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The Economic and Spatial Peripherality of Border Regions in Southeastern Europe

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Abstract

The aim of this paper is to analyse the core-periphery pattern of Europe with a special interest to the economic and spatial peripherality of border regions in South-eastern Europe. In this respect, some statistical calculations and data in NUTS II level are used to examine the regional disparities between the countries and regions. The result is that there are serious regional inequalities that are deepened after enlargement and are supporting the continuity of well-known core-periphery pattern in Europe. The most depressed areas in South-eastern Europe are the border regions to the detriment of poor infrastructure and undeveloped economic activities. The Capitals and metropolitan cities are the certain foci of high value-added economic activities and take the highest share of GDP. On the contrary, employment by the agricultural sector is mostly in the border regions, which means economic peripherality has an impact upon spatial peripherality. In respect to these findings promoting programs to constitute cross-border co-operations in the South-eastern Europe has a key role to develop the relations among these countries and to overcome the inequalities in the region both in economic and spatial terms.

Key words: *core-periphery, cross-border co-operations, South-eastern Europe*

1. INTRODUCTION

The changes in the economic trends of the world, especially after 1980s, with the increase in the ***flows of*** capital, human resources, goods and knowledge moves upon the reorganisation of the socio-economic and spatial structure of the regions both in global and local context. These flows created a room for the economic and political organisations that are more complex, dynamic and interdependent to each other. Hence, the increase of interaction among regions generated a need for restructuring the political and instutitional environment in regard to the local issues. In this process, regions that can adapt to these new conditions took the advantages of the new economic system and had the chance to catch up with the leading regions while others did not. The changes in the new production system have created many specialised areas that can corporate for various activities both in inter-regional and intra-regional scale. Thus, while the opportunities provided by flexible production lead to spatial concentration, on the other hand in intra-regional level spatial clusters, that are in various location, functionally differentiated, and organisationally distinct enterprises, lead to spatial agglomeration that lowers the transaction costs and provoke migration of new producers in some certain regions as Coffey and Bailley (1994) mentioned in their earlier work.

Some of the regions grow rapidly than others. There are many regions that their gross domestic product (GDP) values are higher than their national average such as Karlsruhe (Germany), Antwerpen (Belgium), Ile de France (France), Wien, (Austria), and Inner London (United Kingdom). The regions developing in this particular trend influenced the growth pattern of other regions. Accordingly, the existing gap among countries and regions widened and inequalities constitute serious problems for many countries both in economic and geographic space.

Openness of the economies to the world markets with technological improvements both in communication and transportation (infrastructure) accelerated the unequal development of regions (Erkut, G., 1997). The increase in the accessibility speed up the development of regions. Regions having better initial conditions such as skilled labour,

natural resources, cheaper land values, and being geographically closer to ***leading regions/core areas*** developed faster than others and the socio-economic divergence among regions widened. While core became the certain foci of economic and political decision-making, remote regions including border areas were mostly in a process of stagnation.

During recent decades world moved ***towards integration***. Borderland have become important for nation-states as significant interlinks. One of the most significant binding of this integration is the transportation networks which lead the mobility of people, freight, and oil among the regions. Therefore, the cross connections of the networks and stops become the appropriate settlements for the development of selected peripherial regions. These connections not only provide an opportunity for economic activities, it can also be a transit route for that of intensive movements through the border areas.

This study discusses ***the depressed situation of the border regions*** that are mainly the periphery of the countries and are supported by community financial instruments in order to improve their lagging situation in the European territory. In this respect, it is argued that whether ***economic peripherality moves the spatial peripherality*** and affects the spatial agglomeration of population and economic activities. After discussing the detailed theoretical background by using GDP, population, labour force, unemployment values, these arguments will be measured. Than, the role of border regions in the enlargement and socio-economic integration process will be explained in reference to the European Spatial Development Perspective. Moreover, special concern will be paid to South-eastern Europe (Bulgaria, Greece, Romania, Turkey) and to the regions displaying economic difficulties in border areas. In conclusion, in the European context the finding is that peripherality is not only an economic, but also a spatial concept. In the study area peripheral regions are one of the basic concerns and their disadvantaged situaton is tried to be overcome in every level of authority by implying regional and local level supports, especially considering ***the key role of the border regions*** which are primary gates of countries to the international area.

2. CORE-PERIPHERY CONCEPT and EUROPEAN INTEGRATION

As mentioned introductory session, increasing regional disparities in the world constituted the ***core-periphery concept*** becomes the main issue for a plenty of socio-economic studies in the late twenty first century.

Conventional core-periphery concepts underlines the ***dualist structure*** of economic and spatial development among most of the regions. This stiuation is affected by the economic polarisation which inevitably leads to geographical polarisation which is formed by the investment booms in certain places (Copus, 2001). This means peripherality is not only an economic but also a spatial concept. The regions having stronger economic structure, accessible to the world markets and feed by relatively better/cheaper transportation links realise two basic adequacy of being a core. "The important role of transport infrastructure for spatial development in its most simplified form implies that areas *with better access to the locations of input materials and markets will*, *ceteris paribus*, be ***more productive, more competitive and hence more successful*** than more remote and isolated areas" (Linneker, 1997).

From this point of view, according to the opinion of many researchers the core-periphery concept is widely measured by accessibility: 1. lower transportation costs and 2. the volume of the economic activitiy. *Lash&Urry,* in 1994, interprets the transfomation of core from the beginning of the century to-day as: "the old Fordist, organized capitalist core was characterized by a set of producer networks clustered around a heavy-industrial hub of the motor, chemicals, electrical and steel industries. Finance, services and distribution functions were either subordinate to, or driven by, this industrial production function. This old order has been significantly undermined by two processes. The ***first*** is the disintegration of the old core with finance, distribution, property, service and knowledge and R&D functions each taking on their autonomy. The ***second*** is the formation of a new core, one in which 'the post-industrial tail of the old order begins effectively to wag the Fordist and industrial dog'. The ***new core*** is clustered around information, communication and the advanced producer services, as well as other

services, such as telecommunications, airlines and important parts of tourism and leisure. Spatially many of these services are centred around global cities, located in vast agglomerations, whose industries feed these services. In terms of economic significance, the most important development in the localization is what we may call '***globalized localization"***".

Thus, it is clear that in today's world the core is dominant and reshapes the periphery through institutional changes in the form of "***structural differentiation and functional integration*** (Lash&Urry)". Core is mostly the place where new trends and images are created and disseminated, in addition they are the gates through which the countries get in contact with the world markets. Moreover, today's economic order does not offer so many opportunities for the states in order to overcome the regional inequalities. On the contrary, the periphery that can adapt to new conditions of the world system grow with or in relation to core areas, yet this is not the case for whole underdeveloped areas having "***weak agglomerative economies, poor R&D sector, dependency on primary sector etc.*** (Copus, 2001)".

One of the main reasons for the political and economic integration attempts of states that are affected by globalisation is to improve the economic situation of the countries and to overcome the existing regional disparities in a more comprehensive way. European Union is an attempt for such kind of integration that aims the development of European economy and it interprets this consolidation as a basic need for economic and cultural prosperity of Europe. Even there exist many socio-economic disparities and cultural diversity among the European countries, the EU is aiming to create the cohesion. The main reason as stated in Maastricht Treaty for integration is that the authorities believe the cohesion between societies will contribute to the economic development of the EU.

