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POLAND: A first division player in the EU?

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Unlike the majority of the EU countries Poland will probably consider 2011 a good year. While the sovereign debt crisis spread from peripheral EU member states like Greece to the larger economies at the core of the Euro zone and destabilised EU's heavyweights like Italy and Spain; Poland was the only country to see economic growth. In addition, Poland's stable economic conditions helped the governing centre-right Civic Platform to get re-elected last October, the first time since 1989 that the incumbent party won the Parliamentary elections. The good economic conditions and the stable political conditions allowed Prime Minister Donald Tusk and his team to manage Poland's first EU rotating presidency smoothly.

Poland took over the EU Presidency last July at the time when efforts to contain the spread of the euro crisis deeply affected the functioning of the EU. While Poland's political influence was limited by its exclusion from the Euro group talks, the truth is that even if Poland would have been a single currency member state it could most probably not have changed the course of events. In any way, Poland managed to project a very positive image of itself to the outside world thanks to its strong stance for deeper EU integration, its resilience to the financial crisis, internal political stability and a Polish Presidency marked

by a genuine pro-European enthusiasm. These factors have clearly boosted Poland's position in the EU, but is Poland now on the way to become a true first division player?

Poland's plea for deeper EU integration

Radosław Sikorski's speech "*Poland and the future of the European Union*" delivered at the German Council on Foreign Relations in Berlin last November 28th remains perhaps the most remarkable moment of the outgoing Polish Presidency of the EU. Although Sikorski underlined that his speech was not an official statement but just a Polish voice in the discussion about the future of the Union, one does not have to know much about the history of Poland to understand how important this voice turned out to be. His often quoted statement: "*I will probably be the first Polish foreign minister in his-*

tory to say so, but here it is: I fear German power less than I am beginning to fear German inactivity" was extraordinary in two ways. First because of what it says about how far Europe has come as a continent, and second because what it says about how far Europe may be about to fall as an economy and thus, by default, as a political project.

At a crucial moment of the Euro crisis, Sikorski's speech commanded everyone's at-

Over the last couple of years while the Euro crisis has been deepening, Poland might have been the only EU country that was able to advance its position within the 'club'.

The sixth biggest EU nation gained recognition not only because of its growing economy and political stability under the rule of the centre right Civic Platform party but also thanks to Polish government's EU negotiating tactics.

Poland's strong stance against the national interests of the biggest EU member states and its call for solidarity in a time of crisis further enhanced the positive pro-European image of the country during the Polish EU Presidency.

The demonstrated potential for leadership combined with Poland's genuine belief in a deeper and wider Europe might one day qualify Poland to the first EU division.

tention on Poland. The Charlemagne column of the Economist remarked that *"It has fallen to Poland, a non-euro country, to speak truth to the bigger members."* (...) Mr Sikorski said Germany was Europe's *'indispensable nation'* and had to provide leadership. With an eye on France, he declared: *"To those who would like to divide Europe, I say: how about a natural division into growth-Europe and non-growth Europe?"* And he told Britain: *"We would prefer you in, but if you can't join, please allow us to forge ahead"*. (*The horseman approach*, the Economist, 3rd of December 2011)

Not being a member of the single currency meant that politically Poland was on the back-foot; the exclusion from the talks dealing with the Euro crisis was an important limitation of the Polish Presidency. Sikorski, however, managed to make the Polish voice heard. Ironically, it was not the limitations of the Presidency that provoked such a discourse but rather it was the current political and economic strength of Poland combined with Warsaw's ambitions to play a more central role in the EU what allowed Sikorski to make a highly symbolic speech.

Three factors have contributed to the new image of Poland that has emerged over the last couple of years. First, the country's growing economy. Second, the re-election in October 2011 of the pro-European coalition led by Donald Tusk from the Civic Platform party. And finally, a competently prepared and implemented EU Presidency.

The appearance of a new Poland

In fact, at least three factors have contributed to the new image of Poland that has emerged over the last couple of years. First, the country's growing economy. Second, the re-election in October 2011 of the pro-European coalition led by Donald Tusk from the Civic Platform party. And finally, a competently prepared and implemented EU Presidency.

