

Foreign Policy as Part of Strengthening the Polish Economy in the World: the Ethical Aspect

Author: Mateusz Pawlak

Source: 'Annales. Ethics in Economic Life' 2014, vol. 17, no. 4, pp. 93-100

Published by Lodz University Press

Stable URL: http://www.annaesonline.uni.lodz.pl/archiwum/2014/2014_4_pawlak_93_100.pdf

Foreign Policy as Part of Strengthening the Polish Economy in the World: the Ethical Aspect

Autor: Mateusz Pawlak

Artykuł opublikowany w „Annales. Etyka w życiu gospodarczym” 2014, vol. 17, nr 4, s. 93-100

Wydawnictwo Uniwersytetu Łódzkiego

Stable URL: http://www.annaesonline.uni.lodz.pl/archiwum/2014/2014_4_pawlak_93_100.pdf

© Copyright by Uniwersytet Łódzki, Łódź 2014

Used under authorization. All rights reserved.

Mateusz Pawlak

University of Lodz, Institute of Economics
Department of the History of Economic Thought and Economic History
email: mateusz.pawlak@coleurope.eu

Foreign Policy as Part of Strengthening the Polish Economy in the World: the Ethical Aspect

Abstract

The technological, economic and political advances of the 20th and 21st centuries have established new conditions for the development of civilization. The world economy has simultaneously expanded (the number of states/organization participating in world trade or the volume of heterogeneous transactions) and shrunk (close interrelations between transactions, no matter their geographic origins). Economic policy has gained an indispensable role in the creation of order in international relations and foreign policy. The tendency to prioritize foreign policy aims towards economic policy aims has resulted in 'reverse flow', i.e. foreign policy has become a central part of national economic policy.

The engagement of external action services and public budget in economic promotion and investments triggers (inter alia) the ethics dilemma. The mentioned ethical aspect is often omitted when discussing 'the economic foreign policy'. For instance, the ethics dilemma can appear when development and humanitarian aid are taken into account or when it comes to assessing the results (and membership) of economic missions. In this context, the author analyses the Polish foreign policy example and attempts to answer two questions. First, are the economic activities performed by external action services effective? Second, are the mentioned activities in accordance with the social ethical code of conduct? The author focuses on three elements – development and humanitarian aid, the participation of Polish diplomats in economic promotion, and economic missions.

Keywords: economic policy, foreign policy, Polish economy, ethics

JEL Classification: F13, F59

1. Introductory remarks

The increased role of economic policy in shaping international relations has resulted in changes in the management system in both global and national terms. In Poland, the task of promoting economic cooperation abroad remains the domain of the Ministry of the Economy¹. However, support for foreign investment, creating conditions for establishing international business contacts, and promotion of foreign business activity are also important elements of foreign policy, which remains the responsibility of the Minister of Foreign Affairs. The economization of Polish foreign policy was formalized in 2006, when economic diplomacy was officially established. The main tasks which were assigned to the newly formed structure covered the following areas: '(1) supporting promotional initiatives – seminars, conferences, participation in trade fairs, exhibitions, and public relations activities, (2) diplomatic demarches; (3) advice and information'². The above-mentioned activities also include meetings of representatives of the Ministry of Foreign Affairs (MFA) with delegations from other countries where economic issues are addressed or are accompanied by trade missions.

The development of medium-term strategic frameworks, allowing planning over at least several years and ensuring adequate financial resources for their implementation was another element of strengthening the interdependence of economic and foreign policies. This was a significant achievement because since 1989 there has been no long-term planning in the field of foreign economic policy. The above-mentioned strategic frameworks took the form of various documents, inter alia, in 2006 a special agreement was signed between the Minister of Foreign Affairs and the Minister of the Economy³; in 2007, the Council of Ministers adopted the *Guidelines for the strategy of promoting the Polish economy in the years 2007-2015*; in 2008, the *Medium-term strategy for the development of economic cooperation with selected developing countries* was developed; in 2009, diplomatic recommendations and principles to be followed in dealing with representatives of business circles were prepared⁴; in 2011 a Law was signed on development cooperation⁵, underlying the *Multiannual Development Cooperation Pro-*

¹ The Act of 4 September 1997 on Branches of Government Administration, Journal of Laws of 1997 No. 141, item 943, Art. 9, paragraph 2.