An extensive literature search was undertaken in support of the data analysis on economic and social cohesion in the Central and European Countries (CEECs) and the effects of enlargement. Cohesion is not a straightforward concept and can be interpreted in various ways. For some, it implies a *level* of stability in territorial and social relations;

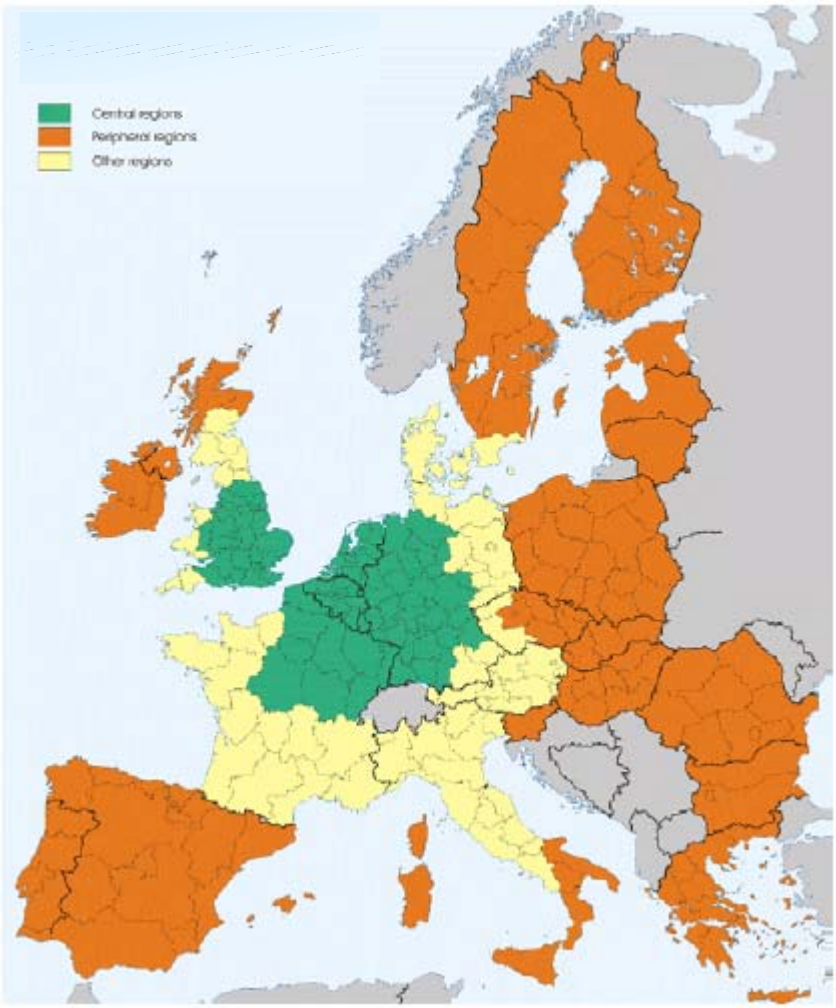
for others, it involves a *process* of convergence in disparities between regions and social groups. The features of EU regional ***socio-economic patterns*** are well-known: ***regional dis-parities*** across the EU are wide by international standards, and there is a significant ***core-periphery disparity*** in regional GDP per head and (partly) in regional unemployment. ("Enlargement and Cohesion"–Background Study for the 2nd Cohesion Report, 2001)

Population, GDP and unemployment values are the main indicators mostly used to explain the peripherality. In reference to *2nd Cohesion Report*, the values in the Table 1 determine the situation in the core and periphery regions of the EU27 in NUTS (Nomenclature of Statistical Territorial Units) II level. Indicators for regions are grouped according to the peripheral states in terms of economic and spatial pattern of EU27. The core of Europe is defined as the area covering the western Germany, North-eastern France, Belgium, Netherlands, central and South-eastern England or in other terms 'the pentagon defined by London, Paris, Milan, Munich and Hamburg' (ESDP, 1999).

Figure 1: The Core and The Peripheral Regions in Europe

	EUROPEAN UNION
CORE REGIONS	London, Paris, Milan, Munich and Hamburg (The pentagon defined by these regions)
PERIPHERIAL REGIONS	Portugal, Spain, Finland, Sweden, Greece, Southern Italy, Ireland, Northern England, Poland, Latvia, Lithuania, Estonia, Czech Republic, Slovakia, Slovenia, Turkey, Bulgaria, Romania,

Map 1: Central and Peripheral Regions of Europe



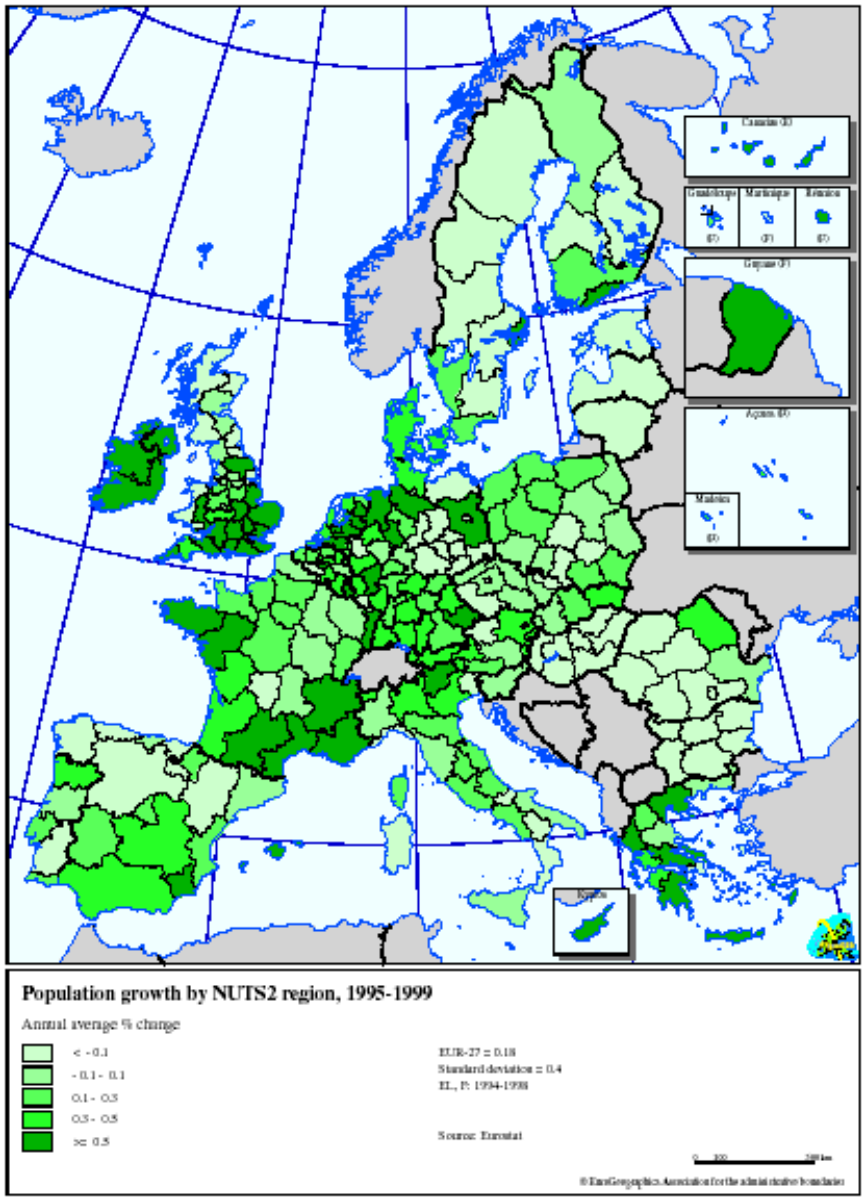
Source: "Enlargement and Cohesion" – Background Study for the 2nd Cohesion Report, 2001

Some parts of the countries and also some of the countries that are not metioned in Figure 1 are the areas that are in the intermediate level of socio-economic situation and are defined as “other regions”. In addition, the eastern side is also an intermediate tone between two primary colors that is; the cultures of East and West.

