

Poland–Germany Economic Relations in 1929–1939

Abstract:

The years between World Wars I and II saw close dependence of the Polish economy on the German economy. The positions of the two countries in terms of economic potential development differed widely. As a supplier of raw materials and a market for finished products, in the inter-war period Poland was in Germany's trade interest zone. There were conditions for favourable trade with Poland. The Polish and German markets were compensating rather than competitive to each other. Germany had a positive balance of trade in finished products, negative in all other groups. In contrast, Poland had a trade deficit in the case of finished goods, a surplus in food, raw materials and semi-finished products. Both countries aspired to change their economic structures, which hampered broader development of Poland–Germany economic relations. From 1937, Poland noted a clear advantage of imports over exports in relations with Germany. However, the export surplus had started to diminish from 1934. It reflected the effectiveness of German measures aimed at obtaining a positive trade balance with Poland, taken during negotiations regarding economic contracts and agreements. After the invasion and occupation of Czechoslovakia in March 1939, Germany's share in Polish foreign trade increased to 30%. In general, Poland did not enjoy a very strong bargaining position during economic negotiations with its Western partner. Poland could mainly trade in raw materials and agricultural produce. Therefore, the Polish negotiators endeavoured to set maximum export quotas for those goods.

Keywords: Poland, Germany, trade and economic relations, inter-war period, economic contracts and agreements, trade war, trade surplus and deficit.