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**REGIONAL DEVELOPMENT AND ITS INFLUENCE
ON THE ECONOMY OF A STATE****1. Introduction**

The Czech economy as a whole has been known as an industrial one not only recently, but also in the past. The secondary sector used to be dominant in the past, which was not particularly healthy mainly because of the wide range of products of the economy.

We can state recently that during the last 15 years the massive development of the tertiary sector kept back the contribution of the secondary sector to the GNP production of the CR. In spite of this the processing industry influences significantly macroeconomic parameters of the CR. That is the reason why we should observe this situation carefully.

The development of industry, which means individual companies, is always connected with a specific territory of the state. There is no doubt about the fact that the state influences significantly the economic prosperity of a region by e.g. Construction of communications, investment bids etc. The fact that a region can influence significantly the economy of the state as a whole has not been studied deeply. The importance of this fact has been increasing with the growing number of countries joining economically integrated Europe. Europe shall become the Europe of regions, not of states, so the influence of regions on the economy as a whole should be observed carefully. An example of the effect of a region on the economy of the state can be the opening of a new car company, particularly if it was built by three important foreign companies.

2. TPCA in Kolín

Consortium of three companies, Citroen, Peugeot and Toyota announced at the end of the year 2001 that it would invest 23.5 billion CZK into a new TPCA plant that would be built in the area of Kolín. The total number of employees should be 3 thousand. These people are expected to produce 300 thousand cars annually. The produced cars will be in the category B0, which are cars, labelled as complementary, or so called “another car for the family”. One third of the 300 thousand car production will be represented by Citroen C1, another third by Peugeot 107, and the last by Toyota Aygo.

The originally announced price of the car was about 165 000 CZK, but up to now it has risen to 200 000 or even to 250 000 CZK depending on the equipment. The start of production was appointed to the first quarter of the year 2005 and the real beginning of production was on 28 February of the same year.

It is evident that the start of production is very important for the region because of the hike in employment and the rising incomes for the local treasuries. Three thousand of new jobs is not a negligible number if we consider that there are unemployed 4691 out of 49 342 economically active inhabitants of Kolín region. The importance of these figures is not influenced by the fact that at the beginning of the production, in 2005, the number of unemployed will be about halfway of the final state.

The cars of this category have not been produced yet in the Czech Republic, but the traditional producer Škoda Auto a.s. is able to compete with the currently produced basic version of model Fabia. Even more significant competition is represented by other two cars. The most important is Chevrolet (Daewoo) Matyz and it is the reason why we can not expect a huge interest of Czech customers, which is important for further considerations. Most of the production will be exported and this fact could considerably influence foreign trade balance of the Czech Republic.

3. Influence of TPCA's Export on the Czech Republic's Trade Balance

To quantify export of the most TPCA production we should come out of the annual car production, which is approximately 300 000 cars a year, at a price of nearly CZ 250 000. Provided that 95% of the production is exported, the volume of export will make about 70 billion of Czech crowns.

However, TPCA is not a Czech firm that manufactures main parts of final production components on the domestic territory. On the contrary, about 50% of car parts assembled in Kolín will be imported to the country. On the other side, if we take into account the fact that labour necessary for the car assembly will be exclusively Czech, and then the positive trade balance of TPCA in the Czech Republic could achieve 40 billion of Czech crowns.

With regard to the commence of manufacturing, the reality for the year 2005 as for the volume will be only half-size.

For illustration I find it useful to show the development of Czech trade balance for the last four years in billions of Czech crowns. The amount for 2004 is necessary to understand only as a probable one.

Table 1. Czech balance of trade in the period of 2001-2004

Year	2001	2002	2003	2004
Balance	-116.7	-71.3	-69.8	-29

Source: [1, p. 2].

Thanks to the existence of TPCA in the Czech Republic, the year 2005, but mainly 2006, could mean a change of permanent negative remainder of the state balance of payments so far into positive balance. This fact can perhaps justify the importance of regional development for economies as a whole.

4. TPCA and CR's Economic Growth

Based on the figures of CR's existing growth of GNP in the last four years, we can place a question what effect the growth will have on the TPCA's operations.

Table 2. Development of CR's GNP in constant prices

Year	2001	2002	2003	2004
GNP increase	2.7	1.5	3.7	3.6

Source: [1, p. 2].

The operation of TPCA will have an impact on many factors directly or indirectly influencing the growth of CR's GNP. The net export in the year 2004 alone represents approx. a half of prerequisite financial amount i.e. 40 billion Kč, which could accelerate the CR's GNP growth by 0.6 to 0.8 of a percentage point¹.