The European Union has had a number of demographic surprises over the last 30 years. Fertility levels have dropped dramatically (EU15: from ±2.4 to almost 1.4 children per woman), life expectancy has continued to increase strongly (EU15: for males from 68.4 to almost 75 years, and for females from 74.7 to 81 years) and all Member States of the EU have become immigration countries.

Even the central area in km^2 is covering only 14% of total land, the amount of population, that is more or less close to that of periphery, is more than one third of the total EU's in the centre. Therefore, the density (269 person per km^2) and growth rate of population (0.4% between 1991-1999) that is mostly rised due to immigration in the central regions are significantly higher than that of periphery.

Map 2: Regional Population Growth by NUTS II Level



Source: Cruijsen, Eding, Gjaltema, 2002

For example in Belgium, population growth was the consequence of a net migration exceeding any natural decrease. Similar situations were recorded in Germany's Hannover region where natural increase is negative but net migration is positive (Eurostat, Theme 1-6/2002).

Table 1: The Indicators of Core&Periphery Regions in the EU27

Table A.6 Indicators for regions grouped according to peripherality, EU27, 1998/1999

Indicator	Units	Central regions	Peripheral regions	Other regions	Total
Total population	000s	159619	198583	122295	480497
	% total	33.2	41.3	25.5	100.0
Land area	Square kms	593315	2750344	896537	4240196
	% total	14.0	64.9	21.1	100.0
Population density	Inhabitants per square km	269	72	136	113
Population growth, 1991-98	Annual % change	0.4	0.0	0.3	0.2
Population by age group	% total				
<15		18.1	18.2	15.9	17.6
15 - 64		66.7	67.7	67.1	67.2
65+		15.2	14.1	17.0	15.2
Unemployment rate[1]	% labour force				
Total		7.1	11.6	9.7	9.6
Women		7.4	13.4	11.7	10.9
Young		11.5	25.5	18.1	19.0
Long-term unemployment	% unemployed	45.3	46.0	45.2	45.6
GDP per head[2]	PPS	22422	11735	20442	17506
	Index, average=100	128.1	67.0	116.8	100.0
GDP per head[2]	EUR	23465	8419	20623	16523
	Index, average=100	142.0	51.0	124.8	100.0
GDP (EUR)	% total	47.2	21.1	31.8	100.0
GDP per person employed[4]	EUR	52052	21255	48990	39359
	Index, average=100	132.2	54.0	124.5	100.0
Employment rate	% population 15-64				
Total[2]		67.1	58.7	61.8	62.3
Women[5]		59.0	49.2	52.6	53.4
Men[5]		75.2	68.1	71.1	71.3
Employment by sector[2]	% total employment				
Agriculture		2.2	16.3	4.4	8.4
Industry		29.1	30.4	30.2	29.9
Services		68.7	53.4	65.4	61.8
Education level 25-59 age group[6]	% total				
Low		25.6	38.1	35.1	33.0
Medium		50.0	46.0	46.8	47.6
High		24.3	15.9	18.2	19.4

Data for the employment, unemployment and education levels are for 1999. All other data are for 1998 (earlier years for some countries)
All data exclude the French DOMs; peripheral regions include Czech Republic.
[1] *Data for women and young people exclude Cyprus and Malta; data on long-term unemployment exclude Cyprus, Malta and Lithuania*
[2] *Excl. MT.*
[3] *Excl. CY.*
[4] *Excl. SI.*
[5] *Excl. BG, CY and MT.*
[6] *Excl. BG, CY, LT, MT and SK.*

Source: "Enlargement and Cohesion" – Background Study for the 2nd Cohesion Report, 2001

By the time being the population is stagnating at the peripheral regions. On the other hand, density of population in the core is seven times larger than the periphery, and yet the total area in the periphery is four times larger than that of the core. The concentration of population in certain areas is a unique demographical development pattern of the EU both in member states and in candidate countries.

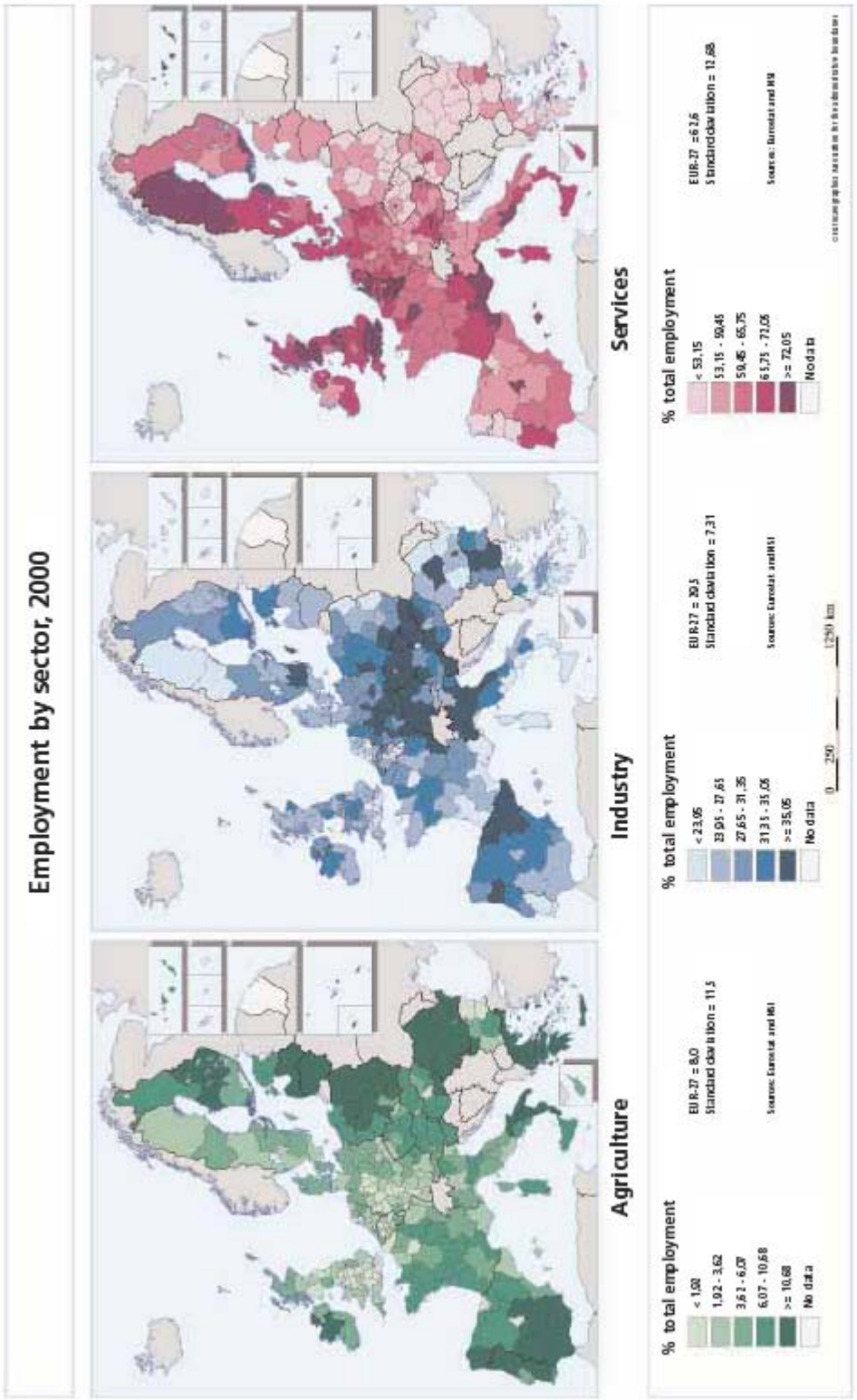
In addition, the indicators of the GDP values (in NUTS II level) in centre is almost twice as the periphery and 50% of the EU's total GDP, even the amount of population living in these areas is almost same. While the economic activities are carried out by the service sector in the core, in peripheral regions significant number of people are employed by agricultural sector that is a less value-added economic activity.

