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Hungarian-Ukrainian Cross-border Cooperation with Special Regard to Carpathian Euroregion and Economic Relations

Introduction

Recognising the importance of crossborder cooperation was a long process in the European Community itself. The European Parliament, more exactly its Committee for Regional Policy began to play more and more attention to crossborder issues since mid-70-ies. It was in 1981 when the European Commission presented to the member-countries a recommendation for the cross-border coordination of regional development programmes and proposed a number of border regions to be promoted within the framework of the European Regional Development Fund. Since that time the EC/EU in close cooperation with the Association of European Border Regions has taken a great number of incentives to promote cross-border regional development. Beside providing help through different programs and training it has developed the channels of financial supporting.

After that transition process set out in the late 80-ies and early 90-ies in Central and Eastern part of Europe more and more attention has been given to the issue of common border regions of EU-members and their eastern neighbouring countries. While the concrete forms of supporting these border regions have been developed to a great extent border regions within Central and East Europe have been suffering from both lack of experiences in cooperation and shortages in financial sources. Carpathian Euroregion has been one of the most ambitious organisation for crossborder cooperation in Central-Europe. By the time being it became an example of failure, and there are fears that it will not be able to fulfil its major basic goals in crossborder cooperation. This paper tries to give an answer to the question what are major factors of its fiasco, and what are its prospects.

The second part (Chapters III. and IV.) is focusing on Hungarian-Ukrainian crossborder cooperation and issues of bilateral economic relations in general. All issues are analysed taking into account possible impacts of Hungary's future EU-membership.

I. Cross-border cooperation in West-Europe and Central-East-Europe

In the 90-ies all Central-East-European countries with their strategic aim to turn back to Europe faced the challenge how to cooperate with each other in the new international circumstances. Cooperation with each other was not only an expectation on part of the West towards them but constituted their own interests as well. Besides cooperating at state level (group of Vishegrad-countries, CEFTA, Central European Initiative) they had to develop new forms of cooperation at local or regional levels. These incentives are often called as peripheries intercept with peripheries due to the fact that a most common feature of almost all

cooperating Central-East-European regions or local entities was their underdeveloped or peripheric situation within their respective country.

Central-East-European countries inherited several ways of cooperation from the CMEA-era, such as framework of the so-called „small borderline transit” or system of twin-towns or twin-settlements. The experience of both mentioned forms could help understanding and introducing new modern forms of cross-border cooperation. Easier moving and border crossing in regions having been linked to the small borderline system facilitated people on the two sides of borders to getting closer to each other, to a deeper understanding of partners, twin-settlement programs paved the way for the ability of mostly cultural cooperation. Revaluing the role of borders in the early and mid-90-ies there was a possibility and also a „must” to go beyond these goals toward crossborder cooperation in a more broader and practical sense.

1. Euroregion as a West-European mean of cross-border cooperation

According to the grouping of Winfried Lang three types of regionalism can be distinguished: regionalism within national frameworks, transborder regionalism and international regionalism.¹ (European integration presents the highest degree of the latter.) In the 70-80-ies there was a shift in West-European ideology and practice of regionalism from regionalism within and directed by the state towards the model of „below-to-upward” shaping regionalism characteristic basically for transfortier regionalism. Contrary to the De Gaulle idea of „Europe of States”, the idea of „Europe of regions” has become more and more accepted. This process has been institutionalised as well, first by the „Madrid Agreement” (1980) within the framework of the European Council.² Significance of the agreement is also given by its Appendix, which contains patters for cooperation agreements both for states and local governments.

Different institutional forms of regional transborder cooperation have been worked out such as working community (for example Alps-Adore Working Community), interest community (like Central-Elzas-Breisgau Interest Community), council (Geneva-Lake Council) or euroregion. The latter is often seen as a most effective and most characteristic mean of crossborder cooperation. French, German, Dutch, Belgian and Swiss regions were among the most active ones in West-Europe. Most of the established by them formulations are euroregions.

Euroregion is a self-initiated form of cooperation among regions, local governments lying on both sides of common borders and having the main goal of stimulating prosperity of citizens and development of borderline regions by common activities and incentives. According to different definitions euroregion is „a formalised structure of transborder cooperation which involves delegates of local and regional authorities, social and economic partners. The

¹ Éger 1998, p. 76.

² Hungary joined the agreement in April 1992, which was confirmed by the Hungarian Parliament in 1993 March.

euoregion has a special organisational structure, on the highest level with its elected Council, the commission, working groups and permanent secretary”³, or it is a geographically confinable territory, involving parts of several countries, where mutual interregional or transborder cooperations of economic, social, cultural or other type exist between two or more countries or their respective local governments.”⁴ Euroregions as special geographical frameworks of crossborder cooperation, with wide authority scope and functions are also possible means of managing interstate conflicts. In principle the concentration of economic, environmental, social, cultural and other institutional activities of an euoregion would grow to such a „critical mass”, that will strengthen the cohesion among the frontier regions. Thus, according to Baranyi, euoregions may be defined as traditional and the most effective institutional frameworks of cross-border cooperation working on the geographical area of two or more countries which have made an agreement to coordinate the development of their frontier regions.⁵

According to one Hungarian specialist on regional issues „... within the East-European EU candidate countries international euoregional cooperation is of great importance (this is also recognised by the launch of PHARE CBC Programme) as it may influence the tendencies of international political relations significantly and may strengthen the cohesion of frontier regions involved in regional cooperation through their coordination activities.”⁶

2. Euroregions emerging in Central-East -Europe

In the early and mid 90-ies several euoregions based on West-European patterns and experiences were founded on the Eastern border of the European Union with participation of Hungarian, Polish and Czech counties or voivodships on the one side and German or Austrian on the other as ways of East-West cooperation at lower than state level. Carpathian Euroregion founded in February 1993 was the first euoregion with members belonging exclusively to the countries of the former socialist bloc as an experiment of new form of East-East cooperation.

Polish regions (voivodships) were among the most active ones in initiating euoregional formulations. Between 1991 and 1996 nine euoregions have been formed with their participation, among them four with German partners and five with regions of neighbouring former socialist countries: Czech Republic, Slovakia, Ukraine and Belarus. The development of euoregional movement in Poland can be well illustrated by the fact that the whole Polish-German border has been covered by euoregions for the last ten years.

When speaking about regional cooperation one must make differences between so-called macro-regions and micro-regions. The former is a cooperation of at least two countries, when not the whole territory of the respective countries (or at least one of them) is participating in the common actions. These forms of regional cooperation are initiated not at the state level

³ Definition of Commission of Regions of the EU

⁴ Süli-Zakar 1998, p. 52-53.

⁵ Baranyi 2002, p. 10.

