



Case study:

CROSS-BORDER LABOUR MOBILITY BETWEEN POLAND-LITHUANIA



Maritime Institute in Gdansk
Gdansk, Poland, 2012

The overview report is a part of activities in Component 3
- Exchange on employment conditions and successful labour market tools -
implemented within the framework of SB Professionals project

Gdansk, Poland 2012

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based on various sources including SB Professionals Project Partners contribution:

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2. Economic Development Corporation Vorpommern GmbH
3. VIRTUS – Institute for new teaching and learning methods
4. Institute for European Initiatives
5. West Pomeranian Business School
6. Gdynia City Hall
7. EUCC Baltic Office

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Introduction

The present case study focuses on labour force cross-border mobility patterns that exist between Poland and Lithuania. It refers to the flows of workers of short and long-term commuting as well as total job migration across the border in the relevant Polish and Lithuanian regions. However, transnational migration of labour force (i.e. affecting transfer abroad persons' place of residence) remains outside of the scope of the study. Therefore, tasks of the study is to provide an overview concerning the level, structure and potentials of Polish-Lithuanian cross-border mobility, pointing out relevant best practices and to reveal barriers and obstacles related to commuting. Geographic delimitation of feasible Polish-Lithuania mobility is depicted in Figure 1. The report encompasses to two distinguished areas, namely north-eastern land border area (CB 1) and two regions of Pomorskie and Klaipeda (CB 2), even though they are separated by Kaliningrad Region (RUS).

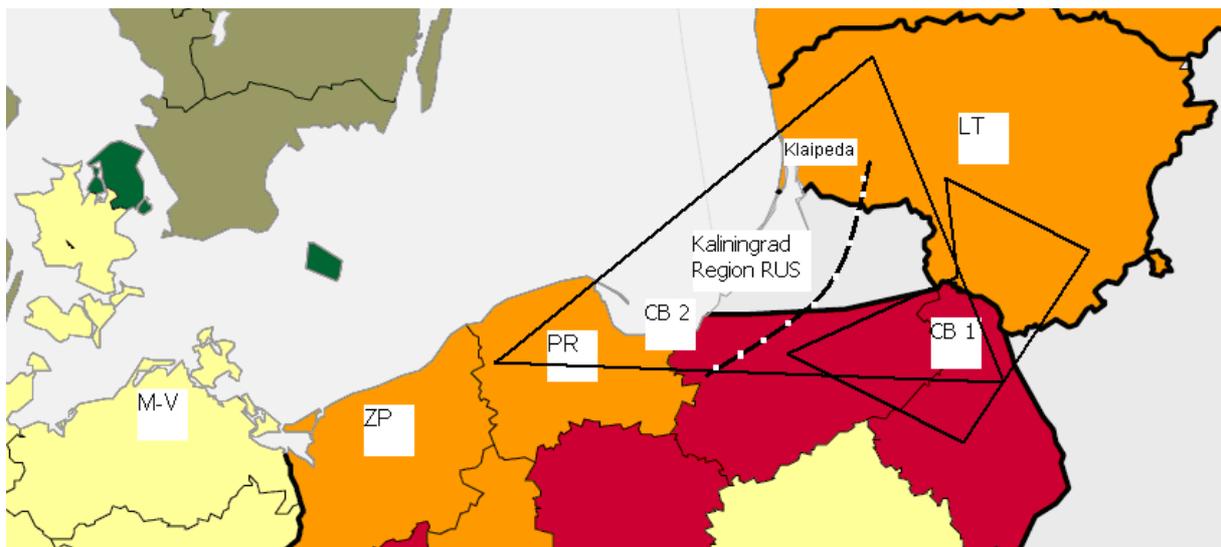


Fig.1. Polish-Lithuanian areas of labour force mobility study:

CB 1 (north-eastern Poland – Lithuania borderline area)

CB 2 (Pomerania Region (PL) -Klaipeda Region (LT)).

Source: own elaboration.

The methodology of the study includes the research based on primary (qualitative) and secondary information resources. The latter consists of desk research, analysis of available reports, studies and database regarding economic and labour situation in the relevant subjects and regions. In addition to the desk research, there was held a qualitative research, which included several methods: online surveys with semi-structured questions, direct in-

depth interviews and the focus groups of qualified experts of the local labour markets and entrepreneurs involved in the manufacturing, trade and service sectors¹. In order to achieve consistency of the data, the single border regions were given some priority over an overall comparability in current report due to scarcity and diversity and low accessibility of the regional level statistics. The comparative approach was applied in the previous report “Statistical analysis of the current situation of the South Baltic labour markets, South Baltic Professionals” (deliverable 3.1., 2012) and has been used in the presented case study.

The current report is focused on Polish-Lithuanian work force mobility case studies in bordering areas and each section of the report is presented in comprehensive form and focused on the key aspects and results.

¹ Interviewed Focus Group consisted of representatives of social, administrative and business sectors like regional labour offices, culture and tourism offices, associations of employers and chamber of commerce, business clubs and maritime industries.

1. Comprehensive socio- and economic analysis of Polish and Lithuanian regions

Until 2008, Lithuania had been enjoying high economic growth with its highest GDP growth rate of 9.8% recorded in 2007. In the wake of the international financial and economic crisis the economy faced a severe economic downturn till 2.8%, in 2008, and by 2009 Lithuanian economy moved to recession with GDP contracted by 14.7%. In 2010 country's economy resumed and exhibited slight recovery, while in 2011 economic activity accelerated and achieved the highest real GDP growth within Baltic Sea Region of 5.8%. This positive trend in Lithuanian's economy is expected to continue in 2012 however with projected slow down till 3.4%.

Poland was the only country in the EU member states that managed to maintain positive economic growth during the crisis. After the economic boom between 2004 and 2008, with its peak in 2007 when GDP growth reached 6.8%, it dropped to 1.7% by 2009. Yet the Polish economy rebounded and grew by 3.8% in 2010 and furthermore by 4.3% in 2011. It is projected that Polish economy will maintain positive trends in 2012 however with reduced growth till the rate of 2.5%.

