



The Bulgarian-Serbian border region: problems and perspectives

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Abstract

In this paper, the current social and economic situation of the Bulgarian-Serbian border region is analyzed, with a focus on the role of the cross-border actors and the survival strategies in the poorest region of the European Union. Moreover, some of the possible economic opportunities for the future development of the region are discussed.

Key words: *border regions, migration, cross-border cooperation*

Introduction

Over the last decades, tremendous geopolitical changes have taken place in Southeastern Europe. The Bulgarian-Serbian border region has been particularly affected. Divided by the Iron Curtain, the Bulgarian side of the border and Bulgaria as a whole, as a member and associated member of the former Council for Mutual Economic Assistance had good economic cooperation with other member countries during the Cold War era. Bulgaria has been a EU member state since 2007, while Serbia, which was significantly affected by armed conflicts during the period of the breakup of the former Yugoslavia in the 1990s, only has the status of a EU candidate country. Consequences of various aspects are expected in the future on the development of the border regions of both countries: different border regimes, the region's geographical and economic periphery and the first EU supported cross-border cooperation for the development of regions at the EU's external borders. In this regard, the Bulgarian-Serbian border region is one of the less researched in Europe and is elaborated on in this paper. The key issue is: to what extent have border regimes over the last decades as opposed to other factors determined the current situation and the basis for the future development of the border region?

In border studies, there is an extensive discussion in the literature concerning the meaning of the border (see van Houtum 2002a, 2002b, 2003, 2005, 2011). Borders can be perceived as barriers and obstacles for people to travel, to collaborate or to work, as an obstacle for goods to be carried from one country to another. At the same time, they can be perceived as a starting contact point for cooperation, as a place where many people exercise their profession and live their life.

In this context, the following aspects are researched more in-depth:

- Will cross-border cooperation be intensified, if the trans-border communication network is improved and easier reach is possible?
- Which implications of the political-economic changes of the last decades are still present in the border region?
- Which development is to be expected due to the peripheral location of the region?
- What is the population's density and ethnical structure?
- What are the implications of the economic development of the last decades on population development?

- Economic development and foreign investments
- What are the impacts of the regional economic development on every-day life in the border region?
- What is the importance of the remittances in the support of the population and the economy of the two countries?
- What is the income situation in the border area?

The present research is based on official data from the EU and different state institutions and on information collected during a three-weeks fieldwork of the author in the area in October 2011. During the fieldwork, extensive notes were taken and several interviews were conducted. The visited regions, where the interviews took place, comprise the municipalities of Majdanpek, Rajac, Babin Zub resort, Dimitrovgrad, Bankia (Trun region), Komshtitsa, Belogradchik, Salash and Vidin. Interviewees were selected according to the criteria of having representatives from different age groups, educational levels and professional backgrounds.

The analysis of the interviews forms the core of the last section, describing the economic situation of the border region. The quantitative analysis, which deals with de-

mography, unemployment, investments, remittances, is based on statistics of the Bulgarian and the Serbian statistical offices.

Geography of the region and the trans-border traffic network

The Bulgarian-Serbian border from the river Danube in the north down to the Bulgarian-Serbian-Macedonian border triangle is approximately 220 km long. Most of the border-region is mountainous to alpine terrain, except for a short undulating and hilly terrain in the northern part and a strip in the area where the main road from Sofia to Belgrade passes. Most of the borderline coincides with the ridgeline of the Western Balkan Mountains and has few road connections between both sides. There are only three highways and two main roads crossing the border. High capacity road and railway lines connect Niš in Serbia and Sofia and in addition Skopje with Kyustendil and Sofia. Sofia itself is an important traffic node in Southeastern Europe at the intersection of the axis Belgrade – Sofia – Istanbul and Thessaloniki on the one hand and Skopje – Sofia – Bucharest on the other hand.

