

POLAND

Priorities supported by indicators

► **Reduce public ownership (2005, 2007, 2009) and remove barriers to entrepreneurship (2009)**

Recommendations: Boost the privatisation process and reduce the administrative burden on firms.

Actions taken: Privatisation has been slow, but has accelerated recently to moderate the rising debt-to-GDP ratio. Barriers to entrepreneurship have recently been lowered with the creation of a one-stop-shop for start-ups and the possibility to suspend activity when needed.

Reform the tax and benefit system (2007, 2009)

Recommendations: Reduce the tax wedge and access to early retirement schemes.

Actions taken: Between 2007 and 2009 the average and marginal tax wedges were lowered through cuts in income taxes and social security contribution rates and the introduction of a child tax credit. In late 2008, the government significantly tightened eligibility criteria for early retirement schemes.

Improve the efficiency of the education system (2007, 2009)

Recommendations: Improve provision of free pre-school education at ages three to five; introduce tuition fees for full-time students in public higher education institutions, as well as more accessible systems of means-tested grants and student loans with income-contingent repayment.

Actions taken: No significant action taken.

Reform entitlement conditions in disability benefit schemes (2005)

Recommendations: Implement a stricter and regular re-evaluation of beneficiaries.

Actions taken: No significant action taken.

Reduce barriers to foreign ownership (2005)

Recommendations: Raise the statutory limit on foreign ownership of domestic shares and limit the use of government special voting rights that can be exercised in case of foreign acquisitions.

Actions taken: No significant action taken.

Other key priorities

Upgrade transport, communication and housing infrastructure (2005, 2007, 2009)

Recommendations: Enhance transport and communication infrastructure and improve urban planning.

Actions taken: Action taken, but the speed of absorption of EU funds should be improved.

Reform housing policies (2009)

Recommendations: Make the release of zoning plans by municipalities mandatory, introduce compulsory escrow accounts to protect buyers' advances and ease rent controls further.

Actions taken: A draft law has been prepared to revive the rental market through tax incentives and by creating a less protected segment of the market with reduced tenant protection and no rent controls.

Promote competition in professional services and telecommunications (2007)

Recommendations: Simplify regulations in professional services and facilitate third-party access to the network segment in telecommunications. Discriminatory access to the incumbent's infrastructure remains a serious issue in broadband Internet.

Actions taken: No action taken for professional services, but interventions by the regulatory authorities have significantly curbed the monopoly power of the incumbent operator in telecommunications.

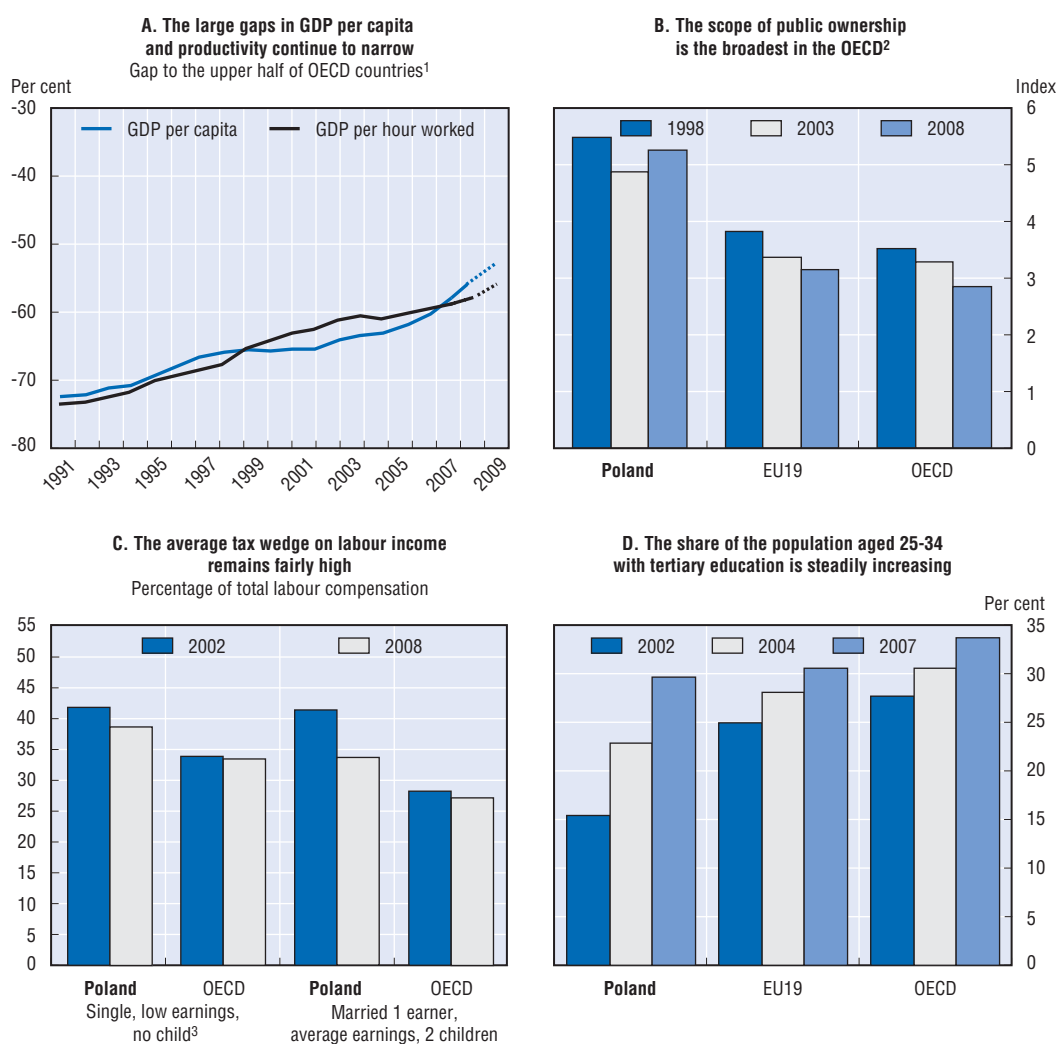
Reduce the minimum cost of labour (2005)

Recommendations: Introduce in-work benefits and ensure that the minimum wage does not rise significantly relative to the average wage.

Actions taken: The minimum wage has risen by 14% relative to the average wage since 2005 as a consequence of an indexation rule and additional discretionary increases in 2008 and 2009.

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- Strong trend growth has led to convergence in GDP per capita, but a large gap remains due to low labour productivity.
- In key priority areas, labour tax wedges have been lowered, eligibility for early retirement and disability pension schemes tightened, and barriers to entrepreneurship reduced. However, improving the efficiency of education and eliminating barriers to foreign ownership remain unaddressed priorities. In other priority areas, some progress has been made in upgrading transport infrastructure, but housing policies and regulations in professional services have not been overhauled, while increases in the relative minimum cost of labour have represented a step backward.



1. Percentage gap with respect to the simple average of the upper half of OECD countries in terms of GDP per capita and GDP per hour worked (in constant 2005 PPPs). The gaps for 2009 are OECD estimates, based on the *OECD Economic Outlook*, No. 86.

2. Index scale of 0-6 from least to most restrictive.

3. Low earnings refer to two-thirds of average earnings.

Source: Chart A: OECD, *National Accounts and Economic Outlook 86 Databases*; Chart B: OECD, *Product Market Regulation Database*; Chart C: OECD, *Taxing Wages Database*; Chart D: OECD (2009), *Education at a Glance*.

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