



Project no: **29038**

Project Acronym: **CBCED**

Project title: **CHALLENGES AND PROSPECTS OF CROSS BORDER CO-OPERATION IN THE CONTEXT OF EU ENLARGEMENT**

Instrument: **Sixth Framework Programme Priority 7-Citizens and Governance in a Knowledge Based Society**

Thematic Priority: **Specific Targeted Research or Innovation Project**

### **Deliverable 11: Regional Summary Report –Zgorzelec, Poland**

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Due date of deliverable: 29.02.2008  
Actual submission date: 10.04.2008

Start date of project: **01.03.2006**

Duration: **30 months**

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<b>Project co-funded by the European Commission within the Sixth Framework Programme (2002-2006)</b>		
<b>Dissemination Level</b>		
<b>PU</b>	Public	<b>X</b>
<b>PP</b>	Restricted to other programme participants (including the Commission Services)	
<b>RE</b>	Restricted to a group specified by the consortium (including the Commission	
<b>CO</b>	Confidential, only for members of the consortium (including the Commission Services)	

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## **1.Introduction**

The CBCED project is investigating the challenges and prospects for cross border co-operation (CBC) for entrepreneurs in border areas affected by EU enlargement. The project seeks to identify sources of threat and opportunity for entrepreneurship in a broadly based selection of different types of border region, together with the types of policy response required at the EU, national and regional levels to influence these. Following a review of the existing evidence base and of relevant theoretical literature, the methodology employed involves a combination of secondary data and primary, empirical investigation in the case study border regions listed below.

The document represents Deliverable 11 of the CBCED project. It contains the regional summary report for the Zgorzelec case study region, which is one of 12 regions included in the CBCED project for detailed empirical investigation. These case study regions are:

Imatra and Tornio in Finland  
Gorlitz and Hochfranken in Germany  
Biala Podlaska and Zgorzelec in Poland  
Florina and Serres in Greece  
Kyustendil and Petrich in Bulgaria  
Ida-Viru and the South East region in Estonia

The purpose of the regional summary reports is to present a summary of the main results from each of the case study regions, in which empirical investigation has been undertaken. The regional summary reports are intended to complement the papers (Deliverables 12-16) related to each of the substantive work packages.

The content of each regional summary report follows a broadly harmonised framework. Following this introduction, subsequent sections are:

Section 2, which provides a profile of the case study region in terms of economic development; entrepreneurship; social, cultural and historical perspectives; the policy environment for entrepreneurship development and cross border co-operation; and an assessment of the future potential for CBC.

Section 3, which summarises cross border co-operation involving institutions, paying attention to enabling and constraining influences; examples of positive and negative experience of institutional CBC in the region; evidence of cross-border clusters, if any; an assessment of any enlargement related effects on institutional cross-border co-operation; and policies for institutional and enterprise based CBC. This section is based mainly on the findings of interviews with key informants and business support organisations in the region.

Section 4 is concerned with cross-border co-operation, involving enterprises. Specific topics covered include: the types of CBC that enterprises are currently involved in; characteristics of enterprises involved in CBC, including foreign partners; evidence of change in CBC over time; the costs and benefits of CBC to enterprises; positive and negative lessons from CBC; the role of trust in enterprise-based CBC; enlargement-related effects (if any); use of external assistance and participation in public policy programmes; and policy issues identified. This section is based on interviews with entrepreneurs and/or senior managers of enterprises

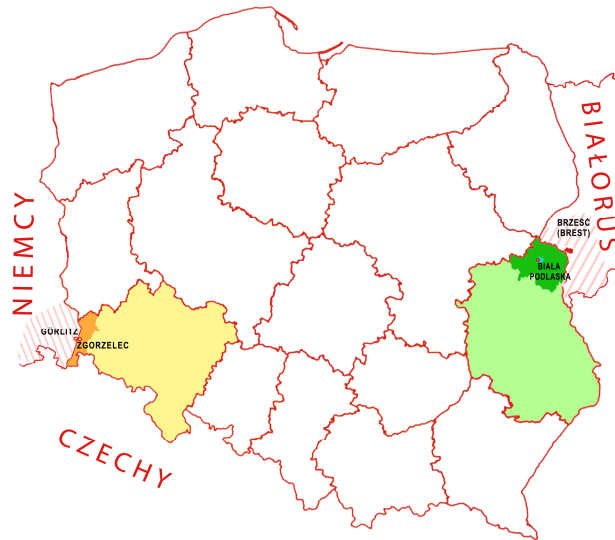
Section 5 is concerned with informal and household-based cross border co-operation. Specific topics covered include the characteristics and types of informal and household-based CBC identified; the background and characteristics of participants in this type of activity; enabling and constraining forces; evidence of change over time, including current trends and future prospects; the role of trust; any enlargement-related effects; and policy issues.

Section 6 contains a summary of the main conclusions. Following an overall Assessment of CBC in the region, the section summarises findings in the region in relation to each of the main substantive topics featured in the project. These are enlargement-related issues; clustering-related issues; identity and perception-related issues; trust-related issues; and policy issues. The section ends with a summary assessment of future prospects for CBC in the region.

## 2. Profile of the Cross Border Region

The Zgorzelec County lies in the western part of the Lower Silesian Province, on the border of Poland, the Czech Republic, and Germany ( Figure 2-1).

**Figure 2-1: Polish case study regions: Zgorzelec and Biała Podlaska**



### 2.1. Economic Development: Characteristics and Key Issues

The location of the Zgorzelec County (close to the borders with Germany and the Czech Republic) is undoubtedly an advantage for cross-border activity. Indeed, such activity has been going on for many years. The accession of Poland and the Czech Republic to the EU in 2004 reinforced this by moving the region from periphery to the centre of the European Union.

The economy is fairly diversified, covering manufacturing, construction, market and non-market services. There is also a concentration of energy suppliers around Bogatynia. Additional, attractive natural environment makes the region a potentially good centre for tourism and recreation. The business sector is dominated by micro-enterprises and there are some signs of emergent and potential clusters in the ceramic, eco-energy and textile sectors.

The county has a number of location advantages, including a good transportation network. However, foreign investors prefer counties neighboring Zgorzelec, Kamienna Góra and Wałbrzych, where Special Economic Areas offer investors numerous privileges and allowances. Foreign investments in the Zgorzelec County are then first of all hypermarkets and petrol stations, whose opening is dictated by the demand on the part of Polish and German people; in the latter case lower prices are the main factor attracting German customers.

The knowledge infrastructure – including business support, advice, incubators and innovation services – is relatively strong at the regional level. However, there remain a wide range of barriers to setting up and running a business that are primarily national in nature, including excessive bureaucracy and burdensome tax and social security system. Nonetheless, the authorities of the County seem to be relatively business-friendly and a number of incentives are in place to encourage businesses to invest in the area.

The Zgorzelec County has around 95 000 inhabitants but the structure of the population of the Zgorzelec County is changing, with emigration leading to a decline of the population in their productive ages and an increase in the proportion of older people.

## **2.2. Entrepreneurship Development**

SMEs make up over 99% of the total number of companies based in the Zgorzelec County. The most numerous group is constituted by micro-enterprises that are 96% of the total number of companies. Among them as many as 95% are enterprises employing up to 4 persons. The majority of these companies (about 40%) deal in trade and only 8,5% in production, and 8,8% in construction. The rest of them provide services.

## **2.3. Social, Cultural and Historical Perspectives**

In Zgorzelec, Polish and German history intersected tragically in 1945. After many centuries, the Zgorzelec County came into the administrative borders of Poland, and covered the area of the former county of Görlitz and part of the counties of Zittau and

Rothenberg (former German lands). Yet before the war finally ended, in the spring of 1945, a colonial action was begun which aimed at populating areas incorporated into Poland after World War II and settling there people from eastern Poland. For people displaced from the east, 12 border counties were designated, including the Zgorzelec County. As a result of this action, in the area of the Zgorzelec County there also settled a number of Ukrainians as well as Lithuanians. However, the first newcomers were Latvians and Belarusians, who had been sent here for forced labor during the War.

The division of the city, deportation of the Germans, colonization by Polish people, who had also been evicted, became imprinted in the memories of its inhabitants and has been predominant in public debates till nowadays.

Macedonians settled who took shelter in Poland from the "civil war" in Greece. After some years their predicament was solved by the change of government in Greece. Many families left Poland then, but a considerable group of Greeks chose to stay in their "second motherland". The annual Festival of Greek Songs in Zgorzelec, which is still the second largest event in the city, is proof of a continuous presence of Greeks. The complicated history of the region and the post-war colonial action caused that in the Zgorzelec County there came into being a special „mix" of cultures and customs, with a considerable focus on traditions and „collective memory" connected with Lvov.

The identification with the Lower Silesian Province results only from the past 10 years. A contributing factor was the administrative reform of 1999 (formation of one Lower Silesian Province in place of four smaller ones: Jelenia Góra, Legnica, Wałbrzych and Wrocław). Another important factor was, paradoxically, the flood of 1997 which created in people the sense of a "community of fates". The flood affected the areas of Poland, Germany and the Czech Republic. As a result of those events, in the Zgorzelec County there has been created a system of cross-border flood monitoring. Recent years have also been a period of developing specific local identities. This also affects the inhabitants of the Zgorzelec County, who more and more often consider themselves inhabitants of Upper Lusatia rather than Lower Silesia. This is visible in trade names of companies (e.g the Basalt Mains of Lusatia,

the Lusatian Centre, the Waste Utilization Centre of the Lusatian Communes, newspapers "New Lusatia", etc.), publications (e.g. "Polish Upper Lusatia" by Waldemar Beny, which was met with an unusual interest of readers) as well as in social and educational activities (e.g. a contest for pupils, Our beautiful Lusatian land").

Thus, history has developed in present-day inhabitants of the Zgorzelec County substantial openness to other nations, cultures, and religions as well as open-mindedness to co-operation and international initiatives. This is also visible in everyday life (e.g. frequent tourist and business trips to Saxony and the Northern Czech Republic, readiness to learn foreign languages, etc.), as well as in many socio-cultural initiatives.

Nonetheless, existing linguistic barriers, lack of knowledge and interest as well as fear of neighbours sometimes make cross border co-operation difficult.

#### **2.4. Policy Environment for Entrepreneurship and CBC**

The administrative structure of the region is in line with the rest of Poland. Important organizations include the territorial (regional) council, the Province Office, counties and communes.

The county administrative bodies co-operate with:

- Guild of Various Crafts in Zgorzelec and the Chamber of Commerce,
- the Entrepreneurship Support Foundation in Zgorzelec. It aims at activating and developing business as well as business support institutions, supporting and organizing regional initiatives focused on the development of entrepreneurship; encouraging social education, culture, as well as scientific and technical development,
- the EUROOPERA Polish Association. Its objective is to facilitate the process of unification of European nations by initiating and supporting pro-European cultural initiatives and co-operating with organizations from the neighboring countries. Similar objectives are followed by another organization - the Via Regia International Dialogue Association,

- the Eurocentre Women's Association. Its aim is to advance further integration and co-operation between the triangle of nations: Poland, the Czech Republic, and Germany. The association closely co-operates with the FRALLENCESTRUM Association from Görlitz as well as with Regionalni Organizace Zdravotne Postizenych LIBEREC-SEVER in organizing social work, legal assistance, as well as material social aid,
- the Association of Developmental Initiatives Zgorzelec 2002. Its objective is to create a university in Zgorzelec. The association co-operates with the county authorities in the field of cross-border scientific, cultural, and tourism co-operation.

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Entrepreneurship support is first of all the domain of two nationwide programmes: the Government's Strategy for Small and Medium Sized Enterprises up to 2002 and the Government's Strategy for Small and Medium Sized Enterprises 2003 - 2006 . Both programmes contain complex solutions with instruments designed to: (1) promote entrepreneurial culture and more favorable attitudes towards entrepreneurship; (2) integrate entrepreneurship education in schools and at all levels of post-secondary education; (3) reduce entry barriers and provide support for start-ups; (4) provide seed financing.

As of 2008, new programmes will come into being, including first of all: Strategy for increasing the innovativeness of economy for 2007-2013 as well as the Innovative Economy Operational Programme and regional operating programmes.

A wide range of policies and programmes exist in the Zgorzelec County to promote the creation and development of SMEs, briefly summarized as follow:

- Start-up business support. The Bogatynia-Zgorzelec Industrial and Technological Park was established to this end. It offers companies favorable terms of use of its premises, accounting, legal and marketing consulting, tax relief and concessions on local fees, the right to apply for aid according to the Act on Financial Support for Investments. The Business Consulting Centre and the Business Support Foundation also provide consulting services for start-up companies.

- Tailored efforts that increase the participation in business ownership of specific under-represented groups, e.g. ethnic minorities, women, young people. The County Work Office conducted a project called "Equal opportunities on the labor market". The project was focused on women's professional integration and re-integration and consisted of trainings and professional preparation, traineeships in companies, as well as financial assistance for people setting up businesses. The programme was funded by the SOP Human Resources Development and lasted from August 2005 to June 2006.
- Other programmes/instruments. The Zgorzelec County carries out many projects and programmes designed to stimulate business activity of businessmen as well as potential investors. One of them is the above-mentioned project Euroregional network of co-operation of small and medium sized enterprises in the metal, wood and plastic sectors, co-financed by the EQUAL Community Initiative.