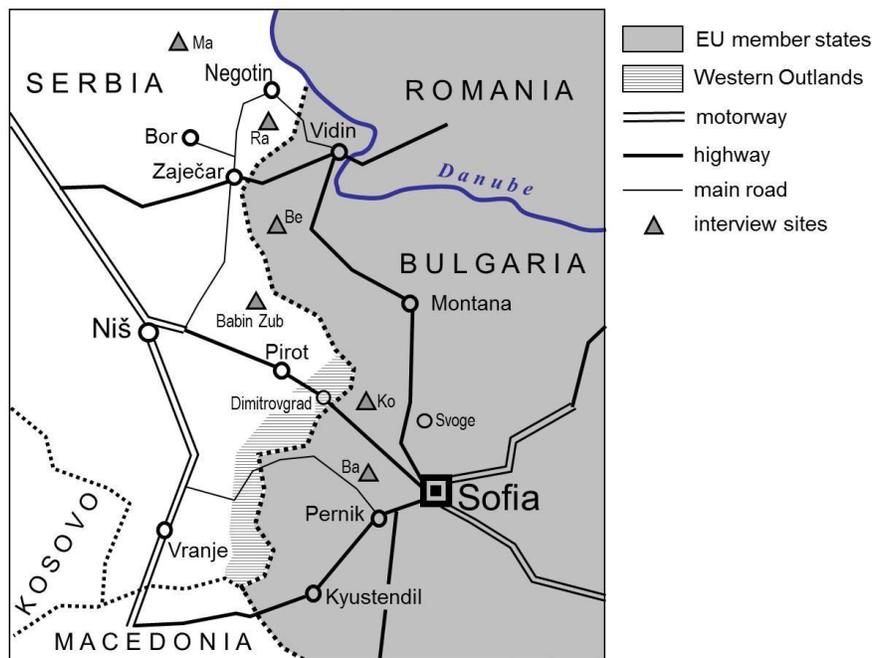


Figure 1: The Bulgarian-Serbian border region and the interview sites

Most of the trans-border region is located in remote areas outside of dynamic economic centers and, with the exception of Sofia, far away from big cities. This is another reason, which makes cross-border cooperation traditionally more difficult. Job centers or processing and industrial centers are not available and it is also not an option for inhabitants to commute to the bigger central places on a daily basis. A big area of the border region could be categorized as an economically underdeveloped rural area. A common characteristic of the Bulgarian and Serbian border regions is their low economic development compared to the remaining territories of both countries (IPA, 2007).

This remote and mountainous border area has a beautiful landscape, almost virgin nature and offers significant opportunities for the development of tourism in the region. There are many natural parks and protected areas like the Belogradchik Rocks, the Magura Cave, the Rabisha Lake and the thermal springs in Kyustendil, Sapareva Banja, Vurhets or Rudartsi in Bulgaria, or the thermal springs on the Serbian side in Niška Banja, Soko Banja, Vranjška Banja and Zvonjačka Banja. Many natural areas have been proposed for the inclusion in NATURA 2000 (Penin, 2000). Also environmental pollution, a major problem of big towns and industrialized parts, does not exist in these rural areas.

Political-economic development of the last decades

All the factors mentioned above are however not enough for a sufficient and sustainable economic development. It is the opposite. The region is being deserted and the economic and social situation is getting worse (Mladenov & Kazakov, 2009), and it lags far behind the European level. In 2013, the northern region on the Bulgarian side held the last rank out of 262 regions in the EU-27 concerning territorial competitiveness (European Union, 2013).

The reasons for the present situation have their historical explanation in the period of 1949-1989, characterized by forced collectivization, the period of the Iron Curtain in Bulgaria. However, the main reason is the character of the property structure during the last decades. The rapid

transformation from the socialist system towards a market economy has introduced many elements that have led to the closing of many important industries, to the accumulation of wealth in the hand of very few, persons related to the former socialist regime, and finally to massive migration and the collapse of the economic and social structure of the country.

In Yugoslavia, Tito allowed citizens to travel abroad freely as of 1968 and permitted to own small and medium sized private properties. The economy was oriented towards the free market. People who decided to migrate to Western Europe were free to do so. As a result, the remittances they sent to Yugoslavia helped the improvement of the local economy.

Nowadays most of the property in Serbia is distributed in the same way as during Tito's era, with many big businesses owned by the state. Due to the private character of the small producers in agriculture in Serbia, the villages near the border are not as deserted as in Bulgaria (Mladenov & Kazakov, 2009).

On the contrary, in Bulgaria people were not allowed to travel abroad freely until December 1989. During the rule of Vulko Chervenkov (1950-1954), a forced collectivization was imposed, that later resulted in the first massive anti-Soviet armed uprising in Eastern Europe, the Gorjani Resistance Movement (1950-1952) (Gorcheva, 2007). During Todor Zhivkov's rule (1954-1989), the exact same planning and structure of the collective farms as in the Soviet Union was implemented and the results were ineffective in terms of production and benefits.

The closing of the mines after 1989 and the decay of the mining industry had a strong economic impact in many small cities, where this activity used to be the major source of income for people. Due to bad governing practices and mismanagement of public money between 1990 and 1997, the Bulgarian economy and state collapsed, followed by hyperinflation.

From a geographical point of view, Serbia has become – at least partially – isolated from the rest of its neighbors, many of which have joined the EU. This situation creates problems for people who travel often to the neighboring EU countries, although the end of the visa requirement for Serbian citizens (not living in Kosovo) entering the

Schengen area in December 19th 2009 has improved their situation.

At the same time, Bulgaria lost a quick and advanced road connection after joining the EU on 1st of January 2007, because the fastest highway (the main road E-80 or 'Corridor 10') from Bulgaria to Central and Western Europe passes through Serbia. The waiting lines for trucks at the border between Bulgaria and Serbia, Serbia and Hungary, and Serbia and Croatia are very long. This leads to delays and higher costs of traded products and causes serious problems for the international transport. It might also be an obstacle for production investments and export from Serbia, but mostly from Bulgaria. Independently of its efforts and ambitions to reach European standards, many political and economic obstacles related to investment and development continuously appear to make both countries uninteresting for investors.

