

THE ECONOMIC SITUATION OF THE BULGARIAN-SERBIAN BORDER AREA

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In this paper the current economic situation of the Bulgarian-Serbian border region is investigated, paying attention to the possible economic opportunities for the future development of the region as tourism and cross-border cooperation within the Instrument for Pre-Accession Assistance (IPA) programs.

INTRODUCTION

Borders can be perceived as a barriers and obstacles for people to travel, to collaborate, or to work, as an obstacle for merchandises to be carried from one country to another, as a restrictive measure on a whole nation in order to isolate it from the rest of the world or just to exercise an absolute control over the mind and the freedom of several generations. However, at the same time, the border can be perceived as a bridge between the countries, as a starting contact point for cooperation, as a place where many people exercise their profession and live from it. Borders encourage and stimulate the participation of many actors depending on the societies and the corresponding policies from both sides of the borders (H o u t u m van, 1999, 2002, 2002a, 2003). At the moment, there exist more than 70 cross-border regions in Europe, which are involved in cross-border cooperation (P e r k m a n n, 2003, Z i m m e r b a u e r, 2012). One of them is the border region between Bulgaria and Serbia, which is one of the less investigated European border regions.

The aim of the present investigation is the analysis of the economic situation of the Bulgarian-Serbian border region, paying special attention to the question of the economic opportunities the region is offering and the way they are used. The research is based on official data from different state institutions and on the information, collected during a field work of the author in the border area in October 2011. The selection of people to be interviewed has been done according to the aim to have representatives from many age group and from different educational level and current professional situation. The visited places, where the interviews have been taken, comprise the Municipalities of Majdanpek and Rajac, the Babin Zub resort, as well as the Municipalities of Dimitrovgrad, Bankia (Trun region), Komshtitsa, Belograd-

chik, Salash and Vidin. The author has chosen them in order to perform the most representative study of the border region.

FACTORS FOR THE SOCIO-ECONOMIC DEVELOPMENT

This border region lies in both sides of the border between Serbia and Bulgaria, which has a total length of 360.4 kilometers, starting from the point where the River Timok joins the Danube and ending at the point of confluence of the Serbian, Bulgarian and Macedonian borders, near the village of Zheravino, located northwest from the city of Kjustendil (Fig. 1).

The border area is characterised by its ethnical diversity, although ethnic Bulgarians and Serbs form the core part of the population. In the Bulgarian part, 81 % of the population of the border area is concentrated in Sofia city. From the other side, the border area population represents 26.81 % of the country's total population. Outside the capital and some biggest cities as Kystendil and Vidin, the population is aged and the land is strongly depopulated.

In the Serbian part the population is younger and it represent 16.53 % of the country's total population.

The strategic situation of the Bulgarian-Serbian border area has an important geopolitical meaning serving as a connection between western and eastern european economies and markets by earth and along the Danube river. This makes the border region a suitable place for the successful development of any kind of economic activities.



Fig. 1. Map of the eligible area of the Bulgaria-Serbia IPA Cross-border Programme

Source: IPA 2007

The border region could also be a place where distribution companies can locate themselves and work in several countries at the same time, especially in the case of the city of Vidin, which is a kind of triple point between Bulgaria, Serbia and Romania. This can have a biggest impact for the development of the local economy due to the recent opening of the Vidin-Calafat bridge.

The region is rich in coal and geothermal resources. Apart, it has a significant potential of renewable energy sources due to the biomass that could be obtained by the large forest and agriculture areas.

In addition to the above mentioned important factors for the economic development of the region, this border region has a beautiful landscape and an almost virgin nature. Its mountainous character, the natural parks, the protected areas and the thermal springs offer significant opportunities for the development of tourism in the region. The many natural parks as the Trun gorge, the Kom summit and its surrounding area, the Belogradchishki Skali park (Belogradchik Rocks), the Magura Cave, the Rabisha Lake. or the area of Chuprene are among many others touristic places in the Bulgarian side, while in the Serbian one, the Đerdap National Park and the Nature Park Stara Planina, designed as biosphere reserves, the Nature Park of Sićevačka gorge, Kučaj and Jerma River or Suva Planina are only few of the nature treasures that this border area possesses.

Similar to the Bulgarian part of the border region, famous by its thermal springs in Kyustendil, Sapareva Banja, Vurshets or Rudartsi, there are several thermal springs as in Niška Banja, Soko Banja, Vranjška Banja and Zvonjačka Banja. Many natural areas have been proposed for inclusion in NATURA 2000 (Penin, 2000, IPA, 2007).

Other factors for present-day socio-economic development of the border are the Bulgarian-Serbian border meetings serving as important stimulus for common cooperation in terms of cultural, ethnological or educative projects. However, all these factors are not enough to develop a strong economy. According Mladenov et al. (2009) the region is being deserted and the economic and social situation is getting worse.

