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## Conditions for Trade Exchange Between Eastern Polish and Belarusian Enterprises: Research Results

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**Abstract:**

**Purpose:** This paper aims to evaluate the key determinants influencing trade between business enterprises in the eastern provinces of Poland and their partners in Belarus.

**Design/Methodology/Approach:** Causal analysis method supported by quantitative data was employed. At the macroeconomic level, factors such as the value of exports, imports, turnover, and the balance of Polish-Belarusian international trade were analyzed. Additionally, the average share of Polish provinces in overall Polish trade and Polish-Belarusian trade was examined, with a specific focus on the contribution of the Podlaskie province. Partial findings from a survey conducted between 2021 and 2023 among 131 enterprises from Podlasie were used, covering their international activities from 2004 to 2020.

**Findings:** Business enterprises from eastern Poland, including the Podlaskie province, encounter significant political and economic barriers when trading with Belarus. The analysis also revealed that the Podlaskie province, compared to other Polish provinces, faces greater challenges in accessing EU markets but has a much higher share of Polish-Belarusian trade, underscoring its strategic importance in trade relations with Belarus.

**Practical implications:** The partial study of 131 Podlasie entrepreneurs' international activities provides valuable insights that are relevant both theoretically and practically.

**Originality:** This article strives to fill a gap in the relevant literature, particularly in the area of interprovincial variation in the structure of the exchange of goods of the total Polish foreign trade and even more in the area of regional (interprovincial) trade relations with Belarus.

**Keywords:** Globalization, International, International Relations, Trade.

**JEL classification:** F1, F2.

**Paper type:** Research article.

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## **1. Introduction**

The performance of companies in international markets is influenced by a range of factors, including qualitative ones. These factors have been the subject of numerous analyses, many of which, unfortunately, follow a schematic and repetitive pattern.

However, the rapidly changing economic reality in which companies operate is significantly shaped by political factors, highlighting the need for reliable, thorough, and ongoing research that addresses the aspects compelling companies to act in specific ways.

Research on corporate behavior in the international sphere can be approached from various theoretical frameworks. These may include the international trade theory, theory of the firm, industrial structure theory, foreign direct investment theory, capital theory, or the theory of monopolistic competition. Each theory offers a distinct perspective on how companies operate in international markets.

For example, the international trade theory is largely macroeconomic, focusing on the exchange of goods at the level of countries without delving into the detailed activities of individual firms. It is also important to recognize that the boundaries of the scientific disciplines studying the foreign activities of enterprises are not clearly defined and often overlap (Gorynia, 1988).

As a result, this publication centers on analyzing the determinants of commodity exchange between entrepreneurs in eastern Poland, with a particular focus on the Podlasie province and Belarusian provinces, examining these factors at three levels of aggregation: macro, meso, and micro.

In our research, a hypothesis was formulated stating that business enterprises in eastern Poland, particularly in the Podlaskie province, face significant political and economic barriers to trade with Belarus, which substantially influence their trading activities and export decisions.

Additionally, an auxiliary hypothesis was proposed, suggesting that, despite its marginal role in Poland's overall merchandise trade, the Podlaskie province plays a key role in trade with Belarus. The study aims to evaluate the key determinants impacting trade between enterprises in the eastern provinces of Poland and their partners in Belarus.

## **2. Methodology and Data**

The research employs the causal analysis method, supplemented by quantitative analysis. At the macroeconomic level, the study examines the value of exports, imports, turnover, and the balance of Polish-Belarusian international trade. Following this, the average share of each province in Polish and Polish-Belarusian merchandise trade was

analyzed. Notably, there are territorially unidentified data, labeled as "province unclassified" in Statistics Poland publications. To quantitatively illustrate the proportion of "province unclassified" in Polish and Polish-Belarusian trade, the data were presented without additional manipulation (Raport końcowy, 2015).

In the next phase, the study focuses on the share of Podlaskie province in Polish and Polish-Belarusian merchandise trade. In this part, the unidentified data were estimated based on provincial structures, as outlined by Statistics Poland (Raport końcowy, 2015). The data were processed and aggregated for the Podlaskie province using the R software environment.

Statistical data were sourced from the publicly available World Integrated Trade Solution (WITS) database, with additional data purchased from the Revenue Administration Chamber in Warsaw for another research project. The publication also draws on partial results from a survey (conducted between 2021 and 2023) of 131 business enterprises in the Podlaskie province, examining their international activities from 2004 to 2020, which also contributes to another research project<sup>4</sup>. The survey included three key questions regarding:

- The scale of the influence of certain factors related to Poland's membership in the EU on the undertaking of international exchange by the entrepreneurs surveyed in the Podlaskie province from 2004 to 2020.
- The scale of competitive pressure on companies from the Podlaskie province from 2004 to 2020 from companies from other countries.
- The extent to which the surveyed entrepreneurs of the Podlaskie province from 2004 to 2020 perceive particular types of risk in expanding into particular markets.

