



Students Scientific Conference

Development of Hungarian-Slovakian border regions – (An Analysis of NUTS 3 level border regions)

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1. Introduction

Border regions in Europe have become an important issue over the last fifteen years in the areas of both scientific research and policy making. The removal of the artificial barriers to interaction in the post-1989 European economic space, the EU eastward enlargement, the overlapping of national sovereignty by multinational corporations and organizations, the resurgence in nationalism and the “disappearing of distance” due to technological advances have established new grounds for discussion on border issues (Topaloglu et al 2005, p. 67.).

As integration is a key concept in the European Union, it is valid to study to what extent integration is achieved in cross-border regions. We all know that the flow of labour, among other things, is free from boundaries, i.e. individuals are provided with the opportunity to travel without having to comply with any kind of regulation. Integration has special features at cross-border territories as the citizens of two separate member states are spatially “in touch” with each other, raising the question how they deal with that situation. Do they affect each others’ life? How? Are they able to incorporate the other side of the border to their comfort zone and move around there just like they do in their home country? Which one will dominate: bounds to the own nation state or the logics of geographical vicinity (Hardi-Tóth 2009)

A couple of answers can be drawn to such questions, because cross-border regions are of many kinds due to the factual cultural diversity that is prevalent in Europe, therefore cross-border regions comprise different dichotomies determined by political environment, administrative body, institutions, etc. in the neighbouring countries.

This is why I deem important to examine cross-border regions in the case of Slovakia and Hungary. The word border can represent different notions. In this context it is a line or lane that divides space to nation states (Süli-Zakar 2003).

The border determines important features in the surrounding areas. It divides and connects at the same time, which can have advantages and disadvantages at both sides. This ambivalence changes where the border purely separates, peripheral tendencies come to existence, while coordination, mutual understanding and unity feature those where the border connects rather than divides (Rechnitzer 2000).

The Slovak-Hungarian border is the longest Slovak border. It is defined mainly by the courses of the Danube and Ipel’ Rivers. The western and eastern parts of the border lie in lowlands – northern extremities of the Pannonian Basin. The central part of the border is

moderately dissected and there are situated the highest Hungarian mountain ranges along it from the Hungarian side (Halás 2007).

Halás (2007) statements economic development in the border regions of both countries is markedly different when comparing the western and eastern parts. An exception in the east is merely made by territories of large cities – Košice and Miskolc with their immediate hinterlands, being considerably developed above the average in comparison with both sides of the eastern section of the border. The western part of the borderland has very good prerequisites for development. The triangle of Vienna–Bratislava–Győr belongs to the most promising (not only) border regions within the post-communist countries.

The currently ongoing Slovak-Hungarian Cross-Border Cooperation Program proves my analysis to be necessary, because of the fact that the success of that is closely tied to the economic, social and intellectual standards of the participants. My aim is to conduct a thorough quantitative survey to reveal the aforementioned features of Slovak and Hungarian borderline regions.

I base my whole work on the official documentation of the program and the only source of used data was the Eurostat online database.

2. Cross-border cooperation

The aim of cross-border cooperation is to remove differences between the neighbouring regions of separate countries through development that involves the society in the area as a one (i.e. project implementation).

The Hungary-Slovakia Cross-Border Cooperation Program (aka HUSK program)

Similar to other cross-border programs, financial sources are allocated by the mechanism of tenders at specified fields of activities which are based on NUTS 3 geographical units. These programs allow the advancing of cooperation along with the actual aim of the project. The reason behind the notion that cross-border relationships are to be given special attention is to determine actions that serve the interests of all the participant countries, resulting in more effective outcome. What is more, the separation caused by peripheral situation can be alleviated which benefits the local community.

NUTS 3 regions entitled for financial sources in the program:

Hungarian regions

Győr-Moson-Sopron County,
Komárom-Esztergom County,
Budapest capital,
Pest County,
Nógrád County,
Heves County,
Borsod-Abaúj-Zemplén County,
Szabolcs-Szatmár-Bereg County.

Slovakia:

Bratislava region,
Trnava region
Nitra region,
Banská Bystrica region,
Košice region.

