

THE CROSS BORDER COOPERATION BETWEEN ROMANIA AND HUNGARY- A BRIDGE TO THE DEVELOPMENT OF THE BUSSINESS ENVIRONMENT AND CROSS BORDER TOURISM

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Abstract: *The novelties brought by the cohesion policy for 2007-2013 consist of: a more strategic approach, more trust within the Member States and rules simplifying the cohesion policy (European Commission, 2005; European Union, 2007). According to the multi-annual programming documents (European Union, 2007), the objectives of the EU cohesion policy for 2007-2013 are: convergence, regional competitiveness and employment and European territorial cooperation. European territorial cooperation means a balanced development of the whole community territory, trough encouraging the cooperation and exchange of good practices among all EU regions, organized on three axes: cross-border, transnational and interregional cooperation. Cross border cooperation is not only about funding and creating infrastructure, but it is also set to strengthen cooperation: one of the key ideas behind cross-border cooperation programmes is to facilitate the joint development of areas that geographically belong together, share resources but are separated by artificial borders. I use an approach that builds on a combination of evidence – vision and indicators to show the impact of the use of funds to achieve a sustainable economic development on the Hungarian - Romanian border. The consolidation of the economical and social cohesion in the border region can be accomplished by supporting the investment in the business infrastructure that is with supporting the cross border business cooperation and tourism development between the two countries.*

Key words: *Cross border cooperation; Funds; Projects; Romania; Hungary Economic Development.*

JEL Code: *M 16 .*

1. Introduction

The objective of the CBC Programme is to bring the different actors closer to each other in order to better exploit the opportunities offered by the joint development of the border area. Therefore, the expected outcomes are complex and the economic effects of the Programme are mostly indirect.

The purpose of the present paper is to present the Cross Broder Cooperation Programme Romania-Hungary as well as a short evaluation of some relevant indicators for the incidence of the projects on the cross border economic environment.

2.The Cross Border Cooperation Hungary-Romania Programme

The border between Romania and Hungary lays on over 443 km in the south-south-east direction. The border line starts near the Batar river (close to the border with Ukraine), on the east side of Halmeu village and ends close to Serbia and Montenegro, in corespondance with the Mures river. The towns situated in direct neighbourhood with Ukraine belong to the four counties: Satu Mare, Bihor, Arad and Timis, which have Satu Mare, Oradea, Arad and Timisoara as their main cities. The Hungarian counties situated at the border are: Szabo-Szatner Bereg, Hajdu-Bihar, Bekes and Csongrad, which have

Nyiregyhaza, Debrecen, Bekescsaba and Szeged as their main cities. The Romanian population living on the border equals 9.7% of the total population (22.327.000 inhabitants), while on the Hungarian side this equals 18.5% of the total population (10.044.000 inhabitants).

During 1996 and 2006, the PHARE Cross Border Cooperation projects have been implemented, the sums allocated to the two countries have been distributed as shown here :

Table no 1. The distribution of the total amounts allocated in the Romania-Hungary Programme during 1996-2006.

Country/ Program me/ allocated sum	PHAR E CBC 1996	PHAR E CBC 1999	PHAR E CBC 2000	PHAR E CBC 2001	PHAR E CBC 2002	PHAR E CBC 2003	PHARE CBC 2004 – 2005 / INTER EG 2004 - 2005	PHARE CBC 2006/ INTERRE G IIIA 2006
ROMÂNIA	0 EURO	50000 00 EURO	50000 00 EURO	50000 00 EURO	50000 00 EURO	24500 00 EURO	4730241 .65 EURO	4453245. 28 EURO
UNGARIA	45300 00 EURO	50000 00 EURO	50000 00 EURO	50000 00 EURO	50000 00 EURO	50000 00 EURO	1627194 0 EURO	1349875 411 HUF

Created by the author.

The general objective of the Phare CBC programme during 2004-2006 was to consolidate contacts between the people, communities and economic actors in the cross border region in order to create a solid base for an equilibrated economical and social development of the entire region, with benefits for both Romania and Hungary.

The eligible beneficiaries of the programme were, first of all, the non-profit organisations, such as local authorities, NOG-s, foundations, associations, education institutes. The county's road administration companies, water management companies, solid waste, used water management, river and anti-flood protection, environment protection agents, chamber of trade, euroregions, universities, colleges, research institutes, professional organisations etc. can all benefit from this programme and from its specific measures.

