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The Emerging Economic Geography in EU Accession Countries
Edited by
Iulia Traistaru,
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and Laura Resmini
economic

# The Emerging Economic Geography in EU Accession Countries

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# Preface

Over the last two decades, academic and policy interest in the spatial implications of economic integration has grown. This interest has been stimulated, on the one hand, by the challenges posed by the widening and deepening of economic integration, particularly in Europe and North America. On the other hand, recently-developed location and trade theories have provided scientists with new ways to analyze these spatial implications which has heightened their interest. These theories permit the modeling of convergence and divergences forces in a common analytical framework and have helped us to understand the uneven spatial distribution of the benefits and costs associated with economic integration. According to these new economic theories, the structural change that accompanies economic integration is likely to increase the degree of regional specialization and geographic concentration of industrial activity, which may make regions vulnerable to asymmetric shocks. Industry demand shocks may become region-specific shocks and the short-run adjustment costs may be high in the case of the relocation of firms. Offsetting benefits may occur however, because higher specialization and greater concentration of industrial activity are expected to increase productivity via economies of scale.

Since 1990, Central and East European countries (CEECs) have experienced increased economic integration with the European Union (EU), which has led to a reallocation of resources across sectors and space. While sectoral shifts in CEECs have frequently been analysed, the spatial implications of increasing economic integration in the EU accession countries have not been investigated in-depth so far. Where is industrial activity located? Have patterns of regional specialization and industrial concentration changed during the 1990s? How does regional specialization relate to economic performance? What are the determinants of industrial location patterns? How has increased trade liberalization affected regional relative wages? What types of regions are winners and what types of regions are losers?

This book is the first to provide answers to these policy relevant questions by bringing together the results of a research project entitled 'European Integration, Regional Specialization and Location of Industrial Activity in Accession Countries', which was undertaken during the period 1 October 2000–30 March 2002. We would like to acknowledge the financial support of the European Community's PHARE ACE Programme 1998, which allowed

us to conduct this research in a European comparative context and to include researchers on our team from Germany, the Netherlands, Italy, Bulgaria, Estonia, Hungary, Romania and Slovenia.

We have benefited from excellent cooperation among the team members in fulfilling our demanding research objectives. We wish to thank the contributing authors for their efforts in following our research agenda and editorial guidelines. We have also benefited from stimulating discussions with Donat Magyari from the Ministry of Economic Affairs in Hungary, Narciza-Adela Nica from the Ministry for Development and Forecasting in Romania, and Andrej Horvath, from the Ministry for Economics in Slovenia. We wish to acknowledge the support we have received from the Center for European Integration Studies at the University of Bonn, the Department of Spatial Economics at Free University of Amsterdam and the Institute of Latin American Studies and Transition Countries (ISLA) at the University 'Luigi Bocconi' Milan. In particular, we thank Jürgen von Hagen, Director of the Center for European Integration Studies at the University of Bonn, and Carlo Secchi, Director of the Institute of Latin American Studies and Transition Countries at the University 'Luigi Bocconi' Milan, for their constant encouragement to conduct this research and for inspiring discussions on European integration and the accession of Central and Eastern European countries to the European Union. Special thanks go to Manfred Fischer, Ronald Moomaw, and George Petrakos, for their sound and constructive comments and suggestions. There are also many friends and colleagues we would like to thank for very stimulating discussions we have had on the occasion of seminars, workshops and conferences and informal meetings. Our gratitude goes to all of them. Finally, we wish to thank Dawn Blizard for her excellent editorial assistance. Her careful and dedicated linguistic editing has contributed to the quality of this book.

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