



KCCI - Country Wrap: Poland (August'18)



Poland – a brief overview

Poland transformed its economy into one of the most robust in Central Europe, which was enabled as a consequence of a "shock therapy" program during the early 1990s. Poland joined NATO in 1999 and the European Union in 2004. With its transformation to a democratic, market-oriented country largely completed, Poland is an increasingly active member of Euro-Atlantic organizations. In 2013, Poland became a member of the Development Assistance Committee and later on in 2014, Donald Tusk, the Prime Minister of Poland, became the President of the European Council. The government of Poland has stated a number of goals they aim to achieve by 2020. These goals include; increasing investment to 25% of GDP, raising the concentration of medium and large size enterprises to over 22,000, increasing Foreign Direct Investment by Polish companies by around 70%.

Economy of Poland

Poland has pursued a policy of economic liberalization since 1990 and Poland's economy was the only one in the EU to avoid a recession through the 2008-09 economic downturn. EU membership and access to EU structural funds have provided a major boost to the economy, GDP per capita has significantly improved while unemployment has been significantly reduced in the recent years. The government steered the Polish economy through the economic downturn by skillfully managing public finances without stifling economic growth and adopted controversial pension and tax reforms to further shore up public finances resulting in the Polish economy performing well over the past five years. The key policy challenge is to provide support to the economy through monetary easing, while maintaining the pace of structural fiscal consolidation. Poland's economic performance could improve over the longer term if the country addresses some of the remaining deficiencies in its road and rail infrastructure and its business environment. An inefficient commercial court system, a rigid labor code, red tape, and a burdensome tax system keep the private sector from realizing its full potential.

Poland has an advantage of having a highly educated workforce particularly in science and math related fields. Poland has a work force of 16.99Mn people which is one of the largest in Eastern Europe. However, wages in the country are somewhat lower than countries in Western Europe.

Key Industries of Poland

The main industries of Poland are machine building, iron and steel, coal mining, chemicals, shipbuilding, food processing, glass, beverages and textiles while its main agriculture products are potatoes, fruits, vegetables, wheat, poultry, eggs, pork and dairy.

The chemical industry, including other sub-industries such as pharmaceuticals, rubber and plastics generates 12% of the total industrial output making it the 2nd largest industry in the country ahead of automobile manufacturing. The largest industry of the country is food processing.

Poland's major trading commodities and partners

Poland mainly exports machinery and transport equipment, intermediate manufactured goods, miscellaneous manufactured goods and food and live animals to major partners Germany, UK, Czech Republic, France, Russia, Italy and Netherlands. It mostly imports machinery and transport equipment, intermediate manufactured goods, chemicals, minerals, fuels, lubricants, and related materials from main partners Germany, Russia, Netherlands, China, Italy, Czech Republic and France.

Economic Relations between Pakistan and Poland

Pakistan and Poland share close cultural, economic, military and diplomatic ties which date back to the 1940s. Poland has supported Pakistan at GSP plus status and to create market access for Pakistani goods in European markets. Poland also supported Pakistan's request for Autonomous Trade Preferences, which were announced by the European Commission in November 2012 and which helped Pakistan's economy to stabilize after devastating floods.

Bilateral Trade Relations between Pakistan and Poland

The bilateral trade relations between Pakistan and Poland have remained stable with trade volume constantly increasing between the two countries. During Fiscal Year 2018, Pakistan exported goods to Poland worth of \$ 217.73Mn as against its imports from Poland which stood at \$ 85.66Mn. Exports from Pakistan to Poland increased by 19.03% from \$ 182.92Mn in FY17 where as imports from Poland increased by 39.49% from \$ 61.41Mn in the previous fiscal year. The trade balance is in favour of Pakistan st \$ 132.07Mn up 8.7% from \$ 121.51Mn last year. Trade between the two countries is therefore showing a healthy growth which is a sign of a mutually beneficial trade partnership.

