

## The challenges and prospects for development of the Carpathian region

Tsybulska, Julia; Demedyuk, Olga

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# The Challenges and Prospects for Development of the Carpathian Region

*Julia TSYBULSKA*<sup>1</sup>,  
*Olga DEMEDYUK*<sup>2</sup>

**Review of:** *Karpatskyi Rehion: Aktualni Problemy ta Perspektyvy Rozvytku* [The Carpathian Region: Problems and Prospects of Development], monograph in 8 volumes, edited by Vasil S. Kravtsiv. Lviv: NAS of Ukraine. Institute of Regional Research, 2013.

The monograph issue is devoted to 95-th anniversary of National Academy of Sciences of Ukraine. The monograph consists of 8 volumes. Each of them has profound target informational and analytical content by the separate structural research direction. At the same time they harmonically complement each other. Due to this fact the monograph is the outstanding example of interdisciplinary scientific research results interpretation combining in itself the large amount of aspects and phenomena elaborated by the team of authors consisting of leading scientists of the Institute of Regional Research of the NAS of Ukraine and the scientists from other scientific institutions<sup>3</sup>.

Monograph research opens up with the volume *Ecologic Security and Natural Resources Capacity*. The book reveals theoretical and practical aspects of sustainable nature management in the Carpathian region of Ukraine. The methodological basis of forming of current regional ecologic policy and the principles of sustainable natural resources management in the region is outlined. Major components of its natural resources capacity are characterised and the role of natural factors in forming of regional economic system and in the perspectives of its sustainable development is shown. The current condition and problems of environmental protection in the region in terms of transformation changes in its economy are analysed.

The second volume of the monograph, *Social-demographic Capacity*, reveals current theoretical and methodological basis of the research of up-to-date problems and perspectives of socio-demographic capacity development in the Carpathian region. It contains the retrospective evaluation of the regional socio-demographic potential and presents its development factors and possibilities of Carpathian population reproduction. It also analyses valeological challenges of modern times over the development of social-demographic capacity of the region and discloses the role of migration in potential reproduction stabilisation. Methodological approaches to perspective development modelling are proposed. The rationalisation for regional social-demographic policy concept till 2030 and its institutional maintenance is provided and modern form and instruments of implementation are proposed.

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<sup>1</sup> Junior scientific researcher, State Institution "Institute of Regional Research named after M. I. Dolishnij of National Academy of Sciences," Lviv, Ukraine. E-mail: julia\_5@ukr.net.

<sup>2</sup> Engineer, Institute of Regional Research named after M. I. Dolishnij of National Academy of Sciences, Lviv, Ukraine. E-mail: olya\_demedyuk@ukr.net.

<sup>3</sup> Yuriy Tunytsya, "Kompleksne doslidzhennya aktualnyh problem Karpatskoho rehionu Ukrainy" [Complex Research of Actual Problems of the Carpathian Region of Ukraine], *Rehionalna ekonomika* [Regional Economy] 3 (2014): 264-267.

The third volume of multi-author monograph, *Industrial capacity*, researches the theoretical and methodological basis of industry modernisation and provides evaluation of current condition and development trends of Carpathian region industry. It also reveals the peculiarities of structural and institutional transformation of the industry. Special attention is paid to the problem of investment and innovative maintenance of industry development and to the features of forming of internal industrial production market in the region. The directions and priorities of industry modernisation in the region are defined. The ways of production efficiency increase are justified.

Along the whole period of Ukrainian independence the development of agrarian sector of economy and rural territories has remained one of the major priorities of state economic policy. The fourth volume, *Rural territories*, is devoted to the research of the problem of Carpathian region rural territories development and to the prognosis of the ways of their further evolution in terms of market economy. Special attention is paid to the examination of perspectives of multifunctional economy development at rural territories taking into account current Ukrainian reality and EU-countries' experience. The ways of overcoming the existing socio-economic, institutional, demographic and other problems of domestic village are outlined.

The fifth volume of multi-author monograph, *Small towns*, not only describes the problems of social and economic development of small towns in the Carpathian region. It also proposes the methodic of such problems diagnostics and defines the features of small towns of Carpathian region and their economic and social sphere transformation. The approaches to the adjustment of prognosis and planning documentation over the perspectives of small towns' development are outlined. The ways of their social and economic development are proposed. Anti-crisis measures directed at improvement of social and economic development of small towns in the structure of urban network in the region engaging the capacities of medium and large cities are listed.

