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ECONOMIC AND POLITICAL OVERVIEW

ECONOMIC OVERVIEW

Poland has emerged as a dynamic market over the past 25 years and has become a major actor within Europe, being the tenth-largest economy in the EU. The country recovered well from the global COVID-19-induced crisis and grew at a strong pace in 2022 (+5.1%). Nevertheless, the economy lost momentum and grew marginally in 2023 (+0.6%), due to falling private consumption and a negative contribution from inventories, whereas net exports contribute positively to growth due to a marked fall in imports. In 2024, GDP growth is expected to pick up reaching 2.3%, with private consumption as the key driver, boosted by higher real wages, increased public social support, and diminishing inflation. A further acceleration is anticipated in 2025, when the sustained expansion of private consumption, the growth of investments, including those funded by the EU, and an uptick in exports should bring the growth rate to 3.4% (IMF).

The general government deficit rose to 4% of GDP in 2023, up from 2.1% the previous year, attributed to higher spending on defence, public sector salaries, healthcare, subsidies to farmers, and augmented social benefits, particularly pension indexation. The net budgetary cost for reducing the impact of high energy prices stood at 0.6% of GDP due to falling commodity prices. Levies on windfall profits of energy producers funded part of the electricity and gas price freeze schemes. Additionally, the slow economic growth hampered the rise in revenues from indirect taxes. In 2024, the general government deficit is predicted to decline to 4.6% of GDP, aided by increased revenues amid the economic recovery. The debt-to-GDP ratio grew modestly in 2023, reaching 49.8% (+0.8% y-o-y). As the deflator effects dissipate, the debt ratio will rise at a faster pace, to 53.9% in 2025, in line with persistent primary fiscal deficits and higher average interest costs. Inflation reached its peak in 2023-H1 and averaged 12% over the year. In 2024, inflation is forecasted to drop to 6.4%, anticipating the conclusion of energy support measures and the zero VAT rate for certain foods. Persistent strong wage growth is expected to maintain elevated price pressures in services across the forecast horizon.

The unemployment rate has been structurally low in recent years (around 3%), though around one in four employees have temporary contracts, twice the EU average. The labour market has proved resilient to the crisis, although emerging labour shortages could act as a significant drag on employment growth in the near future. Despite a slowdown in economic activity in the first half of 2023, employment witnessed growth, with unemployment falling to 2.8%, a historical low. Real wages are expected to surge due to a significant minimum wage hike in 2024, while the unemployment rate remains broadly stable. The GDP per capita (PPP) of Polish citizens was USD 45,538 in 2023, still 20% lower than that of the EU-27 (data IMF). Finally, there are still large disparities between the east and the west of the country.

Main Indicators	2022	2023 (E)	2024 (E)	2025 (E)	2026 (E)
GDP <i>(billions USD)</i>	690.68	842.17	880.06	928.94	986.48
GDP <i>(Constant Prices, Annual % Change)</i>	5.1	0.6	2.3	3.4	3.2
GDP per Capita <i>(USD)</i>	18,343	22,393	23,434	24,778	26,365
General Government Balance <i>(in % of GDP)</i>	-2.1	-4.0	-5.0	-5.1	-5.3

Main Indicators	2022	2023 (E)	2024 (E)	2025 (E)	2026 (E)
General Government Gross Debt <i>(in % of GDP)</i>	49.1	49.8	52.2	53.9	56.0
Inflation Rate <i>(%)</i>	n/a	12.0	6.4	4.5	3.6
Unemployment Rate <i>(% of the Labour Force)</i>	2.9	2.8	2.9	3.0	3.0
Current Account <i>(billions USD)</i>	-20.77	8.42	2.89	0.64	-3.68
Current Account <i>(in % of GDP)</i>	-3.0	1.0	0.3	0.1	-0.4

Source: IMF – World Economic Outlook Database , October 2021

Country Risk

See the country [risk analysis](#) provided by [La Coface](#).

