

REGIONAL DEVELOPMENT IN THE CONTEXT OF THE EUROPEAN UNION INTEGRATION

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Abstract:

The integration of the Central and East European countries into the European Union creates a radically and qualitatively new geopolitical situation on the European continent that, in its turn, requires some thorough going and structural changes from the EU part as to development of international relations in their new form in the countries of the European Union and non-member states. In order to apply the regional development strategy, eight development regions were set up, spreading throughout the whole territory of Romania. With the process of EU integration at hand, cross-border cooperation has become a top priority in East -Central Europe.

Key words: European Union integration, regional development, regional policy

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I. INTRODUCTION

The development regions of Romania refer to the eight regional divisions created in Romania in 1998 in order to better co-ordinate regional development as Romania progressed towards accession to the European Union. The development regions correspond to NUTS II -level divisions in European Union member states. Despite becoming increasingly significant in regional development projects, Romania's development regions do not actually have an administrative status and do not have a legislative or executive council or government. Rather, they serve a function for allocating European Union PHARE funds for regional development, as well as for collection of regional statistics. They also co-ordinate a range of regional development projects and became members of the Committee of the Regions when Romania joined the EU on January 1st, 2007.

Regional development policy is an ensemble of measures planned and promoted by the local and central public administration authorities, having as partners different actors (private, public, volunteers) in order to ensure a dynamic and lasting economic growth, through the effective use of the local and regional potential, in order to improve living conditions. With the process of EU integration at hand, cross-border cooperation has become a top priority in East -Central Europe. In fact, there is no viable alternative to integrated regional development.

The main areas regarded by the regional policies are: development of enterprises, the labor market, attracting investments, development of the SMEs sector, improvement of infrastructure, the quality of the environment, rural development, health, education, culture.

The overview of the situation in Romania related to regional development revealed several aspects, which can lead to the conclusion that in the field of regional policy, there have been a lot of progress achieved during the last years, but there are still many things to be done in order to comply with the legal and institutional requests of the European Union cohesion policy.

II. THE PROCESS OF EUROPEAN UNION INTEGRATION

In economic, trade and monetary terms, the European Union has become a major world power. It has considerable influence within international organisations such as the World Trade

Organisation (WTO), the specialist branches of the United Nations (UN) and at world summits on the environment and development.

The EU as a unit has much more economic, social, technological, commercial and political “clout” than the individual efforts of its Member States, even when taken together. There is added value in acting as one and speaking with a single voice as the European Union.

One of the basic objectives of the European Union is to promote economic and social progress which is balanced and sustainable, in particular through the creation of an area without internal frontiers, through the strengthening of economic and social cohesion and through the establishment of economic and monetary union, including a single currency.

To achieve this objective, it is necessary to promote throughout the Community a harmonious and balanced development of economic activities, leading to a sustainable and non-inflationary growth which respects the environment. The Member States are to regard their economic policies as a matter of common concern and to conduct their economic policies with a view to the objectives of the Community. Therefore, Member States coordinate their economic policies within the Council.

The cohesion policy of EU is a very specific instrument that has as an objective the decrease of the economic and social discrepancies existent between different regions of Europe, by means of its special instruments - the structural funds-, and working upon some significant domains of development, as the economic growth and the SME sector, transportations, agriculture, urbane development, environment protection, employment and professional training, education, gender equality etc. conceived as a policy of solidarity at European level, the cohesion policy is mainly based on financial solidarity, i.e. the redistribution of a part of the communitarian budget gathered by through the contribution of the Member States to in favour of less prosperous regions and social groups (for the period 2000-2006 the corresponding sum represents approximately a third of the EU budget).