² J. Wróblewska, *Materiał informacyjny na posiedzenie Komisji Gospodarki Narodowej Senatu RP w sprawie efektywności promowania polskiej gospodarki w świecie [Information material for the meeting of the National Economy Committee of the Senate on the effectiveness of the promotion of the Polish economy in the world]*, Department of Economic Diplomacy of the Ministry of Foreign Affairs of the Republic of Poland, pp. 1-2, available at: <http://ww2.senat.pl/k7/kom/kggn/g/8.pdf> (accessed 22nd April, 2013).

³ Full name: *Agreement of 14 September 2006 between the Minister of Foreign Affairs and the Minister of Economy on cooperation in the implementation of tasks of the Minister of Economy in the field of trade promotion and foreign investment by Polish foreign offices without Departments of Trade and Investment Promotion.*

⁴ J. Wróblewska, op. cit., p. 4.

⁵ The Act on Development Cooperation of 16 September 2011, Journal of Laws of 2011, No. 234, item 1386.

gramme 2012-2015 Solidarity, Democracy, Development which was developed a year later; in 2012 the Council of Ministers approved the *Priorities of Polish Foreign Policy in the years 2012-2016*, which also included economic priorities⁶.

2. The participation of diplomatic posts in economic promotion

The creation of legal provisions specifies and organizes the scope of activities within the framework of foreign economic policy. Moreover, thanks to formalized economic diplomacy it is possible to keep statistics that allow for the assessment of the activities undertaken and an indication of their dynamics. For example, in 2009, diplomatic support was provided to more than 70 Polish companies operating in nearly 30 countries⁷, while in 2012, the number of companies increased to several hundred and the geographical area covered by the support extended to 70 foreign markets⁸.

On the other hand, information on the involvement of Polish diplomats in economic promotion is dispersed, and therefore difficult to access. The number of Polish enterprises covered by the support or the number of conferences and meetings held abroad can be found only on the websites of the embassies or in information notes prepared on a political initiative (see answers to parliamentary questions on the promotion of the Polish economy, and information at the parliamentary meetings of thematic committees). The lack of a single registry of 'economic demarches' of Polish diplomats and brief descriptions of these interventions (respecting commercial confidentiality) results in the lack of full transparency. The specific recommendations for diplomatic staff on the requirements related to the protection of business secrets, prevention of conflicts of interest, and anti-corruption procedures adopted in 2009 have not solved the problem of the lack of transparency. The recommendations provide diplomats with the knowledge and tools to work properly with the business community. The recommendations do not, however, increase access to the information for other enterprises and citizens, nor do they allow for the evaluation of activities carried out by the staff of diplomatic posts.

The dispersion and lack of full transparency in foreign promotional activities have been noted by experts of the Organization for Economic Cooperation and Development (OECD). The OECD recommendations contained in the *11th Economic Survey of Poland 2010*, stressed the need to create a specialized agency for the promotion of exports and foreign direct investments, which would focus the

⁶ *Priorities of Polish Foreign Policy 2012-2016*, Ministry of Foreign Affairs, Warsaw 2012, available at: <http://www.ms.gov.pl/resource/aa1c4aec-A52F-45a7-96e5-06658e73bb4e:JCR> (accessed 26th April, 2013).

⁷ J. Wróblewska, op. cit., p. 1.

⁸ R. Sikorski, *An answer to a parliamentary question No 14588 of 20 February 2013 concerning the need to create a system of promotion of the Polish economy and support for Polish entrepreneurs abroad*, the official portal of the Sejm, available at: <http://www.sejm.gov.pl/Sejm7.nsf/interpelacja.xsp?documentId=82EA943D44D4836FC1257B18004FB47C> (accessed 23rd April, 2013).

tasks of the Ministry of Economy, the Ministry of Foreign Affairs, and the Departments of Trade and Investment Promotion Sections of Embassies and Consulates of the Republic of Poland⁹.

3. Trade missions

The situation is similar with regard to information about the objectives, composition, and the results of economic missions; this information is not widely available. The participation of Polish enterprises in international political visits, bilateral consultations, and meetings of international economic organizations is consulted with the business and scientific environment (in the case of the collection of information on a given market), but detailed findings and results remain confidential or difficult to access. The Polish Ministry of Foreign Affairs indicates on its website five permanent partners in the implementation of foreign economic policy: The National Chamber of Commerce, Employers of Poland, the Business Centre Club, Association of Polish Exporters, and the Polish Confederation Lewiatan¹⁰.

