

## **REGIONAL COOPERATION AND THE PROCESS OF GLOBALIZATION**

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**Abstract.** *One of the successful approaches to the realization of the European integration policy is the regional approach. This article reviews some aspects of Bulgaria's regional policy in the context of the European pre-accession strategies. Special attention is paid to those segments in the construction of the regional strategy for cross-border co-operation, which forms the competitiveness of the region. As the resources of the region, they will form its identity, its advantages and disadvantages, and to a great extent will predetermine its future development.*

### 1. THE EU INTEGRATION POLICY

The concept of globalisation is usually presented as a broad network of processes that can be grouped into three large categories (Corsi, C.): socio-political globalisation, economic globalisation; and technological (innovation) globalisation.

The European Union integration policy is an embodiment into practice of these three groups of processes, mutually complementing and predetermining each other.

The contemporary literature stressed that the *complementarity* of globalism and regionalism is essential: the former making worldwide market access and cross-border co-operation possible; the latter being based on specialised knowledge. Regions would then become collectors and repositories of specialised knowledge. (See for example the series of RESTPOR conferences - REgional Science & Technology POLicy Research - initiated by the National Institute of Science and Technology Policy (NISTEP) - Japan.) According to (Oman, Ch., 1996) "Deeply interconnected, globalization and regionalization should mutually reinforce one another. Policy must ensure that this outcome prevails".

Economic and social rapprochement is a major principle in the up building of the European Union. This determines the key importance of the active regional policy along the road of European integration. In this sense, the rationalization process becomes the counterpoint of globalisation. Here rationalization means most generally a political,

economic and innovation (technological) activity, determined by the resources which are specific for a given region. The regional approach in this case is a concrete expression of the so-called "bottom-up" processes in the up building and development of socio-economic systems.

We can go along the road of the integration processes in Europe only if we support, develop and deepen our national specifics and relative advantages, with which we can go out into the market. Globalisation is not a substitute for national identity; it is only a means of complementing and still more vividly expressing it. An expression of this view of the European Commission is "Agenda 2000" which recommends special measures for enhancing diversification, the dynamics of the economy and the creation of an active business culture through infrastructure, technological, financial and organisational innovations and attaching special attention to small and medium enterprises, to human capital.

The EU regional policy comes to the foreground for at least three mutually related and interdependent reasons:

- because of the unevenness in the regional development, impeding the EU global competitiveness;
- because of a necessity for the maximum effective use of the unique advantages of the region (resources and capital - human and social) in order to achieve competitiveness;
- because of the necessity to encourage regional self-government, inter-regional and cross-border co-operation as basic mechanisms of successful and durable Euro-integration.

Among the factors contributing to the increase of competitiveness of the individual regions, the EU policy envisages the following:

- development of scientific-and-technological activities in the region;
- development of small and medium enterprises;
- attracting foreign investment;
- development of physical infrastructure (roads and railways, energy and communications, etc.);
- development of human capital;
- development of institutional and social capital.

In view of assisting the economic restructuring and solving the social problems it engenders and reducing the difference in the social-economic situation of the individual regions, the EU has established four structural funds. They are:

1. The European Regional Development Fund which finances structural aid through regional development programmes aimed at regions that is in the most unfavourable situation, for the purpose of reducing the socio-economic differences.
2. The European Social Fund which is a major instrument for implementing the Union's social policy aimed at professional training, requalification, schemes of creating new jobs, etc.
3. The European Agricultural Guidance and Guarantee Fund, which provides market, support and encourage structural adjustment in the field of agriculture.
4. The Financial Instrument for Fisheries, which is aimed at supporting the fishery industry.
5. The Cohesion Fund.
6. The European Investment Bank.

One of the main **goals** and respectively **indicators** of the success or failure of regional policy is the **competitiveness** of the region. The concept of competitiveness is relatively clear when it refers to a specific production or service, but it is quite difficult to define and even more difficult to measure as regards a given region or country. What is more, this notion carries an overtone of losses or profits, whereas some of the actors may improve their position and situation only at the expense of the others. In this sense, the goal of regional policy is that against the background of the existence of activities - successful or unsuccessful from the point of view of competitiveness in a given region - they should all be placed in identical regional conditions relating to the physical and social infrastructure, the skills of the workforce, the affectivity of the public institutions. In global economy, the conditions offered by the region exert a strong impact on the success of every business.

