

Deputy Prime Minister's Jacek Rostowski CBI speech 2013

Prime Minister,
Lords, Ladies and Gentlemen,
Dear Friends,

It is a pleasure to be with you here in London. We are just down the road from where I went to school at Westminster, and a short bus ride away from UCL and the LSE, where I studied.

That's why I can say with confidence that Poland and Britain see the challenges of globalisation in much the same way.

At first sight, it may seem hard to think of two countries in Europe less similar than Poland and the UK. Great Britain is a maritime power and home to a world language. Poland is very much a continental European country – and a recent survey has shown Polish to be the world's hardest language to learn. But please, don't let that discourage you!

And yet, Poland and the UK have much more in common than what separates them. Both countries are committed to the Atlantic alliance. We Poles like to think we have our own 'special relationship' with the United States. And this is an emotional attachment as well as a strategic one, based on the large Polish-American community and our contribution in the American War of Independence (on the American side, I'm afraid).

Both countries are also regional powers. Poland, like Britain, has responsibilities as an informal 'first among equals'. We are by far the largest of the so-called 'new' Member States. When the Iron Curtain still divided Europe, all the Soviet satellites were perceived as being much the same. But Poland is today one of the EU 'Big Six'. Our economy is three times that of the Czech Republic. Our population is 30 times that of Estonia.

We Poles also share your belief in free market principles and free trade.

It was in London that I, like thousands of others from all over the world, imbibed the principles of British liberal thinkers, such as John Locke and Jeremy Bentham. But it is in Poland that I have met the staunchest defenders of those principles among policymakers and businessmen.

Maybe the reason why Poles are such free marketeers, and so pro-business today, is the 44 years of communism, political repression and relative economic decline that they experienced after WW2. Few now remember that in 1948 Poland was richer than Spain.

When communism fell in 1989, Poland was the first country in the world to take the path from a planned economy to the free market. In the words of Lech Wałęsa, “turning fish soup back into an aquarium”.

And it worked. Poland has proved the greatest success story of the transition from communism. It has been the fastest-growing economy in the whole of Europe since 1990. During 2007-2012, when the rest of the continent was mired in recession, Poland grew by almost 20% – much faster than other EU and OECD countries.

There can be no doubt that a key factor in Poland’s success is the country’s dedication to political and economic freedom. That dedication has allowed our small businesses to thrive and play a key role in our economic development.

This is another thing Poland and the UK have in common: innovative and competitive businesses.

England, according to one well-known commentator, is a nation of shopkeepers. So is Poland. And I mean that in the best possible sense. Small businesses in Poland provide 68% of employment, compared to 54% in the UK. Many are family-owned microbusinesses. These account for over 37% of employment in Poland, compared to

21% in the UK.

The resilience of these small and medium sized firms, along with our big internal market, was a major reason why we got through the present crisis unscathed.

While the rest of the continent was dipping (and sometimes double-dipping) into recession, we were hitting growth rates of 3.9% in 2010 and 4.4% in 2011. Again, this wasn't easy to achieve. Poles tightened their belts and the government rolled up its sleeves and got reforming. And we continue to do so.

We have one of the lowest tax burdens in Europe. We have eliminated early retirement for over 90% of the workforce and are gradually increasing the retirement age of both men and women to 67.

The improvement in our competitiveness can be seen in the increase in our export-to-GDP ratio: from 39% in 2009 to an expected 49% in 2013.

But we are not resting on our laurels.

It is our goal to promote our exports worldwide. Previously, because of their small size and lack of experience on world markets, Polish businesses used to venture no further than the EU and our Eastern neighbours. Now they are entering far-flung markets like South Africa, Canada, and Korea.

We also want to continue attracting foreign investment to Poland. And we are doing that.

A recent survey of 1,623 German investors found that Poland is the most attractive FDI destination in Central and Eastern Europe. 94% of those surveyed said they would like to reinvest in Poland.

Last year, Poland shot up 19 places in the World Bank's Doing Business ranking. We

found out last week that this year it has scaled another 10. And we're determined to do even better in coming years.

