4 years of Poland’s membership in the UE
4 years of Poland’s membership in the UE
Analysis of social and economic benefits and costs

Office of the Committee for European Integration
Department of Analyses and Strategies
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INTRODUCTION

As late as several years ago, in the deliberations related to the integration of our country with the European Union, Poles focused their attention on the negotiation process. This was in a way natural. The obtainment of favourable financial conditions of the membership and transition periods in Poland’s sensitive fields represented a prerequisite to good membership. On 1st May 2008 four years elapsed since Poland’s accession to the European Union, and presently Poles can assess the membership on the basis of their own experience. Polish government takes positions and co-decides on developments in the Community law and institutional practice. Authorities of different levels, economic entities, and non-governmental organizations have the opportunity to take advantage of financial assistance offered by the European Union. Finally, Polish citizens, depending on their own ingenuity and enterprise, use the opportunities created by the European single market and the free movement of goods, persons, capital, and services. Poland is no more a newcomer; therefore it is worth analysing the period after the accession. Does Poland take full advantage of the opportunities afforded by the accession to the European Union? In what fields should we intensify our efforts to benefit even more from the membership in the European structures? What are the kinds of adaptation costs to be borne by the authorities and citizens?

The above questions are of course nothing new. Every year, the Department of Analyses and Strategies at UKIE [Office of the Committee for European Integration] prepares analyses devoted to these issues. This monograph is the fourth successive report summarising costs and benefits of Poland’s membership in the European Union. Moreover, it should be remembered that the integration process of Poland and the European Union began substantially earlier, as soon as in early 90s of 20th century. At the same time, this analysis may be neither complete nor disclose the full scale of changes that will become visible between the next ten and twenty years or even in the perspective of several dozens of years. Poland is dependent on the global business outlook; Polish economy, to a great extent, depends on the quality of national legislation, activity of domestic entrepreneurs, or consumer attitudes. In short, there are many factors influencing the quality of Poles’ lives and the international position of our country. Hence, a precise identification of the “accession effect” is not always possible.

The processes and trends that occurred in Poland have been presented against the background of the processes occurring in other “new” member states. Owing to this, the authors have been able to assess costs and benefits of the accession from a more objective perspective. This Report focuses on the latest events, which took place in the fourth year of membership. However, in some cases the authors considered the four-year timeframe to show the dynamics of the changes that have occurred.

The individual chapters concern general macroeconomic aspects, labour market, migrations, education, agriculture, infrastructure, and the area of freedom, security and justice. A separate chapter is devoted to Polish membership in the EU in the light of public opinion polls. Focusing on economic and social issues, the authors found that the picture of four years of membership would be definitely incomplete if they did not include information and assessments concerning Poland’s
influence on decision-making procedure and the EU policy and legal acts within European institutions.

The period from May 2007 to April 2008 was special in many respects. The borders between Poland and its European Union neighbours have disappeared. A new institutional and legal framework of the European Communities has been agreed on. Poland received record-high financial support from assistance funds, which was an impulse for the development of Polish infrastructure, economy, and civil society.

There is still much to be done. It should be borne in mind that Polish agriculture and agri-food industry still have a significant potential as regards efficiency improvement, and therefore are capable of competing in more liberal conditions. Poland is facing challenges pertaining to the task of elevating its position within the decision-making structure changed by the Treaty of Lisbon and to the entry to the Eurozone. Poland will face a chance, and at the same time a challenge, of effective absorption of financial resources from the EU budget. The aforementioned examples show the extent of activity required not only by ongoing implementation of the European policy but also strategic planning of Polish activities within the EU for the years to come. In order to achieve the defined goals, it is necessary to draw conclusions from the analysis of costs and benefits of the current Poland’s membership in the European Union, to which this report will hopefully contribute.
SUMMARY

- 78% of Poles support Polish membership in the EU. Although the period from May 2007 to May 2008 was full of political events, both in the European arena (negotiations on the Treaty of Lisbon), as well as at home (earlier parliamentary election in autumn 2007), which could influence the perception of costs and benefits of membership, public opinion polls indicated the continuation of trends of approval of the accession observed earlier. Poles positively assess Polish prospects in the united Europe. 69% of citizens believe that, within 10-20 years, Poland will benefit from the membership in the EU.

- Within the period from May 2007 to May 2008, the first medium- and long-term effects of accession made themselves felt; they were reflected in the level of economic growth, which reached 6.5% as at the end of 2007. Thus, this was the second successive year of accelerated development with growth rate exceeding 6%. Also the trend of declining unemployment rate and increasing household disposable income continued, which resulted in a considerable consumption growth (by 5.2% annually).

- As late as in 2003, the unemployment rate amounted to 20%, with average salary in enterprises sector amounting to EUR 537\(^1\) and foreign direct investment (FDI) inflow reaching EUR 3.7 billion. After almost four years of membership, at the end of 2007, these indicators amounted respectively to: unemployment rate – 11.4%, salary – EUR 850\(^2\), whereas FDIs were more than threefold higher and reached the value of PLN 12.8 billion. This means that within less than four years of Poland’s accession to the EU, the unemployment rate declined by almost a half; this development was additionally accompanied by a nominal rise in salaries in euro by 58%.

- The aforementioned medium- and long-term accession effects are related, among others, to the increasing support and utilisation of the pre-accession and structural funds granted to Poland. The transfers from the EU budget in 2007 amounted to over EUR 8 billion, which constituted more than 2% of Polish GDP. The availability of these funds was a factor that had a fundamental influence, among others, on modernisation and investment processes in Polish agriculture and development of transport infrastructure in the country. Since the day of accession, the positive financial flow balance with the EU has been consistently improving and at the end of 2007 totalled EUR 5.2 billion.

- A significant factor influencing the economic growth was economic migration of Polish citizens to the “old” member states. The opening of labour markets indirectly influenced a decline in unemployment rate as well as an increase in salary pressure in Poland. This resulted in domestic employers raising salaries, as they were afraid of losing their best-qualified staff. Moreover, also income transfers effected by Polish citizens employed abroad were of essential significance for Poland’s economic situation. According to the estimates of the National Bank of Poland (NBP), in 2007 the total transfers exceeded the amount of PLN 20 billion, i.e. the FDI value in the year preceding the accession.

\(^1\) The salaries were converted on the basis of the average exchange rates from the last quarters of 2003 (EUR/PLN = 3.6232) and 2007 (EUR/PLN = 3.655) published by the National Bank of Poland. If the conversion was made on the basis of the average EUR exchange rate published by the National Bank of Poland in 2007 (EUR/PLN = 3.7829), the salaries would amount to EUR 656 and EUR 821, respectively.

\(^2\) In December 2007, the average inflation rate in the Baltic states exceeded 10%, coming to 14% in Latvia. In the previous year, the average inflation rate in the Baltic States reached 5.5%.
The increase in salaries translated into a higher consumption level and thus contributed to the dynamics of economic development. At the same time, the increase in consumers’ demand resulted in inflation pressure. The inflation grew from 1% in 2006 to 2.5% in 2007 and 4.1% in the first quarter of 2008. However, it is worth mentioning that the sources of price rise included also global phenomena (among others, rise in energy and food prices) and domestic conditions not directly attributable to Polish membership in the EU.

An indirect accession effect was high inflow of foreign direct investments, whose value totalled nearly EUR 12.8 billion in 2007. In addition, it is worth mentioning that while before 2004 a considerable part of FDI inflow was related to privatisation processes, now the share of such investments remains at a relatively low level. It is estimated that until now approximately 1.2 million jobs have been created in Poland owing to the foreign direct investments. Due to FDIs, Poland is today a leader in the production of LCDs, household appliances and a significant car exporter. The last year confirmed that large foreign enterprises and groups are interested in locating their scientific and research or logistic centres in Poland, which was observed in the recent years. They are inclined to make such decisions, among others, by highly qualified labour force. The basic reason for the increase in Poland’s attractiveness for foreign investors after its accession to the EU was also a considerable limitation of investment risk. In other words, the conditions of conducting business became more stable and predictable enabling the investors to plan their activities for a long-term perspective.

From the perspective of the last four years, it is clearly visible that after Poland’s accession to the European Union the changes in the rural areas are more dynamic: the accession accelerated agriculture modernisation and restructuring processes, favourably influenced the development of rural areas. CAP instruments and actions contributed to the stabilisation of production conditions, gave a financial impulse for investment activities, changed the image and functioning of the rural areas. The participation in the common market enabled Poland to use its comparative advantage in agricultural production against EU-15 countries as well as against other “new” EU member states. A rise in prices of agricultural products in 2007 and the first half of 2008 compensated for the dynamic rise in prices of the means of production. Owing to favourable economic situation in the agriculture and transfers from the Community and domestic budgets, the income of Polish farmers rose by 13.7% in 2007 (whereas in the EU-27 it rose by an average of 5.4%). Positive effects are noticed by the farmers themselves, who constitute a social group which used to have the most sceptical approach to Poland’s membership in the European Union.

It should be emphasized that Poland avoided the scenario of economic development experienced by the Baltic States, which until recently were considered the “top students” of the “new” member states. Although the average economic growth rate in Estonia, Lithuania, and Latvia in the years 2004-2006 accounted for 7.5%, high inflation and dangerously high deficit in the current account appeared to be the cost of the fast growth accompanied by a considerable increase in the consumption and salaries (on average more than 24% in 2007). The rise in salaries resulted, in particular, in the increase in labour costs, which in consequence led to a decrease in the competitiveness of these economies. As a consequence, there is a real fear that these countries will experience economic collapse; this possibility seems to be

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3 The average current account deficit amounted to approximately 16% of GDP in the 3rd quarter of 2007 against 10% of GDP in 2005.
corroborated by current data regarding the change in the basic macroeconomic indicators.

- So far, the optimistic forecasts concerning the rise in the number of tourists by nearly twenty percent failed to materialise. In 2007, this number increased by 6%. However, it is notable that Poland was for the first time classified in the prestigious Country Brand Index (CBI) published in November 2007 and right away at the eighth place, in one of the subcategories, the so-called Rising Star — Seen as on their way to becoming major destinations. This means that in the forthcoming years Poland has a chance to become an attractive tourist destination. However, as for now, we are still losing in the rankings of tourist attraction to the Czech Republic and Hungary, with the share of tourism in GDP still remaining at a relatively low level. In 2006, foreign currency revenues on tourism accounted for USD 7.2 billion, which corresponded to approximately 2% of GDP. The entry to the Schengen Area should become an additional “psychological” impulse for an increase in attractiveness of Poland as a tourist destination.

- Within the period from May 2007 to May 2008, the main migration directions of Poles included the United Kingdom, Germany, and Ireland although the second half of the year saw the symptoms of a slowdown in the increase in the number of Poles in the United Kingdom. The scale of legal employment emigration of Poles totalled some 900-1100 thousand people in 2007 (such average number of Polish citizens is annually employed in EEA countries). The second half of 2007 saw, however, a slight decrease in the number of emigrations.

- Public opinion polls show that Poles working abroad are more and more inclined to return to Poland. Moreover, the percentage of people who are not interested in economic emigration rose from 53% in 2003 to 76.3% in 2007. There are reasons to believe that in 2008 twice as many Poles living in the United Kingdom and Ireland are going to return to Poland as in the previous year. The declared reasons persuading Poles to return include: longing for Poland and family and friends, considerably greater development opportunities, personal reasons, weakening currencies of the countries receiving migrant employees (in comparison to PLN). Two-thirds of the repatriates want to start or continue their professional careers. Almost one third declare the will to resume interrupted studies, and almost every fourth respondent considers the establishment of his/her own company.

- Polish emigrants include in particular the so-called ‘target earners’ — people leaving mainly for economic reasons with the intention to return to the country or ‘global cosmopolitans’ — young, well-educated people who want to improve their standards of living, open for possibilities provided by the united Europe. Migrations of specialists or persons with high qualifications, in particular medical personnel, became one of the most important issues in the debates on migration. A lot indicates that currently it concerns more the so-called “brain circulation” than “brain drain”. The emigration of medical personnel, until now, has not been of mass character. However, the migrations of this group may have adverse consequences at a local level and in case of the scarcest medical specialties. In the context of social results, there is a significant problem of taking up employment below someone’s qualifications, referred to as “depreciation of qualifications”.

- One of the most important events of the fourth year of Poland's membership in the EU was Poland's accession to the Schengen Area in December 2007. It crowned the multi-stage adaptation process that required changes in legal regulations as well as considerable administrative, organisational, and investment efforts. The financial aspect was also significant, although in this case it is notable that due to the coverage
of significant costs from the EU funding, Poland’s participation in the Schengen system burdened the national budget to a relatively small extent. In the first months of 2008, the participation in the common visa policy resulted in obstacles – in most cases of temporary character – for the citizens of Belarus, Ukraine, and Russia to enter Poland. However, there are obvious benefits not only for an average Polish citizen but also for the economy. Intra-Community supplies of goods have been facilitated and just in time deliveries are possible due to eradication of queues at the borders with 4 EU states.

- Poland’s membership in the European Union had a significant impact on transport infrastructure development co-funded by the Cohesion Fund (CF), the Sectoral Operational Programme Transport (SOPT), and the Integrated Regional Operational Programme (IROP). It was estimated that in the financing period 2004–2006 (the first years of the membership and the immediate pre-accession period, with spending deadline on 31 December 2008), approximately EUR 4.8 billion should be allocated to Polish transport sector. The degree of actual utilisation of the funds from the Cohesion Fund and IROP financing is lower (it amounts to approximately 70-80%) and is not fully satisfactory.

- The largest road investments financed by European Union funding over the membership period (or immediately before the accession — ISPA) focused on the main corridors planned eventually as motorways and expressways. A large portion of projects is still under way. The largest investments that were completed in the years 2004-2008, include e.g.: a section of A-2 motorway Konin-Stryków (a new investment), sections of A-4 motorway Kleszczów-Sośnica (a new investment) and Legnica-Wrocław (modernisation), a section of A-6 motorway Klucz-Kijewo (modernisation). EU assistance for modernisation and development of railway transport in the first period of membership was limited to several projects. One of them was for example modernisation of a section of E-20 railway line Rzepin — German border. A drawback of transport projects co-funded by the EI (also those planned for the period 2007-2013) is a low share of investments in intermodal solutions connecting individual transport systems.

- The fourth year of Poland’s membership in the European Union revealed an increased demand for infrastructure connections of central and eastern Poland with Germany and other countries of the “old” Union. There has also been an increased demand for transit from the Lithuanian border, through Warsaw and Wrocław, towards the Czech border. Also, the demand for infrastructure connecting metropolitan centres with their external areas and that connecting the main cities of Poland increased.

- Poland’s membership in the European Union includes also its participation in the decision-making procedure and institutional system. The experience of the last twelve months confirms that Poland has actively influenced the shape of the Union itself and the decisions made by it, so that they are possibly most compliant with Polish interests and priorities of the European policy of successive governments. This concerns both, issues of fundamental significance, such as successfully finished negotiations on the Treaty of Lisbon, EU involvement in tightening the relations with its eastern neighbours, and less spectacular matters including e.g. EU everyday law-making activity which has a great impact on the functioning of the economy, activity of entrepreneurs or lives of “ordinary citizens”.

- A positive and expected result of Poland’s membership in the EU is its stronger position in relations with non-EU countries. An example of unambiguous involvement
of EU member states and institutions in the solution of the problem of Russian embargo on imports of Polish meat confirmed the principle of solidarity, being of fundamental significance for the maintenance of the cohesion of actions and of the EU itself.

- Poland’s membership in the EU gave a new and more tangible dimension to Polish involvement in the continuation of the policy of a further EU enlargement. This concerns not only the participation in the preparation of the key EU documents on the issue, but also support of the pace and quality of accession negotiations with Turkey and Croatia, and of pro-European aspirations of Eastern Europe countries, especially those of Ukraine. Due to such an attitude, Poland’s membership contributed to the development of a positive image in the countries aspiring to the EU membership, and moreover, it has positively influenced the intensification of cooperation with the EU partners supporting the enlargement policy. Successful transformation and current balance of costs and benefits of accession constitute an important argument for many states aspiring to the membership to follow the adopted path of reforms.

- The cooperation with judicial bodies of the EU, including the Court of Justice of the European Communities (ECJ), proves that Poland actively defends its interests wherever doubts or controversies appear as regards the application of the Union legislation. Available statistics confirm that we are one of the most active countries in prejudicial proceedings where member states have an opportunity to present their own positions concerning the interpretation of the Community law. At the same time, the issues concerning the pace of transposition of the EU legislation into national legislation are still topical. In the fourth year of membership, Poland recorded a further progress in achieving one of the goals of the Lisbon Strategy i.e. creation of better regulation (actions aimed at simplification of the effective and discussed legal solutions, both institutional and financial ones). The greatest achievement in this area was the adoption of the target of reduction in the administrative burden by 25% and regular measurements of the aforementioned burden in the existing legislation.

- Polish citizens occupy more and more official posts in the EU and gradually fill the quotas allocated to Poland. According to the data for April 2008, the quota granted to Polish citizens in the European Commission was fulfilled in 75%. The pace of recruitment of Poles to directorial (44%) and junior managerial (32%) positions in the European Commission should be deemed the least satisfactory. At the same time, there has been a regular growth in the employment of Polish citizens in other EU institutions and agencies, which rose by a total of approximately 90% (from 955 to 1791 people), compared to November 2005. The fulfilment of the employment quotas in the EU institutions envisaged for Poland has also adverse consequences, mainly in the form of outflow of experienced employees from Poland’s government administration. Apart from naturally planned careers including employment in the EU institutions, such decisions result also from the instability of legal solutions concerning civil service or financial terms of employment. These issues need to be regulated urgently, particularly in the light of the EU presidency to be assumed by Poland in 2011.
LIST OF ABBREVIATIONS USED

CY – Cyprus
CZ – Czech Republic
FDI – foreign direct investment
EE – Estonia
ESU – European Size Unit
EUR – Euro
HU – Hungary
EC – European Commission
LAG – Local Action Groups
LT – Lithuania
LV – Latvia
SME – small and medium enterprises
MT – Malta
NGO – Non-Governmental Organisation
NBP – National Bank of Poland
PL – Poland
PLN – Polish zloty
GDP – gross domestic product
PPS – Purchasing Power Standard according to Eurostat methodology
RDP – Rural Development Plan
SAPARD – Special Accession Programme for Agriculture and Rural Development
SAPS – Single Area Payment Scheme
SI – Slovenia
SK – Slovakia
SOP – Sectoral Operational Programme
EU – European Union
UE-8 – Czech Republic, Estonia, Lithuania, Latvia, Poland, Slovakia, Slovenia, Hungary
UE-10 – Cyprus, Czech Republic, Estonia, Lithuania, Latvia, Malta, Poland, Slovakia, Slovenia, Hungary
UE-12 – Bulgaria, Cyprus, Czech Republic, Estonia, Lithuania, Latvia, Malta, Poland, Romania, Slovakia, Slovenia, Hungary
UE-15 – Austria, Belgium, Denmark, Finland, France, Greece, Spain, Netherlands, Ireland, Luxemburg, Germany, Portugal, Sweden, United Kingdom, Italy
COI – consumer optimism index
CAP – common agricultural policy
WTO – World Trade Organisation
INTRODUCTION

Accession to the European Union was the key stage of the implementation of Poland’s economic strategy initiated in the 1990s. This strategy was based on four pillars: macroeconomic stabilisation, strengthening of financial sector, implementation of structural reforms and accession to the EU. From this perspective, it should be emphasised that a number of changes that have occurred in the Polish economy until now resulted from the preparations to the accession and were directly related to the European integration process. Therefore, the moment of the accession to the EU may not be treated as a beginning that opened a completely new stage of Poland’s economic development. Making the above reservation and assuming that the elapsing 4-year membership period affords an opportunity to attempt at the first assessment of long-term effects of the accession to the EU, this chapter presents the most important economic trends that became visible within that period.

At the same time, we wish to draw your attention to the fact that the integration with the EU takes place parallel to economic processes resulting from globalisation, which makes it difficult to explicitly distinguish the “EU effects”. Nevertheless, such phenomena as support received in the form of pre-accession and structural funds, opening of labour markets by some member states, or the lowering of investment risk related to foreign direct investments (FDIs) are of strictly EU-related nature. More importantly, it should be expected that by the end of 2011 all EU-15 countries will fully liberalise the access to their respective labour markets. In addition, with efficient absorption, the amount of EU funds involved in Poland should reach EUR 67.3 billion by the end of 2015 and we should also expect a full liberalisation of labour markets by all EU-15 states. These factors result in further deepening of “EU effects” presented in the study.

In order to give a better picture of the changes occurring in the country, we show them against the background of economic processes in the countries that acceded to the EU simultaneously with Poland. We hope that this chapter, similarly to the entire publication, will contribute to the enrichment of public debate on the effects of Poland’s membership in the EU.

GENERAL ECONOMIC CONDITION

On the basis of the analysis of data on real dynamics of domestic product in the years 2000-2007 (fig. 1), it is difficult to recognize Poland’s accession to the EU as a crucial event in respect of long-term evolution of aggregated GDP growth rate. Admittedly, 2004 brought clearly higher GDP growth rate; however, this was in particular a consequence of a psychological effect that caused a steep domestic demand growth. Additionally, the economic growth was favoured by increasing export and import dynamics. The positive impact of accession, relying more on strong macroeconomic foundations (notably investment growth), started to be seen as late as from 2006, when GDP growth rate exceeded 6% and was at its record-high since 1997.

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4 To a great extent, this effect was related to society’s expectations concerning the abrupt price rise after 1st May 2004. As a consequence, it was the domestic demand that became the driving force for GDP growth in 2004, whereas consumption played a significant role in the demand increase (see data of the Department of National Accounts and Finance of the Central Statistical Office [GUS]).
Accession impact is even more noticeable in the statistics showing the dynamics of individual components of GDP. In the years 2006 and 2007, the economic growth was mainly determined by consumption and investment demand. Particularly interesting is a systematic increase in the dynamics of outlays on fixed assets (in 2007 approximately 20% annually) and the real dynamics of the added value in construction. In this particular case, the year 2004 seems to play the role of a turning point and suggests the presence of a close relation between Poland’s accession to the EU and increased investment activity. In this context, a particular attention should be paid to the activity of foreign entities in the construction industry, whose investment activity increased abruptly after Poland acceded to the EU. However, the “EU effect” is considerably less visible in the data showing the dynamics of added value in industry or market services.

**Chart 1. Real dynamics of gross domestic product in Poland in the years 2000–2007**

Source: Authors’ own calculations on the basis of GUS data (http://www.stat.gov.pl).

As emphasised, the initial analysis of the dynamics of real GDP in the years directly before and after the accession induces to suppose that the “EU effect” includes in particular an increase in gross national demand for and gross accumulation of fixed assets. However, it is essential to find out to what extent the observed changes are actually the accession effect and to what extent they result from natural changes in the economic cycle and the national macroeconomic policy. In case of Poland, the answer to these questions should be looked for with the consideration of lack of significant changes in the macroeconomic policy in recent years. In connection with the above, it is the accession and its consequences that appear as important reasons for the trends observed.

Without doubt, the economic growth in Poland is influenced by, among others, transfers from the EU budget (in particular under the Common Agricultural Policy and Cohesion Policy), the value of which is considerable in macroeconomic terms. In 2007, total transfers from the EU totalled over EUR 8 billion, which constituted more than 2% of Polish GDP. The availability of those funds is a factor that has a fundamental influence, among others, on modernisation and investment processes in Polish agriculture, or transport infrastructure development in the country, and thus, also on the level of economic growth.

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5 This concerns in particular investors from Spain; however, it is worth mentioning that their increased activity in Poland is a consequence of both the accession and crisis in the Spanish real estate market, which results in the need to look for new markets.
The accession impact on economic growth is confirmed by the experience of four so-called cohesion countries\(^6\) as well as the trends observed in the countries that acceded to the EU in 2004 and later. As regards the first group, the opportunities resulting from the integration have been exploited by Ireland and Spain to the greatest extent, whereas the economic achievements of Greece and Portugal over the last two decades have been considerably below expectations\(^7\). However, as regards the new EU member states, a considerably positive change in the growth rate after the accession took place mainly in the Czech Republic, Malta, Poland, and Slovakia. The example of Hungary shows, on the other hand, that potential benefits from the integration are of relatively little significance if the domestic macroeconomic policy is conducted improperly.

Chart 2. GDP growth rate in 10 new EU member states in the years 2000-2009

It should be also added that among new member states Poland, similarly to the Czech Republic and Slovenia, is characterised by the most sustainable development on account of its structure. Since the accession, Baltic States have been at the opposite extreme, with very high dynamics of individual consumption and great deficit in foreign trade.

To sum up, in the case of Poland, the accession undoubtedly became an additional impulse for accelerated economic growth already in 2004. The initial analysis of the dynamics of the aggregated domestic product in the successive years shows that the growth was particularly a consequence of increasing internal demand and investments. As shown in subsequent sections of this chapter, the increased inflow of foreign direct investments and transfers of funds from the EU budget had a great influence on both growing internal demand, as well as the increase

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\(^6\) Greece, Spain, Ireland, and Portugal – the poorest EU-15 countries that acceded to the EU in the 1980s (except for Ireland) and until recently they were the main beneficiaries of the EU’s Cohesion Policy.

\(^7\) The detailed analysis of the achievements of the cohesion countries and the reasons for diversification may be found e.g. [in] B. Rokicki, Dotychczasowe doświadczenia w realizacji Polityki Spójności UE w regionach Celu I w starych krajach członkowskich. Przypadki typowych porażek oraz typowych sukcesów, study commissioned by the Department of Analyses and Strategies of the Office of the Committee for European Integration, 2006.

\(^8\) Data as for the years 2008-2009 based on forecasts.
in the investments. Therefore, in this context we can speak about a positive “EU effect” with respect to GDP growth.

**Chart 3. Poland’s balance of payments in the years 2000–2007 by individual accounts (in EUR M)**

Source: Authors’ own calculations on the basis of NBP data (http://www.nbp.pl).

**BALANCE OF PAYMENTS — TRADE EXCHANGE, CAPITAL FLOWS, CURRENCY EXCHANGE RATE**

The accession to the European Union has considerably influenced all main variables affecting Poland’s balance of payments. This concerns both, factors determining the balance on the current account, capital account, financial account, as well as official reserve assets. The chart above presents the evolution of the balance of payments over the last years. We discussed the most important changes that occurred after 1st May 2004 against this background.

**Chart 3. Poland’s balance of payments evolution (chart 3)** shows that Poland’s accession to the EU resulted in considerable changes, virtually in all main components of the balance of payments. An upward trend in the current account deficit, which decreased systematically in the years 2000-2003\(^9\), is particularly noticeable. The next change is a very clear improvement in the capital account balance, which rose from EUR -40 million in 2003 to EUR 3,417 million in 2007. Moreover, the financial account balance has improved since 2005 and, according to initial data, reached EUR 24,813 million in 2007.

The growing current account deficit results in particular from the negative income balance. The amount of negative income balance was mainly due to the income of foreign investors on account of their capital involvement in Polish entities, e.g. dividends paid. Moreover, the balance was influenced also by loan interest paid to foreign creditors. This balance has rapidly deteriorated since 2004.

\(^9\) Current account balance fell also in the years 1994-1999.
After several years of improvement in the balance of commodity trade, there has been a relatively strong increase in deficit in commodity exchange since 2006. In 2004, the deficit in commodity trade totalled EUR 4,552 million and in 2007, rose by 148%, to EUR 11,311 million. The reverse tendency may be observed for the balance on services and current transfers – accession to the EU contributed to its clear improvement. In 2003, the service balance totalled EUR 442 million, whereas that of current transfers, EUR 3,731 million. In 2007, these values were EUR 2,897 million and EUR 6,225 million, respectively.


Source: Authors’ own calculations on the basis of EUROSTAT data (http://epp.eurostat.ec.europa.eu)

A growing current account deficit is not only Polish peculiarity and is observed also in other countries that acceded to the EU in the last four years. As seen on chart 4, since 2004, a clear deterioration in the balance has taken place in virtually all countries that acceded to the EU at the same time as Poland. Against this background, only the Czech Republic and Hungary, which experienced an improvement in the balance of current transactions after the accession to the EU, clearly stand out. In the case of the Czech Republic this is, in particular, the effect of improvement in the balance of commodity trade (after 2004 export dynamics rose there much more than the import dynamics) and balance of services. By contrast, in the case of Hungary, the improvement in the balance of current transactions in the years 2005-2006 was a consequence of economic slowdown that took place in that country. What clearly differentiates Poland from the other new EU member states is the reversal of the trend of systematic reduction in current account deficit, which, as already mentioned, was observed in the years 2000-2003. The data from 2005 should be, in turn, assessed from the angle of the “EU” in the form of GDP growth in the accession year, and then economic slowdown being its effect in the next year. Along with the slowdown in the economic growth rate in 2005, also the current account deficit was reduced. A similar situation has been recorded only in small countries, such as Cyprus, Malta, and Slovenia.

10 Data for 2006 are the last data concerning the balance of payments available in EUROSTAT database.
As regards the financial account, the period of Polish membership in the EU corresponds to the period of noticeable growth in its positive balance. As shown on chart 5, this growth results particularly from the increased inflow of foreign direct investments, other investments\textsuperscript{11} (since 2006), and portfolio investments (in the years 2004-2005). At the same time, the first years of membership saw a systematic growth in the Polish direct investments abroad (until 2007)\textsuperscript{12}, other investments of Polish residents abroad, and portfolio investments abroad (since 2005).

Chart 5. Financial account and its main components in the years 2000–2007 (in EUR million)

Source: Authors’ own calculations on the basis of NBP data (http://www.nbp.pl).


\textsuperscript{11} Receivables and liabilities from trade loans, other loans, cash, current accounts, and deposits.

\textsuperscript{12} From EUR 269 million in 2003 to almost EUR 2 billion in 2007. In 2006, they totalled over EUR 7bn and were at their record-high ever.
The evolution of Poland’s financial account balance over the last years perfectly blends with the trends observed also in other new EU member states. As seen on chart 6, in the period 2000-2006, virtually all countries recorded a systematic growth in positive balance. Similarly as in Poland, the improvement in the financial account balance is, in particular, the effect of increased inflow of FDIs after the accession to the EU\textsuperscript{13}. Most of the new member states observed also a growth in domestic direct investments abroad and in the official reserve assets. Unfortunately, the available data does not show the flows in respect of portfolio investments and other investments. However, it can be expected that also these changes are similar to those observed in Poland. In general, the accession resulted in a growth in capital flows both from and to new EU member states.

\textbf{Chart 7. Evolution of PLN nominal exchange rate against euro and dollar in the years 2000–2007 (monthly average)}

\textsuperscript{13} The only exception is Malta where FDIs inflow decreased considerably in the two first years of membership. However, in 2006 it grew rapidly, reaching almost twice as high value as in 2003.
The first years of Poland’s membership in the EU brought considerable changes in the currency exchange rate, both in nominal, as well as in real terms. In case of nominal exchange rate, since 2004 there has been a systematic appreciation of the Polish Zloty, which showed tendency to depreciation against the euro before the accession. There are at least two reasons for the appreciation of the Polish Zloty in the first years of membership. Firstly, increased inflow of foreign capital (both within the scope of FDIs as well as pre-accession and structural funds) naturally increases the demand for domestic currency and at the same time, its price. Secondly, appreciation of the Polish Zloty is a consequence of Balassa-Samuelson effect. Assuming that the inflation rate in Poland is similar to that observed in other EU countries and US – and this has been the case in the last years – this means a systematic decrease in the real currency exchange rate against the euro and the US dollar. This, in turn, results in a decrease in the attractiveness of Polish exports and increase in the attractiveness of Polish imports for domestic recipients. Undoubtedly, this may be considered one of the reasons (although of course not the only one) for deteriorating current account balance.

Source: Authors’ own calculations on the basis of NBP data (http://www.nbp.pl).

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14 The tendency of appreciation of the Polish Zloty against the US Dollar has been continuously observed since 2001.

15 Balassa-Samuelson effect consists in the fact that a relative productivity growth in the particular economy leads to strengthening of its currency.
Consequences of the accession for the competitiveness of the Polish economy — development of Poland’s trade flows after the accession to the EU: analysis of changes (in export, import, balances) with the consideration of the most important changes in the geographical and commodity structure; assessment of trade creation and trade diversion effects

At least three different effects in Polish trade could be expected in connection with the accession. Firstly, in a short time there should be an increase in trade with foreign countries. In particular, it should be expected that the abolishment of customs barriers in the trade inside the Union is likely to translate into an increase in exports of agri-food products to the Community’s member states. At the same time, the implementation of the Common Customs Tariff should stimulate exports of Polish food to third countries (export refunds) and result in trade growth with the countries using preferential duties. On the other hand, the consequence of the change in duties in trade with third countries should be the so-called diversion effect consisting in replacement of a part of imports from outside the EU with the goods from member states. Finally, in a longer period, acceleration of the economic growth rate should bring increased demand for imported goods.