However, there is also a lack of interest in Bulgaria and Serbia to develop the border region, as it has always been a region of political conflict between both countries. Historically, Bulgaria became independent after the Russian-Turkish War (1877-1878). The Treaty of San Stefano, signed between Russia and the Ottoman Empire, established the first modern borders of Bulgaria. According to this Treaty, the border between Bulgaria and Serbia followed its actual course from north to south until it reached an area near the summit of Hajdushki Kamen, located near Ravno Bučje. However, the Great Powers did not agree with the Treaty and they revised it at the Berlin Congress (1878), where no Bulgarian representatives were allowed to be present. After the Congress, the border between Serbia and Bulgaria remained the same until the Treaty of Neuilly (1919), when Bulgaria had to cede to Serbia the territories of the Western Outlands, mostly inhabited by Bulgarians, as a compensation for the WWI (1914-1918) during which Bulgaria was a loser being in alliance with the Central Powers.

As a result, the territories of the Western Outlands, Shipkovo and the surrounding area, Dimitrovgrad and its municipality, the southeastern part of the municipality of Babušnica, the eastern part of the municipality of Surdulica and the municipality of Bosilegrad became part of Serbia. Today, the Western Outlands are still at the center of political and economic discussion between both coun-

tries because of an ethnic Bulgarian majority in most of the respective municipalities and their claim to strengthen the traditional and educational ties with Bulgaria.

During WWII (1939-1945), Bulgaria wanted to stay neutral, but was urged to join the Axis (Nazi Germany) and to invade Yugoslavia. As a consequence of the defeat, Bulgaria again had to pay compensations to Yugoslavia. Yet, during the first years after WWII, the political and economic systems in Bulgaria and Yugoslavia were very similar, characterized by many cultural exchanges between both countries. However, in 1949, during the Informbiro (the open split between Tito and Stalin), the relations between both countries rapidly deteriorated to a great extent.

In 1977, a signal fence 'kljon' was built on the Bulgarian side, along the border with Serbia. Its aim was to stop people fleeing from Bulgaria, the Eastern Bloc countries and the Soviet Union towards Western Europe crossing Yugoslavia and entering later into Italy.

The 'kljon' was a symbol of the Cold War, a kind of forced measure over the population in order to forbid the contact with the Western world, to forbid any information about how people live on the other side of the border, to stop ideas, cooperation, and youth's future. Many of the local inhabitants suffered from the building of this fence. This, combined with the restricted access of the border area (approximately 15 kilometers from the border during communist times), caused lots of economic and social troubles.

Nowadays, almost 20 years after the disappearance of the fence, there is still an area of maximum 300 meters depth from the border on the Bulgarian and Serbian side, which has a restricted access. In order to be able to access it, one needs permission from the regional directorate of the border police or from its headquarters in Sofia and Belgrade respectively.

During the NATO bombings against Serbia in 1999, the Kosovo crisis, at the time of the Milošević regime, a lot of Serbia's infrastructure was damaged and the economy of the country collapsed, followed by hyperinflation. Bulgaria wanted to remain neutral, but as it had applied for NATO membership it was urged to allow NATO aircraft to use Bulgarian airspace and military installa-

tions. This was a special challenge to the delicate relationship between the two countries. Fortunately, today's cooperation between both countries is going better. Several European projects have been started and are currently contributing to the improvement of the relations in the domain of infrastructure, communication, education or culture.

Population density and ethnic composition

Border regions often have lower population density than the national average because central places or big cities are usually not located in border areas. One exception is Slovakia with its capital on the river Danube at the border with Austria. In the Bulgarian border region, too, the population density is 1.5 times lower than the national average; in Serbia it is 1.3 times lower.

The border area is characterized by its ethnic diversity, although ethnic Bulgarians and Serbs form the core part of the population. Most of the people on the Serbian side of the border are ethnic Serbs, in the Western Outlands ethnic Bulgarians. There is also a Vlach minority (23 600 people) mostly living in the area of Bor, Boljevac, Negotin and Zaječar, as well as some Macedonian and Montenegrin minorities, which are mainly concentrated in Knjaževac, Zaječar, Negotin, Pirot, Dimitrovgrad and Surdulica on the Serbian side of the border (Gigović, 2010).

Any self-declaration of ethnicity is controversial as this can have social and economic implications. Also in this case there might be more ethnic Bulgarians in the Western Outlands as declared in the statistics, due to some economic reasons as, for example work access or local business activity related to current regional development.