The cohesion policy of EU, a policy more than thirty years old, has suffered continuous transformation, both at the level of the specific objectives, of the instruments of applying these, and at that of allocating implied finances. The bigger the number of member states and the clearer the discrepancies, the greater the total amount of Structural Funds, from about 43.8 billion ECU between 1988-1993 to over 141 billion ECU for 1994-1999 (values calculated in prices 1992), to 286 billion ECU between 2000-2006 and 308.2 billion ECU in 2007-2013.

The internal market has allowed larger businesses to benefit from enormous economies of scale. Meanwhile, new export markets have been opened up to small and medium -sized businesses which previously would have been prevented from exporting by the cost and hassle.

The EU external trade is based on a common EU policy. In other words, where trade, including WTO matters, are concerned, the EU acts as one single actor, where the European Commission negotiates trade agreements and represents the European interests on behalf of the Union's Member States.

The integration of the Central and East European countries (CEE) into the European Union creates a radically and qualitatively new geopolitical situation on the European continent that, in its turn, requires some thoroughgoing and structural changes from the EU part as to development of international relations in their new form in the countries of the European Union and non-member states.

III. REGIONAL DEVELOPMENT IN EUROPEAN UNION AND ROMANIA

Regional development is a new concept that aims at stimulating and diversifying economic activities, stimulating investments in the private sector, contributing to decreasing unemployment and, last but not least, a concept that would lead to an improvement in the living standards.

In order to apply the regional development strategy, eight development regions were set up, spreading throughout the whole territory of Romania. Each development region comprises several

counties. Development regions are not territorial-administrative entities, do not have legal personality, being the result of an agreement between the county and the local boards.

Rural development has a very distinct place within regional policies, and deals with the following aspects: removal/reduction of poverty in the rural areas; balancing of economic opportunities and social conditions between the urban and rural areas; stimulating local initiatives; safeguarding of the spiritual and cultural patrimony.

The principles at the basis of the implementation of the regional development fund are: planning, partnership, addition and concentration.

- **The planning principle** is one of the essential elements of the SF implementation and it refers to the preparation of the multiyear plans of development, which are fulfilled on the basis of decisions taken together with the member states and through a series of successive phases, ending with undertaking duties by the public and private organisms (which will also accomplish these duties). The member states are also required to elaborate two types of programmatic documents of strategic nature (the Reference Strategic National Frame) and operational (Operational Plans). Unlike the old National plan of development, in what the strategic contents is regarded, RSNF does not involve the aspects connected to rural development and fishing. Moreover, in what financing is concerned, RSNF is exclusively sustained by the structural and cohesion funds and by the corresponding national financing, while the National plan for development included other finances (European funds of rural development etc.). On the basis of these planning documents, a negotiation process takes place between the European Commission and the Member States, process that end in allocation of structural funds for each state.
- **The partnership principle** supposes a tight collaboration between the Commission and the national, regional and local authorities, economic and social partners and other competent organisms, especially their implication in all the stages of regional development fund – from elaboration and approving development plans to implementation and monitoring these. This principle underlines the degree of decentralization that characterises the entire regional policy and implementation of subsidiarity.
- **The addition principle** deals with completion of the communitarian assistance through national financing, so that the communitarian funds shall not replace the national funds allocated for the development of a certain sector but to complete these.
- **The concentration principle** implies the allocation of the fund for regional development to the regions late in their development, whose GDP/citizen is inferior to the communitarian average.

The development region, constituted as a freewill association of neighbor counties represents the implementation and assessment framework of the regional development policy. The development region is not a territorial-administrative entity and does not have legal personality.

The main objectives of the regional development policies are as follows:

- to reduce the existing regional disparities, especially by stimulating the well-balanced development and the revitalization of the disadvantaged areas (lagging behind in development) and by preventing the emergence of new imbalances;
- to prepare the institutional framework in order to comply with the integration criteria into the EU structures and to ensure access to the financial assistance instruments (the Structural Funds and the Cohesion Fund of the EU);
- to correlate the governmental sector development policies and activities at the level of regions by stimulating the inter-regional, internal and international, cross-border cooperation which contributes to the economic development and is in accordance with the legal provisions and with the international agreements to which Romania is a party;

The principles that the elaboration and the application of the development policies are based on are:

- Decentralization of the decision making process, from the central/governmental level to the level of regional communities;

- Partnership among all those involved in the area of regional development;
- Planning – utilization process of resources (through programs and projects) in view of attaining the established objectives;
- Co-financing – the financial contribution of the different actors involved in the accomplishment of the regional development programs and projects.

