October 2012

Poland:

KIT Brief

HayGroup

Georgia Butler - KIT – October 2012

Key Findings

- **Poland was the only EU country to avoid recession after the financial crisis of 2007/2008**
- **Once notorious for an exodus of skilled and semi skilled workers to Western European countries in the 2000s, increasing standards of living, public infrastructure have meant that many Poles are returning home.**
- **Poland still has a huge farming sector - agriculture accounts for about 60 per cent of the country's total land area - which is unwieldy and very inefficient. Poverty is still widespread in rural areas.**
- **No other European country has climbed the international education tables quite so consistently.**
- **In terms of attractiveness for FDI projects, Poland ranked sixth worldwide in 2011.**

Politics

The BBC website has a special section: Poland Direct: Beyond the Headlines

Full name: Republic of Poland
Population: 38.3 million (UN, 2011)
Capital: Warsaw
Area: 312,685 sq km (120,728 sq miles)
Major language: Polish
Major religion: Christianity
Life expectancy: 72 years (men), 81 years (women) (UN)
Monetary unit: 1 zloty = 100 groszy
Main exports: Machinery and transport equipment, foodstuffs, chemicals
GNI per capita: US $12,440 (World Bank, 2010)
Internet domain: .pl
International dialling code: +48

A new era began when Poland became an EU member in May 2004, five years after joining Nato and 15 years after the end of communist rule.

It was the birthplace of the former Soviet bloc's first officially recognised independent mass political movement when strikes at the Gdansk shipyard in August 1980 led to agreement with the authorities on the establishment of the Solidarity trade union.

The shoots of political freedom were trampled again 16 months later when communist leader Wojciech Jaruzelski declared martial law. But the movement for change was irreversible. Elections in summer 1989 ushered in Eastern Europe's first post-communist government.

The presence in the Vatican of Polish Pope John-Paul II was an important influence on the Solidarity movement throughout the 1980s. The Roman Catholic Church remains a very potent force in Polish life.

In the years between the end of communism and EU accession, power in Poland switched between the centre right and the centre left. Successive governments faced sleaze allegations.

The country has had some success in creating a market economy and attracting foreign investment. There was a massive movement of workers to Western Europe in the years after Poland joined the EU, but the exodus slowed down after the global economic crisis took hold.

Poland still has a huge farming sector - agriculture accounts for about 60 per cent of the country's total land area - which is unwieldy and very inefficient. Poverty is particularly widespread in rural areas.

Warsaw's profile on the international stage was raised by its support for the US-led military campaigns in Iraq and Afghanistan. Polish peacekeeping troops served in south-central Iraq from 2003 until 2008, and the country has also contributed a sizeable contingent to the Nato peacekeeping force in Afghanistan.

Polish voters elect a bicameral parliament consisting of a 460-member lower house (Sejm) and a 100-member Senate (Senat).

The Sejm is elected under proportional representation according to the d'Hondt method, a method similar to that used in many parliamentary political systems.

The Senat, on the other hand, is elected under the First-past-the-post voting method, with one senator being returned from each of the 100 constituencies.

President: Bronislaw Komorowski

Bronislaw Komorowski, the speaker of parliament, became acting president on the death of President Lech Kaczynski in a plane crash in April 2010. He defeated Mr Kaczynski's twin brother and former prime minister, Jaroslaw, in the July second round of the presidential election.

A leading figure in the centre-right Civic Platform party, Mr Komorowski has served in several post-Communist governments since 1989, including a term as defence minister in 2000-2001.

He became speaker in 2007, and Civic Platform adopted him as its candidate for the presidential elections due in the autumn of 2010. These were brought forward to June-July on the death of President Kaczynski.

Born in 1952 and an historian by profession, Mr Komorowski was active in the anti-Communist civil rights movement from the 1970s.

Prime Minister: Donald Tusk

The governing coalition led by Mr Tusk won a decisive victory in the October 2011 parliamentary election, putting him on course to serve a second term as prime minister.

His campaign had stressed his reputation as a safe pair of hands and a competent manager of the Polish economy.

It was the first time an incumbent government was returned to office for another term since the reintroduction of democracy in 1989. Analysts said the result was a sign of Poland's growing political stability after two decades of fractious politics.

Mr Tusk became PM when he formed a coalition between his centre-right Civic Platform and the centrist Peasants Party after the parliamentary elections of October 2007.
The early elections were forced by the collapse of the right-wing coalition led by Jaroslaw Kaczynski, the identical twin of the then president Lech Kaczynski.