Part of the population of the Western Outlands has Bulgarian citizenship, which is a clear advantage concerning travel and work permits within the EU and for traveling to Bulgaria. The knowledge of the Bulgarian language gives the opportunity to have strong social, economic and educational ties with Bulgaria. The knowledge of Serbian and Bulgarian languages also is an advantage for many people who work in trade, legally and illegally, between both countries.

On the Bulgarian side of the border, most of the people

are ethnic Bulgarians; there is also a significant Roma population, mainly in the city of Kyustendil, the village of Gorni Lom and the city of Vidin. The share of the Roma population (4.7%) is more than three times greater than on the Serbian side (1.4%) (IPA, 2007). There are also some villages with a Vlach population in the region around Novo Selo.

The Serbian, Macedonian and Turkish population on the Bulgarian side of the border has a limited representation in contrast to the rest of the country. There are only few Serbians and Macedonians in the biggest cities of Kyustendil, Dragoman and Belogradchik (Gigović, 2010).

Population development as a mirror of the region's development

Population development is often seen as an indicator for the long-term economic development and attractiveness of a region for people and business. In both countries, these developments have been characterized by strong population decline over the last decades, especially in the border regions. The population decline of 0.57% in Bulgaria was the highest of all EU member states in 2011. The decline in Serbia was less (0.33%), but still among the highest in Europe, despite small net migration gains. In both countries, the population decline is mainly caused by natural population loss. In Bulgaria, however, this is, in contrast to Serbia, strengthened by a net outward migration.

Since 1992, a strong migration process started in Bulgaria at national level (National Statistical Institute, 2011; Bulgarian natural migration). There were no more restrictions to go abroad; the local economy quickly went down, the unemployment rate raised suddenly due to the closure of many factories and enterprises. The people decided to migrate to other regions or countries for finding their place in the world. The migration processes affected the younger and the most active population.

Over many years, there was an internal migration flow especially from the northwestern part in the direction of Sofia City and its surroundings due to the concentration of industrial capacity. In the last years, this process was confirmed due to the fact that recent foreign investments

have been initiated by the migration of Greek small and medium enterprises to the southwestern part of Bulgaria, as a consequence of the severe economic crisis in Greece and due to the attractive low taxes (only 10%) in Bulgaria.

The general tendency seems to be that people from the Bulgarian side are more likely to emigrate than those from the Serbian side. Nowadays, most of the Serbs usually prefer migrating to North America, instead of Western Europe. Bulgarians usually migrate to countries of Western Europe, such as Spain and Italy, or Southern European countries, such as Greece and Cyprus. However, due to the financial crisis, these countries have high unemployment rates, which make migration nowadays more difficult.

“The people from Vidin moved mainly to Italy, Spain, Greece and Cyprus, mainly to Italy and Spain, also members of my family. They are in Madrid since 12 years. But now there is also crisis in Spain” (Ivan, 55, Vidin, Bulgaria).

“There was trade before, at the time of the embargo [in Yugoslavia]. They bought in Bulgaria and sold in Serbia petrol, cigarettes, alcohol...” (Stojan, 45, Dimitrovgrad, Serbia).

Migration between the two countries is very limited and mainly due to the ethnic Bulgarians, living in the Western Outlands, who are interested to trade or study in Bulgaria. Nevertheless, the border is relatively less porous, compared to other borders in the vicinity (for example the Bulgarian-Greek or Bulgarian-Turkish border), due to the low level of development of the region and the similar economic development of both countries.

Focusing on the population development of border districts, it is to be recognized that the depopulation from these peripheral areas is significantly higher than from core areas around the capital cities. Loss of population can be often observed in the periphery, but in the Bulgarian border region the loss is twice as high as on average at the country level and in Serbia even four times as high (see Table 1 and 2).