As we can see in the map below agricultural employment is much higher at the periphery; along the Eastern border of EU27 and in Portugal with the Southern Spain and Southern Italy. Industrial employment is obviously high in the Central Europe. It is also highest in Central Romania and Bulgaria which are producing heavy industrial materials. On the contrary, employment in services are concentrated in core regions of the EU as mentioned previously and along the Southern France, Italy and Spain.

This differences between core and periphery affects the spatial characteritics of the regions. The national boundaries of states are one of the obstacles aganist the betterment of the periphery because of the fragmented spatial pattern created by the existance of borders. Added to this, lack of poor transport infrastructure badly affects the economic advancement of candidate countries and the regional disparities among regions expand.

In contrast, the core is an attractive place for the investments due to the developed infrstructure and well-educated human capital. On the other hand, peripheral areas have *"comperative price advantages of production factors"* (Keeble, 1988). For instance, between 1997-2000 FDI flows received by the CCs doubled,and Poland, the Czech Republic, Turkey and Hungary were the main recipients of FDI. In 1997, they were the target of 69% (Eurostat, 2002) of the total among the candidate countries.

Map3: Employment by Sector in Europe



Source: First Progress Report on Cohesion, January 2002

It is possible to say that the concentration of economic activities in central areas is also another characteristics of the EU's economic structure. As a result, the ***core charachterise itself*** by higher GDP per capita (See table 2), lower unemployment rate, higher employment in service sector and higher level of education.

Table 2 : GDP per head at Current Prices in PPS

	in PPS					EU-15=100				
	1995	1996	1997	1998	1999	1995	1996	1997	1998	1999
L	30 500	31 400	33 700	35 500	38 600	173	170	174	176	184
DK	20 900	22 100	23 200	24 000	25 000	118	120	120	119	118
NL	19 300	19 800	21 800	22 800	23 800	109	107	113	113	113
A	19 500	20 700	21 700	22 400	23 600	111	112	112	111	112
IRL	16 300	17 200	19 800	21 700	23 600	93	93	102	107	112
B	19 800	20 400	21 500	22 500	23 400	112	111	111	112	111
D	19 400	20 300	21 000	21 800	22 700	110	110	108	108	108
UK	16 900	18 200	19 700	20 500	21 600	96	98	102	102	102
S	18 100	18 700	19 700	20 500	21 600	103	102	102	102	102
I	18 300	19 100	19 800	20 400	21 200	104	104	102	101	100
FIN	17 100	17 600	19 300	20 500	21 200	97	96	100	102	100
F	18 300	18 700	19 100	19 900	20 900	104	102	99	99	99
E	13 800	14 700	15 400	16 300	17 300	78	79	80	81	82
CY	**13 800**	**14 500**	**15 300**	**16 000**	**17 100**	**76**	**79**	**79**	**79**	**81**
P	12 400	12 900	14 200	15 100	15 900	70	70	73	75	76
SI	**11 300**	**12 200**	**13 200**	**13 900**	**15 000**	**62**	**66**	**68**	**69**	**71**
EL	11 600	12 300	12 800	13 300	14 200	66	67	66	66	67
CZ	**11 000**	**12 000**	**12 300**	**12 200**	**12 500**	**60**	**65**	**64**	**60**	**59**
HU	**8 100**	**8 600**	**9 300**	**9 900**	**10 700**	**45**	**47**	**48**	**49**	**51**
SK	**7 300**	**8 100**	**8 900**	**9 400**	**9 800**	**40**	**44**	**46**	**47**	**47**
PL	**5 600**	**6 200**	**6 800**	**7 200**	**7 700**	**31**	**34**	**35**	**36**	**37**
EE	**5 600**	**6 100**	**7 100**	**7 500**	**7 700**	**31**	**33**	**37**	**37**	**36**
LT	**4 900**	**5 300**	**5 900**	**6 300**	**6 200**	**27**	**29**	**30**	**31**	**29**
TR	**5 200**	**5 600**	**6 100**	**6 400**	**5 900**	**29**	**31**	**32**	**32**	**28**
LV	**4 300**	**4 700**	**5 300**	**5 600**	**5 800**	**24**	**25**	**27**	**28**	**27**
RO	**5 600**	**6 100**	**6 000**	**5 700**	**5 700**	**31**	**33**	**31**	**28**	**27**
BG	**4 900**	**4 600**	**4 400**	**4 500**	**4 700**	**27**	**25**	**23**	**22**	**22**
MT	:	:	:	:	:	:	:	:	:	:
CC-13	**6 000**	**6 500**	**7 000**	**7 200**	**7 200**	**33**	**35**	**36**	**36**	**34**
EU-15	**17 600**	**18 400**	**19 400**	**20 200**	**21 100**	**100**	**100**	**100**	**100**	**100**

Source:Eurostat, 2000

3. BORDERLESS EUROPE and EUROPEAN INTEGRATION

The integration process of the European Union and changes in the economic conditions redefined the economic order and spatial development of border regions. The border areas in other words peripheral regions, that are mostly in diffucult economic situation, constitute the connection point of states with others in terms of transport infrastructure and communication investments. In addition, through the evenly developed linkages between the countries, it also contribute to the social cohesion by the increasing mobility of people. The enlargement of the European Union is a historical opportunity for peace

and prosperity in Europe (European Commission, 2000). Discussions on the key role of ***border regions*** in the prosperity of Europe in terms of disadvantaged socio-economic situation of border regions affects the political desicion-makers in terms of enhancing the importance of these areas.

Political internationalisation in the European territory created a room for co-operation between the regions of different countries. The reasons to focus on such kind of co-operation are first the aim towards *regional development* and, secondly, *European integration* (Van der Veen, A., Boot, D.J., 1995). The new approach of regional development 'based on network relationships among various urban centres and indicate new development trends' whereas these relationships essential the complementarity and specialisation of each individual region (Cappellin, R., 1993). In this respect, border areas that are the primary gates of countries openning to the international area have become the major links, although they are traditionally in ***depressed economic situation*** and in ***'geographically peripheral position'***(Van der Veen, A., Boot, D.J., 1995).

The removal of national barriers within the European Community (EC), and the development of economic and political relationships within the European countries external to the EC, imply a new geo-economic order in Europe and a change in the hierarchical relationships between the various regional and urban production system. The cross-border co-operation-national co-operations will lead to a change ***in the spatial organisation of Europe*** (Cappellin, R., 1993). The transformation of production system will reorganise the distribution of economic activities. As regional disparities among the countries became a serious problem especially after enlargement, cross-border co-operation-national co-operation is regarded as the new economic organisation contributing the elemination of disparities. Hence, the new spatial dimension of border regions might improve the disadvantaged situation of these areas that are charachterising peripheral features especially at the Eastern side of European Union. The flows such as 'cross-border migration refers mainly to commuting for work purposes between two regions of different countries. With the high differences income at most of the national borders, cross border migrants are supposed to be mainly motivated by economic reasons.

Space, making it attractive to combine low levels of cost of living standarts with high income from neighbouring wealtier regions' (Danube Space Study, July 2000).