In his first term, Mr Tusk's government pursued a policy of close cooperation with the European Union. It also sought to use EU funds modernise Poland and privatise state enterprises.

Mr Tusk advocates deeper EU integration and eventual euro membership for Poland.

Figures in parentheses reflect initial number of seats won by party (if different from current number), prior to splits, defections, etc.

Party				Members in			Political Position
Name	Abbr.	Web	Leader	Sejm	Sen	EP	Ideology
Civic Platform *Platforma Obywatelska*	PO	[1]	Donald Tusk	206 (207)	63	25	Centre-right – Liberal conservatism, Christian democracy, Pro-Europeanism
Law and Justice *Prawo i Sprawiedliwość*	PiS	[2]	Jarosław Kaczyński	135 (157)	29 (31)	6 (15)	Right-wing – National conservatism, soft Euroscepticism
Palikot's Movement *Ruch Palikota*	RP	[3]	Janusz Palikot	43 (40)	0	0	Liberalism, Anti-clericalism
Polish People's Party *Polskie Stronnictwo Ludowe*	PSL	[4]	Waldemar Pawlak	28	2	4 (3)	Centre-right – Agrarianism, Christian democracy
Democratic Left Alliance [A] *Sojusz Lewicy Demokratycznej*	SLD	[5]	Leszek Miller	25 (27)	0	6	Centre-left – Social democracy
United Poland *Solidarna Polska*	SP	[6]	Zbigniew Ziobro	21 (0)	2 (0)	4 (0)	Right-wing – National conservatism, euroscepticism
Poland Comes First *Polska Jest Najważniejsza*	PJN	[7]	Paweł Kowal	0	0	3 (0)	Centre-right – Conservatism, conservative liberalism, soft euroscepticism
Labour Union [A] *Unia Pracy*	UP	[8]	Waldemar Witkowski	0	0	1	Centre-left – Social democracy

^A SLD and UP contested the 2009 European elections jointly winning 7 seats between them.

Economy

When the communists handed power to the Mazowiecki government in 1989, the economy was in crisis. Many basic goods were not available on store shelves. Inflation raged over 500% and the government could not afford to make payments to its international creditors. While the official unemployment rate was low, many workers were employed in state-supported, loss-making industries that the state could no longer afford to support. The democratically elected Mazowiecki government responded with the Balcerowicz Plan, which freed most prices, dramatically reduced state control over the Polish economy, and clamped down on runaway inflation. The international community supported the Balcerowicz Plan with debt restructuring and fresh loans. With stability restored, Poland was able to offer its well-educated, low-wage workforce, its position in Europe’s center, and its tariff-free access to European Union (EU) markets to attract foreign investment--all with the goal of bringing Polish incomes up to the levels of those in the U.S. and Western Europe.

Poland joined the EU in 2004. Since that time, its rate of its economic growth has outpaced those of the U.S. and of its EU partners. Poland also has made progress in closing gaps in personal income and GDP per capita when compared to the EU-27 average, but those gaps remain wide. Foreign direct investment (FDI) has played a significant role in supporting Poland’s labor-intensive and medium-technology sectors. FDI has also driven the growth of Poland’s motor vehicle, electrical machinery, and service centers sectors. Poland's shale gas resources are attracting additional FDI, and the sector may prove to be significant for the Polish economy.

Poland's economy has weathered the economic crisis that began in 2008 better than all of its EU colleagues, showing a cumulative 15.8% growth in GDP from 2008 to 2011. Forecasts of GDP growth in 2012 range from 2.5% to 3.2%--the highest projected growth rate among the EU-27. Key factors in this success have been a well-timed fiscal stimulus at the outset of the crisis, effective use of EU transfer funds, low financial exposure of the well-managed banking sector to the sovereign debt of troubled countries, and the insulation Poland enjoys through its floating currency and its relatively small traded sector. Unemployment was at the EU average of 10.1% in January 2012, while inflation was relatively high at 4.3% in 2011.

Despite its relatively good recent record, certain features of the Polish economy may limit its growth potential:

- Low labour force activity rate of 66.5%, compared to a 77.4% EU average (data reflects able-bodied adults ages 15-64).
- Weaknesses in road and rail infrastructure.
- Low research and development spending at 0.74% of GDP in 2010, compared to an EU average of 2%.