The research period spans from 2004 to 2020, a crucial timeframe for the development of trade relations between Poland and Belarus, as well as Poland's economic integration into the European Union. The study begins with Poland's accession to the EU in 2004, an event that significantly impacted the structure and dynamics of Poland's trade exchanges with both EU and non-EU countries, including Belarus (Grabowiecki, 2011).

The period ends in 2020, marked by the onset of the COVID-19 pandemic, which had a profound effect on global trade, including Polish-Belarusian trade relations. The pandemic introduced challenges such as border closures and trade restrictions,

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<sup>4</sup>Marta Maksimczuk MA's doctoral dissertation „Aktywność eksportowa i importowa przedsiębiorstw Polski wschodniej w wymianie towarowej z Białorusią” supervised by Prof. Jacek Grzywacz, PhD. In addition, as a part of the dissertation, a survey was conducted among business enterprises of the Podlaskie province that participate in the exchange of goods with Belarus. This article uses three questions from that survey that directly relate to the issues discussed in detail in the dissertation.

which significantly altered the terms of trade in goods during the final months of the study (Czech *et al.*, 2020). Additionally, global trade in 2020 was impacted by tensions resulting from the US-China trade war, which contributed to a decline in the value of international trade, a decline further exacerbated by the pandemic (Jędrzejowska and Wróbel, 2020). Despite the evolving threats, particularly of a political nature, the results of this research remain applicable to the current situation in the region.

### **3. Polish-Belarusian Trade – General Characteristics and Significance**

Poland, with its market economy, has made significant economic strides through its integration into the European Union. Belarus, despite its geographical proximity to Poland, has maintained a more closed economic system and has not embraced an open market economy (Czarny *et al.*, 2017). Belarus' economy remains heavily dependent on Russia through trade, financial flows, and political conditions. Russia remains a key trading partner for Belarus and in 2015, Russia accounted for 38% of Belarusian exports and over 56% of its imports (Błaszczuk-Zawiła, 2016).

Despite the divergent economic policies of Poland and Belarus, both countries share common cultural and mental characteristics that facilitate trade cooperation. These similarities, along with mutual familiarity with each other's economic systems, provide a solid foundation for economic collaboration (Grabowiecki, 2011; Ciborowski and Grabowiecki, 2007).

Poland's accession to the European Union, while initially raising some concerns, ultimately strengthened trade ties between Poland and Belarus. For Belarus, cooperation with Poland became more appealing as it provided access to the broader EU market (Błaszczuk-Zawiła, 2016).

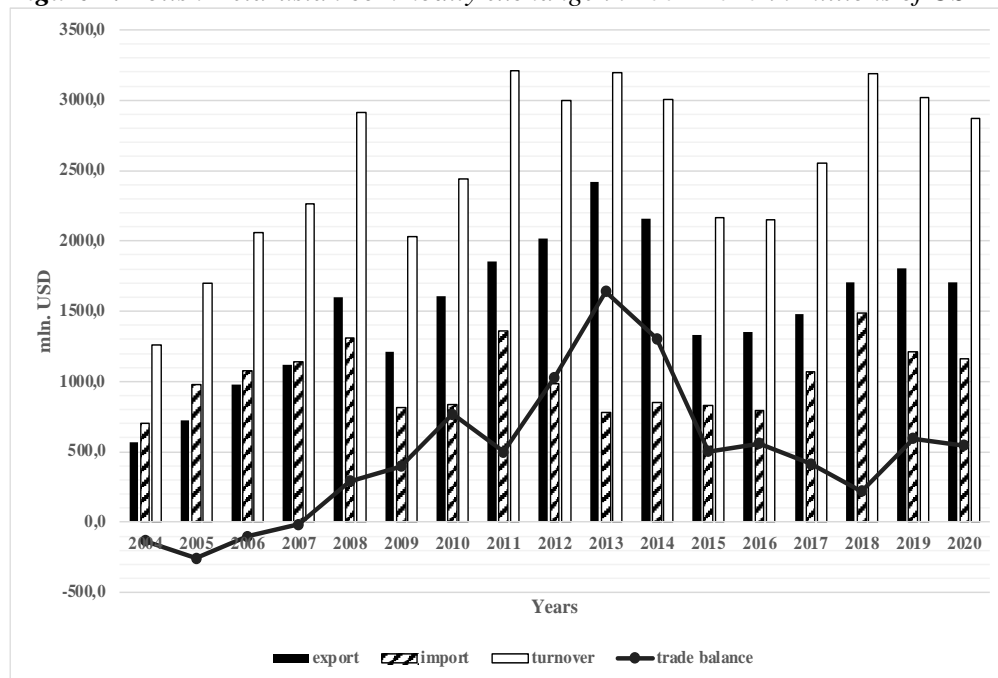
Throughout the analyzed period, trade between Poland and Belarus experienced significant fluctuations, driven by both external and internal factors affecting the economies of both nations. The total value of trade turnover during this period fluctuated considerably, reflecting changing economic and political conditions. Figure 1 illustrates the volume of Polish-Belarusian commodity exchange from 2004 to 2020.

