

The evolution of the model of Poland's economic diplomacy in the early 21st century

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Abstract

Economic diplomacy remains an underexplored issue in Polish academic literature, despite its growing role in international economic relations. The aim of this article is to clarify definitional ambiguities and examine the origins and evolution of Poland's economic diplomacy, with particular emphasis on the transition period. It follows from this analysis that, despite efforts to modernise its structure and functions, economic diplomacy in Poland still lacks organisational coherence and measurable business impact. The study is based on the hypothesis that, despite various efforts to adjust the organisational model, tasks and functions of economic diplomacy to the requirements of the modern economic environment, it is still difficult to speak about its organisational consistency and measurable business-oriented performance. The authors conclude that in the face of ongoing globalisation and the growing needs of Polish enterprises in terms of internationalisation, further reforms of Poland's economic diplomacy system are necessary, including strengthening institutional coordination, professionalising the staff of foreign economic missions, and optimising the service model offered by Polish Investment and Trade Agency.

Keywords: economic diplomacy, commercial diplomacy, export promotion, organisation of diplomacy in Poland, business

Ewolucja modelu polskiej dyplomacji gospodarczej na początku XXI wieku

Streszczenie

Dyplomacja gospodarcza jest nadal zagadnieniem niedostatecznie eksplorowanym w polskiej literaturze naukowej, mimo jej rosnącej roli w międzynarodowych stosunkach gospodarczych. Niniejszy artykuł ma na celu wyjaśnienie niejasności definicyjnych oraz zbadanie genezy i ewolucji polskiej dyplomacji gospodarczej, ze szczególnym uwzględnieniem okresu transformacji. Z tej analizy wynika, że pomimo wysiłków zmierzających do modernizacji jej struktury i funkcji, dyplomacji gospodarczej w Polsce nadal brakuje spójności organizacyjnej i mierzalnego wpływu na biznes. Badanie opiera się na hipotezie, że pomimo różnych wysiłków zmierzających do dostosowania modelu organizacyjnego, zadań i funkcji dyplomacji gospodarczej do wymagań nowoczesnego środowiska gospodarczego, nadal trudno mówić o jej organizacyjnej spójności i mierzalnych wynikach zorientowanych na biznes. Autorzy dochodzą do wniosku, że w obliczu postępującej globalizacji oraz rosnących potrzeb polskich przedsiębiorstw w zakresie internacjonalizacji, konieczne są dalsze reformy systemu dyplomacji gospodarczej Polski, w tym wzmocnienie koordynacji instytucjonalnej, profesjonalizacja kadr zagranicznych placówek gospodarczych oraz optymalizacja modelu usług oferowanych przez Polską Agencję Inwestycji i Handlu.

Słowa kluczowe: dyplomacja gospodarcza, dyplomacja handlowa, promocja eksportu, organizacja dyplomacji gospodarczej w Polsce, biznes

1. Introduction

In the increasingly complex landscape of international relations, economic diplomacy has emerged as an important element of statecraft. Defined broadly as the use of diplomatic channels and instruments to achieve national economic objectives, it has evolved significantly over the past decades, reflecting transformations in global trade, investment flows, and geopolitical dynamics. In Poland, economic diplomacy gained particular importance after 1989, when the country began its political and economic transformation combined with entry into global markets. However, despite its growing importance, economic diplomacy remains an underexplored field in Polish academic literature, especially in relation to its organizational evolution and effectiveness.

The article attempts to answer the following **research questions:** to what extent has the model of Poland's economic diplomacy evolved in the 21st century, and how coherent and effective is its current institutional structure?

The aim of the article is to fill a gap in the literature by analysing the changes in Poland's economic diplomacy framework, with a particular focus on the years after 2016, when significant reforms were implemented under the *Strategy for Responsible Development of 2017*.

The current state of research presents divergent interpretations and conceptual ambiguities regarding the scope and organisation of economic diplomacy. While some scholars focus on its macroeconomic dimension (Rana 2007; Berridge, James 2003), others emphasise its practical, enterprise-oriented applications known as commercial

diplomacy (Kostecki, Naray 2007). In the Polish context, these approaches are often blurred, with overlapping terminologies and institutions performing similar or redundant functions (Molendowski, Polan 2007; Dumala 2013). Moreover, recent studies highlight a lack of coordination, weak institutional design, and inadequate impact assessment mechanisms in the Polish model (NIK 2022).