Apart of them there are also policies fostering business-to-business contacts and policies designed to increase international networking capacity and co-operation between business associations and agencies on both sides of the border.

The first type of policies is illustrated by the following examples:

- FUTURALLIA meetings, a formula which consists in especially arranged half-an-hour meetings between two companies. The Convention Bureau in Wrocław is a partner of the Futurallia Association - the organizer of the Futurallia Forum 2007, and already for the 5th time it will prepare a Polish businessmen's delegation for this event. It will be the 12th edition of this international event designed for small and medium sized enterprises representing different sectors from all over world. The Chamber also informs businessmen about the formula, and in 2006 it was a co-organizer of these meetings. For many years, the Futurallia forum has been one of the most effective tools for initiating co-operation with foreign partners by SMEs. The tight schedule of meetings with companies selected for talks allows to achieve maximum advantages at a small financial expense.
- A partner of the "Lower Silesian-Saxon business meetings" project is the Lower Silesian-Upper Lusatia County, which coordinates the actions of the German

party. Its task is to propagate the idea of the development of cross-border economic space among potential investors and businessmen, encouraging them to take risks connected with setting up and running business activity in Poland. The partner did not contribute funds to the project .

- In 2003, the Federation realized a programme called "The businessman in face of the European Union ecological laws - eliminating trade barriers by the unification of ecological standards".
- From the 17th to 19th of May, 2004, the Employers' Association organized travelling workshops called "Initiatives supporting the development of small and medium sized enterprises in their operations on the Euro-market " with co-operation of representatives of an employers' organization from Dresden.

The second type of policies is illustrated by the following examples:

- In September 2006 in Niesky, a Polish Economic Conference was organized, whose main objective was to present the possibility of business co-operation on both sides of the river Nysa. The Zgorzelec County Office and the County Business Consulting Centre had promotional stalls and presented investment offers. Multimedia presentations familiarized the participants with investment opportunities in the area of the Zgorzelec County. The participants were also able to discuss directly with representatives of relevant institutions the prospects and possibilities of initiating co-operation in the business, tourist as well as cultural field.
- Another important Polish-German venture undertaken by the Lower Silesian Chamber of Crafts was co-operation with the Hanover region and the InWEnt company from Hanover on the project "Job-Fit for Europe", refinanced by the European Social Fund in Germany. The project consisted in a study visit of 25 businessmen from the Hanover region in order to have traineeships in Polish companies. The main role of the Chamber was to help with selecting Polish companies for talks with German partners. Moreover, the project included a conference of Chambers of Commerce on the functioning of the economic self-government in Wrocław.
- Every year the Chamber takes part in the Crafts Fair (Meisterhaft) in Dresden, where the Dresden Chamber offers Polish companies stalls free of charge.

Thanks to that opportunity, many craftsmen initiated their first business contacts with German companies. Every year, the management of the Wrocław Chamber takes part in the Festival of the Master of the Chamber of Commerce in Dresden, during which the President of the Chamber gives congratulatory letters to craftsmen who had obtained a master's diploma. The Chamber also took part in the Lower Silesian Business Days, held in Wrocław in April 2005. Companies participated in automotive and precise mechanics talks (AA).

## **2.5. Potential for Future CBC**

Cross-border co-operation in the Zgorzelec County has been developing since 1991. With accession to the European Union, the Polish-German-Czech border has become so-called "soft border" of the European Union. All restrictions related to crossing the border have been lifted, and border traffic has been improved, stimulating the intensification of the already existing cross-border co-operation. Together with other counties of Western Poland, the Zgorzelec County used European Union funds primarily to develop its infrastructure in the county and enable SME development. The intention is to boost the availability of means of production and technology and to expand markets. The effective use of EU funds has reduced the barriers among entrepreneurs and increased their knowledge of these issues.

*"For the time being, co-operation takes place at institutional and cultural levels. In the future, we are hoping for co-operation going beyond institutions. In the towns of Ręczyn and Spytków inhabitants themselves want to create an association on the basis of existing contacts with the Germans. Initially, they are going to carry out a cultural project, and then an institutional one. First, social activity could develop in the field of culture, and then infrastructure."* (JT)

It is also assumed that:

*"In the future, co-operation between Polish and German research centres is going to expand, in particular due to the fact that German entrepreneurs are about to exhaust EU funds available to them and would like to take advantage of contacts with Polish partners in that respect. The German side treats Poland as a bridge between the East and the West, as Poland has better contacts with Ukraine, Belarus, and Russia (Except for political contacts. In terms of politics, the Germans are in a better situation; however, it is Polish people who have better contacts at the business level)." (JR)*

Localization close to the border will still be advantageous in that respect:

*"thanks to that people do not have to emigrate to work for an extended period of time - they can leave for work in the morning and come back in the evening. They do not need to lose touch with their families; they can earn more, and still spend their money in Poland."* (RG)

### **3. Institutional Cross Border Co-operation**

The research revealed a wide range of institutional cross-border co-operation between the Zgorzelec County and its neighbouring regions in Germany and the Czech Republic, including joint work on entrepreneurship development, tourism, environmental protection, scientific co-operation, education, cultural heritage issues, health and social services. This activity has been going on for many years, but has gained momentum since the accession to the EU of Poland and the Czech Republic in 2004.

#### **3.1. Nature and Extent of Current Institutional CBC**

Institutional cross-border co-operation encompasses:

- local authorities: city authorities (of Zgorzelec, Bogatynia, Zawidow), county and communal authorities; there is also a presence of institutions from outside of the County, such as: the South-Western Forum of Local Authorities – Lubań and the Neisse-Nisa-Nysa Euroregion;
- entrepreneurs' organizations; the most important of them are: the Guild of Various Crafts in Zgorzelec and the Chamber of Economy and Commerce, and from outside of the county: the Federation of Employers of Western Poland – Legnica;
- business support institutions; the most important of them are: the County Business Consulting Centre, the EUROOPERA Polish Association, Our City- Unsere Stadt, the Foundation of Entrepreneurship Support in Zgorzelec, Via Regia, the Association of Developmental Initiatives in Zgorzelec and from outside of the County: the Agency of Regional Development in Jelenia Góra, the Technology Transfer Centre in Wrocław, and the Agency of Regional Development of the Karkonosze;
- other institutions (educational, tourist, cultural, etc.).

*“It would be easier to enumerate those institutions which are not involved in cross-border co-operation than those that are.” (AT)*

A characteristic feature of cross-border co-operation conducted by those institutions is the type of partner - the foreign counterpart of the Polish institution/organization (for local authorities - local authorities of another region, for chambers of commerce -

foreign chambers of commerce, etc.). This is very well illustrated by the following statement:

*“This is primarily co-operation at the level of local authorities. The Commune and City of Zawidów co-operates with the neighbouring Czech region and its authorities.” (JS)*

In turn, the partner of the Federation of Employers of Western Poland is:

*“the Union of Brussels Companies (VSW) based in Dresden. In 1993, an agreement was signed between the Union of Brussels Companies and the Federation of Employers of Western Poland. In 2002, a similar agreement was signed with the Saxon Business Association.” (RB)*

The character of the cross-border co-operation of particular kinds of institutions/organizations is decided by: objectives of co-operation, fields of co-operation, level of formalization (formal vs. informal basis for co-operation and development of organizational structures securing the stability of co-operation) as well as the guarantor of the continuity of co-operation (

Table 3-1).

**Table 3-1: Characteristics of institutional cross-border co-operation**

Type of co-operation	Features					
	Objectives	Field	Type of partner	Level of formalization		Guarantor of continuity
				Basis for co-operation	Organization of co-operation	
Co-operation of administrative authorities	Creating and developing legal and institutional structures for cross-border co-operation	Multitude of areas encompassing the whole process of region development	Foreign counterpart	Long-term framework agreements Individual projects	Complex organizational structures	The institutional factor (continuity of governance and politics, long-term agreements are the basis)
Co-operation of organizations of entrepreneurs	Goals subject to the specificity of one's business	Uniform areas defined by the type of one's business		Co-operation agreement Particular projects	Temporary structures created to manage particular projects	The individual factor (openness of particular people to co-operation, lack of continuity due to
Co-operation of business support institutions				Individual projects		

Co-operation of other institutions				Individual projects		project co-operation)
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#### 4.8.1. Co-operation of administrative authorities

Institutional cross order co-operation has a long tradition dating back to the post-war period and further, to the beginning of 1990. when a contract of co-operation based on partnership of the cities of Zgorzelec and Görlitz was signed (1991). In the same year, an association called Europa-Haus Görlitz e.V. was created, which was an organ of cultural co-operation for both cities. Europa-Haus Görlitz participated in a number of civic and institutional initiatives on either side of the Nysa River, and was transformed into a Polish-German institute for the coordination of cross-border issues.

In December 1993, another partnership contract appointing working groups, temporary project groups, and a coordination committee was signed. The permanent working groups are: Economy; Public Order and Safety; Spatial Development, Building; Municipal Infrastructure; Medical Services and Social Policy; Culture and Tourism; and Environmental Protection groups<sup>1</sup>. Co-operation further intensified in 1995, when the Municipal Co-ordination Commission was established, which was subsequently transformed into the Regional Co-ordination Commission in 2002 - it then encompassed Niederschlesischer Oberlausitzkreis and the Zgorzelec County. In 1996, the authorities of Görlitz and Zgorzelec issued “a common declaration of the cities of Zgorzelec and Görlitz” as well as a draft appendix to the “Contract of Co-operation Based on Partnership”. The next step was forming a common municipal body named Europe-City Zgorzelec/Görlitz” (1998), a cross-border communal association.

In 2006, the co-operation with Görlitz was extended to mutual help in the event of catastrophes, natural disasters and serious accidents.

The Zgorzelec County also carries out border co-operation with the neighbouring county of Lower Silesia-Upper Lusatia, with which working meetings are held. In September 2003, This co-operation resulted in a quadrilateral agreement of co-

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<sup>1</sup> Since 1996 the number of permanent workgroups has decreased to four.

operation between the city of Görlitz, the county of Lower Silesia-Upper Lusatia, the city of Zgorzelec, and the Zgorzelec County, thus creating the Regional Coordination Council.

One of the recently signed agreements (September 2006) is an agreement on building bridges on the Nysa Łużycka river designed for pedestrian and bicycle traffic (the city of Rothenberg - Toporów / the commune of Pieńsk - Deschka / the commune of Neißeaue - the city of Pieńsk).

Cross-border co-operation goes beyond Polish-German contacts and involves tripartite co-operation, whose beginnings date back to 1991, when the Nisse-Nisa-Nysa Euroregion was established. The basic intention was to set up a common platform for joint cross-border ecological activities; however soon it turned out that it fulfilled larger cultural, educational, economic and tourist functions. It also contributed to the creation of simple everyday contacts between German, Polish, and Czech people meeting on Karkonosze Mountain trails or in shops in Görlitz. The Euroregion has already been in existence for 15 years, and has carried out cultural, tourist, innovation, economic and educational projects.

Beside cross-border co-operation, the Zgorzelec County conducts broader international co-operation. An agreement of partnership and co-operation in many social and economic fields between the Zgorzelec County (Poland), the county of Lower Silesia-Upper Lusatia (Germany), the province of Gorizia, and the municipality of Nova Gorica (Italy) is an example of such co-operation. It is worth mentioning, that this is one of the first quadrilateral partnership contracts of this type in Poland and the first in the Lower Silesian Province (for more information see: <http://free.art.pl/euroopera>, [www.euroregion-nysa.pl](http://www.euroregion-nysa.pl), [www.equal.noweszanse.pl](http://www.equal.noweszanse.pl), [www.powiat.zgorzelec.pl](http://www.powiat.zgorzelec.pl), [www.bip.powiat.zgorzelec.pl](http://www.bip.powiat.zgorzelec.pl), [www.zgorzelec.com](http://www.zgorzelec.com)).

This short review reveals the following characteristics of co-operation between local authorities:

- It is aimed at creating and developing legal and institutional frameworks for the development and intensification of cross-border co-operation. This is confirmed by one of key informants, who says:

*“There was an agreement concluded with Saxony on environmental protection, education, development of rural areas, economy, tourism, social security... This co-operation encompasses both official visits of politicians..., as well as working agreements concerning regional development and spatial planning in the border area, in particular related to communication solutions, border crossings, and joint economic undertakings involving tourism and participation in European Union programmes as well as broadly understood education from secondary schools to universities. Co-operation with the Czechs is mostly based on tourism, but also on education, security, and infrastructure. In terms of co-operation between companies, the agreement leads to joint organization of conferences, exhibitions, and business missions..., there is exchange of information.” (MC)*

Another says:

*“The objective is to develop co-operation in terms of solving problems related to agricultural transformations, the development of rural areas, student exchange, and environmental protection. The Association’s work embraces a number of areas, from education to agriculture. Another important issue is also initiating and supporting cross-border co-operation between local politicians and territorial units of the Polish-German-Czech border areas by organizing meetings and seminars.” (JZ)*

- Co-operation between local authorities is based on long-term international agreements concluded by regional and local authorities. This is the case with the Zgorzelec County Office, which:

*“has been involved in cross-border co-operation for many years now on the basis of the concluded agreements. The Zgorzelec County also co-operates with the neighbouring Lower Silesian-Upper Lusatian County, with which it holds working meetings of county councils (so far two have taken place). Their objective is to determine joint directions of development and realize projects motivated by mutual interests. This co-operation resulted in a quadrilateral agreement (September 2003) concerning the co-operation of the City of Görlitz, the Lower Silesian-Upper Lusatian County, the City of Zgorzelec, and the Zgorzelec County (up to that time there had been separate agreements between the cities and the counties), which established the Regional Coordination Commission.” (AT)*

A similar situation is true of particular communes constituting the Zgorzelec County.

