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## **Development tendencies of the new forms of cooperation in Ukrainian-Polish cross-border space**

### INTRODUCTION

Cross-border cooperation (CBC) being directed in the first place at solution of joint problems and successfully developing in forms of Euroregions has lately begun to use a lot of other forms of cooperation, including innovative ones, particularly: *cross-border industrial zones, cross-border partnerships, cross-border clusters*, etc.

Appearance of the new forms of cross-border cooperation was stipulated in the first place by the regional policy of the EU, which in the framework of support and activation of cooperation has promoted the development of *joint concepts* of Euroregional development and therefore – *the strategies of cross-border regions joint development and mechanisms of the strategies realization*. The detailed examination of cross-border regions socio-economic development conducted at the first stage of strategy development enabled the identification of initiatives and possibilities of implementation of more important cross-border projects, for example – creation of joint *cross-border industrial zones* or forming of *cross-border clusters*, using already existing institutional maintenance of market infrastructure.

Therefore, the need for creation of competitive economic system in cross-border space has stipulated the search for solutions from the perspective of possible joint use of existing capacities and creation of the new ones as well as development of production and technical cooperation (agricultural and industrial enterprises, service organizations, in particular innovative and investment sphere of activity).

Notwithstanding the fact that Ukraine was one of the first to adopt the law „On Cross-Border Cooperation” and that it also occasionally adopts the State Programmes of Cross-Border Cooperation Development, the realization of CBC aims and use of CBC possibilities requires the search for the new approaches and organizational forms.

According to the Art.5 of the Law of Ukraine „On Cross-Border Cooperation” the latter can be performed:

- in the limits of the created *Euroregion*;
- by conclusion of agreements on cross-border cooperation in separate spheres;
- by arrangement and development of *mutually advantageous contacts* between the cross-border cooperation entities.

Cross-border entities of Ukraine according to the law can choose *the other forms* of cross-border cooperation [Закон..., 2004]. Some initiatives of development of the other cross-border cooperation forms have already begun to emerge and that stipulates the need for conduction of relevant theoretical and methodological examination.

#### THE AIM OF THE ARTICLE

Presentation of theoretical basis of the new cross-border cooperation forms development and functioning and substantiation of methodological approaches to their introduction in Ukraine and in Ukrainian-Polish cross-border space in particular constitutes to be *the aim of the article*.

#### BASIC MATERIAL

Examination of the world experience of the new cross-border cooperation forms functioning leads us to the conclusion about their variety that stipulated the necessity of their grouping and substantiation of their functioning and development basis.

Thus, Euroregions, European Groupings of Territorial Cooperation (EGTC) and Euroregional Cooperation Groupings (ECG) can be assigned to the structures that perform the general coordination of CBC in different spheres.

Cross-border industrial zones and parks, cross-border clusters and cross-border innovative projects are the structures, the activity of which is directed at improvement of the territory's competitive ability and the level of life.

Joint and interdependent objects of communication infrastructure (joint airports, cross-border logistic centres, infrastructure of bordering trade, etc) and social infrastructure (cross-border partnerships, etc) can be assigned to the infrastructural maintenance of cross-border regions.

It is advisable to use in Ukraine such new efficient solutions as *cross-border industrial zones and parks of Austria in its cross-border regions with Czech Republic* [Чешская..., 2004] *and Hungary* [Промисловий..., (http)].

## SPECIFIC ADVANTAGES OF REGIONS DEVELOPMENT

The concept of such industrial platforms combines in the first place specific advantages of economically and legislatively different regions located on both sides of the border in one place using the disposition in the Centre of Europe. It also grants access to two labour, distribution and purchasing markets; possibility to realize cross-border industrial flows on the basis of simplified processing; the potential of qualified, loyal and economically efficient labour force.

