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INSTITUTE FOR TRANSFRONTIER COOPERATION

**EFFICIENCY OF TRANSBORDER COOPERATION VIA
INTERNATIONAL MONITORING AND COORDINATION
OF ACTIVITIES OF NATIONAL SUBJECTS**

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UKRAINIAN – SLOVAK BORDERLAND: SEARCH FOR NEW PRIORITIES OF TRANSBORDER COOPERATION IS A DEMAND OF THE TIME

Generalization of prospects and actual cooperation status between border regions of Ukraine and Central – East Europe states in the context of Eurointegration processes is a strategic priority of the analytical work of regional centers of the National Institute of Strategic Research, it holds a significant place within the interdisciplinary research complex.

Most forms of state cooperation between Ukraine and the Slovak Republic are carried out thorough the gate of relatively short joint border of 98,3 km. Its role in supporting foreign trade, humanitarian contacts of neighboring countries, implementation of international economic cooperation projects requires from both countries permanent steps to enhance cross-border cooperation and regional collaboration.

Interrelation of regions in the Ukrainian – Slovak borderland in the aftermath of accession of the Slovak Republic to the EU (May 1, 2004) is fully impacted by the following strategically important dimensions as; geopolitical (emergence of new and permanent in the mid-term Eastern border of the united Europe), regional and subregional (requiring review of the existing up to 2004 system of bi- and multilateral cooperation of regions of Ukraine and Slovakia), interregional and transborder (with the increasing role from the viewpoint of supporting Ukrainian prospects of Europe-wide integration and accession of the Slovak Republic to bodies of new unity of the world level) [1].

Practice shows that both Slovak and Ukrainian sides consider implementation of interregional and transborder cooperation as part of an integrated, carefully calculated mechanism for regional development which should be based on the spatial approach and institutional foundation, and contribute to the long-term sustainable effect in the form of integrated harmonized development of states and their regions and enhance participation in international integration processes [2].

It is worth mentioning the quite synchronized work of governments and authorized agencies of both countries in terms of international - legal and national institutionalization of transborder cooperation system between Ukraine and Slovakia, which experienced a phase of high activity on the eve of receiving by the Slovak Republic a EU-member status and in the period after its accession to the Schengen visa area. Although there is enough criticism in assessing transborder cooperation by public and scientists in terms of its inadequate prevention steps, system character of measures, activeness of regional and local authorities, the fact remains that there is a permanent mechanism for the formation of an agreed position on key issues of transborder cooperation and representation of those by European institutions [3].

Available and operational system of bilateral coordination of all kinds of international relation issues, including interrelation of border regions, made it possible for the two states to constantly keep an eye on the geopolitical situation factors like necessity to amend international – legal acts of bilateral cooperation taking into account the EU position as a strong partner regulating Euroregional cooperation, combination of national interest and foundations of social – economic and migration policy of European community [4].

Results of the official visits of the President of Slovakia Ivan Gasparovic to Ukraine in 2010, of the President of Ukraine Viktor Yanukovich to Slovakia in 2011, visits by prime ministers, other leading figures of the state and public life in Ukraine and Slovakia will contribute to more active cooperation of Slovakia and Ukraine, including in the sphere of border regions cooperation.

Ukraine and Slovakia possess enough potential to scale up cooperation both at international and at inter-regional level, to exchange practical experience and technologies of reforming many industries of economic and public life. In particular, drivers of high growth in the Slovak GDP and exports in the pre-crisis days were considerable internal and external demand, investment demand, the positive dynamics of employment and wages. Launch of new export productions, automobile companies of the so-called Central European Detroit is continuing to contribute to export increase [5].

From January 1, 2009 Slovakia introduced the Euro. Fiscal, banking, administrative, tax, pension, social reforms, privatization of some state monopolies in energy, banking and telecommunications sectors, legislative incentives of investment process proved effective. Implemented during

the 1999-2008 they brought a worldwide recognition to Slovakia as a reformer in 2005, made it in the top three among East European countries in terms of GDP per capita in 2009, and number one in the EU among those countries that decreased tax burden (up to 29.5% of GDP) in 2006 [6].