Exports from Poland to Belarus exhibited an upward trend from the beginning of the analyzed period until 2013, with the exception of a decline in 2009, likely due to the global financial crisis. Exports peaked during this period at \$2,418.1 million. However, following 2014, export values began to decline. An upward trend was observed again in Polish exports to Belarus from 2017 to 2019.

In contrast, the decline in export value in 2020 compared to previous years can be attributed, in part, to the global COVID-19 pandemic, which significantly impacted both Polish-Belarusian trade and global commerce. Disruptions to global supply

chains, a decline in demand for certain goods, and transportation restrictions all affected international trade (Wieczorek, 2022).

**Figure 1.** Polish-Belarusian commodity exchange in 2004-2020 in millions of USD



**Source:** Own elaboration based on:

<https://wits.worldbank.org/CountryProfile/en/Country/POL/StartYear/1994/EndYear/2020/TradeFlow/Export/Partner/BLR/Indicator/XPRT-TRD-VL#>.

<https://wits.worldbank.org/CountryProfile/en/Country/POL/StartYear/1994/EndYear/2020/TradeFlow/Import/Partner/BLR/Indicator/MPRT-TRD-VL>.

Similar to exports, the value of imports of Belarusian products to Poland during the analyzed period exhibited both upward and downward trends, although to a lesser degree than exports. From 2004 to 2011, imports from Belarus generally trended upward, with the exception of the post-crisis years of 2009-2010.

This upward trend was followed by a decline until 2016. In 2017 and 2018, imports increased again but then decreased until the end of the research period. Notably, imports reached their highest value in 2018 at \$1,483.4 million. Additionally, the value of imports in 2020 was nearly twice as high as in the base year of 2004.

Polish-Belarusian trade turnover primarily exhibited an upward trend, excluding the periods from 2009 to 2010 and 2014 to 2016. The highest turnover value was recorded in 2013, reaching \$3,195.7 million. The final years of the study period experienced a decline, also attributed to the impacts of the COVID-19 crisis (Wieczorek, 2022).

At the start of the analyzed period, the trade balance showed negative values, indicating that imports exceeded exports. The first positive trade balance was recorded in 2008, characterized by an upward trend until 2010. In 2011, there was a sharp decline, followed by an upward trend until 2013, when the trade balance peaked at +\$1,640.5 million. Despite positive trade balance values in subsequent years, a downward trend was noted until the end of the analysis period, except for a slight increase in 2019.

In summary, the analysis of Polish-Belarusian commodity exchange from 2004 to 2020 reveals that trade volumes were influenced by various external and internal political and economic factors. Poland experienced a significant increase in trade, particularly in the second decade following its accession to the European Union.

However, the political situation and sanctions imposed on Belarus due to its position on the Russian-Ukrainian conflict and support for Russia's annexation of Crimea (Karolak-Michalska, 2017) led to a notable decline in trade between Belarus and the European Union, including Poland. Furthermore, the decrease in trade activity in 2020 reflects both the adaptation of Polish companies to evolving conditions and the impact of global economic disruptions.

#### **4. Interprovincial Differentiation of Polish-Belarusian Commodity Exchange in Comparison with the Polish Total – Selected Aspects**

International trade, particularly exports, is crucial for the economic development of regions that also compete with one another. In border areas, both exports and imports significantly influence local socioeconomic potential and the growth of local businesses. Export activities can enhance a region's productivity by leveraging economies of scale, specialization, and technology transfer. Additionally, export diversification can be a vital factor in regional development (Małkowska, 2017).

Despite the significance of this topic, there exists a research gap in the economic literature, particularly regarding inter-regional diversification in the structure of commodity exchange within total Polish foreign trade and, even more so, in the realm of regional trade relations with Belarus (Raport końcowy, 2015; Umiński, 2012; Umiński, 2013; Małkowska and Małkowski, 2017).