Contrary to above expectations, the analysis of dynamics of the value of Polish trade seems not to confirm the occurrence of trade creation effect, at least if values expressed in the Polish Zloty are considered. While in the first year of membership the growth dynamics of both, export and import, was clearly higher than in 2003, this effect vanished in the next years. Moreover, since 2005 export dynamics has become clearly lower than before the accession. Similar is the case with imports (except for 2006). However, it appears that the strengthening Polish Zloty has a considerable influence on the above results. Because, if we compare the evolution of trade dynamics expressed in euro, it is visible that it is slightly higher after the accession to the EU (chart 8). Therefore, we could speak about weak euro-denominated trade creation effect, which is, however, a consequence of changes in the nominal currency exchange rate (so it is only a statistical effect). It is worth emphasising that the only reason for absence of trade creation effect is low economic growth rate recorded in the recent years by Poland’s main trade partners belonging to the EU (whereas it influences, in particular, the dynamics of Polish export).

Chart 8. Dynamics of Polish trade exchange in the years 2003-2007 (in current prices, previous year = 100)

16 As mentioned earlier, the change in the conditions of trade with the EU countries concerned, in particular, trade in agri-food goods in the production of which Poland has a comparative advantage.
This data may be confirmed by the analysis of the changes in the structure of Polish trade by groups of countries. It appears that after Poland acceded to the EU, the trade dynamics with developing countries and Central and Eastern European countries was much higher than with developed countries (including EU member states). In consequence, the share of developed countries in Polish foreign trade has been systematically decreasing; however, this decrease is much higher in import than in export. At the same time, the share of developing countries and Central and Eastern European countries is growing. However, it is difficult to explicitly assess to what extent the above changes are a direct consequence of the accession, and to what extent of progressing globalisation of the world’s economy and international trade liberalisation.

As regards trade dynamics by individual sectors, virtually in all cases the greatest trade growth was observed in 2004. Agri-food products were included in the group where export dynamics has been the highest, and at the same time they are one of two sectors where positive trade balance has been recorded\(^\text{17}\). As shown by Barteczko and Przystupa\(^\text{18}\), in 2005 as much as 10% of the entire exports of agri-food products could be attributed to the abolishment of trade barriers with the EU (the influence of trade liberalisation on the size of exports of agri-food products was even greater in 2004)\(^\text{19}\). In addition, the growth rate of food exports in the years 2004 and 2005 totalled approximately 25%. However, it should be remembered that the trade value is here relatively small when compared with the products of other sectors. Other sectors presenting high export dynamics in the last years include, in particular, chemicals and related products, as well as machines, devices and transport equipment.

It is worth mentioning that the above results are nothing surprising if we consider the structure of the Polish economy. According to the results of empirical research, despite economic transformation in the recent years Poland still has a comparative advantage in trade with

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\(^{17}\) The second sector includes „miscellaneous manufactured products”

\(^{18}\) K. Barteczko, J. Przystupa, Czynniki określające zmiany strumieni handlu zagranicznego Polski i ekonometryczna prognoza obrotów na lata 2007-2009. Foreign Trade Research Institute, 2006

\(^{19}\) In other words, if it had not been for Poland’s accession to the EU, the exports in 2005 would have been lower by 10%. 
developed countries. It concerns, in particular, the trade in goods of low technological advancement and high labour intensity. Accession to the EU did not result in significant changes in this respect. Inflow of foreign capital enabled, however, an increase in the share of exports of more processed products, such as cars or electrical machines and devices.

With regard to imports, after the decrease in the dynamics of trade value in 2005, 2006 saw its repeated significant growth in most of the sectors. The exceptions include beverages and tobacco, and mineral fuels, lubricants and related materials. As already mentioned, it is characteristic that the year 2006 was the first one for several years where imports grew faster than exports. There are probably at least two reasons for such development. Firstly, in that period Poland’s economic growth rate grew significantly. Secondly, the increase in the value of the Polish Zloty decreased the cost of import goods, which also translated into increased demand for these goods.

In the years 2004-2006, the greatest structural deficit occurred in the sector of mineral fuels, mineral oils and products of their distillation, pharmaceutical products, machines and mechanical devices and parts thereof, as well as plastics and products thereof. At the same time, the greatest surplus was recorded in the sectors: furniture; bedding, mattresses, mattress supports, pillows, etc, prefabricated buildings, as well as vehicles other than railway or tramway rolling stock, and parts and accessories thereof. The membership influence should be discerned, in particular, in the increase in deficit in the following sectors: machines and mechanical devices and parts thereof, and plastics and products thereof, as well as in the surplus in the sector of vehicles other than railway or tramway rolling stock, and parts and accessories thereof. In the first case, the deepening deficit is a consequence of both increased foreign direct investments as well as accelerated economic growth – as a result the supply-focused import grew. The increase in the surplus in the sector of vehicles other than railway or tramway rolling stock and parts and accessories thereof is an obvious consequence of increased foreign investments in the Polish automotive industry. According to the data of the National Bank of Poland (NBP), in the years 2004-2006 the value of foreign direct investments in this sector exceeded EUR 1.5 billion.

As already mentioned in the chapter devoted to the balance of payments, the balance of trade in goods began to deteriorate as early as in 2006. The deterioration in the balance is a consequence of the advantage of import dynamics over export in such sectors as non-edible resources except for fuels, mineral fuels, lubricants and related materials, chemicals and related products, manufactured articles classified mainly by material and miscellaneous manufactured articles. In particular in the years 2004-2006 the trade balance deteriorated to the greatest extent in the following sectors: mineral fuels, mineral oils and products of their distillation, cast iron and steel and pharmaceutical products. In that period, the following sectors increased their surplus in trade balance to the greatest extent: vehicles other than railway or tramway rolling stock, and parts and accessories thereof (mainly cars and parts thereof), copper and copper products and furniture; bedding, mattresses, mattress supports, pillows, etc, prefabricated buildings.

The last expected consequence of the accession that has not been discussed yet was to be the occurrence of a trade diversion effect. The available statistical data and results of empirical research induce to conclude that this effect occurred, although its scale was not too big. With

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20 The value of which constitutes approximately 85% of the entire Polish export.
21 E. Jagiełło (ed.), Celowość i realna możliwość specjalizacji eksportowej Polski w warunkach globalizacji oraz ocena aktualnej sytuacji w tej dziedzinie, Foreign Trade Research Institute, 2007.
22 See the National Bank of Poland Zagraniczne inwestycje bezpośrednie w Polsce (reports for the years 2004–2006).
23 E. Jagiello (ed.), Celowość..., op. cit.
regard to Polish exports, national agri-food products have probably driven out a part of imports from third countries in the marketplaces of the EU member states. The diversion effect occurred also in import to Poland, whereas its direction may be different depending on the group of goods. Hence, according to Kaliszuk\textsuperscript{24}, a decrease in duties after Poland acceded to the common customs tariff resulted in partial replacement of imports from the EU with that from third countries. At the same time, the opposite effect occurred in case of goods covered by the EU’s anti-dumping duties. Therefore, the direction of the diversion effect has not always been compliant with the expectations.

\textsuperscript{24} E. Kaliszuk (ed.), \textit{Analiza konsekwencji członkostwa dla wymiany handlowej}, Foreign Trade Research Institute, 2005.
**INFLUENCE OF THE ACCESSION ON INVESTMENT PROCESSES — INFLOW OF FOREIGN DIRECT INVESTMENTS, PORTFOLIO INVESTMENTS, SITUATION ON THE STOCK EXCHANGE**

According to common expectations, one of the main consequences of the accession was to be an increase in the investments stimulated by both the activity of domestic entities as well as FDIs inflow\(^\text{25}\). According to the results of empirical research, in case of the Polish economy they influence not only the increase in production, but are also a channel of dissemination of technological process\(^\text{26}\).

As mentioned in the first and second section of the chapter, the first years of membership in the EU were a period of increased domestic investments (robust increase in the outlays on fixed assets) and foreign investments. A dynamic growth in FDIs inflow was particularly visible. In 2006, FDIs inflow accounted for more than EUR 15 billion reaching the highest value ever. In 2007, this inflow was slightly lower and totalled approximately EUR 12.8 billion. In record 2006, FDI value in Poland exceeded slightly the threshold of 5.5% of GDP. This amount certainly contributed to the acceleration of economic growth rate in Poland.

**Chart 9. Inflow of foreign direct investments to the new EU member states in the years 2000–2006 (in USD million)**

![Chart showing inflow of foreign direct investments to new EU member states](chart.png)


The main reason for the increase in Poland’s attractiveness for foreign investors after the EU accession was a considerable limitation of investment risk. In other words, the conditions of conducting business became more stable and predictable enabling the investors to plan their activities for a long-term perspective. Long-term horizon and stable conditions of conducting business were one of the main factors increasing the inflow of foreign direct investments.


\(^{26}\) This is particularly significant if we consider low domestic outlays on research and development, and innovative activity in the industry. See e.g. M. W. Socha, B. Rokicki, *The Effects of Poland’s Integration with the EU: Financial Transfers and Eastern Border Regions Economic Development*, printing.
It should be emphasised that between 2003 and 2007 there was also an increase in the share of foreign investors from the EU counties in FDIs inflow. In 2003, the funds from 15 “old” European Union countries accounted for 74.1% of the inflow. It is estimated that in 2007 this share came to approximately 85%. The increase in the involvement of the EU investors is certainly related to the accession to the EU.

It should be mentioned that the first years of membership are characterised not only by a faster inflow of FDIs to Poland but also growing involvement of Polish entities abroad. Polish direct investments abroad totalled over EUR 7 billion in 2006, with approximately 40% of that amount being capital in transit. Aggregated Polish direct investments abroad at the end of 2006 totted up to more than EUR 12 billion (of which approximately 1/3 was capital in transit).

The value of portfolio investments has been growing dynamically since the accession, both on the side of assets as well as equity and liabilities. It seems that Polish accession to the EU had a positive impact on their growth. Polish investors allocate the greatest part of portfolio investments to debt securities, although since 2004 their share has been considerably decreasing. Concurrently, there is an upward trend in the involvement of Polish investors in purchases of individual stocks. Their value grew from slightly more than EUR 180 million in 2003 to nearly 4 billion in 2006. In the same period, the value of debt securities rose from over EUR 3.1 billion to over EUR 6.5 billion. Similarly as in the case of domestic portfolio investments abroad, foreign investors allocate their capitals particularly in debt securities. Their value rose from almost EUR 22 billion in 2003 to over EUR 47 billion in 2006. At the same time, the value of individual stocks in possession of foreign investors rose from over EUR 5 billion to over EUR 17 billion.

Positive trends visible in the Polish economy in the first years of membership were reflected also in the situation on Warsaw stock exchange. This translated, in particular, into the number of debuts, which has risen abruptly since 2004. At the same time, in the period analysed also the value of turnovers and number of transactions per session was growing dynamically. However, it is notable that the stock exchange situation is related to the situation in the global financial markets to a considerably higher degree than to developments in the Polish economy after the accession. It may be confirmed by the decrease in the number of transactions per session in the first months of 2008 and suspending the decision on the issue of shares by some debutants on account of the crisis that affected global financial markets in the second half of 2007.

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27 This kind of capital does not influence the amount of real investments in the particular economy and thus, it does not influence its growth rate.
28 Although initial data for 2007 shows a decrease in the growth dynamics (chart 6)
IMPACT OF FINANCIAL TRANSFERS FROM THE EU BUDGET AND OTHER FINANCIAL TRANSFERS AND FLOWS RESULTING FROM THE MEMBERSHIP

For many supporters of Poland’s accession to the EU one of the key arguments in favour of the accession was a possibility for Poland to take advantage of the transfers received, in particular, under the Common Agricultural Policy and the EU Cohesion Policy. These transfers considerably exceed the amount of Polish contributions to the EU budget.

Initial analysis of individual components of the balance of payments in the second section of the chapter indicates a visible improvement in the balance where it considers the inflow of funds from the EU budget. This concerns current transfers (including transfers constituting a part of funds from the European Social Fund, European Agricultural Guidance and Guarantee Fund, Financial Instrument for Fisheries Guidance, lump sums for the improvement of budget liquidity, and PHARE, ISPA, and SAPARD pre-accession funds) and capital balance (including funds from the European Regional Development Fund, part of transfers from the European Agricultural Guidance and Guarantee Fund, and funds from the Cohesion Fund).

As shown on chart 10, the value of transfers from the EU under all assistance programmes has been systematically growing since the accession and in 2007 it reached more than EUR 8 billion. Also, the positive flow balance has been improving systematically to reach over EUR 5.2 billion at the end of 2007. It must be remembered that the value of FDIs accounted at that time for over EUR 12.8 billion. Therefore, if we assume that the growth dynamics of the transfers from the EU will remain in the next years at the same level, it is probable that soon their annual value will equal the annual value of FDIs flowing to Poland.

**Chart 10. Financial flows between Poland and the European Union in the years 2004–2007 (in EUR million)**

Source: Author’s own calculations based on Ministry of Finance data (http://mf.gov.pl)

It should be mentioned that the value of transfers from the EU budget could be much higher if it was not for a slow pace of the absorption of funds allotted to the implementation of the

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30 Including those coming from pre-accession mechanisms.
European Cohesion Policy. In 2007, they already constituted more than a half of all transfers, with resources from the structural funds running at more than EUR 4 billion. At the same time, the transfers related to the activities performed under the Common Agricultural Policy came to more than EUR 3.2 billion, including funds for the Rural Development Programme of more than EUR 1.5 billion.

**Chart 11. Private current transfers in the years 2004–2006 (in EUR million)**

Source: Authors’ own calculations on the basis of NBP data (http://www.nbp.pl).

Poland’s accession to the EU resulted in a very rapid growth in economic migrations in the first years of membership. The direct consequence of the migrations was an increase in private current transfers. NBP estimates show that in 2007 the value of these transfers accounted for more than PLN 20 billion and was more than twice as high as in 2004. In 2007, the greatest share in the inflow of funds had the transfers from the United Kingdom and Ireland. At the same time, it is characteristic that the share of income transfers from the United States has decreased gradually. It should be mentioned that the value of transfers expressed in the Polish Zloty would have been even higher in 2007 if it had not been for intensive strengthening of the Polish Zloty.

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31 The remaining part includes resources from the Cohesion Fund.

32 At the beginning of April 2008, the National Bank of Poland changed the methodology of calculating the value of transfers from economic emigrants. Hence, also the estimates of the balance of payments changed, which have been revised as of the 1st quarter of 2004.

One of the first visible and adverse economic effects attributable to Poland’s membership in the EU was a rise in prices of consumer goods and services triggered off by the psychological effect mentioned above. It became particularly noticeable in the first months of 2004, as an increase in the domestic demand took place and, on the other hand, liberalisation of trade in agri-food products led to an abrupt increase in the demand for this group of products from foreign recipients, which in consequence caused lower supply in the domestic market. In addition, the inflation growth in the first year of membership was influenced by the change in the rates of indirect taxes and change in duties, being a direct effect of accession. At the same time, a dynamic growth in oil prices in the global markets was an important and accession-independent factor influencing the inflation level. As regards individual groups of products, in 2004 the greatest price rise concerned fuels for private means of transport (by 12.4%), food (by 6.7%) and goods and services related to flats (by 3.7%).

**Chart 12. Dynamics of food prices — December 2007 in comparison to December 2006**

Source: Authors’ own calculations on the basis of EUROSTAT data (http://epp.eurostat.ec.europa.eu).

Pro-inflation “accession effect” appeared to be short-term. The inflation dropped from 3.5% in 2004 to 1% in 2006. It should be mentioned that a corresponding pro-inflation accession effect is visible also in the majority of the new EU member states. Similar effect occurred also in the majority of countries that decided to implement the euro.

In a longer period, the impact of accession on the level of prices will be directly related, in particular, to the inflow of the EU funds and indirectly, to faster economic growth rate. These

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34 It must be emphasized that in 2004 it was also one of the main reasons for the inflation growth in the EU-25 countries, which in comparison to 2003 increased by 0.2 % (from 1.9% to 2.1%).
both factors will result in the growth in domestic demand, which must trigger off a rise in prices. This process is reflected in the inflation growth recorded in Poland since 2007. This phenomenon is perfectly known in the theory of economy and was observed in most of the countries that experienced accelerated economic growth. In addition, price rise in the individual groups of products will influence the price convergence process in comparison to the average price level observed in the EU. In recent years, all new member states have recorded a relative growth in the prices of consumer goods. In most of them, this process intensified after 2004.

In Poland the price convergence process is obviously very well visible in the groups of products and services characterised by the greatest deviation from the EU average prices. They include, in particular, food and non-alcoholic beverages, maintenance and utilities-related costs flats and energy carriers, and restaurants and hotels.

At the same time, it should be emphasised that price convergence process does not necessarily translate into their rise. The prices of clothes and footwear may serve as an example – the first years of membership saw their systematic decline.

**Influence of the Accession on People’s Income — Assessment of Changes in the Income Situation and Consumers' Purchasing Power**

The influence of the accession on people’s income is a consequence of changes in the general economic situation of the country, migration processes, which influenced the situation in the domestic labour market, and evolution of prices of consumer goods and services discussed above. In the first years of membership, there was a significant improvement in the situation in the domestic labour market. On one hand, faster economic growth rate caused the increase in the number of people working, which rose from 13,974 thousand as at the end of 4th quarter of 2003 to 15,538 thousand as at the end of 4th quarter of 2007 (whereas as of the end of the 4th quarter of 2007 the number of those working rose by 627 thousand in comparison to the corresponding period of the previous year). On the other hand, mass economic migration resulted in a significant outflow of labour force from the domestic labour market. In connection with increased demand for work it forced the employers to raise salaries. However, the dynamics of salary rise increased significantly as late as in 2007.

Increase in average salaries is not the only component that influences the change in the income level of the population. Others include the aforementioned transfers of incomes from economic emigrants, whose nominal value was growing systematically in the first years of membership. Finally, Poland’s accession to the EU and covering of Poland with programmes under the Common Agricultural Policy resulted in the opportunity for the farmers to obtain additional income due to the transfers from the Community budget.

It seems quite obvious that the above factors should contribute to the increase in the population’s income in nominal terms. In practice, this does not concern the group of retirement and disability pension receivers, whose income is little dependent on the changes in the labour market. Nevertheless, the rise in prices of consumer goods and services and

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35. Certainly the transmission mechanism considers in particular the changes in the labour market. After several years of the so-called jobless economic growth, in the last period a stable employment growth has been observed, which also translates into the increase in salaries.

36. Data on the basis of the results of the Population Economic Activity Survey by GUS.

37. Although it may be assumed that also in this social group the increase in transfer value from economic migrants had a positive influence on the increase in nominal income.
appreciation of the Polish Zloty in the last period cause that the real income growth is significantly lower than the figures showing nominal values.

As shown in the results of the survey of household budgets conducted by the Central Statistical Office (GUS), the average monthly real disposable income per capita decreased in 2004 in comparison to 2003 in all social groups except for farmers. It decreased by a total of 0.2%, whereas it rose in the group of farmers by 8.7%. However, in the years 2005-2006 a positive real income dynamics was observed, whereas in 2006 it rose on average by as much as 8.5%. Farmers are unquestionably the social group that benefited from the accession to the greatest extent. By contrast, the accession to the EU was the least beneficial for retirement and disability pensioners.

**CONCLUSION**

The fourth year of Poland’s membership in the European Union has been a period when the first long-term accession effects are becoming visible. They are related mainly to the support received in the form of pre-accession and structural funds, opening of labour markets by some member states, or lower investment risk for FDIs.

The direct accession effect includes inflow of transfers from the EU budget, the value of which accounted for over EUR 8 billion and constituted more than 2% of Polish GDP. These were considerable funds from the macroeconomic point of view.

Opening of labour markets, in particular in the United Kingdom and Ireland, influenced the increase in economic emigration from Poland, which in turn contributed to a decline in unemployment rate and increase in salary pressure in Poland. According to the Central Statistical Office (GUS), as at the end of 2007, more than 2 million Poles were abroad\(^{38}\), although, since the accession, the number of emigrants has grown by 285-340 thousand people\(^{39}\). As a result, Polish employers raised salaries, as they were afraid of losing their best-qualified staff. An increase in remunerations had a positive impact on the consumption level and, at the same time, on GDP growth rate, which, however, also influenced the inflation.

Paradoxically, the emigration phenomenon influenced GDP growth not only by triggering off the aforementioned demand pressure resulting from the rise in salaries. Also, income transfers made by Polish emigrants were of equal significance. According to the estimates of NBP, only in 2007 these transfers exceeded PLN 20 billion. To some extent, they influenced the consumption growth and thus, the economic growth. It should be mentioned that this amount was higher than FDIs inflow in the year preceding the accession.

The aforementioned transfers positively influenced the improvement of capital account and financial account balances, as well as they mitigated deepening current account deficit. However, we should not fear an increase in Poland’s indebtedness resulting from these transfers as they are mainly of investment nature.

The indirect accession effect includes, in particular, still observed increased inflow of foreign direct investments, which amounted to slightly more than EUR 12.8 billion in 2007. Thus, one of the “EU effects” includes lower investment risk in Poland, which, in connection with Poland’s potential and opportunities offered to investors by the EU funds, makes the allocation of investments in Poland very attractive.

\(^{38}\) Information on the scale and directions of emigration from Poland in the years 2004-2006, GUS 2007.

The experience of the first four years of membership has brought also relatively new phenomena. The first surprise was the power of influence of the psychological accession effect in the first half of 2004, which resulted in an abrupt increase in inflation expectations and demand, both among households as well as enterprises. These phenomena were caused by uncertainty related to the accession and, in particular, to the expectation of abrupt price convergence between Poland and the EU. This resulted in higher than expected GDP and inflation growth in 2004 and much lower GDP growth in 2005 (decrease in the domestic demand was caused mainly by the reduction in reserves made a year before). The next surprise for a considerable part of public opinion, but not necessarily for experts, was a rapid growth in foreign demand for Polish agri-food products, which additionally stimulated price rise in this group of products.

It is difficult to explicitly determine to what extent each of the aforementioned factors influenced the macroeconomic situation. However, it is notable that the year 2007 was the second successive year of accelerated economic growth with growth rate exceeding 6%. This was also a successive year with decreasing unemployment rate and increasing household disposable income, which resulted in higher consumption (by 5.2% per annum).

It is also notable that in the year preceding Poland’s membership in the EU, the unemployment rate amounted to 20%, with average salary in the enterprises sector running at EUR 53740 and foreign direct investments (FDIs) inflow reaching EUR 3.7 billion. After almost four years of membership, as at the end of 2007, these ratios amounted respectively to: unemployment rate – 11.4%, salary – EUR 850, whereas FDIs were over threefold higher.

In less than four years since Poland acceded to the EU, the unemployment rate declined by almost a half, which was additionally accompanied by a nominal increase in salaries expressed in euro by 58%. Thus, the social expectations related to Poland’s accession to the EU and concerning the improvement in the situation of average consumer began to materialise. More importantly, the increase in salaries did not hamper FDIs inflow, just the opposite. It can be asserted that since accession to the EU Poland has been among the most attractive countries for FDIs41.

Fast economic growth rate and rise in salaries contributed to higher inflation. Although it grew from 1% in 2006 to 2.5% in 2007 and 4.1% in the first quarter of 2008, it remained under control and should not adversely influence the economy on account of growing productivity, price competition in the market of goods and services, and strengthening Polish Zloty supported by the interest rate increase. It is also difficult to acknowledge that the inflation growth resulted from the accession.

In general, the balance of the first years of Polish membership in the EU may be deemed positive. Poland’s preparations to enter the Euro zone as well as effective utilisation of the EU funds of more than EUR 67 billion allocated to Poland in the current financial perspective will certainly contribute to the continuation of the trends discussed in this chapter.

It is worth taking the opportunity to draw conclusions from the experience of the Baltic States, which were among the fastest growing countries in Europe42. The cost of quick growth accompanied by a considerable increase in the consumption and salaries (on average by more than 40% the salaries were converted into euros on the basis of the average exchange rates from the last quarters of 2003 (EUR/PLN = 3.6232) and 2007 (EUR/PLN = 3.655) announced by the National Bank of Poland. If the conversion was made on the basis of the average EUR exchange rate announced by the National Bank of Poland in 2007 (EUR/PLN = 3.7829), the salaries would amount to EUR 656 and EUR 821, respectively.

42 Average economic growth rate in Estonia, Lithuania, and Latvia in the years 2004-2006 ran at 7.5%.
than 24% in 2007) appeared to be high inflation\textsuperscript{43} and dangerously high current account deficit\textsuperscript{44}. The increase in salaries resulted, in particular, in higher labour costs, which in turn led to a decline in the competitiveness of these economies. In consequence, there is a real fear that these countries will face economic collapse, which seems to be confirmed by the data concerning the change in the basic macroeconomic indicators quoted in this chapter.

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\textsuperscript{43} In December 2007, the average inflation in the Baltic States exceeded 10\%, and in Latvia it amounted to 14\%, one year before, the average inflation in the Baltic States amounted to 5.5\%.

\textsuperscript{44} The average current account deficit amounted to nearly 16\% of GDP in the 3\textsuperscript{rd} quarter of 2007 against 10\% of GDP in 2005.


LABOUR MARKET AND MIGRATIONS

Justyna Frelak, Jakub Wiśniewski

This chapter covers multifaceted employment issues in a synthetic manner. In particular, two main threads have been picked concerning the situation in the Polish labour market and employment migrations from and to Poland after 2004. The period that this chapter refers to is generally the fourth year of membership (May 2007 – May 2008). The authors refer to earlier periods only if it is necessary to show some processes taking place in a longer perspective and in cases where other valid statistical data was not available.

LABOUR MARKET

Since Poland’s accession to the European Union, a clear improvement regarding general labour market indicators has been observed. 2007 saw continuing dynamic decline in unemployment rate and employment increase that had started the previous year. However, as Poland’s membership in the EU coincided, inter alia, with a period of global economic acceleration, it is very difficult to assess the direct influence of enlargement (and migrations related to it) on the scope of changes in the labour market.

The year 2007 appeared to be crucial for the Polish economy in many respects. Gross Domestic Product (GDP) grew by 6.5% in real terms and this was the greatest rise in the last years. This means that the Polish economy was growing faster than ever in the last 10 years. According to the data of the Central Statistical Office, as at the end of 2007, the registered unemployment rate amounted to 11.4%, and it is expected that 2008 will see its further decline to 9.8%. The lowest unemployment rate in the last months of 2007 was recorded in Wielkopolskie Voivodship – 8.0%, with the highest one in Warmińsko-Mazurskie Voivodship – 19.0%. The decline in unemployment rate recorded per annum concerned, to a similar extent, men and women. The number of unemployed men decreased by 301 thousand, i.e. by 29.5%, and that of unemployed women, by 327 thousand, i.e. by 31.0%. Also, the situation of groups mostly affected by unemployment – permanently unemployed persons, young people aged 15-24 and graduates – has improved in comparison with 2006. Although the greatest decline in unemployment rate was recorded among people aged 15-24, the rate in this age group still remained twice as high as for the entire population.

As at the end of March 2008, there were 15.6 million people employed in the industry and services, which constitutes one of the best results since 1989. In the previous year, there were 14.911 million people working in Poland. It is estimated that since Poland acceded to the EU, 2.1 million jobs have been created. They are created in particular in the sectors most desirable in any modern economy. There are 8.51 million people working in services, with 4.86 million of those working in industry. For comparison, four years ago the figures were 7.35 million and 3.83 million, respectively. The employment in the construction sector has been growing dynamically since 2005, which, interestingly, as late as in 2004 contended with a decline in employment. At the same time, the employment in agriculture has been systematically declining for several years. Currently, it employs 2.3 million people.

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In 2007, the average salary was growing in a visible way. For instance, the average gross monthly remuneration in the enterprises sector amounted to PLN 2,888 and was by 9.2% higher than a year before. The situation of enterprises was favourable, which translated into the decisions on increasing the number of employees. Also, the investment rate grew (to more than 22% against 19.7% in 2006). However, lack of staff is becoming a more and more serious problem, which currently concerns as many as 60% of enterprises (in 2006 such a problem was reported by 50% of companies). According to the analysis of the National Bank of Poland (NBP), it was the problems of winning and maintaining employees that constituted the most serious barrier for the development of enterprises at the end of 2007. In comparison, two years before, this barrier was listed in the thirteenth place.

Unfortunately, despite many positive changes in Poland, high territorial diversification of unemployment is noticeable, which results, inter alia, from uneven economic growth. Another negative feature of the Polish labour market is still its seasonal character with increases in the unemployment rate in the months at the beginning and at the end of the year. Moreover, unemployment is of structural nature, which is related to the fact that professional qualifications of persons ready to take up employment are not matched to the enterprises’ needs. This inadequacy has deepened after Poland acceded to the EU, which was connected with Poles’ migrations. It also contributed to a greater pressure on a rise in salaries. Also, the low mobility of Poles and the inefficiency of vocational and continuous education do not improve the situation in the labour market, either. The aforementioned phenomena overlap with exceptionally low professional activity of Poles that is the lowest in the EU. There are still 14.4 million inactive persons in Poland (these are persons in economically productive age who have given up searching for work and have been removed from the register of unemployed persons). In the second half of 2007, the employment indicator of people aged 15-64 amounted to 57.8% (according to Eurostat data). Despite the improvement, it is still one of the worst results in the EU. The average for 27 EU countries in the period analysed comes to approximately 66%.

The European Commission has drawn similar conclusions. Appreciating the improvement in the Polish labour market, in its report dated February 2008, it drew attention to unemployment among women and elderly people. The employment percentage of women has grown visibly in the last year; nevertheless, it still does not exceed 50%. Another problem is high unemployment rate among young people, which is also among the highest in the EU.

Four years after accession, it is possible to assess the influence of the EU funds on the labour market. According to the results of the survey titled “Influence of the intervention of the EU structural funds in employment”, most of the voivodships observed positive results of the influence of funds on employment such as: lower share of agriculture in the national economy, increase in the share of services and relative maintenance of the share of industry. According to the data of the Ministry of Regional Development, owing to the EU funds 317 thousand jobs were created within the period from the end of 2004 to the end of 2006. The greatest number of new jobs was created due to the following programmes: Improvement in the Competitiveness of Enterprises – 57%, Integrated Regional Operational Programme –

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50 For instance, in 2007 the representatives of construction branches reported a shortage of 150-200 thousand workers.
21% and Human Resources Development – 17%. At the same time, positive effects of utilising funds were more perceptible in richer voivodships that manage to better use them.

In recapitulation, the most important trends currently characterising the labour market include a quick increase in employment and remunerations and deficit in the labour force. With a low unemployment rate, the greatest challenge becomes the mobilisation of persons in pre-retirement age, the long-term, unemployed, and promotion of the employment of disabled persons.

**POLES’ ECONOMIC MIGRATIONS AFTER POLAND’S ACCESSION TO THE EUROPEAN UNION**

The enlargement of the European Union in 2004 was accompanied by vehement debate on opening of the labour markets of “old” member states. On 1 May 2004 the population of the European Union increased by approximately 75 million. High differences in the standard of living and earnings aroused fear in some countries concerning uncontrolled immigrants’ inflow. In consequence, at the moment of enlargement only Sweden, Ireland and Great Britain decided to fully liberalise the access of citizens of EU-8 countries to their respective labour markets. The other “old” EU member states took the opportunity to maintain limited access to their labour markets. The restrictions in the freedom of movement of workers have not been implemented among “new” member states.

A positive influence of immigration on the economy and labour market of such countries as the United Kingdom or Ireland inclined also other countries towards opening of their labour markets. Finland, Spain, Portugal and Greece abandoned the restrictions after two years, in May 2006; Italy did that one month later. In 2007, these countries were joined by the Netherlands and Luxemburg. Currently, only Austria, Belgium, Denmark, France, Germany, Malta and Norway, despite having introduced selective liberalising measures, are still maintaining the restrictions and require work permits. The restrictions on the access to their respective labour markets should be abandoned within 5 years of the enlargement (in 2009). However, it is possible to extend the transition period by two years if the labour market of the particular country experiences serious disruptions (or there is a risk of their occurrence). However, it is noticeable that the problem of shortages of labour demands deeper and deeper liberalisation of regulations in the chosen segments of the labour markets of these countries.

In 2007, Germany facilitated the access to its market for engineers of chosen specialisations. The justification for the liberalisation of provisions was the lack of specialists in some branches, which hampered economic growth. Currently, employers do not have to prove that they cannot find a candidate for a particular job in the local labour market. Several facilitations were implemented also for foreign graduates from German universities. They are entitled to look for a job in Germany within a year after having graduated. In case they find it, they receive a work permit for a period of three years. The principle that a foreigner may take up employment only if no German citizen applies for it does not apply to them either.

