



# The Cross-Border Co-operation in the Romanian-Hungarian Border Region

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## The socio-economic characteristics of the border region

This study wants to reveal, through a number of social and economical factors, the bases of cooperation of the Romanian-Hungarian border region of the counties Bihor and Satu –from Romania and Hajdú–Bihar and Szabolcs–Szatmár–Bereg from Hungary, as well as making a regional inventory of the social and economical background of this cooperation. We analyzed primarily indicators influencing demography, economics and living standard. The case study also indicates, considering the above-mentioned points of view, the territorial inequalities, which appear due to the presence of the border. Furthermore we also focus on the internal territorial differences of the four counties, which appear mostly as the city – village dichotomy.

The four counties have a peripheral position but in addition to this their socially and economically peripheral character is also highlighted. This is primarily valid for Szabolcs–Szatmár–Bereg county if we take into consideration its backward situation in Hungary. Hajdú–Bihar county has an economically more favorable situation, as it is a moderately developed county, due to the fact, that its municipality, Debrecen, is the second largest city in Hungary.

Table 1. The main features of the Romanian counties taking part in the cooperation, 2002.

Indicators	Bihor	Cities (%)	Villages (%)	Satu Mare	Cities (%)	Villages (%)	Romania
Area (km <sup>2</sup> )	7.544, 3	-	-	4.417, 8	-	-	238.000
Total population	600.242	49, 5	50,5	367.281	46, 4	53, 6	21,6 million

Table 2. The main features of the Hungarian and Romanian counties taking part in the cooperation, 2001.

Indicators	Hajdú–Bihar	Cities (%)	Villages (%)	Szabolcs–Szatmár–Bereg	Cities (%)	Villages (%)	Hungary
Area (km <sup>2</sup> )	6.211	-	-	5.937	-	-	93.032
Total population	545.700	75,6	24,4	572.500	46,6	53,4	10,12 million

In Romania, Satu Mare county can be considered a moderately developed county as the interest of the foreign investors is increasing as the county is relatively closer to the European Union and its infrastructure is better than the Romanian average. The same is valid for Bihor county as it has a far better position from the point of view of traffic and transportation. Furthermore, Oradea as municipality favors the county's position as it belongs to the second category of cities in Romania's settlement hierarchy, as a first-ranked regional center.

The four counties have developed a complex system of relationships in the form of active cross-border cooperation. The people who take part in this cooperation are mainly the Hungarians living in the Romanian side of the cross-border region, primarily those living in the southern part of Satu Mare county and the Hungarians and Germans living in the northern part of Bihor county (the linguistic, cultural and socio-communicative dimensions of these relationships are mainly emphasized).



