THE POSSIBILITIES AND BARRIERS FOR ECONOMIC RELATIONS BETWEEN ENTERPRISES IN NEIGHBOUR COUNTRIES—POLICIES FOR CROSS-BORDER CO-OPERATION¹

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Cross-Country Comparison of the Barriers Facing Enterprises from Bulgaria

The barriers facing enterprises from Bulgaria in their economic relations with the neighbour countries can be placed in a rather wide range. The Bulgarian entrepreneurs' valuation is in general more favourable to Greece and Macedonia and more unfavourable to the business opportunities with Albania.

Regarding **the infrastructure** and **the general conditions** in the country, the highest valuations are given to Greece. This is easy to explain because these two fields most particularly correspond to the higher development grade of the Greek economy.

A more careful analysis needs the explanation of the fact that in the other fields – crossing the border, trade conditions, financial conditions, assistance and language, the barriers facing the economic relations with Macedonia are valuated as the smallest.

Relatively highest is the valuation of the barriers in Greece in the field of "**trade conditions**". In this field they are not only higher than these in Macedonia, but also than these in Albania. There are comprehensible the higher technical requirements of the Bulgarian goods in Greece but there are difficulties in understanding the valuation that the tariffs, quotas and duty fees in Greece cause more barriers than these in the other countries. Moreover that Bulgaria as an associated EU member has an agreement of annual trade limits decrease with the EU, respectively – with Greece. In fact there is also an agreement with Macedonia for free trade but its complementation started later than this with the EU.

In another field — "difficulties with crossing the border", the conditions have already changed in comparison to the time the interviews were made. As biggest barriers are valuated barriers such as "getting a visa" and passport officers treatment. After the visa limit abolition for the Bulgarian citizens (May, 2001) the valuation would definitely be changed, but it is not sure whether it would be valuated as the highest. Because, for example, the customs officers treatment is considered to be a little better than this of the Albanian ones and a lot worse than these of the customs officers in FYR of Macedonia. Regarding the financial conditions as barriers, it is comprehensible that the necessary funds for starting a business are the biggest in Greece. The reason is the price level, which in Greece is several times higher than this in Bulgaria, while in FYR of Macedonia and Albania it conforms to the Bulgarian.

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¹ Questionnaire survey provided in border regions in Albania, Bulgaria, FYRof Macedonia and Greece