The image of Poland has changed significantly since 2004 when Poland joined the EU. Although from the beginning Poland was perceived as pro-European (e.g. the EU accession referendum held in June 2003 confirmed a strong 77% support in favour among the Polish population), Poland's pro-Americanism was equally striking and understood by some as anti-Europeanism. Even after joining the EU, Poles still had difficulty in making a choice between Europe and America, perceiving the US and NATO as the main security guarantors. Some Polish decisions such as the purchase of American F16 instead of the fighter jets produced in Europe, the strong support of the US-led 'coalition of willing' in the Iraq war, participation in the NATO mission in Afghanistan or the Polish-American agreement to locate the US missile defence components on Polish territory, all contributed to a picture of Poland as a 'US Trojan Horse'.

The strong pro-American policy was pursued until 2008. After that the bilateral relationship with the US became less and less important, not only from Washington's perspective (after Obama's decision not to go ahead with the previous antimissile project), but also from the changing Polish perspective. In his speech in Berlin, Sikorski outlined Poland's current concerns about security and prosperity by stating: *"It's not terrorism, it's not the Taliban, and it's certainly not German tanks. It's not even Russian missiles, which President Medvedev has just threatened to deploy on the EU's border. The biggest threat to the security and prosperity of Poland would be the collapse of the Euro zone."*

From warrior to diplomat

During the rule of the euro-sceptic Law and Justice (2005-2007) that also included extreme-right-wing-nationalist and populist-radical parties (Self Defense and the League of Polish Families) Poland started to be perceived as unpredictable, or even unreliable. The main reason for that was Poland's involvement in a series of conflicts with its neighbours and EU partners.

For instance, when the Constitutional Treaty was first presented it became widely criticized in Poland for reducing its voting powers in the Council. The tough stance then taken by Poland during the negotiations came as a surprise in Western Europe. This was followed by new areas of conflict between Warsaw and Western European capitals.

There were several historical disputes with Germany such as the restitution of property on post-German territory and the creation of the Centre Against Expulsions, the treatment of Polish nationals and the Polish minority in Germany. In debates over the Russian-German Nord Stream pipeline under the Baltic Sea and on other EU issues, Poland and Germany found themselves on opposite sides. The Polish-French relations were also less than friendly during Jacques Chirac's presidency, mainly because of Chirac's 2003 statement 'about missed opportunity to remain silent' referring to Poland's and the other EU new comers' support for the US led intervention in Iraq. Polish-Russian relations were frozen partly due to the Russian embargo on Polish meat and Poland's response to the embargo in the form of a veto on the EC-Russia new agreement negotiations. Many of Poland's actions were not well understood in Western capitals and to some extent the Polish government became marginalized. This was an issue the new coalition government had to deal with when coming to power.

Although both the Law and Justice and Civic Platform are on the right of the political spectrum, they have little else in common. The first party is Euro skeptic, populist, clerical, strongly nationalist, at times a shade xenophobic, and socially conservative – though on the economy it defends

the welfare state. Civic Platform is strongly pro-European, more secular and centrist on social issues but favors liberal economic reforms; externally, its nationalism is muted and it seeks cooperative relations wherever possible, including with former/historical adversaries such as Russia and Germany.

When Donald Tusk's Civic Platform won the election in 2007, it started slowly to build its influence within the EU by drawing closer to key players. For the first three years, this was not an easy task, since it was still the cohabitation period with Lech Kaczyński of *Law and Justice* as Polish president. After Civic Platform's candidate Bronisław Komorowski won the presidency in 2010, the governing coalition of Civic Platform and Polish Peasants' Party held all key positions. The presidential veto, which Lech Kaczyński wielded regularly to block Tusk's policies, had been neutralized.

Thanks to Tusk and Sikorski's good personal relations with Angela Merkel as well as excellent Polish-German economic exchanges, the two neighbours became close partners. Polish-French affairs were normalized after Nicolas Sarkozy came to power and more recently Poland invested a lot of effort to rejuvenate the Weimar triangle cooperation between the three countries. Even Poland's relations with Russia became less confrontational. There was a period of rapprochement in 2009-2010 after the formal recognition by Russia of the Stalin's ordered massacre in Katyń. However, the Russian led investigation of the Polish presidential plane that crashed in Smolensk in April 2010 made the improving relations fragile again.

Bilateral relations with Russia remain the biggest and perhaps most important foreign policy challenge, with broad implications for Polish energy security as well as for the Polish policy towards its eastern neighbours. Poland strongly depends on Russian gas and although the economic ties between two countries are growing – Poland imports mostly oil and gas from Russia and exports manufactured goods – any conflict between Russia and the transit countries such as Ukraine and Belarus might affect energy supplies in Poland as well. Still, Poland considers its Eastern neighbourhood as their first duty, where they can have biggest impact in the EU foreign and neighbourhood policies. Polish strong stance in favour of offering the EU membership to countries such as Ukraine is a cause of tensions between Warsaw and Moscow since Russia oppose all pro-EU changes in that region.