- Co-operation between local authorities develops organizational structures that guarantee smooth, high quality co-operation. Examples of such structures are the aforementioned: Regional Coordination Commission and the Polish-German Institute for Coordination of Cross-Border Issues. Another example is

the structures created within the framework of the Euroregion Nysa or structures mentioned by one of key informants:

*“The co-operation led to establishing in April 2000 a joint coordination office based in Lubań, financed by both partners. The office initiates and coordinates all joint initiatives in the border areas, as well as looks for opportunities to support such operations with assistance funds and capital funding.” (JZ)*

Such structures are being developed both at the level of co-operating communes and counties, as well as at the level of co-operating regions:

*“The Marshal’s Office participates in the meetings of the Lower Silesian-Saxon working group, which plans, coordinates, and implements joint undertakings. In the meetings, they review their co-operation to date and determine future tasks. There are also joint meetings of the Education and Sports Commissions of the Saxon Landtag and the Commissions of the Lower Silesian Local Assembly (Parliament). In one of such meetings, in April 2006, they signed a joint declaration concerning the co-operation between the Saxon Ministry of Education and the Social Department of the Marshal’s Office of the Lower Silesian Province. The Lower Silesian Province, just like in previous years, will participate in two commissions: the Polish-Czech Intergovernmental Commission for Cross-Border Co-operation and the Polish-German Intergovernmental Commission for Interregional and Cross-Border Co-operation. It will also participate in the Polish-Ukrainian Coordination Council for Intergovernmental Co-operation. Those Commissions develop a very broad joint agenda of activities related to co-operation in the fields of tourism, transport, infrastructure, economic co-operation, and others - generally speaking in all possible areas of co-operation. Every year the Commissions select a number of priority activities. ... Generally speaking, the character of co-operation at the institutional level is continuous, close, regular, and formal. It is formal due to agreements, close due to joint working committees and interregional programmes.” (MC)*

- The above-mentioned factors guarantee continuity and independence from political changes or occasional personal changes:

*“In our region, institutions co-operate well one with another. After the last elections it turned out that this co-operation is still possible. Every head of a commune or a county as well as every mayor wants to work together for their region. We have the example of the Zgorzelec-Bogatynia Park, which was started in March 2006 and is now being developed by the new authorities. It is a continuation of the work of the previous mayors and heads of counties - this is important, in particular in view of the fact that the co-operation is smooth.” (JT)*

- The co-operation of local authorities is aimed at creating innovative initiatives - e.g. Europe-City Zgorzelec/Görlitz, which is supposed to become transformed into a joint, bilingual, multicultural city with new opportunities related to

economic and cultural co-operation. Activities at the level of municipal policies are meant to create a common urban profile and a common cultural centre, common educational institutions, common higher education, common youth culture, and a network of cross-border business relations. Another example is:

*“Program Enlarge–net, a trinational conception of the spatial development of the border regions of Lower Silesia, the northern part of the Czech Republic, and Saxony. Enlarge–net was established at the end of October 2002 on the initiative of the city of Dresden - capital of the land of Saxony - as an EU pilot programme. The Germans conducted the programme, which involved both Poles and Czechs. The objective of the programme was to create a common area consisting of Saxony, Lower Silesia, and three neighbouring Czech areas. It was also meant to solve economic, transportation, and social problems. After over four years of co-operation, the conclusion was that the programme had started too early. It turned out that none of the participating countries is mature enough to create a reasonably uniform area which would have a Czech-Polish-German government, a uniform official language, one currency, and one transportation system, where tourism could flourish. The project ended in 2006. Mr Jörn Timm was the leading person on the German side - the manager of the project - an aide of the Mayor of Dresden.” (JS)*

- The co-operation of local authorities is meant to include all involved in regional life on either side of the border. This is illustrated by the following statement:

*“Generally speaking, the German side is always invited to our events and vice versa. The inhabitants of the cities of Zgorzelec and Görlitz co-operate with each other: from pigeon fanciers, to allotment holders, to Home Army soldiers, to associations of political prisoners, to former prisoners of concentration camps - few people do not co-operate.” (RL)*

- Co-operation between local authorities includes all areas important to the development of the region. However, culture is the most prominent aspect:

*“The main platform for co-operation is culture. The following projects have been carried out: Twin Cities, Europe-City, and the European Capital of Culture. Now, there are already plans for the following year: first of all cultural exchange, then revitalization of buildings in the centre of Zgorzelec (also having entrepreneurs in mind - so that they could use them as premises - in order for entrepreneurship to develop, so that restaurants, cafes, and service points could be set up.” (RG)*

The list of areas of co-operation is further expanded by the following statements:

*“There are held a variety of international competitions, “Mayor’s cup” sports competitions, and tournaments of Polish and Czech sports clubs. Our fire brigades have been co-operating very*

*well both with the Germans and the Czechs - for about five years. Kindergartens and schools also co-operate in terms of cultural and sports exchange.” (JS) “In 2006, the Zgorzelec County Office signed an agreement with the Dresden Chamber of Commerce on joint undertakings in terms of educational systems (mobility of students, expert staff, and personnel, and increasing their professional qualifications, and - importantly - their linguistic competence). Head of the Zgorzelec County and the Mayor of the City of Görlitz also signed an agreement concerning mutual aid in the event of a catastrophe, natural disaster or other serious emergencies. The agreement shall be called upon in the area of the Zgorzelec County and the City of Görlitz if the rescue force designated for containing catastrophes, natural disasters and other serious emergencies finds it necessary to get the support of the rescue force of the other party.” (AT)*

#### *4.8.2. Co-operation of organizations of entrepreneurs and other regional institutions*

This situation also dates back to the early 1990s. For instance, the Federation of Employers of Western Poland established such co-operation as early as in 1993. The Guild of Various Crafts and Small Entrepreneurship in Zgorzelec took advantage of such co-operation long before Poland became a member of the European Union - in order to get better prepared for the membership.

However, in contrast to the co-operation of administrative authorities, the co-operation of other organizations encompasses narrower fields:

*As chambers, they mostly co-operate in the field of education.”(FW)*

*“Co-operation has also been started with Weiter Bildungs Institutn der Hochschule Zittau/Görlitz e.V., which is an Institute of Continuing Education of the Görlitz College, which together with the County Office has carried out projects such as ‘One Europe - One Economy’, and ‘modular German-Polish training for SME in the Euroregion Nysa’.” (EK)*

One of our key informants talks about trilateral co-operation of Information Relay Centres from the Czech Republic, Saxony, and Western Poland (including the Opole, Lower Silesian, Greater Poland, Lubusz, and West Pomerania provinces). It encompasses the area of the Euroregion Nysa, hence the name “the IRC Neisse Cluster”. (WZ)

Some of the factors important to this co-operation are: personal trust, a friendly attitude, and positive experiences related to prior co-operation. The importance of those factors is very well demonstrated by the following statement:

*“Before Poland’s accession to the European Union, they had been co-operating with a partner guild from Görlitz, when the master of the Guild was Mr X. ... Meetings were then frequent. Still, it depends on the people who co-operate with each other. What is important is trust, which you build over the years, and also mentality. Meetings were both formal and informal. They were not only professional - there were balls, parties, meetings in the guild houses, joint celebrations of public holidays. Informal meetings prevailed, although there were also treaties signed by city authorities, for instance the Treaty on Partner Cities. After the fall of the Berlin Wall, the situation changed. ... The partner Guild of Görlitz was very big, there arose problems related to financing the Guild’s activities, and the Guild suspended its activities for some time. Thus, the co-operation was terminated, and we lost touch with the Guild. Nevertheless, just before Poland’s accession to the European Union in 2004, the Guild seemed to revive. However, it was under new leadership. I was invited to the opening, and that was the only invitation from the Görlitz Guild so far. The current Guild Master has a different mentality. Mr X was brave and was not afraid of attacks on the part of his craftsmen. The current Guild Master is cautious, he is afraid of Polish competition. I was also worried before Poland’s joining the EU. However, my worry was that we did not have as much money as the Germans. On the other hand, we are not afraid of competition, and the German craftsmen were afraid, and are still afraid of Polish competition. That is why our contacts with the Guild are not as good as they used to be.” (FW)*

The co-operation has led to a number of interesting projects. They include, for instance: the Lusatian Buildings Country (cultural heritage); Our heritage - walking across Upper Lusatia and “A Tourist Guide to the Zgorzelec County” (tourism); Academic Coordination Centre in the Neisse-Nisa-Nysa Euroregion (scientific co-operation); Polish-German Business Days, which already have a long tradition and attract businessmen, council representatives as well as economic organizations from Poland, Germany and the Czech Republic (entrepreneurship development); The quality of professional education and employment on both sides of the Nysa (learning and education); a common linguistic training for medical staff from Zgorzelec and Görlitz on direct contact with patients (medical services).

There are many more similar examples; however, all of them illustrate isolated projects initiated and carried out by particular institutions. For each of the projects, temporary management structures were created, which were terminated with the end of the project. Although no system solutions have been developed on the basis of those, some of them have led to creating cross-border structures. Examples here include: a joint venture by the Zittau/Görlitz University and universities from Wrocław and Liberec called Neisse University specializing in post-graduate engineering and

management studies; an international college Collegium Pontes created by the Sachsen Institute of Cultural Infrastructure in Görlitz, the University of Wrocław, and Charles University in Prague; the International Summer School of Arts of the Saxon Institute of Cultural Infrastructure; and the Polish-German Salon organized by the Görlitz Theatre.

### 3.2. Enabling Factors for CBC

Research shows that institutional cross-border co-operation was started and has been developing on the basis of several factors ( Table 3-2).

**Table 3-2: Factors enabling institutional cross-border co-operation in the Zgorzelec County**

'Hard' factors	'Soft' factors
<ul style="list-style-type: none"> <li>• immediate neighbourhood</li> <li>• system changes</li> <li>• need for development</li> <li>• procedures related to using EU funds</li> <li>• institutional solutions resulting from support policies</li> </ul>	<ul style="list-style-type: none"> <li>• history and culture</li> <li>• differences in experience in operating on the internal market</li> <li>• building of trust on the basis of existing contacts</li> <li>• increase in competence as an effect of co-operation to date</li> </ul>

Besides geographic proximity, the first factor was the Polish system changes and the beginning of transformation in the early 1990s. Concurrently with the transformation, the European Union started Phare - a programme of financial support designed initially to support the political transformation, creation of legal and institutional framework for a market economy, regional development, and support for SME. Since 1998, Phare has become a financial instrument of an augmented pre-membership strategy, and included cross-border co-operation. Procedures regulating the use of those financial resources, such as the requirement to co-operate with a foreign partner have become another factor conducive to cross-border co-operation:

*“Procedural requirements posed by pre-accession programmes such as Phare CBC, and then INTERREG, resulted in the initiation of co-operation. In the beginning it consisted only in stamping documents, and then true co-operation began, mainly in the cultural-social-educational fields. Co-operation has not involved infrastructure as yet, but it is planned for the future. ... thanks to these programmes, co-operation was initiated and helped to gain experience, which is now bearing fruit.”*

(JT)

Another stimulus was the substantial differences in the level of social and economic development, which motivated Polish institutions to look for good examples in Germany, as the Germans had solved similar problems in the past (JT).

In the pre-accession period, an important stimulus for starting co-operation, especially for entrepreneurs' organizations, was the need to prepare Polish companies to function within the intra-community market (FW).

A factor facilitating establishing contacts was and still is a range of institutional solutions created at the level of national policies or arising from strategies adapted by some organizations:

*"In this sense, a stimulating factor is the German Consulate in Wrocław. They have a section for economic co-operation which integrates and organizes events between this region of Poland and Germany. The events are aimed at building economic co-operation based on integration. Moreover, in Wrocław representatives of German Chambers of Commerce are very active. They intend to facilitate the development of mutual contacts. It seems that those Germans who have good information about Poland and come here can see a substantial potential in Poland. At the same time, there are numerous groups of Germans who lack information about Poland, and that is why their opinions about Poland and Polish People do not tend to be positive. Therefore, the Saxon Chamber established a branch in Görlitz. The contacts of the Görlitz Chamber with Polish institutions (chambers of commerce) are regular and very intensive."* (JR)

Historical and cultural factors still play an important role in developing co-operation:

*"It is your neighbours with whom you need to have the best relations. Now we have the longest period of time in history without an armed conflict, and this is a value which should be protected through establishing closer and closer economic, cultural, sports, social, and simply human ties. Relations between people are important on a macro and micro scale - especially in borderlands, as the inhabitants are observed by their closest neighbours, just like the inhabitants of Warsaw are observed by Europeans and other nationals."* (AT)

Family sentiments also play a role in initiating and maintaining cross-border co-operation:

*"Due to the history of Lower Silesia, its inhabitants more and more willingly look for family connections with their German and Czech neighbours."* (Janusz Rybak) And then, the initiated contacts contribute to building and strengthening trust, which leads to further contacts (JZ).

### **3.3. Constraining Factors for CBC**

The list of stimulating factors is counterbalanced by a list of barriers to institutional cross-border co-operation (Table 3-3).

