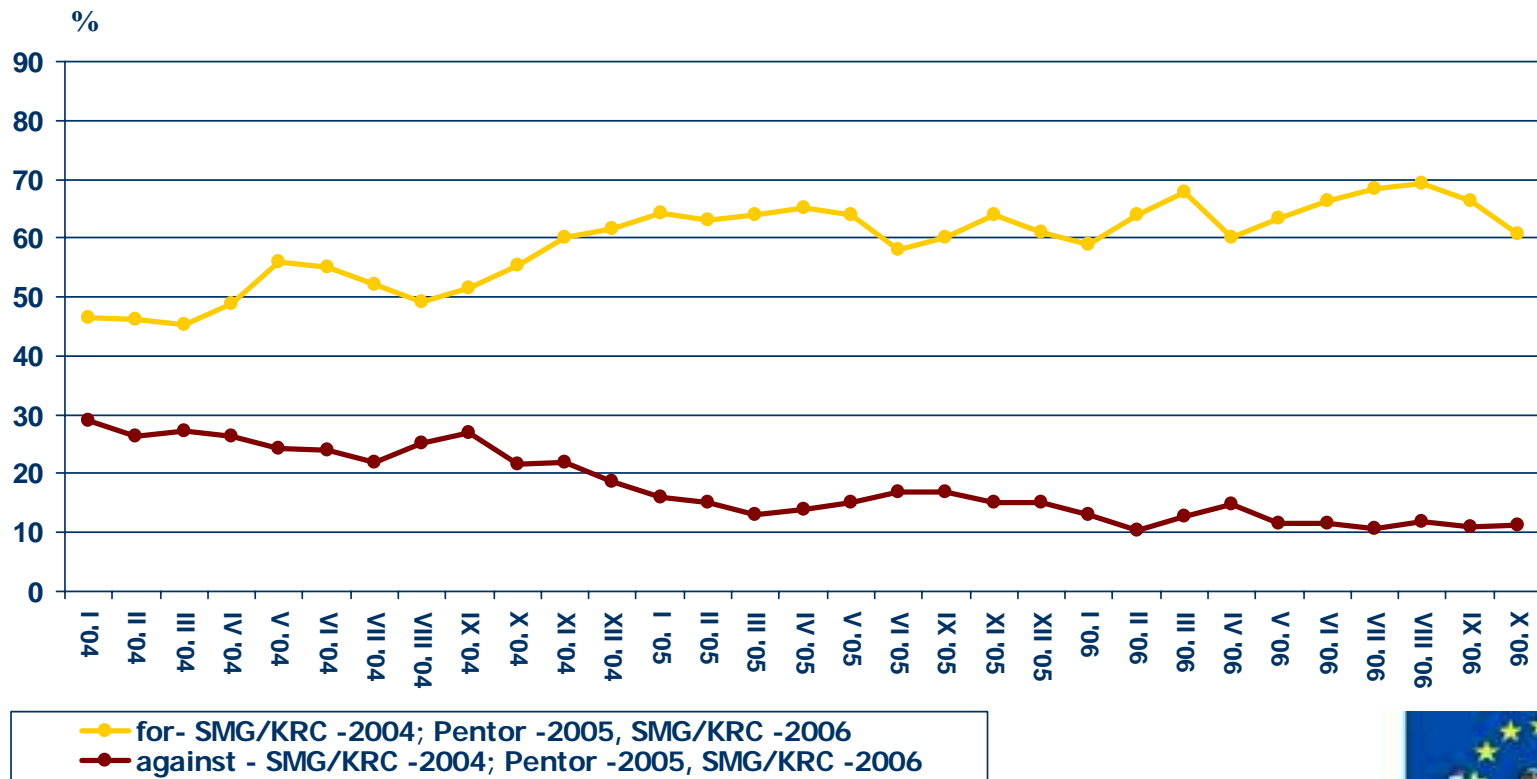


# POLAND IN THE EU

## Experiences of the 2 Years of the Membership



# Support for the EU membership – high over time, after 1st May – an upward trend?



# Pre-accession period - fears of 'unknown' on both sides?

## PL

- net payer / receiver?
- real estate purchases
- be able to compete within EU (agriculture)
- fulfil EU standards (enterprises)
- high inflation