3. SWOT Analysis

SWOT analysis is a strategic planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project.

Strengths

Human resources:

- qualification (accessible higher qualification and skilled labour force)
- linguistic aspects – many people speaks both language (Hungarian and Slovakian too), especially in Southern-Slovakia

Economy:

- tourism (border regions have a large developing potential because location, natural resources, and traditions)

Infrastructure:

- well-developed transport (public roads) mainly the connection of capitals
- ICT and internet (good accessibility and utilization in larger cities)

Weaknesses

Human resources:

- unemployment (especially in rural areas)
- lack of skilled labour force (particularly in ICT and technological branches)
- population (ageing, low birth rate)
- increasing rate of economically active population

Economy:

- low rate of value added producing (exception: multinational firms)
- euro zone – different currencies

Infrastructure:

- underdeveloped infrastructure of transportation and communication
- low standard of higher education in smaller settlements and rural areas
- no strong link between education and industry

Opportunities

Economy:

- Schengen borders tourism (free movement of labour and goods)
- FDI

Financial sources – state subvention of small and medium sized enterprises:

- Supporting of research and development of SMEs (FP7, CIP)
- new programs of R&D

Threats

Economy:

- world economic crisis
- globalization of economy - competitiveness

- underdeveloped financial markets (investments, stock exchange, start-up capital, venture capital, business angels)

Social aspects:

- low standard of social services
- high unemployment and social problems
- „brain drain”

It can be seen, that the two countries offer a great number of opportunities for the development. Based on the formerly described approaches and using of the indicators, estimated most relevant to the issue, I analyzed the chosen area, mining out information from quantitative data of Eurostat database. As the concretization methods and scales of indicators involved differ, I selected the indicators, listed below, which seems to be the most important and to have considerable information for the acceptable results.

- *GDP per capita (PPS, EU27=100, 2008)*
- *unemployment rate (over 15 years, %, 2009)*
- *activity rate (15-64 years, %, 2009)*
- *number of registered patents (per million of inhabitants, 2008)*
- *natural growth rate (per thousand of inhabitants, 2001-2007)*