To put it succinctly: Poland's open for business. Our main strength is our educated and hardworking workforce. In the German survey, Poland comes first in terms quality of education, productivity, as well as availability and quality of local subcontractors and qualified labour.

Those of you who employ Poles in the UK (and I suspect that's most of you) will know how hardworking we are. And although there are close to one million Poles contributing to British businesses on UK soil, there are 38 million more in Poland, who could contribute to British business there!

Apart from probably the best growth potential in Europe, Poland also has a large domestic consumer base, generous investment incentives for the years 2013-2016, very business-friendly government, one of the soundest banking systems in Europe, and low public debt. We are in the EU and yet geographically well placed to provide a springboard to more difficult Eastern markets.

Despite the similarities between the UK and Poland, some things do separate us. Unfortunately, our increasingly different attitudes to the European Union are turning into one of those things.

Next May, we will be marking a decade in the EU. For us, it will be a time of celebration, because we believe in a strong, business-friendly and efficient European Union.

I listen to the Today Programme. I know where the debate is heading in the UK. And I must say it worries me. It worries me very much. The EU has done a lot for business, in Britain as well as in Poland.

Of course, like any Member State, we like some EU policies more than others. Take

energy policy. We don't want to sacrifice our competitiveness on the altar of renewables, just to satisfy the green lobby. In Warsaw we believe that the only effective way to manage climate policy is to improve energy efficiency, rather than focus on the energy mix. We are glad to see London, slowly (but I think surely), coming to a similar conclusion.

But despite the gripes all Member States have with Brussels – and believe me, there are many – Poland is categorical: overall, the EU is a 'good thing'. And it would be nowhere near as good a thing without the UK.

One of the problems the UK has with the EU is the amount of money spent on structural funds. But we need to remember that China, through its infrastructural investments, is bringing a population the size of Poland's into the world market every two years. Every two years, new Chinese railways, highways, and high speed internet links are connecting 30 million people to the world economy. People who will become part of the global value chain.

EU structural funds allow Europe to do some of the same. Let's be realistic. Lower-skilled jobs have to move to areas where wages are lower. The choice we face is whether they go to Central Europe or Central China. If they go to Central Europe, it will be much easier for British businesses to benefit from the purchasing power those jobs create.

I know I am preaching to the choir. British business knows better than any other part of society the value of the single market, and the benefits of negotiating trade deals as one, huge European economic bloc, rather than 28 separate markets.

Take TTIP. The great trade agreement with the terrible acronym. Econometric studies have shown that it is the UK economy and UK business that will get the most out of a Transatlantic Trade and Investment Partnership. Yet without the EU, Britain could never achieve such a deal.

Poland, for one, is very much in favour of TTIP. But everyone has to gain. We are convinced that the future of our country lies in innovation and high quality manufacturing. But, to be very blunt, nobody should be under the illusion that we will allow TTIP to fleece our farmers just so that British bankers can benefit!

TTIP is just one example of the benefits the EU brings the economies of Poland and the UK. British and Polish businesses alike will soon be benefitting from improved trading conditions with Canada, when the slightly more pronounceable CETA agreement comes into force. CETA will remove 99% of all tariffs between the EU and Canada. Trade is expected to receive a 23% boost. Again – none of us could ever have got such a good deal acting alone.

Multilateral free trade negotiations at the WTO have hit a wall. But thanks to our united front, the EU member states are benefitting from ever-freer trade and investment conditions with an ever-wider array of economic partners.

And that is vital. In the aftermath of a crisis there will always be pressure for protectionism.

But that is the worst thing we could do. It would be the worst thing for our business, the worst thing for our societies, the worst thing for our politics and the worst thing for our democracies.

But fortunately there are countries that are determined to think globally, and will be able to seize the future for their own and their partners' benefit. I am glad to say that both Poland and Britain are among them.

And that's why, after the trauma of the last five years, both our countries can look with growing confidence at the steadily recovering world economy.

Thank you.