Table 1. Barriers facing enterprises from Bulgaria

| NFRASTRUCTURE | | Greece | FYR of Mac | Albania |
|--|--|--------|------------|---------|
| ROADS | INFRASTRUCTURE | | | |
| POST | RAILWAYS | 3.54 | 2.75 | 1.11 |
| COMMUNICATIONS 4.63 3.94 1.88 PUBLIC TRANSPORT 3.88 2.98 1.2 INTERNET PROXIMITY 4.68 4.11 2.49 DIFFICULTIES WITH CROSSING THE BORDER CLOSENESS OF CHECK POINTS 4.87 4.94 3.34 GETTING A VISA 2.05 5 3.26 PASSPORT OFFICERS TREATMENT 2.13 2.71 2 TRADE CONDITIONS | ROADS | 4.48 | 3.35 | 1.03 |
| PUBLIC TRANSPORT 3.88 2.98 1.2 Internet Proximity 4.68 4.11 2.49 DIFFICULTIES WITH CROSSING THE BORDER CLOSENESS OF CHECK POINTS 4.87 4.94 3.34 GETTING A VISA 2.05 5 3.26 PASSPORT OFFICERS TREATMENT 2.24 3.16 2.33 CUSTOMS OFFICERS TREATMENT 2.13 2.71 2 TRADE CONDITIONS TARIFES 2.33 3.26 2.86 QUOTAS (LIMITED QUANTITIES) 2.1 3.92 3.5 DUTY FEES 2.22 3.1 2.78 TECHNICAL REQUIREMENTS 2.44 3.97 3.89 FINANCIAL CONDITIONS NECESSARY FUNDS FOR STARTING 2.16 3.62 3.47 ACCESS TO FINANCING 0.84 0.87 0.49 ASSISTANCE LOCAL (REGIONAL) GOVERNMENT 1.81 1.87 1.39 NATIONAL GOVERNMENT 2.48 2.37 1.65 LOCAL (REGIONAL) BUSINESS ASSOCIATIONS 3.64 3.67 2.86 NATIONAL BUSINESS ASSOCIATIONS 2.37 2.41 1.83 EUROPEAN (INTERNATIONAL) ORGANIZATIONS 0.84 0.81 0.44 GENERAL CONDITIONS POLITICAL STABILITY 4.48 3.02 0.97 CORRUPTION 2.98 1.71 0.37 SECURITY 4.05 2.52 0.65 CHANGING OF THE RULES 4 2.51 0.95 INCOME TENDENCY 4.62 3.08 1.37 INFLATION 4.44 2.94 1.35 EXCHANGE RATE 4.38 3.25 1.54 STABILITY OF THE BANK SYSTEM 4.54 2.95 0.89 QUALITY OF THE BANK SYSTEM 4.16 2.75 0.72 LABOR PROTECTION 3.97 3.41 2.36 | POST | 4.5 | 3.79 | 1.9 |
| NATIONAL GOVERNMENT 1.81 | COMMUNICATIONS | 4.63 | 3.94 | 1.88 |
| DIFFICULTIES WITH CROSSING THE BORDER | PUBLIC TRANSPORT | 3.88 | 2.98 | 1.2 |
| CLOSENESS OF CHECK POINTS | INTERNET PROXIMITY | 4.68 | 4.11 | 2.49 |
| CASTING A VISA 2.05 5 3.26 | DIFFICULTIES WITH CROSSING THE BORDER | | | |
| PASSPORT OFFICERS TREATMENT 2.24 3.16 2.33 2.71 2 2 | CLOSENESS OF CHECK POINTS | 4.87 | 4.94 | 3.34 |
| CUSTOMS OFFICERS TREATMENT 2.13 2.71 2 | GETTING A VISA | 2.05 | 5 | 3.26 |
| TRADE CONDITIONS TARIFES 2.33 3.26 2.86 QUOTAS (LIMITED QUANTITIES) 2.1 3.92 3.5 DUTY FEES 2.22 3.1 2.78 TECHNICAL REQUIREMENTS 2.44 3.97 3.89 FINANCIAL CONDITIONS NECESSARY FUNDS FOR STARTING 2.16 3.62 3.47 ACCESS TO FINANCING 0.84 0.87 0.49 ASSISTANCE LOCAL (REGIONAL) GOVERNMENT 1.81 1.87 1.39 NATIONAL GOVERNMENT 2.48 2.37 1.65 LOCAL (REGIONAL) BUSINESS ASSOCIATIONS 3.64 3.67 2.86 NATIONAL BUSINESS ASSOCIATIONS 3.57 2.41 1.83 EUROPEAN (INTERNATIONAL) ORGANIZATIONS 0.84 0.81 0.44 GENERAL CONDITIONS POLITICAL STABILITY 4.48 3.02 0.97 CORRUPTION 2.98 1.71 0.37 SECURITY 4.05 2.52 0.65 CHANGING OF THE RULES </td <td>PASSPORT OFFICERS TREATMENT</td> <td>2.24</td> <td>3.16</td> <td>2.33</td> | PASSPORT OFFICERS TREATMENT | 2.24 | 3.16 | 2.33 |
| Tariffs 2.33 3.26 2.86 | CUSTOMS OFFICERS TREATMENT | 2.13 | 2.71 | 2 |
| Tariffs 2.33 3.26 2.86 | | | | |
| QUOTAS (LIMITED QUANTITIES) 2.1 3.92 3.5 DUTY FEES 2.22 3.1 2.78 TECHNICAL REQUIREMENTS 2.44 3.97 3.89 FINANCIAL CONDITIONS NECESSARY FUNDS FOR STARTING 2.16 3.62 3.47 ACCESS TO FINANCING 0.84 0.87 0.49 ASSISTANCE LOCAL (REGIONAL) GOVERNMENT 1.81 1.87 1.39 NATIONAL GOVERNMENT 2.48 2.37 1.65 LOCAL (REGIONAL) BUSINESS ASSOCIATIONS 3.64 3.67 2.86 NATIONAL BUSINESS ASSOCIATIONS 2.37 2.41 1.83 EUROPEAN (INTERNATIONAL) ORGANIZATIONS 0.84 0.81 0.44 GENERAL CONDITIONS POLITICAL STABILITY 4.48 3.02 0.97 CORRUPTION 2.98 1.71 0.37 SECURITY 4.05 2.52 0.65 CHANGING OF THE RULES 4 2.51 0.95 INCOME TENDENCY 4.62 3.08 | TRADE CONDITIONS | | | |
| DUTY FEES 2.22 3.1 2.78 | TARIFFS | 2.33 | 3.26 | 2.86 |
| TECHNICAL REQUIREMENTS 2.44 3.97 3.89 | QUOTAS (LIMITED QUANTITIES) | 2.1 | 3.92 | 3.5 |
| FINANCIAL CONDITIONS NECESSARY FUNDS FOR STARTING 2.16 3.62 3.47 ACCESS TO FINANCING 0.84 0.87 0.49 ASSISTANCE LOCAL (REGIONAL) GOVERNMENT 1.81 1.87 1.39 NATIONAL GOVERNMENT 2.48 2.37 1.65 LOCAL (REGIONAL) BUSINESS ASSOCIATIONS 3.64 3.67 2.86 NATIONAL BUSINESS ASSOCIATIONS 2.37 2.41 1.83 EUROPEAN (INTERNATIONAL) ORGANIZATIONS 0.84 0.81 0.44 GENERAL CONDITIONS POLITICAL STABILITY 4.48 3.02 0.97 CORRUPTION 2.98 1.71 0.37 SECURITY 4.05 2.52 0.65 CHANGING OF THE RULES 4 2.51 0.95 INCOME TENDENCY 4.62 3.08 1.37 INFLATION 4.44 2.94 1.35 EXCHANGE RATE 4.38 3.25 1.54 STABILITY OF THE BANK SYSTEM 4.54 2.95 0.89< | DUTY FEES | 2.22 | 3.1 | 2.78 |
| NECESSARY FUNDS FOR STARTING ACCESS TO FINANCING D.84 D.87 D.49 | TECHNICAL REQUIREMENTS | 2.44 | 3.97 | 3.89 |
| NECESSARY FUNDS FOR STARTING ACCESS TO FINANCING D.84 D.87 D.49 | | | | |
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| ASSISTANCE | NECESSARY FUNDS FOR STARTING | 2.16 | 3.62 | 3.47 |
