two fifths of it represent ploughland for mainly cereals, forage and potatoes. The natural beauty and scenery of the region, together with suitable climate conditions indicate good potential for the development of travel. There is one fifth of accommodation facilities of the Slovak Republic. The most visited parts of region are the High Tatras Mountains.

## **Cross-border declarations and agreements**

The successful development of Slovak-Ukrainian relations is among the priorities of Slovak foreign policy, set out in various programmes and concept documents, including the Government's Policy Statement, Foreign Policy Priorities and the updated Foreign Policy Orientation of the Slovak Republic.

The main task stemming from implementing the main objectives of the Programme Declaration of the Government of the Slovak Republic within the framework of the Ministry of Foreign Affairs of the Slovak Republic was the support for integrating Ukraine into European and regional structures, especially CEFTA, and stimulating comprehensive political dialogue and mutually advantageous economic co-operation with the aim of resolving the negative tendency towards a decline in mutual trade.

Main agreements include: agreement between the Government of the Slovak Republic and the Government of Ukraine on Co-operation in the Field of Healthcare and Medical Sciences; agreement between the Ministry of Education and Science of the Slovak Republic and the Ministry of Education of Ukraine on Co-operation and Exchanges in the Field of Education and Science; agreement between the Ministry of Culture of the Slovak Republic and the Ministry of Culture and Arts of Ukraine on Co-operation in the Field of Culture; Protocol between the Ministry of Education of the Slovak Republic and the Ministry of Education of Ukraine on Co-operation and Exchanges in the Field of Education.

## **Propensity towards cross-border co-operation**

Ukraine has a special significance for the Slovak Republic. It is its largest neighbour and has traditional social, economic and cultural ties with Slovakia, including similarities of languages and religions, and reciprocal presence of minorities. In the political field, Slovak-Ukrainian relations may be characterised as good neighbourly relations free of any outstanding issues, not burdened by problems of a historical origin. In view of their similar historical experience and efforts at independence, the two countries have a solid base for mutual understanding and wide possibilities for co-operation. Its further enhancement, with special attention to trade and economic co-operation, is in the interests of the Slovak Republic and is one of its foreign policy priorities. Slovakia supports efforts at building a democratic, economically strong and stable Ukraine and its integration into the European structures. The independence and sovereignty of Ukraine is an important security factor for the Slovak Republic as well. The principal objective of the Slovak Republic is to develop Slovak-Ukrainian relations in order to contribute to the maintenance of stability and prosperity in the region, and support the integration of Ukraine into the European political, security and economic structures. Both sides use opportunities to discuss bilateral issues aiming at economic co-operation, boosting intergovernmental working commissions, deepening high level dialogue and reviewing the situation concerning the visa issues between Slovakia and Ukraine.

## **Implemented projects**

The Neighbourhood Programme “Hungary-Slovakia-Ukraine” covers a population of about 11 million inhabitants. The programme aims at strengthening the economic and social integration of the cross-border region through infrastructure development and support of local initiatives. The total EU funding amounts to 27.8 million euros, with 23.8 million euros coming from European Regional Policy resources and 4 million euros from the Tacis programme for the Ukraine.

The INOGATE Programme stands for Interstate Oil and Gas Transport to Europe. INOGATE is an international co-operation programme aimed at promoting the regional integration of the pipeline systems and facilitating the transport of oil and gas both within the greater NIS region and towards the export markets of Europe, while at the same time acting as a catalyst for attracting private investors and international financial institutions to these pipeline projects. The INOGATE Programme is funded mainly under the EU's Tacis Regional Co-operation Programme, which covers primarily the NIS (newly independent states) region, and also receives in-kind contributions from participating INOGATE countries. INOGATE is a complementary programme to other EU-funded programmes which support the development of new energy infrastructure projects through the provision of targeted technical assistance.

### **Elements of Swot analysis**

Strengths: Travel, as one of the most important areas of the economy, has very great potential for development in all districts, with beautiful countryside and unique, unspoilt scenery; dense forestation of the territory - strong potential for the wood industry; development of traditional industrial sectors and crafts; fairly well-preserved environment; free production capacities for new production; good position for cross-border co-operation with Poland and Hungary; sufficiency of building capacities for industrial, transport buildings, housing construction and infrastructure; terminals of combined transport and wide track provide non-transshipment transport to eastern Europe; favorable demographic progress.