France decided to partially open its labour market, among others, for Polish citizens, as from 1 May 2006. It created a list of professions for which it is easier to obtain work permit as there is no requirement to seek a candidate in the local labour market. The list covers the

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53 EU-8 – member states which acceded to the EU in 2004.
following branches: construction, hotels, catering, tourism, agriculture, mechanical engineering and trade\cite{55}.

Also, the Austrian labour market becomes more and more accessible for workers from new member states. Apart from seasonal workers in agriculture, the facilitations to obtain work permits covered also persons with particular qualifications. The list of preferred professions includes around fifty positions (desirable are, among others, bricklayers, carpenters, turners, and engineers)\cite{56}. Polish minders of handicapped people are allowed to work in Austria without permit requirement since November 2006. Additionally, the work of persons who previously worked illegally was legalised.

Currently, in Belgium there are discussions on opening the labour market for the citizens of the countries that became EU members in 2004. As many as 70\% of entrepreneurs who have problems finding employees are in favour of full opening of the labour market. As for now, the representatives of the selected professions, such as architects, IT specialists, mechanics, fixers, engineers of different specialties, plumbers, bricklayers, drivers, and gardeners may count on quick granting of work permits.

Although Norway implemented the requirement of residence permit with a possibility to take up employment, its issuance is in fact automatic. The employment conditions of a foreign employee must correspond to Norwegian employment conditions and salary requirements.

Denmark, having implemented some liberalising measures (concerning, inter alia, employment of students and employees of Danish companies who have joined collective labour agreements), has launched a campaign promoting the Danish labour market and programmes of active recruitment of employees to work in Denmark, which are directed mainly to the persons from Poland and Germany. In recapitulation, throughout the last year there has been a systematic abandonment of legal restrictions in free movement of workers between Poland and other member states.

**MIGRATION SCALE, DIRECTIONS**

Poland’s accession to the EU caused significant changes in the directions and scale of Polish economic emigration. The traditional destinations, such as Germany, the United States or Italy, have been replaced (except for Germany, which remained an important destination of Poles) by the United Kingdom and Ireland\cite{57}. Other countries that Poles started to leave for on a larger scale include Ireland, Italy, Spain, and the Netherlands, and Scandinavian countries, particularly Norway.

In 2007, the United Kingdom remained the main destination of the Polish migration, although the second half of the year saw symptoms of a slowdown in the pace of increase in the number of Poles there\cite{58}. According to the Worker Registration Scheme (WRS), applicable to the employees from new member states beginning to work in the United Kingdom, as of 1 May 2004 to 31 June 2007 Poles submitted a total number of 430 thousand applications. According to the estimates of the Home Office from before 2004, the inflow was expected to come to 5 to 13 thousand people per year. A significant influence on such a great number of

\begin{footnotes}
\item [55] A. Kluzek, Czy będzie praca dla Polaków we Francji? ”Gazeta Wyborcza”. 15 March 2007
\item [56] Ministry of Labour and Social Policy, Ułatwienia w dostępie do austriackiego rynku pracy, 1 March 2008.
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\item [58] Ministry of Labour and Social Policy, Informacja w sprawie zatrudnienia obywateli polskich w państwach EOG i Szwajcarii oraz obywateli państw EOG w Polsce, Warsaw, October 2007.
\end{footnotes}
Poles’ registrations was wielded certainly by the fact that earlier many of them were working there illegally and the EU enlargement gave them the opportunity to legalise the employment.

However, when comparing the number of foreign employees with that of the total host population, the greatest number of employees from the EU-8 countries has been employed in Ireland. According to the Central Statistics Office of Ireland, approximately 60 thousand Poles registered in the second half of 2007 (against 90 thousand in 2006).

For many Poles, Germany is still the emigration destination. In 2007, 182 thousand Polish employees obtained work permits for seasonal jobs. A comparison with the data from the previous years shows that the current downward trend in the employment of Polish citizens in Germany is subject to deceleration. Poles’ economic emigration to Germany is regulated by the agreement between Poland and Germany on employee exchange and it concerns seasonal workers, mainly in agriculture. This is a response to personal employment offers made by the employers. A positive trend in the volume of services provided by Polish enterprises, measured by the number of posted workers, remains also at the same level.

At the end of September 2007, there were more than 65 thousand Poles living in Spain (according to the registers of valid residence cards or certificates on granting identification number to a citizen of the European Economic Area). At the same time, according to the data of Netherlands Statistics, by the end of June 2007 there were 70 thousand citizens of Poland, Romania and Bulgaria registered in the Netherlands. It is estimated that by 2010 there will be 100 thousand citizens from these countries living in the Netherlands.

Polish migrant workers are also present in Norway, which has recently enjoyed a growing popularity among economic emigrants despite formal requirement of work permits (even if it has been eased recently). In the first half of 2007, Poles obtained 33 thousand residence permits granting a possibility to work. This was by approximately 10 thousand more than two years ago. The number of permits grows in summer, which is related to the demand for seasonal workers in horticulture and agriculture. Also the example of Iceland, which is characterised by the second greatest number of employees from Central and Eastern Europe after Ireland, is worth noticing. In total, 10% of those employed in Iceland are foreigners, with Poles being the dominant group. The Czech Republic is also an interesting example, as it is the only one among “new” member states which attracted migrant Poles. According to the data of the Ministry of Labour and Social Policy, in mid-2007 there were 21 thousand Polish citizens employed in the Czech Republic.

Migration flows after 1 May 2004 were related also to other factors than the opening of labour markets. For instance, Germany, despite maintaining formal and legal barriers in its labour market, remains an attractive destination for Poles. As shown by the examples of other countries, a great role has been played by migration networks, demand for labour force from “new” member states, and current recruitment policy (e.g. in Norway and Denmark). Simultaneously, the significance of geographical location decreases, among others on account of availability of affordable flights.

The determination of the scale of current migrations is quite difficult on account of different incomparable registration systems of migration flows and incomplete access to the administrative data. Disproportions between the statistics cause that estimates are of a very general character. According to the available data, the scale of emigration in 2007 remained at a similar level as in the previous years. This shows that the scale of Poles’ legal income emigration in 2007 also came to approximately 900-1,100 thousand people (which is the average number of citizens employed in EEA countries per year). However, the second half of

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the year saw some decline in the number of emigrations. According to the data from the survey of the Public Opinion Research Centre (CBOS), currently, as in the previous year, there are approximately one million Poles working abroad. The results of both surveys show that the economic migrations did not intensify; the returns to the country are not observed, either\textsuperscript{60}. According to GUS, as at the end of 2006 approximately 1,950 thousand people – residents of Poland - were abroad, with more than 1,600 thousand in Europe\textsuperscript{61}. The above data should be deemed accurate with the assumption that the number of fellow countrymen living abroad will include also persons loosely related to the country (e.g. persons born and living abroad, only holding Polish citizenship).

Four years after the accession it is possible to track the areas of concentration of Poles in particular countries. The available surveys show the so-called strategy of delayed spatial dispersion, mainly in the United Kingdom, Ireland and Norway. Currently, neighbouring areas, sometimes peripheral ones, are becoming the destination of Poles’ migrations\textsuperscript{62}. In Norway, Poles, like most of the foreigners, settle mainly in the south of the country. In respect of the date of their arrival in that country, three main geographical areas may be identified\textsuperscript{63}. In the United Kingdom, the destinations included, at the beginning, large metropolitan areas, but over time they lost their significance as major destinations\textsuperscript{64}. Large cities were followed by small, intensively growing towns. It is small urban areas where Poles’ presence is visible and significant to the greatest extent. In some regions, such as Scotland, Poles started to arrive on a larger scale only after the enlargement of the European Union\textsuperscript{65}.

Reasons-scale migrations are also worth investigating. According to CBOS, approximately 18\% of Poles declare the interest in employment abroad with only 2.4\% actively looking for it. Among the persons interested in the employment, most of them would like to leave only for a specified period of time, from half a year to two years. Therefore, Poles’ plans concerning income-driven emigration have been already fulfilled to a great extent. Shortly before Poland acceded to the European Union, the interest in the employment in the European Union was much higher – it was expressed by 32\% of Poles. However, according to the survey of the Polish Confederation of Private Employers Lewiatan “Polacy pracujący 2007” [“Working Poles 2007”], conducted among working adult residents of Poland, approximately 33\% of the respondents declared the will to leave; however, most of them sceptically assessed their capabilities and competencies.

Although Poles still emigrate mainly for financial reasons, the people who declare that they decided to emigrate for that reason by no means belong to the poorest group of the Polish society. The surveys of Polish emigrants in the United Kingdom show that these persons constitute a creative and enterprising social group.

In recapitulation, Poles are induced to leave not so much by the unemployment and lack of possibility to find any job, but rather by the opportunity to develop professional career and

\textsuperscript{60} Public Opinion Research Centre, \textit{Komunikat z badań: Doświadczenia i plany dotyczące pracy za granicą}, Warsaw, February 2008.
\textsuperscript{63} J. Napieralska, \textit{Imigranci na norweskim rynku pracy}, Centre of Migration Research, University of Warsaw, Warsaw 2008, p. 25.
\textsuperscript{64} A. Fidel, E. Piętka: \textit{Funkcjonowanie polskich migrantów na brytyjskim rynku pracy}, Centre of Migration Research, University of Warsaw, Warsaw 2007, p. 14.
\textsuperscript{65} „Biuletyn Migracyjny” No 12, University of Warsaw, April-May 2007, p. 2.
enjoy higher standard of living. The analysis of the reasons for emigration indicates a very critical perception of public institutions and political life in Poland. Emigration is not an escape from “Polish hopelessness”. It rather shows that Poles take the opportunity to fulfil their aspirations also outside the country. Polish emigrants include “target earners” – persons leaving mainly for economic reasons, with the intention to come back to Poland, or “global cosmopolitans” – young educated people who want to enhance their standard of living, and are open to the opportunities brought by the united Europe.

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67 K. Kropiwiec, R. Chiyoko King-O’Riain, Polish migrant workers in Ireland, National Consultative Committee on Racism and Interculturalism, Dublin 2006.
Emigration is often quoted as one of the reasons for the improvement in the situation in the labour market. Economic migration is of course related to the situation in the labour market but this relation concerns in particular the regional and local levels. Contrary to widespread opinions, outflow of labour force has generally had little influence on the changes in the labour market. These changes resulted, among others, from entrepreneurs’ increased demand for employees in the conditions of an upturn in the economy, greater inflow of foreign investments and absorption of the EU funds. At the same time, the unemployment rate related to lack of match between demand and supply of work is still one of the problems of the Polish economy. Therefore, the assertion that the economic growth and emigration compounded enterprises’ staff problems seems right. This is also illustrated by the example of other countries in which the outflow of labour force was significantly lower (e.g. the Czech Republic), and which, like Poland, observed a growing number of vacancies. So, migration may not be deemed the main source of persistent (despite a systematic improvement in the general situation) problems in the Polish labour market.

The problem of staff shortages concerns already nearly two-thirds of enterprises. Invariably, the strongest difficulties are felt in the construction industry (they are reported by every third company)\(^68\). In consequence, the companies undertake a number of activities in order to keep or to encourage potential employees to stay in the country (for instance, by establishing cooperation with vocational schools), and at the same time, they are forced to raise salaries. According to data of the a consulting firm - KPMG, the entrepreneurs think that if all employees obtained 10-30% salary rises, the sweeping of them would decide to stay in the country. Considering the trends of growing salaries observed now, it may be expected that the dynamics of the emigration will drop.

The labour market is lacking mainly technical staff. Also, the need to engage employees for simple work is signalled more and more often\(^69\). This trend is confirmed by the results of a survey carried out by Polish Association of Human Resources Management and Warsaw School of Economics titled “Rekrutacja i wizerunek pracodawców” ("Recruitment and employers’ image"), according to which the problem with staff for bottom positions is nowadays more severe for companies than the lack of specialists. As many as 48% of those surveyed indicate that the shortage mainly concerns those staff members who are responsible for the accomplishment of operational, standardised and supervised tasks.

Migrations of specialists – or person with high qualifications – became one of the most important issues in the debates on migrations. Are we dealing with the so-called brain drain, i.e. with the outflow of highly qualified employees involving serious financial losses and adverse effects in the labour market? Such a situation certainly took place in the 1980s. Currently, everything indicates that this is a phenomenon referred to as “brain circulation” or “brain exchange”, which is a natural part of economic processes in the era of globalisation. The greatest migration of specialists is experienced by the most developed countries. So, in Poland the migration of persons with university degrees is more about shedding surpluses.

\(^68\) National Bank of Poland, *Informacja o kondycji...*, op. cit.
\(^69\) KPMG, *Migracja pracowników...*, op. cit.
Moreover, migrations from Poland are of temporary character. Therefore, a stay abroad may have positive consequences, particularly if it is related to raising qualifications.\(^{70}\)

The emigration of medical personnel also arouses controversy. The main reason for that are low salaries of medical doctors and nurses, impediments in acquiring specialisation as well as the necessity of lifelong learning and paying the related cost. At the same time, the offers from abroad directed to the employees of health care system are incomparably better than the opportunities provided by local labour markets. According to the report prepared by the Ministry of Health, by the mid-2006 nearly 5,114 doctors, 1,581 dentists and 5,912 nurses applied for certificates giving them a right to pursue their profession, necessary to work in EEA.\(^{71}\) According to the data as at the end of December 2007, approximately 6,724 medical doctors, 1,924 dentists and 9,316 nurses and midwives were interested in the work abroad. In 2007, apart from anaesthesiologists, those emigrating most often included specialists within the scope of intensive care, plastic and chest surgeons and emergency care practitioners. The number of certificates issued does not correspond to the number of people who left, it only serves to monitor the interest of medical personnel in having a job abroad.

The report of the Ministry of Health for 2006 shows that by mid-2006 there were more than 4 thousand medical vacancies and more than 3.5 thousand nursing-obstetric vacancies in Polish health care centres. The shortages have been deepened by the regulations on shorter working time of medical doctors that were implemented at the beginning of 2008. At the same time, Poland’s employment ratio of doctors, nurses, and midwives per one thousand residents is the lowest in the European Union.

Does the emigration of medical personnel have really such explicitly adverse consequences as it results from the current debate? The surveys of the Centre for Global Development\(^{72}\) show that the emigration of employees of this group does not always contribute to the detriment in the condition of the health care system of the country they have left. It happens so, because there are also positive results of this process that compensate for potential losses, such as gaining professional experience or getting familiar with new treatment methods. In case of Poland, the available data allow only to state that this is not a mass phenomenon; however, the migrations of this group may have negative consequences for local or regional health care centres and for the scarcest specialisations.

The direct results of economic migrations are cash transfers to Poland. The survey conducted by one of the Polish banks - PKO BP among the Poles working in the United Kingdom shows that more than half of those surveyed declare regular, usually monthly, cash transfers to Poland. These amounts usually do not exceed GBP 500, at the same time, as much as 44% of these transfers are made via informal channels. This is confirmed by the surveys of the Centre for International Relations, according to which 65% of the respondents declared that they were able to save money/possessed savings acquired through work in the United Kingdom. More than half of them have transferred them to Poland.\(^{73}\) According to NBP, PLN 20 billion came to Poland in 2007 on this account.


In the case of Poland, the money earned abroad contributed to a decrease in different difficulties of the transformation period. The money sent by the migrants improved the financial condition of migrants’ households in comparison to that of non-migratory households. Thus, local communities with a high percentage of migratory households found themselves in a better financial situation than micro-regions where the emigrants were few. However, on the other hand, the influence of employment migrations on the economic growth at the local level is very limited. The basic reason for this phenomenon is a very marginal tendency of migratory households to save or to invest.

Another consequence of Poles’ emigration after Poland’s accession to the EU was the development of migration services and foreign employment centres. The number of companies recruiting workers grew from 271 in 2004 to 1,646 in 2006. The greatest number of such companies operates in the following voivodships: Mazowieckie, Śląskie, Pomorskie and Dolnośląskie. More and more people use their services. For instance, in 2006, 248 thousand people found a job thanks to the agency of such kind of companies. The majority of job offers come from the Netherlands (29%), the United Kingdom (19%), Norway (10%) and Germany (10%).

At the same time, the role of employees, as the most important resource of enterprises, is still growing. This may be confirmed by a stable growth of outlays on the activities related to human resources management. The companies begin to realise that in the current situation in the labour market they cannot afford to ignore or underestimate this component. More and more companies combine the recruitment activities with the activities in the area of socially responsible business.

In recapitulation, it should be emphasised again that the migration was one of many factors influencing the situation in the Polish labour market. However, a considerable outflow of employees or potential employees in some regions of the country certainly uncovered lack of balance in local labour markets. According to KPMG surveys, as many as 45% of enterprises acknowledged that they are losing a part of income due to the lack of employees. This is a considerable growth in comparison with 2006, when such a problem was declared by every fourth company. In a longer perspective, if this trend does not change, it may lead to loss of many investment projects and a slowdown in economic growth. On the other hand, the analysis of phenomena occurring in the individual economic sectors (e.g. health care) does not confirm pessimistic reports on mass emigration. A positive influence of income transfers of Polish citizens abroad on household budgets in Poland should be also highlighted.

**Social consequences of emigration**

Social consequences of current economic emigrations are varied, both positive and negative. In a longer perspective, they will be beneficial for Poland provided that after having spent some time abroad most of the emigrants will come back to Poland. The benefits are related to the new qualifications, knowledge and skills acquired by the emigrants and to the possibilities of investing the capital accumulated through employment abroad. This is the most desirable repatriation type (referred to as the return of “innovations”, i.e. the persons who achieved success abroad).

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75 E Kępinska: *Recent Trends…*, op. cit. p. 46.
However, in the context of social consequences, the problem which is sometimes referred to as “brain waste”, i.e. working below one’s qualifications, seems significant. The prevalence of this phenomenon results from the specificity of the demand for labour force in destination countries, which mainly concerns qualified employees and much more seldom highly qualified employees. Jobs requiring low qualifications are available easily and quickly. Low level of human capital and language competence cause that Poles often get to “low-grade” segments of labour markets and take up typically “immigrant” works in construction, agriculture or hotel branch. In the long term, such situation may lead to the deterioration or loss of qualifications. Other negative effects include stagnation of earnings and the standard of living and integration problems on account of the fact that migrants are often treated as second-class employees.

The problem of influence of emigration on children and family has been also discussed more and more often. On the one hand, the emigration of parents improves the financial situation of households, on the other, it affects family life, is related to the interruption of educational and socialisation functions. Although generalisations should not be made in general, nevertheless, the presence of dysfunctional incomplete families as a result of economic migration is unquestionable. The research concerning earlier migration wave shows that even short emigration causes family problems. Separation of parents with their children exerts a negative influence also on children’s achievements at school. According to press releases, there may be approximately 130 thousand children defined as “euro-orphans” who have “lost” at least one parent as a result of the emigration after the accession. Half of “euro-orphans” have one parent at home, one fourth live with their grandparents, more than 10% are raised by their adult brothers or sisters and 3% by distant relatives.

At the local level, the negative migration results, in particular those of circulatory migration are also noticeable. They include, apart from disintegration of families, also social marginalisation of migrants who, living an unsettled life, no more belong to the society from which they come from.

On the other hand, Poles – for instance those living in the United Kingdom – often contact their families and friends and are interested in the events in Poland. Obviously Internet access and cheap telephone connections help to bridge some social gaps. Contacts and arrivals in the country are also of economic character – they are confirmed with foreign transfers and investment plans in Poland, often concerning real estate. At the same time, most recent Polish emigration is characterised by relatively robust activity, which has different self-organisation forms, different from those of the so-called old emigration. It appears that Poles get together via the web portals, Internet forums or chats. Also the newly established newspapers are partially or wholly available in the Internet. The same is true about new radio stations broadcasting over the worldwide web.

76 P. Kaczmarczyk, J. Turowicz, Migracje osób..., op. cit.
79 More on the situation of Poles in Great Britain in chapter 6 devoted to the social perception of Polish membership in the EU.
Immigration policy and labour market

The problem of labour shortages and emigration translated into growing support for a wider opening of the Polish labour market for foreigners and accelerated discussions on the strategy of Polish migration policy. However, the growing demand for the work of foreigners should not be strictly associated with Poles’ emigration. In Poland, like in other EU countries, there are sectors that domestic employees are not interested in. Therefore, there is no direct correlation between the demand for the work of foreigners and the number of unemployed persons in the country. The gap, i.e. in particular low-prestige and low-salaried jobs, is bridged by foreigners, mainly from the Poland’s neighbours to the east. In most cases they work in trade, agriculture, construction and as household hands. Moreover, foreigners are filling vacancies in those specialisations, where there is a shortage of an appropriate number of Polish workers.

The government has gradually extended the number of categories of immigrant workers who can be employed in Poland without work permits. The change in the approach to the problem of labour market liberalisation was confirmed also by full opening of the Polish labour market for the citizens of EU member states and Switzerland, Iceland, Lichtenstein, and Norway, in January 2007.

Wider opening of the labour market for foreigners is supported also by growing acceptance for the work of foreigners in Poland. According to a CBOS survey, approximately three-fourths of the respondents do not object to the presence of foreigners in the domestic labour market, including nearly one-third without any restrictions. Foreign workers are not perceived as competition in the labour market as it is generally believed that they undertake jobs that Poles are not interested in. They match the expectations of the employers and confirm that there is a considerable demand for the work of foreigners in Poland. Meanwhile, the scale of legal employment of foreigners from third countries remains at a low level. In 2006, Poland issued a total number of 10,754 work permits with 5,750 in the first half of 2007 (11% more than in the first half of 2006). In 2006, this group was dominated by Ukrainians (30% of work permits), Vietnamese (9% of work permits), Belarusians (7% of work permits). At the same time, the estimates concerning illegal immigrants indicate an inflow of approximately 300 thousand people a year.

Apart from the solutions mentioned above, Poland does not conduct a policy to actively attract employees with desired qualifications. Coming across restrictive barriers, many companies resign from permanent employment of foreigners, or do it illegally. According to the surveys comparing the accessibility of and conditions in the labour markets of the European Union for the citizens of third countries, Poland is ranked in one of the lowest positions, lagging far behind such countries as Slovenia or Estonia.

The integration programmes cover currently only a narrow group of foreigners, in particular recognised refugees and repatriates, i.e. the groups justifying their arrival with humanitarian or ethnic, rather than economic reasons. Other immigrants have access only to a limited number of non-governmental organisations. They are perceived as a group staying in Poland temporarily and not provoking social tension. Perhaps this is the reason for not recognising the need of their integration in Poland.

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The only existing integration tools in Poland targeted at refugees (Individual Integration Programmes) do not accomplish their primary objectives. Most of the people taking part in the aforementioned programmes are not able to function on their own after their completion. They turn into recipients of social assistance. Many people decide to quit the programme and leave the country. According to experts, further limitation of the programmes to a narrow group of recipients may result in the marginalisation and exclusion of other groups that have problems living in Poland on their own, including economic migrants.

The analyses conducted just before the accession show that integration in Central and Eastern European countries was referred to as selective. After Poland acceded to the EU, there was a slight progress in this field. This is confirmed by the conclusions from the “Third Annual Report on Migration and Integration” of the European Commission. The activities conducted in Poland focus mainly on the integration of refugees and preparation of staff (officers and teachers) to work with migrants. However, there is a visible lack of more complex solutions in the area of integration as well as initiatives aiming at the promotion of tolerance and multiculturalism.

In connection with the membership in the EU, Poland utilises several funds aimed at supporting the integration of immigrants. One of the financial tools covering this group is the EQAL Community Initiative targeted at repatriates, refugees or persons applying for this status. Also the European Refugee Fund, which promotes social and economic integration of refugees in the member states, should be mentioned here. Another EU programme directed to the citizens of third countries, including economic migrants, is INTI fund (Integration of Third Country Nationals).

**Poland against the background of other new member states**

A good economic situation in Europe and in the world translated into economic results in the majority of new member states. In 2006, the average GDP growth of “new” member states from Central and Eastern Europe (except for Slovenia) amounted to 6.4%, whereas as at the end of 2007, to 5.9%. The leader with respect to GDP growth was traditionally Slovakia (14.3% in the 4th quarter of 2007); the most difficult situation was recorded in Hungary, which experienced a slowdown in the economic growth rate over the whole 2007.

Not only in Poland, but also in other new member states, the economic acceleration favoured the improvement in the situation in the labour market (except for Hungary). As at the end of 2007, the average unemployment rate in this group amounted to 6.6%, compared to 8.5 in 2006. However, on the other hand, despite positive trends in the labour market, Poland comes out much worse in comparison to the other countries of the region. Despite a dynamic decline in the unemployment rate in our country, it is still the highest among all new member states. For instance, as at the end of 2007, in the Czech Republic it amounted to 6% and in Estonia to 4.1%. The situation is similar with respect of the employment rate, which is still among the lowest in the EU. In the 3rd quarter of 2007, only Hungary and Malta recorded a lower employment rate than Poland. This is the case although at the end of 2007 the pace of

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84 NMS-9: Poland, Czech Republic, Slovakia, Hungary, Estonia, Lithuania, Latvia, Bulgaria, Romania
increase in the employment rate in Poland was among the highest in the EU. Poland was outranked in this respect only by Bulgaria and Estonia.

The EU enlargement in 2004 constituted a turning point for the international mobility of the citizens of new member states, in particular as regards emigration to the United Kingdom and Ireland. The migrations of employees after accession to the EU concerned, in particular, the citizens from Poland, Lithuania, Latvia and Slovakia, to a considerably lower degree those of other member states. As regards the citizens of Romania and Bulgaria, the main destinations include Greece, Spain and Italy.

In general terms, in the majority of the destination countries Poles constitute the most numerous group among employees from “new” member states. However, the domination of Poles is related mainly to the population size of Poland. According to British data, Poles quickly became a dominant group in the WRS register. From 1 May 2004 to September 2006, a total number of 510.5 thousand employees from EU-8 countries registered in the United Kingdom. Poles constituted 56% of the employees, and in 2006, as much as 70% of this group. Moreover, according to the report of the Institute for Public Policy Research, Poles became the third largest immigrant group in the United Kingdom after Indians and Irishmen. However, Poles demonstrate a much lower tendency to migrate than Latvians and Lithuanians for example: the number of applicants to WRS by the end of 2006 came to 2.7% in case of Lithuanian citizens and for 2.1% in case of Latvian citizens. The opening of this market did not influence the mobility of the citizens of Slovenia, traditionally leaving for Austria and Italy.

In Ireland, Poles are also the largest group among employees from “new” member states. The next positions are occupied by Lithuanians, Latvians and Slovaks. The situation is similar in Sweden, where Poles constitute more than 50% of migrants from new member states. The second largest group are the employees from Baltic States, mainly from Lithuania. An exception is Finland where the most numerous immigrant group is constituted by Estonians. Also, in Germany, Poles are not the dominant immigrant group falling well behind the immigrants from Turkey, Italy and former Yugoslavia.

Attention should be paid also to the concentration of the representatives of particular countries in the chosen regions of the United Kingdom. For instance, in the regions where the employers engage Poles, Lithuanians do not find or look for jobs. And vice versa, Lithuanians dominate among the group of employed immigrants from EU-8 countries in West Cornwall, Northern Ireland and Eastern England.

With regard to employment, it is noticeable that EU-8 employees are concentrated in the professions not requiring qualifications available in industry, agriculture, hotel trade and household services. In some countries, a strong concentration is observed in the selected sectors, which sometimes has even features of ethnic concentration. In Ireland, studies indicated even national segregation by hourly rates according to which Poles were cheaper than Hungarians, but more expensive than Slovaks.

89 E. Wadensjö, Migration to Sweden from the New EU Member States, Stockholm University, 2007 p. 11.
90 „Biuletyn Migracyjny” no. 16, University of Warsaw, January 2008, p. 4.
91 K. Kropiwiec, R. Chiyoko King-O’Riain, Polish migrant workers..., op. cit.
The comparison of economic and social effects of emigration from new member states is very difficult due to lack of data. However, when analysing the migrations of well-educated people, it is easy to notice that it may pose a threat to the development of the countries of small population such as Latvia and Lithuania. Emigration of specialists could have many negative consequences if the Baltic States specialists did not prefer short-time emigration. On the other hand, Baltic States have been contending with shortages of employees of narrow specialisations and the necessity to employ foreign labour forces for a long time now. In recapitulation, there are several common features characteristic of the migrants from new member states. Firstly, these are mainly short-time migrations. Secondly, they are of economic character. Thirdly, EU-8 citizens find employment mainly in second-class sectors of the labour market.

**PROSPECTS**

Central and Eastern Europe experienced demographic changes such as a decline in the number of births and ageing society, which in Western Europe began much earlier, as late as in the nineties. Therefore, considering, inter alia, demographic reasons, Central European countries, including Poland, will serve as a reservoir of labour force for the EU-15 countries for some time.

As shown by the forecasts, emigration dynamics will slowly decelerate. The demand for the work of emigrants from new member states will remain at a similar level. However, along with subsequent openings of labour markets of other EU countries, the emigration directions may change. The decline in emigration intensity will be influenced by a rise in salaries and a continuous upward trend of the Polish Zloty, which means that salaries in pounds or euro will be lower and lower. Obviously, the salaries will not come up to the same level for a long time but the difference may become so small that, considering other emigration costs, Poles will begin to gradually come back to or decide to stay in the country. However, it should be remembered that on account of many factors influencing the migration dynamics, forecasting the scale of expected outflow from Poland is very difficult and burdened with great risk of error.

It should be also expected that other countries will conduct more and more active recruitment policy. The example may be the recruitment of Polish policemen or teachers to work in England or Ireland. In Germany a policeman may earn from EUR 1.8 to 3.1 thousand per month. The per annum salary of a young teacher working outside London amounts to approximately GDP 20 thousand.

The issue of Poles returning to the country becomes more and more significant. For it depends on the returns whether the emigration has positive long-term effects. However, currently, it is difficult to determine, how many people who emigrated will come back to the country. A visible trend is to extend the time of stay abroad: not everybody thinks about quick profits and return to the country. According to the surveys of the Centre for Research on Nationalism, Ethnicity and Multiculturalism, the group of Polish immigrants living in London is dominated by the people who do not think about coming back to the country. This is confirmed by the surveys of ARC Rynek Opinia, according to which 55% of Polish emigrants in the United

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Kingdom plan to come back in a minimum of 5 years\textsuperscript{94}. The declarations of a relatively quick return should not be treated seriously, emigration plans change over time and finally end with the New Year’s resolution: “maybe in a year’s time”.

The surveys conducted among Poles living in the United Kingdom show that their potential decision to return will depend on significant economic changes in the country and possibilities to fulfill their professional aspirations. Young people, used to a higher standard of living abroad, will expect the same in Poland. Another factor that may encourage the return includes family situation. It should be remembered that most of the emigrants mentioned here include young people, without children who may want to establish their families abroad. However, if educated people undertake jobs not requiring qualifications, their social advance and professional promotion may be blocked and therefore, they may be willing to come back to Poland. (More information on the returns can be found in chapter 6).

Also, the difficulties with coming to terms with the realities of the new place of residence may induce some people to come back. However, this problem does not concern Poles in the United Kingdom who adapt quickly and easily. If emigration is not a final decision, after having returned to the country Poles may equally quickly take the decision to emigrate again. Return and a next emigration is easy, because although they have left, they are present in Poland in social terms – they live in two worlds at the same time. A greater interest in emigration is shown by young people who have just begun their professional careers, so their final decision will depend on whether and what job they will have in Poland.

Currently, returns are already observed but this is not a mass phenomenon. The people “recovered from abroad” decide to come back after a period of work in a lower position and they treat their stay abroad as an asset when applying for a job in Poland. The articles on near return of many Poles in Polish and foreign press are not confirmed by reality at the moment.

With respect to the scale of emigration phenomenon, the successive governments present a number of ideas to stimulate come backs. The most famous ones include, in particular, tax abolition, a number of reliefs for those coming back, assistance with establishing a business. In addition, Polish diplomatic offices are planned to be strengthened by employees dealing with Polish labour market, in order to make it easier for potential repatriates to access the information in the domestic labour market\textsuperscript{95}. Poland has also prepared a special package of incentives to return to / stay in the country for different groups, including medical doctors for example. However, it should be emphasised that several years after Poland’s accession to the EU, these are still ideas only, rather than specific actions. For the time being, the tangible effect of the activities within this scope is only a website with the main information concerning working conditions in Poland and abroad.

The migration issues, from the discussions on the emigration scale to the employment of workers from Asian countries, become more and more a subject of public debate, and as shown by the latest election, also a political issue. Poland is experiencing similar processes as those experienced by other member states earlier. Countries such as Spain or Ireland have gradually evolved from typically emigrant countries to immigration countries. This was related to, inter alia, their membership in the Community (some of them, such as Poland, experienced temporary restrictions of access to the labour markets of other member states) and economic growth. All of them observed, in time, a slowdown in the emigration and a phenomenon of returns.