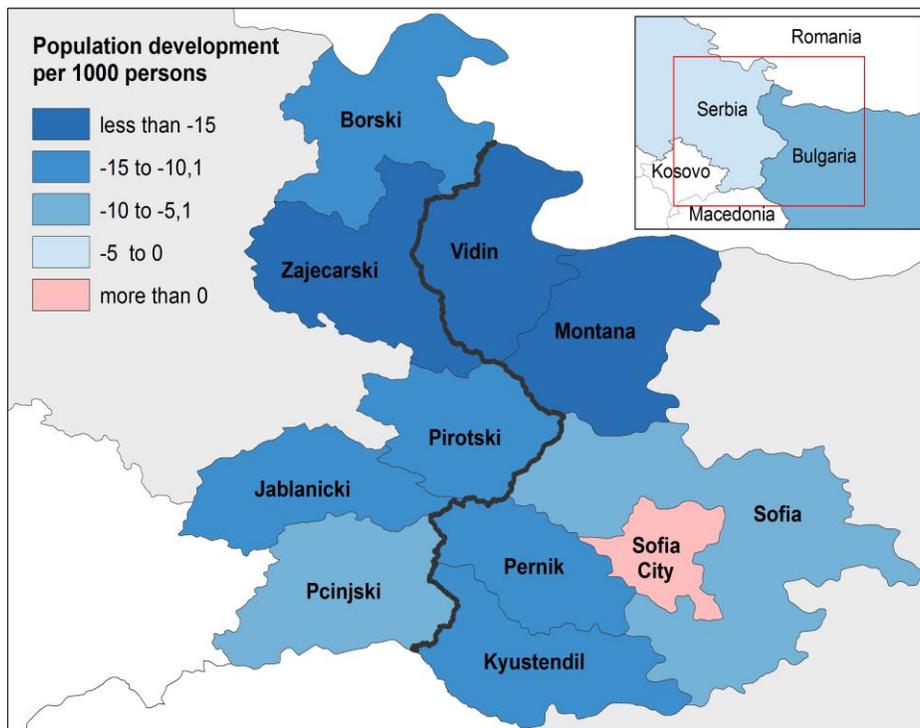


Figure 2: Population development of the border region in 2011 (Source: Own calculations based on population statistics 2011 of the Bulgarian National Statistical Institute and the Statistical Office of the Republic of Serbia)

Statistical district	Population change %	Net migration %	Natural change %	Natural change by residence	
				Urban	Rural
Vidin	- 1,7	- 0,2	- 1,5	- 0,6	- 3,1
Montana	- 1,6	- 0,3	- 1,2	- 0,5	- 2,5
Sofia	- 0,8	+ 0,01	- 0,8	- 0,3	- 1,6
Pernik	- 1,3	- 0,2	- 1,1	- 0,7	- 2,7
Kyustendil	- 1,4	- 0,3	- 1,1	- 0,6	- 2,2
<i>Sofia city</i>	+ 0,3	+ 0,5	- 0,2	- 0,1	- 0,6
<i>Bulgaria</i>	- 0,6	- 0,1	- 0,5	- 0,2	- 1,3

Statistical district	Population Change %	Net migration %	Natural Change %
Bor	- 1,3	- 0,3	- 1,0
Zaječar	- 1,5	- 0,2	- 1,3
Pirot	- 1,3	- 0,1	- 1,2
Jablanica	- 1,1	- 0,3	- 0,8
Pćinja	- 0,5	- 0,2	- 0,3
<i>Belgrade</i>	+ 0,7	+ 0,8	- 0,1
<i>Serbia</i>	- 0,3	+ 0,2	- 0,5

Table 1 and 2: Population development 2011 (in %). Selected Bulgarian (border) districts in the upper table, Serbian districts in the lower table (Source: Own calculations based on population statistics 2011 of the Bulgarian National Statistical Institute and the Statistical Office of the Republic of Serbia).

What is particularly noticeable in these border areas is the dominant negative natural change. Compared to losses due to net migration, the natural change is five times higher. The natural change data of Bulgaria additionally differentiate between urban and rural areas. According to this data, the population loss caused by natural change in the rural areas of the border districts is five times as high as in urban areas and is up to 3% in one year. Assuming a continuing loss to this extent over close to 15 years, the rural border districts would lose one third of their population.

In this specific case of the border areas, little was done in the past to enhance approaches of cross-border activities and cooperation to improve the economic development. However, the restrictions caused by the border and the border regime alone could not have had the overall effect on the depopulation. The mentioned population data are usually a clear indicator for an ageing population with a very low employment rate and very low attractiveness and economic power of the central municipalities. They

do not demonstrate potential for good regional economic development.

From a more pessimistic perspective, the past development and the current situation are likely to contribute to a further depopulation of the region, to a further declining of the economic development, to the aggravation of the aging demographic tendency and finally to the marginalization and the lack of any perspective for improvement in a short-term.

Economic situation

The GDP in Serbia and Bulgaria is low compared to the rest of the European countries. The GDP per capita in purchasing power standards in 2011 was 35 and 46 for Serbia and Bulgaria respectively, compared to 100 for the EU-27, to 131 for Netherlands and to 271 for Luxembourg (EUROSTAT, 2012). A more stable recent tendency in the GDP development is observed in the case of Bulgaria, mainly due to its adhesion to the EU and the

corresponding EU programs.

The economy of the border region, mainly represented by trade, secondary sector and the high importance of agriculture is clearly underdeveloped, compared to the rest of the countries. As a result, the cross-border cooperation opportunities are very limited, despite the existing regional development strategies and European economic programs in these regions.

The industry on both sides of the border is mainly represented by mining, being a leading sector in the past and still keeping its most important part in the regional industrial production. The most famous mining centers are Bor (Serbia) with the extraction of copper, Zaječar (Serbia) with the extraction of coal and quartz and Svoje and Pernik (Bulgaria), with the extraction of coal (IPA, 2007). In Bulgaria and partly in Serbia industrial production had a substantial drop during the time of the transition to market economy with restructuring and the privatization of major enterprises, and it has not yet recovered.

