

Swot Analysis and Planning for Cross-Border Co-operation in Northern Europe

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for the

Council of Europe



4.14. Prospects for "good" cross-border cooperation between Russia and Ukraine

The 53 cross-border analysis indicators listed by type:

		n.	%
– SWOT variables indicators		18	34.0
– Halo effect indicators	positive	16	
	negative	9	47.1
– Non-relevant indicators		<u>10</u>	<u>18.9</u>
		53	100.0

The SWOT variables are configured as follows:

	Internal to the area (SW)	External to the area (OT)	Total	%
Positive (SO)	10	5	15	83.3
Negative (WT)	1	2	3	16.7
Total	11	7	18	
	61.1	38.9		100.0

Denomination of SWOT variables:

Denomination	Relevance	Dimension	S	W	O	T
Internal variables						
3. Propensity for cross-border cooperation of socio-cultural operators	+++	1	x			
4. Propensity for cross-border cooperation of institutional operators	+++	1	X			
10. Cross-border relations for the environment and spatial planning	+++	3	x			
14. Cross-border relations for education and culture	+++	3	x			
47. Significant participation in Interreg/Phare projects	++	9		x		
32. Linguistic barriers	+	6	x			
33. Weak or absent response to opportunities for cross-border cooperation	+	6	x			
49. Common historical context and absence of stereotypes	+	10	x			
50. Common language or widespread knowledge of the neighbouring country's language, in at least one country	+	10	x			
52. Tradition of cooperation	+	10	x			
53. Good transboundary transport routes (geomorphology, passes, types of transport) +		10	x			

External variables

26. Technology gap	+++	5	x	
29. Customs and tax issues	+++	5		x
30. Weak or absent response to economic opportunities for cross-border cooperation	+++	5	x	
22. Insufficient financial resources	++	4		x
24. Weak or absent response to institutional opportunities for cross-border cooperation	++	4	x	
34. Signatory of the 1980 Madrid Convention	+	7	x	
51. Ratification of the 1995 Framework Convention for the Protection of Ethnic Minorities	+	10	x	
			$\overline{10}$	$\overline{1}$
			$\overline{5}$	$\overline{2}$

The SWOT analysis shows that cross-border relations between Russia and Ukraine are decidedly positive, by both internal area and external context. Such strong positives, including the *halo* indicators, are the outcome of a well-established cultural context and of institutional traditions in both central administrations. As a result, the most appropriate *strategy* is the *first*, which focuses on strengthening positives.



This strategy entails implementing a set of actions aimed at enhancing strengths and possibly redressing certain negatives:

- (1) Policy planning to bring increased financial resources to the area;
- (2) Pressurise central administrations to solve tax and customs issues;
- (3) Enable a counselling system for access to EU projects.

These kinds of specific and general actions require the establishment of a *Cross-border Euroregion*.

4. RUSSIA – UKRAINE



Geographical and historical background

The border between Russia and Ukraine is 2 245.8 kilometres long, comprising a 1 925.8 km land border, 425.6 km of which runs along rivers and lakes, and a 320 km maritime border.

On the Ukrainian side, the border starts in the vicinity of Khrynivka village, where the frontiers of Ukraine, Russia and Belarus meet, then runs around the north of Chernihiv Region, the east of Sumy Region, the north of Kharkiv Region, the south of Luhansk Region and the south-east of Donetsk Region, cuts across the Sea of Azov and ends in the Strait of Kerch, which separates Ukraine from Russia and connects the Sea of Azov to the Black Sea.

On the Russian side, from north to south, the border runs along the edges of the regions of Bryansk, Belgorod, Voronezh and Rostov, as well as the coastal areas of Krasnodar Region.

The Russian-Ukrainian border lies on the Barentsevo-Black Sea axis of cross-border co-operation.

The total area of the administrative regions adjacent to the Russian-Ukrainian border is 487 500 sq. km, including 166 500 sq. km (34.2%) on the Ukrainian side and 321 000 sq. km (65.8%) on the Russian side.

The territory of the Russian border regions is significantly larger than that of the Ukrainian ones, but their population numbers are comparable, with 14.4 million people on the Ukrainian side and 15.7 million on the Russian side. The Ukrainian border regions are also more urbanised; 79.4% of urban dwellers on the Ukrainian side, compared with 61.4% on the Russian side. The population density of the Ukrainian border regions is accordingly 1.8 times that of the Russian ones (86.7 versus 48.8 inhabitants per square kilometre) with the exception of the Chernihiv and Bryansk Regions, where population density is almost the same (35.8 and 37.8 inhabitants per square kilometre).