Despite the existence of five border crossing check points, the border is still regarded as a separating line because of the physical factors as the mountainous character of the border area, which acts as a natural barrier for crossing transportation, taking into account as well the underdeveloped transport infrastructure.

The reasons for this economic situation are related to some extent to physical factors as the mountainous character of the border area, which acts as a natural barrier for crossing and creating difficulty with transportation. Other important reasons have their historical bases as the forced collectivization during 1949-1989 and the period of Iron Curtain. However, one of the most important reason for this situation is the character of the structure of property during the last decades, the disintegration and the collapse of the Bulgarian economy. The closing of the mines after 1989 and the decay of the mining industry had strong economic impact in the past. Many small cities, where the people lived before from this activity have been partially depopulated. Due to bad governing practices and mismanagement of public money between 1990 and 1997, the Bulgarian economy and state collapsed and hyperinflation followed.

Apart, some additional formal European policy restrictions have been recently introduced as the Bulgarian-Serbian border area is a region between European (Bulgaria) and non-European (Serbia) country.

MAIN ECONOMIC SECTORS

A common characteristic of the regions from both sides of the border is their low economic development compared to the rest of the territory in both countries. As a result, the cross-border cooperation and the cooperation between the communities from both sides of the border line is very limited, despite the existing of several regional development strategies.

The GDP per capita of Bulgaria and Serbia are low compared to the rest of the European countries and the corresponding GDP per capita for the Bulgarian and for the Serbian border regions are even lower compared to the respective national values. The average GDP per capita for the Bulgarian border region for 2010 was 2900 euros, which is below the national average value (4800 euros). Although the city of Sofia (the richest one at national level) forms part of it, the rest of the districts contribute significantly to lower the GDP per capita (Bulgarian Inst. of Statistics). The situation in the Serbian part is even worse. The national average value for the GDP per capita, corresponding to 2010 was 3440 euros and the corresponding to the Serbian border region was 2200 euros (Serbian Inst. of Statistics).

Most of the Foreign Direct Investments (FDI) in Bulgaria are being made in the city of Sofia and represents 56 % of the total country FDI, which for 2010 amounts 22.114.446 in thousands of euros. The FDI in the rest of the biggest cities in thousands of euros is represented in Fig. 2. In the border region, only the province of Sofia Region has slightly higher foreign investments, because of its proximity to the city of Sofia and the relatively good business opportunities.

The most of the FDI are in the sector of the industry and the services. A very small part of them are designated for the agriculture. An example for the later are the

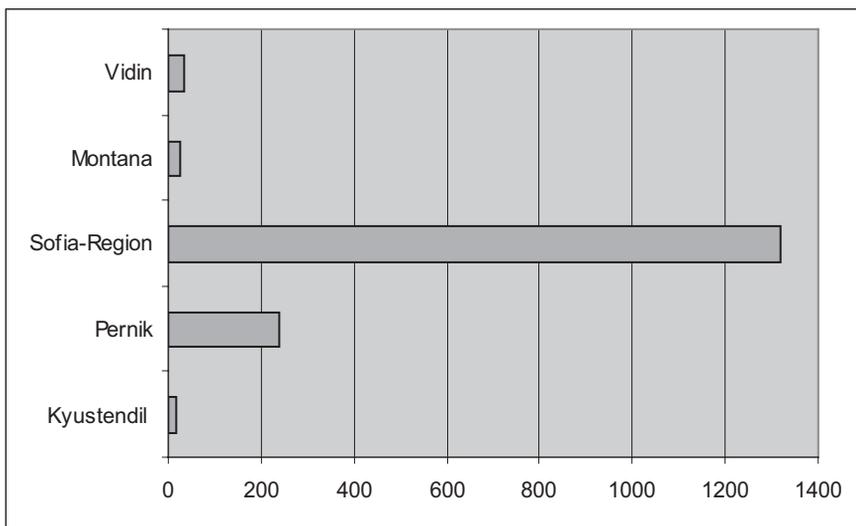


Fig. 2. Foreign direct investment (FDI) in the biggest cities (excluding Sofia city) within the Bulgarian border region in thousands of euros

Source: Bulgarian National Statistical Institute (Foreign Investments, 2010)

investment of a Chinese public company, Tjanjin State Farms Agribusiness Group Company, which with the support of the Bulgarian Ministry of agriculture has rented an enormous plot of land, 20.000 acres, investing 10 million euros in the Boynitsa Municipality, Vidin District. This is the first such project of a Chinese public company in the EU. The company plans to invest 20 million euros more into the region (News, 2011). This project seems to be controversial due to the Chinese policy of strong expansion towards the exterior and the future domination of world's food markets. However, the region is so poor, that every economic stimulus could give an impulse to revitalize the collapsed economic situation.