In the Đjerdap-Negotin area (Serbia), tourism is well developed because of the natural characteristics of the region. In the area of Negotin and especially around Rajac, wine production is the most important economic sector. Further south, in the area around Zaječar and Knjaževac, the resort of Babin Zub and agriculture are

the main economic drivers outside the regional town, where services and, to some extent, industry are the most important economic sectors. In the area of Dimitrovgrad, services and trade are as well the most important, due to the main border crossing of Gradina-Kalotina, while in Bosilegrad the economy is mainly represented by agriculture and trade. In the district of Vidin (Bulgaria), a tiny tourist development and the service sector are the most important economic activities.

Most of the Foreign Direct Investments (FDI) in Bulgaria are done in the city of Sofia and represent 56 % of the total country FDI, which for 2010 amounted to 2.2 billion Euros. The FDI in the rest of the biggest towns in thousands of euros is represented in Figure 4. In the border region, only the province of the Sofia Region has higher foreign investments because of its proximity to Sofia and the relatively good business opportunities. In districts close to the border, foreign direct investments are almost negligible. Most of the FDI are in the industry and services sector. A very small part of them are designated for agriculture and the peripheral areas. An example for the latter is the investment of a Chinese public company, Tjanjin State Farms Agribusiness Group Company, which with the support of the Bulgarian Ministry of agriculture has rented

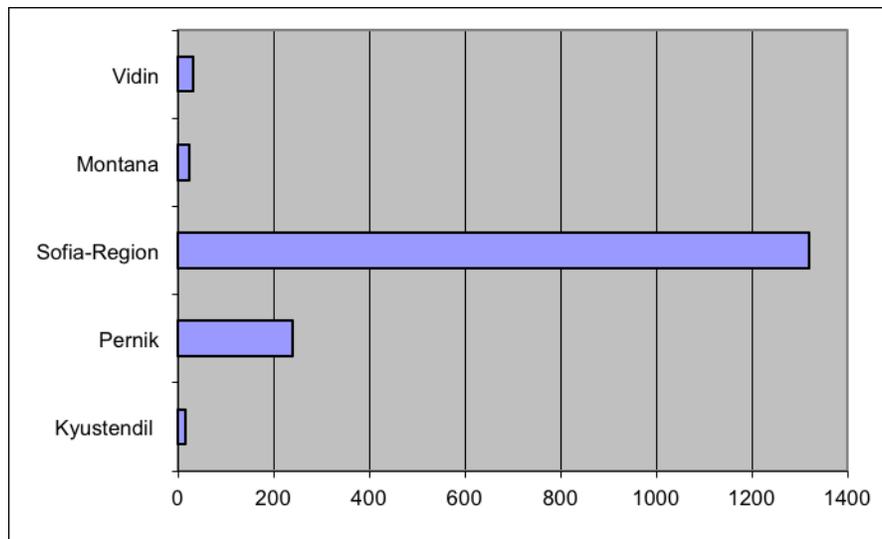


Figure 4: Foreign direct investment (FDI) in the biggest towns (excluding Sofia city) within the Bulgarian border region in thousands of Euros (National Statistical Institute, 2011; foreign investments).

an enormous plot of land, 20 000 acres, investing 10 million euros in the Boynitsa Municipality, in the Vidin District. This is the first project of a Chinese public company in the EU. The company plans to invest 20 million euros more into the region (What's on Tianjin, 2011). This project seems to be controversial due to the Chinese policy of strong expansion towards the exterior and the future domination of the world's food markets. However, the region is so poor that every economic stimulus could give an impulse to revitalize the collapsed economic situation.

Regional economic development and its impact on everyday life

Eastern Serbia is one of the poorest regions in Serbia. Northwestern Bulgaria and especially the city and region of Vidin are the poorest region in Bulgaria and in the entire EU. Most of the people in the area have major economic difficulties (IPA, 2007). Official data show that GDP per capita in purchasing power standards in 2011 for the Bulgarian border region was 29, compared to 46 for the whole country (EUROSTAT, 2012 & National Statistical Institute, 2012).

During the first years of democracy and transition to market economy in Bulgaria, most factories and agricultural enterprises closed because of the low competitiveness of their products. There was a big interest from part of the CEOs to buy the factories cheaply (during the privatization process) few years later. However, due to mismanagement and disputes, this did not happen most of the time and the factories remained closed (Own research, 2011).

In the interviews taken during the fieldwork, many people, especially on the Bulgarian side, expressed their pessimism with regard to the contemporary democratic system with a market economy. They expressed their wish to return to a communist dictatorship (before 1989), mainly because during that period there was no unemployment, wages had a higher purchasing power and the public and social systems worked relatively well (Own research, 2011).