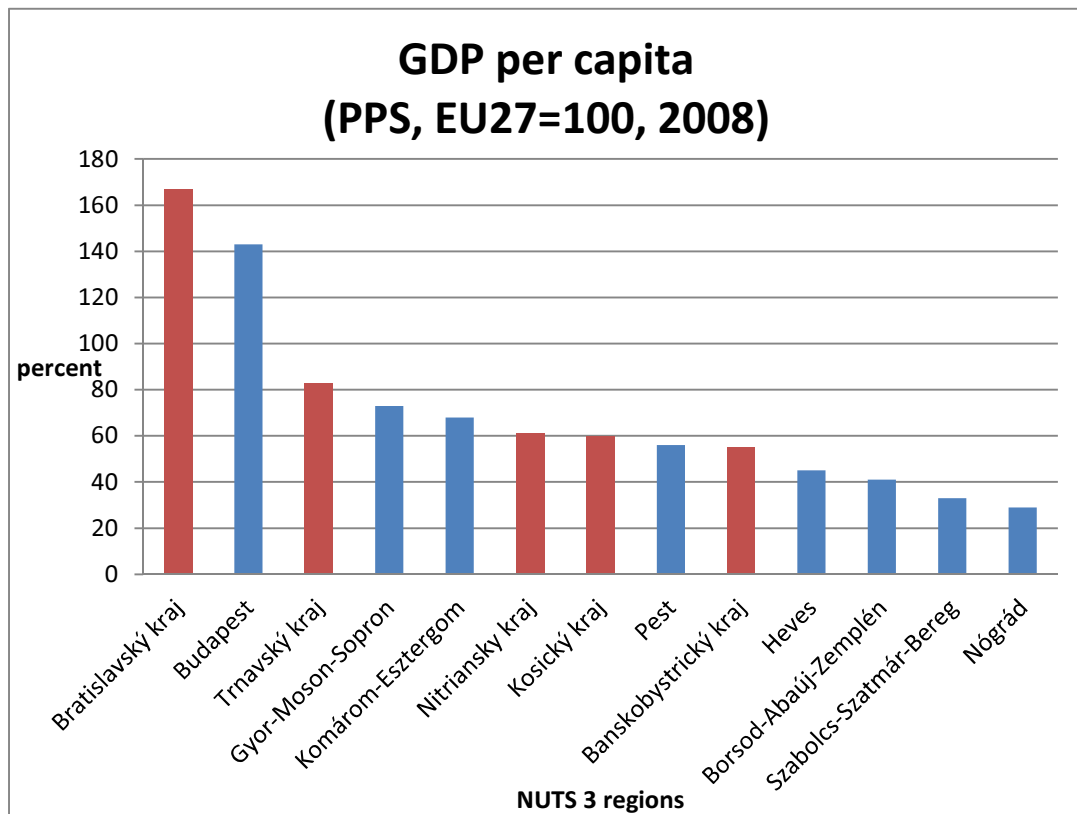
4. Data Analysis

In the following I present a descriptive analysis showing economic and intellectual qualities in the analysed regions.

4.1. Deviations in GDP per capita

Clearly, as shown below, the regions have similar features from this point of view, with the exceptions being only the capitals. GDP pc in Bratislava and Hungary is above the average by 70 % and 40 %, respectively. This contrast is already blurred by the fact that Bratislava region includes three other settlements; otherwise the difference would be presumably even more significant.

