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## **The 6<sup>th</sup> International Baltic Conference on Financial Law, Gdańsk–Karlskrona–Malmö–Lund–Gdynia, April 19–22, 2023 (Report)**

The 6<sup>th</sup> International Baltic Conference on Financial Law: Financial Law and the Challenges of the 21<sup>st</sup> Century was held on the Gdańsk–Karlskrona–Malmö–Lund–Gdynia ferry route on April 19–22, 2023.

The organizers of the conference were the Faculty of Law and Administration of the University of Gdańsk and the Faculty of Law of the University of Białystok and the Center for Local Government Law and Local Finance Law of the University of Gdańsk.

The proposed subjects of the conference were issues of financial law and public finance, local government financial law, tax law, insurance law, financial market law, and international financial law.

The leading theme of the 6<sup>th</sup> International Baltic Conference on Financial Law was sustainable finance. This is one of the most pressing subjects of academic research conducted by scholars of the doctrine of financial law. This issue also has a growing impact on the functioning of the financial market and decisions taken in the area of fiscal policy. As a factor accelerating the development of the concept of sustainable finance in the twenty-first century, one should consider phenomena, processes, and events that have a crisis dimension, such as the global financial crisis of 2008, the pandemic, and the war in Ukraine.

It is worth emphasizing that it is the financial sector and public finance that play key roles in solving socioeconomic problems and building the innovative, low-carbon economy of the future. In this view, finance becomes an instrument for achieving the goals set out by the United Nations in *Transforming our world: The 2030 Agenda for Sustainable Development*.

Our conference this year featured an important debate on the role of finance and financial law in achieving the Sustainable Development Goals.

The works produced under the Financial Law and the Challenges of the 21<sup>st</sup> Century research project were subjected to academic reflection in the context of their topicality, continuity, and effectiveness.

Conclusions *de lege lata* and *de lege ferenda* were presented thus enabling the institutions examined to continue to effectively fulfill their social roles.<sup>1</sup>

We are grateful to our partners, patrons, and sponsors, without whom the organization of the conference would not have been possible.

The organizers would like to extend a special thanks the Honorary Patron of the 6<sup>th</sup> International Baltic Conference on Financial Law – Mr. Artur Kosicki, Marshal of Podlaskie Voivodeship, and its Strategic Partner – Podlaskie Voivodeship.

We would also like to thank the rectors of our universities and the deans of our faculties for their patronage, kindness, and assistance. Cooperation among the Faculty of Law and Administration of the University of Gdańsk, the Faculty of Law of the University of Białystok, and the Center for Local Government Law and Local Finance of the University of Gdańsk was effective, and the fruitful beginnings of this cooperation holds great promise for the future.

In the publication from the 4<sup>th</sup> Local Government Financial Law Conference in 2021,<sup>2</sup> we began including a report on the conference, which we now want to continue. The aforementioned publication covered all local government conferences to make up for the backlog from previous years. Similarly in this report, we mention briefly the effects of six research projects conducted as part of the Financial Law and the Challenges of the 21<sup>st</sup> Century project in the 2010–2023 period.

The Center for Local Government Law and Local Finance Law of the University of Gdańsk is a unit of the Faculty of Law and Administration of the University of Gdańsk that conducts activities aimed at social integration and meeting the needs of non-academic communities. The Center implements its program objectives related to self-government law, especially local finance law and tasks realized in conjunction with the Chair of Financial Law of the Faculty of Law and Administration at the University of Gdańsk throughout the field of public finances and finance law.

The main objective of the Center is to realize of its own projects or projects developed in cooperation with other academic and non-academic partners, public and private institutions, non-governmental organizations, and others whose aims are coherent with the aims of the Center. The Center cooperates with other Polish and foreign academic and teaching institutions to offer specialist courses and lectures on self-government law and local finance law. It participates in the organization of scientific and research meetings promoting academic research activities and consulting services.

One of the Center's important pursuits is initiating and supporting publishing that integrates the academic community. The Center has already organized several international academic conferences and seminars and has issued a number of publications, most of which are of an international character. The Center also publishes an academic

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<sup>1</sup> <https://prawo.ug.edu.pl/wydzial/struktura-wydzialu/centrum-prawa-samorzadowego-i-prawa-finansow-lokalnych-ug> [accessed: 2023.06.02].

