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## **CLUSTER POLICY AND DEVELOPMENT OF THE POLISH SPECIAL ECONOMIC ZONES**

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### **ABSTRACT**

According to the legal provisions Special Economic Zone is an isolated, uninhabited territory in which economic activities may be carried out on preferential terms. Entrepreneur in the Special Economic Zones (SEZ) in Poland benefits from tax incentives (related to CIT – corporate income tax or to PIT – personal income tax depending on the legal form of the business), site/building prepared for the investment project offered a preferential price, and (in some municipalities) exemptions from property tax. Author of the study hypothesized that by grassroots activities in Special Economic Zones the cluster based policy can be developed and implemented, while taking into account specificity of the region as well as historical, social and economic conditions.

**Keywords:** Cluster Policy, Special Economic Zones, Innovation, Foreign Direct Investment, Poland.

### **SPECIAL ECONOMIC ZONES IN POLAND – CHARACTERISTICS OF THE PHENOMENON**

According to a report by the Polish Ministry of Economy, from the beginning of Special Economic Zones' operations in Poland (the first SEZ was established in 1999) until the end of 2014 companies invested in these zones over PLN 100 billion PLN (Kowalczyk, 2015). In the last 20 years as much as 81% of the investment in these locations came from abroad, which shows that in recent years SEZ have been one of the most important tools for increasing the attractiveness of Poland. Although in the coming years special economic zones will still enjoy unabating popularity in Poland, entities which manage zones as well businesses operating in them should prepare to operate after the year 2026, when all the privileges will expire (Kowalczyk, 2015). Special Economic Zones are separate administrative areas in which entrepreneurs can benefit from state aid in the form of income tax exemption on account of the costs of new investments or of creating new jobs. Additionally, they are also exempt from paying

property tax. SEZ operate on the basis of the Law on Special Economic Zones of 1994 and although originally their period of operation was designated as 20 years, it has been extended twice - first in 2008 (until 2020) and then in 2013 (until 2026) (Kowalczyk, 2015). There are 14 special economic zones in Poland: Kamiennogóra, Katowice, Kostrzyn-Słubice, Cracow, Legnica, Lodz, Mielecka, Pomerania, Slupsk, Starachowicke, Suwalki, Tarnobrzeg, Wałbrzych and Warmia-Mazury (Oleksiuk, Vashchenko, 2010, p. 175-176).

In 2015 entrepreneurs operating in Special Economic Zones had 2,056 permits for conducting business activity – that is more than ever - while the number of permits issued in this particular year amounted to 426 and was almost two times higher than a year earlier. At the same time, employment in SEZ amounted to almost 300 thousand people in 2014 and with the exception of the period 2008-2009 was steadily growing being by 200% higher than in 2005. Of the PLN 102 billion invested so far in the SEZ almost 75% came from 6 countries: Poland (19%), Germany (18%) USA (12%), the Netherlands (11.5%), Japan (7%) and Italy (7%) In the 2014 alone the investments amounted to 8.8 billion zł. Special Economic Zones enjoy unabating popularity. According to the KPMG survey, conducted in the framework of the report on 20 years of special economic zones operations in Poland, 86% of the surveyed investors who conduct their activities in the SEZ rated the operations of zones positively, while the percentage of negative responses amounted to mere 3%. Moreover, 95% of companies surveyed would recommend a contractor or a partner moving to SEZ (KPMG, 2014, p. 7-15).

The above-mentioned data indicate that Special Economic Zones have considerably contributed to the development of the Polish economy by reducing structural unemployment in both economically underdeveloped regions and in regions most negatively affected by the economic transformation (Oleksiuk, Vashchenko, 2010, p. 175). Thanks to investments in SEZ there has been a development of large industrial areas under consideration (which laid barren since the early nineties, when the production plants were closed summarily), as well as the development of local infrastructure. Friendly business environment in SEZ encouraged many foreign investors who specialize in innovative solutions and/or in advanced technologies to locate their businesses there, which led to the flow of know-how to local subcontractors and suppliers. As many as 81% of the investments in SEZ comes from foreign sources, and among the biggest investors are companies such as General Motors, Toyota and Volkswagen. In addition, many SEZs host business incubators and technology parks, which should significantly contribute to supporting innovative SMEs (KPMG, 2014, p. 10-21).

