



ORIGINAL PAPER

Legislative foundations of Polish-Austrian economic relations

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Abstract:

Economic contracts generated the legal framework for action and development. Being a certain postulate for cooperation, they provided the basis for trade exchange and investments that followed. The research question concerns the impact of trade agreements on the development of a country moving from a centrally planned system to a free market system. To what extent are the treaties signed before 1989 and whether the generated changes accelerated the integration process in the region. The Second Austrian Republic had a visible influence in terms of entrepreneurship in the eastern territory. The issue of the intensity of this process, the degree of changes generated and the effects in relation to Poland requires clarification. Poland was treated by post-war Austria as an initiator of changes in the region and a partner in the exchange of goods and raw materials. The article aims to explain the extent to which bilateral economic agreements influenced the economic situation of Poland. Their effectiveness is estimated on the basis of specific contracts signed after 1955. Both existing and expired treaties were taken into account. In total, 24 documents of an economic nature were analyzed. The Austrian side was looking for the so-called niche sectors, less attractive to other Western countries. Until 1989 it was difficult to predict trends linking the economic exchange of centrally planned and free market states. Each eastern country had different development trends and investment needs. Most of the treaties signed by the communist authorities in Poland became the basis for trade and investment development after 1989. The research used the institutional-legal method, the historical method and statistical analysis.

Keywords: bilateral agreements, contemporary Austria, trade, Austrian-Polish relations, investment policy, Central and Eastern Europe.

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Introduction

The rules of international law relating to international treaties are the field most often referred to as treaty law. These standards used to be customary in the past. At present, the Vienna Convention of May 23, 1969 on the law of treaties is in force. In the introduction to it was noted that the norms of customary international law still regulate issues not regulated by their regulations. Poland acceded to the convention on July 2, 1990 (Antonowicz, 2008: 198). The Vienna Convention defines a treaty as "an international agreement concluded between states in writing, governed by international law, contained either in one document or in two or more related documents, regardless of its name" (Kocot, Wolfke, 1976: 492 -521). By adopting a general definition of an international agreement, we say that it is an agreement of mutual rights and obligations between states or other subjects of international law. This definition indicates, firstly, that the element of compatibility belongs to the essence of an international agreement, secondly, that every international treaty gives rise to some rights and obligations, and thirdly, that of all international agreements, inter-state agreements are of the greatest importance. In the publication of Stanisław Nahlik contains a similar definition of an international agreement: "... it is a joint declaration of will of two or more subjects of international law, which produces legal effects" (Nahlik, 1967: 167). As Nahlik wrote: "Legal effects [...], rights and obligations, are essential components of every contract. A concerted declaration of will by subjects of international law, from which no rights or obligations arise for them, is not a contract "(Nahlik, 1967: 168). International law allows for the conclusion of oral agreements. From the point of view of international law, the name of the agreement is irrelevant. The Vienna Convention states: "the consent of the States to be bound by a treaty may be expressed [...] in any [...] manner agreed". In practice, these names are very different. The most common ones are: agreement, treaty, convention, treaty, agreement, declaration, protocol, pact, charter. The contract usually functions as a collective name (Antonowicz, 2008: 199).

International law does not contain any rules on the structure of international agreements. Usually, an international agreement consists of a title, introduction, substantive part, and final provisions. The title of the contract includes designations, an indication of the parties, the subject of the contract and the contracting parties. The introduction specifies: the bodies containing, motivating the parties to conclude the contract, stating that an agreement has been reached, stating the appointment of attorneys, stating the fact of replacing or presenting powers of attorney, stating that the text of the contract has been agreed. The substantive part of the document contains instructions divided into chapters, articles and detailed provisions. International practice has developed some generalizations during the formulation of provisions, they are almost identical and are referred to as: most favored nation clauses, reciprocity clauses, national clauses, dispute settlement clauses. The final provisions also include the following clauses: signing, ratifying, approving, and entering into force of the agreement (Frankowska, 1997: 46-47).

Inter-state agreements can be divided according to the bodies that conclude them on behalf of the states. Therefore, contracts in which the head of state is the contracting body are called state, prime ministers - government, ministries - departmental. Another breakdown is the distinction based on content. The most important ones include political agreements, economic agreements, agreements on social and legal relations, agreements on intellectual cooperation, agreements on the protection

of human, animal and plant health, as well as agreements on sea, air and space (Frankowska, 1997: 43).

