

HISTORICAL ASPECTS AND THE PLACE OF POLAND'S FOREIGN TRADE IN THE COUNTRIES – FORMER MEMBERS OF THE COMECON

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Poland has a good economic performance and successfully integrated into the European Union that draws attention to the study of that in more detail. To analyse economic development its dynamic was divided into three main periods and reviewed the main economic indicators. Factor principal component analysis were used to classification economic groups.

INTRODUCTION

Dynamic of Poland's economic development was divided into three periods and reviewed the main economic indicators. First period is 1970–1990 is a membership in Council for Mutual Economic Assistance (Comecon²). Second, 1991–2003 economic reforms introducing market principles, and the last 2004–2012 is a membership in EU.

FIRST PERIOD, 1970–1990

The economy of the first period characterized by high cooperation ties in enterprises between Poland and the Comecon countries. In 1970, value of Poland's GDP was 117.3 bln US\$ (constant 2005) (Figure 3) [1]. It was the second place after USSR in the Comecon countries³. Poland had lowest average growth rate of GDP in 1970–1990 among the Comecon countries (2.2%). Growth rate of GDP of Mongolia (5.6%) and Romania (4.9%) was the highest among the Comecon countries.

GDP per capita was 3.6 thousand US\$ and it was the third place after Czechoslovakia and Hungary. Average growth rate of GDP per capita for this period was only 1.4% which was significantly lower than in countries such as Bulgaria (4.5%), Romania (4.2%) and the USSR (3.8%).

Poland was third after USSR and Vietnam by population and had stable growth in that period from 32.7 mln to 38.1 mln people.

Factor principal component analysis (FPCA) of GDP of the Comecon countries in 1970–1990 [1] defines the Poland's place among these countries. FPCA of GDP 1970–1990 identified two components with cumulative coefficient of dispersion over 98%. GDP dynamics of Vietnam, Mongolia and USSR was decisive for the first component. Also it consisted of Bulgaria, Cuba, Mongolia, and Czechoslovakia. The second included Hungary, Poland and Romania (Figure 1). However, the difference in correlation of Romania

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² The Council for Mutual Economic Assistance (Comecon) was an international economic organization from 1949 to 1991 that founded by Bulgaria, Hungary, Poland, Romania, USSR and Czechoslovakia. In next years it also comprised the countries: Albania (1949–1961), Cuba (since 1972), GDR (1950–1990), Mongolia (s. 1962) and Vietnam (s. 1978).

³ Here and below, we do not include GDR and Albania in the observation.

and Hungary with components does not exceed 0.05 so belonging to the second component is unstable. Thus, we can conclude that our assumption about the exclusivity of economic development of Poland among the Comecon countries has a statistical demonstration.

Let's consider the volume of International trade of 1970–1990 to identify the causes of different dynamics of the Poland's economy from the Comecon countries.

In 1970 value of Poland's exports were 3.5 bln US\$, imports –3.6 bln US\$ [1]. Average growth rate 1970–1990 of exports were 7.1%, imports –5.6%. In 1990 value of exports and imports grown up to 14.3 and 9.5 bln US\$, respectively (Figure 1). But the average growth of trade balance was one of the lowest among the Comecon countries.

