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## **Socio-economic transformations on the Polish-Ukrainian border in the years 2004-2014**

### **Abstract**

Borderlands and constituent border regions are particularly vulnerable to changes in international (interstate, transnational) relations compared to areas located within the country. In 2004 Poland became a member of the European Union. Thus, its border with Ukraine became the external border of the EU, substantially sealed as a result of the introduction of the visa regime and Poland's accession to the Schengen Agreement. The aim of this article is to analyze and assess the socioeconomic changes which have taken place on the Polish-Ukrainian borderland since Polish accession to the European Union and to answer the question whether Polish integration with the EU has contributed to deepening of development disparities of areas located on both sides of the border.

**Key words:** border regions, regional development, cross-border cooperation

## Introduction

Borderlands and constituent border regions are particularly vulnerable to changes in international (interstate, transnational) relations compared to areas located within the country. Their specific attributes are<sup>1</sup>:

- the geographical (geopolitical) location,
- the nature of the state border,
- differences in levels of development and the functioning of the economy of regions adjacent along the border (economic distance),
- the institutional distance associated with the competence inadequacy of neighbouring administrative regions and sub-regional units,
- differences in the state of development in relation to border regions of neighbouring countries,
- socio-cultural conditions connected with the functioning of national and ethnic minorities and stereotypes about the population of neighbouring border regions.

The Polish-Ukrainian borderland is relatively young as it was divided by the state border after World War II. Until the collapse of the USSR in 1991, this border had a closed nature, isolating areas on its both sides. In the socio-economic sphere it resulted in the occurrence of different trajectories of development, and thus different levels of development of the border areas. It was an important geopolitical event when the Polish-Ukrainian border became the external border of the EU in connection with Poland's accession to this organization. This fact once again, after a period of relative openness in the years 1991-2003, contributed to raising the border barrier.

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<sup>1</sup> Z. Chojnicki, *Uwarunkowania rozwoju regionu nadgranicznego. Koncepcje i założenia teoretyczne* [Determinants of development of the border region. Concepts and theoretical assumption], [in:] Gruchman B., Parysek J. J. (ed.), *Studia rozwoju i zagospodarowania przestrzennego*, vol. 2, Wydawnictwo Akademii Ekonomicznej, Poznań 1998, pp. 11–48 and A. Miszczuk, *Dysproporcje społeczno-ekonomiczne jako uwarunkowanie współpracy transgranicznej (na przykładzie pogranicza polsko-ukraińskiego)* [Socio-economic disparities as the determinant of cross-border cooperation (on the example of the Polish-Ukrainian borderland)], [in:] Kowerski M., Pieczykolan I. (ed.), *Kadry dla gospodarki transgranicznej*, WSZiA, Zamość 2012, pp. 37–50.

The article attempts to answer the question whether Polish integration with the EU has contributed to the deepening of development disparities of areas located on both sides of the border. In order to obtain the answer to this question an analysis of socio-economic changes was conducted, using official Polish and Ukrainian statistics for the years 2004 and 2014 for the relevant provinces (oblasts). The year 2004 was taken as the input year, because it was the year of Polish accession to the European Union. An important consequence of this event for the analyzed borderland was the resealing of the Polish-Ukrainian border. At the same time, this period for the Polish part of the cross-border areas was associated with the launch of large financial assistance from European funds, the value of which only within 3 programmes (the Regional Operational Programme, the provincial component of the Social Fund and the Development of Eastern Polish Programme) corresponded to 2.1% of their cumulative GDP in 2007-2013. The final turning point closes the 10-year period of Polish membership in the European Union, prompting to conducting first summaries of effects which the decade of Polish membership in the EU had on the shape and direction of development processes on the Polish-Ukrainian borderland.