That could result in a growth of CR's GNP that is to reach 4.2 % in the year 2005. The rate of growth should exceed these favourable figures in the following year.

We can also expect a growth of consumers' consumption. Not only by consumers who will be directly employed by TPCA and will undoubtedly have a high income, but also by consumers who, in regard with a pension increase for TPCA employees, will saturate their needs with their own products. We cannot omit a slow but gradual, or partial substitution of some car components, which will be cheaply imported at the beginning of the production to domestically produced components that will, at least, decrease transport expenses.

¹ According to the estimation of České spořitelna's economic and strategic analysis. Source: [1, p. 13].

Further more, a fact that Škoda Auto a.s. may respond to its competition product produced in “its territory” by launching its car of the same category, may play a key role, and cannot be excluded, although, it is probably a sizeable speculation. This could though have a positive effect on the CR’s GNP growth.

5. Conclusion

The regions’ impact on economic growth of economy as a whole is indeed substantial, its example is TPCA’s operations in the CR, and it has been constantly growing. The increase of region influence on economy can be easily explained. Along with the development of technology and engineering, the optimal size of companies in the secondary sector producing long-term consumption products has been incessantly increasing. In the past, firms operating in a region could hardly supply the mentioned region, but nowadays they are capable of supplying a considerable part of a continent, that is why the regions’ influence on the economy has been growing, and therefore it is each country’s or EU’s interest to focus on regional development. The regional impact does not need to be only positive, as mentioned in the TPCA example. Firms can also leave their region, which can be shown on many examples in the CR, and thereby negatively influence the economy as a unit.

Literature

- [1] *Economy under a Magnifying Glass* – Czech Saving Bank Quarterly, First Quarter of 2005.
- [2] Kraft J., *Firm in Macroeconomic Environment*, 2. edition. Acta Universitatis Purkynianae 84, Ústí nad Labem: UJEP, 2003.

ROZWÓJ REGIONALNY I JEGO WPŁYW NA GOSPODARKE PAŃSTWA

Streszczenie

Rozwój regionalny staje się coraz bardziej zauważalnym zjawiskiem wpływającym na gospodarkę kraju, a tym samym Unii Europejskiej. W związku z tym należy poświęcić gospodarce regionalnej więcej uwagi. Dowodem na szerszy, znaczny wpływ tego zjawiska jest wyeliminowanie deficytu w bilansie handlowym Czech oraz przyspieszony wzrost PKB w związku z powstaniem nowej firmy, a mianowicie fabryki samochodów TPCA w regionie Kolina. Eksport wartej 40 miliardów produkcji za granicę wraz z zatrudnieniem 3000 pracowników wpłynie, bez wątpienia, na inne makroekonomiczne wartości gospodarki Czech.

REGIONÁLNÍ ROZVOJ A JEHO VLIV NA STÁTNÍ EKONOMIKU

Anotace

Regionální rozvoj je stále více pozorovaným jevem ovlivňujícím ekonomický rozvoj státu a tím i Evropské unie. A proto je nutné regionální ekonomice věnovat více pozornosti. Obecným důkazem tohoto jevu je eliminace schodku v obchodní bilanci ČR a zrychlený růst HDP v souladu se vznikem nové firmy, a to automobilových závodů TPCA na Kolínsku. Export do zahraničí v hodnotě 40 miliard a pracovní místa pro 3000 osob bezesporu ovlivní i další makroekonomické ukazatele české ekonomiky.

REGIONALE ENTWICKLUNG UND IHR EINFLUß AUF DIE WIRTSCHAFT DES LANDES

Zusammenfassung

Die regionale Entwicklung wird zu einer immer häufiger bemerkenswerten Erscheinung, die sowohl die wirtschaftliche Entwicklung des Landes und desgleichen auch die der Europäischen Union beeinflusst. Im Zusammenhang damit sollte der regionalen Wirtschaft mehr Aufmerksamkeit geschenkt werden. Beweis für einen umfangreicheren, wichtigeren Einfluss dieser Erscheinung ist die Elimination des Defizits in der Handelsbilanz Tschechiens sowie der beschleunigte Wachstum des BIP im Zusammenhang mit der Gründung einer neuen Firma, also z.B. des Autoherstellungswerkes TPCA in der Region Kolina. Der Export dieser 40 Milliarden Produktion ins Ausland mit der Beschäftigung von 3000 Mitarbeitern wird zweifellos andere makroökonomische Werte der tschechischen Wirtschaft beeinflussen.