Agriculture
Poland has a strong agricultural heritage with many products in high demand such as high-quality fruits and vegetables, honey, hams, sausages, and dairy. It is a leading producer in Europe of dairy, apples, potatoes, and rye, with significant production of rapeseed, grains, hogs, and cattle. Agriculture remains among the least productive sectors of the Polish economy, employing 16.1% of the work force while contributing 3.4% to the gross domestic product (GDP) for 2011 (est).

Roughly 1.6 million farmers are considered rural dwellers that have other employment off the farm and produce food mostly for their own consumption. These farms are small, usually no larger than 5 hectares (12.36 acres) and are highly inefficient. There are about 200,000 farmers with plots over 15 hectares (37.07 acres), and 24,000 with plots up to 200 hectares (494.21 acres). These farmers produce about 90% of the food and enjoy better access to strong management techniques and technology.

Poland successfully transformed its farm economy to market principles following the end of communism but has now entered a period of greater state control of the market due to its membership in the European Union. Poland’s agricultural policy is consistent with the EU's Common Agricultural Policy (CAP). Land prices have increased dramatically, but less than 1% of farm land is traded each year due to the single area payment scheme for the EU's direct subsidies, intended initially to ease EU compliance with World Trade Organization (WTO) rules and to simplify payments in countries with limited administrative capacity. This approach assigns subsidies based on land use and thus encourages small farmers to hold onto land or lease it rather than sell to neighbours. Subsidies have become almost half of total farm income in Poland.

Poland remains a net exporter of food products, including confectionery, processed fruit and vegetables, meat, and dairy products. The trade surplus in this sector is shrinking; however, Polish processors often rely on imports to supplement domestic supplies of wheat, feed grains, vegetable oil, and protein meals, which are generally insufficient to meet domestic demand. Imports have also risen in response to growing middle-class demand for more variety and year-round availability of their food choices. Finally, Poland has begun to import significant quantities of primary foodstuffs as it has opened borders with larger, more efficient producers in other EU nations. Poland imports significant quantities of pork from other EU member states, and in 2008 became a net importer. Attempts to increase domestic feed grain production are hampered by the short growing season, poor soil, and the small size of farms.

Industry
While agriculture remains heavily protected thanks to the CAP, Poland’s transformation exposed its industries to global competition. Before World War II, Poland's industrial base was concentrated in the coal, textile, chemical, machinery, iron, and steel sectors whereas today it extends to motor vehicles, fertilizers, petrochemicals, machine tools, electrical

machinery, and electronics. Polish industry suffered widespread damage during World War II, and many resources were directed toward reconstruction after the war. The communist economic system imposed in the late 1940s created large and unwieldy economic structures operated under a tight central command. In part because of this systemic rigidity, the economy performed poorly even in comparison with other economies in Central Europe. The reforms of the early 1990s included a widespread program to sell low-productivity; state-owned companies to private investors. The results of reform include more efficient, high-productivity producers, with a private sector that now accounts for over two-thirds of GDP. Nonetheless, the government has retained control of many large, state-owned enterprises, particularly in the transport (aviation and rail), mining, chemical, and energy, finance, and defence sectors. Many Polish economists identify privatization of these government-run companies as the incomplete task of Poland’s economic transformation. With this in mind, the PO-PSL government implemented an ambitious privatization program from 2009-2011 and is planning to privatize an additional 300 firms by 2015, although without surrendering control of key enterprises in strategic sectors.

Foreign Trade

The EU is Poland's dominant trade partner accounting for 60% of its imports and 80% of its exports. Neighbouring Germany is by far Poland's most important trading partner, accounting for a quarter of the value of Polish trade. Most Polish imports are energy and capital goods needed for industrial retooling and for manufacturing inputs, rather than consumption goods. Similarly, its major exports are cars, machinery, furniture, and iron/steel products. Poland, a member of the World Trade Organization (WTO) and the European Union, applies the EU's common external tariff to goods from other countries--including the U.S. While foreign trade is an important part of the Polish economy, Poland remains much less trade dependent than its Central European neighbours.

Opportunities for trade and investment continue to attract investors from around the world into all sectors. The American Chamber of Commerce in Poland, founded in 1991 with seven members, now has more than 300 members. Strong economic growth potential, a large domestic market, tariff-free access to the EU, and political stability are the top reasons U.S. and other foreign companies do business in Poland.

