

photo courtesy of Cigno



**Divided opinions?** *Although economists have long dismissed the risk of Poland falling into the kind of turmoil caused by the financial crisis, GDP growth has since been downgraded and many have now taken a more pessimistic view of the Polish economy over the next year.*

## A stable slowdown?

Polish economists and business leaders met in early December in a roundtable debate to discuss the Polish economy in the wake of the current economic crisis. Some downplayed Poland's vulnerabilities, but other economists were not so sure.

High-ranking attendees from both the government and private sector were cautious about the effects of the current world financial crisis in early December during a debate organized by Cigno Executive Search and Holon Consultants, with some claiming that Poland is somewhat insulated and others warning it is still best to prepare for the worst.

"The crisis in Poland will not be as harsh as in the United States or as in Western Europe," Wiesław Rozłucki, the former president of the Warsaw Stock Exchange and senior advisor to Rothschild Polska. "There is no doubt that those more tied into the global economy are to a degree more vulnerable to the effects of the crisis."

Other notables at the debate by

Cigno Executive Search and Holon Consultants, including DnB Nord Polska President Jarosław Dąbrowski, Polish Monetary Council (RPP) Presi-

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dent Dariusz Filar, Trakcja Polska President Maciej Radziwiłł, independent economist Ryszard Petru and Managing Director of Carlyle Group

Ryszard Wojtkowski, concurred.

However, this does not mean that Poland is free and clear of the risks of the financial crisis, especially as major trading partners Germany and Russia have been hard hit, with the latter's financial markets crushed under the weight of the world slowdown. According to Petru, the Polish economy will indeed feel the crisis, but it will be hit "third wave," following both the United States and the "old EU."

Petru added that it is in the best interests of firms to "prepare for the worst scenario." In a "best-case" scenario the economy will only suffer a slowdown, but a worse-case scenario would severely affect the entire economy.

"It is important to analyze the situation [in your company and put systems in place], which will enable survival during rough times," he said.

Petru and others at the conference added that the government needs to take a more pro-active stance and concentrate on efforts to increase investment while enabling wider access to credit.

DnB Nord Polska's Dąbrowski added that there should be increased cooperation among banks during the slowdown, but that it is up to credit seekers to reduce risk possibilities in their business before beginning the credit application process.

The world financial crisis, which had its beginnings in the U.S. mortgage lending crisis, caught markets and economists off guard, with the effects contributing not only to the collapse of major U.S. financial institutions, but likely to the failure of U.S. Republican candidate for the presidency John McCain.

Following the rescue of Bear Stearns and the collapse of Lehman Brothers in the U.S., financial markets reeled and a number of European governments initiated aggressive steps to shore up their finance systems, following the announcement of a U.S. \$700 billion rescue package.

Although the Polish banking system has not been considered to be particularly exposed to the crisis, most independent economists have revised Polish GDP predictions down from the 3.7 percent figure once pushed by the Finance Ministry, with some predicting growth to come in as low as 1.7 percent. ■