Polish-Austrian relations developed successfully after the First World War. Both countries revived in a new shape and system, taking advantage of the positive experiences of economic exchange during the partitions. The Republic of Poland has signed a number of trade agreements with the Austrian Republic. At that time, Austria needed economic support and took advantage of all opportunities to obtain raw materials or agricultural products. Compared to other European countries, Poland presented itself as one of many partners in the East (Nahlik, 1976). Nevertheless, it was already then that lively trade began, especially in the mining industry. In the period 1918-1939, a total of 17 treaties were signed, three of which are still in force today.

In the period 1918-1926, Polish-Austrian relations were marked by caution and kindness. The young Austrian republic closely monitored both Poland's relations with the Weimar Republic, as well as contacts with Ukraine and the Czech Republic. Austrian diplomats Egon Hein and Max von Hoffinger, who were staying in Warsaw, reported in their correspondence both the political mood of the then elite and the opinions presented in the press. After the May coup, more attention was devoted than before to the evaluation of mutual relations in the context of cooperation with Germany (Pilch, 2000: 49-62). At that time, the Polish community in Vienna was dynamically developing and operating, concentrated around such organizations as "Thatch" or "Dom Polski"(Kucharski, 2014: 21-28). Austria's joining the Reich worsened the situation of Poles living on the Danube.

After World War II, the independence of the Polish state in concluding bilateral and multilateral treaty agreements was limited by the USSR. As Józef Kukułka stated in the publication: *Neighborhood treaties of Poland in the reborn*, after 1944 a period of clientelism of the treaty policy towards the USSR began (Kukułka, 1998: 58). On April 21, 1945, Moscow forced the Provisional Government to sign a treaty of friendship, mutual aid and post-war cooperation for a period of 20 years. After World War II, Polish-Austrian relations were dominated by the Cold War conflict dividing Europe into two hostile camps. Austrian political life was influenced by the occupiers operating through the Allied Control Commission for Austria. Austria regained full sovereignty on May 15, 1955. The treaty signed then determined the legal and international status of the Austrian state for the next decades. Ultimately, the occupying powers decided that consenting to a parliamentary resolution on perpetual neutrality would be the best solution for all interested parties (Kisztełińska-Węgrzyńska, 2018: 33-91). The factor stabilizing Austria's foreign policy was its conciliatory behavior towards superpowers, both the United States and the USSR, which was visible even during the occupation of that country until 1955. At that time, the Polish state consolidated the rule of people's democracy and partially rebuilt itself from the devastation of war, redefining its foreign policy, largely dependent on decisions coming from Moscow (Staatsvertrag, 2005: 417-450).

Treaties signed before 1989

Polish-Austrian efforts to sign bilateral agreements after World War II have their roots in the trade agreements of 1946 and 1947. During the entire period of the occupation of Austria, a total of nine trade agreements were signed with Poland. Polish coal was exported then, which contributed significantly to the recovery of both economies. Austria then sent to Poland spare parts and machines dismantled as a result

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of agreements between the occupying powers. The economic deals were accompanied by political gestures - the Provisional Government of National Unity recognized the Austrian government in a document of December 28, 1945. The dependence that Austria had at that time due to the occupation of four powers forced the country to postpone its plans to define its foreign policy priorities. At that time, nothing indicated that Poland would be an important political partner for a neutral republic. Favorable political conditions were yet to come (Borodziej, 2005: 427-430).

Poland was among the countries that recognized Austria's perpetual neutrality on December 24, 1955, and acceded to the state treaty for the reconstruction of an independent and democratic Austria on November 19, 1956. Preparations for the signing of the first bilateral state treaty followed. The contract was signed on February 8, 1956 (Kisztelińska-Węgrzyńska, 2011: 3-4). Over the next two years, diplomatic relations with the rank of embassies were established on November 15, 1958. The establishment of diplomatic relations took place during the period of political stabilization in Poland. The period preceding the change of government in 1956 was not conducive to expanding cooperation with Western countries. The relaxation in East-West relations, visible in the early 1960s, brought new opportunities to improve relations between the countries of Central and Eastern Europe and Austria. The need for the Republic to find outlets and opportunities for trade cooperation opened a new stage in Polish-Austrian relations. The activation of relations that took place in the years 1960-1969 arose from the high economic situation in the world. Poland was the first country to respond positively to the Austrian political initiative directed at eastern states. The cooperation proposals resulted in visits of the highest state officials. On 1-3 March 1960, Bruno Kreisky, the then Minister of Foreign Affairs, came to Poland. Adam Rapacki, head of the Ministry of Foreign Affairs, went to Austria (March 8-11, 1961). In 1962 (2-5 February), Bruno Pittermann - Vice Chancellor of Austria, Polish Prime Minister Józef Cyrankiewicz visited Poland in 1965 (20 - 23 September). The consequence of the political meetings was the signing of a number of trade agreements (Kozieński, 1970: 301).