Poland should prepare a comprehensive and long-term migration policy considering both Poles aboard, immigrants living in Poland, and the so-called potential migrants. It should integrate the activities of many partners, public and non-governmental institutions at home and abroad. Currently, it is a set of makeshift and rather passive activities being a response to specific problems.

When preparing a policy on Poles abroad, politicians should consider the fact that the phenomenon itself is subject to transformations and it may not be examined in terms of success or failure. Currently, leaving the country does not mean escaping but taking the opportunity to fulfil one’s aspirations. The policy facilitating the decision on returning and resuming a life in Poland should be supported with activities promoting the maintenance of contact with the country by the emigrants and their participation in social, political and cultural life.

In a longer perspective, shortages of labour force will force further facilitation for the citizens of third countries to access the Polish labour market. However, concurrently, for the employees from the Ukraine, the traditional source of cheap foreign labour force, Russia, Kazakhstan, or other EU countries conducting more effective immigration policy and offering higher earnings are becoming more and more attractive.

The problem of labour deficit in the whole EU was reflected in the work of the European Commission. At the end of 2007, it adopted two draft directives concerning simplification of the principles of employing foreigners from third countries. One of them is targeted at highly qualified migrants and implements the so-called blue card. The second one addresses other categories of foreign employees and implements simplified procedures of obtaining residence permits along with work permits.

However, concurrently, on account of the fact that Bulgaria and Romania are perceived as potential source of “migration pressure”, many EU countries did not decide to open their respective labour markets as of 1 January 2007. The barriers were abandoned, for example, by Poland, the Czech Republic, Slovakia, Estonia, Finland, Lithuania, Latvia and Sweden. Appreciating a positive influence of immigration from the EU-8 countries on the British economy, the United Kingdom justified the introduction of the transition period with the necessity to reform immigration policy. However, in fact, the government panicked after having dramatically underestimated the number of people who arrived in the United Kingdom in 2004 and this time it gave in to the pressure of public opinion. In fact, however, the migration potential of the two countries is much lower than in Poland.

In conclusion, the scale of emigration will remain at a similar level in the near future, whereas in the middle and long-term perspective, the scale of Poles’ emigration abroad will be subject to a gradual slowdown. On this account, the problem of returns and elaboration of an appropriate system of tools and incentives for potential repatriates becomes of key significance. At the same time, Poland will be an attractive destination for a growing number of immigrants, which should be reflected in the policy towards this group.

**SUMMARY**

Since Poland’s accession to the European Union, there has been a systematic improvement in the situation in the labour market, such as a decline in the unemployment rate and increase in employment. It is estimated that since Poland’s accession to the EU, the companies operating in the Polish market have created approximately 2.1 million jobs. The current situation

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results, inter alia, from a good economic situation, the opening of our economy to the outside and greater inflow of foreign investments. Four years after the accession, a positive influence of the EU funds on the employment is noticed. They contribute to a decline in the share of agriculture, increase in the share of services and relative maintenance of the share of industry. Within the period from the end of 2004 to the end of 2006 317 thousand jobs were created owing to the EU funds.

Unfortunately, despite a number of positive changes, the labour market is still experiencing the following problems: structural nature of the unemployment, high share of young people and women among those unemployed, and exceptionally low professional activity rate of Poles in the labour market. At the same time, since the accession to the EU, the more and more common problem has been the lack of staff, which concerns as many as 60% of enterprises. One of the reasons for such a situation is that the education system is inadequate for the needs of the labour market, which, apart from emigration, is one of the factors influencing the growing deficit of employees.

Since the enlargement, the labour markets of the old member states have become more and more accessible for Poles. For the time being, only Austria, Belgium, Denmark, France, Germany, Malta and Norway, despite some facilitations, still require work permits. The main destinations for Poles include: the United Kingdom, Germany, Ireland, Italy, Spain, the Netherlands, and Scandinavia, especially Norway.

It is difficult to explicitly determine what influence on the Polish labour market was exerted by the emigration after the accession. Indeed, the outflow of labour force influenced the changes in the Polish labour market to a negligible degree (unemployment rate, employment rate), but it aggravated the problem of labour shortage. If this trend does not change in a longer perspective, this may lead to the loss of many investments and a slowdown in the economic growth.

Migrations of specialists – or highly-qualified people, in particular medical personnel – became one of the most important issues in the debates on migration. A lot indicates that we are currently dealing with the so-called “brain circulation”, rather than a “brain drain”. Regarding medical personnel, the available data shows that this is not a mass phenomenon; however, migrations of this group may have adverse consequences at the local level and in case of the scarcest specialisations.

The social consequences of the current economic migrations are largely positive. In a longer perspective, they will be beneficial for Poland, provided that after some time spent abroad, most of the emigrants return to Poland. The benefits are related to new qualifications, knowledge acquired by the emigrants and the opportunities to invest the capital earned. On this account, the demand to implement a repatriation strategy based on the system of incentives for potential repatriates acquires key importance.

In the context of social consequences, the problem of taking jobs below one’s qualifications, or “qualification depreciation” seems significant. Another negative aspect of emigration is sometimes its influence on children and family. On the one hand, the emigration of parents improves the financial situation, however, on the other, it changes regular family life patterns, and disrupts educational and socialisation functions.

Since Poland’s accession to the EU, the significance of immigration has been increasing as Poland is becoming an attractive destination for a growing number of immigrants. The support for a wider opening of the Polish labour market for foreigners grows, which is reflected in a gradual liberalisation of the access of foreign employees to the Polish labour market.
Poland’s accession to the European Union (EU) has positively influenced the development of rural areas and modernisation and restructuring processes in agriculture. This happened due to financial support from the EU budget and the change in macroeconomic conditions. Inclusion in the common market structures had a special significance for the agri-food sector in Poland and at the same time posed a great challenge (growing competition from imported food products in the domestic market) as well as opportunities (new markets). The increase in exports of agri-food products after the accession, mainly to other EU countries, which considerably exceeds imports, proves that Polish products are able to face up to strong competition in the European and global markets.

In the fourth year after Poland’s accession to the EU, apart from participation in the common market, a particularly visible influence on the conditions of functioning of agricultural sector in the EU was exerted by the processes occurring in the global economy. An abrupt increase in food prices resulted from three factors: growing world population followed by growing demand for agricultural and food products in emerging economies (mainly in China and India), stock exchange speculations in raw material markets, and increased production of biofuels.

This chapter analyses the effect of Poland’s accession to the EU on restructuring and modernisation processes in agriculture, changes in the profitability of agricultural production, as well as structural changes in Polish rural areas, putting particular emphasis on the impact of transfers from the EU budget. The study covers issues of future evolution of the Common Agricultural Policy and potential consequences for Poland.

Agricultural structure in Poland is dominated by mainly subsistent, small farms of the area up to 5 ha. In 2007, slightly more than a half of agricultural production in Poland was allocated for sale 97. Only 46% of all farms are specialised 98, most of the farmers are still conducting both crop and animal production.

Although since the accession to the EU Poland has been experiencing a process of gradual farm consolidation, dynamic changes should not be expected in the nearest future. In 2007, the average agricultural area of farms was 9.91 ha, whereas four years earlier – 8.4 99. Polish farmers are still sceptical about the thesis that larger farms are more efficient. Country dwellers see the future of agriculture in large farms more often than farmers themselves 100.

Some farmers resigned from the agricultural activity or diversified their sources of income. In 2007, agriculture represented the main source of income for only 12% of country dwellers and

97 Pentor, Polska Wieś i Rolnictwo w 2007r., Warsaw, October 2007.
98 38% of farms specialised in crop production and 8% in animal production.
for 46% of farmers. Every third farmer had an additional job with 4% of farmers running their own business\textsuperscript{101}.

\textbf{Chart 1. Change in income of farmers in the EU in 2007 (% in comparison to 2006).}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{chart1.png}
\caption{Change in income of farmers in the EU in 2007 (% in comparison to 2006).}
\end{figure}

Source: Eurostat, \textit{Statistics in Focus, 24/2008}

It is notable that those employed in agriculture are a social group whose income has risen most significantly over the recent years, it doubled compared to 2000. Among “new” member states, only Estonia, Lithuania, and Latvia\textsuperscript{102} experienced a higher increase in agricultural income. In 2007 alone, the income of people employed in agriculture in Poland rose by 13.7% with an average rise in EU-27 at 5.4%\textsuperscript{103}(chart 1).

The increase of agricultural income led mainly to the improvement in the living conditions of agricultural families, or was allocated for the investments, however to a smaller extent. The majority of investments were financed from the EU funds and preferential loans (state aid) and commercial loans. In 2007, 20 thousand farmers used farming investment subsidies. The financial resources were available within the scope of an additional recruitment for the measure: “Investment in farms” supported from the Sectoral Operational Programme “Restructuring and modernisation of food sector and development of rural areas” for the years

\textsuperscript{101} Pentor, op. cit.

\textsuperscript{102} Eurostat, \textit{Statistics in Focus, 24/2008 “EU Agricultural Income +5.4% in 2007"}, 11 March 2008

\textsuperscript{103} Eurostat estimates that last year the greatest increase in income per single employed person took place in Lithuania (+39.3%), Estonia (+22.5%), with the greatest decline in income in Romania (-16.7%), Bulgaria (-8.5%), and Portugal (-5.0%). It should be expected that the agricultural income in two member states of the last enlargement will grow with a gradual increase in transfers to agriculture in 2008 and higher production efficiency. A significant threat for the increase in income in Bulgaria are irregularities in the management of Community funds, as a result of which the European Commission requested the return of a part of funds from SAPARD programme as early as at the beginning of 2008 and put a question mark over the start of the programme for the development of rural areas, valued at more that EUR 3 billion.
2004-2006 (SOP Agriculture). The most common investment was the purchase of agricultural machinery.

Also, the demand for mineral fertilisers, crop protection products, and industrial feedstuffs has risen strongly after the accession. The use of mineral fertilisers in 2007 was 27% higher than in 2003. At the same time, the use of crop protection products increased by approximately 5-8% per annum. In the last two years, the use of industrial feedstuffs has risen by 30%.

While in the third year of membership in the EU, the key role in the context of agricultural income increase was played by transfers from the Community and national budgets, one year later, the increase in income from sale of agricultural products resulted from favourable situation in agriculture. Both these aspects will be analysed thoroughly in subsequent sections of the chapter.

**AGRI-FOOD SECTOR**

*Situation in main agricultural markets*

Weather conditions that do not favour agricultural production in some regions and growing demand from both, the producers of biofuels as well as emerging economies (such as China and India) contributed to skyrocketing prices of agricultural products. In the case of cereals, high prices in the global markets have been observed since the 2006/2007 season when the harvest was poorer than ever in the last several years. Slightly higher harvest in the current season of 2007/2008 influenced the maintenance of high prices. Attention should be also paid to the growing interest of speculative capital in agricultural products, in particular in the second half of the fourth year of the EU-membership, which was reflected by an abrupt rise in quotations of cereal prices on global stock exchanges (chart 2).

The cereals harvest in the 2007/2008 season was much higher in Poland than in the EU. Despite that, the prices in the country remained at a higher level than in many other EU countries. For instance, at the beginning of March 2008, the price of feed wheat in Poland was the highest in the Community (11% higher than the average of the EU). This resulted from the decisions of farmers who, observing a growing price trend, postponed the sale of grain (expecting further rise), which favoured high prices. If high cereal prices become a permanent phenomenon, they will soon affect meat prices, in particular of pork and poultry. More than 65% of the domestic cereal production is sold for feedstuffs. Therefore, a further cereal price rise will detriment the profitability of pig farming, which will result in decreased production and higher livestock prices.

In 2007, mainly as a result of growing demand of the emerging economies and decline in the supply from the biggest exporters, inter alia, Australia (on account of unfavourable weather conditions over the last two seasons), milk and milk products were more expensive.

The increase in milk purchase price in the period 2004-2007 exceeded 66%\(^{105}\). However, the prices of skimmed milk powder began to drop in August 2007 and this development was followed by a decline in prices of butter and cheese. The decreases resulted from the fact that the greatest producers increased milk production, thus responding to growing demand.

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\(^{104}\) When financing the programmes implemented in the years 2004-2006 by the ARiMR, the principle n+2 applied. The money within the scope of the agreements concluded with farmers and entrepreneurs of agri-food sector may be paid within two-year period as of the conclusion.

\(^{105}\) J. Seremak-Bulge (ed.), *Rynek Rolny*, IERiGŻ, Warsaw, February 2008
Chart 2. Wheat prices on the stock exchanges Chicago Board of Trade (CBOT), Kansas City Board of Trade (KCBT) and Marche a Terme International de France (MATIF)

Source: Authors’ own calculations on the basis of Reuters data.

Chart 3. Prices paid to farmers for raw milk (euro/100 kg)


Last report paid attention to the restrictions resulting from CAP rules (in particular the mechanism of milk quotas) that negatively influenced the development of Polish milk sector and possibilities of harnessing full production potential. In the current year, considering the growing demand for milk and milk products in the world and the resultant price increase, the Ministries of Agriculture in the EU took a decision on increasing milk quotas by 2%. At the same time, the European Commission announced that it supported a complete abolishment of quotas in all agricultural markets and that the year 2015 was the final date of abolishing milk quotas as stipulated by current regulations.

The favourable price trend in the fourth year of EU-membership contributed to the rise in agricultural income in Poland. If the price trends observed were permanent, it would be
possible to limit the scale of market intervention in many sectors\textsuperscript{106}. In addition, the effects of market liberalisation, which will take place when negotiations in WTO forum are concluded, would be less severe for Polish agricultural sector.

\textbf{Prices of production inputs}

During the first two years of Poland’s membership in the EU, production inputs went up in price much more than agricultural products. The “price differential” ratio (calculated as a relation between the increase in purchase prices and increase in the prices of agricultural production inputs) totalled 99.2 in 2004 and 89.8 in 2005. However, since 2006, as a result of an increase in prices of agricultural products, this relation has been changing in favour of the farmers. The price rise of agricultural products in 2007 was so high that it exceeded the price increase of production inputs within the first four years of EU-membership. The price differential ratio reached the level of 106.5.

It should not be expected that this trend will be permanent. It is forecasted that in 2008 the prices of mineral fertilisers will strongly grow due to increased global demand for raw materials used to produce them. Moreover, further grow of energy and gas prices and increasing labour costs should be taken into account. At the same time, the forthcoming season is expected to observe a decline in cereal and milk prices. These changes will result in price relations that will be detrimental for agricultural producers.

The rapid growth in prices of production inputs after the accession caused that the subsidies directed to the agriculture are in fact taken over by the producers of fertilisers, agricultural devices, and machinery. This is unfavourable for modernisation and restructuring processes in agriculture and negatively affects the achievement of the goals of the Common Agricultural Policy.

\textbf{Land prices}

After Poland’s accession to the European Union, the demand for agricultural land increased significantly, which caused a rapid growth in the prices thereof. High interest in the purchase of land results mainly from the production-related reasons (increasing the area of cultivation in the developing farms) and the opportunity to obtain direct subsidies to agricultural land, which are available not only for farmers. A significant reason for an increase in prices of agricultural land is also speculative activity.

At the end of 2007, the agricultural land prices in Poland were more than twofold higher than the average land price in private trade in the years 2000-2003, i.e. in the period preceding the accession to the EU. During less than four years of membership, the land prices in private trade rose by 134\%, whereas those offered by the Agricultural Real Estate Agency (ANR)\textsuperscript{107} went up by 180\%. The faster rise in prices of the latter results, inter alia, from a lower initial level and the quality of available land. State-owned agricultural land is sold mainly in northern and central Poland, dominated by large-area plots and worse soils. In central and

\textsuperscript{106}Such proposals occur within the confines of the review of the reform of CAP- Health Check

\textsuperscript{107}The Agricultural Real Estate Agency is an institution entrusted by the State Treasury with exercising ownership right and other property rights on its behalf with respect to the state-owned property in agriculture.
southern Poland, the trade in private land is dominated by the supply of small-area plots, the price of which is relatively higher\(^{108}\).

Chart 1. Agricultural land prices in Poland in 2007

In the successive years of membership the interest in purchase and lease of agricultural land rose. This translated into an increase in rents of leased land, which in 2007 amounted to an average of 6.7 dt of wheat per 1 ha. The average rent was 67.5% higher than the rent received from the same contracts in 2006\(^{109}\). High interest in lease results from high land prices and growing profitability of production, especially cereals.

All EU-10 countries observe a gradual increase of agricultural land prices. The prices in Latvia rose particularly strongly. In comparison to 2004, they rose by more than threefold. In the same period, in Poland this growth accounted for 63%. Land prices in Poland are still much lower than the average in the EU-27, but they exceed land prices in the Czech Republic, Slovakia, or Lithuania. In the region, much higher prices of approximately EUR 25 thousand/ha are achieved by agricultural land in Latvia or Slovenia\(^{110}\).

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All member states from the Central and Eastern Europe, except for Slovenia, negotiated transition periods during which the possibility for foreigners to purchase land was limited. For instance, Hungary negotiated the transition period in this respect to 1 January 2010. At the same time, it reserved that if by the end of 2009 the domestic land prices do not reach the EU level, the transition period will be extended by additional three years. In Poland the possibility for foreigners to purchase agricultural land has been limited to 2016.

The growth in agricultural land prices is perfectly reflected by the process of the so-called capitalisation of the support for agriculture under the Common Agricultural Policy. The capitalisation of payments means a rise in the value of agricultural land above the level that would be reached if agriculture did not receive the external financial aid for the rural area. OECD estimates that as much as 90% of area payments may be finally received by land owners through an increase in rents and land prices. This process adversely influences the modernisation of farms and structural changes in agriculture and leads to ineffective spending of public funds.

A significant rise in land prices constitutes a significant barrier for new farmers and negatively influences the process of production concentration. However, it should be emphasised that high demand for land results mainly from production-related factors. The support within the confines of direct payments and speculative activities, as well as increase in the demand resulting from a dynamic construction development are of secondary character and only accelerate the convergence process of Polish prices and average prices in the EU.

*Agri-food processing*

The results of agri-food industry in the first years of membership prove its competitiveness in the European market. Particular attention should be paid to the increase in the production value by more than 45% in the years 2003-2007 and trade exchange balance.

Since 2005 the growth rate of sales in the food industry has exceeded 7% annually, which results mainly from growing domestic demand triggered by the increase in real income of the population and systematically growing export. The surveys of the Institute of Agricultural and Food Economics (IERiGŻ) show that Poland is experiencing a much faster increase in the production of agri-food processing than that in the supply of agricultural products. Market agricultural production in the years 2002-2007 rose by approximately 14%, while at the same time the production of food industry increased by 37.5%.

Since Poland’s accession to the EU, the fastest growing production has included that of components for the biofuel sector (a nearly twofold increase in the years 2003-2007), food and beverages marked by highly flexible demand and high share of added value (e.g. non-alcoholic beverages, pastry products, cheese, milk beverages, or beer) and export products. Furthermore, high production increase has been recorded in the sectors related to slaughter animals and production and processing of poultry. The fourth year of membership observed a slowdown in the current trends. This development concerned mainly components for biofuels production, such as rape oil and dehydrated alcohol. The changes resulted from instability of regulations regarding the support for biofuels sector. As a result of a poor situation in the

It is expected that land prices in the member states that acceded to the EU as the last ones (Bulgaria and Romania) will grow. Agra Europe estimates that the price of agricultural land in Romania, which in 2007 amounted to EUR 1,500-2,000 per 1 hectare, will rise to approximately EUR 6,000 per 1 hectare by 2012, nearing the EU average price. This growth will take place as a result of increased foreign investments, especially German and Italian ones, in the undertakings related to agriculture.
market for pigs, the growth rate of industrial slaughter slowed down. The enterprises of agri-food industry demonstrate a high investment activity. In 2007, the investments exceeded PLN 7 billion\textsuperscript{111}. The development stimuli include the aforementioned prospects of domestic and export demand growth for food products.

In the period after the accession, the positive balance of trade in agri-food products increased by nearly 400\%, which proves the success of the branch and benefits resulting from the opening of borders. The value of Polish agri-food export rose more than twice since the accession and according to initial estimates of the Ministry of Agriculture, in 2007 it accounted for EUR 9.7 billion. The greatest market for Polish agri-food products is Germany and its significance is still growing (although in 2007 the growth dynamics slowed down)\textsuperscript{112}.

Unfortunately, the fourth year of the membership is expected to see a decline in the balance of trade with the EU countries in connection with strong appreciation of the Polish Zloty and high cereal prices. The initial data for the first eight months of 2007 shows that the balance of trade with the EU-27 countries dropped by approximately 7\% in comparison with the corresponding period of the previous year. At the same time, the analysis of trade, including new EU member states in the same period, indicates a further balance growth by more than 7\%.

\begin{table}
\centering
\caption{Poland’s foreign trade in agri-food products (in EUR million)}
\begin{tabular}{|l|c|c|c|c|c|}
\hline
\hline
Agri-food export & 4 003 & 5 242 & 7 145 & 8 577 & 9 700 \\
including: agricultural products & 733 & 992 & 1 365 & 1 597 & 1 850 \\
products of food industry & 3 270 & 4 250 & 5 780 & 6 980 & 7 850 \\
\hline
Agri-food import & 3 557 & 4 406 & 5 478 & 6 486 & 7 500 \\
including: agricultural products & 1 217 & 1 536 & 1 828 & 2 316 & 2 750 \\
products of food industry & 2 340 & 2 870 & 3 650 & 4 170 & 4 750 \\
\hline
Trade balance & 446 & 836 & 1 667 & 2 091 & 2 200 \\
agricultural products & -484 & -544 & -463 & -719 & -900 \\
products of food industry & 930 & 1 380 & 2 130 & 2 810 & 3 100 \\
\hline
\end{tabular}
\end{table}
* Estimates made by prof. dr hab. R. Urban on the basis of the first eight months


A clear improvement in the total balance of trade resulted also from much slower import growth. In the first half of 2007, the value of import from the EU-27 amounted to EUR 2.5 billion and was 30\% higher than in the first half of 2006. Most of the goods came from the EU-15 (EUR 2.1 billion against EUR 1.6 billion in the first half of 2006) but the import from new member states is growing much faster than that from the EU-15 countries. The highest


\textsuperscript{112} W. Łopaciuk, \textit{Handel zagraniczny produktami rolno-spożywczymi}, IERiGŻ (in:) Biuletyn Informacyjny ARR nr I[199], January 2008, p. 25.
rise in import was from Hungary (more than twofold), the Baltic States (by 62%), Slovakia (by 58%), and Germany (by 46%).

Four years of membership show that the Polish agri-food industry has comparative advantages due to the participation in the common market shown by high scale of production and export growth, which might be used effectively for positive gains.

**Funds from the EU budget**

**Allocation of funds**

Research indicates an enormous influence of direct payments on the income situation of farmers in the EU-15\(^{113}\). In Poland, among others, as a result of lower dependence between the payment rate and production size, shorter application thereof, and mechanism of gradual achieving the full support, the farmers are not as strongly dependent on subsidies as Western agricultural producers. However, this does not mean that the payments play an insignificant role – direct support generates nearly half of agricultural income in Poland. Therefore, a significant issue for the agricultural sector is the amount of Community funds flowing to individual member states. The year 2007 opened the New Financial Perspective (NFP) – the EU’s budgetary cycle that is going to finish in 2013. In the current period, the EU continues the trend of lowering the share of expenditures on agriculture in the Community budget. As far back as in 1985, the share of expenditures on CAP (except for rural areas development) in the EU budget amounted to 70.8%, while in 2013 it will drop to 32% (chart 4).

![Chart 4. Share of expenditures on agriculture in the EU budget (excluding rural development)](chart)


However, lower CAP share in the EU budget does not mean that Polish farmers will receive lower direct payments in that period. According to the Accession Treaty, the direct payment rates for the “new” member states will increase until 2013\(^{114}\), when they will have achieved

\(^{113}\) L. Goraj, *Udział płatności w tworzeniu dochodów gospodarstw rolnych w Unii Europejskiej*, expert opinion for UKIE, Warsaw, 2005

\(^{114}\) In case of Bulgaria and Romania, to 2016.
the level of direct payments which is equal to that in the EU-15 (*phasing-in principle*). The rates are increased in the following way:

- 2004 – 25% of the payment level in the UE-15
- 2005 – 30%
- 2006 – 35%
- 2007 – 40%
- 2008 – 50%
- 2009 – 60%
- 2010 – 70%
- 2011 – 80%
- 2012 – 90%
- 2013 – 100%

However, it should be emphasised that even after the direct payments per 1 ha of agricultural land reach the full amount in 2013, the disproportions between “new” member states and the EU-15 will still remain significant. This results from the fact that the direct support level has been determined on the basis of the production intensity in the years 2000-2002 when the productivity of EU-15 agriculture was much higher in comparison with that of the candidate countries. According to the regulations in force\(^\text{115}\), in 2013 the direct payments per 1 ha of agricultural land eligible for support in the EU-10 member states will amount to just under 84% of the payment level in the EU-15 (chart 5).

**Chart 5. Comparison between the direct payment rates before modulation\(^\text{116}\) per 1 ha of agricultural land eligible for payments in the EU-15, EU-10 and selected new member states in 2013**

\(^{115}\) “New” member states applying SAPS should convert to SPS from 2011 except for Bulgaria and Romania, which are to convert to SPS in 2012. With respect to pending assessment of CAP operation, including direct payments, it seems very probable that the possibility to apply SAPS in “new” member states will be prolonged to 2013.

\(^{116}\) Within the scope of the reform of 2003, in order to strengthen the programmes of rural development, the so-called CAP pillar 2, the mechanism of compulsory modulation was implemented which consists in allotting 5% of funds from direct payments to programmes of rural development. 80% of the modulated funds will stay in a member state, with 20% returning to the budget and being reallocated among all member states.
In the entire CAP budget the amount allotted to rural development is 3.5 times lower than that for direct payments. In the period 2007-2013, the share of funds on rural development in the entire allocation to CAP is much higher in “new” member states and fluctuates from 36.9% in Hungary to 74.6% in Malta. Among EU-15 countries, the highest shares are that of Portugal (48.2%) and Austria (42.9%), with the lowest ones in Denmark (5.8%) and the United Kingdom (6.4%).

**Chart 6. Allocation of funds for rural development in 2007-2013**

In the years 2007-2013, Poland will be the main beneficiary of the EU support within the scope of pillar 2 (chart 6). Polish rural areas should receive a total amount of EUR 13 billion. These funds represent an enormous opportunity, inter alia, to accelerate the modernisation of agriculture, enhance agro-environmental activities, and accelerate structural changes in rural areas.

Financial support of the agricultural sector has a significant and positive influence on the changes in the conditions of the functioning of farms, agricultural enterprises, and the living conditions of country dwellers. The key significance for the course and forms of support of agriculture after 2013 will have the EU budget review. It should be borne in mind that within the scope of the next financial perspective the funds for rural development may be much lower and the Community support for direct payments may be limited.

Support under CAP Pillar 1 – direct payments and market intervention

Direct payments, which are to maintain agricultural income, constitute a fundamental part of the CAP budget. According to the arrangements of the reform of Luxembourg, as of 2005 the amount of direct payments does not depend on the structure and size of agricultural production (decoupling\textsuperscript{117}), but meeting specified standards related to environmental protection, animal welfare, and health protection of people, animals, and crops. All these standards have been determined as cross-compliance.

The majority of the “new” member states\textsuperscript{118}, including Poland, are entitled to apply a simplified Single Area Payment Scheme (SAPS) in the transition period. The payments are granted per 1 hectare of agricultural land maintained in good agricultural condition, i.e. complying with minimal requirements concerning environmental protection (these requirements are less strict than the cross-compliance principle).

According to the phasing-in principle, in 2007 Polish farmers received 40% of the negotiated direct support. The payment rate amounted to 301.54 PLN/ha (79.92 EUR/ha)\textsuperscript{119}. However, the “new” member states are entitled to raise the level of direct payments by making additional payments from their respective national budgets. This support may not be higher than 30 percentage points of the sum of full direct payments. Poland uses this mechanism and it allocated PLN 4 254 million from the national budget to finance the complimentary payments.

The CAP first pillar includes also market intervention. Within four years of membership, the Agricultural Market Agency (ARR), responsible for intervention mechanisms in Poland, allocated more than PLN 4 billion for the implementation of tasks within the CAP; 80% of that amount came from EU funds. These activities were beneficial for Polish farmers because market price support stabilises the market for agricultural products and protects the income of agricultural producers. The EU applies, among others, mechanisms of international trade (duties, tariff quotas, export subsidies) and mechanisms of direct market intervention (purchase of product surpluses in the market, sale of surpluses collected in intervention warehouses or cold stores in case of price rise, and subsidies to private storage)\textsuperscript{120}.

During the fourth year of membership, the intervention activities were very limited in the entire European Union on account of very high market prices. Only with respect to a difficult situation in the pork market, the European Commission, at the request of member states, including Poland, agreed to start subsidising private storage of pork. The entrepreneurs, using the subsidies for private storage of pork could also apply for export subsidies on products

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\textsuperscript{117} Implementation of decoupling was aimed at, inter alia, encouraging the farmers to take production-related decisions on the basis of the signals from the market. The new Single Payment Scheme (SPS) implemented, however, some exceptions rendering it possible to maintain the production-related payments.

\textsuperscript{118} Except for Slovenia and Malta.

\textsuperscript{119} EUR/PLN exchange rate for the 2007 payments amounted to 1 EUR = PLN 3.7730

\textsuperscript{120} CAP provides also for the possibility to use a part of surpluses by means of e.g. subsidies to the consumption of milk and milk products in educational institutions, sharing fruits and vegetables not designated for sale, and delivering food products to the poorest populations in the EU.
exported outside the EU customs territory. However, this support had a limited influence on the situation in the sector.

**Support for the development of rural areas**

Polish rural areas undergo continuous transformations and become more and more attractive for city dwellers. Currently, almost 38% of Poland’s total population lives in rural areas and since the accession to the EU, there has been a gradual increase in migration to rural areas. The situation results, in particular, from improvements in living conditions in rural areas, mainly due to large transfers of public funds, both from the EU and the national budgets, for the extension of technical infrastructure or agricultural modernisation. In addition, public investments favour the development of enterprise in these areas. The migration direction is also influenced by a faster growth in the costs of living in cities.

A great impulse to change the living conditions in the country were the funds available under CAP pillar 2. In the years 2004-2006, the financial aid for Polish rural areas was granted with the use of the Rural Development Plan (RDP) and SOP Agriculture.

According to the data from the beginning of January 2008, approximately 83% of funds allocated for SOP Agriculture were paid. The greatest payments were made for the investments in farms (PLN 2 billion). The entrepreneurs who modernised processing and developed marketing strategies for agricultural products have already received nearly PLN 1 billion. The subsidies to the undertakings aimed at diversification of agricultural activity and creation of alternative income sources in rural areas came to approximately PLN 250 million. In addition, more than PLN 100 million have been paid for the development and improvement of technical infrastructure, whereas under RDP 2004-2006, farmers received approximately PLN 14 billion. The funds were allocated, for example, to structural pensions, support for semi-subsistence farms and those located in areas of unfavourable farming conditions, to adjust the farms to the EU standards. The analysis of the allocation of funds to individual activities within the scope of both programmes shows that the majority of the support is allotted to the activities related to the improvement in the competitiveness of Polish agriculture.

The fourth year of membership coincided with the entry into force of the regulation on the creation of the European Agricultural Fund for Rural Development and the provisions adopted during the negotiations on the Financial Perspective for the years 2007-2013. As a consequence, under the Programme for the Development of Rural Areas for the years 2007-2013 (RDP 2007-2013), there was a relocation of the funds for non-agricultural activities aimed at stimulation of rural development, which constitute nearly 20% of the whole programme.

The support in the new programming period will be implemented within four axes (priorities), concerning the main directions of support for rural and agricultural development:

- axis 1: Improvement in the competitiveness of the agricultural and forest sectors,
- axis 2: Improvement of natural environment and rural areas,
- axis 3: Quality of life in rural areas and diversification of farming.

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121 In comparison with 2003 the number of people living in rural areas rose by 0.7% and in 2007 totalled 14,757.3 thousand persons.
122 Data of the Agency for Restructuring and Modernisation of Agriculture as at 7 January 2008.
123 - EAFRD
• axis 4: Leader.

The first axis, the so-called economic axis, covers the activities aimed at enhancing the competitiveness of the agricultural and forest sectors. The second axis, the so-called environmental axis, groups instruments targeted at environmental protection and land management, including support for farmers conducting activity in the regions of less favourable farming conditions. The third axis, called the social axis, is oriented towards improving the standard of living in the rural areas and diversification of farming.

