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SERVICES IN POLAND'S TRADE TURNOVER WITH THE NEIGHBOURING COUNTRIES AT THE EXTERNAL BORDER OF THE EUROPEAN UNION

The article aims to investigate the share of services in Poland's trade turnover with the neighbouring countries at the external border of the European Union, taking into consideration the registered and unregistered turnover, as well to identify the share of the unregistered sector in the total volume of services turnover. The statistical analysis conducted on the data shows that in the years 2010-2012 the registered exports of services from Poland to Russia, Ukraine and Belarus were several times higher than the imports of services from these countries. The value of unregistered cross-border purchases of services made by Belarusians in Poland was twenty-five times higher, by Russians seven times higher and by Ukrainians twice as high as the value of the purchases made by Polish consumers in these countries. The share of the unregistered cross-border trading in the exports of services from Poland to Belarus and to Russia was higher than in the imports, whereas in the case of Ukraine the situation was reversed: the share of the unregistered imports of services was higher than the unregistered services exports.

Key words: Poland's foreign trade turnover with eastern neighbours, services, Cross-border shopping, Ukraine, Belarus, Russia

Introduction

Services play an increasingly important role in foreign trade turnover¹. In 2012, the value of services² provided by Poland to other countries amounted to PLN 123.4 billion, whereas the value of purchased services totalled PLN 104.0 billion³. Countries which dominate the trade in services are member countries of the European Union and the United States of North America; however, Poland's eastern neighbours, which are not members of the European Union, also play a certain role in this field. In particular, one should emphasize their significant role as the recipients of Polish services. In terms of the absolute value of services provided by Poland in 2012 Ukraine ranked 4th, Russia ranked 6th, and Belarus ranked 7th.

¹ The position of services in the international trade is discussed in the following books: (1) W. Dugiel, *Światowy system handlu, nowe wyzwania i próby reform* (The World Trading System: New Challenges and Attempts at Reform), Warszawa 2013; (2) A. Kuźniar, *Usługi w handlu międzynarodowym* (Services in International Trade), Warszawa 2007. Theoretical aspects of the turnover in services are presented in the book by A. Wróbel *Międzynarodowa wymiana usług* (The International Trade in Services), Warszawa 2009.

² Provided and acquired services by EBOPS Classification (Extended Balance of Payments Services)

³ Yearbook of Foreign Trade Statistics of Poland 2013, Warsaw, Central Statistical Office, tabl. 29, 30

Poland definitely purchases less services in these countries. In terms of the value of Poland's imports of services, Russia ranked 15th, Ukraine ranked 23rd, and Belarus ranked 30th.

Services trade is also carried on through cross-border shopping, that is to say making purchases in non-wholesale quantities in a neighbouring country without the registration of the fact of purchase in the documents required for customs clearance. In 2012, the value of the services purchased by foreign consumers in Poland in an unregistered way in the border area at the EU external border amounted to PLN 151.7 million, while the value of the services purchased without registration by Polish consumers in the neighbouring countries totalled PLN 35.9 million⁴. The volume of the services acquired by Ukrainians, Belarusians and Russians in the Polish border area is several times higher than Polish cross-border shoppers' expenditures on services in these countries. For this reason, trade turnover in services within the framework of cross-border shopping, including an unregistered turnover in food and non-food products, has a positive impact on the financial standing of enterprises operating in Poland's eastern border areas⁵.

Taking into consideration a significant dynamics of the increase in the turnover in services between Poland and its eastern neighbours, which has been reported in the first place in the EBOPS system, as well as in the volume of cross-border shopping, the paper investigates the changes taking place in the years 2010-2012 in the field of (1) the share of the services in trade patterns with the neighbouring countries taking into consideration the registered and unregistered turnover, and (2) the share of the unregistered sector in the total volume of the turnover in services. In the further section of the paper, the services registered in the EBOPS system are specified as registered services, whereas the trade in services carried on through cross-border shopping is specified as unregistered services.