The natural population trend in both the Russian and Ukrainian regions is towards a reduction: mortality is significantly higher than birth rates. On the whole, the situation in the Ukrainian border regions in this respect is worse than in the Russian ones. The worst figure on the Russian side was recorded in Kursk Region, where in 2006 mortality exceeded births by over 10 persons per 1 000, while on the Ukrainian side very similar figures (10 and 13 persons per 1 000) were recorded in the Sumy and Chernihiv Regions.

The urban population of the Russian-Ukrainian border regions amounts to 21.1 million (nearly 70% of the total population). The biggest cities and towns are: on the Ukrainian side, the cities of Kharkiv and Donetsk (over one million inhabitants) and Simferopol, Kerch, Sevastopol, Yevpatoriya, Mariupol, Makiyivka, Horlovka, Kramatorsk, Slavyansk, Yenakiyevo, Luhansk, Severodonetsk, Alchevsk, Lysychansk, Krasnyi Luch, Stakhanov, Sumy and Chernihiv (100 000-500 000 inhabitants); on the Russian side Rostov-na-Donu (with over one million inhabitants), Voronezh and Krasnodar (over 500 000), Bryansk, Kursk, Belgorod, Staryi Oskol, Taganrog, Shakhty, Volgodonsk, Novoshakhtinsk, Sochi, Novorossiysk and Armavir (100 000-500 000).

The Russian-Ukrainian border stretches from the Dnipro Basin in the north-west to the Don Basin in the south-east. The territory's relief is not homogenous and varies from the flatlands in the north-west to hills and highlands in the south-east. Well-known historians (Kharkiv University professors D.I. Bahaliy and N.F. Sumtsov in particular) consider the present Russian-Ukrainian border area to have been uninhabited for a long time after the departure of the ancient "rusichi" of the Chernihiv-Pereyaslav region, who lived there during the pre-Mongolian period in the 11th to 13th centuries. Only at the beginning of the 17th century did the region see the first wave of exploration of the so-called "Wild Field" (Dyke Pole), due to the need to protect the southern borders of the State of Moscow from Tatar invasion. This opinion is primarily based upon the "Kniga Bol'shogo Chertezha" (The Book of the Grand Map), the description of the lost detailed map of the Russian Empire and adjacent lands made in 1627 by the Razryadnyi Prikaz – the Russian state body in charge of defence and border settlements, which organised military service. One of the authors of this book refers to the oldest settlements of Slobozhanshchyna (Sloboda Ukraine) – the Zmiyevsk and Chuhuyiv ancient strongholds (nowadays Zmiyiv and Chuhuyiv).

By a decree of Boris Godunov dated 5 July 1600, Tsarov-Borisov castle (later Tsareborisov, nowadays the village of Chervonyi Oskol) was built on the Oskol River. The first citizens of Tsareborisov were the military from Kashira, Tula, Ryazan, Mikhaylov and other Russian towns. In the early 17th century the military founded the Izyum and Mozhskiy frontier fortresses (nowadays the towns of Izyum and Valky).

The second wave of settlement in the Wild Field took place in the mid-17th century. At the time the Russian Empire decided to enrol the Ukrainian Cossacks in defending its southern borders in exchange for certain privileges. A number of property certificates have survived from this period, which were issued to confer certain advantages on the inhabitants of the Slobozhanshchyna region. The latter came from the right bank of the Dnipro River in Ukraine and settled in *slobodas* (small settlements) along the left bank of the Dnipro River and its tributaries up to the Don River. The advantages they enjoyed included the rights freely to occupy vacant lands, to have a special Cossack government, to be self-governing, to engage in many activities without paying any fees (land development, farming, cattle breeding, bee keeping/breeding, wine-making and the tobacco industry, flour making, coal tar and saltpetre exploitation, trading at fairs and markets, etc.), and to own customs borders, bridges, and ferries. The name *sloboda*, as defined by Vladimir Dal's "Dictionary of the Live Russian Language", means a "village of free people". This is where the name Slobidska Ukraine or Slobozhanshchyna came from. Nowadays, the Slobozhanshchyna

territory corresponds to Kharkiv Region, Sumy Region and the north of Donetsk Region of Ukraine and the border districts of Belgorod Region and Voronezh Region of the Russian Federation.