Lithuania was the 23rd Polish trading partner with the share of 1.39% in exports and 0.67% in imports (2011). On the other hand Poland is the third, after Russia and Germany, main Lithuanian trading partner. In 2011, the share of Polish partners in Lithuanian trade amounted to 6% in exports and 10% in imports. At the beginning of 2011, Polish currency was depreciated which together with recovery of Lithuanian economy led to the dynamic growth in foreign trade but also raised purchase of goods within border-adjacent areas. Only in the period of 2010-2011 Polish exports/imports to/from Lithuania grew substantially by +37.8% and by +29.9%.

Polish exports to Lithuania is dominated by chemicals and related products - 23.5%, food stuffs and agriculture products - 19%, manufactured goods - 19%, metals and metallurgy products - 9.7%. Lithuania's main export commodities to Poland are mineral products (fuels

and lubricants included) 43.6%, products of the chemical industries 17.5%, food stuffs and other agriculture products 15%².

Polish region of Pomorskie exported (2008) to Lithuania commodities with the total value of 138,4 mln euro, with share of 1.9% in the total region's exports (Lithuania was the 14th trading partner in exports of Pomorskie Region). The import from Lithuania to Pomorskie Region was lower, i.e. below 0.7% of the total imported value of commodities to the region³.

In 2011 Poland was ranked as the fourth (after Latvia, the Netherlands and Russia) largest market where Lithuanian foreign investments were directed, with the share at 8.24% of total Lithuanian investments abroad. According to Polish statistics, there are 96 Lithuanian investors registered in Poland (2011) with the activity developed mostly in trade, processing and sales of pharmacy products also liquors production. Some recent examples of Lithuanian's investments in Poland includes Lithuanian Sanitas which acquired Polish chemist company Jelfa SA, Vilnius Prekyba that invested in the network of chemists, Vilnius Degtine bought out Polish producers of liquors in Krakow and Lancut while Maxima Grupe took control over one of the Polish retail shops chain⁴.

On the other hand, Polish companies were the main (followed by Sweden and Germany) foreign investor in Lithuania with 8.7% share in the total FDI in Lithuania. In 2011 there were 185 companies with Polish capital registered in Lithuania. The main areas of investments include oil refining, glass processing, insurance and financial services, trade, transport and food stuffs sectors. Some major Polish investors in Lithuania are Warta Glass Plant, Computerland SA., chemicals producer CIECH, Ceramika Opoczno SA, insurance companies PZU and Commercial Union and oil operator Lotos, which only recently took over Lithuanian Geonafta⁵. The main Polish investor in Lithuania remains PKN Orlen, which in 2006 bought for the amount of 2.34 mld USD the largest Lithuanian's oil refinery in Mazeikiai.

² Litwa-przewodnik po rynku, Ambasada Rzeczypospolitej Polskiej, Wydział Promocji i Inwestycji, Wilno 2012.

³ Eksport oraz bezpośrednie inwestycje zagraniczne firm województwa pomorskiego, (red.) S. Umiński, PBS DGA i Ośrodek Badań Integracji Uniwersytetu Gdańskiego, Gdańsk 2009.

⁴ Ministerstwo Gospodarki, Litwa-informacja o sytuacji gospodarczej i stosunkach gospodarczych z Polską, Warszawa 2012.

⁵ Ministerstwo Gospodarki, Litwa-informacja o sytuacji gospodarczej i stosunkach gospodarczych z Polską, Warszawa 2012.

2. General outline of the regions' labour markets

The key aspects of Polish and Lithuanian labour markets have been summarized in table 2. The data shows, that there are few country indicators of the similar value and several indicators the value of which varies. The similar values of both countries indicators are represented in the rate of employment, part-time workers rate and early leavers from education rate. The differences of the countries are fixed in employment rate, employment rate of elderly persons, unemployment rate and other positions.

Tab.2. Polish and Lithuanian labour and social indicators in 2010 (annual averages)

Labour and social indicators	Poland	Lithuania
Employment rate (% of population aged 20-64)	64.6	64.4
Employment growth (annual % change)	0.4	-5.1
Female employment rate (% of population aged 20-64)	57.7	65.1
Employment rate of elderly persons (% of population aged 55-64)	34.0	48.6
Unemployment rate (% of labour aged 15-64)	9.6	17.8
Youth unemployment rate (% of labour force 15-24)	23.7	35.1
Long-term unemployment rate (% of labour force)	3.0	7.4
Part-time workers (% of total employment)	8.3	8.1
Employees with fixed-term contracts (% of total employment)	27.3	2.4
Tertiary education attainment (% of age group 30-34)	35.3	43.8
Early leavers from education (% of population aged 18-24)	5.4	8.1
Minimum wage (EUR/month on 1 st January of the year)	320.9	231.7
Inequalities of income distribution measured by Gini coefficient (2009)	31.4	35.5
At-risk-of poverty rate after social transfers (%, in 2009)	17.1	20.6

Source: EUROSTAT and adopted from *Labour markets in the Baltic Sea Region; Comparative study on the economic situation and labour market situation, Recent developments*, Wilke, Maack and Partner, November 2011

2.1. Polish labour market

Despite the continuous employment growth during the crisis, Poland remained one of the EU countries with the lowest overall employment rates (64.6% by 2010). The same applies to the employment rate for women (57.7% in 2010) as well as to the employment of workers 55 years of age and older (34.0% in 2010). The share of the temporary labour contracts is relatively high compared to the EU average. It amounted to over 27% in 2010. Especially young people are concerned because it is estimated that more than 65% of the workers who are under 25 have temporary employment contracts. In Poland, the rate of early school-leavers is significantly lower than the UE-27 average (5.4% compared to 14.1% in the EU27 in 2010). However, over two thirds of young graduates in Poland could not find a job adequate to their education. With EU accession, the emigration of Polish workers has been increasing rapidly. Between 2004 and 2007 the number of Polish workers taking up employment in other, mostly former EU-15 countries, rose from 1 million to 2.3 million. Poland's population is in decline, it has fallen from around 38.6 million in 2000 to around 38.1 million people in 2009. Poland is one of the EU member states with the lowest fertility rates. Decreasing population and growing old-age dependency ratio (from 19% in 2010 to over 35% in 2030) and emigration of qualified workers are the main challenges facing Polish economy in the long term⁶.

