

Investment Potential of the Danube Region

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Abstract: The article presents perspective directions on investment in the economy of the Danube region. Its current capabilities and future development prospects are highlighted. Attention is focused on the fact that the geographical location and the presence of a developed transport infrastructure provide significant prospects for the development of the sphere of passenger and freight traffic; the presence of natural conditions contributes to the development of the agricultural sector, such as crop production, livestock and fisheries, and climatic conditions in combination with the rich history of the Danube region, historical monuments of architecture and art, and multinational traditions determine the development of the tourism industry. It was noted that the region is promising for the development of industry. Further perspectives of the study were determined: the development of a feasibility study for certain areas of investment potential development in the Danube region.

Keywords: Danube; Danube region; investment potential; tourism; green tourism; transport infrastructure

The relevance of research. For today in a number of southern regions recession of industrial production proceeds, the position of the majority of the enterprises worsens, that causes decrease in motivation of an investment of means in reproduction of a fixed capital, recession of investment activity. At the same time, according to estimates of domestic and foreign experts, most of the regions of the South of Ukraine belong to regions characterized by potentially high investment attractiveness.

However, unbalanced economic policies have led to a disruption in the pace of development of the territories, negatively affecting the social situation, requiring scientifically based solutions. The urgency of this problem grows also because many economists talk about the investment crisis in Ukraine, one of the reasons for which they consider the lack of finance, this situation is worsened by military actions in the East of Ukraine.

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The development of the country's economy largely depends on investment activity. In modern conditions, the growth of regional autonomy, decentralization of management and activation of economic activity requires studies of the prospects for the development of the regional potential for possible investments.

So the problematic of the research is that the level of investment activity in the southern regions, in particular in the Danube region, is inadequate to its potential investment attractiveness. We consider it topical to identify promising areas for investing in the Danube region of Ukraine, as one of the most politically independent and promising for the development of economic activity.

The Danube region is a part of the Danube region, which includes, firstly, the totality of coastal areas of the countries it flows: Germany, Austria, Slovak Republic, Hungary, Croatia, Serbia, Romania, Bulgaria, Republic of Moldova and Ukraine. Secondly, these are the 17 countries of the Danube River Basin that are members of the Convention for the Protection of the Danube River.

The Danube region occupies the south-western part of the region. In the work presented below the region of the Ukrainian Danube region is understood as five administrative districts - Bolgrad, Izmail, Kiliya, Reni and Tatarbunar. The total area of the region is 6.6 thousand square km.

So, the purpose of the study: the definition of new and promising directions for investing in the development of the economy of the Danube region.

Objectives of the study:

to give the term “investment potential of the region”;

to analyze the existing opportunities and prospects for the development of the economy of the Danube region;

to identify the main areas of investment development of the Danube region.

Scientific and theoretical and practical studies of the economic prospects of the Danube region are units, and then mainly in the context of more general studies. These are the works of B. V. Burkinsky, V. N. Stepanova, S. K. Kharichkov (Burkinsky, 2007, p. 139), which show the principal approaches to the formation of a complex of regional policy in this region. The issue of the geo-economic role of the Danube region of Ukraine and the Danube region as a whole has been examined in a number of works by V. A. Dergachev (Derhachov, 2005, p. 92), in which, in particular, certain aspects of the inclusion of the subregions of the Prut

(Chernivtsi region) into the Danube region are disclosed. A certain generalization of the features of the Danube region results are in the work of A. G. Topchiev (Topchiyev, 2006, p. 67).

Statement of the main material. The investment sphere is one of the most important spheres of the economy. Conducting a sound investment policy presupposes management of investment parameters of economic development, one of which is the investment potential.

Despite the sufficient popularity of the category of “investment potential”, virtually none of the training manual defines it. At the same time, this term is not fixed in legislative and other normative acts. The term “investment potential” is interpreted in relation to countries, regions, industries, firms and other business entities. Occasionally one can even find a reference to the investment potential of certain assets, instruments of the financial market, certain financial and commodity markets (Yusupova, 2012, p. 32).