Figure 1: GDP per capita



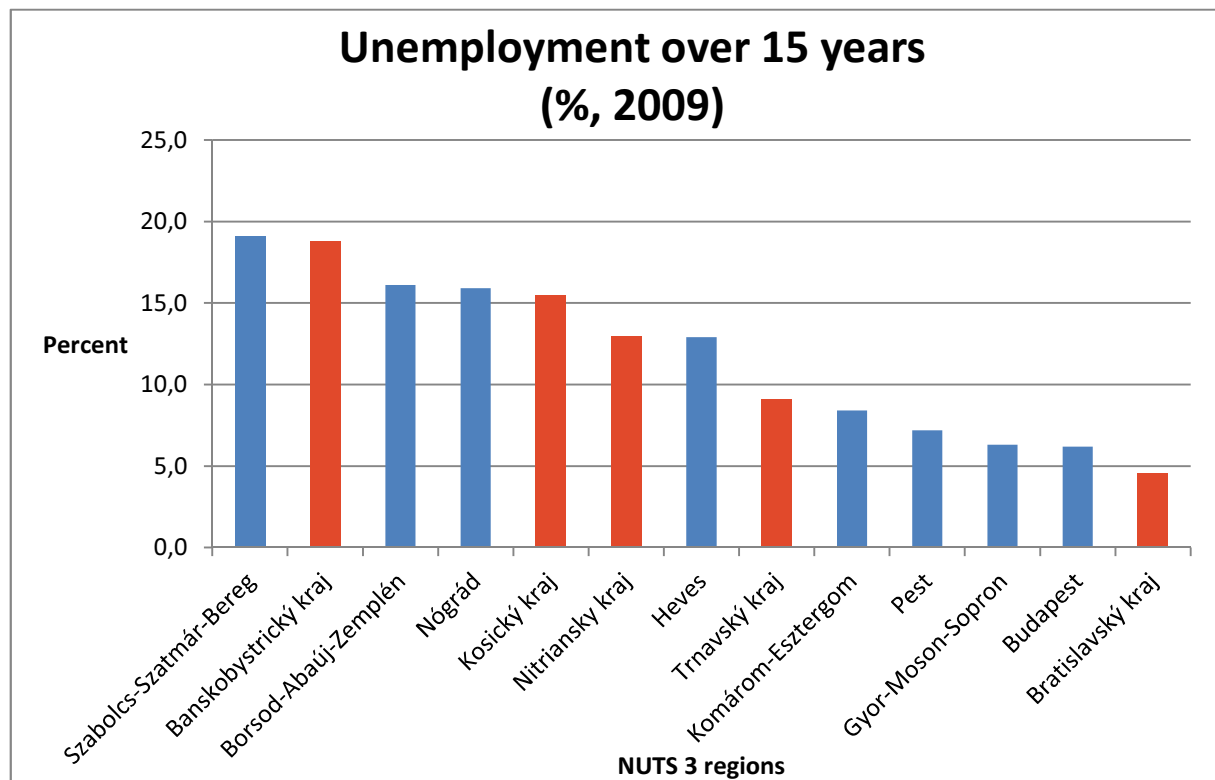
Source: Eurostat database

The second, relatively homogeneous group of regions includes the Trnava region from Slovakia whereas Győr-Moson-Sopron and Komárom-Esztergom counties from Hungary, valuing around 70-80 % of the EU average. Next comes the group of regions with GDP per capita reaching half of the EU average. These are three Slovak and one Hungarian regions. Finally, there are four Hungarian territorial unit valuing less than half of the EU average, among which Szabolcs-Szatmár-Bereg is only 1/3 and Nógrád is less than 30 %. The huge gap between the two extremes shows the high degree of economic differentiation in the area.

4.2. Unemployment

As seen below, the number of individuals looking for a job is the highest in Banská Bystrica and Szabolcs-Szatmár-Bereg regions. These values are around 20 % in both areas. This is chiefly caused by the high ratio of unskilled workforce.

Figure 2: Unemployment over 15 years



Source: Eurostat database