⁶ Baranyi 2002, p. 9.

but at the local/regional one or by a third organisation. This model may be referred as provincial or county model, which is based on extensive euroregional organisations integrating medium-level spatial organisations, provinces, regions (NUTS 2 level) and counties (NUTS 3 level) of two or more neighbouring states"⁷. Three of euroregions with Hungarian participation belong to macro-regions: Carpathian Euroregion, West-Pannonian Euroregion and the Hungarian-Romanian-Yugoslavian Danube-Kőrös-Maros-Tisza Euroregion.⁸ Recently new euroregions of micro-region type have been emerged. The so-called micro-regional model is rather an urban agglomeration model based on direct, bilateral micro regional (NUTS 4 level) or inter-urban, inter-settlement (NUTS 5 level) relations. Consequently they cover only small territories, but have better chance for understanding each other, for developing common projects of mutual interests. „Their larger mobility, closer interrelations, and stronger cohesion can manage the issues of cross-border cooperation more efficiently than large and extensive euroregions like the Carpathian Euroregion...”.⁹ Among these newly emerged micro-euroregions the Kosice-Miskolc (based on Slovakian-Hungarian twin-town relations), established in 2000 December, the INTERREGIO (2000 October), the Hajdú-Bihar-Bihar and the Bihar-Bihar (2001 April) euroregions have to be mentioned. INTERREGIO is a trilateral formulation of Hungarian Szabolcs-Szatmár-Bereg, Ukrainian Transcarpathian and Romanian Satu Mare counties. A common characteristic of all the above mentioned euroregions is that all are located in the territory of the Carpathian Euroregion and participating in its activities as well.

3. Differences between Western and Eastern-type euroregions

Though euroregions in Central-East-Europe have been formed on West-European patterns – due to the commonly spread belief that Western models are to be followed in the East as well, there are significant differences in their functioning. While euroregions in the Western part of Europe – and to a less extent on East-West borders – are regarded as most effective way of transborder cooperation with real perceivable results, euroregions in Eastern part of Europe are often subjects to dissatisfaction and disappointment. What are the major factors in these differences?

First, while crossborder cooperation and euroregional activities in the West represent part of European general tendency toward deeper and deeper integration, there was no such „umbrella” stretched above East-European initiatives. Though cooperation efforts within the framework of the CEFTA or Visegrad-cooperation are well-known, these incentives, their major goals and available for them means are far from those of the European Union. EU supports transborder cooperation by all means, including providing of considerable amount of funds for specific projects. There is no such an institutionalised fund available for cooperating East-European countries, and the funds provided by the EU within the frameworks of PHARE or TACIS programs are only crumbs as compared to the huge demands.¹⁰

⁷ Baranyi 2002, p. 10.

⁸ The latter first functioned as Danube-Maros-Tisza euroregion founded in 1995, in 1997 it became Danube-Kőrös-Maros-Tisza Euroregion.

⁹ Baranyi 2002, p. 20.

¹⁰ Illés 1997, p. 58.

The second major difference is in the level of decentralisation. Decentralisation process in Eastern part of Europe is lagging behind the same process in the West, and its level also differs from country to country. Unclear and insufficient division of labour between central, regional and local levels, the attempts of central bodies to interfere in regional and local decision-making process hamper the incentives of local and regional governments, whose political and economic autonomy - in many countries - is very low in principle (granted by the law) as well.

The third – maybe most important – reason is the lack of sufficient financing. Own sources of affected local or regional governments for cooperation purposes are close to zero, and as it has been already mentioned above, EU-funds available for them are very limited. Within the EC it is only since 1994 that funds of the INTERREG are allowed to use for supporting cooperation on the outer borders of member-states, PHARE CBC was created only in 1995 for promoting the development of border regions of the EU and its neighbouring regions. Since 1996 there is an opportunity for funding cooperating border regions of associated countries as well. As far as Hungary is concerned these funds are still difficult to be used for the development of border regions with Yugoslavia or Ukraine.¹¹

Paradoxically, the fact that cooperating regions, counties of now neighbouring countries used to belong to one state in several historical stages, consequently, the existence of critical mass of minorities on both sides of borders comprise not advantages, but function as enormous political obstacles to crossborder cooperation. In the Hungarian case for example large number of ethnic Hungarians in the territories annexed to the neighbouring countries after the second world war by the Trianon peace agreements raises specific problems. During the past ten years several political leaders of Hungary's neighbouring countries regarded closer cooperation between territories beyond the border as dangerous from the point of view of their country's integrity and tried to hinder the process of border opening. Consequently, the permeability of borders did not improve significantly. As the experience of the Carpathian Euroregion shows: it has been a victim of two contradictory impacts: disagreements on highest political levels in states' bilateral relations on the one side and the positive incentives and wishes for deeper cooperation on local levels on the other side.¹²

4. Euroregions in Ukraine

Joining the movement of establishing euroregions in Central-East-Europe meant a special chance for Ukraine. While other Central-European countries had several institutional ways of being integrated to Europe (to the Western part of it by the „Europe agreements”, by membership or good chances for membership in transatlantic integration organisations or by means of cooperation among themselves like Visegrad-cooperation or CEFTA) for a long time the only organisational way of linking to Europe for Ukraine had been through

¹¹ Illés, 1997, p. 58.; Ludvig- Süli-Zakar, 2000,

¹² Éger 1998, p. 86.

participation in euroregional transborder cooperations.¹³ (The other European forum of cooperation in which Ukraine takes part is Central European Initiative.) Having in mind that three of her neighbouring countries will be EU-member in the foreseeable future Ukrainian joint participation with regions of them will mean direct links with the enlarged EU itself which will be of special importance for Ukraine. This is why Ukrainian leaders at the top level were so much keen on supporting Ukrainian counties (oblasts) in participating in euroregional frameworks at the beginning.

The other major reason of Ukrainian interests in these regional cooperations lies in the very underdeveloped economic and infrastructural situation of Ukrainian border regions both in Central-East-European comparison and within their own country. Transborder cooperation generally and euroregions particularly were regarded as potential means of overcoming underdevelopment. These were expectations not only on state, but both on local/regional levels and in people's minds living there as well.

At the time being the following euroregions with Ukrainian participation are known:

1. Carpathian Euroregion (Polish-Hungarian-Slovakian-Romanian-Ukrainian)
2. Bug Euroregion (Polish-Belorussian-Ukrainian)
3. The Lower Danube Euroregion (Romanian-Moldavian-Ukrainian)
4. The Upper Prut Euroregion (Romanian-Moldavian -Ukrainian)

Among them Carpathian Euroregion was the first to be established. By its extents most Ukrainian oblasts (four) are interested in it. In this formulation Ukrainians have partners from three soon becoming EU-members, from Poland, Hungary and Slovakia.