Therefore, each region needs to reach and sustain an ever rising standard as regards the characteristics of the offered conditions. The feedback relationship should not be forgotten, either: every successful and competitive business or another initiative (cultural, educational, etc.) contributes to raising the quality of the conditions offered by a given region.

The above also suggests the two main types of parameters that can be used to characterise and evaluate the competitiveness of a given region, namely:

- input characteristic - according to the existing conditions: level of infrastructure, existence of qualified workforce, concentration of resources and potential in rising or declining sectors of production;
- output characteristic - according to the results from the activity, i.e. the ability to produce goods and services withstanding the conditions in the world market while preserving the high and sustainable level of incomes and employment.

## 2. SOME ASPECTS OF BULGARIA'S REGIONAL POLICY

### 2.1. Legislative base

The regional development policy pursued at present by Bulgaria is based on the Regional Development Act of 1999 and is in accordance with the requirements for the accession to the EU. The explicit goals of this Act are:

1. to create the prerequisites for a sustainable and balanced development of the regions;
2. to reduce the inter-regional differences in the incomes and employment, as well as
3. to encourage the regional and cross-border cooperation and to assist the process of Euro-integration.

No doubt, the adoption of the Regional Development Act is a significant event in the modern history of Bulgaria's regional policy. Rationalization or division into regions is a type of geographical, territorial classification. It systematises and classifies spatial differences, disproportions and regularities. The regional development policy means to work out a comprehensive vision for the development of the country, divided into regional elements, while the individual, differentiated elements remain integral parts of the overall picture.

The Regional Development Act in its essence is rather a framework act regulating the principal means for achieving the goals: infrastructure development; creating a favourable regional and local investment environment; using the local, national and foreign resources; raising the quality of human resources; co-ordinating the sector policies; participation of the local authorities and nongovernmental organizations.

The administrative-territorial structure of the country according to this act has differentiated 28 counties distributed into six regions. The act also specifies the types of regions for target impact: regions for growth; regions for development; regions for cross-border co-operation and development; underdeveloped countryside regions; and regions in industrial decline. It further creates the institutional framework for regional development management. The new institutions are the Council for Regional Development with the Council of Ministers, and the County Councils for Regional Development. The role of the state in the pursued regional policy is to restrict the deepening of the negative tendencies in the underdeveloped regions while staking in its concrete policy on the potential of the stronger regions. This, however, does not mean that the prospering regions will be "milked" in order to equalise the level of development of all regions. On the contrary, the strong, dynamically developing ones should play the role of "locomotives of growth" by stimulating the mobility of labour and capital in the underdeveloped regions, etc.

Bulgaria's regional development policy is directly connected to its choice in favour of joining the European Union. During the pre-accession period Bulgaria will rely on the relevant instruments and funds, created specially for the countries applying for EU membership.

## **2.2. Regional policy and cross-border co-operation**

It is well known that most small countries are weakly regionalized. They may well have a government science and technology policy but linkage with industry may be weak or focused on traditionally leading, large-firm dominated sectors. This is especially so in "mission" rather than "diffusion" oriented systems. This obviously is the case with Bulgaria, where the rationalization is mainly in the terms of "centre - periphery" problems, inherited from highly centralized Soviet-like economy? Some experts even recommended Bulgaria to be considered as only one region in order to accomplish easier integration in European economic area. Given the historical, economic, demographic and geographical characteristics of Bulgaria, which is one of the middle-sized countries in Europe, we think that this is a false approach.

Bulgaria is situated in the center of a region, which is undergoing dynamic transition. Within 500 km of its capital Sofia a population of over 60 million is concentrated throughout 10 countries most of which have only recently embarked on their way to a market economy. This is a very large market with the one of the most rapidly increasing market demands in Europe. All these regions are several hours' drive from any point in Bulgaria. A network of international motorways crosses the country, making vital connections to Western Europe, Russia, and Asia Minor, to the Adriatic, the Aegean and the Black Sea. Both sea and river transport (the Black Sea and the Danube River) offer good communications and transportation to and from the region.

In the strategies for the development of the border regions and the formulation of their regional goals, a substantial importance acquire both the optimisation of their own re-

sources and the additional possibilities provided by their cross-border partnerships. Of necessity, the regions strive for competitiveness and for this purpose they must mobilise all their advantages, including the institutional and the governmental ones. The more specialized the regions become and the greater the institutional support they manage to gain, the more attractive they become for direct foreign investments.