**Table 3-3: Barriers to institutional cross-border co-operation in the Zgorzelec County**

'Hard' factors	'Soft' factors
<ul style="list-style-type: none"> <li>• administrative</li> <li>• border procedures (factor eliminated at the end of 2007 thanks to Poland's joining the Schengen zone)</li> <li>• differences in system solutions</li> <li>• differences in financial resources (including access to public finance support)</li> <li>• dispersion of organizations</li> <li>• prolonged talks concerning European Territorial Co-operation, which resulted from differences in the level of socio-economic development</li> </ul>	<ul style="list-style-type: none"> <li>• prejudices</li> <li>• negative stereotypes</li> <li>• mentality</li> <li>• language barriers</li> <li>• inefficiency of local institutions implementing cross-border co-operation programmes/projects</li> <li>• a different business model</li> <li>• lack of experience</li> <li>• prevailing party interests</li> </ul>

At the top of the list of barriers come prejudices of people living on both sides of the border. On the one hand, some people say that:

*“The decision makers or sports people do not have historically motivated prejudices. There are only some isolated cases of bad behaviour - mostly on the German side.” (AT)*

However, most respondents point out that:

*“There are prejudices between partners which are historically motivated. Lower Silesia once belonged to Germany - so there was the problem of displaced people who hoped to go back to their home towns, and treated this region as only a temporary place of residence - therefore they did not try hard to work creatively, etc. In this respect, prejudices have resulted from the War. Overcoming prejudices takes time. German people will remember that they had their car stolen in Poland, but at the same time 10 of their cars were stolen in Germany and that did not give them a negative impression.” (WZ)*

Furthermore, there are contemporary controversies:

*“Situations such as the opening in Görlitz of the Silesian Museum (which met with disapproval or even disdain on the part of Polish people) surely have a negative effect on co-operation and mutual trust. An important role is also played by national politics with regard to Germany. What also matters is German claims on areas now inhabited by Polish people. Due to bad legislation some Poles inhabiting the border areas lost court cases and there is little help from the government in this respect. These problems still surface and they do not help to build trust or good relations with the neighbours.” (RG)*

Furthermore, there are negative stereotypes:

*“The perception of one’s neighbour is often created on the basis of stereotypes. ... Up to this very day, there is still a difference between eastern and western lands. They perceive Polish people in a*

*different way. In the west, that is fine, but in eastern Germany there are still strange cases of behaviour. They are like atavisms. You can feel that they do not like us (Poles)."* (RB)

That leads to the rise of mental barriers: They are mostly characteristic of older generations:

*"The mentality of young people functions in a completely different way. For example, there was a meeting of architecture students who were supposed to create a vision of the future of Zgorzelec and Görlitz. In the meeting, there were a lot of invited guests, too: the authorities of the cities of Zgorzelec and Görlitz, representatives of local institutions, associations, and chambers. The students presented a wonderful vision of one city - obviously preserving the existing administrative division."* (FW)

*"For young people who were born in Lower Silesia, this region is their motherland, and that is why prejudices are not so widespread in the young generation."* (WZ)

A universal barrier to cross-border co-operation is the linguistic barrier. People living on either side of the border do not know the language of their neighbours. Still, also in this case, the barrier is more characteristic of the older generation. Young people tend to study foreign languages, and if they do not know Polish or German they usually switch to the English language:

*"The language barrier is also awful. A lot of people in Poland speak English, and a lot of Germans do too, so it might be a communication channel. However, in rural areas the knowledge of languages is still small. It is important that young people study foreign languages at school, and that already bears fruit."* (JT)

Another interesting barrier is behavioural differences between Polish and German people, which can be described as different business models:

*"Polish people are hot-blooded by nature. Once they have an idea, a concept, they would like to carry it out quickly, arrive at concrete decisions as to action or division of responsibilities. However, Germans take a lot of time, they need a timetable, several meetings, everything needs to be planned well in advance and discussed. Recently, the Regional Contact Point revealed that it had some savings from other projects, and it needed to file an application very soon - within a week. The Commune quickly came up with an idea - the only remaining thing was to discuss it with the city of Görlitz. So we called the City Office, and they say all right, we could meet in three weeks. However, finally we managed to get around it, and the project was eventually granted financing."* (JT)

A certain barrier to co-operation is that the Polish side has lesser experience than Germans in preparing projects:

*"The Textile Euroregion has not carried out any project on its own yet. The Germans have experience in carrying out projects and filing applications. We lack it and have yet to learn it."* (JP)

Apart from these 'soft barriers', an important role is played by 'hard' barriers. Up till recently, such barriers involved border procedures hampering travellers. Since the end of 2007 (Poland's joining the Schengen zone) this has become a thing of the past.

Now one of the worst barriers is the inefficiency of institutions implementing cross-border co-operation programmes/projects, which is aggravated by unfriendly attitudes on the part of many officials:

*"Small projects are supervised by the Euroregion Nysa. The Euroregion does not seem to be a very good implementing institution. The level of complication of applications for small projects was greater than in the case of multi-million projects from the SAPARD<sup>2</sup> or ZPORR<sup>3</sup> programmes. There was a case where two projects were declined because of a missing stamp on one of the pages of the application. What is more, people who work there additionally impose a number of bureaucratic regulations. For example, one of the projects involved the joint baking of cakes, and there was given a collective amount of money for all the ingredients. However, the implementing institution wanted to break it down to the number of eggs, quantity of flour, and other ingredients - that is the level of their thinking. This does not follow from European regulations - these are Polish ones. For example, in the Euroregion in Jelenia Góra there is a regional contact point responsible for larger projects, also cross-border ones related to Interreg IIIA, and there the situation is completely different. People who work there do their best to help the beneficiaries." (JT)*

Another barrier is due to the different administrative systems (and thus the difference in the ranks and importance of people in particular positions on either side of the border) and different legal systems:

*"The Mayor of Zawidów co-operates with the County Head in the Czech Republic. There is a different situation in the Saxon self-government. ... It is not clear whether they are peers or not. It would seem that the question of titles is not that important, but it still constitutes a certain barrier and occasionally delays some actions." (JS)*

*"In Germany the situation is different - lands (states) have their own local governments, which often do not overlap (politically) with the Federal Government. The bond between the central Government and the Land (State) Government is weak. In Poland, the governor is subject to centralized politics." (RB)*

Therefore, another barrier to cross-border co-operation in Poland could be the predominance of political interests over economic interests:

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<sup>2</sup> Pre-accession programme supporting the development of rural areas.

<sup>3</sup> Integrated Regional Operational Programme for the years 2004-2006.

*“Co-operation with other local authorities in nearby areas is uneven. It would be much better without politics, and once someone’s political beliefs have come into play, co-operation does not go smoothly any more. If you follow the beliefs of the party you represent, nothing good comes out of it - your actions do not tend to be factual.” (JS)*

Cross-border co-operation is also hampered by the scarcity of own financial resources and a lack of support from public funds:

*“The problem is that German partners are given some resources for their business activities from the land authorities, but the Association does not have such aid from the government. This vast difference in potentials is particularly visible if you compare resources assigned to particular types of outlays - e.g. on human resources. It turns out that whereas in Poland the outlays amount to approximately 2 000 euros, in Germany they amount to 10 000 euros, which causes a feeling of injustice.” (JZ)*

The financial barrier is felt particularly strongly by entrepreneurs’ organizations, especially that in Poland they are small and not united:

*“Another factor impairing the development of co-operation between chambers of commerce and entrepreneurs is the much higher financial potential of German chambers as compared to their Polish counterparts. In Germany, the membership of entrepreneurs in chambers of commerce is guaranteed by law (obligatory), and that is why German chambers are wealthy (membership fees, etc.) and have a very strong influence over the development of their regions. For example, it is virtually impossible to carry out a big investment without a prior opinion of a chamber of commerce. The issue of such an opinion is legally guaranteed. Thus, the law is helpful to entrepreneurs in Germany. On the other hand, in Poland there are a lot of small chambers of commerce (there are chambers of commerce in every bigger city, and in Wrocław are three of them). Moreover, in cities there are numerous regional development agencies, which makes it more difficult for foreign (German) companies to decide who to approach and talk to about investments. The existence of numerous small business support institutions in the region should be treated as an important factor detrimental to the development of cross-border co-operation and entrepreneurship.” (JR)*

A barrier which in the nearest future could block the development of institutional cross-border co-operation is the prolonged talks on European Territorial Co-operation (see section 3.7), which result from the differences in the level of socio-economic development, which in turn leads to dissimilar prioritization of objectives for the next several years (in Poland the most important projects are infrastructural, whereas the Germans are focused on soft programmes: social, cultural, educational, etc.).

### 3.4. Examples of Positive Experiences of CBC

The co-operation to date has brought about a number of positive experiences. The most significant ones could be summarized as follows:

- Common area and common identity. This initiative dates back to 1998, when a cross-border municipal association Europe-City Zgorzelec/Görlitz was established. It was meant to be a supranational, multinational, bilingual city - an educational rather than industrial centre, a kind of municipal bridge spanning Germany and Poland.

Recently, Europe-City decided to vie for the title of the European Capital of Culture in the year 2010. That way it wants to present a vision of European cultural integration and aspiration for a new, common identity as well as development of team-work abilities across the still existing borders. In order to get the title, several joint projects were prepared. The most important project was called the "Park of Bridges". This was supposed to be at once a symbolic and real place - a new common centre of Europe-City - a green belt along the border river, with shared educational, cultural, and sports facilities - a German gate to Polish culture and a Polish gate to German culture. Further on, the idea was meant to be developed through many modern installations and artistic events. Another intended project was "the Polish-German Salon" organized by the Görlitz Theatre, where the inhabitants of both cities were supposed to tell each other the stories of their lives. People were supposed to free themselves of past limitations and feel the desire for a common future. This was also meant to be an element in the difficult process of Polish-German reconciliation. More on the website: <http://www.bip.zgorzelec.iap.pl/2219,5783/5783/art2058.html>.

Other projects (e.g. the aforementioned Enlarge-net or Twin Cities) had similar objectives. In the period of 2004-2006 Europe-City Zgorzelec/Görlitz along with four other city pairs<sup>4</sup> took part in an international project Twin City Co-operation Network (INTERREG III C). The project, lasting for three years, focused on the development of co-operation between twin cities in the field of: co-operation between the administrative departments of the twin cities; spatial development and architecture; development of local industry; promoting the mobility

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<sup>4</sup> Imatra (Finland) and Svetogorsk (Russia), Haparanda (Sweden) and Torino (Finland), Frankfurt am Oder (Germany) and Słubice (Poland), Narva (Estonia) and Ivangorod (Russia).

(exchange) of workers and prevention of “black economy”; social security and medical services; cross-border co-operation and border crossing; education; cultural co-operation; co-operation of the “third sector” (citizens); promoting the interests of the twin cities at different political levels (national and European). More information on the web page: <http://www.bip.zgorzelec.iap.pl/2219,5784/5784/art2371.html>) The association of three cities “Small Triangle”, which has been operating since 2001 adopted similar goals (more information on the website: [www.kleines-dreieck.eu](http://www.kleines-dreieck.eu)).

- Trust built from scratch

*“Recently, an event was organized within Interreg IIIA called “Lusatian Christmas Eve Traditions”. It was done by the commune Community Centre and Europa Haus. Traditional German and Polish Christmas Eve meals were made. It was an event designed for rural communities as they are very strongly attached to tradition - and what a surprise it was for them when they saw sausage on the German tables. People also sang carols. Such meetings bring people closer together and give them an opportunity to get to know each other. That way mutual trust is also enhanced. First, such trust must be created at an appropriate cultural and social level, so that later on it could translate into business relations. One can see rather positive effects of the co-operation.” (JT)*

- Development of co-operation abilities:

*“The South-Western Forum of Territorial Self-Government prepared itself for cross-border co-operation through participation in projects. An example here is the actions carried out within the project “Lower Silesians Closer to Europe” co-financed with the Small Project Fund Phare CBC, which was designed to create a platform for co-operation for border rural areas and to develop bilateral initiatives and projects of both associations, as well as to establish contacts between the rural areas in the Lower Silesian-Saxon-Czech border region through organizing new organizational and technological solutions for agriculture, building a new network system of rural cross-border co-operation, and building a production and information co-operation platform for agriculture and the food industry.” (JZ)*

Generally speaking, during the research there were observed various mutual benefits following from institutional co-operation. Many of them have been already discussed. Others are reflected in the following statements:

*“We can sure learn a lot from the Germans about managing waste and environmental protection. They have system solutions. Germans can learn how to be enthusiastic and work rapidly, and Polish people how to plan. We could also learn how to communicate one with another.” (JT)*

*“Undoubtedly, what we can learn from the Germans is their approach to tourism - how they make money on it and how it is promoted. This is what we do not have in Poland - treating tourism as an industry, tourist products. This area should be developed and we could learn how to do it from our neighbours. Heads of communes and counties should learn how to work together for promotion and conduct consistent promotional policies for the region. What we can learn from the Czechs is excellent organization, the ability to carry out projects, and coordination. Contrary to the popular fallacy, the Czechs appear to be very exact and excellent at carrying out projects.” (JZ)*

There were no accounts suggesting negative experiences. If there were any negative hints, they were related to co-ordination between companies or between households, and not institutions or organizations.

### **3.5. Evidence of Cross Border Clusters**

Local concentrations of companies, connected mainly with the ceramic (neighbourhoods of Bolesławiec) and the eco-energy industry (based on substantial resources of the raw material) exist within the limits of the Zgorzelec County, however so far no development of more intensive businesses links or co-operation between those companies has been observed.