The mining industry on both sides of the border has been a leading sector in the past and is still keeping its most important part in the regional industrial production. The most famous mining centers are Bor with the extraction of copper, Zaječar with the extraction of coal and quartz. About 30 % of all mining in Serbia is concentrated in this area. The largest copper mine in Europe is located in the district of Bor. Other industries are the metallurgy, textiles, tobacco industry, etc if excluding the city of Sofia (IPA, 2007).

The arable land accounts for 17.7 % of the Bulgarian border region agricultural land, while in the Serbian part it represents 21.5 % of the corresponding agricultural land

(Bulgarian Inst. of Statistics, Serbian Inst. of Statistics). Due to the fertile land and the favourable climate conditions a great variety of agricultural crops, fruit and vegetables are grown in the region. Despite these facts, Bulgarian agriculture faces the problems of the fragmented land structure, the lack of adequate machinery, the aging of the rural population and the lack of investments due to the changes after 1989. The land has been depopulated with the remaining population (mainly aged) practicing some subsistence farming. In contrast, in the Serbian part in the area around Zaječar, Knjaževac and Bosilegrad the agriculture is one of the main economical sectors.

The trade and service sector is one of the leading sectors, together with the industry sectors, mentioned above (IPA, 2007). These sectors are represented mainly in the cities and their activities are related to repair services and trade of goods for everyday consumption. However there is still a lack in the corresponding infrastructure. There are several important projects, pending to be finished in the next few years that might offer the development of various trade and transport-related services such as markets, logistic parks, hotels, etc. It is important that Sofia and Niš are the most developed and the fastest growing economic and trade cities, and their future connection by a high road will contribute to the fastest regional development (IPA 2007). Some specific case studies, related to the trade and the service sectors, are represented in the district of Vidin, in the area of Dragoman and in the cities of Trun and Kyustendil in the Bulgarian part, while in the Serbian part, these sectors are mainly developed in Dimitrovgrad area, as well as in Zaječar, Knjaževac and Bosilegrad.

Despite the above mentioned economic activities, the GPD for both countries is relatively low as a consequence of the transition to market economy, the raise of the unemployment and the low economic development, competitiveness and absence of any innovations. This is the reason why the percentage of the FDI is very limited and not enough for the necessary development of the border region.

DEVELOPMENT OF TOURISM

Due to the rich natural resources localized in several places at both sides of the border, the tourist activity is well represented in various forms, such as eco, cultural, winter, spa, etc and has a strong potential for development. The most successful tourist developments are located in Babin Zub, Đerdap (Serbia) and Belogradchik (Bulgaria). The Serbian Government is investing more in the development of tourism in the border region than the Bulgarian one, where the investment comes more from the private sector. In 2010, in the whole border region of Serbia, there were a total of 1.314.707 tourist/nights (Serbian Institute for Statistics - Tourism), while in the respective Bulgarian one, this number is lower, corresponding to 620.156 tourist/nights (Bulgarian Institute for Statistics - Tourism). This situation could quickly change due to EU funding programs as the percentage of the private activities could increase in near future.



Fig. 3. Main tourist destination along the Bulgarian-Serbian border region.

Source: IPA 2007

Babin Zub (Serbia) is an important ski and mountain resort in Eastern Serbia with hiking possibilities to the Midžur summit and the Babin Zub rocks. All big hotels in the resort are state owned. Due to their low prices, they attract foreign tourist (mainly from Bulgaria) and are often fully booked. The small and privately owned guest houses near Babin Zub also contribute to the lodging facilities of the region (K o r o u t c h e v, 2011). The views in the Đerdap area (Serbia) are similar to those of the Norwegian fjords, offering as well hiking opportunities in the mountain area. Đerdap is offering several hotels, guest houses and private rooms for rent and profiting from the traffic from the local road, which is the shortest route from Bucharest to central Europe. The rest of the tourist destinations in the Serbian part of the border area are the following: the Roman ruins of Gamzigrad (Felix Romuliana), Rajac – known by the wine tourism, the Vlasina dam-lake, Bukovo, Temska, Sukovo and Poganovo monasteries, Stara Planina nature park and the Erma River gorge area – famous with their almost virgin nature, the thermal springs of Sokobanja, the hiking opportunities around Midžur and Ruy summits as well as many other places of tourist interest (Fig. 3).

The most important tourist sites in Belogradchik (Bulgaria) are the rocks and the fortress. Belogradchik became an important tourist destination when it was included to the Seven Natural Wonders of the World, made by a Swiss NGO in 2009 (7 Wonders).