Weaknesses: Unsuitable infrastructure of industry and low quality of technologies; limited investment possibilities for using disposal sources of natural resources and wood; high percentage of socially non-adaptable population; shortage in the provision of services; deficient transport systems and technical infrastructure; insufficient resources for the modernisation of production and introduction of new technologies; dominance of basic industry over finalisation; deficient utilisation of production capacity of a majority of companies in regions; absence of initial and developing capital; deficient transport accessibility of territory; deficient utilisation of tourism potential, absence of material-technical facilities of tourism centres; high percentage of the population with only basic education (especially gypsies); high level of unemployment.

Opportunities: development of wood processing and furniture industry; legislative and supporting programmes for the foundation of industrial parks; Poprad and Kosice international airports - possibility for transport in the development of tourism, finalisation of the national highway network; possibilities for crossborder co-operation - generation of new jobs especially in tourism; utilisation of natural potential for spa and geothermal energy for heating; development of small and middle sized businesses in the area of services; development of crafts based on folk traditions; growing interest in rural tourism; synchronising of educational systems in high schools and universities based on labour market analyses; utilisation of mineral and thermal springs potential in order to develop tourism and agro tourism; possibility to produce industrial goods in Ukraine and Russian markets; non-transshipment connection and terminal of combined transport; joint financing of actions to improve the environment quality; utilisation of supporting money and educational institutions for education and science with connection on labour market; reinforcement of elements of society and support of co-operation between non-profit and state organisations.

Risks and threats: Migration of qualified work force to other regions with better job opportunities and income possibilities; fairly poor communication, road and railroad connections - absence of highways and direct connections with main railroad hauls; deficit of finances for technical services finalisation; absence of co-operation between educational institutions and businesses; bad conditions for businesses; lassitude of investors based on low quality of infrastructure -

communication barriers; insufficient highway and telecommunication networks; lack of adequate funds for finishing and reconstructing infrastructure; negative influence of industry restructalisation on the labour market; lack of ideas for solving the problems of gypsies; high gypsy population; growing unemployment; brain-drain as a result of greater activity in other regions.

<b>COMMENTS BY HUNGARY ON THE EVALUATION OF CROSSBORDER CO-OPERATION BY THE AUTHORS OF THE STUDY</b>
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We agree with the evaluation of our existing co-operation with Slovenia and Austria. We also agree with the evaluation of the relationship between Hungary and Ukraine. We received the weakest marks here. It seems though objective to compare this Ukrainian relation with the others. It is true that the Hungarian-Ukrainian economic factors are quite weak. Even so we think this factor was evaluated higher than the one in Hungary's relation with Slovakia. Economic co-operation between Hungary and Slovakia and Hungary and Ukraine are at the same level. In addition – in our view - economic co-operation is stronger with Slovakia than with Ukraine.

In our opinion the analysis does not take into account certain components in the evaluation of the existing co-operation with Slovakia. This may be due to the fact that the study is based on facts which are several years old. This is particularly the case in the summary evaluation on page 11-12 where the analysis evaluated the ninth dimension – involving participation in Interreg programmes, economic and infrastructural components – as extremely low. The eighth dimension, which describes the role of co-operation among local authorities and the institutional relations is also marked rather low. In fact this dimension works well (better than indicated in the analysis) in relations with Slovakia.

**Comments by Hungary on the mark given to “filter borders” and “participation in Interreg projects” dimensions**

In relations between Hungary and Slovakia, we do not agree that there are no filter borders and we cannot accept that the participation in Interreg projects is not significant.