Stimulating cluster formation is also accomplished by the Bogatynia-Zgorzelec Industrial and Technological Park. The park aims to create a bio-energy cluster with projects involving: co-burning of biomass, utilization of coal dust to produce bituminous masses for the needs of the ceramic industry, production of fertilizers for agriculture, gardening and fruit-farming, and preparation of infrastructure for bio-petroleum production (JT).

An interesting initiative, informally known by the name of “The Textile Euroregion”, is being developed in the textile and clothes industries clustered in the area of the German lands of Brandenburg and Saxony, the Czech Republic, and Poland. The major aim of this co-operation is to strengthen economic ties of the border regions by the integration of the textile and clothes industries (JP).

The Zgorzelec County Office also carries out some interesting activities stimulating cluster development - “New opportunities for cross-border labour market and economy of the Euroregion of the Neisse-Nisa-Nysa” (EQUEL). The growth of competitiveness, innovation and stimulating cross-border co-operation is the basic

aim of the project, which is designed to create a stable co-operation network involving companies and institutions connected with the metal, wood and plastic sectors.

Other areas with potential for developing clusters include:

- Tourism:

*„The Germans still have problems with making use of the area of the closed power plant in Hirschfelde. They closed down the power plant and the mine, and there are 350 hectares of excavated land, where the Bertstoe Lake is being created, a pier, camp sites, golf courses - and they cannot exist without Czechs and Poles. The palace in Radomierzyce might be used an attractive place for training courses. This exchange could go much better in terms of tourism, too. Nowadays, many tourists prefer to go to the Czech Republic. In February alone 22 000 cars crossed the border - the largest group being the Dutch. Tourism is an industry which is now expanding and is still going to expand.” (JS)*

- The automotive industry:

*“Possibly, there could be created an automotive cluster – it is a rather heavy industry. These days Lower Silesia is becoming home to a number of automotive sectors. The mining company KGHM also started considering building a cluster - they want to create a network of plants and companies manufacturing a full product - for the time being KGHM has only copper, a little silver and gold, but they do not have a concrete product.” (RB)*

### **3.6. Enlargement-Related Effects on Institutional CBC**

The first forerunners of institutional cross-border co-operation appeared as early as in the first half of the 1990s. (See section 2.3 and 3.1.1). The following years saw this co-operation intensify in a number of areas. The year 2004 and Poland's accession to the European Union has brought about the following:

- Closer co-operation:

*“EU enlargement is conducive to concluding agreements and starting co-operation. ... In 2006, a trilateral co-operation platform was established. It is aimed at intensifying co-operation between Lower Silesia, Saxony, and three Czech provinces (Liberec, Pardubice, and Karlowy Hrad). ... The main objective of the trilateral co-operation platform is to eliminate administrative differences and strengthen competitiveness in the common business space. In a meeting the parties decided they would co-operate more closely with respect to supporting economy, communication, environment, spatial development, and tourism. It was also decided that first all problems should be listed, and the quality of flow of information between regions improved. The Saxon Prime Minister Georg Milbradt said that due to the geographic location, the trilateral partnership should be extended to*

*include the Usti Country on the Łaba (Elbe) River. An important issue is co-operation in terms of security and disaster management. Another vital thing is common cross-border marketing - it would be best to promote the region outside as one strong region. Linguistic barriers should also be eliminated, as they hinder trinational co-operation. Barriers ensuing from different administrative structures should be taken care of, too.” (MC)*

- **Boosting trust:**

*“Earlier on, before Poland’s accession to the EU there was no trust to speak of - we did not know them, and they did not know us. Now this situation is changing - joint projects have lead to quite a satisfactory degree of trust. Integration was crucial due to the opportunity to carry out EU projects which encouraged joint work.” (JT)*

- **Levelling the playing field:**

*“The enlargement of the European Union was important in that it let my organization operate under the same conditions (and possibility obtain EU assistance) as its partner, with which we had been co-operating since 2000.” (JZ)*

- **Creating new material perks to encourage further co-operation:**

*“The expansion of the European Union resulted in an increasing willingness to co-operate on the German part, as now Poland was going to get more EU subsidies, which are not so large in Germany these days. That leads to an increasing number of joint ventures. It is important for us, as the Germans have more extensive experience, which Polish people do not.” (JR)*

- **A substantial increase in the available financial resources for co-operation:**

*“Integration with the EU has not been visible, maybe only at higher levels. There are no special features; there is just everyday life. However, those who want to and know how to take advantage of EU funds after the integration can substantially expand their budgets. (There was a similar situation with the pre-accession funds). In Zawidów there is a new, modern sewage treatment plant, which cost PLN 10 million - only PLN 2 million was spent from the commune budget, and the rest came from the EU. Right now, thanks to EU subsidies, the water treatment plant is being modernized, and the proportion of the money spent by the commune and by the EU is the same. Support from EU resources is large - for many sports events, for everything. You can get subsidies practically for any sector provided you really want it.” (JS)*

### **3.7. Policies for Institutional and Enterprise CBC**

#### **4.8.3. Neisse-Nisa-Nysa Euroregion**

The Neisse-Nisa-Nysa Euroregion (ERN) was formally established at a session in Zittau in December 1991. However, even before that there had been bilateral and trilateral sessions of municipal politicians including the so-called "Tri-land"

Conference (23.-25.5.1991). The ERN is focused on the field of education, tourism, culture, learning, entrepreneurship development, innovation development, and environmental protection, aiming to produce a shared space for pluralistic co-operation. This aim is to be achieved by harmonizing cross-border plans elaborated within "the Common area of the ERN planning". More information on the website: [www.neisse-nisa-nysa.org](http://www.neisse-nisa-nysa.org).

#### *4.8.4. Other cross-border programmes*

- Phare CBC - this programme co-financed ventures supporting Polish-German and Polish-Czech cross-border co-operation. A range of projects were co-financed, including large infrastructural projects, environmental protection, linguistic trainings, study exchange, common cultural events, and other similar ventures.

Projects focused on economic development concerned e.g.: developing tourism and tourist infrastructure; creating a Business Consulting Centre as an institution supporting businessmen (mainly start-ups and existing SMEs); trainings on management/transport, marketing/advertisement, sale/human resources/financial management, innovation management as well as exports (the "Common Europe - Common Economy" project); researching a Strategy for Entrepreneurship Development for the Zgorzelec County, which outlined the directions of borderland economic development (the "Many roads - One direction" project); activating representatives of local authorities and making an inventory of development areas and buildings (the "New Possibilities - New Investments" project).

Projects concerning the local authorities co-operation aimed at training Councillors and other workers of the County Office in Zgorzelec ("Breaking the barriers" and co-operation between local authorities – "Local authorities functioning in the European Union")

- Interreg III A (cross-border co-operation), a joint project of Saxony and the Lower Silesian Province aiming to build sports halls in Zgorzelec.
- European Territorial Co-operation and the European Neighbourhood and Partnership Instrument. They are meant to replace the existing Community Initiative INTERREG III 2004-2006 in the years 2007-2013. They include three elements: (1) cross-border co-operation programmes (to replace INTERREG III

A); (2) international co-operation programmes (to replace INTERREG III B); (3) interregional co-operation programmes (INTERREG IV C), to replace INTERREG III C. Operational Programmes of the European Territorial Co-operation will be implemented in accordance with uniform rules: (1) creation of common Managing, Certification, and Auditing Institutions; (2) mandatory participation of at least two partners from different countries in every project; (3) “the leading partner rule” used in projects; (4) creating one budget and bank account for the programme; (5) creating international Joint Technical Secretariats supporting Managing Institutions in implementing programmes.

In the years 2007-2013 the European Union budget will spend altogether € 7.75 billion on the development of territorial co-operation. The Polish allocation for conducting programmes within the framework of the European Territorial Co-operation will amount to € 557.8 million. An additional € 173.3 will be designated by Poland for cross-border co-operation with countries which do not belong to the European Union within the European Neighbourhood and Partnership Instrument (ENPI).

#### **4. Enterprise Cross-Border Co-operation**

Cross-border co-operation between companies is developing as intensively as institutional co-operation. Its modern history dates back to the 1990s. In the course of time, co-operation is becoming more and more organized, promoted by intensive institutional co-operation conducted by Polish and German regional authorities and associations of entrepreneurs. The joint activities of the authorities of Zgorzelec and Görlitz as well as those of Chambers of Commerce from Dresden, Jelenia, Góra and Liberec may serve as an example. They have succeeded in creating – within the framework of EU Business and Innovation Centre (BIC) programme – a Centre of Entrepreneurship and Innovation aimed at the promotion of innovative enterprises, transfer of technology and improvement of information, communication, joint marketing, etc.

The years after the year 2004 are another interesting period. However, the accession to the EU itself does not create a completely new quality. The gradual

opening of the border, facilitation of co-operation, and unification of business conditions on both sides of the border were all elements of Poland's preparations for integration with the EU. However, joining the intra-community market accelerates the process of rising prices, which forces companies to reconsider their co-operation strategy. For example, previously differences in labour costs constituted the main motive inducing German companies to co-operation. Cheaper labour force on the Polish side encouraged German companies to move production (subcontracting), with geographical proximity being a favourable factor here, in particular helping small companies to manage the dispersed value chain. As a result, production costs decreased, and competitiveness in a global environment could be sustained on the German side. However, differences in labour costs are slowly disappearing, hence – if co-operation is to continue, it will be necessary to find new sources for mutual benefits.

Another interesting mechanism is emerging on the basis of the regulation of labour market. Officially, the German labour market is closed to Polish employees. However, it is not closed to Polish companies. This leads to a solution which is satisfactory for both sides. Polish employees seeking jobs in Germany set up one-man companies there (typical self-employment) and offer services to German employers, thus becoming sub-contractors. Hence, the post-integration period on the German side is characterized by a boom of newly opened (Polish) micro-enterprises. The regulations on the German labour market create good opportunities also for larger Polish companies which, upon starting to operate there, are entitled to use cheaper (than in Poland) business loans during their first five years of operation, as well as loans granted by German employment agencies to companies which employ jobless German residents (IP).

#### **4.1.Types of Current CBC Identified**

The study shows that co-operation between companies and their foreign partners is based mainly on formal agreements. The prevailing majority of respondents (17 companies) use such agreements, calling them contracts or agreements. Only one company bases its activity on informal agreements. All surveyed companies have regular partners; only one company additionally enters into temporary co-operation

with various partners. For two companies, it is their foreign branches or daughter-companies that act as regular partners.

The main criteria adopted by both Polish and foreign companies while choosing a partner involve financial benefits (profit). Another reason, the most often given one, is the price of offered products and services. Other reasons involve previously known partners, partners' reputation and reliability, high qualifications, quality of services and products:

*"[The criterion of partner's selection is] availability of product from German companies, the quality of German products and their price – lower than in Poland. Our company buys from them construction materials on the basis of trade agreements."* (Company 4)

*"Economic benefits, i.e. sale of products, the partner's orders for manufacturing various wood products made, and the opportunity to make money constituted the main criteria for selecting a partner."* (Firma 12)

*"We were driven by the partners' reliability, by the opportunity to make money, by the foreign partners' reputation on their market and by not having to finance co-operation"* (Company 6)

*"German companies want to co-operate with Polish ones because they are close to the border. The city of Görlitz lies almost on the border, so companies must not limit their operation to Germany only, as they would lose half of the market (i.e. the Polish part). Those sectors in which co-operation develops undergo change. Before Poland's accession to the UE, the metal sector was much exploited. Now the wood and ceramic sectors are very significant. Previously, German companies in the metal sector used to invest in machines which were operated by more people than now. At present, German companies have machine parks (so called "nests"), operation of which is not so labour intensive - it is cheaper. Servicing in Poland has become more expensive. The extension of the EU did not affect this change of interest in the sector; it was rather re-formulation of investment in German companies."* (WZ)

Basic media facilitating communication with partners involve the telephone and electronic mail. Consequently, long distance communication prevails in everyday life, and face-to-face meeting are left for more important occasions. The frequency of such contacts varies, depending on the needs, although it is rather regular:

*"We communicate rather regularly by telephone, fax, e-mail, or personally if it is necessary."* (Company 4)

*“Our companies communicate regularly if it is necessary; we use e-mail and the phone. We avoid sending letters by traditional mail since it does not allow for quick decisions. There are also personal contacts – visits 2-3 times per week.”* (Company 11)

*„We get in touch regularly on the phone, by e-mail, fax, and sometimes we meet in person when it is necessary and the matter cannot be settled on the phone”* (Company 15)

The number of employees directly involved in co-operation varies (from one to several); it depends on the size of company and the character of co-operation. Most often, they speak the partner’s language and are often specialists in particular fields. Most often, a member of the management is responsible for co-operation and has specially designated employees for this purpose. Employees involved in completing orders constitute another group:

*„All employees are involved in co-operation, i.e. the boss, me, and shopfloor workers – assemblers.”* (Company 17)

*„6 to 7 highly qualified and experienced people are involved in co-operation; two of them speak German”* (Company 16)

*„The company’s management, top level managers and a supply specialist take care of cross-border co-operation, there are approximately 10 people. They are Poles who speak German and English.”* (Company 15)

*„10 to 12 leading employees (the same people are always responsible for particular contracts) are in touch with the foreign partner. These people speak English; they are responsible and know production processes and technical documentation. The remaining group of 30 shopfloor employees (they change) have welding qualifications, considerable experience, and have passed a medical exam qualifying for welding.”* (Company 11)

## **4.2. Characteristics of enterprises involved in CBC, including foreign partners**

### *4.8.5. Basic characteristics (size, ownership)*

Among the surveyed companies prevail small companies (11) and medium-sized companies (6), while two respondents represent big companies. Most of the surveyed companies are private (17), and 2 are publicly owned.