### **1. Economic transformations**

Contemporary development processes are characterized by considerable spatial polarization. They lead to the delineation of a clear division between the more developed areas (growth areas) and so-called stagnant (peripheral) ones characterized by weaker economic condition. In general, border areas are characterized by lower levels of economic development and competitiveness than centrally located areas. This confirms the thesis that the peripheral in the geographical sense translates into the peripheral in terms of socio-economic development, determining the accessibility of regions, the level of economic cooperation, the creation of networks, and the develop-

ment of transport and communication infrastructure<sup>2</sup>. The area of the Polish-Ukrainian borderland belongs to the areas with a strong agricultural profile and underdeveloped industry sector. Due to significant structural backwardness, poor use of local assets (including infrastructure or innovation and technological potential) and low labour productivity, both Polish and Ukrainian parts of the borderland are among the least developed regions of both countries. The causes of the development backwardness of the Polish and Ukrainian border regions have, however, a much more complex, multi-dimensional character and deep historical roots, which is in part a consequence of the border location. The extremely tight Polish-Soviet border formed in 1945 and existing for almost half a century contributed to the formation and consolidation of the features of peripheral areas on the analyzed territories. Also, the current location of the Polish and Ukrainian border regions at the outer, relatively tight and hardly permeable external border of the EU makes us perceive the analyzed cross-border area as a periphery in the dual sense, i.e. both geographically and economically. Moreover, it should be borne in mind that in the first decade of the economic and political transformation Ukraine experienced a multi-faceted crisis which translated into a significant decline in the value of GDP. A direct result of the recession of the 90s of the twentieth century is the persistent considerable disparity in economic development between the Polish and Ukrainian parts of the borderland.

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<sup>2</sup> A. Jakubowski, U. Bronisz, *Granica Unii Europejskiej jako czynnik (dez)aktywizujący rozwój i konkurencyjność obszarów przygranicznych* [*The European Union border as a factor (de) activating development and competitiveness of border areas*], [in:] A. Grynia (ed.), *Wybrane aspekty rozwoju i konkurencyjności nowych krajów członkowskich Unii Europejskiej*, Wydział Ekonomiczno-Informatyczny w Wilnie, Uniwersytet w Białymstoku, Wilno 2015, p. 637.

**Table. 1. Gross domestic product in 2004 and 2014.**

Specification	GDP (in mln Euro)		GDP per capita (in Euro)	
	2004	2014	2004	2014
POLAND	220152	411294*	5766	10687
Lublin Province	8931	16080*	4082	7472
Podkarpackie Province	8791	16124*	4191	7576
UKRAINE	49689	84916	1047	1974
Lviv Oblast	2015	3902	777	1537
Volyn Oblast	719	1295	687	1242

Source: Calculations based on data from the Central Statistical Office and the State Statistics Committee of Ukraine.

Data from the European Commission on the official exchange rate of the PLN and the UAH against the EUR (at the end of the year) were used for the calculations, available at:

[http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/infoeuro/index\\_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/index_en.cfm).

\* Preliminary estimates.

The value of gross domestic product (GDP) produced on the Polish-Ukrainian borderland in 2014 amounted to 37.4 billion euro. More than 86.1% of this value was produced in Lublin and Podkarpackie Provinces, 10.4% in Lviv Oblast, while only 3.5% in Volyn Oblast. These values show the disparity of both, that is Polish and Ukrainian parts of the borderland in terms of their economic potential. At the same time the fact should be borne in mind that the share of Lublin and Podkarpackie Provinces in Polish GDP amounted in 2014 to 3.9% (in both cases), which should be considered as a relatively low result, especially in the context of their human potential amounting to approx. 5.5% of national resources in both provinces. The situation is similar in the case of the two regions of Western Ukraine. The share of Lviv Oblast in Ukraine's GDP was 4.6%, and of Volyn Oblast 1.5%, while their demographic potential amounted to respectively 5.6% and 2.3% of the population of Ukraine (Table. 1).

In comparison to 2004 the share of the Ukrainian side in generating GDP of the Polish-Ukrainian cross-border area increased by 5.0 percentage points (from 8.9%). This means the relative growth of the importance of the

economies of Lviv and Volyn regions in relation to the adjacent Polish provinces. The analysis of the data presented in Table 2 indicates, however, much more dynamic growth in the share of GDP generated by the Ukrainian side, which in 2013 reached 19.9% (that is twice as high as in 2004). A clear decrease in the value of this measure in 2014 was a consequence of the economic downturn in Ukraine (due to, among others, the political crisis and the outbreak of the armed conflict in the east of the country) and significant depreciation of the UAH against the EUR (as well as other world currencies).

