



Embassy
of the Republic of Poland
in Oslo



**Fafo Eastforum seminar:
*Covid-19-crises and uncertainty:
what about labour migration?***

The current situation in Poland.



Economic situation in Poland:

- Q2 2020 – **recession, but not as deep as could be expected**. GDP fell by 8.2% (y/y) versus expected 10%. EU average: -13.9%, Poland result is of -7.9% (the 6th economy with the smallest decline in 2Q);
- **GDP decline** in the whole year may reach approx. 4%, next year growth – also approx. 4%. **Recovery to the pre-pandemic state - by the end of 2021;**
- **Private consumption** fell by 10.9% in the 2Q (significantly lower than in other EU economies);
- **Retail sales** - a deep decline during spring lockdown (ar. 23%) - slowly returning to an upward trend;
- **Industrial production** - unprecedented decline in 04.2020, by about 25% and in 05.2020 - by -17%. Now gradual increases;
- **Private investments** - a 10.9% decline in 2Q (considered a relatively good result). The pandemic brought a significant increase in uncertainty among entrepreneurs - less investment & financial liquidity;



Economic situation in Poland (2):

- **Decline in foreign trade turnover, gradually recovering.** 01-07.2020 - export of goods from PL decreased by 6% y/y to EUR 129.6 bilion but import was 10% lower (EUR 124 bilion). **Trade balance surplus** of EUR 5.6 billion;
- **Polish exporters** successfully searched for new markets – Exp. constituted a significant added value for the Polish economy in Q2 and the **foreign demand** positively contributed to GDP growth (0.8% point);
- Polish entrepreneurs are gradually regaining their balance and financial liquidity, but at a slower pace:
 - **Worst hit:** part of **tourism** industry, **aviation/transport, entertainment, mining and construction, retail sector.**
 - **Less hit:** information and communication, financial and insurance sectors;
- Entrepreneurs have **less and less problems with liquidity.** Almost 2/3 of the surveyed companies (64%) assess it as sufficient to survive the period exceeding 3 months (↑ of 25% points);
- **09.2020 - PMI for the Polish industry was 50.8 points** - it was a relatively good result, optimism on the rise.



The situation on the Polish labor market:

- **In the first weeks of the pandemic, unemployment rate was forecast to exceed 10% in 2020. Current forecasts: 7-8% (or slightly less).** In 08.2020 - registered unemployment rate was 6.1% (not changed since June, ↑ 0.1 perc. points from May);
- **Poland remains in second place in the EU (after the Czech Republic) in terms of low unemployment rate;**
- **Polish labor market is relatively resistant to the recession** – now stabilization (employment and unemployment rates, job offers). Important test for the LM - end of seasonal work (tourism, agriculture);
- **Absorptiveness** of the Polish labor market - confirmed by return of foreigners (ar. pre-pandemic numbers);
- Eurostat data – **2Q nr of employees in PL ↓ by 1.2%** (to 1Q2020 & 1Q2019). Decline in all EU: - 2.7 (q/q) and - 2.9% (y/y).



The situation on the Polish labor market:

- The available studies show that the propensity of employers to **lay off** in recent months has remained at a low level (few percent);
- **Job vacancies are rising**, although we are still well below pre-pandemic levels (Q2 = 81,000);
 - Survey - in 08.2020 employers published 238.2 thousand jobs on 50 largest recruitment portals (↓ of 21.8% compared to 08.2019, and in 07.2020 - the ↓ was 18.9%). LM entering stabilization phase, at lower level than a year ago;
- The improvement of the situation is **noticed by employees**, who indicate the increased certainty of keeping their workplace (possibility of remote work extended - proved successful & made the LM more flexible).
- At the end of August, the **number of foreigners registered with ZUS** (Polish NAV) was over 658,000. In 05.2020 – 605.000.
- **The Ministry of Finance forecasts an increase in registered unemployment this year to 8%, the Ministry of Family, Labor and Social Policy to 7-8%. The European Commission forecast is 7.5% (Eurostat methodology).**



Polish Government Anti-Crisis Shield :

