

Report on the participation of:
Dr. Moustafa El-Abdallah Al-Kafry Director of the Investment
Office in the Economic Forum (Poland – East),
(Polish–Arab Economic Cooperation Day)
10/9/2004 Warsaw – Poland

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Based on the Prime Minister's Decision No. 5112 dated August 15, 2004, which included the dispatch of Dr. Moustafa El-Abdallah Al-Kafry – Director of the Investment Office on an official mission to participate in the activities of (Polish – Arab Economic Cooperation Day) within the work of the Economic Forum (Poland – East) in the city of Krynica – Poland. The delegation traveled to Poland at midnight of September 8–9, 2004, and arrived in Krynica on the evening of September 9, 2004.

Delegations representing about 35 countries from around the world participated in the Economic Forum (Poland – East), and the number of participants reached about 1,500 people.

At the opening ceremony, President of the Republic of Poland Aleksander Kwasniewski gave a speech in which he stressed the need to follow the policy of open doors, especially in the direction of NATO and the European Union.

Within the forum's activities, the Polish Foreign Minister inaugurated the Polish–Arab Economic Cooperation Day on the tenth of September, in which many Arab countries participated (Syria, Saudi Arabia, Lebanon, Palestine, Tunisia, Jordan, Kuwait, Morocco, Egypt, Algeria).

1 – The Polish–Arab Economic Cooperation Day:

The Polish–Arab Economic Cooperation Day was attended by the Polish Prime Minister, Minister of Foreign Affairs, Minister of Economy and a number of Polish political figures and economic activities. The Polish side stressed the need to develop new forms of cooperation between Poland and the Arab countries, especially after Poland's accession to the European Union.

Connecting Poland and the Arab Countries in the Middle East and North Africa Many years of fruitful cooperation encourage the two parties (Polish and Arab) to make this forum the beginning of a new stage in economic relations between Poland and Arab countries in the coming period.

2 – The integration of the Polish economy into the world economy:

The passage of more than 14 years of economic transformations that have occurred in Poland since 1990, especially with regard to building the base of the free market economy and strengthening the role of the private sector, and Poland's entry into many international organizations such as:

The World Trade Organization, the Organization for European Development and Cooperation, NATO, the accession to the European Union With all this we find that Poland has integrated into the world economy. And it became the new strategy of the Polish government includes work to accelerate the steps of economic development of Poland at the beginning of the twenty-first century.

3 – Poland's position in the world's economies:

Poland is a European country with a large area, a large number of quails and a strong economy. Its share and role in the global economy has increased in the recent period, and the biggest indicators of this are growth and an increase in the dynamic turnover of the country's production.

During the period from 1990–2000, the average growth rate reached 4.6%, and it is clear that this was higher than the global average at that time (2.7% according to the data of the World Bank).

The value of the gross national product increased significantly at the beginning of the transition period in 1990 and reached about 59 billion US dollars (according to the official dollar rate at that

time) and in 2001 the national income reached the level of 176.4 billion dollars.

The dynamic growth of the gross national product made Poland's contribution to the world GDP jump from 0.3% to reach 0.5% in the year 2000.

4 – Polish industrial production:

We also note that the rate of growth of Polish industrial production is greater than the world average. During the years 1990–2000, the average growth rate of global industrial production reached 1.5%, while this rate in Poland reached 4.2%.

As for the production of many different commodities and industries, Poland is at the top of these countries, and among the top ten producers in the world. It includes the following items: Sulfur, coal, and brown coal, followed by sulfuric acid, cement, crude steel, television sets, passenger and freight cars, and electric power.

5 – Poland is a world producer of many agricultural products:

Poland is a world producer of many agricultural products, on top of these products are rye, potatoes, sugar beets, herds of pigs and milk products, as it occupies the tenth place among the largest producers of these materials. Poland is also among the top 20 countries in the world in terms of production of barley, wheat, sugar and meat.

6– The dynamics of trade growth between Poland and the world:

In the years 1991–2000, the dynamics of trade growth between Poland and the world significantly accelerated compared to its global growth rate (according to the world price of the dollar at that time). The percentage of Poland's exports reached an average of 6.3%, while the percentage of imports reached 6.5% (according to the data of the World Trade Organization). However, the average annual increase in Polish exports reached 8.3%. Therefore, the import dynamics remained almost twice as high as the export

percentage and reached 15.5%. The result is that Poland's share of the global import percentage increased from 0.3% in 1999 until it reached 0.7%. In the year 2000, which gave Poland the twenty-seventh place in the list of importing countries in the world, while Poland's share of the global export ratio increased from 0.4% in 1999 to 0.5% in the year 2000, (which gave Poland the fifth place and thirty in the list of exporting countries) Despite the stagnation that prevailed in world trade in 2001, Poland recorded an increase in exports for the year 2000, which amounted to 14.0%, while imports increased by 2.7%. The rapid development of the Polish economy absorbed the abundance in consumer and investment imports.