The following are the factors that attract investor to cross-border industrial platforms: moderate prices of land and local resources purchase; the sources of business maintenance through the park administration, including the EU funds; possibilities of the region located in the centre of Europe, its resources, qualified labour force, large-scale palette of business-park services. Existing technical and other infrastructure (for example, media-centre) and business-park services is also an important factor. Potential investors are granted with assistance in development of project management and planning in implementation of the project, construction of the enterprise, attraction of workers and preparation of necessary documents on operation permission as well as assistance in case of submission of request on venture capital loan contracting<sup>1</sup>. For Ukraine such experience is interesting foremost due to the fact that creation of such industrial zones/parks had taken place before Czech Republic and Hungary entered the EU – analogical situation in case of Ukraine.

## DEVELOPMENT PROSPECTS OF THE NEW FORMS OF COOPERATION IN UKRAINIAN-POLISH CROSS-BORDER SPACE

The first attempt to create cross-border industrial park was undertaken by Zakarpatska region and Hungary. Basic concept of it was presented in Technical and economic substantiation of creation of joint Ukrainian and Hungary industrial park [*Техніко-економічне...*, p. 2010].

**Industrial park Dyida** can be created between the settlements **Beregdyida (Dyida) and Beregdaroc** of the Beregovo area. The terms of industrial park creation are already defined by the experts (both on Hungarian and Ukrainian sides). Its creation is useful due to material and technical issues as well. The fact that the M3 highway is going to be constructed nearby also industrial railway track is going to be built from the railway branch Batevo-Beregovo is the great advantage.

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<sup>1</sup> Звіт автора про робочу поїздку Ужгород-Сентготхард-Копер-Трієст в рамках проекту “Формування логістичного кластеру на Закарпатті”, реалізованого Агенцією регіонального розвитку “КІУТ” (Угорщина) на замовлення Міністерства транспорту Угорщини

**Industrial park Uska** can be created between the settlements **Uska and Tisapeterfalva (Petrove)** near to the border-crossing point Tisabecs-Tisaulak (Vilok). The high-level automotive connection can be organized on both sides of the border. The only disadvantage lies in the fact that railway connection can be created through the freight lines of the Vilok station located in approximately 4 km distance from the industrial park.

**Industrial park Solovka** is proposed notwithstanding the fact that in this case the territory of industrial park is divided by the river Tysa as far as the cross-border connection of the settlements Tisasentmarton-Eperjesce and Solovka can be arranged through widening of railway bridge (creation of possibilities for automotive transport and pedestrians movement) between the settlements Tuzer and Batevo.

As we can see, Zacarpattya region of Ukraine being the part of Ukrainian-Polish cross-border region as well as a few other cross-border regions of Ukraine unfortunately is not using its cooperation abilities fully comparing to its cooperation with Hungary, for example.

Cross-border clusters are another form of cross-border cooperation. Opposite to cross-border industrial zones functioning in the limits of distinctly defined separate territory the cross-border clusters unite participants on voluntary basis located freely in the cross-border space. The following are the examples of cross-border clusters creation [Пелешак, 2008].

1. **Cross-border cluster “Bio Valley”** (since 1996) – the cluster of three countries in the upper valley of the river Rein located in the north-western part of Switzerland (CH), German region Südbaden, D, part of Baden-Württemberg, D and in French region Alsace, F. The cluster has an aim to become leading European center of biotechnologies. It is created and functions nearby important scientific and research centers. Nowadays, Bio Valley consists of 600 enterprises in the sphere of medical, pharmaceutical and bio technologies including 40 % of the largest pharmaceutical companies in the world [Siegenfuhr, 2008] 12 universities and institutes, 40 scientific establishments and 11 scientific parks are located on the territory of Bio Valley. The density of scientific and research activity in this cluster is one of the highest in the world. Only during the first three years of the cluster existence 46 new enterprises were created on its territory (20 in Switzerland, 14 in Germany and 10 in France) [Furst, 1999]. The third part of them conducts development of new medicine and the rest of them represent the sphere of services. Since 1996 till 2004 all the three regions of Bio Valley were characterized by positive increase of employment (4,3%–9,8%) and regional part of GNP (11,5%–15,1%) that testifies to successful development of this bordering region.

Cross-border cluster “Bio Valley” has an experience of funding receipt in terms of EC Interreg initiative, financing from the relevant regional budgets and

Technology Development Fund BioMed, Freiburg (Germany). This cluster acts as *network integrator*.