"Nothing works here. There is nearly no production. There was a factory, which produced rubber, where

1600 people worked. Now it was bought [privatized] and the few people who remain working there got their last payment in September last year. They did not receive a salary for a whole year. 100 meters away from here there is a business making clothes. The owner is a Greek. There is mobbing as much as you want there. If somebody gets ill, he or she is fired until he or she is able to work again and hired again then. They even don't pay the insurance for the period at which this person is ill. The salaries are 100-150 Euros a month" (Ivan, 55, Vidin, Bulgaria).

In Serbia, democratic mismanagements did not happen in such a degree as in Bulgaria and people from the border region live better compared to the people on the Bulgarian side, although the embargo, economic problems and hyperinflation during the Milošević government and the NATO bombings left a big toll on the local economy.

An important factor for the economies of both countries are the remittances sent from the migrants living and working abroad, even from countries which now have financial problems like Greece or Spain. Remittances are a way to measure the ties between the migrants and their families and their home country. It helps local development and it is also an expression of the potential interests of the migrants to develop something at home if they return in the future. In Bulgaria, remittances in 2010 constituted a total of 3.3% of the GDP, being the highest percentage in the entire EU, while in Serbia in 2010 they constituted a total of 10.4% of the corresponding GDP. Over the last few years, there has been a tendency towards a decline of inflow remittances in both countries due to the financial crisis.

The average monthly salaries (before taxes and contributions) in the Bulgarian part, corresponding to September 2011, are very different between the capital and the periphery. They run from 476 Euros in the case of the city of Sofia to 246 Euros, that is, about 50% less, in the case of the province of Vidin (National Statistical Institute, 2011; Bulgarian average salary). Similar is the situation with the corresponding average salaries in the Serbian part that run from 655 Euros for the case of the city of Belgrade to 397 Euros in the case of the province of Jablanica (Statistical Office of the Republic of Serbia, 2011; Serbian average salary).

With regard to the prices, the above mentioned salaries are not sufficient to “reach the end of the month” if people do not receive additional incomes such as remittances. Therefore renting out a property or just work in a second or even a third place is common, and which is allowed in these countries. Otherwise, the economic situation of the people would be very bad. Those, who cannot access the labor market, which is mainly developed in the biggest cities, have very small incomes. These are especially the people living in the poorest parts of the border region. Only few of them are able to afford a car, and due to the fact that public transportation is highly inefficient, people have great difficulties to leave and go back to their villages, where they usually practice subsistence farming.

However, the current situation of the labor market does not enhance the porosity of the border with respect to the migration between both parts of the border region. Bulgaria belongs to the EU and Serbia does not. There are strong restrictions with respect to the labor regulation between the two countries that make the economic permeability of the border very limited.

Irregularities at the working place and payment delays for several months or even a year are very common (Own survey, 2011). Because of this, people at their working place are more worried about how to manage “to reach the end of the month”. This triggers very low productivity and a negative attitude towards work. The very low income of the local population leads to low consumption, which is closely related to the very high unemployment in some places (Own survey, 2011). Low consumption triggers loss of clients and markets and consequently higher unemployment.

Officially, the unemployment rate in Serbia was 22.2% in April 2011. The region of Eastern and Southern Serbia had the highest unemployment rate in the whole country with 24.8%. Unemployment affected mostly the people in the age group between 18-24 and 25-34. (Statistical Office of the Republic of Serbia, 2011; unemployment rate)

In Bulgaria, the average unemployment rate was 10.2% in 2010. It concerned mostly the population within the same age interval as above, 15-24 and 25-34, with a nationwide rate of unemployment of 23.2% and 11.4%,

respectively (National Statistical Institute, 2013; unemployment rate) The similar but very high unemployment on both sides does not enhance the permeability across the border and the young people from both sides are more willing to choose other survival strategies instead of looking for a job in the neighboring country.

The unemployed and those who are seasonally employed (or on the weekends and holidays) usually leave the towns and cities and relocate back to their villages or holiday homes, where they can do some subsistence farming, which allows them to survive (Own survey, 2011).

Another way people try to face the situation is by not paying their bills (usually those small salaries are just equal to the amount of the monthly bills for gas, phone, electricity, heating wood, school taxes, rent), but then they risk their properties being confiscated. Most people, who have an opportunity, take loans, especially those who are on a public sector job with a middle and high salary. However, this could lead to a risky situation if some perturbations in the market occurs, especially now with the severe financial crisis in the EU and the strong decrease of consumption.

Even people who should be able to live well from their salaries are forced to do part-time farming in their free time (usually all the weekends) in order to save money from food to be able to “reach the end of the month”. This worsens their professional standards as they spend time and efforts on subsistence farming instead of focusing on their job. Because of this controversial economic situation, people from the border area having no regular income or wanting more than subsistence farming often decide for one out of two realistic opportunities: emigration or smuggling.

According to the opinion of major parts of the population, an important part of the income of many people in the border area comes from smuggling. The border could be considered in this sense as a space, well defined in location, giving the opportunity to smugglers and the customs officers to make a living in order to survive.

