



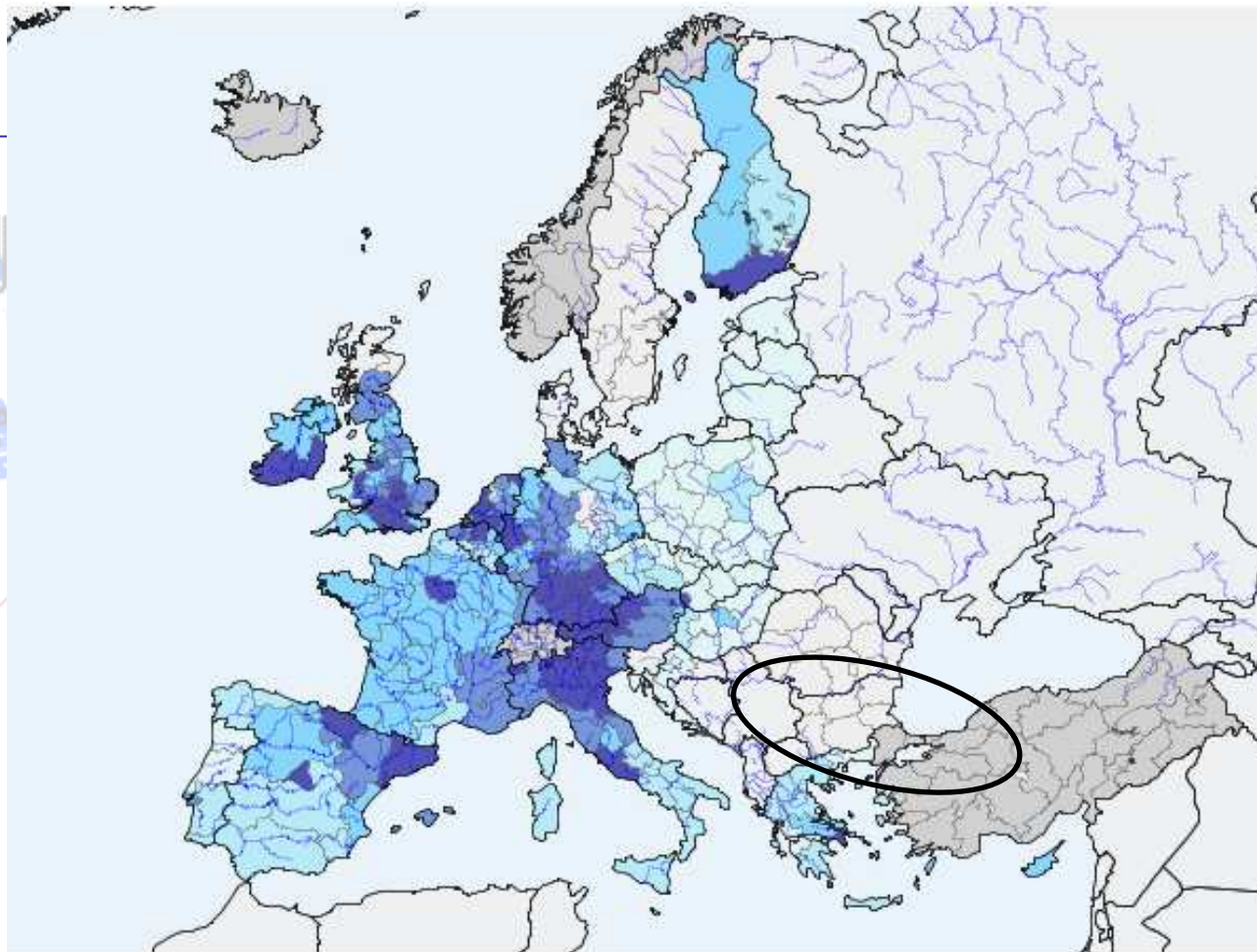
# Evaluation of the economic level and the development potential of the Danube region

**-ECONOMY-  
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INTERREG III B CADSES

## Regional gross domestic product (PPS per inhabitant)



Legend ( Data 2004 )