Short term indicators relevant for the years of 2010 and 2011 on the labour market of Pomerania Region revealed some slight changes. With 59.1% employment rate, raising employment for men and women and relatively low unemployment (9.3%) also within group of young workers (16.2%), labour market of Pomorskie Region, all in all, exhibits some slight positive trends⁷.

While in 2011 total employment rate in the region remained at the same (low) level of 59.1%, the overall unemployment rate in the region decreased from 9.3% to 8.5%⁸. Since employment within workers group aged 55-64 years was still decreasing (from 38.3% to 37.8% in 2011), employment of younger workers had raised in the region. Nevertheless, in

⁶ Labour markets in the Baltic Sea Region; Comparative study on the economic situation and labour market situation, Recent developments, Wilke, Maack and Partner, November 2011

⁷ For in-depth analysis of the current labour market situation in Pomorskie Region, please refer to: Statistical analysis of the current situation of the South Baltic labour markets, South Baltic Professionals deliverable 3.1., 2012

⁸ Eurostat regional statistics information update 2012

Pomorskie Region employment of the young people and labour activation of the older group of workers are the key short-term issues of the local labour market.

2.2. Lithuanian labour market

The Lithuanian labour market reacted rapidly to the crisis with unemployment more than tripling within three years and reaching one of the highest in the EU unemployment rates at 17.8% in 2010. Youth unemployment even quadrupled, reaching the peak of 35% in 2010. Labour market in Lithuania has been much affected by the economic crisis which hit both employment (contracted to 57.8% in 2010) and substantially raised unemployment and broke the positive trends of the previous growth years⁹.

Due to the unfavourable economic conditions, structural reforms and bankruptcies, employers cut wages and reduced number of jobs. Employment and vacancies decreased in almost all economic activities, with the most significant decreases in construction, manufacturing and trade. Long-term unemployment increased to 7.4%. Apart from the young, in particular the lower-skilled workers, rural residents and elderly people were affected by the large-scale redundancies.

Short term changes within period of 2010-2011 indicated some slight positive signs of the Lithuanian's labour market recovery. Overall employment rate had risen between 2010 and 2011 from 57.8% to 60.7%. Also employment rate of elderly workers of 55-64 ages grew from 48.6% to 50.5%. Unemployment rate in Lithuania dropped in 2011 to 15.4% (by 2.4% less in comparison to 2010), also unemployment rates respectively for men and women were reduced noticeably, in the first case to 17.8% (by 2.4% less as to 2010), in the second case to 13% (less by 1.4%)¹⁰. However, short-term problems experienced with finding jobs by men and young people (in 2010 almost every third young Lithuanian worker remained jobless) are still complex and challenging. Long-term challenges for Lithuanian labour market mostly concern: decreasing population (population diminished from approximately 3.7 million in 1990 to 3.24 million people in 2010 and it is projected to further decrease below 3 million by 2035) and the risk that unemployment becomes structural. Finally, the country suffers from strong outward migration of working-age population. In particular the rapidly

⁹ Labour markets in the Baltic Sea Region; Comparative study on the economic situation and labour market situation, Recent developments, Wilke, Maack and Partner, November 2011

¹⁰ Eurostat regional statistical information update 2012, Statistical analysis of the current situation of the South Baltic labour markets, South Baltic Professionals deliverable 3.1., 2012

increasing youth unemployment was supposed to spur another pronounced emigration wave of young and highly qualified people. In 2009, each second emigrant was aged between 20 and 34 years old. It is estimated that emigration in Lithuania in 2010 was almost four times higher than in 2009.

3. Comparative analysis of the labour supply and demand in the eligible markets

1. In both countries young people (aged 15 to 24 years old) have been severely affected by the economic downturn and recession. Youth unemployment is twice as high as overall unemployment in both countries. Youth unemployment rates remain at high levels: 23.7% in Poland and 35.1% in Lithuania. Reasons for high youth unemployment and their weak labour market integration include lack of practical experience but also a mismatch between education and labour market demands. In particular high unemployment relates to low-skilled young people in the current economic environment.
2. In comparison to Lithuanian situation on labour market, Poland records lower employment of elderly people (aged between 55 and 64 years old) also lower level of professionally active women.
3. A minimum salary in Lithuania amounts to 232 EUR (800 LTL, 970 PLN) and it is among the lowest in the EU-27 (lower minimum salary is recorded only in Romania and Bulgaria). It means that a pay per hour for unskilled workers amounts to 4.85 LTL (6 PLN/hour). Seasonal or contractual jobs are unattractive not only for Poles but also for Lithuanians. Potentially, there are more income attractive jobs for skilled and qualified workers. At present, the average salary in Lithuanian economy amounts to 2,642 PLN, while for managers it reaches 5,991 PLN and for engineers 3,400 PLN.
4. Lithuania in particular had experienced a steep employment decline in the labour intensive sectors of construction, manufacturing and trade. In these three sectors only in years of 2009-2011 the number of employees had dropped by 10,000, whereas 3,128 persons left industry and 2,029 workers left the construction sector. Most of them emigrated abroad.
5. Both Poland and Lithuania suffer from high emigration of younger, mostly well-educated and qualified workers. Lithuania is at the first position in the EU-27 with regards to the

number of emigrants as per 1000 inhabitants. In the years 2004-2010, it is estimated that 180,000 Lithuanians emigrated abroad and only in 2010 it was some 83 thousand people¹¹. Data of the labour office exchange in the Klaipeda Region confirms raise of Lithuanians emigration as from monthly average 220 person in 2011, to over 300 (with peak outflow of 460 workers in May) in 2012 and with the most popular destinations to Norway, Germany and United Kingdom¹². At the national level the most popular destinations of emigrating Lithuanians for taking up jobs abroad were the following countries: United Kingdom (36.7%), Ireland (13.3%), Germany (6.7%) and Spain (5%)¹³.