The sixth volume of multi-author monograph *Financial capacity*, elaborates scientific basis for financial resources research in the Carpathian region and for determination of their structure, principles and functioning features at current development stage. Furthermore, it proposes the new view onto the solution of the problem of social and economic development growth in the region on the basis of the increase of financial resources and own financial capacity management mechanisms efficiency. The oblasts of Carpathian region are considered from the viewpoint of the peculiarities of their financial resources forming and use in terms of economy sectors. The major circle of problems of regional development financial maintenance is defined. Overcoming of the abovementioned contributes to the growth of region's economy, decrease of its subsidy level and launching the mechanisms of financial capacity growth in the region.

The sixth volume of multi-author monograph, *Investment activity*, is devoted to the complex research of investment activity in the Carpathian region. The monograph analyses capital investment in the region by sources and directions. Efficiency of investment process and its main tendencies are defined and directions of investment optimisation for maintenance of efficient transformations in the structure of region's economy are rationalised. The influence of attracted investment on social and economic development of Carpathian region in terms of oblasts is determined and perspective directions of investment activity activation in the region are emphasised.

The eight-volume issue closes up with *Cross-border cooperation*. It presents theoretical and methodological basis of cross-border cooperation development and cross-border markets functioning in the region. Special attention is paid to organisational and

legal maintenance of cooperation mechanisms and to the new forms of cooperation (cross-border industrial parks, technoparks, cross-border clusters and partnerships, etc.). Peculiarities of cross-border cooperation activation mechanisms in Carpathian region are examined. The principles of trade, economic and investment cooperation strengthening in cross-border regions in terms of European integration of Ukraine are found.

The monograph *Cross-border Cooperation*<sup>4</sup> is oriented at finding the principles and peculiarities of cross-border cooperation concept establishment and development in Cross-border region. It also proposes the ways of overcoming the existing problems, emerging from the barriers to activation of trade, economic, investment, institutional and other aspects cross-border cooperation.

The monograph constitutes some compilation of longstanding theoretical and methodological research of cross-border cooperation establishment and development conducted by scientific officers, PhD students and scientific degrees seekers of the Market Infrastructure and Cross-Border Cooperation Problems Department at the Institute of Regional Research of the NAS of Ukraine.

In the first monograph chapter attention is paid to theoretical and methodological basis of cross-border development in the Carpathian region. Primarily, theoretical basis of cross-border cooperation concept development, peculiarities of EU regional policy and of cross-border cooperation development in Carpathian region and the features of Carpathian region convergence with cross-border space are outlined.

The second monograph chapter is devoted to the influence of cross-border cooperation on the development of Carpathian region. Analysis of the regional cross-border convergence and of the bordering location influence on social and economic development of the territory is conducted. Peculiarities of foreign trade in goods and services in cross-border regions of Carpathians are studied. Financial mechanisms of cross-border cooperation activation in Carpathian region are generalised.

The third chapter examines classical forms of cross-border cooperation in Carpathian region, in particular the Euroregions as organisational and financial platform of cooperation as well as the specifics of bordering trade and development of cross-border labour, goods and services markets in Carpathian region.

The fourth chapter proposes measures over the development of new cross-border forms in Carpathian region. Infrastructural components of foreign economic relations in cross-border regions are defined. Creation of cross-border industrial zones and technological parks in order to activate foreign economic relations in cross-border regions and establishment of cross-border clusters for the regions' innovative development is proposed. Finally, the perspectives of cross-border cooperation development in Carpathian region re defined.

Cross-border cooperation development in Carpathian region has long-lasting traditions and features related to the fact that the borders of five countries meet on comparatively small part of the border: Ukraine, Poland, Slovak Republic, Hungary and Romania. The cooperation intensity considerably influences the living activity of the territories here. On the other hand, the Carpathian region oblasts are adjacent to the external border of Ukraine with the EU and this in terms of EU integration stipulates the fact that due to cross-border cooperation these territories not only improve the performance of foreign

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<sup>4</sup> *Transkordonne spivrobotnytstvo* [Cross-border Cooperation], ed. by Nadiya A. Mikula, vol. 8 of *Karpatskyi Rehon: Aktualni Problemy ta Perspektyvy Rozvytku* [The Carpathian Region: Problems and Prospects of Development], ed. Vasil S. Kravtsiv (Lviv: NAS of Ukraine. Institute of Regional Research, 2013).

trade in goods and services but also increase the volumes of attracted foreign investment and international financial assistance and adapt European experience of conducting business, technology management, business ethics, social culture and civil society forming standards at the domestic ground.

