

From Poland with love

Monthly Newsletter – November

Topic of the month

Corruption on the Top

Marek Chrzanowski was appointed in 2016 by Beata Szydło, the PiS's former prime minister to be the director of the Financial Supervision Authority (KNF) that ensures proper banking practices. He was reportedly recommended for the post by the head of the National Bank of Poland, Adam Glapinski, who was appointed by the ruling party, too.

In March 2018 Chrzanowski met in his office with Leszek Czarnecki, one of the wealthiest Poles, CEO of Idea Bank and Getin Noble Bank. Czarnecki secretly recorded their conversation. The banker equipped himself with three recording devices but only one worked. Later all recording was published by independent media, firstly Gazeta Wyborcza. Chrzanowski suggested Getin Noble Bank to hire a specific lawyer and pay him a fee worth the equivalent of 1% of the bank's market capitalization in exchange for "support . . . and protection" from the regulator. One percent of Getin's market capitalization on the day of the meeting was about 40 million zloty (EUR 9 million).

In an immediate statement, the KNF denied any corruption, calling the newspaper reports an effort to blackmail KNF. Later Chrzanowski told the state Polish Press Agency that he has offered his resignation and added that Czarnecki's accusations are "dishonest and groundless."

The lawyer named in the document, Grzegorz Kowalczyk, told media the newspaper reports were the first time he had heard of the allegations.

The PiS government tried to make the impression that it won't sweep the scandal under the carpet. Chrzanowski resigned from his post. "No matter who is affected by the investigation, unlike the opposition we won't be looking at party IDs," Justice Minister and Chief Prosecutor Zbigniew Ziobro told reporters. "We'll be as effective as always, no matter who is affected — people nominated by the previous administration, members of the former government or of the current government or people tied to it."

Poland's Central Anticorruption Bureau (CBA) has detained Chrzanowski, on corruption charges. The CBA confirmed the arrest in a statement on November 27: "The detained former KNF chairman will be taken to the prosecutor's office in Katowice, where he will face charges." To prevent further damage to either the Polish banking sector or its own political reputation, PiS will hope to conclude the investigation and charge Chrzanowski as quickly and quietly as possible.

This issue is a great trouble for PiS. During last three years in office, Kaczyński and his group have portrayed themselves as the party cleaning up Poland's institutions after the 8 years of PO-PSL

coalition government. Also, PiS remembers how a recorded corruption scandal destroyed a social democratic government in 2003.

The case will also be a test for the Polish justice system, brought under much tighter political control thanks to changes brought in by the PiS government.

The opposition is calling for special investigation by the parliament and demission of the Governor of the National Bank. Tabloid Fakt said Glapinski may resign.

Shares in Czarnecki's banks rallied on news of Chrzanowski's detention. Shares in Getin Noble Bank fell by more than a fifth on Wednesday, a day after the boss of Poland's financial watchdog quit following newspaper reports that he had sought a large bribe from the bank. The sharp fall in the bank's share price adds to the challenges facing the loss-making lender, which has a credit portfolio with a significant number of bad loans. Finance Minister Teresa Czerwińska after a gathering in Warsaw promised to support the two banks with liquidity if needed.

Many economists worry about the scandal's impact on Poland's business reputation. When PiS came to power, some political risk analysts feared that the party's stated aim of "re-polonising" industries such as banking and media would drive out Western investors and spook top businesses operating in other areas, imperiling the country's economic growth. About 30% of banking assets in Poland are under state control. The government bought a 33% stake in second biggest lender Bank Pekao in 2017 from Italy's UniCredit in a 10,6 billion zloty (EUR 250 million) deal. The government then felt able to claim domestic ownership, which had risen to 55%.

The European Banking Authority (EBA) said recently that stress tests showed Polish banks had a high degree of resilience in the event of a macroeconomic shock. PKO BP, Poland's biggest lender, was the most resilient bank in the tests, while Bank Pekao ranked third.