The first post-war long-term Polish-Austrian bilateral agreement was concluded in 1963 (Umowa, 1973). It lists the legal conditions that citizens of both countries are entitled to. conditions of correspondence, work of courts, inheritance law, issues of mixed marriages, or other conditions of cooperation in the field of civil law. It was a very extensive layout containing 10 chapters, 66 articles, a final protocol and an additional protocol prepared by the Polish side on December 6, 1973. The inaccuracies in the preparation of the agreement were cleared up by the Polish side after ten years and then it was ratified. The law of inheritance was a contentious problem. The contract was concluded for a period of five years.

The 1960s began the period of raising the rank of foreign trade in Poland's relations with the West. Our country was already benefiting from the high rate of trade with communist countries and initiated cooperation with developing countries. The trade balance was still negative for Poland, but attempts were made to apply a policy of balancing the turnover. The conclusion of the above-mentioned trade agreements was conducive to the development of mutual trade in goods (Jarzabek, 2014: 295). The membership in the GATT, obtained by Poland in 1967, made it possible to introduce into the text of the agreement of 1968 the most favored nation clause in goods exchange between Austria and Poland. On this basis, Austria liberalized the import of machinery and equipment, many chemicals and some industrial consumer goods from Poland (Rocznik, 1992: 364-373). The second agreement was signed on November 17, 1967. It

came into force on January 1, 1968 and was valid until 1972 (Wieloletnia, 1968). Article 8 of that document abolished the existing trade agreements, including the agreement of 1954. The exception was the protocol of February 5, 1966 concerning cooperation in the field of industry and trade (Skodlarski, 2005: 448-453).

The seventies were the most important part in Polish-Austrian relations. Both countries enjoyed the détente era and the legacy of the Conference on Security and Cooperation in Europe. The frequency of visits at government, ministerial and parliamentary level increased during this period. Most of the treaties and trade agreements were concluded then in the entire period 1955 - 1989 - 21 documents (Kisztełńska-Węgrzyńska, 2011:3-4). Contracts concluded by enterprises and concerns of both countries supplemented economic contacts. The effect of these transactions was about 10% share of the total turnover in individual sectors. Only a small part of the plans were realized. The concept of building a nuclear power plant in Poland, an artery connecting several important rivers, or a copper mine with the participation of Austrian capital, has failed.

At that time, diplomatic correspondence also increased. The first agreement was the Agreement between the People's Republic of Poland and the Republic of Austria on the regulation of certain financial issues of October 6, 1970 (Układ, 1970). It entered into force only on February 20, 1974. The agreement concerned damages that the Polish party undertook to pay in connection with the seizure of Austrian property, rights and interests resulting from Polish nationalization regulations. The document was signed in Vienna. The preamble mentions the will to regulate certain financial and property-legal issues. The contract contained 10 articles. The first discloses the most important conditions of the document regarding compensation for losses suffered by Austrian citizens as a result of the seizure of property, rights and interests by the government of the Polish People's Republic.

The basis of the lively economic cooperation were long-term trade agreements. The first one in this decade was signed on September 9, 1971 (Umowa, 1971). According to its provisions, in the years 1972-1976, a settlement in a convertible currency was introduced instead of the previously functioning clearing system of mutual settlements. The quota system was abolished and the mutual trade in goods was liberalized. It confirmed the adoption of the most favored nation rule in line with GATT Article I. The conditions for the free movement of goods and finance have been defined. The agreement was to be valid until December 31, 1976. It was provided with an Additional Protocol supplementing the indicators of mutual goods exchange. On January 25, 1973, the Additional Protocol to the Agreement of October 6, 1970 between the Polish People's Republic and the Republic of Austria was signed on the regulation of certain financial issues (Protokół, 1973). The document was signed in order to finally settle the issue of claims brought by Poland in connection with the loss of property by Polish citizens during World War II. The categories of victims and the legal basis that will allow them to apply for compensation have been defined.