**Table 2. Gross domestic product in 2004-2014 (current prices, in mln euro).**

Specification	Lublin Province	Podkarpackie Province	Lviv Oblast	Volyn Oblast
2004	8931	8791	2015	719
2005	10099	10000	2891	1102
2006	10974	10951	3285	1175
2007	12948	12620	3742	1347
2008	13659	13346	4419	1590
2009	12791	12735	3006	1022
2010	13946	13724	3933	1363
2011	13584	13415	4929	1669
2012	15685	15354	5966	1926
2013	15673	15518	5829	1898
2014	16080*	16124*	3902	1295

Source: as in Table 1. \* Preliminary estimates.

Over the last decade the Polish-Ukrainian borderland regions were characterized by diverse development dynamics. The average annual estimated GDP growth (year on year) was 4.0% in Podkarpackie Province, 3.3% in Lublin province, compared to 4.0% on average in Poland. This means that Lublin Province showed a slight tendency to divergence, while

Podkarpackie Province developed at a rate close to the national one. In Volyn Oblast in the years 2004-2014 the average annual GDP growth was almost twice as high as the national growth (3.7% vs. 1.9%), while in Lviv Oblast it amounted to 1.7%, which was close to the average for Ukraine<sup>3</sup> (Table 3).

Tabl. 3. **The dynamics of gross domestic product in 2004-2014 (year on year)**

Specification	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Average annual GDP growth (2004-2014)
POLAND	105.1	103.5	106.2	107.2	103.9	102.6	103.7	105.0	101.6	101.3	103.8	104.0
Lublin Province	102.6	101.9	104.7	106.4	104.8	100.8	103.7	105.5	101.7	101.6	102.2	103.3
Podkarpackie Province	105.5	105.7	105.6	105.1	105.3	101.3	103.6	105.8	100.6	102.3	103.5	104.0
UKRAINE	112.1	102.7	107.3	107.9	102.3	85.2	104.1	105.2	100.2	100.0	93.4	101.9
Lviv Oblast	105.2	98.1	108.3	105.8	100.7	88.3	102.3	108.7	102.0	98.8	100.9	101.7
Volyn Oblast	119.0	103.7	103.5	112.1	106.1	86.0	100.2	105.3	104.8	99.3	101.1	103.7

Source: Data of CSO and the State Statistics Committee of Ukraine. In current prices and national currencies.

At this point it is worth noting that in the analyzed period Ukraine experienced two recessions. It happened for the first time in 2009, and the slump was the result of the global economic crisis, which this state experienced to a much greater extent than Poland. For the second time the recession hit Ukraine in 2014, which was in turn a consequence of the already mentioned turbulences on the political and security plane. Although the global economic crisis in 2009 led to a significant decline in the value of GDP in both Ukrainian border regions (respectively by 11.7% in Lviv

<sup>3</sup> In order to avoid the distortion of data on GDP growth due to exchange rate fluctuations, the data based on the index value expressed in current prices and in national currencies were adopted for the purposes of this analysis.

Oblast and 14.0% in Volyn Oblast), in 2014 these provinces recorded a slight increase in the index despite the unfavourable economic situation in the country. It is also worth noting that after eliminating the year 2009 from the analysis (for both Polish and Ukrainian regions), the average annual GDP growth in all the regions concerned would have a higher and more congenial values, reaching 5.5% in Volyn Oblast, 4.3% in Podkarpackie Province (i.e. values higher than in the reference countries), 3.5% in Lublin Province and 3.1% in Lviv Oblast (i.e. less than in the reference countries).

However, the gross domestic product per capita (Table 1), which is one of the most common indicators comprehensively reflecting the level of economic development, was at the level which was significantly lower than the average values for Poland and Ukraine. In 2014 in Podkarpackie Province this indicator was at the level of 7576 euro, and 7472 euro in Lublin Province, which accounted for 70.9% and 69.9% of the national level, placing both regions on the last two places in the country. In the same year, GDP per capita in Lviv Oblast amounted to 1537 euro (which accounted for 77.8% of the national average), while in Volyn Oblast it was 1242 euro (i.e. 62.9% of the average for Ukraine). In this respect both units took respectively 13 and 22 positions out of 27 Ukrainian regions. In comparison to 2004, three border regions recorded a decline in GDP per capita in relation to the national average, and it ranged from of 0.9 percentage point in Lublin Province to 2.7 percentage points in Volyn Oblast. Only in Lviv Oblast an increase in the value of the analyzed indicator was recorded, although in this case (taking into account slower growth of nominal GDP than in other regions) it was influenced by changes in the population potential of the region (Table 4).