Enterprises are selected for trade missions according to their strategic position, i.e., whether they, because of their resources, have the potential to implement/increase investments or establish cooperation in the country the mission is going to visit. There are also geographical regions in which the support of government authorities, at least in the form of a common foreign mission, is the necessary impetus to enter the market. According to information provided by the Ministry of the Economy ‘two types of companies are usually represented in trade missions – representatives of several large companies, who generally in the case of a special flight accompany an official delegation on board (...), and representatives of smaller entities who participate in missions without any restrictions after they have registered with the mission’s organizer, they in turn take commercial flights’¹¹. For example, in 2012, representatives of the Polish state (Ministry of Economy, Ministry of Foreign Affairs, Prime Minister’s Office, Office of the President of Poland) travelled with representatives of nearly 600 companies, most often from the energy sector, and most missions flew to Ukraine, China, Kazakhstan, Canada or Brazil¹².

Commercial confidentiality and compliance with competition rules are problematic issues in providing detailed information on companies participating in

⁹ *OECD Economic Surveys: Poland 2010*, Organisation for Economic Co-operation and Development, Volume 2010/8, April 2010, p. 140.

¹⁰ *Foreign economic policy*, the official portal of the Ministry of Foreign Affairs RP, available at: http://www.msz.gov.pl/pl/polityka_zagraniczna/zagraniczna_polityka_ekonomiczna/partnerzy/ (accessed 22nd April, 2013).

¹¹ *Tajne misje gospodarcze: gdzie polskie firmy podróżowały z politykami* [*Secret trade missions: Where have Polish companies travelled with politicians*], “Dziennik Gazeta Prawna” 2013, 6th March, available at: http://biznes.gazetaprawna.pl/artykuly/687287,tajne_misje_gospodarcze_gdzie_polskie_firmy_podrozowaly_z_politykami.html (accessed 20th April, 2013).

¹² *Ibidem*.

missions. On one hand, public administration should be characterized by transparency and publish lists of companies which accompany the visits of ministers, prime minister or president. In the United States, France and the UK the composition of economic missions is made public in order to increase social legitimacy and strengthen the position of a given politician as the one promoting the national economy¹³. On the other hand, disclosing why a particular company participates in the mission may weaken its competitiveness, for example its foreign partner could be taken over by domestic competition.

To solve the dilemma of access to information a unified register may be created containing the list of companies and other institutions which accompany officials and politicians during foreign visits. The range of information provided by the interested company/institution in the register should be subjected to the experts (from the fields of business and science) and the public consultation. The register should also contain the code of conduct for selecting companies for trade missions, and its principles should be respected by the Ministry of Economy, Ministry Foreign Affairs, the Office of the Prime Minister, and the Office of the President of Poland. The proposed statement would increase the transparency of public administration and would gather in one place examples of the involvement of officials and politicians in promoting Polish companies abroad.

4. Development cooperation

Another important element of foreign economic policy is Polish development cooperation understood as ‘all activities undertaken by government administration in order to provide developing countries, in accordance with the principle of international solidarity, with development assistance (...), humanitarian aid (...) and assistance in educational activities aimed at raising the awareness and understanding of global issues and the interdependence between states’¹⁴. Poland implements development cooperation on the basis of bilateral relations (financing activities directly addressed at partner countries) or multilateral relations (financing through international organizations, programmes, and international funds). According to the *Multannual Development Cooperation Programme 2012-2015 Solidarity, Democracy, Development* priority geographical areas under the Polish bilateral assistance have been divided into two groups – (1) six Eastern Partnership countries¹⁵ and (2) fourteen countries ‘with high levels of poverty and/or facing major

¹³ Examples of information on trade missions: *David Cameron launches Indian trade drive*, BBC News, 2010, 28th July, available at: <http://www.bbc.co.uk/news/uk-politics-10784317> (accessed 25th April, 2013); *Commerce Official Lead Trade Mission to Chile*, International Trade Administration Press Release, available at: <http://trade.gov/press/press-releases/2013/commerce-official-to-lead-trade-mission-to-chile-041113.asp> (accessed 25th April, 2013); *Hollande est arrivé à Varsovie*, “Le Figaro” 2012, 16th November, available at: <http://www.lefigaro.fr/flash-actu/2012/11/16/97001-20121116FILWWW00370-hollande-est-arrive-a-varsovie.php> (accessed 20th April, 2013).