When the economic criteria are placed in the foreground, it becomes clear that the regional division does not always follow the state or the administrative division of a country. A number of regions in this sense (and in the future even more often) turn out to be cross-border, following the natural course of the socio-economic cycles and processes. These regions usually are more consistent units by a given property, thus allowing a unified policy. Insofar as these regions are relatively unified bearers of unique regional potential as a combination of natural resources and human and social capital, the policy to them proves of necessity to be cross-border.

In the shaping European situation, state boundaries have an ever-diminishing importance. From an economic point of view, the nation state becomes increasingly dysfunctional while the regional one becomes a natural economic zone. These realities emphasize some views, like for example the one that "regional states" are more suitable for creating an environment stimulating development than the "national" ones (Cooke, P. 1996). The "regional states" constitute genuine communities of economic interests; they define sensible flows of economic activity and can profitably use the advantages of the real relationships and the synergetic effect from the interaction between the economic actors.

The regional identity of apparent and tacit knowledge and skills, the activity of the real economic actors, institutional support, etc., are the resources setting the directions of the formal innovation systems.

### **2.3. Regional potential for cross-border co-operation**

One of the most important ways for real rationalization and using the various EU resources for European integration of Bulgaria is the first National Plan for Regional Development, which covers the period from 2000 to 2006. It was prepared by Ministry of Regional Development.

Two are the main priorities on which this plane is based, namely:

- creating conditions for sustainable and balanced development of regions;
- opening the national "dimension" in order to solve the regional problems on the base of cross-border co-operation.

The second priority follows directly from necessity of integration to all-European area and the peripheral economical and social position of near-border regions during the cold war times.

The Plan for Regional Development (PRD) proposes several types of regions - one of which being a "region for cross-border cooperation". For 2001, PRD consists of more than 700 different projects, most of which (nearly 30%) are carried out in the above-mentioned regions for cross-border cooperation, followed by the projects aimed to assist the "regions for growth" - 28 %. As to the regional distribution - nearly 50% from cross-border projects are concentrated in Southern and South-Western Bulgaria - i.e. are realized with Greece and Macedonia.

The distribution of projects by geographical zones is shown in the following table (in the discussed Plan Bulgaria is divided in 6 geographical zones. In south and southwest Bulgaria borders with Greece and Macedonia):

Part of Bulgaria	% of cross-border Projects	% of financial resources for 2001.
North-Western	18	52
Northern	11	53
North-Eastern	18	65
South-Eastern	7	32
Southern	22	76
South-Western	25	37

*Source: Ministry for Regional Development*

In absolute value the finances for cross-border projects with Greece are much aerator than for the projects with any other neighbour country - they amount to more than 90 millions leva (about 45 millions USD). More than 40% of them are from different EU programs. 20 millions leva will be spent in 2001 for cross-border projects with Macedonia, 50% of them come from different international agreements and programs. In this respect on the third place are the projects with Romania - the money for them amount only to 260 thousand leva. For the process of rationalization very important is the role of various EU's pre-accession instruments like PHARE, SAPARD programs, ISPA (Instrument for Structural Policies for Pre-accession) as well as Stability Pact for South-Eastern Europe.

For the period 2000 - 2006 PHARE will remain the main instrument for co-operation between EU and CEE countries. In the pre-accession period the activities in this program will be defined in accordance with Goal 1 of EU's Structural Funds - to stimulate development and restructuring of less-developed regions. In average Bulgaria could rely on 120 mln Euro yearly. This year the projects started, supported by SAPARD program (52,12 mln Euro yearly for 2000 - 2006). ISPA will spent 1 mlrd Euro every year and functions as Cohesion fund - mainly to support less favoured CEE countries. Bulgaria will rely on 8-12% of ISPA finances - i.e. on 80-120 mln Euro every year till 2006. The Stability Pact is devoted to promote key regional projects in south-eastern Europe. Emblematic in this sense is the project "Danube Bridge 2" between Bulgaria and Romania. Other "Quick Start" infrastructure projects with regional importance are: "Rehabilitation of Danube ports" and "Development of Sofia Airport". 160 mln Euro through Stability Pact will be spent for those three projects.