5113.3 - 13999.7

13999.7 - 19039.7

19039.7 - 22288.8

22288.8 - 25642.8

25642.8 - 65318.5

N/A

Minimum value:5113.3 Maximum value:65318.5



# Overview of the Economy

## Thematic Block

- **General information about the economy of the Danube region**
- **5.1 The economic level of the region**
- **5.1.1 Gross Domestic Product (GDP)**
- **5.1.1.1 GDP for the region**
- **5.1.1.2 GDP per inhabitant for the region in euros**
- **5.1.1.3 GDP for the region expressed in Purchasing Power Parities per inhabitant**
- **5.1.1.4 GDP according to the NACE classification**
- **5.1.2 Activity structure**
- **5.1.3 Average monthly salary (gross)**
- **5.1.4 Life expectancy at birth (years)**
- **5.2 The economic potential of the region**
- **5.2.1 Primary resources (natural potential)**
- **5.2.1.1 Land-use**
- **5.2.1.2 Metallic and non-metallic natural resources**
- **5.2.2 Secondary resources (potential created by human activity)**
- **5.2.2.1 Working potential of the region**
- **5.2.2.2 Structure of enterprises**
- **5.2.2.3 Development potential of the region**
- **5.3 Summary evaluation**
- **5.3.1 Evaluation of the development level of the region at NUTS level 2**
- **5.3.2 Types of NUTS level 3 regions based on economic indicators**
- **5.3.3 SWOT analyses**

# Specific factors

- Danube → „Limes et Via”
  - Water
  - Transport
  - Tourism
- Great diversity in many aspects
  - Nature
  - Human capital
  - Infrastructure
  - Settlement types
  - Cultural values
  - => Economic development

# Specific factors

- Common feature: transition from centrally planned economy to market economy
- But: in different ways and in different phases
- Increasing orientation towards the EU  
=> changing roles of the Danube
- Strategic position in the East-West trade
- **Common strategic problems:**
  - How the common use of trade opportunities could be the basis of the cohesion in the Danube region?
  - How to realise the utilisation of opportunities offered by the Danube region in a sustainable way?

# Economically special points/regions

- Concentration points/regions
  - Capitals in the region – the 4 „B”-s - Bratislava, Budapest, Beograd, Bucurest
  - Industrial and service centres
  - Ports
  - Crossing points
    - International
    - National
    - Subregional / local
  - Cultural meeting centres
  - Tourist spots

# Economically special points/regions

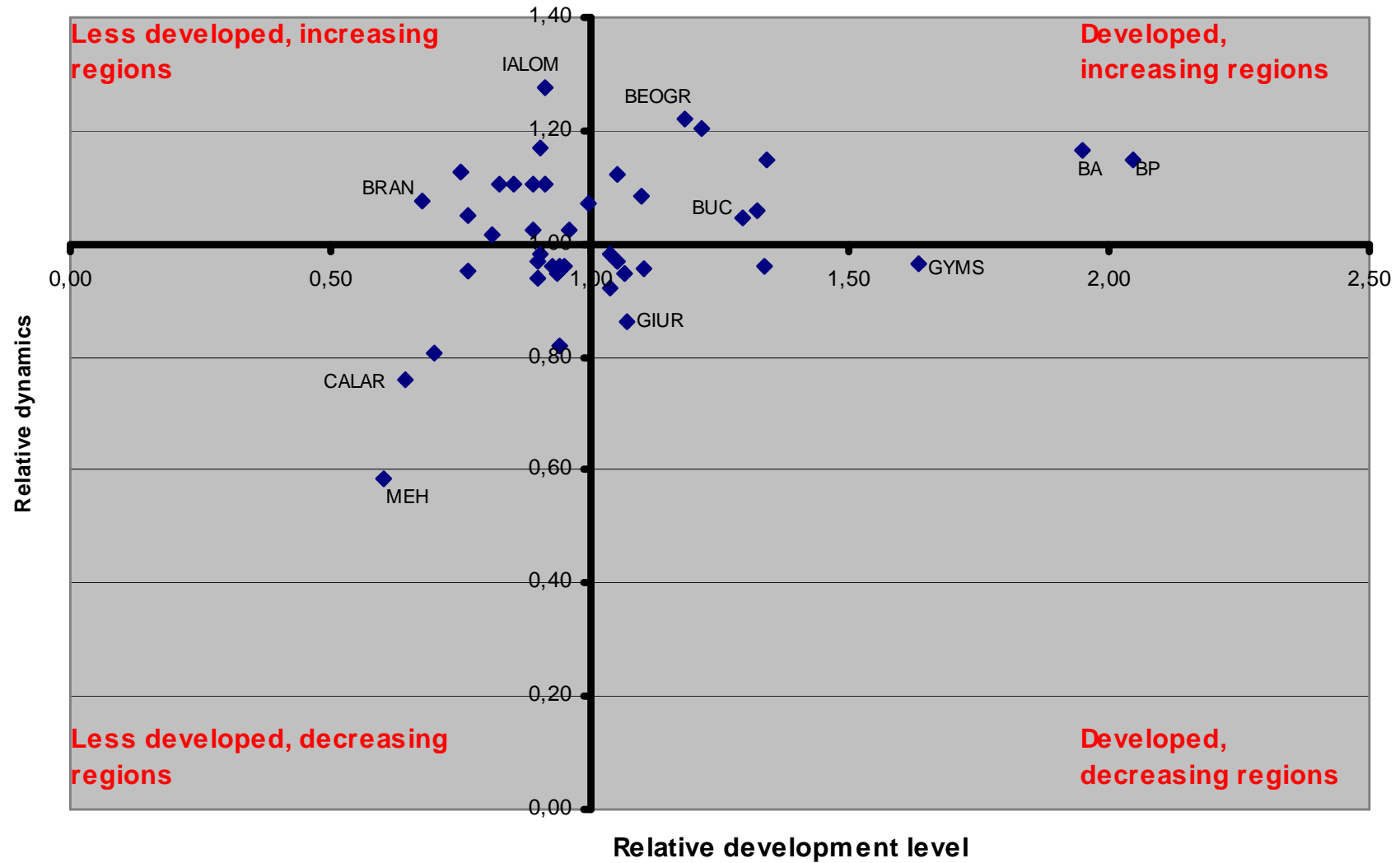
- Declining territories
  - Internal and external peripheries
  - Unfavourable physical conditions
  - Unfavourable economic structure
  - Unfavourable population structure
    - Ageing
    - Education
  - Unfavourable infrastructure accessibility
  - Social isolation
    - closed societies / communities