Later on other euroregions emerged with participation of Ukrainian and neighbouring Central-East-European regions. One of them is the Bug Euroregion, which is an example of cross-border cooperation between the Ukrainian Lviv oblast, Polish and Belorussian partners. This euroregion might be the closest to the original idea of an euroregion considering its size, its trilateral character, fields of activities and also the perspectives. Establishment of the two latest euroregions during last years with Romanian and Moldavian partners can be characterised by so-called „central will” of the respected countries, which contrasts with the original „from below-to-upward” idea of an euroregion.

II. The case of the Carpathian Euroregion: problems and results - general view and Ukrainian perspective

¹³ This expectation is especially clear from words of Mr. Anatolij Zlenko, former Minister of Foreign Affairs in Ukraine, who at the founding ceremonies in Debrecen stated: „We are entering the process of European integration.”

The Carpathian Euroregion cannot be considered as an ordinary euroregion. Regarding its type it belongs to so-called macro-regions. Though it is a cooperation form of local or regional levels, central organs (especially in some of its participating countries such as Romania, Slovakia or Ukraine) have played an important role for its almost 10 years' history.¹⁴ Foreign ministers of the three founding members – Ukraine, Poland and Hungary – were presented on its founding ceremony and signed a protocol on the intents of cooperation. The euroregion raised the interest of several West-European organisation. Catherine Lalumiere on part of the European Council also took part in the ceremony and expressed her support. The role of the New York-based Institute of East-West Studies in the founding of the euroregion (later East-West Institute) has to be also mentioned. The institute brought the necessary financial support at the first stage of the euroregional activity. Due to all these efforts the 1993-1994 years were really successful, a great number of ambitious programs proved this. (The calendar of the euroregion for the year 1994 contained numerous different programs – fairs, exhibitions, competitions, sport and youth programs, business-meetings etc.- with the initiatives or joint participation of the Carpathian Euroregion.) Anyhow first swing has been broken down later on. Problems and difficulties began to overcome, the West lost its interest in the project – meanwhile other euroregions had been founded by exclusively or partly East-European participants. Carpathian Euroregion has become more and more an example of unsuccessful, ineffective basically formal organisation. What are major problems of failures, what are its perspectives now? In the next part of the paper we try to give an answer to these questions.

Table 1.

CE Population after "Enlargements"	
	<i>Thousand</i>
Poland	2375
Hungary	2609
Romania	3669
Slovakia	1544
Ukraine	6429
<i>Together</i>	16626

Table 2.

CE Territory after "Enlargements"	
	<i>Thousand km²</i>
Poland	18,7
Hungary	28,6
Romania	44,9
Slovakia	15,7
Ukraine	56,6
<i>Together</i>	164,5

¹⁴ The Carpathian Euroregion will celebrate its 10 years anniversary in February 2003 in Nyíregyháza.

1. Main problems and achievements

Most outsider analysts and participants within the CE agree that peripheral economic situation, huge extents, the lack of necessary financial sources and the legacy of the past with many ethnic-type conflicts causing serious impacts on today's bilateral political relations comprise the major obstacles to cooperating in the region.

Table 1. and Table 2. give an apparent view of the enormous extents of the CE, which cause numerous problems. Owing to its enlargements the territory and population of the Carpathian Euroregion has become state-like. (List of members is provided in the Appendix.) Huge extents combined with the big number of affected states raise specific problems: lack of common interests and in specific issues emerging contradictory interests, lack of direct contacts between members, inefficiency in managing problems etc. Though figures would indicate an Ukrainian dominance in the euroregion, it is not exactly the case in the effective work. The two dominating national sides are formed by the Polish and Hungarian members, who are in a slight rivalry with each other for the leading role in the organisation.¹⁵, which also hampers effective cooperation.

According to our survey (based on interviews and questionnaires)¹⁶ other major obstacles to euroregional work are rooted in structural-institutional and financial problems, and the inadequacy or lack of clear „division of labour” between the central and local levels.

As far as main achievements are concerned interviewed Ukrainian (exactly Transcarpathian) officials gave a very pessimistic picture on the euroregion activity. The main average on a 10 point's scale was only 4.4 point when valuing the euroregion success as a whole. Looking at Table 3. on main results and unsuccessful fields of original goals one can see considerable disappointment concerning the euroregion achievements. It were just the Ukrainian members who had the biggest expectations towards economic development, obvious, perceivable for the population improvement in living standards thanks to cooperation within the CE. The reason for these expectations is that Ukrainian members were on the lowest level of economic development among all cooperating regions, who could have gained most. Naturally, based on the experiences of West-European euroregions these kinds of results can be expected only in the long term, and need much more developed financial background. (We'll see the reasons of failures later on.) Table.3 shows the list of unsuccessful fields, the very short list of significant results, and the fields with still acceptable results seen from Ukraine. The main values, „success” of the euroregion cooperation are of not material kind but general values as

¹⁵ A good example for this rivalry is a recent event, a council meeting in 2002 which was aimed – among other things- to decide on the location of the Secretariat. Both the Polish and the Hungarians insisted on having the Secretariat in their respective country, splitting into two groups members of other countries, Slovaks, Ukrainians and Romanians. The Hungarian side „won” the dispute, a decision was made on forming the Secretariat in Nyíregyháza.

¹⁶ In 2000-2001 a survey was carried on in the Institute for World Economics of Hungarian Academy of Sciences on „The role of Carpathian Euroregion in the economic catching up of the cooperating regions, counties” under the author's coordination.

1. Diminishing mistrust between nations and ethnic groups
2. Promoting „good neighbour relations”
3. Cultural-scientific cooperation: organising common conferences.

Table 3.

Valuation of interviewed persons on euroregional achievements		
Main results <i>between 7-10 point</i>	Acceptable results <i>between 4-7 point</i>	Poor results <i>below 4 point</i>
diminishing of mistrust between nations and ethnic groups	promoting infrastructural development	promoting economic development
promoting "good neighbour relations"	promoting relations between entrepreneurs of different affected countries	improvement in border crossing
organising common conferences	promoting trade links within the euroregion	providing information on the partner countries' legal and administrative regulation
	organising international fairs and exhibitions	common efforts in environment protection
	creation of turistical map of CE	promoting investments in partner countries
	cooperation between universities	promoting tourism
	organising common sport, cultural etc. competitions	improvement in transport conditions
	organising common research projects	creation of the image of the CE
		organising transborder police-cooperation
maximum point: 10; minimum point :1		

Source: Ludvig-Süli, 2002: Results, problems and prospects of the CE

Looking at the list of unsuccessful fields or insignificant results we can conclude that most of them have serious economic aspect. (For example failure in promoting economic development, achieving improvement in border crossing, common efforts in environmental protection or transport facilities, promoting investments or tourism.) Beside, little improvements have been brought by the euroregion in gathering and providing information on the partner countries' legal and administrative regulation, which is a real failure in the euroregion work since this kind of activity serves as a base for any kind of cooperation. It is interesting, that even achievements owing to definitely euroregion initiatives in the very awkward question of border crossing were considered to be not satisfying in Ukraine. (The Carpathian Euroregion had initiated on governmental level of affected countries (for example

Hungary and Ukraine) to open several new border stations or reconstruct old ones, of which many have been realised). This disappointment indicates that there are still basic obstacles and barriers to physical communication on the Ukrainian borderlines.