Despite of this tourist importance, the lodging capacity in Belogradchik is limited (K o r o u t c h e v, 2011). The rest of the tourist destinations in the Bulgarian part are the Baba Vida fortress (in Vidin), the beautiful Magura Cave, the Rabisha Lake, the Chiprovtsi mountain area, the famous Midžur, Kom and Ruy summits, appreciated by the mountain climbers, the Trun gorge, Kyustendil's historical museum, the Chiprovtsi and Zemen monasteries, the thermal springs in Vurshes and many others (Fig. 3).

CROSS-BORDER COOPERATION AND MEETINGS AT THE BORDER

Cross-border cooperation exists under the European IPA Cross-border Program and other similar and ambitious European programs (IPA, 2007). They are helping to develop the inefficient infrastructure by enabling social and economic development and by improving the environment on both sides of the border. They are also enhancing collaboration in particular sectors such as culture, tourism, research, development, environmental education, and so forth. The existence of these economic bases for a cross-border cooperation open solid ways for enhancing the permeability of the border regarding the economic, legal and political aspects. They stimulate the actors from both side of the border to start common actions in order to develop the zone along several axes, which is of vital importance for the future of the current population.

The real actions in the next few years will be focused in the construction of the Sofia-Niš motorway, where Bulgaria will apply for European financing of 350 million euros for the stretch from Kalotina to Sofia. Also a contact center at the Kalotina-Gradina border crossing has been recently opened. It is expected that this contact center will help to strengthen border security, to fight against illegal migration, hu-

man trafficking, smuggling and customs violations. Recently joint Bulgarian-Serbian patrols have been created (Bulgarian border police).

It is expected that the Bulgarian - Serbian IPA Cross-border Program will contribute to the improvement of the real economic situation of the border area and to the viability of building strong democratic governance through improving access to transport, information and communication services, the cross-border systems for utilities and environmental protection and by creating policy and social networks, for business support and collaborations in culture, education, tourism, research and development and an active exchange of best practices. However, the most important cross-border cooperation will be the one built by the local people themselves, especially by the young generations, to define their right identity and social conscience. Only the common goal to have a better life, without forgetting the errors of the past, will help this depressed area overcome the challenges of the future.

The Bulgarian-Serbian meetings at the border also are an important stimulus which helps to strengthen the ties between the people from both sides of the border. Since at least 1956, there have been annual meetings at the border at several different locations. Most of them are not being held since the arrival of democracy, but some are still active. These meetings help the development of the tourist potential of the border area, the exchange of traditions and ideas between people of all ages, the taking of decisions about problems of common interest for all citizens living in the border area, and the help young people to know and understand each other. The meetings stimulate as well to enhance the permeability of the border from the point of view of the social, cultural and identity layer, as it enhances the communication and the cultural homogeneity.

These tendencies are expressed in terms of common cultural and educative projects, common cultural heritage, consisting of a variety of important architectural, archaeological and ethnological monuments of cultural importance, costumes, folklore, etc. The region is offering professional cultural institutes, libraries, museums, galleries as well as cultural centers. There are potential opportunities for cooperation and interaction in terms of language education and common literature projects (Stojković et al., 2008).

CONCLUSION

Investigation of the economic situation of the Bulgarian-Serbian border region, paying a special attention to the question of the economic opportunities the region is offering, shows that the activity due to the tourism has a good basis for future development due to the almost virgin nature and the strategic geographical situation of the region. However, the analysis of the main economic sectors, their distribution within the border area and the main differences in both sides of the border points out the still low level of the GDP and foreign investments as well as the relatively underdeveloped infrastructure, the latter being the basis for a good economic development. The performed investigations also support the idea that the existing cross-border cooperation, maintained by national and European funds, as well as the active cooperation of young generations from both sides of the border, are the basis for a mutual exchange of good practices for economic and social development of the zone. This could create

opportunities for economic development in the near future and strengthen the relationships between two similar nations.

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ИКОНОМИЧЕСКАТА СИТУАЦИЯ НА БЪЛГАРО-СРЪБСКИЯ ГРАНИЧЕН РЕГИОН

Р. Коручев

(Р е з ю м е)

В настоящата статия се изследва съвременната икономическа ситуация на Българо-сръбския граничен регион, наблягайки на икономическите възможности за бъдещо развитие като туризъм и трансгранично сътрудничество в рамките на действащите европейски програми.

Освен икономическия и туристическия потенциал, който този граничен регион притежава, от особена важност е неговата стратегическа локация, играеща ролята на междинен мост между Централна и Източна Европа и Балканите. Съществуващото трансгранично сътрудничество, подпомогнато от Европейските фондове, както и активното сътрудничество на младите поколения от двете страни на границата, са съществени за поставянето на основите на бъдещата инфраструктура, културния и научния обмен и други дейности, жизнено необходими за бъдещото икономическо и социално развитие на региона.