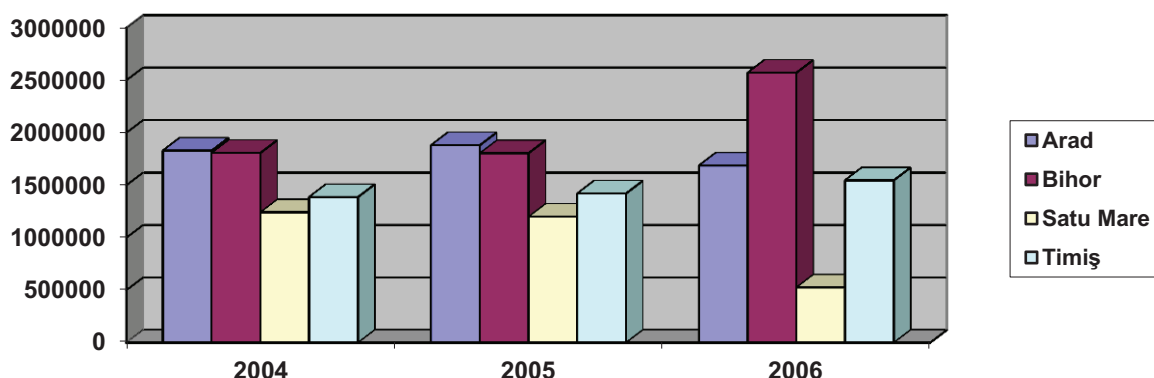


Figure no 2. Financial allocation for each county in EURO from the PHARE CBC RO-HU 2004-2006 programmes.

Source-created by the author after the BRECO data.

The 2007-2013 CBC Hungary- Romania Programme, with a total budget of 275 million EURO, was adopted by the European Union on the 21st of December 2007. This programme aims the cooperation in the eligible area consisting of four Romanian counties (Timis, Arad, Bihor, Satu Mare) and four Hungarian counties (Csongrad, Bekes, Hajdu-Bihar, Szabolcs-Szatmar-Bereg) in fields such as the transport and communication infrastructure, environment protection, economic and social development through partnerships between actors on both sides of the border line.

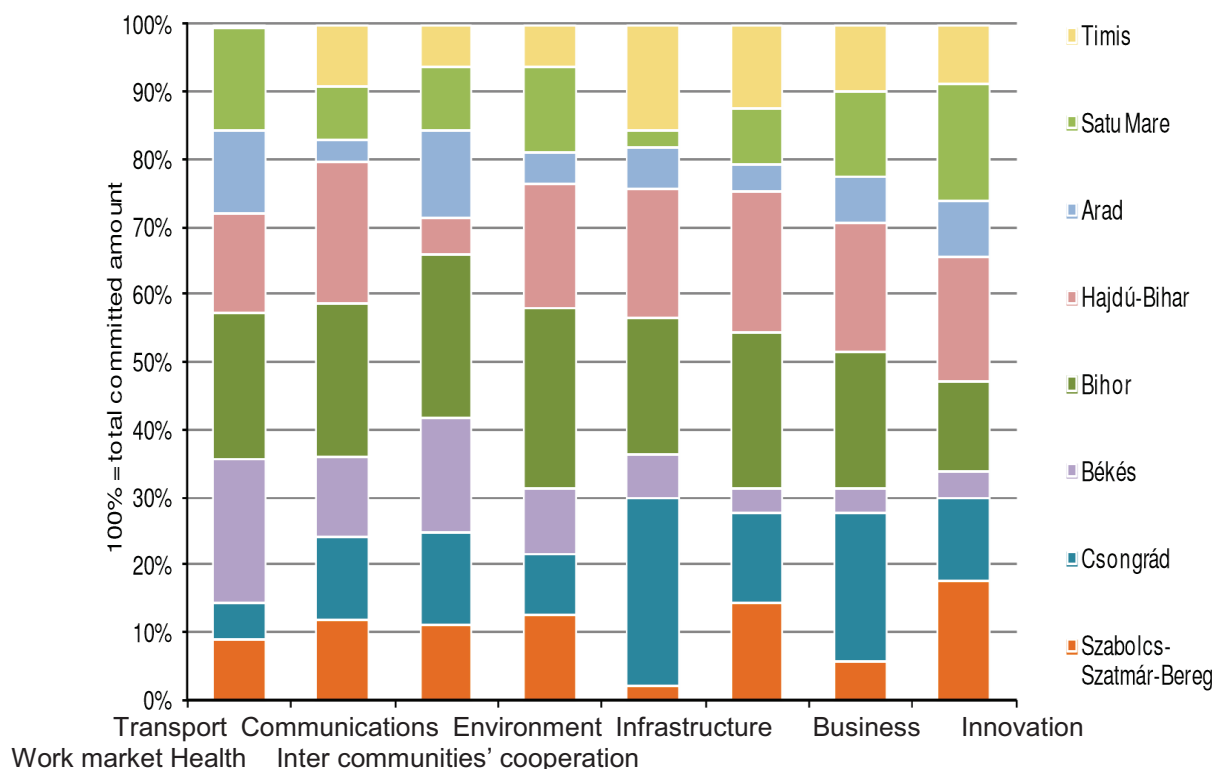


Figure no 3. Distribution of final allocated sums/county and priorities in percentage during the HU-RO Programme 2007-2013.
Source informatic system IMIS 31.12.2012.

The European Territorial Cooperation (ETC) Objective replaces the INTERREG III.A. (HU) and PHARE CBC (RO) 2004 Community Initiatives for the 2007-2013 period, reconfirming in this way the importance of promoting territorial cooperation as an integral part of the EU cohesion policy.