The opinions of interviewed Ukrainian persons, officials on major problems had a lot in common. The large extents, far from each other territories, and the resulting impossibility of common actions, common interests were mentioned by all of them. The possibility of giving up membership in the giant organisation has been also mentioned since catching up of small areas has been considered to be the main goal of crossborder cooperation.

Table 4.

Valuation of interviewed persons in Ukraine on main problems of the CE		
<i>most serious problems (7-10 points)</i>	<i>Serious problems (4-7points)</i>	<i>non-serious problems (below 4 points)</i>
scarcity/shortage in financial resources	Language barriers	different interests of members in the euroregional cooperation
lack of self-contained budget	Different level of economic development of the members	conflicts of personal type within the organisation
border crossing problems	Different level of infrastructural development of the members	
lack or decrease of interest of outsider sponsors	Shortage in experts	
frequent change of CE leaders	Structural problems	
	Shortages in sending in tenders	inefficiency in participating on tenders
maximum points: 10; minimum points: 1		
source: Ludvig- Süli (2002): Results, problems and prospects of the CE		

The most serious problems are related to financial difficulties, lack of capital - little amount of invested foreign capital -, undeveloped infrastructure. It is not easy to find solution to all these problems at least not in the short or middle term. (Naturally solution to these basic problems cannot be expected to be given by the crossborder cooperation exclusively, only its contribution in the form of ideas, organisation work and initiatives.) Table 4. shows the lists of most serious and smallest problems based on the questionnaires filled in Ukraine.

Another big problem, obstacle to the successful euroregion work is caused by the frequent change in the leadership which is due to the fact that the main body, the Council consists of mostly self-government leaders that are elected at different time in a 4-5year period in each

affected country. According to the Ukrainian answers personal conflicts within the organisation and different interests in the cooperation in general are the less serious problems.

The Ukrainian valuation on the euroregion activity in giving in tenders, which is among the most serious problems in almost all answers of the other four countries' representatives, are worth analysing more detailed. This leads us to the issue of Ukraine-EU relations including the question of enlargement impacts and available- in the future - EU-funds. Compared to interviewed persons from the other 4 countries the knowledge of already available EU-funds for supporting East-European crossborder cooperation has been on the lowest level in Ukraine. It is especially important to reach achievement in this respect since one of the main conclusions of the survey carried on on the results, problems and prospects of the Carpathian Euroregion was, that EU-funds - the already available and those that will be available after the East-European accessions - could exert the necessary pulling impacts (basically by possibilities within the Interreg program) to relieve the euroregion of its present deadlock. Another question arises from this. In order to be able for effective tendering Ukraine would need much more experts speaking „EU-language”.

2. Directions of development (based on main problems) – recommendations

a. Territorial integrity and activity of subregions

Separations could underline the already achieved results in good neighbour relations, diminishing of mistrust and general opening up toward each other. Although joining of new members should be avoided in the future, the present euroregion should be kept in one organisation. We would not suggest dividing it into pieces or opting out of some members from it. The present Carpathian Euroregion should be maintained as a framework, an experienced background for all participating regions, but more practical role should be given to the already shaping or existing subregions within it. These subregions are formed on bilateral or trilateral base on smaller territories on the borderline which enable them to work more efficiently, concentrating on some practical projects of key importance. For example such a subregion can be found on the Hungarian-Ukrainian-Slovakian border-crossing with the participation and outstanding activity on part of the Hungarian Sátorajújhely, Ukrainian Ushgorod and Slovakian Nagykapos. The Carpathian Transborder Association on Economic Development is a common institution of business centres from border regions of the three affected countries. Another trilateral incentive is the Szabolcs-Szatmár - Szatmar – Transcarpathia intercounty cooperation, or the very active joint work between Hungarian Szabolcs-Szatmár-Bereg and Ukrainian Transcarpathian counties. These two latter counties has begun to work on a joint transborder development conception as well.

b. Structural-institutional issues

One basic barrier to effective work of the euroregion lies in the lack of continuity due to its specific institutional structure. The only permanent bodies are the national offices, with few member staff and an office leader. Location of the Secretariat, the coordinating body of these

national offices, has been changing in every two years, meaning that its leader has been changing by every two years as well. The technical abilities of the Secretariat depend on the location and personal background of the Secretary. These circumstances create obviously serious obstacles to permanent and professional coordinating work and indicate the necessity of a stable permanent Secretariat with professional staff. At moment there are no sufficient financial sources to establish such kind of Secretariat, which constitutes the main barrier to efficient tendering. Without enough sources there is no appropriate secretariat, without permanent secretariat there are no chances to raising necessary funds through tendering.

Our suggestion is to form the present Secretariat at any effort to a small professional one, that could be developed further owing to the available for EU-members INTERREG-funds. At present Hungary provides location for the secretariat, which is a good choice due to the Hungarian experiments gathered during EU-accession process. Another acceptable possibility would be Poland or Slovakia.

Our second suggestion regarding institutional structure relates to the composition of Euroregion Council, the main decision-making body of the euroregion. According to the present practise all five countries delegate three persons to this Council who are mainly politicians, in most cases self-government leaders. This composition creates another obstacle to permanent professional work. Since the members of the main decision-making body have been changing all the time according to the self-government elections in all participating five countries much time has been wasted in the learning process of the newly elected council-members instead of real effective work on key issues, real projects. We suggest to increase the number of so-called „neutral” members, to have at least one representative of the civil society (science, business or other of civil organs, NGO-s) from each country.¹⁷

c. Issues of financing

Lack of sufficient financial sources is one of the main causes leading to the present deadlock of the euroregion activity. A major conclusion of the research carried on in the Institute for World Economics of the Hungarian Academy of Sciences on the Carpathian Euroregion in the last few years was that the necessary renewal, necessary pulling impacts can be expected only from EU-funds, also the already available ones like PHARE CBC or TACIS or partly INTERREG, but more from those INTERREG-funds that will be at disposal of new EU-members, Hungary, Poland and Slovakia after accession. At the time being there are several basic obstacles to successful using of EU-funds. 1. Lack of all necessary information on possibilities; 2. Unsolved problem of legal representation of the euroregion. (Carpathian Euroregion itself is not a legal entity in this respect.) 3. Lack of personnel able for efficient tendering, or speaking the „EU-language”; 4. Lack of Joint Programming Document 5. Lack of own sources required by the provisions of the respective EU-funds.