2. *Cross-border Öresund Partnership* (Öresund, DK/S) of Denmark and Sweden, including “Medicon Valley”. “Medicon Valley” is located on the north of the EU between Danish region of Copenhagen and Swedish Skane. It includes 26 hospitals, 12 universities with 4.000 researchers and 135.000 students. Intellect and success in economy created 30.000 work positions at more than 160 enterprises. Some of the enterprises specialized on Danish research connected with central nervous system medication have already become leading in their spheres of activity [*Regionale...*, 2002, p. 27].

Therefore, cross-border clusters in Europe seem to be already known phenomenon and their support is maintained not only at national but also at pan-European level, particularly through implementation of EU regional policy that stipulates the existence of the cross-border regions joint development strategies.

*In Ukrainian-Polish cross-border region at Polish side two strong clusters already exist: «Aviation Valley» (Dolina Lotnicza) and «Organic Food Valley» (Dolina Ekologicznej żywności). This creates possibilities for Ukrainian side participation. Thus, created in March 2010 in Lviv IT-cluster (Outsourcing Forum as coordinating body) specifies cooperation with Aviation Valley as one of its activity trends. This creates the preconditions for cross-border IT-cluster forming. Nowadays Lviv is one of the largest IT-outsourcing centres in Ukraine. Every year Lviv higher educational establishments train more than 30 000 qualified specialists. The city is considered to be the developed technological, scientific and research center in Eastern Europe, where 25% of all Ukrainian programmers work. Due to the availability of qualified specialists with the knowledge in different spheres of computer technologies, strong educational basis and relevantly low level of expenditures Lviv has become the center of the largest Ukrainian software developers and outsourcing services providers.*

Moreover, “Lublin Ecoenergetic Cluster” has begun to function as a cross-border cluster through attraction of the participant from Ukrainian side, in particular – “Centre of Alternative and Renewable Energy Sources”. This cluster also includes holding structure, which has its department on Ukrainian side– JE «ComEcoLviv Ltd». The further development of this cross-border cluster is to be expected in the sphere of ecoenergy due to the urgency of the energy saving, renewable resources and waste processing issues in terms of EU financial assistance.

Both sides are interested in forming in Ukrainian-Polish region of cross-border tourist-recreation cluster (relevant projects were submitted for additional funding under the ENPI Programme “Poland-Belarus-Ukraine” for 2007–2013 and declared in regional strategies).

According to the survey of production localization and specialization the cluster initiatives are also observed in forestry (Forest cluster of Carpathian region) and in construction, in particular – construction materials production.

***Cross-Border logistic clusters constitute to be an important development trend*** considering substantial transport and transit potential of the Western regions of Ukraine.

*Thus, logistic sector in EU (planning, organization and conduct of freight transportation) shows considerable increase pace. During the period of 1995 – 2005 transportation has increased by approximately 30% but according to the analytic prognosis the amount of transportation will be increased even by 50% more by 2020.*

*According to Eurostat the cost of logistic services amounts to 10–15% of the final output cost. That is why European companies in order to decrease the production cost have to reduce freight transportation time and energy consumption and its storage cost in order to increase the production competitive ability.*

*In 2008 6 countries-EU members provided 2/3 of European freight: Germany (517 billion tonne-kilometres), France (283 billion tonne- kilometres), Spain (264 billion tonne- kilometres), Italy (256 billion tonne- kilometres), **Poland (232 billion tonne- kilometres)** and Great Britain (206 billion tonne- kilometres).*

European market of logistic services is characterized by its clustering. The experts mark out near 25 basic logistic clusters and 60 secondary logistic clusters [*The European...*, (http)] located on European territory.

Majority of logistic clusters are located at the intersection of basic freight flows and combine variety of core objects, primarily storages. The range of cluster activity in different countries and regions is often interconnecting. At least 4 clusters can be treated as global logistic, in particular: London, Paris, Frankfurt (Rina – Main) and Ranstad Holland (along with the region Rina-Ruhr and the region of north-eastern France).