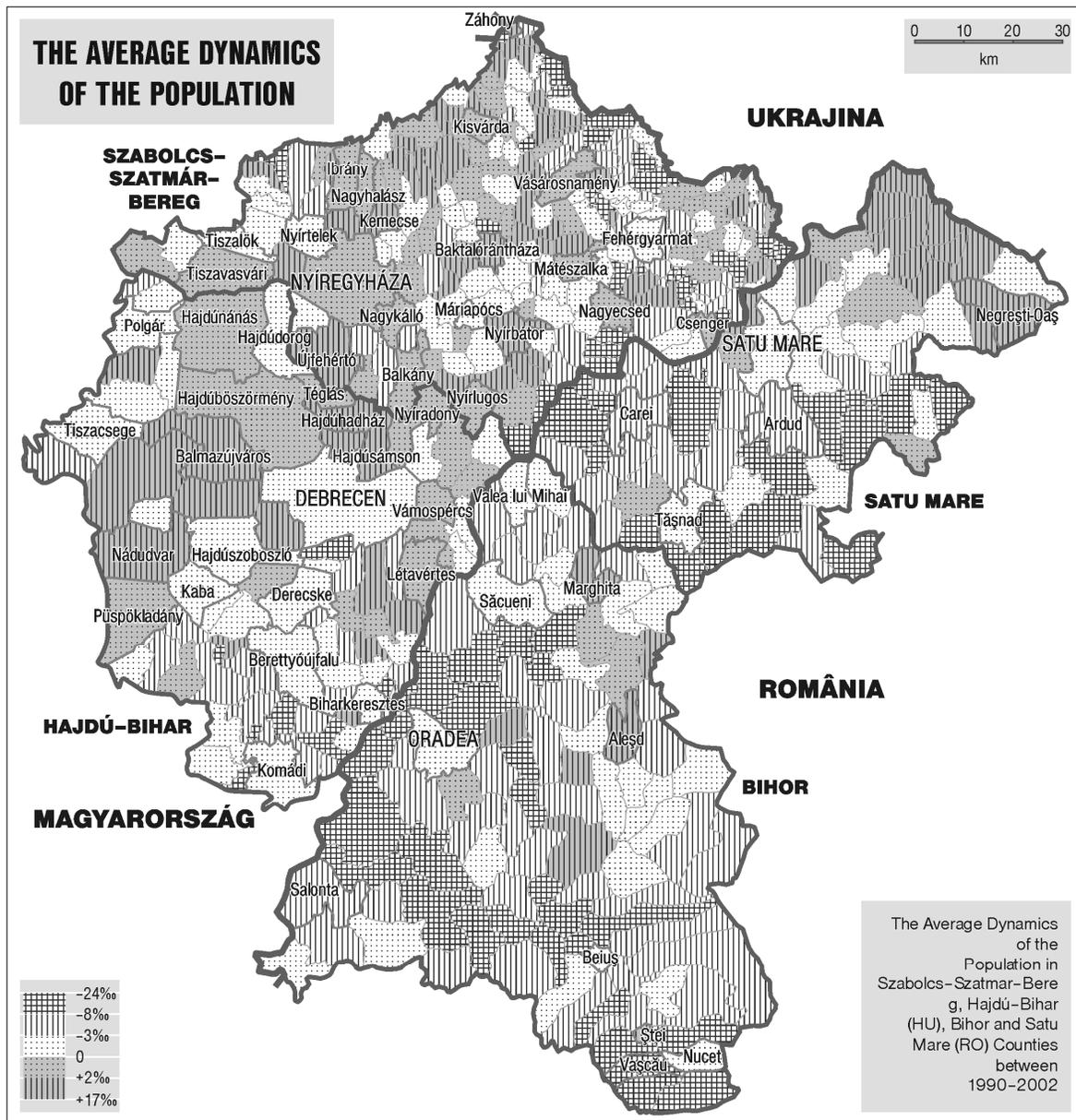
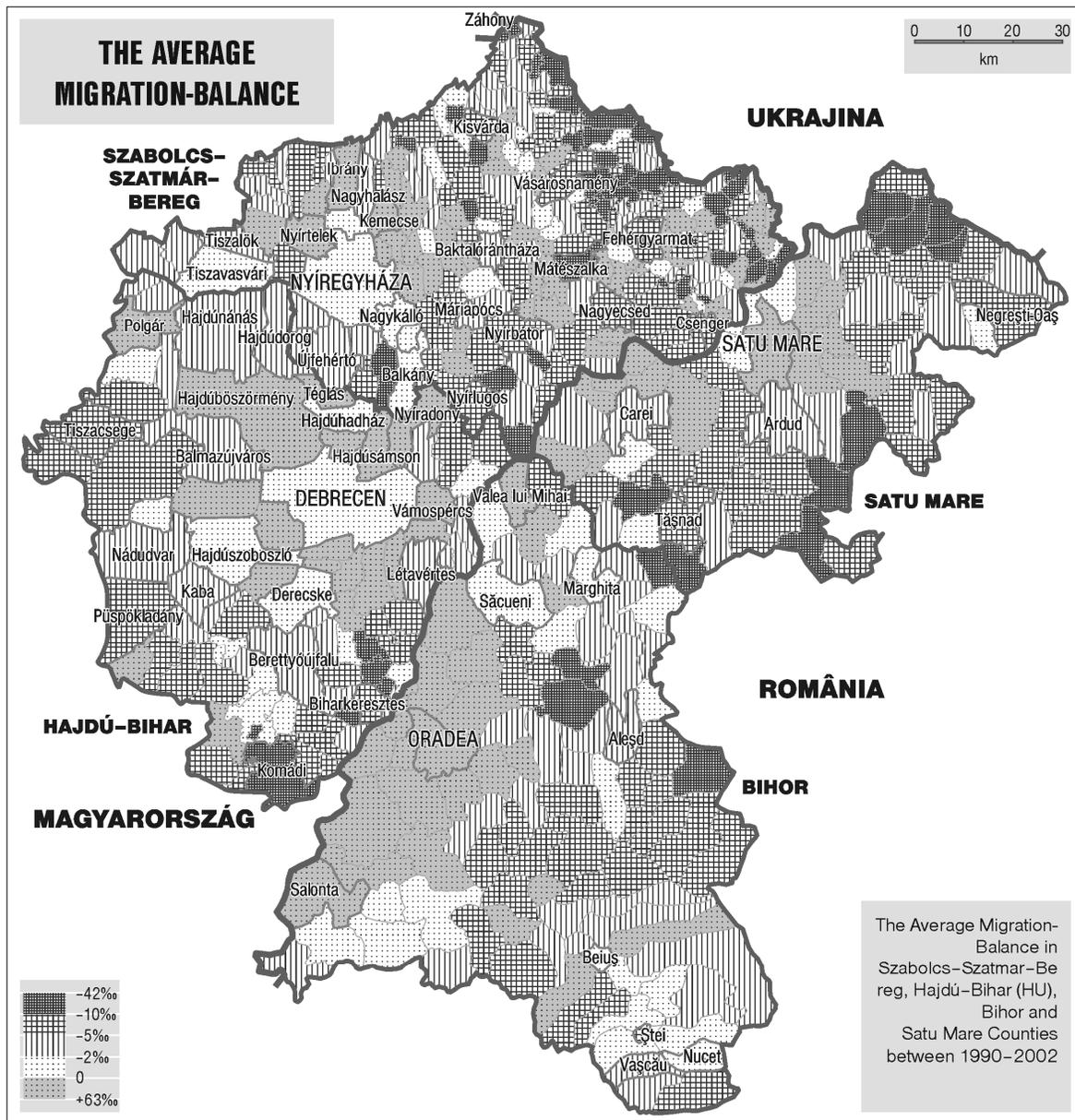


Figure 2. The Average Dynamic of Population in the Counties: Szabolcs-Szatmár-Bereg and Hajdú-Bihar (HU), Bihor and Satu Mare (RO) for the Period 1990-2002 at Community Level (Maps made by Bartos-Elekes Zsombor and Magyar-Sáska Zsolt).

Unfortunately, the Romanian part of the region studied, and especially the countryside is described by lower socio-economic index figures from almost all points of view, than it is the case with the Hungarian part. This is also valid for the demographical tendencies, which emphasize even more the region's socially peripheral character. The population density map highlights the poles of increase (mainly cities), but the fast growing rural areas with large population outflow and less possibility to keep this population up are also shown on the map (Țara Oașului – northern rural mountainous part of Satu Mare county, the Szabolcs-Szatmár-Bereg region in Hungary). From the point of view of population increase we can affirm that the contrast between the fast growing Romanian settlements in the northern, north-eastern region (Oaș) and the settlements having older population in the southern part outlines the situation of Satu Mare county. Bihor county, except for a few island-like settlements at the foot of the mountains or hills, is heavily losing its population. In contrast to this Szabolcs-Szatmár-Bereg county in Hungary generally grows faster, except for the border regions with Romania and Ukraine, consequently from the point of view of population increase this county cannot be described as demographical periphery.