6. Analysis of migration in Pomorskie Region indicates noticeable changes recorded in the recent years. In 2010 number of immigrants, i.e. people who came from abroad for permanent residence in Pomorskie Region was 1,296 persons (738 males and 558 females). In the same year outflow of population resulted in 1,396 of emigrants (626 males and 770 females) leaving region for permanent residence abroad. Absolute net international migration balance (inflow less outflow) was still negative but only 100 persons while in 2005 this negative value amounted to 1,197 persons.
7. Over the past ten years, every tenth adult Pole (10% of adult population) worked abroad, i.e. 3 million of Poles in the period 2000-2010 took up jobs abroad. The primary destinations of Poles for working abroad were Germany (39%), United Kingdom (22%), Italy (11%), the Netherlands (9%) and Spain (7%). Significantly fewer went to USA (4%), France, Belgium, Hungary (3%), Austria, Denmark, Norway and Slovakia (1%)¹⁴.
8. Main reasons for Poles to seek for jobs abroad are: difficult economic situation at home, no jobs available at the local markets, dissatisfaction with earnings, poor opportunities for advancement in the current job, a need for professional development. The highest percentage of Polish interested in working abroad relates to the unemployed people and students. Among Polish currently employed, the most eager to work abroad are unskilled and highly skilled workers, people employed in service sector and administration but also technicians¹⁵.

¹¹ Lietuvos Statistikos metraštis 2011

¹² M.Mankute, Labour market situation in Klaipeda territorial labour exchange, Palanga LT, June 2012

¹³ Lietuvos Statistikos metraštis 2011

¹⁴ Centrum Badań Opinii Społecznej CBOS, Komunikat badań BS/138/2011 Praca Polaków za granicą, Warszawa listopad 2011

¹⁵ D.Kucharski, Job mobility and migration of Poles, Baltic Sea Labour Network, December 2010

9. According to the Polish survey, 16% of adult Poles declare willingness to working abroad. Interest in taking up jobs abroad is shown mainly by the youngest respondents (from 18 to 24 years old). Nearly one fifth of them (20%) intend to apply for employment outside. In the age group 25-34 years, 11% intends to apply for or is currently seeking jobs abroad, 13% of them in the age group 35-44¹⁶.
10. Klaipeda Region exhibits great seasonal fluctuation in the work force supply and demand¹⁷. In January 2012 there were registered 4,318 unemployed people with only 685 of available vacancies. Situation at the regional labour market used to change drastically in the summer months and for example in May 2012 number of unemployed people decreased to 3,082, whereas the number of vacancies raised to 2,160. Most vacancies are offered in service sector (68%), in industry (15%), construction (13%) and agriculture (4%). In mid 2012 there were in Klaipeda Region the following labours demanded:
 - employees with higher education: sales manager, administrator, sales agent, business manager, accountant,
 - employees with professional education: vendor, cook, welder, lorry driver, decorator, shipyard workers and installers.
11. In Pomeranian Region working population by 2011 amounted to 1,636 thousand people while the number of actually working persons resulted in 806 thousand people. Regional labour offices registered 81,240 people seeking paid jobs. As to results in 2010, 4,117 persons successfully found jobs, whereas 1,902 people were employed on labour contracts. Lion's share of those looking for job, specifically 28,703 persons, was directed to the temporary and intervention works. Some 568 employers, whereas 55 foreign ones, were in contact with regional labour offices looking for the potential employees¹⁸.
12. Short-term most demanded professions in Pomerania Region are as follows: ship officers and marine pilots, physiotherapy technicians and welders also ship construction fitters, shipbuilding technicians, accountants, office staff, bank cashiers and related, call centre operators, shop assistants, ticketing staff, personal care staff, carpenters, fitters

¹⁶ Centrum Badań Opinii Społecznej CBOS, Komunikat badań BS/138/2011 Praca Polaków za granicą, Warszawa listopad 2011

¹⁷ All information and data relevant to the labour market of Klaipeda Region originate from M.Mankute, Labour market situation in Klaipeda territorial labour exchange, Palanga LT, June 2012.

¹⁸ Pomorski Barometr Zawodowy, Raport Końcowy, Wojewódzki Urząd Pracy w Gdańsku, Gdańsk 2012

- in construction industry, plumbers and sanitary equipment fitters, bricklayers and workers for fish processing¹⁹.
13. Estimated medium and long-term demand for work force in Pomerania Region relates to: professional activities, science and technology, information and communication, construction, manufacturing, financial and insurance services and other services whereas the economic sectors demanding employees are mostly as follows: construction (40%), other services (30%), transport and storage (23%), manufacturing (16%)²⁰.
 14. Employers view on the key disadvantages of the potential employees: lack of experience, low level of foreign languages command and low mathematical competences. Employers' profile of the most demanded employee: aged between 26 and 45 years old, with social competencies like hard-working, honesty, self-dependence and responsibility also creativity, and the most desired professional competencies like well-educated, experienced and having specialized abilities and skills²¹.
 15. It is claimed that currently in Lithuania structural unemployment comes to play. Those who stay unemployed are either not interested in work and they are not able to work or potential employees have no sufficient qualifications and motivations²². This might be one of the reasons for high long-term unemployment (for 12 months and more) both in Poland (7.4%) and in Lithuania (3%).
 16. In comparison to EU-27, part-time work is less common in Poland and Lithuania. Only less than 10% of employees who used to work under part-time schemes in both countries might be partly explained by the relative low-wages connected with part-time employment. Fixed-time contracts or temporary work are under prevalent in Poland, in Lithuania these labour arrangements are of minor importance. Both, part-time and fixed-term contracts are flexible form of work. Though contributing to a flexible labour market, they are not always regarded as positive. Increasing share of part-time and fixed-term contracts can point towards a replacement of full-time and permanent jobs.
 17. Top ten of the best employers in Lithuania includes two commercial banks SEB and Swedbank, chemical plant Achema, energy supplier Lesto, two telecom operators

¹⁹ *ibidem*

²⁰ *ibidem*

²¹ *ibidem*

²² Verso Zinos dated 24.09.2012

Omnitel and TEO, oil refinery company Orlen Lietuva, railway transport company Lietuvos Gelezinkeliai and brewery Svyturys Utenos Alus.