Further reading on scandal's consequences for the industry: <https://think.ing.com/articles/the-bank-supervision-scandal-and-its-impact-on-markets/>

Politics

New local Poland

On October 21st Polish people elected their local and regional representatives who will lead the communities for the next five years (it was four in previous terms). The election results are very difficult to label as a clear victory of the government or the clear victory of the opposition but a few reflections can be drawn here. The results were commented in detail in the previous issue of the Newsletter.

But how does Poland look like one month after the elections? Poland is still strongly divided but it looks like results of the elections are better for PiS than it seemed two weeks ago. First of all, PiS signed coalition in Lower Silesia with so called Independents (BS; Bezpartyjni Samorządowcy). It was an important propaganda success since Lower Silesia will be the only region in the West governed by PiS. Jarosław Kaczyński's party will pay a high price for this deal, the president and majority of the

executive board members will belong to the BS, even though they won only 6 out of 36 seats in the assembly (compared to 14 won by PiS, 13 by the Civic Coalition, 1 by PSL and 2 by the former mayor of Wrocław's committee). Leader of the BS, the new regional president (marszałek) Cezary Przybylski and mayor of Lublin Robert Raczyński, negotiated that the government will lower the copper tax. The BS was created in the so called Polish copper center and is tightly connected to major copper mining corporations and local authorities in towns where mines are located.

The other prestigious victory of PiS was in Silesia. The Silesia province is the second largest in the country, a key urban and industrial centre of Poland. One day after regional leaders of Civic Platform, Nowoczesna, PSL and SLD signed a coalition agreement, unexpectedly PiS won the majority. The four-party coalition had 23 seats vis-a-vis 22 of PiS. But one newly elected council member, Wojciech Kałuża decided to join PiS. Kałuża was a lead candidate in Żory nominated by Nowoczesna. He was an active member of the liberal party since its very beginning, before he was deputy mayor of his hometown representing PO. Kałuża was known as a firm critic of PiS and it was shocking for all his fellow party members when he switched sides. Kałuża's behavior was clearly a consequence of political corruption - Kałuża was appointed by PiS vice president of the region and it is told that his wife is promised an advance in a mining company she has worked for. He became a negative symbol in the entire country. Protests against political corruption were organized in his constituency. During the first session of the regional assembly he was booed by the opposition. It looks like Kałuża (which means "a pothole" in Polish) has just become one of the anti-words of 2019 in Poland.

Why are regional authorities so important? Provincial authorities control the allocation of considerable EU funding in their regions. As a result of the local government elections, the ruling party now holds power in eight of these powerful regional authorities.

Together? Or Now?

Ryszard Petru, former leader of Nowoczesna, launched a new party named Now! (Teraz!). "Polish public debate suffers from a lack of offers for the future, especially within the opposition parties. Nobody's talking about how Poland will be like in 5, 10, 20 years. Just being "anti-PiS" is not enough to actually defeat PiS," Petru underscored.

The co-leader of the party is Joanna Scheuring-Wielgus, also a former MP of Nowoczesna. Both politicians are known for different political views, Petru a classical or conservative liberal and Scheuring-Wielgus – a social liberal.

During the presentation of the new party Petru said that the name of his new party is Together (Razem), which is the name of a radical left Polish party. It was of course only a mistake, but it was picked up by the media that reported that Petru does not know the name of his new political baby. Later Joanna Scheuring-Wielgus who tried to explain Petru's error also said that the name of the new party is *Together* instead of *Now*.

Media mostly focused on the new name that became a source of countless memes. In the first poll Now! Scored 0% support.

Commentators say that the only reason for this party is to secure 3 good spots on the Civic Coalition's list to the parliament in 2019.

Economy & Environment

COP24

December is the month of the UN climate conference COP24 in Katowice. Fiji has passed the baton to Poland to continue the world's efforts in advancing the global climate change agenda at COP24. Michał Kurtyka, secretary of state in the Environment Ministry of Poland, officially took over the COP presidency from Prime Minister Voreqe Bainimarama.