**Figure 3. The Average Migration-Balance in the Counties: Szabolcs-Szatmár-Bereg and Hajdú-Bihar (HU) Bihar and Satu Mare (RO) for the Period 1990-2002 at Community Level (Maps made by Bartos-Elekes Zsombor and Magyar-Sáska Zsolt).**

On the Hungarian side, the faster growing small villages having a larger proportion of Gypsy population are evident mainly in the Szatmár-Bereg region (east, southeast). In the case of Hajdú-Bihar county, positive rates of population increase are observed in central, northern, and some eastern, border region, settlements, which have a clearly larger number of Gypsy population. The negative balance of migration is evident, with some exceptions, in the border region of the Hungarian part and on the Romanian-Ukrainian border as well as on the periphery of the eastern, hilly part of Satu Mare county (Culmea Codrului). An obvious phenomenon on both sides of the border is the positive balance of migration of the larger villages near cities, a phenomenon which could be the sign of a gradually intensified suburbanization. In Bihar county, the eastern and southeastern mountainous regions have negative migration balance, while in the case of Hajdú-Bihar county, the Hortobágy region and the southern periphery have less possibility to keep their population (inner peripheries without cities).

From among the items of population structure we analyzed those having an influence on the state of human resources, those related to the level of education and those related to the age structure of the population, thus possibly outlining the future of the workforce market.

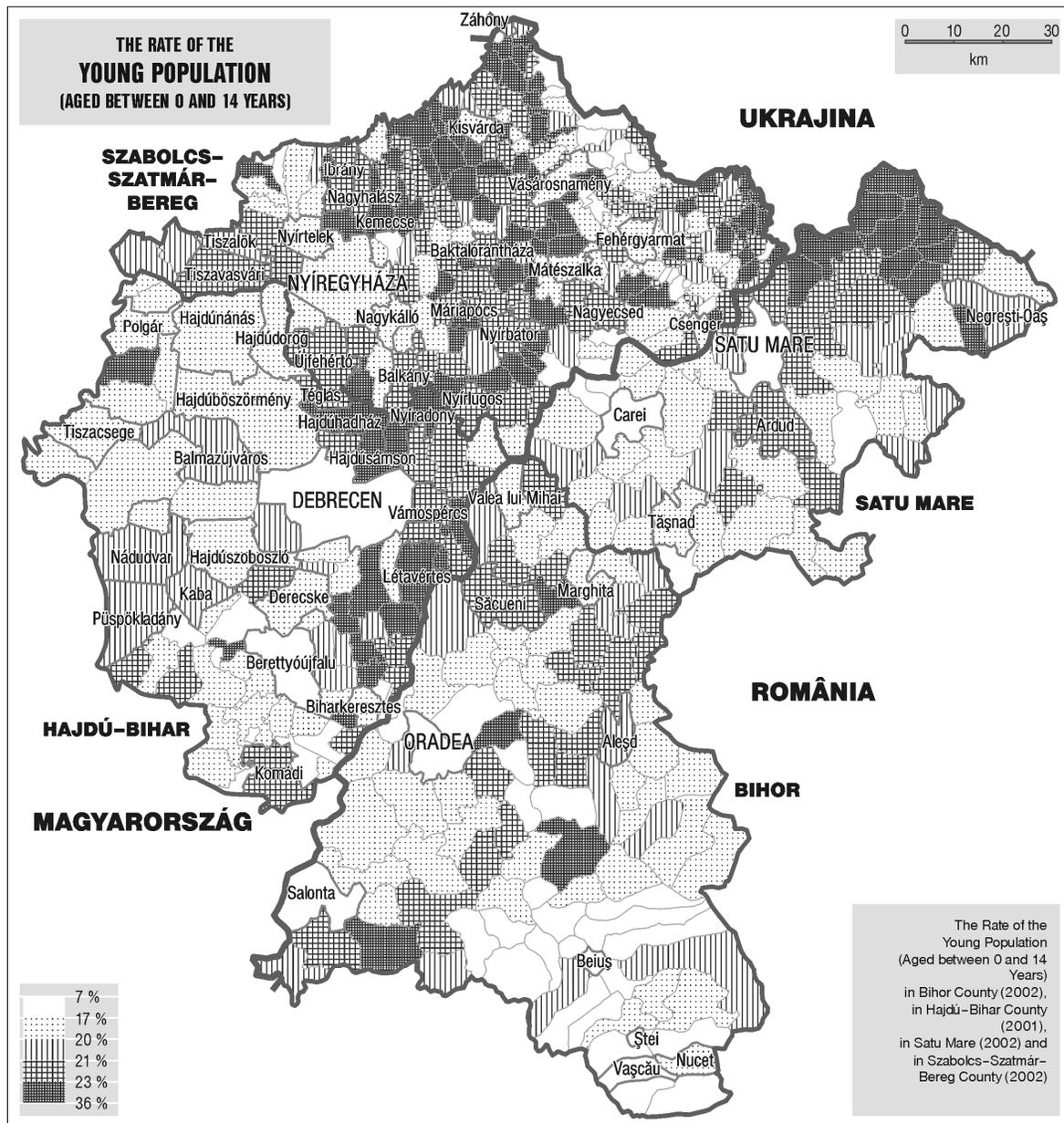


Figure 4. The Proportion of Young Population between 0 and 14 Years in the Counties: Szabolcs-Szatmár-Bereg (HU, 2001), Bihor and Satu Mare (RO, 2002) at Community Level (Maps made by Bartos-Elekes Zsombor and Magyarai-Sáska Zsolt).

In this respect it is very important to analyze the proportion of the young and aged population. Young population structure is observable in the northern villages of Satu Mare county, and in the villages with larger Gypsy population on the Hungarian side of the border, which form a coherent line in the region of the triple border. In contrast to this there is the situation of the aged population highlighting the southern and eastern parts of Satu Mare and Bihor county, as well as in broad lines the entire border region of the Hungarian side. In these villages the number of aged population is extremely high, exceeding a quarter of the total population, and they carry the possibility of future dying out.

From among the indicators of education level we operated with those describing illiteracy and higher education level (high-school and university). The proportion of illiterate people in Hungary is applicable to the population over 7 years, while in Romania to the population over 10 years, thus it is more difficult to compare the values. However, they describe very well the disadvantaged areas on both sides of the border. In Satu Mare county, these areas are the northern border periphery and the inner peripheries.



