

Polish Integration process, Spanish mirror and new chances for investments

1. Introduction

Poland and Spain maintain great similarities. Historical, demographic, social, economic and even geopolitical similarities that have been reflected in the recent process of Polish integration.

After its adhesion to NATO, the foreign policy of Poland did concentrate in the entrance in the European Communities, three were the aims. First: to establish permanent and irreversible bows with the West and to finish for always with the artificial divisions. Second: to give a dynamic push to the Polish economy, as it were the Spanish case after 1986, in individual in which one talks about the modernization of the transport networks, the agriculture and the development of the poorest regions. Third: to obtain an effective influence and participation in the eastern European policy.

Poland aspires, mainly, to fortify the common values and the European sense of the development in all the region and, specially in Ukraine. The countries located to the East of Poland continue being a zone of instability and a high insecurity, related to the regression of the process of the democratization of the political life, the lack of progress in the construction of a citizen society, and the forms of regulation of the internal crises.

2. Geopolitical and demographic similarities with Spain

The Polish historian Joachim Lelewel did indicate in 1820 similarities in the evolution of both states. 150 years later he could verify how his analysis is still valued. In 70's Spain was an isolated and locked up country in itself. Warsaw gave name to the pact that threatened the security of the West. Both countries under non democratic regimes and with their citizens apart from the social and economic development of the "democratic" Europe. After the fall of the Wall and the disintegration of the Soviet Union Poland carried out an admired episode to reach independence, freedom and progress.

In the present stage of Poland's integration in the European Union Poland has become an integrating element of the stability in the region. In a similar way that Spain is considered like a bridge between Europe, the countries of Latin America and the Mediterranean. Poland can and wants to play in the UE the role of an important participant of the dialogue and cooperation between EU, Russia, Ukraine and other countries of East Europe.

Spain constitutes at the present time the south-occidental border of the Union in the continent. Poland is the border of the Union with East Europe. Border countries do not have so that to become barriers. Poland and Spain can contribute an opening air, which would have to facilitate the suppression of the mental barriers towards the diversity of the outer world and fortify the EU foreign affairs. Furthermore Spain and Poland are the doors of the European Union, will be needed for the success of the EU immigration policy a close collaboration between Madrid and Warsaw.

Poland and Spain are the medium size members of the Union, becoming a balance factor between big and the small countries. So and as it was demonstrated in Nice, the collaboration between both countries in institutional affairs can bring great results for both and all the UE. Nice treaty showed what two countries with Pro-European will and desires to work together can obtain. This alliance must contribute, to give greater importance to the cooperation between East and West, and to generate new impulses in the development of the cooperation North-South.

The spectacular economic growth registered in Poland, due in part to the high levels of foreign direct investment, has come caused by an identical effect to the one happened in Spain during the 80's, that is to say a low production cost and a big market of new consumers, accompanied, in the case of Poland, of a superb logistic position. But as in the case of Spain the infrastructure improvement is high-priority in order to allow the effective displacement of goods.

3. New chances for investments

Poland it is nowadays one of the most attractiveness destination for investment and expansion projects. According to Ernst and Young Poland is ranked the second in Europe and the seventh in the world. Few factors have made Poland get this position.

The Polish economy, with GDP growth of 6.3 % in 2007 is developing much faster than the Euro zone, and faster than the average of all 27 EU members (2.7%). Poland's growth has been driven to a significant extent by export growth, industrial production and investments.

Employment is also increasing. Stronger growth in real wages, improving labour market and low interest rates will lead to even greater improvement in private consumption and investment in forthcoming years. In 2006 Polish exports expanded by 19%.

Poland is giving huge advances in getting a well prepared human capital, not only as qualified workers, but for example in financial services and IT services.

Poland has the largest working population in Central Europe as well as the youngest one in Europe. Around 47% of the population is under the age of 35 years and 32% is under 25. The young generation of Poles is one of the best educated in Europe. Over 55% citizens between the ages of 20-24 attend higher education courses.

Poland's geographic location in the hearth of Europe attracts investment from the Western Europe as well as from the US and Asia. It also facilitates the logistics activities related to the export of goods to all locations in Europe and to countries outside Europe. There are air, road, railway and sea connections with all major European capital cities.

Poland is placed between the highly developed Western European countries and Eastern Europe with such growing markets as Russia and the Ukraine. Investments in Poland provide the possibility for direct and easy access to 500 million people in Western Europe and 250 million in Eastern Europe.

Poland with its population of 38,16 mln is the largest market in Central Europe and the eighth largest on the Continent, as well as 30th in the world. Poland's market is larger than the combined markets of all the other nine accession countries that entered the EU together with Poland in May 2004.

Poland benefits from the largest amount of EU funds of any beneficiary EU member state for development, infrastructure and human capital for 2007 -2013.

Poland welcomes foreign investors with a number of investment incentives tailored to their needs. Various forms of state aid are available including grants and tax incentives, abatements and exemptions. In order to facilitate and support regional the development of 14 Special Economic Zones were created. They are designated areas in which investment activities can be conducted on preferential terms.

