

Boosting Vukovar's Economy through Local and Sectoral Production Systems

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Local and sectoral production systems can play a significant role in local and regional development and create benefits for an economy as a whole. Sectoral systems of innovation and production include products and agents that carry out market and non-market interactions necessary to create, produce and sell these products. Within this theoretical framework, we question the limitations of local development models in conditions such as war, economic and political crisis. The aim of this research is to develop an analytic and participatory model to identify and understand developmental limitations, potentials and opportunities for specific local development.

In this research we present an analysis of the socio-economic and spatial development potentials of the town Vukovar. It is a border town along the Danube River with an exemplary history of a strong economy determined by foreign direct investments dating back to the early 20th century, a rich natural environment, great geostrategic position and multicultural society. However, the town was completely destroyed during the 1990ties war in Yugoslavia. Today, though physically almost reconstructed, the socio-economic situation in the town and region is unfavourable characterised by low business activity, low skilled work force, large state owned brownfield site, significant social benefit transfers, and rising depopulation. In this context, simple policy transfer or copying of best practices is inadequate. This research presents results of an inquiry into existing development potentials of Vukovar and provides policy recommendations for proactive investment possibilities and strengthening of local and sectoral production systems in specific contexts.