**Figure 5. The Proportion of the Aged Population over 60 Years in the Counties: Szabolcs-Szatmár-Bereg and Hajdú-Bihar (HU, 2001), Bihor and Satu Mare (RO, 2002) at Community Level (Maps made by Bartos-Elekes Zsombor and Magyarai-Sáska Zsolt).**

In Bihor county, the disadvantaged areas are the southern and eastern mountainous regions and the northern areas where Gypsies are present in larger numbers. In the case of Szabolcs-Szatmár-Bereg, it is again the region of the eastern and northern border that is disadvantaged, as well as some settlements where Gypsies live in larger numbers, around the city of Mátészalka.

The same is valid for Hajdú-Bihar county, where the border region is in a hindered situation. This indicator highlights especially the disadvantaged situation of the Gypsy minority in both countries, especially their incomplete education and their discrimination as workforce creates a vicious circle difficult to solve.

We encounter difficulties when comparing the values of university and high-school graduates in the two countries as this value is applicable only to the population above 25 years in Hungary and above 10 years in Romania, thus the Hungarian counties might appear in a more favorable situation.

Although it is observable that cities have a better situation as far as the proportion of the high school or university graduate population is concerned.

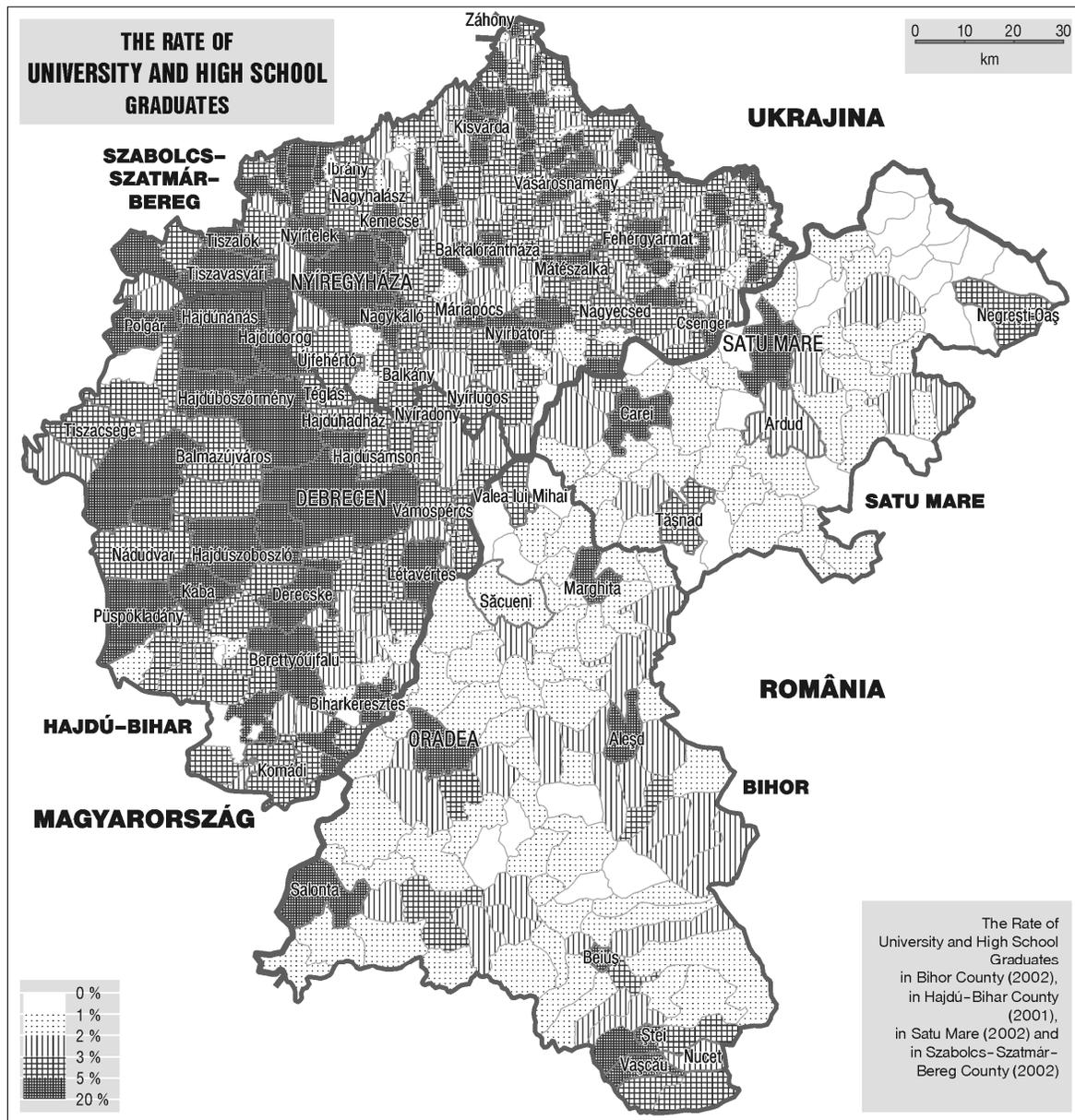


Figure 6. The Illiteracy-Rate in the Counties: Szabolcs-Szatmár-Bereg and Hajdú-Bihar (HU, 2001), Bihor and Satu Mare (RO, 2002) at Community Level (Maps made by Bartos-Elekes Zsombor and Magyar-Sáska Zsolt).

Descriptors of the quality of life, such as data about public utilities (namely the number of houses part of the public service system), are important indicators of development in the general sense. In this respect the advantages of the Hungarian side are more obvious, except for the data on the public sewage system. The extent of the public sewage system was a sore point during negotiations before joining the EU.