As far as ownership is concerned, most of them are registered as companies with limited liability (10), natural persons (7); two co-operatives also took part in the survey. All companies have exclusively Polish capital.

#### *4.8.6. Type of activity*

Among the surveyed companies prevail those from the building sector (7), manufacturing sectors (among others: metal, wooden, machines and equipment – 6), trade (3 companies), municipal services (heating and sewage – 2 companies) and financial services (one company)

#### *4.8.7. Markets*

For 14 companies Poland is the main market, 3 companies operate exclusively in the region. Among foreign markets, Germany (4 companies) and the Czech Republic (3 companies) are most often mentioned, and only a few firms mention such countries as Belgium, Holland, France. Several companies concentrate their activities exclusively on foreign markets.

#### *4.8.8. Foreign Partners*

The surveyed companies co-operate with a few regular partners, and asked about the number most of them declared co-operation with two (8 companies) or one (7) partners. One company co-operates with four partners and three have “numerous” partners (number unspecified). The biggest number of foreign companies operates in the building sector (6) and manufacturing (5), three are in the trade sector, and two are in the financial services sector. There are 13 small companies, 4 medium-sized ones, and 5 big foreign companies; all are privately owned. One of the Polish companies additionally co-operates with three public institutions: with the City of Görlitz, and with Ministries of Environmental Protection from Berlin and Dresden. One company is not involved in cross-border co-operation – as prices in Poland for their products have gone down, co-operating is unprofitable.

If asked what attracts a foreign partner to co-operation with their company, the respondents named possibility of entering a new market (Poland is such) (6 companies), they also observe the quality and professionalism or punctuality of jobs implemented by respondents (5), low prices of their products and services (4), financial benefits following co-operation (4), and the fact that a Polish company owns part or the whole of their company (2).

### **4.3. Evidence of Change in CBC over time**

The vast majority of companies have not observed changes in the character of cross-border co-operation (9 companies) of late. Six companies have observed such changes, four of them considered these changes positive:

*„In the past, we settled our accounts in euros, but now we have changed the system of settlements and switched to zlotys (our foreign partners have accepted this). Thus we do not bother with the euro exchange rate, and moreover we are expanding co-operation.” (Company 6)*

*„Yes, we have improved ways of co-operation: methods of settling accounts, agreements, documentation” (Company 9)*

*„Co-operation is more intensive now; we receive more orders” (Company 11)*

*„Bonds of co-operation are tightening. The fight for foreign markets: a joint offer for refrigerating equipment for power plants and objects of this type.” (Company 15)*

Two companies found the changes to be negative:

*„The exchange rate of the euro is poor and product prices have to be lowered.” (Company 7)*

*„Recently, co-operation has diminished, there are no financial profits, and the euro rate is poor. There is now a big market for our company’s products and services in Poland.” (Company 14)*

### **4.4. Costs and Benefits of CBC to Enterprises**

#### **4.8.9. Benefits**

Nearly all the companies surveyed said that the importance of cross-border co-operation and the profits derived from it are great and have a considerable influence on their business. Some of the most important factors were: financial profits, access to new markets, lower prices of the products and services of foreign partners, the possibility of sharing experience in the field of technology and organization of work, improving the quality of services rendered, honing language skills, as well as improving the credibility of one’s company on foreign markets:

*“The profits resulting from co-operation are great for our company: financial profits (most of our clients come from our German partner), upgrading our work standards by seeing how Germans work, as well as learning the German language (constantly improving it), learning German law and German regulation.” (Company 2)*

*“The benefits of co-operation with those businesses are very substantial. We buy certain building materials at lower prices. That’s why our company can be attractive in terms of prices in comparison*

*with other companies in the region. Some construction work done by us is cheaper than the work of our rivals and this is very important for our business.” (Company 5)*

*“The benefits and importance of cross-border co-operation for the company are vital. In particular, this has caused the expansion of our business, the search for new sale market, an increasing market share, sharing experience in the field of machines and equipment produced in the Czech Republic. The company through its partner buys in the Czech Republic specialized machines and equipment that are unavailable in Poland, which decreases labour costs (Ukrainian construction workers cost less than Polish ones). It’s possible to expand the market for our goods.” (Company 8)*

*“The profits resulting from co-operation are great, and boil down to economic profits, gaining new clients, carrying out marketing activity on behalf of the co-operative by the subsidiary in Germany. Due to this co-operation we are perceived as being more trustworthy on the German market. However, the significance of this co-operation is not so great, as we get more orders not through our subsidiary but through our website or individual clients - German companies.” (Company 19)*

*“The profits resulting from co-operation are great: investment in a production line of pre-fabricated steel constructions (the setting up of a paint-shop and a shot blasting room), improving the quality of services in accordance with European Union standards.” (Company 11)*

#### **4.8.10. Costs**

In the opinion of most companies, cross-border co-operation is not connected with any additional costs or problems; it is, however fraught with it risks connected with differences in foreign currency exchange rates (especially that recently Polish businessmen have been worried by the euro slump). Sometimes they also have problems connected with differences in legal regulations, a different understanding of punctuality in foreign companies, problems with exporting building materials abroad, and with language barriers:

*“Signing a contract in euro might be a problem, and the company is paid in this currency. After placing an order, the exchange rate of the euro in relation to the zloty can be worse than before signing the agreement, so it would be better to immediately receive the whole amount of money for the order. In addition, the Germans are slower at work than Poles.” (Company 12)*

*“There are certain differences in legal regulations between Germany and Poland. In Poland, allowance is made for certain regulations, but not for others and vice versa. Poland demands very explicit invoices – not so in Germany. We have taken care of the problem ourselves by negotiating until we get just the right invoice from our German partners, from whom we buy building materials.” (Company 15)*

*“The principal problem is the poor exchange rate of the euro. Germans do not understand that the value of the euro is falling and that they must increase service costs accordingly. We overcome this*

*problem with them through tough negotiations without the help of any institutions. There is no institution in the region that could help here.” (Company 7)*

*“We had language problems with all our partners. We have overcome this by teaching our employees German.” (Company 14)*

*“The approach to punctuality on the German side. We put in a large order for paving bricks and we had to press our partners for quick delivery. We got the bricks and laid them quickly, however delivery by our German partners was very slow. We act quickly and punctually, but the Germans are a little worse in this regard. We taught them a greater respect for clients.” (Company 5)*

#### **4.5. Positive and Negative Lessons from CBC**

Cross-border co-operation is all about positive and negative experiences. Seven companies had positive experiences with co-operation. Three companies expanded their knowledge of technology, and others learnt how to better negotiate with clients or change the company’s organization (all cases were marked by two companies each):

*“Working together, we learnt from our German partner that Germans are orderly, they do everything by plan. In Poland there is more freedom and spontaneity in running a company. We have learnt from our partners how to treat clients and negotiate with them. In addition, we are implementing good German solutions in our company.” (Company 2)*

*“Thanks to cross-border co-operation, our employees are improving their German and I (as President of the Board of Directors) have learnt how to carry on business talks, negotiations, for which I must be very well prepared.” (Company 6)*

*“During co-operation with foreign partners we have seen a different way of going about things by our Czech investor, the professionalism of his company which rents machines, equipment, and boarding for clients: our company is eager to learn everything from our Czech partners and envies their lack of bureaucracy.” (Company 9)*

*“Working together, we have learnt to use new technology in building chimneys and taking them down – experiences gained during co-operation are used in everyday work and have a positive effect on the development of our company.” (Company 15)*

Two of the companies studied had bad experiences connected with payment, and to that they have become more cautious in financial matters:

*“We have found out that German businessmen do not always pay for our work, you have to be careful in choosing the partner with which you will be working. In addition we have learnt punctuality and the technicians of the company got new experience on construction sites in Germany.” (Company 14)*

*“You have got to be careful as certain individual clients from Germany did not pay us for our work, and we sued them (...) I have found out that you have to carefully check contracts made with German clients.”* (Company 7)

Three companies had neither positive nor negative experiences and did not give any information on this subject.

#### **4.6. The Role of Trust in Enterprise-Based CBC**

Trust is an important factor for co-operation, and not only for the cross-border type. In most cases trust does exist between partners, it is fairly substantial and the companies studied see no reason why it should decrease in the future. Factors creating trust can be classified into “hard” and “soft” ones. The first group includes: the ability of a foreign partner to pay (8 companies), well-prepared contracts (3), and economic development in the region (2). The following can be qualified to the “soft” ones: knowledge of a foreign language, a Polish presence at the foreign company (Polish employees), and previous contacts with one’s partner; various factors of cultural nature (all of them marked by two companies). For most companies, the main trust-building factors are “hard” factors, and in particular payment on time:

*“Trust has been built and still is being built on the basis of dates of payment, reliability and the duration of the company’s presence on the Polish market. In addition, trust is built on the basis of abiding by certain rules that is, we receive a confirmation of delivery dates from Germany, and German companies keep to these dates, and this creates trust. The German’s are very conscientious and care about Polish clients.”* (Company 4)

*“Co-operation is characterized by complete trust. The Finnish company does not check up on how we carry out their order. There is no on-site control by the Finns, only e-mail control occurs. Once a month, we organize a company meeting with persons responsible for the contract on the Finnish side. They spend the whole day at the company, see how things are going; we talk to them on various subjects. Trust is built through knowledge of English, openness to other cultures, and mutual respect. The principal factor hindering trust is the jurisdiction of the contract. The binding law is Finish law, and not EU or Polish law, and in the case of controversy one has to know Finnish (Finnish courts).”* (Company 11)

*“Trust is built by German partners through making down payments and after work is finished, paying the balance. Trust is built by punctual payment of money for a completed order. Of course, co-operation is still risky as partners might not pay. That is why the main factor holding back the growth of trust is late payment for completed work.”* (Company 12)

*“We trust our partner very much. Our company received from them building materials worth 3 million zlotys without any safeguards. Trust is built by facilitated contact with our partner company – a Pole works in it. Trust enables economic development in the region, but it is held back by bureaucracy, e.g. legal regulations on the German market.” (Company 15)*

*“Trust between our companies is built on the basis of well-prepared documents and contracts, exact measurements concerning where windows/doors should be placed, as well as the contract). Earlier on, I had already worked with a Czech employee of the company, and our co-operation went on very well, and that’s why we trust each other. My past experience in the field of co-operation with the Czech republic enhances the growth of trust in the future.” (Company 17)*

*“Trust is built with our German partner through representative in Gornitz on the basis of co-operation of many years, as I had already known this person and worked with him. In addition, he is an active member of the co-operative and this also has helped mutual trust. Trust grows as co-operation becomes closer - through receiving more orders/contracts from the representative. Trust is built through economic and cultural factors; there is nothing to hamper the development of trust.” (Company 19)*

Lack of trust towards a foreign partner was indicated by just one company due to previous bad experience with co-operation:

*“We have negative experience in terms of trusting previous partners. The German companies which we had cooperated with did not pay for our work, and we still have unpaid invoices. We are trying to take care of this problem ourselves. At present, trust is built on the basis of punctual payment and that is the most important thing, other factors do not influence trust.” (Company 14)*

#### **4.7. Enlargement-Related effects**

When asked to estimate the effects of Poland’s joining the EU, eleven of the surveyed companies said they were positive. The effect of expansion which is mentioned most often is the possibility of seeking financial support within the framework various Union programmes (four companies). Other observed changes included an increase in trust on the part of foreign companies and facilitations in beginning co-operation with foreign companies as well as crossing the border more easily (three companies):

*“After Poland’s accession to the European Union, positive legislation for our company was passed, regulating who is to pay taxes and where. It has facilitated co-operation. However, our legal regulations can’t keep up with the European Union regulations. There are discrepancies between Polish and EU law, for example concerning VAT.” (Company 2)*

*“The expansion of the EU has not directly influenced present cross-border co-operation; however indirectly it has. Communes have received funds from the European Union and are organizing tenders for various construction work. New EU regulations make the building of water mains and sewer drainage systems obligatory, so we are getting more orders. We have not observed barriers to co-operation related to EU expansion.”* (Company 5)

*“The expansion of the EU to a certain degree increased Western European companies’ interest in Polish companies, which could possibly be their subcontractors. We are also considered a subcontractor.”* (Company 6)

*“Expansion has influenced our present cross-border co-operation; there are more possibilities in the field of providing building services on foreign markets as well as obtaining EU funds to develop the competitiveness of Polish businesses, to buy machines and building equipment. Our company has applied for these funds.”* (Company 8)

*“Thanks to expansion, there are no longer long queues on the border as their used to be. One can get from Zgorzelec to Górlitz (to Germany, in general) more easily and quickly. There is no longer any border control. Some raw materials are cheaper in Germany than in Poland and that is why, among other things, we get our materials in Germany. In cross-border co-operation there are no barriers in connection with EU expansion. However our company expected that once Poland had joined the EU it would be easier to move around, and that has turned out to be true.”* (Company 12)

*“The expansion of the European Union has influenced present cross-border co-operation, as it has brought about profits and the co-financing of investments by the European Union – that is why we want to develop this co-operation.”* (Company)

Two companies observed some negative aspects of expansion, though at the same time, they also mentioned positive ones:

*“A barrier is a fact. To have any chance of winning a public tender for a contract in the Czech Republic you must submit references (confirmation of having constructed in the Czech Republic some public building). There are problems if you previously have not built anything in the Czech Republic. This is a great barrier for Polish companies, of course, with respect to public tenders. In private tenders price is the only thing that counts.”* (Company 9)

*“Barriers connected with EU expansion are: legal regulations which are not as clear as in Poland; EU requirements in the field of environmental protection that impede the functioning of the company; lack of staff that is, qualified construction engineers. They choose to work in the west, in other European Union countries richer than Poland.”* (Company 8)

Four companies did not observe any changes due to enlargement, and three gave no answer to this question:

*“The expansion of the EU has not had an effect on cross-border co-operation. After Poland’s accession to the EU, we expected simpler employment procedures on the German market, but in fact*

*the situation has become more difficult. This is why co-operation has now been limited to a minimum. In the past, we built 30 houses yearly with our German partner, the year 2007 saw only two houses built in Germany in the border area.”* (Company 14)

*“European Union expansion has not had an effect on cross-border co-operation and has not created barriers to this co-operation. After Poland’s accession to the EU we counted on the opening of the German market in the field of services provided by us, but the situation is not very good.”* (Company 15)

The general assessment of the effect of EU expansion is therefore rather positive: of 19 companies surveyed, 11 unanimously stated that the influence is positive, 2 companies considered it negative, 4 stated that expansion had no tangible effect whatsoever or that it had not met their expectations.