This article contributes to the academic debate by offering a structured overview of the Polish experience in economic diplomacy. It critically assesses three major phases: (1) the formative period of 1989–2016, (2) the post-reform period initiated by Agreement between the Minister of Foreign Affairs and the Minister of Economy of 7 February 2006, and (3) the structural changes introduced after 2016. The research is based on primary sources, governmental documents, and relevant academic literature.

The article is structured as follows. The first section of presented research results outlines the theoretical framework and definitional debates surrounding economic diplomacy. The second part traces the institutional development of the Polish model from the early 1990s. The third section is focused on the reforms introduced after 2016, particularly the creation of the Polish Investment and Trade Agency (pl. *Polska Agencja Inwestycji i Handlu*, PAIH) and the Foreign Trade Offices (FTOs). The final section evaluates the effectiveness of the reforms in light of audit findings by the Supreme Audit Office (pl. *Narodowa Izba Kontroli*, NIK) and proposes recommendations for further improvement.

2. Materials and methods

The authors base the presented study on a qualitative analysis of strategic, legal, and institutional documents related to the organisation of economic diplomacy in Poland from 1989 to 2023. The research employed document analysis as its primary method, focusing on publicly available official acts, government strategies, reports by the Supreme Audit Office (hereinafter also: NIK), inter-ministerial agreements, and academic publications.

In the first stage, the authors analysed a comprehensive set of sources, including relevant legislation (e.g. *Dziennik Ustaw*, *Monitor Polski*), strategic documents such as the *Strategy for Responsible Development for the period up to 2020 (including the perspective up to 2030)*, and audit reports published by NIK. These documents were analysed to identify chronological stages of institutional transformation and changes in the division of competences among key actors: the Ministry of Foreign Affairs, the Ministry of Economy (and its successors), and the Polish Investment and Trade Agency (hereinafter: PAIH).

To ensure substantive accuracy of the study, the literature review included academic sources published predominantly during the past ten years. However, in cases where foundational definitions and classifications were presented, older publications were cited appropriately (e.g., Berridge, James 2003; Molendowski, Polan 2007).

The methodological framework is focused on tracing legal-institutional changes over time, identifying inconsistencies or overlaps in responsibilities, and evaluating the ef-

fectiveness of reforms based on documentary evidence and performance assessments from public audit reports.

This approach allowed the authors to reconstruct the trajectory of reforms in Polish economic diplomacy and to assess their alignment with declared strategic objectives of promotion of Polish economy and internationalisation of enterprises.

3. Research results

3.1. The essence of economic diplomacy – major components

Diplomacy, as one of the oldest forms of interstate activity, has evolved alongside state development and global complexities. Globalisation has spurred the rise of economic diplomacy, which is focused on maximising national economic benefits through trade, investment, and international cooperation (Molendowski, Polan 2007: p. 9). Researchers define *economic diplomacy* as state-led efforts to shape international economic policy, negotiate agreements, and promote national economic interests, while *commercial diplomacy* is more operational, supporting domestic businesses in foreign markets through trade facilitation, investment promotion, and dispute resolution (Rana 2007).

Economic diplomacy, referred to as economic statecraft, involves ministries of foreign affairs and other governmental bodies working within global institutions like the World Trade Organization (WTO), the Organisation for Economic Co-operation and Development (OECD), and the European Union (EU) (see: Berridge, James 2003). Some definitions extend its scope to include economic policy tools such as development aid and sanctions (Pinder 1976). Commercial diplomacy is more enterprise-oriented, providing direct support through trade missions, legal advisory services, and investment promotion. Though conceptually distinct, these two forms of diplomacy are closely interwoven, necessitating strong coordination (Surmacz 2008).

The authors of the first (and so far only) Polish monograph on this subject (Molendowski, Polan 2007: p. 64) define *economic diplomacy* "as pursuing activities aimed at improving the international position of the state through broad promotion of its comprehensive economic interests and of particular interests of its individual entities for state representatives – professional economic diplomats" (Molendowski 2018: p. 131).

