

COLLEGE OF EUROPE
BRUGES CAMPUS
DEPARTMENT OF ECONOMICS

Accessibility and Regional Economic Development

Supervisor: **Andrés Rodríguez-Pose**

Thesis presented by
Manuel Valenciano Marx
for the
Degree of Master of European Studies

Academic Year 2012-2013

Abstract

The European Union's internal market has integrated economies across regions and Member States unleashing forces pushing towards greater agglomeration of economic activity. Beyond regulatory barriers to trade, geographical and transport obstacles might also hamper market integration. Consequently, regional policies have focused on the development of transport infrastructure in the expectation of enabling peripheral and less developed regions to reap the benefits of the internal market. Despite tremendous efforts, the Union's regional policies seem to lack effectiveness in removing disparities in terms of income levels and economic development. One among several explanations for their limited success could precisely be the reliance on the development of transport infrastructure. This view is embedded in the new economic geography research stream, which states that the reduction of transport costs could actually act in detriment of the targeted regions and favour the most developed ones. By means of econometric analysis the hypothesis is tested whether the reduction of transport costs affects all regions in the same way, regardless of their level of competitiveness. The estimation results suggest that in fact less developed regions are harmed by their exposition to greater competition from other regions. Infrastructure construction, particularly in Eastern and Southern Member States, might have led to relocation of economic activity away from less developed regions. Those results imply that regional policies should be reconsidered in their priorities and methods, if territorial cohesion is to be achieved.

Keywords

Regional Economic Growth

Cohesion Policy

Structural and Cohesion Funds

European Union

Transport policy