Even though SEZs in Poland will continue to be attractive to investors, the last five years of their operations in Poland will be characterized by a slowdown in the rate of growth in the number of companies, investment outlays and new jobs. While the presence of zones and the possibility of

obtaining tax exemption does not constitute the sole criterion for choosing given investment location, their absence or inability to benefit from the tax exemption will definitely make it more difficult to attract new investors. This factor can also lead to a reduction in the level of reinvestment by existing entrepreneurs. Therefore, from the long-term perspective, the Management Entities of SEZ should already focus on finding areas of comparative advantages of the said zones that would enable companies operating there to maintain competitive edge after the zones cease to operate. A good way to keep the companies in the current locations is the evolution of zones into industrial clusters that will further bind entrepreneurs with the local community.

The value for investors is not only the support in the form of tax holidays, but also the quality of infrastructure, transport networks, availability of skilled workforce and favorable geographic location. Another advantage is individualized offer from the zone's management which may include, i.a.: free assistance in completing the formalities related to the investment, facilitation of contacts with local authorities or with central administration as well as providing advice on selected issues. If necessary (at the request of interested companies) new areas are incorporated into zones. When considering accession to the area it is worth remembering that their activity is being covered by the regulations applicable to state aid in the European Union. Due to various factors - geographical location, availability of infrastructure and of human resources, rich traditions of the region in a selected sector of the economy - most of the zones have a specific profile of activity. For example, in the Katowice SEZ there is intensively developed automotive cluster. As many as 63% of the investment in this SEZ is derived from the said industry, and entails the presence of such companies as m.in: General Motors Manufacturing Poland, Nexteer Automotive Poland, TRW Braking Systems and TRW Poland Poland or Eaton Automotive Systems. Another interesting solution is the concept behind the Kraków SEZ managed by the Kraków Technology Park. It offers both greenfield locations and office space. Although it is intended primarily for manufacturing companies, the services firm may also obtain permits. The following types of services are preferred: IT services, research and development, accounting services (excluding tax returns), services in the field of research and technical analyses, as well as call centers. This kind of diversification of the activity in the zone is possible, among others, thanks to the proximity of a strong academic center - Krakow. It attracted such companies as Comarch, Shell or Capita. It is also worth to mention the oldest Special Economic Zone in the country, namely EURO-PARK Mielec (Pastusiak, Gajdka, Jabłońska, Keller, Koziński, Krzeczewski, 2013). It operates in 5 voivodeships (SEZ can create sub-zones throughout the entire country), and stands out above all because of a very strong presence of investors from the aviation sector, i.a. Hamilton Sundstrand, Goodrich AEROSPACE and Polish Aviation Works.

## **THE NEW GENERATION OF SPECIAL ECONOMIC ZONES**

Polish economy needs quantum leap in terms of modernization and the rapid development of technological thought in order to catch up with a more innovative economies of the leading countries of Europe and of the world. To achieve this Polish economy needs modern research infrastructure, effective cooperation of scientists with business and favorable conditions for innovators. There are numerous indications that in the coming months another very important step will be taken in this direction – thanks to the creation in the vicinity of Wroclaw Research Centre EIT + of Poland's first special economic zone of the new generation (SEZ 2.0).

