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THE CROSS BORDER COOPERATION BETWEEN ROMANIA AND HUNGARY

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Abstract: *European territorial cooperation means a balanced development of the whole community area by encouraging cooperation and exchange of best practices among all the EU regions, which was organized across three axes: cross-border, transnational and inter-regional cooperation. Cross-border cooperation is not just about financing and creating infrastructure, but also aimed to strengthen cooperation: one of the most important concepts of cross-border cooperation programs is to facilitate the joint development of geographically related areas, sharing resources separated by artificial boundaries. Strengthening economic and social cohesion in the border region can be achieved by investing in business infrastructure by supporting cross-border business cooperation and tourism development between the two countries*

Keywords: cross-border cooperation, financing, Romania, Hungary.

JEL classification: L83.

1. Introduction

The aim of the Cross-Border Cooperation program is to bring different actors closer to each other and together to better exploit the opportunities offered by the joint cross-border development of the border area. Therefore, the expected results are complex and the economic impacts of the program are mostly indirect.

The purpose of this document is to present a Cross-Border Cooperation program between Romania and Hungary and to briefly evaluate the relevant indicators for the occurrence of projects in the cross-border economic environment.

2. The cross-border cooperation program between Hungary-Romania

The eligible border area is south-eastern and eastern part of Hungary, northwestern and western part of Romania. It consists of four neighboring counties in Hungary and Romania.

Geographically, the program area is one of the Carpathian Mountains and Carpathian Hollow; the entire territory of the Hungarian side is part of the Hungarian Great Plain, while the Romanian territory includes all forms of terrain: the Romanian Western Plain, the Western Hills and some small part of the western karstic mountains (Muntii Apuseni). There are many rivers flowing from the border counties that come from Romania and flow into the Hungarian Tisza (Mureş, Crişuri, Barcău and Someş). These rivers connect with the neighboring counties, thus offering specific opportunities for cross-border cooperation.



Figure 1: Map of cross-border cooperation of neighboring counties.

Source: http://huro-cbc.eu/en/programme_area

The total length of the state border is 448 km, out of which 415.8 km is terrestrial, 32.2 km is fluvial border (on the Mureș, Criș, Someș rivers). The total area of the eight counties is 50.454 km², of which 43.7% is Hungarian and 56.3% is Romanian. The Hungarian territory is 23.7% of the total Hungarian territory and 11.9% of Romania's territory is in Romania.

The border line between Romania and Hungary is 448 km higher than the south-southeast direction. The border line starts near Batar (near the Ukrainian border) begins on the eastern side of the village of Halmeu, near Serbia and Montenegro, next to the river Mures. The towns in Ukraine are in the immediate vicinity of the four counties: Satu Mare, Bihor, Arad and Timis, whose capital cities are Satu Mare, Oradea, Arad and Timisoara. The border counties of Hungary are Bereg Szabó-Szatner, Hajdu-Bihar, Bekes and Csongrád who are in their capital in Nyiregyháza, Debrecen, Békéscsaba and Szeged. The Romanian population of the border represents 9.7% of the total population (22.327.000 inhabitants), while on the Hungarian side it is 18.5% of the total population (10.044.000 inhabitants). Between 1996 and 2006, the PHARE Cross-Border Cooperation projects were implemented, the amounts allocated to each country are shown in **Table 1**.

Table 1: The total amount allocated in the Romania-Hungary Program during 1996-2006.

Country/Programme/Allocated sum	PHARE CBC 1996	PHARE CBC 1999	PHARE CBC 2000	PHARE CBC 2002	PHARE CBC 2003	PHARE CBC 2004-205 / INTERREG 2004-2005	PHARE CBC 2006 / INTERREG IIIA 2006
Romania	0 EUR	5000000 EUR	5000000 EUR	5000000 EUR	2450000 EUR	4730241.65 EUR	4453245.28 EUR
Hungary	4530000 EUR	5000000 EUR	5000000 EUR	5000000 EUR	5000000 EUR	16271940 EUR	134987541 1 HUF

Source: Ricq C., (2006), Manuel de la cooperation transfrontalier, Universite de Geneve. KPMG Tanácsadó Kft (2013), Final Evaluation Report of the Hungary-Romania Cross-Border Co-operation Programme.

In the period 1996-2003, from the EU Phare CBC Fund, for CBC projects was allocated a total of 34 million EUR on the Hungarian side, respectively 28 million EUR on the Romanian side. Between 2004 and 2006, several projects were implemented: 40 projects in 2004, 48 projects in 2005 and 50 projects in 2006.