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Poland's economic success story

From 2008 Poland projected an image of not only being a politically but also economically stable country. Looking at today's uncertainty and slowdown of the Eurozone, it is almost paradoxical that the Polish economy strongly resists contraction as its growth continues. Some of the former EU heavyweights like Italy or Spain might look with disbelief at Poland's rise.

In 2009 when most European nations were already in recession, Poland was the only country that recorded positive growth in GDP, compared to an EU average of a negative 4.2 percent. This was a new message about Poland. Since then, the Polish economic success story has become even more impressive. Poland is the only EU country to see economic growth last year, giving extra weight to the outgoing Polish EU presidency's euro-optimism. Moreover, it is the only EU country not to have been in recession in the past 20 years, a record that could continue this year while the rest of the continent is predicted to slip into another downturn.

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Employment figures were as positive as the overall growth trend in the critical year 2009. Before the crisis erupted in the second half of 2008, unemployment was at 7.1 percent. Since then, while unemployment in other states has risen dramatically (e.g. in Spain from 8.3 percent in 2007 to 22.9 by the end of 2011 and in Ireland from 4.6 percent in 2007 to 14.6 in 2011), in Poland unemployment has risen only moderately to 12.5 percent in 2011. The EU 27 average unemployment was at the level of 10.3 percent according to *Eurostat* latest available data from November 2011.

While at the end of 2011 the French and British triple A credit ratings were questioned, Moody's gave an upbeat opinion about Poland's credit outlook in December. It affirmed Warsaw's double A rating due to the government's "*credible fiscal consolidation strategy*" and the country's "*proven track record of macroeconomic stability and resilience, even when faced with significant external shocks.*" In addition Polish Finance Minister - Jacek Rostowski - was ranked by the Financial Times among the best finance ministers in Europe.

According to the OECD Economic outlook published in May last year (2011 GDP forecast for Eastern Europe) Poland is expected to grow nearly 4 percent in both 2011 and 2012 due to EU-financed infrastructure projects and the 2012 Euro football championship preparations. The OECD also sees robust private consumption and a recovery in business

investment in 2012. On the fiscal side, economic growth will help cut the budget deficit to 3.7 percent by 2012, from 7.8 percent in 2010.

However, the Polish government is aware that sooner or later whatever happens in the Euro zone has to influence Poland. For now the country's consumers are still buying, and industrial production and exports continue to rise but the government has presented various budgetary scenarios for 2012 and has shown the political will to introduce a fiscal consolidation plan during the second term in power.

The long awaited EU leadership

The EU presidency allowed Poland to present itself as a strong advocate of the common European project, ready to offer its leadership and energy as a "young" member which strongly believes that solidarity can help overcome crises. This pro-Europeanist stance has been positively noticed in most comments summing up the Polish Presidency. So was the efficiency of the Polish administration in coordinating the EU's work internally, in times which due to the Euro crisis and the Arab Spring changes will be remembered as challenging and difficult to the Union as a whole.

Poland had to set aside many of its ambitious political initiatives and instead become a 'good manager' in order to minimize the EU's deepening crisis. The general impression appears to be that Poland executed its administrative tasks very well, while partly due to the euro crisis Poland did not manage to push through all its political priorities.

Additionally, during the last couple of months the post-revolutionary transition processes in the North African countries focused the EU's attention towards the South, whilst one of the Polish Presidency's main priorities was to attract the attention of the EU towards the eastern neighbourhood. For these reasons Poland had to set aside many of its ambitious political initiatives and instead become a 'good manager' in order to minimize the EU's deepening crisis. The general impression appears to be that Poland executed its administrative tasks very well, while partly due to the euro crisis Poland did not manage to push through all its political priorities.

Adjusting the presidency's priorities to the crisis

In June 2011 the priorities of the Polish Presidency were published and put into three chapters: **European integration as a source of growth** (amongst others adopting the economic governance package – 'six-pack', beginning negotiations over the multiannual financial framework 2014-2020, working toward the adoption of the Single Market

Act); **Secure Europe** (creating a European external energy policy, reforming the Common Agriculture Policy, reforming Frontex – the EU border agency); **Europe benefiting from openness** (deepening cooperation with the EU's neighbours from the East and South, finalizing the accession agreements with Croatia).