In EU Commission's Communication from 27.05.1998 "Reinforcing Cohesion and Competitiveness through Research Technological Development and Innovation", it is stressed that Fifth Framework Program gives the opportunity to the candidate countries from Central and Easter Europe to benefit greatly from experience of EU in Social-economic regional cohesion and will stimulate exchange of this experience. Special attention is paid to bottom-up, demand-led initiatives. In 1999 Centre for Science Studies accomplished a pre-proposal investigation. The aim was to give enough preliminary information for preparation of a project for 5<sup>th</sup> Framework program of EU. The goal of the project will be to adapt EU countries experience for elaboration and running a long-term program "KRAISTE" - a program for cross-border economic, science and cultural

cohesion between neighbouring regions from Bulgaria, Macedonia and Serbia. As starting point for the program, there were some concrete practical results from a local initiative "KRAISTE", launched in 1995 from Foundation "Nature and Health" and municipality of Kjustendil with connections with municipalities and firms from Kriva Palanka, Kumanovo and Bosilegrad. The researchers from Centre for Science Studies analysed regional characteristics, needs and potentials. On this base some cross-border initiatives and activities were suggested which will stimulate the transition from a situation of confrontation and insulation to co-operation and will create favourable conditions for competitive and sustainable growth in the respective regions.

Very important areas of cross-border co-operation in the Balkans are those in Education and Science. In the last years the number of students from the Balkans in Bulgarian higher education institutions is ever growing: in 1999-2000 there were more than 7500 foreign students and 90% were from neighbour countries. The following table shows that more than 3/4 from them were from Greece and Macedonia.

Country	Greece	Macedonia	Turkey	Cyprus	Yugoslavia	Albania	Romania	Croatia
# students	3986	1203	634	254	141	134	71	1
%	62	19	10	4	2	2	1	0

*Source: National Institute for Statistics*

The EU Framework programs for Science and Technology were very fruitfully for developing regional scientific co-operation. In Center for Science Studies a investigation was carried out on patterns of partnerships in projects from 4<sup>th</sup> Framework Programme. In this programme Bulgarian scientists took part in 239 projects. In 106 of them (44%) at least one scientific institution from other Balkan state (OBSI - Other Balkan Scientific Institution) also took part. The next table shows the distribution of those 106 projects according to the number of OBSI which were taking part in them:

Number of OBSI in project	Number of Projects	%
1	50	46,7
2	32	30,8
3	17	15,9
4	6	5,6
6	1	0,9
Total	106	100

The total number of OBSI with which Bulgarian scientists were in research partnership due to the projects from 4<sup>th</sup> FP were 195 - this is nearly 15% from all partner-institutions from Europe. Maybe more interesting is the question about the direction and intensity of scientific partnership in this projects - i.e. with which Balkan countries Bulgaria co-operated and how intensively. The data about the countries and intensity of scientific partnerships are shown in the following table:

Country	Number of projects	%	Number of institutions	%
Romania	69	65	89	46
Greece	45	42	56	29
Slovenia	28	26	31	16
Albenia	11	10	11	6
Turkey	2	2	3	2
Croatia	2	2	3	2
Yugoslavia	2	2	2	1

The role of the first contractor in every project is very important - usually it points out other participants in the projects. The question is: scientific institutions from which countries played important role in scientific cooperation between Balkan states? The next table shows the distribution of the first contractors in the projects in which Bulgaria had partners from other Balkan countries:

First contractor	Number of projects	%
Greece	22	21
United Kingdom	15	14
Germany	15	14
France	15	14
Belgium	14	13
Italy	11	10
Netherland	6	6
Spain	4	4
Denmark	1	1
Croatia	1	1
Hungary	1	1
Slovenia	1	1
Total	106	100

We have to conclude that rationalization as the other face of globalisation usually doesn't follow existing national (political) borders. That's why cross-border projects, cooperative activities, process of internationalisation of education and science play an ever-increasing role in contemporary Europe. So rationalization turns out to be an important instrument for European integration.

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## **REGIONALNA KOOPERACIJA I PROCES GLOBALIZACIJE**

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*Jedan od uspešnijih pristupa u realizaciji evropske integracione politike je regionalni pristup. U ovom radu biće ukazano na neke aspekte bugarske regionalne politike. Posebna pažnja posvećena je segmentima konstrukcije regionalne strategije za graničnu kooperaciju koja formira konkurentnost regiona. Kao resurs regiona formiraće njen identitet, prednosti i nedostatke, i u velikoj meri odrediti njen budući razvoj.*