The investment potential of the region is one of the key macroeconomic indicators. It includes an assessment of the economic and geographical situation of the subject, the living standard of the population, the level of consumer demand, the development of tourism, etc. (Yusupova, 2012, p. 32)

We can note that the Danube region has a significant investment potential, primarily due to its geographical location.

The Ukrainian Danube region, which includes the city of regional significance Izmail, as well as the Bolgrad, Izmail, Kiliya, Reni and Tatarbuniar districts of the Odessa region, located in the Danube-Dniester interfluvium of the Danube region, is a specific territory with unique geographic, historical and ethnic characteristics (common border with The Republic of Moldova and Romania, the presence of large rivers - the Danube and the Dniester, the seaside location). (On approval of the Concept ..., 2013).

The main link in the development of the Danube economy is the transport of goods, because the Danube is a combination of twelve countries through the water area and access to the Black Sea, and provides cross-border cooperation. Cross-border cooperation means the cooperation of neighboring territories of neighboring states, in which the defining feature is the existence of a boundary between the cooperating territories (Karbivnychy, 2013, p. 62).

Ukraine is a part of the international treaty on the regime of the international river - the Convention on the Regime of Navigation on the Danube in 1948 (*Convention, 1948*). The Convention covers the entire “navigable part of the Danube, from Ulm to the Black Sea, through the Sulinsky estuary with access to the sea via the Sulinsky Canal” (*Convention, 1948, art. 2*). Navigation on this segment of the Danube should be free and open “in accordance with the interests and sovereign rights of the Danubian countries, and also with the aim of strengthening the economic and cultural ties of the Danubian countries among themselves and with other countries.”

Although today the Danube region has a good port base (Izmail port, port in Vilково, Reni), they need updating equipment, bringing its state to modern requirements.

The development of traffic in the territory of the Danube region needs to improve the navigation of the river, primarily for cargoes and communication systems (including maintaining the navigable state of the mouth of the Bystray, transportation, energy issues, port facilities). A modern transport system will allow increasing the traffic between European countries and countries bordering the Black Sea. In addition, the Danube region has a sufficiently developed network of railways and transport routes, raises the priority of the region in the field of freight traffic.

The development of the freight transportation industry in turn will contribute to the development of the region's agriculture and industry.

It should be recognized that in the Danube region the industry of the industrial industry is rather poorly developed: no plant for the metallurgical, automotive, and other large industries.

However, the South of Ukraine - the steppe region, is traditionally a pearl of agriculture, with rich land resources and a favorable climate for growing various crops, from cereals to vegetables, fruits and berries.

Land resources - the total natural resource of the land surface as a spatial basis for settlement and economic activity, the main means of production in agriculture and forestry.

Compared with other types of natural resources, land has a number of features:
they can not move in space and can not be replaced by other resources;

although this is a multipurpose resource, but each individual plot can be used only for one purpose - for arable land, pasture, garden, quarry, industrial or residential development and the like;

land resources are exhaustive, since their area is limited by the size of the Earth's land, states or specific farms;

although land resources are classified as renewable, but this recovery takes a long time (Martin, 2015, p. 7).

According to their purpose, the lands of Ukraine are divided into nine categories, the main of which is agricultural land.

In this direction, the Danube region, with its chernozems and a fairly large area of agricultural land in the steppe zone, has a significant investment potential.

Today, the main agricultural crops are grown in the Danube region: wheat, sunflower, rape, etc. If the first two crops are traditional for the agriculture of the South of Ukraine, their cultivation provides both the country's needs and exports, rape with quite new products for Ukraine, production of biofuels, and mainly exported as raw materials, provides another opportunity for the opening of processing enterprises in the Danube region, including the production of biofuel from rape.

