



Cross-border Movement of People between Russia and Poland and Their Influence on the Economy of Border Regions

**Natalya A. Zaitseva^{1*}, Valentin S. Korneevets², Elena G. Kropinova³, Tatyana Yu. Kuznetsova⁴,
Ludmila V. Semenova⁵**

¹Department of Hospitality and Tourism Business, Faculty of Hospitality, Tourism and Sports Industry, Plekhanov Russian Economic University, Russia, ²Department of Socio-Cultural Service and Tourism, Institute of Recreation, Tourism and Sports, Immanuel Kant Baltic Federal University, Russia, ³Department of Socio-Cultural Service and Tourism, Institute of Recreation, Tourism and Sports, Immanuel Kant Baltic Federal University, Russia, ⁴Department of Geography, Environmental Management and Spatial Development, Institute of Environmental Management, Territorial Development and Urban Construction, Immanuel Kant Baltic Federal University, Immanuel Kant Baltic Federal University, Russia, ⁵Department of Socio-Cultural Service and Tourism, Institute of Recreation, Tourism and Sports, Immanuel Kant Baltic Federal University, Russia. *Email: zaitseva-itig@mail.ru

ABSTRACT

The ever-increasing role of cross-border movement for the development of the economies of the regions of neighboring countries located in the immediate vicinity of the border defines the topicality of this research. It is important to continually assess the dynamics of cross-border cooperation, reflecting the change in the foreign policy interaction between the Russian Federation and neighboring countries in Europe, to develop timely measures to minimize the negative consequences of such tendencies. The aim of research was to analyze the dynamics of cross-border movements and exchanges between the residents of the Kaliningrad Region and Poland, the assessment of the objectives' structure of visits and the distance from the border to the visit target. As a result of the research was compiled a "portrait" of the main groups of residents of the Kaliningrad region and Poland participating in cross-border movements, and authors' assessment of the positive and negative effects of such movements and exchanges on the economic development of these regions is given.

Keywords: Trans-border Cooperation, Regional Development, Economic Cooperation, Tourism, Kaliningrad Region, Russia, Poland

JEL Classifications: F63, R11

1. INTRODUCTION

Currently a lot of attention paid to the development of domestic tourism in the central Russia, creating the necessary hosting infrastructure for long-stay travelers (Federal Agency for Tourism www.russiatourism.ru). Together with the Russian regions, the bordering neighboring countries often take a special category of tourists – residents of the territories in the immediate vicinity of the borders with the neighboring country, which make up for cross-border exchanges.

In general, the impact of tourism on the economic and social development of the country can be enormous: Openness for business, trade and investment, job creation and enterprise

development, heritage protection and cultural values (WTTC Report, 2015). Noteworthy that the economic importance of tourism is not limited to direct financial results. Most often, tourism acts as a catalyst for socio-economic development of countries and individual regions, having a multiplier effect, as a result of a complex interaction with the key sectors of the economy such as transport, communications, trade, construction, consumer goods, provision of catering services, and other services service (Monich, 2009).

It should be understood that the border regions is a special type of regions, which development is determined not only by peripherally, but also functional duality of the border that combines function of barrier and connectivity (Mezhevich, 2002). Sometimes – in the

case of unfriendly relations between countries – borders become insurmountable barriers for communications. In other cases – in terms of developing cooperation between the neighbors – they pass through the powerful flow of goods, services, migration of the population (Korneevets, 2010b).

Events in recent years show that due to changes in foreign policy factors that influence the development of cooperation between the Russian Federation and European countries, the nature of relations between the two countries has also changed. Due to the high dynamics of these changes, research does not have time to track the transformation of the data. That is why scientists of the Immanuel Kant Baltic Federal University have initiated a study of problems and prospects of development of cross-border cooperation with a view to diversifying the economic activities of the Russian Federation on the basis of effective use of tourist and recreational potential of the area, which has received financial support of the Russian Foundation for Basic Research.

2. RESEARCH METHODS

The methodological basis of this study were the works of scientists who have studied the nature of cross-border cooperation, particularly the development of tourism in the border areas, as well as its impact on the diversification of the economies of neighboring countries. In particular, the research held by Anisevich et al. (2013), Davydov (2008), Davydov and Chekalina (2011), Dragileva (2006), Zykov (2008), Ogneva (2014), Klemeshev et al. (2015), Fedorov and Korneevets (2008) and others. In addition, the results of the Bolychev et al. (2015) study were used on the role of the local border traffic (LBT) in retail development in the Kaliningrad region of the Russian Federation and the border regions of the Republic of Poland.

