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FORECAST FOR DEVELOPMENT OF POLISH EXPORTS IN FRANCE ON THE BASIS OF THE ACTIONS BY DEDICATED INSTITUTIONS

Many institutions are responsible for Polish – French trade exchange. Over the years the structure and its scope have been changing. This evolution has reflected geopolitical changes that has led to actual situation. These institutions cope with the problems related to both imports and exports of Polish products and services. The important part of their work is creation and promotion of ‘Polish brand’. The article attempts to explain and illustrate the prospects of further development of Polish exports in France with the cooperation of the National Chamber of Commerce, Trade and Investment Department of Promotion in the Embassy and the Consulate of Poland. In order to illustrate this, the author has used a SWOT analysis that aims to describe the strong and weak points, opportunities and threats associated with Polish goods’ being exported to the French market. On the basis of the results of this analysis, an evaluation of the trade relations between Poland and France might be done. Moreover, the prospects might be outlined for the future. An analysis of the opportunities cannot be done without first describing the specifics of the French market, as has been included in the title. Then, the previous successes of Polish exports and their detailed description have been described. At the end of this article, the conclusion and proposed changes have been presented. These changes seems to be necessary in order to increase Polish exports.

Keywords: import, export Polish French trade exchange, Polish exports promotion.

1. INTRODUCTION

Polish exports promotion is not popular topic in the literature. The awareness of promotion of Poland and Polish exports is high. Nevertheless nowadays the actions of promoting Polish exports are focused on developing countries. French market is usually omitted both in the literature and the Ministry of Economy programs. Many reasons of this situation might be found; one of them is the specifics of French market that is different than other European countries. The article attempts to answer the question how this might be changed.

2. THE FRENCH MARKET ANALYSIS

France ranks fourth², as far as the quantity of volume that is exported from Poland is concerned. It is one of the most developed markets in the world. France is the fifth largest world economy and the second largest in Europe³. Many economic advantages are attributed to it, which is why foreign investors willingly choose it. The population of this

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² http://stat.gov.pl/cps/rde/xbcr/gus/RS_rocznik_statystyczny_handlu_zagranicznego_2013.pdf dated 07.11.2014.

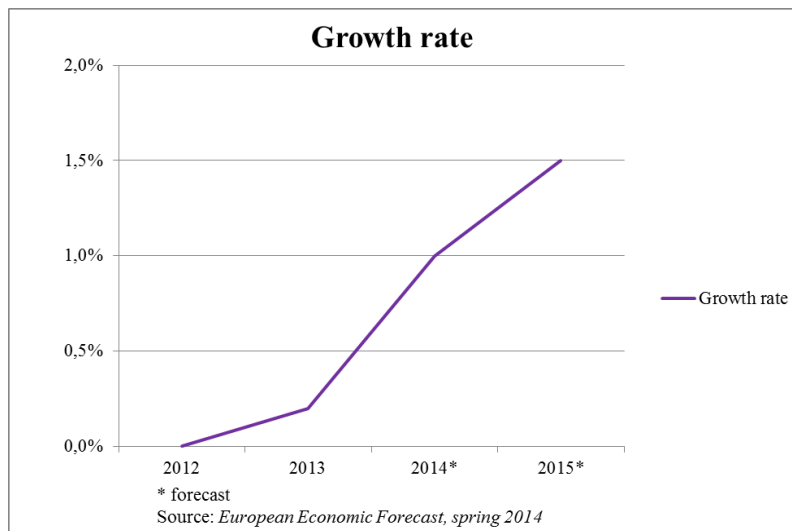
³ <http://ccifp.pl/baza-firm/informacje-o-rynku-francuskim/informacje-ekonomiczne-o-francji/> dated 03.11.2014.

country is estimated at 65,4⁴ million people. In 2012, the GDP index was estimated to be 2 032 milliard euro⁵. For the last 5 years, more than 1 million new companies have been created, and 20 000 foreign companies have decided to develop their business in this beautiful country. This data proves that France is a very attractive country from an economic point of view.

According to UNCTAD (United Nations Conference on Trade and Development) ⁶, in the world investments report in 2012, France is ranked in 11th place among the countries that have been chosen for Foreign Direct Investment, and Paris, the capital of this attractive country, is the second capital in the world for international companies (over 500 headquarters) ⁷.

