

# Exporting apples to Canada marks a major trade milestone for Poland

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The recent arrival in Canadian grocery stores of the first-ever shipment of Polish apples is a major milestone for the Eastern European country.

And not just because apples are a vital export for Poland. The country is the world's leading apple exporter and the second-largest producer in the world, after China.

More important, the shipments highlight an important economic pivot for Poland – away from its reliance on stagnant Europe and increasingly problematic Russia, to markets farther afield, such as Canada. Russian sanctions have cost Poland nearly \$1-billion (U.S.) in lost food exports, including \$300-million worth of apples.

Sanctions and slow growth in Europe are accelerating Poland's strategic push to diversify its export markets, explained Katarzyna Kacperczyk, Poland's vice-minister of foreign affairs responsible for economic diplomacy.

"Now we see a bigger appetite for non-European markets," Ms. Kacperczyk said in an interview during a recent visit to Canada, where she led a trade mission. "Exporters are stronger, better capitalized and more efficient now."

That's why Poland is an ardent supporter of the recently negotiated Canada-European Union free-trade deal, including its controversial investment chapter.

"This mission is a first step," Ms. Kacperczyk said. "We want to promote this relationship."

Poland's export push is already producing results. Two-way trade with Canada has doubled in the past six years to roughly \$1.7-billion (Canadian), with the balance tilted heavily in Poland's favour. In the near future, for example, Poland has high hopes of supplanting a share

of the \$100-million a year worth of apples Canada currently imports from the United States.

Poland has become a bit of a role model for the newer members of the European Union club. Its economy, which avoided a recession during the 2008 financial crisis, has doubled in size since it broke from the Soviet bloc in 1989. Exports have continued to rise in spite of the challenging economic environment.

Right now, 80 per cent of the country's exports go to Europe; and 75 per cent to the EU. The former Eastern Bloc countries are the next most important destination.

But Ms. Kacperczyk predicted that, over the next decade, Poland would have a much more "global footprint" in trade.

She added that free trade with Canada is also likely to spur investment in both countries, she said.

"It will stimulate investment on both sides," Ms. Kacperczyk said.

Poland's energy sector is one area where the country will be looking for significant foreign investment. Similar to its efforts to diversify its export market, The country is working to reduce its dependence on domestic coal and Russian natural gas, creating opportunities for imported liquefied natural gas, domestic shale gas, gas transmission networks, and nuclear power plants.

"For the next few years, we will have a lot of investment in the energy sector," she said. "These are areas we want Canadian companies to be more active."

Natural gas from Canada is a potential future source of supply for Poland's new LNG import terminal in Swinoujscie, slated to come on stream next year, according to Ms. Kacperczyk. Initially, the terminal will get its gas from Qatar, but she said Poland is also talking to potential suppliers in Canada, the United States and Australia.

The project is vital to enhance energy security and increase Europe's bargaining power with Russia's Gazprom, the continent's dominant natural gas supplier.

"This is really a breakthrough in Europe," she said. "We see it as a guarantee for energy security in central, southern and eastern Europe."

Poland is also planning to add 2,000 kilometres of gas pipelines over the next decade.