Based on the study of scientific and theoretical approaches to defining the essence of the concept of “cross-border cooperation,” the approach proposed by Verkholantseva (2009) was used, who understands cross-border cooperation as a joint constructive action aimed at the development of relations between the territorial administrative units or authorities within the jurisdiction of two or more states, implying the conclusion of appropriate agreements between them. This definition corresponds to the approach to defining the essence of cross-border co-operation, accepted in international practice (1980’s European Outline Convention on Transfrontier Co-operation between Territorial Communities or Authorities, Madrid).

Research works of the aforementioned authors allowed to identify some of the most essential features of cross-border cooperation:

- The establishment of bilateral and multilateral relations between the authorities, business entities, civil society organizations and the population of the border regions of two or more states;
- Mutual constructive action in the framework of these projects in the border areas of two or more states;
- Broad mutual communication of economic entities and the population of neighboring states;
- Conclusion of appropriate agreements on cooperation between territorial and administrative units or authorities of two or more states.

For the analysis of the existing system of cross-border exchanges and to assess their impact on the economic diversification of regions cross-border cooperation, the authors of the article used methods of expert estimates and statistical analysis, economic statistics and factor analysis, economic and mathematical modeling. Application of these methods allowed to justify the structure of cross-border movements and exchange, as well as justify the assessment of their impact on the economic diversification of cross-border cooperation regions.

On the basis of the used theoretical and empirical research methods, the factors that have a positive and negative impact of cross-border exchanges for the development and diversification of the economy of cross-border cooperation regions were justified.

3. RESEARCH RESULTS

3.1. Evaluation of the Multiplier Effect of Tourism

Studies of the World Council of Travel and Tourism show that the contribution to gross national product in Russia (Table 1) one per cent of the direct contribution of tourism leads to a three percent contribution related industries (in 2014 tourism accounted for 1.5% of GDP and 6% of the total contribution, taking into account the multiplier effect).

The situation is similar with the number of people employed in the tourism sector: 1.4% - the direct contribution of tourism and 5.6% - the overall contribution of taking into account the multiplier effect. In other words, every job in tourism generates three jobs in other related sectors of the economy (Kropinova et al., 2015). This ratio is significantly higher than the world average, and the European average, where the multiplier effect is less than two digits (World Tourism Organization – UNWTO, www2.unwto.org). This indicates the transit nature of the development of the tourist industry in Russia, where there is a huge lack of infrastructure and diversification of economic activities goes towards servicing the needs of the tourist.

Table 1: The share of tourism and the overall contribution taking into account the multiplier effect in 2014 (%)

Region	GDP		Employment	
	Direct contribution	Overall contribution	Direct contribution	Overall contribution
Russian Federation	1.5	6.0	1.4	5.6
Europe average	3.4	9.2	3.6	9.0
World average	3.1	9.8	3.6	9.4

Source: WTTC Travel and Tourism. Economic impact 2015. Russian Federation (WTTC Report, 2015). GDP: Gross domestic product, WTTC: World Council of Travel and Tourism

The existing multiplier effect of tourism is of great importance for the development of programs of development of border regions, given that in most cases, the border regions are peripheral, and a number of municipalities of the border regions can be attributed to the “double” periphery with a serious problem in the socio-economic development. According to Bolychev et al. (2015), the level of socio-economic development of the peripheral areas in the national space is always below the national average, and these regions are in need of continued support from the regional center. At the same time, one of the main tools to overcome the internal peripheral position of the border regions is the mechanism of cross-border cooperation, with the result that over time can form cross-border economic center, which in a supranational space will serve as the territory of priority development. In this situation, tourism can be one of the main mechanisms of the onset of cross-border cooperation with the subsequent transformation into a diversified economic center.

3.2. Types of Border Regions and Their Features in the Kaliningrad Region on the Example of the LBT between Poland and Russia

Taking into account the classification of the border regions by the degree of integration and the development of relations between them, suggested Van Der Velde (1997), we identify the following types of border regions, taking into account the specifics of the Russian frontier:

- Alienated border areas: Cross-border ties are absent due to military operations, political disputes, the strong nationalist tendencies, ideological or religious hatred, cultural differences or ethnic rivalries (currently this type includes the border regions of Russia and Ukraine);
- Coexisting border regions: Some degree of economic and cultural cooperation (Russia – Georgia);
- Interdependent border regions: Full cooperation in the economic, social and cultural fields, as far as possible in the still existing borders (Russia – China);
- Integrated border regions: The highest level of integration, free movement of people, goods, ideas, and money flow (Russia – Belarus).