The overview of the situation in Romania related to regional development revealed several aspects, which can lead to the conclusion that in the field of regional policy, there have been a lot of progress achieved during the last years, but there are still many things to be done in order to comply with the legal and institutional requests of the European Union cohesion policy.

Firstly, it can be said, that in Romania there is in place a functional system for implementing regional policy, both at central and regional level. The system has been developed since 1997-1998 and is based on a special legal act, on the existence of central and regional bodies with attributions and responsibilities set up by normative acts and on corps of central and regional experts. However, although functional, the system is not fully prepared to take over and efficiently implement structural instruments. The analyses have revealed a number of weaknesses and gaps, which need to be corrected or filled in:

- The legal framework must be completed, in order to provide more precise attribution and responsibilities of the regional policy institutions;
- More correlation is necessary between various laws regulating administrative aspects, financing and procedures about using the public funds in order to get a coherent cohesion policy framework;
- The regional bodies are not yet strong enough in order to face all the attributions provided by law now, but especially in the future; they seem to need more support and expertise from central bodies;
- The resources of the present system have not been fully used and no complete evaluation of it has been done by now; in spite of that, there have been several changes and attempt of changing the system during the last 3 years.

The analyses achieved, as well as the numerous meetings with responsible persons at central and regional level showed a weak development of the conceptual base related to regional policy and social and economic cohesion. In fact, there is no national concept for how cohesion should be approached and achieved in Romania and what the role of regional policy would be. No debate at academic or political level is carried on this matter now although various options seem to be taken in the implementation stage.

In order to set up a consistent regional policy and to achieve social and economic cohesion, one major request is to get very detailed and scientifically assessments about the social and economic disparities of the territory. The research proved that:

- There has been no profound analysis of regional disparities in Romania and yet is a growing official opinion that disparities are low and insignificant (at least compared to those existent within EU countries);
- There is no sufficient attention given to the extremely high disparities between rural and urban areas and within urban areas, proved by numerous studies, which can be a specific feature for Romania among the other EU and CEE countries;
- No sufficient attention is paid to rural poverty, although this has been also proved by numerous studies and is currently praised as being of national importance;
- There is not a significant group of aggregated indicators used by an official body at central and/ or regional level, to assess regional and intraregional disparities, for the moment.

In fact, the research has brought into evidence, according to most of the opinions expressed by the participants at the meetings and interviews that there is almost no communication, among the administrative and political bodies and the professional associations, experts, academic environment and media in order to better understand the present situation and to find the best

solution for the future. There is also very little information about the progresses and the policies undertaken by other candidate countries.

Thirdly, during the elaboration of the report, it appeared clearly that a major issue related to cohesion and an effective regional policy is the role of the regional structures. The debates within the interest group and not only went around the issues of regionalisation, de-concentration, and decentralisation and as the status of regions and regional bodies. Although the matter of the administrative regions and their institutions was not entirely the subject of the present report, it is obviously of high relevance for the topic of the report. For such reasons, examples are given about France, Portugal and Greece and their deconcentration processes.

Fourthly, the researches focused on programming process, provided besides obvious achievements, certain weaknesses. A number of practical aspects have been also identified during the research as important weaknesses related to the implementation process of regional policy. Among the most important are:

- Reduced training activities of staff of both central and regional institutions as well as of the elected people;
- Lack of any correlation and integration of spatial and regional planning instruments;
- Low correlation and integration of specially assisted zones (de-favoured areas, economic free trade zones, industrial parks etc.) with the regional development policy and its specific instruments;
- Reduced communication among national bodies and among national and local/regional institutions involved; reduced information and awareness at the level of the media and public about regional policy and its instruments.