At that moment the Hungarian party guaranteed to overtake the arrears in this respect. In Szabolcs-Szatmár-Bereg county, these values are far behind the average of the country, especially in the border region, only city areas are exceptions. Even Satu Mare county presents a better state of affairs, although when comparing the situation of the two countries Hungary is in a far better situation. Hajdú-Bihar county is in a more advantageous position, it is a highly urbanized county and the larger extent of the sewage system is obvious as an indicator of the quality of life. In contrast, Bihor county's sewage system is more modest.

From the point of view of the extent of the sewage system, it can be affirmed that on both sides of the border cities are in a better situation, but the Hungarian side is more urbanized, thus it is in a more advantageous situation.



**Figure 7. The Rate of University and High School Graduate Population in the Counties: Szabolcs-Szatmár-Bereg and Hajdú-Bihar (HU, 2001), Bihar and Satu Mare (RO, 2002) at Community Level (Maps made by Bartos-Elekes Zsombor and Magyarai-Sáska Zsolt).**

From the point of view of the number of households connected to the public water supply system the Hungarian settlements are relatively homogeneous and have a far better situation than the Romanian ones.

From these data it can be concluded that in Hungary the extending network of the public service system represents an increasing problem with negative effects on the environment because the lack of public sewage system in more households. The settlements near the border on the Hungarian side are only relatively disadvantaged from this point of view, while in Romania the situation can be described by the city – village gradient.

From the point of view of the natural gas distribution the villages of Szabolcs-Szatmár-Bereg county are in a more favorable situation as compared to the situation in Satu Mare and Bihar counties, due to investments (supported mainly by the government) made by the local authorities in the early 90's. Although this rapid connection to the natural gas distribution system has had a great number of critics, as these investments may be qualified as "prestige" investments rather than producer investments thus generating a hardly sustainable expenditure.

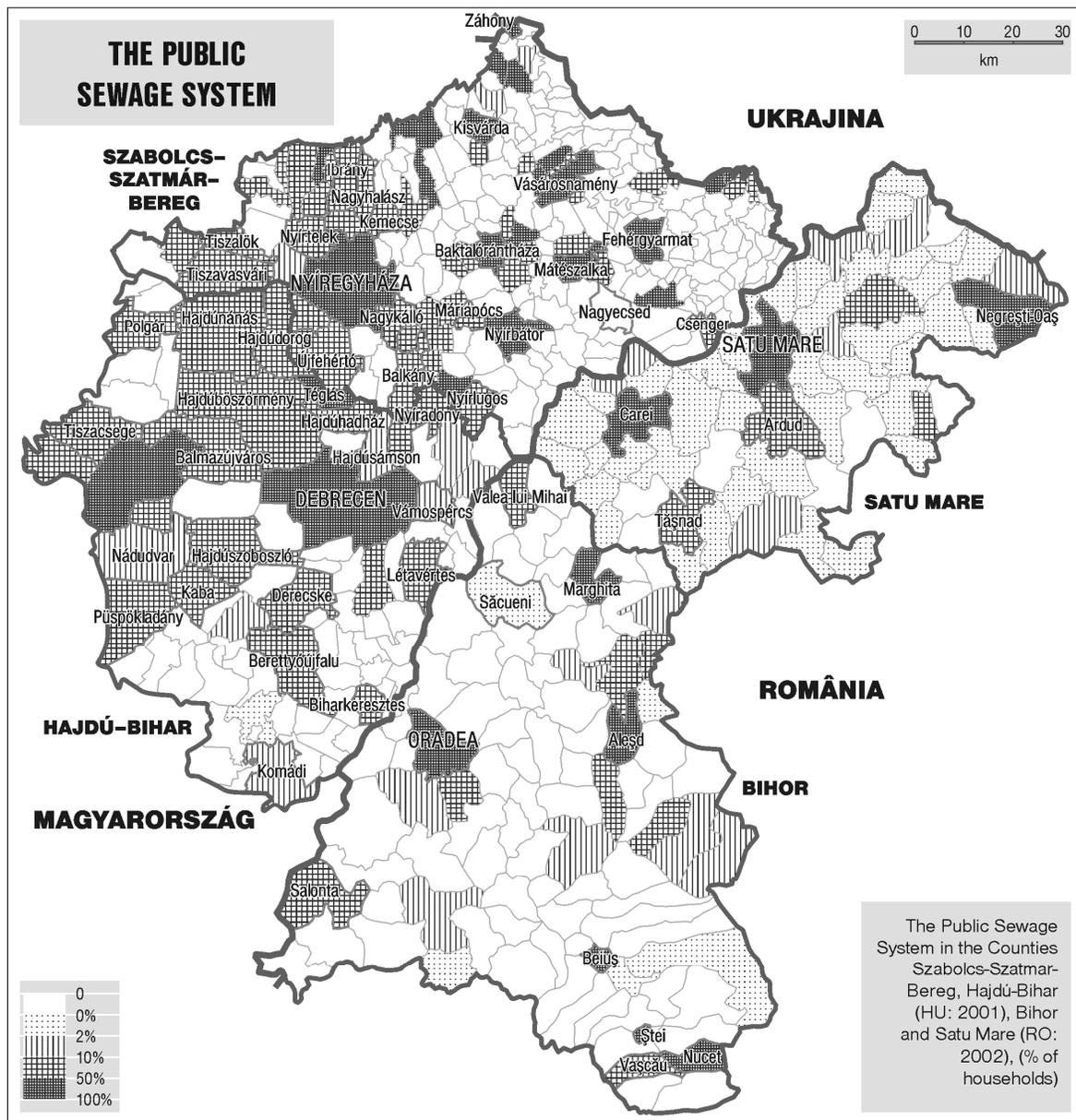
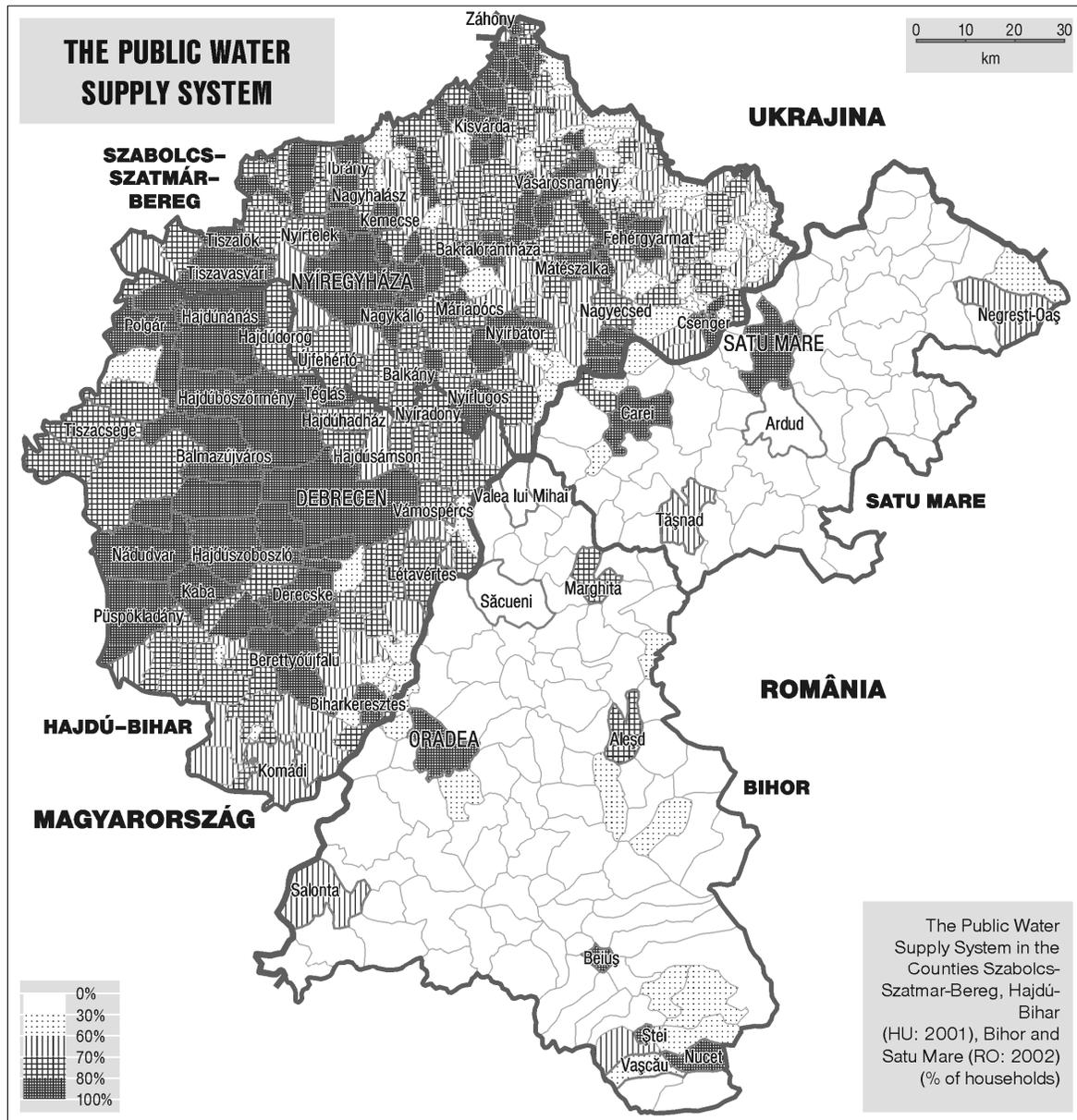