The value of Foreign Direct Investments in France in 2012, was estimated at 25 093 milliard USD⁸. In total, 693 projects have been realized. The United States of America is the largest foreign investor in France. France is the fifth highest import country and sixth highest export country in the world.

Chart 1. Growth rate in France in 2012 - 2015



⁴ http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf dated 03.11.2014.

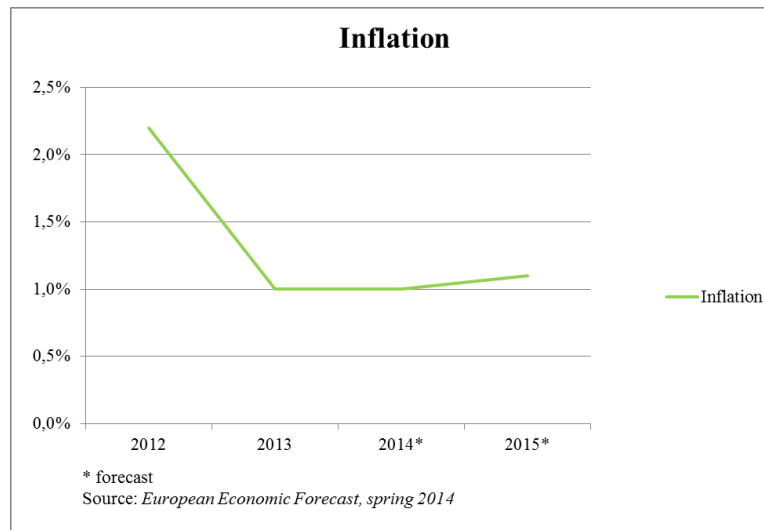
⁵ <http://www.insee.fr/fr/bases-de-donnees/bsweb/doc.asp?idbank=000642327> dated 08.11.2014

⁶ http://unctad.org/en/PublicationsLibrary/wir2012overview_en.pdf dated 07.11.2014.

⁷ <http://ccifp.pl/baza-firm/informacje-o-rynku-francuskim/informacje-ekonomiczne-o-francji/> dated 03.11.2014.

⁸ http://unctad.org/en/PublicationsLibrary/wir2012overview_en.pdf dated 07.11.2014.

Chart 2. Inflation in France in 2012 - 2015



As is shown in charts 1 and 2, the worst time for the French market has already passed. A slow increase is visible and the prospects for the future are optimistic. As far as inflation is concerned, over the last two years, a decrease has been noticed, and the forecast illustrates that it will be maintained at this level or it will slowly go up.

The French market is very challenging. It is a developed economy where an increase in demand is not seen, as in the developing countries. Usually, the consumer's needs are stable and unchanging. The changes that might be observed are slight and are caused by temporary fashions, not by a complete change in the consumer's preferences. According to the International Monetary Fund⁹, France is an *innovation driven* country, meaning that its economy is characterized by the abilities to produce innovative products and services. While, its technology, by using the most advanced methods, becomes the dominant source of competition, the market also features a resistance to exterior economic shocks.

The attractiveness of the French economy:

- 65,4¹⁰ million consumers
- second largest economy in the European Union,
- political stability,
- well-developed infrastructure,
- cultural wealth.

The French market is one of the biggest European markets, as well as an economic and political force that has great influence on the European Union's decisions. France is a politically stable country. Since the Second World War, it has not experienced any turnover nor system change. The producers that invest in this market can be confident that

⁹ http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf dated 03.11.2014.

¹⁰ http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf dated 03.11.2014.

they will not lose because of political instability. France's well-developed infrastructure includes not just well-organised highways and rail trails (including fast trains – TGV) within the country but also good connections with Europe and the whole world. It is possible to reach Paris from London within 3 hours, and from Brussels¹¹ within 4 hours. The presence of good Internet connections is also worth mentioning.

Inconveniences linked to exporting to France:

- strict bureaucracy,
- relatively high labor costs
- strict labor laws,
- fiscal burden for companies
- risk of strikes, particularly in transport
- strong competition
- relatively large number of quality certifications (compared to other European countries)
- weak knowledge of English
- high ecological requirements.