A special place in the new programme is occupied by the axis called Leader, the aim of which is to develop social potential in the rural areas by encouraging its residents to be active. As opposed to the other axes, Leader is not a fixed set of instruments but a method or manner of utilising the existing instruments helping to strive for sustainable local development124. A characteristic feature of Leader is its grass-roots approach rendering it possible for local communities, who know the regional needs best, to make decisions and orient themselves towards the promotion of innovation. The funds allotted in Poland to axis 4, Leader, as of 2007 are allocated for the implementation of the following tasks: 1) local development strategies, 2) cooperation projects, and 3) local action groups125 (acquisition of skills and running group costs).

The member states are free to choose the activities under individual priorities, which enables them to optimally adjust the programmes to their needs. In Poland, RDP 2007-2013 provides for support out of public funds in the amount of EUR 17.2 billion126, whereas EUR 13.2 billion come from the EU budget and the share of national public funding accounts for approximately EUR 4 billion. The majority of the funds were allocated to perform the activities within the scope of axis 1, i.e. to the support for the development of competitiveness of agricultural sector (53.5%)127. Axis 2 received 22.4% of funds (including 2.5 billion for the support of areas of unfavourable farming conditions), whereas axis 3 – 19.4% of the programme budget. 4.8% of the funds were reserved for axis 4, Leader.

Although the main purpose of the second pillar is to support the development of rural areas, a significant amount of funds under PDRA 2007-2013 is still allotted to activities closely related to the development of agriculture.

**Future of the Common Agricultural Policy**

Particular significance for the further rural and agricultural development in Poland is the initiation of two closely related processes: EU budget review and assessment of the functioning of the CAP reformed in 2003. These two reviews are performed within the scope of the current programming period 2007-2013 and within the current financial perspective. However, it should be expected that their results will be reflected in the new financial perspective and will constitute a starting point for the next CAP reforms that will decide on the form of this policy after 2013.

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125 - LAG
126 In fact, there are approximately EUR 14 billion to be allocated, because the liabilities from the years 2004-2006 incurred within the scope of the Rural Development Plan for the years 2004-2006 account for nearly 3 billion.
127 Excluding funds allocated for technical support under RDP 2007-2013.
The assessment of the role and functioning of the CAP reformed in 2003, the so-called Health Check, is in principle not aimed at implementing essential changes in the agricultural policy, but only making some necessary adjustments.

A significant part of the Health Check is the discussion on the most important new challenges facing the EU: trade liberalisation, climate changes, water resources management, renewable energy (in particular biofuels), and maintenance of biological diversity. The European Commission believes that the key role in meeting these challenges will be played by the CAP pillar 2, i.e. the programmes for rural development, and proposes an increase in this budget by increasing the modulation level. In order to reduce the disproportions in the division of direct payments, 80% of which is now received by 20% of EU farms, the Commission proposed a limitation of support for the largest farms.

Within the scope of the Health Check, the Commission proposed to also adjust the market supporting instruments by means of transforming the current intervention system into a safety net, which would be used in critical situations and, as opposed to the current intervention system, would not have a stimulating effect by interrupting the functioning of the common market. This proposal actually means further limitation of the market intervention instruments (also by reduction of intervention prices). This proposal is justified by the Commission with good situation in agricultural markets (high prices) as well as changes in the functioning of the European Union, as it now comprises 27 countries.

The Health Check result will, on one hand, mark out the negotiation area for the debate before the EU budget review and, on the other, it will be a starting point for the discussion on the CAP future after 2013.

**Summary**

The first four years of membership confirmed that the accession to the EU has positively influenced structural changes in the rural areas and restructuring and modernisation processes in agriculture in the “new” member states. The participation in the common market rendered it possible for Poland to use its comparative advantages in agricultural production over the EU-15 countries as well as other “new” EU member states. Polish agriculture and agri-food industry still have large potential as regards efficiency improvement and therefore are capable of competing in more liberal conditions both, in a short and medium-term perspective. Positive aspects are noticed by the farmers themselves, who assessing the membership, emphasised, among other things, the improvement in the situation concerning technology and level of mechanisation of agricultural production, the access to telecommunication infrastructure, and investment possibilities in farms.

Integration with the EU contributed to the stabilisation of the Polish economy, which is confirmed, for example, by a stable upward trend of the Polish currency. The pace of real appreciation of the Polish Zloty that took place in the fourth year of membership may detriment the profitability of the production in a short period but significantly favours the modernisation processes (cheaper technologies and imported machines). Thus, it improves the competitiveness of the sector in the long run. From the viewpoint of agriculture a negative effect of the growing value of the Polish Zloty is also the limitation of growth in direct

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128 W. Guba, op. cit.
129 Pentor, op. cit.
payments from the EU budget, which are paid in euro and converted on the basis of an average annual exchange rate determined every year by the European Commission on the basis of the prices of the National Bank of Poland.

Poland’s accession to the EU resulted also in a significant growth in the prices of production inputs, which resulted, among other things, from the capitalisation of the support granted under CAP and increase in the profitability of agricultural production. Moreover, within four years of the membership, there has been a rise in salaries in the entire economy, which covered also agriculture (among others as a result of economic migration inside the EU), which contributed to an increase in the labour force costs in agriculture. However, a considerable growth in prices of agricultural products in 2007 and the first half of 2008 compensated a dynamic growth in prices of production means, which in the years 2004-2005 were growing much stronger than the prices obtained by farmers.

The continuation of considerable growth in agricultural land prices in the fourth year of membership has negatively influenced the process of structural changes in agriculture, including the process of production concentration. Direct payments to agricultural land and speculative activities only accelerate the process of converging land prices in Poland with the average level in the EU.

Therefore, in the context of current discussions on the adjustments of the current CAP and the future of EU budget, as well as future fundamental reforms that will determine the conditions of rural development and functioning of agriculture, the priority for Poland should be ensuring equal competition conditions within the scope of the common market and not the possible highest level of subsidies for the agriculture. Furthermore, it will be vital for the “new” member states to ensure sufficient funds for rural development, including also mitigating the social effects of limited support to the agriculture and general trade liberalisation.

Poland’s accession to the EU has significantly changed the conditions for conducting agricultural activity. Covering Polish agriculture with the CAP and including it in the single market was of the greatest significance. Concurrently, the programmes for rural development implemented over the four years of membership as well as in the pre-accession period co-financed out of the EU funds have significantly influenced structural changes in rural areas. The New Programme for the Development of Rural Areas for the years 2007-2013 considers the current experiences of Poland within this scope, and it should be expected that the funds from it, similarly as in the previous programmes, will be fully used.

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INFRASTRUCTURE

INTRODUCTION

The development of transport networks is commonly perceived as one of the basic benefits to be brought to the Polish economy by the membership in the European Union (EU). The expectations in this respect are the bigger that there was little progress as regards the extension of the comprehensive communication infrastructure in the period before Poland acceded to the EU. However, it should be borne in mind that transport investments are characterised by a relatively long preparation and implementation period. Apart from that, the membership in the European Union and access to structural funds revealed that there were hidden factors blocking the development of infrastructure. It became apparent that the main obstacle was not lack of financial resources but broadly understood institutional barriers (i.a. inertia of spatial planning, deficiencies of the legal system, inefficiency of courts, and inertia in the management of state-owned transport companies – especially PKP, the state-owned railway operator). For the aforementioned reasons, Poland did not make any huge and spectacular investments in the first four years of membership (it is assumed that they will be implemented in the financial period 2007-2013). The investment effort involved one hundred and several dozen undertakings, out of which many were of key character, in particular on a regional and local scale.

The overriding purpose of this chapter is to present the effects of the Polish membership in the European Union in respect of transport infrastructure development. The main specific purpose is to present and assess the investments implemented (or being implemented) over the first four years of membership (2004-2008). These investments will be assessed in respect of demand fulfilment, efficiency, and purposes of the regional policy (including the policy co-financed with the funds of the EU cohesion policy).

The influence of the membership in the EU on the transport infrastructure is not limited only to the support of investments. Attention should be also paid to non-financial influence, including in particular changes in the demand for transport, formal and institutional barriers related to the environmental protection, as well as the rise in prices of production inputs (land, capital, labour).

The chapter concerns mainly road, rail, sea, and urban transports because these are sectors in which Poland made the greatest investment effort. The chapter focuses on the analysis of transport projects involving specific investments (apart from projects related to planning and technical support) funded under: the Cohesion Fund (hereinafter CF), Sectoral Operational Programme Transport (hereinafter SOPT) and Integrated Regional Operational Programme (Measures 1.1. and 1.6; hereinafter IROP 1.1 and IROP 1.6, respectively).

Formally, this chapter covers the period from 1 May 2004 to 1 May 2008. In fact, the specificity of the investment process in transport requires a flexible approach to the determined timeframe. Some investments implemented currently under the Cohesion Fund began as early as before the accession with the use of resources of ISPA fund\textsuperscript{130}. Many others are still being implemented and this will not change at least until the end of 2008. As regards the territorial scope, the study encompasses the territory of Poland and, when comparing the number of investments, also other European countries were taken into consideration (in particular other countries that acceded to the European Union in 2004).

\textsuperscript{130} Instrument for Structural Policies for Pre-Accession
In the period of systemic transformation after 1989, geopolitical, macroeconomic, and social conditions of Poland’s transport infrastructure changed fundamentally. On the eve of the transformation, the infrastructure constituted a system created for the needs of centrally planned economy, and therefore it was not capable of facing up to new challenges (economy decentralisation, deregulation and privatisation; motorisation and transformation of everyday mobility, opening of borders). That system appeared not to keep pace with transformation processes. The investment process in the area of transport was in fact thwarted and the few new investments were based on plans from the 1970s. Concurrently, increased burden on some parts of the system and negligence as regards repairs have had lasting spatial effects, such as destroyed road pavements, devastated inland waterways, closure of more than 8 thousand km of railway lines, and deteriorating condition of other lines (resulting in lower transport speeds). Moreover, the condition of infrastructure was affected, more than in other countries of the region, by years of crisis in the last decade of the People’s Republic of Poland (1980-1989). In practice, the investment process in Poland was brought to a halt 10 years earlier than in Czechoslovakia or Hungary of that time. On the other hand, the transformation processes and their social effects (i.a. mass motorisation and increase in everyday mobility, as well as return on the path of economic growth) proceeded in Poland faster than at its neighbours. All these combined caused that at the beginning of the 21st century, the situation in respect of transport infrastructure development may be called a crisis one and incommensurate with the needs of the economy and citizens. The level of saturation with motorways amounted to approximately 1 km per 100 thousand residents, placing Poland not only well behind the West European countries, but also at the last position among the largest accession countries.

The railway network deteriorated and was gradually losing value. Over the entire transformation period, the policy concerning railway operator (PKP) restructuring was based on short-term and defensive economic goals and, to a great extent, it was conducted at the bidding of trade unions. The strategic objective was a positive financial result and maintenance of high employment instead of modernisation of the railway and winning new markets. PKP tried to achieve it by means of liquidation of connections, increase in prices and sale of the real estate in possession. This was only a partial success. The main problem of rail consisted still in the fact that the interest of the state and society was different from that of the PKP company and later from the interest of the companies created after the division of PKP.

Increase in mobility of individuals in the transformation period made the situation in Poland similar to that in the West European countries. Taxes related to the use of cars constitute a vast part of the budgetary income, being one of the sources for social spending. As early as

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in 2001\textsuperscript{135}, the receipts of the Polish budget on account of motorisation were estimated at approximately PLN 20 billion, i.e. 13-14\% of all proceeds from taxation of that time. However, the budget consumed these funds without allotting them to the modernisation of infrastructure.

In sum, it can be stated that Poland did not make use of the first few years of quick economic growth (1994-2000) to develop the transport infrastructure. This period was wasted in respect of the opportunity of transformation of Polish transport\textsuperscript{136}. In consequence, in 2004 Poland acceded to the European Union with the infrastructure resembling, to a great extent, that of 1989\textsuperscript{137} and almost all investment plans based on future funds from the EU. Meanwhile, the shortcomings of the network were so huge that the transfers from the EU budget for the years 2004-2006 and 2007-2013 are insufficient to implement the investment plans due to which the transport infrastructure would achieve the standards present in the developed EU countries. This resulted, to a greater degree than in other accession countries, in the necessity to prioritise the investments to be supported from a long list of projects.

**Membership in the European Union and the Development of Transport Infrastructure**

The influence of the membership in the European Union on the development of transport infrastructure is not limited only to the financial support for the investments implemented. It has wider, institutional and macroeconomic aspects (changes in the demand for transport of persons and goods and thus, for infrastructure). All these aspects have been discussed below.

*Influence of the membership on the changes in the demand for transport and infrastructure*

If we assumed that the membership in the European Union was a significant factor activating the Polish economy\textsuperscript{138}, it would naturally influence the general increase in the demand for the transport of both persons (increase in mobility, tourism development) as well as goods (intensification of foreign and domestic trade). However, from the viewpoint of this study, structural changes in the demand, especially those related to spatial aspects, seem to be particularly significant. They should influence the structure of investment priorities in transport. They can also be a basis for the assessment of the accuracy of the allocation of funds in the first period of membership. Structural changes concern mainly the demand generated by the entities conducting economic trade and by transit. On account of a limited availability of data on international flows, the structural changes may be illustrated by the distribution of the entities conducting trade with abroad, spatial structure of incoming tourism, and road and border traffic of trucks (transit).


\textsuperscript{136} Z. Taylor, *Zmiany w polskiej polityce transportowej ostatnich lat*, w: Wybrane zagadnienia geografii transportu, University of Szczecin, Szczecin, 2002.

\textsuperscript{137} T. Komornicki, *Rola infrastruktury transportowej...* op. cit.

The structure of Polish foreign trade underwent some changes after the accession. From the beginning of the 90s, regional distribution of the export and import intensity in Poland has been uneven (with strong concentration in Warsaw, other metropolitan areas, and in the centres in which major foreign investments have been made)\textsuperscript{139}. As a result of the membership in the European Union, the diffusion of export activity to more peripheral areas, especially in Central and South-Eastern Poland (chart 1), became apparent. The regions with special economic zones (in particular those around Wałbrzych, Mielec, and Gliwice) recorded a very noticeable increase in exports. As regards imports, a similar de-concentration took place to a considerably smaller extent. The role of Poznań has slightly diminished with concurrent increase in significance of the Tricity, Wrocław, and Kraków. In the period 2000-2005, the concentration of trade in the capital city, Warsaw, diminished in the case of exports and imports, which confirms the thesis that the EU enlargement favoured the establishment of direct international contacts by the enterprises from smaller centres.

Chart 2. Absolute increase in the cross-border traffic of trucks in the period 2004-2006

Furthermore, in the period 2000-2005, the significance of export links with the European Union rose clearly in eastern regions of Poland (both as a result of the increase in export value as well as the enlargement of the EU by neighbouring countries, such as Lithuania and Slovakia, which currently are EU members). The percentage increase in exports to the EU countries was the greatest in the east. At the same time, western Poland opened more to the trade with third countries. Thus, the disproportions in the trade structure between the eastern and western parts of the country were partially levelled. This has obvious consequences for the investment priorities, as the connections between the centres of eastern Poland and Western Europe are not more aimed only at satisfying the demand of transit (more on which below) but constitute economic links

After 2000, the route Moscow-Warsaw-Berlin lost the status of the most important transit route in the east-west car transport. Decidedly more intensive transit transport across Poland is now observed between the Baltic States (Lithuania, Latvia, Estonia, as well as Finland) and Western Europe (Via Baltica route). Also, the role of transit from Ukraine has grown. Absolute increases in the cross-border traffic of trucks after Poland’s accession to the European Union (2004-2006, chart 2) are noticeably concentrated only in five points. First of all, these are Budzisko at the Lithuanian border, Świecko at the German border, and Cieszyn at the Czech border and secondly, Kudowa at the Czech border and Olszyna at the German border. Also, the role of the Polish-Ukrainian border crossings, in particular that in Dorohusk, has relatively grown. Nevertheless, currently more than 50% of the entire cross-border traffic of trucks takes place in the three points mentioned above (Świecko, Budzisko, Cieszyn).

After Poland’s accession to the EU, some changes occurred also in the tourist traffic of foreigners. The largest centres (mainly Kraków, followed by Warsaw and Wrocław) and easily accessible tourist regions of West Pomerania and Sudety Mountains benefited from the increase in the arrivals of foreigners. In other regions, including East Pomerania, Carpathian

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Mountains and Mazury, the number of foreign tourist remained at almost the same level\textsuperscript{141}. In respect of trips abroad of Polish citizens, we observe a noticeable growth in the demand for transport to the countries that opened their respective labour markets for the citizens of accession countries as the first ones. However, as these were relatively remote countries (the United Kingdom and Ireland), the increase in the number of transports influenced mainly the air traffic and potentially the demand for new airports.

The membership in the European Union intensified also the existing (initiated during the transformation) processes leading to changes in the internal (domestic) demand for infrastructure. The processes consisted, among others, in:

- accelerated metropolisation and thus, increased concentration of flows on the routes between multi-functional metropolitan areas (at the expense of industrial districts);
- accelerated suburbanisation (one of the results of increase in the real estate prices in the largest centres), leading to a considerable overload of exit roads in metropolitan centres.

A synthetic measure of the size of the demand for infrastructure applied while making traffic forecasts is road traffic intensity registered during the measurements carried out every 5 years (the last one in 2005). In the light of the above examinations, the greatest road traffic concentration in Poland occurs in the region of Upper Silesian conurbation and Warsaw with very high in the vicinity of other large urban areas and around some smaller centres at the junctions of important routes (e.g. Piotrków Trybunalski). Among the roads the sections of which received EU support in the first years of membership, in 2005 the greatest average daily traffic rates occurred on A-4, A-1 motorways and S-7 expressway from Gdansk through Warsaw and Krakow to Chyżne). In terms of trucks (chart 3), the most congested roads included again A-1, followed by A-2, A-4 and S-7, and S-8 (from Wroclaw through Warsaw to Budzisko). In fact, intensive traffic was concentrated only on some parts of most of the aforementioned roads.

\textbf{Chart 3. Truck traffic on national roads in 2005}

\textsuperscript{141} T. Komornicki, \textit{Analiza strategiczna i ocena indywidualnych projektów kluczowych Programu Operacyjnego Infrastruktura i Środowisko w sektorze transportu}, expert opinion prepared for the Ministry of Regional Development, 2008.
Due to the investment demand, increases in the traffic in the period 2000-2005 are significant. If we considered all vehicles, the greatest dynamics in this respect occurred on the route A-4/A-18. This signifies the accumulation of traffic on partly ready motorway sections. It is also characteristic that high increases have been recorded on the roads S-5 (Grudziądz-Poznań-Wrocław) and S-8, that is the routes connecting the thriving Wrocław area with the rest of the country. In the category of trucks, the fastest traffic increase was observed on two routes: A-4/A-18 and S-8. Also, a relatively high increase has been again recorded on S-5.142

In sum, it should be assumed that the influence of the first period of membership in European Union on the demand for transport infrastructure is characterised by the following trends:

- increased demand for connections between central and eastern Poland with Germany and other “old” EU countries;
- increased demand for transit in oblique direction, from Lithuanian border through Warsaw and Wrocław to the Czech border;
- further decrease in the demand for transit in the direction north-south;
- increased demand for the infrastructure connecting major cities of Poland (hexagonal network);
- increased demand for the infrastructure connecting metropolitan areas with areas external to them.

**Community law and transport infrastructure development**

142 T. Komornicki, *Rola infrastruktury transportowej..., op. cit.*
Poland’s accession to the European Union has significantly influenced a number of legal and institutional solutions conditioning the development of transport infrastructure. In a short-time perspective of the first years of membership, this influence was of both, stimulating as well as limiting character. The stimulating factors include first of all:

- revelation of real barriers for the development of infrastructure (earlier, the main or even the only barrier was considered the lack of funds), which appeared to be particularly institutional in character;
- necessity to elaborate specific long-term investment plans (Operational Programmes) conditioning the real progress in respect of infrastructure;
- increasing supervision over the preparation and implementation of investments co-financed with the EU funds.

However, at the same time it must be asserted that the dynamic investment process in Poland coincided with the beginning of changes in legal regulations concerning the EU transport policy. The influence of transport infrastructure on a further economic growth is more and more often questioned in the EU documents (for example on account of lack of consideration of external costs). This claim is unfounded with reference to the regions that do not possess modern infrastructure at all or almost at all. With respect to these regions, new investments should be deemed an essential condition (although not sufficient) of lowering the economic backwardness. Nevertheless, the principles of investment preparation (and choice of its location) have been, to a great extent, subordinated to the policy of environmental protection, also in Poland. Poland did not seek the transition periods related to the implementation of necessary infrastructural investments, which may appear wrong from the perspective of the first years of membership. The discussion (also in the media) during the negotiations did not focus on the problem of environmental policy limiting the development of infrastructure. Meanwhile, it appeared to be more significant than other problems that were the subject of such discussions. The infrastructure development is also hampered by the principles on which NATURA 2000 areas were delimited. This delimitation took place without any coordination of the activities of the departments of infrastructure and environment. The EU regulations concerning the environmental protection became a barrier to the implementation of the investments planned (and sometimes commenced) before the accession. The most extreme example of the conflict between transport and environment was a dispute about the construction of the Augustów bypass in the Polish section of the international road E-67 *Via Baltica*. The route of the bypass proposed by the General Directorate for National Roads and Motorways (GDDKiA) crossed the area of Rospuda Valley, which is an area of great natural interest, protected under the NATURA 2000 network. At the same time, it can be expected that in the case of completely new investments, the role of regulations in respect of environmental protection will be neutral, for instance, because it is possible to outline routes that do not collide with the areas of the NATURA 2000 network.

A separate issue is the impact of the accession on the increase in the costs of implementing the investments. Such increase took place immediately after 2004 and it is still taking place having an adverse influence on the prospects of infrastructural development. It manifests itself in the following:

- upward trend of Polish Zloty which results in a decrease in the value of the EU support in real terms;
- increase in labour costs conditioned, among others, by the outflow of construction workers to the labour markets of Western Europe and decreased inflow of labour from
Eastern Europe, as a result of reinforcement of the formal functions of the external border of the European Union and Schengen Area;

- increase in prices of land purchased for the investments;
- increase in costs of construction materials triggered by a generally good economic situation in the construction market.

Despite the presence of hampering factors, it should be acknowledged that the influence of legal regulations of the European Union on the perspectives of transport infrastructure development in Poland has been clearly positive.

**EU funds and transport infrastructure development**

It can be estimated that in the financing period up to 2006 (first years of membership and the period immediately before the accession with the deadline for incurring expenses – 31 December 2008), the transport sector in Poland should be funded with a total amount of EUR 4.8 billion (table 1). These funds come from three sources:

- Cohesion Fund encompassing large projects compulsorily located within transport corridors TEN-T\(^{143}\). Its sole beneficiaries are the General Directorate for National Roads and Motorways (GDDKiA) and PKP Polskie Linie Kolejowe S.A. (railway operator) (PLK).

- Sectoral Operational Programme Transport (SOPT) under which Poland implemented both large projects of national significance as well as smaller ones of local character. The beneficiaries of the first ones were generally the same entities as in the case of projects financed with the resources from the Cohesion Fund, whereas as regards local projects, their beneficiaries included mainly local government entities (at district level, seldom at voivodship level), as well as Sea Port Managers and directly the Ministry of Transport (currently Infrastructure) and the Ministry of Regional Development (projects concerning technical assistance). The programme covered three priorities: sustainable development of transport branches, safe road infrastructure, and technical assistance.

- Integrated Regional Development Programme (IROP), and more specifically, two measures under priority 1 of the programme: 1.1. (Modernisation and extension of the regional transport system) and 1.6 (Development of public transport in large urban areas). The beneficiaries of the funds allocated for the implementation of measure 1.1. were, apart from local government entities, Public Transportation Companies.

<table>
<thead>
<tr>
<th>Fund</th>
<th>Subsidy value</th>
<th>Utilisation level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cohesion Fund</td>
<td>2 783</td>
<td>29.02.2008 45.9</td>
</tr>
<tr>
<td>SOPT</td>
<td>1 163</td>
<td>29.02.2008 71.4</td>
</tr>
<tr>
<td>IROP 1.1.</td>
<td>768</td>
<td>31.12.2007 81.2</td>
</tr>
<tr>
<td>IROP 1.6</td>
<td>168</td>
<td>31.12.2007 49.1</td>
</tr>
</tbody>
</table>

143 Trans-European Networks Transport, i.e. the most important trans-European transport corridors.
Source: Authors’ own calculations on the basis of the data of the Ministry of Infrastructure and Regional Development.

The degree of actual utilisation of the resources from the Cohesion Fund and measure 1.6 of IROP is not satisfactory (in view of the necessity of their final settlement by the end of 2008, table 1). The situation in respect of the funds under SOPT and IROP 1.1. looks decidedly better with the utilisation at 70% and 80%, respectively.

The accession to the European Union and related inflow of funds for infrastructure resulted in the increase in investment expenditures incurred by the state budget in the part concerning transport, communication, and national defence because it was necessary to co-finance the investments implemented under the EU cohesion policy. In the years 2002-2006, the investment outlays from the budget remained at the level of PLN 1.4-2.2 billion and in 2007, they rose to an unprecedented level of PLN 4.9 billion.

Road transport

The greatest road investments co-funded by the EU in the membership period (or immediately before the accession – ISPA) focused on the main corridors ultimately planned as motorways and expressways (the majority of which matched TEN-T routes).

Top road investments co-funded by the EU by 2008

- A-1 motorway, S-1 expressway and the national road no. 1; ISPA/CF co-funded the construction of the motorway section Sośnica-Gorzyczki (Czech border, ultimately EUR 418 million within the scope of two separate projects) currently in progress and, moreover, the already completed expressway section Bielsko-Biała – Cieszyn (EUR 72 million).

- A-2 motorway and the national road no. 2; with the use of ISPA and CF, new motorway sections Konin-Emilia and Emilia Stryków (two separate projects funded with a total amount of EUR 326 million) have been constructed. The national road at the section Siedlce-Terespol (funded with EUR 56 million under CF) is being modernised. Moreover, SOPT funds the modernisation of the national road no. 68, connecting road no. 2 with the Polish-Belarusian border crossing for trucks in Kukuryki.

- A-4 motorway and national road no. 4, due to ISPA and CF funding, a new motorway section Kleszczów-Sośnica (EUR 75 million, ISPA project) has been completed and old German section Krzywa-Wrocław (modernisation, EUR 121 million, ISPA project) modernised. The Cohesion Fund co-financed also (EUR 203 million) the construction of a new section Zgorzelec-Krzyżowa, which commenced in 2007, and moreover, the modernisation of the national road no. 4 at the section Kraków-Tarnów (EUR 47 million).

- A6 motorway and the national road no. 6; the modernisation of the motorway at the section Klucz-Kijewo (subsidy of PLN 88 million under SOPT) has been completed.

- A-18 motorway; with the funding from the Cohesion Fund the second roadway of the current road no. 18 (motorway in the future) has been constructed.

- S-3 expressway and the national road no. 3; the modernisation of the national road section Sulechów-Racuła (subsidy of PLN 30 million under SOPT) has been accomplished.
• S-7 expressway and the national road no. 7; SOPT supports the construction of the expressway at the sections of Grójec and Białobrzegi-Jedliński bypasses (two projects of a total support of PLN 456 million). Moreover, it co-funds the modernisation (pavement strengthening) of the sections Gdansk-Jazowa (EUR 85 million under the Cohesion Fund) and Jazowa-Elbląg (PLN 143 million under SOPT).

• S-8 expressway and the national road no. 8; the Cohesion Fund co-financed the section Radzymin-Wyszków (along with Wyszków bypass and bridge over Bug, ultimately EUR 140 million), currently under construction.

• national road no. 12; 1st stage of a new Puławy bypass along with bridge over Vistula is now under construction (grant of PLN 255 million under SOPT).

• S-17 expressway and the national road no. 17; Hrebenne bypass and modernisation of the border section Tomaszow Lubelski-Hrebenne are now under construction (SOPT funding of PLN 49 million).

• S-22 expressway and the national road no. 22; the section Elbląg-Grzechotki (border with Kaliningrad Oblast of the Russian Federation) is now upgraded with the use of assistance under SOPT (PLN 155 million).

• national road no. 50; with the support from the CF, the section Grójec-Mińsk Mazowiecki (EUR 30 million under SOPT) is being modernised (pavement strengthening).

Moreover, some of the national roads that will be converted to expressways have been repaired in their urban sections (which in the future will be beyond the main route of the expressway). This is the case in Łódź and Włocławek (in both cases in the national road no. 1), in Wrocław (in the national roads 5 and 8), Poznań (roads no. 5 and 11), Rzeszów (modernisation of road no. 4), Bydgoszcz (road no. 5) and in Gorzów Wielkopolski (road no. 3). Other local investments are aimed at ensuring access and/or distributing the traffic from the existing or planned motorways and expressways. The example may be access roads to A-1 motorway in Toruń, A-2 in Poznań (modernisation of Glogowska street co-financed by SOPT funds) and A4 in Jaworzno and Legnica.

Chart 4. Location of road investments co-financed by the EU in the first 4 years of membership
SOPT funds supported also smaller investments implemented in other national roads, for example section of the road no. 25 (crossing over Warta in Konin, EUR 150 million under SOPT), roads no. 32 (in Zielona Góra), 70 (in Skierniewice), 72 (Łódź), 78 (Rybnik), 79 (Sosnowiec), 81 (in Żory), 88 (in Gliwice), the northern Opole ring road (project completed) and access roads to the new bridge over Vistula in Plock (project completed).

Other road investments financed under SOPT and a large portion of those that obtained IROP support concerned mainly road infrastructures in urban areas. The scope of the support was different in individual centres.

Table 2. SOPT and IROP support (2004-2006) for the development of road systems within the largest metropolitan areas and cities*

<table>
<thead>
<tr>
<th>Metropolitan areas, cities</th>
<th>SOPT</th>
<th>IROP</th>
<th>In total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value of the project in PLN million</td>
<td>Number of projects</td>
<td>Value of the project in PLN million</td>
</tr>
</tbody>
</table>

Source: Authors’ own presentation on the basis of data of the Ministry of Infrastructure and the Ministry of Regional Development
<table>
<thead>
<tr>
<th></th>
<th>4</th>
<th>279</th>
<th>2</th>
<th>49</th>
<th>6</th>
<th>328</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tricity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GOP [Upper Silesian Industrial District]</td>
<td>5</td>
<td>106</td>
<td>3</td>
<td>78</td>
<td>8</td>
<td>184</td>
</tr>
<tr>
<td>Warsaw</td>
<td>2</td>
<td>46</td>
<td>2</td>
<td>135</td>
<td>4</td>
<td>181</td>
</tr>
<tr>
<td>Poznań</td>
<td>3</td>
<td>151</td>
<td>1</td>
<td>10</td>
<td>4</td>
<td>161</td>
</tr>
<tr>
<td>Wrocław</td>
<td>4</td>
<td>68</td>
<td>3</td>
<td>78</td>
<td>7</td>
<td>146</td>
</tr>
<tr>
<td>Łódź</td>
<td>3</td>
<td>110</td>
<td>1</td>
<td>19</td>
<td>4</td>
<td>129</td>
</tr>
<tr>
<td>Grudziądz</td>
<td>1</td>
<td>65</td>
<td>1</td>
<td>24</td>
<td>2</td>
<td>89</td>
</tr>
<tr>
<td>Rzeszów</td>
<td>1</td>
<td>52</td>
<td>2</td>
<td>33</td>
<td>3</td>
<td>85</td>
</tr>
<tr>
<td>Szczecin</td>
<td>1</td>
<td>44</td>
<td>3</td>
<td>32</td>
<td>4</td>
<td>76</td>
</tr>
<tr>
<td>Bydgoszcz</td>
<td>1</td>
<td>19</td>
<td>1</td>
<td>42</td>
<td>2</td>
<td>61</td>
</tr>
</tbody>
</table>

* The table shows investments in metropolitan areas and cities where the total value of funding from both sources exceeded PLN 50 million; it does not include the investments in ring roads outside the cities.

Source: Authors’ own calculations on the basis of data of the Ministry of Infrastructure and the Ministry of Regional Development.

Apart from the investments mentioned above (like national roads and access roads to motorways), the greatest EU support was granted to the investments in urban road systems of: Tricity (excluding the investments in direct access to docks), Upper Silesian conurbation, Warsaw, Wrocław, Poznań, and Łódź (table 2). As regards larger cities, Kraków practically did not benefit from the EU support. With regard to the cities of eastern Poland, significant transfers for the development of urban roads were made only to Rzeszów (mainly under SOPT – upgrade of the national road no. 4 mentioned above), Lublin (3 investments supported with only PLN 20 million under IROP). Olsztyn and Białystok were not significant beneficiaries. Among the voivodship capitals, the situation of Kielce and Zielona Góra is similarly unfavourable. The centres of Kujawsko-Pomorskie Voivodship (Bydgoszcz, Toruń, and Grudziądz) received considerable support. As regards smaller cities, the assistance funds to implement road investments were transferred, among other, to Ostrowiec Świętokrzyski (IROP), Skierniewice (SOPT), Piotrków Trybunalski (SOPT), Ostrołęka (IROP), and Suwałki (IROP). A single urban investment that received the greatest subsidy was the construction of Kwiatkowski Route in Gdynia (3rd stage, SOPT support of PLN 173 million).