Table II.20.1:

Main features of country forecast - POLAND

	2010			Annual percentage change						
	bn PLN Curr. prices	% GDP	92-07	2008	2009	2010	2011	2012	2013
GDP	1416.4	100.0	4.6	5.1	1.6	3.9	4.3	2.7	2.6
Private consumption	868.6	61.3	4.3	5.7	2.0	3.2	3.1	2.0	2.6
Public consumption	268.3	18.9	3.3	7.4	2.1	4.1	-1.3	0.0	1.2
Gross fixed capital formation	281.2	19.9	7.5	9.6	-1.2	-0.2	8.3	4.7	1.6
of which : equipment	93.6	6.6	-	13.0	-10.8	-5.1	6.6	9.0	11.5
Exports (goods and services)	598.4	42.2	10.9	7.1	-6.8	12.1	7.5	3.4	5.7
Imports (goods and services)	615.5	43.5	11.7	8.0	-12.4	13.9	5.8	1.7	4.9
GNI (GDP deflator)	1355.6	95.7	4.6	6.8	0.1	4.0	4.3	2.9	2.6
Contribution to GDP growth : Domestic demand			4.8	6.9	1.4	2.7	3.3	2.2	2.1
Inventories			0.2	-1.1	-2.5	1.9	0.4	-0.2	0.1
Net exports			-0.4	-0.6	2.7	-0.7	0.7	0.8	0.3
Employment			-	3.9	0.4	0.5	1.0	0.3	0.4
Unemployment rate (a)			14.7	7.1	8.2	9.6	9.7	9.8	9.6
Compensation of employees/head			16.1	8.9	3.5	5.7	5.1	4.7	5.1
Unit labour costs whole economy			-	7.5	2.2	2.2	1.7	2.2	2.8
Real unit labour costs			-	4.3	-1.4	0.8	-1.4	-0.9	0.5
Saving rate of households (b)			-	2.4	9.0	8.5	3.6	2.0	2.9
GDP deflator			12.4	3.1	3.7	1.4	3.2	3.2	2.3
Harmonised index of consumer prices			-	4.2	4.0	2.7	3.9	3.7	2.9
Terms of trade of goods			0.3	-2.1	4.4	-1.4	-1.2	-0.5	-1.0
Merchandise trade balance (c)			-3.0	-4.9	-1.0	-1.8	-2.1	-1.7	-1.7
Current-account balance (c)			-2.2	-4.8	-3.1	-3.7	-4.3	-3.9	-4.2
Net lending(+) or borrowing(-) vis-à-vis ROW (c)			-1.4	-4.1	-1.9	-2.1	-2.5	-2.2	-2.9
General government balance (c)			-	-3.7	-7.4	-7.8	-5.1	-3.0	-2.5
Cyclically-adjusted budget balance (c)			-	-4.6	-7.1	-7.5	-5.0	-2.7	-1.9
Structural budget balance (c)			-	-4.6	-7.4	-7.5	-5.0	-2.8	-1.9
General government gross debt (c)			-	47.1	50.9	54.8	56.3	55.0	53.7

(a) Eurostat definition. (b) gross saving divided by gross disposable income. (c) as a percentage of GDP.

Source: European Economic Forecast Spring 2012

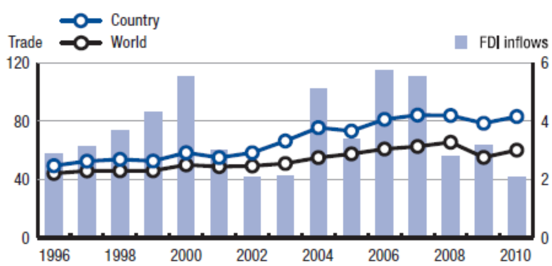
Key indicators

Population (millions), 2010 .... 38.3
GDP (US$ billions), 2010 .... 469.4
FDI inflows (US$ millions), 2010 9,681
Imports and exports as share (%) of world total, 2010 .... 1.03