# Categories of regions

- **Underdeveloped regions:** GDP per inhabitant lower than 75 % of the EU average. Each region of the Danube area are underdeveloped, except for Bratislavský kraj (sk01) and Közép-Magyarországi Régió (hu10).
- **Phasing out regions:** GDP per inhabitant between 76 - 89 % of the EU average
- **Cohesion regions:** GDP per inhabitant between 90 - 100 % of the EU average
- **Developed regions:** GDP per inhabitant higher than 100 % of the EU average. Only two regions: Bratislavský kraj (sk01) and Közép-Magyarországi Régió (hu10)

## Aggregated relative position of NUTS3 regions by economic indicators



# The relative level and dynamic position of NUTS3 regions

		NUTS3 avg relative dynamics	
		>1 (dynamic)	<1 (slow)
NUTS3 avg relative level	>1 (developed)	BA, TT, BP, Pest, Ko-Es, Ju-Backi, G.Beograd, Bucuresti, Ruse	Fejér, GY-M-S, Bar, Tol, BKK, Giurgiu, Ilfov, Dolj
	<1 (Less Developed)	NT, Z-Bac, J-Ban, Srem, PoDun, Brani, Braila, Ialomita, Olt, Caras, Montana, Razgrad, Silistra	Sr-Ban, Bor, Const, Galat, Tulc, Calar, Teleor, Mehedint, Vidin, Vratsa, Plevan, Vel_Tarnovo,



# SWOT - Strength

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- **Common skills and experiences.**
- **Danube connecting the economies and as a potential integrator**
- **Capital cities, regional economic, financial and innovation centres**
- **Regions having developed subregional centres** around the capital cities, which could be an engine of the development.
- **Regional and national specialities, and skills in international competition**
- **Structural changes** in harmony with global tendencies (increasing role of services, loosing importance of agriculture and light industries, increasig importance of engineering, chemical industries, construction and service industries, and tourism).
- The agricultural **land** is a great natural resource along the Danube.



# SWOT - Strength

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- Dynamic **economic growth**.
- Dominance of **large companies**.
- The sector of **small and medium sized businesses** plays an ever **increasing** role.
- **Qualification standards of the population** have increased.
- **The reforms of training** materials have been completed, and the universities introduced the system of the Bologna process to make available the mobility of students inside Europe.
- The Danube region has established **a lot of educational and innovation centres** along the Danube base.
- **Wages** are lower than those in case of the international competitors although skills required by work meet international standards.



