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CROSS BORDER COOPERATION –PROMOTER OF TOURISM DEVELOPMENT

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Abstract

The paper gives description and analysis of cross border cooperation projects in tourism field in the three Baltic States: Estonia, Latvia and Lithuania. Cross border regions are less developed regions nowadays in the Baltic States because borders with neighbour countries were closed and many factories were closed in transition period in 1990. In Soviet period a lot of factories were located on cross border areas.

It is crucial reason to seek new opportunities of economic diversification in cross border regions. According with European Union (EU) enlargement cross border regions in the Baltic States in the future development can use opportunity that borders between countries will be destroyed in within few years. It should be outlined that after EU enlargement in May, 2004 EU outer border will be Baltic States eastern border. Cross border regions need to cooperate with each other that gives higher input in development process.

There are important supports from EU funds: Phare Cross Border cooperation program, Phare CREDO program and Interreg Initiative from EU. By EU support funds are implemented cross border projects in tourism sector in Estonia, Latvia and Lithuania. In the paper are analysed projects in tourism field, implemented by EU support funds till 2003.

The author has given characteristics of realised projects according territorial development documents and questionnaire of involved persons in these activities. Results of questionnaire is analysed in the paper.

The realised projects has given very important input in development of human resources through training courses, study visits in abroad, between partner countries and small scale infrastructure support: signs, maps, picnic sites, publishes etc.

Key words: *cross border regions, cooperation and tourism*

Introduction

Cross border regions are territories that are located in periphery from the core and they have internal or external boundary with other country. Cross border regions has special conditions concerning territorial development. That means they have opportunities to develop economic growing by jobs related custom, frontier-guards and public services as insurance, public catering, currency exchange, brokers. These jobs are creating in the cases when exists border control between states as it was till nowadays in Latvia border districts with Lithuania, Estonia, Byelorussia and Russia. The positive effect of border control received only local municipalities with border crossing points (customs). Latvia has 15 border crossing points (customs) and 27 checkpoints. The development processes in local municipalities without border crossing points was stopped in Latvia from 1991. It is gave impact to all border district development process.

The self-government administration is based on the Law on self-government of 1994. There are two levels of self-governments in Latvia:

- The Local municipalities are towns, *novads* and parishes or *pagasts*. All local municipalities have elected boards by population. On the 1st January 2004 are 539 local municipalities in Latvia.
- The second level self-governments are districts. Administrative units are 26 districts and 7 cities. The 7 cities have mixed competencies, both at local and district level. 3 cities are located in cross border regions: Liepaja, Jelgava and Daugavpils.

The author will describe cross border problem on the district level in this article.

According EU enlargement process that will hold on 1 May 2004 Latvia will have changes in cross border regions between Estonia and Lithuania as well as with Russia too, because the border between Latvia and Russia will be an external border between EU and Russia.

Development of cross border regions is serious problem for existing EU countries therefore special financial support instruments for cross border development exists. In 1994 EU established Cross Border Co-operation (CBC) programme between Central and Eastern Europe and Member States of the European Community. The main objectives of CBC are to increase economic and social conditions and co-operation networks in the border regions. One of the seven most important fields of cross border cooperation is tourism sector. Tourism development is important component of regional economic development in EU. Tourism development was included first time in the Maastricht agreement which outlined that tourism sector is included in EU policies (*Varika, 1998*).

Characterising of cross border regions

The crucial problem is employment in border regions exactly in rural local municipalities, which are located on border regions, far away from centres. It is connected with reduction of employees in agriculture sector. Nowadays we are speaking about rural economic diversification in the countryside because is necessary to create new jobs and to manage new thinking about future development. One of the priority sector which is defined as rural development priority (it is related to cross border regions too) is tourism in separate programmes and plans.

Cross border regions has restrictions of development contrary to opportunities. The statistical data shows that weaknesses are much more in border regions as strengthens. Cross border regions are far away from economical centres, cities.

Table 1. Cross border district comparison by main statistical indicators in Latvia

Cross border regions	Border with country	Distance to capital from the centre of district (km)	Natural increase of population rates per 1000 population	Registered unemployment rates, %	Economically active enterprises	GDP distribution in the country, %	Rank of Development index
1	2	3	4	5	6	7	8
Liepaja District	Lithuania	217	-6.1	11.8	360	0.9	21
Saldus District	Lithuania	120	-1.9	5.9	489	1.6	2
Dobele District	Lithuania	77	-3.6	11.6	312	0.9	11
Jelgava District	Lithuania	42	-4.6	9.5	276	0.6	14