A solution towards three of the above mentioned problems could be the creation of the permanent professional Secretariat in one candidate -country (most preferably in Poland or

¹⁷ At moment there is only one such neutral member representing the sphere of science in the Council, a delegate on the Hungarian side.

Hungary) with an appropriate legal status and professional staff. Tendering to EU and other funds would be a major task for this body.

An urgent task in the near future is to create a medium or long term integrated development program for the Carpathian Euroregion according to the requirements of Interreg funds. This work should be done by a joint professional group representing all participating countries.

Since EU-funds prescribe the necessity of own sources as well the budget of the euroregion, or budgets of national sides should be created. An example to follow could be the Polish case, where efforts have been taken in order to establish a kind of local budget through membership fees paid on settlement level. Beside this kind of own resources the financial support of different foundations and sponsors is also necessary. In order to be able to raise potential sponsor's interest it is not avoidable to conduct an active PR work, to create or renew the image of the Carpathian Euroregion.

d. Relationship between local, regional and central levels

Central will and central guardianship have a special role in Central-East -Europe, especially in the peripheries. Since the cooperating regions belong to states with short period of experiences on democracy, the division of labour or division in decision-making between central and local/regional levels in many cases is still unclear or non-working. The limited self-reliance or independence of local and regional levels is another serious barrier to effective transborder cooperation since foreign relations are major fields for these kinds of limitations. This is especially characteristic for Ukraine, Romania and partly for Slovakia. In the two latter cases central will blocked for years full membership of the affected counties with political suspicion in the background. Solving all these problems is not a one-day task, rather a long process within general democratic development, but EU-membership might give big impetus toward normalisation in relationship between central and local/regional levels. Until that time intergovernmental relations and agreements will play dominating role in crossborder cooperation. (Adjusting to these tendencies, Hungarian and Ukrainian prime ministers concluded an agreement in 2001 on appointing prime minister's commissary on both sides for supporting crossborder cooperation.)

There is another side of the coin that is especially characteristic in Hungary and Poland. In these countries – after the first central approvals on establishing the Carpathian Euroregion - participating counties or voivodships have been left alone, by their own capacities and resources without any - mental or financial – support from their state, from their government. This is another extremity hampering euroregional work. Due shortages in experiences and lack of own financial sources for euroregional purposes these counties should get some help from the state at least in the form of consultations or common planning.

What could be final conclusions from all the above mentioned facts, and what are their major implications for Ukraine?

1. Is CE a real euroregion in the sense of original West-European perception of „euroregion“?

The answer is no. An organisation like a twofold Hungary cannot fulfil traditional euroregional functions. (Neither it has a functioning self-contained budget, which is a criterion of an euroregion according to the definition of the Association of European Border Regions.) CE has a special mission in Central-East-Europe. It is justified by the answers of the interviewed persons in all five affected countries. While this monster euroregion could hardly contribute to the improvement of general welfare of people living on its territory its main merit is helping to create a more open atmosphere based on trust and good neighbour relations. This is especially important in this part of Central-East-Europe, that is frequently mentioned as „second Balkan“. Anyhow there is a hope that in the future it may serve as a framework for fulfilling other practical goals as well by the growing and improving performance of its shaping subregions. This may dispel the present disappointment.

2. What does CE-membership mean for Ukraine and her affected regions?

Ukraine or her participating oblasts used to be among the most interested parties of the CE. During the past almost 10 years Ukrainian participants have lost much of their interests due to the lack of perceivable results. New opportunities will emerge after Hungary, Poland and Slovakia become members of the EU since Ukraine will be in direct neighbourhood with all these new EU-members. For solving one of the most crucial problems of recent CE activities new funds of INTERREG will be opened. These newly available funds might give the first necessary pushes towards the renewal and strengthening of the CE. These funds will be used directly by the new member-states without recent difficulties of fitting together PHARE and TACIS programs.

III. Hungarian-Ukrainian cross-border cooperation in a broader approach – main goals and challenges on both sides

In the focus: Transcarpathia

Since Transcarpathia is the only Ukrainian oblast bordering Hungary, with a significant Hungarian minority living in its territory, naturally it is in the focus of Hungarian-Ukrainian transfortier cooperation from political, social and economic aspect as well. (Anyhow according to Transcarpathia's geopolitical situation it might play a central role in CE generally as well.)

Political background can be characterised by the fact of 150-200 thousands Hungarian-speaking population (or 12% of the Transcarpathian population) living there and generally good Ukrainian-Hungarian political relationship on state-level.

1. Characteristics of Transcarpathia oblast

Transcarpathia or as it is called officially „Zakarpatska oblast” is the westernmost administrative region of Ukraine surrounded on three sides – north, west and south – by EU-candidate countries: Poland, Slovakia, Hungary and Romania. It covers an area of 12.800 km² and has about 1.3 million inhabitants. Since it lies on the western slope of Carpathian mountains forestry (and agriculture) dominated the economy until the mid-20th century.¹⁸ Agriculture still contributes 28% to the oblast’s GDP, while the share of industry - mainly wood-processing, food and light industry, engineering and metalworking - is near to 50%. Its natural endowments – wonderful mountains, lakes, medicinal and mineral waters - would enable it to become a tourist paradise, which is not the case at the moment. Tourism contributes by only 5% to the GDP of the oblast. On the contrary, Transcarpathia is among the economically less developed oblasts (regions) of Ukraine. Gross value added amounted to only 1.37% of total Ukrainian gross value added for example in 1998, while its share in total population is almost double of this. Around 1998-1999 it showed the signs of economic recovery, but low investment activity is still a basic barrier to real improvement. Some basic economic and social indicators are shown in Table 5. in a comparison with Ukrainian average figures.

Transcarpathia faces serious social problems. The rate of unemployment is one of the highest ones among Ukrainian regions- latest available official figure for 2001 is 6,5% - , while it was only on the 9th worst place in 1997. Real unemployment is considerably higher of this figure, according to some estimates it may be 10fold higher of official figures. Wages are also below the country average. All these indicate that other possibilities, beyond the frameworks of the legal economy have grown into crucial importance. Illegal trade and illegal labour migration are the most commonly used ways of personal trials for surviving. Economic and social consequences of recent floods have added to all these problems.