| LOCAL (REGIONAL) GOVERNMENT 1.81 1.87 1.39 NATIONAL GOVERNMENT 2.48 2.37 1.65 LOCAL (REGIONAL) BUSINESS ASSOCIATIONS 3.64 3.67 2.86 NATIONAL BUSINESS ASSOCIATIONS 2.37 2.41 1.83 EUROPEAN (INTERNATIONAL) ORGANIZATIONS 0.84 0.81 0.44 GENERAL CONDITIONS POLITICAL STABILITY 4.48 3.02 0.97 CORRUPTION 2.98 1.71 0.37 SECURITY 4.05 2.52 0.65 CHANGING OF THE RULES 4 2.51 0.95 INCOME TENDENCY 4.62 3.08 1.37 INFLATION 4.44 2.94 1.35 EXCHANGE RATE 4.38 3.25 1.54 STABILITY OF THE BANK SYSTEM 4.54 2.95 0.89 QUALITY OF THE BANK SYSTEM 4.16 2.75 0.72 LABOR PROTECTION 3.97 3.41 2.36 | ACCESS TO FINANCING | 0.84 | 0.87 | 0.49 |
| LOCAL (REGIONAL) GOVERNMENT 1.81 1.87 1.39 NATIONAL GOVERNMENT 2.48 2.37 1.65 LOCAL (REGIONAL) BUSINESS ASSOCIATIONS 3.64 3.67 2.86 NATIONAL BUSINESS ASSOCIATIONS 2.37 2.41 1.83 EUROPEAN (INTERNATIONAL) ORGANIZATIONS 0.84 0.81 0.44 GENERAL CONDITIONS POLITICAL STABILITY 4.48 3.02 0.97 CORRUPTION 2.98 1.71 0.37 SECURITY 4.05 2.52 0.65 CHANGING OF THE RULES 4 2.51 0.95 INCOME TENDENCY 4.62 3.08 1.37 INFLATION 4.44 2.94 1.35 EXCHANGE RATE 4.38 3.25 1.54 STABILITY OF THE BANK SYSTEM 4.54 2.95 0.89 QUALITY OF THE BANK SYSTEM 4.16 2.75 0.72 LABOR PROTECTION 3.97 3.41 2.36 | | | | |
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| LOCAL (REGIONAL) BUSINESS ASSOCIATIONS 3.64 3.67 2.86 NATIONAL BUSINESS ASSOCIATIONS 2.37 2.41 1.83 EUROPEAN (INTERNATIONAL) ORGANIZATIONS 0.84 0.81 0.44 GENERAL CONDITIONS POLITICAL STABILITY 4.48 3.02 0.97 CORRUPTION 2.98 1.71 0.37 SECURITY 4.05 2.52 0.65 CHANGING OF THE RULES 4 2.51 0.95 INCOME TENDENCY 4.62 3.08 1.37 INFLATION 4.44 2.94 1.35 EXCHANGE RATE 4.38 3.25 1.54 STABILITY OF THE BANK SYSTEM 4.54 2.95 0.89 QUALITY OF THE BANK SYSTEM 4.16 2.75 0.72 LABOR PROTECTION 3.97 3.41 2.36 | LOCAL (REGIONAL) GOVERNMENT | | | |
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| EUROPEAN (INTERNATIONAL) ORGANIZATIONS 0.84 0.81 0.44 GENERAL CONDITIONS POLITICAL STABILITY 4.48 3.02 0.97 CORRUPTION 2.98 1.71 0.37 SECURITY 4.05 2.52 0.65 CHANGING OF THE RULES 4 2.51 0.95 INCOME TENDENCY 4.62 3.08 1.37 INFLATION 4.44 2.94 1.35 EXCHANGE RATE 4.38 3.25 1.54 STABILITY OF THE BANK SYSTEM 4.54 2.95 0.89 QUALITY OF THE BANK SYSTEM 4.16 2.75 0.72 LABOR PROTECTION 3.97 3.41 2.36 | LOCAL (REGIONAL) BUSINESS ASSOCIATIONS | | | |
| GENERAL CONDITIONS POLITICAL STABILITY 4.48 3.02 0.97 CORRUPTION 2.98 1.71 0.37 SECURITY 4.05 2.52 0.65 CHANGING OF THE RULES 4 2.51 0.95 INCOME TENDENCY 4.62 3.08 1.37 INFLATION 4.44 2.94 1.35 EXCHANGE RATE 4.38 3.25 1.54 STABILITY OF THE BANK SYSTEM 4.54 2.95 0.89 QUALITY OF THE BANK SYSTEM 4.16 2.75 0.72 LABOR PROTECTION 3.97 3.41 2.36 | NATIONAL BUSINESS ASSOCIATIONS | | | |
| POLITICAL STABILITY 4.48 3.02 0.97 CORRUPTION 2.98 1.71 0.37 SECURITY 4.05 2.52 0.65 CHANGING OF THE RULES 4 2.51 0.95 INCOME TENDENCY 4.62 3.08 1.37 INFLATION 4.44 2.94 1.35 EXCHANGE RATE 4.38 3.25 1.54 STABILITY OF THE BANK SYSTEM 4.54 2.95 0.89 QUALITY OF THE BANK SYSTEM 4.16 2.75 0.72 LABOR PROTECTION 3.97 3.41 2.36 | EUROPEAN (INTERNATIONAL) ORGANIZATIONS | 0.84 | 0.81 | 0.44 |
| CORRUPTION 2.98 1.71 0.37 SECURITY 4.05 2.52 0.65 CHANGING OF THE RULES 4 2.51 0.95 INCOME TENDENCY 4.62 3.08 1.37 INFLATION 4.44 2.94 1.35 EXCHANGE RATE 4.38 3.25 1.54 STABILITY OF THE BANK SYSTEM 4.54 2.95 0.89 QUALITY OF THE BANK SYSTEM 4.16 2.75 0.72 LABOR PROTECTION 3.97 3.41 2.36 | GENERAL CONDITIONS | | | |
| SECURITY 4.05 2.52 0.65 CHANGING OF THE RULES 4 2.51 0.95 INCOME TENDENCY 4.62 3.08 1.37 INFLATION 4.44 2.94 1.35 EXCHANGE RATE 4.38 3.25 1.54 STABILITY OF THE BANK SYSTEM 4.54 2.95 0.89 QUALITY OF THE BANK SYSTEM 4.16 2.75 0.72 LABOR PROTECTION 3.97 3.41 2.36 | POLITICAL STABILITY | | 3.02 | 0.97 |
| CHANGING OF THE RULES 4 2.51 0.95 INCOME TENDENCY 4.62 3.08 1.37 INFLATION 4.44 2.94 1.35 EXCHANGE RATE 4.38 3.25 1.54 STABILITY OF THE BANK SYSTEM 4.54 2.95 0.89 QUALITY OF THE BANK SYSTEM 4.16 2.75 0.72 LABOR PROTECTION 3.97 3.41 2.36 | CORRUPTION | 2.98 | 1.71 | 0.37 |
| INCOME TENDENCY 4.62 3.08 1.37 INFLATION 4.44 2.94 1.35 EXCHANGE RATE 4.38 3.25 1.54 STABILITY OF THE BANK SYSTEM 4.54 2.95 0.89 QUALITY OF THE BANK SYSTEM 4.16 2.75 0.72 LABOR PROTECTION 3.97 3.41 2.36 | SECURITY | 4.05 | 2.52 | 0.65 |
| INFLATION 4.44 2.94 1.35 EXCHANGE RATE 4.38 3.25 1.54 STABILITY OF THE BANK SYSTEM 4.54 2.95 0.89 QUALITY OF THE BANK SYSTEM 4.16 2.75 0.72 LABOR PROTECTION 3.97 3.41 2.36 | CHANGING OF THE RULES | 4 | 2.51 | 0.95 |
| EXCHANGE RATE 4.38 3.25 1.54 STABILITY OF THE BANK SYSTEM 4.54 2.95 0.89 QUALITY OF THE BANK SYSTEM 4.16 2.75 0.72 LABOR PROTECTION 3.97 3.41 2.36 | INCOME TENDENCY | | | 1.37 |
| STABILITY OF THE BANK SYSTEM 4.54 2.95 0.89 QUALITY OF THE BANK SYSTEM 4.16 2.75 0.72 LABOR PROTECTION 3.97 3.41 2.36 | INFLATION | 4.44 | | 1.35 |
| QUALITY OF THE BANK SYSTEM 4.16 2.75 0.72 LABOR PROTECTION 3.97 3.41 2.36 | EXCHANGE RATE | | 3.25 | |
| LABOR PROTECTION 3.97 3.41 2.36 | STABILITY OF THE BANK SYSTEM | | 2.95 | 0.89 |
| | QUALITY OF THE BANK SYSTEM | 4.16 | 2.75 | 0.72 |
| LANGUAGE 3 4.86 2 | LABOR PROTECTION | 3.97 | 3.41 | 2.36 |
| LANGUAGE 3 4.86 2 | | | | |
| | LANGUAGE | 3 | 4.86 | 2 |