The second attempt at subduing the Wild Field turned out to be more successful, since the main settlements of Slobozhanshchyna, such as Kharkiv, Sumy, Okhtyrka, Ostrogozhsk, Bogodukhov, Vovchi Vody (Vovchansk), Zolochiv, Krasnyi Kut (Krasnokutsk), Kupenka (Kupyansk) and many others, were founded at the time. The Ukrainians also lived in settlements which had earlier been founded by the Russians, such as Valky, Chuhuyiv and Tsarborysiv.

At the time Slobozhanshchyna was organised on a regimental basis and consisted of the so-called "cherkassky-slobodsky" regiments. The term "slobodskyi polk" (Sloboda regiment) referred to a given territory, including all the towns, villages and hamlets situated there, united under the authority of an elected official – a colonel, who enjoyed almost unlimited power within the limits of the regiment. The colonel was elected by the "polkova starshyna" (commanders of the regiment), in a majority of cases for life. He handled all military, administrative, economic and judicial issues. The universal edicts he issued had power of law.

However, this state of autonomy existed for a comparatively short time. The first attempt at its abolition was made during the reign of Anna Ioanovna, and it was finally abolished during the reign of Catherine II (Catherine the Great). In 1763 she issued a decree appointing the Royal Guard Major of the Izmail regiment, Yevdokim Shcherbinin, to head a "Commission of Sloboda regiments" with the aim of discovering the reasons for the "poverty" of these lands and eliminating them. The Commission's work resulted in a decree issued by Catherine the Great on 28 July 1765 "On the establishment of regular civil order on the territory of the Sloboda regiments and on the establishment of Governor's and Provincial Offices", whereby the Sloboda regiments were transformed into hussar regiments, and the Province of Sloboda Ukraine was established with its administrative centre in Kharkiv. Yevdokim Shcherbinin was appointed the first Governor of Sloboda Ukraine.

The present-day border between Russia and Ukraine (with minor further changes) was fixed by the Treaty on the Borders with the Russian Soviet Federative Socialist Republic, enacted on 10 March 1919 by the Workers' and Peasants' Government of Ukraine. It was an internal administrative border between the Soviet republics of the RSFSR (Russian Soviet Federative Socialist Republic) and the USSR (Ukrainian Soviet Socialist Republic).

When, in 1924, D.I. Bahaliy prepared the materials for the commission delimitating the borders between the Soviet Republics of Ukraine and Russia, as an argument to prove the similarity of the border regions, he stated that they were a product of mixed Russian-Ukrainian mass colonisation, with an obviously dominant Ukrainian ethnic identity, and therefore the "border towns within the regions had a similar social and economic life", and all the attempts at separation of the Voronezh and Kursk provinces from the Kharkiv Region existed only in the form of administrative decrees. The residents of the Russian and Ukrainian border regions had always had a sense of being "a common folk, with differences from the population of Great Russia".

On the above basis and pursuant to a decree of the Presidium of the CEC (Central Executive Committee), as from 16 October 1925 Ukraine received small parts of the border regions of Bryansk, Kursk and Voronezh provinces, but at the same time the territory of Russia included the formerly Ukrainian districts of Shakhty and Taganrog (now in the Rostov Region). In October 1928 insignificant border adjustments were made in the Bryansk, Kursk and Voronezh regions by the Presidium of the Central Executive Committee of the USSR.

However, despite all the adjustments, there were still Russian villages in Ukrainian territory and Ukrainian villages in Russia.

The most recent significant changes to the Russian-Ukrainian border were made on 26 April 1954, when the Supreme Soviet of the USSR adopted the "Law on transfer of the Crimea region from the Russian Soviet Federative Socialist Republic to the Ukrainian Republic".

The administrative border between the Republic of Ukraine and the Russian Soviet Federative Socialist Republic became an international border following Ukraine's declaration of independence on 24 August 1991.

Economic and infrastructural characteristics

The nature of cross-border co-operation is primarily determined by social and economic differences between the Russian and Ukrainian border regions.

Although the level of development on either side of the border is not the same, as can be seen from a comparison of regional GDPs (or GRPs), it can be noted that the Ukrainian territory is turned toward Russia as far as its developed regions are concerned.