1	2	3	4	5	6	7	8
Bauska District	Lithuania	67	-2.7	9.4	467	1.2	8
Aizkraukle District	Lithuania	90	-5.2	9.9	434	1.2	6
Jekabpils District	Lithuania	142	-7.2	12.3	619	1.2	15
Daugavpils District	Lithuania, Byelorussia	<u>229</u>	-9.4	<u>20.5</u>	<u>164</u>	0.8	20
Kraslava District	Byelorussia	<u>268</u>	<u>-12.9</u>	19.4	<u>226</u>	0.6	<u>23</u>
Ludza District	Russia	<u>267</u>	<u>-13.2</u>	<u>24.5</u>	238	<u>0.5</u>	<u>26</u>
Balvi District	Russia	220	<u>-10.4</u>	<u>25.8</u>	<u>224</u>	<u>0.4</u>	<u>24</u>
Aluksne District	Russia, Estonia	200	-6.3	8.5	263	<u>0.5</u>	19
Valka District	Estonia	157	-6.5	9.2	323	0.7	13
Valmiera District	Estonia	107	-4.1	8.0	845	1.9	4
Limbazi District	Estonia	87	-5.1	7.4	431	0.9	12

Source: Latvia's regions in figures 2003, Central Statistical Bureau of Latvia, Riga, 2003

Latvia's road atlas, Jana seta, 2002

Development of Regions in Latvia, State company Ltd. "Regional Development", 2003

Result from table 1 shows four districts particularly with negative tendencies of development. All four districts has border with Russia or Byelorussia. There is lowest level of living because very high unemployment rate in these regions: 3 times higher as the average unemployment rate in Latvia in year 2002. It is connected with changes from 1991 when there was necessity to change thinking and understandings about free trade philosophy and start to take decisions themselves not to fill commands. This tendency has close interaction with activity of enterprise numbers, which is also the lowest number in these regions. The crucial indicator is number of natural increase of population for tourism development in cross border development and cooperation processes. It is key element of development in cross border regions because without human resources are not possible to develop any activities: to establish enterprises; to create new jobs; to cooperate with neighbourhoods regions, to develop economic diversification activities. The average natural increase of population rate is negative in all Latvia country -5.1 in 2002, but the most negative indicator is in Ludza district - 13.2. There is interaction between indicators if low number of natural increase of

population then low activity of active enterprises, then very high number of unemployment and low development index of district (see figure 1).

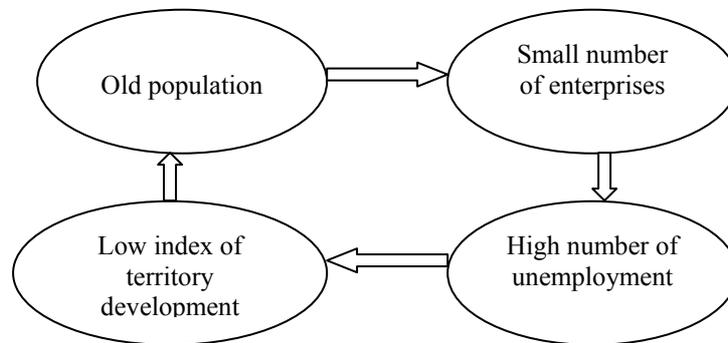


Figure 1. Interaction between statistical indicators

Distance from cross border district centre till capital has impact to development processes, but the relevance of this indicator gradually reducing because growing number of cars all the time. People are more mobile to cross-territory from one point to other. The more crucial this indicator was in soviet period because then private cars were luxury. Therefore tourism routes and the most popular tourism destinations were located near public transport: railway and buses.

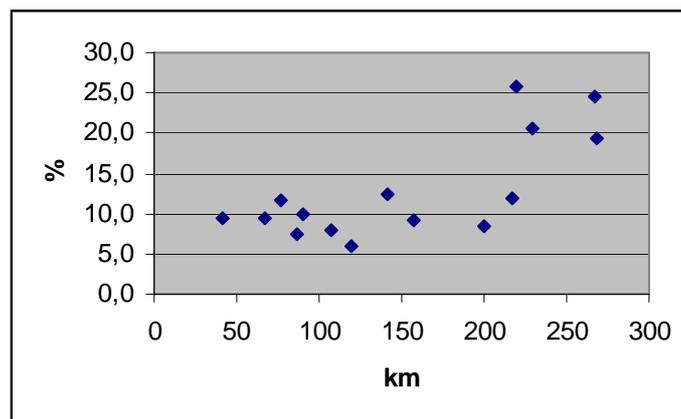


Figure 2. Scatter diagram between distance from cross border district centre till capital and unemployment rate

In figure 2 are showed correlation between distance and unemployment rate in cross border districts. According the correlation coefficient $r = 0.62$ the relationship is average close between both factors. When distance increases, the unemployment rate

increases accordingly, but it is not in all districts because important role has medium size or large-scale enterprises.

Tourism projects in cross border cooperation

In cross border cooperation development six phases can be divided: 1) initial position; 2) information change; 3) consultations; 4) cooperation; 5) harmonization 6) integration.