Over 26.000 guests from the entire world – representatives of states, international organizations, non-government organizations, and business – were expected to come to Silesia. The Polish government has implemented a terrorism alert in the province. The Polish border police also confirmed that Poland's borders with Germany, Lithuania, the Czech Republic and Slovakia had temporarily been restored and that the border could only be crossed in designated areas, with further checks being carried out at ports and airports.

Over two December weeks world leaders will try to establish a set of rules to follow as they implement the Paris climate agreement targets. The Paris Agreement was drafted in December 2015. 196 countries gathered to create a common project with the objective of reaching zero carbon emissions. In Katowice they will also discuss ramping up ambitions. Among the many elements that need to be ironed out is the financing of climate action worldwide.

COP24 started only a few weeks after the Intergovernmental Panel for Climate Change published a special report with an unequivocal message about the urgent changes that need to be made during the next decade in a considerable number of global economy sectors. The goal is to contain global warming to 1.5°C by reducing the use of fossil fuels - a temperature value that is well below the 2.0°C agreed in Paris back in 2016. Currently, the world is on pace for around 3°C of warming or more, bringing far higher risks of deadly heat waves, floods, the collapse of polar ice caps and other potential calamities. Kristalina Georgieva, the chief executive of the World Bank, said before the meeting, "We are clearly the last generation that can change the course of climate change, but we are also the first generation with its consequences."

There has been a lot of controversy behind the actual location of the COP24, since Poland is a very coal dependent country (its Poland's third COP; before Poznan and Warsaw hosted the conference). On the outskirts of Katowice lies the biggest hard coal mine in Europe, employing some 3500 workers. In terms of power generation in the country, over 80% of it comes from coal-based power plants (the industry employs some 85.000 people). Experts have estimated that the share of coal in Poland's energy mix should fall to 39% by 2030, for it to reach the 2% global warming target set for 2100. Yet the Polish government's latest energy programme plan still aims at a 60% threshold for coal by 2030.

What is more is that the PiS government secured the summit to be sponsored by JWS, the largest coal producer in Poland. Other sponsors include PGE and Tauron, two of the main electrical companies, which happen to be very coal dependent as well. The "Polish government is trying to

create favorable conditions for the construction of a profitable, effective and modern hard coal mining sector, based on cooperation, knowledge and innovation”, the Government of Poland said on its site.

During the first days of the summit President Andrzej Duda said he would not allow Poland's coal mining industry to be eliminated. "We're there, we're its organizers, but we're also there to speak the truth without taking into account political correctness, which is often driven by foreign interests and not Polish ones," he told the miners celebrating their annual festival."

Donald Trump, Angela Merkel, Emmanuel Macron will not come to Katowice.

See more: <http://cop24.katowice.eu/pl>

Foreign Affairs

Trump's Ambassador

The U.S. ambassador to Poland Georgette Mosbacher has triggered anger on right wing social media with a letter allegedly sent to Mateusz Morawiecki that takes his government to task over its treatment of a US-owned independent television station.

The dispute concerns the ongoing controversy surrounding an explosive documentary that was broadcast in January on TVN24, the news channel of private broadcaster TVN, in which reporters infiltrated a Polish neo-Nazi organization and broadcast footage of its members holding a birthday party for Adolf Hitler— complete with a birthday cake decorated with the colors of the Third Reich and a swastika made of KitKat bars. Recently authorities said they wanted to prosecute the undercover reporter on suspicions of propagating fascism, a move denounced by some as absurd and an attempt to harass the station.

TVN, bought for \$2 billion by the US company Scripps Networks Interactive, was the largest US investment ever in Poland. Scripps has since been bought by Discovery, Inc., based in Silver Spring, Maryland.