Sources: IMF; UNCTAD; UNFPA; WTO

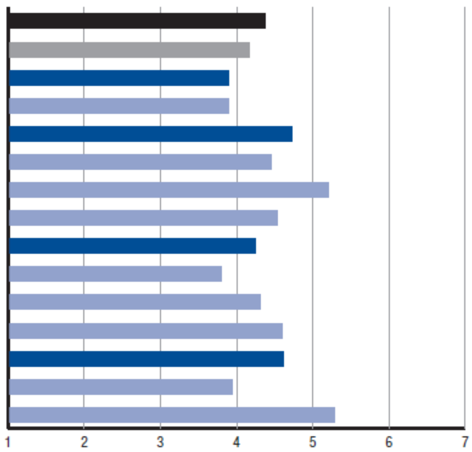
	Imports	Exports
Total trade (US$ millions), 2010	202,429	188,152
Services trade (US$ millions), 2010	28,781	32,400
Merchandise trade (US$ millions), 2010	173,648	155,752
Agriculture (% of merchandise trade), 2010	9.40	12.17
Fuels and mining (% of merchandise trade), 2010	14.28	8.57
Manufactures (% of merchandise trade), 2010	74.05	79.13

Trade and FDI inflows, percent of GDP



Enabling Trade Index

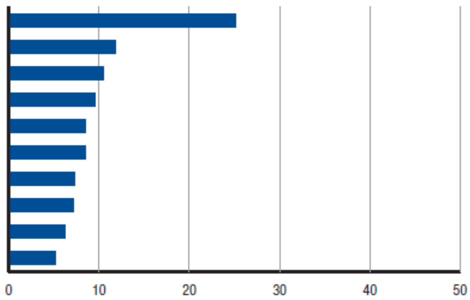
	Rank (out of 132)	Score (1–7)
2012 Index	**48**	**4.4**
2010 Index	58	4.2
Subindex A: Market access	**67**	**3.9**
1st pillar: Domestic and foreign market access	67	3.9
Subindex B: Border administration	**38**	**4.7**
2nd pillar: Efficiency of customs administration	48	4.5
3rd pillar: Efficiency of import-export procedures	36	5.2
4th pillar: Transparency of border administration	38	4.5
Subindex C: Transport & communications infrastructure	**49**	**4.2**
5th pillar: Availability and quality of transport infrastructure	82	3.8
6th pillar: Availability and quality of transport services	33	4.3
7th pillar: Availability and use of ICTs	43	4.6
Subindex D: Business environment	**46**	**4.6**
8th pillar: Regulatory environment	51	3.9
9th pillar: Physical security	43	5.3



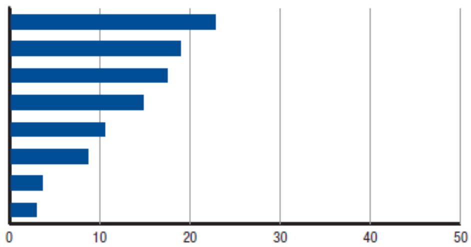
Source: World Economic Forum, Global Enabling Report 2012

The most problematic factors for trade

Most problematic factors for exporting	Percent of responses
Identifying potential markets and buyers	25.1
Technical requirements and standards abroad	11.8
Access to trade finance	10.4
Difficulties in meeting quality/quantity requirements of buyers	9.6
Access to imported inputs at competitive prices	8.5
Inappropriate production technology and skills	8.5
High cost or delays caused by international transportation	7.3
Rules of origin requirements abroad	7.2
Burdensome procedures and corruption at foreign borders	6.3
High cost or delays caused by domestic transportation	5.2

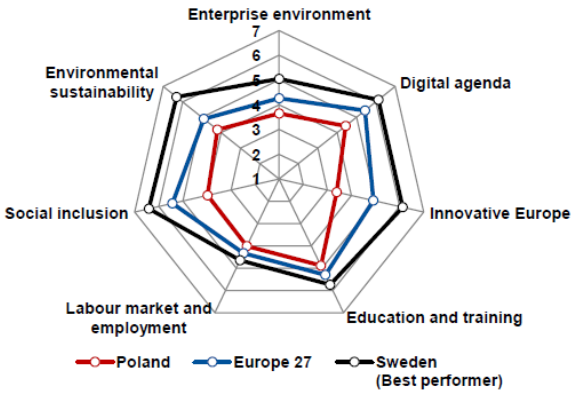


Most problematic factors for importing	Percent of responses
Burdensome import procedures	22.8
Tariffs and non-tariff barriers	18.9
High cost or delays caused by international transportation	17.5
Domestic technical requirements and standards	14.8
High cost or delays caused by domestic transportation	10.6
Inappropriate telecommunications infrastructure	8.7
Corruption at the border	3.7
Crime and theft	3.0