<sup>2</sup> T. Sowiński, *Report on editions I–IV of Research Projects “Self-Government21”* [in:] *Challenges for local government units resulting from the amendment of the acts: on public finance and on maintaining cleanliness and order in communes*, eds. J. Gliniecka, Sz. Obuchowski, T. Sowiński, Warsaw 2021.

quarterly focused on financial law entitled *Financial Law Review*, which appears electronically and in English.

The Center also conducts research projects such as as Financial Law and the Challenges of the 21<sup>st</sup> Century and Self-Government<sup>21</sup>, which is a specialized form of the former research project that focuses on the finances of local self-governments. The Center cooperates with numerous units of local self-government, non-governmental organizations, organizations of local self-governments, and many other institutions.

The main partner and the initiator of the Center is the Chair of Financial Law of the Faculty of Law and Administration at the University of Gdańsk. Every activity at the Center is realized primarily in cooperation with the Chair of Financial Law and with the participation of its research staff. The Chair of Financial Law introduced the idea of the Financial Law and the Challenges of the 21<sup>st</sup> Century research project and organized the first conference. The Center took over this idea and organized subsequent research projects under this title, enriching it by creating a variation of it that is devoted to local self-government finances under the Self-Government<sup>21</sup> project.<sup>3</sup>

The Center is constantly seeking to establish cooperation with other institutions: first with the Faculty of Law and Administration at Cardinal Stefan Wyszyński University in Warsaw; followed by that with the Chair of Financial Law and the Faculty of Law at Masaryk University, Brno, Czech Republic; the Department of Financial Law of the Faculty of Law of the Paul Joseph Šafárik University in Košice, Slovakia;<sup>4</sup> and the Faculty of Law at Białystok University.

From 2012 to date, together with the Chair of Financial Law of the Faculty of Law and Administration at the University of Gdańsk and in particular cases also with some or all of the partners mentioned above, and with numerous NGOs, the Center has realized six research projects that resulted in five international conferences and international seminars that supplemented or extended the issues selected as the focus of the conferences:

- 1<sup>st</sup> International Baltic Conference on Financial Law: Financial Law and the Challenges of the 21<sup>st</sup> Century, Gdańsk–Nynäshamn–Stockholm, October 8–11, 2010;
- 2<sup>nd</sup> International Baltic Conference on Financial Law: Financial Law and the Challenges of the 21<sup>st</sup> Century, Gdańsk–Nynäshamn–Stockholm–Gdańsk, April 19–22, 2013;
- 3<sup>rd</sup> International Baltic Conference on Financial Law: Financial Law and the Challenges of the 21<sup>st</sup> Century, Gdynia–Karlskrona–Gdynia, April 24–27, 2015;
- Международный научный семинар по налоговому праву: “Принципы противодействия уклонению от уплаты налогов в Польши и России” (Internationa-

<sup>3</sup> T. Sowiński, *Preface* [in:] *The Challenges of Local Government Financing in the Light of European Union Regional Policy (Conference Proceedings)*, eds. P. Mrkývka, J. Gliniecka, E. Tomášková, E. Juchniewicz, T. Sowiński, M. Radvan, Acta Universitatis Brunensis, Iuridica, Editio Scientia, vol. 636, Brno 2018, pp. 16–17.

<sup>4</sup> T. Sowiński, M. Radvan, *Preface* [in:] *The financial law towards challenges of the XXI century*, eds. M. Radvan, J. Gliniecka, T. Sowiński, P. Mrkývka, Publications of the Masaryk University, theoretical series, edition Scientia, file no. 580, Brno 2017, pp. 13–14.

tional Academic Seminar on Tax Law: The Principles of Countering Tax Evasion in Poland and Russia), Gdańsk, April 27, 2015;

- International Seminary of the Financial Law of Local Government: “Local Government Financing and its Tasks and European Charter of Local Self-Government”, Gdańsk, April 25, 2016;
- 4<sup>th</sup> International Conference on Financial Law: Financial Law and the Challenges of the 21<sup>st</sup> Century, Gdynia–Karlskrona–Copenhagen–Gdańsk, April 21–24, 2017;
- 5<sup>th</sup> International Baltic Conference on Financial Law: Financial Law and the Challenges of the 21<sup>st</sup> Century, Gdynia–Karlskrona–Öland–Gdańsk, May 10–13, 2019;
- 6<sup>th</sup> International Baltic Conference on Financial Law: Financial Law and the Challenges of the 21<sup>st</sup> Century, Gdańsk–Karlskrona–Malmö–Lund–Gdynia, April 19–22, 2023.