***Considering the development of transport infrastructure from West to East the cross-border cluster at the Western border of Ukraine along the axe Baltic – Black Sea may become the next global logistic cluster.*** as it is known, the influence of international transport corridors is sensible in the limits of 200 km, and the logistic centers that are going to form cross-border logistic cluster are situated near to the largest border crossing points (Yahodyn, Rava-Ruska, Krakivets, Shegyni, Chop, Uzhorod, Porubne, Reni). Therefore all the Western regions can gain considerable impulse for development. Nowadays the majority of objects of logistic services market of Ukraine is concentrated in Kyiv region (90%) and not in the bordering regions – at the state «entrance-exit» and general capacity of logistic services in Ukraine amounts to approximately €2,5 billion [*Mamepianu...*, 2008].

The strategies of regional development contain the notion of such possibility and the relevant technical and economic substantiation is being developed both over forming of cross-border logistic clusters and cross-border industrial zones with the possibility of logistic services granting. Nevertheless, the lack of

legal maintenance of *specific customs control for production cooperation* in the framework of cross-border clusters and particularly industrial zones is the basic hold-back factor of these innovative forms of cooperation introduction.

*Thus, Zakarpattia region developed the plan that stipulates 5 places on the borders with EU where industrial parks are to be located with the center in Mukachevo. The planned industrial parks will be situated near Slovak border in Uzhorod and Solomonovo, near Hungarian border in Chop and Beregovo as well as in Vynohradiv area nearby Romanian border. The specifics of the parks lies in logistics as the basic direction of activity and that is why in the long term perspective attention is paid to transport opportunities (in particular, Mukachevo airdrome) and location of production is defined only as the possibility [Програма..., 2009].*

Similar projects are in the process of development in other Western regions of Ukraine mainly in order to gain financial assistance from international financial funds.

In fact, creation of industrial zones and parks pursues two aims. The first one – to create the structure in the retarded peripheral region, which will play the role of business-incubator (including all infrastructures) and help investors start the production. The second one – this coordinating structure should also be the financial intermediary in receipt of financial aid from EU structural funds.

Euroregions can be used as a coordinating structure of cross-border clusters or industrial zones as far as they are at the same time the institution that must develop and implement *the strategy of cross-border region development*. Considering the fact that cluster strategy concerns all the strategies that assist in creation of environment for cooperation between different economically interested parties at local, regional (cross-border), national and supranational level and encompasses all the strategies that influence the development of clusters (regional strategy, industrial strategy, innovative strategy), Euroregions can and must take the role of «the center» of information and technology exchange, cooperation measures coordination between the participants of cross-border cluster or industrial zone.

Euroregions are usually created by regional and self-governmental authorities and public organizations and they can simultaneously be the intermediate connecting organization, which will play the role of cross-border cluster or industrial zone governing authority.

However, efficiency of the process of Euroregional policy diversification influence on coordination of cross-border clusters is mainly defined by the structural rearrangement of Ukrainian Euroregions, change of central and regional governing elite mentality and upgrade of the professional level of the latter. Moreover, in some cases the Euroregions lack legal status. This disadvantage was eliminated due to the new EU Regulation.

*European Groupings of Territorial Cooperation* (EGTC) – are the new forms of cross-border cooperation in terms of EU, which appeared due to adoption

on July 5, 2006 by the European Parliament and Council of Europe of Regulation №1082/2006 on European Groupings of Territorial Cooperation [*Regulation...*,( [http](http://))]. According to this Regulation EGTC are the groupings created in order to simplify and promote cross-border, transnational and/or intraregional cooperation between **EU members** with the aim to strengthen economic and social coherence [Жук, 2009, p. 4–5]. However, such form of cooperation can be used by the Western regions of Ukraine bordering EU (and Poland correspondingly) on condition of its headquarters' location in the state-EU member. This Regulation is used in activity of Euroregion «Black Sea» with participation of Odessa region from Ukrainian side with the headquarters in Constantinople (Romania).

Situation can be changed when Ukraine as the member of EU Council ratifies Additional Protocol № 3 to European Outline Convention on Transfrontier Cooperation between Territorial Communities or Authorities about the Euroregional Cooperation Groupings (ETS № 106)<sup>2</sup> signed by the states-members of the Council of Europe in Utrecht, 2009 and presented and discussed in Kyiv on March 10, 2010 at the National Round Table organized by the Ministry of Regional Development and Construction of Ukraine.