Per capita GRP is the main indicator of a region's socio-economic development. In the Ukrainian border regions it is in general closer to the country average (about UAH 7 200), while in the Russian border regions per capita GRP is only about 60% of the country average and even in the most developed region, Belgorod, does not attain the mean level for Russia. The most developed region in Ukraine is Donetsk, where GRP is one-third above the average.

At the same time, the Ukrainian border regions produce about 30% of Ukraine's total GNP, while the Russian border regions account for only 6.4% of Russia's.

However, if the per capita GRP of the Russian border regions is converted into Ukrainian hryvnias and compared with the Ukrainian regions' per capita GRP, the figure for the Russian border regions can be seen to be approximately 1.5 times higher than that for the Ukrainian border regions.

Conversely, in terms of production output, many of the Ukrainian border regions, which are among the most developed in the country (such as Donetsk, Kharkiv and Luhansk), outperform the Russian ones.

Rostov Region is the most industrially developed of the Russian border regions (in 2004 its industrial output amounted to RUB 156.7 billion or 1.4% of total Russian output), followed by Krasnodar Region (RUB 135.4 billion, 1.2%) and Belgorod Region (RUB 120 billion, 1.1%).

The most developed branches of industry are roughly the same on either side of the border. They are ferrous metallurgy (most developed in the Donetsk and Luhansk Regions of Ukraine and the Belgorod and Kursk Regions of Russia), the machine-building industry (mainly heavy engineering), electrical power, chemicals and the food industry. In addition, in the Ukrainian border area coal, gas, oil and coke production, as well as petrochemical industries, have been developed.

While the Russian regions have a lower share of their country's industry than the Ukrainian ones, some of them occupy leading positions in Russia in terms of agricultural output. For example, Krasnodar Region accounts for 10.5% of Russia's gross grain output and Rostov Region for 8%.

According to the 2004 data, these border regions of Russia produced 20% of the country's total agricultural output (although their territory covers only 2% of the country's total area). The Ukrainian border territory, occupying 27.5% of the total area of Ukraine, accounts for only 25% of the country's agricultural output, with Kharkiv Region having the leading role.

On both sides of the border agriculture focuses on the production of grain, sugar beet, sunflowers and cattle breeding.

The leisure sector services developed in the Crimea (Ukraine) and Krasnodar Region (Russia) are also worth mentioning.

The Russian-Ukrainian border regions have well developed transport networks. Fifty-two permanent international freight and passenger checkpoints operate on the border, including 37 for road traffic, 13 for trains, one on the Rostov River and one on the Kuban River in the Crimea.

Based on comparable social indicators for the late 1990s and early 2000s, the Russian regions are in the lead. Average wages and salaries in the border regions of Russia are approximately 1.5 times higher than those in Ukraine (which incidentally is an exact reflection of the difference in per capita GRP). However, in all the Russian regions along the border the salary level is below the country average (69.1%, with a maximum of 78.4% in Belgorod Region). Conversely, the Ukrainian border regions boast medium to relatively high salaries for the country (a 92.7% average, with the lowest figures found in the Chernihiv and Sumy Regions – 75.8 and 82.2% respectively), which to some extent makes up for the difference in remuneration levels between the two countries.

However, a recalculation shows that the average salary in the “poorest” Russian border region (Bryansk Region) is equal to that of the “richest” border region in Ukraine (Donetsk Region). The average salary of all the Russian border regions is higher than that of the Ukrainian border regions. For instance, the salary in Kharkiv Region is about 60% of that paid in Belgorod Region.

Cross-border co-operation is particularly prevalent between the authorities of the Kharkiv and Belgorod Regions, who on 7 November 2003 signed the constituent documents of the Russian-Ukrainian Euroregion “Slobozhanshchyna”.

The historical region of Slobozhanshchyna has undergone considerable transformations over the sixteen years since the collapse of the USSR. These are primarily a result of the process of state formation, of economic problems in both Ukraine and Russia, and of the emergence of new forms of economic activity and transborder relations.

The key assets of the Slobozhanshchyna Euroregion are its accessibility, functionality and a high development potential thanks to the mutual adaptation and complementary nature of the neighbouring territories in the Belgorod and Kharkiv Regions.