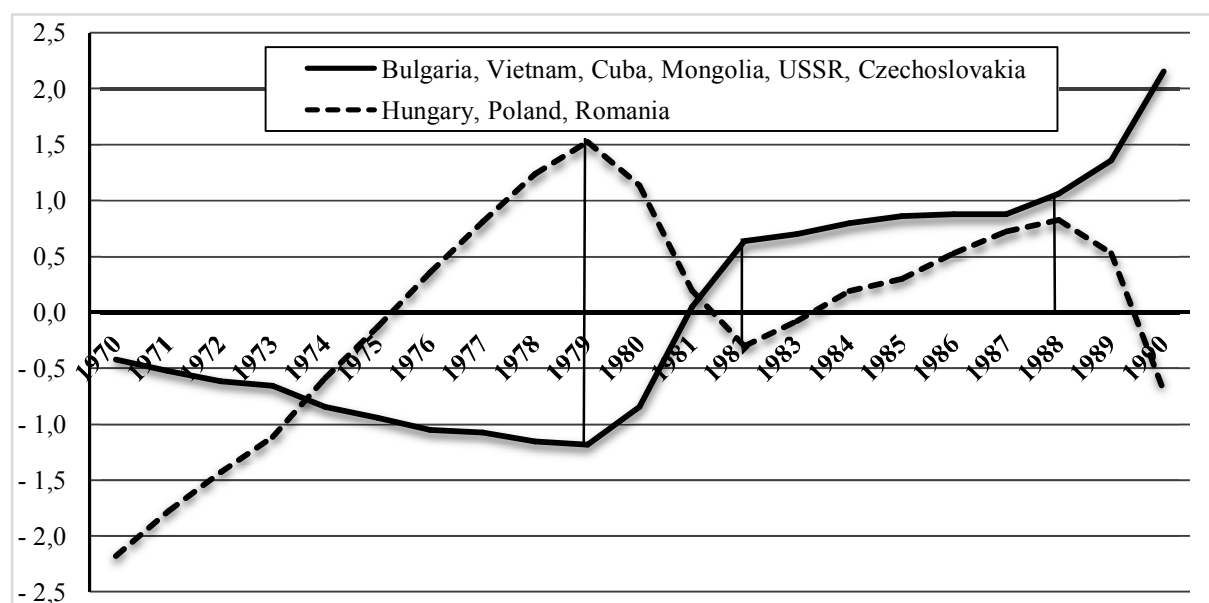


Fig. 1. Identified components of Factor principal component analysis of GDP of the Comecon countries in 1970–1990.

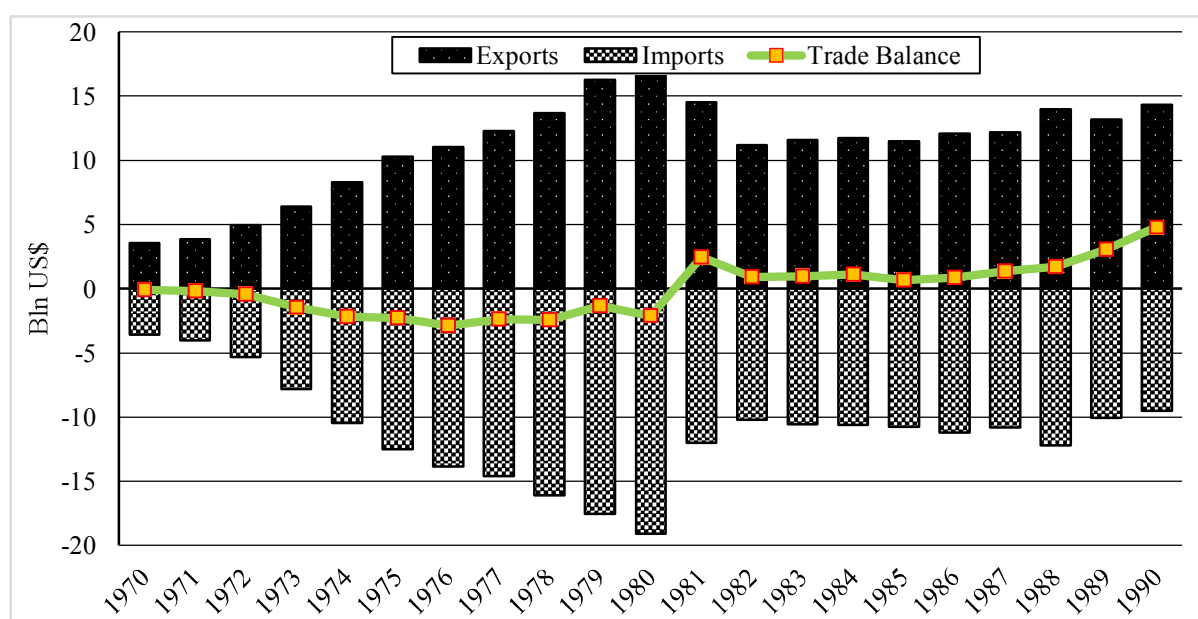


Fig. 2. Values of Poland's Exports, Imports and Trade Balance in 1970–1990, bln US\$

In 1990, Poland's exports were composed (by industrial origin) of 36% metal manufacturing, 14% basic metal, 11% mining quarry. In addition to Germany (25%), other major destination for exports included USSR (15%), the United Kingdom (7%) and Switzerland (5%). Percentage of European countries (excluding USSR) grew from 51% in 1983 to 69% in 1990 and was highest among the Comecon countries.