Figure 8. The Public Sewage System in the Counties: Szabolcs-Szatmár-Bereg and Hajdú-Bihar (HU, 2002), Bihor and Satu Mare (RO, 2002) at Community Level (Maps made by Bartos-Elekes Zsombor and Magyar-Sáska Zsolt).

The boost of the price of gas on the world market in the past few decades has made it more and more difficult for the individual households to afford this form of energy. This is especially valid if we take into consideration the decrease of the incomes due to the economic crisis following the regime change. We would like to discuss only one of the economical indicators, more precisely the amount of direct foreign capital investments. This provides a clear picture on the change of structure and on the degree of insertion into the world market of the individual villages. In Szabolcs-Szatmár-Bereg county the FDI stock reached 241 million US dollars in 2002, while in Satu Mare county this amount was only 55,4 million US dollars by the end of 2004. The most important investor in the region is the Swedish Electrolux multinational company, which built a refrigerator factory at Nyíregyháza and bought a site for producing gas stoves in Satu Mare. In Hajdú-Bihar county, the most important foreign investments occurred in the medicine industry in the case of Biogal Ltd. in Debrecen, which was bought by the well-known Israeli TEVA. In addition, there have been investments in the electronic field (General Electronic Lightning Tungfram Ltd. in Hajdúböszörmény produces light bulbs) National Instruments, an American electronic company, which has a site in Debrecen.



**Figure 9. The Public Water Supply System in the Counties: Szabolcs-Szatmár-Bereg and Hajdú-Bihar (HU, 2002), Bihar and Satu Mare (RO, 2002) at Community Level (Maps made by Bartos-Elekes Zsombor and Magyarai-Sáska Zsolt).**

We also have to mention FAG Automotive Hungary Ltd. which produces ball bearings and which privatized through South- Korean investment the former ball bearing factory of Debrecen.

In Satu Mare county, in the city of Carei (Nagykároly) the local edible oil factory was bought by a foreign investor. A significant investment on the Hungarian side in Tiszavasvári occurred when an American investor bought Alkaloida Co., a medicine producer. Other important investments are the ones made by the American Flextronix computer company in Nyíregyháza and by the German Karl Zeiss company, which produces eyeglasses in Mátészalka. The latter announced in the second half of 2005 that more producing sites would be installed in Mátészalka, delocalized from Germany. We have to add to all these the medium investments such as the ULT Magyarország tobacco company in Nyíregyháza; the Italian Benetton textile company in Nyíregyháza; the MSK Hungary company, which produces packing machines and transporting utensils in Nyírbátor and the INTERSPAN Ltd., in Vásárosnamény producing veneers. An important investor in Satu Mare is the German Drexelmaier company producing machine parts, a branch of industry very widespread nowadays in Romania.