## **4.8. Use of External Assistance and Participation in Public Policy Programmes**

### *4.8.11. In general*

A large proportion of the companies surveyed take advantage of some kind of assistance. However, only two companies declared that they had used the services of a business support agency, and fifteen stated that they had used no such services:

*“Our company has used City Office services while developing cross-border co-operation. They have helped us with filing European Union application forms. In the past, and at present.”* (Company 13)

*“The co-operative uses the Karkonosze Regional Development Agency, which organizes meetings for businessmen with the aim of establishing contacts with German companies and co-operates with the (...) company from Zgorzelec as well, which also does our bookkeeping. We perceive this co-operation positively.”* (Company 19)

We can see a slightly brighter picture with regard to legal and financial services – eleven companies have used such services, while eight have not:

*“Over the past 12 months we have used the services of private companies which help with filing applications for EU funding, and also of companies which provide training services in the field of marketing, sales, networking, and co-operation.”* (Company 15)

*“Over the past year, our company used the services of a business support institution. A private company carried out work-effectiveness research, SWOT analysis, analysis of the company’s potential, and analysis of economic indicators.”* (Company 11)

*“Over the past year, we have used a financial consulting company from Bolesławiec. We co-operate with this company on a regular basis and perceive it positively.”* (Company 10)

*“Some legal problems have cropped up in the course of co-operation. In Germany there are different regulations concerning EU projects than in Poland. Here we have to fulfil many requirements, but it is not so in Germany. To solve these problems we have used the services of a company which files projects. Thanks to this co-operation we have gained technical knowledge (designed equipment) and learnt how to solve technical problems. Generally our experiences are positive.”* (Company 16)

Eight of the surveyed companies are members of some business organization, or co-operate with other companies:

*“This company is in the VOX network (this is a similar network to PSB - Polish Building Materials Depots. It is a network of building materials depots. The VOX network has training for its members. During meetings of this organization, its members share experience, undertake joint ventures, enter into co-operation with foreign companies of the same sector, but, to a smaller degree.”* (Company 4)

*“The company is a member of the cluster MTD - Grupa Polska Metal Tworzywo Drewno (the Polish Metal Plastic Wood Group). This cluster was created by the Zgorzelec County. There are about 50 companies in the cluster - beneficiaries of the EQUAL project. This cluster involves small and large businesses. Right now it is in its organizational stage. In the past, the cluster had organized trips abroad to trade fairs and exhibitions. Contact has been established with the German counterpart of the Polish cluster – the cluster TIM 22, which will be supporting our own cluster. I do not have any additional information on this subject, as I do not always participate in meetings organized by the cluster.”* (Company 6)

*„Our company co-operates with companies from Zgorzelec which offer carpentry services in the field of: exchanging clients, settling the prices for wooden products at an even level, exchanging information about companies, about clients who did not pay for ordered work, circulating information for the use of clients concerning who in Zgorzelec makes good windows, doors and stairs of wood. There is lack of such co-operation on the German side.”* (Company 12)

*“We co operate with companies from our sector in Bogatynia, Lwówek and Bolesławiec. These companies help one another when it is necessary in difficult situations and share experience. These companies are associated in the Polish Economic Chamber of Waterworks in Bydgoszcz and in the Regional Waterworks Forum in Wrocław. They conduct trainings as well as thematic meetings.”* (Company 13)

*“In Germany, our company belonged to and still belongs to various building associations, and they help to settle problems which cropped up on the German market, e.g. problems with getting paid by German companies for work done by us.”* (Company 14)

Some of those surveyed also declared participation in various training courses or expressed interest in them (8 companies):

*“Our company takes part in a training organized by the Polish Economic Chamber of Waterworks. We possess an ISO 9001 certificate.”* (Company 13)

*"In terms of training, we would be interested in training in the fields of sales and marketing, production management, and technological matters. Right now, our employees are trained on project management. There is a need in the company for training employees – it enables them to make use of their full potential."* (Company 11)

*"Training in the field of sales and marketing as well as human resources management would help the company's development. We would be willing to pay for it."* (Company 17)

*"I took part in a training concerning filing applications for EU funding."* (Company 18)

Ten companies showed lack of interest in training. At the same time, the surveyed companies admitted that knowledge concerning regional support is insufficient. Only five respondents stated that they were informed on this subject, nine were certain that there was no regional support like that or that they have not heard about any.

#### *4.8.12. In relation to CBC*

Only one respondent took advantage of help concerning the development of cross-border co-operation:

*"Our company received external help concerning support for cross-border co-operation from the City Office - increasing awareness concerning the possibilities of cross-border co-operation."* (Company 13)

Fourteen of the surveyed companies received no help concerning cross-border co-operation. What is more, twelve of them stated that they had not even applied for such help and were not interested in it. Four respondents had no information on the subject. This might be evidence of a total lack of promotion of such help concerning employment among potential recipients. This might also imply that businessmen quite simply do not need such help and do not seek information about it, or that they do not believe in its effectiveness.

#### **4.9. Policy issues identified**

Respondents singled out three groups of problems. The first deals with regulations concerning employment and labour costs (8 companies):

*"(...) The most important are tax laws, regulations concerning increasing the minimal wage, changes in PFRON. This has a great effect on the company's activity, as better wages for workers means that it does not pay for the co-operative to produce anything that its profits are very small."* (Company 6)

*"(...) These are regulations concerning employment. Lower taxes and labour costs would mean the company would be more profitable." (Company 9)*

*"Regulations on employment. There is a lack of qualified workers to install Windows. The company would develop more rapidly if there were more workers on this labour market." (Company 17)*

*"We are talking about employment regulations and international business regulations. It would be easier to carry out business in the EU. If these regulations were less restrictive, e.g. in Germany." (Company 19)*

*"In terms of legal regulations they concern employment; labour costs are too high. Owing to this one can notice a slower growth in employment." (Company 3)*

Another problem pointed out by companies is tax and regulations (5 companies):

*"The fact that tax regulations are complicated and incomprehensible to German companies enhances the development of the surveyed company." (Company 2)*

*"The most important things are fiscal regulations. We had a control from the Internal Revenue Office, which lasted nearly one year. The people in charge of control knew nothing about building law. Such steps taken by the IRS office impede the development of the company, problems crop up with the execution of work already agreed on. Our employees at their own expense had to help out in the IRS control." (Company 5)*

*"The problem is tax regulations as well as those concerning employment (labour costs are too high). If these regulations were less restrictive the company would develop more rapidly." (Company 15)*

The last group deals with regulations concerning environmental protection. Two companies indicated problems here:

*"Environmental protection regulations are a problem, regulations concerning employment. If they were less restrictive, the co-operative would employ more people and would have more orders." (Company 8)*

Companies also claimed there was lack of help on the side of the administration concerning the supporting of local businesses:

*"There is no help on the part of the City and County Offices. Public tenders were won by companies located 200 – 300 km from Zgorzelec and not by local businesses." (Company 12)*

## **5. Informal and Household-Based CBC**

The boom of cross-border household-based co-operation on the western border dates back to the 1990s. Integration with the European Union, gradual equalization of food and industrial goods prices on both sides of the border, new possibilities of

providing services (setting up businesses on the German side of the border) significantly reduced this type of activity. What is more, after the integration, the change in the direction of shopping traffic is noticeable. Whereas in the 1990s Germans had an opportunity to do “cheap” shopping on the Polish side (which resulted in the fast growth of cross-border markets), at present the situation has reversed. It is Poles who go to Germany, buy products at lower prices and sell them in Poland but not in Zgorzelec or surrounding locations but further inland (for example in Wrocław).

### **5.1. Characteristics and Types of Informal and Household-Based CBC Identified**

The study covered 15 households from Zgorzelec and its vicinity. The main sectors in which respondents do business are hairdressing and beauty treatment services (2 cases each), growing and selling vegetables, fruit, mushrooms, and flowers (4), and minor repair services. Individuals clean flats, look after the elderly, do seasonal work in agriculture or bake cakes to order.

This is mostly illegal activity (9 respondents), and only one person claimed that it was legal. 5 respondents did not give any information on this subject. None of the respondents registered any activity, one person intends to do it, three say it is quite likely, and others are not going to do it. According to respondents, the main argument for registration is the possibility of business development (taking on employees, taking a bigger number of orders, and making bigger profits).

Co-operation was most often initiated by respondents' acquaintances, who informed them about the possibility of establishing co-operation (6 cases). 5 respondents initiated co-operation, and in four cases it was initiated by a foreign partner:

*„About 5 years ago, a friend of mine bought a tailor-made suit from my shop, and then she brought her cousin, who lived in Görlitz. Word about me spread through the grapevine and now I have a few regular clients from Germany” (Respondent 7)*

*„I was studying at a beauty school and, as I wanted to earn some extra money, I provided beauty treatment services in Zgorzelec at my clients' places. Once I met a German woman and she asked me how much it was to cleanse the face. When I quoted a price, she said that such services were much more expensive in Germany and wanted me to cleanse her face, too. Then she gave me her phone number and after a short time I had four beauty treatments appointments.” (Respondent 8)*

*I learned from an advertisement in a Zgorzelec paper that a person to look after an elderly lady is wanted in Görlitz. I asked my friend to call Görlitz and learn what they wanted and how much the remuneration was. My friend made an appointment and we went to Görlitz. There after I had talked to the daughter and her mother I took on looking after an elderly woman.” (Respondent 2)*

For all respondents, the main goal of co-operation is financial profits. For six of them, they constitute a significant contribution to their household budget or are the only source of their income. The others treat it as a supplement to other earnings, retirement pension or disability pension. A few respondents also gave other reasons for the co-operation – a nice atmosphere, food provided at work, satisfaction from work, possibility to fill up spare time (in the case of old age pensioners):

*„I co-operate with these people because of financial reasons. I need money to study and for extra courses. Women are satisfied with my services” (Respondent 8)*

*„I co-operate with them as they always pay on delivery and often give tips. They are demanding. I like my job and I am glad that my clients are satisfied. The main goal of co-operation is first of all money and satisfaction” (Respondent 7)*

*„The goal of this co-operation is to make money and new acquaintances (they may be useful in the future). The families I clean for pay on time and this fact makes me willing to co-operate with them. A nice atmosphere at their homes is also important. Recently, I have also taken up ironing shirts, so I have a lot of work now, and I earn more, too.” (Respondent 10)*

*„I co-operate both for money and to kill time. If somebody asks me, I never refuse to bake a cake. I just like doing it.” (Respondent 11)*

## **5.2. Background and characteristics of participants, including foreign partners**

All respondents are Polish nationals. Ten people are women, five are men. Most of them (8) have vocational education, seven have secondary comprehensive education. Their age ranges from 22 to 67, and all age groups are represented by a similar number of people. Ten people declared knowledge of the German language in various degrees, mostly communicative or “just enough to communicate”. One person knows English at “school level”; four respondents do not know any foreign language.

All partners come from Germany. Their number fluctuates between one and a dozen or so, depending on the sector of activity of the respondent. Most respondents co-operate with regular partners who often recommend their services to their friends.

One-time co-operation takes place in the case of people selling agricultural products or making repairs. The frequency of contacts ranges depending on the character of co-operation – from everyday contacts (looking after an elderly lady, seasonal work in agriculture) to a few times per week or month (beauty treatment, hairdressing services, tailoring). Respondents generally declared they met their partners “depending on the needs”. Some contacts are of seasonal character (work in agriculture, agricultural products sales).

*“Germans very rarely come back to buy mushrooms. It is difficult for me to say whether I have regular clients - foreigners or Poles.”* (Respondent 13)

*“We meet depending on needs, three times during a single process of tailoring a garment. Women come with a piece of fabric, then there is fitting, and after that collection of the finished product. Sometimes they must come for a second fitting, in the meantime.”* (Respondent 7)

Most of the people say that they treat all clients the same, regardless of where they come from, although they sometimes make exceptions for regular clients.