The main components by broad economic category of Imports were machinery equipment (34%), industrial supplies (24%) and fuels (22%). The principal countries of import were German (20%), USSR (19,8%) and Italy (8%). The share of European countries (ex. USSR) increased from 49% in 1983 to 67% in 1990 and was one of the greatest among the Comecon countries.

Thus, the foreign trade of Poland was directed more towards the European countries than in the countries of the Council for Mutual Economic Assistance. That may partly explain its allocation in the dynamics of GDP countries considered in the first period.

SECOND PERIOD, 1991–2003

In 1989 the Polish People's Republic converted to the Republic of Poland. The country began market and democratic reforms, price liberalization and privatization of state property. After decrease in 1989–1991, the value of Poland's GDP in constant 2005 prices steady rise with 4.3% of average growth rate till 2003 to amount to 278.4 bln US\$ (Figure 3). Only Vietnam has a larger average growth rate among the countries of Comecon (7.6%). GDP per capita grew up from 2.2 thousand US\$ in 1991 to 5.7 thousand US\$ in 2003. Population of Poland in 1990–2003 grew up from 38.1 mln to 38.2 mln people [1].

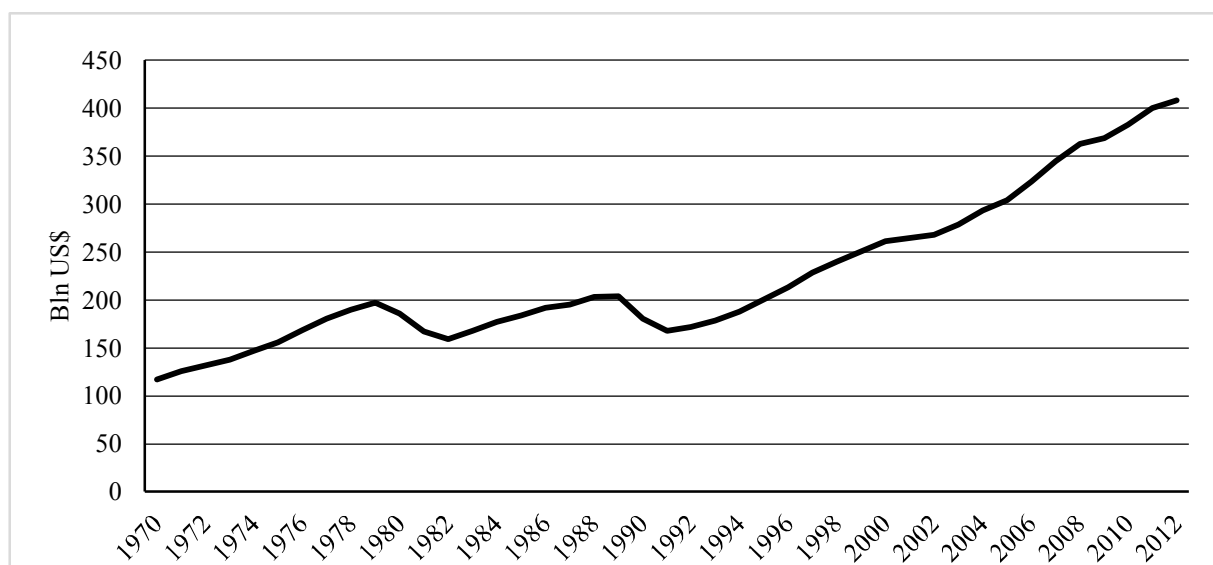


Fig. 3. Poland's GDP 1970–2012 in constant 2005 prices

The main components of value added by economic activities in 2003 were wholesale and retail trade, transport, accommodation and food service activities (25%), manufacturing (17%), public administration, defense, education, human health and social work activities (15%) (Table 1) [2].

The following activities had biggest change of share in 1995–2003: professional, scientific and technical activities; administrative and support service activities increased by 1.9, agriculture, forestry and fishing decreased by 1.8, information and communication increased by 1.7, financial and insurance activities decreased by 1.6 (Table 1).