The Center and the Department of Financial Law of the Faculty of Law and Administration at the University of Gdańsk have published several volumes related to the International Baltic Conferences on Financial Law. Several hundred researchers from dozens of research centers from all over Poland and the Czech Republic, Slovakia, Lithuania, Latvia, Croatia, Russia, Kazakhstan, and Italy are featured in these volumes.

In 2023, the 6<sup>th</sup> International Baltic Conference on Financial Law: Financial Law and the Challenges of the 21<sup>st</sup> Century as held on the Gdańsk–Karlskrona–Malmö–Lund–Gdynia ferry route, but the most important gatherings were held in two places: the Faculty of Law and Administration of the University of Gdańsk, where the conference began with a solemn plenary session and thematic panels, and the University of Lund, where subsequent plenary sessions were held and the conference concluded.

During the last plenary session, the moderators of the preceding sessions and thematic panels presented their reflections on their sessions. The remainder of this report was prepared based on their reflections.

The final plenary session, referred to as the moderators’ session, of the 6<sup>th</sup> International Baltic Conference on Financial Law was held at the University of Lund. It was a synthetic summary and presentation of conclusions from the work of the sessions and thematic panels of the entire conference. It was led by Professor Dr. hab. Witold Modzelewski.

The first report from Session I was presented by Professor Dr. hab. Jan Gluchowski, who noted that five papers were presented at the plenary session he moderated. The most general of them (by Sebastian Skuza and Robert Lizak) concerned the American Inflation Reduction Act of 2022 as an element of that country’s economic strategy. The speakers also presented the importance of this legal act on a global scale. Hana Marková compared the possibilities and limitations of state aid regulations in the Czech and the Slovak republics. She justified the analysis of solutions in this area and indicated the scope and size of this assistance. A group of five authors from Slovakia presented the results of research on the taxation of engineering structures as part of the real estate tax. Particular attention was paid by this group to the size of budget revenues from this tax. Tomasz Sowiński presented the results of long-term research on the model of sustainable pension finances. In addition to theoretical conclusions,

Sowiński referred to global practices in this area. Michał Mariański's presentation on the regulation of transactions on the financial market was the most detailed in this session, and he presented a comparative analysis as one of the elements of sustainable finance. In general, the subject matter of the presentations concerned important issues of financial law and public finance.<sup>5</sup>

The report from the first thematic panel – Public Finances part 1 – was presented by Dr. hab. Przemysław Panfil, who stated that during the first panel devoted to public finance, most of the attention was focused on issues directly related to the problems of the state budget economy. Differences between the terms “financial security of the state” and “security of the financial interest of the state,” the impact of funds invested in BGK on the transparency of public finances, and the importance of fiscal stability for economic growth were analyzed. A discussion was also held on the financial system of local government units, especially in the context of their sources of income. Slightly separate issues that arose were the automation of financial processes in public procurement and the threats generated by green banking.<sup>6</sup>

Panel two, Public Finances part 2, was moderated by Dr. hab. Witold Srokosz, Professor of the University of Wrocław, who stated that Dr. hab. Przemysław Panfil explained the mechanism of circumventing fiscal rules using entities that are not included in the public finance sector, which results in general government debt in Poland being much higher than the public debt reported officially by the Polish government. Roman Vybiral, Ph.D., highlighted the conflict between ESG and the standard public regulation of financial institutions. He posed a question about the regulation of financial institutions: to be green or to be safe? Anna Wójtowicz-Dawid, Ph.D., stressed the importance of public pressure to be eco-friendly in the application of Polish law on public procurement. Dominika Wróblewska, M.A., presented a broad, general interpretation of the Minister of Finance and court rulings. Szymon Moś, Ph.D., suggested that the concept of efficiency when applying the Law on Health Care Services should be understood in the same way as when applying the Law on Public Finance.<sup>7</sup>