In Polish literature, several terms with different meanings are simultaneously used: pl. *dyplomacja gospodarcza* (Krzymiński 2002: p. 171–174), pl. *dyplomacja ekonomiczna* (Gawin 2008: p. 101–118) – both translated as eng. *economic diplomacy*, and pl. *dyplomacja handlowa* – eng. *commercial or trade diplomacy* (Kunikowski, Turek 2011: p. 28–29). The emergence of these terms is connected with increased importance of the economic factor to modern international relations and concepts of national security (Orzechowski 2002; p. 18–19; Marchewka-Bartkowiak 2014: p. 2). Regardless of their respective contents, they mean diplomatic instruments of pursuing foreign economic policy.

Economic diplomacy seems to mostly have a macroeconomic dimension, whereas commercial diplomacy should serve to achieve microeconomic objectives. "However,

it is clearly emphasised that in practice it is difficult to separate the tasks of economic diplomacy from those of commercial diplomacy, therefore their close coordination is of the essence" (Molendowski 2018: p. 133; see also: Marchewka-Bartkowiak 2014; Dumala 2013).

3.2. The organisation of economic diplomacy in 1989–2016

3.2.1. Stage 1: 1989–1999

In the Polish People's Republic (1945–1989), foreign trade was strictly controlled by the state: namely by the Ministry of Foreign Trade and Maritime Economy overseeing economic cooperation, as well as the Commercial Counsellor Offices (CCOs) subordinate to it, operating within embassies. In 1989, the Ministry of Foreign Economic Cooperation took over these duties (Ustawa 1997/943). During the first years of the economic transformation of the state, CCOs were still important element of Poland's foreign economic relations, despite criticism and the challenges posed by the privatisation.

In that period, commercial counsellors and their offices were key players in economic diplomacy. Although they were formally part of diplomatic missions, they reported to the Ministry of Foreign Affairs (pl. *Ministerstwo Spraw Zagranicznych*, MSZ) for budget and administration purposes (Molendowski 2017). However, Poland's early post-communist governments did not adopt an export-oriented strategy. For instance, K. Skubiszewski (Minister of Foreign Affairs from 1990 to 1993) was criticised for not prioritising economic diplomacy, as well as in neglecting its importance, leading to a lack of structure and strategy in this area (Zarządzenie 1999).

In 1997, the Ministry of Foreign Economic Cooperation was incorporated into the Ministry of Economy, and economic promotion responsibilities were consolidated under the latter (Tabaszewski 2009).

3.2.2. The 1999 reform and creation of Economic and Commercial Departments

Poland's evolving geopolitical and economic landscape in the late 1990s led policy-makers to refocus on economic diplomacy, prompting a significant restructuring in 1999. A joint regulation from the Ministries of Foreign Affairs and Economy reorganised commercial counsellor offices, reducing them from 103 to 78, and transforming them into Economic and Commercial Departments (ECDs) at the embassies and consulates (see: Sejm RP 2002). This reform was aimed to concentrate efforts on key trading partners, particularly from the European Union.

The selection of countries that retained ECDs was based on criteria such as trade volumes, business interest, market size, and potential for Polish exports. The reorganisation also involved the closing of 25 smaller offices, mostly in Asia, Africa, and Latin America (*PKPP Lewiatan...* 2006). The new economic and commercial sections were integrated into diplomatic missions but operated under the Ministry of Economy. Their tasks included promoting economic cooperation, protecting Poland's economic interests abroad, and supporting Polish businesses seeking to enter foreign markets (Stańczak 2007).

Despite aforementioned changes, conflicts arose between the Ministry of Foreign Affairs and the Ministry of Economy concerning the control of foreign economic activities. While ECDs reported directly to the Ministry of Economy, their staff were still part of the foreign service and formally under the Ministry of Foreign Affairs. This inter-ministerial arrangement, though a compromise, was unsatisfactory for both parties. The Ministry of Foreign Affairs sought greater influence over economic diplomacy, advocating for the separation of purely commercial tasks from state diplomatic activities (Ustawa 2017/1491).

