

Economic Bulletin

Cabinet: Euro adoption beneficial for Poland

Poland's euro adoption will result in a GDP growth, lower interest rates and Poland's greater reliability on the international arena, the Government Information Centre reported on Tuesday. The government approved on Tuesday a finance minister report on Poland's joining the euro zone in 2012.

The government is aware of benefits stemming from the euro adoption as well as existing threats, authors of the report said but stressed that joining the euro zone would be in the long run very beneficial for Poland.

Poland's euro adoption is one of the priorities of the Donald Tusk cabinet (...) which wants Poland to meet convergence criteria in 2011 (...) and to join the euro zone on Jan. 1, 2012, the report said.

Finance Minister Jacek Rostowski reiterated on Friday that Poland's intention was to join the euro zone in 2012. „Surely it is the intention of the government to avoid any delay so that Poland could join the euro zone on January 1, 2012,” Rostowski told reporters.

Financial institutions in peril may receive state's assistance

Financial institutions threatened with lack of liquidity or solvency may hope for an immediate raising of their capital by the state treasury, under a bill on raising the capital of firms in financial dire straits.

According to authors of the project recent developments on world financial markets showed the need for ensuring such assistance. The bill envisages assistance in form of a guarantee for taking over shares, bonds and securities in them. The bill also envisages that once the financial situation stabilizes (new investors, ect.) the state treasury may withdraw from granting assistance to such an institution.

Small and medium-sized (SMEs) firms will be granted easier access to bank credit, the bill says.

■ Production prices in December 2008 went up by 2.6 percent year-on-year after a 2.4 percent y/y growth in November, and fell 0.5 percent month-on-month, the Central Statistical Office GUS reported on Tuesday.

■ Poland's budget deficit will be at around zero at the end of January, deputy Finance Minister Elzbieta Suchocka-Roguska said.

■ The influx of direct foreign investments in Poland fell by 27.5 pct year-on-year between January and November 2008, the economy ministry said citing data released by the National Bank of Poland NBP. „The influx of direct foreign investments in 11 months of 2008 totalled 11,213 million euros, down 27.5 pct or 4.2 billion euros on the 2007 figure,” the economy ministry wrote in a report released Tuesday.

■ The state treasury debt in November 2008 rose by 1.8 pct month-on-month or by 9,496.7 million zlotys to 544,686.0 million zlotys, the finance ministry reported on Tuesday. Domestic debt stood at 408.4 billion zloty, up 1.5 pct from October. Foreign debt soared to 136.3 billion zloty, up 2.7 pct from October.

■ The average gross wage in December 2008 totalled 3,419.82 zlotys and was 5.4 percent higher than in December 2007 and 3.0 percent higher than in November 2008, the Central Statistical Office (GUS) reported on Monday.

Nuclear power industry report

The best way to improve Poland's energy security is to develop the nuclear power industry, according to a report accepted by the Senate economy commission.

The report, „Nuclear power industry. Prospects of development in Poland,” drawn up by MDI Strategic Solutions, found that Poland uses two times less electricity than the average for the old EU countries.

The report analysis Poland's current energy situation. Experts showed that Poland uses on the average two times less electricity than the average of the „old” 15 EU states. However economic progress will makes Poland's electricity consumption closer to the level of the „old” EU states.

„Poland's energy sector will be short of electricity in 2030 if investments in the energy sector are not carried out in the near future,” the report said.

On Jan. 13 the Polish government decided that two nuclear power plants will be built in Poland by 2020 each generating 3,000 mega watts. Responsibility for the task implementation will be borne by the PGE Polish Energy Group..

According to the authors of the analysis, discussed by the senators the cost of acquiring energy from nuclear installation is relatively low which will boost Poland's competitiveness on the market.

Analysts say that in times of uncertainty on alternative market of energy raw materials like gas or oil the market of uranium, used by nuclear plants is relatively stable.

Experts believe that the construction cost of one nuclear plants in Poland with a state-of-the-art reactor generating 1600 mega watts will amount to some 3.5 billion euro.

The report identified Poles' opposition to nuclear installations as the main obstacle in their construction. According to a latest poll 45 pct of Poles support the construction of nuclear power plants in Poland.

1 USD=3.43 PLN

1 EUR=4.39 PLN

FINANCE

Proces in Poland will be given in euro six month priori to the currency introduction and in zlotys even during few years after the swap, Finance Minister Jacek Rostowski has told the Sejm. During that time Poles will be able to control prices in two currencies to avoid rounding prices up,” he added.”

AGRICULTURE

The Sejm Friday gave a green light to Polish wine producers, lifting to-date restrictions on wine manufacture in a 404-1 vote.

The new law permits wine production from all grape varieties allowed for this purpose in the EU.

Until now Polish winegrowers could produce no more than 25,000 hectolitres of wine.

TRANSPORT

In 2008 Warsaw's Okęcie Airport processed 9.5 million passengers, including 1.176.000 charter fliers, a 2.2 percent rise on the preceding year, airport authorities informed Thursday. In 2007 Okęcie processed over 828.000 charter passengers.

NUMISMATICS

The Treasury of the Polish Mint has issued a unique collection of numismats called Systema Solare (The Solar System) to mark the International Year of Astronomy declared by the United Nations. Best Polish mintmen presented multi-colour planets of the Solar System with Sun being presented on a silver coin covered with gold.

The National Bank of Poland has also launched two coins commemorating the 17th history husars with 200 zlotys in gold and 10 in silver. The coins are part of the “History of the Polish Winged Cavalry.”