Moreover, considerable IROP funds have been allocated to the modernisation of regional roads and construction of bypasses of towns and other localities. The significant investments of this type include Nowa Ruda, Wąbrzeźno, Stary Sącz, Starogard Gdański, Śrem, and Kórnik bypasses and the modernisation of the following roads: Międzyrzecz-Trzciel (no 137) in Lubuskie voivodship, Konary-Piątek (702) in Łódzkie voivodship, Tarnów-Moszczenica (977) and Zaborowice-Krzyżówka (981) in Małopolskie voivodship, Kazuń-Błonie (579) and Warsaw-Leszno (580) in Mazowieckie voivodship, Przyleśie-Grodków (401) in Opolskie voivodship, Baranów Sandomierski-Majan (872) in Podkarpackie voivodship, Morawica-Pińczów (766) in Świętokrzyskie voivodship, and Skarszew-Ceków (470) in Wielkopolskie voivodship.
In respect of the regions (chart 4), the co-funding of road infrastructure projects in the first years of membership in the European Union was more beneficial for the voivodships in the south-western part of the country and Tricity, Warsaw, and Łódź areas. The support for eastern and northern Poland (except for Pomorskie voivodship) was noticeably lower. It should be stated that the EU funds in the first years of membership have been allotted to the investments essential from the viewpoint of the development of road network. Some reservations may be raised due to the degree of their fragmentation (in particular under IROP, but partially also under SOPT). Furthermore, in some cases the funds have been allotted to modernisation of sections of national roads to be replaced with motorways or converted into expressways in the years 2007-2013. These are investments that may stir doubts whether the spending was reasonable. Such a situation took place in connection with the modernisation of the national road no. 4 at the section Kraków-Tarnów (where a motorway section is to be ready by 2012) and modernisation of the national road no. 7 at the section Gdańsk-Elbląg (it is planned that the construction of S-7 expressway will have finished by 2012). Potential reservations can also be raised by some investments within the cities on national roads. The scope of works was, to some extent, subordinated to the transit traffic which, after the construction of motorways and expressways, will be directed onto them.

The largest investments regarding the development of road infrastructure of national significance that were accomplished in the first years of membership and co-financed by the European Union include:

- A-2 motorway section Konin-Stryków (new investment),
- A-4 motorway section Kleszczów-Sośnica (new investment) and Legnica-Wrocław (modernisation),
- A-6 motorway section Klucz-Kijewo (modernisation),
- S-1 expressway Bielsko-Biała-Cieszyn (new investment),
- Northern Opole ring road (new investment),
- Western Legnica ring road (new investment),
- Access roads to the bridge over Vistula in Płock (new investment),
- National road no. 7 at the section Gdańsk-Elbląg (modernisation),
- National road no. 50 at the section Grójec-Mińsk Mazowiecki (modernisation),
- A section of Siekierkowska Route in Warsaw (new investment).

The road transport investments improved the condition of road infrastructure in Poland, in particular of A-2 and A-4 motorways. Positive effects of the investments will not be perceived on a nationwide scale before single sections are connected with each other to form a coherent transport network.

**Rail transport**

In the first period of membership, the EU assistance for the modernisation and development of rail transport was limited to several projects supported from the Cohesion Fund and SOPT.

**Key railway investments co-funded by the EU by 2008**

- E-20 line (Berlin – Warsaw – Moscow), using the resources of the Cohesion Fund, Poland modernised the border section Rzepin-Kunowice (EUR 17 million).
sections Mińsk Mazowiecki-Siedlce (EUR 93 million), Siedlce-Terespol (EUR 158 million) are being modernised and the rail hub in Poznań is being upgraded (EUR 77 million).

- E-30 rail line (Dresden – Wrocław – Kraków – Lvov), using the resources from the Cohesion Fund Poland renovated the section Węgliniec-Legnica (EUR 119 million). The sections Węgliniec-Zgorzelec and Węgliniec-Bielawa Dolna are being modernised (total amount of EUR 60 million).

- E-59 rail line modernisation works at the section Wrocław-Poznań (1st stage, co-financed under CF with the sum of EUR 26 million) commenced.

- E-65 rail line the first modernisation works at the section Warsaw-Gdynia (stages 1 and 2, total grant from the CF – EUR 435 million) commenced.

- Rail line no. 8: Poland began the modernisation of the section from Warsaw Zachodnia to Warsaw – Okęcie (airport) using the SOPT funds (PLN 55 million).

- Rail line Warsaw-Łódź the first stage of the section Skierniewice – Łódź Widzew is currently being modernised; it is co-financed under SOPT with the amount of PLN 679 million.

The funds were much more concentrated in rail transport investments than in road investments. All projects (except for the construction of a section of access road to the airport Warsaw-Okęcie) are aimed at modernisation. The effects of the activities taken will be noticeable in a few years’ time only as the reconstruction will cover the whole length of the routes mentioned (financing planned for the years 2007-2013 under SOP Infrastructure and Environment). Therefore, even though the choice of the investment priorities in the first years of membership does not raise serious doubts, there is a fear as to the efficiency of individual projects. This concerns, in particular, the rail line from Warsaw to Łódź, which is going to be still modernised in the years 2007-2013, at a considerable cost, whereas in the same period (under the same Operational Programme) Poland will commence preparations for the construction of High Speed Rail in the same route.

The completed investments co-financed from EU funds include:

- a section of E-20 rail line from Rzepin to the German border (modernisation),
- a section of E-20 rail line Mińsk Mazowiecki-Siedlce (modernisation),
- a section of E-20 rail line Legnica-Węgliniec (modernisation).

In sum, it is notable that the investments implemented in the rail transport will minimally contribute to the improvement in rail infrastructure in Poland because they concern only several from among the most used rail lines. Due to enormous backwardness in investments a gradual improvement should be expected only after the implementation of the investments in the years 2007-2013 and later.

**Chart 5. Location of other transport investments co-funded by the EU**
Sea transport
In the first years of membership in the European Union, projects related to the development of sea transport in the largest Polish ports were supported from SOPT. The construction of West-Pomeranian Logistics Centre in Szczecin is now finished and the construction of the port infrastructure of the container base in Ostrów Grabowski is in progress. Both investments will be co-financed under SOPT with approximately PLN 75 million (at least by 2008). Three projects enhancing access to the industrial docks by road, the Customs Free Zone (port), and Westerplatte ferry terminal (total subsidy of PLN 80 million) are being implemented in Gdańsk. At the same time, the investment consisting in the modernisation of access to the internal port (PLN 22 million) has commenced in Gdynia. Moreover, IROP finances the project aimed at the improvement of access to the port in Łeba by road (PLN 12 million). The development of sea transport was supported also by the aforementioned road investments in the near or remoter vicinity of ports. This concerns, in particular, the Tricity. The only important sea project that has been fully completed is the construction of the logistics centre in Szczecin.

Despite the investments port infrastructure and the access to it will be financed also in the years 2007-2013 under the Operational Programme “Infrastructure and Environment”.

Air transport
In the first period of the membership in the European Union, Polish air transport has received hardly any essential support from the EU funds. The only large project related directly to the air transport is the modernisation of a part of the rail line no. 8 (from Warsaw Zachodnia to Warsaw Okęcie). The line will ensure efficient operation of the airport Warsaw Okęcie.

**Multimodal solutions**

A drawback of the transport projects implemented and co-financed by the EU to date (and also those planned for the period 2007-2013) is low share of investments in intermodal solutions connecting individual transport systems. Apart from the projects mentioned above which improve the accessibility of sea ports (being mostly intermodal in their character), such investments were implemented only in Sławków (modernisation of trans-shipment terminal and construction of the International Logistic Centre called EUROTERMINAL; totalling over PLN 15 million from SOPT) and in Małaszewicze (modernisation of the rail container terminal). None of the investments under this category has been fully completed yet.

**Urban transport**

The only project related to the public urban transport supported with the EU funds under SOPT in the first years of membership was the completion of the first line of the Warsaw underground railway. This investment, being still under construction, obtained support running at PLN 321 million.

Measure 1.6 of IROP was devoted to the development of the urban public transport in extended urban areas. Within the scope of the measure, 14 projects in 7 metropolitan areas were implemented. Warsaw has built a section of a tramway line (Bemowo-Piaski), modernised the tramway line in Jerozolimskie Avenue, and commenced works on the integrated traffic management system (with preference for public transport). Wroclaw has modernised its metropolitan tramway line and commenced to construct a multimodal interchange in Powstańców Wielkopolskich Square. A modernisation of tramway line has commenced in Łódź (regional tramway Łódź-Pabianice), similarly to a new line in Poznań. Other projects concerned mainly the modernisation of the network as a whole, integration of urban communication systems (Kraków), and efficient traffic management. The projects related to urban transport were included also to measure 1.1. IROP and concerned the improvement in the operation of urban communication systems in: Zielona Góra, Białystok, Olsztyn, Elblag, and Szczecin and also the upgrade of the tramway-bus route in Kraków.

**Table 3. Development of motorway network in new accession countries***

<table>
<thead>
<tr>
<th>Country</th>
<th>Length of motorways</th>
<th>Average annual increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cyprus</td>
<td>0</td>
<td>268</td>
</tr>
<tr>
<td>Czech</td>
<td>338</td>
<td>518</td>
</tr>
</tbody>
</table>
### Rep.

<table>
<thead>
<tr>
<th>Rep.</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Estonia</td>
<td>41</td>
<td>98</td>
<td>99</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Lithuania</td>
<td>421</td>
<td>417</td>
<td>417</td>
<td>12</td>
<td>0</td>
</tr>
<tr>
<td>Poland</td>
<td>257</td>
<td>405</td>
<td>698</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td>Slovakia</td>
<td>192</td>
<td>313</td>
<td>334</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>Slovenia</td>
<td>228</td>
<td>477</td>
<td>580</td>
<td>30</td>
<td>19</td>
</tr>
<tr>
<td>Hungary</td>
<td>267</td>
<td>542</td>
<td>647</td>
<td>6</td>
<td>21</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1744</td>
<td>3038</td>
<td>3676</td>
<td>5</td>
<td>100</td>
</tr>
</tbody>
</table>

* excluding Latvia and Malta where the comparisons do not show the motorway-class roads

Source: Authors’ own calculations on the basis of data of Eurostat, GUS and statistical offices of EU-10.

In total, the greatest aid for the development of public transport was received by: Warsaw (4 projects, PLN 435 million), Tricity (2 projects, PLN 132 million), Kraków (2 projects, PLN 129 million), Łódź (1 project, PLN 109 million), Wrocław (2 projects, PLN 89 million), and Poznań (4 projects, PLN 38 million). The largest urban transport system in the Upper Silesian conurbation has been co-financed to a small degree (1 project, PLN 29 million). Also, some middle-sized centres benefitted from some smaller projects under the support schemes.

### Scope of Transport Investments Against the Background of Other Countries of the Region

As mentioned above, on the eve of the membership, Poland remained visibly backward regarding the development of modern transport infrastructure in comparison to other accession countries. This was most noticeable in the road infrastructure. Being the largest new member state in terms of territory and population, Poland had only 405 km of motorways (out of which the majority were non-renovated, pre-war German routes). Even in absolute terms, it was less than in the Czech Republic, and Hungary, and even in such small countries as Slovenia and Lithuania (table 3). Even worse were the indicators comparing the saturation with modern road infrastructure to the number of people. They were several times lower than those of the neighbours.

Some of the 10 “new” member states made a relatively big investment effort as early as before the accession. Thus, in the years 1990-2003, in Hungary, Slovenia, and Cyprus the average annual increase of motorways fluctuated around 20 km. In Poland, the corresponding figure was 11 km only. In turn, the Baltic States did not build new roads almost at all still using the infrastructure inherited from the USSR, in good condition at some locations (Lithuania). For Poland, the Czech Republic, Hungary, and Slovenia, the accession (and access to the EU funds) meant a noticeable acceleration of the pace of motorway construction. The greatest landmark change took place in Poland, where the average annual increase in the length of motorways rose to as much as 73 km and in the Czech Republic (rise from 14 km in the years 1990-2003 to 29 in the period 2003-2007). No increase has been recorded in the Baltic States and Cyprus, whereas in Slovakia, the construction slowed down.
In spite of the spectacular acceleration, Poland remained a country with the lowest saturation with motorways in comparison to the number of population in the region. This indicator is threefold lower than in the Czech Republic and Hungary and as much as 15-fold lower than in Slovenia. It should be also remembered that, as opposed to the situation in the countries mentioned, Polish motorways do not form a coherent network.

It is also characteristic that in the neighbouring countries, the increase in the expenditures rose immediately in 2004, and not as late as in 2007, as was the case with Poland. The funds for the construction of motorways in the Czech Republic increased from KCS 8 billion in 2003 to 17.5 in 2004 and 26.4 in 2005. This indirectly proves that these countries were better prepared to the absorption of the EU funds at the moment of the accession. This preparation resulted, partially, from earlier commencement of serious investments (EU funds accelerated the accomplishment of specific tasks), whereas in Poland, the implementation of the most of large projects commenced (along with institutional preparations) as late as in the membership period.

On account of an enormous negligence and low level of investments in the pre-accession period, Poland is still backward with respect to transport infrastructure even against other countries that acceded to the European Union in 2004.


The effects of transport investments in the first years of membership may be assessed considering the demand for transport and infrastructure, goals of the regional policy, efficiency and correctness of the allocation of funds.

From the perspective of the demand, most of the investments in the early period of membership should be deemed justified. However, it is difficult to assess the demand for investments in the cities and for modernisation of selected voivodship roads. The concentration of the largest projects on the A-2 and A-4 motorways, i.e. routes of the greatest current and forecasted traffic volume, contributed to a considerable progress in the construction of both motorways. However, the contribution of the funds to the current national road no. 8 (Lithuania-Warsaw-Wroclaw-Czech Republic) projects, third in respect of traffic volume, may seem insufficient. There is also lack of support for transport solutions in internal zones of metropolitan areas, where the increase in the demand for transport is related to suburbanisation. With a dynamic growth and decentralisation of air communication in the first years of membership, also the support for regional airports was missing (however, it is anticipated for the period 2007-2013).

The projects financed from the EU funds may be assessed more critically in respect of the main goals of the regional policy. In the context of the development of transport infrastructure, these goals are the following way:

- competitiveness (obtaining better competitive position in the regional structure of the European Union by the metropolitan areas);
- assistance (supporting the development of weaker regions);

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144 Roads and Motorways In the Czech Republic, Road and Motorway Directorate of the Czech Republic, Praha (www.rsd.cz), 2007. This means an increase of expenditures from approximately EUR 300 million in 2003 to EUR 700 million in 2004 and more than EUR 1 billion in 2005 (according to the EUR/KCS exchange rate of April 2008).
• functional whole (ensuring territorial integrity and spatial coherence of social and economic links of the whole country\textsuperscript{145}).

Although the second and third goals remain closely correlated with the demand, the first goal may be considerably different (economically backward regions generate less demand). On the national scale, the tasks linked with the assistance goal are located in particular in eastern Poland. In this area, the main centre generating economic growth is still the metropolitan area of Warsaw. Other large urban centres (Białystok, Lublin, Rzeszów, and Olsztyn) are only acquiring a metropolitan character and decidedly require inclusion in the system of modern infrastructural solutions. The development impulse triggered by the regional policy should create infrastructural conditions encouraging private investors to develop their businesses in this area\textsuperscript{146}. Similar support is necessary in Central Pomerania and the region around Kielce and Radom.

In this context, only few investments under the Cohesion Fund have been implemented in the eastern and northern voivodships (except for Pomorskie voivodship). This concerns in particular railway projects, which have hardly been implemented in these areas. Moreover, not many urban transport investments received EU support in such centres as Białystok, Lublin, Olsztyn, and Kielce, and none in Radom, Słupsk and Koszalin.

From the viewpoint of spatial accessibility of cities and regions (investment efficiency), those coming to the fore, both ready and still being implemented, are road investments in A-1 (Sośnica-Gorzyczki), A-2 (Konin-Stryków) and A-4 (Krzyżowa-Zgorzelec) corridors and parts of S-1 (Bielsko-Biała-Cieszyn), S-7 (Białobrzegi-Jedliność) and S-8 (Radzymin-Wyszków) expressways. The investments in the national roads aiming at the elimination of the so-called bottlenecks of the transport systems (e.g. bridge over Warta in Konin, access roads to the bridge in Płock, Kwiatkowski route in Gdynia) were of essential significance. Rail undertakings should be assessed as the least efficient. Almost all of them constituted only a stage of enormous and capital-intensive investments, the results of which may not be assessed before the next financing period is finished. As opposed to road investments, the accomplishment of small parts of rail investments does not considerably contribute to the improvement in the entire rail network. Similar reservations may be expressed in respect of the investments related to urban transport. Apart from some exceptions, these are modernisation activities covering a small part of the railway system. If the enhancement of the competitiveness of the public transport in metropolitan areas (in comparison to car transport) is considered a long-term goal, this goal is achievable only after an extensive and internally integrated multimodal network is constructed. The creation of such a network requires the implementation of many projects, hence the difficulty in the assessment of the efficiency of the first of them. However, it appears recommended that the projects concerning transport in the largest centres be in the future even more extensive and comprehensive.

Assessing the correctness of the allocation of the EU funds in the area of transport in the first years of membership, we should consider their excessive fragmentation. However, this was objectively conditioned by the assumptions of the individual programmes as well as poor earlier preparation of investments. In consequence, it was possible to accomplish only some parts of the network in the short first financial period. Also, several cases of doubled road investments (modernisation of roads no. 4 and 7 at the sections where a motorway or expressway, respectively, are going to be built by 2013) and commencement of modernisation


\textsuperscript{146} Ibidem.
investments in railway without having the final vision of the layout of high speed lines should be deemed mistakes. Also, insufficient funding for intermodal projects seems to be a mistake.

However, in conclusion, it should be argued that the projects co-financed by CF, SOPT and IROP contributed to a decrease in the role of transport infrastructure as a barrier for country’s development. In consequence, spatial accessibility in the southern and western Poland and the communication system in the largest cities improved considerably.

Assessing four years of Poland’s membership in the European Union from the viewpoint of the development of the transport infrastructure, it should be stated that it was positive and manifested itself, in particular, in:

- significant changes in the spatial layout of the demand for transport related to stronger links of the most of the regions in the country with the European economy;
- implementation of the EU legislation which, despite generating conflicts (mainly between transport and environmental protection), became a basis to unblock investment processes;
- implementation of several large road investments in motorways and expressways which improved accessibility of some cities and regions;
- implementation of significant transport investments inside of some metropolitan areas and middle-sized cities;
- improvement in the accessibility to sea ports;
- preparation of beneficiaries to the absorption of much higher funds in the financial period 2007-2013.

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The ‘Area of Freedom, Security and Justice’ is an umbrella term, covering police and juridical cooperation in criminal matters (within the framework of the third pillar of the European Union) and issues of visa, asylum, controls on the external borders, and migration, as well as juridical cooperation on civil matters (governed by the first pillar of the EU). The area is currently undergoing a rapid development.

The most significant event in the fourth year of Poland’s membership in the EU was the entry of our country to the Schengen system. Strictly speaking, Poland has already participated in the Schengen system since the accession to the EU. However, the Schengen acquis and subsequent EU regulations based upon it\textsuperscript{147} have not been applied to Poland; namely, the provisions on the abolishment of the control at the internal border. The related activities were not undertaken either. From the viewpoint of a citizen or entrepreneur, these regulations are decidedly the most important. Therefore, full participation of Poland in the Schengen system, which took place in the fourth year of our membership, should be deemed a historic event. It was a two-stage process: land and sea borders were lifted on 21 December 2007, whereas air borders were eliminated on 30 March 2008.

The benefits and costs associated with the controls on the external borders, EU framework programmes, and funding opportunities in the field of freedom, security and justice, as well as considering the Financial Perspective 2007-2013 are discussed below. The consequences of Poland’s presidency over G6 Group, cooperation with the FRONTEX Agency with its registered office in Warsaw, and the outcomes of Poland’s participation the EU decision-making processes in the Area of Freedom, Security and Justice have also been examined. The chapter discusses also the security standards implemented, preparations to the implementation of the Convention of Prüm, and the issues concerning the European Arrest Warrant and its constitutional and legal reference to Poland.

Poland’s accession to the EU closed the first fundamental stage of activities related to the implementation of the EU regulations concerning border protection and control. However, only at the second stage – i.e. by 30 March 2008 – many necessary legal, organisational, staff-related, and technical and logistics changes were implemented. In consequence, Poland fulfilled the criteria to be met by the EU member state and Schengen system participant. The services have been prepared to protect Polish section of the external EU border. Thus, the final preparations to the implementation of the Schengen Agreement II and Schengen secondary laws within full scope continued\textsuperscript{148}.

\textsuperscript{147} The Treaty of Amsterdam included the Schengen system to the EU legislation. Consequently, currently the Schengen law is not developed as a separate system but only by means of new EU legal acts.

\textsuperscript{148} The scope of necessary integration activities has been determined i.a. in the Strategy of Integrated Border Management and Schengen Action Plan (see www2.mswia.gov.pl/download.php?si=1&id=60). The basic assumptions, goals, and manners of implementation of the adjustment process have been determined in the concept of state border protection and border traffic control adjusted to the standards of the Schengen Agreement dated 14 June 1985 and the Executory Agreement dated 19 June 1990 on the implementation of the system concerning gradual abolishment of control at common borders (unpublished document).
The actions concerning the border covered both changes in the organisation of internal border protection and control inside the country as well as reinforcement of the external border. The works were carried out according to 6 main goals, required to meet the Schengen standards:

1. **Protection against illegal migration and other border crime**

   The goal was achieved by means of four main tasks: reinforcement of border infrastructure with new units at the external border, integration of border protection services and control of border traffic, implementation of new legal instruments, employing more people in the Border Guard (SG).

   The construction of 19 new watchtowers at the eastern border of Poland finished\(^{149}\). Poland has established also integrated border control units. Apart from control of the traffic at border crossings, they perform tasks related to the protection against illegal border crossing. The police has implemented new typical legal instruments (secret control, image or conversation recording, secret purchase, sale or takeover of objects coming from crime). Currently, the Border Guard has new authorisations and may use the tools and means being at the disposal of the police.

   By 2006, the Border Guard has been professionalised and extended. The number of professional officers increased by 1325 per annum (this was a requirement imposed during accession negotiations). 80% of new officers have been directed to the external border. At the same time, the number of conscription officers was decreased. The aforementioned changes required a considerable organisational and administrative effort; however, the positive effect corresponds to the goals defined.

2. **Free movement of persons and goods across the internal border and application of control procedures compliant with the EU regulations at the external border**

   In order to achieve this goal, in the fourth year of EU-membership Poland implemented the recommendations of the Council of the European Union concerning the control of border traffic, increased staffing of SG units, conducted trainings, and supplemented the equipment.

   Not only the land border, but also seaports and airports have been adjusted to the EU requirements. The passenger traffic has been divided according to the Schengen standards\(^{150}\). Poland bought specialist equipment to control documents, confined spaces of lorries, to detect explosive materials and drugs\(^{151}\). Training programme for officers included matters related to the control procedure in accordance with the EU standards. The Border Guard and Customs Service cooperate in the exchange of information, organization of actions, trainings, the construction and exploitation of security systems at the border crossings.

3. **Organisational transformations aimed at the accomplishment of state’s tasks at the border**

   As mentioned above, the departments of SG, namely border traffic control and border protection, have been combined. The same operation was carried out in respect of the operational and investigation departments. This change was aimed at the construction of an

\(^{149}\) In consequence, the average length of a section protected by one watchtower was shortened to 22 km.

\(^{150}\) The most important component of the adjustments of air border consists in separation of two streams: passengers travelling inside the Schengen area (who must not be controlled) and passengers crossing the Schengen border (who must be controlled).

integrated border management system and creation of a universal border service. In order for
the SG to execute tasks inside the country, a new organisational unit has been established:
Border Guard of Nadwiślański Region [Nadwiślański Oddział Straży Granicznej]. Also, a
staff management system has been implemented. It comprises the following components:
recruitment, training and improvement of professional skills, giving opinions and
programming professional path, and selecting reserve staff. The model of professional
training for the officers includes preparation to the execution of two tasks: state border
protection and border traffic control.

Taking the experience of other EU member states into consideration, Poland also maintained
a part of organisational and technical infrastructure that is still necessary at the internal
border. This enables Poland to temporarily restore border control, if necessary. We have not
relocated the staff and resources from the western, southern, and Lithuanian borders to the EU
external border, either. Before Poland entered the Schengen Group, the staff and resources
used earlier decreased naturally and there were approximately 70% of the officers left. In this
way, the external border was gradually adjusted to the changed tasks and a flexible and
mobile management system was created.

4. New standards of technical infrastructure

New aircraft and vessels have been purchased since 2004. This process will finish in 2010, so
that every SG unit at the EU external border has several such aircraft or vessels. Every year
the services buy new surveillance vehicles and mobile thermo-visual cameras. The network of
rooms for detainees has been extended by new guarded centres and jails, where detainees wait
for deportation from Poland. Moreover, 53 watchtowers at the external border are going to be
modernised by 2013. Also, the protection of selected sections of the EU external border has
been reinforced by new staff and equipment. Finally, the construction of a new radar coast
protection system that controls territorial and coastal waters finished in 2007. It is used also
by rescue and military services and maritime administration.

5. New standards of databases and CIT infrastructure

All border SG units have access to the Integrated Register System in the Central Information
Technology Centre and via the system also to databases of the Police and other competent
administration authorities. Mobile control positions and patrols access the system via radio
links or mobile phones. There is a network of UKF stations. Also, the services have an
emergency GSM (GPRS) radio contact system and emergency power supply to the CIT
systems at their disposal.

6. Amendments to the legislation

The amendments to the act on Border Guard, act on the state border protection and some other
acts concerned the implementation of new organisational structure of SG, possibility to use
SG contingents abroad as a component of the Common Foreign and Security Policy of the
EU, application of the Schengen Agreement with respect to the control of persons at the
internal borders, conducting security control at the border crossings and in the means of
transport in the international communication, abolishment of territorial borders for SG
officers exercising their powers, and implementation of legal institutions to combat corruption\textsuperscript{152}.

On 24 August 2007, the Sejm [the lower house of Polish parliament] adopted the act on the participation of the Republic of Poland in the Schengen Information System (SIS) and Visa Information System (VIS). The act determines the principles and mode of Poland’s participation in these systems, including the obligations of the authorities making entries to the system and those authorised to access the data via the National Computer System\textsuperscript{153}.

The changes implemented with respect to full participation in the Schengen system brought Poland obvious benefits. Polish citizens can travel to other EU member states at any place and time without border controls. This issue is important from a psychological point of view but has also economic dimensions. For instance, the first signals from early 2008 indicate that border shops increased their turnovers. It is not necessary to stop at a border crossing, which facilitates also the just-in-time supply of goods.

Concurrently, the costs incurred for the external border protection – in fact, to a great extent, covered from the EU funds – had a beneficial influence on the increase in the state’s security level and improvement in the efficiency of combating crime. The last events such as customs officers’ strike and jammed eastern borders arouse questions whether we have not concentrated too much on modernisation of border protection and facilitation of personal traffic and forgotten about quick flow of goods across the border. In spite of appearances, those events are not related to our obligations as EU member. They rather result from subjective (many years of negligence regarding modernisation) and objective (Poland’s location and globalisation effects) factors.

**Schengen Fund and Norwegian Fund**

One of the positive results of Poland’s preparation to enter the Schengen Area was a possibility to use the so-called Schengen Financial Instrument\textsuperscript{154}. Poland’s (as well as other member states’) preparation to the participation in the Schengen system was a costly process. The European Union, anticipating the necessity of serious investments, in particular at external borders, created this new aid instrument\textsuperscript{155}. The beneficiaries of the Fund have been some “new” EU member states: Estonia, Latvia, Lithuania, Hungary, Poland, Slovenia, and Slovakia, and since 2007, also Bulgaria and Romania. The European Union allocated to Poland a total of EUR 311.07 million\textsuperscript{156}. In Poland, the resources from the Schengen Fund have been allotted to:

a) investments related to the extension of CIT infrastructure, in particular to the adjustment of computer systems to efficient cooperation with SIS (creation of a central SIS 2 node and computer infrastructure, Sirene office, safe authentication, trainings);

\textsuperscript{152} Unified text of the Act of Border Guard was announced in the J. of Laws of 2005, no. 234, item 1997, of 2006, no. 104, items 708 and 711.


\textsuperscript{154} Colloquially referred to as the Schengen Fund.

\textsuperscript{155} According to art. 35 of the Accession Act, this took place in order to finance the activities implementing the Schengen acquis at the new EU external borders and ensure appropriate controls.

\textsuperscript{156} The example may be the amounts from the Schengen Fund (in EUR m.) used by other countries of the region: Estonia 77.01; Latvia 79.7; Lithuania 15.6; Hungary 165.7; Slovenia 119.8; Slovakia 53.58.
b) purchase of the equipment for border services necessary to properly protect the EU border (including for mobile groups of customs service);

c) construction and extension of road and rail border crossings with Russia, Belarus, and Ukraine and air border crossings, in order to adjust them to the requirements of Schengen **acquis**;

d) extension of temporary stay sites for refugees.

Of course, the greatest financial and organisational challenge in the period of preparations to the entry to the Schengen Area was the construction of the Schengen Information System. The purpose, within the scope of information technology projects, received as much as 45% of the funds (EUR 133.498 million) from the Schengen Fund. In turn, EUR 166.484 million, i.e. 55% of the total funds were spent on non-information technology projects.\(^{157}\)

However, the Schengen Fund discussed above, is not the only source of funds which helped Poland to adjust to the Schengen legal system. Another source of financial support was the so-called Norwegian Financial Mechanism created by the Kingdom of Norway on the basis of an agreement with the European Community for the years 2004-2009. The European Economic Area Financial Mechanism was established even earlier. Therefore, apart from the structural funds and the Cohesion Fund, these two funds enable Poland and other new member states of the European Union to use additional sources of non-repayable foreign aid.

The basis to implement the above mechanisms is constituted by two agreements concluded between the government of the Republic of Poland and the donor states (i.e. Norway, Iceland, and Lichtenstein)\(^{158}\). The assistance of EUR 277.85 million granted to Poland will be used to 2009.

Poland utilises the Norwegian Financial Mechanism to implement the Schengen acquis and reinforce the judiciary. This purpose was allotted the amount of EUR 113.46 million. The projects implemented concern the following areas: reinforcement of external borders and border crossings (including construction, extension, modernisation, and equipment of border crossings), SIS, VIS and VISION CIT infrastructure construction, as well as construction of infrastructure for the units of justice system and customs administration, construction of infrastructure and competencies of state services for visa, migration, and asylum-related purposes, trainings on the Schengen acquis and prevention for the Ministry of Interior and Administration (MSWiA) and services subordinate to MSWiA, combating international organised crime (terrorism, trafficking in human beings, smuggling, money laundering, embezzlement, and corruption), reinforcement of cooperation between the Police and Border Guard, and finally, research works and cooperation with academic institutions.

The projects implemented are compliant with the assumptions of the strategic documents\(^{159}\), they have to exert a direct influence on the protection of the EU external border, their implementation must take place at the border or in surrounding areas and be closely related to its protection. The projects may be a continuation of earlier actions financed by other EU assistance funds.

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\(^{157}\) On the basis of the data from the website of the Implementing Authority for European Programmes: [www.wwpe.pl](http://www.wwpe.pl).

\(^{158}\) Memoranda of Understanding on the implementation of the Norwegian Financial Mechanism and European Economic Area Financial Mechanism.

\(^{159}\) For example Action Plan related to the implementation of Schengen acquis in Poland, Strategy of Integrated Order Management.
The applicants for the projects are all institutions of public and private sectors and Polish non-governmental organizations operating in public interest\textsuperscript{160}.

In connection with high adjustment, costs it should be emphasised that the utilisation of both funds was an excellent example for efficient external financial support for the investments planned and implemented in the Area of Freedom, Security and Justice in Poland. The benefits in the form of abandonment of the control at the internal borders would not be possible without efficient utilisation of the EU financing for the activities aimed at inclusion of Poland in that area.

**Possibility to participate in the Area of Freedom, Security and Justice under the Financial Perspective 2007-2013. Programmes and funds**

The fourth year of Poland’s membership in the EU was important with respect to new opportunities for the area of freedom, security and justice resulting from Poland’s participation in the Financial Perspective 2007-2013. Poland participates in its programmes with partners from other countries as a leading entity and as a co-drafter.