## EU-15

- massive labour inflows
- institutional matters



# Integration effects so far

**Lets compare  
expectations  
with the reality....**



# People were afraid of economic performance but...

- Despite the unfavourable external economic conditions...  
[slow growth of our main trading partners (DE), increase of the raw materials and energy prices]
- ...Polish economy returned to the path of fast GDP growth
- GDP growth (4,2%) was twice as high as the average growth EU-15 level (1,9%)



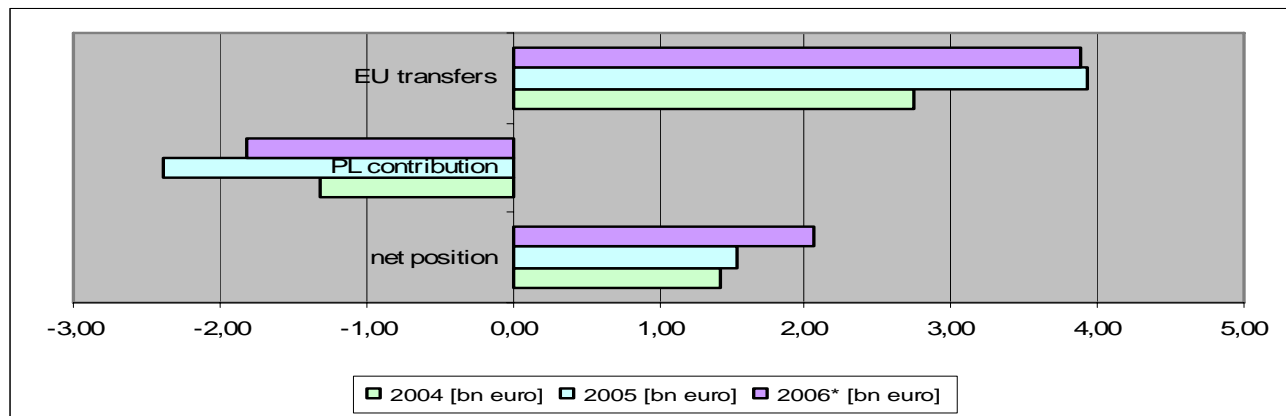
# EU transfers: fears, estimates, reality

## 2004-2006 estimates\*

EU transfers:	13,5 bn Euro
PL contribution:	6,6 bn Euro
<b><u>Net position:</u></b>	<b><u>6,9 bn Euro</u></b>