18. The share of persons with disposable income below the risk-of-poverty threshold (60% of the national median disposable income) is clearly rising in periods of economic slowdowns and crisis; in Poland and Lithuania it raised in 2009 to respectively 17.1% and 20.6%.

4. Legal regulations regarding the labour mobility in the cross-border regions

Poland and Lithuania do not impose any restrictions on the access to their labour markets.

As of May 1, 2004 there are no legal barriers for the free movement of Polish and Lithuanian citizens in border crossing and mobility. Also there are no barriers as for taking up jobs in both countries, however, some positions in administration are restricted to citizens only. If the worker stays in the eligible regions for longer than 90 days, registration of residence in local authorities is required. In Lithuania an administrative procedure with registration for residence and work of non-citizens are provided by only one administrative department with the seat in Vilnius, what in turn takes at least 2-3 days and makes it uncomfortable and inconvenient for applicants.

5. Institutions in the cross-border area and sources of information about labour markets

Poland and Lithuania, together with the other EU/EEA countries' Public Employment Services belong to the European Employment Services (*EURES*) network. The aim of EURES is to inform, guide and provide advice to potentially mobile workers on job opportunities as well as living and working conditions in the European Economic Area and to assist employers wishing to recruit workers from other countries. In addition to this, the network provides advice and guidance to workers and employers in the border areas.

Biały Las is an informal and the only cross-border partnership in Polish-Lithuanian cross-border area located on the Polish side (with one EURES advisor at place). The activities are implemented by the Voivodeship Labour Office in Białystok, Poviát Labour Office in Suwałki

and Powiat Labour Office in Sejny, on the Lithuanian side by the Job Exchange in Alytus. The activities undertaken by Biały Las partnership are to promote transnational mobility in Polish-Lithuanian cross-border area, developing knowledge base on living and working conditions in both countries and to extend cooperation between Polish and Lithuanian cross-border regions.

There are no information centres providing comprehensive and official information on the labour market situation, social security, legislation and regulations, rights and obligations, as well as sources of information about cross-border commuters and employers and promoting cooperation and exchange between adjacent areas. There is no official EURES Polish-Lithuanian cross-border partnership. Some limited information are available at EURES Advisor at the Voivodeship Labour Office in Białystok, Biały Las informal cross-border Polish-Lithuanian partnership (phone no +48 85 7497235).

6. Intercultural issues in the cross-border region

The events of cultural character have been organised so far by the partnership Biały Las and local authorities and in the north-eastern borderline areas (CB 1). Some actions undertaken on more or less regular basis include: Cross-border Job Fairs-Suwałki in 2010, Lithuanian Days in Puńsk, conference for the employers with the participation of foreign EURES advisors and meetings for persons interesting in taking up job in the region on the other side of the state border.

Interviewed experts of the Focus Group suggested that mentality, culture issues and foreign language command are the obstacles of less importance on the Polish-Lithuanian cross-border mobility.

7. Analysis of the cross-border mobility between Poland and Lithuania

Although migration and commuting are currently interpreted under umbrella of geographical or regional mobility, there are differences to be considered²³:

- commuting is more temporary in nature than migration, in that commuting leaves the place of residence unaffected. The journey to work, with a few exceptions, is undertaken on a short-term basis. Longer-haul commuting may involve longer period of time and then this form of commuting is less frequent,
- migration involves the movement of one's residence to another place.

This case study focuses on working force cross-border mobility taking place between Polish and Lithuanian regions while transnational mobility/migration (e.g. from Poland to Ireland) is not included. Consequently, dealing with cross-border issues, two Polish-Lithuanian geographic scopes of mobility were delimited, namely:

- cross-border workers commuting within north-eastern border adjacent areas consisting of Polish subregions Suwalski, Białostocki, łomżyński, Ełcki and Lithuanian subregions like Kaunas, Marijampole, Alytus counties,
- cross-border labour mobility between Pomorskie Region and Klaipeda Region even if these two regions are not sharing border and are geographically separated by Kaliningrad Region (RUS).

The knowledge of the size and motivation structure of cross-border movements of labour between Poland and Lithuania is rather scarce. Main general findings (for 2006/2007) indicate that Poland and Lithuania were the countries of destination for totally 750 and 700 in-commuting job-seekers, while the total number of workers out-commuting for jobs from Poland and Lithuania were estimated at 9,282 and 700 persons²⁴.

²³ Scientific Report on the Mobility of Cross-Border workers within the EU-27/EEA/EFTA countries, Final Report, MKW Wirtschaftsforschung GmbH, Munich, Empiria Kft. Sopron, January 2009

²⁴ Scientific Report on the Mobility of Cross-Border workers within the EU-27/EEA/EFTA countries. Final Report, MKW Wirtschaftsforschung GmbH, Munich, Empiria Kft. Sopron, January 2009