The economy of Ukraine and its regions has a great resource and investment attractiveness, in particular, in terms of human and intellectual resources, mineral resources, agricultural, water and forest lands, high (at the world level) amounts of capital funds, developed social infrastructure [7]. Ukraine's accession to the World Trade Organization and its accession to the European energy market add to the positive opportunities for the Ukrainian – Slovak cooperation. In the medium term, new qualitative changes are going to happen once Ukraine and the EU sign agreement on free trade, visa free regimen and once Ukraine becomes an associate member of the European Community.

World economic crises of 2008 - 2010 and its dramatic progress in Ukraine and Slovakia that resulted in drastic GDP decrease pointed out the key challenges for both countries requiring strenuous and unconventional decisions. This refers first of all to common for partner's problems of energy safety, demographic issues, unemployment and flexibility of labor market, combating corruption and ensuring transparent state – private partnership. Necessity to diversify production and overcome depressiveness and inconsistency of development of some areas remain to be urgent as well [8].

Slovak researchers also note such important issues as increase of regional disparities, concentration of high figures of GDP share per capita, foreign direct investment, saving of jobs in the West of the country compared with high unemployment, insufficient involvement of EU funds in Eastern Slovakia, a large gap in terms of GDP in different regions. Business contacts are insufficient between entrepreneurs from Slovakia and Transcarpathian oblast of Ukraine where 66 joint Ukrainian-Slovak enterprises were operational, involving Slovak investment of about 9 million USD [9].

The negative but at the same time motivating factors for Ukraine are ageing capital assets and infrastructure, necessity to finalize market of land formation. It is high time to implement the new Tax Code as soon as possible, approve stable legislation on incentives and guarantees of foreign investment, finalize administrative, court and educational reform, carry out transition to insurance medicine.

In the post-crisis era the establishment circles of both countries are becoming increasingly favoring the idea that in order to overcome crises

impacts and create stable foundations for secure sustainable development and quality of life increase for both Slovakia and Ukraine, it is necessary to shift to knowledge and innovation based economy.

Border regions of both countries have enough space for cooperation in terms of innovation development, but are using the available scientific – technical potential not to the full extent.

To give an example, in Transcarpathian oblast of Ukraine in 2007 out of 16 scientific academic educational and industry institutions carrying out activities in dozens of directions of research and development, the share of innovation implementing companies amounted to mere 7,2% from the total number of companies in the region (compared to the Ukrainian indicator of 11,5%) [10]. The state executive and self-government authorities of Ukraine and Slovakia responded by adoption of mid-term (for the period until 2017) regional programs of sustainable development and framework agreements about transborder cooperation, that foresee increase of international cooperation in investment – innovation projects. Development in the border regions of the network of state, communal and corporate regional innovation centers, investment agencies and regional development agencies goes in the same line [11].

The search for new landmarks of Ukrainian – Slovak cooperation leads to conclusion that economies of Ukraine and Slovakia and their border regions in particular, are among the most attractive in the Central and East Europe foothold of world outsourcing, particularly in such areas of machine building industry as automotive and electronic industry, production of components for them.

There are ample opportunities for concrete transborder cooperation projects and new jobs creation especially in investment projects in transport - logistics and energy industries, implementation of which is either under way or planned at the Ukrainian – Slovak border. This refers first of all to exploitation of existing and construction of new power lines that supply electricity for export to the Slovak Republic and other EU countries within the European energy island, as well as international project of expansion of the broad gauge railway, which runs through Transcarpathian oblast and Eastern Slovakia, from Kosice to Vienna [12]. The Ukrainian side has undertaken a large investment project on reconstruction of Beskydy railway tunnel at the expense of international financial organizations. The Slovak side is making efforts to complete

the construction of new highway network in the frameworks of the fifth transport corridor with the end point at the Ukrainian-Slovak border crossing.

Regional Chambers of Commerce and the civil formations of the Carpathian Euroregion are in position to become a constant intellectual and methodological platform for intensification of the investment – innovation component of transborder cooperation. In this sense it is worth mentioning active joint work of customs authorities and Chambers of Commerce within the joint project «SlovakAid» and Ministry of Foreign Affairs of Slovakia “Ukraine in international trade in the aftermath of joining the WTO”. Once the Slovak Republic has joined the European Union the point occurred in the development of the Carpathian Euroregion, where it is high time to shift from declaratory cooperation to implementation of specific joint transborder projects that meet the regional development priorities [13].

