

# **DOES CBC BOOST AGRICULTURAL DEVELOPMENT?**

## **A CASE STUDY OF THE GIURGIU-RUSE REGION**

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### **Abstract:**

This study aims to investigate some examples of cross border cooperation (CBC) between Giurgiu County and Ruse District, in order to substantiate the thesis that Romania and Bulgaria should join forces in order to enhance their potential in the agricultural field. The main question raised in this paper is whether or not more collaborative efforts should be made so that we could witness fruitful CBC, with a view to enhancing both regions' agricultural potential. We combined empirical investigation of data and statistics and normative analysis in order to be able to answer this question.

**Key words:** *Euro-region, agriculture, development, Cross Border Cooperation*

### **Introduction**

After examining a wide range of evidence, we concluded that, in the near future (that is, in the next year or two), there should be an increasing number of examples of fruitful Cross Border Cooperation (CBC) between the Romanian Giurgiu County and the Bulgarian Ruse District, which will help improve these regions' agricultural potential. This study is based on a body of inter-institutional agreements and legislation that aim to encourage CBC, at both regional and European level. Some of our arguments are based on the analysis of evidence provided by statistics and raw data related to the agricultural potential, conditions and structures of production of the Giurgiu-Ruse region.

The hereby proposed research question has lately become increasingly significant for the research and economic communities in Romania and Bulgaria. As the two countries joined the European Union in January 2007, and, especially since their accession to the EU, there has been better awareness of the fact that CBC will not only boost the development of each country's potential, but, more importantly, it will help Euro-regions add value to their own economic performance.

## **1. A Solid Common Ground: The Agricultural Potential**

The starting point of our study was the comparison of the two regions' potential, particularly of their agricultural potential. We considered that, before focusing on the advantages of cross border cooperation, we should verify if there is a possibility for CBC in agriculture to develop.

After analyzing a corpus of raw data and statistics related to the geographic and economic structure of these regions, we noticed that the similarities between Giurgiu County and Ruse District outweigh the differences. Both districts have comparable climate and soil, both benefit from the proximity of the Danube, and they have similar structures of production. This does not only verify the fact that Giurgiu and Ruse have similar geographic and economic structures, but also that there is the potential required for mutual agricultural development.

The Giurgiu-Ruse region has a total surface of 6,317 km<sup>2</sup>. The surface area of Giurgiu County is somewhat larger than that of Ruse District. In Giurgiu there are 3 cities and 217 villages (Institutul Național de Statistică, 2006), while in Ruse there are 9 cities and only 74 villages. Although there seem to be much more rural communities in the Romanian part of the region (217 to 74), the population is quite balanced. 198,854 people live in the rural area in Giurgiu, as compared to 191,632 in Ruse. We can conclude that the geographic and demographic coordinates of these districts are very similar, as illustrated in the table below:

No.	Indicator	Unit of measure	Value (Giurgiu-Ruse)	Value (Giurgiu)	Value (Ruse)
1.	Surface	Square Km	6,317	3,526	2,791
2.	Total population, divided in:	inhabitants	554,175	288,018	266,157
2.1	Urban population	inhabitants	280,796	89,164	74,525
2.2	Rural population	inhabitants	273,253	198,854	191,632
3.	Cities	no.	12	3	9
4.	Rural communities / villages	no.	291	217	74

Source: *Anuarul Statistic al României* and *Bulgarian Statistical Yearbook*

More importantly, there are essential similarities between Giurgiu and Ruse, and these lie in the preponderance of agricultural surface areas, and hence of the agricultural sector of the two regions' economies, as well as in the soil and climate patterns. The agricultural surface areas of these districts represent more than 75% of their total area. In 2005, in Giurgiu 78.8% of the total surface area was used in agriculture, while in Ruse 240,000 hectares out of the total 279,000 hectares are used for the same economic purpose. In addition to this predominance of agricultural surfaces, the climate patterns of the two countries are similar. The climate is continental, with wet and cold winters and very dry summers. The soil types may differ, but not essentially.

An close analysis of the structure of the agricultural surface areas reveals a key difference: while Romanian farmers prefer to exploit their land to produce cereals (Institutul Național de Statistică, 2006), the Bulgarian farms focus on vineyards, and tend to produce more grapes and wine (*Situation of the Agrarian Sector*, 2006). Approximately 64% of the total surface area used in agriculture is covered by vineyards, i.e. 153,500 hectares out of 240,000.