**Table 4. Gross domestic product per capita in 2004-2014 (in euro).**

Specification	Lublin Province	Podkarpackie Province	Lviv Oblast	Volyn Oblast
2004	4082	4191	777	687
2005	4628	4767	1119	1057
2006	5045	5222	1277	1131
2007	5969	6017	1460	1299
2008	6314	6364	1729	1535
2009	5850	5994	1178	986
2010	6392	6452	1544	1314
2011	6246	6305	1939	1608
2012	7233	7212	2348	1853
2013	7254	7290	2295	1824
2014	7472*	7576*	1537	1242

Source: as in Table 1.

\* Preliminary estimates.

In the analyzed period there were also apparent transformations in the structure of the creation of Gross Value Added (GVA) by sectors of the economy, and they were more pronounced on the Ukrainian side of the borderland. The analysis of the data presented in Table 5 shows, first of all, a clear decline in the importance of the agricultural sector. Although it still constitutes a significant part of the economy of both Ukrainian regions, its share in the case of Lviv Oblast dropped almost twice (from 15.6% to 8.6%), while in the case of Volyn Oblast – by almost a third (from 22.4% to 16.3%). At the same time in all the regions (except for Lviv Oblast) during the analyzed decade the importance of the industrial sector grew. In 2014 the share of industry in the creation of GVA was the highest in Podkarpackie Province (where it amounted to 29.3%), in Lublin Province it was at the level of 20.9%, in Lviv Oblast – 17.8%, while in Volyn Oblast the industrial sector accounted for 14.4% of GVA.

Taking into account low productivity in the agricultural sector and high in the industry, these transformations should be considered desirable. Still,

the structure of gross value added in the border regions was less favourable than in the reference countries. Despite the fact that the importance of agriculture in the economic structure of the border regions decreases, in the case of Lviv Oblast and Lublin Province its share in 2014 was almost twice as high as the average in Ukraine and Poland. At the same time the importance of industry was clearly less significant in the economic structure of all the border regions (except Podkarpackie Province).

**Table 5. The structure of the creation of gross value added by economic sectors in 2004 and 2013**

Specification	Total	Agriculture, forestry, hunting and fisheries	Industry	Construction	Services
<b>Lublin Province</b>					
2004	100.0	8.4	19.9	5.7	66.0
2013	100.0	6.1	20.9	7.2	65.8
<b>Podkarpackie Province</b>					
2004	100.0	2.0	28.6	5.5	63.9
2013	100.0	1.9	29.3	7.6	61.2
<b>Lviv Oblast</b>					
2004	100.0	15.6	20.5	5.4	58.5
2013	100.0	8.6	17.8	2.6	71.0
<b>Volyn Oblast</b>					
2004	100.0	22.4	13.4	5.0	59.1
2013	100.0	16.3	14.4	2.4	66.9

Source: Own calculation on the basis of data of CSO and the State Statistics Committee of Ukraine.

Services had the largest share in the economy of the border regions, accounting for the generation of 71.0% of gross value added in Lviv Oblast, 66.9% in Volyn Oblast, 65.8% in Lublin Province, and 61.2% in Podkarpackie Province. While during the analysed decade in both Polish provinces a decline in the share of this sector was recorded, in Volyn Oblast it grew by 7.8 percentage points, and in Lviv Oblast by 12.5 percentage points. It is

worth noting an increase in the share of the construction sector on the Polish side of the borderland, which should be associated with infrastructure projects implemented with the support of European funds. At the same time, the share of this sector in the Ukrainian regions decreased more than twice.