The programme is financed through the Regional Development European Fund (RDEF), completed by the national co-funding of the two member states participating in the programme, Romania and Hungary. The total amount allocated to the programme consists of 275 million EUR.

In consequence, within the Third Objective of the PHARE CBC programme – European Territorial Cooperation for 1996-2003, a total amount of 28 million EURO (for the Romanian border) and respectively 34 million EURO (for the Hungarian border) were allocated for cross border projects. During 2004-2006 several projects were implemented: 40 projects in 2004, 48 projects in 2005 and 50 projects in 2006. In this period, Hungary

beneficiated from 32 million EURO and Romania from almost 20 million EURO. During 2007-2013 a number of 472 projects were approved within the CBC Hungary – Romania Programme which were selected within five auctions, with a total of 211 million EURO being allocated. The present situation is the following: from the total amount of approved projects, a number of 451 projects have been contracted in 2013.

For the 2014-2020 interval, the allocated funds for the territorial cooperation will decrease by about 15%. The way the funds will be distributed, their prioritization and the establishment of the fundamental measures and intervention domains are still in discussion at the moment this paper has been written and there is no statement of the European Commission in this sense.

3. Evaluation indicators for the programme's incidence on the business environment and cross border tourism for the 2007-2013 interval

The indicator system includes six indicator sets (Programme level indicators, Horizontal indicators, Programme indicators, Mandatory indicators, Other indicators and Project Specific indicators). In this chapter I will present some of the most relevant indicators for the evaluation of the programme until present regarding the economical development of the border.

Level of economic co-operation – represents an impact indicator, defined as the percentage % of growth in the share of Romania in the annual foreign trade turnover of Hungary and vice versa. The eight counties cover 15.2% of the territory of the two countries. This indicator reached 7% in Romania in 2011 in comparison with 6,3% in 2007 (a growth of 0.7 %). In Hungary, in 2007, the indicator reached 3.3% and 4.7 % in 2011 (a growth of 1.4 % was observed). Moreover, the interventions have limited effect on the indicator value, since most of the projects have indirect economic effects.

Level of business cooperation - represents a result indicator defined as the number of businesses involved in cross-border cooperation projects. The indicator reached 10.2 thousand businesses involved in cross-border cooperation. The indicator fulfills the quantity, quality, time and target group criteria set.

Tourism co-operation – represents an output indicator (number of projects type of indicator) defined as the number of joint tourism development projects, and reached a number of 26 support joint tourism development projects from the total of 451 projects. This indicator supplements the Cross-border business cooperation indicator.

Cross-border business cooperation – represents an output indicator defined as the number of projects encouraging cross-border business co-operation. From the 451 projects, 46 projects have been encouraging cross-border business co-operation (excluding the development of tourism projects). Tourism attraction - represents an output indicator defined as the number of tourism attractions and reached 8 projects promoting tourism attractions and 25 projects developing tourism attractions from the total of 451 projects. About half of the projects support developments while the other half promotions. These two activities should be separately measured. The indicator should measure both of these activities separately.

Increase of visitors - represents a result indicator defined as the increase in the number of visitors of jointly developed / marketed destinations (%). The level reached until 2013 is 290% (727.7 thousand new visitors). The indicator's unit was defined in percentage. However, several projects are promoting or developing new tourism attractions or thematic tours which were not available before project implementation. The number of visitors reflects the characteristic of the *Development of tourism* action.

4. Conclusion

The purpose of the cross border cooperation is to stimulate reciprocal learning of cultural and traditional elements and to contribute to increasing the economical performance and the social cohesion. The implementation of such cooperation depends on the degree of homogeneity of the economical, political and institutional conditions within the administrative structures attached to the border regions (Roper, 2007). The European Union policy, which ensures a unique economical market by abolishing the internal borders and other barriers for trading, aims to attenuate the economical and social discrepancies between the border regions of the member states.

Within the CBC Hungary-Romania Programme 2007-2013 a number of five project auctions were organised leading to the contraction of 451 projects until July 2013. Taking into consideration that the length of the border between Romania and Hungary is of 443 km, a simple calculation shows that there is more than one project for each km of border emphasizing the high interest for the funds and the success of the CBC HU-RO Programme in both countries.

The Cross Border Cooperation Programme Romania-Hungary proved its efficiency, having until present a determining role in ensuring the territorial cohesion in the border region. It should be kept in mind that there still exist numerous obstacles in the cooperation between the two countries. These are principally determined by the excessive bureaucracy, the lack of the necessary financial resources, excessive centralization and last but not least by the insufficient harmonization of the legislation (there are several legislative obstacles in Romania as well as in Hungary).

In conclusion, taking into consideration all the risks and accomplishments existing until present in the implementation of the cross border projects, the fact that the beneficiary of each CBC project contributes with only 2 % of the total eligible budget of the project, makes the CBC RO-HU Programme an element of durable development and a primary instrument of funding for the business environment as well as for: public administration, universities, hospitals, schools and NGOs during this period of economical crisis.

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