MAIN SECTORS OF INDUSTRY

In Poland, agriculture employs 8% of the active population and contributes about 2.8% of GDP (World Bank, latest data available). More than 60% of Poland's total land area is taken up by farming, and the country is generally self-sufficient in terms of its food supply. The sown area is 11 million ha, the main crops being rye, potatoes, beetroot, wheat and dairy products. Poland also breeds pigs and sheep in livestock farming. The sowing structure is dominated by cereals (65.6% of the total sown area), followed by fodder crops (13.6%) and industrial crops (12.7%). The country is relatively rich in natural resources and the main minerals produced are coal, sulphur, copper, lead and zinc. According to Eurostat, family farms generate more than 80% of the standard output from agriculture in Poland. Around 20,000 farms use organic farming production methods (Statistics Poland – latest data).

The industry sector comprises 28.1% of GDP and employs 31% of the workforce. The World Bank estimates that the manufacturing industry's value-added accounts for 17% of the Polish GDP (latest data available). The country's main industrial sectors are machine manufacturing, telecommunications, environment, transport, construction, industrial food processing and IT. Some of the traditional sectors have been in decline, such as the steel and shipbuilding industries. The Polish automobile industry is mainly export-oriented and has been highly resistant to the effects of the 2008 economic crisis; however, it has been the worst-hit domestic sector in the coronavirus pandemic (also due to the chip shortages). In recent years, the country has diversified its manufacturing industry, developing sectors such as electrical appliances and clothing production. According to the latest yearly data by Statistics Poland, the value of sold production of industrial products increased by 30.4% y-o-y in 2022.

The tertiary sector represents 56.9% of GDP, employing about 59% of the active population. The sector has been booming in recent years, especially for financial services, logistics, IT and tourism; this one, in particular, has seen impressive growth: after declining due to the COVID-related restrictions, the sector recovered quickly and in 2022 34.2 million tourists were accommodated in tourist accommodation establishments, with 90 million overnight stays (+54.3% and +43.2% y-o-y – Statistics Poland). Concerning the banking sector, it is made up of 30 commercial banks (of which 8 are controlled by the State Treasury, accounting for 41.1% of the sector's total assets), 511 cooperative banks and 37 branches of credit institutions (European Banking Federation).

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector <i>(in % of Total Employment)</i>	8.4	30.9	60.7
Value Added <i>(in % of GDP)</i>	2.1	29.8	56.8
Value Added <i>(Annual % Change)</i>	-1.7	7.0	4.0

Source: World Bank - Latest available data.

Monetary Indicators	2016	2017	2018	2019	2020
Polish Zloty (PLN) - Average Annual Exchange Rate For 1 USD	3.94	3.78	3.61	3.80	3.90

Source: World Bank - Latest available data.

FOREIGN TRADE

Poland is open to international trade, which represents 124% of its GDP (World Bank, latest data available). The geographical location gives Poland strategic importance: the country is situated halfway between Paris and Moscow and between Stockholm and Budapest, and it has important ports that are connected to the North Sea through the Baltic Sea. In addition, the country constitutes an excellent place for the export of merchandise to the former Soviet republics. According to figures by Statistics Poland, the country mainly exports machinery and transport equipment (35.9%), manufactured goods (18.2%), food and live animals (11.3%), and chemicals and related products (9.9%). Imports are led by similar product categories: machinery and transport equipment (30.9%), manufactured goods (16.3%), chemicals and related products (14.3%), and food and live animals (6.6%).

In 2022, the main trading partners were Germany (27.8%), the Czech Republic (6.6%), France (5.7%) and the United Kingdom (4.9%); while the top import origins were Germany (20.2%), China (14.8%), Italy (4.6%), the U.S. (4.3%), and Russia (4.2%). Overall, the EU accounted for 75.6% of Poland's total exports and 51.3% of its imports (data Statistics Poland).