The present-day borders of Belgorod Region were established on 6 January 1954 with the annexation of parts of the territories of the Voronezh and Kursk Regions. It has an area of 27 100 sq. km and a population of 1 513 600. Urban dwellers make up 66.4% of the region's population. There are 21 administrative districts, 6 cities reporting to the regional centre, 3 towns of regional level, 21 town-type settlements and 1 592 villages. The length of the border with Ukraine is 540 km, most of it with Kharkiv Region.

Kharkiv Region has an area of 31 400 sq. km, and a population of 2 796 500 (the third largest region in Ukraine). Urban dwellers make up 79.2% of the region's population. It comprises 27 administrative districts, 17 towns, 61 town-type settlements and 1 684 villages.

Belgorod Region is clearly a leader in the sphere of Russian regional reform, being an example of bipolar development. Apart from the regional centre, there is a large industrial centre in the north of the region - the towns of Staryi Oskol and Gubkin, which have high steelmaking potential as the main source of iron ore in the Kursk Magnet Anomaly.

The key part of the Euroregion's territory corresponds to the most populous area with a highly developed infrastructure. This area includes regional centres such as Kharkiv and Belgorod and district centres such as Shebekino, Staryi Oskol, Gubkin and Korocho (Russia) and Vovchansk, Derhachi and Chuhuyiv (Ukraine). The Euroregion's main industrial, scientific and technical potential lies here.

Transport connections between Kharkiv and Belgorod take place via four railway corridors, including the main international railway line with customs checkpoints in Dolbino and Kozacha Lopan, situated between Belgorod and Kharkiv, and the Nizhehol-Vovchansk, Holovchino-Odnorobovka and Urazovo-Topolya routes. The mainline railway connection now offers 20 passenger trains per day. The main international road link with a customs control point in Nekhoteyevka-Hoptivka and the Shebekino-Pletnyovka and Hrayvoron-Oleksandrivka border crossings cater for the main streams of vehicles between the two regions. At peak periods the international vehicle checkpoint provides services for 10 000-12 000 vehicles and more than 50 000 passengers a day.

A complex social situation emerged on both sides of the border in the 1990s as a result of a gradual decline in industrial production, which caused many large enterprises to make considerable staff cuts, while medium and small-sized enterprises, especially in the border regions, came to a halt. As a result many members of the population were in part-time employment, often with second jobs. Another outcome was the emergence of small-scale cross-border trade, which came to a height in the mid-1990s. Industrial development is now increasing and the social situation is improving.

Based on social indices, Belgorod Region outperforms Kharkiv Region in terms of average wage and salary levels, rates of pension and social assistance and benefits. The most significant difference in the social sphere is the federal programme "My House", under which Belgorod Region became the Russian leader for housing construction.

Cross-border declarations and agreements

At present the legal basis for Ukrainian-Russian cross-border co-operation consists of a number of laws and presidential decrees regulating economic and other relations between Ukraine and Russia. One of the principal instruments is the Treaty of Friendship, Partnership and Co-operation, signed by the presidents of Ukraine and Russia on 31 May 1997. Article 14 of the treaty provides that the parties shall ensure favourable conditions for trade and other types of economic co-operation at the level of their territorial and administrative bodies, in accordance with the law in force, with a particular focus on co-operation in border regions.

The Ukrainian and Russian governments concluded a treaty on co-operation of border territories on 27 January 1995. Several co-operation agreements have also been signed in specific fields: international road routes, border checkpoints, general use and protection of water reservoirs, co-operation in the fields of culture, science, education and environmental protection. In January 1996

the Presidents of Russia and Ukraine signed the agreement "On the Establishment of a Mixed Russian-Ukrainian Committee for Co-operation" headed by both Prime Ministers. In February 2001 they adopted the Programme of Interregional and Transborder Co-operation between Russia and Ukraine for 2001-2007 (which was prolonged to 2010 in October 2006), which included the concept of support for Euroregions.

At the initiative of the Belgorod and Kharkiv Regions, in January 1994 the Council of Heads of Border Regions was established. To begin with only five regions in Russia (Bryansk, Kursk, Belgorod, Voronezh and Rostov) and five in Ukraine (Chernihiv, Sumy, Kharkiv, Luhansk and Donetsk) participated in the Council. In 1996 three regions of Belarus having common borders with Russia (Vitebskaya, Mogilevskaya and Gomelevskaya) joined the Council. The same year the Council admitted other Russian and Ukrainian regions, including regions not bordering on Russia but interested in economic co-operation with its regions. They included Krasnodar and Tula in Russia and the Crimea, Sevastopol, Poltava and Zaporizhzhya regions in Ukraine. The Council therefore now has 19 members. Its activities are co-ordinated by Executive Committees with heads in Belgorod and Kharkiv.