Table 1

Poland's GDP by value added

Economic activities	Share, %		avg. growth rates, %	Share, %		avg. growth rates, %
	1995	2003	1995-2003	2004	2012	2004-2012
Arts, entertainment and recreation; other service activities; activities of household and extra-territorial organizations and bodies	3,8	3,6	6,9	3,3	3,0	6,9
Information and communication	2,6	4,4	14,8	4,6	3,7	5,1
Agriculture, forestry and fishing	7,9	4,4	0,0	5,1	3,9	4,4
Financial and insurance activities	2,7	4,2	14,1	4,2	4,6	9,1
Real estate activities	6,0	7,0	9,8	6,5	5,7	6,4
Professional, scientific and technical activities; administrative and support service activities	3,3	6,3	16,5	6,1	7,0	10,1
Industry (except construction and manufacturing)	7,7	6,7	5,8	6,8	7,3	9,2
Construction	7,7	6,2	4,8	5,8	7,5	11,6
Public administration, defense, education, human health and social work activities	14,1	15,0	8,5	14,3	13,4	7,2
Manufacturing	20,2	16,9	5,2	18,3	17,3	7,3
Wholesale and retail trade, transport, accommodation and food service activities	24,1	25,4	8,4	24,9	26,5	8,9
Total - All NACE activities	100	100		100	100	

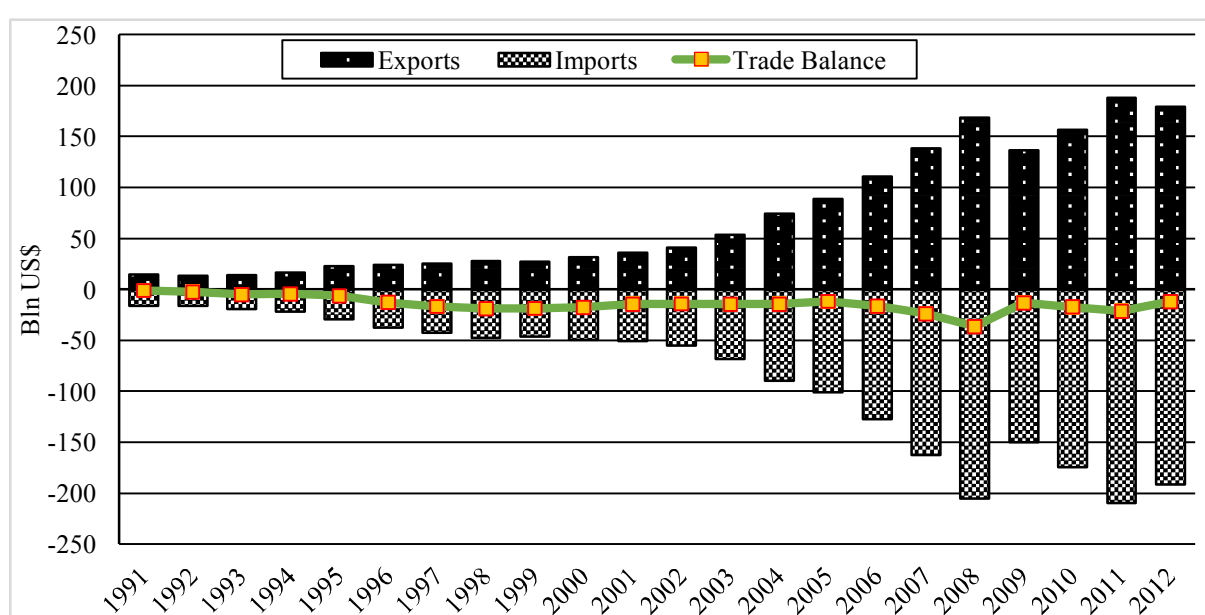


Fig. 4. Values of Poland's Exports, Imports and Trade Balance in 1991–2012, bln US\$

Average growth rates of Poland's exports and imports for 1991–2003 were 11% and 17%. That is higher than in period of stay in the Comecon. In 2003 values of exports and imports were 53.7 bln US\$ and 68.1 bln US\$ (Figure 4) [1].

In 2003, exports consist of machinery and transport equipment (37%), manufactured goods (23.6%) and other manufactured goods (16.8%). Imports comprised machinery and transport equipment (37.7%), manufactured goods (20.9%) and chemical products (14%).

The major destinations for exports were Germany (32%), France (6%) and Italy (5.7%). The main countries of import were Germany (24.3%), Italy (8.5%) and Russia (7.6%). Exports and imports share of European countries (ex. f. USSR) grew up 81% and 71%.