It was a very complicated task to coordinate former activities carried out by such enormous number of institutions engaged in Poland's economic, tourism and cultural promotion. All those institutions mostly performed overlapping tasks and frequently had no knowledge of the same or similar projects implemented by other institutions (NIK 2022). The situation was further aggravated by the absence of a long-term national strategy and implementation plan with regard to promoting Poland's economy and culture. No priority areas for such activities were defined in economic or geographic terms (Dumata 2013).

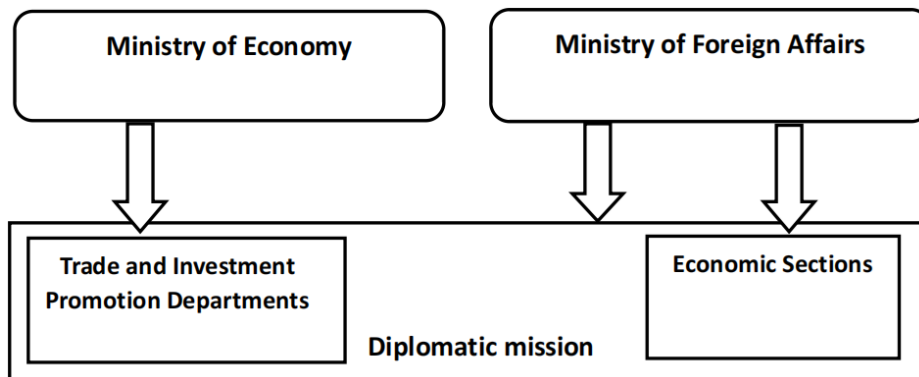
3.2.3. The 2006 Agreement and economic diplomacy reform

Measures proposed by the Ministry of Economy to increase the economisation of the foreign services and to improve the integration of ECDs with other services of embassies included another step in the reorganisation of the model of Poland's economic diplomacy. On 7 February 2006, the Minister of Economy and the Minister of Foreign Affairs signed an *Agreement on the establishment of economic diplomacy* (Molendowski, Polan 2007: p. 459).

The agreement was related to the implementation of the programme *Solidary State* (pl. *Solidarne Państwo*). The agreement, which separated instruments for performing economic tasks for and on behalf of the government administration from those supporting individual businesses, was signed by the then Minister of Foreign Affairs, S. Meller, and the Minister of Economy, P. G. Woźniak. Those governmental decisions resulted in the emergence of economic diplomacy. On 1 July 2006, the majority of the existing ECDs were transformed into the Economic Sections (ECs) of embassies, reporting to the Ministry of Foreign Affairs, performing tasks of the Ministry of Economy and of other departments competent for economic matters, of relevance to the international interests of the state.

At the same time, on the basis of the former ECDs, the Minister of Economy established 45 trade and Investment Promotion Sections (IPSs). It is worth emphasising that the agreement announced that economic sections or economic posts would be created at around 90 embassies worldwide. The text of the Agreement clearly declared a new direction – the creation of the separate agency responsible for economic promotion and support for the internationalisation of Polish enterprises and the establishment of the Economic Promotion Agency (pl. *Agencja Promocji Gospodarczej*).

Figure 1 presents the new structure of Poland's economic diplomacy created during the implementation of the 2006 Agreement between the Minister of Economy and the Minister of Foreign Affairs.

Figure 1: The organisational structure of Polish economic diplomacy after 2006.

Source: own elaboration, Surmacz (2013: p. 252)

The primary responsibilities of Economic Sections of Polish embassies included:

- identifying key economic issues affecting national security,
- analysing regional trade and investment cooperation,
- developing economic ties with strategically important but underexplored markets,
- managing bilateral and multilateral governmental negotiations,
- assisting in trade dispute resolution,
- promoting the national economy and advancing the interests of Polish businesses.

Whereas, as regards Trade and Investment Promotion Departments (TIPD), their main tasks were as follows:

- providing information about market opportunities, challenges, and regulatory barriers,
- assessing the economic climate for Polish business expansion,
- analysing the competitiveness of Polish products and consumer perceptions,
- facilitating connections between business partners,
- informing about available financial support for promotional initiatives.

Due to the instability of the governmental coalition, the bill on the establishment of the new agency was not adopted. Therefore, attempted reforms based on the programme *Solidary State* were not implemented.