SEZs 2.0 are to be dedicated to research and development, focus on and stimulate innovation. In contrast to existing Special Economic Zones jobs created there should to a greater extent related to the production of technologically advanced products using a national knowledge base from the immediate surroundings of SEZ 2.0. Wroclaw, thanks to the enormous intellectual potential of its academia and openness to the world, is particularly predestined to be the leader of this new direction of development of the knowledge economy. For this to happen it is necessary to create real space for focused development. And namely just such an approach underpinned the decision to create an integrational campus with the Wroclaw Research Centre EIT + as a bridge between academia and business (KPMG, 2014). And its location in Prace Odrzańskie from the outset was taking into account the possibility of expansion of the business associated with WCB EIT + thanks to over 100 hectares of unused investment space in the immediate vicinity of the Prace Campus. Wroclaw Research Centre EIT + is unique on a national scale, interdisciplinary research organization of the RTO (Research and Technology Organisation) type, which aims to stimulate and support innovation in the Polish economy by developing new technologies and scientific research, for which there is demand of industry. Prace Campus, where the EIT + is located, combines not only advanced features of a technology park, a thematic cluster and research and development institute, but also - through strategic activities in the field of social innovation - can become the central place for establishing long-term relationships between science and business. Equipped with ultra-modern equipment laboratories EIT + and the research teams, whose members already have extensive experience in the implementation of projects at leading universities in Europe and in the United States, have become increasingly an advantage of Wroclaw in attracting Polish and foreign research and development projects. On many occasions representatives of potential investors, being surprised by infrastructure and possibilities of cooperation available in EIT +, began - even in the course of the initial visit – to discuss the possibility of conducting in Wroclaw the research projects which their previously deemed impossible to pursue in Poland.

Therefore, the activity of EIT + has been taken into account in the context of the strategic decision to create around and on campus Pracze the Zone of Development of Innovative Business based on research and the commercialization of the most interesting results of both the EIT + and of business R & D centers established in the area. Establishment of the Special Economic Zone on a Pracze Campus and in investment areas directly adjacent to this campus will therefore constitute perfect embodiment of the SEZ 2.0 idea. It's also a great opportunity for all companies that plan to apply for the funding from the new financial perspective 2014-2020 under the Operational Programme Smart Growth (Ministry of Infrastructure and Development, 2015). Both the companies that want to develop new technologies independently or commission their development to a scientific institution such as the EIT + may apply for the programme. Thanks to the zone the center will not only support companies in product development and commercialization of intellectual property, but also will make it possible to favorably position companies R&D departments on the Campus EIT + Pracze (Wroclaw Research Centre, 2015, p. 4-17).

The area of the zone will cover over 27 hectares of property owned by the city, which will be made available to entities interested in cooperation in the EIT + and planning to carry out research – development activities. An additional advantage of this zone is a convenient location (13 km from the center of Wroclaw, in the vicinity of the motorway ring road, Wroclaw airport and railway station) (Wroclaw Research Centre, 2015, p. 6), which makes Pracze Campus potentially a key position on the map Polish innovations of supraregional importance.

### **THE IDEA OF CLUSTERS IN THE CONTEXT OF THE SPECIAL ECONOMIC ZONES**

Clusters are so important for the economy because they have the ability to use resources which are hard to access. Originally such resources difficult to access were in the form of specialist knowledge or traditions passed down from generation to generation. Currently, any structure which unites companies in order to develop certain resources is commonly called a cluster. Such resources may be the means of production, unused production capacity or resources available within the framework of the EU funds. At this point another criterion for the classification of clusters is introduced (Kuchiki, Tsuji, 2008, p. 27-31; Borrás, Tsagdis, 2008, p. 12-15):

1. Clusters aimed at optimal use of the resources are called resource clusters. The resource cluster does not need any other purpose to justify its existence.
2. Product clusters that bring together stakeholders around common products. In case of such a cluster the issue of available resources becomes secondary.

Related to this classification is one which distinguishes between vertical and horizontal integration. Product clusters favor vertical integration. Another typology (UK Department of Trade and Industry) identifies them in such a way that its core is formed by businesses which occupy neighboring positions within the value chain (Braunerhjelm, Feldman, 2007, p. 15-17).