Table 1 provides an analysis of the average share of individual provinces in Polish and Polish-Belarusian trade in goods from 2004 to 2020, enabling the identification of key provinces that contribute to Polish and Polish-Belarusian trade in goods.

The Mazowieckie province accounts for 14.6% of Poland's total exports and 29.5% of all Polish imports. In the context of trade with Belarus, it emerges as the leading exporter (25.5%) and importer (36.0%) among Polish provinces. Along with the unclassified category, it contributes approximately 30-40% of Polish and Polish-Belarusian exports and imports.

**Table 1.** The average share of individual provinces in Polish and Polish-Belarusian trade in goods from 2004 to 2020 in %.

no.	province	total exports	total imports	exports to Belarus	imports from Belarus
1	dolnośląskie	10.3	7.6	3.3	0.9
2	kujawsko-pomorskie	2.9	2.4	3.9	2.4
3	lubelskie	1.6	0.9	5.0	3.3
4	lubuskie	2.8	1.6	3.4	1.1
5	łódzkie	3.6	4.2	4.9	2.5
6	małopolskie	4.6	4.6	2.5	2.3
7	mazowieckie	14.6	29.5	25.5	36.0
8	opolskie	1.5	1.3	0.7	2.8
9	podkarpackie	2.9	1.9	2.8	4.4
10	<b>podlaskie</b>	<b>1.0</b>	<b>0.8</b>	<b>8.1</b>	<b>12.0</b>
11	pomorskie	6.5	7.2	3.0	4.4
12	śląskie	13.9	9.2	5.0	5.0
13	świętokrzyskie	1.3	0.7	1.4	1.1
14	warmińsko-mazurskie	1.7	1.0	1.8	1.8
15	wielkopolskie	9.5	8.9	8.1	2.6
16	zachodniopomorskie	2.5	2.1	1.5	7.5
17	unclassified	19.0	16.1	19.2	9.9
18	<b>Poland overall</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

*Source:* Own elaboration based on data from the Revenue Administration Chamber in Warsaw.

The share attributed to the unclassified category, which includes goods exported and imported but not allocated to any specific province, is approximately 19% of total and of Belarussian exports, 16.1% of total imports, and with imports from Belarus at 9.9%.

Literature indicates a growing share of this unclassified category in both exports and imports during the analyzed period. This increase stems from the development of exporting companies operating across multiple provinces, which complicates the accurate allocation of specific export and import shares to designated regions (Pangsy-Kania *et al.*, 2023).

Although the Podlaskie province has a marginal role in Poland's overall commodity exchange, representing 1.0% of total exports and 0.8% of total imports, it significantly stands out in trade with Belarus. Specifically, its share in exports to Belarus is 8.1%, while in imports from Belarus, it reaches 12.0%.

This demonstrates that, even when accounting for the unclassified category, Podlaskie plays a crucial role in trade with Belarus. In contrast, regions with larger shares in Poland's international trade, such as Śląskie (Silesia) and Wielkopolska

(Greater Poland), exhibit greater total export and import shares (Śląskie: 13.9% of total exports and 9.2% of total imports), yet their respective shares in trade with Belarus do not always scale proportionately.

Additionally, provinces like Wielkopolskie and Lubelskie, with shares of 8.1% and 5.0%, respectively, in exports to Belarus, highlight this disparity. Notably, while Wielkopolskie holds a significant share in overall trade and trade with Belarus, Lubelskie has a larger export share to Belarus (5.0%) compared to its overall export share (1.6%).

In summary, the Mazowieckie province leads both in exports and imports, also dominating trade with Belarus. Conversely, the Podlaskie province, despite its relatively minor role in nationwide trade, has a significantly higher share in exchanges with Belarus. Furthermore, the increasing significance of the unclassified category complicates the precise attribution of trade results to specific regions, necessitating proper data adjustments for more comprehensive analysis.

Table 2 presents the share of the Podlaskie province in the Polish-Belarusian commodity exchange from 2004 to 2020, underscoring its crucial role in this trade relationship. Data regarding the unclassified category have been accurately accounted for according to the methodology and survey methods employed, allowing for more precise attribution of trade outcomes to specific provinces.