4. The changes in the organisation of economic diplomacy introduced in 2016

4.1. The main reasons for the changes introduced

The proposed in 2006 reform was not entirely rejected and forgotten. It was appropriately revised and incorporated into a new strategy of the PiS government. In 2017, a new document was prepared – the *Strategy for Responsible Development for the period*

up to 2020 (including the perspective up to 2030), involving the reform of the economic diplomacy of Poland (hereinafter: SRD).

Foreign expansion proposed under the SRD was aimed to increase the internationalisation of the Polish economy and exports of high-tech products. The implementation of the Strategy comprised the overall reconstruction of the promotion system, with a key role assigned to the newly established Polish Investment and Trade Agency and a network of Foreign Trade Offices (FTOs). Their tasks would be to concentrate support measures on key export-oriented sectors and innovation. Those activities were aimed at enhancing Poland's international competitiveness.

Minister M. Morawiecki decided that the construction of a coherent economic promotion system would be based on measures such as the statutory delegation of responsibilities concerning a promotion of the Polish economy from the Ministry of Economy to a central governmental institution (PAIH) acting as "one-stop shop" and performing export-oriented and investment-oriented tasks, with an efficient network of Foreign Trade Offices.

4.2. The tasks of the *Strategy for Responsible Development* with regard to economic promotion

Adopted in early 2017, the *Strategy for Responsible Development* (Uchwała 2017) indicated five strategic projects for economic promotion in the field of Foreign expansion: the economic promotion system, the *Coherent Export Promotion Portal* (pl. *Spójny Portal Promocji Eksportu*), Polish exporters in foreign markets, GLOBAL Inno-STARS, and EXPO Exhibitions. As markets of particular importance for the development of Polish exports, the SRD recognised countries such as India, Vietnam, Iran, Algeria and Mexico. The Strategy adopted the following objectives of foreign expansion:

- increasing the internationalisation of the Polish economy by enhancing links with international markets, extending the group of entities involved in international trade, particularly with non-EU countries, and developing more advanced forms of cooperation with foreign countries;
- increasing exports of high-tech products (with an assumption that the long-term competitiveness of Polish products in foreign markets would depend primarily on their technological level rather than on prices only).

The SRD strategic project for the creation of a new economic promotion system was supposed to comprise the building of integrated and coherent system of promotion for the Polish economy, centrally coordinated and oriented towards stimulating Polish exports, increasing Polish investment abroad, supporting investment in Poland, strengthening the international image of Poland.

The assumptions of economic promotion system included the following:

- the extension of the powers and responsibilities of the entity to integrate measures related to support for enterprises in their internationalisation, i.e. PAIH;
- the adoption of a statutory act laying down the rules on performing certain economic promotion tasks by specialised entity;

- the setting up of foreign offices of PAIH, adapted in their legal form to the relevant market situation and intended to replace, within several years, the then functioning trade and investment promotion departments;
- the extension, modernisation and tailoring to business needs of financial support instruments for Polish exports and outward investment.

4.3. The establishment of the Polish Investment and Trade Agency (PAIH)

A vital role in implementation of the SRD's objectives was to be played by the Polish Investment and Trade Agency (pl. PAIH), established as a result of a transformation of the Polish Information and Foreign Investment Agency.

On 18 August 2017, the Act of 7 July 2017 on the performance of tasks related to the promotion of the Polish economy by the Polish Investment and Trade Agency entered into force (Ustawa 2017/1491). The Act was aimed to remove the main drawback of economic promotion in Poland, namely the institutional weakness and the lack of a professional entity comprehensively performing tasks in the area of the promotion of the Polish economy in collaboration with a network of foreign representations and offices (NIK 2022).

The main objective of PAIH was defined as a public mission of promoting the Polish economy. PAIH took over tasks related to the promotion of the Polish economy set out in Article 2 of the PAIH Act (Ustawa 2017/1491), e.g. export-oriented and investment-oriented activities. Those activities include:

- promoting exports of Polish businesses, particularly of small and medium-sized enterprises;
- promoting Polish industries;
- supporting inward foreign direct investment and outward investment;
- providing undertakings with economic and commercial information on foreign markets and foreign investors with information on the conditions and legal regulations on the pursuit of economic activities in the territory of Poland, including the operation of informational portal;
- organising informational and promotional projects within and outside the territory of Poland;
- publishing activities.