As for the **assistance from different institutions**, it is highly valuated in Greece regarding the national government and the international organizations, while in FYR of Macedonia the other institutions are valuated as causing smaller barriers to the business.

If we compare **the business barriers in absolute value**, there are also noted rather interesting valuations. The valuation for Greece is above 4 for 13 of the indices, i.?. there are almost no barriers. For of them are infrastructure indices, 8 – of the general conditions in the country and one related to

crossing the border. Regarding Macedonia 4 indices get a valuation above 4 – one of the infrastructure, 2 of crossing the border and one because of the language. None of the indices for Albania has a valuation above 4.

At the other extreme there are valuations between 0 and 1. This means that there exist business barriers that are almost impossible to be overcome. Greece has such valuations for 2 indices – access to financing and assistance from international organizations. There should be taken into consideration that these are the only indices, for which all the three countries have valuations below 1, i.?. this is not only a Greek problem, but also a problem of the region in general. Identical is also the situation with Macedonia – with values below 1 are valuated only the two given indices.

Eight of the indices for Albania have a valuation between 0 and 1. Two of them are the indices that we already discussed. The other 6 are related to the general political and macroeconomic conditions in this country.

Conclusions for the Policy

There can be drawn several conclusions that are directed towards institutions of different fields and at different levels.

First. The political and economic stability in the countries from the region are of considerable importance for the successful business and cross-border economic relations development. The business representatives are very sensitive towards this attitude as a barrier to the mutually favourable economic relations, which is expressed in the considerable valuation difference, given for the different countries. Similar is the infrastructure significance that in our region also depends to a great extent on the **government** efforts.

The valuation of the significance of the general economic and political conditions, as well as of the infrastructure by the governments in the same way, as they are valuated by the business, should make them more active in their improvement and stability support. Apart from this the regional infrastructure projects implementation is impossible only with one-sided efforts of all governments in the studied region.

Second. In all the three countries it is necessary the trade and financial conditions to be improved so that they can stimulate the cross-border business relations. These recommendations are also to a great extent directed to the **national governments**, but they have an entirely economic character.