The study held found that the evolution of the types of border regions of the alienated to integrated is important but not the main factor in the development of tourism, although a strong effect on the conditions of socio-economic development of the border regions as a whole.

For the Kaliningrad region, the development of various forms of cross-border cooperation is a key factor in overcoming the shortcomings periphery on the one hand and the “exclavity,” on the other hand. The participation of the Kaliningrad region in cross-border cooperation at regional and local level is done in different formats (Korneevets, 2010a; Fedorov and Korneevets, 2008; Mikhaylov and Bolychev, 2015; Mikhailov, 2013), the main ones are: (1) Participation in international networks and programs; (2) Participation in the Cooperation program of the EU – Russia; (3) The participation of regional authorities in bilateral and multilateral international cooperation on inter-governmental level; (4) Bilateral cooperation agreements of border regions with

neighboring countries; (5) Bilateral and multilateral agreements on cooperation at the local level.

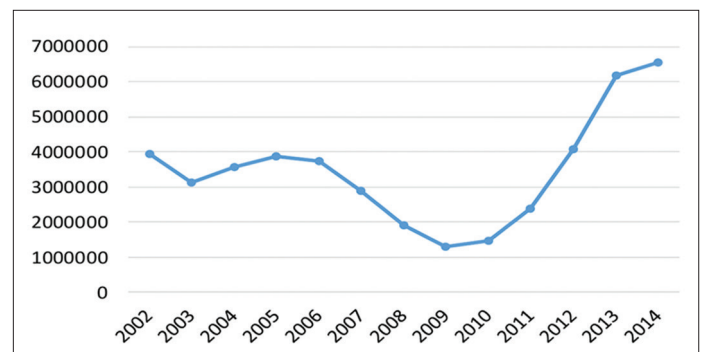
The active participation of the Kaliningrad region in cross-border co-operation leads to the evolution of the types of border regions and to the positive trend in changing policies and cross-border cooperation legislation.

In 2012, on the Polish-Russian border was put into action the LBT regime as an instrument of cooperation between the EU and neighboring countries with them. LBT mode is considered as a measure to mitigate the barrier function of the external border of the European Union, as evidenced by the growing number of intersections of the Russian-Polish border, compared with a sharp decline in the number of border crossings (Figure 1), after Poland’s accession to the Schengen area, reinforcing the barrier function of the border.

According to Figure 1, it can be concluded that since 2012, there has been a sharp increase in the number of crossings of the Russian-Polish border. However, due to the deterioration of political relations between Poland and Russia in 2014, the rate of growth has slowed, but not decreased, as can be seen in Figure 2.

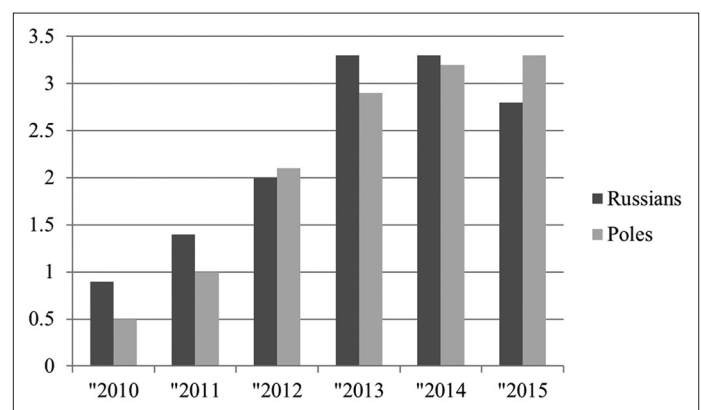
The data in Figure 2 indicate that the number of border crossings by Polish and Russian citizens corresponds approximately to one

Figure 1: Dynamics of the number of intersections of the Russian-Polish border from 2002 to 2014



Source: Based on Studzieniecki et al. (2016)

Figure 2: The number of border crossings by residents and non-residents of Poland and the Russian Federation for 2010-2015



Source: Based on Statistical Office in Olsztyn (<http://olsztyn.stat.gov.pl/en>)

another, but can be seen some changes related to exchange rates: After a strong depreciation of the ruble, the amount of travel of Russians decreased by 15% compared to 2014 year, and Polish citizens increased by 3%. At the same time, to assess the impact of cross-border exchanges between the Kaliningrad Region of the Russian Federation and Poland, it is important to understand the structure of the visits on the objectives and other features of these movements.