**Table 6. Labour market in 2003 and 2014**

Specification	The employed				The unemployment rate according to LFS *	The average monthly gross salary in euro
	total (in thousands)	including by sector:				
		agriculture, forestry, hunting and fisheries	industry and construction	services		
%						
<b>Lublin Province</b>						
2003	896	37.5	18.8	43.7	16.0	409
2014	988	23.3	23.3	53.3	9.9	862
<b>Podkarpackie Province</b>						
2003	735	30.3	27.1	42.6	17.8	403
2014	777	16.2	31.1	52.7	14.0	816
<b>Lviv Oblast</b>						
2003	1142	24.3	23.7	52.0	10.3	66
2014	1038	18.2	21.4	60.4	8.6	158
<b>Volyn Oblast</b>						
2003	440	26.4	15.2	58.5	10.8	50
2014	411	23.4	15.6	61.0	9.9	145

Source: as in Table 5.

\* For the Ukrainian side in relation to the economically active population aged 15-70, the Polish side - 15-65 years of age.

The above structure of the economy of the Polish-Ukrainian borderland regions finds its reflection in the labour market (Table 6). Both in 2004 and 2014 people working in the service sector constituted the largest group. At the end of the analysed period, their share on the Polish side exceeded 50%, while on the Ukrainian side – 60%. In addition, what should be also highlighted in the structure of employment by economic sector is a relatively

small share of employment in industry (except Podkarpackie Province), and a relatively high share of employment in agriculture, which is associated with the already mentioned structural features of the economies of the analysed border regions. Taking into account the low level of productivity in the latter sector, much higher percentage of people working in agriculture than its share in the structure of the creation of gross value added becomes understandable. This fact, together with a considerable fragmentation of farms characteristic for the Polish-Ukrainian borderland also shows the persistence of so-called hidden unemployment in the countryside in the analyzed area, and this phenomenon is equally applicable to the Polish and Ukrainian parts of the borderland. In the last ten years, however, there was a significant reduction in the share of people working in agriculture in all the units, with a simultaneous increase in the share of people working in other sectors.

With the exception of Lviv Oblast (8.6%), in all the border regions the unemployment rate remained at the level higher than the average (according to the methodology of the International Labour Organisation), which in 2014 amounted to 14.0% in Podkarpackie Province and 9.9% in Lublin Province (compared to 9.0% in Poland), and 9.9% in Volyn Oblast (compared to 9.3% in Ukraine). At the same time its pronounced decline was recorded in each of the analysed regions, ranging from the level of 0.9 percentage points in Volyn Oblast to 6.1 percentage points in Lublin Province. The last determinant defining the condition of the economy subjected to analysis in this study is the level of wages. The average monthly gross salary in Volyn Oblast in 2014 amounted to 145 euro, while in Lviv Oblast to 158 euro, representing respectively 78.2% and 81.1% of the average salary in Ukraine. The average salary in both Polish border regions was lower than the national level, although several times higher than in the Ukrainian part of the cross-border area. In 2014 it amounted to 862 euro in Lublin Province and 816 euro in Podkarpackie Province, i.e. respectively 90.0% and 85.2%

of the average for Poland. Although in the years 2004-2014 the average monthly gross salary in the Polish part of the cross-border area doubled, while in both Ukrainian regions it increased almost threefold, there still remains a considerable, several times disproportion in this regard.

## **2. Social transformations**

Social transformations and above all demographic ones exhibit significant correlation with economic changes. On the one hand, the economic situation indirectly affects the development processes in the demographic sphere, thus determining migration decisions and, to some extent, reproductive decisions of the population, on the other hand, the demographic sphere should be considered one of the primary determinants of economic growth, which translates, for instance, into the shaping of demand for goods and services, as well as significantly influences the situation on the labour market, especially on the supply side.

At the turn of 2014 and 2015 the area of the Polish-Ukrainian borderland was inhabited by 7 million 861 thousand people; 4 million 280 thousand people (54.4% of the total) on the Polish side, 3 million 581 thousand people on the Ukrainian side. The value of the index of population density reflects wide variation in population distribution. Both southern regions, i.e. Podkarpackie Province (with the average of 119 persons per 1 km<sup>2</sup>) and Lviv Oblast (116 persons per 1 km<sup>2</sup>) were more densely populated and the latter region was one of the most densely populated in Ukraine. A much lower value of the indicator was characteristic for the northern part of the cross border area, covering Lublin Province and Volyn Oblast (Table 7).

