


EU-27 WATCH



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On the project

Due to the new treaty provisions of the Lisbon Treaty and the economic crises the enlarged EU of 27 member states is on the search for a new modus operandi while also continuing membership talks with candidate countries. The EU-27 Watch project is mapping out discourses on these and more issues in European policies all over Europe. Research institutes from all 27 member states and the four candidate countries give overviews on the discourses in their respective countries.

The reports focus on a **reporting period from December 2009 until May 2010**. This survey was conducted on the basis of a questionnaire that has been elaborated in March and April 2010. Most of the 31 reports were delivered in May 2010. This issue and all previous issues are available on the EU-27 Watch website: www.EU-27Watch.org.

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Poland**Poland survives crisis relatively unscathed**

Maria Karasinska-Fendler*

During the recent financial crisis, sound macroeconomic and financial management allowed Poland to emerge relatively unscathed. Indeed, Poland was the only economy in the EU to register positive economic growth in 2009 and expects to reach a growth rate of more than 2 percent in 2010. The recent crisis has laid bare some troubling weaknesses in Europe's institutional framework. As Europe works to reshape its institutions now – making them stronger, more resilient, and better able to promote balanced and sustained growth – these weaknesses must be repaired. For Poland, after the painful early years of transition, economic growth took off, trade flourished, and stable institutions took root. Growing economic and financial ties with Western Europe accelerated this process and boosted foreign investment. All these produced a remarkable rise in living standards, with incomes beginning to converge toward Western European levels. This is the most important development: integration has improved the quality of people's lives. The Polish government and economists are convinced that European institutions and mechanisms were able to provide some cushion from the crisis.

For members of the Eurozone, monetary integration proved a valuable safeguard, providing protection against additional disturbances from destabilising currency gyrations. In addition, the European Central Bank (ECB) made emergency liquidity facilities available, extending a financial lifeline to banks in the Euro area.

EU structural funds helped bolster investment in new member states, including Poland, and thus support economic growth. Countries outside the Eurozone facing external financing difficulties could make use of the EU's balance of payments facility. Finally, through the European Bank Coordination Initiative, western parent banks agreed to maintain exposures in a number of emerging European countries. However, it is well seen that what mattered more for how Europe's economies fared during the crisis were domestic factors – including macroeconomic fundamentals, financial sector policies, and political will. Naturally, given the tremendous diversity in the region, countries in emerging Europe have experienced the crisis very differently – ranging from Poland, which virtually escaped recession altogether, to Ukraine, the Baltic States, Romania and Hungary – all of which suffered severe downturns. What has made the difference in terms of a country's response to the crisis has been the quality of its economic policies and institutions. In this regard, Poland stands out. Thanks to strong economic institutions and commendable policy management, Poland has avoided the excesses seen in many other countries in recent years. And because there was sufficient fiscal space to adopt temporary stimulus measures, the impact of the crisis on growth was lessened. Indeed, as the largest economy in the region, Poland is leading the economic recovery.

At the same time Poland is very interested in the reinforcement of institutional and financial tools like the envisaged establishment of a European Systemic Risk Board and a European System of Financial Supervisors, increasing the EU's ability to monitor financial sector risks – and hence to prevent crises. From the Polish point of view, Europe should also strengthen economic policy coordination. Currently, the major policy frameworks in Europe – macroeconomic, financial, and structural – are relatively independent of one another. One of the crisis' lessons in Europe is that a single currency without enough economic policy coordination may lead to huge imbalances. To sustain growth over the longer run, competitiveness must be increased. Reforms that tackle rigidities in labor and product markets, as set out in the Europe 2020 Strategy, should be accelerated. In fact, more effective labor markets are allowing many emerging European economies to recover more rapidly from the crisis and should provide a boost to their competitiveness for many years to come.

* Foundation for European Studies – European Institute.

Questionnaire for EU-27 Watch, No. 9

Reporting period December 2009 until May 2010 – Deadline for country reports 21 May

All questions refer to the position/assessment of your country's government, opposition, political parties, civil society organisations, pressure groups, press/media, and public opinion. Please name sources wherever possible!

1. Implementation of the Lisbon Treaty

On the 1 December 2009 the EU-reform ended with the entering into force of the Lisbon Treaty. However, the new treaty provisions still have to be implemented. Some procedures and conditions have to be determined. In other cases, procedures, power relations, and decision-making mechanisms will change due to the new provisions.

- How is the work of the new President of the European Council, Herman Van Rompuy, assessed in your country? Which changes to the role of the rotating council presidency are expected?
- How is the work of the new High Representative of the Union for Foreign Affairs and Security Policy, Catherine Ashton, assessed in your country? Please take into particular consideration both her role within the European Commission and her relationship to the Council of the European Union.
- On 25 March 2010 a "Proposal for a Council Decision establishing the organisation and functioning of the European External Action Service" was presented. How is this concept perceived in your country? Which alternatives are discussed?
- On 31 March 2010 the European Commission presented a proposal defining the rules and procedures for the European Citizens' Initiative (ECI). What are the expectations for the ECI in your country? What are the various positions concerning the rules and procedures?

2. Enlargement and European Neighbourhood Policy

The European Commission has given its opinion on Iceland's application for EU-membership and a decision from the Council is expected before the end of June. Croatia seems to have settled its border dispute with Slovenia. Against this background:

- Which countries does your country expect to become members of the European Union in the next enlargement round? What are the opinions in your country on the membership of these countries?
- How are the membership perspectives of those countries discussed, which are not expected to become a member in the next enlargement round?

The Eastern Partnership and the Union for the Mediterranean were the last major projects dealing with the European neighbourhood:

- How are these projects assessed in your country?

3. European economic policy and the financial and economic crisis

The European Council agreed on 25/26 March on the key elements of the Europe 2020 strategy, the successor of the Lisbon strategy. While not being on the formal agenda the economic and financial situation in Greece was discussed. The European Council agreed on a finance package combining bilateral loans from the eurozone and financing through the International Monetary Fund.

- How is the finance package for Greece assessed in your country? Are there any opinions on the process, how the agreement on the package was reached?
- Which lessons should be drawn from the Greek case for a reform of the Stability and Growth Pact?
- How is the idea of "a strong coordination of economic policies in Europe" perceived in your country? What concepts of an European economic governance are discussed in your country and which role do they assign to the Euro group?
- How is the Europe 2020 strategy discussed in your country? What are the priorities for the Europe 2020 strategy from your country's perspective?

4. Climate and energy policy

The climate conference in Copenhagen took note of the Copenhagen Accord but did not reach a binding agreement. The next conference of the parties (COP 16 & CMP 6) will take place at the end of November 2010.

- How is the Copenhagen conference assessed in your country? Please take into consideration the negotiation strategy of European Union and the results of the conference.
- Does the European Union need to change its own energy and climate policy in order to give a new impulse to the international negotiations?
- Is a global agreement within the UNFCCC the best strategy to fight climate change? If not, which alternative strategy should the European Union follow?
- What is your country's position on financing mitigation and adaptation efforts in developing countries?

5. Current issues and discourses in your country

Which other topics and discourses are highly salient in your country but not covered by this questionnaire?