The openning of the internal market will lead to increase the ***competition***. Border regions will intensively be affected more by enlargement than the other regions, their proximity to candidate countries will offer new possibilities (Danube Space Study, July 2000). While the diversification of activities at the borders will progress the economic situation, the increasing cross-border co-operations will lead to the agglomeration of population and economic activities in these regions that are defined as the periphery suffering from 'low densities of population' (Illeris, S.,1995) and that of economic activities. Finally,

Border regions could thus become new growth areas with positive spread effects on both sides of the border*

* European Commission, 2000," Community Action for Border Regions"

Community initiatives *INTERREG,* and its approach to 'co-operation beyond national borders' (ESDP, 1999) is the key role of applying the ESDP increases the prominance of interaction between neighbouring regions.

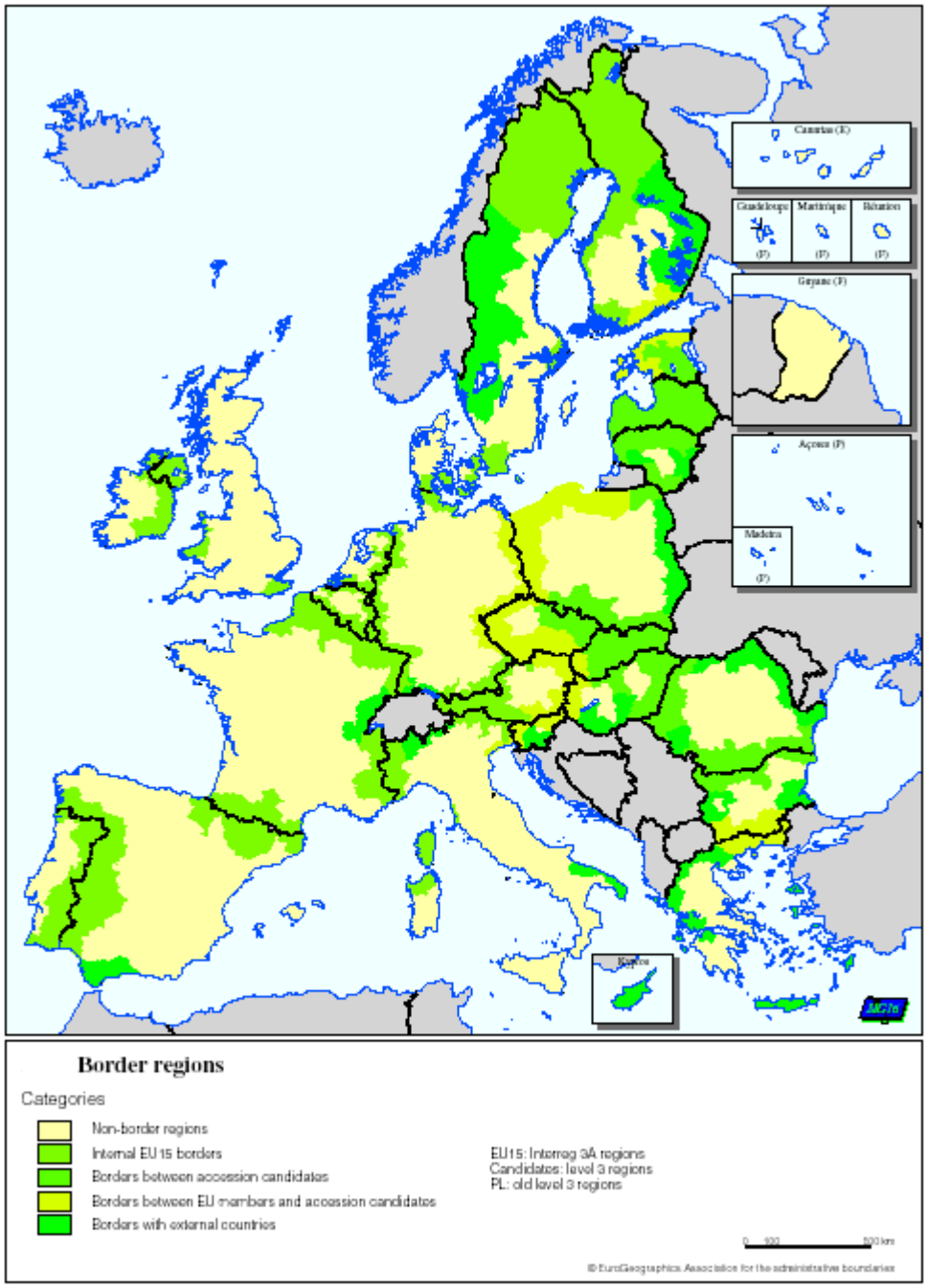
Despite the growing opportunities for border regions in terms of generating their economic relations, the economic gap/divide, that is an obstacle in the development process, is especially visible along large parts of the EU's border with candidate countries (European Commission, 2000). The improvement of the disadvantaged situation of border areas are based on two main necessities such as:

1. socio-economic situation of border regions
2. the need for strengthening the competitiveness of border regions

Compared to EU average, border regions are characterised by lower density of population, higher unemployment rate of young population, a higher concentration of employment in agriculture, an avreage concentration in industry and a lower

concentration in services. According to the Second Background Study for the Cohesion Report, socio-economic indicators for border regions determine distinctively the demographic and economic differences of the member states' and candidate countries' borders.

Map 4: Border Regions in Europe



Source: "Enlargement and Cohesion" – Background Study for the 2nd Cohesion Report, 20

Table 3: Socio-economic Indicators for Border Regions

Table A.12 Socio-economic indicators for border regions

Indicators	EU15							Candidate countries						EU27
	Total	Non-border regions	Border regions (Interreg 3A)					Border regions (level 3)				Non-border regions	Total	
			Total	Borders within EU15	Borders with candidate countries[1]	Borders with other countries[2]	All borders with candidate countries	All borders with EU	Borders with other candidate countries[1]	Borders with other countries[2]	Total			
Population														
000s	374537	281197	93340	66804	10596	15940	12240	17213	32177	11816	61206	44733	105940	480477
% total group	100.0	75.1	24.9	17.8	2.8	4.3	3.3	16.2	30.4	11.2	57.8	42.2	100.0	:
annual average % change	0.3	0.2	0.3	0.4	0.2	0.3	0.2	:	:	:	:	:	-0.1	0.2
Surface area														
square kms	3191120	1944843	1246277	873667	91203	281408	116522	196635	364751	155976	717362	368713	1086075	4277195
% total group	100.0	60.9	39.1	27.4	2.9	8.8	3.7	18.1	33.6	14.4	66.1	33.9	100.0	:
Population density (nos per square km)	117	145	75	76	116	57	105	88	88	76	85	121	98	112
Unemployment rate (1999, %)	9.4	9.4	9.3	8.5	9.4	13.0	9.0	:	:	:	:	:	10.3	9.6
GDP per head (PPS, 1998, EU26 = 100)	116	117	111	115	115	95	115	53	42	37	44	43	44	100
Land use (excl. FIN, S, CY, MT)														
% artificial surface (built-up areas, etc) in total surface area	4.1	4.3	3.6	3.6	3.9	3.1	3.9	3.1	4.3	3.8	3.9	4.5	4.1	4.1
% agricultural area in total	56.5	58.7	51.5	52.3	52.3	46.3	52.3	51.1	59.2	54.5	56.1	59.5	57.3	56.8
Length of motorways														
Composite indicator (population and land area) (Index EU27=100)	121.9	124.7	115.1	128.1	94.9	75.8	97.8	27.7	17.6	20.2	20.7	26.0	22.7	100.0