**Table 2.** *The share of the Podlaskie province in the Polish-Belarusian commodity exchange from 2004 to 2020 in %*

no .	Year	Total exports	Total imports	Total turnover	Exports to Belarus	Imports from Belarus	Turnover – Poland-Belarus trade
1	2004	1.5	1.0	1.2	11.6	13.1	12.5
2	2005	1.3	1.0	1.2	12.7	11.3	11.9
3	2006	1.2	0.9	1.0	13.4	9.7	11.4
4	2007	1.0	0.8	0.9	9.2	8.6	8.9
5	2008	1.0	0.9	0.9	12.4	7.5	10.0
6	2009	1.0	0.9	0.9	14.5	10.4	12.8
7	2010	1.1	1.0	1.1	15.5	17.7	16.3
8	2011	1.1	1.1	1.1	13.2	11.0	12.1
9	2012	1.3	1.0	1.2	13.2	13.7	13.4
10	2013	1.4	1.0	1.2	9.8	20.4	12.5
11	2014	1.4	0.9	1.2	7.3	19.7	10.9
12	2015	1.2	0.8	1.0	8.4	15.6	11.3
13	2016	1.3	0.8	1.1	6.8	14.7	9.8
14	2017	1.3	0.8	1.1	6.4	10.6	8.3
15	2018	1.3	0.9	1.1	8.0	12.0	10.1
16	2019	1.3	0.9	1.1	6.8	13.6	10.1
17	2020	1.5	0.9	1.2	7.3	17.3	11.9

*Source:* Own elaboration based on data from the National Revenue Administration.



The Podlaskie province's share of total Polish exports and imports has been relatively low, generally oscillating around 1.0%. Its contribution to Polish trade has fluctuated between 0.9% and 1.2%. However, when examining the exchange of goods with Belarus, Podlaskie plays a significantly greater role compared to its overall contribution to Poland's trade.

The highest recorded share of the Podlaskie province in Polish-Belarusian trade occurred in 2010, with 15.5% in exports, and in 2013 it accounted for 20.4% of imports. In turnover, the highest share was also noted in 2010 at 16.3%.

The analysis of the Podlaskie province's share in both Polish and Polish-Belarusian commodity exchange strongly supports the specific hypothesis. Compared to other provinces, Podlaskie demonstrates a clear specialization in trade with Belarus, with its share in exports to Belarus at 7.3–15.5% and imports at 7.5–20.4%, significantly higher than its overall participation in Poland's trade.

This reinforces the notion that while Podlaskie is marginal in nationwide trade, it is a key player in trade relations with Belarus. Additionally, the province's share in exports and imports to and from Belarus during the analyzed period has consistently ranged between 8% and 16%, highlighting its importance as a significant partner in bilateral trade.

## **5. Results of a Survey of Podlasie Business Enterprises on the Determinants of Mutual Commodity Exchange with Belarus**

Exports and international trade, particularly concerning the Belarusian market, entail navigating numerous challenges and obstacles. The trade activities of enterprises, encompassing both exports and imports, are influenced by stimulators (supporting factors) and destimulators (barriers).

In a questionnaire survey, entrepreneurs from the Podlaskie province identified factors related to the Belarusian market as well as references to other markets where they operate or have previously operated. Analyzing the results allowed for the identification of specific determinants—both positive and negative—associated with market expansion into Belarus and other international markets.

Micro, small, and medium-sized business enterprises face a range of internal and external barriers that hinder their internationalization efforts. Internal barriers primarily stem from a lack of adequate human, financial, and informational resources, leading to management issues, capital shortages, and insufficient knowledge of foreign markets.

External barriers include administrative challenges, inadequate government support, and complex trade procedures such as customs duties, limits, and technical requirements. Additionally, companies often encounter high promotion costs in

international markets, limited access to market information, and challenges in obtaining necessary certifications or licenses (Kmieciak and Michna, 2016).

It is essential to highlight that transaction risk is a significant concern in foreign trade. This risk pertains to the fulfillment of contracts and the likelihood that the parties involved may fail to meet their obligations (Grzywacz, 2003).

Unlike domestic markets, where obtaining information about business partners is relatively straightforward, entrepreneurs in foreign markets may struggle to verify the credibility of counterparties. Factors such as the history of the counterparty, completed transactions, successful deal closures, and assessments of solvency all contribute to increasing mutual trust, particularly in international markets (Grzywacz and Dąbrowska, 2015).

Bień (2018) confirms this notion, stating that “decisions regarding the method and timing of settlements related to the implementation of the contract result from negotiations between partners and depend on their mutual trust”.

A review of the relevant literature reveals a limited number of studies on the exchange of goods between companies in eastern Poland and Belarus (Plawgo, 2015; Kosiedowski, 2013). Specifically, there is a scarcity of research focused on analyzing barriers and determinants of trade between these regions, leading to a substantial research gap. Previous studies have primarily examined macroeconomic aspects, while detailed analyses considering the perspective of enterprises—particularly micro, small, and medium-sized businesses—are lacking.