French bureaucracy is one of the obstacles that needs to be overcome while entering into this market. The required quantity of documentation and the restrictions linked to entrance has been pointed out by the International Monetary Fund in its annual report about competitiveness. High labor costs and strict labor laws have deterred international companies from doing business in this country. It is a result of the influence of the trade unions in France, who defend employees by all means.

The next difficulty for exporters to the French market is a relatively large number of quality certifications (compared to other European countries). Besides the quality certifications that operate in the whole European Union, in France there are also quality certificates typical for this country. Utilizing them is necessary in order to run a business in this country. Moreover, the consumers in France pay attention to quality certificates. Unfortunately, according to Nadia Buacid¹², an expert on the French market, very often the producer is not able to get a certificate due to the fact that the product is not made in France.

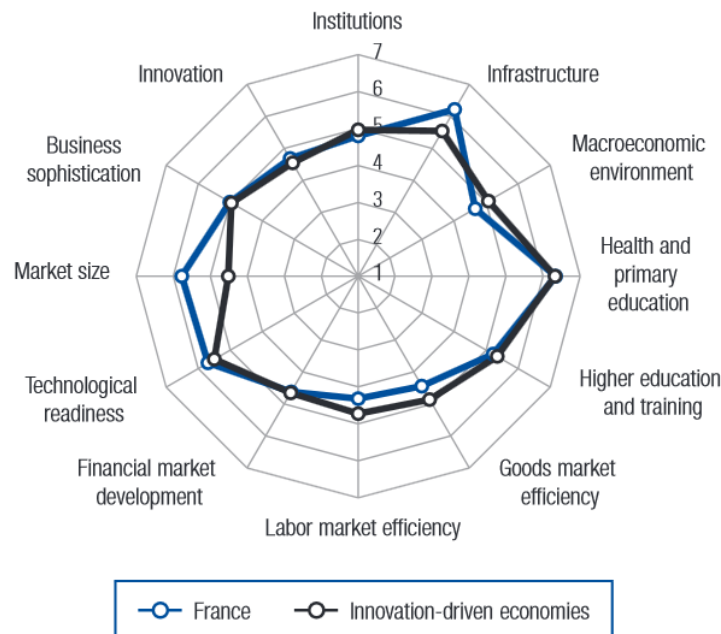
Chart number 3 shows the competitiveness of the French market as noted by the International Monetary Fund (IMF) in 2013-2014¹³. The chart shows that the French economy is very competitive, and its strongest advantages are infrastructure and the size of the market. While the effectiveness of the market and a change in the mode of employment (the labor market efficiency) need to improve.

¹¹ <http://www.voyages-sncf.com/> dated 03.11.2014.

¹² <http://ccifp.pl/o-ccifp-fr/20-ans-dinvestissements-francais-en-pologne/?lang=fr> dated 05.11.2014.

¹³ http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf dated 04.11.2014.

Chart 3. The competitiveness of the French economy according to the International Monetary Fund¹⁴



3. POLISH EXPORTS TO THE FRENCH MARKET

Just before Poland's entrance into the European Union, a significant increase in trade exchange had been observed, with a negative balance for Poland. After joining the European Union, the dynamics of Polish exports has increased, as a result the deficit has been reduced. Starting in 2007, a surplus in the trade balance has appeared for Poland. In 2013, France was for Poland, the fifth largest economic partner in the European Union, with a 5% share in the total Polish trade exchange. While Poland was for France, the 12th largest economic partner, with a 1,5% share in the total trade exchange. In 2013, mutual trade exchange reached 14,4 milliard euro, wherein exports from Poland to France were at 8,5 milliard euro, and Polish imports from France were around 5,8 milliard euro. The surplus for Poland, was at high level, that is around 2,6 milliard euro. In 2013, the dynamics of the trade exchange between these two countries has exceeded 6%¹⁵.