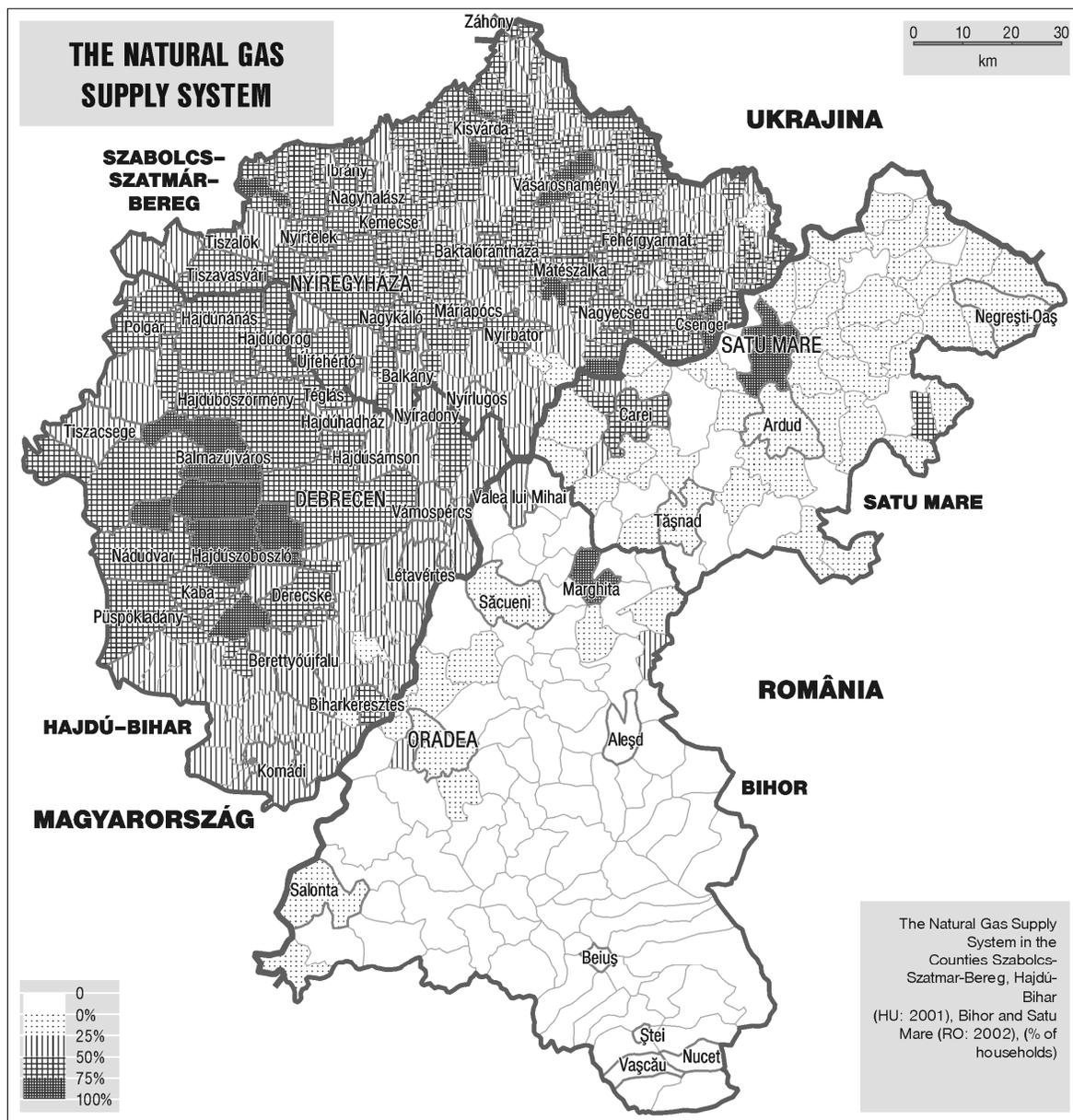


Figure 10. The Rate of the Households Provided with Natural Gas Distribution System in Counties: Szabolcs-Szatmár-Bereg and Hajdú-Bihar (HU, 2002), Bihor and Satu Mare (RO, 2002) at Community Level (Maps made by Bartos-Elekes Zsombor and Magyari-Sáska Zsolt).

Among the best examples of foreign investments in Bihor county, we have to mention the electronic field, as the Canadian company CELESTICA has built a factory in the western industrial park of the city.

This investment will be completed beginning with 2006, when the American company ARTESYN will invest millions of dollars to produce electronic equipment for the telephone industry in collaboration with the facilities held by CELESTICA.

To exemplify the mobility of the foreign capital caused by the continuously changing relationships of the world market we have to mention that ARTESYN will create 300 jobs in Oradea by relocating its facilities from Tatabánya, Hungary.

Another major investment in Bihor county was the privatization of the cement factory at Chistag, near Aleşd, by the Swiss HOLLCEM company.

On the Romanian side, there are many light industry investments in textile and shoes industries, which produce small added value, use hired workforce and are based on Italian and German capital.