THIRD PERIOD, 2003–2012

Continuous growth of values of Poland's GDP were observed after Poland's accession to the EU. The volume in 2012 amounted to 407.6 bln US\$ (constant 2005) [2]. (Second place after Russia among the Comecon countries) Average growth rate of GDP almost unchanged from 4.3% in 1991–2003 to 4.2% in 2003–2012. Average growth rate of GDP per capita increased from 8.3 to 8.6% in the same periods. In 2012, GDP per capita was 12.7 thousand US\$ (Figure 3).

Major economic activities in 2012 were wholesale and retail trade, transport, accommodation and food service activities (27%), manufacturing (17%), public administration, defense, education, human health and social work activities (13%) [2].

The following economic activities highly changed after accession to the EU: average growth rate of construction increased from 4.8% to 11.6%, agriculture, forestry and fishing increased from almost unchanged to 4.4%, manufacturing increased from 5.8 to 9.2%. Share of agriculture, forestry and fishing decreased by 1.3, construction increased by 1.3, information and communication decreased by 1.2 (Table 1).

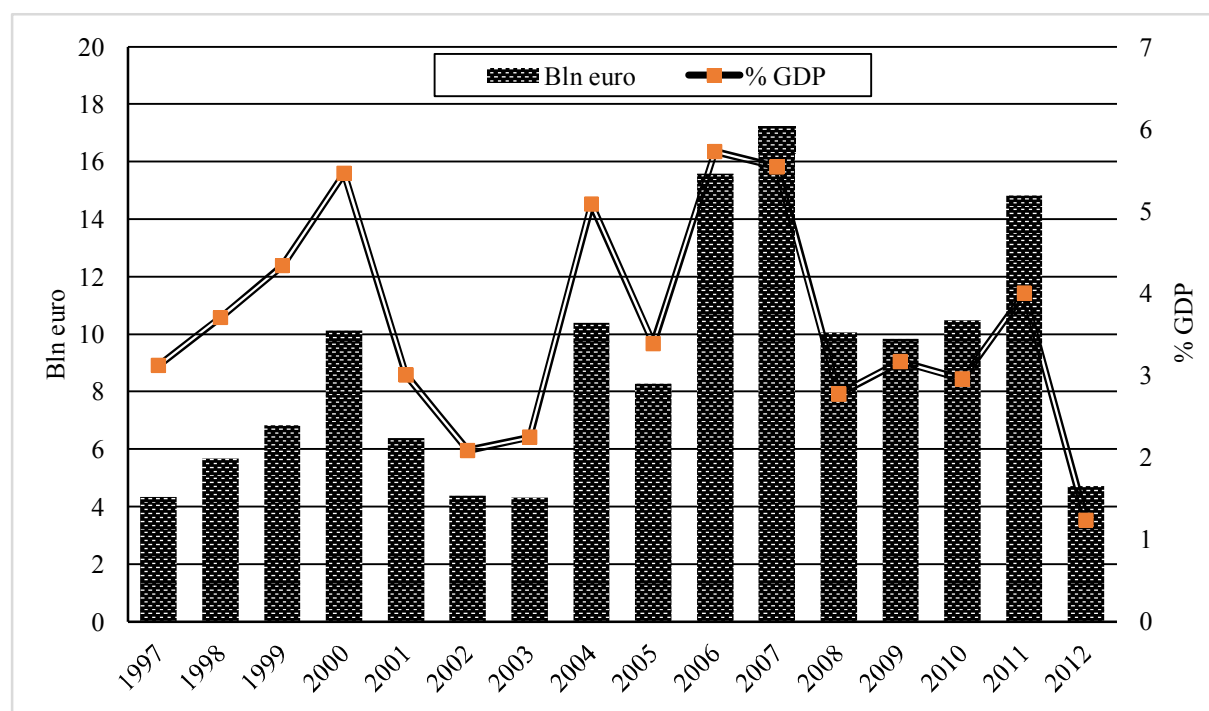


Fig. 5. Values of Poland's Foreign Direct Investment 1997-2012, bln euro, % GDP

In 2012, Poland's imports were 191 bln US\$ (Figure 4). The main components were Machinery and transport equipment (32%), manufactured goods classified chiefly by material (17.2%) and chemicals and related products (13.8%) [1].

In 2004–2012, values of Poland's foreign direct investment were 101 bln euro (Figure 5) [2]. 92% of that were from EU countries. Germany (9.7 bln euro), France (6 bln euro), Spain (5.1 bln euro) were most concerned in 2010–2012.

CONCLUSIONS

To sum up Poland implemented effective integration with the economies of the European Union and placed good position in the economic development of the Comecon countries.