- **Main goal - to maintain the potential of enterprises, stimulate investment with particular emphasis on jobs - data show that these plans have been successful;**
- **Main elements:**
 - tax changes;
 - investments implementation - Local Government Investments Fund, raising funds under the National Reconstruction Plan;
 - new public procurement law (will enter into force on 1.01.2021), to support investments by SMEs;
 - **exemption from social and health insurance contributions, employee remuneration subsidies;**
 - **non-returnable loans for micro-enterprises, sureties and guarantees, partially returnable loans for SMEs depending on the decrease in turnover and the number of employees. Some of these tools were related to the conditionality of maintaining employment. Companies affected by the decline in turnover could reduce their working hours etc. (they then received a subsidy for wages).**



Polish Government Anti-Crisis Shield (2):

Aid package value as high as 15% of GDP. Value of provided aid has already exceeded PLN 140 bln (ar. 31 bln EUR) - over 6% of GDP. Up to 6 mln employees were supported.

- The current actions **focus on supporting companies in financial problems** (the so-called new chance policy), **directing public funds to investments** and investment incentives in the form of **lower tax burdens** (robotization relief, „Estonian CIT”);
- **Work on programming EU funds, which will be allocated mainly to activities improving innovation and in line with the green transformation policy;**
- Work is underway on the **reform of the Labor Code** in terms of liberalizing the provisions on remote work.



Migration from Poland:

- For years PL was an emigration country. Since 2017 - **gradual reversal of emigration trends**;
- **Dynamic economic development, increased wages, launch of social programs = returns of PL + pre-pandemic state of foreign workers in PL.** Impact of COVID-19 is not big enough to stop economic migrations. BUT - this can change in case of frequent restrictions on borders, worsening of epidemic situation;
- Last large wave of **emigration** - after PL accession to the EU in 2004 (temporary migrants ↑ from 1 mln in 2004, to over 2 mln). After global economic crisis – smaller next wave (highest value in 2017 - 2.54 mln people). In 2018 - decrease for the 1st time in 8 y (↓ 85.000 (3%), due to ↓ of Poles residing in GB by 12%) - this trend has continued);
- **Returns due to:**
 - much faster than the EU' average growth in PL,
 - declining number of people of working age (especially 18-44),
 - persistently low unemployment,
 - reducing the wage gap between PL and other EU countries,
 - changes in social and family policy (Family 500+ program).



Migration from Poland to Norway:

- **Big emigration to Norway is a relatively new wave.** Nr of Poles living in Norway grew dynamically between 2010 -2015, then it stabilized, reaching in 2018 approx. 85 thousand. Now – ar. 120.000, seasonally increasing to 150-180.000;
- According to a survey by Polish National Bank, **most of Polish migrants in Norway are people with secondary education, who left Poland after 2015. The majority – men between 35-44, who already have families.** Therefore, there is less rooting in Norway than in other receiving countries, which may also favor decisions about returns to PL in the future;
- Most of Poles in Norway work in industry or health and care for the elderly (doctors, welders, oil rig workers);
- Migrants have more often **vocational education** (secondary and primary). This is due to the high demand on the Norwegian LM for people with specific qualifications in occupations not necessarily requiring general/higher education;
- **In the case of Norway - much lower % of Poles plan to stay permanently (21% vs. 30% of total emigrants);**



Migration from Poland to Norway:

- **The main reason to emigrate to NO = desire to obtain higher earnings** (for 50%; over 40% declared that the level of net remuneration that would induce them to return is PLN 6,000/EUR 1350, and for 2/3 - PLN 6001-8,000). The av. monthly gross salary in Poland in Q1 2020 amounted to PLN 5331. Wages in sectors such as manufacturing, construction or health care and social assistance are slightly below average – main sectors of emigration to Norway;
- **Wages and salaries in Poland have been growing very fast in recent years.** In 2015-2019, the average rate was 5.3%; in 2018-2019 – more than 7%;
- In 2015, the ratio between wages and salaries in Poland and Norway was 47.5%, and in 2019 - 59.2%;
- The policy of a **rapid increase in the minimum wage** will affect the wage growth. In 2020, this increase amounted to over 15% y/y, in 2021 it will be over 7%.
- **Still, despite the dynamic increase in salaries, reaching the ceiling of PLN 6,000 net, which could be attractive for a large part of emigrants (not only in Norway), is rather a matter of more than a decade.**