Third. The businessmen highest preferences regarding the assistance that they expect to receive from the **institutions** in the three countries. The national and regional business associations, the local authorities, **the international organizations** are not only evocated, but they should also be interested in assisting the cross-border economic relations. This is the field, where it should be done most and the change towards overcoming the barriers could be relatively easily achieved.

Cross-Country Comparison of the Barriers Facing the Enterprises from Greece

The Greek enterprises valuate in a different way the barriers they face in implementing their economic activity with the neighbour countries. As a whole, in their opinion the smallest barriers are the ones in Bulgaria, while the biggest – in Albania.

The infrastructure in Bulgaria and the Republic of Macedonia is valuated in almost the same way as business barrier. However, the valuation of the railways and the roads is a little more favourable to the FYR of Macedonia, while of the post, communications, public transport and internet proximity, it is more favourable to Bulgaria. However, the valuation of Albania for all indices is from 1.6 to 2 tines lower. This can be explained with the former country isolation and the hard infrastructure conditions.

During the last decade in this country there were made big efforts in improving the roads, for example, but the investments that are necessary, are very big.

Table 2. Barriers facing enterprises from Greece

| ole 2. Burriers facing emerprises from Greece | Bulgaria | Albania | FYR of Mac |
|---|----------|---------|------------|
| INFRASTRUCTURE | | | |
| RAILWAYS | 2.38 | 1.23 | 2.51 |
| ROADS | 3.14 | 1.63 | 3.2 |
| POST | 3.37 | 1.99 | 3.31 |
| COMMUNICATIONS | 3.78 | 2.1 | 3.49 |
| PUBLIC TRANSPORT | 3.27 | 1.97 | 3.09 |
| INTERNET PROXIMITY | 4.02 | 2.54 | 3.79 |
| DIFFICULTIES WITH CROSSING T | HE | | |
| BORDER | | | |
| CLOSENESS OF CHECK POINTS | 4.07 | 3.58 | 3.83 |
| GETTING A VISA | 4.34 | 4.05 | 4.28 |
| PASSPORT OFFICERS TREATMENT | 3 | 2.45 | 3.1 |
| CUSTOMS OFFICERS TREATMENT | 2.97 | 2.43 | 3.03 |
| COSTONIS OFFICERS TREATMENT | 2.57 | 25 | 2.02 |
| TRADE CONDITIONS | | | |
| TARIFFS | 2.48 | 2.44 | 2.51 |
| QUOTAS (LIMITED QUANTITIES) | 3.38 | 3.06 | 3.29 |
| DUTY FEES | 2.63 | 2.52 | 2.54 |
| TECHNICAL REQUIREMENTS | 3.78 | 3.29 | 3.65 |
| TECHNICAL REQUIREMENTS | 3.76 | 3.29 | 3.03 |
| FINANCIAL CONDITIONS | | | |
| NECESSARY FUNDS FOR STARTING | 2.53 | 2.72 | 2.79 |
| ACCESS TO FINANCING | 1.29 | 1.44 | 1.81 |
| ASSISTANCE | | | |
| LOCAL (REGIONAL) GOVERNMENT | 1.51 | 1.25 | 1.44 |
| NATIONAL GOVERNMENT | 1.13 | 0.88 | 1.15 |
| LOCAL (REGIONAL) BUSINESS ASSOCIATIONS | 2.21 | 1.77 | 2.12 |
| NATIONAL BUSINESS ASSOCIATIONS | 1.15 | 0.93 | 1.29 |
| EUROPEAN (INTERNATIONAL) ORGANIZATIONS | 1 | 0.76 | 1.04 |
| CENEDAL CONDITIONS | | | |
| GENERAL CONDITIONS POLITICAL STABILITY | 2.85 | 1.31 | 2.23 |
| | | | |
| CORRUPTION | 1.59 | 1.05 | 1.55 |
| SECURITY CHANGING OF THE DAY ES | 2.29 | 1.06 | 1.92 |
| CHANGING OF THE RULES | 2.28 | 1.33 | 1.82 |
| INCOME TENDENCY | 2.75 | 1.59 | 2.35 |
| INFLATION | 3.16 | 1.66 | 2.17 |
| EXCHANGE RATE | 3.08 | 1.74 | 2.21 |
| STABILITY OF THE BANK SYSTEM | 2.41 | 1.24 | 2 |
| QUALITY OF THE BANK SYSTEM | 2.04 | 1.06 | 1.84 |
| LABOR PROTECTION | 3.03 | 1.93 | 2.85 |
| LANGUAGE | 3.19 | 2.87 | 3.17 |
| DIN IGOINGE | 5.17 | , | 5,17 |

The smallest barriers facing the Greek businessmen, are as a whole those related to **crossing the border.** This is a general valuation that has almost the same values for the three neighbour countries, where for Bulgaria and FYR of Macedonia there are a little more favourable than these of Albania.

There should be noted that among the four indices that we measure the barriers in this group with, the highest are the barriers, which are caused by the customs officers.

The trade conditions as a barrier have good valuations – at an average of about three of the 0 to 5 scale that we use in the study.

The valuation of **the financial conditions** is considerably worse – with an average 1 point lower. The access to financing is valuated as very hard – from 1.21 For Bulgaria to 1.81 for the FYR of Macedonia.

The assistance from the institutions has again the lowest valuation, which means that the institutions, including the regional and national business associations, instead of supporting the business, they establish barriers.

The general economic and political conditions as barriers to cross-border relations are valuated in a different way for the three countries. The most favourable according to all indices are the ones in Bulgaria, while the conditions in Albania are considered to be the most unfavorable.

