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THE EASTERN DIMENSION OF THE UNITED EUROPE

**Political and economical aspects of the Eastern
politics of the European Union**

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CONTENTS

Foreword (Krystian HEFFNER)	5
Section I	
POLITICAL ASPECTS OF THE EASTERN POLITICS OF THE EU	
Alessandro VITALE The EU's predominant concept of inside/outside dimensions, the stop of enlargements, and the Eastern European deadlock	11
Roman SZUL The West (the EU and NATO) and its eastern neighbours: fading interests, weakening ties?	23
Katarzyna LEŚNIEWSKA The socio-political situation of Poles in Vilnius after the accession of Lithuania to the EU	41
Sandra VIOLANTE Candidate to normalcy: Serbia between Yugoslav heritage and EU future	55
Section II	
ECONOMICAL ASPECTS OF THE EASTERN POLITICS OF THE EU	
Marie-France GAUNARD-ANDERSON Partnership between French and Eastern European Regions: Success of a decentralised co-operation supported by the European Union	67
Maksym VOICHUK Integration component of environmental management: geo-economic aspect	81
Serhii FEDONIUK E-participation as a factor of Europeanization in the context of European integration prospects of Ukraine	87
Nataliia PAVLIKHA and Iryna KYTSYUK Importance of regional competitiveness in transition economy	99

Section III	
BORDERS AND BORDERLANDS ISSUES AND THE TRANSBORDER CO-OPERATION	
	107
Milan BUFON	
The Slovenian borderlands: between integration and marginality	109
Sokol AXEMI	
The features of the socio-geographic area of Shkodër (Albania) and Ulcinj (Montenegro)	123
Marek SOBCZYŃSKI and Marek BARWIŃSKI	
Geopolitical location and territorial transformations of Ukrainian territory and the complexity of their internal structures in the twentieth century	131
Nataliia KOTSAN	
Political and geographical features of the new state border of Ukraine	163
Gintarė POCIŪTĖ and Vidmantas DAUGIRDAS	
The border's influence on peripherality: Case study of the Lithuanian-Belarusian border region	175
Donatas BURNEIKA, Vidmantas DAUGIRDAS, Edis KRIAUCIŪNAS, Gintaras RIBOKAS and Rūta UBAREVIČIENĖ	
Socio-economical aspects of depopulation in Eastern EU border region – case of Eastern Lithuania	195
Halina POWĘSKA	
Spatial extent of cross-border trade in the Polish-Ukrainian border area	217
Sylvia DOŁZBŁASZ	
Transborder co-operation on the external EU's borders, illustrated by the eastern border of Poland	231
Alexandru ILIEȘ, Jan WENDT, Dorina Camelia ILIEȘ and Vasile GRAMA	
Internal/external level of connection of administrative divisions at the external border of EU in Polish and Slovak sectors	243
Marcin WÓJCIK	
Peripheral areas in geographical concepts and the context of Poland's regional diversity	255

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REGION
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IMPORTANCE OF REGIONAL COMPETITIVENESS IN TRANSITION ECONOMY

Globalisation is the main feature of the twentieth century. The concept includes social, economic, political and environmental issues. Globalisation has had an important effect on economies in many countries of the world.

In recent decades, globalisation has been identified as a key trend in global economic development. This trend has come to include the exchange of goods, services, capital and labour. It goes beyond state borders and has led to the continuous intertwining of national economies (Vasyl'chenko 2003).

Globalisation can help in developing complex solutions for social, economic and environmental problems in systems on different levels (regional, national, continental, global). The process of globalisation has also had a vast effect on all components of the different regional systems in Ukraine, causing various consequences.

Today, the global community develops an important global resource by using a model of sustainable, special development. This project continuously expands the relevant mechanisms and technologies that were declared in the Urban Charter of the Commonwealth of Independent States (Geneva, 1997), 'European Spatial Development Perspective' (Potsdam, 1999) and 'Guidelines for Sustainable Spatial Development of the European Continent' (Hanover, 2000).

Sustainable spatial development presents the dynamic process of providing effective hierarchical co-operation, as well as a change in concentration of the functions of social, economic, environmental, innovative and informative elements (subsystems) of space, that are of vital importance for the complete and widely accessible satisfaction of various necessities of all strata of the population within a certain format of space.

The studies of historical aspects of evolution of the theory of sustainable spatial development shows its interdisciplinary character. The dynamism of the

process becomes one of the most prominent characteristics of sustainable spatial development.