Source: World Economic Forum, Global Enabling Report 2012

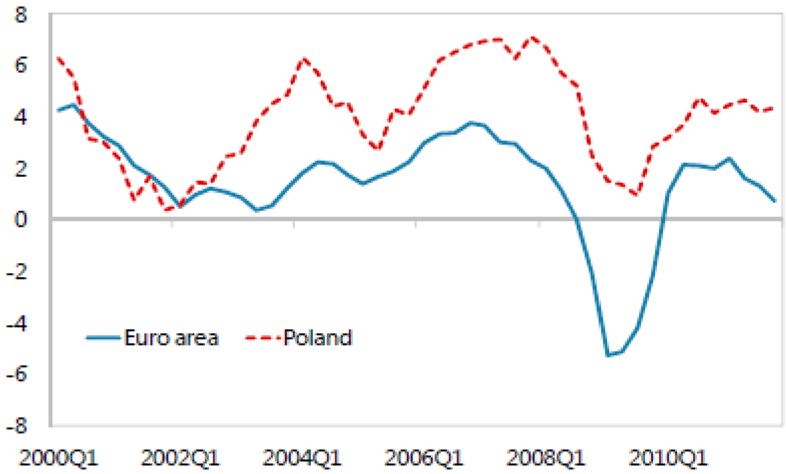
	Rank (out of 27)	Score
The Europe 2020 Index 2012	**23**	**4.1**
Smart growth	21	4.1
Inclusive growth	25	4.0
Sustainable growth	21	4.2
1st pillar: Enterprise environment	22	3.6
2nd pillar: Digital agenda	23	4.4
3rd pillar: Innovative Europe	22	3.4
4th pillar: Education and training	14	4.9
5th pillar: Labour market and employment	19	4.0
6th pillar: Social inclusion	24	4.0
7th pillar: Environmental sustainability	21	4.2



Source: World Economic Forum, Europe 2020 Competitiveness Report

Output Growth Co-Movement

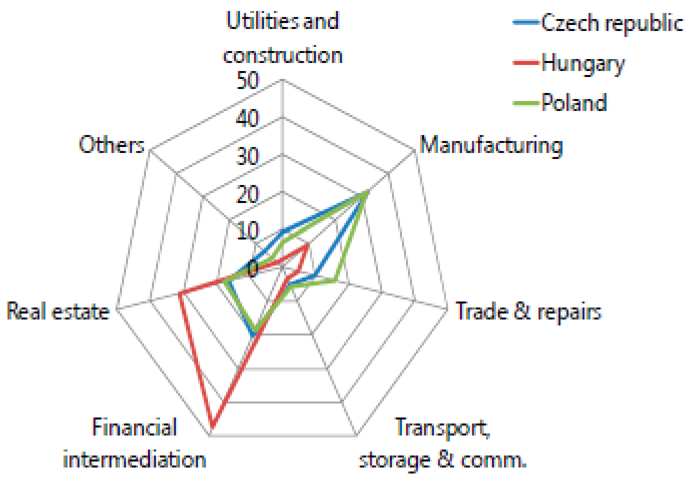
(YoY percent changes)



Sources: Eurostat

Industry Composition of FDI Position, 2009

(Percent of total)



Sources: OECD Stat; and IMF staff estimates.

Poland: Trade by Partner, 2010

Partner	Balance Value (mil $US)	Exports Value (mil $US)	Exports Share (%)	Exports Growth (y/y %)	Imports Value (mil $US)	Imports Share (%)	Imports Growth (y/y %)
World	-15,902	154,770	100.0	13.1	170,672	100.0	13.9
EU countries	371	126,384	81.7	16.1	126,013	73.8	16.0
Euro area	-11,813	89,098	57.6	15.1	100,911	59.1	15.3
Germany	-8,307	41,706	26.9	16.8	50,013	29.3	19.0
France	3,027	10,811	7.0	13.9	7,783	4.6	12.2
Italy	-400	9,498	6.1	1.6	9,897	5.8	0.2
Netherlands	-3,395	7,009	4.5	22.0	10,404	6.1	22.5
United Kingdom	4,739	10,045	6.5	14.3	5,306	3.1	12.8
CEE countries	6,080	13,976	9.0	19.6	7,896	4.6	18.6
CIS countries	-5,167	12,583	8.1	19.2	17,750	10.4	16.5
Russia	-8,407	6,218	4.0	23.7	14,625	8.6	15.2
Emerg & Developing	-7,118	32,158	20.8	13.6	39,276	23.0	13.2
United States	-234	2,070	1.3	-17.1	2,303	1.3	9.0

Source: IMF Country Report No. 12/163, July 2012

Education in Poland

Poland's schools are succeeding, more than many others, in narrowing the gap between the weak and the strong, the gifted and the challenged.