# SWOT - Weaknesses

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- There are **substantial and growing regional disparities**.
- **The developed regions are burdened with internal contradictions.**
- **Less developed regions require restructuring.**
- **Small and medium sized businesses** are the most important employers in each region, however, they **don't have enough productivity, stability, innovativity.**
- **The short term objective of the Danube region is to restore balance instead of modernisation.**
- **The small and medium sized business sector is on a relatively lower level of technical equipment and capital supply.**
- **The majority of small and medium sized enterprises are not real enterprises** but 'involuntary entrepreneurs' as a result of self-employment and/or tax evasion.
- **The health status** of the Danube region is rather poor in comparison to the level of economic development.



# SWOT - Weaknesses

- **Extremely low level of participation on the labour market,**
- **Large number of untrained individuals.**
- **Illegal employment.**
- **Very few people undertake continuous training or learning in addition to work.**
- **Significant regional differences in employment on the level NUTS 3 regions.**
- **Low level of mobility of workforce.**
- **Pure accessibility of the nearest work opportunities in some of the regions.**
- **Market processes are unable to leverage the regional and structural disparities.**
- **High level of inactivity**
- **Geographical concentration of disadvantaged individuals.**
- **Social isolation**
- **Meagre and insecure income,**
- **Poor housing,**

# SWOT - Weaknesses

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- **Unemployed parents in families**
- **Difficult accessibility to public services**
- **Poor utilisation of advanced information service tools.**
- **Regression spiral** in connection with the economy.
- **No improvement in the efficiency of education.**
- **Reproduction of people with low educational qualifications.**
- **Programmes** intended to reduce exclusion **have** brought about only **limited results**. Many young people leave the educational system with no educational or vocational qualification; therefore their labour market prospects are extremely bad. High drop-out rates are also driven by the fact that these students do not master basic skills and competencies in primary school.
- **R&D spending lags behind the EU average**, especially in the business sector. Research capacities are partly unused.



# SWOT - Opportunities

- New competitive environment due to global processes, and the enlargement of the European Union
- Increasing importance of networks connecting the Eastern and Western part of Europe => the role of the Danube region as an important development axis.
- The policy of the European Union helps the underdeveloped regions. The reasonable and efficient use of European Union funds. The whole Danube-area is eligible for Community support except for the two most developed regions.
- The peace process in South Slavic countries and the accession of Romania and Bulgaria
- The further integration of the internal market of the European Union generate stronger competition among actors of economy in the Danube region, at the same time, they also create greater market opportunities.
- Economic contacts within the Danube region will further be strengthened parallel to the elimination of the Schengen borders and the introduction of the euro.
- The common historical past and the former economic relations (former division of labour) can considerably facilitate the spread of regional co-operation, the transfer of technology and knowledge and innovation.



# SWOT - Threats

- In the face of globalisation, the concentration of production and services, the growth of cities is foreseen; therefore, the balancing out between the regions is needed.
- International businesses play a key role in the economy of the most of the regions.
- Investments providing the foundation for technological development concentrate only in developed regions.
- Regional dependency on imported energy is a substantial macro-economical exposure factor.
- The disadvantageous situation of the regional labour market causes that a large number of workforces will move from these countries.
- The financial deficiency will hinder the regions in the integration along the Danube base and in the development.
- The Danube regions will not be able to meet the requirements of the Lisbon Agenda because of the economic instability.
- The EU will give preference to other integration areas instead of Danube region because of other economic interests.
- The present policies could not help the catching-up process and some of the Danube regions will drop behind, the integration will not success.

# Conclusions

- The Danube region as a whole without any coordinated effort has a small chance to get closer the EU average,
- A deeper diversification will be present between the developed North-Western and the lagging South-Eastern regions.
- Instead of a growth oriented strategy a more stagnating economy will be created on the basis of the current employment structure.
- A more intense, and differentiated regional policy is necessary particularly in the South-Eastern part to be able to catch-up to the EU average level.



# Conclusions

- The development strategies for individual regional and local territorial units have to be elaborated locally, but
- **The elaboration of strategic development scenarios** based on common problems and features of the Danube region could be important contribution to these local strategies
- The purposes of these scenarios could be:
  - Mobilisation of internal resources for increasing external competitiveness in different type of regions
  - Development of innovation potential, and the institutions of knowledge regions in the Danube area
  - Co-operation in water management
  - Co-operation in conservation and heritage management
  - Impacts and utilisation of logistic centres, and transport corridors
  - The role of tourism in the development of the Danube region
  - Cohesion perspectives of the Danube region