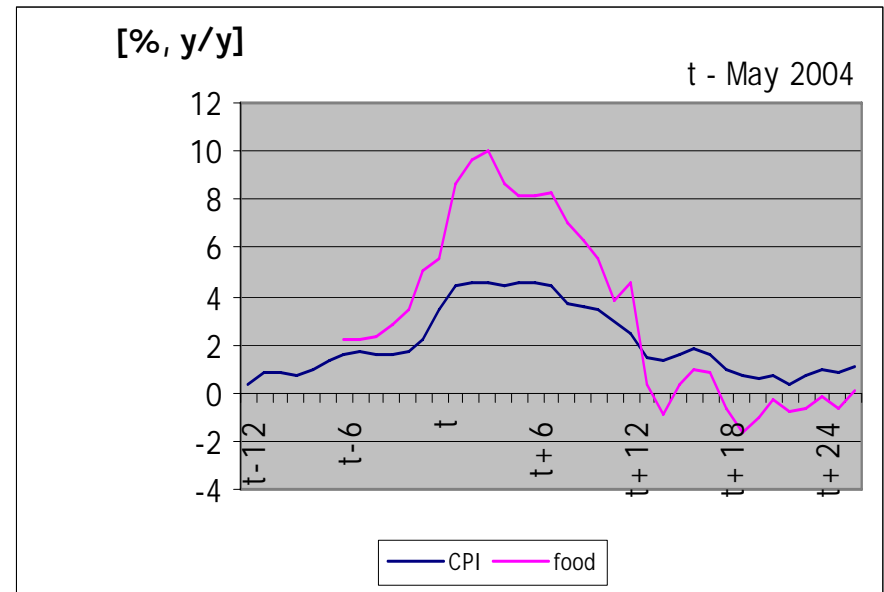
\* OCEI estimates

## While real transfers



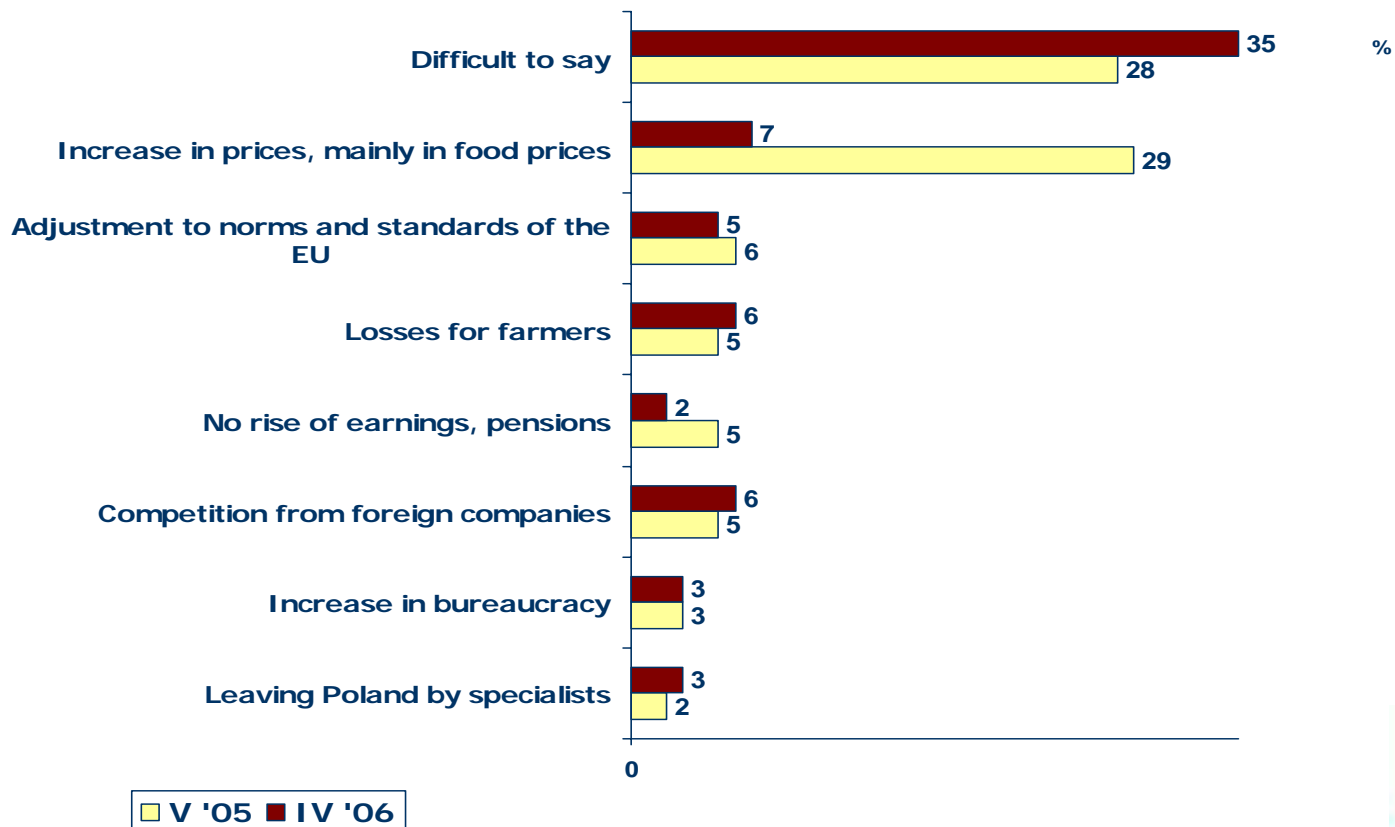
# Were the fears of increase in prices justified?