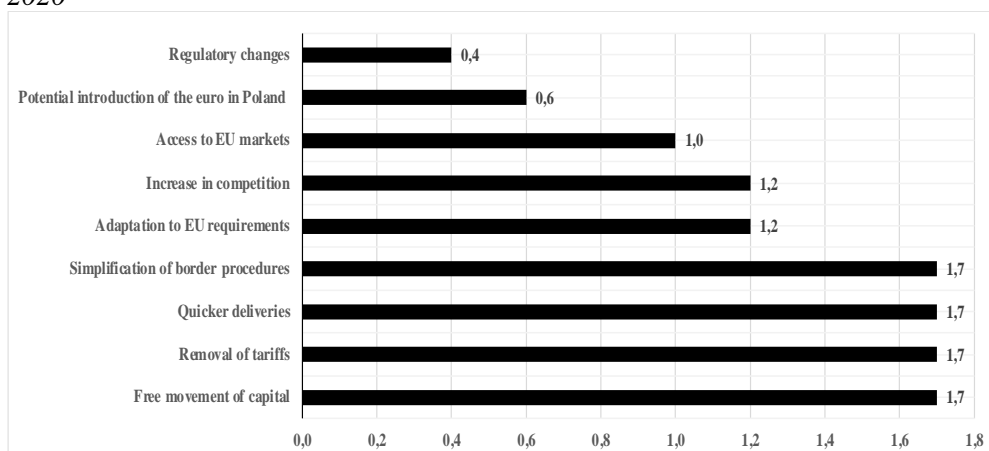
Based on survey results, Poland's integration into the EU has generally been viewed positively, especially regarding the terms of trade for Podlasie enterprises with their Belarusian counterparts.

Figure 2 illustrates the extent to which specific factors related to Poland's EU membership influenced the international trading activities of Polish entrepreneurs from 2004 to 2020. The scale used ranges from -2 (indicating a strong decrease) to +2 (indicating a strong increase), reflecting how various aspects of European integration impacted the trade activity of companies.

The most significant positive impact, rated at +1.7, was attributed to factors directly related to trade liberalization, such as the removal of tariffs, free movement of capital, simplified border procedures and quicker deliveries.

These aspects of the EU membership have considerably facilitated the export and import activities of Polish entrepreneurs, reducing trade barriers and enabling more efficient goods exchange. Entrepreneurs view these factors as key stimulators, particularly in trade with non-EU partners like Belarus.

**Figure 2.** The extent to which specific factors related to Poland's EU membership influenced the international trading activities of Polish entrepreneurs from 2004 to 2020



**Scale:** -2 – strong reduction. -1 – weak reduction. 0 – no impact. +1 – weak increase. +2 – strong increase.

**Source:** Own elaboration.

Other factors, including increased competition and the need to comply with EU regulations, received a rating of +1.2. Entrepreneurs have a mixed view of these factors: on the one hand, the heightened competition resulting from EU market integration can motivate businesses to improve efficiency and product quality. On the other hand, it poses challenges, especially for smaller companies. Adapting to EU regulations, though involving some costs and challenges, can ultimately provide long-term benefits, such as better access to EU markets and enhanced legal and financial support.

Access to EU markets and the potential introduction of the euro in Poland were rated at +1.0 and +0.6 and proved to have a relatively minor impact on companies' decisions to engage in export activities. Although a common currency could ease international transactions, particularly within the eurozone, entrepreneurs during the study period did not consider this factor to be significant for their current trade activities.<sup>5</sup> The lowest rating of +0.4, was given to regulatory changes, suggesting