A Russian federal government decree on "The Concept of Border Co-operation of the Russian Federation" was issued on 9 February 2001, and the Council of the Russian Federation ratified the European Outline Convention on Transfrontier Co-operation between Territorial Communities or Authorities by federal law No. 91-F-3. Ukraine ratified this convention in 1994 and now emphasises this direction of its foreign policy. These events show the mutual desire to focus on bilateral relations in cross-border co-operation in accordance with international (European) rules.

In Ukraine, cross-border co-operation is regulated by the laws "On Transborder Co-operation", "On Local Self-Government" and "On Local Government Administrations". Ukraine also has a programme to develop Euroregions (established by the Cabinet of Ministers' Decree No. 587 of 2 April 2002) and a government Programme of Transborder Co-operation Development for 2007-2010 (established by the Cabinet of Ministers' Decree No. 1819 of 29 December 2006). The Kharkiv Region's cross-border co-operation programme up to 2011 was adopted at the Kharkiv Regional Council's meeting on 27 January 2005.

Cross-border co-operation as a set of actions aimed at establishing and developing economic, social, scientific and technological, ecological, cultural and other types of relationships between territorial communities, their representative bodies and local self-government bodies in Ukraine and territorial communities and the corresponding authorities in the Russian Federation is implemented in the framework of agreements signed by the participants in cross-border co-operation.

In 1997 some researchers from Kharkiv State University (A.P. Holikov and P.A. Chernomaz) were the first to suggest establishing an initial Ukrainian-Russian Euroregion "Slobozhanshchyna".

Its creation became a key step in the Comprehensive Regional Programme for the Social and Economic Development of Kharkiv Region up to 2010, approved on 20 August 1999 by Kharkiv Regional Council.

It was therefore the Kharkiv and Belgorod regional authorities which first showed enthusiasm for cross-border co-operation. On 22 March 2002 they requested the Presidents of Ukraine and Russia to issue the relevant orders to the two countries' governments for an intensification of bilateral consultations between the Ministries of Foreign Affairs with the aim of signing an "Agreement on the simplification of customs and border controls to meet the basic needs of the border region population in the Kharkiv and Belgorod regions".

A little later, following preparatory work by the Executive Committee of the Council of Heads of Border Regions of Belarus, Russia and Ukraine, on 7 November 2003 the documents required for the creation of the Ukrainian-Russian Euroregion "Slobozhanshchyna" were signed. Since 2004 the Euroregion has had observer status with the Association of European Border Regions.

In addition, in 2003, in Gomel, the "Dnieper" Belarus-Russian-Ukrainian Transborder Union was created, which included the Bryansk, Gomel and Chernihiv Regions, and on 24 April 2007 an agreement on the creation of another Ukrainian-Russian Euroregion "Yaroslavna" including the Sumy and Kursk Regions was signed in Kursk.

The Euroregions have been established to develop co-operation between the border territories in the following directions:

- overall economic development;
- regional and local spatial planning;
- communications and transportation connections;
- science, the new technologies, education;
- health care, sport and tourism;
- improvement of the environment;
- handling of emergency situations, natural disasters and their aftermath.
- contribution to increasing contacts between the populations of the border territories and to the development of co-operation between institutions, organisations and economic agents;
- facilitating cross-border flows of people and freight by simplifying formalities and opening new checkpoints;
- helping to enhance the population's standard of living by providing jobs;
- contributing to development of the regional economy by improving the border regions' infrastructure.

On 27 December 2006 the Ukrainian government approved the State Programme of Transborder Co-operation for 2007-2010. Its principal purpose is to step up regional foreign trade, promote the development of small and medium-sized enterprises, guarantee nature protection and foster social development. This programme encompasses six Euroregions, including the "Dnieper" Transborder Union and "Slobozhanshchyna". In 2008 UAH 6.62 million were allotted for the financial support of sixteen projects within the six Ukrainian Euroregions, including UAH 100 000 for a single project in the "Slobozhanshchyna" Euroregion and UAH 260 000 for a single project in the "Dnieper" Euroregion.