4. Challenges

Nevertheless and Looking forward, Poland is facing few challenges similar to those faced by Spain:

These challenges can be summarized in the needed to implant structural measures to reduce fiscal deficit and public expenditures; reduction in administrative barriers, improvements in the legal framework and efficiency of judiciary are needed to increase the country's attractiveness; privatisation and restructuring of enterprise remaining under state control, mainly in heavy industry, shipbuilding, energy and insurance sectors, this is necessary to ensure competitiveness and labour efficiency; infrastructure improvements in the environmental, public transport and social sectors, as well as improving governance and creditworthiness, and to structure projects suitable for securing and disbursing EU funds; finally the correct and beneficial use of the European fund by Polish authorities, this is a field where private investors have not a lot to do, and in future will be one of the main rates the EU is going to measure Polish integration with.

5. Investment chances for the Spanish companies

With a forecast of 5% in the average GDP for next years and a Market of almost 40 millions of consumers, Poland is the closer and easier investment market for Spanish companies. In addition, as has said before, it represents not only a final destination but a intermediate state for logistic purpose as a future investment in Eastern Europe countries such as Ukraine and Belarus.

The private consumption has been in fact one of the most dynamic components of the internal demand from the beginning of the present expansive cycle; in 2006 his growth it was of 5,2%. The retail sales are reflecting this increase in the purchase decisions of the homes, and in 2006 they grew to 12%. In 2006 the cost in consumption of the homes per capita was of 7,500 euros.

The development of the industrial sector continues supporting the Polish economy, thanks to the entrance of Foreign Direct Investment and to the development of the local industries. The FDI in 2006 reached a new record with more than 12,000 million euros, and the Index of Industrial Production grew to 12.1% in 2006.

In terms of private consumption the market of Poland is concentrated to the great cities, where a middle-class is consolidating progressively to a pattern of consumption common in other European countries of bigger rent. These cities are Warsaw, Krakow, Wroclaw, Poznan and Gdansk. In spite of the increase of labour costs in the last years, Poland continues having a favourable relation productivity-costs for the implantation of industrial companies of average technology; the industry of the automobile and the household-electric one are good

examples. The main industrial zone of the country is located in the southwest of the country, in the area between Wroclaw and Krakow

Poland is the country that carries out the main allocation of Structural and Cohesion funds in Financial Perspective 2007-2013 of the European Union with 67,300 million euros, which supposes near 20% of the total. The annual average allocation of these funds until 2015 (period end of execution) ascends to 7,500 million. Although the percentage of absorption of funds in previous years has been low, throughout 2007 has registered a remarkable improvement in the absorption of funds of budgetary period 2004- 2006. The Main Programs correspond to Infrastructures and environment (almost 27.8 billion euros), Regional. (26.6 millions), Innovation (8.2 billion) and Human Capital (9.7 billion).

Legal frame for the purchases of the Public Sector in Poland is the Law of Public Purchases of 29th January of 2004. In 2006 the value of this market ascended to 20.4 billion euros, with a growth with respect to the previous year superior to 25%. Of this total, 46% were work contracts, 25% of provision, and 29 % of services. One of the distinguishing characteristics of the aids public in Poland it is the importance of the price in the selection of the company. In 2006, the price was the only criterion of 64% of the tenders, and 93.5% of the greater than 60,000 euros tenders were solved of the cheapest supply. 97% of these contracts were awarded to Polish companies, which emphasizes the importance of being implanted in the country or to have a local partner.

The present moment of the Polish economy is already reflecting in a fort increase of the Spanish export, which in the 11 first months of 2007 a 31% grew. The consolidation of the consumption of the families in these last years is creating opportunities at the sectors of consumer goods that until now did not exist. The commercial formula with more success at the present time in the great cities is the big malls, in which they settle recognized European marks fashionable, feeding, and decoration. The industrial sector continues being, as already it has commented, one of the bases of its economy. The import of goods of equipment and provisions will continue being a necessity of this economy in the next years.

The Spanish direct investment has experienced an important growth from 2006, as much according to the Spanish sources as Polish. In spite of it, still the accumulated Spanish investment in this market is reduced in relation to other countries and to the investing capacity of our companies, reason why it is foreseeable that this increase stays in the next years.

6. Conclusions

Poland and Spain have remarkable similarities, historical and social similarities. These similarities, as has been said before, should bring an understanding between both countries, this understanding can lead a profit for the whole Europe, in immigration policy and in an approach North- South and East-West.

Nevertheless what really minds to common citizens it is the economic development and stability. Should be not forgotten that economic stability it is the first step for social stability. So that foreign investment represents nowadays an important incoming for Poland. Few advantages such as economic growth, geographical location, human capital and a rising up private consumption in a big domestic market become Poland in a very attractive country for investment. Added to these advantages it is worthwhile to mention an event as the 2012 Eurocup and the needed infrastructures. Spanish enterprises have to make the most with this chance, especially according to the foreseeable economic crisis, in order to find a new market for products and services, low production costs or an European logistic platform.

Finally whole Europe is going to face rising up economies such as India, China, Brazil and others. If we want to compete in this new market it is needed to invest in human capital and in innovation to improve our productivity. This is why it is so important the seventh framework program for research development and innovation, mainly for the small and medium enterprise that represents the 65 % of the employment in the UE.

7. Sources

- Polish market site <http://www.polishmarket.com.pl>;
- Instituto de comercio exterior ICEX. www.icex.es;
- Ernst and Young European attractiveness survey (2007). Ernst and Young;
- Eurostat site <http://epp.eurostat.ec.europa.eu>;
- National bank of Poland www.nbp.pl;
- Warsaw voice;