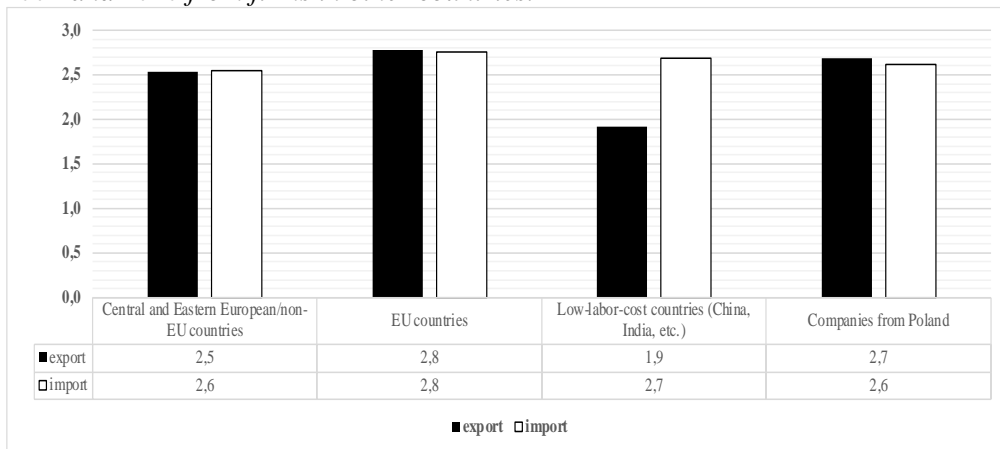
<sup>5</sup>The relevant literature includes findings from a study conducted among business enterprises in the Wielkopolskie province, which, in contrast to Podlaskie, holds a significant share of total Polish exports and imports. The surveyed entrepreneurs generally support the introduction of a common currency in Poland, with larger companies that have international ties expressing stronger support for this initiative. Businesses identify the reduction of exchange rate risk as the primary benefit of such a change; however, only a few companies engage in hedging against this risk. This reluctance may stem from the high costs associated with financial instruments and a lack of familiarity with them, particularly among smaller companies. For a more detailed discussion, refer to M. Gorynia. B. Jankowska. M. Pietrzykowski. P. Tarka. M. Dzikowska 2011. Przystąpienie Polski do strefy euro a

that entrepreneurs regarded these as a neutral factor in terms of engaging in international trade. While regulatory changes are important for business operations, they did not significantly influence trade activities, including with Belarus.

In summary, the factors with the most positive impact on the international activities of Polish entrepreneurs were those directly tied to trade liberalization and access to EU markets, such as the removal of customs duties and the simplification of border procedures. Competition-related and regulatory factors had a moderate impact, whereas regulatory changes and the potential introduction of the euro were considered less influential in terms of international trade during the study period.

Figure 3 illustrates the strength of competitive pressure experienced by companies from the Podlaskie province between 2004 and 2020, in comparison to competitors from different regions of the world, including Central and Eastern Europe (CEE), non-EU countries, EU countries, low-labor-cost countries (e.g., China and India), and Polish companies. A 5-point scale was used: 0 – no pressure, 1 – low pressure, 2 – medium pressure, 3 – high pressure, 4 – very high pressure.

**Figure 3.** Competitive pressure on companies from Podlaskie province between 2004 and 2020 from firms in other countries.



**Scale:** 0 – no pressure, 1 – low pressure, 2 – medium pressure, 3 – high pressure, 4 – very high pressure.

**Source:** Own elaboration.

Companies in the Podlaskie province experienced relatively strong competitive pressure from both Central and Eastern European and non-EU countries, with ratings of 2.5 for exports and 2.6 for imports. This indicates that businesses in the region view firms from these countries as significant competitors. Competition from European Union countries was rated the highest, at 2.8 for exports and 2.8 for

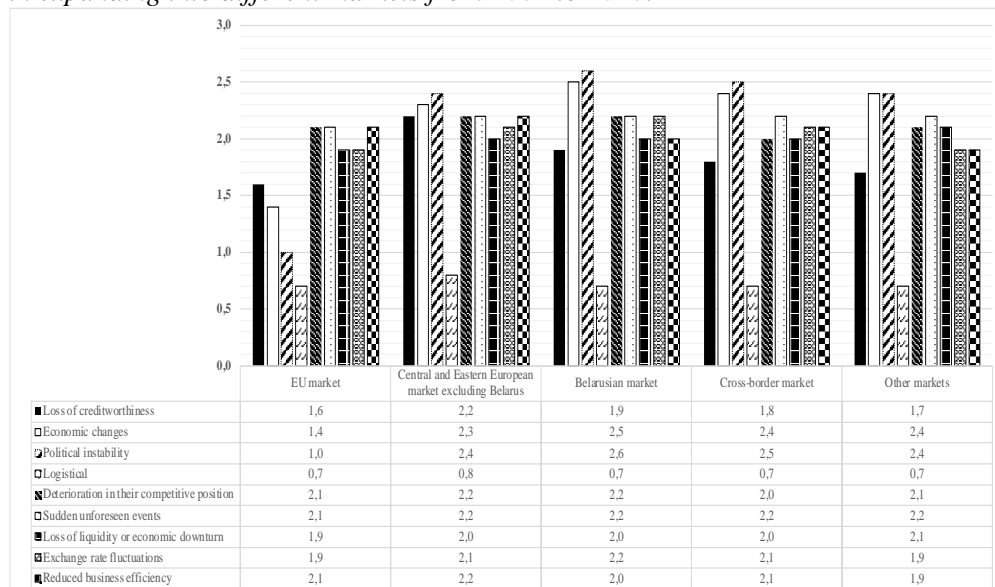
imports. Additionally, competition from countries with low labor costs, such as China and India, was especially notable in imports, receiving a rating of 2.7, while competition in exports was lower, at 1.9. Domestic market competition was also rated relatively high, at 2.7 for exports and 2.6 for imports.

