

POLAND

Growth slowed in the second half of 2008 but was still positive in early 2009. Given the global downturn, activity is projected to contract in 2009, though the recession should be relatively shallow, notably due to relatively modest trade dependence, historically low interest rates, moderate indebtedness of the private sector, income tax cuts and the implementation of many infrastructure projects related to transfers of EU funds and the 2012 football championships. Price pressures have built up recently, notably due to a large fall in the exchange rate but, as economic slack increases, they should recede steadily.

After the sharp upward revision of the general government deficit for 2008, the fiscal outlook looks considerably worse as the deficit is expected to continue to deteriorate in the next two years. As this will push the public debt close to the constitutional limit of 60% of GDP, the government will have to stand ready to implement fiscal consolidation measures once recovery begins in 2010. These should be accompanied by further monetary easing.

Poland: Demand, output and prices

	2005	2006	2007	2008	2009	2010
	Current prices PLZ billion	Percentage changes, volume (2000 prices)				
Private consumption	623.4	5.0	4.9	5.4	4.0	1.8
Government consumption	177.8	6.1	3.7	7.6	1.0	1.2
Gross fixed capital formation	179.2	14.9	17.2	8.2	-9.1	-6.2
Final domestic demand	980.3	7.0	7.1	6.4	0.6	0.1
Stockbuilding ¹	10.3	0.4	1.7	-0.8	-3.1	0.1
Total domestic demand	990.6	7.3	8.7	5.4	-2.4	0.2
Exports of goods and services	364.7	14.6	9.1	7.2	-10.2	2.5
Imports of goods and services	371.9	17.4	13.5	8.3	-12.8	1.5
Net exports ¹	-7.3	-1.1	-2.0	-0.7	1.5	0.3
GDP at market prices	983.3	6.2	6.8	4.9	-0.4	0.6
GDP deflator	–	1.5	4.0	3.0	3.3	1.5
<i>Memorandum items</i>						
Consumer price index	–	1.3	2.5	4.2	3.5	1.8
Private consumption deflator	–	1.2	2.4	3.9	1.6	1.7
Unemployment rate	–	13.8	9.6	7.1	9.0	11.6
General government financial balance ^{2,3}	–	-3.9	-1.9	-3.9	-6.3	-7.6
Current account balance ²	–	-2.7	-4.7	-5.5	-3.5	-3.3

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook Sources and Methods* (<http://www.oecd.org/eco/sources-and-methods>).

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.

2. As a percentage of GDP.

3. With private pension funds (OFE) classified outside the general government sector.

Source: *OECD Economic Outlook 85* database.