



POLAND

What's happening in this economy

Poland is the largest economy in Central Europe and the sixth largest in the European Union. With a strong and dynamic economy and a stable political environment, Poland has enjoyed strong economic growth in recent years: 3.1 per cent in 2016, 4.8 per cent in 2017 and 5.1 per cent in 2018. Membership of the EU and access to EU structural funds has provided a major boost to the economy since 2004: Poland has a total of EUR 104.8 billion in EU fund allocation between 2014 and 2020.

Poland is a large domestic market with over 38 million consumers. Strategically located, companies present in Poland have ready access to the emerging markets of Eastern Europe.

Poland benefits from a highly qualified and competitively priced labour force. English language skills are widespread, particularly amongst younger people. Unemployment dropped from 10.1 per cent in 2012 to 3.3 per cent in August 2019. Population growth is very low, with low birth rates and levels of inward migration, and considerable outflows of migrants to other EU countries. The record low unemployment rate has started to lead to shortages of workers in some sectors, and there is a large number of Ukrainians in particular working in Poland. Wages have risen slightly in recent years.

The largest segment of the Polish economy is the services sector, followed by industry and agriculture. Poland is the largest coal producer in the EU.

Poland is attracting global companies, including in the financial sector. In 2017 JP Morgan opened a business centre in Warsaw, and Standard Chartered followed in 2018. In September 2018 two large stock market index providers – the UK's FTSE Russell and Switzerland's Stoxx – designated Poland 'developed market status' – the first central and Eastern European country to achieve this status, and the first country in world to be awarded such an upgrade in almost a decade.

Business conditions are good, with Poland ranked in the top 35 of the World Bank's Ease of Doing Business Index. Poland is also in the top 40 of Transparency International's Corruption Perception Index. In 2019 Poland has a value added tax rate of 23 per cent and corporate income tax of 19 per cent.

The Polish government also provides incentives to investors. In June 2018 a Polish law on supporting new investments came into effect. It replaces the old system of support offered by Special Economic Zones. The law provides new regulations on the availability of tax exemptions for new investments, effectively turning all of Poland into a Special Economic Zone. To be eligible for incentives, each new investment must meet certain minimum requirements relating to total expenditure and quality of investment. The minimum eligible costs of a project depend on the unemployment rate in the district in which the investment is to be located. The quality criteria include:

- creating specialised jobs
- employment security
- research and development

Key facts and figures

- Population: 38.0 million (2018)
- GDP growth: 5.1% (2018)
- GDP per capita: USD 15,430 (2018)
- Political system: parliamentary democracy
- Total merchandise trade (exports + imports): 1,537m AUD (2018)



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- cooperation with academic and research centres and industry schools, and
- contribution to the development of industry clusters.

Challenges of doing business in Poland can include:

- bureaucratic hurdles and complex fiscal regulation
- a slow judicial system
- a competitive market
- dominance of state-owned enterprises in some sectors, and
- relatively low personal wealth levels compared to Western Europe.

Foreign ownership of companies is restricted in some sectors designated as strategic, including:

- air transport
- energy
- radio and television broadcasting, and
- airport and seaport operations sectors.

Polish law also restricts foreign investment in land and real estate.

Trade, investment, and commercial opportunities and activities

- Poland is a growing market for Australia's commercial interests:
 - there are currently more than 50 Australian companies active in Poland.
- In 2018 Australia's two-way goods and services trade with Poland were valued at over \$1.7 billion:
 - trade was dominated by merchandise imports from Poland.
- Total merchandise imports from Poland for the same period were \$1.02 billion:
 - this is compared with Australian exports to Poland of \$522 million.
- Australia's major exports were coal (\$424m), other ores and concentrates (\$32m), and inorganic chemical elements (\$10m).
- The balance of the services trading relationship was reversed:
 - imports from Poland were \$73 million in 2018, compared to Australian services exports of \$140 million.
- Australian investment in Poland has grown substantially over the last few years to \$1.2 billion in 2018:
 - trade events are held every year in Poland across sectors including defence, education and wine, and
 - Austrade's Warsaw office can help if you are considering participating in these events.