This structure of agricultural production is proof to the fact that, in spite of all the above-mentioned similarities, there are important differences between the agricultural traditions. In the south and south-east of Romania (a region of plains, or flat region), the main crops are cereals, and Giurgiu is part of this larger region. The northern part of Bulgaria, a hill region, vineyards are more appropriate.

We must acknowledge this as a critical difference. However, this is not to say that differences in the structure of agricultural production or even differences in general are a barrier to cooperation. Quite on the contrary, such differences will only favor cooperation, as they make the Romanian and the Bulgarian parts of the region complementary. In this context, CBC will help add value to each region's agricultural performance. If we put together the two profiles analyzed above, we will get the image of a more balanced agricultural cross border region.

Finally, we should note that Giurgiu and Ruse have similar structures of production. This is partly because both inherited similar agricultural exploitations from the communist regimes, which existed in Romania and Bulgaria until the late 1980s.

To conclude, the potential for agricultural development is there, and both similarities and differences are likely to ensure fruitful cross border cooperation between Giurgiu and Ruse.

## 2. The Border Trade Tradition

In both communist and post-communist periods, the Romanian and Bulgarian frontier communities had strong border trade, which can be said to have materialized in a border trade tradition. This has always been due to price arbitration. Entrepreneurs on both sides of the Danube have found it impossible to resist the temptation of gaining from trading as well as from exchange rates and their bearing on products' prices.

The personal experiences of both Romanians and Bulgarians living next to the border can be used as evidence, as well as the media coverage of this type of exchange. The latter has never been scarce, though it refers to border trade in general, with all neighboring countries.

Evidence can also be found in Romania the commercial account from the balance of payments. The figures below indicate that such exchanges never ceased (even if they did not always thrive).

Dynamics of commercial exchanges  
Millions USD

Year:	1999	2000	2001	2002	2003	2004	2005
<b>Total</b>	191,62	08,95	351,0	324,54	411	800,2	1129,5
<b>Export</b>	36,67	244,02	202,2	176,25	217,7	451,3	735,2
<b>Import</b>	54,95	69,93	148,8	148,29	193,3	348,9	394,3
<b>Sold</b>	81,72	179,09	53,4	27,96	24,4	102,4	+340,9

Source: The Ministry of Foreign Affairs (Ministerul Afacerilor Externe), [www.mae.ro](http://www.mae.ro), May 2007

Objections might be raised to the relevance of border trade in this context. The above figures are strong evidence to the fact that, at times, this type of trade was sluggish. This was due to noticeable differences in the stage of economic development of Romania and Bulgaria. For example, in the early 1990s, the Bulgarian economy lagged behind the Romanian one, as proved by macroeconomic indicators (regional GDP per capita).

However, more recently, this situation has been alleviated as a result of the recovery of the Bulgarian economy, which caught up with the Romanian economy, mainly due to the boost through heavy and very aggressive foreign direct investments in tourism and real estate industries.

In this context, border trade can be considered as indicative of the potential for cooperation, both formal and informal, between the two countries and, more particularly, the two regions discussed here.

### **3. Romanian-Bulgarian Inter-Institutional Agreements**

Cross border cooperation in the Giurgiu-Ruse region is also supported by Romanian-Bulgarian inter-institutional agreements. This formal and legal framework is an essential prerequisite of CBC, as it should define the context in which regional cooperation is possible. Inter-institutional agreements provide stability and make cooperation legally safe.

The diplomatic relations between Romania and Bulgaria were initiated in 1879. Nowadays, these relations are regulated by the Cooperation, Friendship and Good Neighborhood Treaty, which was signed by representatives of the two countries in Sofia on February 27, 1992.

Up to this moment, six such agreements have been signed, either bilateral, or involving a third partner. The main goal of these agreements is the creation of Euro-regions, that is regions made up of districts of neighboring countries that cooperate in different fields.

1. “*Dunărea 21*” *Euro-region*, founded in Vidin, on January 18, 2002, by the townhalls of Calafat, Vidin and Zăicear. This agreement includes urban and rural areas neighboring the Danube in Romania (Calafat, Poiana Mare, Desa, Cetate and Ciupercenii Noi), Bulgaria (the town Vidin and the villages Rujniti, Macriş, Belogradcic, Lom, Kula, Dmovo and Novo Solo) and the Republic of Serbia and Montenegro (the town Yaicear and the villages Sokobania, Kladovo, Bohvat, Knajivat, Bor, Negotin and Madanpec);
2. *Euro-region “Giurgiu-Ruse”*, founded in Giurgiu, on April 23, 2001, by the townhalls of Giurgiu and Ruse, was registered at the Council of Europe. It includes the townhalls of Giurgiu and Ruse, as well as the Energetic Municipal Agency (a non-governmental organization based in Ruse). The total population of this region is 270,000.
3. *Euro-region “Dunărea de Sud”*, founded in March 2001. It includes Romanian-Bulgarian CBC associations: “Dunărea de Sud” Association, members: the local councils of the Alexandria, Turnu Măgurele, Rosiorii de Vede and Zimnicea; the association “Evroregion Dunav Jug”;
4. *Euro-region “Danubius”*, founded in 2002, at the initiative of the County Council of Giurgiu and the Town Hall of Ruse. It includes Giurgiu County and Ruse District;