**Cross-border partnerships** are the other one organizational form of cross-border cooperation, which is important to use in Ukraine, particularly in its cooperation with Poland. The aim of its creation and activity lies in health protection, physical and sport training, meeting spiritual and other non-material needs, human and organizations rights protection, elimination of conflicts and other aims directed at obtainment of **social goods**. The aspiration to achievement of the ends that can not be achieved by oneself through consolidation of skills and resources is the key peculiarity of partnerships.

The procedure of organization and functioning of partnerships in the world useful for application in Ukrainian-Polish cross-border region can be observed at the most bright example of partnership – the EURES network of partnerships (European Employment Service) [Пелещак, 2009, p.49–55]. Nowadays 22 cross-border partnerships function in Europe with participation of more than 13 countries. They aim to meet human need in information and maintenance of labour mobility in cross-border regions. All the Partnerships combine employment and professional training services, organizations of employers and labour unions, local authorities and other establishments that are engaged in employment and professional training issues. They are the important mean of employment monitoring on cross-border labour market and the key element of European labor market development. Lviv Employment Service is interested in joining such partnership network and research works on the possibilities of such project implementation have already started.

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<sup>2</sup> Протокол № 3 до Європейської рамкової конвенції про транскордонне співробітництво між територіальними общинами або властями стосовно об'єднань єврорегіонального співробітництва (ОСС)



## CONCLUSIONS

Activation of cross-border cooperation and increase of its capacities efficiency through diversification of organizational forms that can operate in cross-border space creates preconditions for strengthening of competitiveness ability of peripheral boundary areas of the state and therefore – increase of the populations' level of live. With the relevant regional policy cross-border territories can become the „poles of growth” that will ensure accelerated development of Ukrainian economy as well as the economy of Ukrainian-Polish cross-border region.

Conducted analysis shows that along with the well-established forms of cross-border cooperation the new more sophisticated and flexible forms begin to emerge, which are directed not only at solution of life activity problems but also at settlement of the issues of separate markets and economic organizations functioning.

Analysis of cross-border cooperation forms is worth to be conducted from the point of view of cross-border cooperation rules analysis. In any case organization of joint activity (cross-border partnership is the joint activity by its definition) is the result of understanding, i.e agreement. The question is only which conventional rules will be more efficient in organization of different kinds of activity and which factors will influence this efficiency.

Clusters, industrial zones and industrial parks will be beneficial for investment in specific assets, for example development of infrastructure, joint research, etc.

Partnerships will be the most adequate form of organization in case of a large number of participants and considerable economy of scales.

European Groupings of Territorial Cooperation and Euroregional Cooperation Groupings are worth creating when solution of human life activity problems requires creation of the structure and its allotment with specific responsibilities.

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## **Tendencje rozwoju nowych form współpracy transgranicznej Ukrainy i Polski**

### *Streszczenie*

W artykule badane są nowe formy współpracy transgranicznej wraz z euroregionami, w szczególności: „Grupy Europejskiej Współpracy Terytorialnej”, „transgraniczne partnerstwa”, „transgraniczne clastery”, „transgraniczne strefy przemysłowe”, „transgraniczne innowacyjne projekty” itp. Zostało podsumowane doświadczenie krajowe tworzenia transgranicznych parków przemysłowych, transgranicznych klastrów i innych form współpracy. Zaproponowano podejście do poprawy efektywności stosowania nowych transgranicznych form współpracy przez stronę ukraińską w zakresie współpracy polsko-ukraińskiej.

### *Summary*

The new forms of cross-border cooperation are considered along with the euroregions, particularly: European Groupings of Territorial Cooperation», «cross-border partnerships, cross-border clusters and «cross-border industrial zones», cross-border innovative projects, etc. National experience of cross-border industrial parks, cross-border clusters and other forms of cooperation forming is summarized. The approaches to improvement of the application efficiency of the new cross-border cooperation forms by the Ukrainian side in terms of Polish-Ukrainian cooperation are proposed.