Since Poland became a member of the European Union, its exports have increased consistently. The country historically had a structurally negative trade balance; nevertheless, since 2013 this trend has reversed: when computing both goods and services, in 2022 Poland had a positive trade balance estimated at 1.4% of its GDP (it was 3.3% one year earlier - World Bank). According to data from WTO, in 2022 the country exported USD 360.5 billion worth of goods (+5.8% year-on-year), whereas imports stood at USD 381.1 billion (+11.4% y-o-y). Concerning services, exports stood at USD 95.7 billion (+17.8% y-o-y), with imports increasing at a similar pace (+15.7% y-o-y, to USD 57.4 billion). The latest figures from Statistics Poland show that foreign trade turnover in January-October 2023 in exports at current prices amounted to USD 318 billion (marking an increase of 4.1% on the same period one year earlier), while imports stood at USD 306.6 billion (-5.3% y-o-y). The overall balance was positive by USD 11.4 billion, while in the same period of 2022 year, it was negative and amounted to USD 18.1 billion. The EU accounted for 74.8% of exports and 53.9% of imports.

Foreign Trade Values	2018	2019	2020	2021	2022
Imports of Goods <i>(million USD)</i>	268,959	265,282	261,626	342,118	381,187
Exports of Goods <i>(million USD)</i>	263,569	266,595	273,835	340,634	360,542
Imports of Services <i>(million USD)</i>	43,117	43,522	40,252	49,609	57,415
Exports of Services <i>(million USD)</i>	68,428	70,465	66,406	81,282	95,785

Source: World Trade Organisation (WTO) ; Latest available data

Foreign Trade Indicators	2018	2019	2020	2021	2022
Foreign Trade <i>(in % of GDP)</i>	103.5	102.7	100.3	112.4	122.3
Trade Balance <i>(million USD)</i>	-13,240	-4,878	8,111	-8,727	-25,545
Trade Balance (Including Service) <i>(million USD)</i>	12,100	22,065	34,319	22,955	12,765

Foreign Trade Indicators	2018	2019	2020	2021	2022
Imports of Goods and Services <i>(Annual % Change)</i>	7.5	3.2	-2.4	16.1	5.5
Exports of Goods and Services <i>(Annual % Change)</i>	6.8	5.3	-1.1	12.5	4.5
Imports of Goods and Services <i>(in % of GDP)</i>	50.7	49.5	47.3	54.5	60.6
Exports of Goods and Services <i>(in % of GDP)</i>	52.7	53.2	53.0	57.9	61.7

Source: World Bank ; Latest available data

Foreign Trade Forecasts	2023	2024 (e)	2025 (e)	2026 (e)	2027 (e)
Volume of exports of goods and services (Annual % change)	-2.4	1.3	4.2	4.2	4.0
Volume of imports of goods and services (Annual % change)	-7.2	2.3	5.2	5.1	4.2

Source: IMF, World Economic Outlook ; Latest available data

Note: (e) Estimated Data

International Economic Cooperation

Poland is a member of the following international economic organisations: IMF, European Union, ICC, Central European Initiative (CEI), WTO, OECD, Schengen Convention, among others. For the full list of economic and other international organisations in which participates Poland click [here](#). International organisation membership of Poland is also outlined [here](#).

Free Trade Agreements

The complete and up-to-date list of Free Trade Agreements signed by Poland can be consulted [here](#).

Main Partner Countries

Main Customers <i>(% of Exports)</i>	2022
Germany	27.8%
Czech Republic	6.6%
France	5.7%
United Kingdom	4.8%
Netherlands	4.6%
See More Countries	50.4%

Main Suppliers <i>(% of Imports)</i>	2022
Germany	20.9%
China	13.1%

Main Suppliers (% of Imports)	2022
Italy	4.6%
United States	4.4%
Netherlands	3.7%
See More Countries	53.1%

Source: Comtrade, Latest Available Data

POLITICAL OUTLINE

Current Political Leaders

President: Andrzej Duda (since 6 August 2015)

Prime Minister: Donald Tusk (since 13 December 2023)

Next Election Dates

Presidential: 2025

Senate: October 2027

Sejm: October 2027

Current Political Context

After eight years of right-wing governments led by the Eurosceptic Law and Justice Party (PiS), Donald Tusk, a veteran politician who already served as premier in the past, was sworn in as prime minister in December 2023. Following the October 15 elections, President Andrzej Duda tasked outgoing PM Morawiecki with forming a majority in Parliament, despite his recent electoral setback. Morawiecki, rejected by 266 out of 460 MPs, withdrew, leading to the appointment of a new premier-designate through a subsequent vote (248 in favour, 201 against). Within 24 hours, Tusk outlined his government program and secured majority support with the votes of the coalition parties from the October elections: Civic Coalition (157), Third Way Liberals (65), and the Social Democrats of Lewica (26).