The second group comprises Borsod-Abaúj-Zemplén, Nógrád and Košice regions with about 15 %. In the case of Nógrád, it was especially initiated by the transition to market economy which decapitated the industrial activities that had been rather significant before. This group is closely followed by Nitra and Heves regions.

The same indicator measures less than 10 % in Trnava, Komárom-Esztergom, Pest, Győr-Moson-Sopron regions and in the capitals, Budapest and Bratislava. The latter is quite good considering present economic trends and atmosphere. It is distinctively low in the capital areas (6,2 and 4,6 % respectively) and the reason behind is the concentration of economic activities, offering positions in various kinds of fields for the local community as there is a greater number of qualified labour in those areas¹. The fact that one extreme is third times higher than the other implies the presence of vast differences in employment at the areas.

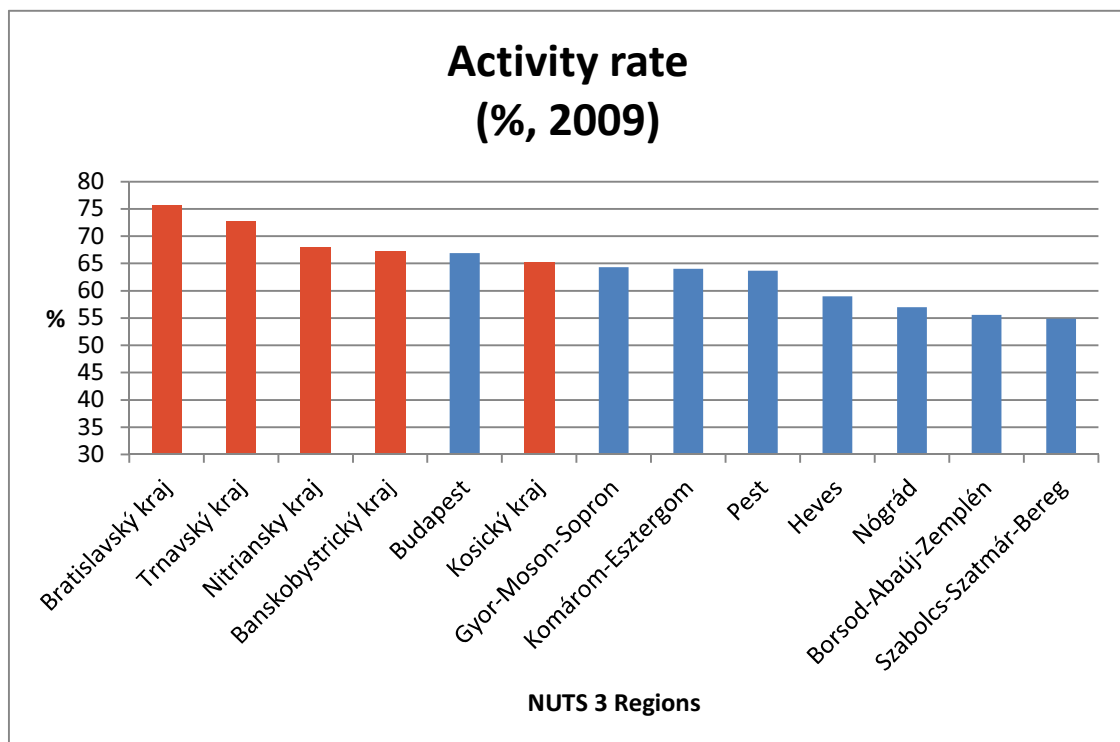
¹ However, if this is the cause or the result of economic concentration is not observed at present paper.