Polish media released a picture of a letter sent by Ambassador Mosbacher to Prime Minister Morawiecki (whose name was misspelled), warning the government to lay off efforts to prosecute journalists at the TVN24. "It is astonishing that these public figures would attack journalists who were fulfilling the functions of an independent media in Poland's vibrant democracy," Mosbacher wrote.

Mosbacher made similar remarks about media freedom in a meeting in the *Sejm* last week, prompting deputy prime minister, Jaroslaw Gowin, to cancel a meeting with her, according to Polish media reports.

Mosbacher's comments outraged the government and its supporters. She was called a celebrity by former MFA of Poland.

It is important to recall that last year, the state media regulator KRRiT issued a PLN 1,5 million (EUR 350.000) fine against TVN for allegedly biased reporting. A day later, the US State Department issued a statement saying the "decision appears to undermine media freedom in Poland," and KRRiT quickly backed down.

...and the visas...

Ambassador Mosbacher also made a promise to Poles in November that could be hard to keep - to lift the visa requirement Poles face to travel to the United States. She said everyone, including her bosses, told her not to make the promise, but she went ahead anyway, saying that: "I am committed to getting visa waiver through by the end of next year."

The visa requirement has long been an irritant in relations between Warsaw and DC. Poles deeply resent that they, unlike Western Europeans and most of their Eastern European neighbors, must apply for U.S. visa, facing the potential of having their travel requests denied and paying fees even when refused.

Georgette Mosbacher is an entrepreneur and Republican donor. She was tapped by President Donald Trump for her mission to Poland in 2018.

Culture

1983

Netflix first Polish original series launches November 30th.

1983, a gripping and fast-paced conspiracy thriller, directed by four prominent Polish directors Kasia Adamik, Olga Chajdas, Agnieszka Holland and Agnieszka Smoczyńska, tells the story of a dystopian world where the Iron Curtain never fell and Poland is the center of the universe shaping the future of the entire world. Agnieszka Holland, an Oscar-nominated director, who previously collaborated with Netflix on several episodes of "House of Cards," co-directed the series with Kasia Adamik, her daughter and co-director on the mystery drama "Spoor," which won the Silver Bear in Berlin.

And the plot? Twenty years after a devastating terrorist attack in 1983 that halted the course of Poland's liberation and the subsequent downfall of the Soviet Union, an idealistic law student Kajetan (Maciej Musiał) and a disgraced police investigator Anatol (Robert Więckiewicz) stumble upon a conspiracy that has kept the Iron Curtain standing and Poland living under a repressive police state. Now, in 2003, after twenty years of peace and prosperity, the leaders of the regime enact a secret plan made with an unlikely adversary in the 1980s that will radically transform Poland and affect the lives of every citizen in the nation — and the world. What these two men discover has the potential to ignite a revolution and those in power will stop at nothing to keep it a secret.

The series include Michalina Olszańska, Zofia Wichłacz, Andrzej Chyra and Krzysztof Wach in striking major roles. Other outstanding Polish talent such as Ewa Błaszczyk, Edyta Olszówka, Patrycja Volny, Agnieszka Żulewska, Wojciech Kalarus, Mateusz Kościukiewicz, Mirosław Zbrojewicz also appear in the series.

The series was created and written by Joshua Long and will be produced for Netflix by The Kennedy/Marshall Company and The House Media Company. Frank Marshall (Jurassic World, Jason Bourne) and Robert Zlotnowski (House of Cards) will be Executive Producers on the series for The

Kennedy/Marshall Company, along with Polish producer Andrzej Besztak (House Media), Joshua Long, Maciej Musiał and Agnieszka Holland.

Will *1983* repeat international Netflix career of the German *Dark* series? We will see that soon.

Watch on Netflix: <https://www.netflix.com/pl/title/80205593>

Poland Wins Junior Eurovision

Roksana Węgiel was announced the winner of the 16th Junior Eurovision Song Contest. The annual competition, organised by the EBU and Belarusian Host Broadcaster BTRC, took place at the Minsk Arena in Belarus. Poland was declared the winner of the 2018 Junior Eurovision Song Contest with 215 points. Roksana's song is called *Anyone I Want To Be*. France's Angéline came second with 203 points. Third was Jael from Australia with 201 points.