European integration as a source of growth

The situation in which the EU found itself in 2011 forced a revision of Polish priorities. The overriding goal became to overcome the EU's economic crisis, therefore the Polish Presidency pushed for the adoption of the 'six-pack' (five regulations and one directive) agreement, which became an important set of tools to fight off future crises. The legislative acts were adopted in September and entered into force in December 2011. They significantly strengthen the EU's control over deficits and debt levels of Member States and facilitate imposing financial sanctions on countries that run excessive budget deficits. *"We cannot turn the clock back, but the package will ensure that member states' budgets will be credible"*, said Jerzy Buzek, President of the European Parliament, after the adoption of EU economic governance laws.

Poland wished to contribute to the resolution of the economic crisis by participating in negotiations on how to improve the situation in the Eurozone. Unfortunately, the Presidency was refused the right to take part in the Eurogroup meetings as Poland is a non-Euro member state. This turned out to be very inconvenient for practical reasons.

Finance Minister Jacek Rostowski during a meeting with foreign journalists on 2nd of July said: *"I have been a member of ECOFIN for 3 and a half years now, and in normal times it really doesn't matter [whether the Presidency attends the Eurogroup meetings]. But we haven't had normal times for two and half years or even longer, and I think it is just not efficient that all we get is a report back [from the Eurogroup].* This issue, whether the Presidency and EU member states not being part of the Eurozone should participate in meetings of the Eurogroup, gained additional essence, as Denmark which took over the Presidency from Poland is not part of the Eurogroup either. This fact might indeed significantly diminish the role of the Presidency in times when fighting the Euro crisis is the main priority of the whole EU. Poland suggested that all EU finance ministers should participate in all meetings of the Eurogroup's finance ministers, however, without the right to vote. At the time of writing, it was still unknown what will be the final decision on this issue. However, the most recent draft (from the beginning of January 2012) of the fiscal agreement states - that countries not being part of the Eurozone will not be allowed participation in the Eurozone meetings even if they sign the treaty.

Secure Europe

The EU needs a consistent and long-term energy policy built on three pillars - sustainability, security of supply and competitiveness (European Commission Communication "Energy 2020 – A strategy for competitive, sustainable and secure energy"). In order to reach its priority on energy security the Polish Presidency coordinated the adoption of the energy cooperation conclusions aiming at enhancing security of energy supply in Europe. The document specifies market rules in external relations, key infrastructure projects designed to facilitate imports of raw materials and cooperation of Member States in international forums, such as the International Energy Agency (IEA) and the International Renewable Energy Agency (IRENA).

The Polish Presidency has also succeeded in reaching unanimity required to negotiate a gas agreement for the Trans-Caspian Gas Pipeline System with Azerbaijan and Turkmenistan, which will allow (in conjunction with the implementation of projects of the Southern Corridor) the import of Caspian gas to the EU. This is important to the EU's energy security as the Southern Corridor is a priority corridor for imports of large quantities of gas to the EU aimed at ensuring diversification of sources of supply.

Europe benefitting from openness

Leading the EU's foreign affairs has always been an essential part of the Council Presidency's competences until they were lost by the adoption of the Lisbon Treaty. The countries taking over the rotating presidency since 2010 have searched for ways to be present also in this area. Poland cooperated closely with the High Representative and the European External Action Service by substituting Lady Ashton and acting on her behalf in meetings with third countries (in total 14 times during the six months). Minister Sikorski, on behalf of Lady Ashton, was the first EU representative to come to Benghazi since the outbreak of the conflict in Libya, he also represented the High Representative in missions to Afghanistan and Pakistan.

Within this chapter of the Presidency program Poland also wished to develop a priority that was of great significance to it – strengthening the Eastern Partnership (EaP). The Polish-Swedish project was established in 2009 and directed towards six Eastern neighbours of the EU (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine) seen by some as a counterbalance to the Union for the Mediterranean directed to the EU's Southern neighbours. Poland wished to use its Presidency to push forward the current state of the EU's relations with EaP states by concluding Association Agreements (their aim is to establish a zone of peace, prosperity and stability in the region without formal EU membership). It also wished to create Deep and Comprehensive Free Trade Areas (concerns not only the liberalisation of trade in all areas, by lifting customs barriers and trade quotas, but also the har-

monisation of the partner countries' trade-related legislation with EU standards and the *acquis communautaire*) and making substantial progress in the visa liberalization process.