Rural areas, inhabited by 3 million 891.8 thousand people, cover the majority of the surface of the Polish-Ukrainian borderland. This area is characterized by the relatively low level of urbanization, reaching the level of 50.5%. This means that approximately the same number of people lived

in cities as in rural areas (Table 7). The highest percentage of urban population was characteristic for Lviv Oblast, it also slightly predominated in Volyn Oblast, while in the case of the Polish part residents of rural areas constituted the majority. At the same time in each of the analysed regions the value of the urbanization rate was at a level significantly lower than in the reference countries, which in Ukraine amounted to 69.0%, while in Poland to 60.4%. At the same time the urban network of the Polish-Ukrainian cross-border area can be described as poorly developed. Small and medium-sized centres predominate here, while large cities are relatively scarce. This is of significant economic importance, because in the modern economy the key role is played by large cities, in particular metropolitan ones, which are centres of concentration of intellectual, economic and technological capital, which are innovation centres, and therefore they significantly contribute to the acceleration of economic development<sup>4</sup>.

In the years 2004-2014 the population of the analyzed cross-border area decreased by 36.7 thousand people, that is by 0.5%. Thus, the Polish-Ukrainian borderland should be classified as depopulation areas. However, the scale and dynamics of changes in the state of the population proceeded with varying intensity in different administrative units of the regional level, their cause were also varied. The largest decrease in the population was recorded in Lublin province (-1.7%) and in Lviv Oblast (-1.2%), while the only region in which population growth was recorded was Podkarpackie Province (1.5%).

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<sup>4</sup> U. Bronisz et al., *Potencjal ekonomiczny miast w województwie lubelskim w latach 2000-2010* [The economic potential of cities in Lublin Province in 2000-2010], Urząd Statystyczny w Lublinie, Lublin 2011, pp. 13-14.

**Table 7. Characteristics of the demographic situation on the Polish-Ukrainian borderland in 2004 and 2014.**

Specification		Polish part		Ukrainian part	
		Lublin Province	Podkarpackie Province	Lviv Oblast	Volyn Oblast
Population (in thousands)	2004	2185.2	2098.0	2569.7	1044.8
	2014	2147.7	2129.2	2537.8	1042.9
Total population change (2004 = 100)		98.3	101.5	98.8	99.8
Population per 1 km <sup>2</sup>	2004	87	118	119	52
	2014	85	119	116	52
Urbanization ratio	2004	46.7	40.4	59.9	50.4
	2014	46.2	41.4	61.0	52.3
Young people share	2004	16.9	18.1	16.9	19.0
	2014	14.8	15.4	16.1	19.4
Old-age dependency ratio	2004	20.7	18.7	21.3	22.0
	2014	22.9	20.6	20.7	18.9
Birth rate (‰)	2004	-0.8*	1.1*	-3.0	-2.6
	2014	-1.1	0.8	-0.9	0.9
Average annual birth rate in 2004-2014 (‰)		-0.7	1.3	-1.9	-0.3
Net migration rate (‰)	2004	-2.0	-2.7	-0.9	-1.2
	2014	-1.0	-1.1	0.6	0.7
Average annual net migration rate in 2004-2014 (‰)		-2.4	-1.2	-0.3	-0.2
Total population growth (‰)	2004	-2.8	0.3	-3.9	-3.8
	2014	-3.9	-0.1	-0.6	1.5
Average annual total population growth in 2004-2014 (‰)		-1.8	1.4	-2.0	-0.5

Source: as in Table 5.

\* Data for 2005.

The dynamics of changes in the population state is determined by two aspects – the natural movement of the population and migration processes. Over the last decade in the majority of the borderland regions a gradual increase in the birth rate was recorded (Lublin Province was an exception), which, together with a fall in the death rate resulted – after several years of decrease – in the population growth in Volyn Oblast and Podkarpackie Province in recent years. The improvement of natural movement indicators

was also visible in Lviv Oblast and in Lublin Province, although so far a surplus of births over deaths has not been observed in them.

Migration processes have an equally significant impact on the situation of the borderland population. They directly affect the change in the number and structure of the population, and indirectly the shaping of the natural movement. They depend on a number of "pulling" factors, that is the broadly understood attractiveness of the area and "pushing" factors, connected mainly with difficulties on the labour market. Large urban centres and their surroundings predominate among the inflow areas, while the outflow of residents can be seen in peripheral areas and those which lag behind in economic terms. Thus, migrations can be regarded as a kind of litmus paper which makes it possible to assess the economic situation in the given area.