Research methodology and sources

The paper investigates the position of services in the commodity turnover between Poland and its eastern neighbours and identifies the role of the unregistered sector in this field. This research problem was analyzed in several stages. In the first place, the volume of trade turnover between Poland and the neighbouring countries was calculated. In order to identify a full value of Poland's imports from the individual countries, the expenditures on services acquired by the Polish side and reported in the EBOPS system were added to the value of the imported commodities which were registered in the SAD system. Likewise, in the case of exports, the expenditures on

⁴ Border Traffic and Movement of Goods and Services at The European Union's External Border on The Territory of Poland in 2012, Central Statistical Office, Statistical Office in Rzeszów, Warsaw-Rzeszów 2012, tabl. 4, 21

⁵ Powęska H., 2005, *Cross-border shopping in Poland in the period of transition*, in: *The role of borderlands in United Europe; The borderlands and integration processes*, Region and Regionalism, No.7 vol. 1, Łódź-Opole pp. 151 – 160; Powęska H., 2011, *Struktura towarowa handlu przygranicznego na pograniczu polsko-ukraińskim*, Roczniki Naukowe Stowarzyszenia Ekonomistów Rolnictwa i Agrobiznesu, Warszawa – Poznań – Wrocław, Tom XIII, z.2, ss. 371-376.

services acquired and reported in the EBOPS system were added to the value of commodities sold and reported in the SAD system. Another step was to calculate a percentage of services in the registered imports and exports to the individual countries. At the same time, the share of services in the unregistered turnover was analyzed. The last step was to indicate the correlation between the registered and unregistered sector in the trade in services between Poland and its neighbours at the external border of the UE. However, the share of cross-border shopping in the turnover of the services trade with the individual countries and the share of services in the total volume of trade (registered and unregistered sector together) were presented separately.

The volume of imports and exports was presented based on the data included in the Yearbooks of Foreign Trade Statistics published by the Central Statistical Office of Poland⁶, while the information on cross-border shopping comes from the publications of the Centre of Transborder Area Surveys and Statistics for Euroregions of the Statistical Office in Rzeszów⁷. The paper was also based on the author's own research and empirical observations⁸.

The share of services in Poland's exports to its eastern neighbours at the external border of the UE in the years 2010-2012

In the years 2010-2012, there was an increase in the absolute value of services provided by Poland to the neighbouring countries at the EU external border (Table 1, column 6.) The highest values of services exports registered in the EBOPS system were reported in the case of Ukraine, then came Russia, and the relatively smallest volume of services was exported to Belarus. However, in respect of the dynamics of growth, this phenomenon was reversed: in the case of Belarus, this value rose by approximately 50 percent (from PLN 2096.5 million in 2010 to PLN 3550.2 million in 2012), in the case of Russia it increased by around 30 percent (from PLN 3383.3 million in 2010 to PLN

⁶ *Yearbook of Foreign Trade Statistics of Poland 2012*, Warsaw, Central Statistical Office 2013; *Yearbook of Foreign Trade Statistics of Poland 2011*, Warsaw, Central Statistical Office 2012; *Yearbook of Foreign Trade Statistics of Poland 2010*, Warsaw, Central Statistical Office 2011

⁷ *Border Traffic and Movement of Goods and Services at The European Union's External Border on The Territory of Poland in 2012*, Central Statistical Office, Statistical Office in Rzeszów, Warsaw-Rzeszów 2013; *Border Traffic and Movement of Goods and Services at The European Union's External Border on The Territory of Poland in 2011*, Central Statistical Office, Statistical Office in Rzeszów, Warsaw-Rzeszów 2012; *Border Traffic and Movement of Goods and Services at The European Union's External Border on The Territory of Poland in 2010*, Central Statistical Office, Statistical Office in Rzeszów, Warsaw-Rzeszów 2011

⁸ Powęska H., 2013, Spatial extent of cross-border trade in the Polish-Ukrainian border area, 2013, In: *Region and Regionalism*, No.11 vol.2. University of Łódź, Silesian Institute In Opole, Silesian Institute Sowiety, pp.217-230, Powęska H., 2012, Struktura towarowa handlu przygranicznego na pograniczu polsko-białoruskim, w: *Roczniki Naukowe Stowarzyszenia Ekonomistów Rolnictwa i Agrobiznesu*, Warszawa – Poznań – Białystok, Tom XIV, z.4, ss. 79-84; Powęska H., 2008, Struktura towarowa i zasięg przestrzenny handlu przygranicznego między Polską i Białorusią na początku XXI wieku, w: *Ruch graniczny w kontekście rozszerzenia Unii Europejskiej*, Biała Podlaska, strony 63 - 70

4638.6 million in 2012), and in the case of Ukraine it rose by nearly 20 percent (from PLN 4619.6 million in 2010 to PLN 5574.5 million in 2012).