Another trade agreement concluded on September 6, 1973 for a period of ten years regulated the development of economic, industrial and scientific-technical cooperation as well as the principles of industrial cooperation of both countries (Umowa, 1973). Another document of this type was signed on September 22, 1976, covering the years 1977 - 1981. Poland and Austria undertook to adjust the provisions of GATT to mutual trade, also in the scope of the most favored nation clause. The same year on April 29, 1976, an agreement on cooperation in the field of tourism was signed (Umowa,

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1976). The preamble highlights the importance of tourism for the development of both countries and the final provisions of the CSCE act promoting the development of this sector of the economy. The first articles highlighted the need to support those state institutions that promote tourism. Article 3 refers to the 1972 agreement lifting the visa requirement for nationals of the contracting parties. The criteria of mutual promotion were made more precise, the terms of payment were made more precise and the necessity to establish a Mixed Commission to permanently deal with tourism issues in bilateral Polish-Austrian relations was mentioned. The contract was concluded for an indefinite period.

One of the most important trade agreements in 70. was the agreement of October 2, 1974, on the supply of electricity from Poland to Austria and on the import of investment goods and equipment to Poland on credit terms. On that day, other documents were also signed: the Agreement between the People's Republic of Poland and the Republic of Austria on the prevention of double taxation in the field of taxes on income and property and the Long-term Program for further development of economic, industrial and scientific-technical cooperation. Another important document was the agreement of June 25, 1980 on the export of Polish coal to Austria, related to the granting of a loan to Poland for the expansion of the infrastructure of the coal industry – (Umowa, 1980). These agreements resulted in an increase in trade turnover 5.3 times with an average annual growth rate of 16.5%. Austria took fifth place in terms of the volume of Poland's trade with developed countries. Poland gained second place (after the USSR) among Austria's communist partners. Contracts concluded by enterprises and concerns of both countries supplemented economic contacts. The effect of these transactions was about 10% share of the total turnover in individual sectors. The balance of economic exchange in the 1970s also had a negative side for Poland. Exports from our country to Austria continued to show lower dynamics. The negative trade balance for Poland amounted to approximately 50 billion shillings. The Polish side systematically replaced raw materials and agri-food products, their share in total exports decreased by 54% by 1980 (Kisztelińska-Węgrzyńska, 2018: 291).

During the Polish crisis, Polish-Austrian relations developed in an atmosphere of increasing tension. The Austrian government joined the negative assessment of the introduction of martial law in Poland, and at the same time criticized the policy of Western countries initiated by the USA, consisting in the use of an embargo against communist states in connection with the war in Afghanistan. Austria also did not support three postulates of the West towards Poland (related to the lifting of martial law). She stood firm against the sanctions applied against Poland by NATO countries. It continued various forms of mutually beneficial economic, scientific, technical and cultural cooperation. She took steps to settle the issue of Poland's debt in the Paris Club. Austria, however, retained the right to critically assess the situation in Poland.

The only agreements that were signed in the first half of the 1980s date back to 1980. Thus, the period of treaty prosperity between our countries ends. The agreements signed at that time included: Agreement on the expansion of economic, industrial and technical cooperation of small and medium-sized enterprises between the Government of the Polish People's Republic and the Austrian Union Government of February 20, 1980, Protocol on the enhancement of industrial cooperation on the markets of third countries between Polish and Austrian ones of February 20, 1980, Long-term agreement between the Polish People's Republic and the Republic of Austria on grain deliveries of May 2, 1980 (Kisztelińska-Węgrzyńska, 2011: 3-4).