The Greek businessmen do not consider **the language** to be a high barrier at all. The valuations are almost the same for the three countries and vary between 2.87 for Albania and 3.19 for Bulgaria.

If we consider **the valuations absolute values** that the Greek businessmen give for the different indices, by means of which we measure the barriers, it is impressive that there almost no extreme valuations. Only 5 indices are valuated above 4, i.?. they almost do not cause any barriers to cross-border cooperation -3 for Bulgaria and one for the FYR of Macedonia and Albania. The only index that has a valuation of above 4 for the three neighbour countries is getting a visa. This is the index that causes less problems to the Greek businessmen.

Only three indices have valuation below one, i.?. they cause almost insurmountable barriers. These are the assistance form national governments, national business associations and international organizations. The valuations are for Albania but in the other two countries the indices rates are the lowest and very close to one.

Conclusions for the Policy

The basic conclusions and recommendations that can be summarized by the Greek businessmen valuation of the barriers their business faces in the neighbour countries, can be directed to the political and economic institutions at national and regional level.

On the first place it should be pointed out that the Greek businessmen are sensitive towards the political and macroeconomic conditions that exist in a given country and evaluate the significance of the existing political and economic stability, resp. instability.

The governments are also responsible for the infrastructure development and cross-border conditions improvement. There should be noted that many of the problems in these fields depend on the joint efforts of the governments from the region through their cooperation for joint projects solving.

The trade conditions improvement also depends on the national governments' efforts. It is usually considered that the stages to unifying these conditions pass through WTO membership, agreement for EU association, EU membership. The three north neighbours of Greece are at different stages along this road. It is also possible the unification of the trade conditions to be speeded up through **bilateral** and multilateral regional agreements.

The financial conditions and especially the access to financing need a very serious improvement in the three countries.

The biggest are the businessmen preferences and the biggest are the opportunities for improving the assistance that the business expect to receive from the **regional and national institutions** in the neighbour countries.

Considerably little is achieved by **the EU institutions** that have rich experience in assisting the regional cooperation, including in border areas with other countries. As it can be seen by the Greek businessmen valuation, this is a filed that until now has been entirely neglected and where it can be done a lot for cross-border cooperation of Greece with the other non-EU-member countries.

Cross-Country Comparison of the Barriers Facing Enterprises from FYR of Macedonia

The Macedonian businessmen valuate the opportunities for joint business in Greece as the most favourable and these opportunities in Albania as relatively most unfavourable. This is only the general framework, within which there are many various valuations of the separate.

The infrastructure as a whole receives a high valuation for all the three countries. It is considered to be the smallest barrier facing the relations with Greece, while the valuations for the other two countries have similar values. Exceptions are the roads and the public transport in Albania, which rates are rather different from the others. As completely different should be noted the railways valuation as a barrier to business relations. This index has been valuated several times lower than the others. This can be understood for Bulgaria and Albania because this transport does not practically have any importance to the mutual economic relations but the valuations is low for the railway network with Greece – 1.85, compared to above 4 for all the other indices. The reason is that there obviously prevail businessmen from regions that do not have railway network with Greece and whose opinion has influenced the general valuation.

Crossing the border is not evaluated as a significant business barrier as well. As relatively higher barriers are considered getting a visa for Greece and the customs nd passport officers treatment ate the border with Albania.

The trade conditions are valuated as relatively high barriers with close values for the three countries. However, the most favourable is the valuation of Bulgaria, probably because between the two countries there is an agreement for a free trade zone establishment.

The financial conditions in the neighbour countries cause very high barriers. A little lower are the barriers, related to the necessary funds for starting a business, especially in Bulgaria and Albania. The access to financing in the three countries, however, creates barriers that are insurmountable.

The indices that present **the institutions assistance** again have the lowest valuation. All indices in the three countries have a valuation lower than one. This means that instead of assisting the joint business, according to the Macedonian businessmen valuation, all institutions in the neighbour countries – regional, national and international place barriers that are insurmountable for the cross-border cooperation development.