Panel three, Tax Law – Selected Issues, was moderated by Dr. hab. Sebastian Skuza, Professor of the University of Warsaw. He presented its content, the papers delivered by its participants, stating that Professor Witold Modzelewski raised the issue of tax law instruments limiting the decline in the fiscal efficiency of the tax system in crisis periods. Modzelewski presented the challenges in this area during the current turbulence in the macroeconomic environment. Importantly, he reported on the effectiveness of the collection of social security contributions and the uniqueness in the proceeds from the corporate income tax in 2022. Professor Michał Radwan presented the principle of *laissez faire* in tax law during a crisis. The subject of the presentation was in line with the current turbulent economic environment, and he explained how the “let it work” principle operates in such an environment.

<sup>5</sup> Elaboration based on the report by Professor Dr. hab. Jan Głuchowski.

<sup>6</sup> Elaboration based on the report by Dr. hab. Przemysław Panfil, University of Gdańsk.

<sup>7</sup> Elaboration based on the report by Dr. hab. Witold Srokosz, Professor of the University of Wrocław.

In her presentation, Dr. Anna Drywa drew attention to the issue of data acquisition by tax authorities and raised the issue of the need to collect data in the context of privacy protection.

Dr. Soňa Simić raised the very sensitive, complicated subject of the taxation of digital services, and in addition to presenting the concept of taxation, she also discussed the issue of providing digital services as part of the freedom to conduct business<sup>8</sup>.

Doc. Judr. ING. Michal Radvan, Ph.D., moderated panel four – Financial Law in The European Union and drew attention to session four of the conference that focused on financial law in the European Union. Magdalena Fedorowicz and Anna Zalcewicz introduced the challenges for the EU financial market in relation to the implementation of the concept of sustainable finance and summarized that control and supervision should be modified in accordance with the principle of sustainable finance. Michal Janovec and Damian Cyman focused on institutional financial consumer protection in Czechia and Poland. In their analyses of the differences, strengths, weaknesses, and challenges, they concluded that while the Czech regulatory framework is stronger, Poland has more innovative measures, such as mystery shopping and a centralized complaints database. Adrián Popovič presented the evaluation criteria of EU resources, and in addition to traditional standards, he highlighted the criterion of the impact of environmental protection. Luiza Budner-Iwanicka discussed the autonomy of local government financial management and the possibilities of its legal restriction by supervisory and control bodies, mainly in the Czech Republic and Poland and emphasized the role of RIOs in Poland. Tomasz Knepka focused on the relevance of the judgment of the Constitutional Court of the Federal Republic of Germany of 5 May 2020, for the financial market integration process of the European Union, as this judgment sets the standards of the courts' control of ECB decisions. All the papers presented were highly positive, provoked discussion, and contributed to the academic quality of the conference.<sup>9</sup>

Dr. hab. Anna Zalcewicz, Professor of the Warsaw University of Technology, moderated panel 5 – Sustainable Finances. The following papers were delivered by the panel participants: Witold Srokosz – Crypto-asset Market Regulation and Sustainable Development Goals; Damian Cyman – Financial Education of Financial Market Customers as a Necessary Elements Sustainable Finance; Paweł Lenio – Taxation of Crypto-Assets and Sustainable Development Goals; Tereza Svobodová – Tax Installation Plan – Legal Instrument of Financial Sustainability in a Crisis; Sally Sanad Šřeflová and co-speaker – Green Deal in the Context of Sustainable Finance. The theme of the panel was sustainable finance. In their presentations, the speakers adopted one of the two meanings of sustainable finance; either a state of balance and stability throughout the financial system (papers 2 and 4) or environmental, social, and management issues in the context of finance (the remaining papers). Therefore, the issues presented focused either on the need for comprehensive approaches to environmental protection and social

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<sup>8</sup> Elaboration based on the report by Dr. hab. Sebastian Skuza, Professor of the University of Warsaw.

