

BALTIC RIM ECONOMIES

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BALTIC RIM ECONOMIES

**The Centrum Balticum Foundation publishes
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which deals with the development of
the Baltic Sea region.**

**In the BRE review, public and corporate
decision makers, representatives of Aca-
demia, as well as several other experts con-
tribute to the discussion.**

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Poland's Next Leap: From Investment Magnet to Global Investor

Expert article • 3853

Few countries in Europe have transformed as profoundly as Poland over the past three decades. Transforming in the early 1990s from a centrally planned economy to a market led system, Poland has grown into one of the largest and most resilient markets in the European Union. With over 38 million consumers, a strong industrial base, and steady growth track, Poland has become a magnet for foreign direct investment. European, American, or increasingly Asian firms have increasingly recognized Poland as a reliable location at the heart of Europe, close to both Western markets and the rapidly changing East.

Poland's course to international business

Poland's evolution matters not only for the country itself but for the entire Baltic Sea region and Europe as a whole. As one of the region's largest economies, Poland acts as a bridge between Western and Eastern Europe. Its stability, reliability and attractiveness to foreign investors help anchor the region in global value chains. The question, however, remains whether Poland can move from being primarily a host for foreign investment to becoming its source – an active outward investor shaping industries across Europe and beyond.

International business theory suggests that countries follow an "investment development path", a model developed by the late economist John H. Dunning whereby they first attract foreign capital and later set their own firms to expand abroad. Poland has so far been highly successful in the first part of this journey but has not yet fully embraced the second stage. Despite solid growth and EU membership, the country still remains far more attractive for foreign companies coming in than for Polish firms expanding abroad.

Explaining Poland's paradox

Several factors explain this situation. Poland's large domestic market still draws multinationals eager to expand locally, while reducing the urgency of the drive of domestic firms to internationalize. Many foreign investors view Poland as a mid-developed economy, dynamic and promising, yet still not fully on par with Western Europe. As a result, the most competitive, innovative, and technology-intensive operations often stay in the hands of foreign affiliates, while Polish firms remain focused on domestic and regional markets.

Policy choices have reinforced this pattern. Successive Polish governments have actively supported the attraction of foreign investors, offering generous incentives and stimulating integration European supply chains. Yet the same intensity of support has not been focused on Polish firms seeking to build global brands or acquire assets abroad. Compared with policies pursued by many Western European or Asian countries, the toolbox used in practice for supporting outward investment still remains relatively limited.

External shocks have also shaped the investment development path trajectory. The COVID-19 pandemic disrupted growth and investment, while Russia's invasion of Ukraine created new uncertainties. But at the same time, these crises have also strengthened Poland's strategic role in Europe. Multinational companies increasingly view today's Poland not only as a production hub but also as a safe location in a turbulent region, reinforcing the country's status as an investment magnet.

The emerging outcome appears as a paradox. On the one hand, Poland's performance is rated as one of Europe's best success stories: a top recipient of foreign capital, an economy that avoided recession during the financial crisis, and a pillar of regional security in the face of geopolitical turmoil and uncertainty. On the other hand, its own companies have yet to become truly global players on a significant scale. Without this step, Poland risks being locked into a role as a host economy, rather than moving to be a full-fledged participant in shaping the European and global economy.

Next steps for Poland

Looking ahead, Poland's next leap requires a more balanced approach. Attracting foreign investors should, of course, remain a priority, but equal or greater emphasis should be placed on encouraging Polish firms to expand abroad. This means providing targeted support for internationalization, from financial instruments and credit guarantees to diplomatic backing and market intelligence. It also requires investing in innovation and technological capabilities at home, so that Polish firms can effectively compete with foreign players that dominate many sectors.

A second priority should be to foster stronger linkages between foreign investors and local firms. Too often, the knowledge and technology brought in by multinationals remain confined within their subsidiaries. Policies that encourage partnerships, joint ventures, and supply chain integration can help domestic companies upgrade their competitive potential and subsequently expand into foreign markets.

Finally, Poland could further strengthen its role as a regional leader and integrator in the Baltic Sea area. By promoting cross-border cooperation, supporting regional infrastructure, and investing in new industries such as green technologies and digital services, Poland can leverage its size and location to drive growth for the entire region.

Poland has already achieved a remarkable transformation. The next step is to match its success as an incoming investment host with an equally strong record as a global investor. This will not happen overnight, but without such a shift, Poland risks plateauing below its true potential. For the Baltic Sea region and for Europe, Poland's leap forward is not only desirable – it is necessary and may prove beneficial for all involved. ■



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