An analysis of the competitive pressures faced by companies in the Podlaskie province from 2004 to 2020 reveals substantial challenges from both EU and domestic markets, as well as from countries with low labor costs. In addition to dealing with competition, entrepreneurs also have to navigate a variety of risks that influence their decisions to expand into international markets.

Figure 4 and previous presents how entrepreneurs from the Podlaskie province perceived different risks in expanding into key international markets between 2004 and 2020. The survey covered five key markets: the European Union, Central and Eastern Europe (excluding Belarus), the Belarusian market, the cross-border market, and other markets.

Entrepreneurs evaluated nine types of risks, including loss of creditworthiness, economic changes, political instability, logistical risks, loss or decline in competitive position, sudden unforeseen events, loss of liquidity or economic downturn, foreign exchange rate fluctuations, and a decline in business efficiency.

**Figure 4.** Perception of various risks by entrepreneurs from the Podlaskie province in expanding into different markets from 2004 to 2020.



**Note:** The cross-border market with Belarus was studied. The CEE market without Belarus refers to non-EU countries from this geographic area (Russia and Ukraine);

**Scale:** from 0 to 3.

**Source:** Own elaboration.

Entrepreneurs in the Podlaskie province identified the most significant risks related to the EU market as those associated with a deterioration in their competitive position (2.1), unforeseen events (2.1), and reduced business efficiency (2.1). These factors suggest that competition within the EU, along with concerns about economic stability and efficiency and unforeseen events, are critical considerations for businesses when planning expansion.

On the other hand, logistics-related risks were rated the lowest (0.7), indicating that logistics infrastructure and conditions in the EU are considered stable. In Central and Eastern European countries, excluding Belarus, the highest risks were linked to economic changes (2.3) and political instability (2.4). Entrepreneurs also reported significant risks (2.2) in relation to loss of creditworthiness, competitive position, unforeseen events, and a decline in business efficiency.

For the Belarusian market, political instability was rated the highest (2.6), followed closely by concerns about economic changes (2.5). Entrepreneurs also perceived risks (2.2) in areas such as loss of competitive position, sudden events, currency fluctuations. In cross-border markets, political instability (2.5) and economic changes (2.4) were the most pressing concerns, while in other markets, risks related to sudden events (2.2) were prominent.

Figure 4 highlights that entrepreneurs from the Podlaskie province felt the greatest risks in Central and Eastern European markets, particularly in Belarus, where political and economic uncertainties posed the largest threats. In the EU market, challenges related to competitiveness and efficiency also stood out. This analysis supports the main research hypothesis that businesses in eastern Poland, including the Podlaskie province, face significant political and economic barriers in trading with Belarus, which notably impact their trade activities and export decisions.

## **6. Conclusions**

The analysis of trade conditions between enterprises from Poland's eastern regions, particularly the Podlaskie province and Belarus, based on surveys and official statistical data, yields key insights into mutual trade relations. The findings confirm that although the Podlaskie province plays a marginal role in Poland's overall commodity exchange, it occupies an important position in trade with Belarus. Despite facing substantial political and economic barriers, businesses in this region play a crucial role in facilitating trade with Belarus.

Survey results indicate that entrepreneurs from the Podlaskie province are most impacted by political and economic instability, particularly in the markets of Central and Eastern Europe and Belarus. These factors significantly influence their export decisions. Nevertheless, close cross-border cooperation and the ability to leverage specific regional conditions help sustain relatively high levels of trade activity with Belarus.

In conclusion, the research confirmed two key hypotheses. First, enterprises in eastern Poland, including those in the Podlaskie province, face significant political and economic barriers when trading with Belarus, with entrepreneurs citing these risks as influential in shaping their trade activities. Second, the hypothesis that the Podlaskie province, despite its minor role in Poland's overall trade, plays a key role in trade with Belarus was also validated.

The analysis demonstrated that compared to other Polish regions, which find EU markets more challenging, the Podlaskie province has a significantly larger share in Polish-Belarusian trade, highlighting its strategic importance in trade relations with Belarus.

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