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Reborn Poland in Overseas Markets. Polish-Arabic Trade in 1918-1939

ABSTRACT

The issue of Poland's trade with the Arab world during the interwar period has not yet been comprehensively reviewed. Lack of presence of this topic in Polish historiography and its specific exoticism were the main reasons for the author to undertake this research. The term "Arab world" should be understood as the following modern countries: Algeria, Saudi Arabia, Bahrain, Egypt, Iraq, Yemen, Jordan, Qatar, Kuwait, Lebanon, Libya, Morocco, Mauritania, Western Sahara, Oman, Palestine, Sudan, Syria, Tunisia, the United Arab Emirates.

In the interwar period, only Egypt, Saudi Arabia, the Sultanate of Oman, the Kingdom of Yemen and, from 1932, Iraq were independent countries. Other countries were dependent to varying degree on European powers, such as France, Great Britain, Italy and Spain. As a result, these countries could not pursue their own foreign and trade policy.

Poland's first trade contacts with the Arab world began at the beginning of the 1920s. Trade relations with such countries as Algeria, Egypt, Morocco, Syria, Lebanon, Palestine and Iraq were established within a decade. However, this exchange was very limited and in most cases it was limited to importing raw materials to Poland. The situation changed with the advent of the great crisis at the turn of the 1920s and 1930s. At that time, European countries began to limit their imports and boost exports. This protectionist policy has led to serious drops in Polish exports, so far focused almost exclusively on European countries. New markets, free from restrictions, were therefore sought after.

Such was the Arab world that was closest to Europe. Therefore, the market opportunities for Polish exports were explored. For that reason, honorary consulates were established, and sales representatives were sent to deal only with economic matters. Thanks to those efforts, in the mid-1930s, Polish exports to the Arab world increased threefold, while the region received over 1/5 of all exports to non-European markets.

Egypt was the most important trade partner. In the 1930s, the annual turnover of both countries amounted to approximately 30 million zlotys. The majority of this sum, however, was the import of Egyptian cotton, which was of high quality. Polish glued plywood, bentwood furniture, iron products, woollen textiles, paper, enamel dishes and haberdashery were sent over to the country with Nile. The country was very spacious to accept mass industry products, but Polish exports had to fight cheap European and Japanese competition. Some competitors used prohibited ploys. That was the case with the cancellation of the tender for locomotives, which had been won by Fablok in Chrzanów in 1935. British industrialists could not accept defeat and forced the Egyptian authorities to withdraw the contract.

Palestine was an important country for Polish exports. In the interwar period, the Jewish community emigrated there, which constituted 30% of the Polish citizens. Such a high percentage meant that Polish goods were eagerly bought in Palestine. The whole range of industrial products, food products, construction products and even books hit the market. Palestinian oranges and grapefruits were sent to Poland, the wider import of which began in

1935, when citrus duties were significantly reduced. However, it soon turned out that while Poland had a favourable balance sheet in trade, the balance of general capital flows was very negative. That was because Jewish emigrants took significant amounts of money with them. For this reason, in 1936 bilateral settlements without foreign currency were introduced, assuming the equivalent of sums obtained from Polish exports to Palestine and the capital exported by Jews to that country.

The markets of the French Maghreb countries, namely Morocco, Algeria and Tunisia, turned out to be very attractive. Initially the highest turnover was recorded with Algeria, which received Polish paraffin, candles, coal, haberdashery and textiles. Mutual turnover dropped significantly in the 1930s, as a consequence of the great crisis. Algeria was an integral part of the metropolis, so all restrictions on imports to France also included this property. It was better for Polish exporters to sell their goods to France than to Algeria, where the clientele was generally poorer.

The Polish-Moroccan cooperation turned out to be a great success. Although the country was under the French protectorate, its market was, with no exceptions, equal for all states. In 1932, a Polish trade mission went to Morocco, which concluded a number of contracts, mainly in the textile industry. Thanks to that, in the mid-1930s Polish textiles took first place on the Moroccan market, ahead of such powers as France, Great Britain or Italy. The supply of Chrzanów locomotives in 1932 was also of great importance, which resulted in an increase in interest in highly processed Polish products and influenced the prestige of the country.

Poland and Tunisia recorded lower turnover. It resulted from its smaller population and economic potential. In addition, the country partly had a customs tariff shared with France. This regarded goods most often exported by Poland, such as cotton textiles and bentwood furniture. Prohibitive prices of these products were introduced in the mid-1930s, which effectively inhibited Polish exports.

Lebanon, Syria and Iraq have also proved to be interesting markets. In the mid-1930s, these countries eagerly bought Polish coal, woollen textiles, construction iron, pipes, glued plywood, bentwood furniture, dishes and faience. Exports to these countries were almost pure profit, because around 1-2 million zlotys of exports were tens of thousands of zlotys of imports. In Iraq, Czesław Jeliński made a great contribution to Polish trade, as a young man who spoke Arabic, he went to the Tigris, where he advertised Polish goods. Thanks to it, Polish exports to Iraq increased by 100% during the year.

Poland's trade contacts with Saudi Arabia developed interestingly. Mutual relations were established in 1930. The country was interested in buying weapons in Poland. The first contract was carried out in the same year and it amounted to over 470 thousand zlotys. The parties were satisfied; therefore another agreement was reached quickly, this time for a huge amount, i.e. over 3 million zlotys. After some time, it turned out that despite sending weapons, the Arab side did not have enough money to pay for it. At that time, the Saudi monarchy made a living mainly from income derived from pilgrims heading to Mecca. During the crisis, their number significantly decreased, and thus the state's income. Despite numerous endeavours, the Polish side never recovered the entire amount due.

Trade contacts were also maintained with other Arab countries, such as Libya, Yemen, Aden Protectorate, Sultanate of Oman, Trucial Oman, Bahrain and Kuwait. However, these were unit transactions, ranging from several to several dozen thousand zlotys annually.

The development of the Polish-Arab trade was influenced by the expansion of the port of Gdynia and the Polish merchant navy. In the 1930s, Poland had a direct connection to Casablanca, Alger, Alexandria, Jaffa, Haifa and Beirut. In addition, trade was also carried out using the Adriatic and Romanian routes.

Throughout the interwar period, mutual exchange was not without mistakes. Many transactions were occasional, without the foundations for permanent cooperation built. Many times, the successes of Polish export resulted only from the good economic situation. In addition, Polish goods were generally more expensive than the competitive ones, which resulted from the strong zloty exchange rate. However, these maladies were fought over time and only the outbreak of World War II interrupted the prospects of successful development.

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