3.3. Evaluation of the Structure of Border Exchanges and Their Impact on the Economy of the Kaliningrad Region

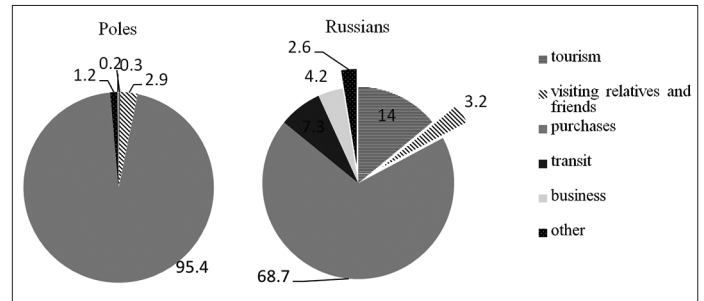
It can be said that the participation of the Kaliningrad region in the EU – Russia Cooperation Program leads to the transition from co-existing cross-border regions to interdependent border regions, which suggests, as was shown in the typology of the border regions, the total interaction in the economic, social and cultural fields, as far as possible under the existing border. According to some authors, the LBT mechanism increasingly focused on the population of the border regions (objective – maintaining local social contacts on both sides of the border) than on economic entities of these territories (Bolychev et al., 2015), according to others – a small border traffic allows residents of the border area to cross the common border on a regular basis in a social, cultural or family purposes, as well as sound economic objectives (Studzeniecki et al., 2016). This family goals include purchasing various goods and services, including tourism services, on the other side of the border, which could affect the diversification of economic activities in the border regions of both positive and negative sides.

To assess the positive and negative impact of growth in the number of border crossings for economic development, we should analyze a number of parameters that characterize not only the purpose of the visit, but also the structure and the amount of the costs, remoteness of the final destinations from the border. The analysis showed that the values of these indicators are completely different for the Polish and Russian citizens. According to the objectives of the visits, the purchases dominated for both Polish and Russian citizens, but for the Poles, this object is dominant and is 95.4% (Figure 3.), and the Russians have much lower – 68.7%.

Tourism accounts for 0.3% of trips of the Poles and 14% of Russians. This low share of tourism in the share of Polish citizens' visits corresponds to the all-Russian indicator: Among 1823 thousands of Poles entering Russia in total, the purpose of tourism has only 17.9 thousand or <1% (Kaliningrad Ministry of Tourism, <http://tourism.gov39.ru>). A characteristic purpose for the residents of the Kaliningrad region in the border crossing is also a transit (7.3%) for the flight from the airport in Gdansk or Warsaw, or transit through the territory of Poland, primarily in the direction of Germany. Another estimated indicator in this study – the average distance from the border to the final destination of visit (Figure 4).

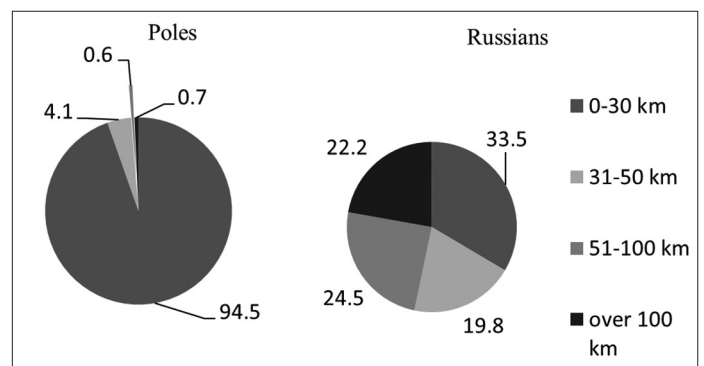
As seen from the data in Figure 4, the differences between Poland and Russia is more substantial than when comparing visits purposes. If the majority of Poles moved to a distance of no more than 30 kilometers from the border (94.5%), the Russian movement

Figure 3: Distribution of border crossings by Poles and Russians according to the purposes of visit, %, 2015



Source: Based on Statistical Office in Olsztyn (<http://olsztyn.stat.gov.pl/en>)

Figure 4: The structure of border crossings by the distance from the border to visit destination, %, 2015



Source: Based on Statistical Office in Olsztyn (<http://olsztyn.stat.gov.pl/en>)

has a wider geography: 33.5% moved up to 30 km from the border, and 22.2% are removed from the border to a distance of more than 100 km. On this basis, it can be noted that the city of Kaliningrad as a regional center does not participate in the reception of the main part of Polish citizens, while the Polish side major urban centers such as Elblag, Olsztyn and Gdansk-Sopot-Gdynia are actively involved in the reception of Russian citizens.