4.3. Rate of Economic Activity

To calculate economical activity, I used the number of active population and divided by the number of people in age range 15-74. My results clearly point out labour market problems in Hungary. Namely, the quite good rates of unemployment is compounded by low rate of activity which gives it a whole different colour. Activity rates are displayed by Figure 3. Among the first 6 territorial units there is only one Hungarian, namely Budapest. The remaining regions have very low economically active base.

It is a fact that the capital region the first in Slovakia and in Hungary as well, on the other hand the rural territories have particularly good values too. Between Pozsony and Szabolcs there is a 20 percent gap which means huge liabilities for the employees in the Hungarian region. Unfortunately the hungarian activity rates are just compared with the mediterranean regions' similar rates. This indicator ensures a serious competitive edge for the slovakian regions.

Figure 3.:Activity rate



Source: Eurostat database, own calculation

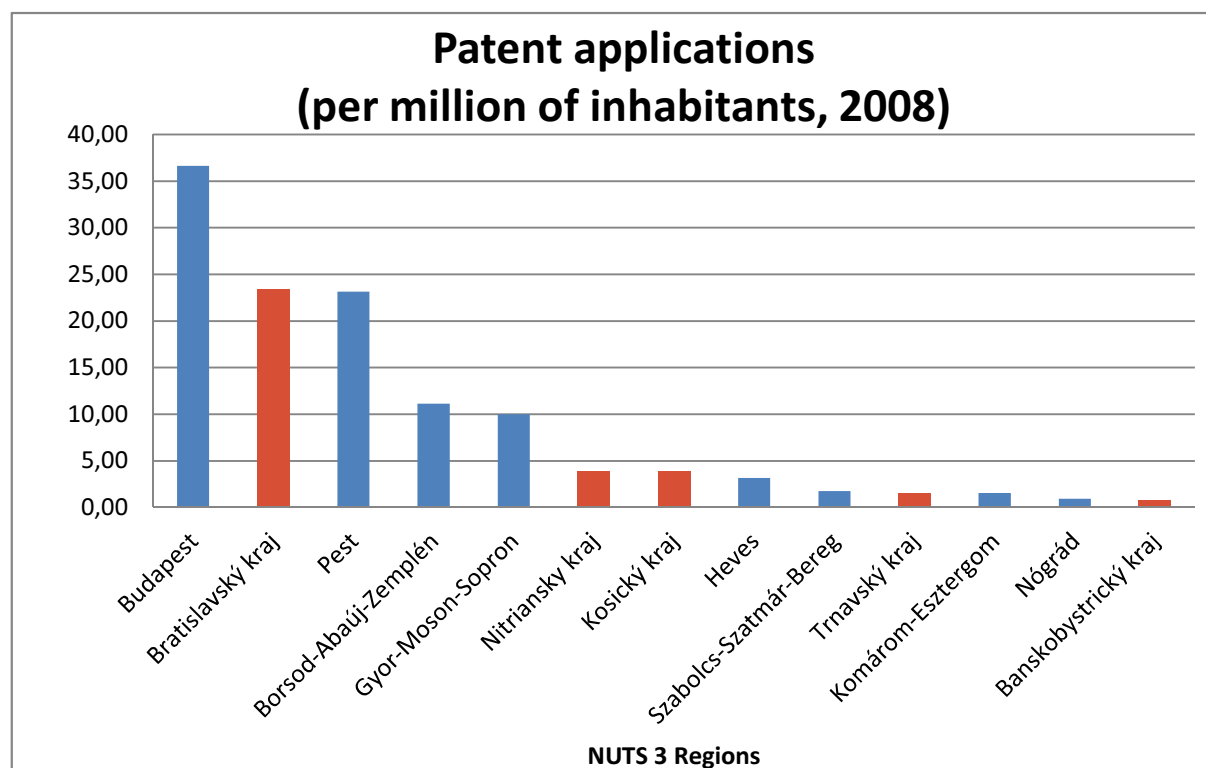
4.4. Number of Registered Patents

This indicator truly represents the weight and quality of R & D activities in a region which is distinctively the highest at Budapest, followed by Bratislava region while the 3rd is Pest County. The good results in the case of the two capitals is not surprising as both serve as economic and administrative centres which induces the concentration of capital and economic (related) activities, such as research and development. The reason for the relatively high rate in Pest region is that it has strong ties to Budapest, i.e. its whole territory functions as Budapest's agglomerative supply, which itself explains the comparative high result which may seem unreasonable at first sight.

Same indicators represent moderate but acceptable values in the case of Borsod-Abaúj-Zemplén and Győr-Moson-Sopron regions. Along with the aforementioned top 3 regions, these make a group of 5 regions with The remaining 8 regions virtually do not have R & D activities.

To sum up, there are Hungarian regions having relatively good innovative qualities although this may not be significant compared to other, especially western EU regions.