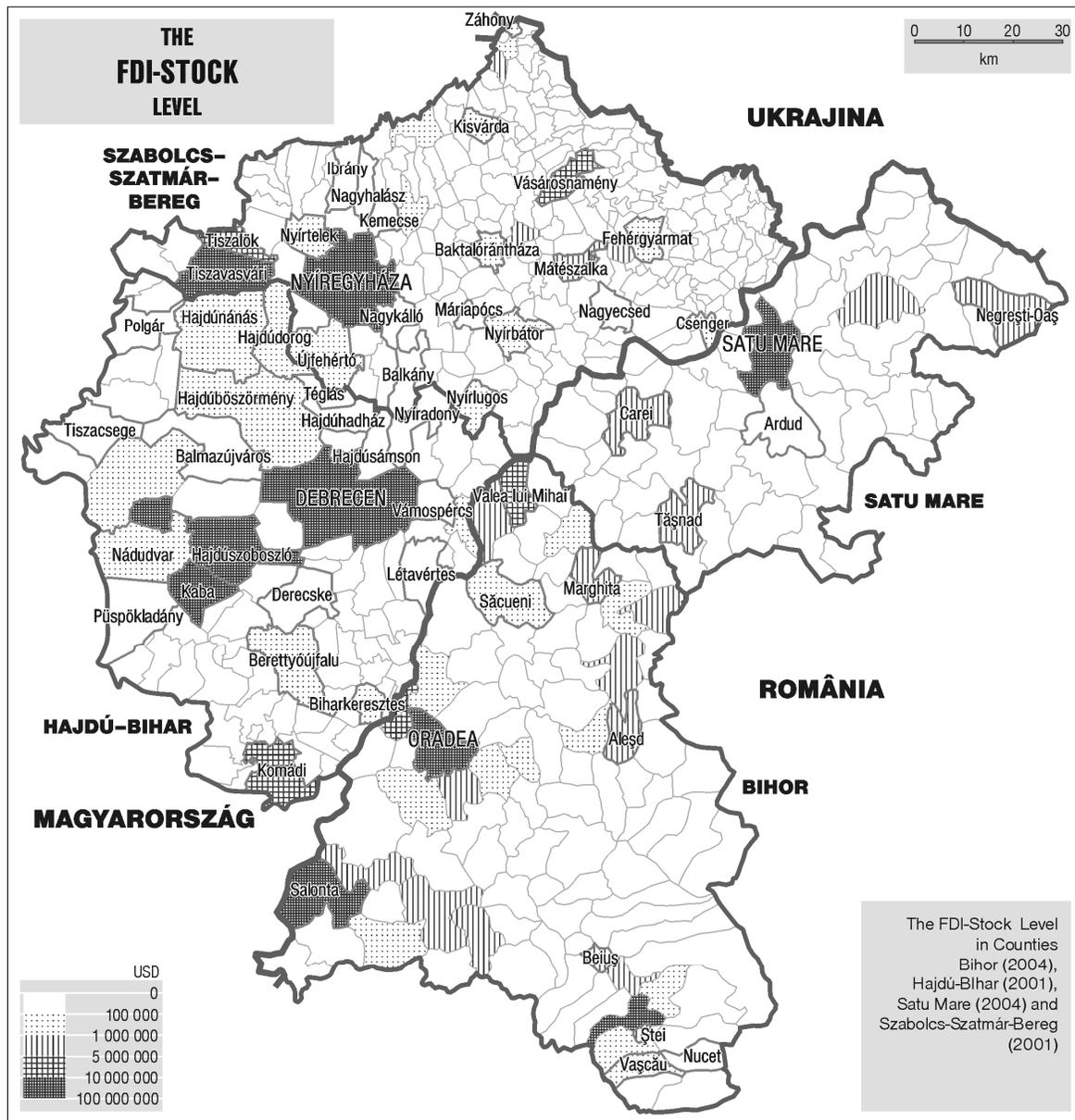


Figure 11. The FDI-Stock Level in Counties: Bihor (2004), Hajdú-Bihar (2001), Satu Mare (2004) and Szabolcs-Szatmár-Bereg (2001) (Maps made by Bartos-Elekes Zsombor and Magyarai-Sáska Zsolt).

Most of the companies present through foreign investments focus on export and they are the driving force of the sustainable, no debt producer industrial development, thus becoming vital for the two countries, Romania and Hungary which have small inner market and are open towards the world market.

The larger amount of the FDI stock of the Hungarian county is significant from another point of view, namely that this is the most disadvantaged county of Hungary.

This is due to the fact that in addition to the favorable investing environment the county was connected to the developmental circuit through a highway, which will reach the municipality, Nyíregyháza, itself by the end of 2007.

The proportions reflect the situation of the two countries: in Hungary by the first half of 2005 there have been 52 billion euros as FDI stock, while, in Romania, on the same date there have been 15 billion euros.

In the past few years the capital flow towards Romania has increased as privatization paced up, thus in 2004 Romania was on the first place in the CEE region with a 4,1 billion euro direct foreign capital flow.

As far as localization of the foreign investments is concerned we can affirm that their concentration is significant as most of them are concentrated in the main cities of the four counties, perhaps in one or two larger and more successful villages which have more qualified workforce, or is better localized from the point of view of transportation networks or has important local natural resources.

## Conclusions

In Romania, just like in most of the transition economies and in the third world, the regional developmental differences are more significant between the different categories of settlements (city-village gap), and the interregional developmental differences are not so observable.

Regional disparities primarily start to develop when following economic change or stagnation the economic growth begins again (in Romania this process is intensifying). The duality of more developed and less developed regions appears more clearly after this, while the developmental differences between cities and villages gradually lose their importance. Development starts to spread as a network, serving for the equalization of the regional differences (this is more characteristic for the mature market economies).

In Eastern Hungary the socio-economic indicators present the border region in an obviously disadvantaged place thus underlining the territorial and economical periphery status of the settlements in this area. The unfavorable situation of the villages in this area can be explained by the loss of their center of attraction due to the stipulations of the peace treaties at Paris following WWI. In contrast to this, in Romania the border region is the most developed as it overlaps the western city lane and the relatively developed linear infrastructure. Here, the extended disadvantaged country regions function either as inner peripheries or appear on the eastern, northeastern periphery of Satu Mare county or in some isolated mountainous or hilly regions.

Thus the main regional developmental differences appear at the following territorial levels:

- *between the city and the village*, in favor of the city on both sides of the border;
- *between the regions closer to the border and the inner ones*, in favor of the latter, in disadvantage of the border region on the Hungarian side;
- *between the regions closer to the border and the inner ones*, in favor of the former, in disadvantaging of the inner region on the Romanian side;
- *between the four counties*, in favor of the Hungarian ones;
- *a demographical separation line* is also observable, which divides Satu Mare county into a dynamic northern part and a stagnating – regressive southern part exactly in the median area.

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