Table 3. Barriers facing enterprises from FYR of Macedonia

| Table 5. Barriers Jacing enterprises from FTR of Maceaonia | Greece | Bulgaria | Albania |
|--|--------|----------|---------|
| INFRASTRUCTURE | | | |
| RAILWAYS | 1.85 | 0.59 | 0.57 |
| ROADS | 4.62 | 4.26 | 2.58 |
| POST | 4.7 | 4.65 | 4.14 |
| COMMUNICATIONS | 4.88 | 4.82 | 3.97 |
| PUBLIC TRANSPORT | 4.13 | 3.96 | 2.5 |
| INTERNET PROXIMITY | 4.64 | 4.63 | 4.37 |
| DIFFICULTIES WITH CROSSING THE BORDER | | | |
| CLOSENESS OF CHECK POINTS | 4.77 | 3.89 | 3.36 |
| GETTING A VISA | 2.71 | 4.82 | 4.12 |
| PASSPORT OFFICERS TREATMENT | 4.02 | 3.51 | 2.71 |
| CUSTOMS OFFICERS TREATMENT | 3.93 | 3.46 | 2.44 |
| CUSTOMS OFFICERS TREATMENT | 3.93 | 3.40 | 2.44 |
| TRADE CONDITIONS | | | |
| TARIFFS | 2.71 | 3.03 | 2.33 |
| QUOTAS (LIMITED QUANTITIES) | 4.15 | 4.2 | 3.79 |
| DUTY FEES | 3.5 | 3.58 | 3.14 |
| TECHNICAL REQUIREMENTS | 3.71 | 3.91 | 3.28 |
| | | | |
| FINANCIAL CONDITIONS | 0.16 | 2.62 | 2.47 |
| necessary funds for starting | 2.16 | 3.62 | 3.47 |
| access to financing | 0.84 | 0.87 | 0.49 |
| ASSISTANCE | | | |
| LOCAL (REGIONAL) GOVERNMENT | 0.42 | 0.41 | 0.4 |
| NATIONAL GOVERNMENT | 0.72 | 0.61 | 0.63 |
| LOCAL (REGIONAL) BUSINESS ASSOCIATIONS | 0.34 | 0.48 | 0.46 |
| NATIONAL BUSINESS ASSOCIATIONS | 0.49 | 0.45 | 0.53 |
| EUROPEAN (INTERNATIONAL) ORGANIZATIONS | 0.58 | 0.65 | 0.83 |
| GENERAL CONDITIONS | | | |
| POLITICAL STABILITY | 3.67 | 3.49 | 2.55 |
| CORRUPTION | 3.54 | 2.62 | 1.86 |
| SECURITY | 4.28 | 2.08 | 1.23 |
| CHANGING OF THE RULES | 3.92 | 2.74 | 1.52 |
| INCOME TENDENCY | 4.22 | 2.6 | 1.23 |
| INFLATION | 4.1 | 2.56 | 1.04 |
| EXCHANGE RATE | 4.15 | 2.89 | 1.17 |
| STABILITY OF THE BANK SYSTEM | 4.5 | 2.78 | 1.27 |
| QUALITY OF THE BANK SYSTEM | 4.5 | 2.62 | 1.13 |
| LABOR PROTECTION | 4.15 | 2.35 | 0.48 |
| LADOKIKOTECTION | 7.13 | 4.33 | 0.70 |
| LANGUAGE | 3.67 | 4.58 | 2.17 |

The valuation of **the general political and economic conditions**, as barriers to the joint business varies for the different countries. The most favourable is the valuation of Greece – almost no or barriers that can be overcome. The conditions in Bulgaria are considered as causing high barriers at an average levele, while these in Albania – as causing high barriers.

The language is almost no barrier at all, facing the relations with Bulgaria and creates a surmountable barrier with Greece and an average high to those with Albania.

The picture variety is emphasized more clearly when we consider the **valuations absolute values** according to the different indices. For 25 indices the valuation is above 4, i.?. they are no barriers at all. At the same time 21 indices are valuated below 1, i.?. create almost insurmountable barriers to the cross-border cooperation.

Regarding the countries -15 of the indices, valuated below 4, are for Greece, 7 for Bulgaria and 3 for Albania. The lost valuations are dispersed almost even -8 for Albania, 7 for Bulgaria and 6 for Greece.

The indices that almost do not create barriers are concentrated mainly in the infrastructure (11) and the general conditions (7).

These, which cause almost insurmountable barriers, are concentrated mainly in institution assistance (18) and access to financing (3).

Conclusions for the Policy

The comparative cross-country analysis of the barriers that the businessmen from FYR of Macedonia face when realizing a cross-border cooperation, enables the addition of new elements to the conclusions and recommendations, drawn by the studies in the other countries.

The recommendation to **the governments** for supporting a generally economic and potential stability is still valid, as well as improving the infrastructure as very important a prerequisite for joint business development with the other countries. At the same time it is a fact that after the Currency Board introduction in Bulgaria, such indices like inflation, exchange rate, stability of the bank system, conform to those in Greece. The valuation they receive however is around 1/3 lower. Therefore it is not sufficient to achieve definite good indices. It takes time these indices to be realized by the partners and to trust that they are going to be stable.

Basic remains the recommendation for establishment and development of **forms for assisting the cross-border cooperation**. This recommendation is directed to the local areas, governments, regional and national business associations, international and especially European organizations.

Cross-Country Comparison of the Barriers Facing Enterprises from Albania

In general, the Albanian businessmen valuation that they give for the barriers facing their activity in the neighbour countries are rather more multidirectional, than of the businessmen of the other countries. There is no preferable country, i.?. such one, which in all or almost all fields causes no barriers. There is also no country, which causes more barriers than the others.

The infrastructure creates relatively low or almost no barriers, except the railways. The valuations of this index are exclusively low, which reflects the real conditions of the things. The infrastructure of Greece is in general considered to be the highest, while this of the Bulgarian one – the lowest. The barrier valuations differences are not that big, except from the roads and the public transport in Bulgaria, which are estimated to cause barriers of middle level to the cross-border economic relations.

Crossing the border is almost no or a small barrier to the Albanian businessmen. An exception is the customs officers treatment in Greece and in the FYR of Macedonia that cause average barriers. In general, the smallest are the difficulties in crossing the border in Bulgaria and the biggest - in Greece.

The trade conditions are considered to be the most difficult in Greece. The tariffs and duty fees are the most favourable in the FYR of Macedonia, while the quotas and the technical requirements - in Bulgaria. The barriers are as a whole considered to be small.