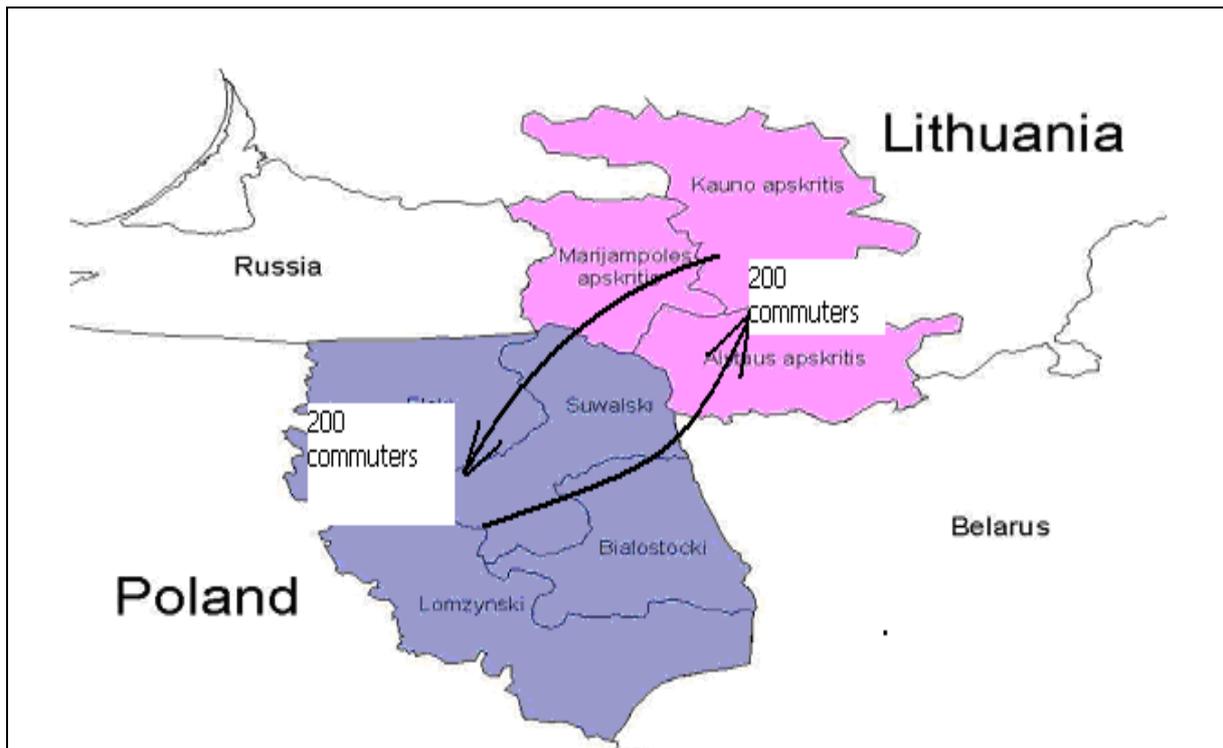


Fig.2. Polish-Lithuanian cross-border mobility in the North-eastern region

Source: adopted from Annexes to Scientific Report on the Mobility of Cross-Border workers within the EU-27/EEA/EFTA countries. Final Report, MKW Wirtschaftsforschung GmbH, Munich, Empiria Kft. Sopron, January 2009.

In the north-eastern region relevant for cross-border mobility, streams of out-commuters and in-commuters are estimated at 200 workers for each side and annually (Figure 2). Before economic downturn, the construction industry, communication and agriculture branches were the most frequented by Polish workers although not yet on a high level. On the other hand, the most occupied branches by Lithuanians in Polish adjacent region were agriculture, tourism and private household services. Locally attributed as demanded for labour force and also the most relevant for community branches inducing cross-border mobility are the construction industry, agriculture, tourism, manufacturing and transport. Low cross-border mobility between Poland and Lithuania can be associated on the one hand with the structural and economic weakness of the bordering regions, on the other hand with minor salary differences between regions. Both side commuters regard the level of possibly earned incomes as low. So far in the cross-border mobility pre-dominates male commuters with lower qualification level. There are indications that daily commuting forms and short-term employments prevail for the border workers. The cross-border mobility in the outlined regions is characterized by the short-term employment also associated with seasonal

agriculture activities, daily trips between places of residence and work and rather low skilled workers involved in commuting over the border.

Cross-border labour mobility between Pomorskie Region and Klaipeda Region (Figure 3) because of geographical obstacles (both regions are separated by Kaliningrad Region with very limited transit accessibility for Polish and Lithuanian commuters) is of specific, longer-haul commuting. Number of Polish commuters taking up jobs in Lithuania, mainly in Klaipeda region is estimated at 64 persons, while in the opposite direction from Lithuania to Poland (with unidentified share directed to Pomorskie Region) number of commuting Lithuanians are supposed to be 104 persons²⁵. In this case cross-border mobility is induced by the foreign direct investments (Polish in Lithuania and Lithuanian in Poland) conducted in both regions. The branches occupied by cross-border commuters of this kind of mobility are much dispersed and comprise of manufacturing and trade, also the construction industry and oil processing and refinery, chemist industry. This kind of cross-border mobility is featured by high skilled workers who commute on the longer term (weekly and monthly basis). Key motivations for commuting are employment opportunities, income advantages also possibility of professional development and advancements.

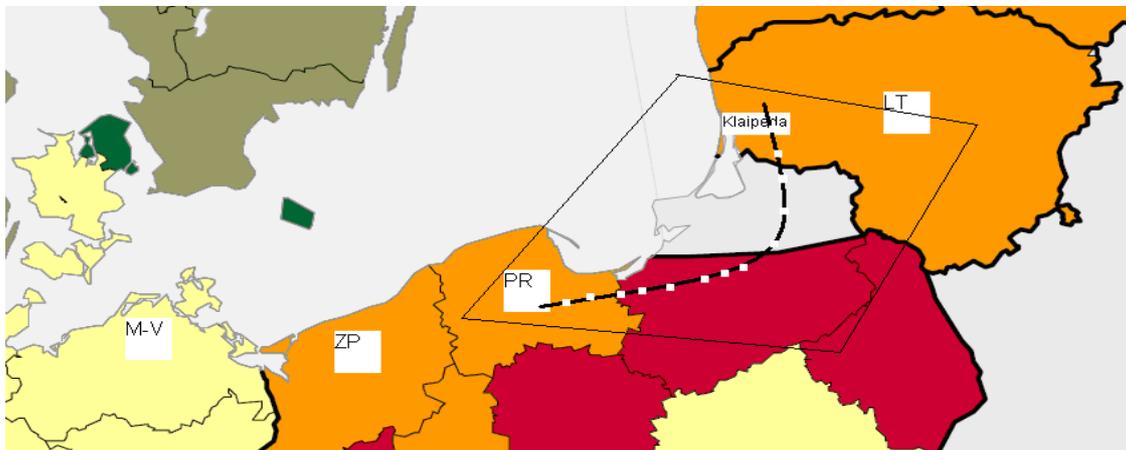


Fig.3. Longer-haul mobility between Pomerania Region (PI) and Klaipeda Region (LT)
Source: own elaboration.