The economic promotion tasks of PAIH would be performed through Foreign Trade Offices, established in place of wound-up trade and investment promotion departments. Individual FTOs were planned to be set up by PAIH in the legal and organisational form dependent on the legal and economic conditions of their respective countries of establishment. The PAIH tasks performed by Foreign Trade Offices could be financed from the funds referred in the PAIH Act, e.g. as targeted subsidies (Article 3).

4.4. The establishment of Foreign Trade Offices (FTOs)

For the new government, a significant problem faced in the process of promoting and supporting Polish enterprises was its institutional weakness, that is, the lack of a professional body or entity comprehensively performing tasks serving the promotion of the

Polish economy. Another material issue was the geographical distribution of TIPD, mismatched with the needs of Polish businesses and the requirements of the new government policy oriented towards strengthening Polish economic activities in non-European markets. The above-mentioned arguments called for the designation in the economic promotion system of a single institution (PAIH), where an enterprise would be able to obtain full access to information and advisory services related to foreign expansion.

FTO would operate in the following:

- the locations offering the best prospects from the point of view of SMEs, i.e. in non-European markets and in global business centres in Europe;
- markets with no coverage by TIPD and significant export potential;
- the prospective markets indicated in sub-measure 3.3.2 of the *Smart Growth Operational Programme* (pl. *Program Operacyjny Inteligentny Rozwój*, PO IR) – Algeria, India, Iran, Mexico and Vietnam;
- the markets selected for accelerating programmes of the *Smart Growth Operational Programme* – sub-measure 3.3.1. *Polish Technological Bridges* (pl. *Polskie Mosty Technologiczne*): the United States, China, Mexico, Turkey, Hong Kong, Russia, Norway, India, Iran, the United Arab Emirates, Ukraine, Algeria, the Republic of South Africa, Canada, Japan, South Korea, Vietnam, Saudi Arabia.

The Ministry of Foreign Affairs (pl. *Ministerstwo Spraw Zagranicznych*, MSZ) was not actively involved in this institutional reorganisation of the system of promoting the Polish economy abroad. There was no consultation with Ministry's representatives on the decision to wind up or the time limits for winding up trade and investment promotion departments, or concerning the locations, territorial competences of newly established Foreign Trade Offices of PAIH. Nevertheless, MSZ and the foreign missions reporting to it monitored the process. The embassies of the Republic of Poland notified the authorities of the relevant receiving states of the winding up of TIPD and provided support to PAIH in formal and legal matters related to the establishment of FTOs.

Initially, PAIH planned to set up 66 FTOs in place of the 49 trade and investment promotion departments operating in 44 countries. The revised PAIH Strategy of November 2020 resulted in decisions such as increasing the coverage to 70 markets and dividing the FTO network into seven regions: Africa and the Middle East, Latin America, North America, Central Asia, Asia and the Pacific, Europe and Eastern Europe. By 2023, 69 FTOs (93%) started activities.

4.5. Key challenges faced by PAIH in creation of the new FTO network

Prior to the setting up of a Foreign Trade Office, the PAIH requested and obtained the approval of the Supervisory Board for the FTOs' location and organisation. However, those requests gave no substantive reasons showing that their contents were based on identified interests of the Polish economy in the country (or region) concerned, Poland's foreign policy needs or on any other grounds. There were no analyses indicating the criteria for selecting FTOs' locations or allowing to evaluate whether the created FTO network and the locations of particular offices matched the actual needs of the

economic promotion of Poland or met the assumptions of the Minister competent for economic affairs.

PAIH had problems with the preparation of procedures related to the establishment, creation and organisation of FTOs. There was no identification of necessary activities to be carried out in the processes or the desirable time limits for those offices to become fully operational, the assumed employment size, the geographical coverage of offices, the rules of selecting the form of operation.

PAIH prepared no analyses of the legal, economic or other conditions regarding the countries, in which FTOs were supposed to be set up. A reliable identification of such circumstances prior to obtaining corporate approvals would enable the preparation of necessary documents and the fulfilment of the required formalities, mitigating the risk of failure.