Among the archival agreements signed at that time, the most important was the Agreement on the expansion of economic, industrial and technical cooperation of small and medium-sized enterprises between the Government of the Polish People's Republic and the Austrian Union Government of February 20, 1980, which is an extension of the economic agreements of 1973 and 1976. The purpose of the agreement was to support the development of small and medium-sized enterprises, as well as to increase the share of these economic entities in trade between Poland and Austria. The text lists the institutions responsible for the economic development of both countries and specifies their participation in bilateral cooperation. The protocol of February 20, 1980 supplemented the agreement of the same day, as well as the existing commercial agreements. The annex lists the industrial branches of economic cooperation and enterprises responsible for trade on the Polish side. Austrian proposals for cooperation with Polish enterprises on third markets were also mentioned below. Nine groups of investments have been listed, mainly in the Middle East and Asia (Protokół, 1980). In the same year, the Long-Term Agreement on the supply of cereals was concluded. It was signed on May 2, 1980 in Warsaw (Umowa, 1980)

After 1982, Polish-Austrian relations died out, and at the same time cooperation on the social level expanded. Tons of gifts were sent to Poland, mainly food and clothes. In the entirety of international relations during the political crisis, Austria played a positive role as an "diplomatiche Eisbrecher", paving the way for the normalization of relations with Poland by other Western countries (Graf, Ruggenthaler, 2016).

The greatest political accent in the late 1980s was the visit of Chancellor Klaus Vranitzki to Warsaw in September 1987, followed by the visit of the Austrian Minister of Foreign Affairs Tomas Klestil. The last agreements signed by the communist authorities of Poland are four documents from the years 1987 - 1989. They were: Agreement between the Government of the Polish People's Republic and the Government of the Republic of Austria on cooperation in the prevention and disclosure of crimes and ensuring road safety of August 22, 1987, Agreement between the Polish People's Republic and the Republic of Austria on cooperation in the field of environmental protection of November 22, 1988, Agreement between the Polish People's Republic and the Republic of Austria on the promotion and protection of investments of November 24, 1988, Agreement between the Government of the Polish People's Republic and the Government of the Republic of Austria on the exchange of information and cooperation in the field of nuclear safety and radiation protection of December 15, 1989.

The agreement between the Government of the Polish People's Republic and the Government of the Republic of Austria on cooperation in the prevention and disclosure of crimes and ensuring road safety of August 22, 1987, was signed in Warsaw. On November 24, 1988, two contracts were concluded. The Polish-Austrian agreement on investment promotion and the second one on cooperation in the field of environmental protection (Umowa, 1989). This agreement is still in force today. The short preamble to the first document refers to the will to develop mutual trade relations. Article 1 called - Definitions, specifies the interpretation of such terms as: investment, investor, income and expropriation. Article 2 describes what the promotion and protection of investment will be within the meaning of the agreement. Article 3 specifies the concept of "treatment" of investments in the territory of the other country taking into account the conditions created by Comecon. The following articles relate to the topic of compensation, transfer and subrogation. The most extensive provision is found in Article

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8, which discusses the settlement of investment disputes. The time within which the relevant dispute was to be resolved was also specified. If this could not be done within six months, the case was to be dealt with by an arbitral tribunal, and then by the International Court of Justice

Among the last economic agreements in force until today and signed during the communist period, there were two documents. The cooperation agreement in the field of environmental protection of November 24, 1988 listed as the subject of cooperation: methods of measuring and reducing harmful substances in the air, reducing forest damage, issues of waste and their disposal, soil protection, water protection measures, education in the spirit of environmental protection. On December 15, 1989, an agreement was signed between the Government of the Polish People's Republic and the Republic of Austria on the exchange of information and cooperation in the field of nuclear safety and radiation protection (Umowa, 1990). The preamble refers to the final document of the CSCE of January 1, 1975 and the existing provisions on nuclear safety. Article 1 refers to the nomenclature of the September 1986 Convention on Early Notification of a Nuclear Accident. The following sections of Article 2 explain the conditions for joint consultation and mutual warning in the event of a nuclear failure. Articles 3 and 4 explain the conditions under which assistance will be provided in the event of a nuclear failure. Article 6 states that certain information may be kept confidential and its disclosure to a third party has been clearly specified. The article indicates the conditions for the entry into force of the document and the adoption of the annex to the text as an integral part of the agreement. The annex concerned the list of information that had to be provided in connection with the implementation of Article 2 of the contract (type, size and parameters of the failed devices), as well as detailed data on Polish and Austrian addressees who had to be notified in the event of a crisis.

In the years 1945 - 1989, 40 state agreements were signed. From this list 22 bilateral treaties had economic nature. Half of the documents are of a civil-legal nature, the remaining ones define the terms of economic cooperation. Three treatises deal with cultural and scientific exchange. Most of the agreements were made in Vienna. The Polish side was represented by ambassadors, plenipotentiary ambassadors, foreign ministers and plenipotentiaries of the government of the People's Republic of Poland. The effects of the entry into force of the above-mentioned documents were of decisive importance for the development of mutual relations. An impasse in Polish-Austrian relations can be observed in the period of suspension of state visits and the lack of negotiations on new documents of bilateral agreements. Twelfth contracts from this period are in force to this day (Traktaty, 2021).