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- Economic growth, rising wages and consumer purchasing power are creating opportunities in:
 - defence, as geopolitical tensions and energy security grow more pressing. This includes collaborating with Polish companies to provide solutions for land, air and sea platforms
 - services and technologies, which are being sought to optimise operations, estimate resources, manage offshore pipelines and LNG terminals, and in renewable energy
 - wine, including expanding the range of Australian product at each price point
 - education, particularly student recruitment and collaboration between institutions, and
 - health and ageing, especially as the demand for private health care continues to expand.
- Poland’s position as a manufacturing hub and its infrastructure needs are creating opportunities in:
 - aerospace, including aviation technology and services, avionics, composites, simulators, unmanned aerial vehicles, and materials treatment processes, and
 - rail, including products and services to support the country’s rail modernisation program.
- There are opportunities for most products and services—success depends on your willingness to commit resources to the market, as a local presence is often required:
 - key sectors and opportunities include defence, resources, mining, energy, logistics and transport, wine and education.

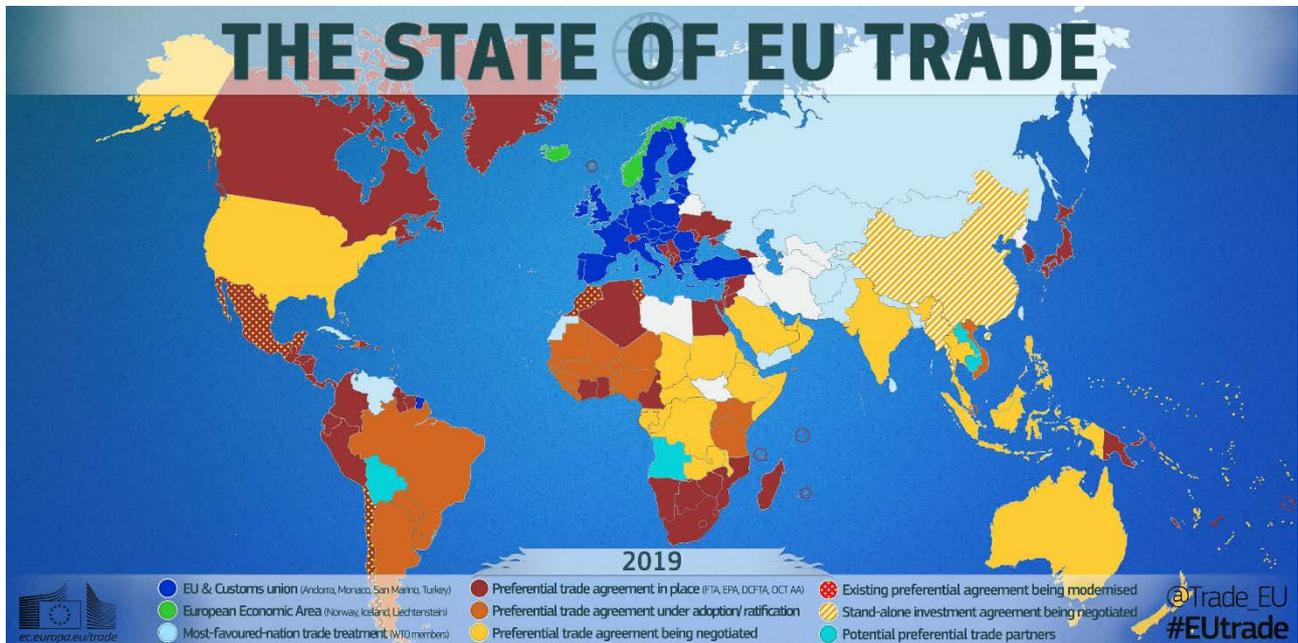
Trade policy and negotiations

Poland is a member of the European Union, which has a wide range of preferential trade agreements (see infographic).

Australia is currently negotiating a free trade agreement with the European Union, and solid progress has already made towards an ambitious outcome that will open new opportunities for Australian businesses.



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