Table 1. Share of services items in Poland's exports to eastern neighbours while taking into account the unregistered sector (cross-border shopping) and the registered sector (SAD and EBOPS) in the years 2010-2012

Year	Expenditures in Poland of cross-border shoppers from the neighbouring countries on the Polish section of the EU eastern border			The value of exports from Poland (SAD) and the value of services delivered by Poland (EBOPS) to the neighbouring countries on the Polish section of the EU eastern border			Unregistered expenditures of foreign consumers in Poland on services items (cross-border shopping) and Poland's exports of services to the neighbouring countries in the EBOPS system	
	Total	Of which expenditures on services		Total	Share of services items		Share of cross-border shopping in Poland's sales of services items	Share of services items in the sales to the neighbouring countries
	Thous. PLN	Thous. PLN	% of Total	Thous. PLN	Thous. PLN	% of Total	%	%
1	2	3	4	5	6	7	8*	9*
Ukraine								
2012	3 658 884,4	47 839,4	1,3	22764356,6	5574468,9	24,5	0,9	21,3
2011	3 114 018,9	30 316,4	1,0	18712765,4	4858715,7	30,0	0,6	22,4
2010	2 282 677,3	31 933,6	1,4	16543981,0	4619604,7	27,9	0,7	24,7
Belarus								
2012	2 628 790,6	51 691,5	2,0	10111351,3	3550162,2	35,1	1,4	28,3
2011	1 948 596,5	36 813,9	1,9	8203719,4	2733715,2	33,3	1,3	27,3
2010	1 417 413,6	22 000,8	1,6	6978870,5	2096527,6	30,0	1,0	25,2
Russia								
2012	333 118,7	52 210,2	15,7	36900588,2	4638622,3	12,6	1,1	12,6
2011	188 063,3	24 241,3	12,9	29057321,2	3948080,7	13,6	0,6	13,6
2010	99 075,2	16 682,1	16,8	23518531,9	3383334,9	14,4	0,5	14,4

*Column 8 calculated by equation: $[3: (3+6)] \times 100$;

*Column 9 calculated by equation: $[(3+6) : (2+5)] \times 100$

Source: Own elaboration based on: *Yearbook of Foreign Trade Statistics of Poland 2012*, Warsaw, Central Statistical Office 2013; *Yearbook of Foreign Trade Statistics of Poland 2011*, Warsaw, Central Statistical Office 2012; *Yearbook of Foreign Trade Statistics of Poland 2010*, Warsaw, Central Statistical Office 2011; *Border Traffic and Movement of Goods and Services at The European Union's External Border on The Territory of Poland in 2012*, Central Statistical Office, Statistical Office in Rzeszów, Warsaw-Rzeszów 2013; *Border Traffic and Movement of Goods and Services at The European Union's External Border on The Territory of Poland in 2011*, Central Statistical Office, Statistical Office in Rzeszów, Warsaw-Rzeszów 2012; *Border Traffic and Movement of Goods and Services at The European Union's External Border on The Territory of Poland in 2010*, Central Statistical Office, Statistical Office in Rzeszów, Warsaw-Rzeszów 2011

In the period under study, certain changes were observed with respect to the share of services in the exports (Table 1, column 7) calculated as a total of: (1) the value

of the commodities sold and registered on the basis of the SAD customs clearance forms, and (2) the value of services provided and registered in the EBOPS system. The increase in the share of the services sector in exports was observed in the case of Belarus (from 30 percent in 2010 to 35 percent in 2012), whereas the indexes of the percentage share of services in the exports to Russia and Ukraine decreased (from 14 percent in 2010 to 12 percent in 2012, and from 28 percent in 2010 to 24 percent in 2012 respectively).

Poland provides Russia mainly with transport services (pipeline, rail and automotive), construction, cultural, tourism services as well as licenses. Polish exports to Ukraine include transport, tourist and commerce services as well as licenses. Belarus is a recipient of Polish tourism services.

The dynamics of increases in unregistered purchases of services made by foreign cross-border shoppers in Poland was equally high (Table 1, column 3). The largest (more than threefold) growth in this field was observed in Poland's trade with Russia (from PLN 16.8 million in 2010 to PLN 52.2 million in 2012). During this time, the services provided to Belarus increased in value by more than twice (from PLN 22.0 million in 2010 to PLN 51.7 million in 2012), and the value of the services sold to Ukraine rose by 50 percent (from PLN 31.9 million in 2010 to PLN 47.8 million in 2012). The share of services in the value of purchases made by foreign cross-border shoppers in Poland varied, both with respect to the value of the index and with reference to the trend of change (Table 1, column 4). Services in the Polish-Russian border area constituted the largest percentage of the value of unregistered expenditures, which may be the result of a very frequent use of tourist services by the residents of the Kaliningrad Region. However, as regards the remaining two countries, services did not exceed 2 percent of the value of unregistered expenditures in Poland. Still, in terms of the share of services in the value of unregistered expenditures in Poland, upward trends were observed in the case of Belarus (from 1.6 percent in 2010 to 2.0 percent in 2012), whereas downward trends were noted in the case of Russia (from 16.8 percent in 2010 to 15.7 million percent in 2012) and in the case of Ukraine (from 1.4 percent in 2010 to 1.3 percent in 2012). In the pattern of services purchased in an unregistered way by the citizens of Poland's neighbours across the external border of the European Union the dominant fields were accommodation and gastronomy services.