“It would be interesting for you, if you took the train, to see the ‘commerce’ of cigarettes. They ‘take’ them now towards Bulgaria, because there they are two times more expensive. In the other di-

rection (from Bulgaria towards Serbia) bad quality cheese is being 'transported' (white cheese, like the feta cheese), which contains only 10% real product.

...

Well, they will see that you are not a smuggler. But if you buy one stack (200) of cigarettes, they will not allow you to pass with it. You can only take with you 2 packs (40) of cigarettes. It was 2 stacks and now it is 2 packs. From Serbia you are allowed to export 10 stacks.

...

They come from all over Bulgaria to 'transport' cigarettes. They cross every day. They hide them. The difference in prices (at both sides of the border) makes things move here.

...

I have a friend, who last year, from the first of January to the first of August, made a profit of 30.000 Leva [15.000 Euros]" (Hristo, 65, Dimitrovgrad, Serbia).

Historically, the biggest smuggling activity took place when the UN imposed a petrol embargo against Yugoslavia, starting in 1992. During that time, a petrol smuggler in Serbia earned more than 500 times more in one month than a university professor (Own survey, 2011).

Future economic activities in the border region – cooperation across the border?

Despite the above mentioned severe economic problems that the people are facing everyday, there are many resources with a big potential for future economic development in the border area that could offer new opportunities and challenges.

Tourism is one of them. The presence of important ski and mountain resorts in Eastern Serbia, hiking possibilities, almost virgin nature in the whole border area, rocks, fortresses and thermal springs in Northwestern Bulgaria, make the region potentially very attractive for the development of tourism.

On the other hand, the Bulgarian-Serbian meetings at the border are an important stimulus, which helps to strengthen the ties between the people on both sides of the border. Since at least 1956, there have been annual meetings at the border at several different locations. Most of them are no longer held since the arrival of democracy in 1989, but some are still active. These meetings, organized by the local municipalities, help the development of tourism in the border area, the exchange of traditions and ideas between people of all ages, the taking of decisions about problems of common interest and help young people to get to know and understand each other.

The cross-border cooperation has been enhanced within the European IPA Cross-Border Program. The aim of this Program is to strengthen joint work by helping to develop an efficient infrastructure and enabling social and economic development on both sides of the border through the following specific objectives (IPA 2007, 40/41):

- To booster the infrastructure enabling social and economic development and improvement of the environment on both sides of the border through improving access to transport, information and communication services, and through improving the cross-border systems for utilities and environmental protection.
- To increase economic synergy in the region and improve the capacity to jointly make use of common regional potential for improving regional well being, through developing policy and social networks, a sound framework for (cross-border) business support, collaborations in particular sectors such as culture, tourism, research and development, environmental protection and education, an active exchange of best practices, and joint regional planning and the preparation of the region's economic sector for participation in the joint EU market.
- To promote the principles of sustainable development of the cross-border region in all matters pertaining to increased mutual understanding and respect, through developing successful models of cooperation on the business, local stakeholder and policy levels in key priority areas.

The existence of these economic bases for cross-border

cooperation opens solid ways for enhancing the permeability of the border regarding the economic, legal and political aspects. Some of the future projects will include the construction of the Sofia-Niš motorway and the preservation of the border security, against illegal migration, human trafficking, smuggling and customs violations.

Conclusions

The border region between Bulgaria and Serbia possesses of a good economic potential. Geographically, it is located in a good position and could play the role of a gateway between Western and Eastern Europe and the Balkans, which makes it suitable for better development of the economy and cross-border cooperation.

Despite the existence of five border crossing check points, the border is still regarded as a dividing line due to the mountainous and hilly character of the terrain and the underdeveloped transport infrastructure. Among the important reasons for this situation is the long period of isolation during the communist times, the peripheral character of the region, the consequent socio-economic problems, the way the democratic transition has been done, the war and embargo in Former Yugoslavia and the lack of serious interest for investment from the Western economies.

Tourism and eco-tourism are a possible perspective for the future. The border region has an important natural potential for its development. Some action has been done in this direction. However, investments are needed in order to develop tourism. On the other hand, people in the border area are becoming poorer and poorer and this poses the question whether the development of local tourism would bring significant incomes.

The socio-economic situation of the border region has serious demographic problems, due to the ageing of the population. Most of the people of the border region survive with economic difficulties. People have to work at several places in order to have the necessary income to "reach the end of the month". Those, who cannot do it, decide to migrate to other regions of the country or to leave the country. Some people decide to smuggle and to live by using the price difference of the goods on both

sides of the border. Smuggling is one of the very few real functioning economic sectors in the region, taking advantage of the presence of the border and the contact of two different economies.

The existing cross-border cooperation, maintained by national and European funds, as well as the active cooperation of young generations on both sides of the border, is the basis for a mutual exchange of good practices for economic and social development of the area. This could create opportunities for economic development in the near future and strengthen the relations between two similar nations.

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