It also emphasizes the fact that significant improvement of the preconditions of bordering territories development in Ukraine takes place due to the consistent influence of all abovementioned effects. This, in its turn, in reverse positively influences the further activation of cross-border cooperation. Primarily, it happens due to the stimulation of the development of all cross-border cooperation components: export and import of goods and services within the cross-border regions, bordering trade, cross-border entrepreneurships, Euroregions functioning, investment cooperation, new modern forms forming – cross-border clusters, partnerships, etc.

Special attention is paid to the mechanisms of foreign economic relations establishment in cross-border regions in terms of Ukraine's European integration. Among them major place should be granted to the functioning of Euroregions, creation of preferential regimens of cross-border entrepreneurship activation, labour migration within cross-border regions and cross-border marketing.

Each of the mechanisms influences the peculiarities of goods and services export and import in cross-border regions, the specifics of cross-border markets functioning within the regions, tendencies of investment cooperation and other aspects of foreign economic activity between the bordering administrative and territorial units of Ukraine and neighbouring countries – EU members in terms of cross-border regions functioning.

Thus, in Ukrainian-Polish cross-border region the mechanisms of labour migration and bordering trade are traditionally significantly important. They form the majority of tendencies peculiar to foreign economy component of cross-border cooperation between Ukraine and Poland. Instead, Euroregional and preferential mechanisms in this cross-border region are much less used. Moreover, attention should be emphasised at gradual growth of marketing mechanism weight in Ukrainian-Polish cross-border region, especially due to holding the Euro-2012 in Ukraine and Poland.

Relatively large share of foreign trade in goods and services of Lvivska and Volynska oblasts (almost 40% for goods and almost 30% for services) should be stressed among basic indicators of foreign economic activity peculiar to Ukrainian-Polish cross-border region. The cross-border region also significantly prevails in export and import of goods among all cross-border regions formed by Ukraine and EU and is characterised by stable negative balance of foreign trade in goods (import more than three times exceeds export) and by dominating in foreign direct investment attraction among all cross-border regions at the EU border 3 (more than 90%).

Ukrainian-Slovak, Ukrainian-Hungarian and Ukrainian-Romanian cross-border regions much more actively use the Euroregional mechanism of foreign economic relations activation as far as the Euroregion "Carpathians" efficiently enough exists here (and also "Upper Prut" in Ukrainian-Romanian cross-border region). Moreover, significant role here is played by the mechanisms of labour migration, bordering trade and preferential regimens (due to functioning of FEZ (free economic zones) and PDT (priority development territories) in Zakarpattya). However, the marketing mechanism is used less, especially in Ukrainian-Romanian cross-border region.

From the viewpoint of foreign economic activity features, Ukrainian-Slovak cross-border region is characterised by falling behind the calculated level of gravity capacity in goods and services export and import (especially in import of goods to Ukraine, where its share is almost ten times less than the calculated level of gravity

capacity of economies of Ukrainian and Slovak bordering regions). Furthermore, this cross-border region is the vivid outsider by the volumes of attracted foreign investment to Ukraine among all the cross-border regions of Ukraine under research.

The fact that creation of the balanced spatial structures oriented at adjustment and synchronisation of the development programs on both sides of the border bringing up the regional convergence in cross-border space is the most important issue in the context of finding the reserves of cross-border regions efficient functioning increase is proved. Therefore, the balanced development of cross-border regions becomes possible primarily due to the elaboration of joint development programs and creation of preconditions to implement «mirror» branch projects, i.e. cross-border convergence of competitive ability mechanisms.

The monograph proposes priority directions of foreign economic relations development in Ukrainian-Polish, Ukrainian-Slovak, Ukrainian-Hungarian and Ukrainian-Romanian cross-border regions, in particular: improvement of cross-border cooperation infrastructure, forming of cross-border industrial zones and industrial, technological and scientific parks, creation and expansion of cross-border clusters and other innovative forms of cross-border cooperation. The necessity and urgency of forming and implementation of own public policy of cross-border cooperation and Euroregional structures development is proved and strategic benchmarks and relevant public policy tasks over the increase of organisation-economic maintenance efficiency of Ukraine and EU Euroregional cooperation are defined as following: necessity of determining the place and strengthening the role of Euroregions in the system of public and regional administration; development of institutional maintenance of cross-border cooperation; maintenance of Euroregions' activity public support; implementation of the measures directed at increase of regional security in cross-border space and decrease of resources outflow.

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