An exporter that wants to succeed in the French market, should bear in mind certain important steps. The Polish-French Chamber of Commerce publishes recommendations for Polish producers. A basic element of the Polish company's promotion for the French market should be the preparation of the offer in French, then they should send it to potential French partners or wider to the regional and local chambers of commerce. It is

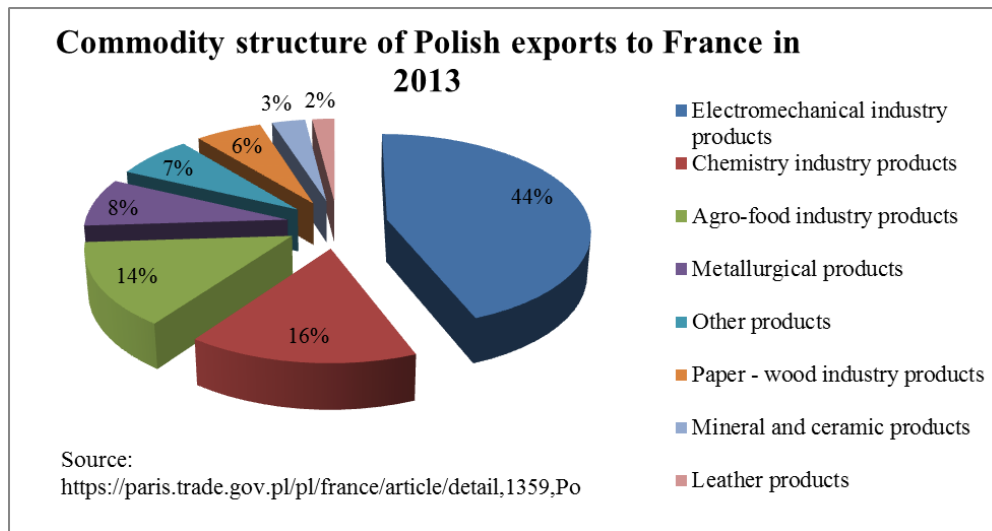
¹⁴ http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf dated 04.11.2014.

¹⁵ <http://ccifp.pl/baza-firm/informacje-o-rynku-francuskim/> dated 07.11.2014.

important to hire a ‘French Agent’ – whose function is typical and well-known in France. In Poland, this is still under-estimated.

Thanks to this agent, the producer has not only a direct source of information but also has a representative in France. What is more, face-to-face and direct contact with the French customer is very crucial. It is a cultural aspect.

Chart 4. Commodity structure of Polish exports to France in 2013.



The dominant share of Polish exports to France has been electric machinery, which in 2013, reached 3,76 milliard euro, making up 44% of the value of exported goods. The chemistry domain achieved second place, with 1,34 milliard euro. While, the agro-food industry has been in third place with 1,164 milliards euro, or 13,6 % of the value of Polish exports. The mineral and ceramic industry is the smallest part of Polish exports to France¹⁶ (chart 4).

An example of a Polish company that exports to the French market is ‘Solaris’¹⁷. This company sells buses on the French market. Cities such as Avignon, Strasbourg or Orleans are their customers (chart 5).

¹⁶ https://paris.trade.gov.pl/pl/france/article/detail,1359,Polsko-francuska_wymiana_handlowa.html dated 04.11.2014.

¹⁷ <http://www.solarisbus.com/> dated 04.11.2014.

Chart 5. Polish exports to France in 2004 - 2013



4. PROSPECTS AND FORECASTS

The SWOT analysis (tab. 1) is a useful technique for understanding Strengths and Weaknesses, and for identifying both the Opportunities and the Threats that might be faced.

Tab.1. SWOT analysis

Strengths of French economy	Weaknesses of French economy
<ul style="list-style-type: none"> • Political Stability • Well-developed infrastructure • One of the biggest markets • Geographical closeness • Profitability 	<ul style="list-style-type: none"> • Competition • Obstacles to entrance • Costly entrance • Low knowledge of foreign languages • High taxes • Complicated bureaucracy
Opportunities for Polish exporters	Threats for Polish exporters
<ul style="list-style-type: none"> • Increase of profits • Strengthening of position in international markets • Greater resistance to market fluctuations • Increase in standard production • Company development 	<ul style="list-style-type: none"> • Loss of liquidity • Bankruptcy • Administrative problems • Misunderstanding the information available (cultural factors) • Not meeting the standards (the large number of certificates required)

5. CHANGES THAT MIGHT BE INTRODUCED IN ORDER TO INCREASE POLISH EXPORTS TO FRANCE

Projects that aim to increase Polish exports to the French market:

- **Improving the image of Poland and Polish Exporters**

An area that needs to be improved is the image of Poland and the marketing of Polish products in France. For the average French consumer, the one product recognized as 'made in Poland' is vodka. Despite the fact that Poland exports to France many different products in the food industry, usually they do not recognize its mark and the French consumer is not aware of this fact. The Ministry of Economics, within the program 'Innovative Economy' from September 2013 till July 2014 launched a marketing campaign 'made in Poland'. It was aimed at activating the promotion of Polish brands abroad e.g. Czech Republic, Germany, Ukraine, Russia and China.