Integration processes occur both on the macro and as well as among small and medium-sized enterprises. Many doubts are raised by the use of the same terminology in such different cases. Therefore, it seems important to make a clear distinction:

- a) networked Clusters created by interconnected small and medium-sized enterprises,
- b) the large-scale clusters, that is regional or trans-regional clusters of enterprises.

Two of the most famous examples of clusters, Silicon Valley and the Italian industrial districts are examples of networked clusters. In both cases, the presence of strong competition among the cluster members is essential for the existence of the cluster. This competition constitutes the driving force of growth. An analysis of the competition can be performed using Porter's diamond (Porter, 1998).

With the development of the idea of clusters attempts were made to clarify the concept of a cluster and to create a coherent typology and methodology. In the literature one can find many different definitions of the cluster and different research methods, which were created depending upon the research purposes selected. Despite the lack of a coherent theory of the cluster and the charges against the propagators of this concept, the idea of the cluster has become an essential tool for the policy of the state's intervention and the dominant concept of the modern political economy. The concept of the cluster, introduced by Michael Porter (Porter, 1998), does not contain in itself an indication of how entities clustered in it are to cooperate with each other, or what model of operation should be adopted. In its structure the cluster is heterogeneous mix different organizations, institutions and entrepreneurs and different employment structure oriented at achieving different goals (Borrás, Tsagdis, 2008, p. 18-46). In a cluster, there is an infinite number of interactions and activities aimed at gaining a competitive advantage. In the framework of freedom of economic activity, each of the entities located in the cluster can undertake formal and informal activities that aim to cooperate with both partners and competitors. In the case of the cluster's actors, who enter into relations, not every informal action meets with an understanding of competitors. On account of the activities conducted entrepreneurs or institutions, which operate in an informal way, can be blamed for unfair competition. With the increasing number of interaction between actors the range of possible activities which require to give the cluster the formalized organizational nature. Despite assumptions that network connections do not require formal solutions, it turns out that the vast majority of existing networks and cluster structures seeks formal forms of coordination that

facilitate cooperation. Cluster organizations become partner of talk for external entities, conducting effective lobbying on behalf and in the interest of the cluster's actors. They can also carry out projects for the cluster, for which, as a legal entities they may acquire external funding. Through the synergy and merging of activities of many cluster's actors the cluster's organization it is able to take on tasks that exceed the capabilities of individual actors and to enhance the flow of knowledge and social capital development within the cluster. Cluster policy should be to a greater extent than previously, associated with the development of Special Economic Zones, because of the friendly environment for the formation of cooperative ties between enterprises located in the zones. At the same time the development of clusters can stimulate economic activity in Special Economic Zones and can provide long-term benefits for companies functioning in their framework, leading to the growth in competitiveness and innovativeness of regions (Farole, Akinci, 2011).

Fragmented structure and location in several administrative territorial units (regions, poviats, gminas and cities) constitute a characteristic feature of Special Economic Zones. Therefore, in the area of a given zone the cluster initiatives grouping entities operating in different regions belonging to the zone can be developed. Preliminary analysis indicates that the geographic scope of clusters usually does not coincide with the territorial scope of Special Economic Zones. This does not prevent development in Special Economic Zones of cooperation in the framework of clustering. Examples in this regard are: cluster "Aviation Valley" within the Special Economic Zone Euro-Park Mielec, seed of the of the automotive cluster in the Wałbrzych Special Economic Zone, companies centered around Toyota which operate in different industries, but produce for the automotive industry, the initiative to establish Polish Wood Cluster in Suwalki Special Economic Zone, Pomeranian ICT cluster in the Pomeranian Special Economic Zone, Crystal Park in Łysomice in the Pomeranian Special Economic Zone (companies engaged in the manufacture of LCD panels, including Sharp Manufacturing Poland and Orion Electric Poland), and cluster "Furniture Elblag "in the Warmia-Mazury Special Economic Zone (Pastusiak, Gajdka, Jabłońska, Keller, Koziński, Krzeczewski, 2013).