Propensity towards cross-border co-operation

The prospects for cross-border co-operation between the neighbouring regions of Ukraine and Russia depend directly on the following factors: 1) geopolitical (the strategy regarding Ukrainian and Russian relations); 2) economic (co-operative relations, forming transnational economic structures, etc.); 3) integration (smoothing over the "barrier" effects arising from the integration of Ukraine and Russia in the world community); 4) transport and geographical (the area's transit possibilities); 5) ecological (joint solving of the problems of water contamination in the Severskiy Donets River Basin, etc.); 6) social and cultural (common cultural area, ethnic proximity, influenced by relationship ties, and a mutual social impact); 7) scientific and research (incorporation of scientific and research activities, academic education of specialists); 8) information (broadening co-operation in the area of information technology, including the creation of a marketing data bank).

Projects implemented

The development of the contiguous regions of Ukraine and Russia, which have a very strong industrial, intellectual and information potential, is artificially hindered by the impossibility of making common use of this potential, the absence of goals and a lack of co-ordination of economic, social and ecological programmes. Furthermore, these problems enhance social differences along the border. The task of the Euroregions such as "Slobozhanshchyna", "Dnieper" and "Yaroslavna", and of the planned cross-border Euroregion between Rostov Region and Donbass, is therefore to develop a system of common spatial planning for the contiguous territories of Ukraine and Russia, to adjust the redistribution of the border regions' social functions, as is natural given the new economic conditions, to stabilise the old industrial territories and to promote the development of private enterprise, for which the border is currently an obstacle.

In particular, the development of cross-border co-operation within the Euroregion "Slobozhanshchyna" includes four stages:

- 1 examining the present state of relations between the Kharkiv and Belgorod Regions, entailing study of the border regions, familiarisation with both regions' institutional structures, identification of current problems of cross-border co-operation and its as yet unrealised benefits;
- 2 determining the Euroregion's development strategy defining the strategic directions of co-operation which are important for both sides and for the individual territories where the common activity will be pursued. This stage involves setting up working groups to deal with the various issues;
- 3 developing and implementing cross-border development programmes, which entails setting up an institutional structure bringing together the administrative authorities responsible for joint projects and special cross-border institutions;
- 4 monitoring and evaluating the cross-border co-operation programmes carried out by the Euroregion's component bodies.

The specialists are of the view that at least four serious problems can be identified which cannot be solved unilaterally.

The first problem is the transport overload on the Kharkiv-Belgorod cross-border road link. The opening of the international checkpoint Nekhoteevka-Hoptivka in June 2002 failed to resolve the traffic jams and delays. The solution is to create another additional transport route.

The second problem concerns stimulation of cross-border commerce. Although the trade relations of the Kharkiv and Belgorod Regions within the CIS are fully concentrated on Russia and Ukraine (respectively 92% and 97%), a high dependence on mutual trade volumes and the border's functioning as a barrier can be noted. The Euroregion's innovation model provides for the border increasingly to play a filter function in legal movements of goods, for the strengthening of regional marketing strategy and for support of exporters of agricultural machinery by creating special facilities – the “Expocenter Slobozhanshchyna” exhibition complex in close vicinity to the border and the “Vovchansk-Shebekino” industrial complex.

The third problem is the absence of a concerted ecological policy concerning the region's main water resource – the Severskyi Donets River. The Euroregion's creation will make it possible to adopt concerted European environmental protection standards.

The fourth problem, which has become apparent in recent years, concerns the labour market. Traditionally close relations in industry, science and education, which were lost after the collapse of the USSR, have been partially restored, but on another basis and not on the former scale. The differences in remuneration (in favour of the Belgorod Region) nowadays cause a one-way flow of workers to Russia. The creation of a common organised job market would not only make it possible to prevent the emergence of an intellectual asymmetry between the border regions, but also enhance local people's prospects.

The development of cross-border co-operation on the basis of the “Slobozhanshchyna” Euroregion can play a key role in solving these problems.

Some of the most promising projects being implemented in the framework of the Euroregion are:

- the transborder project “Development of a detailed plan for purification of the Lopan River”;
- the opening of the “Expocenter Slobozhanshchyna” exhibition complex located on the Hoptivka-Nekhoteyevka main road;
- the construction of the Belgorod-Kharkiv international Russian-Ukrainian airport close to the border;
- creation of a network of cross-border tourist routes “Natural and Historical Heritage of Slobozhanshchyna” to utilise the Euroregion's recreational potential;
- formation of the construction cluster of the Euroregion “Slobozhanshchyna”.