The logic and justification of such findings are demonstrated by the success of creation of industrial parks and clusters on the territory of the Slovak Republic and the positive preconditions for formation of automotive and electronic industry cluster in the Carpathian region of Ukraine (in Transcarpathia, Lviv, Volyn and Ivano-Frankivsk region).

Analysis of industrial cooperation, supply of raw materials, components, technologies and know-how between the Slovak and Ukrainian enterprises of energy, mining and metallurgy, automobile and electronic industries, measures of governments of both countries to overcome the depression of the border and mountain regions make it very important to form international clusters in these industries and support these projects as relevant intergovernmental agreements and programs [14].

The fact that there are active regional innovation centers of the Slovak technical university [15] and State agency of investment and innovation of Ukraine in the border areas, makes it real to implement an innovation model of border cooperation between businesses, scientific institutions, the main aim of which is strengthening of integral competitiveness of regions. The positive changes in forming innovation development institutions in Ukraine (creation of technoparks, scientific parks etc.), a draft Law of Ukraine “About priority development territories” will only add to it.

Not only production – cooperation relations of companies within transnational corporations active in Slovakia and Ukraine, but also intensive scientific – technical and educational exchange between higher educational

institutions of Ukraine and Presov and Kosice self-governing counties of the Slovak Republic can become a reliable substantial basis for investment and innovation cooperation in border areas.

Development of tourism and recreation, protection of the environment is seen by the public authorities and local self-government of the border regions of Ukraine and Slovakia as priority policy and transborder cooperation. All previous experience, availability of a network of international, national and regional programs in this field make it possible to consider the establishment of an international Tatra – Carpathian tourism – recreation cluster.

Real shape this project can take as a result of actions of the Ukrainian side to implement the initiative of the Ukrainian President Viktor Yanukovich for holding the Winter Olympic Games 2022 in Ukraine, in the preparation and holding of which the Slovak partners could more fully use their expertise and technology acquired during conduction of World Student Games in the Tatra Mountains, other winter sports events of high world and European level. Such cooperation could give a good effect for the development of border regions of both countries.

It is in the Ukrainian-Slovak borderland that points of high investment activity were formed, which require support from governments of both countries. In particular, Chierna-nad-Tisou (SR) and Solomonovo (Ukraine), where the objective conditions are ripe for formation of large - scale international transport and logistics complex with development of logistic warehouses on Slovak territory, the industrial park on Ukrainian territory and a new bridge across river Tisa.

Extremely attractive is the railway border crossing in the Pavlovo-Matovce, where the broad gauge Uzhhorod 3 – Kosice runs, close to which the Ukrainian side established a promising area of prospective development of electronic industry and a reconstruction of the export lines of high voltage energy networks is taking place.

The measures in recent years carried out by the Ukrainian and Slovak parties and the European Union led to formation of the microregion of high investment activity in the area Humenne, Ublya (SR) and Maly Berezny (Ukraine), where the infrastructure of custom checkpoint and tourism recreation complex Krasiya were built up, enjoying great popularity among the population of both countries.

The abovementioned and other points of high integration activity on the Ukrainian-Slovak border deserve, in our opinion, to be granted by governments of

Ukraine and Slovakia a status of international (joint) structures modeled as border industrial parks, logistics and tourism clusters.

Analysis of potential of investment and innovation component of the Ukrainian-Slovak cooperation leads to a number of additional recommendations to public authorities and self-government bodies in Ukraine. The following on our opinion are urgent:

- Improving the investment preferences for the subjects of innovation activity in Ukraine, including at border areas in accordance with EU standards, the Kyoto Convention on simplification of customs procedures and obtained on this basis experience our Slovak partners in terms of stimulation of investment and innovation activity;
- Providing investors with guarantees of the stability of the legislative framework for a long period;
- Development and approval of the State strategy for investment and innovation development and the Investment Code of Ukraine.

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