

## POLAND

*Despite strong trend growth and rapidly falling unemployment, GDP per capita remains well below the OECD average, reflecting gaps in both productivity and labour utilisation.*

### Policy priorities

#### **Reduce public ownership**

**Challenge and recommendations:** To promote greater competition, it was recommended that privatisation be stepped up and that residual state controls in many privatised companies, such as special shares, be eliminated in most cases.

**Actions taken:** Privatisation continues, but at a slow pace. Major sell-offs in the power supply industry have been delayed, and the two major entities in banking and insurance remain state-owned.

#### **Reform the tax and benefit system to make work pay**

**Challenge and recommendations:** Tax wedges remain high, and internal labour mobility still seems to be hampered by poor incentives. To strengthen work incentives, it was recommended that work-availability and job-search requirements be tightened in the unemployment benefit system, and tax rates be lowered through a broadening of the tax base.

**Actions taken:** No action taken.

#### **Improve efficiency of tertiary education**

**Challenge and recommendations:** To improve both equity and efficiency, it was recommended that tuition fees in public higher education institutions be increased in parallel with an improved system of means-tested grants and student loans with income-contingent repayment.

**Actions taken:** No significant action taken.

#### **Promote competition in professional services and telecommunications**

**Challenge and recommendations:** To strengthen competition, it was recommended that regulation in professional services be simplified and third-party access to the telecommunications network be facilitated.

**Actions taken:** The telecommunications regulator has made progress in increasing competition, and some prices fell significantly in 2006 and 2007.

#### **Upgrade transport, communication and housing infrastructure**

**Challenge and recommendations:** To improve geographical mobility, it was recommended that transport infrastructure and urban planning be improved, while taking account of environmental factors.

**Actions taken:** Spending on transport infrastructures (in particular roads) has risen and will increase significantly over the next few years, financed in part by EU funds. No major action has been taken to improve urban planning nor, in particular, housing infrastructure.