The geographic coverage of commuting streams and specific features of the Polish-Lithuanian cross-border mobility are depicted in Table 3.

²⁵ A. Pfankuche, Perspectives of a common labour market in the Baltic Sea Region, Freidrich-Ebert-Stiftung 2011

Tab.3. Major characteristics of Polish-Lithuanian cross-border streams of mobility

Geographic delimitation of cross-border Polish-Lithuanian mobility	Number of cross-border workers		Nature, features and structure of mobility
	PL→LT	LT→PL	
North-eastern border adjacent areas (CB 1)	200	200	Nature of mobility: induced by local socio-economic region's assets and structure, lower qualified workers, short-term employment and commuting (daily/weekly), short trips, main branches occupied: construction, agriculture, hotels & restaurants,
Pomerania Region-Klaipeda Region (CB 2)	64	104	Nature of mobility: induced by foreign direct investments, high skilled workers, longer-term employment and commuting (weekly/monthly), long-haul trips, main branches occupied: manufacturing and trade, construction
Total	264	304	x

Source: own elaboration adopted from: A. Pfankuche, *Perspectives of a common labour market in the Baltic Sea Region, Freidrich-Ebert-Stiftung 2011, and Scientific Report on the Mobility of cross-border workers within the EU-27/EEA/EFTA countries. Final report. MKW Wirtschaftsforschung GmbH, Munich, December 2008.*

8. Cross-border cooperation and good practices

Delimitation of two geographic types of cross-border mobility between Poland and Lithuania and also identification of differences in their features and structure made it possible to distinguish main drivers behind potentials of cross-border mobility. In the case of north-eastern border region, labour commuting is closely correlated with economic structure of the neighbouring areas and the level of socio-economic activities within the border region and improving the competitiveness of the most valuable assets of the region. Poor development of small and medium-sized enterprises (SME) and any other forms of joint actions/services also low infrastructure accessibility prevent so far development of cross-border cooperation and mobility. Several joint projects, mostly partly-financed by EU funds, are in force and refer to development of infrastructure, analysis of potentials and possibilities for co-operation and measures fostering eventually cross-border mobility.

Some of the most promising projects refer to²⁶:

- improvement of road infrastructure network within Polish-Lithuania cross-border region; projects launched to improve traffic conditions, creating favourable conditions for business development, enhancing accessibility to the border area for tourists and business and integrate the system of local road into transregional system; improvement of road infrastructure between Vilkaviskis and Suwałki (6 roads) and between Puńsk, Suwałki, Krasnopol and Lazdijai (9 roads) are the good examples of such activities,
- improvement of public infrastructure of industrial border Polish-Lithuanian areas to create favourable conditions for business development; improvement of public infrastructure of industrial areas in Alytus and Suwałki and the enhancement of export potentials, development of the network cooperation among local authorities of Puńsk, Alytus, Krasnopol, Sejneski powiat through re-building of 7 local roads in the borderline region in the areas of rural and agro-tourism activities,
- promotion of business environment in Polish-Lithuanian borderline area Puńsk-Kalvarija-Lazdijai in order to strengthen activity of small and medium-sized enterprises; the main target group were people living in the border regions, especially those already conducting their own companies and planning to run their own business, also trainings for prosperous and potential entrepreneurs in the region; establishing/developing local business information centres, building up common entrepreneurship strategy and creating joint database of business sectors.

Great potentials and possibilities for fostering cross-border mobility (in a form of daily commuting) are connected with the development of tourism, water tourism and eco-tourism in adjacent border areas.

The second identified cross-border commuters' stream relates to relations between regions of Pomorskie and Klaipeda. It is estimated that cross-border mobility is in this case induced mostly by the foreign direct investments in respective regions. According to the latest

²⁶ Neighbours in action, 37 cross-border co-operation projects. Cross-border co-operation program Lithuania-Poland 2007-2013

studies²⁷, employment in foreign daughter manufacturing and trade companies of Pomeranian's investors amounts on average to respectively 97 and 6 persons. More than 43% of the interviewed Polish foreign investors used to employ in the daughter's companies local staff in departments of marketing and sales. Almost 19% of the companies employ local workers in the supply departments, when are investing in foreign country. 25% of entities let the daughter companies to be run by the native managers. The average of 25% of Pomeranian's investors was in position of not employing local employees in their overseas departments. It means that foreign direct investments are the potential source of enhancing cross regional mobility of workers, in this case high-skilled and based on the longer-term of employment also on the less frequent schemes of commuting. Focusing only on the inter-regional investments, the examples of good practices are the investments of Lithuanians in Gdańsk located company Momefarm, producer of dermatology solutions. After the acquisition the whole group employment grow up to 2,000 persons and about 5% of the total staff employed used to commute between the regions. On the other hand, recent (2011) major Polish investment in Lithuania was a merge of Polish Trakcja Polska with Lithuanian Tiltra group within the sector of road and rail infrastructure construction. Total employment of the group after the merge increased to 3,500 persons. Same assumptions as to cross-border mobility might be applied, which means that at least some 5% of total employed are supposed to commute between Polish and Lithuanian regions. However, geographical origins and destinations of mobility might be much dispersed due to economic activities (construction of road and rail infrastructure) and scattered along the whole Lithuania. Foreign Direct Investments (PL to LT and LT to PL) create not only working places both in donor and destination countries but also induce weekly/monthly cross-border mobility of highly skilled workers and with significant added value.

²⁷ Eksport oraz bezpośrednie inwestycje zagraniczne firm województwa pomorskiego, S. Umiński (red.), Gdańsk 2009

9. Main barriers and obstacles regarding the cross-border mobility

Main identified barriers hampering level and structure of the cross-border Polish- Lithuanian mobility relates to:

- large scale of transnational emigration in both countries in a form of significant outflow waves of workers to other countries of EU-15 which declines commuting rate at the cross-border level; countries of destinations both for Poles and Lithuanians looking for jobs overseas do not overlap with borderline regions and decline number of commuters; the ground reason is that workers from Lithuania and Poland may earn up to five times higher salaries by taking up jobs in EU-15 member states (“in the Netherlands skilled workers in the shipbuilding industry may receive a salary three/four times higher than in country of origin”),
- phenomenon of the synchronic labour markets in the analysed regions, which means that what is missing in terms of work force and its qualifications in one region, is usually missing and demanded in the other region,
- similar economic structure of the border regions as well as relatively low differences in incomes earned from taking up jobs on the other side of border impede mutual exchange of the labour force; unskilled workers on both sides judge the feasible income and salaries as low; some noticeable differences in wages occur only within qualified labour, at average +34% in favour of the Polish regions,
- insufficient level of socio-economic development of the bordering regions in the north-eastern neighbouring areas in terms of entrepreneurship, small-and medium size companies, export potentials, development of the network cooperation among local entrepreneurs and authorities.