[1] Excl. regions bordering the EU
[2] Excl. regions bordering the EU and the candidate countries
Border regions: for the EU, regions (NUTS 3) eligible for INTERREG 3A; for the candidate countries, border regions at level 3 (Poland: old level 3 regions regions, level 3 not having been defined yet)
Motorways: including main dual carriageways
Source: Eurostat, INS, Corine Land Cover, DG ENV calculations

Source: "Enlargement and Cohesion" – Background Study for the 2nd Cohesion Report, 2001

	European Union	Candidate Countries
Population	Population is less in the border areas	Most of the population lives in the border areas
	Population living in the border regions is located within the EU-15 border	Population living in the border regions is located along the EU-15 border
Population Density	Population density is the highest in non-border regions	Population density is the highest in non-border regions
	Population is highly populated along the borders with candidate countries	Population is highly populated along the borders with candidate countries
Unemployment	Unemployment rate of the EU-15 is below the average of the EU-27 (9.4%-9.6%)	Unemployment rate of the CEEC is above the average of the EU-27 (10.3%-9.6%)
	Unemployment rate is lower along the borders within EU-15	
	The highest unemployment rate is along the borders with other (non-European) countries (13.0%)	
GDP per head PPS, EU26=100	The highest value belongs to the non-border regions	There is not significant differences of the values between border and non-border regions
	The lowest GDP value, which is below the EU-26, is along the border regions with other countries	The GDP value is considerably higher in all borders with EU
Transportation	The highest value of length of the motorways is in the non-border regions that is in the territory of internal EU-15	The highest value of length of the motorways is in the non-border regions that is in the territory of internal CEEC
	The motorways are evenly constructed in the EU-15 territory	The lowest value in length of the motorways are in borders with other candidate countries
	The length of the motorways in all of the borders of the EU with candidates is almost 3 times higher than candidate countries' borders with EU	

The borders with the external states are the most deteriorating areas. The regions that can develop co-operations beyond the borders improve thier economic situation while other cannot benefit from this new organisation pattern. One distinct observation is that there are substantial differences in terms of economic situation and transportation between the Eastern and Western sides of the border of European Union and candidate countries.

On the other hand, candidates bordering the EU benefited from the locational advantage considerably more than the others. Proximity to the EU stimulated markets and

encouraged investments into these areas. For instance, in 1999 Czech Republic took 25% of total inward FDI into the candidate countries. (Eurostat, Theme 2-3/2002) Added to these Community ***financial instruments*** and ***transport network projects*** aim to provide better connectivity among the candidates and the EU member countries. In respect to these developments, in the next part the demographic and economic situation in South-eastern Europe will be discussed in terms of its peripherality in Europe.

4. THE CASE: SOUTH-EASTERN EUROPE (SEE)

The reason to focus on SEE (Greece, Bulgaria, Romania and Turkey) is to examine one of the most peripheral regions of the EU territory and to examine how they are trying to integrate to the West in regard to the border regions' development. In this part, the concern of the course is the demographic and economic situation of SEE and how it is differentiated from western Europe. Secondly, the economic situation of the border regions in the SEE territory will be explained with its development trends by the impact of trans-European Networks and Commission initiatives in the region. In conclusion, the benefits of the cross-border co-opretions will be discussed considering the development and betterment of the area which is also a historical trade route from past to-day.

From prehistoric times to present, this route is used to be the main axle for traders who introduce the richness of the east to the diversity of the west. Although SEE is on this historical transit route, there are some infrastructural challenges which the European Union is trying to overcome by investing in transportation projects such as Trans-European Networks (TENs) that will enhance the interconnectedness among the regions.

The indicators of South-eastern Europe point out that the region determines peripheral characteristics in regard to the EU. In reference to the findings of many studies such as Keeble, Wegener&Spierkermann, Talaat&Schürmann and Copus, who used GDP, unemployment, population, accessibility and the volume of the economic activity, the countries located in this region have values mostly lower than the average values of European Union.

In South-eastern European countries, while the population and economic activity are concentrated in the capitals, other regions, ***especially most of the border areas***, are suffering from emigration, low density of population, high unemployment rates –young and women-, low GDP and low accessiblity values that can also used to define the peripherality considering the indicators of European Union countries.

It is important to explain that the border regions closer to the EU15 border are not in unfortunate position as the regions having ***borders with the other non-European countries***. The economic development of the EU countries spread to areas which catch the chance to take the advantage of being close to its developed neighbour. For instance, at the Western border of Slovakia, that is also a Central and Eastern European Country, there is significant improvements at the Slovakian border that is the neighbour of Austria and benefits from the permability among the borders. At the end of 1999 investments per capita increased four times (83,761) that of in 1985 (21,06) in Bratislava.

The SEE covering the 20% of population of the EU28 *(including Turkey)* has a polarised socio-economic structure. The differences between urban and rural areas leads unequal spatial development. The ***rural areas and border regions*** are deteriorating economically and demographically whereas big cities are growing and are being the foci of investments. The capital cities are inhabiting the highest share of national population. In especially Bulgaria and Romania that were in transition period after 1990s, migration and the concentration of population in capitals have significantly increased.

Table 4: The Share of Population in Capital Cities of SEE

Country	Capital City	Year	Share of Population %
Bulgaria	Sofia	1999	14,8
Greece	Attica	2000	38
Romania	Bucharest	1998	10,2
Turkey	Istanbul**	2000	14*

Source: Petrakos, G., Economou, D., 2002

*National Statistics Institute, 2002 , **In Turkey the highest share of population is concentrated in Istanbul, even though it is not the capital city but the capital of Ottoman Empire for centuries. The capital city Ankara also takes high share from the distribution of population.

The population, most of them well-educated and young- migrated from rural to urban areas in order to find jobs and to have better living standarts. In this period the only population increase occured in Sofia, though the general trend of population growth is minus in all regions from the beginning of the 1990s. “Bulgaria and Romania had enormous emigration losses in the transtion period. More than 500 000 Romanian citizens left their country (...) due to the unfavourable economic situation. Romania has also became a gateway for migrants from the Third World whose destination is Western Europe” (Danube Space Study, 2001). In addition, in Bulgaria between 1989 and 1996, 650 000 emigrants have left the country.

The situation in Turkey is different from other countries. The natural growth rate (1.8%) is still increasing even it slowed down in recent years. In Istanbul, that takes the highest share of population in the country, the natural increase of population decelerated, on the contrary, immigration strongly affects the growth of population Until 1980s, immigration form Eastern periphery to the metropolitan cities and abroad was the main characteristics of the growth pattern of population. After 1980s although the mobility of population stabilised, the concentration of population in certain cities increased the existing ***core-periphery dualism of the country*** to the detriment of the ***Eastern borders*** that have severe socio-economic problems and lack of opportunities.

The similar immigration pattern which “caused a very uneven geographical distribution of Greek industry” occured in Greece that “between 1970-1980 1.7 million people moved to two major cities, Athens and Thessaloniki” (Siriopulos, Asteriou, 2001). As seen in the Table 4, the concentration of population in Attica creates a significant demographic and spatial seperation between this city and the rest of the country.

The dominant core-periphery pattern keep up the increasing regional disparities in the South-eastern Europe and the unfavourable situation of border regions. The border regions that are especially neighbouring the non-European countries worsen in terms of population declines and economic difficulty. As a result, the capital regions are developing whereas the others are stagnating. The dualist structure of economic

development is a great challange in terms of integration of the South-eastern Europe to the European Union. Accordingly, the regional disparities between the regions of the area are deepening.