Agreements signed after 1989

Total number of Polish-Austrian bilateral agreements signed after 1989 are 22 and 17 are still in force today. Most of the agreements date back to 2000-2004 (six agreements mainly relating to civil and legal matters). Compared to other Western European countries, this share is similar to the number of agreements signed at that time with Italy or France (Traktaty, 2021). The Accession Treaty with the European Communities and their member states, which entered into force on May 1, 2004, was of fundamental importance for the overall economic cooperation and trade between Poland and the European Union countries, including Austria. The provisions of the European Treaty were supplemented by the Polish-Austrian treaty on the avoidance of double taxation, amended in January 2004 and February 2008, which entered into force on April

1, 2005. In addition, the following important bilateral agreements from this period include: Agreement of the Republic of Poland and the Austrian Federal Government on cooperation in the field of voluntary benefits of the Republic of Austria for former slave and forced laborers of the National Socialist regime of October 24, 2000, Agreement between the Government of the Republic of Poland and the Federal Government of the Republic of Austria on the admission of persons residing without permission, Implementing Protocol of June 10 2002 and the Agreement between the Government of the Republic of Poland and the Federal Government of the Republic of Austria on cooperation in preventing and combating crime, also of June 2002.

After 1989, only two economic bilateral agreements were signed. Agreement between the Government of the Republic of Poland and the Polish National Bank and the Government of the Republic of Austria on Austria's contribution to the stabilization fund of March 16, 1990, Agreement between the Government of the Republic of Poland and the Government of the Republic of Austria on Austrian food aid of June 21, 1991 and the most important Agreement between the Government of the Republic of Poland and Austrian Federal Government on economic, technical and technological cooperation of October 27, 1995. A significant part of the trade after 1989 was based on agreements concluded with the authorities of the People's Republic of Poland. The greatest development of trade after 1989 was in the years 2004-2007. This period confirmed the expectations for an increase in mutual trade in goods after Poland's accession to the EU. In 2007, Polish exports to Austria increased by 17.7% and reached the level of EUR 1.90 billion. Imports from Austria recorded a slightly lower dynamics (+ 13%) and amounted to EUR 1.95 billion. Thanks to the rapidly growing exports, in 2007 it was possible to significantly reduce the negative trade balance with Austria for Poland (World, 2021). A particularly high growth rate of exports to Austria was once again recorded by the agri-food sector (+ 30%), and the volume of this export doubled in the next three years (Rocznik, 2010).

Austria's share in Poland's global trade in goods with the world in 2010 was 1.8%, and 2.5% in trade with the countries of the enlarged EU. Among all trading partners of Austria, Poland was 10th in exports and 15th in imports. Austria, on the other hand, has been holding the position of 12-13 Poland's trading partner for several years. Almost 800 Austrian companies are represented in Poland. According to the NBP data, the accumulated value of direct investments in Poland at the end of 2006 amounted to EUR 3.47 billion. This constitutes 3.7% of the total large foreign direct investment in Poland and gave Austria 10th place among foreign investors (Witkowska, 1996:161).

Polish-Austrian relations developed systematically after World War II, despite the difficult geopolitical situation. It was of great importance that there were no controversial foreign policy issues in bilateral relations between these countries. Both countries tried to fill in the mutual gaps in the economic potential by using the margin of freedom left by the superpowers or the potential developed thanks to the CSCE. During the Cold War, the favorable attitude of Austria towards the Polish state was felt. The period of the People's Republic of Poland created a solid legal basis for the construction and development of correct bilateral relations between Austria and Poland. Mutual political interest and, consequently, economic cooperation reached a higher level than the cooperation in the EU structures facilitated in the following decades (Ambasada, 2021).

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Austria's share in Poland's global trade in goods is 1.8%. Austria ranks 17th both in Polish exports and in total imports. Poland-Austria trade turnover in 2013 increased by 3.3%. (their value amounted to EUR 5.5 billion). The stagnation of exports to Austria was accompanied by a marked increase in Polish imports. It was related to the improving economic situation in Poland. Polish producers most often exported industrial products to Austria, processed products (they account for 53% of total exports), metallurgical products (19%) and mineral products (16%). Poland ranks 8th on Austria's export list from Central and Eastern Europe (Mackiewicz, 2015).