Main obstacles on cross-border mobility, also pointed out by the interviewed Polish and Lithuanian experts and entrepreneurs, are listed as below:

- geographic barrier because of Pomerania and Klaipeda Regions separation by the Kaliningrad Region (RUS), which impose several restrictions in transit for Polish and Lithuanian commuters; in practice commuters experience 1000 km long round trips via north-eastern land border crossings and sustain high travel expenses and time

consuming trips; lack of efficient transport connections between Pomorskie and Klaipeda regions is regarded by the interviewed experts as the main obstacle on cross-border mobility (“with any direct transport connection between Pomerania and Klaipeda regions, there are not sufficient communication”, “if Lithuanians want to find job in Poland, they certainly will not travel 1000 km to Pomerania Region but instead locate themselves in the nearby north-eastern areas”, “several promising co-operation projects failed because of lack of direct transport connections”)

- inadequate regional road system and insufficient public transport within north-eastern borderline area (it concerns Lazdijai-Marijampole-Alytus-Seinai-Suwałki area),
- lack of information with regards to cross-border activities and job offers, also relevant to social insurance or medical care also taxation systems; existing Polish and Lithuanian labour exchange offices have scarce resources and their activities are limited to matching jobs mostly for the lower skilled workers, on the other hand cross-border co-operation among regional labour offices is very limited and hampered by the lack of co-operation system and language barriers; within these obstacles, “success stories of cross-border employment usually goes through personal channels, main sources of information about jobs available are acquaintances but not labour offices or other forms of official labour market information sources”.

10. Common challenges

Poland and Lithuania are faced with huge challenges as ageing population and pressure on pension schemes, with high rate of unemployment, large scale labour emigration, shortages of skilled labour supply as well as the risk of poverty and social exclusion of lower skilled and unemployed workers. In the medium and long term and along with economic recovery also depopulation trends in both countries, the problem of decreasing labour supply might

remain the most important bottlenecks of the economic growth and labour markets development²⁸.

Poland and Lithuania experienced large emigration wave during the last decade. Emigration of (qualified) working age population can initially ease the labour markets situation in times of crisis (like a decreasing labour supply) but then exacerbates the demographic burden in the long term if people do not return.

It appears that young people, older-aged employees, low-skilled workers, residents of rural areas have been affected most by the recent economic downturn and the subsequent negative developments in labour markets.

Danger of “brain drain”, especially of youth, might generate problems both in Poland and Lithuania. Most entrepreneurial and skilled workers are likely to move first, the ones with substantial human capital. This may result in a depleted labour market where the best workers have left and where it is uncertain if and when they may return to their region of origin. As a result, social capital erosion may arise in the commuter's home communities, for example in terms of social networks, public facilities and social services. Unbalanced streams of labour may strengthen the region of destination but may weaken the region of origin. These aspects reveal that cross-border mobility, especially of longer haul and term, has an impact on both the destination and region of origin. This impact is not only of an economic nature but also involves social, cultural and community issues²⁹.

11. Findings and recommendations for the future actions and tools

1. Lack of statistics on cross-border mobility and information on labour market situation in respective regions seems to be the problem of fundamental importance. With weak statistical support for decision makers, it is difficult to take rational decisions. There is clearly a need to find out how many people are commuting across Polish-Lithuanian border. Establishing professional information centres (based on EURES advisors, e.g.

²⁸ Labour markets in the Baltic Sea Region; Comparative study on the economic situation and labour market situation, Recent developments, Wilke, Maack and Partner, November 2011

²⁹ P.Ester, H.Krieger, Comparing labour mobility in Europe and the US; facts and pitfalls, *Over-werk Tijdschrift van het steunpunt WSE*, no 3-4, 2008

- Biały Las in the north-eastern borderline area) and linking it to a network with other labour offices in Poland and Lithuania, this is a main recommendation for development of work force mobility within cross-border regions.
2. Removal of geographic barrier by establishing ferry connection between Pomorskie and Klaipeda Regions and/or and efficient land transport via Kaliningrad Region (simplified administrative procedures for acquiring transit visa) also development of public transport in the north-eastern borderline areas, there are the key drivers fostering cross-border mobility between Polish and Lithuanian regions
 3. Enhancing north-eastern border region transport accessibility for inhabitants and tourists by further development of infrastructure and socio-economic development of border regions focused on development of tourism, eco-and -water tourism based on natural (lakes, rivers, nature) internal assets of the borderline area, there are key potentials for cross-border co-operation and hence commuting at local scale.
 4. Promoting and supporting Lithuanian investments in Poland and Polish investments in Lithuania create not only working places both in donor and destination countries but also induce weekly/monthly cross-border mobility of highly skilled workers and with significant added value.
 5. Assessing the effects of mobility on the home country and home communities of commuters should be the subject of a systematic and coherent mobility research program. Research should be carried out on the short and long-term social, economic and cultural effects of border commuting on both donor and destination regions
 6. Removal of practical obstacles related to differences between national social security and taxation systems for individuals who earn most of their income in a member state other than their state of residence also review taxation rules (e.g. transport expense deductibility, tax rates on incomes) to the non-residents who occasionally work in their territory³⁰

³⁰ In fact European Commission announced in April 2012 its intention to review direct tax measures imposed by member states on cross-border workers. The Commission will carry out a thorough review of the national direct tax to determine whether they create unfair disadvantages for individuals who live in one member state and work in another.

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