As was explained as a result of the study, the objectives of the visit and the distance from the border have a predominant influence on the structure of procurement of goods and services. Up to 98% of Poles expenses in 2013 accounted for the acquisition of goods, including 88% spent on the purchase of fuel for cars, 5.7% on the purchase of alcohol and 2.2% on the purchase of tobacco products (Central Statistical Office in Rzeszów). Recreation and food accounts for only 0.6% of total expenditure. Therefore, the movement of Polish citizens from the boundary is at the minimum: To the first petrol stations. Russian citizens have a different cost structure with a wide range of goods purchased, the share of which in 2013 accounted for 92.7% of total expenditure. Food expenses accounted for 40.2% and manufactured goods – 50.5%.

In the range of goods, the largest share of the purchases are meat products – 18.2%, and the purchase of clothing and footwear – 18.4%. Compared to 2013, there were some changes in the structure of Russian citizens' expenditures in 2015: The share

of spending on tourism and recreation increased to 14% while reducing the share of goods to 68.7% (Statistical Office in Olsztyn, <http://olsztyn.stat.gov.pl/en>). This is partly due to the redistribution of outbound tourist flow from the Kaliningrad region, a decrease of expenses on tourism and the transition to a more short-range and short routes. The average cost per trip made in 2015 by the Russians amounted to approximately 7,500 rubles, and for the Poles – approximately 3900 rubles, which is 1.9 times less.

Thus, the significant differences in the nature of cross-border exchanges between Poland and the Kaliningrad region of the Russian Federation is apparent, and, consequently, their impact on the economic diversification of regions engaged in cross-border cooperation.

4. CONCLUSION

As it was mentioned earlier in other publications of the authors of this article (Zaitseva et al., 2016), on both sides of the border there are both positive and negative effects of the increase in the number of border movements and exchange. According to the authors of the article, towards a positive economic impact on the diversification of the economy of the regions engaged in cross-border cooperation (for example, Poland and the Kaliningrad region of Russia) can be attributed primarily the growth in cross-border trade in goods and services, which, taking into account the multiplier effect, influence on the growth of production of a number of sectors of the national industry and related services. Therefore, a high proportion of expenditure on food by Russian citizens has an impact on growth or sustainability of production in such sectors of the economy of border regions of Poland as agriculture and processing industry. The increase in demand for motor fuel from the Polish side led to the construction of a number of petrol stations near the border crossing on the Russian side with the accompanying infrastructure.

The negative economic effects of the growth of cross-border exchanges for the Kaliningrad region of the Russian Federation include: A negative balance between income and expenditure in cross-border trade in goods and services (respectively for Poland this will be a positive effect); slowing retail growth, as cross-border trade is diverted to 5% of the retail trade turnover of the Kaliningrad region; preservation of the illegal business in the sphere of circulation of alcohol and tobacco products; smuggling of goods under embargo. In Poland, most of the damage falls on the trade of automotive fuel and tobacco. It should also be noted that the cross-border trade and tourism are heavily dependent not only on the barrier function of the border, but also on legislative initiatives taken in the import/export of certain groups of goods, currency fluctuations and other adverse factors. So, the loss of purchasing power of the ruble has led to a decrease in the number of overnight stays of Russian tourists in the border region of Warmia and Mazury in Poland by 44.4% in 2015 (Statistical Office in Olsztyn (<http://olsztyn.stat.gov.pl/en>)).

Therefore, we shall support the opinion of some researchers (Bolychev et al., 2015) that the development of cross-border

linkages and participation in various forms of cross-border cooperation (including trade and tourism) is an important tool to overcome the negative effects of peripherality of the border areas. Currently, cross-border municipalities that do not have unique tourist complexes are in transit to tourist flows. Studying the experience of developing cross-border relations will contribute to the development of regional and municipal development programs, taking into account the possible directions of diversification of the economy related to the servicing of target groups in the framework of cross-border exchanges.