*“I treat my initial clients in a special way, as they had brought other clients to me. My special treatment is that I am flexible for them (almost always).”* (Respondent 4)

*“I have regular clients but I don’t treat them in any special way. I can give a discount to anybody that buys a lot of goods unless there are many clients from Zgorzelec – then prices are not discounted”.* (Respondent 5)

*“Clients from Germany are nice and they all want to look good and be satisfied with their appearance (for example face). I treat all the clients in the same way. We meet with different frequency depending on their needs”* (Respondent 1)

### **5.3. Enabling and Constraining Forces**

#### **5.3.1. Enabling Forces**

The vast majority of respondents (13) did not observe such factors and, what is more, they do not think that cultural factors have any impact on the development of co-operation. One person said that only financial profits matter. Only three respondents perceive cultural factors as facilitation to co-operation.

*“The inhabitants of Zgorzelec have always been close to Görlitz; some of them work in Görlitz now and Germans go shopping on the Polish side. And this probably has an impact on good co-operation between the cities. That is why I like working with the elderly lady.”* (Respondent 2)

*“My knowledge of behaviour and the way of life of German women influences the development of cross-border activity”* (Respondent 9)

*"I got to know German women and they are not all that bad."* (Respondent 10)

### 5.3.2. Constraining Forces

Seven people do not notice any barriers and constraints to the co-operation. The other people mention constraints such as the adverse exchange rate of the euro (7 respondents), and the language barrier (5).

*"At the beginning of co-operation, the German language was a barrier for me, but I learnt it and I do not have such problems any more. Now I am able to communicate."* (Respondent 4)

*"At the beginning of co-operation, there was a language barrier, but it is better now. Besides, there are no other barriers. At the beginning, I could not understand what German women said to me, so they used to bring photos of cakes with recipes in Polish. Then my son wrote down the most important words in German for me so that I could communicate easier and now it is better."* (Respondent 11)

## 5.4. Evidence of Change over Time, including Current Trends and Future Prospects

Except for one person, no respondent who gave some information on this subject observed any changes in co-operation. One of the respondents just said that his remuneration had increased (he had been working seasonally at the same place). Five respondents did not answer to this question.

## 5.5. The Role of Trust

None of the people surveyed was cheated during the cross-border co-operation. Seven people say that there is no risk in co-operation. The sources of risk identified by respondents are the following: clients might not pay (3 respondents), they could be unsatisfied with the work (2), risk of damage while cleaning, clients might forget about an appointment and respondents could waste their time getting to them.

*„The basic source of risk in cross-border co-operation is that a client might not pay but I have not had such a situation yet."* (Respondent 7)

*„New clients brought by the old ones might not pay."* (Respondent 5)

*"There is the risk that clients might be not satisfied with the final effect of the service, for example the colour of the hair will be different from the client's favourite"* (Respondent 9)

*"A client may be unsatisfied with the service delivered, and you will have to improve it at your own cost."* (Respondent 12)

*"A cake may not "rise" and then I have to bake it once again at my own expense. It happens very, very rarely"* (Respondent 11)

There are not too many sources of risk and they do not influence co-operation significantly. Thus one can assume that trust in foreign partners exists (to varying degrees), or is not considered an important factor.

## **5.6. Enlargement-related effects**

Eight respondents did not notice any effects connected with EU enlargement. The others most often mentioned the following consequences: elimination of queues at the border (4 respondents), a bigger number of Germans visiting Zgorzelec (2), better opinion of Poles among Germans.

*"EU enlargement influenced cross-border co-operation as more people are visiting Zgorzelec now"* (Respondent 14)

*"EU enlargement has had an impact on present co-operation because Germans do not view Poles as bad as in the past".* (Respondent 12)

*"Thanks to the enlargement of the European Union there are no more queues at the border and clearance is faster."* (Respondent 3)

*"There are more Germans visiting Zgorzelec now than in the past"* (Respondent 5)

A lack of enlargement effects perceptible by respondents can indicate that at the moment of Poland's accession to the European Union cross-border co-operation was so well-developed that the accession itself did not have any impact on it, or, if any effects appeared, they were so weak that respondents did not associate them with the accession.

## **5.7. Policy Issues Identified**

Respondents did not identify any problems connected with regulations and often said that legal regulations did not influence their business. Some of the surveyed people also said that they did not know if regulations made any difference. This may result from the fact that in most cases their businesses are illegal and unregistered, and respondents do not feel any need to change that. The only problems mentioned by

respondents referred to the poor exchange rate of the euro, which had already been mentioned in point 5.3.

## **6. Conclusions**

The Zgorzelec County is situated on the border of three countries: Germany, the Czech Republic and Poland. For many years this location has been conducive to broad economic and cultural co-operation with the neighbouring countries. Thanks to substantial international co-operation, it was long before Poland and the Czech Republic joined the European Union that borders faded away in this part of the region, and the Zgorzelec County became a proverbial "window to the world".

### **6.1. Overall Assessment of CBC in Region**

Cross-border co-operation in the Zgorzelec County has been developing since 1991, and has numerous bases for its development. Almost all county entities (county and commune authorities, associations, foundations, advisory centres, chambers and business associations) are involved in cross-border co-operation, both formally and informally. Local authorities involved in cross-border co-operation fulfil the function of liaisons; they initiate and stimulate co-operation development, as well as help entrepreneurs with finding business partners. They build ongoing networks on all levels, from business and cultural exchange to everyday life involving cultural heritage, tourism, environmental protection, and scientific co-operation.

Business co-operation itself focuses on retail trade, services, and crafts companies. An increasing interest of German companies in co-operation with Polish ones can be observed, as the Germans gain fewer EU grants than previously. Poland's accession to the European Union has created an opportunity for Polish SME to establish businesses in Germany, but differences in German and Polish interpretations of the law make it (sometimes) difficult. Cross-border "shopping tourism" is practiced mainly by Germans, because of price differences that are attractive for them.

## **6.2. CBC: Enlargement Related Issues Emerging**

The first harbingers of cross-border co-operation appeared as early as in the beginning of the 1990s. The following years witnessed intensification of this co-operation in many fields. With accession to the European Union, the Polish-German-Czech border became a 'soft border' of the European Union. All restrictions related to crossing the border have been lifted, and border traffic has been improved, stimulating the intensification of the already existing cross-border co-operation. Together with other counties of western Poland, the Zgorzelec County used European Union funds primarily to develop its infrastructure and enable SME development. The intention was to boost the availability of means of production and technology, and to expand markets. The effective use of EU funds has reduced the barriers among entrepreneurs and increased their knowledge of these issues. Membership in the European Union also resulted in: tightening of co-operation, increasing trust, and the creation of new incentives for the development of further co-operation, including a bigger access to the financial resources of the European Union.

## **6.3. Co-operation and Clustering Related Issues**

Local concentrations of companies, mostly connected with the ceramic and the eco-energy industry exist within the limits of the Zgorzelec County; however, so far no development of more intensive business links or co-operation involving those companies has been observed.

An interesting initiative, informally known by the name of "The Textile Euroregion", is being developed in the textile and clothes industries clustered in the area of the German lands of Brandenburg and Saxony, the Czech Republic, and Poland. The major aim of this co-operation is to strengthen economic bonds of the border regions by the integration of the textile and clothing industries.

Other fields representing some potential for the development of clusters are tourism and motor industry.

#### **6.4. Identity and Perception-Related Issues**

The complicated history of the region and post-war settlement action resulted in the creation of peculiar “mixture” of cultures and customs in the Zgorzelec County. Other characteristic issues that developed there include substantial openness to other nations, cultures, and religions and an unprejudiced approach towards international co-operation and initiatives.

Recent years have seen the development of specific local identities. It pertains to the inhabitants of the Zgorzelec County who identify themselves as the inhabitants of Upper Lusatia and not Lower Silesia. This is assisted with initiatives such as „Europe-City Zgorzelec/Görlitz”, which could result in the future in the development of a new phenomenon – a common, bilingual, multicultural city of common identity and new opportunities for economic, scientific, and cultural co-operation. While this process seems to be blocked by the “revivals” of national prejudices, they meet with a less and less favourable response of the younger generations.

#### **6.5. Trust- and Learning Related Issues Emerging**

Before the accession, participation in cross-border programs became one of the positive factors strengthening friendly relations, due to which the Polish-German border ceased to be a border isolating people. In the following period, they assisted the development of trust built on the basis of previous contacts and an increase in competence (the effect of previous co-operation). These aspects are often mentioned by entrepreneurs while considering non-economic profits of co-operation in the form of acquisition of additional technological and organizational knowledge, transfer of German solutions to their companies, an increase in the ability to co-operate with clients, negotiate, etc. Long-standing co-operation (most often) backed up by mutual business reliability (meeting delivery dates, conditions and payments) support building and strengthening trust between partners.

#### **6.6. Policy and Governance Related Issues**

Institutional support provided by such bodies as: the European Union, state governments, local and regional authorities, and the Nysa Euroregion, has had a great influence on the shape of present-day cross-border co-operation. All of these

partners have brought about the reduction of long-standing prejudices and tensions between the neighbouring nations. Under the auspices of the Nysa Euroregion acting for the benefit of Polish-German-Czech borderlands, PHARE-CBC projects were realized by communes and commune institutions. The PHARE-CBC Programme addressed the region's needs and was of a straightforward cross-border character, being mainly related to border crossings and road infrastructure.

In the Zgorzelec County, business organizations endeavour to have as good relations with the local authorities as possible. The authorities also understand the necessity of co-operation with entrepreneurs. This co-operation is mainly of an informal character. In the Zgorzelec County there are also actions stimulating cluster development. The fact is, however, that most of the surveyed entrepreneurs did not use the aid of business support organizations while establishing and developing cross-border co-operation. On the other hand, they sought aid on the market, hiring commercial companies specializing in professional consultancy, training, providing legal and accounting services, etc.

#### **6.7. Future Prospects for CBC.**

The frameworks of cross-border co-operation for the years 2007 and 2013 are determined by the Cross-border Co-operation Operational Program Poland-Saxony 2007-2013. Its main aim is assistance for the balanced development of the Polish-Saxon area of support (covering the Zgorzelec County and the Görlitz County) in order to strengthen its economic and social cohesion and in particular:

- to boost competitiveness of the area through equalizing framework conditions for the elimination of economic and structural inequalities,
- to support building common identity through strengthening co-operation.

Within the framework of priority themes, the program provides for the following: (more information on: [www.interreg.gov.pl/20072013/EWT/transgraniczne/pl-sn/](http://www.interreg.gov.pl/20072013/EWT/transgraniczne/pl-sn/))

- cross-border development (co-operation in the field of economy and science, tourism and spa activity, transport and communication, natural environment, spatial and regional planning),

- cross-border social integration (education and training, culture and arts, social infrastructure, public safety, development of partnership co-operation and the Small Project Fund),
- technical support including co-financing of common structures indispensable for the implementation of the Program; activities connected with the preparation, choice, evaluation and monitoring of activities; support for consultancy, information and promotion of activities.

As far as co-operation between companies is concerned, it is predicted that from present co-operation based on the difference in labour costs (lower in Poland than in Germany) it should evolve towards co-operation creating a higher value added (joint research and development activities, joint chains of values, marketing etc.).

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## **7.2.List of other relevant websites**

1. [www.bip.zgorzelec.iap.pl](http://www.bip.zgorzelec.iap.pl)
2. [www.euroregion-nysa.pl](http://www.euroregion-nysa.pl)
3. <http://cmsweb.hs-zigr.de/pl>
4. [www.kleines-dreieck.eu](http://www.kleines-dreieck.eu)
5. [www.euroregion-nysa.pl](http://www.euroregion-nysa.pl)

6. [www.zgorzelec.com](http://www.zgorzelec.com)
7. [www.powiat.zgorzelec.pl](http://www.powiat.zgorzelec.pl)
8. [www.equal.noweszanse.pl](http://www.equal.noweszanse.pl)
9. <http://free.art.pl/euroopera>

### **7.3. List of Key informants and business support organizations**

1. Cech Rzemiosł Różnych i Małej Przedsiębiorczości w Zgorzelcu
2. Dolnośląska Izba Rzemieślnicza oraz Małej i Średniej Przedsiębiorczości we Wrocławiu
3. Eurotransfer – und Beratungsring Neisse e. V. Görlitz.
4. Federacja Pracodawców Polski Zachodniej
5. Fundacja Centrum Wspierania Przedsiębiorczości
6. Komisja ds. Współpracy z Zagranicą w Starostwie Powiatowym w Zgorzelcu
7. Powiatowe Centrum Doradztwa Gospodarczego “ Wsparcie bez granic”, Starostwo Powiatowe w Zgorzelcu.
8. Stowarzyszenie Południowo-Zachodnie Forum Samorządu Terytorialnego
9. Stowarzyszenie Włókienników Polskich
10. Urząd Gminy Zawidów
11. Urząd Gminy Zgorzelec, Wydział Inwestycji, Gospodarki Komunalnej i Mieszkaniowej
12. Urząd Marszałkowski Województwa Dolnośląskiego, Wydział Rozwoju Gospodarczego
13. Urząd Miasta Zgorzelec
14. Urząd Miasta Zgorzelec, Wydziału Promocji I Informacji
15. Zachodnia Izba Gospodarcza