In addition, as regards pre-border areas, taking into account the broad possible sphere of action for co-operation in business matters, a complete model of the territorial structure of the entire Euroregion should be developed.

SWOT analysis elements

Strengths: The legal basis for Ukrainian-Russian co-operation exists in the form of numerous laws and presidential decrees on common regulation of economic and other relations between Ukraine and Russia; the documents founding the Euroregions "Slobozhanshchyna", "Dnieper" and "Yaroslavna" have been signed; the co-operation strategy permits the involvement of the border regions in economic co-operation and the promotion of SMEs; close co-operation between Russian and Ukrainian enterprises; possible simplification of customs formalities; opening of the "Expocenter Slobozhanshchyna" exhibition hall located on the Hoptivka-Nekhoteyevka main road; the scientific and educational bodies of the Russian-Ukrainian cross-border area were long part of the common USSR system, which is why they continue to be compatible and have retained some of their links; a bilateral agreement has made it possible to set quotas for citizens of one country to enrol in the higher education establishments of the other country at the state's expense; in 2003 at V.N.Karazin Kharkiv National University representatives from Belarus, Ukraine and Russia signed a memorandum on the establishment of a border university consortium, aimed at increasing the competitiveness of the border area's higher education sector; agreement on scientific and educational co-operation between Belgorod State University and V.N.Karazin Kharkiv National University on issues of mutual interest; the establishment of the Euroregion facilitates the introduction of European environmental protection standards; the Co-ordination Board of the Interregional Ecological Programme on Security and Use of the Siverskyi Donets River is developing a common policy concerning the most important water resource in the Russian-Ukrainian border area; the Institute of Ecological Science and Research, located in Kharkiv, is contributing to the project's development; solving the problem of increasing traffic capacity on the Moscow-Simferopol main road between Kharkiv and Belgorod; building of the common international Belgorod-Kharkiv Russian-Ukrainian airport close to the border; the creation of a single system of cross-border Russian-Ukrainian tourism routes aimed at promoting mutual cultural enrichment and active tourism; co-ordination of the action of the customs and border authorities in both regions to combat crime, illegal immigration and smuggling.

Weaknesses: the Euroregion's governance structure has not yet been established and is not yet operational; the key projects are still under development and are not yet being implemented in practice; problem of the compatibility of the two countries' legislation, first and foremost as regards the unification of customs, taxes and other kinds of non-tariff regulation of crossing of the states' borders; dependence on the regional authorities' competence; imbalance in the regions' industrial development: stronger potential of manufacturing industry on the Ukrainian side; lack of legislation promoting trade between the border regions; disproportion in scientific exchanges between the Belgorod and Kharkiv Regions (intellectual assimilation); possible obstacles in connection with disagreements over the question of joining the Bologna process; some divergences in legislative regulation of environmental and nature protection between Ukraine and Russia; an obstacle to construction of the airport may be that the frontier between the regions is a state border, which imposes certain restrictions on use of land resources; disproportion in salary levels and social benefits in favour of the Russian regions; difficulties encountered by tourists crossing the Ukrainian-Russian border; in the event of the lifting of restrictions at the border illegal migration and smuggling may increase.

Opportunities: Ukraine has to maintain a balance of interests in triangular Russia-Ukraine-EU relations, combining the process of EU integration with the formation of the SET (Single Economic Territory of Russia, Ukraine, Belarus and Kazakhstan); the great economic potential of Ukraine and Russia can be used to further co-operation between the border regions' enterprises; the significant capacity of the Russian and Ukrainian markets contributes to the development of mutual trade; increasing tolerance in mutual relations between the Ukrainian and Russian peoples; the possibility

of giving the Russian language the status of a state language of Ukraine; government decisions on the functioning of Ukrainian schools on Russian territory and Russian schools on Ukrainian territory; co-operation in higher education; joint cultural projects.

Risks and threats: the standoff between the political authorities of Ukraine and the Russian Federation; confrontation with Russia should Ukraine become a member of NATO; Ukrainian refusal to participate in the creation of the SET; counter-action by the Russian Federation should Ukraine join NATO; both countries could put in place significant customs barriers at the Ukrainian-Russian border; aggravation of chauvinistic tendencies in certain sectors of Ukrainian and Russian society.

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