The overall objective of the Phare CBC program for the period 2004-2006 was to consolidate the links between the population in the cross-border region, with its

communities and its economic operators, in order to provide a solid basis for a balanced economical and social development of the entire region, with benefits for both countries: Romania and for Hungary.

The PHARE CBC programs have played an important role in the development of key facilities in the border areas, including modernization of border crossing stations and roads, and business infrastructure development projects. Environmental protection was also an important area; the projects in this area focused primarily on water resource management in response to identified common challenges. The next phase of the cooperation it was the implementation of the Cross-Border Cooperation Program (tri-lateral) (2004-2006) between Hungary-Romania & Hungary-Serbia and Montenegro; the budget for the program was nearly 32 million EUR for Hungary (INTERREG) and nearly 20 million EUR for Romania (PHARE CBC), including national co-financing. Eligible beneficiaries of the program were primarily non-profit organizations such as local authorities, NOGs, foundations, associations and educational institutions. The 12-year cross-border cooperation between Hungary and Romania has now reached a very important milestone. Within the framework of the Hungary-Romania Cross-border Co-operation Program 2007-2013, the European Union will provide further assistance to territorial cooperation between Hungary and Romania, continuing the former INTERREG III.A. and the Community Initiatives Phare CBC 2004-2006. On 21 December 2007, the European Union adopted the 2007-2013 CBC Hungary-Romania program, with a total budget of 275 million EUR. This program aims the cooperation in the eligible areas and it was implemented in four Romanian counties (Timis, Arad, Bihar, Satu Mare) and four counties (Csongrád, Békés, Hajdú-Bihar, Szabolcs-Szatmár-Bereg) in areas such as transport and communication infrastructure, and social development through partnerships between actors on both sides of the border line. The program was funded by the European Regional Development Fund (ERDF), funded by the national co-financing of the two countries, Romania and Hungary, participating in the program. The total amount allocated to the program was EUR 275 million. During 2007-2013, 472 projects were selected under the CBC Hungary-Romania Program, selected at five auctions, totaling EUR 211 million. For the 2014-2020 periods, the amount of allocated territorial cooperation resources will decrease by about 15%. The way, in which the funds are disseminated, their priorities, and the founding of the basic measures and areas of intervention are still under discussion at the time of writing this article and there is no statement in this regard on the European Commission. The European Commission approved the INTERREG V-A Romania-Hungary program on 9 December 2015, for which the Ministry of Regional Development, Administration and European Funds acts as the managing authority. The INTERREG V-A Romania-Hungary Program, to be implemented during the 2014-2020 programming period, continues to fund cross-border cooperation in the Romanian-Hungarian border area through the European Regional Development Fund, with the support of the European Union and the governments of the two states. The main objective of the program is to finance integrated operations with strong cross-border and strategic impacts, better use of shared potential and joint management of the challenges of the eligible area. The total budget is 231.8 million EUR (of which 189.1 million EUR is non-refundable from the European Regional Development Fund (ERDF)). The program finances cross-border cooperation initiatives implemented in the departments of Satu Mare, Bihor, Arad and Timis, on the Romanian side of the border, Szabolcs-Szatmár-Bereg, Hajdú-Bihar, Békés and Csongrád counties on the Hungarian side.

"KEEP ON COOPERATING!" was the name of the start-up conference of the program, which was held in Oradea (Romania) on 10 November 2016. The aim of the event was

to present the status of the program implementation, the achievements and the perspectives and stories behind successful cross-border initiatives in the region and all across Europe. The Monitoring Committee (MC) of the program held its second meeting of November 24, 2016 in Timișoara (Romania), wherein the MC members approved the launch of the entire, or in some cases, a part of the financial resources of certain investment priorities, by the end of 2016th. The members of the MC also approved the Communication Plan for 2017, the Anti-fraud Strategy and the Evaluation plan of the program.

The 2017 Annual Communication Plan aims to establish a common framework for the information and communication activities foreseen for 2017 in order to ensure their consistency and effectiveness as well as to adequately address the needs of the target group.

Conclusions

Cross-border business cooperation represents an output indicator to promote the number of projects for cross-border business cooperation. From the 451 projects, 46 projects have been supported cross-border business cooperation (excluding development of tourism projects). The policy of the European Union, which provides a unique economic market through the abolition of internal borders and other trade barriers, aims at alleviating economic and social disparities between the border regions of the Member States.

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*** <http://www.huro-cbc.eu/en/overview/> , accessed on 04.10.2018.