Table 5: MAX/MIN GDP per capita Ratio in NUTS II Level

COUNTRY	1998	1999	2000
BULGARIA	1,14	1,61	1,59
ROMANIA	1,86	1,88	2,96
GREECE	1,62	1,62	1,69
TURKEY	4,89	-	5,92

Source: Eurostat, 2000

The GDP per capita between the richest and the poorest regions of the countries can be followed from Table 5, the general trend points out the increasing disparities between regions, even the calculation has made for a short term. The regions that have the minimum GDP per capita values are at the eastern borders of these countries. except Greece. The poorest region of Greece is at the western border neighbouring South-eastern Albania called Iperios in NUTS II level. Although Bulgaria seems to go to a financial stabilisation, values should be taken cautiously.

Table 6: The regional disparities in the period of 1997-2000 in NUTS II Level

Country	Wealthiest Region Poorest Region	GDP p.c. 1997 National Av.= 100	GDP per capita 1997 EU15=100	National Spread (1)	Wealthiest Region Poorest Region	GDP p.c. 2000 National Av.= 100	GDP per capita 2000 EU15=100	National Spread (2)
BULGARIA	Yugozapaden (sw) YuzhenTsentralen **	103,4 99,3	23,4 22,5	4,1	Yugozapaden (sw) YuzhenTsentralen**	130,3 82,6	34 21	47,7
ROMANIA	Bucuresti Nord-Est	141,6 80,5	43 24,4	60,1	Bucuresti Nord-Est	206,5 69,8	48 16	136,6
GREECE*	Sterea Ellada Iperios	127 63,3	84 42	63,7	Notio Aigaio Iperios	117 69,7	80 47	47,3
TURKEY	Istanbul Van	202 41,5	58,8 12	160,5	Kocaeli Mardin	244,3 41,3	61,1 10,3	203

Sorce: The **1997** values are obtained from "Enlargement and Cohesion"- Background Study for the 2nd Cohesion Report"

(1) Difference between wealthiest and poorest region (in percentage points of national average) in 1997

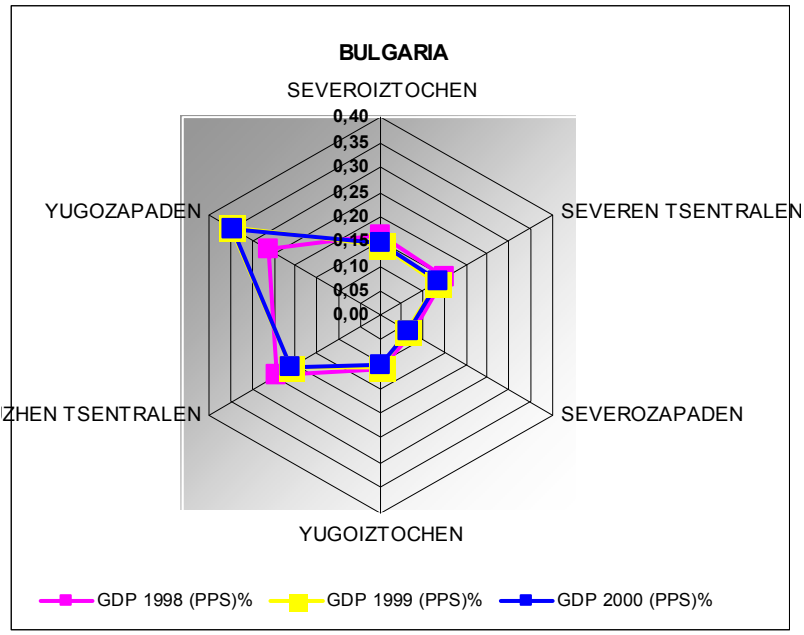
(2) Difference between wealthiest and poorest region (in percentage points of national average) in 2000

* The values belong to the year of 1998

**nc: north -central/sw: south-west

The values determine that the regional economic polarisation in the SEE countries exist and continue to increase. The wealthiest regions are advancing the betterment of their economic situation, on the other hand the poorest are getting poorer. In Turkey, the poorest regions, in the table, are the border areas and located at the Eastern periphery of the country whereas the wealthiest regions are located at the northwest. According to the comparision of all regions in the European level, the indicators points out that all of the South-eastern European regions are below the EU average.

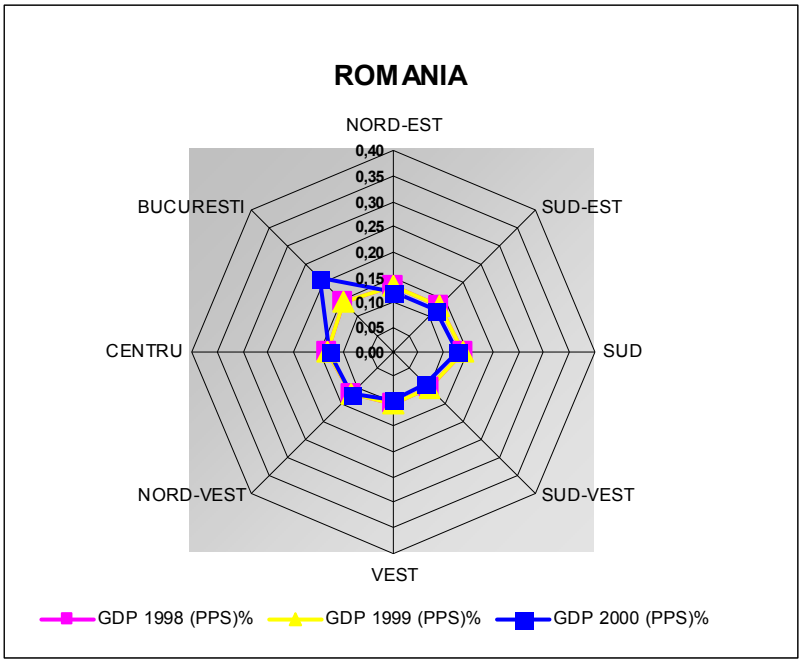
Figure 3: The share of national GDP (PPS) by regions in Nuts II Level



Source: Eurostat

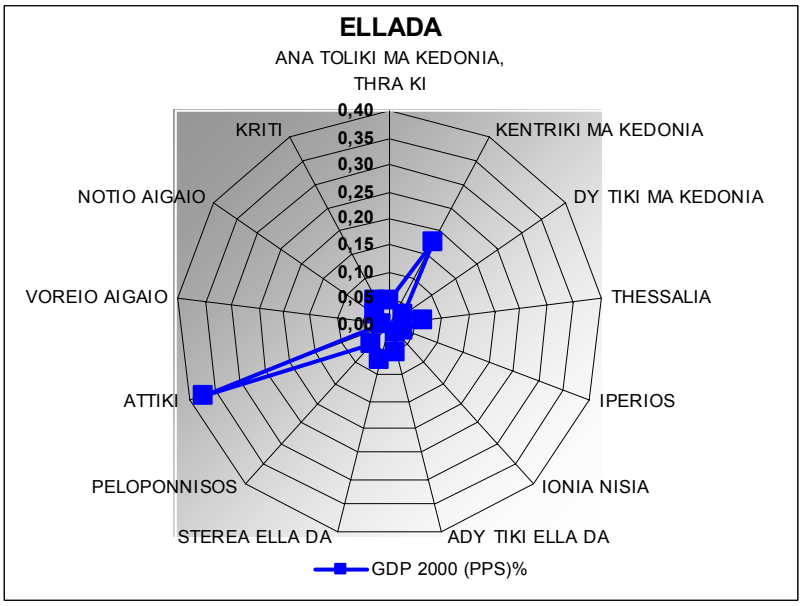
In regard to the Figures 3,4,5 the dominant pattern of SEE indicates the dual economic development. The capitals and metropolitans take the highest share from the total GDP of their respective countries and this pattern persists after 1990s. Particularly, the highest share of national GDP is sucked by one region and the rest take considerably what is remained. In recent years, the rapidity of this trend has increased and the relatively equal distribution of activities depressed to the detriment of remote regions in transition countriees.