Table 4. Barriers facing enterprises from albania

| Table 1. Barriers facing enterprises from atomica | GREECE | FYR OF MAC | BULGARIA |
|---|---------|------------|----------|
| INFRASTRUCTURE | | | |
| RAILWAYS | 1.85 | 0.59 | 0.57 |
| ROADS | 4.62 | 4.26 | 2.58 |
| POST | 4.7 | 4.65 | 4.14 |
| COMMUNICATIONS | 4.88 | 4.82 | 3.97 |
| PUBLIC TRANSPORT | 4.13 | 3.96 | 2.5 |
| INTERNET PROXIMITY | 4.64 | 4.63 | 4.37 |
| | | | |
| DIFFICULTIES WITH CROSSING THE BORDE | | 4 | 4.51 |
| CLOSENESS OF CHECK POINTS | 3.59 | 4 | 4.51 |
| GETTING A VISA | 3.08 | 4.25 | 5 |
| PASSPORT OFFICERS TREATMENT | 3.16 | 3.87 | 4.51 |
| CUSTOMS OFFICERS TREATMENT | 2.5 | 2.71 | 3 |
| OTHER | 1.75 | | |
| TRADE CONDITIONS | | | |
| TARIFFS | 2.34 | 3.14 | 2.51 |
| QUOTAS (LIMITED QUANTITIES) | 3.87 | 4.29 | 4.51 |
| DUTY FEES | 2.94 | 3.14 | 3 |
| TECHNICAL REQUIREMENTS | 3.55 | 3.86 | 4.51 |
| | | | |
| FINANCIAL CONDITIONS | | | |
| NECESSARY FUNDS FOR STARTING | 3.4 | 3.57 | 2.51 |
| ACCESS TO FINANCING | 3.1 | 4.15 | 4.01 |
| OTHER | 5 | | |
| ASSISTANCE | | | |
| LOCAL (REGIONAL) GOVERNMENT | 1.22 | 1.86 | 1 |
| NATIONAL GOVERNMENT | 0.82 | 1.14 | 1.5 |
| LOCAL (REGIONAL) BUSINESS ASSOCIATIONS | 1.92 | 3 | 3.51 |
| NATIONAL BUSINESS ASSOCIATIONS | 1 | 1.57 | 3 |
| EUROPEAN (INTERNATIONAL) ORGANIZATIONS | 0.94 | 0.71 | 2 |
| | | | |
| GENERAL CONDITIONS | 4.07 | 4 - | _ |
| POLITICAL STABILITY | 4.35 | 4.67 | 5 |
| CORRUPTION | 1.96 | 2.17 | 2.51 |
| SECURITY | 4.25 | 4.83 | 5 |
| CHANGING OF THE RULES | 2.8 | 3.33 | 4.01 |
| INCOME TENDENCY | 3.14 | 3.17 | 3.01 |
| INFLATION | 2.43 | 3.33 | 1.5 |
| EXCHANGE RATE | 2.73 | 3.5 | 3.01 |
| STABILITY OF THE BANK SYSTEM | 2.92 | 3.5 | 2.51 |
| QUALITY OF THE BANK SYSTEM | 2.8 | 3.5 | 2.51 |
| LABOR PROTECTION | 3.17 | 4 | 3.51 |
| LANGUAGE | 3.98 | 4.2 | 4.01 |
| LANUUAUL | 5,70 | T.4 | T.U1 |

The institution assistance has a little higher valuation in comparison to the businessmen from the other countries. The regional business associations in the FYR of Macedonia and the regional and national business associations in Bulgaria cause small surmountable barriers. The biggest are the barriers, caused by the local authorities in Bulgaria, the government, the regional and national business associations in Greece and the international organizations in FYR of Macedonia.

The financial conditions evaluations of the business with neighbour countries are not small as well. There prevail the evaluations of small or almost no barriers. The financial conditions for the Albanian businessmen are the best in the FYR of Macedonia. The most difficult is the access to financing in Greece, while the necessary funds for starting a business are the biggest barrier in Bulgaria.

The general political and macroeconomic conditions are estimated as causing small or almost no barriers, excluding the corruption in the three countries, the often changes in laws and the inflation rates in Greece and FYR of Macedonia. It is to a certain extent surprising that according to the Albanian businessmen the corruption and the security in Greece cause higher barriers to business in comparison to the other two countries. There should also be taken into consideration that Greece has the lowest valuations of the majority of the indices in this section. The explanation can be found in the existence of specific attitude towards the Albanian businessmen and the general attitude towards them in Greece (Q27), which is considerably lower than this in FYR of Macedonia and Bulgaria.

The language causes small barriers in Greece and almost no in FYR of Macedonia and Bulgaria.

In general in the **evaluation absolute values** of the Albanian business representatives of the indices, by means of which the barriers to the cross-bordfer cooperation are measured, there prevail the high values. The valuation of 31 indices is that they cause almost no barriers (below 4) and only for 5 indices that they cause almost insurmountable barriers (below 1).

The highest valuations are dispersed in the following way: 12 for Bulgaria and FYR of Macedonia and 7 for Greece, while the lowest – 2 for Greece and FYR of Macedonia and 1 for Bulgaria. The majority of high evaluations are given for the infrastructure – 11. Both general economical and political conditions – 8. Two of the infrastructure elements – post and internet proximity and two of the "general conditions" – political stability and security, have the highest valuations for the three neighbour countries – Greece, FYR of Macedonia and Albania.

The lowest valuations are of the sections institution assistance (5) and infrastructure (2).

Conclusions for the Policy

The comparative cross-country analysis of the barriers that the Albanian businessmen face when realizing their joint activity in the neighbour countries confirms the general conclusions for the necessary **policy activation** of the governments and mainly of the regional authorities, the business associations and the international organizations in order to support and facilitate the cross-border economic cooperation.

The specific conclusion that can be drawn out of the Albanian case is the necessity the policy **to consider the valuations subjectivity** of the businessmen. If the corresponding authorities insist on the success of a certain policy, then it should conform to the way it is accepted by the representatives of a given group of businessmen.