

Economic Bulletin

PM: Cabinet approves roadmap leading to euro adoption

The cabinet on Tuesday passed a roadmap of Poland's joining the euro zone, PM Donald Tusk said at press conference following the meeting.

„We want to stick to our ambitious timetable of preparing Poland for the adoption of the euro by the end of 2011,” Tusk said. „We are aware of the need for cooperation with the opposition in order to amend the Constitution. We will also try to persuade the president to become the patron of the project,” Tusk added. The PM stressed also that Poland's financial situation did not require „radical, drastic and nervous actions”, in contrast to the situation of some other countries in the region and the world.

The cabinet adopted a bill Tuesday on assistance from the Treasury to financial institutions that provides for guarantees for interbank lending. The guarantees will be available to stable and safe banks, will not be full or free, and their terms will approach the terms of commercial guarantees available before the onslaught of the international financial crisis, according to finance minister Jacek Rostowski.

Poland's, Ukraine presidents at economic summit in Donetsk

President Lech Kaczynski told the 9th Poland-Ukraine Economic Forum in Donetsk on Wednesday that the two countries have very good political relations but economic cooperation falls short of possibilities.

The Polish president expressed hope for higher trade turnover between Poland and Ukraine. The present mutual trade amounts to ca. 7 billion USD annually.

Lech Kaczynski told a news conference after the summit he had invited his Ukrainian counterpart Viktor Yushchenko to the next year's summit in Poland.

■ The Monetary Policy Council (RPP) left interest rates unchanged at its last meeting. The decision means that the benchmark 7-day intervention rate will be at no less than 6 pct, the lombard rate will remain at 7.50 pct, the rediscount rate will be at 6.25 pct and the deposit rate will remain at 4.50 pct.

■ According to the World Bank, Poland's GDP growth will be at 4.0 pct in 2009. This year GDP growth will be at 5.4 pct and inflation at 4.2 pct. I 2009 inflation will fall to 3.4 pct.

The World Bank estimates that Poland has sound economic foundations, strong financial system strengthened by the road map for euro adoption.

■ The Senate adopted without any changes an amendment to the law on the Banking Guarantees Fund (BFG) that increases guarantees for bank deposits to the equivalent of 50,000 euro. in line with the Sejm amendment 100 pct guarantees will be given to deposits of up to 178,000 zloty or 50,000 euro.

■ Some 6,000 commune and county roads are to be constructed by or renovated by 2011, the CIR government information centre has reported. The Council of Ministers has adopted a resolution on the „National programme of local roads reconstruction between 2008-2011.”

The programme will be supervised by the internal affairs and administration minister.

Kaczynski promised he would ratify the law on local cross border traffic as soon as possible.

He informed reporters that his talk with Ukraine's President Viktor Yushchenko was open and direct.

The two presidents declared that meetings between both countries' deputy economic ministers, held on a quarterly basis would be a good solution.

KNF: Polish banks are safe

Banks operating in Poland are safe, president of the Financial Supervision Commission KNF Stanisław Kluza has said. In his opinion banks are safe because they pursue a conservative credit policy. The share of bad due amounts in total due amounts fell to the record low level of 4.7 pct at the end of August 2008 or, 3.8 pct for household credits and 5.9 pct for corporate credits.

Additionally Polish banks practically do not have bad assets which increases their safety. Kluza stressed that papers of foreign issuers at the end of August accounted for 0.6 pct of assets of the banking sector, of which treasury papers accounted for 60 pct and scripts of all foreign banks accounted for 0.2 pct of the sector's assets. As of October 10 the KNF monitors also Polish banks transactions abroad.

Turkey welcomes Polish energy firms

Turkish Foreign Trade Minister Kursada Tuzmena has invited Polish firms to invest in Turkish energy sector. The Turkish delegation, made up of 120 representatives of the government and businessmen has been received by deputy PM and Economy Minister Waldemar Pawlak. „Turkey tries to become the +state-terminal,+ via which earth gas and oil will flow. The energy sector is the one which welcomes Polish firms,” the Turkish minister told a news conference. Deputy PM Pawlak said that energy and heat generating plants and transport sector are also promising for Poland.

Minister Tuzmen said that at present 150 Turkish firms invest in Poland and the value of investments is estimated at 200 million USD.

FINANCE

By September 2008 Poland managed to use 94 pct of EU funds from the Integrated Operation Programme of Regional Development ZPORR. PM Donald Tusk believes it was a sign that Poland „passed the test” and „a sign of hope in the time of financial and economic turmoil.” As part of ZPORR implemented was a total of 13,000 projects which were granted 11.3 billion zloty of assistance from the EU. So far 10.3 billion zloty of the said sum was transferred to accounts of applicants.

INVESTMENTS

By 2012 Okęcie airport plans to assign 1.2 billion zloty for investments chiefly in the construction of No. 2 Terminaal which is to be integrated with No. 1 Terminal and in the modernisation of navigation equipment.

FINANCE

Alior Bank, to be opened in Poland on November 17, plans to launch 200 branches by the end of 2010. By 2012 the bank plans to gain 2-4 pct of the share in the market, one million of customers, 100 million euro in net profit and 300 million euro in revenues.

INVESTMENTS

The Nitrite Plant in Tarnow are holding talks on the construction of a joint installation in Saudi Arabia with a local big company, plant CEO Jerzy Marciniak has told journalists. He added that the location of the joint undertaking stems from the fact that raw materials are cheaper in Saudi Arabia.

Pentor: 42 pct of Poles say financial crisis will not affect their savings

Forty two percent of Poles think the financial crisis will not affect their savings, indicates a report of Pentor agency. 14 pct of Poles plan spending for a longer period than one months.

Thirty one percent of the pollees believe that turmoil on the financial market will have an inconsiderable influence on their savings while 10 pct said the impact will be grave.

„Poles do not like to take a chance while making financial investments but their knowledge about finances is not based on factual material or experts' opinions,” wrote the authors of the report.

The survey indicates that the financial crisis influences Poles outlook on safe ways of saving money including money for pensions. „Poles are chiefly interested in investing in land, real estate, personal accounts, in keeping money at home or having additional jobs. They were less inclined to invest in investment funds or shares,” it was written.

The survey results show that most Poles are familiar only with the basic forms of money-saving. „Only 50 pct of Poles have bank accounts. Only 12.7 pct makes payments via the Internet,” the authors of the report wrote.

As few as seven percent of Poles saves money on a regular basis though the idea of saving money is promoted by 69 pct of the society. 35 pct of the surveyed admitted they did not plan spending in advance. 41 pct did not think about increasing their pensions in future.

1 USD = 2.84 PLN

1 EUR = 3.63 PLN