Figure 4: The share of national GDP (PPS) by regions in Nuts II Level



Source: Eurostat

Figure 5: The share of national GDP (PPS) by regions in Nuts II Level



Source: Eurostat

*Even the same calculations are made for Ellada, only year of 2000 is shown in the graphic. Because the regions except Kentriki Ma Kedonia, Sterea Ella da, all others are stagnating or slightly declining. Thus, the lines are overlapping and it's getting harder to follow the changes by years.

5. EVALUATION and DISCUSSIONS

Regional disparities that ensure the continuity of the core-periphery pattern are increasing, in addition, most of the border regions are depressed areas in the SEE and their disadvantaged situation is highly affected by the countinuity of this unequal economic and spatial pattern. The agglomeration of population and high value-added economic activity concentrated in the core areas. This situation badly affects the distribution of investments and spatial development of border regions that are mostly located in the periphery of the countries.

In this respect, besides the similarities the situation of Turkey is differentiating from South-eastern European countries due to its wider geographical area, higher growth rate of population, fertility rate, and unemployment with significant regional disparities. As mentioned previously, Turkey with its 67 million inhabitants is a candidate to be the one of the most populated countries in Europe, whereas the growth rate of population has started to fall down in Turkey. In addition to the existing problems the increase of population creates new challanges to the authorities. Regional disparities that are very significant in the country scale constitute a seperation between Eastern and Western sides. The developing West is taking the highest share of GDP per capita from the total, on the other hand the Eastern side -***border regions of the country*** continue to move backward. Therefore, the poorest five and the richest five regions have not changed between 1997-2000. (See Annex I)

For the prosperity of Europe in peace and welfare the elimination of regional inequalities will be the basic concern of authorities. Cross-border co-operations create a room in order to increase the socio-economic relations in the local context, and it is a prominent policy in order to decrease the regional inequalities in regard to the integrated Europe. At the time being, the European statistical system –NUTS- is newly developing in Turkey, so this study provides a framework to see the regional disparities in NUTS II level in the European scale and to compare the European Union's ***regional GDP values*** with that of Turkey. (SeeAnnex II)

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ANNEX I

Table 1: Turkey's the Poorest Five and the Richest Five Regions in NUTS II Level

		1997	2000
The Poorest	**1**	Van	Mardin
	2	Ağrı	Van
	3	Mardin	Ağrı
	4	Erzurum	Erzurum
	5	Şanlıurfa	Şanlıurfa
The Richest	**1**	İstanbul	Kocaeli
	2	Kocaeli	İstanbul
	3	İzmir	İzmir
	4	Tekirdağ	Ankara
	5	Ankara	Tekirdağ

Source: State Institute of Statistics, 2000

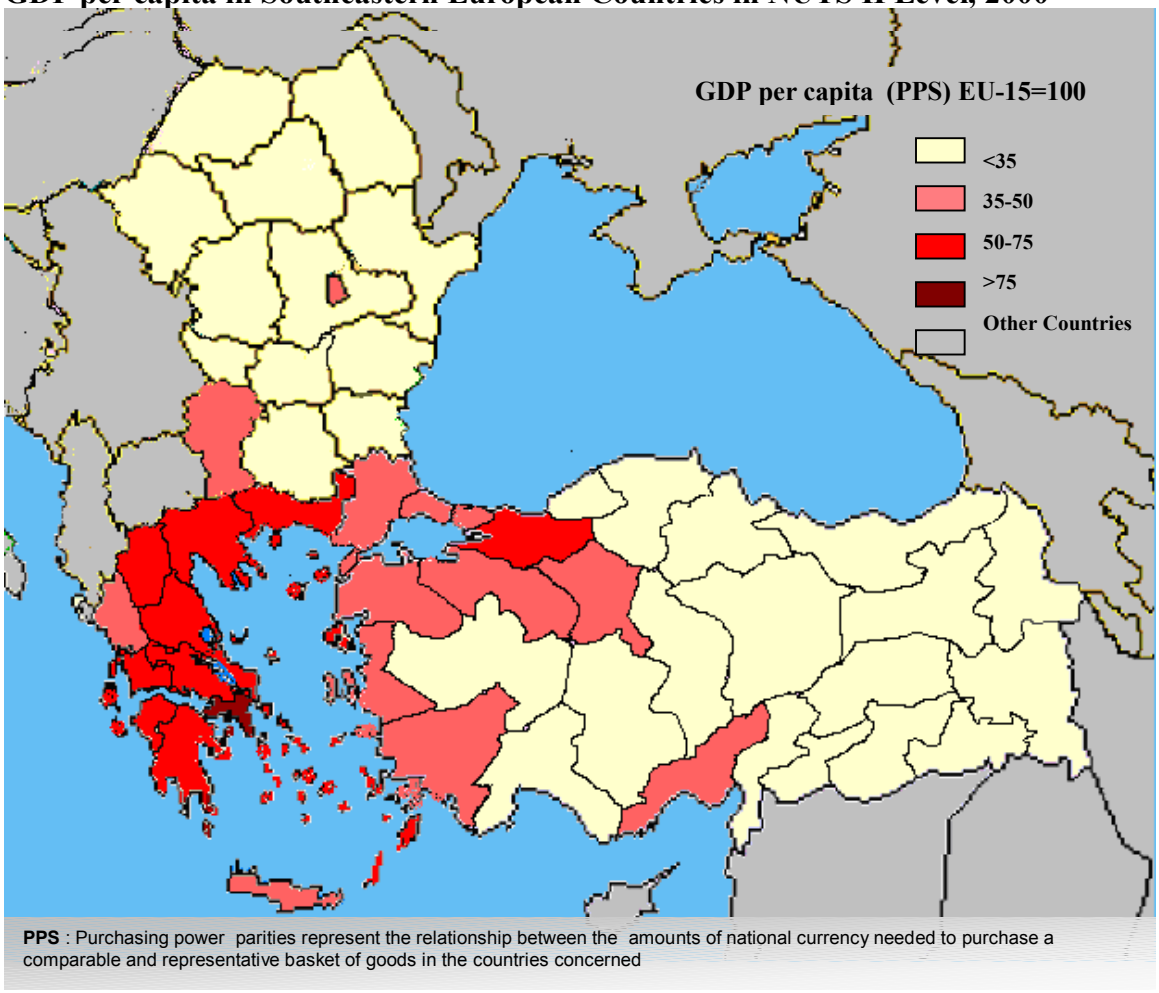
Table 2: GDP per capita of Turkey in NUTS II Level

(NUTS II, 2000)	GDP (PPS) EU-15=100
Kocaeli	61,1
İstanbul	48,0
İzmir	46,7
Ankara	45,0
Tekirdağ	41,2
Bursa	37,6
Aydın	36,2
Adana	35,7
Balıkesir	34,1
Antalya	28,0
Konya	27,4
Zonguldak	26,7
Kırıkkale	26,5
Manisa	25,3
Türkiye	**25,0**
Samsun	22,9
Trabzon	21,6
Hatay	21,5
Kastamonu	21,3
Gaziantep	20,5
Malatya	19,5
Kayseri	19,2
Şanlıurfa	16,2
Erzurum	15,5
Ağrı	11,4
Van	10,4
Mardin	10,3

Source: State Institute of Statistics, 2000

ANNEX II

GDP per capita in Southeastern European Countries in NUTS II Level, 2000



PPS : Purchasing power parities represent the relationship between the amounts of national currency needed to purchase a comparable and representative basket of goods in the countries concerned