In the area discussed, the most important programmes under the Financial Perspective 2007-2013 concern justice system in criminal cases\textsuperscript{161} and crime prevention and combating\textsuperscript{162}. Also, the programmes concerning justice system in civil cases and fundamental and citizenship laws are of essential significance. Moreover, under the Financial Perspective 2007-2013, the justice department gained an opportunity to finance the activities contributing to the improvement in the quality of the services provided and increase in the efficiency of the justice system. The aforementioned goals are fulfilled in particular by increasing courts’ capability to carry out public mission and creating efficient and citizen-friendly justice system administration by means of facilitating the access to courts and information on the law.

Other benefits should also be mentioned: since 2008, with the structural funds, the justice department has been performing the tasks aimed at the social integration and professional mobilisation of juveniles in detention centres and imprisoned persons.

The Financial Perspective 2007-2013 brings also benefits resulting from the opportunities provided by two new EU funds.

Firstly, the External Borders Fund, established on 23 May 2007\textsuperscript{163}. The Fund is aimed at the accomplishment of tasks related to the external borders control as well as uniform application of provisions of the Community law, in particular the Schengen Borders Code, by border services\textsuperscript{164}.

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\textsuperscript{160} More at www.mg.gov.pl and www.mswia.gov.pl.

\textsuperscript{161} For example, in 2007 the subsidy was granted to the project of the National Criminal Register concerning the exchange of information from criminal registers.

\textsuperscript{162} For instance, in 2007 the subsidy was granted to the Project of the Ministry of Justice concerning the development of aid network for victims of crime. Recently – in February 2008 – the Institute of Justice System received, within the scope of framework partnership, a grant for the project concerning the translation and testing of the victimisation survey module.


The total allocation for Poland under the External Borders Fund in the period 2007-2013 runs at approximately EUR 78 million.

Secondly, the European Return Fund with the funds for the years 2008-2013 will be established in the near future. However, the first reliable assessment of benefits of Poland’s participation in these two funds will be possible in the fifth year of our membership in the EU, at the earliest.

Benefits brought by the Financial Perspective 2007-2013 in the Area of Freedom, Security and Justice are indisputable. The reform of institutions of this area in Poland would not have been possible without a financial support from the EU. The perspective of using the EU financing in respect of internal affairs as well as functioning of the Polish justice system – similarly as in the case of different sectors of economy – is a stimulus for the improvement of the work and modernisation of the activities taken.

**Polish presidancy over G6 Group**

A significant event in the fourth year of Poland’s membership in the EU was also Poland’s presidency over the G6 Group. It concerns a relatively new form of cooperation of large European countries. At the beginning of 2003, five largest EU member states, namely Germany, France, the United Kingdom, Italy, and Spain initiated the adoption of a common position concerning EU internal security. This initiative, to a great extent, was a result of the activities of France, which was bothered about efficient European policy with respect to immigrants. The other factor was a need for a better coordination of anti-terrorist strategy, particularly after bomb attacks in the USA and Spain. That all gave a political significance to the ministerial-level consultations and was noticeable during the meeting of the Council of the EU where G5 countries represented a common position agreed earlier.

Practically since the accession to the EU, Poland, as one of the largest member states, wanted to participate in the meetings of the G5 Group of that time. Also, the G5 countries realised the possibilities and, in a way, necessity of the cooperation with such a large partner as Poland. The enlargement of G5 by Poland was agreed in autumn 2005 and formalised during a ministerial meeting in Heiligendamm (Germany) on 22-13 March 2006 where the Group’s session was for the first time attended by a Polish representative – Minister of Interior and Administration.

Poland’s accession to the G5 Group (from that time on referred to as G6 Group) should be deemed a political success and confirmation of Poland’s role and reliability in the internal security issues of the European Union. Due to this, Poland acquired a right to influence the shape of a common position of the largest EU countries.

Poland proposed also its presidency over this informal group in the second half of 2008. Poland’s presidency in the G6 and the ministerial-level meeting in Sopot on 17-18 October 2007 were one of the most important events of Polish European policy in the second half of 2007.

The works during Polish presidency in the G6 Group focused on issues concerning migrations (migration management, economic migration, migrants’ rights, etc), communication with the European Parliament, parliaments of the EU member states and citizens in the issues concerning internal security, security during mass events in the context of upcoming Euro 2012, future of the area of freedom, security and justice in connection with the

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implementation of the Reform Treaty\textsuperscript{166} to take place at the beginning of 2009, as well as external dimension of the EU policy in the area of freedom, security and justice. The effort of Polish presidency in the G6 Group were crowned with a common declaration of the ministers of G6 countries adopted on 18 October 2007 in Sopot\textsuperscript{167}.

Poland’s presidency in the G6 Group may be assessed from two angles. Firstly, in the fourth year of membership Poland confirmed its image of an active partner among the largest member states in the area of freedom, security and justice. Secondly, the presidency in this specialised group was undoubtedly a good exercise before a large challenge, i.e. Poland’s presidency in the Council of the European Union planned for the second half of 2011.

**FRONTEX Agency seat in Poland**

Poland’s costs and benefits with respect to the Area of Freedom, Security and Justice are related also to the operation of EU border cooperation agency (European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union), commonly referred to as FRONTEX. It was established to support the integrated EU external borders management\textsuperscript{168}. It is to “facilitate the application of the existing and future Community arrangements concerning the external borders management through ensuring coordination of the activities of member states in respect of the implementation of these arrangements by supporting an efficient, unified, high-level control and protection at the EU external borders”\textsuperscript{169}. The goal is also to provide the EU Commission and member states with a technical and expert support within the scope of the external border management and promotion of the solidarity between the member states.

The main agency’s tasks include:

- coordination of operational cooperation among members states in respect of border traffic control and external borders protection,
- supporting member states in training border guards,
- analysing the risk,
- monitoring the development of research within the scope of border traffic control and external borders control, on a ongoing basis,
- supporting member states in cases where they need increased technical and operational assistance at the external borders,
- coordination of the operational cooperation between the member states as part of deportations of third country citizens staying illegally in the member states.

Poland began to strive for locating the seat of the agency in Warsaw\textsuperscript{170} already before the accession to the European Union. Poland’s competitors were the countries of our region: Hungary, Malta, Latvia, and Slovenia. The location of the newly established agency was a matter of prestige, especially as it was to be the first specialised Community’s agency located in a new member state. The most serious competitor was Hungary.

\textsuperscript{166} Later referred to as the Treaty of Lisbon.
\textsuperscript{170} For the first time this proposal was formally submitted during the meeting of SCIFA Committee on 13 January 2004. Cf. M. Adamczyk, *Europejska Agencja Zarządzania Współpracą Operacyjną na Zewnętrznych Granicach Państw Członkowskich Unii Europejskiej*, „Centrum Europejskie – Natolin, Materiały Robocze” 1/05, Warsaw 2005.
Arguing for the establishment of the seat the agency in Warsaw, Poland emphasized that it is responsible for the protection of one of the longest and most important sections of the EU external border. The second argument put forward was professionalism of the border protection service, which will closely cooperate with the agency. Also, Warsaw’s location in the Central Europe, with good communication and office space options, was important.

Hungary put forward similar arguments; however, some differences were noticeable between Poland and Hungary. The EU external border in Hungary was to be shortened after the accession of Romania and later also Croatia; whereas the Polish section of the EU external border will remain very long for many years because the perspective of Ukraine’s membership in the EU is unspecified and there are no such perspectives for Russia and Belarus. also It was also significant that Hungary did not have sea border and the fact that the Polish Border Guard and the protection of the Polish section of the EU external border were highly valued by the European partners. The decision could have also been influenced by political factors.

On 14 April 2005, the Council of Ministers of Justice and Internal Affairs decided that the registered office of FRONTEX would be in Warsaw. The agency commenced its formal activity on 1 May 2005, the actual one on 3 October 2005.

Poland provided the agency with necessary support in the first period of its development, among others, with respect to the lease of premises and office equipment.

On 26 March 2007, Poland signed an appropriate agreement. It confirms the immunities and privileges granted to the agency and its employees, and includes the provisions on the support granted to the agency by Poland. On 27 March 2007, there was a ceremonial opening of the registered office of FRONTEX agency in Warsaw.

The location of FRONTEX agency in Warsaw should be undoubtedly considered a benefit for Poland. Our successful negotiations led to the location of the Community’s agency in Poland, as the first country from the “new wave” of enlargement. FRONTEX is undoubtedly one of the important and prestigious EU agencies, especially as its operation covers the EU security-related issues. The fact of location of such an important institution in Warsaw again confirmed the confidence of the member states in Poland and its preparation in respect of the EU borders security and protection. The location of the registered office in Warsaw has also undoubtedly raised Poland’s significance in the international arena.

**Preparation to implementation of the provisions of the Treaty of Prüm**

Fourth year of Poland’s membership in the EU was also a period of intensive conceptual works and analysis of dilemmas related to the Treaty of Prüm, colloquially referred to as “Schengen 3”. It refers to the agreement on the police cooperation and exchange of police

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171 Agreement between the Ministry of Interior and Administration of the Republic of Poland and the Executory Director of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union (FRONTEX) on the registered office and other issues related to the operation of the Agency in the Republic of Poland, see www.mswia.gov.pl/wai/pl/2/4568/Porozumienie_w_sprawie_siedziby_oraz_innych_spraw_zwiazanych_z_funk cjonowaniem_A.html

172 On the basis of data from the website of MSWiA, www.mswia.gov.pl

173 In 2008, there appeared concepts of establishing regional branches of FRONTEX agency in Greece and Malta.
data that was concluded on 27 May 2005 in the town of Prüm (Germany) by seven EU member states\(^{174}\).

The agreement\(^{175}\) signed by Belgium, Germany, Spain, France, Luxembourg, the Netherlands, and Austria has been formally concluded outside of the legal framework of the European Union. Similarly to previous Schengen agreements, point 1 of the agreement indicates clearly that the cooperation under it does not violate the legislation of the European Union. The same provision stipulates that the agreement is open for member states of the European Union and is aimed at the promotion of the cooperation in this field, and in three years of its entry into force, the countries should present a draft resolution concerning the inclusion of its provisions to the *acquis communautaire*.

The provisions of the agreement concern, on the one hand, mutual access to national databases of the police, including the exchange of data on DNA and fingerprints, and on the other, the organisation of common patrols, deportation flights, and operations.

Poland did not participate in establishing this form of cooperation; however, it was obvious from the beginning that after first experiences, the group of participants will be extended to cover ultimately the entire EU. Therefore, the Treaty of Prüm constituted also a challenge for Poland, not only in the context of potential preparation of the police but also a position concerning such kind of agreements, as the agreement implements fundamental changes regarding police cooperation, providing for legal bases for the exchange of police information as well as common operations, cross-border pursuits, or holding weapons and applying measures of direct coercion by the law enforcement bodies of a particular state-party on the territory of another state-party. Common operations may take place, for instance, during mass sport events or with respect to common breathalyser tests among the drivers. The treaty allows also for operational assistance in case of emergency events, catastrophes, and terrorist attacks. Such cooperation may take place at the request of the affected state or on the initiative of the state which is ready to give such assistance\(^{176}\).

From the beginning of 2007, German presidency, together with other parties to the Treaty and the European Commission, took active steps to implement the provisions of the Treaty to the legal framework of the EU. The transposition should be limited (at least at the beginning) to the fields of cooperation included in the third pillar of the EU. Therefore, it does not include the provisions concerning the employment, for anti-terrorist purposes, of security service agents on aircraft, appointment of advisers concerning documents in the countries of origin of illegal migration or in transit countries, and cooperation in cases of catastrophes and serious accidents.

During the meeting of the Council of Ministers of Interior and Justice in January 2007, the member states were asked to adopt a position concerning the transposition of provisions of the Treaty of Prüm to the legal framework of the EU. The majority of countries supported this initiative.

\(^{174}\) The official name: Convention aiming to step up cross-border cooperation in combating terrorism, cross-border crime and illegal migration. This document was published on 7 July 2005 by the Council of the EU under number 10900/05.

\(^{175}\) According to the Vienna Convention on the Law of Treaties, the name has no significance for the legal dimension of the particular international agreement. Hence common names are “Treaty of Prüm”, “Agreement of Prüm”, “Convention of Prüm”.

It seems that there are no particular legal, technical, or organisational reasons, why Poland should not enter into the Convention of Prüm by means of ratification and accept the draft decision of the Council of the EU transposing some provisions of the Treaty of Prüm to the EU legislation. Potential decision on Poland’s entry into the Treaty of Prüm is, however, a political decision of great significance.

To conclude this section, it can be stated that the fourth year of Poland’s membership in the EU was also a year of preparations to the entry to the system of provisions of the Convention of Prüm. Poland’s entry into the Treaty seems unlikely on account of near transposition of a part of provisions to the EU legislation. It may be assessed that the application of the provisions of the Convention of Prüm is beneficial for the efficient work of the police concerning the activities related to the cross-border crime.

**PARTICIPATION IN DECISION MAKING IN THE AREA OF FREEDOM, SECURITY AND JUSTICE**

After having acceded to the European Union, Poland became a full participant in the decision-making process, including issues concerning the Area of Freedom, Security and Justice.

It should be borne in mind that the Area of Freedom, Security and Justice is one of the most dynamic as regards the number of legal acts adopted. It is handled by approximately 30 working groups and Council Committees (excluding works in the European Commission and European Parliament), which requires a serious administrative effort, human potential, and effective mechanisms of documents’ circulation, and coordination of preparation of Polish position. On the basis of four years of practice, it can be stated that the system consisting in a close cooperation of the leading UKIE and MFA departments, including under the European Committee of the Council of Ministers, performed well in the practice of Poland’s effective participation in the decision-making process in the Area of Freedom, Security and Justice.

Poland’s effective participation in this process is the more significant, as in little more than 3 years Poland will assume the presidency in the EU, which will be connected to even higher outlays and responsibility. The experience gained now cannot be overestimated as the Area of Freedom, Security and Justice is one of the central areas of the EU activity. In this context, valuable are both the transition from passive participation in the decision-making process (consisting in expressing opinions and adopting positions concerning proposals submitted by others), to active participation, including submission of own projects, promoting own solution in the forum of member countries and thus, stimulating the direction of works of the whole EU. One of examples of the effects of Poland’s participation in the decision-making process may be the location of the seat of FRONTEX agency in Warsaw (this issue has been already discussed above) and works concerning the framework decision on the so-called transfer of convicts.

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On 15 February 2007, the Council of the EU adopted a political agreement on the application of the rule of mutual acknowledging of prison sentences in order to execute them in the European Union. It is expected that the framework decision – after some countries have withdrawn their reservations – will be adopted formally soon. This project implements significant changes. They consist mainly in the extension of premises rendering it possible to transfer a convicted person to the country of its citizenship without its permission and without the permission of the country concerned. The implementation of these changes would result in a more automatic transfer of the convicted. For Poland, it is of great significance on account of disproportions between the number of Polish citizens staying in prisons in other member states and the number of citizens of these countries staying in prisons in the Republic of Poland. Therefore, the implementation of the decision could result in a considerable inflow of persons imprisoned in other countries and the necessity to ensure additional places in often overcrowded prisons.

However, a significant benefit for Poland is the derogation provided for in section 5 subsection 4 of the draft framework decision. According to it, in the period of 5 years as of the expected date of implementing the framework decision, the provision stating that the transfer of a convicted person to the country of its citizenship does not require its permission will not be applicable to Poland. A beneficial circumstance is also that the alleviation of the results of the framework decision will be influenced by the supplementation of the citizenship criterion with the residency criterion\(^{178}\). This will enable to automatically deport Polish citizens permanently living abroad and serving prison sentences there to Poland. Also, 3-year implementation period of the decision – longer than a standard one of no more than 2 years – will be beneficial for Poland.

Poland’s membership and participation in the decision-making process in the Area of Freedom, Security and Justice should be assessed positively and our activities supporting favourable solution of the issue of future framework decision on the transfer of convicts constitute only one of many possible examples of this claim.

** Implementation of EU standards within the scope of document safety**

Fourth year of Poland’s membership in the EU, similarly to the third year, was a period of intensive works on the enhancement of safety of identity documents. As commonly known, a growing threat of terrorist attacks in the world led to intensification of the EU activities aimed at the enhancement of the safety of travel documents\(^{179}\).

The new EU regulations implemented a consolidated version of technical specifications for travel documents, considering also the second, apart from face image, biometric feature – fingerprints.

The aforementioned regulations posed new challenges to Poland as the EU member state, in respect of passport issuing and controlling. The implementation of such regulations required many new legal, organisational, and technical solutions introduced in a relatively short time.

\(^{178}\) "...a citizen’s state which the particular person lives in."

\(^{179}\) In particular, the EU determined the standards to implement biometrics as a component serving the identification of the holder and confirmation of the authenticity of the document. Cf. Council regulation (EC) no 2252/2004 dated 13 December 2004 on standards for security features and biometrics in passports and travel documents issued by member states (OL no. L 385 of 29 December 2004, pp. 106); see also the decision of the Committee dated 28 June 2006 establishing technical specifications for the standards for security features and biometrics in passports and travel documents issued by member states.
The most important change was the commencement of issuing of biometric passports that contained the basic biometric feature – face image recorded on a passport microprocessor. Poland activated also a modern computer system – Passport Information System – supporting passports issuing and management. It ensures confidentiality, accessibility, accountability, and authenticity of the data processed by it.

From August 2007 to the end of December 2007, the system was further developed. The development included, among others, improvement in functionality and security and pilot implementation of the system in three selected consular offices.

The EU law requires that the member states commence issuing passports with two biometric features (apart from face image they will also contain fingerprints) as of the end of June 2009. In connection with the above, since 2008, within the scope of the development of Passport Information System, there is a pilot implementation of the second biometric feature. At the same time, Poland prepares the construction of the Country Verifier Certification Authority (CVCA), to verify the identity documents issued. It will serve authentication of control devices of all services allowed to check biometric data.

Technical preparation of administration and exchange of identity documents for those meeting new criteria is a costly operation. As far as the first one is relatively neutral from the viewpoint of a taxpayer and citizen, the exchange of passports and identity documents is more perceptible by a holder not only on account of the costs but also on the effort related to the necessity of such exchange. It is the more important as many Polish citizens do not live in place of their permanent residence. In connection with this, the exchange of passports for new ones takes place in a flexible manner – current documents will remain valid until the date indicated in them. However, the exchange of old identity documents carried out in the years 2007-2008 and their invalidation as of 31 March 2008 aroused significant social questions on the costs of such exchange (actual production costs of identity cards were lower than the fee charged), its constitutional compliance (the state forces a citizen to exchange, at his or her cost, the identity document which it issued) and usefulness (in 2-3 years Poland will implement identity cards with 2 biometric features).

**European Arrest Warrant and the necessity to amend the Constitution**

Fourth year of EU-membership brought also some costs and benefits related to the so-called European Arrest Warrant (EAW)\(^{180}\).

The European Arrest Warrant is the EU mechanism rendering it possible to arrest a suspected or accused of crime, or already convicted person, and to surrender him/her to the country where he/she will be taken to court or serve the punishment adjudicated earlier. This concerns also one’s own citizens\(^{181}\). This is exactly what the political aspect of EAW consists in, because to date states very seldom deported their own citizens. Their extradition was considered incompliant with traditional understanding and protective function of the state. Indeed, a surrender of a person on the basis of EAW is governed by the court of the country in the territory of which the particular person stays. However, as opposed to the extradition, in

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\(^{180}\) As a result of 11 September 2001 terrorist attacks in the United States, in order to enhance the EU capability in respect of the fight against terrorism, on 13 June 2002 the Council of the EU adopted Framework Decision 2002/584/JHA of 13 June 2002 on the European Arrest Warrant and the surrender procedures between Member States, OL EC L 190 dated 18 July 2002, pp. 1-20.

case of EAW the countries resign from the so-called double criminal liability\textsuperscript{182}. This means that it is not necessary to check if the country that is to surrender the particular person also penalizes the act this person committed. It is enough that the act is penalized in the country that issued the arrest warrant. The framework decision on the European Arrest Warrant contains a list of acts with reference to which it is not checked whether there occurs a simultaneous criminal liability, e.g. terrorism, corruption, murder, severe body injury, rape. However, as regards crimes not entered on the aforementioned list, lack of double criminal liability may be a reason for refusal to surrender a person (in such cases, the decision is taken by the court deciding on the deportation).

Poland is obliged to apply the provisions of the framework decision since it became the member of the EU, i.e. since 1 May 2004\textsuperscript{183}. The applicable penal regulations have been amended\textsuperscript{184}; however, the Constitutional Court questioned their contents. With respect to the proceedings before the District Court in Gdansk on a surrender of a Polish citizen on whom the Kingdom of the Netherlands issued a European Arrest Warrant in order to conduct criminal proceedings against her, the Court questioned the compliance of the implemented regulations with the Constitution of the Republic of Poland\textsuperscript{185}.

In consequence, the Constitutional Court decided that the amendments introduced to the code are incompliant with the Constitution\textsuperscript{186}. The procedure of deporting a Polish citizen to an EU member state on the basis of the European Arrest Warrant was deemed unconstitutional\textsuperscript{187}. The Court may always adjourn the expiry date of the applicable provision deemed incompliant with the Constitution. Also in this case, considering the complexity of the issue and high requirements (including time) of the constitutional procedure of adjusting the Code of Criminal Procedure to the Constitution, the Court decided to adjourn the expiry date of the unconstitutional regulations in force by 18 months.

This decision presented Poland with a difficult choice, for it meant either the necessity to amend the Constitution of the RP or violating the EU legislation.

Therefore, the legislators had to implement amendments to the Constitution of the RP within 18 months, which was a political cost and a consequence of Poland’s membership in the EU. On 8 September 2006, the parliament adopted the act on the amendment of the Constitution of the Republic of Poland which amended art. 55 of the Constitution\textsuperscript{188}. According to the new provision, the extradition of a Polish citizen is possible if it results from the ratified international agreement or act executing act in law established by an international organization which Poland is a member of. However, Polish citizens may be surrendered on two conditions. Firstly, the act included in the extradition request was committed outside Poland. Secondly, it constituted an offence according to Polish law or would constitute an

\textsuperscript{184} The adopted concept was that introducing two new chapters to the Code of Criminal Procedure: chapter 65a, governing the situations in which the European Arrest Warrant is issued by Polish courts, and chapter 65b governing the situations in which EU members states present Poland with a EAW. Concurrently, the definition of extradition to the Code of Criminal Procedure was implemented, indicating that against the background of Polish law, extradition is another type of legal institution than surrender of a person on the basis of EAW (art. 602 CCP).
\textsuperscript{185} To be more specific, with art. 55 of the Constitution containing a prohibition of extradition of Polish citizens.
\textsuperscript{186} Decision of the Constitutional Court P1/05 of 27 April 2005 published in the J. of Laws no. 77, item 680.
\textsuperscript{187} It concerns art. 607t §1 of the act dated 6 June 1997 – Code of Criminal Procedure
\textsuperscript{188} J. of Laws no. 200, item 1471
offence according to the Polish law if it had been committed in the territory of Poland, both at the time of its commitment as well as at the moment of request.

Therefore, on the one hand this was the first amendment to the Constitution of the Republic of Poland after its adoption in 1997. It can be asserted that the adoption of the EU legislation in the area of police and judicial cooperation on criminal cases resulted in a necessity to change Polish Constitution. On the other hand, the literature mentions that the amendment to the Constitution had not been implemented in the spirit of the above framework decision as regards the compulsory nature of the refusal to surrender a Polish citizen and requirement of double criminal liability.\(^{189}\)

However, it should be emphasized that, in practice Poland usually does not refuse to cooperate as regards the existing and questioned limitations in surrendering Polish citizens on the basis of EAW. Polish judiciary quite effectively uses the new instrument, which the European Arrest Warrant is. Every year, Poland issues approximately 2-3 thousand requests to surrender a suspect in order to conduct criminal proceedings before national court. In this respect, Poland is at the top of the countries of the European Union. In comparison with a corresponding extradition procedure, the surrender on the basis of the European Arrest Warrant takes much less time because it takes place by way of judicial cooperation without political authorities. It should be emphasized that the traditional extradition procedure took even a year, whereas the implementation of the EAW enabled to shorten this period to an average of 11 days if a surrender takes place with the consent of the suspect, or 5-6 weeks if the person concerned does not consent.\(^{190}\)

Thus, Poland effectively exploits the opportunities provided by EAW and fulfils the obligations towards other EU countries. However, the question of compliance of Polish law on extradition with the EU law remains still disputable despite the amendments implemented to the Constitution.

**SUMMARY**

Fourth year of the membership in the EU was, from the viewpoint of the issues related to internal affairs and justice system, the most important year for Poland. Poland finished preparations to participation in the Schengen system and made a historic achievement – abandoned controls at common borders with other EU member states. For the first time in history, a Polish citizen who goes abroad is not controlled. This ensures a significant travelling comfort, encourages development of tourism, and strengthens Poles’ affiliation with the European family of nations. The economic benefit of the participation in the Schengen system refers to new opportunities in respect of just-in-time transport.

\(^{189}\) More: A. Grzelak, *Trzeci filar Unii Europejskiej*, Warsaw 2008, pp. 133-155. This issue was raised also by the European Commission in the report of 12 July 2007 on the transposition of the Framework Decision on EAW to the legislations of the member states as well as evaluation mission composed of experts of the Council of the EU assessing the practical application of EAW by Polish authorities in 2007 recommending the amendment to art. 55 sec. 2 of the Constitution in order for it to comply with the obligations resulting from the framework decision. The scope of this amendment should, firstly, include the provisions concerning partial abandonment of the requirement of double criminal liability when taking decisions on surrendering Polish citizens. Secondly, it would concern the implementation of a regulation according to which the refusal to execute the EAW for territorial reasons would be of optional character. Thirdly, it would be necessary to amend art. 55 sec. 4 of the Constitution and the provisions of CCP referring to EAW in order to abolish political offences committed without violence as a basis to refuse to execute the EAW.

\(^{190}\)http://prawo.money.pl/aktualnosci/wiadomosci/artykul/polska;wydaje;najwiecczej;europejskich;nakazow;aresztowania,152,0,252824.html
As regards the external borders, the costs incurred for their protection, most of which was actually covered with the EU funds, contributed to the enhancement of Poland’s security and more effective fight against crime, mainly of international nature. However, the problem that we have to successfully solve is modernisation of the clearance of goods at the Polish section of the EU external border.

It should be acknowledged that Polish adjustment costs in the Area of Freedom, Security and Justice were very high. However, owing to professional financial policy, the majority of them was covered by two funds: Schengen Fund and Norwegian Financial Mechanism. The benefits in the form of abandonment of control at the internal border would not be possible without professional exploitation of the opportunities of financing the activities aimed at the creation of this area in Poland by the EU. New opportunities within this scope are created by the newly established External Borders Fund; also the European Return Fund will be significant for Poland. In general, Poland’s benefits resulting from the participation in the Financial Perspective 2007-2013 allow optimism about the assessment of future development of the area of freedom, security and justice in Poland. Reform of many institutions and making up for many years of backwardness would not be possible without the financial support from the EU budget. It should be also emphasised that the financing from the EU funds was a stimulus to improve the work efficiency and modernise the institutions occupied with internal affairs and Polish justice system in the first four years of Poland’s membership in the EU.

A less spectacular event of the fourth year of membership than full inclusion of Poland to the Schengen system was Poland’s presidency in the G6 Group. However, its significance cannot be overestimated: in this way our country confirmed its aspirations to be a strong partner among the largest EU countries in the area of freedom, security and justice. Moreover, the presidency in G6 Group was also a kind of test and a chance to gain experience before Poland assumes the presidency in the Council of the EU in the 2nd half of 2011.

Also, the operation of FRONTEX agency enhanced Poland’s prestige. It is particularly beneficial that the Agency is the most important EU institution in respect of external borders; every year is becomes more and more significant, there are even plans to extend it. Its successful cooperation with Poland enhances Poland’s image as a country that manages well security and border issues.

Fourth year of Poland’s membership in the EU was also a year of preparations for the inclusion to the system of provisions of the Convention of Prüm. The developments in the EU showed that there are two possible variants: partial transposition of the Prüm acquis to the EU legislation, or Poland’s independent entry to the Treaty. From the political point of view, it would be easier to accept the first variant in Poland.

The European Union provided Poland, similarly to other member states, with a stimulus to implement modern security features of identity documents, in particular biometric components. The enhancement of the safety level of these documents is beneficial. However, the question whether the exchange of identity documents was conducted properly remains open.

Fourth year of membership in the EU was a subsequent year of applying the European Arrest Warrant in Poland. Our country is among the top EU countries as regards the exploitation of opportunities provided by the EAW. However, the question of collision of the constitution of the Republic of Poland, which prohibits the extradition of one’s own citizens, and the framework decision on the European Arrest Warrant still remains ambiguous.
Poland’s opportunity to participate in the process of making Union’s decisions in the Area of Freedom, Security and Justice should be assessed as a component of horizontal significance. Poland is capable of helping the EU adopt solutions to the problems of this quickly developing area in compliance with the needs and expectations of our country. As one of the last examples we may mention successful battle for appropriate wording of the future framework decision on the surrender of convicts.

**BIBLIOGRAPHY**


FOUR YEARS OF POLAND’S MEMBERSHIP OF THE EU IN SOCIAL PERCEPTIONS

Maja Pilecka, Jakub Wiśniewski

INTRODUCTION

The subject of this chapter is the fourth year of Poland’s membership in the European Union (EU) from the perspective of average citizens, expressing their opinions on multifaceted European integration in periodic public opinion polls. The first subchapter analyzes to what extent Poles support membership of the EU. It also discusses respondents’ opinions on the potential opportunities and challenges brought by Poland’s membership of the EU. Thereafter, the authors focused on three main issues from among the many aspects of the functioning of Poland and Poles in the European space. They include: Poland’s entry into the Treaty of Lisbon, Polish economic migration abroad and enlargement of the Schengen area. The authors’ intention is to answer the questions that are significant from the viewpoint of the assessment of four years of membership. They concern mainly the extent to which the fourth year of Poland’s membership in the EU was different from previous years from the perspective of Poles themselves, and to what extent was it the continuation of current trends that determined public opinions? What do Polish citizens expect from the EU, and from their national authorities, whose task is to represent the society in the European forum?

SUPPORT FOR POLAND’S MEMBERSHIP OF THE EU AND UTILISATION OF CHANCES AFFORDED BY MEMBERSHIP

What are the impressions of Poles concerning the membership of their country in the European Union? Analysing the ratios of Poles’ support for membership, it can be stated that since early 2005, acceptance levels have not dipped below 58%, whereas in November 2007, this support visibly increased, reaching nearly 78% on the eve of the fourth anniversary of the accession (chart 1). It is worth adding that the period from May 2007 to April 2008 abounded in political events, both in the international arena (negotiations on the Treaty of Lisbon), as well as at home (earlier parliamentary election in autumn 2007). Although the media were extremely emotional about Europe, political turbulence did not translate into fundamental changes in thinking about European integration. Moreover, immediately after the elections to the Sejm and Senate, there was a noticeable increase in support. It should be remembered that public opinion was also influenced by the very good economic situation in Poland (more on that in chapter 1). A decline in the unemployment rate was accompanied by an increase in employment and salaries in real terms, which in turn was followed by an improvement in the income situation of Polish households. In addition, as shown in chapter 4 concerning infrastructure, the last months of 2007 and first months of 2008 were characterised by a noticeable investment recovery. This was visible in the implementation of road, rail, and air projects co-financed by EU funds. As a result, it is noticeable that the period from May 2007 to April 2008 was different from the previous periods inasmuch as all the development trends observed earlier intensified in public opinion 191.

191 In order to illustrate this – while in 2004 the increased influence of the EU on Poland’s social and economic life was hardly visible, at the beginning of 2008 – for instance – travelling across Poland, it was impossible not to come across information boards with the EU flag on at construction sites.
Both public opinion polls as well as the observations of sociologists and cultural anthropologists show clearly that the perception of other nations, in particular European ones, is gradually changing in Poland, which is undoubtedly a result of intensified contacts with foreigners, travel, work abroad etc. The essential changes in mindsets are also confirmed by the results of social research which analysed both Poles’ attitudes to the citizens of other EU countries as well as their perception – either as favourably inclined or hostile to Poland. The results of CBOS surveys show significant transformations on both planes. Poles’ attitudes to some nations (to be more precise: the citizens of those nations) changed visibly. Attention should be paid to a growing liking for such countries as the Czech Republic, Slovakia, Lithuania or Hungary, which acceded to the European Union at the same time as Poland. It seems probable that the greatest influence on such declarations is exerted, apart from the geographical situation, by the similarity of cultural experience and common history. The aforementioned survey also recorded significant changes in Polish-German relations.