- Accession to the EU triggered significant but **one off** inflationary impulse
- Inflation expectations after 1st May were reduced, however the prices of some goods remained high
- Inflation was driven also by external factors like world's high prices of natural resources and energy



# Should it be a surprise that.....

Most often named disadvantageous effects of Poland's accession to the EU, in %





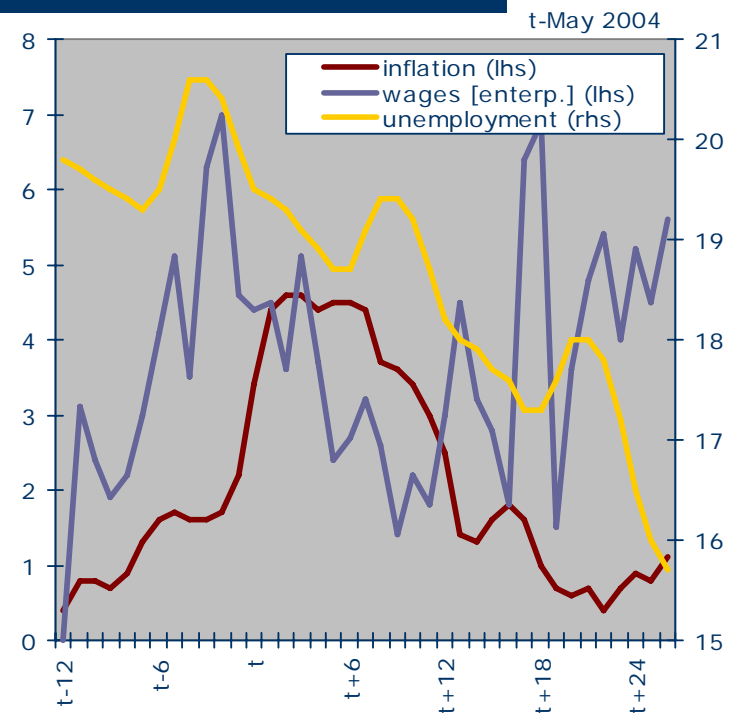
# How we coped with increased competition, Single Market potential and Eastern relations?

- The trade balance with EU partners improved
- Trade relations within EU-10 countries expanded
- Contrary to previous fears we saw an intensification of economic relations with Eastern partners (exports to Russia increased by 90%, to Ukraine by 30%)
- Competition on the Single Market provided strong impetus for Polish companies to take adjustment activities and forced further reduction of operational costs
- The opening of borders for trade and services is benefiting Polish SMEs (construction, food-processing, services sectors)



# Has the Polish labour market changed?

- Unemployment rate remains high [15,2%]
- ...but labour market perspectives improve
- ...with rise in real wages and level of employment



# Are the immigrants from the East taking jobs in the West?...

- Migration flows have been significant, but not massive in terms of numbers (around **800 thousand** Polish workers are employed in the EEA annually)
- Main destination countries for Polish citizens are: Germany (despite barriers), Great Britain and Ireland
- No „social tourism” phenomenon was observed – taking-out the social security benefits by the migrant workers has been insignificant
- Outflow of workers has had a limited impact on the Polish labour market
- There has been no „brain drain” in the Polish economy although some shortages could be felt across some sectors (healthcare, construction)