By taking the registered and unregistered sector together, we can identify certain differences in respect of the share of services in the exports to the particular countries (Table 1, column 9). The largest percentage is represented by services in the total volume of exports to Belarus, it was slightly lower in the case of Ukraine, and the smallest percentage was reported in the case of Russia. In the cases of Ukraine and Russia a decline was recorded, while in the case of Belarus an increase in the share of services in the total value of exports was observed. The share of unregistered services purchased in Poland by foreign cross-border shoppers in the total value of services provided to individual countries (Table 1, column 8) is insignificant; however, in the case of all three countries it showed an upward trend (Russia: from 0.5 percent in 2010 to 1.1 percent in 2012; Ukraine: from 0.7 percent in 2010 to 0.9 percent in 2012; Belarus: from 1.0 percent in 2010 to 1.4 percent in 2012).

The share of services in Poland's imports from the neighbouring countries at the external EU border in the years 2010-2012

In the years 2010-2012, there was a rise in the absolute value of services, registered in the EBOPS system, purchased by Poland in the neighbouring countries at the external border of the European Union (Table 2, column 6); however, in reference to the individual countries different trends were recorded in this field. During this time, most of the services were purchased in Russia, where there was also a substantial increase in the value of services purchased in the period under study (from PLN 1567.3 million in 2010 to PLN 2126.1 million in 2012). The value of services purchased in Ukraine was definitely lower; moreover, the absolute value of the services purchased by Poland in this country declined (from PLN 1098.0 million in 2010 to PLN 982.2 million in 2012). The value of services purchased in Belarus was the lowest among these three countries, although upward trends were recorded (from PLN 461.2 million in 2010 to PLN 515.3 million in 2012). In the period under study, in the case of all three countries there was a decrease in respect of the share of services in registered exports (Table 2, column 7) calculated as a total of: (1) the value of purchased commodities registered on the basis of the SAD customs clearance forms and (2) the value of services purchased and registered in the EBOPS system. This decrease was the greatest one in the case of Ukraine (from 16.5 percent in 2010 to 10.6 percent in 2012), and it was also observed in the case of Belarus (from 15.4 percent in 2010 to 13.7 percent in 2012), but it was the smallest one with reference to Russia (from 2.8 percent in 2010 to 2.3 percent in 2012). In Russia, Poland bought mainly services in the field of marine, air, rail and road transport, as well as services related to waste utilization and the disposal of pollutants; in Ukraine Poland purchased mainly rail transport services, and in Belarus Poland bought mainly rail transport and construction services.

Characteristically, a high dynamics could be observed with regard to the increases in unregistered purchases of services made by Polish cross-border shoppers in the neighbouring countries (Table 2, column 3). Growth dynamics was recorded in the case of Russia (from PLN 2.7 million in 2010 to PLN 8.1 million in 2012) and Ukraine (from PLN 16.3 million in 2010 to PLN 25.5 million in 2012), whereas the decline in dynamics was observed in the case of Belarus (from PLN 5.8 million in 2010 to PLN 2.2 million in 2012). The share of services in the value of unregistered purchases made by Polish cross-border shoppers in the neighbouring countries varied, both in terms of the value of the index and with reference to the trends of change (Table 2, column 4). The increase in the share of services in the total value of unregistered purchases made by Polish cross-border shoppers was observed in the Polish-Ukrainian border area (from 4.8 percent in 2010 to 8.6 percent in 2012), whereas a decrease in the share of services in the total value of unregistered expenditures of the Polish cross-border shoppers was observed in the Polish-Russian border area (from 5.9 percent in 2010 to 2.9 percent in 2012) and in the Polish-Belarusian border area (from 8.0 percent in 2010 to 3.1 percent in 2012). Polish cross-border shoppers travelling to the countries bordering Poland across the EU external border purchased mainly accommodation and gastronomy services.