7 – The privatization in Poland:

The privatization process that took place in Poland attracted great interest from foreign investors. This greatly affected the increase in the volume of foreign direct investments coming to Poland. Poland has been the largest direct beneficiary of foreign investments in Central and Eastern European countries, and since 1996, Poland has been receiving the largest inflow of these investments every year. The year 1997 is the peak year in terms of the value of foreign direct investment that flowed into this region, and the foreign investor takes into account the increase in capital directed to investment in Poland, the large and comprehensive economic situation and the level of economic development in Poland, as well as the great economic reforms that are taking place in Poland in addition to the fact of its admission to membership in the Organization for Economic Cooperation and Development and NATO and its expected close membership in the European Union, as well as the global level of credit in Poland, which has reached the global level.

8 – Internal assessment of the Polish economy:

Despite the slow sequence of economic growth in the years 2001–2002, Poland is still seen as a successful country, with a stable economy and stable politics, and forecasts indicate a good rate of development indicated by assessments of international economic organizations, financial institutions, global centers and opinion-making institutions that appear in International economic bulletins, where these parties draw attention to the large size of the Polish market, its location in the center of Europe and the good financial system – and its immunity in facing crises. The reforms undertaken in the structure of the Polish economy, especially those in the pension system and the advanced transformation process, were highly appreciated.

This assessment of the Polish economy was presented by international organizations and financial institutions such as the Organization for Economic Co-operation and Development, the International Monetary Fund, the World Bank and the European Bank for Reconstruction and Development. The experts of the European Bank for Reconstruction and Development assess the Polish economy positively, especially what it has exerted for career transformations. Such as those reforms that took place in the field of industry, market, infrastructure (telecommunications, railways, etc.) in addition to financial institutions.

9 – Evaluation of the Polish economy by the International Monetary Fund:

The Polish economy has also been evaluated by the International Monetary Fund. Where this institution stated that the economic boom in world markets will also be reflected in Poland in the second half of 2002. In the following years, Poland will reach an annual growth rate of 4–4.5%, thanks to the reforms that are implemented in order to join the Union European. In addition, the result of lower inflation in Poland will be in the interest of the Polish

consumer and increases his purchasing power. As for increasing exports and stimulating investment rates, it will reduce the interest rate and weaken the Polish zloty.

10 – Ranking and rating of successful Polish companies:

The ranking and rating of successful companies is of great importance in assessing the correct credit position and evaluating the profitability of investment among well-known and acclaimed companies. A Fitch IBCA Poland ranks among countries such as the Czech Republic, Hungary and Estonia, which it considers and values as countries with good and acceptable economy and partially insured against anticipated threats.

In the ranking of companies in terms of their degree of success, the most competitive countries are, as stated in the "Global Competitors Report 2001–2002" prepared for these years, Poland ranks 41st out of 75 recognized countries in terms of the competitive general trend index as well as according to the competitive growth index CCI – Current Competitiveness Index, as well as in terms of competition in the growth rate, as indicated by the GCI–Global Competitiveness Index. The index considers the business environment and corporate market strategy, while the second indicator measures the expectations of medium-term economic growth. Among these measures are those Which is done by assessing the level of technological progress and also the impact of public institutions on the economy.

11 – Poland with a high level of development:

As for the bimonthly periodical, called Foreign Policy, and A. Company. T. A.T.Kearney Inc., through its global ranking method, evaluated 62 countries with a high level of development, and countries with a bright future in the market, and this indicator was calculated on the basis of 4 detailed factors: economic integration, personal connections, technology Information technology,

participation in political activity, and accordingly, Poland ranked 27th in this classification.

In the ranking conducted by the American magazine Institutional Investor, Poland ranked 36 out of 150 countries and got 59.6 points out of the upper limit of 100 points, but this rating was based on data provided by general economists to world famous banks and insurance companies. This means that this rating improved Poland's position and placed it in two places higher, with a better score of 0.4 points compared to the previous rating.

12 – Poland is one of the countries that are welcomed by investors:

As for the British monthly magazine known as Euromoney, which annually presents in March and September a rating of countries that are welcomed by investors, the following factors were considered in this rating: the degree of political risk in these countries, and the debt index. and the degree to which these countries fulfill their debt service obligations.

In the latest classification, which was issued in March of 2002, Poland ranked 41 out of 85 countries that were evaluated, which means that it has risen to four places compared to the classification that took place in the previous year, and seven places compared to the classification that was made in September (September) of the year 2001 and Poland got a score of 65.81 points (maximum points 100 points), thus increasing its points from the previous year by 2.41 points.

In the report issued by the Economist Intelligence Unit entitled Investments Outlook in Eastern Europe. A rating was presented for the countries of Central and Eastern Europe in terms of the degree of attractiveness to foreign investment, where Poland got 7.07 points out of the maximum of 10 points for the period 2001–2005, thus it came in third place after Estonia and Hungary.