For years Lublin and Podkarpackie Provinces have belonged to those regions which are characterized by the largest outflow of the population. In the years 2004-2014 92.4 thousand people left Lublin Province to settle down permanently in other Polish provinces (primarily Mazowieckie) and the net migration amounted to -53.0 thousand people. The scale of migration in Podkarpackie Province was slightly lower, though also here in the last decade a negative balance in the amount of -22.0 thousand people was recorded. Both Ukrainian border regions were characterized by a slightly more balanced scale of migration processes. In the case of Lviv Oblast net migration amounted to -12.1 thousand, while in the case of Volyn Oblast to -4.8 thousand people. This means that the regions of the Polish-Ukrainian cross-border area generally have an outflow character, although the negative interregional net migration rate translates to a large extent into the results of the actual movement of the population only on the Polish side of the border. At the same time referring to data on the natural movement and net migration rate of the population it is worth noting that in the period 2004-2014 a number of negative trends on the Ukrainian side of the borderland slowed

down, and in some respects the situation indeed improved when compared to the previous decade<sup>5</sup>.

The course of the above processes greatly affects the age structure of the population. In this context, the process of population aging, when the share of younger people decreases and the share of older people increases, should be considered a problem of particular importance. It should be emphasized that this is a trend common across Europe, which acquires, however, certain characteristic features in the areas suffering from depopulation, to which – as a whole – the analysed region should be included.

Negative trends in the age structure of the population are reflected in the analysis of the young people share calculated as a share of population of pre-working age (0-14 years) in relation to the total population. In the last decade a decline in the value of this ratio was recorded in all the analysed regions, except for Volyn Oblast (Table 7). The analysis of the old-age dependency ratio, calculated as the ratio of the number of people of post-working age to the number of people of working age, confirms the population ageing process on the Polish side of the borderland. It should be noted, however, that although in the case of the Ukrainian part of the borderland the value of this indicator decreased, its decline was mainly caused by a significant increase in the number of working-age population. In summary we can say that although it is true that in the age structure of the population of the borderland we can see some gradual decrease in the pre-working age population (0-14 years) and increase in the working age (15-64 years) and post-working age population (65 and over), these changes are not yet alarming. At the same time the analysis of the mentioned indicators lets us to conclude that Volyn Oblast and Podkarpackie Province are characterized by the

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<sup>5</sup> Cf. M. Flaga, *Procesy demograficzne oraz ich uwarunkowania w zachodnich obwodach Ukrainy w okresie przemian ustrojowych* [*Demographic processes and their determinants in western regions of Ukraine in the period of political transformations*], Wydawnictwo Uniwersytetu Marii Curie-Skłodowskiej, Lublin 2006.

most favourable (i.e. the youngest) age structure of the population, and the problem of aging society is currently the most visible in Lublin province.

Apart from the changes in the natural movement of the population, an increase in average life expectancy has the greatest impact on the process of population aging, and the indicator can be also considered a valuable measure of the level of social development and the quality of life. In 2014 the average life expectancy at birth in Podkarpackie region was the highest in Poland, amounting to 75.1 years for men and almost 82.8 years for women. This index has a slightly lower value in the case of Lublin Province residents, amounting respectively to 73.2 and 82.2 years. In this regard, in recent years there has also been a significant progress on the Ukrainian side of the borderland. Although the average life expectancy in Ukraine is the lowest among European countries, at the end of 2014 in Lviv Oblast it was higher than the national average and amounted to 73.1 years (68.2 for men and 77.9 for women).

## **Conclusion**

On the basis of the presented analyses it can be stated unequivocally that in the years 2004-2014 the peripheral economic situation of the four regions forming the Polish-Ukrainian borderland was not overcome. The matrix of development disparities, measured by the difference in GDP per capita (Table 8) will be helpful for finding the answer to the question posed in the introduction, that is whether the Polish integration with the EU contributed to deepening or alleviation of development disparities of the areas located on both sides of the state border. This analysis shows that in the period 2004-2014 there was a slight reduction of the development gap between the two Polish regions and Lviv Oblast but the development gap between the Polish side of the borderland and Volyn Oblast was sustained. The

analysis of other indicators presented in this paper also reflects this conclusion.