Table 2. Share of non-food items in Poland's imports from eastern neighbours while taking into consideration the unregistered sector (cross-border shopping) and the registered sector (SAD and EBOPS) in the years 2010-2012

Year	Expenditures of Polish cross-border shoppers in the neighbouring countries on the Polish section of the EU eastern border			Imports of Polish goods (SAD) and the expenditures on services purchased by Polish citizens (EBOPS) in the neighbouring countries on the Polish section of the EU eastern border			Unregistered Polish consumers' expenditures on services items in the neighbouring countries on the Polish section of the EU eastern border (cross-border shopping) and Poland's imports of services items from the neighbouring countries in the EBOPS system	
	Total	Of which services items		Total	Of which services items		Share of cross-border shopping in Poland's imports of services items	Share of services items in Poland's imports from the neighbouring countries
	Thous. PLN	Thous. PLN	% of Total	Thous. PLN	Thous. PLN	% of Total	%	%
1	2	3	4	5	6	7	8*	9*
Ukraine								
2012	295 224,7	25 526,7	8,6	9302061,8	982181,8	10,6	2,5	10,5
2011	330 508,4	15 257,6	4,6	9319923,0	1094125,6	11,7	1,4	11,5
2010	340 018,0	16 287,6	4,8	6624025,7	1095058,5	16,5	1,5	16,0
Belarus								
2012	72 302,1	2 207,5	3,1	3750873,6	515253,7	13,7	0,4	13,5
2011	63 570,4	2 448,1	3,9	4449364,6	486049,8	10,9	0,5	10,8
2010	72 889,2	5 804,6	8,0	2993925,9	461203,1	15,4	1,2	15,2
Russia								
2012	280 412,8	8 143,3	2,9	93173063,3	2126149,7	2,3	0,38	2,28
2011	113 597,8	4 589,5	4,0	76980813,5	1755120,8	2,3	0,26	2,28
2010	45 399,3	2 676,5	5,9	56431475,6	1567254,0	2,8	0,17	2,78

*Column 8 calculated by equation: $[3: (3+6)] \times 100$;

*Column 9 calculated by equation: $[(3+6) : (2+5)] \times 100$

Source: see in Table 1

Taking the registered and unregistered sector together, declining trends with respect to the share of services in Poland's imports from the neighbouring countries on the Polish section of the external EU border were recorded in the years 2010-2012 (Table 2, column 9). The largest decrease was observed in the case of Ukraine (from 16.0 percent in 2010 to 10.5 percent in 2012), a slightly smaller decline was recorded in the case of Belarus (from 15.2 percent in 2010 to 13.5 percent in 2012), and the lowest decrease was reported in the case of Russia (from 2.78 percent in 2010 to 2.28 percent in 2012). The share of unregistered services acquired by the Polish cross-border shoppers in the neighbouring countries in the total value of services purchased by Poland in the

individual countries (Table 2, column 8) is insignificant. In this respect, an increasing trend was observed in the case of Ukraine (from 1.5 percent in 2010 to 2.5 percent in 2012) and in the case of Russia (from 0.2 percent in 2010 to 0.4 percent in 2012), whereas a declining trend was recorded in the case of Belarus (from 1.2 percent in 2010 to 0.4 percent in 2012).

Conclusions

The analysis conducted in this paper led to the following conclusions:

- By taking the registered and unregistered sector together, one can conclude that Poland's exports of services into the Ukrainian, Russian and Belarusian markets in the years 2010-2012 were definitely greater than the imports of services from these countries.
- Substantial differences were observed in the field of the volume of registered exports and imports of services regarding the individual countries. In the trade with Russia, the value of Poland's exports of services was twice as high as its imports, in trade with Ukraine, the value of Poland's exports of services was approximately five times higher than its imports, and in the case of Belarus the value of Polish exports of services was approximately seven times higher than that of the Polish imports.
- The value of unregistered purchases of services made by foreign customers in Poland was definitely higher than the value of services purchased by Polish cross-border shoppers in the neighbouring countries. Ukrainian residents bought nearly twice as many services in Poland than Polish citizens in Ukraine, Russians bought nearly seven times as many services in Poland than Polish customers in Russia, and Belarusians bought almost twenty-five as many services in Poland than Poles in Belarus.
- The share of the unregistered trade in the exports of services from Poland to Belarus and to Russia was higher than that in the imports, whereas in the case of Ukraine the situation was reversed: the share of unregistered imports of services was higher than that of unregistered exports.

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