Roksana, or Roxie, Węgiel is a 13-year-old vocalist who won the first season of The Voice Kids Poland. Currently Roksana Węgiel is working on her debut album.

Poland has never had luck with “adult Eurovision”. In 1994 when the country debuted in the competition and took second place with Edyta Górniak’s *To nie ja* song. But all following performances were not highly appreciated by the European audience and Warsaw never hosted the show.

In 2001, 2015 and 2017 Poland won Eurovision Young Dancers. In 1992, 2000 and 2016 Poland won Eurovision Young Musicians Competition.

Watch the song: https://www.youtube.com/watch?v=y_SYZrqvKhE

Germany and Poland

Polish-German History Textbook Almost Ready

Europa – unsere Geschichte (Europe – Our History) is a series of textbooks created jointly by representatives from Germany and Poland. It continues the decades-long dialogue between historians, geographers and experts in history education from both countries, especially within the framework of the joint German-Polish Textbook Commission.

This is a new textbook series, which is intended for use in history classrooms at the lower secondary level (*Sekundarstufe I*) in Germany and the equivalent level in Poland, will extend to four volumes. The first of these: *Von der Ur- und Frühgeschichte bis zum Mittelalter* (From Prehistoric and Ancient History to the Middle Ages) was released in June 2016 in German and Polish versions with identical content and design. The first volume was presented in June 2016 in Berlin by former German Foreign Minister Steinmeier and Polish Foreign Minister Waszczykowski. Since their release the textbooks have been available for history lessons in both countries. Volumes 3 and 4 will appear successively by 2020.

The joint textbook project has benefited a great deal from the experiences of the joint German-Polish Textbook Commission. The decision to develop a textbook was based, in part, on a feasibility study initiated by the Georg Eckert Institute. The first meeting of the Commission was held in Warsaw in, in the presence of historians and geography experts from both countries. Since the Cold War and the lack of diplomatic relations between the Federal Republic of Germany and the People's Republic of Poland had made official dialogue impossible for many years, this meeting was preceded by years of informal contacts and efforts between academics.

In June 2017 the work of the German-Polish Textbook Commission was honored with the Viadrina Prize. The prize is awarded by the Board of Trustees of the Association for the Promotion of the Viadrina European University in Frankfurt an der Oder, to persons and organizations who have rendered outstanding services to German-Polish understanding.

Polls & trends

Polish Christmas

Studies by Deloitte, WWF.

Polish families are planning to spend PLN 1.170 for Christmas this year (6% more than in 2017).

30% of Poles bought Christmas presents already in November.

Almost all Poles eat fish (carp and herring) for Christmas. 40% of them know the MSC certificates for sustainable fishery.

A Polish house must be super clean for Christmas. 24% of Poles clean it because they like it, 32% because they feel they should. Polish professional cleaning market grows 20% a year.

89% of Poles will decorate a Christmas tree. 70% will buy new decorations this year. Majority of Poles in Central Poland will choose an artificial tree, and those in North and North-East will buy a natural tree.

On average Polish a Polish family will spend PLN 80 on decorations.

Party Support

Pollster for "Super Express", 29-30.11.2018

Option 1.

United Opposition*	50%
PiS	32%
Kukiz'15	8%
Wolność	4%

*) PO, .Nowoczesna, SLD, PSL, Razem i Teraz

About the author



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Expert at the Nowoczesna party. PhD, formerly a part-time teacher at Reykjavik University School of Law. His main areas of interest are comparative constitutional law and federalism. Board member of Projekt: Polska Association. Until September 2015, he worked as an expert within “Presidential Experts’ Programme” at the Chancellery of the President of the Republic of Poland. He is member of the Board of Directors of the European Liberal Forum.