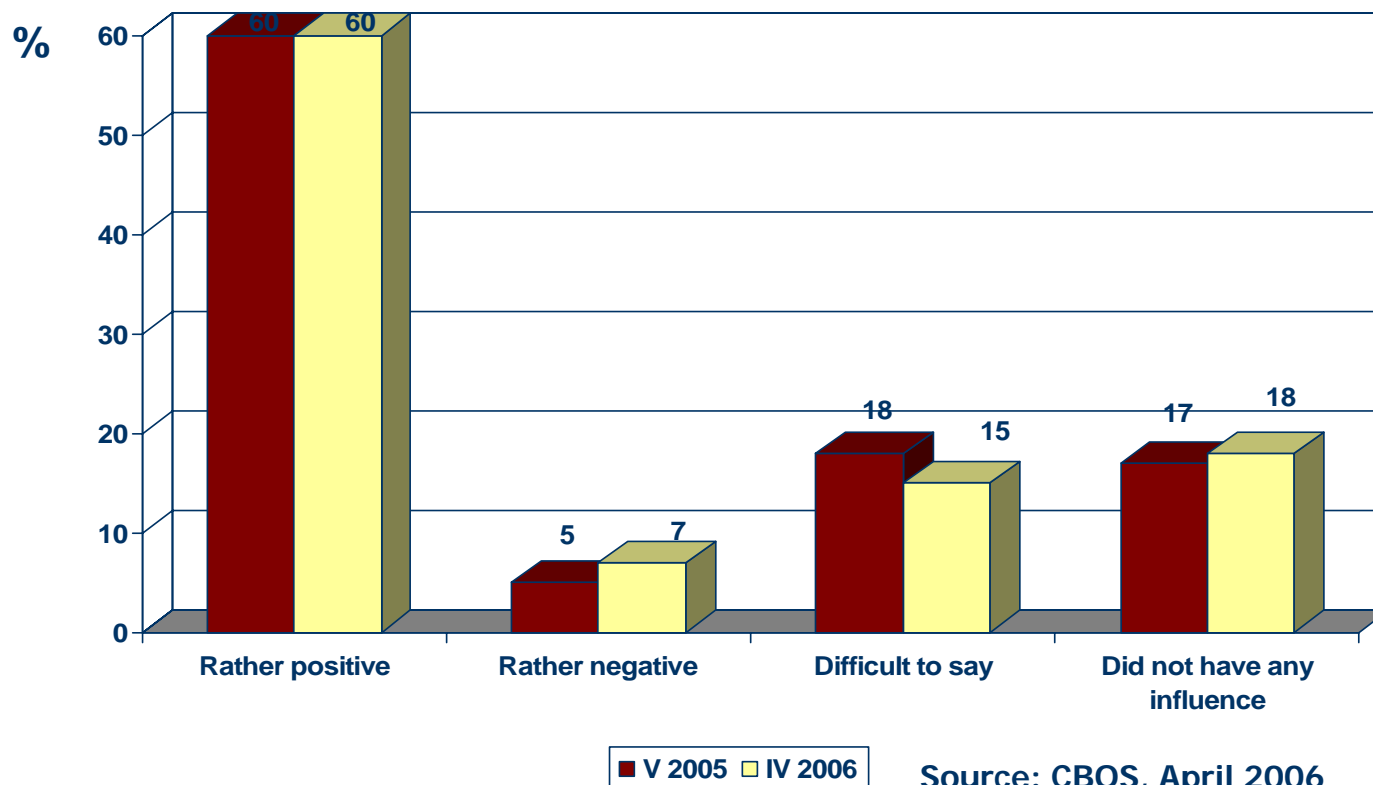


# Are the farmers still the most sceptical group in the Polish society?

- Most visible changes in this sector occurred mainly due to:
  - CAP
    - direct payments [for 1,4 million farmers]
    - market regulations
  - macroeconomic processes
    - strong external demand led to boom in exports
    - price convergence
  - strong modernisation impetus - linked to favourable situation, implementation of EU regulations requirements, as well as EU funds support (SAPARD)