The principle 'think globally and act locally' more precisely describes spatial maintenance of sustainable development – co-operation and coexistence of different order spaces within the limits of unique whole.

Ukraine has a unique strategic position in Europe and its achievement of sustainable spatial development is vital to its national interests. The successful implementation of development serves as a prerequisite for improving people's lives. This is the main priority of national interests. If Ukraine wants to continue to use an innovative model of economic growth, there is a need for scientific justification of the strategy to raise regional competitiveness in order to provide a higher quality of living, create opportunities to use existing national spatial potential and determine its role on a global level.

The aim of this research is to theoretically and methodologically justify regional competitiveness in the conditions of transformation economy.

Available domestic and foreign experience concerning the theoretical principles of the formation of competitive national economy in the context of transformation processes is discussed in general terms in the article. It focuses on the study of regional competitiveness as a necessary precondition for the development of competitiveness of the whole country.

During the recent years, competitiveness has become more than a fashionable concept. Alongside the international opening of developed economies and the globalisation of economic relations that followed, there is hardly any government that has not assigned the improvement of competitiveness as one of the main goals of its economic policy (Val'ter 2004, p. 95).

During Ukraine's transition from a centralized to an open market economy, globalisation processes have been a crucial factor in regional development and national progress. This is especially true because, according to I. Busygina (2005), 'The regions are in fact «entry points» into the globalisation of the national economy'. Italian researcher I. Begg (1999) correctly noted that productivity and employment are the indicators of regional competitiveness, but that quality of life is its main characteristic. Quality of life refers to a complex description of the general degree of satisfaction among the population in terms of their material and spiritual needs. It refers to the prevailing conditions of life and the free development of both individuals and society as a whole. It defines the demographic, socio-economic, infrastructural, natural and environmental parameters that researchers use in the process of comparative analysis of life quality in different regions of Ukraine (Pavlikha 2006).

The results of such comparative analysis revealed significant regional

differentiation regarding quality of life in Ukraine. Regions were marked according to the following scale: the best, relatively high, high, medium, low and limited quality of life. These categories characterise the existing conditions for the prospect of sustainable development. These categories are not based on European standards, but on the existing conditions in Ukraine. It is important to pay attention to the lack of ideology of sustainable spatial development activities. Due to this, there are notable inter-regional disparities.

The future of the human race is the main imperative for modern global development. However, the problem lies in identifying how and to what extent each region is able to adapt to the changes that have arisen due to global factors and their corresponding results (Tarasov 2004, p. 243).

The fundamental strategic course of our state is to achieve integration with the external economic, political and legal space, which will in turn bring us closer to the highest world standards of life quality, complete realisation of opportunities for valuable development, providing rights and freedoms for citizens of Ukraine. The development of human potential must become not only the goal and index of public and economic progress in the country but also the unifying element of subsequent collaboration between Ukraine and European Union.

Besides, gradual integration of the state with the wider community and the problem of saving our own national and regional spatial advantages require the modernisation of the system of spatial organisation of the country and its regions.

The main priority of Ukrainian national interests is to raise the quality of life in order to introduce European standards into all spheres of society. Therefore, the most prominent feature of current regional policies must be ensuring the international competitiveness of the national economy and all of its components. This means creating and strengthening the single economic and social space, as well as ensuring dynamic, balanced development. This would involve eliminating the main regional imbalances and maximising the use of regional resources and potential, as well as the implementation of common programs designed to ensure environmental security, etc.

The issue of regional competitiveness in a globalised world increases in importance and acquires new meaning in light of the global financial crisis. Although the crisis has complicated consequences, it can also be regarded a major impetus for further development. The financial crisis has made it necessary for Ukraine to discuss seriously and thoroughly the issue of development and implementation of strategies for increasing international regional competitiveness.

Ukraine has passed the initial stage of market self-regulation and received the status of market economy. However, the transformational stage of economic development and social progress of our country results in a number of important socio-economic problems caused by social and political instability, significant problems in the demographic, social and environmental areas, while the existing structural, sectoral and regional disparities were even more aggravated because of global financial crisis and economic downturn. These objectives should highlight the need of formation model of competitive national economy, which will complete the transition from planned economy to free market and successful integration into the world economic space.

Today, due to the complexity and its multi-faceted nature, the index of competitiveness is used to describe the development level of the economic system, which is especially important for the transformational national economies.