**Table 8. The matrix of development disparities in 2004 and 2014.\***

Specification	Lviv Oblast		Volyn Oblast	
	2004	2014	2004	2014
Lublin Province	5.3	4.9	5.9	6.0
Podkarpackie Province	5.4	4.9	6.1	6.1

\* The development disparity was calculated as the ratio of GDP per capita of Polish and Ukrainian regions.

Undertaking an attempt to conduct a comprehensive assessment of socio-economic transformations on the area of the Polish-Ukrainian borderland it should be borne in mind that they were taking place in the conditions of the existence of the EU external border which is characterized by a high level of tightness and low permeability, which resulted in limited development opportunities of the analysed border areas. Secondly, the process of Polish integration with the EU was not accompanied by the rapprochement of Ukraine with European structures, which besides the obvious consequences in the political sphere had also specific implications of the economic and financial nature. First of all, the economic development of enterprises from Eastern Poland was driven, among others, by the access to the world's largest European market and the removal of barriers in foreign trade with EU countries, while Ukraine was deprived of such preference. Secondly, during this period, both public and private entities operating in the Polish border regions had at their disposal substantial aid funds from the EU, from which Ukrainian regions could not benefit. In addition, the development of the regions located on both sides of the border was deprived of, besides the Cross-Border Cooperation Poland-Belarus-Ukraine Programme, instruments for the coordination and linkage of investment efforts on both

sides of the border. At the same time it should be borne in mind that in 2014 Ukraine experienced a multi-faceted political and economic crisis, resulting in a significant reduction in the measures of socio-economic development, also in both analysed Ukrainian border regions.

We should see certain opportunities for more dynamic development processes on the Polish-Ukrainian borderland in the future in the rapprochement between the EU and Ukraine, confirmed by the conclusion of the 2014 Association Agreement and the Agreement on deep and comprehensive free trade area (DCFTA). Significant potential benefits connected with the entry into force of this document should be associated with the liberalization of visa requirements for citizens of Ukraine and the abolition of customs barriers. In the short term it can affect mainly the increase in the number of transactions in border trade. In the longer term the abolition of the visa regime could lead to the intensification of social, business and cultural contacts, leading to the emergence of multi-faceted functional relations. In addition, the transposition of the EU *acquis* to the Ukrainian legislative system and the harmonization of regulations, as well as the adoption by Ukraine of European norms and standards should have a positive impact on the scale of cross-border business relations.

*The Strategy of cross-border cooperation of Lublin Province, Lviv Oblast, Volyn Oblast and Brest Oblast for 2014-2020* may also turn out to be a useful instrument stimulating the development of the Polish-Ukrainian borderland. It has a unique and downright model character also from the point of view of partnership between bordering regions and the realisation of the European Neighbourhood Policy objectives<sup>6</sup>. At the same time it seems that the realization of projects within the Poland – Belarus – Ukraine

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<sup>6</sup> *Strategia współpracy transgranicznej Województwa Lubelskiego, Obwodu Lwowskiego, Obwodu Wołyńskiego i Obwodu Brzeskiego na lata 2014–2020* [Strategy of cross-border cooperation of Lublin Province, Lviv Oblast, Volyn Oblast and Brest Oblast for 2014-2020], Lublin 2013, [http://www.lubelskie.pl/img/userfiles/files/PDF/Urząd/Projekt\\_Strategii\\_transgranicznej.pdf](http://www.lubelskie.pl/img/userfiles/files/PDF/Urząd/Projekt_Strategii_transgranicznej.pdf) (accessed: 15 June 2016).

Cross-border Cooperation Programme for 2014-2020 will only slightly promote the development of the Polish and Ukrainian border regions especially in the context of the reduced allocation of funds earmarked for this programme compared to the previous financial perspective<sup>7</sup>.

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<sup>7</sup> B. Kawałko, *Program Polska - Białoruś - Ukraina w polityce rozwoju regionów przygranicznych* [The Poland - Belarus - Ukraine programme in border regions development policy], „Barometr Regionalny” 2015, vol. 13, No. 2, p. 17.

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