Among the most important effects of investments on the host countries, the researchers of the subject mention: the relationship between investments and the filling of the capital gap, improvement of the economic situation (employment, production), technology transfer, improvement of production organization, modernization of enterprises, scientific and research development, improvement of employees' qualifications, increased level of investment and employment, especially where investments are made from scratch, increased budget revenues, normalization of the market situation (the appearance of foreign competitors increases competitiveness), as well as the domino effect, investments make the country more attractive for further potential investors (Bożyk, 2002: 121).

The consequences of cooperation may also be increased fears of the effects of domination of the economy or individual industries by foreign investors, limiting the sovereignty and effectiveness of own macroeconomic policy. In regions rich in raw materials, there are often concerns about excessive and contrary to the long-term interest of the host country to exploit raw materials. The negative effect is that investors buy foreign production plants in order to close them so that they do not compete with other industries (Guzek 2001: 142-143). Polish concerns regarding the said exploitation were significant. Hence the emphasis on modernization when planning joint ventures. The lack of uniform methods of collecting and processing data on international flows also causes enormous difficulties. Individual countries used different definitions of investment, which led to divergent comparisons (Mackiewicz, 2015).

As a result, the infrastructure of institutions dealing with creating conditions for attracting foreign investments and their selection was created. It should be emphasized that along with the development of the circle of Western countries interested in cooperation with the Polish authorities, the attitude of decision-makers in Warsaw to the proposals coming from abroad has changed. When deciding whether to participate in investments with third countries, the political costs and possible losses as a result of failures were also estimated. The political objectives pursued on this occasion - the integration of eastern countries in the region, did not meet the expectations. However, it laid the foundations for the development of integration of this area with the EC structures and accelerated the transformation process. Countries with a large amount of direct investments from Austria and Germany carried out before 1989 became leaders in the process of accession to European structures. On the other hand, the cooperation that Vienna was establishing within the region was undertaken as part of the activities of the Visegrad Group, but without the clear participation of Austria. The threats to the Polish economy resulting from such cooperation include: deterioration of the balance of payments due to the outflow of capital invested in Poland, combining new projects with the necessity to contract investment loans on unfavorable terms, emphasis on selected, traditional economic sectors and depriving local companies of the possibility of creating their own specific ownership advantages.

The benefits associated with the development of Austrian investments include: abolishing the quota system and liberalizing the mutual exchange of goods. The conditions for the free movement of goods and finance have been defined. The exchange of goods was improved and the lists of goods for commodity exchange were systematically updated. The provisions regulating the activity and support for the development of small and medium-sized enterprises were systematically supplemented. Due to the relevant regulations, the increase in the share of smaller business entities in the trade turnover between Poland and Austria was promoted.

As a result, the infrastructure of institutions dealing with creating conditions for attracting foreign investments and their selection was created. Mobilization of human resources, capital, raw materials and the implementation of new technical solutions improved the socio-economic conditions. In the late 1980s, however, small-scale enterprises dominated. The requirements for obtaining additional permits in the case of sensitive areas and for granting tax breaks were maintained.

Over time, the lack of reforms in Poland discouraged Austrian partners to such an extent that they ceased to initiate aid programs or support in the form of joint investments in third markets. It was limited to securing its own most important interests for fear of severe losses resulting from Polish debt and social discontent in Austria flooded by Polish emigrants. The balance of the inflow of foreign investments to Poland at the turn of 1989/1990 amounted to USD 200 billion and for the next four years it remained at a constant, low level.

Austria has consistently supported the efforts of the eastern states to develop within the framework of the existing political and economic structures. The threats to the Polish economy resulting from such cooperation include: deterioration of the balance of payments due to the outflow of capital invested in Poland, combining new projects with the necessity to take out investment loans on unfavorable terms, emphasis on selected, traditional economic sectors and depriving local companies of the possibility of creating their own specific ownership advantages.

However, Austria laid the foundations for the later cooperation of this area with the EC structures and accelerated the transformation process. Investments made before 1989 became an element of building the economic potential, which was important during the works on Poland's accession to the EU structures. Countries with a large amount of direct investments from Austria and Germany implemented before 1989 became leaders in the process of accession to European structures.

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