If, in particular, to deal with social issues, in the Danube region there are not enough factories for processing domestic waste, it can also bring a significant profit for the investor. The experience of foreign countries in building plants for processing waste is promising: the development of biofuel-based dumps, tire processing plants, plastics, and the like. We believe that the opening of such enterprises should be supported by the state and local authorities and financially, because they bear both an economic, social and ecological function.

Danube is a fishing edge. The presence of not only large rivers (the Danube and the Dniester), lakes (Kugurluy and Yalpug), but also small tributaries and reservoirs provides an opportunity for the development of fisheries. The lease of reservoirs provides significant perspectives in the field of breeding valuable fish species (sturgeon, catfish, trout, etc.), frogs, crayfish, malyus and others.

The organization of the cultivation of such ribbon-producing products will help both to provide new working cities and to develop exports to the countries where this product is most in demand (France, Spain, etc.).

The presence of a wide network of transport links, geographical location, the history of the region, the presence of a fairly large number of historical and architectural monuments, attempts by local authorities in modern urban development contribute to the development of the tourism industry. “European River” (the Danube) promotes the flow of foreign tourists to the cities of the Danube region.

However, even this industry, despite all the efforts of local authorities and entrepreneurs, is showing gaps and requires additional investments. In particular, in the cities of the Danube region, the sphere of leisure time activities is not developed, which would facilitate a more pleasant holiday for tourists in the cities of the Danube region. Developing the tourism industry, it is necessary to develop and service sphere. In particular, the example of Izmail, you can offer to build an entertainment center, a water park, a family-type sports center. Investments in these projects will bring impact from both the local population and tourists.

With the geographical location, natural and climatic conditions of the Danube region, another area of investment opportunities is connected with green tourism.

Rural green tourism is a leisure time in the rural environment, with appropriate development, rural life, picturesque landscapes and the like. It is green because tourist activities in the form of walking and horse riding, sports and health trips (even hunting and fishing) take place in the countryside among the living green nature. The term “green tourism” was explained by some experts as a phenomenon of political origin associated with the activities of “green” parties, politicians and social movements, and Spaniard Montaner H. Mont-Tehan treats green tourism as “activity, occurs in contact with nature, life in camps or settlements. This activity is associated with agricultural work, acquaintance with the life of small settlements, walking excursions, studying flora and fauna, engaging in river sports, etc. (Kuzyk, 2011, p. 228).

The presence on the territory of the Danube region of a significant number of villages, the inflow of rivers, ponds, forest plantations, etc. Provides prospects for the development of this particular area of tourism.

Separately it should be noted in the development of the tourism industry in the town of Vilково, which is now called “Ukrainian Vineticia”. The city “on the water” attracts potential tourists and promotes the development of the region.

In addition, an additional link in the development of green tourism can be the organization of campsites and tolls for fishing.

One of the features of the Danube region is its multinationality. The proximity to European countries and multilingualism also contribute to providing opportunities for continuing higher education or working in other countries, because knowing the language of the country (and not just English) is a very important factor in these cases.

Conclusions and further research prospects. The article clarified the concept of “investment potential of the region” and outlined the main directions of the investment potential of the Danube region:

the geographical location and the presence of a developed transport infrastructure (water, rail, highways) have significant prospects for the development of the freight industry;

the presence of natural conditions contributes to the development of the agricultural sector, both crop production, livestock and fisheries;

the rich history of the Danube region, its outstanding inhabitants, historical monuments of architecture and art contribute to the development of the tourist industry;

favorable geographical, climatic conditions in combination with multinational traditions stipulate the development of “green” tourism.

The region is also promising for the development of industry, especially for its new industries.

Geographical location and the presence of many nationalities, promotes interethnic communication and provides ample opportunities for training, working abroad (for example, in Bulgaria).

Thus, from the above, we have to conclude that the Danube region has a significant investment potential. The directions indicated in the work do not exhaust all possibilities - they only determine the main priorities. Therefore, further research should be aimed at the development of these areas, or more thoroughly reveal other prospects for the development of the economy of the Danube region.

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