While it has a relatively low share in Ukrainian foreign trade turnover, its proportion in the FDI invested in Ukraine is near to its population share. It is not surprising that joint ventures play an important role in the oblast’s foreign trade as well, their share totals up to 40% in total turnover. Production of commission has been getting more and more significant in Transcarpathian foreign trade flows, reaching 62.4% in total exports last year. Transcarpathia as an oblast with huge potential for attracting FDI gained legal support from the centre. The „Law on the Special Regime for Investment Activity in the Transcarpathian Oblast” came into force at the beginning of 1999 granting special tax and customs privileges to investors with investment projects worth at least 250 000 USD in some priority fields of economy. The presidential decree „On the Special Economic Zone ‘Zakarpatty’ ”, was issued in March 2001, defining a territory of approximately 740 hectares including the border town of Chop, Ushgorod and Mukachevo. According to the decree, investors can receive further tax reductions and customs exemptions.

Table 5.

¹⁸ Barisitz, 2001. p. 79.

Transcarpathia in comparison with Ukrainian average, different indicators

	Transcarpathia	Ukraine total or Ukrainian average	Transcarpathian share %
Territory, km ²	12 800	603 700	2.1
Population thousand head, 2000.Jan.	1 284	49 711	2.6
Density of population km/head	101	83	
Gross value added , UAH million, 1998	1 138	82 834	1.4
GDP/head, USD	350	642*	
Composition of GDP, %:			
Agriculture	28	14*	
Industry	49	39*	
Services	23	47*	
Change of industrial production (%), 1999/1990	47	5139	
Agricultural production, UAH million, 1999	548	23 603	2.3
Fixed capital investment, UAH million, 1999	169	12197	1.4
Monthly average wages, UAH, 1998 Dec.	132	176	75.0
Official unemployment, %, 2001 Dec.	6.5	3.7	
Export, million USD, 2001	253.5	16 264.7	1.6
Import, million USD, 2001	243.2	15 800	1.5
Balance of foreign trade turnover, million USD, 2001	10.3	465	2.2
FDI stock, million USD , 2001	107.5**	4 406	2.4
Number of ventures with foreign capital,	410	7362	5.6

*Figures for 2000

** According to the figures of the Government Office for Hungarian Minorities Abroad FDI stock in Transcarpathia in Jan. 2002 exceeded 204 million USD, and amounted to 5% of overall Ukrainian FDI-stock.

Source: Ukrainian national statistics (in Barisitz, 2001; WIIW Handbook of Statistics, Countries in Transition 2001; 2002 report of the Government Office for Hungarian Minorities Abroad (GOHMA); Ludvig-Süli, 2000, Hungarian Consulate in Ushgorod)

2. Border and visa issues

The length of borderline with other countries in Transcarpathia is 460 km. The longest border it has with Romania, and the second longest borderline with 137 km is Hungarian-Ukrainian border. At present there exist 5 road and 1 rail border crossing points on this part of the Hungarian border (Záhony-Chop; Beregsurány-Astey; Tiszabecs-Vilok; Barabás-Kosyny, Lónya-Dzvinkove), from among them Záhony(-Chop), the main direction also serves for rail transit, and the two latter ones are so called „small-border crossing points”. As far as the importance of this part of the Hungarian border is concerned according to Hungarian statistics: last year approximately 3% of total number of lorry border crossing fell to the share of these crossing points, while its proportion in passenger crossings reached 8%, meaning 7,6 million persons a year. At the same time the share of breaking of law at this border-line was the highest among all Hungarian border parts amounting to 35%, which is a good indicator of its problematic character. Another characteristic is the high share of transit turnover, about 70% of all lorry turnover belongs to transit. Another specific feature as compared to other Hungarian border lines is the very low - 6.3% - share compared to the 67,5% of Hungarians at the Austrian border - of Hungarian forwarding agents, Ukrainian firms dominate the market.

Schengen-requirements mean not only new barriers to communication, but necessary developments of border stations as well. The Záhony-Chop border station has already been subject to very serious development and reconstruction, Beregsurány is under reconstruction at the time being. Beside these reconstruction works both present small-border transit stations will have to be developed to normal border stations according to EU-standards, and the present small border moving – based on bilateral agreement - as such will have to come to an end.¹⁹ The planned date for the ceasing of small border turnover according to Hungarian authorities is January, 2003.

At the time being there are still basic problems in normal border crossing. While infrastructure itself has been developed to a great extent as compared to previous conditions according to several witnesses the slow transit on the border is more and more often caused by the inefficient work of personal staff on both sides.²⁰ Recently an agreement was concluded between Hungarian and Ukrainian authorities on sequencing working shifts on both side of the border. Beside the border-crossing problems related to human imperfections and negligence a big difficulty has been created by the necessity of customs staff work force

¹⁹ Small border moving or turnover means border crossing opportunity without the necessity of passport, but with possessing a document valid for half a year for a certain number of border crossing at certain border crossing points, and within 60 km distance from the border.

²⁰ As one businessman described the situation on a conference: despite the nice green lamps gleaming all around physical moving is often impossible for hours, people and cars are blocked in the middle of the newly reconstructed Tisza-bridge connecting Hungary to Ukraine.

reduction, which has been part of Hungarian customs' service preparation toward EU-membership. (By the time of Hungarian accession Hungary should present a significant decrease in the number of her customs officials. Anyhow, after the accession regrouping of customs staff will be possible due to the fact that several Hungarian border parts will become inside borders within the EU, and outer border parts will have to be strengthened.)

The necessity of introducing visa regarding Ukraine is a key issue in future border-crossing developments. The introduction of visa-regime is unavoidable for Hungary as a future EU-member, anyhow its timing is also of crucial importance. According to the statements of both previous and present Hungarian governments Hungary will introduce visa-regime for Ukrainian citizens only at the time when it is already a 'must', that is a few month before the start of EU-membership. The earliest date known at the time being is 2003 October, which might be still pushed further on due to the postpone of accession date from January 2004 to May 2004. Although in principle Hungarian official accession to the Schengen-agreement - which will occur only a few years after Hungary's EU-accession - must be distinguished from EU-accession itself, it is an expectation toward Hungary - and other candidate countries - to develop the visa regime compatible with the EU-system by the time of accession.

A crucial point in future visa regime is how effective and flexible it will be. Three principles have to be taken into account²¹ concerning future visa with Ukraine: 1. To be compatible with EU norms; 2. Not to cause real break in bilateral relations; 3. To be available for as many person as possible. In order to be able to fulfil all these principles the correct pricing of visa is of key importance. At present the price for Hungarian visa is 35 euro, which is really high, especially when comparing it with EU suggestion of only 15 euro. It would be desirable that future official price would be even lower.

Another problem is caused by the present low number of Hungarian consulate staff. At the time being there exist three offices located in Ukraine authorised for visa-issuing: Kiev, Ushgorod and Beregovo. Contrary to the 6 thousand visa issued per year now, the new visa regime will indicate a need for approximately 1 million visa a year, the majority of which will emerge in Transcarpathia. In order to fulfil these requirements both technical and human resource developments will be necessary. The normal and civilised working of crossing stations is another key issue as discussed above. The number of crossing points should not be decreased, but instead increased.