<sup>9</sup> Elaboration based on the report by Doc. Judr. ING. Michal Radvan, Ph.D.

policy within the financial system (e.g., green taxation to contribute to sustainable development; the threat posed by cryptoassets to the environment), or elements of fiscal stability (a tax installation plan and its fiscal neutrality) and sustainable finance by ensuring that consumers in financial markets have appropriate levels of knowledge. According to Professor Zalcewicz, all the papers presented were of a high substantive level.<sup>10</sup>

Panel 6 – Financial Law of Local Governments was moderated by Dr. hab. Elżbieta Feret, Professor of the University of Rzeszów, and five speakers from various academic centers in Poland and one from Hungary delivered papers. Summarizing the content of the presentations of this panel, all the papers addressed the functioning of financial law at the local government level in selected areas and drew attention to still inconsistent local government legal regulations of both ordinary and extraordinary natures, which were particularly notable during and after the pandemic. It was reported that both in Poland and Hungary systemic legal instruments for local government units have not been developed to secure comprehensively their operation during unforeseen events. Hence, the speakers, as *de lege ferenda* postulates, pointed out the need to develop such legal mechanisms that would allow financially securing the activities of local government units and bypassing their dependence on the state that significantly limits the independent performance of public tasks, especially under exceptional circumstances. The first presentation by Bogumił Pahl was devoted to determining the impact of the level of air pollution on the collection of local fees. The paper was a comparative legal case study referring to the city of Zakopane. Based on previously and currently applicable provisions from the Act on Local Taxes and Fees, Pahl defined the imperfections of the currently optional local fee along with its legal and factual shortcomings. Importantly, based on legal regulations in force in Slovakia and the Czech Republic, Pahl justified the need to change them in favor of Polish municipalities by introducing a tourist tax.

Remaining in this area of consideration of adopting new, more favorable legal solutions for local government units, Adam Pal also drew attention to the need to increase financial resources for local government budgets based on Hungarian legal regulations. In his presentation entitled Tax Autonomy of Hungarian Municipalities: Crisis Measures and Future Prospects, Pal unequivocally advocated increasing the list of tax receipts at the local government level, which, in his opinion, would allow for greater financial independence of the local government from government funds, which is so important not only during the regular implementation of tasks, but also when there are extraordinary circumstances such as a pandemic. As part of the postulate he put forward, Pal considered it necessary to collect a local tax from small and medium-sized enterprises.

Wojciech Gonet, based on an analysis of statutory sources of obtaining funds by communes in Poland, pointed out the misfortune of communes located far from War-

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<sup>10</sup> Elaboration based on the report by Dr. hab. Anna Zalcewicz, Professor of the Warsaw University of Technology.

saw. Gonet based his considerations on defining the principles of financing medical services, which are increasingly often implemented by the private sector, despite the fact that they are within the purview of communes' own tasks. Therefore, Gonet asked why local government units could not conduct health care activities on the basis of commercialization instead of the need to constantly depend on the transfer of state funds, which, as it turned out during the pandemic, did not facilitate the proper implementation of tasks by local governments. Consequently, Gonet posed the question of whether local government units could not go beyond the area of their activity to match the financial efficiency of the capital.

The next speaker, Rafał Dowgier, referring to the pandemic in Poland, asked whether tax authorities of municipalities were equipped for emergency situations. In his presentation, Dowgier drew attention to the obviously inadequate Article 167 of the Constitution of the Republic of Poland, which was especially notable during the pandemic, when communes were completely dependent on the legislator, as evidenced by the regulation of Article 168 of the Basic Law. At the same time, Dowgier pointed out that due to this legislative dependence, during the pandemic, the financial situation of local government units also deteriorated as a result of the chaotic introduction of legal changes providing for various types of tax preferences. Hence, he suggested the regulations were needed that would allow for systemically regulating the financial situation of local government units in the event of natural disasters.

Magdalena Budziarek presented a list of legal regulations related to environmental protection that needed to be changed to ensure the proper development of local government in Poland.

Attention should be paid to the legal and financial consequences resulting from legal regulations that limit the possibilities of local government units spending funds to ensure development in the field of environmental protection.