The incoming government is expected to focus on rule of law issues, potentially leading to improved relations with EU institutions and other external partners. In fact, the disagreement with the European Commission regarding the erosion of the rule of law has been casting uncertainty on the disbursement of EU Recovery and Resilience Facility funds. However, in November 2023 the EU Commission gave a positive assessment of Poland's modified recovery and resilience plan, which includes a REPowerEU chapter. The plan is now worth EUR 59.8 billion (34.5 billion in loans and 25.3 billion in grants) and covers 55 reforms and 56 investments.

Main Political Parties

Poland is generally governed by a coalition government. The country's main parties/coalitions are:

- Law & Justice (PiS): centre-right, mildly euro-sceptic and based on a platform of law and order
- Civic Platform (KO): centre-right, stronger electoral performance in northern and western regions
- Poland 2050 (PL2050): founded as a social movement in 2020, centrist
- Polish People's Party (PSL): Christian democratic, centrist, represents farming communities
- New Left (NL): centre-left, formed in 2021 as a merger of the Democratic Left Alliance (SLD) and Spring
- Sovereign Poland (SP): right-wing, formerly known as United Poland
- Left Together (LR): left-wing, socialist, democratic
- Confederation Liberty and Independence: far-right, populist
- Modern: liberal, centrist

- [New Hope \(NN\)](#): right wing.

Other parties represented in the parliament are The Republicans, Polish Initiative, The Greens, Centre for Poland, Kukiz'15, Yes! For Poland, Confederation of the Polish Crown, and AGROuni.

Executive Power

The [President](#) is the head of State, elected by universal suffrage for a five year term. The [Prime Minister](#) is the head of the government. He is appointed by the President, an appointment which must be confirmed by the lower house of Parliament (as a general rule, he is the leader of the majority party or coalition), for a four-year term of office. The Prime Minister holds the executive power, which includes the enforcement of the law and the management of the country's current affairs. The [Council of Ministers](#) is proposed by the Prime Minister and approved by the lower house before being appointed by the President.

Legislative Power

The legislative power in Poland is bi-cameral. Parliament is composed of the [Senate](#) (upper house, which has 100 seats and whose members are elected by a majority vote on a provincial basis, for a four-year term of office) and of the [Sejm](#) (lower house, which has 460 seats and whose members are elected by a complex system of proportional representation, for a mandate of four years). The President has the right to veto legislation passed by Parliament, but the latter can supplant him by a majority of two thirds of the Sejm.

COVID-19 COUNTRY RESPONSE

Travel restrictions

Regularly updated travel information for all countries with regards to Covid-19 related entry regulations, flight bans, test and vaccines requirements is available on [TravelDoc Infopage](#).

To find information about the current travel regulations, including health requirements, it is also advised to consult Travel Regulations Map provided and updated on a daily basis by [IATA](#).

Import & export restrictions

A general overview of trade restrictions which were adopted by different countries during the COVID-19 pandemic is available on the [International Trade Centre's COVID-19 Temporary Trade Measures](#) webpage.

Economic recovery plan

The summary of the EU's economic response to the COVID-19 pandemic is available on the website of the [European Council](#).

For the general overview of the key economic policy responses to the COVID-19 outbreak (fiscal, monetary and macroeconomic) in Poland, please consult the country's dedicated section in the [IMF's Policy Tracker platform](#).

Support plan for businesses

For an evaluation of impact of the Covid pandemic on SMEs and an inventory of country responses to foster SME resilience, refer to the OECD's [SME Covid-19 Policy Responses](#) document.

You can also consult the World Bank's [Map of SME-Support Measures in Response to COVID-19](#).