Success in reaching the planned goals in the development of the EaP initiative became unsure due to the developments following the Arab Spring, which caused that most of the EU's attention was directed to countries from the southern neighbourhood rather than to the relatively calm East. Nevertheless, Poland remained persistent in using its six months leadership to develop the EaP initiative and organised the 2nd Eastern Partnership Summit in Warsaw. All EU Member States and 5 out of 6 Members of the EaP – without Belarus participated in the Summit.

The joint declaration adopted at the end of the summit contained a clear signal that the European Union is prepared to help all six EaP countries and to discuss their European aspirations and future forms of closer integration (the Treaty on European Union allows EU membership to any European State which fulfils specific conditions; this is the difference between the EaP and the Union for the Mediterranean as all EaP states are European states, whilst not every country of the Union for the Mediterranean is). The rule of conditionality was imposed on the EaP states – under new rules the

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level of support, how much each EaP country will be entitled to, will depend on their willingness and effort to comply with the EU's conditions. Co-operation with the Eastern partners will be developed on a case by case, rather than on a "one size fits all" basis. The political declaration was supported by an increase of the policy's budget by 2 billion Euro and the decision that negotiations on an association agreement with Ukraine will end by the end of 2011 (the document was ready to sign by the end of 2011, however, due to the arrestment of Ukraine's former prime minister Yulia Tymoshenko and the doubts on the fairness of her court case the EU postponed the implementation of the agreement). The final declaration of the EaP Summit contained a statement that full abolition of visas for the Eastern neighbours could be possible in a few years' time. However, no precise date was given, therefore at this moment the visa free regime with EaP states is still only a project.

Other essential results of the Polish Presidency in the field of foreign affairs are - the adoption of the declaration on the European Endowment for Democracy (EED) and signing the Accession Treaty with Croatia (Croatia will join the EU on the 1st of July 2013). The EED was presented at the beginning of 2011 by Minister Radosław Sikorski and its aim was to create a mechanism which would support democratic transition

processes in authoritarian countries. It will perform its tasks by providing grants to leaders of pro-democratic milieus, independent media and civil society organisations supporting political pluralism and democratic transformations in countries all around the world. The current problem is that most foreign financial aid (EED will be open to funding from EU states and third countries) directed to non-democratic countries can not be distributed as fast as needed – this was the case during the Arab Spring when the EU did not have efficient tools to pass its financial support to civil society. The EED which will be launched in 2012 is thus a tailor made project by the Polish Presidency.

All in all, the Polish Presidency did not manage to achieve all its priorities set for the six month Presidency. For instance, it did not manage to strengthen the EU's military and civilian capabilities. The Polish Presidency wished to start a debate on the enhancement of structures responsible for the preparation and planning of operations in order to better reflect the civilian and military nature of EU stabilization and crisis management operations. It also wished to support actions aiming at consolidating direct dialogue between the EU and NATO. Once more, the presidency was perhaps over ambitious in that respect since under the Lisbon Treaty the rotating presidencies lost a great deal of clout in the area of Common Security and Defence Policy.

Conclusion

A new image of Poland has emerged over the last couple of years. This is an image of a politically and economically stable country, of a predictable EU player, of a complex-free 'new comer' who quickly connected itself with the 'old Europe'. This image has been strengthened further recently thanks to a smoothly run EU presidency. Can this image enhance Poland's position within the EU and eventually bring a permanent change of its status on the European scene?

History shows that in order to qualify as a first division player in the EU a country needs to either be a large economy or a strong and efficient leader, which attracts partner states. Arguably, Poland is on the way to achieve both of these requirements. The size of the Polish economy is important, as is its uninterrupted growth in GDP over the last 20 years. Poland's GDP per capita is still low and the country might need another 20 years in order to reach the level of Germany, but its economy continues to flourish. One should also not forget that Poland was a role model in the past. It was the first eastern European country to successfully oppose the communist rule and through the 'round table' make a peaceful transition to democracy.

During the EU Council Presidency, Poland has shown both - its potential for leadership and skills in steering EU affairs in the interest of all members. It stood up strongly against the national interests of the biggest EU member states and in time of crisis called for solidarity among the EU member states. These qualities combined with Poland's genuine belief in a deeper and wider Europe might one day qualify Poland to the first EU division.