The lack of a fully reliable identification of the conditions prevailing in the country of the planned location and the lack of adequate preparation for the process of organising and launching FTO also contributed to delayed fulfilment of all the formalities necessary for FTO to start operations. The period between the relevant decision establishing the Foreign Trade Office concerned and the actual launch of activities in the market widely varied; in extreme cases, it was one day (Taipei) and two weeks (Toronto) to nearly two years (Manila) and eighteen months (Stockholm).

The main reasons prolonging those processes were the formal and legal conditions necessary to register FTOs' operations. For example, they included the following: being a national of the receiving state (having a residence permit) as a requirement for business registration, a very wide scope of the relevant power of attorney for the agent to act for the purposes of registration, a lengthy process of recruiting the head and staff of FTO (NIK 2022).

5. Reforms as assessed by the Polish Supreme Audit Office

Conducted by the Polish Supreme Audit Office (pł. NIK) in 2015, audit P/15/023 *Promocja gospodarcza Polski* (en. *The economic promotion of Poland*) presented findings such as the lack of a coherent system of promoting the Polish economy. As assessed by NIK's auditors, the government administration performed tasks related to the promotion of the Polish economy with no designed concept or sufficiently reliable analysis of needs. Public funds allocated to promotion were spent without setting strategic objectives or assumed outcomes of the financed projects. Neither was there any monitoring of such financial assistance in terms of project performance. There was no impact assessment of projects with regard to export expansion and outward investment. No mechanisms were created to coordinate activities of the institutions providing support for businesses in foreign markets.

The Office of the Minister and PAIH improperly documented or failed to document decision-making processes regarding the facts of and reasons for taking key economic promotion decisions. Due to various organisational and staff changes at the Office of the

Minister competent for economic affairs and the Agency, there was no possibility to reliably reconstruct the relevant processes and tasks performed.

Furthermore, the 2017–2018 reorganisation of the institutions in charge of economic promotion lacked in-depth substantive preparation and rationale. The process of winding up the network of foreign missions reporting to the Minister competent for economic affairs and replacing it with a network of Foreign Trade Offices of the Polish Investment and Trade Agency was carried out with no detailed examination of the functioning of the TIPD network, no identification of its defects and weaknesses and no analysis of the costs involved in and benefits of creating a new FTO network. Decisions establishing Foreign Trade Offices in particular countries were not based on any clear substantive grounds, indicating the interests of the Polish economy in the state (or region) concerned or Poland's foreign policy needs.

It is worth noting that the assumption adopted at the stage of preparing the provisions of the PAIH Act (Ustawa 2017/1491) was that the average cost of running one Foreign Trade Office would be around 2 million PLN per year. As demonstrated by the NIK's audit for the period in analysis, the funds allocated to FTOs were below 45% of the initially estimated cost.

The Supreme Audit Office found it indispensable to build an economic promotion system based on a separate and coherent strategic document, defining economic promotion, identifying the Minister competent for economic affairs as the system coordinator, specifying members of the system with their respective tasks, the financing scheme and interrelations.

6. The new policy of Poland's economic promotion of 2025

The new document *Polish Economic Promotion Policy of 2025* (pl. *Polityka Promocji Gospodarczej Polski*, see: MRiT 2025) contains the answers to a number of critical assessments listed in the NIK's report. Above all, it undelined awareness of institutional challenges related to the internationalisation of the economy and export promotion. This policy proposed better coordination among government institutions and greater transparency in the division of responsibilities, which directly responds to NIK's allegations about the lack of coherence and inefficiency in the economic promotion system.

Criticisms regarding the insufficient promotion of services offered by the PAIH have also been partially addressed. The document announces intensified informational and educational efforts aimed at entrepreneurs, including the development of electronic forecasting tools and the promotion of "exporter development path."

However, the document lacks clear declarations regarding the reform of the costly and criticised model of Foreign Trade Offices (FTOs), which remains extremely important issue in light of NIK's recommendations. Similarly, although the strengthening of staff competencies is mentioned, it is not clearly specified whether measures will be adopted to introduce the diplomatic status of specialists, employed in FTOs.