Latvian border districts with Estonia and Lithuania are in phase of harmonization now, but border districts with Russia, Belarus is in previous phases (*Varika, 1999*).

Phare CBC programme in Latvia since 1994.

Phare CBC programme and Interreg are one of the most important instruments that help to improve development processes in border regions. Whole Latvia was defined as a border region in the context of Phare CBC programme. The main activities of Phare CBC programme are:

- Transport and environment;
- Provision of municipal infrastructure;
- Economic development;
- Human resources etc.

Phare CREDO programme was launched in Latvia in the 1997 (*Assessment report, 2000*). Projects under CREDO programme have to support regional development in both sides of border. The main fields of CREDO programme are:

- Economic development;
- Services development;
- Environment and energy;
- Social- culture cooperation;
- Society development;
- Development of local and regional self-governments.

Interreg is one of the Community Initiatives who is promoting cooperation between cross borders. The activities of Interreg are:

- SME and technologies;
- Tourism and rural tourism;
- Water and energy supply, telecommunications;
- Environment protection;
- Rural development;

- Training and employment;
- Support of trade organizations, professional associations in cooperation between borders;
- Roads;
- Cooperation in higher education;
- Development planning.

The EU support in cross border cooperation field can be evaluated by implemented projects in tourism field in Latvia because great part of all funded projects in cross border cooperation is related to tourism (see table 2). Unfortunately, author could not fill full information from 1994 till 2003 about EU funded projects in cross border cooperation because responsible institutions are changed during this time and information was not available.

Table 2. EU funded projects in Latvia in cross border cooperation

Programme, year	Total number of accepted projects	Number of projects related to tourism
Phare 2000. Economic and social cohesion measures in Latgale and Zemgale		Travel around Latgale by IT
Phare 2000 programme "Special Actions in Baltic Sea Region"		Business directory of Euroregion "Country of lakes"
Phare CBC Small projects, 2001	14	3
Phare CBC 2001 Small projects in Zemgale region	6	4
Phare CBC 2000	13 projects	8 projects
Phare CREDO, 1997		Tourism in Selija
Phare CREDO, 1998		Environmentally friendly tourism development in Veclaicene and Haanja parks.
Phare BSPF, 1998		Tourism Information Centres in East European TICET
Phare Access		Landscape project in South East of Latvia

Everybody travelling around country and around Baltic States can easily notice the implemented projects in tourism sector. There are two hard outcomes: maps and signs on the roads, written information materials – editions. The total impact of tourism development projects could not evaluate according restricted information, but

generally by information in table 2 support in cross border regions in tourism sector till nowadays are important.

The author gives detailed analyse of project “Tourism development epicentre in Latvia- Estonia border regions” funded by Phare 2000 CBC programme. The main aim of project was to diversify economy in project territory, to involve in tourism sector as additional activity entrepreneurs, peasant farms, artisans and other stakeholders. The project territory covers 18 local municipalities, 15 in Latvia border territory and 3 in Estonia. One project partner was from Sweden. Duration of project was 1 year.

Five tasks of project were:

- To establish tourism coordination system in project territory;
- To create new tourism supply;
- To improve quality of services by training owners of tourism enterprises and responsible persons of tourism issues in self-governments;
- To improves accessibility of tourism objects by information signs;
- To make advertisement or marketing of project short-term results and to speak with institutions about problems of border crossing who prevent tourism development in this area.

The tasks of project are successfully realised, cooperation between local municipalities still work, number of tourists in the project territory are increased, developed 5 new tourism routes, 30 persons are trained in border region, 24 persons was visiting Sweden, printed maps and prepared edited information, experience in EU projects and cooperation between local people and municipalities.

In the wider scale of project is achieved result cooperation between three nations: Latvians, Estonians and Swedish.

Conclusions

In the all border area in Latvia are not so successful experience and so high level of enthusiasm in people who are involved in tourism field. EU or other external funds never will accept all projects therefore they came from border area. According this author has to note that experience and knowledge, which are obtained in projects, must be improved and used in sustainable way with main aim to develop cross border

areas as attractive and interesting destinations, to save identity of place, for tourists from the entire world.

The problem areas still are cross border areas with Russia and Byelorussia because it is external EU border now. According the statistical indicators this area has the lowest rates in development processes and living conditions are lowest. According the territorial development programmes of these districts, the one of the main priorities is to promote tourism development. Because it is possibility to increase or to make same kind if income for these people in border area, but reality of tourism development in cross border area is not attractive for tourist from formal institutional point of view. There is requirement to receive permission of entrance in this area. It is not a factor that promotes tourism development in cross border area; this is threat for tourism entrepreneurs in border area. It means that the problem of this border area development will increase in future.

Border areas with Estonia and Latvia have largest hope of tourism development increasing by EU enlargement.

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