3. Hungarian-Transcarpathian economic activities and social impacts – foreign trade, investments, labour migration

From economic point of view the peripheral situation of districts and counties on both sides as compared to their country-average, but a higher level of well-fare in absolute terms on the Hungarian side, consequently generally higher degree of economic development (which can be illustrated by the differences in trade or production structures) and the heritage of non-direct economic links between companies on the two sides of the common border of socialist

²¹ Presentation of the Hungarian attaché in foreign economics, Bertalan Szentpéteri on the conference „Hungarian-Ukrainian trade relations and Hungarian investments in Ukraine” November 20th, 2002 . Budapest.

time must be emphasised. Some major consequences and present problems are rooted in these factors.

a. Trade links

Though Ukraine is not among Hungary's major foreign trade partners the change of goods on the Ukrainian-Hungarian borderline has bigger significance as compared to the country average figures. While Ukraine's share in total Hungarian foreign trade turnover was below 1% in 2000, its share amounted to 4% - 1% in exports and 9% in imports - in Borsod-Abaúj-Zemplén county, one member-county of the CE in the Eastern part of Hungary. The Hungarian proportion in Transcarpathian foreign trade turnover is even more significant, beside German, Hungarian firms are main trading partners for Transcarpathian enterprises. According to official Ukrainian statistics mutual trade turnover between Transcarpathia and Hungary amounted to 103 million dollar in 2001, which is more than 20% of total Ukrainian-Hungarian turnover. This is a very sign of the fact that Hungary as trading partner is of high importance here. Hungarian share in total Transcarpathian trade turnover comes up to about 20%. In the first half of 2002 Transcarpathian exports to Hungary grew by almost 50% reaching 40 million USD, while imports totalled to 20 million USD. Among all neighbouring countries of Transcarpathia Hungarian share in foreign trade turnover is above 70%, which – together with the strong presence of Hungarian capital in the county - means that by far Hungary is the most important economic partner in Transcarpathia's neighbourhood.

Illegal trading is also flourishing. Though the volume of it is hard to estimate, illegal turnover, smuggling and case-shopping are of not marginal importance. Hungarians often visit Transcarpathia for the sake of cheap Ukrainian petrol, while Ukrainians buy mostly Hungarian food and different consumer goods illegally in most cases using easy border-crossing possibilities within the so-called „small-border transit”. It is most likely that Hungarian deficit in trade with Ukraine would diminish to a great extent if these businesses followed legal ways. Anyhow, Hungarian trade deficit is bigger according to Ukrainian statistics, considerable part of Hungarian exports to Ukraine simply „disappears „ on the Ukrainian side despite the existing agreement on customs cooperation. A very new incentive is that all consignments above 7.5 ton will have to receive a so-called „accompanying letter” in order to be able to be followed by authorities. Most probably this new incentive will not solve the whole problem of trade corruption – those who look for will find new back doors, since it is well known that customs officers on both side are involved in smuggling.

b. Investment links

It is also not surprising that Hungarian investors are the most active in Transcarpathia, and found joint ventures in many cases together with representatives of Hungarian ethnic group living in Ukraine. According to latest available figures from among all 410 joint ventures located in Transcarpathia 128 were established with Hungarian capital. Total Hungarian capital invested in Transcarpathia is somewhat more than 20 million USD (approximately 40% of total Hungarian capital invested in Ukraine at all), that is 17,6 % of Transcarpathian FDI-stock. For many years Hungarian investors have ranked on the first place of the foreign investors' list. Although the amount of the invested capital in most cases is low and joint ventures very frequently serve only trade functions, there exist some examples in the sphere of real production - for example wood-processing, food industry or electronics - as well.

Flextronics is a very interesting example of new FDI tendencies. Since electronics needs skilled labour, and transnational companies look for cheap workforce, going further to East from Central Europe, for example to Ukrainian oblasts near the borderline and near to the affiliate located in Central Europe (that is in Hungary in this case) might be a general tendency in the future. While wages in Central Europe are growing – and this will go further on after their accession to the EU – TNC-s might reallocate their production beyond the new EU-border, for example into Ukraine. According to a representative of Flextronics average costs are about 3-4 times higher in Hungary as compared to Ukraine. Both physical work force and skilled labour - for example engineers – can be easily found in the region due to the high - perhaps 35-40% unemployment. All these indicate a possibility of a new tendency giving first priority to foreign investments in the Kyiv-Moscow axle. The peculiarity in the Flextronics-case is that its capital came to Transcarpathia through Hungarian mediation, through the Hungarian affiliate.

c. Labour and other social-related issues

A third major economic (and social) aspect of Transcarpathian-Hungarian relations is labour migration. Working in Hungary – temporally or permanently, legally or illegally - is a mean of surviving for lots of people – either Hungarian or Ukrainian speakers – from Ukraine, but basically for the former ones -. According to Transcarpathian officials's estimates about half of people's income – of those living in Transcarpathia - originates from mainly illegal jobs abroad.²² Another estimate is that the number of illegally working persons in the neighbouring countries – including Hungary - and South-European countries totals to approximately 100-150 thousand persons. A dominating part of them belongs to the Hungarian ethnic group, working mainly seasonally in the agriculture or on building sites in Hungary.²³ Concrete circumstances - pricing and way of availability – of future visa, and EU requirements concerning labour migration will be of crucial importance from this respect as well. Having no further possibilities for working in Hungary would create enormous social impacts in Transcarpathia especially for the Hungarian ethnic group, whose opportunities for getting a job on their homeland are even worse as compared to the Transcarpathian average due to the deficiencies of education in their Hungarian mother-language.

From 2002 January Hungarian government launched a new initiative for supporting Hungarian minorities living abroad. The act on „Hungarians living in Neighbouring countries” insures special rights to ethnic Hungarians living beyond the border of Hungary. The opportunities offered to the owners of Hungarian cards include (beside medical, educational, cultural and travelling benefits) an opportunity of a three month legal job on the territory of Hungary without any special labour market impact analysing (what is obligatory in any other cases when a non-resident applies for a job in Hungary) According to the first experiences, the introduction of Hungarian cards – contrary to the previous fears on some parts of the Hungarian society – did not create any noticeable impact on Hungarian labour market. It is not very surprising that it were just Hungarian speaking citizens of Ukraine who formed the second biggest group - after Hungarians living in Romania - asking for these cards in absolute terms. According to 2002 November figures the number of issued Hungarian cards

²² Barisitz 2001, p. 92.