No other European country has climbed the international education tables quite so consistently.

The most recent test results from the OECD's Programme for International Student Assessment (Pisa) show that Poland is ranked 14th for reading, ahead of the USA, Sweden, France and Germany - and well ahead of the UK in 25th.

The OECD points out that Poland's reforms have raised performance to the same or higher levels as those of the USA and Norway, "despite spending less than half of what those countries spend on education".

For more information see the BBC Special Report

The World Bank has also published a book *called Skills, Not Just Diplomas: Managing Education for Results in Eastern Europe and Central Asia* which is available fully online (the Overview can be found in the Supporting Documents)

Regulatory/market assessment: EIU

- Poland's economy during 2011 expanded at the quickest pace for three years as domestic companies increased investment and a weaker zloty helped boost exports. **Poland was the only country in the European Union to avoid recession during the recent global credit crisis**, and the country saw its gross domestic product advance by 4.3% in real terms, compared with 3.9% in 2010.

- Poland has continued to sell state assets to help finance the budget deficit and curb public debt, with revenues exceeding Zl 13bn in 2011 and totalling Zl 44bn since the Civic Platform Party first took power in November 2007. The biggest transactions in 2011 were sales of stakes in Jastrzebska Spolka Weglowa (a coal producer), Tauron Polska Energia (a power utility) and PZU (an insurer).

- Gross inflows of foreign direct investment (FDI) in Poland rose to €9.93bn in 2011, from €6.74bn a year earlier, according to the central bank. In terms of attractiveness for FDI projects, **Poland ranked sixth worldwide in 2011**, following China, the United States, India, Brazil and Russia, according to a survey by the United Nations Conference on Trade and Development.

- Poland's unemployment rate remained high in 2011, as the global economic slowdown prompted companies to cut costs and delay expansion plans. The Central Statistical Office (Glowny Urzad Statystyczny—GUS) reported that the unemployment rate increased to 12.5% in December 2011, up from 12.4% at the end of 2010.

- The National Bank of Poland (the central bank) stepped into the foreign-exchange market in 2011—the first time in a decade—to bolster the zloty, after it slumped to an almost 27-month low against the euro amid Europe's sovereign-debt crisis. Separately, state-owned Bank Gospodarstwa Krajowego (BGK) exchanged foreign currencies from EU-aid funds on the market on behalf of the government to limit the zloty's decline.

- **Poland has made significant progress in making public services available online, though it still lags behind western European countries and most regional peers**. According to the United Nations' 2012 E-Government Survey, Poland ranked the fourth-lowest in the European Union (ahead of Bulgaria, Romania and Slovakia).

Industries

Oil and Gas

Market analysis

After a period of strong growth, followed by a steep contraction in value in 2009, the Polish oil and gas market recovered this year at a double digit rate. In the forecast period, gradual deceleration is expected towards 2015.

The Polish oil & gas market had total revenues of $18.7 billion in 2010, representing a compound annual growth rate (CAGR) of 3.9% for the period spanning 2006-2010. In comparison, the Russian and Czech markets grew with CAGRs of 2.7% and 1.6% respectively, over the same period, to reach respective values of $175.5 billion and $8.3 billion in 2010.

Market consumption volumes increased with a CAGR of 1.7% between 2006-2010, to reach a total of 293 million BOE in 2010. The market's volume is expected to rise to 320.3 million BOE by the end of 2015, representing a CAGR of 1.8% for the 2010-2015 period.

Crude oil sales proved the most lucrative for the Polish oil & gas market in 2010, with total revenues of $14.9 billion, equivalent to 79.6% of the market's overall value. In comparison, sales of natural gas generated revenues of $3.8 billion in 2010, equating to 20.4% of the market's aggregate revenues.

The performance of the market is forecast to accelerate, with an anticipated CAGR of 4.3% for the fiveyear period 2010-2015, which is expected to drive the market to a value of $23.1 billion by the end of 2015. Comparatively, the Russian and Czech markets will grow with CAGRs of 9.3% and 5.8% respectively, over the same period, to reach respective values of $274.3 billion and $11 billion in 2015.

