

# Economic Bulletin

## PM Tusk sums up 100 days in power

The introduction of flat rate tax by 2011 and the adoption of the euro are among the government plans presented after 100 days in power of the Civic Platform and Polish People's Party (PO-PSL) coalition. The PO-PSL government also plans to cut unemployment to 10 pct. At a special news conference in Warsaw on Sunday PM Donald Tusk seized up his first 100 days in power saying that Poles' hopes for normal, affluent life have increased at that time. Secretary of state at the PM's Chancellery Sławomir Nowak presented plans for the coming 300 days or, till the end of the present tenure, along with plans by 2015 provided PO wins elections.

PM Donald Tusk said that during the three months of the PO-PSL government Poles' hopes for normal, affluent life had increased.

The PM expressed thanks to deputy PM Waldemar Pawlak, leader of the coalition PSL party as well as the opposition and media. He said the ruling PO-PSL coalition was free of „absurd conflicts, mutual aggression and was marked by mutual trust”.

„You are a genuine, priceless partner in this coalition,” Tusk told the junior coalition partner PSL.

The PM underlined the need for developing the recently created „system of mutual national trust” which boils down to the fact that „striking customs officers are to remember about the pay needs of nurses or teachers and those in power remember about the interests of protesters and budget possibilities.

The PM promised that his government would care for taxpayers' money and would not raise health insurance premium.

Tusk also vowed to limit privileges of those in power. He admitted that he would seek the Sejm and President Lech Kaczyński's support for a PO motion to stop financing political parties from the state budget, to amend the constitution, to introduce a unicameral parliament and to lift immunity of MPs which helps them avoid responsibility for irresponsible behaviour.

■ The Monetary Policy Council (RPP) on Wednesday raised all interests rates by 25 base points. The central bank (NBP) reference rate will now stand at 5.50 percent. The RPP decision means that the 7-day intervention rate will be not lower than 5.50 percent, the lombard rate will be not lower than 7.0 percent, the rediscount rate will be not lower than 5.75 percent and the deposit rate not lower than 4.0 percent.

■ In January 2008 unemployment went up to 11.7 percent from 11.4 pct in December 2007, the Central Statistical Office (GUS) reported on Monday. The number of registered jobless stood at 1,813,400, up by 66,800 people or 3.8 percent from December. In December 2007 unemployment went up to 11.4 percent from 11.2 pct in November.

■ Retail sales went up by 20.9 percent year-on-year in January 2008 after a 12.4-percent growth y/y in December 2007 and fell 18.7 percent month-on-month, Central Statistical Office GUS reported on Monday. In real terms retail sales went up by 15.9 pct y/y in January after a 8.1-pct increase y/y in December and fell 18.8 percent month-on-month.

■ Poland's foreign trade deficit stood at 17.6 billion euros in 2007 against 12.9 billion euros in 2006, the Central Statistical Office (GUS) reported on Thursday. The foreign tra-

The PM said that keeping budget discipline was the most important challenge facing the government.

Head of the PM's Chancellery Sławomir Nowak said the government planned to cut unemployment to 10 pct by the end of its tenure and to raise employment indicator of 60 pct.

Nowak said PO-PSL government will cut budget deficit from 2.5 pct in 2007 to 1.0 pct at the end of its tenure.

By that time the government also wanted to introduce flat tax with a tax-free amount and child allowance.

Finance Minister Jacek Rostowski said Poland may join ERM2 this year and adopt the euro in 2012.

### **Planned amendments to tax law**

Deputy Finance Minister Andrzej Parafianowicz has presented draft amendments to the law on taxes under which a taxpayer should be notified about the intention to launch a tax screening. Under the amendment decisions subject to appeal cannot be executed. The ministry also plans to regulate rights and obligations of a screened taxpayer or his/her commissioner during the screening. Inspections will be carried out in the screening institutions seat and not at the taxpayer's. Specified will also be a 5-year deadline of statutory limitations for checking VAT return and the amount of loss in the income tax.

### **Poland, German sign accord on border rail bridges**

Poland and Germany signed an agreement on the construction and maintenance of border rail bridges, Infrastructure Ministry press office wrote in a Tuesday press release.

The document has been signed by Polish Infrastructure Minister Cezary Grabarczyk and German Minister of Transport, Building and Urban Affairs Wolfgang Tiefensee in Frankfurt on der Oder on Tuesday.

Minister Grabarczyk stressed the agreement is an important step bringing the two neighbours closer to each other. The building of bridges unites, allows to develop business contacts, boost both countries' economies and also links other partners from the EU.

de deficit in USD was 24.1 billion, GUS said.

■ Poland's GDP grew 6.1 pct in the 4th quarter of 2007, after a 6.4-per-cent growth in the 3rd quarter and a 6.6 percent growth in the 4th quarter of 2006, the Central Statistical Office (GUS) announced on Friday.

■ The value of housing loans granted by banks in January 2008 rose by 5 bn 934.2 mn zloty to 121 bn 801.9 mn zloty, the National Bank of Poland (NBP) said.

The document specifies which country will be responsible for the maintenance of existing bridges and for building new ones. Germany is to build a bridge over Odra river in Frankfurt-Kunowice while Poland is build a bridge over Nysa Luzycka in Wegliniec-Horka.

#### ENERGY SECTOR

Poland places 5th as the world country developing wind energy, indicates a report of the World Wind Energy Association (WWEA).

#### FUELS

PKN Orlen estimates the group's oil processing capacity this year at 19 pct with Mozeikiu capacity going up by 80 pct and Unipetrol by 11 pct. Wholesale sales of the refinery products will go up by 15 pct while the retail sale will rise by 11 pct.

#### TRADE

Meat sale to the Russian Federation is on the rise. By February 20 Poland exported there 1,240 tons of pork and 334 tons of beef.

#### AVIATION

In ten years a Chinese firm will buy 150 helicopters from the PZL Swidnik company (lubelskie province) under an agreement signed by the company with a Chinese customer, PZL Swidnik's spokesman Jan Mazur said Wednesday. The agreement provides for a sale of Sokol, SW-4 and Kania helicopters. PZL Swidnik has not disclosed the value of the contract. Rzeczpospolita, the first to report about the contract, said it was worth nearly half a billion USD.

#### TRANSPORT

A new airport will open in Modlin (Mazowieckie province) in the first quarter of 2010, according to its operator MPL. The cost of nec-

## CBOS: 77 pct of Polish families have no savings

77 pct of Polish families have no money savings, indicates a recent CBOS poll. 23 pct of households save money in form of pension funds. Bank loans and credits are the most popular form of debt drawing (86 pct of families) with the number of households paying off different type of loans and credits being twice that high than the number of households having savings.

Installments, loans, debts, credit are paid by 41.5 pct of families with 4.1 pct having problems with meeting payments' deadlines.

13.8 pct of families draw credit at workplaces of factory mutual assistance funds, 8.3 pct resort to assistance of non-banking credit institutions and 7.5 pct chose financial assistance of private people, namely relatives, friends or neighbours.

9.6 pct of households have to pay back rents, electricity, phone bills or taxes with 4.1 pct of them having problems with paying the back bills.

43 pct of households do not need credits nor have savings.

**1 USD = 2.31 PLN**

**1 EUR = 3.52 PLN**

essary investments is estimated at 400 m PLN (ca. 180 m USD) and the expected traffic is put at 1.5 m passengers a year. Most of them will be handled by charter and low-cost carriers. A special train connection to and from Warsaw is planned.