¹⁴ The Act on Development Cooperation..., op. cit., art. 2.

¹⁵ Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine.

transformation challenges', i.e., eight countries in the region of East Africa (Burundi, Ethiopia, Kenya, Rwanda, Somalia, South Sudan, Tanzania, and Uganda); two countries in North Africa (Libya, Tunisia), Afghanistan, Kyrgyzstan, and Tajikistan, and the Palestinian Authority¹⁶. In 2011, Poland spent on *Official Development Assistance* – 1.2 billion zlotys, of which 79% was provided under the multilateral aid and 21% under bilateral aid. The aforementioned amount represented 0.08%¹⁷ of the Polish Gross National Product (GNP)¹⁸.

Actions under development cooperation serve a utilitarian function. However, the method of transfer of development assistance and difficult-to-measure results evoke discussion about their effectiveness. Arguments for and against such assistance can be divided into global and local. The first include, inter alia, a threat that international aid can be taken over by corrupt institutions or paramilitary groups exercising control over the region covered by the support; lack of reliable indicators which could demonstrate the correlation between the size of the received development assistance and the rate of economic growth or improvement of social conditions in the country/region; and a threat that the development of entrepreneurship among the entities covered by the support can slow down. In this context, the activities of Polish foreign policy should focus on active participation in international initiatives to strengthen the transparency and effectiveness of development cooperation, for example in the *OECD Development Assistance Committee* or the *International Aid Transparency Initiative*¹⁹.

In turn, taking into account local perspective, Polish organizations engaged in international development cooperation recommend that the Ministry of Foreign Affairs continue and at the same time increase the scope of current reforms. In a special report from 2011, the "Grupa Zagranica", an association of Polish non-governmental organizations involved in development cooperation, positively assessed the creation of multi-annual strategic frameworks, the enhanced coordinating role of the Minister of Foreign Affairs towards all entities performing development cooperation, and the establishment of an advisory body in the form of the Programme Council, which consists of officials, scientists and members of non-governmental organizations. At the same time, the document indicates negative practices which undermine the legitimacy of the activities of the MFA. Among others, the way of introducing the *Multiannual Development Cooperation Programme 2012-2015 Solidarity, Democracy, Development* was subject to criticism. Despite many months of work and common recommendations (defined jointly by the MFA officials and representatives of non-governmental organizations), in 2012, the Ministry submitted its own version of the programme, allowing five

¹⁶ *The Multiannual Development Cooperation Programme 2012-2015 Solidarity, Democracy, Development*, Ministry of Foreign Affairs, pp. 5-6, available at: http://www.polskapomoc.gov.pl/files/dokumenty_publicacje/PW_PL-po_reas.pdf (accessed 24th April, 2013).

¹⁷ In 2005, European Union Member States committed themselves to increase official development assistance up to 0.7% of Gross National Product by 2015.

¹⁸ *Pomoc w liczbach – 2011 r. [Assistance in Figures – 2011]*, the official website of the Polish development cooperation implemented by the Ministry of Foreign Affairs, available at: <http://www.polskapomoc.gov.pl/Pomoc,w,liczbach,15.html> (accessed 27th April, 2013).

¹⁹ *Polish Development Cooperation, 2011: The report*, "Grupa Zagranica", Warsaw 2012, p. 46.

days for public consultation²⁰. As a result, public consultation on the modification of the programme was continued in 2013.

In the context of development cooperation it is worth noting that Poland's involvement improves the image of the state and promotes national interests. However, the size of the amount spent by Poland (in 2011, it accounted for 0.08% of GNP) is symbolic and, in accordance with the ministerial principles, is intended to 'express solidarity, not generosity'²¹.