13 – The stability of the Polish economy:

Lehman Brothers is one of the most important and well-known investment banks, which positively evaluated the stability of the Polish economy. It evaluated the open market by means of the so-called stability index, which considers above all the political and economic factors that allow to consider whether the country is stable. It is capable of facing financial risks as well as shortages in raw materials and the like. On the basis of this classification, Poland ranked second directly after Hungary, and thus obtained 72 points out of 100 points.

The above assessments show that the outlook for beneficial economic growth makes Poland a good business partner in many forms of economic cooperation.

14 – The general direction of foreign economic policy:

The main idea of Poland's foreign economic policy is to strengthen the internal links of the Polish economy and prepare it for strong integration into the world economy. Compared with the industrialized countries, the policy based on increased integration into the world economy has led to an increase in the openness of the Polish economy. With the increase in national production in the years 1990–2000 by 43.1%, imports according to constant prices increased in this period more than five times, while it increased Export twice.

Integration into the global economy will also ensure increased security in the country as there is an intention to join the Euro-Atlantic security system, culminating in Poland's entry into NATO in 1999.

Taking these objectives into consideration, the implementation and realization of Poland's economic foreign policies will work on integration at the internal and external levels. At the internal level, first of all, securing conditions that enable international economic cooperation to be more intense. At the external level, economic

activity has to secure the internal conditions for integration into the economy. Globally, by creating a base of laws and institutions regulating all activities at all local, regional and international levels.

15 – Liquidation of the overall planning system and the central economy:

The internal activity is also aimed at increasing the international competitiveness of the Polish economy, as well as increasing its capabilities for speed and flexibility of normalization with changing conditions and shifts in the economic structure and in the external environment. The first step to achieving that goal was to liquidate the comprehensive planning system, the central economy, centralization of management, and the state's monopoly on foreign exchange, while at the same time introducing principles and laws that secure the freedom of the economy (including the establishment of new companies – above all private companies – in order to carry out their activities According to the new system and entry into the free economic system).

16– The private sector in Poland dominates foreign trade by 85%:

The private sector controls foreign trade by 85%, and while the private sector's capital was initially active in carrying out import operations in general and carrying out easy economic operations, now it is carrying out more complex operations and to a greater degree in export operations, and the private sector has played an equal role in Both areas.

17– Foreign companies have the right to freely exercise their economic activity in Poland:

In addition, from a practical point of view, foreign companies were given complete freedom to carry out their economic activity in Poland. At the beginning of economic transformations in Poland, capital was moving cautiously in the Polish market. But since 1993 the rapid influx of these funds began to move towards Poland, where in 1993 foreign investments in the Polish market amounted

to 105 million US dollars. In 1995, it amounted to 6,832 million US dollars, while in 2001 it reached almost 57 billion US dollars. Thus, Poland became the largest meeting place for foreign investment in Central and Eastern Europe. So that the percentage of investments in Poland amounted to 36% of the total direct inflow of foreign investments and more than $\frac{1}{4}$ of the total of those investments. To the extent that foreign investments flowed, this also caused an increase in imports in general, and within two years the dynamism of Polish exports increased by the same amount.

In the year 2000, companies with foreign capital contributed 56.2% of the value of Polish exports in general (i.e., the percentage of exports to these companies increased by 4.6 points over the previous year), and the percentage of imports increased by 54% of the country's general imports (the percentage of imports fell by a value 1.6% from the previous year), while the percentage of these companies' contribution to the negative balance of the trade balance decreased from 62.0% in 1999 to 50.5% in 2000.

18 – The change of the economic system in Poland result:

The change of the economic system in Poland resulted in the creation of favorable conditions for the creation and growth of competition, and the economic foreign policy in this field played an essential role. The economic structure that Poland inherited from the central guidance system was similar to an inverted hierarchy, and this structure was dominated by large companies that were established on an almost monopolistic basis. As for the medium companies, they remained unchanged and did not develop. The penetration of this system caused free entry into the system. The market with new institutions competing with the large monopolistic companies that existed, and the next way to make such a penetration into the central system is to release freedom of import at the same moment that it began to have wide authority to prevent the creation of any monopolistic organizations, which works to

develop freedom of competition, and with the passage of time, especially In the periods when the economic conditions worsened more, this increased pressure on the successive governments with the aim of strengthening the degree of market protection against importation, especially for agricultural products, which led to certain results that improved the situation to some extent. Nevertheless, the primary role of import remained as a tool to prevent unnatural economic monopoly.

The application of freedom of economic activity also helped the development of medium and small companies, which modified the position of the inverted pyramid and put it in the correct position. Undoubtedly, this has meaning for foreign economic policy, as small and medium-sized enterprises can easily and very flexibly react to changes in the internal and external conditions in the demand for imports. Despite the progress that has been made, in 1999 it was the responsibility of large industrial companies (which employed more than 250 workers) to employ 70% of the workforce and achieve a sales output of 76.4%, although these companies represented only 22.6% of the number of economic units active in this sector, the facilities granted to start economic activity accelerated the privatization process in the country's economy.

One of the most important internal factors included in the state's foreign economic policy is working to prepare the ground for the transformations taking place in the economic structure and structure.

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