Figure 4.:Patent applications



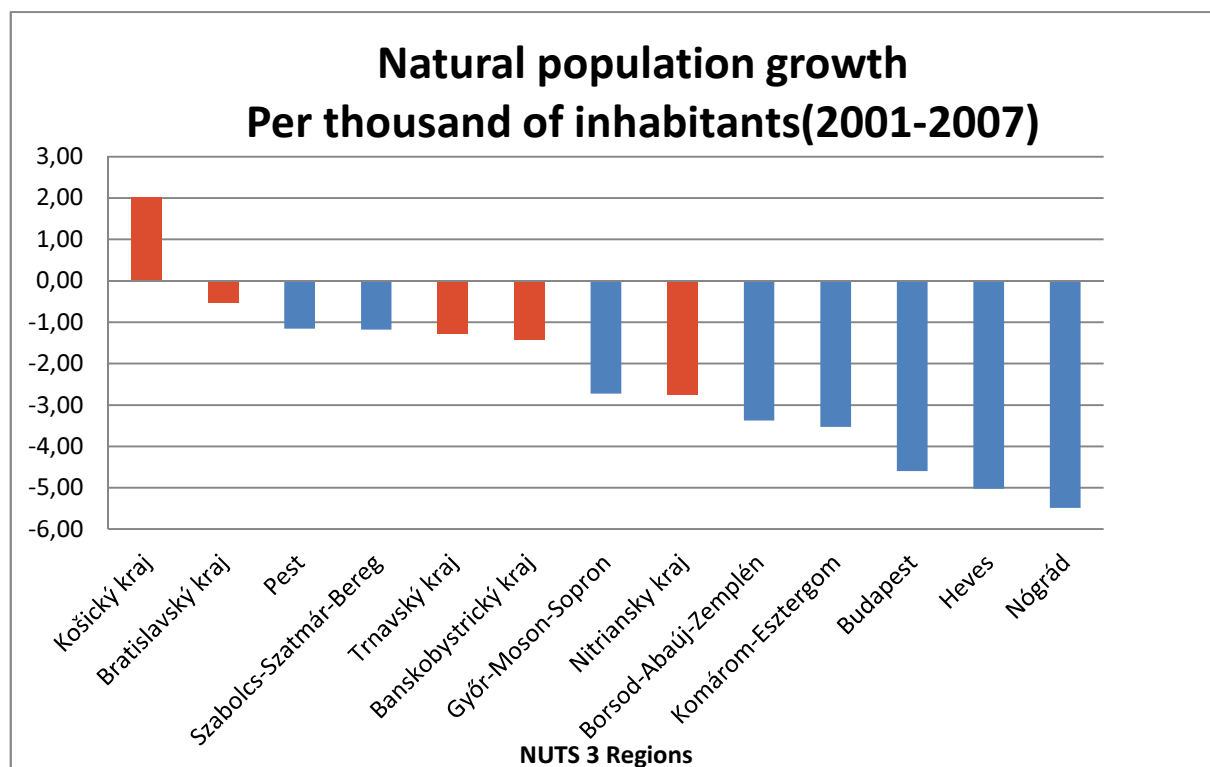
Source: Eurostat database

4.5. Natural population growth

Having processed data from years 2001 through 2007 the population was shrinking without migration taken into account. However, there is one exception, namely Košice region, where there is a slight increase of 2 per mil.

All the same, the decrease in the majority of other regions is not akin to each other. Generally, Hungarian regions are in the least fortunate situation as 5 of them closes the list.

Figure 5: Natural population growth



Source: Eurostat database

Apart from numeric statistic analysis, I looked into the underlying socio-economical causes that explain population decrease and I decided not to go into the details but I deem important to describe the twofold nature of the phenomena. In some regions (perfect example being Budapest) it is caused by better job opportunities and the easier access to a variety of services and public institutions. On the other hand, in the case of Szabolcs-Szatmár-Bereg region it represents the presence of less advanced social classes.

This is similar to that of Slovakia with same kind of difference between Bratislava and Košice regions.

5. Conclusion

My work comprises the examination of the cross-border program between Slovakia and Hungary, including data analysis based on quantitative indicators. Borderline regions of the two countries were subjected to several economic, intellectual and social comparisons by which similarities as well as huge discrepancies were spotted and elaborated. To sum up, let me give a brief summary of my most important findings.

- Not surprising but affirming the good results of the two capitals, Bratislava and Budapest. However, the degree to which this difference is present is worth consideration. This holds for economic, social, intellectual and labour market indicators as well.
- Natural population growth constitutes an example from the point above. Having a twofold nature, it is relatively good at the most developed and least developed regions. Activity rate at the labour market is far better in Slovakia than Hungary, even Budapest is behind some Slovak administrative units.

All in all, GDP is dispersed spatially unevenly at the territory in my focus and generally Slovak regions do better. Similar diversity is present in the regional labour market statistics. In this aspect, however, Slovakia is obviously ahead Hungary, mainly due to higher levels of activity. Activity rates truly apt to differentiate regions from one country from those from the other.

Although more modest but clear is the difference in the aspect of natural population growth. Still, Slovakia has more favourable measures. Despite these fact, research activities are more advanced or more likely to have useful outcomes in Hungary than in Slovakia.

Acknowledgement

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Abstract

In the paper I present and analyze the actual social and economic features of the Hungarian-Slovakian border regions using the NUTS 3 level, EUROSTAT indicators.

In the first part of my work I introduce *Hungary-Slovakia Cross-border Co-operation Programme 2007-2013*. In the second chapter I present the main indicators of this *Programme* to analyse the territorial differences of the regions. I focus on main items like GDP/capita, unemployment rate etc.

Borderline regions of the two countries were subjected to several economic, intellectual and social comparisons by which similarities as well as huge discrepancies were spotted and elaborated. To sum up, let me give a brief summary of my most important findings.

Not surprising but affirming the good results of the two capitals, Bratislava and Budapest. However, the degree to which this difference is present is worth consideration. This holds for economic, social, intellectual and labour market indicators as well.

Natural population growth constitutes an example from the point above. Having a twofold nature, it is relatively good at the most developed and least developed regions. Activity rate at the labour market is far better in Slovakia than Hungary, even Budapest is behind some Slovak administrative units.

The conclusions of the paper underline that the changes during the last decade, both in Slovakia and Hungary (and the Central-Europe as well) were determined by the accession to EU. On the other hand the Community is facing of its regional and structural reform, which may change the regional processes.

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