



Grzegorz Morawski- Sir, according to the recent data presented by the European Commission, Poland is more successful in dealing with the crisis than other European economies. What are the main reasons for this fact?

Waldemar Pawlak- Poland has been through a fundamental transformation during the last 20 years. Our companies have been modernised, cut costs and focused the production on the goods with better prospects. The industry plays a relatively important role in our economy. This is one of the reasons why it is not vulnerable to crisis to a high extent. Let's take the automotive sector, for instance. It comes to such paradoxes that you have to wait about 2 months to buy the new Fiat 500 in Poland. It shows the profits of economic transformation. We have a large domestic market. The growth of Polish GDP results mainly from the growing demand for consumption and investment. Our domestic market is a place where the foreign supply is absorbed. It's connected with the situation on the currency market. Polish production is competitive on the global and European market. At the same time it is more competitive than the foreign goods available in Poland. Due to these factors the global crisis is not that much noticeable as for instance

in Ireland or Germany. Our situation shows that properly conducted economic processes and economic diversity are crucial to achieve growth.

Grzegorz Morawski- It is however not true that Poland is totally free from any economic disturbances. One of those is the decreasing number of loans for the companies. What are the government plans to counteract this tendency?

Waldemar Pawlak- During today's session of the parliament there was a discussion on the Polish Peasant Party's proposal, concerning the approach to the dividend in the banking sector. I think that the Treasury should set an example for the companies to leave the whole profit in the banks. We are talking about an amount of 14 billion zlotys, so about 3 billion euro. Living such an amount in the banks would result in a credit of even 30 billion euro. Therefore we undertake political efforts to encourage entrepreneurs to resign from paying out dividends this year. This could create conditions for a stable growth.

Grzegorz Morawski- And if you managed to push such a regulation, what would be the benefits for the investors?

Waldemar Pawlak- It is not the case of regulations but of the good practice. If the Treasury itself won't take the dividend from the banks controlled by the state, it would be a clear message for the foreign investors, encouraging them to do the same. It is connected with an opportunity to get a preferential access to governmental obligations, however this issue lies within the competence of the Ministry of Finance.

Grzegorz Morawski- Last year Poland became the net importer of coal for the first time. Does it show the decrease in the importance of coal as a traditional energy base of the Polish economy?

Waldemar Pawlak- We should look at this issue from the practical angle. We are a country of an open economy, so there is a simple calculation. If you can't buy coal at the competitive price on the domestic market, the companies look for the resources abroad. Last year we tried to convince coal mining companies to work also during weekends in order to increase the production by means of simple reserves.

This is the board of Jastrzębska Coal Company SA tries to limit the output by working 4 days in the week, because the demand for coal is lower. The coal stock is growing, the Mittal plants use only one quarter of their former production potential. These are the phenomena, which should not be generalised but it is worth looking at them in a practical way. Coal will remain a basic source of energy for a long time in Poland. It is however important that this energy is produced as efficiently as possible, so that the emissions are limited.

Grzegorz Morawski- Does the growth of coal import have a strong impact on the Polish energy security?

Waldemar Pawlak- Coal is a natural resource that guarantees the security. We acquire 60 per cent of the primary energy from it, further 20 per cent is acquired from oil and 12 per cent – from gas. The rest comes from the renewable sources. When it comes to energy security, coal gives Poland the strongest position in Europe. The discussions about gas are a bit too much hysterical. Paradoxically even countries which economies are based on nuclear power, also have

to be supplied with traditional resources by other countries, often politically and economically unstable. As I mentioned, Poland leads in the European energy security rankings.

Grzegorz Morawski- So should Poland try to implement ecological technologies as soon as possible, or should we rather stick to our traditional energy sources?

Waldemar Pawlak- It would be good, if we were on the „green side of power”, but it’s going to take time. This is the European speciality. In Poland we have more and more investments connected to renewable energy sources. We develop clean coal technologies, it’s not only CCS – Carbon Capture and Storage, but also technologies based on an alternative approach to chemical processes. The Maria Curie-Skłodowska University in Lublin is developing an interesting technology of alcohol production from coal, by means of the UV light. If this technology was implemented to the industrial use, it would become a new efficient way to recycle CO₂. It would be a much better solution than CCS but this is a future prospect.

Grzegorz Morawski- Foreign investors are carefully watching the currency options issue on the Polish market. You were one of the key politics, who proposed solutions in this area.

Waldemar Pawlak- There is the MIFID directive implemented in the EU countries. It’s about honesty and transparency in doing business. It tells us that the banks should offer the companies financial instruments which are accurate for their economical situation. What the banks have done in Poland, was against this directive. The options were asymmetrical, the risks at the side of banks was limited. In my opinion, the public institutions should uphold the European law and prevent such situations. I regret that the two biggest parties in Poland were so much in fight with each other that the MIFID directive has not been implemented to the Polish legal system yet.

Grzegorz Morawski- You were using such words, like ‘fraud’, ‘deception’, in the context of the currency options and operations carried out by the banks. Isn’t it a bit exaggerated?

Waldemar Pawlak- Prime Minister Donald Tusk used the word ‘hazard’. It doesn’t have anything to do with hazard because the rules in casinos are honest. If you have one thousand dollars, you can win one million. With these options structure you can win thousands but lose millions. In casinos there is only the risk of losing your deposit. Here, the companies hadn’t placed any deposits and suddenly received bills for large amounts. It’s definitely not a casino. Anyway, if the banks begin to play the role of a casino, that is where the crisis starts. We can’t separate the financial instruments from the economic realities of a company.

Grzegorz Morawski- So how would you evaluate the condition of the Polish banking sector?

Waldemar Pawlak- The banks in Poland have earned more than in other countries of our region last year. Our banking sector hasn’t experienced such a strong disturbance, which lead to such interventions as in the USA or Germany. The stability of law and honesty in business lies in the own interest of banks, as well as of companies. If Poland had an opinion of a country, where it comes to dangerous financial operations, which threaten the companies, then who would like invest here? The banks can operate, if there are companies creating the demand for capital. That is why they shouldn’t make operations bringing a potential threat for the companies.

Grzegorz Morawski- In your opinion, which sectors of the Polish economy have a chance to be the first ones to benefit from the end of the crisis?

Waldemar Pawlak- There is an anecdote connected with the crisis in England in the early nineties. In that time there was a popular saying that in the segment of men clothing the crisis was chequered, whereas in the branch of women clothes the situation was blooming. It tells us to try to look at the economy in a more complex way, than the one presented by statistics. There is practically no crisis in Poland as far as for instance the automotive industry is concerned. The plants are running at full strength. We need a much a more delicate analysis of the current economic situation. I think that Poland can be one of the first countries to take advantage of the end of the crisis.