5. *Euro-region “Dunărea de Mijloc – Porțile de Fier”*, founded by Romania, Bulgaria and Serbia in Vidin on October 6, 2005. It includes Mehedinți County (Romania), Vidin District (Bulgaria), and the town of Kladovo, Bor District (the Republic of Serbia and Montenegro);
6. *Euro-region “Dunărea Inferioară”*, founded in Călărași on November 15, 2001. It includes three Romanian counties: Călărași, Ialomița, Constanța; and two Bulgarian districts: Siliстра and Dobric.

All these agreements are aimed at: defining the mutual interest areas in which action should be taken; expanding cooperation towards all economic sectors, business as well as culture and leisure time; and paying equal attention to social and cultural development as to economic and infrastructure development. A more specific objective is to implement European treaties and agreements regarding CBC practices, counseling, assistance and coordination in the following fields: economic development, transport and traffic, innovation and technology transfer, communication, regional development, tourism, agriculture, environment protection, waste recycling, education, sports, culture, emergency services and public health, social cooperation, public safety.

Although there are so many inter-institutional agreements between Romania and Bulgaria in general, and between Giurgiu and Ruse in particular, there is yet no evidence of cross border cooperation in agriculture as a direct or indirect outcome of these agreements. So far, we have witnessed cooperation only in education and culture, and at the institutional level.

Yet, common sense and personal observation urge us to argue that, if two peoples of very different cultures and languages have so far managed more than once to overcome differences and develop common-interest projects in non-productive fields, it is very likely that they will do so in agriculture, a field in which they have much stronger motivation, namely profit.

Moreover, the Romanian and Bulgarian legislations in the agricultural field have at long last been harmonized with that of the European Union, since both countries have been working towards the Common Agricultural Policy – CAP). As a consequence, at present there is a common legal framework that will facilitate CBC in agriculture as well.

As a result of all these developments, CBC in agriculture is a very probable outcome in the near future.

#### **4. European Encouragement of CBC**

Last but not least, cross border cooperation is encouraged at European level, through programs that make structural funds available. PHARE-CBC is not the only one, but one of the best known.

There are already Romanian-Bulgarian projects unfolding as part of this program. Due to these projects, there has been a noticeable increase in cultural, educational, scientific, economic and infrastructure exchanges.

According to the Romanian Ministry for Foreign Affairs ([www.mae.ro](http://www.mae.ro), January 2008), important objectives have already been or will be achieved in the Giurgiu-Ruse region, as part of projects that are encompassed by the PHARE-CBC program. Here is a list of the most significant ones: the improvement of the infrastructure and border-crossing point Giurgiu-Ruse, i.e. the building and repairing of approximately 6 kms of roads, the building of a bridge over Sfantu Gheorghe Channel and the modernization of 400 ms of the Danube wharf in the passenger transport area; the integrated monitoring of the Cama-Dinu reservation; the development of a forest management plan with Bulgarian partners.

In spite of the existence of clear evidence of European encouragement of CBC, statistics show that Romanians and Bulgarians do not have the logistic capacity to absorb these structural funds in agriculture. What they lack is the know-how necessary for the effective writing of applications to attract these funds.

However, Romanians and Bulgarians are on the right track: an increasing number of projects get European financing. As recent years have shown, there is an upward trend, due to an increase in the number of consultancy firms that operate in this particular field.

To sum up, European encouragement of cross border cooperation seems to start materializing in Romania and Bulgaria, too.

## **Conclusion**

Our study reveals that the Romanian and Bulgarian regions, Giurgiu County and Ruse District, have the necessary potential, strong complementary agricultural traditions, as well as harmonized legislation and inter-institutional agreements, for cross border cooperation in agriculture. Furthermore, there do not seem to be any major obstacles to prevent this from developing in the future. More effort should be made in the direction of absorbing structural funds, a goal which, if achieved, will help increase CBC and the agricultural development of the two regions.

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