²³ Hungarians in Ukraine, renewed version of 2000 report of the Government Office for Hungarian Minorities Abroad, <http://www.htmh.hu/jelentesek2002/ukrajna2002.htm>

to Ukrainian citizens amounted to more than 93 000, which is approximately half of total Hungarian ethnic minorities living in Transcarpathia²⁴. This proportion is the highest among all similar shares indicated in Table 6, which is a clear sign of hot interest on part of Hungarian minorities in Ukraine. This also refers to the fact, that they are in the highest need of Hungarian governmental support due to their very poor economic conditions. But, during the past 10 months it was only one case (!) when an Ukrainian citizen used the opportunity offered by the law for a three-month job without the licensing procedure, as mentioned above. This very low number most probably has an important message to all analysts: main form of labour migration is still the illegal one despite all efforts of Hungarian officials.²⁵ Although this issue goes far behind strict cross-border cooperation, beside the Hungarian capital, Budapest, counties lying on the Ukrainian border are among those mostly affected ones in the labour migration issue in Hungary.

Table 6.

Applications for Hungarian card (and Hungarian Family card) from Hungarian minorities living in the neighbouring countries, as on Nov. 18, 2002

	Number of applications	Number of Hungarian ethnic minorities in the country*	Share of application numbers in total number of Hungarian ethnic minorities in the country
Croatia	4 282	20000	21.4
Yugoslavia	86 685	300000	28.9
Romania	317 800	1 800000	17.7
Slovakia	54 964	520000	10.6
Slovenia	1 394	20000	7.0
Ukraine	93 552	200000	46.8
<i>Total above</i>	<i>558 677</i>	<i>2860000</i>	<i>19.5</i>

*Figures for Hungarian ethnic minorities are estimates of the Government Office for Hungarian Minorities Abroad (GOHMA) in 2002. Official figures based on census are in most cases somewhat lower, but they refer to different years, between 1991 and 2002.

Source: GOHMA

Hungarian card can be regarded as a tool of Hungarian government in stimulating a special segment of cross-border cooperation: Hungarian-Hungarian cooperation. It is often blamed for being intervening into other countries internal affairs, or regarding its several provisions for being discriminative. Having in mind the big differences in living standards between the Hungarians living in Hungary and the Hungarians living beyond Hungary's border, its main aim might be understandable: to support Hungarian minorities to stay on their homelands - that is to retain their Ukrainian or Slovakian or Romanian citizenship instead of changing their home for the better living in Hungary – while at the same time forming close ties with

²⁴ Figures based on interview with István Tóth, head of department at the Government Office for Hungarian Minorities Abroad.

²⁵ A major reason why the opportunity for a three month legal work offered by the Law on Status is not really attractive for Hungarians living beyond the border is, that it needs the same administrative procedure as procedure for every foreigner applying for a Hungarian job. The only difference is that in the first case authorities are not obliged to conduct labour market analyse .

them. This is especially relevant in the Ukrainian case. Its unique and most often opposed feature is that it includes activities and measures affected not only the territory of Hungary but in several fields (mostly in education and training) its measures go beyond the border, and can be regarded as discriminative²⁶. The above mentioned provision connected to labour issues is also a controversial one as being „discriminative”. The new Hungarian government made serious efforts to change the most disputable provisions of the act based on complaints raised mostly on part of Romania and Slovakia, but the Hungarian Permanent Meeting (Magyar Állandó Értekezlet) just recently has not approved most of its incentives.²⁷ Nevertheless it is emphasised in the act itself that after Hungary becomes EU-member its provisions will have to be implemented in accordance with Hungary’s accession agreement and the effective EU legislation.

Final conclusions

During the past decades a new wing in transborder relations and transborder cooperation has been emerging. After that transition process had taken off in the early 90-ies, the role of borders had to be revalued in Central-East-Europe as well. Answering the pressure on part of the West and recognising their common interests these countries have also developed new - for them - forms of crossborder cooperation. The most commonly used form of it has been euroregion.

1. While euroregions are considered to be the most effective and successful means of crossborder cooperation in West-Europe, and to a smaller degree their meeting points with the East, that is at the common borders of the EU and the candidate countries, they are less successful in Central-East-Europe due to several factors such as lack of sufficient financing, unclear division of labour between local, regional and central levels and the burden of the legacy of past. These all refer to Ukraine as well. Several euroregions with Ukrainian participation have been established, but real perceivable results are far below expectations. These euroregions are attempts to apply the West-European model of euroregion based on the firm belief that the model has a universal meaning and is applicable everywhere.

2. Carpathian Euroregion was the first euroregion having been formed exclusively by members (counties, voivodships, districts and oblasts) of former socialist countries. It is the biggest euroregion in Central-East-Europe, with member-regions of five neighbouring countries, Hungary, Poland, Ukraine, Slovakia and Romania. After the first years of success, difficulties and problems in its functioning have been multiplied, less and less real results have been achieved while disappointment of both affected officers and the population has grown. Disappointment has been the deepest in the Ukrainian parts, where the economic and infrastructural development and overall welfare of people have been on the lowest level. Beside the problems mentioned above, enormous extents, big number of participants, lack of common interests have to be mentioned. Carpathian Euroregion

²⁶ For example Hungarian government offered a certain amount of financial support for all those families living abroad, that have children attending Hungarian-speaking school.

²⁷ See *Heti Világgazdaság*, (Weekly on World Economy) No. 23rd Nov. 2002, p. 91-92.

has arrived at its deadlock, and hopes for revitalisation arise only from near future EU-membership of its member-regions from Hungary, Poland and Slovakia.

3. Transcarpathia, Ukrainian border region (oblast) on the Ukrainian-Hungarian borderline is in the focus of crossborder cooperation between the two countries. By having common borders with four Central-East-European countries participating in the Carpathian Euroregion and being a gateway to the CIS-countries, it is in a special position. Grey and black economy playing a very determining role in earning people's living have deeply affect the issue of crossborder cooperation and all kinds of economic relations (outstandingly trade and labour migration). In all forms of bilateral crossborder cooperation Hungarian ethnic minorities living in Transcarpathia play a key role. Most active economic links or other forms of communication are often based on Hungarian-Hungarian relations.

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APPENDIX

On Carpathian Euroregion members

Hungary

Counties: Borsod-Abaúj-Zemplén
 Szabolcs-Szatmár-Bereg
 Hajdú-Bihar
 Heves
 Jász-Nagykun-Szolnok

Poland

Voivodships: Krosno
 Przemysl
 Rzeszów
 Tarnów

Ukraine

Oblasts: Transcarpathia
 Cernivci
 Ivano-Frankivs'k
 L'viv

Slovakia

Districts : Bardejov,
 Humenné,
 Michalovce
 Svidnik
 Trebisov
 Vranov
 Kosice
 Presov

Romania

Counties: Satu Mare

Maramures

Bihor

Salaj

Botosani

Suceava

Harghita