

POLAND

Economic performance has been improving steadily, with growth of 5% combined with low inflation and plunging unemployment. Continuing strength in investment and exports should support robust growth in 2007 and 2008. Job creation is projected to maintain its recent momentum and to make significant further inroads in unemployment. Productivity gains are projected to be moderate, and, with rather faster wage increases, costs may push inflation towards the official target of 2½ per cent.

With a vigorous expansion well established and inflation set to move higher, an expected monetary tightening in 2007 will be appropriate. The projected fiscal outcome for 2006 is encouraging, but budgetary consolidation and rationalisation of expenditure planning need to be pursued further to take full advantage of higher growth.

Poland: Demand, output and prices						
	2003	2004	2005	2006	2007	2008
	Current prices PLZ billion	Percentage changes, volume (2000 prices)				
Private consumption	552.0	4.2	1.9	5.0	4.1	4.1
Government consumption	153.7	3.1	5.3	2.3	3.2	2.4
Gross fixed capital formation	153.8	6.4	6.5	10.1	10.2	8.5
Final domestic demand	859.4	4.4	3.3	5.4	5.1	4.7
Stockbuilding ¹	4.3	1.6	-0.9	-0.6	0.0	0.0
Total domestic demand	863.7	5.9	2.4	4.8	5.2	4.7
Exports of goods and services	280.9	14.0	8.0	15.5	9.5	10.1
Imports of goods and services	302.5	15.2	4.7	14.8	9.8	9.6
Net exports ¹	- 21.6	-0.8	1.1	0.2	-0.2	0.1
GDP at market prices	842.1	5.3	3.5	5.1	5.1	4.8
GDP deflator	–	4.1	2.6	0.6	2.2	2.3
<i>Memorandum items</i>						
Consumer price index	–	3.4	2.2	1.4	1.9	2.3
Private consumption deflator	–	3.0	2.2	1.5	2.2	2.3
Unemployment rate	–	19.0	17.7	14.2	12.6	11.3
General government financial balance ^{2,3}	–	-3.9	-2.4	-2.2	-1.8	-1.6
General government financial balance after reclassification ^{2,4}	–	-5.7	-4.3	-4.1	-3.8	-3.6
Current account balance ²	–	-4.3	-1.7	-2.1	-1.9	-1.5

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 inside the general government sector.

4. From 2007 onwards the defined contribution funded pension scheme, OFE, will be reclassified outside the general government sector (from the social security system within the general government sector). This will become the official series for the general government deficit.

Source: OECD Economic Outlook 80 database.