In a market system, the category of economic competitiveness is the most important one, as it is focused on economic, technological, industrial, organisational, managerial, marketing opportunities of separate business entities, the economy and the region (Semiv 2007, p. 147).

Competitiveness emerges as a social ideology, aimed at achieving competitive advantages at all levels of management, as well as enhancing the role of regional factors in the system of world economic relations, while providing the regions with their own independent entities in the global market.

The process of involvement of various regions in competitive relations in a common market exacerbated the need to form their own competitiveness, which in turn led to the need to review existing policies to stimulate regional development and provide relevant competitive advantages (Tkachuk et al. 2011).

Nowadays, the regions cannot be passive players subjected to decisions of a national centre or the fluctuations of the global economy. Instead, they have to become active players who concentrate on their own economic and social future.

A region is a complex spatial system, an integral spatial connection of components, characterised by a certain combination of territorial, natural, geographic, geopolitical, demographic, social, historical, cultural, resort, industrial, economic, environmental, administrative and political signs.

The regional environment is characterised by (Sjepik 2004, p. 10):

- *know-how*, defined as a capacity to master the production process in all components, i.e. technical, organisational and marketing. This capacity is crucial in order to cope with the technical changes and market evolution.

- culture and values, which define the behaviour of actors and the relation between them. For example, it can be based on a principle of confidence and

reciprocity or lack of trust and strict individualism, on co-operation or undermining attitudes, solidarity and mutual aid or each-for-his-own attitudes.

- social capital measured by the knowledge each of the actors have on one another. This issue is essential when it comes to the setting up of networks.
- degree of openness to the outside world characterised by the knowledge and understanding of markets and technologies.
- the existing set of regional actors such as big enterprises, SMEs, financing structures, administration, local decision-makers, public interfaces, professional associations, education and research institutions, etc.

Paraphrasing the statements from N. Tarnawska and Makarova (2010), we note the need of a new paradigm of management development that takes into account the transformation of the region's nature and the nature of competition, innovation and expansion globally in conjunction with the concept of innovation.

First, we should understand, master, apply and use key terms of competitiveness, its performance assessment in the management of the regions, choose directions for increasing the competitive position in the regions, know and take into consideration the trends in regional competition, as well as find opportunities for co-operation with them.

The new international game of competitiveness is played and won at the regional level. The determinants of global competition are not only the products themselves but also the environment provided at the regional level. The role of the state has changed: it has shifted from its traditional role in the development of industrial policy towards the role of facilitator for developing production systems at the local level (Sjepik 2004, p. 11).

Nevertheless, one should not forget that the pre-determinants for regional competitiveness are established at the national level. Regional development requires favourable conditions such as a macro-economic environment leading to growth, employment, and stability, as well a tax and regulatory system encouraging business and job creation (Sjepik 2004, p. 15).

Thus, considering the regional competition as the presence of competitive advantages and a manifestation of the competitive position of individual regions, it is clear that the differentiation which appears and increases in levels of development is just a consequence of the manifestations of regional competitiveness. The important point to ensure regional competitiveness and its management is the formation and maintenance of the factors and parameters of the regional economic system at a level that maintains and multiplies the performance already achieved. In this case, it is about the stability, integrity, complexity and vitality of the region as an economic system in space-time conditions change (Vasilenko 2008, p. 15).

Therefore, we propose to treat the concept of 'competitiveness of the region' as the ability of a region to find opportunities for its development and transform them into sources of economic growth; it means the most efficient use of existing socio-economic, scientific, technical and human resources to identify (or create) the strengthening and effective utilisation of its competitive advantages in order to intensify the progressive movement in the region, enhancing the level of the national economy as a whole. And the resulting feature, in our opinion, is the quality of life of residents in the region.

Nowadays, the successful involvement of Ukraine in the global economic space in terms of further market-oriented transformation of the national economic system, acquiring the characteristics of the global knowledge economy, makes competitiveness the key to its sustainable economic development. And, since the structural changes in the economy are shown mostly at the regional level, which is first 'react' to any reform, the deepening of the process of market reforms in Ukraine makes it necessary to change the stereotypes of management, planning methods and principles of management at the regional level.

Thus, Ukraine's lack of effective regional governance, capable of ensuring the competitiveness of the region in a further transformation of the national economy, identifies the need to study the conceptual foundations of the competitiveness of the region.

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