In general, the development and strengthening of positive dynamics of cross-border movements and exchange on the economic diversification of regions engaged in cross-border cooperation in the long term will have a major positive impact on the socio-economic development of the economy of the border regions, including the development of tourism and related industries (retail, food industry, entertainment, hospitality, etc.).

5. ACKNOWLEDGEMENT

The study is performed as part of research financed by Russian Foundation for Basic Research “Diversification of economic activities of the Russian Federation on the basis of cross-border cooperation in the field of tourism and recreation potential of the territories”, № AAAA-A16-116021210138-0.

REFERENCES

- Anisevich, R., Palmovsky, T., Dragileva, I.I. (2013), Influence of local border traffic on the development of cross-border tourism between the Republic of Poland and the Kaliningrad region of the Russian Federation. In: Science and Tourism: Cooperation Strategy. Vol. 2. Barnaul: Publisher Altai State University. p65-73.
- Bolychev, O., Gumenyuk, I., Kuznetsova, T. (2015), Local border traffic and the development of retail trade in the Kaliningrad region and Polish borderlands. *Baltic Region*, 4(26), 135-149.
- Davydov, D.M. (2008), Cross-border and trans-border cooperation as a factor of development of Russian exclave region. *IKBFU's Vestnik*, 6, 72-77.
- Davydov, D.M., Chekalina, T.N. (2011), Cross-border cooperation as a branding tool in the Baltic region. *Journal of the Baltic Region*, 2(8), 74-76.
- Dragileva, I.I. (2006), Cross-border Cooperation in Tourism Development in South-Eastern Baltic. PhD Thesis. St. Petersburg: St. Petersburg State University.
- Fedorov, G.M., Korneevets, V.S. (2008), Euroregions – A new format of interaction. *Cosmopolis*, 2(21), 78-85.
- Klemeshev, A., Fedorov, G., Manakov, A. (2015), Baltic subjects of the Russian Federation among Border regions of Russia. *International Journal of Economics and Financial Issues*, 5(2), 41-48.
- Korneevets, V.S. (2010a), Formation of Cross-border Mezzo Regions on the Baltic Sea. Kaliningrad: IKBFU.
- Korneevets, V.S. (2010b), International regionalization in the Baltic Sea. St. Petersburg: Publishing House of the St. Petersburg State University.
- Kropinova, E.G., Zaitseva, N.A., Moroz, M. (2015), Approaches to the assessment of the contribution of tourism into the regional surplus product. *Mediterranean Journal of Social Sciences*, 6(3), 275-282.
- Mezhevich, N.M. (2002), Regional economic policy of the Russian

- Federation: The impact of cross-border cooperation on traditional and new mechanisms of implementation. St. Petersburg: Publishing house of the St. Petersburg State University.
- Mikhailov, A.S. (2013), Development of international clusters in the Baltic Sea region. *Baltic Region*, 1(15), 37-46.
- Mikhaylov, A.S., Bolychev, O.N. (2015), Forms of transnational economic cooperation and integration in the Baltic Region. *International Journal of Economics and Financial Issues*, 5(2), 55-64.
- Monich, I.P. (2009), Transboundary tourism as an integral part in world economy of tourism. Chita: Chita State University.
- Ogneva, N.F. (2014), Organizational aspects of the development of cross-border cooperation. *Theory and Practice of Social Development*, 2, 394-396.
- Studzieniecki, T., Palmowski, T., Korneevets, V. (2016), The system of cross-border tourism in the Polish-Russian borderland. *Procedia Economics and Finance*, 39, 545-552.
- Van der Velde, B. (1997), So Many Regions, So Many Borders. A Behavioral Approach in the Analysis of Border Effects. Paper Prepared for the 37th European Congress of the European Regional Science Association. Rome.
- Verkholantseva, K.V. (2009), Development of Modern Cross-border Cooperation between Russia and Europe: A Comparative Analysis. PhD Thesis. Moscow: MGU.
- WTTC Report. (2015), Travel and Tourism: Economic Impact. Available from: <https://www.wttc.org/-/media/files/reports>.
- Zaitseva, N.A., Kropinova, E.G., Korneevets, V.S., Dragileva, I.I., Chudnovskiy, A.D. (2016), The long-term forecast of the Russian tourism development. *International Review of Management and Marketing*, 6(5), 103-110.
- Zykov, A.A. (2008), Cross border region in the Russian system of international cooperation. *Humanities Studies in Eastern Siberia and the Far East*, 2, 17-27.