The information obtained from the managers of some of the Special Economic Zones indicates that so far no seeds of cluster structures were established in their area, but the detailed analysis, which takes into account, among others, identification of densities of economic activity in regions of the Poland carried out under the research program of public statistics, indicates potential clusters in individual zones.

Special Economic Zones operations is aimed at supporting the development of regions, i.a. by attracting investment, creating local cooperative ties in the region and stimulating the influx of new technologies and innovative solutions. In this regard, special economic zones provide a

good basis for strengthening cooperation in the framework of existing economic ties, and for the development of new cluster initiatives. One of the results of Special Economic Zones operations is the development of industrial specialization, which can constitute the nucleus of sectoral clusters.

In Poland, the investments undertaken in Special Economic Zones are assigned a priority status when undertaken in the following sectors: the automotive sector, the aviation sector, the electronics sector, the machinery sector, biotechnology, small chemical business, research and development, modern services sector, the sector producing devices for production of fuels and energy from renewable sources. The designation of priority sectors has been presented in the document of the Ministry of Economy from 2009 "The Concept of Development of Special Economic Zones" as one of the criteria for new investments in the public areas after 1 January 2009 (Ministry of Economy, 2015). This does not mean, however, that the development of Special Economic Zones is limited only to those sectors. In this context, it should be also noted that innovations often arise at the interface between industries, fostering closer cooperation between all actors of the innovation policy. According to the "Concept of Development of Special Economic Zones", the development of clusters constitutes one of the policy of Special Economic Zones in Poland (Ministry of Economy, 2015). In order to optimize the effects of the establishment of Special Economic Zones, the emphasis is placed on defining the investment desirable for the country's economy. Among investments eligible for support instruments for Special Economic Zones are innovative investments, implemented in priority sectors, supporting the development of clusters, industrial and technology parks, increasing the degree of industrialization of low industrialized areas, creating a specific number of new jobs or with certain minimum cost of eligible investments depending on the unemployment rate in the poviat. In some cases, the criterion of supporting the development of clusters is one of the requirements for issuing a permit to operate in the zone - in the areas included into the zones after January 1, 2009 which are owned or used under perpetual usufruct of: the zone's administrator, State Treasury's, local government unit's or municipal association. In such cases, permit issued for conducting operations in the zone can be related to investments fulfilling at least one of the following criteria:

- a) the innovation criterion,
- b) criterion of priority sectors,
- c) the criterion of supporting the development of clusters, industrial and technology parks,
- d) the criterion of the degree of industrialization,
- e) the unemployment rate criterion.

Criterion c) signifies that public land can be subject to Special Economic Zones for investment contributing to the creation of clusters or of industrial and technology parks. The cluster is understood in this case, as defined in the Regulation of the Minister of Economy (Ministry of Economy, 2015), "spatial and sectoral concentration of units acting for economic development or innovativeness, involving at least ten entrepreneurs, including micro, small and medium enterprises, engaged in economic activity in one or several neighboring regions, competing and cooperating in the same or related industries and linked by extensive network of formal or informal nature, with entrepreneurs constituting at least half of entities operating within the cluster". Entities or businesses being part of the cluster must be headquartered and in the case of an entrepreneur who is a natural person, be residents of Poland. Special Economic Zones may become one of the factors behind the implementation of regional innovation strategies and the instrument supporting the development of clusters at regional level. Clusters and parks can constitute for the local governments an important element of the strategy to attract investors – the sectoral strategy may differentiate given gmina, powiat, voivodeships from among the localization offers of other regions. Initiating and supporting the development of clusters in special economic zones could contribute to the perpetuation of long-term benefits stemming from the creation of attractive conditions for doing business in the zones, even after the formal end of their functioning.