Food Retail

Market analysis

The Polish food retail industry has experienced strong growth in recent years. This is predicted to continue to the end of the forecast period.

The Polish food retail industry is expected to generate total revenue of $65.9 billion in 2011, representing a compound annual growth rate (CAGR) of 6.4% between 2007 and 2011. In comparison, the Russian and Czech industries will grow with CAGRs of 16.3% and 5.1% respectively, over the same period, to reach respective values of $297 billion and $21.5 billion in 2011.

Sales generated through convenience stores and gas stations are expected to be the most lucrative for the Polish food retail industry in 2011, with total revenues of $26.5 billion, equivalent to 40.3% of the industry's overall value. In comparison, sales through hypermarkets, supermarkets, and discounters will generate revenues of $22.2 billion in 2011, equating to 33.7% of the industry's aggregate revenues.

The performance of the industry is forecast to slightly accelerate, with an anticipated CAGR of 6.5% for the five-year period 2011 - 2016, which is expected to drive the industry to a value of $90.3 billion by the end of 2016. Comparatively, the Russian and Czech industries will grow with CAGRs of 14% and 2.2% respectively, over the same period, to reach respective values of $572.1 billion and $23.9 billion in 2016.

Utilities

Market analysis

The Polish utilities industry experienced slow growth during 2011. The industry is predicted to grow strongly over the forecast period to 2016.

The Polish utilities industry had total revenues of $34.9 billion in 2011, representing a compound annual growth rate (CAGR) of 7.8% between 2007 and 2011. In comparison, the Russian and Czech industries grew with CAGRs of 12% and 5.2% respectively, over the same period, to reach respective values of $115 billion and $17.6 billion in 2011.

electricity sales proved the most lucrative for the Polish utilities industry in 2011, with total revenues of $23.8 billion, equivalent to 68.2% of the industry's overall value. In comparison, sales of gas generated revenues of $7.2 billion in 2011, equating to 20.7% of the industry's aggregate revenues.

The performance of the industry is forecast to decelerate, with an anticipated CAGR of 6.2% for the five-year period 2011 - 2016, which is expected to drive the industry to a value of $47.1 billion by the end of 2016. Comparatively, the Russian and Czech industries will grow with CAGRs of 9% and 2.6% respectively, over the same period, to reach respective values of $176.8 billion and $20 billion in 2016.

Pharmaceuticals

Market analysis

The Polish pharmaceuticals market saw strong growth during the 2006-2010 period, however, it is forecast to experience a decelerated rate of growth during 2010-2015.

The Polish pharmaceuticals market had total revenues of $7.6 billion in 2010, representing a compound annual growth rate (CAGR) of 6.7% for the period spanning 2006-2010. In comparison, the Russian and Czech markets grew with CAGRs of 18% and 10% respectively, over the same period, to reach respective values of $13.4 billion and $3.2 billion in 2010.

The performance of the market is forecast to decelerate, with an anticipated CAGR of 4.9% for the five-year period 2010-2015, which is expected to drive the market to a value of $9.7 billion by the end of 2015. Comparatively, the Russian and Czech markets will grow with CAGRs of 7.3% and 4.6% respectively, over the same period, to reach respective values of $19.1 billion and $4 billion in 2015.

Supporting Documents:

Sondergaard & Murthi, 2012, *OVERVIEW Skills, Not Just Diplomas Managing Education for Results in Eastern Europe and Central Asia*, World Bank.

Food Retail in Poland, Market Line Industry Profile, February 2012

Poland, FT Special Report, June 2012

Oil & Gas in Poland, Datamonitor Industry Profile, August 2011

Pharmaceuticals in Poland, Datamonitor Industry Profile, January 2012

Utilities in Poland, MarketLine Industry Profile, September 2012

Poland Partnership Program Snapshot, World Bank Group, October 2012

Doing Business 2013, *Economy Profile: Poland*, World Bank

EU European Economic Forecast, Poland Spring 2012

Republic of Poland: Selected Issues, IMF Country Report No. 12/163, July 2012

POLAND 2011 Economy - Society – Regions, Polish Ministry of Regional Development

The Global Enabling Report 2012: Poland, World Economic Forum

The Europe 2020 Competitiveness Report: Poland, World Economic Forum