5. Conclusions

While analysing the impact of foreign policy on the strengthening of the Polish economy in the world, this study has focused on three issues: the participation of Polish diplomats in economic promotion, trade missions, and development cooperation. Ethical dilemmas can be seen in each of these elements. The lack of central agency responsible for the promotion of the Polish economy hampers a fair and transparent assessment of diplomatic activity in the particular area. The lack of a uniform register and code of conduct during preparation of trade missions and at the moment of making the results of trade missions available increases the doubts of the public (e.g., due to critical newspaper articles). Insufficient time for public consultation on strategic documents relating to development cooperation undermines the possibility of bringing amendments by organizations which later directly implement aid projects.

References

- Commerce Official Lead Trade Mission to Chile*, International Trade Administration Press Release, available at: <http://trade.gov/press/press-releases/2013/commerce-official-to-lead-trade-mission-to-chile-041113.asp>.
- David Cameron Launches Indian Trade Drive*, BBC News 2010, 28th July, available at: <http://www.bbc.co.uk/news/uk-politics-10784317>.
- Foreign economic policy*, the official portal of the Ministry of Foreign Affairs RP, available at: http://www.msz.gov.pl/pl/polityka_zagraniczna/zagraniczna_polityka_ekonomiczna/partnerzy/.
- Hollande est arrivé à Varsovie*, "Le Figaro" 2012, 16th November, available at: <http://www.lefigaro.fr/flash-actu/2012/11/16/97001-20121116FILWWW00370-hollande-est-arrive-a-varsovie.php>.
- OECD Economic Surveys: Poland 2010*, Organisation for Economic Co-operation and Development, Volume 2010/8, April 2010, p. 140.

²⁰ Ibidem, pp. 29-30.

²¹ *The Millennium Development Goals: Time to Help Others!*, United Nations Development Programme on Development in Poland and the Ministry of Foreign Affairs, available at: http://www.un.org.pl/rozwoj/doc/pol_dlaczego_MDG.pdf (accessed 28th April, 2013).

Polish Development Cooperation, 2011: The report, “Grupa Zagranica”, Warsaw 2012, p. 46.

Pomoc w liczbach – 2011 r. [Assistance in Figures – 2011], the official website of the Polish development cooperation implemented by the Ministry of Foreign Affairs, available at: <http://www.polska.pomoc.gov.pl/Pomoc,w,liczbach,15.html>.

Priorities of Polish Foreign Policy 2012-2016, Ministry of Foreign Affairs, Warsaw 2012, available at: <http://www.msz.gov.pl/resource/aa1c4aec-A52F-45a7-96e5-06658e73bb4e:JCR>.

Sikorski R., *An answer to a parliamentary question No 14588 of 20 February 2013 concerning the need to create a system of promotion of the Polish economy and support for Polish entrepreneurs abroad*, the official portal of the Sejm, available at: <http://www.sejm.gov.pl/Sejm7.nsf/interpelacja.xsp?documentId=82EA943D44D4836FC1257B18004FB47C>.

Tajne misje gospodarcze: gdzie polskie firmy podróżowały z politykami [Secret trade missions: Where have Polish companies travelled with politicians], “Dziennik Gazeta Prawna” 2013, 6th March, available at: http://biznes.gazetaprawna.pl/artykuly/687287,tajne_misje_gospodarcze_gdzie_polskie_firmy_podrozowaly_z_politykami.html.

The Act of 4 September 1997 on Branches of Government Administration, Journal of Laws of 1997, No. 141, item 943.

The Act on Development Cooperation of 16 September 2011, Journal of Laws of 2011, No. 234, item 1386.

The Millennium Development Goals: Time to Help Others!, United Nations Development Programme on Development in Poland and the Ministry of Foreign Affairs, available at: http://www.un.org.pl/rozwoj/doc/pol_dlaczego_MDG.pdf.

The Multiannual Development Cooperation Programme 2012-2015 Solidarity, Democracy, Development', Ministry of Foreign Affairs, pp. 5-6, available at: http://www.polska.pomoc.gov.pl/files/dokumenty_publicacje/PW_PL-po_reas.pdf.

Wróblewska J., *Materiał informacyjny na posiedzenie Komisji Gospodarki Narodowej Senatu RP w sprawie efektywności promowania polskiej gospodarki w świecie [Information material for the meeting of the National Economy Committee of the Senate on the effectiveness of the promotion of the Polish economy in the world]*, Department of Economic Diplomacy of the Ministry of Foreign Affairs of the Republic of Poland, pp. 1-2, available at: <http://ww2.senat.pl/k7/kom/kgn/g/8.pdf>.