Conclusions

The model of the economic diplomacy of Poland introduced during the economic transformation emerged in response to the growing internationalisation of Polish businesses, increased awareness of the necessity to expand internationally among micro-, small and medium-sized enterprises. Due to ongoing globalisation and increasing competition in the internal market, firms are forced to seek growth opportunities in international markets. Therefore, there is a growing demand for services supporting the internationalisation of companies, the promotion of Polish brands in other countries. It is further fuelled by the available national and Community (EU) funds.

There are substantial opportunities for Polish enterprises in the macroeconomic environment, e.g. high demand in foreign markets, a more favourable perception of Polish products abroad, good quality and attractive design of goods supplied from Poland to international markets, Poland's attractiveness and stability in terms of foreign direct investment.

Given the specific characteristics of a globalising world, the intensification of international economic, social and political relations, wider business internationalisation and the flexibility of diplomacy itself as a social phenomenon, the coming years will certainly witness further reforms adapting the currently functioning system of economic diplomacy to the continuously changing geoeconomic and geopolitical reality.

In an assessment of the actual organisational model of economic diplomacy in Poland, it seems useful to emphasise the following:

- In the implementation of the reform of Poland's economic diplomacy as a result of implementing the *Strategy for Responsible Development*, there was a division of responsibilities of the diplomatic service performing tasks in economic diplomacy (MSZ) and commercial diplomacy (PAIH). The relevant changes included the introduction of (still not very effective) mechanisms for coordinating cooperation between the institutions in charge of foreign policy, business support and economic promotion tasks.
- In order to effectively perform their economic diplomacy tasks, foreign offices (the economic sections of embassies) should increase their employment of skilled staff responsible for the economic statecraft of the Republic of Poland (both economic diplomacy and commercial diplomacy), taking account of the market size and importance to Poland's economic interests. The staff should be assigned to specific embassies by the Minister of Economy. The scope of their powers, responsibilities and ongoing tasks should be set out in the relevant agreement between the ministers competent for foreign affairs and for the economy. For improved residence and task performance conditions, they should enjoy diplomatic status or be transferred to the economic sections of embassies.
- It seems indispensable to examine the economic performance of the Foreign Trade Offices established by PAIH S.A. Their operation costs seem to be disproportionately high (particularly in comparison with those of trade and investment promotion departments).

- The business service model implemented by PAIH S.A. lacks greater promotion and raising awareness among beneficiaries of the benefits related to the new business service method, i.e. careful examination of the potential of the company concerned, advisory services regarding the selection of a suitable market or investment destination, adapting products or services offered by Polish enterprises, providing necessary knowledge and assisting firms in the early stages of implementing their internationalisation strategies.
- Foreign markets and the activity of the Polish economic diplomacy will gain in importance in the coming years. Infrastructure investments and organisational adjustments will be vital to the development of logistics, trade in goods and services.
- It seems that the existing organisational model of Polish economic diplomacy, particularly lack of commercial diplomacy, will be insufficient to meet those challenges.
- The 2025 strategic document responds to NIK's criticism in many respects; however, its effectiveness will depend on the actual implementation of the proposed changes, particularly regarding the organizational efficiency of PAIH and the reform of the FTO system.

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Edward Molendowski – profesor emerytowany Uniwersytetu Ekonomicznego w Krakowie, gdzie w latach 2012–2018 pełnił funkcję kierownika Katedry Międzynarodowych Stosunków Gospodarczych. Od marca 2023 – profesor uczelni w Akademii WSB w Dąbrowie Górniczej. W latach 1991–2011 był kierownikiem Wydziału Ekonomiczno-Handlowego w Ambasadzie RP w Budapeszcie, początkowo w randze radcy handlowego, a od 1997 r. – w randze ministra pełnomocnego. Jako autor lub współautor, opublikował ponad 160 artykułów naukowych w czasopiśmie krajowych i zagranicznych oraz 8 monografii. Wygłosił kilkadziesiąt referatów na konferencjach krajowych i międzynarodowych. Specjalizuje się w problematyce transformacji gospodarczej w krajach Europy Środkowo-Wschodniej, procesów integracyjnych w Europie, dyplomacji gospodarczej oraz protokołu dyplomatycznego i etykiety w biznesie. Jest współautorem pierwszej w Polsce (i jak dotąd je-

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