As for the role of the borders, it can be seen that the borders between Hungary and Slovakia have disappeared in everyday-life since accession to the Schengen Area. Owing to the price-changes in Slovakia because of the introduction of Euro shopping in Hungary is an everyday-routine for Slovaks. The city of Rajka (Hungary) is felt to be part of the conurbation of Bratislava by the people living close to the border. The bus service provided by Bratislava public transport also runs to Rakja . Competition has arisen between the two countries as a result of the favorable Slovakian taxation rules : Hungarian companies are set up on the Slovakian side and hire Hungarian employees. Several Slovakian companies are also willing to hire cheap Hungarian labour. A study has been carried out on this issue. This report is based on a nine-month research project by the European Union and the Republic of Hungary. Research was carried out on both sides of the border under the Hungary-Slovakia-Ukraine Neighbourhood Programme. During the research 1000 people were surveyed. Moreover, 110 institutions and economic actors were involved.

EU Development Programmes are also very significant. Between 1989 and 2006 200 sectoral and regional development programmes were accomplished under PHARE, which meant the use of one and half billion Euros (and also ECUs).

Between 2004 and 2006 Hungary drew up a Neighborhood Programme jointly with both Slovakia and Ukraine. There was a strong interest in the calls for tenders and many applicants were approved. The total amount of the available financial funds was 15 020 875 Euros the first time and 10 248 503 Euros during the second call. The first call for the proposals was launched at the beginning of March 2005. For the second call, 2,08 billion HUF were available. On this occasion 477 applications were handed in, from which 64 applications were approved by the Joint Managing Committee. In 2007 the Programme was broken into two: Hungary-Slovakia- Romania-Ukraine European Neighborhood Partnership Instrument Cross-border Co-operation (ENPI CBC)

Programme and Hungary-Slovakia Cross-border Co-operation Programme 2007-2013. For the latter 176 496 479 Euros is being made available; Hungary 104 996 479 Euros; Slovakia: 71 500 000 Euros. The first call for tenders was published on the 15 October 2008. The following priorities were identified for the Programme: sustainable growth; tourism; human resources development; education; cultural co-operation; environment protection; infrastructure development in the Hungarian-Slovakian co-operation. At the close date, 246 applications had been submitted from the Hungarian-Slovakian border counties. 106 applications and 17 projects were approved by the Joint Monitoring Committee. The second call for tenders of the Programme was published in September 2009.

In addition to above-mentioned component of economic integration and EU development programmes, the ninth dimension of the SWOT Analysis takes into account infrastructure (road, train, water transport). In order to develop the infrastructure decisive measures have been taken continuously, but we also have to point out that the Danube and the River Ipoly are a natural obstacle between the two countries. Bridges need to be built over these rivers . Work is already underway on two bridges and 8 feasibility studies for other bridges have also been carried out. In order to build the two Ipoly bridges between Szécsény (Pösténypuszta) – Pet'ov (Pető) and Nógrádszakál (Ráróspuszta) – Rárós-Trenč (Tőrincs) the parties concerned applied for funds for European Territorial Co-operation. After the announcement of the result the public procurement of the construction can be started.

The necessity of an intergovernmental agreement is also being discussed. The agreement would lay the foundation for new bridges in the future. (Particularly in the case of bridges between Pastovce – Vámosmikola and Chľaba – Ipolydamásd.) As for the Danube work on the Komárno-Komárom new public bridge can be carried out after 2013.

After 2013, in subsequent constructional phases, Hungary will convert Route 3 into the M30 motorway between Miskolc and the country border . Slovakia is also planning to build a two-lane highway between Kassa and the Hungarian border. The marking of the border intersection and the drafting of the intergovernmental agreement are underway.

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Swot Analysis and Planning for Cross-Border Co-operation in Central European Countries was prepared by the International Sociology Institute of Gorizia (ISIG), under the direction of Mr Alberto Gasparini, with the assistance of the following contributors:

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This study is one in a series of three prepared by ISIG - Istituto di Sociologia Internazionale di Gorizia (*Institute of International Sociology of Gorizia*), Italy at the request of the Council of Europe. Its purpose is to provide a scientific assessment of the state of crossborder co-operation between European states in the geographical area of Central Europe. It provides, among others, an overview of the geographic, economic, infrastructural and historic characteristics of the area and its inherent Strengths, Weaknesses, Opportunities and Threats (SWOT) for Cross-border co-operation. Some strategies for action by the member states concerned are proposed.