Among factors that may favor the development of clusters in Special Economic Zones, are favorable conditions for doing business being created by local authorities and government agencies as well as management companies of Special Economic Zones. Of particular importance are measures aimed at creating an atmosphere of entrepreneurship and cooperation between businesses, research units and the public sector (Farole, Akinci, 2011, p. 10-14; Gupta, 2008). Taking into account the possibility of assuring synergies between cluster policies and mechanisms of the development of Special Economic Zones, it is appropriate to target instruments of clusters' support at strengthening interaction and cooperation between economic entities functioning in the region. A comprehensive mechanism to support the development of Special Economic Zones towards formation of clusters can be developed on the basis of the following activities: promotion and training in the field of clustering organized for: zones' management companies, businesses, coordinators and other entities in Special Economic Zones, as well as conducting audit by individual special economic zones which is aimed at identifying potential clusters, that is linkages (incipient clusters) in individual sectors, operating in the area of the zones.

Collection and analysis of needs voiced by managers of Special Economic Zones in the sphere of instruments supporting clustering and systemic definition of the zones' roles in regional innovation systems, with particular attention to the possibility of initiating and developing links

between enterprises, research institutes, academic institutions, technology parks, business incubators, technology transfer centers, investment and trade promotion centers, etc.

Based on the results of the audit and of analysis the identification of several zones, where a pilot programme will be launched aimed at the creation and development of cluster initiatives formalized in selected zones. The program will allow to test and perfect mechanisms aimed at supporting the development of clusters within these zones. The conclusions formed on the basis of the above-mentioned program will be used in the formulation of recommendations related to supporting clusters, that will be used, among others, in the course of the New Financial Perspective (Ministry of Infrastructure and Development, 2015). Preliminary analysis points out to a high potential and favorable conditions for initiating such projects in various zones, including i.a.: white goods clusters in Łódź Special Economic Zone and in the Wałbrzych Special Economic Zone, construction cluster in the Pomeranian Special Economic Zone, ICT cluster in the Krakow Special Economic Zone, and automotive cluster in the Wałbrzych Special Economic Zone (Pastusiak, Gajdka, Jabłońska, Keller, Koziński, Krzeczewski, 2013).

Expansion of the legal capacities and of incentives for companies that manage special economic zones to take action aimed at “networking” enterprises, including initiating establishment of clusters and acting as their coordinators / animators.

Elaborating a vision for the clusters’ development of by zones’ management companies in cooperation with local authorities, in particular with marshals of voivodships who have the greatest influence on the development of infrastructure in the voivodeships. Agreed plans for cluster development in Special Economic Zones should be taken into account in the multiannual financial and investment plans of local self-government units, particularly in terms of infrastructure’s development in the area. The vision of clusters’ development should also be reflected in the plans formulated by the Ministry of Economy in regard to develop special economic zones and in actions aimed at attracting foreign investments carried out by the Polish Agency for Information and Foreign Investment (PAIZ SA). Creation of the System of Preferences (additional points) for cluster initiatives functioning in Special Economic Zones within the planned system of accreditation of cluster initiatives and the evaluation system of key clusters in Poland, merit-based assessment of applications for funding for a variety of activities under operational programs financed from the Structural Funds.

In order to internationalize economic activity in cluster initiatives and in Special Economic Zones, the development of cross-border networks of clusters and zones as well as attracting foreign direct investment key from the point of view of sectoral specializations should be also promoted. The European Union wants companies operating in Special Economic Zones to be more innovative since innovativeness gives them a greater chance of securing and maintaining

market presence. In order to complying with these conditions, companies will be able to benefit from Smart Growth Operational Programme 2014-2020 (Ministry of Infrastructure and Development, 2015). The European Union shall provide EUR 8.6 billion for the programme's financing. Larger part of this amount is designated to promote innovativeness in companies, and the conduct of scientific research. In this way, enterprises will gain huge opportunities for more dynamic development. Moreover, the EU funds will be spent on equalization of conditions between investors who started operating before 2008 and those who entered the market after 2008. Actions will be taken in order to i.a. select appropriate personnel, which will be best at satisfying the needs of individual companies operating in SEZs. Companies will still be able to count on assistance in dealing with matters related to investments, land for investment obtained at a reasonable prices and exemption from property tax. This means that even if aid for companies operating in the SEZ will be reduced, they would still constitute a viable option for the majority of enterprises.