Four papers were presented at the University of Lund during the 2<sup>nd</sup> Plenary Session moderated by Professor Dr. hab. Mariusz Popławski.

The first paper, delivered by Professor Anna Jurkowska-Zeidler, concerned the issue of sustainable development and the role of central banks. In her presentation, Professor Jurkowska-Zeidler drew attention to the following issues. Green central banking is still a relatively new concept. However, over the past few years, a global consensus has emerged among regulators, supervisors, and banks on the need to address the financial risks arising from the ongoing climate and environmental crises. The ability of central banks to take effective action on climate policy will largely depend on future developments in terms of price stability: the transition to a zero-carbon economy can lead to various types of inflationary shocks. What is certain is that banks will play a leading role in the energy and climate transition, whether they like it or not. The vast majority of central banks believe that they should play a key role in promoting green banking and sustainable finance by changing the regulatory framework, encouraging green financial services and incorporating climate change into their monetary and financial policies.



In the second presentation, Professor Miroslava Štrkolec and Dr. Ladislav Hrabčák presented the paper entitled Regulation of the Crypto-asset Market. Analysis showed that the cryptocurrency market still lacks comprehensive regulation. This was also evidenced by the analysis of the current situation in Slovakia. The presenters also argued that there are only rudimentary regulations in the legal systems in question that can generate serious practical problems. The presentation included an analysis of legal regulations drafted in Slovakia regarding the cryptocurrency market and pointed out problematic issues that might arise in the future. Suggestions were also made for their improvement.

In the next presentation, also presented jointly by two scholars, Professor Sebastian Skuza and Dr. Robert Lizak, the issue of facilitating payments in Polish law against the background of the law of the G-7 countries, OECD, and the USA was discussed. During the presentation, Professor Skuza and Dr. Lizak maintained that corruption in all its forms is one of the greatest challenges in achieving sustainable development. Sources of financing sustainable economic growth objectives can be supplemented with capital from private investors. One form of corruption is facilitation payments, which consist in giving benefits of small value to a person performing a public function to entice them to act or refrain from acting facilitating the settlement of matters without undue delay. *Prima facie*, it might seem that the lack of legality of facilitating payments is actually a foregone conclusion. For example, under the US FCPA, facilitating payments are allowed. Therefore, this publication presents the purpose and origins of the adoption of the FCPA and the essence of the facilitating payments regulated therein. Then, the legal norms in the remaining six countries of the G-7 group and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions were discussed. An attempt was also made to assess the legality of facilitating payments under Polish law and *de lege ferenda* conclusions were presented, and the focus of the presentation was identified as a potential research field.

The culmination of this panel was Jozef Sábó's presentation by entitled Decision: The Making of the Court of Justice of the European Union and the Challenges of the Twenty-first Century. Several issues concern the Court of Justice of the European Union (ECJ) that could cause practical problems. This entity hears cases pending before national courts under the preliminary rulings system. This entails the submission of questions to the ECJ by national courts regarding the interpretation of EU law. This Court also decides on the correct interpretation of EU law. It should be noted that when interpreting EU law, the ECJ ensures that it is applied in the same way in all EU countries. An important element that could also be controversial in practice is the settling of legal disputes between national governments and EU institutions.<sup>11</sup>

Professor Witold Modzelewski closed the last session of the 6<sup>th</sup> International Baltic Conference on Financial Law: Financial Law and the Challenges of the 21<sup>st</sup> Century, and the organizers of the conference, Professor Jurkowska-Zeidler and Professor Popławski praised the great cooperation of both faculties and academic centers and the Center

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<sup>11</sup> Elaboration based on the report by Professor Dr. hab. Mariusz Popławski.

for Local Government Law and Local Finance Law of the University of Gdańsk in organizing the conference, thanked all participants, moderators, speakers, patrons, and everyone who supported and contributed to the organization and running of the conference, and invited everyone to the 7<sup>th</sup> International Baltic Conference on Financial Law to be held in 2025 .

I was there drinking Swedish mineral water. I have told you all I saw and heard and all that the moderators said happened. See you on the Baltic Sea in 2025.