The Trade and Investment Departments of Promotion in the Embassies and the Consulates of Poland participate in this campaign. It is not understandable why the department in France has been omitted. In this country, there is still a lot to do.

- **The transition to retain trade**

An expert on the French market – French Chamber of Commerce, Nadia Buacid claims that the most important aim of Polish exports is the transition to 'retain trade'. The products that are exported to France, usually are low proceeded. It is worth selling the products that possess higher added value. Due to the fact that the products are low proceeded, they are cheaper and more competitive, as a result the French side is interested in purchasing Polish products. Nevertheless, as labor costs slowly increase in Poland, this competitiveness will disappear. That is why, it is worth trying to change the character of Polish exports.

- **Forecasted growth**

Monika Piątkowska¹⁸, vice-chairman of the Polish Information and Foreign Investment Agency claims that, the forecasted growth of Polish exports is around 8 – 10% till 2020. Nonetheless, this forecast does not include France. The direction of Polish exports for the next years is China, Brazil, Mexico and Kazakhstan. Polish exports to France, a stable market, might increase but not to the extent as in the developing countries.

6. CONCLUSION

On the basis of a SWOT analysis, strengths and weaknesses of the trade exchange between Poland and France have been presented. The actions, taken by dedicated institutions on the French market, have been also described. On this basis, it has been done the list of the necessary actions in order to increase Polish exports to France.

Systematical and consequent actions need to focus on creation of the image of Poland and its exports. It should be done by encouraging the average French consumer to buy products 'made in Poland'. Omission of France, in the program of Ministry of Economy, is a big mistake due to the fact that Polish products are not known in this country.

The other action needs to be done is the transition to retain trade due to the fact that it is worth selling the products that possess higher added value.

¹⁸ <http://www.paiz.gov.pl/index/?id=b11b7e3409b27e5c6e332399362105f8> dated 05.11.2014.

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PERSPEKTYWY ROZWOJU POLSKIEGO EKSPORTU WE FRANCJI NA BAZIE DOTYCHCZASOWYCH DZIAŁAŃ ZE STRONY INSTYTUCJI DO TEGO POWOŁANYCH

Za wymianę gospodarczą pomiędzy Polską a Francją odpowiada szereg instytucji. Na przestrzeni lat zmieniała się ich struktura i zakres ich działań i obowiązków. Powolna ewolucja odzwierciedlała zmiany geopolityczne i społeczno-gospodarcze, doprowadzając do stanu aktualnego. Instytucje te zajmują się m.in. problemami dotyczącymi zarówno importu, jak i eksportu produktów i usług polskich. Ważnym elementem ich działań było tworzenie i promocja „marki polskiej”.

Artykuł ma celu przedstawienie perspektyw rozwoju polskiego eksportu we Francji przy współpracy Izby Gospodarczej, Wydziału Promocji Handlu i Inwestycji Ambasady i Konsulatów RP. Do tego celu autor wykorzystał analizę SWOT, która pokazuje silne i słabe strony działań prowadzonych przez instytucje do tego powołane, a także zawiera opis szans i zagrożeń eksportu towarów z Polski na rynek francuski.

Na podstawie wyników tej analizy SWOT można podjąć próbę oceny wymiany handlowej Polski z Francją i nakreślić perspektywy jej rozwoju.

Analizę szans rozwoju polskiego eksportu we Francji nie sposób dokonać bez opisu specyfiki rynku francuskiego, co zawarto w artykule. Następnie omówiono dotychczasowe osiągnięcia polskiego eksportu na rynek francuski, jego wielkość, rodzaje eksportowanych towarów. Na

zakończenie przedstawiono wnioski na przyszłość oraz zaproponowano zmiany, które wydają się konieczne do wprowadzenia, aby nie tylko zwiększyć eksport polskich wyrobów i usług na rynek francuski, ale bardziej go zróżnicować i poszerzyć sektory gospodarki.

Słowa kluczowe: import, eksport, polsko-francuska wymiana handlowa, promocja polskiego eksportu

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