With the process of EU integration at hand, cross-border cooperation has become a top priority in East-Central Europe. In fact, there is no viable alternative to integrated regional development. From the perspective of advancing European integration process, the existence of the appropriate legislative framework, economic and social policies aimed at ensuring the three movement of persons, labor, material and spiritual goods across the borders is of an utmost importance.

Another important argument for the elaboration and implementation of integrated regional cross border development policies is concerning the necessity to overcome the existing gap between the economic levels and life standards in its constitutive micro -regions. The integration of less developed territorial-economical units in the economic activities system of the larger regions can provide them important incentives and stimula for catching up. In the same time, integrated regional economic, social, labor market and migration policies would allow for the implementation of special development strategies designed for the needs of the less developed areas. In this way all territorial micro-units belonging to the region can be supported to find and fulfill the economic functions best suited to them, in accordance with the principle of subsidiarity.

In the Ukrainian border region – and to less extent also in the areas belonging to Romania – the collapse of industrial enterprises and the resulting huge unemployment forced many people to search for sources of income in Hungary.

Today has become a political urgency to identify the resources and possibilities of regional cross border cooperation in the field of labor migration. In order to prepare the ground for this, there is a need for specifically designed institutional system, regulations and programs. This requires the joint effort of local, regional and national governments. While the most important work has to be done by the political and civil elite of the concerned region, the strong involvement of the central governments in the process is also necessary, the more so as the political and administrative systems, at least of Romania and Ukraine, still have strong centralist features.

A document issued by the European Union on July 1, 2003 suggests a mechanism for harmonization of the projects INTERREG, PHARE-CBC, TACIS-CBC, CARDS, MEDA aimed at stirring up cross-border co-operation offering the budget for financing of the programmes (new neighbourliness programmes) in the amount of 955 million Euro, out of which 95 million Euro

allocated for TACIS (the programme that directly applies to Ukraine as well) for the period 2004 - 2006 years.

Regional policy puts into practice the solidarity between the peoples of Europe mentioned in the preamble to the Treaty on European Union. It helps to achieve one of the fundamental objectives laid down in the Treaty: the strengthening of the EU's economic and social cohesion by reducing developmental disparities between its regions. It has a significant impact on the competitiveness of the regions and on the living conditions of their inhabitants, mainly by co-financing multi-annual development programmes.

These programmes are supported by four Structural Funds: the European Regional Development Fund (ERDF) for infrastructures and investments, generating jobs and SMEs; the European Social Fund (ESF) for training, social integration and employment; the European Agricultural Guidance and Guarantee Fund (EAGGF, Guidance Section) for rural development and aid to farms; and the Financial Instrument for Fisheries Guidance (FIFG) for the adaptation of the fisheries sector. The Cohesion Fund supports environmental and transport projects in the least prosperous Member States.

IV. CONCLUSIONS

While the share of services in the economy is growing, industry makes an essential contribution to Europe's prosperity. Industry is, moreover, increasingly enmeshed with services and contributes to their development. European industry is clearly making encouraging achievements and its progress in the environmental field and in some technological sectors is widely acknowledged. Nevertheless, it is now facing major challenges, some of which come from within (increasingly rapid technological development, skills gaps), while others are external (society's expectations regarding consumer, environmental and health protection) and yet others international (the emergence of new global competitors).

Beyond policies aimed at enhancing innovation and entrepreneurship, which are two major drivers of competitiveness, many other EU policies also have an impact on the business environment and enterprise performance. All horizontal policies — i.e. regional policy, competition, trade, taxation, etc. - should make the best possible contribution to competitiveness in addition to pursuing their own, specific objectives.

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