Potential for enhancing bilateral trade relations between Poland and Pakistan

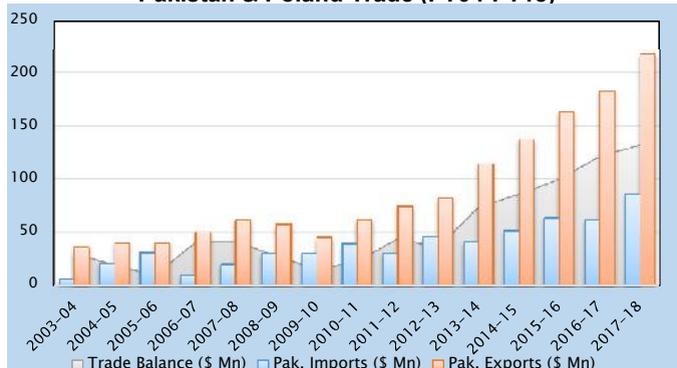
Poland is interested in further expanding economic and trade relations with Pakistan in all fields including energy generation, automobile manufacturing and food processing. Poland produces 80% of its energy through coal and can therefore, provide assistance to Pakistan in this field since the country has huge reserves of coal.

Economic Indicators

Indicators	Unit	2016	2017	Change
GDP (PPP)	\$ Bn	1.09	1.12	2.57%
GDP per Capita	\$	28,700	29,500	2.79%
GDP growth	%	2.9%	4.6%	1.70%
Forex Reserves	\$ Bn	114.4	115	0.52%
External Debt	\$ Bn	347.8	362	4.08%
Exports of Goods	\$ Bn	195.7	221.4	13.13%
Imports of Goods	\$ Bn	193.6	221.8	14.57%
Trade Balance	\$ Bn	2.1	-0.4	-119.05%
Current Account	\$ Bn	-1.37	0.25	118.25%
FDI - at Home	\$ Bn	224.5	235.7	4.99%
FDI - at Abroad	\$ Bn	64.52	68.22	5.73%
CPI	%	-0.6%	2.0%	2.60%
Prime Lending Rate	%	4.74%	4.8%	0.06%
Population	Mn	N/A	38.48	N/A
Unemployment	%	6.2%	4.8%	-1.40%
Literacy Rate	%	N/A	99.8%	N/A

Sources: KCCI Research, CIA Factbook

Pakistan & Poland Trade (FY04-FY18)



Note: Trade data may differ from Trademap, UNCom Trade & PBS Source: KCCI Research, SBP

Poland's Top 10 Trade Items (2017)

Imports Items	(\$ Mn)	Exports Items	(\$ Mn)
Machinery & appliances	26,738.65	Machinery & appliances	29,259.12
Electrical machinery	25,805.76	Vehicles other than railway	26,499.67
Vehicles other than railway	21,645.22	Electrical machinery	23,989.99
Mineral fuels & oils	16,133.67	Furniture/bedding	12,873.83
Plastics	12,834.34	Plastics	10,270.86
Iron & steel	8,421.19	Articles of iron or steel	6,823.82
Pharmaceutical products	6,288.73	Mineral fuels & oils	5,638.20
Articles of iron or steel	5,255.96	Rubber	5,228.58
Optical/photo instruments	4,784.60	Meat	5,090.32
Paper & paperboard	4,500.76	Iron & steel	4,523.08

Sources: KCCI Research, Trademap

Pakistan - Poland Top 10 Trade Items (2017)

Pakistan Export Items	(\$ Mn)	Pakistan Imports Items	(\$ Mn)
Apparel & clothing not knitted	160.46	Machinery & appliances	18.73
Made-up textile	71.53	Iron & steel	18.55
Apparel & clothing knitted	48.00	Mineral fuels & oils	15.40
Cotton	21.59	Tools of base metal	9.75
Articles of leather	20.14	Preparations of cereals/flour	7.36
Man-made staple fibres	9.69	Paper & paperboard	5.86
Cereals	5.87	Iron or steel	5.45
Raw hides & skins	3.77	Dairy produce birds/eggs	5.12
Optical/photo instruments	2.48	Electrical machinery	4.93
Toys, games & sports	2.27	Organic chemicals	3.57

Sources: KCCI Research, Trademap