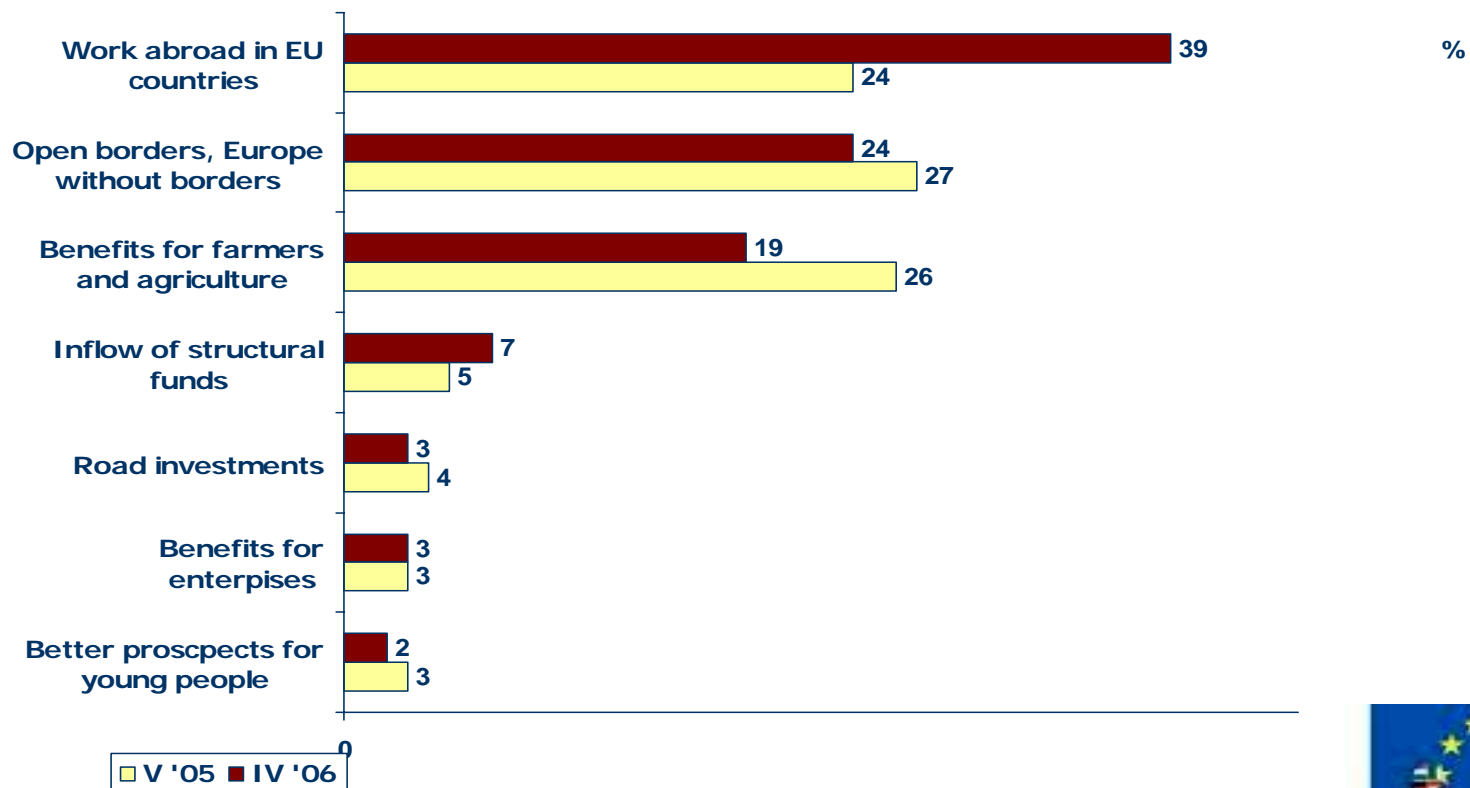
# How people value the impact of the EU accession on Poland's position in Europe?



Source: CBOS, April 2006



# Most often named benefits related to Poland's accession to the EU



Source: CBOS



# Opinion polls

- No confusion - “post accession shock” not observed
- The Polish public opinion was full of fears and superstitions, but the results of opinion polls show
  - Poles were prepared for the accession
  - On 1 May 2004 no ‘revolution’ occurred
- Positive overall evaluation of integration process - 72% support EU membership
- Largest change in support among farmers - the most reluctant group to support accession [shift from 20% to 72%]



## Way Forward

- Enlargement has reinforced the Polish economy (as well as others MS economies)
- Even if the role of the EU funds cannot be overestimated, the absorption of cohesion policy instruments together with the instruments for rural development will be the key factor bridging the gap between „old and new” Europe
- Poland has still a road ahead to improve the effectiveness of its economy – lower regulation, strenghten competitiveness  
...even if a few steps were already taken (flat tax rate for business-19%, pension reform...)