## **CONSLUSIONS**

At the moment the aim of zones is to attract new, high-tech projects that will contribute to the sustainable modernization of regional economic structures, activation of labor markets and networking between science and economy. Foremost, the underdeveloped, located peripherally compared to industrial centers and threatened by a recession as a result of industrial monoculture. Thanks to operations of the zones so far 186.3 thousand new jobs were created and 61.2 thousand Jobs retained – the share of SEZ in employment in Poland amounts to about 2%. PLN 85.8 billion were invested in SEZ, of which foreign investments constituted a decisive majority. Investments in zones accounted for 7% of total enterprises' investments in Poland.

Operations of this kind of institutions as a form of support for entrepreneurs and form of activation of regions are associated with risks for both investors and for regions where the zones are located. Investors in the zones bear the risk that they will not be able to achieve the results expected from investment in the given area and to meet the obligations arising from it, such as maintaining jobs or incurring agreed capital expenditures. They zones do not necessarily function in areas that can provide access to sufficient quantity and quality of personnel - this problem is indicated in studies by the majority of investors. Conducting business operations in the zone is associated with the risk of withdrawal of the authorization resulting from failure to meet certain conditions for investment in SEZ (for example, investments should not start prematurely). Another problem may be associated with the lack of adaptation to the specific local conditions, which may be caused, for example by changes in the environment, which the investor is not able to predict, such as the emergence of another leading investor in the area who

competes for the same resources or the same market. Finally, there is risk of termination of the zones, with attendant unfavorable changes in the business environment.

Local environment also bears the risk stemming from the operations of Special Economic Zones. It is possible that in spite of arranged land, the region will not attract investors, that they pull out before making an investment or quickly change the place of business operations when offered better conditions elsewhere. Among such –“jumpers” investors are entrepreneurs who operate less technologically advanced, easy to move modular factories. Risks to the local environment are also related to the outflow of the benefits from investment in SEZs out of the country – i.e. lack of local network building stemming from the fact that investors use only of the existing network of own connections in other countries.

The question is whether the Special Economic Zones are likely to become 'promised land' for those for who they were brought to life? One can answer in the affirmative, subject to certain conditions. There must be stable and clear rules on state aid and precise provisions of tax law. A long duration or even indefinite period of zones' operations is also important because it allows businesses deciding to invest in the zone to benefit from the support which these institutions offer them. Operations in SEZ will be successful if appropriate labour force and infrastructure are offered. The macro-environment prevailing in the zone is also important for entrepreneurs operating there - collaborators, business environment institutions and the demand for services and goods offered by entrepreneurs operating in SEZ. SEZ's presence can also be advantageous for the local environment, though under certain conditions. First of all, they should host investors from rapidly growing sectors, which absorbing endogenous potential of local environment and integrating with it as well as forming networks in the local environment. Such investors should influence the improved management of labor resources and productive assets, as well as improve the well-being and create demand for new goods and services. Therefore, the following are important: the selection of zone's location which takes into account the investment potential, continuous forecasting of the growth dynamics of sectors, diversification of zone's purposes depending on regional conditions and problems, as well as a selective approach to sectors that are to be developed within the zones.

To sum up, it should be stressed that through grassroots activities, which take into account regional specificities as well as historical and socio-economic conditions Special Economic Zones may become one of the elements of implementation of regional innovation strategies and support instrument for the development of clusters at regional level. Clusters and parks can provide to local self-governments an important element of the strategy to attract investors - sectoral specialization may make gmina, powiat, voivodeships stand out at the background of offers of other regions. Initiating and supporting the development of clusters in special economic

zones could contribute to the perpetuation of long-term benefits stemming from of the creation of attractive conditions for business activity in the Special Economic Zones, even after the formal termination of their functioning.

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