192 The popularity of TV programmes, advertisements that in a humorous and comical, though friendly manner refer to the ethnic and national diversity of Europe, demonstrates cultural changes which are faster in the conditions of membership of the EU than they would be if Poland had been left outside European structures. The positive connotation of the EU and countries comprising it with high quality of products, reliability and competitive prices is also confirmed by the higher and higher number of neologisms with the prefix “euro” in Polish (e.g. “euro-pallets”, eurobank: or “euro-AGD (AGD – Polish abbreviation for domestic appliances )”).


Although the results show that there are more and more Poles declaring a positive attitude towards German citizens (over 15 years, systematic growth by 7 percentage points), this does not go hand in hand with the perception of this country as favourably inclined to Poland in the international arena. In this case, favour or lack of favour stood at 34 points. At the same time, liking for the citizens of the countries of the greatest economic emigration – the United Kingdom and Ireland – was strongly noticeable.

A survey monitoring the acceptance level for Poland’s membership of the EU confirmed the correlation between support for the EU and the age of those surveyed observed earlier – the highest percentage of EU supporters was in the youngest group of those surveyed, with the lowest support among those aged 60 or over. This is in a way understandable – young people who have not start a family yet often leave for other member states (benefitting from the free movement of people), have plans concerning work or education abroad, and, to a lesser degree than elderly people, who remember the second world war, fall victim to negative stereotypes and simplified ideas of other nations. It also probable that for the generation born in the late eighties who were adolescents during the years 2004-2007, Poland’s accession to and membership of the EU are in a way a reality that was “already there”. As one of the main beneficiaries of the social changes that took place after 1 May 2004, they often do not remember the pre-accession period, treating the current situation as almost a natural course of events. In the group of people aged 60 or over, the opposite is the case, as they, despite the obvious benefits related to Poland’s membership of the EU, vividly remember the previous system, irrespective of all the related inconveniences (queues, shortages in shops). It is significant that these persons often express the opinion that although they do not benefit from the current situation, if the accession referendum was to take place again, they would vote “in favour” mainly on account of the benefits for their children and grandchildren.

The support rate is also characterised by a strong positive correlation with education – the higher the education level, the higher percentage of those surveyed that would support Poland’s repeated accession to the EU in a hypothetical referendum. Moreover, the acceptance for Poland’s membership of the EU grows with the level of household income. With respect to professional position, the strongest support for Poland’s membership of the EU is expressed by students, specialists, owners of companies, directors and other white collar workers. As shown on chart 2, Poles, to a greater extent, see the wider benefits (welfare of the state, region, particular occupational group) of geopolitical or macroeconomic character sooner than the individual ones. Only 6.6% of the citizens say that Poland’s accession to the EU was unfavourable in the context of their social and economic status (this concerns some small occupational groups, such as the border guard or customs service in the western regions of Poland, some individual farmers etc). It is significant that in all of the dimensions (individual, occupational, local or international) of Poland’s membership the EU that were analysed, the percentage of drawbacks observed on this account accounted for 7%, whereas the average for the declared benefits totalled 65%.

The support rates in geographical terms are also worth examining. In all regions of Poland, support for membership of the EU fluctuates between 72% (central region) and 86% (northern-eastern region). It may be concluded that the division into metropolitan (developing dynamically due to the integration with Western Europe) and provincial Poland (plunged into stagnation), quoted often in the euro-sceptical media, is not confirmed in the view of public opinion polls. This leads to another conclusion: if Poland had not acceded to the EU, the negative consequences of staying outside EU structures would have concerned not so much the main cities (such as Warsaw, Wrocław and Łódź, which are relatively well integrated with Western Europe), as the small towns and villages on the borders of the country. The respondents, when asked about their opinions, seem well aware of this.
From the viewpoint of the average citizen, membership of the EU brings two types of opportunities: on the one hand, financial transfers and social and economic investments financed out of the EU budget, on the other, access to the EU internal market. It appears that Poles appreciate the opportunities related to the participation of consumers and entrepreneurs in a few-hundred-million economic community (53% of those surveyed) more than receiving direct payments or taking advantage of different types of professional training financed out of the European Social Fund (43% of those surveyed). Slightly simplifying the conclusion of the survey quoted, it is noticeable that Poles’ image as passive beneficiaries of EU funds, making claims (some kind of rent-seekers) is not confirmed by the reality.

When asked about priority areas which EU funds should be allotted to so that the gaps between the member states are narrowed as quickly as possible, Polish citizens indicate, in first place, such issues as: health care, transport development (roads, rail, airports), payments to rural areas and – to a lower degree – grants for young people, environmental protection and scientific research. It is interesting that not all the expectations of Poles may be deemed realistic (the EU is not competent in health care issues, which fall under the government of member states). On the other hand, as regards the areas in which EU outlays were perceptible by average citizens (infrastructure investments or transfers under the Common Agricultural Policy), Poles would like to increase the expenditures for these purposes. This would translate into an increase in the EU budget, which is realised by the respondents participating in the survey. At the same time, they tend to accept the fact that in such a case, the contribution to the EU would also inevitably increase. This voice of public opinion (the survey was carried out in January 2008) is worth considering in the ongoing debate on the European budget for the years 2013-2020.
As shown by the surveys from February 2008, the majority of Poles (56%) consider themselves well informed about the EU. Only 10% of those surveyed feel a definite need to extend their knowledge of the institutions and principles of the EU. Moreover, in social perception, local, regional and voivodship authorities, adequately fulfil their task to inform society about the opportunities regarding European funds or programmes. However, it is worrying that the percentage of people who consider themselves under-informed in the group of those living in small towns and with low income is relatively high. Therefore, public institutions should pay more attention to those people who rarely visit the European information centres, which are located in big cities. They should be the addressees of information campaigns.

In total, the positive result of the EU accession referendum in June 2003 resulted from the citizens’ well-thought-out decision, which was confirmed and reinforced in the following months and years. Poles invariably support Poland’s membership of European structures certainly in part because integration with the EU coincided with a good economic conjuncture. The most important thing is perhaps that the thesis of uneven division of benefits from Poland’s membership in the EU (with respect to professions, territory or age) is not confirmed by reality. Although young people living in big cities have a fairly enthusiastic attitude to European integration, the proportion of EU supporters to opponents prevails in all social groups analysed.

TREATY OF LISBON

An event that undoubtedly had the most significant meaning for the functioning of the EU in the next few years, and perhaps even decades, was the compromise text of the treaty subordinating the primary law of the European Communities, colloquially referred to as the Treaty of Lisbon. This issue is worth analysing in the context of its perception by average citizens.

By way of introduction, it has to be accepted that the question of the influence of the provisions of the Treaty on Poland’s position in the EU remains open, even in the opinion of international law experts. With respect to that, it is easy to understand some fluctuations of public opinion, which has to rely on numerous, often contradictory interpretations of the provisions of the Treaty by politicians.

The discussion conducted in the media concerning the amendments to the EU primary law was dominated by two issues: the possibility of the legalisation of homosexual relationships and the prospects of giving back real estate and land to Germans who lost it after 1945. At the same time, the issue of the voting system in the EU was not included in the possible negative consequences related to the implementation of the Treaty. In general, Poles do not share the fears of some politicians on the issues mentioned above. However, these fears may be aroused by the “tabloidisation” and politicisation of the negotiations and discussions on the Treaty, because the media focus only on sensational news, which generally is not confirmed in the analyses carried out by the lawyers. Simultaneously, the media information seldom included significant, from the viewpoint of the Polish national interest, issues concerning the following matters:

- whether and to what extent does the Treaty organise the legal- and jurisdiction-related structures of the EU?
- how will the status of individual member states change, in particular in terms of the decision-making processes?

to what extent will the Treaty affect the role of national parliaments?;
will EU foreign policy be conducted with respect for the principle of solidarity?;
will the adoption of the Treaty lead to a decrease or increase in the chances of achieving Polish objectives (such as eliminating differences in social and economic growth, extending cooperation with the Ukraine or increasing the energy safety of Poland and Europe)?

As late as in March 2008, opinions concerning the possible means of ratification (settlement of the dilemma by referendum or ratification by parliament) were divided almost equally (chart 3). At the same time, more than half of those surveyed (55%) were not able to say how they would vote if a referendum took place. Finally, the politicians agreed on the parliamentary mode. On 2 April, Parliament completed the preparations for the Act authorising the President to ratify the Treaty of Lisbon.

Chart 3. Results of a survey answering the following question: if a national referendum on the implementation of the Treaty of Lisbon took place, how would you vote? (March 2008)

Source: PBS DGA 2008

Considering the relatively favourable attitude of young Poles to the EU it is no wonder that the number of supporters of the Treaty is the greatest precisely among people aged 25-39 (67% of support), with the lowest support among Poles aged 60 or over (63% of support)\(^{196}\). However, the differences, as shown by the data above, are not significant. Among Poles over retirement age the largest group is the group of absolute opponents of the implementation of the Treaty.

Summarising the issue concerning the Treaty of Lisbon, it must be emphasised that the social perception of the reform of the primary law of the European Community has been shaped in Poland under conditions of vehement political debate. The politicisation and emotional overtones of the discussion were accompanied by generally insufficient information on the contents of the provisions of the Treaty. The survey quoted seems to confirm the

\(^{196}\) Ibidem.
psychological regularity that the attitude to a subject or situation depends on the motivation of a particular person, their cognitive needs, and ability to make a thorough assessment\textsuperscript{197}.

**Economic Migration**

As the issue of migration draws enormous media attention, it has become an inseparable, significant component of perception of the EU, arousing, in turns, curiosity, fear and hope. Immediately after the accession, the possibility of taking up employment in West European countries seemed to many Poles the main, noticeable advantage resulting from Poland’s membership of the EU. The latest research shows that, over time, the attitude towards this issue has changed in the social consciousness – growing emigration rates have become a source of fear for families left at home, for loss of social coherence in sparsely populated areas, in villages and in the cities, for the social pathologies allegedly spreading among Poles abroad. The press and TV also showed also people’s sheer curiosity: will Poles manage to “conquer” the United Kingdom or Ireland? Do Poles bring honour or shame to the country? What does the normal life of Poles living in Dublin, Hamburg or Brussels look like? Both national and foreign media, including those focusing on self-organising migration communities, have tried to answer these questions.

In the fourth year of membership, people spoke about the emigration of Poles with growing fear because the potential of human capital decreased. Economic migration was sometimes treated as a symptom of an unpatriotic attitude, pursuit of economic success at the cost of the spiritual connection with the home country. Many myths, stereotypes and misunderstandings have grown up around the issue of economic emigration. Three issues are worth considering. Firstly, what image of a Polish emigrant emerges from social research and media news? Secondly, how are Poles perceived in the societies of the host countries? In respect of the second issue, the chapter discusses the situation of Poles in the United Kingdom from the viewpoint of the British media. And finally, is it true that many Poles are deciding to come back home? In respect of the last issue, public opinion polls are extremely useful, because there are no official statistics (prepared by national authorities or international institutions) that would allow one to determine the scale of returns to the country in a reliable manner.

In chapter 2, devoted to the labour market and migration, it was asserted that the attempts to precisely determine the scale and intensity of migration flows between Poland and other member states carry a high risk of error, resulting from the imperfections of national systems monitoring the employment of foreigners in individual member states. Therefore, many research institutions rely on the accounts of people planning to go abroad. Thus, according to the surveys of the company SMG/KRC carried out in September 2006, the desire to emigrate is declared in particular by the residents of small towns who do not see their future in their native towns\textsuperscript{198}. However, it should be remembered that this type of estimate is also burdened by a high risk of error, especially on account of the small representative sample (in this case it amounted to 2000 people living only in cities).

We can argue that less urbanized regions are characterised by relatively higher emigration potential. More people (proportionally to the population) leave the following voivodships: Podlaskie, Małopolskie and Podkarpackie. Fewer people leave big cities, which is undoubtedly related to lower unemployment rates and higher employment rates in large urban areas. The influence of migration networks on the number of emigrants from a

\textsuperscript{197} Cf. Elaboration Likelihood Model – ELM.
\textsuperscript{198} D. Pawłowska, M. Grudzień, Młodzi nie muszą emigrować, „Dziennik”, 13 September 2006
particular region is highly significant, therefore, objective social and economic indicators do not shape the scale of emigration from a particular region.

Overall, in the period discussed, the contemporary migration map of Poland became much more diversified than in the first years of Poland’s membership of the EU. Higher migration potential is characteristic of less urbanized regions, emigrants are usually residents of small towns and villages. The migration pattern of individual regions that developed in the pre-accession period was highly diversified depending on the destination. For instance, the United Kingdom was particularly attractive for the residents of regions with weak migration networks but long industrial traditions, e.g. Kujawsko-Pomorskie, Łódzkie and Śląskie voivodeships. Ireland – a completely new destination – was visited mainly by the residents of the northern part of Poland and the Mazowsze voivodship, regions that were relatively poorly represented in the pre-accession period. These trends are also confirmed by the results of surveys concerning the migration experience in the years 2005-2007. In that period, the residents of Podkarpackie, Lubelskie and Dolnośląskie voivodeships emigrated most often. However, monitoring the period before and after 1 May 2004, it can be noticed that the proportion of the population from different voivodships is gradually levelling out among the emigrants and residents of Poland.\footnote{I. Grabowska-Lusińska, M. Okólski, Migracja z Polski po 1 maja 2004 r.: jej intensywność i kierunki geograficzne oraz alokacja migrantów na rynkach pracy krajów Unii Europejskiej, Centre of Migration Research, University of Warsaw, Warsaw 2007}

Accession to the EU influenced the qualitative features of migration and thus, the profile of a Polish migrant. Despite the lack of a full picture of the international mobility of Poles, several characteristic features may be singled out.

**Chart 4. The declared duration of employment abroad (February 2008)**

Source: CBOS, February 2008

Poles go abroad for economic purposes (more than 90%). Although short-term emigration still prevails, a constant increase in longer emigration has been observed for several years (cf.
chart 4). Therefore, it can be stated that on the one hand there are people who still regularly
circulate between their place of residence in Poland and their job abroad, and on the other,
more and more of them have loosened their ties with the home country, for instance, by
inviting their family members to live with them in the host country.

In the last period, economic migration was subject to a significant masculinisation in
comparison with the pre-accession period. This is also confirmed by the data from the annual
SOPEMI report (this report is also partially based on public opinion polls), according to
which the proportion of women in the general number of migrants from Poland is
systematically declining. An interesting exception in this respect is Italy, with a strong
(threefold) majority of women. This situation is related to the character of the jobs carried out
in that country – Polish women work mainly as babysitters and as home helps. Also, slightly
more women than men work in France and Spain. By comparison, in Norway, Polish women
constitute only 15% of young emigrants\(^\text{200}\).

Current emigrants are decidedly younger than the people emigrating before 2004. This group
is dominated by people aged under 34, whereas differences in respect of migration
destinations are noticeable. Thus, Germany – a traditional country for Polish emigration – is
still a destination for people older than those who have chosen the “new” migration directions.
The migratory flow after accession is dominated by so-called singles and those in DINKY
relationships (Double Income No Kids). Increased interest in working abroad expressed by
young people is confirmed by the public opinion polls from early 2008. According to the
results of a CBOS survey, the greatest interest in economic emigration is declared by young
people aged up to 24, but also by unemployed people and people with low incomes. A
significant factor influencing the interest in working abroad also includes contacts with the
environment of Polish emigrants and earlier experience in working abroad\(^\text{201}\).

Another feature that strongly determines migration is education (higher and vocational). In
general, Polish emigrants include well-educated people. In this group, persons with basic
education constitute only a little percentage of those surveyed. In the United Kingdom Poles
rank so high in respect of education that they have outdistanced not only immigrants from
other countries but also the native population.

However, education does not translate into success in the labour market. Poles, like other
immigrants, usually find jobs in positions that do not require qualifications or require narrow
specialisation. The most worrying phenomenon is that educated persons often take up jobs
that do not require any qualifications.

When analysing the employment of Poles in individual countries, it is easy to observe several
differences with respect to specific destinations. For instance, in the United Kingdom, men
find employment mainly in the construction industry (19%), the hotel industry and catering
(1%), women, in hotels, restaurants (14%) and heath care\(^\text{202}\). Scandinavia is dominated by
employment in agriculture, horticulture, industry (fish processing in Iceland). In Spain, Poles
find work in the construction industry, agriculture, the hotel trade and catering and as home
helps. In Holland, they work mainly as gardeners, butchers, agricultural workers and inland
sailors.

\(^{200}\) E Kępińska: Recent Trends in International Migration. The 2007 SOPEMI Report for Poland, University of
Warsaw, Warsaw 2007, p. 42

\(^{201}\) Doświadczenia i plany dotyczące pracy za granicą, Public Opinion Research Centre, Announcement from the

\(^{202}\) A. Fidel, E. Piętka, Funkcjonowanie polskich migrantów na brytyjskim rynku pracy, Centre of Migration
Typically “immigrant” jobs are reflected by the remuneration. For instance, in the United Kingdom, Poles earn several pounds less than people in the same positions who arrived there before 2000\textsuperscript{203} (GBP 7.3 per hour). This is the lowest rate in comparison to the 26 nations considered in the report; Poles are outdistanced by Somalis, Turks and Chinese. Despite low earnings, Poles are among the hardest working people. In the United Kingdom they work an average of 41.5 hours a week. They are outdistanced only by Americans who, performing other jobs, receive almost two and a half times the remuneration. At the same time, the average for local workers amounts to 36.5 hours a week, with a remuneration of approximately GBP 11 per hour\textsuperscript{204}. Poles accept this situation probably as a temporary one – a sacrifice for the sake of quickly acquiring financial means.

Having fairly precisely determined the profile of a Polish migrant worker, it is worth referring to a more subjective presentation of the phenomenon of Polish migration to the United Kingdom\textsuperscript{205} and namely, their image in the eyes of the host society.

There are two approaches that may be singled out in a discussion on the influence of migration on the economic situation of the host countries. On the one hand, the analysts examine the macro-economic influence manifesting itself in economic growth, fluctuations in inflation, changes in the unemployment rate and economic stability, and the competitiveness of the economy. On the other hand, the analysis covers macro-economic effects, such as: the influence of migration on gaps in the labour market, fluctuations of remuneration of native employees, competitiveness of individual branches, or changes in social expenditure. It appears that the British press perceived the immigration phenomenon both, in macro- as well as microeconomic terms.

In 2007, the message of articles on Poland and Poles in the United Kingdom evolved drastically in comparison with the situation in 2004. As late as in 2004, in the common British consciousness, Poles functioned mainly as a threat (“immigration tsunami”). In the following years, this image became more complex. At the beginning of 2008, there were fewer fears and problems related to Polish immigration. According to British journalists, the main obstacle on the way to full integration of immigrants from Poland with the British society was insufficient knowledge of English, lack of adaptation of Poles to living in a multicultural society and – more seldom – crime. Incidents with the participation of Poles, such as ignoring the prohibition to drive while drunk or poaching (illegal angling) often leaked out to the media.

Opinion-forming magazines usually emphasize the fundamental thesis that the enlargement in 2004 had a positive, though moderate, influence on the economic growth rate in the United Kingdom. It concerns, in particular, significant impulses boosting the British economy in individual sectors or regions. As yet, the British have not been convinced by objective and rational analyses such as the report of British Department of Labour and Pensions, according to which there was no direct correlation between the increase in the number of immigrants in the British labour market and the unemployment rate, also with respect to low-qualified


\textsuperscript{204} Institute for Public Policy Research, Britain’s Immigrants: An economic profile, London, 30 September 2007, p. 22.

\textsuperscript{205} The image of Poles in the United Kingdom has been based on the expert opinion of Joanna Fomina, Justyna Frelak, Mirosław Bieniecki and Anna Korolec entitled „Public Perception of Labour Migration within the EU. The Case of Polish Labour Migrants in the British Press”, prepared in the Institute of Public Affairs in October 2007. The authors have carried out a laborious and even painstaking work consisting in screening many periodicals from the viewpoint of Polish issues, picking out specified threads, and then, their qualitative analysis. The research covers articles published in two periods (January – August 2004 and January – August 2007). Thus, it was possible to capture the changeable dynamics of the immigration debate in the United Kingdom.
workers. It is often omitted that the high mobility of employees from “new” member states has positive effects for the United Kingdom, because it fills labour force shortages in specific areas. For instance, immigrants constitute a half of more than 2,000 dentists employed in the British health care system during the last year (with 25% of them being Polish citizens).

In the United Kingdom immigration is a source of cheap labour force that does not have to be educated, trained or motivated to work. It is interesting that British people often do not realize that immigrants’ work is profitable for the domestic budget – incomes on account of the employment of immigrants are higher than potential expenditures. Only part of the media appreciate that immigrants, in comparison with native British people, are more enterprising and socially mobile. It is worth quoting an article that perfectly depicts this way of thinking: “The word ‘Pole’ became a synonym of a cheap and good solid worker adored by the middle class, because it protects it against the increase in prices and by the Chancellor of the Exchequer, because it helps him fight the inflation”.

In spite of unquestionable benefits from migration, press releases indicate painful adjustments in local labour markets that have adverse consequences for specified social groups. Thus, considering that 75% of the citizens of “new” member states receive a remuneration calculated on the basis of the lowest hourly rates (GBP 4.50 – 6), their influence on the reduction of upward salary pressure exerted by the 25% of the British labour force earning less than GBP 6 per hour is unquestionable. The British weekly “The Economist” gives the example of Southampton, where wages for construction workers have dropped by a half in recent times.

There is a risk that the poverty of those working will deepen (working poor). The social and economic status of those threatened with social exclusion (handicapped people, some ethnic minorities) decreases. In addition, the policy of the labour market has to face up to the so-called “unemployment trap”, i.e. the situation where taking up employment by an unemployed person may mean a decline in household income. Therefore, the benefits on the macroeconomic scale may create problems on a micro scale. In principle, the immigrants from “new” member states contribute more to the public finances than they receive, in the form of benefits and services under the social security system. On a regional and local scale, it is noticeable that some institutions (employment offices and primary schools) took on additional responsibilities such as administrative and consultative services for the immigrant society.

Attention should be paid also to the language used by the authors of the articles in the British press (both, in tabloids as well as serious, opinion-forming titles). It appears that the British debate on immigration is characterised by a strong emotional charge and hence, the inflow of Polish workers is often described in military terms (invasion) or in terms of natural disasters (flood, deluge). The following quotation is an example: “The islanders are particularly prone to be confirmed in their beliefs that the United Kingdom is overpopulated, and, as they read such words as “invasion” and “Asian flood” in morning press, they are afraid that their

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206 Ibidem.
standard of living will deteriorate and that it will be much more difficult for them to live up to their expectations.²⁰⁹"

Chart 5. Interest in taking up work abroad (years 2003 and 2007)

Source: CBOS 2008

At the end, it is worth adding that the immigration debate in the United Kingdom – despite the natural inclination to seek sensational news characteristic of the press in the whole world - is astonishingly sincere and mature²¹⁰. This may be depicted, for instance, by the following quotation: “Poles work everywhere. They clean offices in the City but also manage these offices. They build houses but also trade in real estate. To some of them fell success, to some of them poverty and failure, the majority is somewhere in between²¹¹.

The third thread raised in this chapter is related to the question of to what extent Poles working abroad are likely to come back to the home country. Chart 5 shows clearly that the percentage of people who are not interested in economic emigration went up from 53% in 2003 to 76.3% in 2007. One of the public opinion polls showed that twice as many Poles


²¹⁰ There are exceptions of course: Perverts eat swans - this is how Poles are perceived by the tabloid “Daily Mail”, “Our fellow countrymen in the United Kingdom have had enough. They lodged a complaint about the newspaper, they are supported by the mayor of London”, Różalski J, Polacy woją z «Daily Mail>>, ”Metro”, 18 March 2008

living in the United Kingdom and Ireland planned to return to the country in 2008 as in the previous year\textsuperscript{212}. The desire to return was declared by 12\% of those surveyed (with only 6\% in 2007). However, 75\% of those surveyed are still not going to return to the country within the next year, with 50\% - within the next several years. A rise in discussions of the social and economic situation of Poles may be the declared reasons encouraging Poles to return: 35\% of those surveyed indicated homesickness and closest relatives as the main reason. Nearly 30\% of the respondents want to repatriate, as they believe that considerably better development opportunities are awaiting them in the country, every fifth respondent is induced to return for private reasons, a further 13\% said that their return was conditioned by the weakening pound sterling, with only 7\% indicating a negative attitude to the United Kingdom and its residents. Most of the repatriates want to commence or continue their professional careers (64\%), 35\% of them declare the will to resume their interrupted studies, and nearly every fourth respondent is thinking about establishing their own company.

Overall, public opinion polls show that the experience of earning abroad is almost twice as often characteristic for men having completed at least secondary education. Interest in taking up a job abroad is related to age – the younger the respondents, the more often they express such declarations and are more motivated. Also, the financial situation is significant – the lower the income, the greater the interest in taking up a job abroad. Those people who have already experienced work abroad declare a lower interest in repeated emigration to work than those who have not taken up such work over the last 10 years\textsuperscript{213}. The signals concerning Poles’ returning from emigration are not yet clear. The interest in working abroad is still high, although the dynamics of emigration, undoubtedly, are declining (if the results of public opinion polls are considered reliable). It is significant that the image of Poles is a good one, which is indicated by the analyses of British press.

**ENTRY TO THE SCHENGEN AREA**

From the viewpoint of ordinary citizens – tourists, truck drivers, or residents of border towns – Poland, in a symbolic manner, integrated with Europe only in December 2007. In that time, the frontier posts at Polish borders with the Czech Republic, Lithuania, Germany and Slovakia emptied. On 21 December 2007, the controls at land and sea border crossings were abandoned, whereas in March 2008 they were abandoned at air crossings (the legal and administrative aspects of this process have been discussed in chapter 5).

Poland’s entry to the Schengen area constituted an enormous organisational effort for state structures. Poland, as a peripheral country of the Schengen area, the borders of which are also EU borders, bears an exceptional responsibility. With respect to that, the enormous investments made by the Polish Border Guard in recent years are not surprising. Polish services were enriched by the most modern equipment (electronic sensors detecting land vibrations, infrared scanners, specially tuned motorcycles, off-road vehicles and snow scooters). To what extent is Polish society aware of the costs and benefits of Poland’s entry to the Schengen area? How will small entrepreneurs and traders react? The income from frontier-zone trade constituted a considerable percentage of the budgets of many households in the towns of eastern Poland. Often, whole families were occupied in activities of this kind.

A survey carried out by OBOP at the end of 2007 shows that according to public opinion, Poland’s entry to the Schengen area arouses more positive than negative connotations. As

\textsuperscript{212} The survey was carried out by Interaktywny Instytut Badań Rynkowych (IIBR) (Polish Press Agency, *Wielki powrót z Wysp – wracają, bo tęsknią*, http://wiadomosci.onet.pl/1729237,,,,,1263623,8507,itemspec.html)

\textsuperscript{213} *Doświadczenia i plany dotyczące pracy za granicą*, CBOS, op.cit.
much as 93% of those surveyed anticipate specific benefits to be brought by Poland’s entry to the Schengen area, with only 5% being of the opposite opinion. The fewest fears related to Poland’s entry to the Schengen area are expressed by men aged 55-64, residents of cities of 100 to 500,000 people.

Chart 6. Potential benefits for Polish citizens attributable to the opening of internal borders (December 2007)

Source: TNS OBOP, Opinie na temat wejścia Polski do strefy Schengen, December 2007

The survey quoted also demonstrates the scale of fears related to the opening of internal borders – as many as 86% of those surveyed notice negative aspects of this event. The fears concern mainly the increase in the quantity of drugs and other illegal goods brought to the country. Also, the problem of future relationships with Ukraine is worth discussing. Poland has special ties with its south-eastern neighbour. In 2003, before acceding to the EU Poland had to implement visa requirements for Ukrainians. To date, the visas were free and Poland issued 570,000 of them a year to Ukrainian citizens. Since December, Poland has been issuing “Schengen” visas for which the applicants pay EUR 35 (this is a special, lowered rate for the citizens of Ukraine and Russia) and EUR 60 (citizens of Belarus and the majority of other countries). Poland continues to issue visas with validity limited to the territory of Poland only; however, the number of them will be small. The agreement between Poland and Ukraine on local border traffic (the residents of border areas will be able to travel without visas) and exemption from visa fees for some categories of persons, such as relatives of persons living in Poland or students, will soon enter into force. Considering the close relations of Poles and Ukrainians, the perception of the historical act of abandoning internal borders

\[214\] Opinie na temat wejścia Polski do strefy Schengen, TNS OBOP, December 2007
will depend on whether Poles manage to elaborate flexible solutions at the eastern border favouring Polish-Ukrainian ties. A compromise should be reached for mutual benefit.

Social perception of the enlargement of the Schengen area in “old” member countries is also worth discussing. What consequences does it bring for the societies of the “old Union”? Since December 2007, such countries as the Czech Republic, Austria, or Germany do not possess land border crossings (apart from Switzerland which will also join the Schengen area soon). Recently, the West European media have been showing, from time to time, alarming news on the potential catastrophic effects of moving the Schengen borders to the east. Under media pressure politicians also felt the need to take a stance on the issue. The sudden reaction of some West European political environments reflects a deeper problem: wealthy western societies are worried about the dynamics of social changes brought by globalisation. The phenomenon of intensified immigration is sometimes equated (most often wrongly) with turbulence in the labour market, religious fundamentalism, or intensified crime.

At the same time, in West European societies there arise fears that may be justified. In December 2007, the number of people staying in Polish refugee centres increased sevenfold. Many of them were waiting for the enlargement of the Schengen area in order to freely travel to the West and settle there. Poland is only a stage on the way to a “better world” for the refugees. The Polish authorities, deciding who receives a refugee status, will indirectly influence the number of refugees in those countries.

Summarising the issue of enlargement of the Schengen area, a positive symbolism of abandoning the internal borders for Poles, according to whom, the freedom of travelling abroad is one of the main benefits of the European integration, should be emphasised. At the same time, attention should be paid to the great delicacy of this issue among the societies of Western Europe.

**Summary**

The above discussion outlines an image of Poles as a society invariably supporting Poland’s membership of the European Union. The fourth year of membership did not bring any changes in this respect, being rather a continuation of the trends observed earlier and a confirmation of the forecasts. In comparison with the data quoted in other chapters of this study (concerning general economic condition, labour market, infrastructure, agriculture, etc.), the acceptance of membership is favoured by its noticeable effects in the form of new jobs, direct payments, road investments, and other visible changes in everyday life. Also, the freedom of movement, although it is relatively incidental in comparison to other aspects of everyday life, influences the positive perception of four years of membership of the European Union.

**Chart 7. Potential benefits from Poland’s membership of the EU in the next 10-20 years**
When summarising the issues discussed in this chapter, it is worth thinking about how Poles perceive their country in the European structures in the 10-20 year perspective. It appears that 69% of Poles look to the future with optimism, believing that Poland will benefit from membership of the EU.

The above deliberations suggest two fundamental conclusions. Firstly, Poland’s membership in EU structures constitutes a continuous challenge, not only for the authorities but also, and perhaps first and foremost, for the society. Such events as the abandonment of internal borders or migration processes create different types of repercussions. In this respect, the fourth year of membership did not decidedly differ from the previous years. Secondly, the longer Poland is a member of the EU, the more visible the effects of economic, social and political integration are for ordinary citizens. It is significant that this does not concern only the residents of the biggest Polish cities, but – concluding from the answers – the benefits affect a majority of Poles, also those living in less urbanized areas and located more peripherally. These are locations, villages, and towns that are characterised by a greater emigration potential in comparison to the trends observed on the migration maps in the first years of membership.

However, a worrying phenomenon is the high percentage of persons possessing low income and living in small towns who declare that they are insufficiently informed about EU matters. Hence a proposal that an information campaign should take place not only in the European information centres located in bigger cities but also be addressed to the sizeable group that feels under-informed and has no simple opportunity to gain the information. It is noticeable that the surveys conducted on the basis of cross-European samples (e.g. EUROSTAT) demonstrate the relatively high degree of Polish citizens’ knowledge of the principles and institutions of the EU when compared to the average of the entire sample.

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FOREIGN POLICY, INSTITUTIONAL AND LEGAL ISSUES

Introduction and Conclusions

The fourth year of membership of the European Union confirms that Poland has actively taken advantage of membership to influence the shape of the EU itself and taking decisions under its auspices so that they are, to the greatest extent, compliant with Polish interests and the priorities of European policy of successive governments. This concerns both issues of fundamental significance, such as the successful negotiations surrounding the Treaty of Lisbon, tightening the EU’s relationships with its eastern neighbours (in particular, supporting Ukraine’s European aspirations), as well as issues covering, among other things, the everyday law-making activity of the EU which has an enormous influence on the operation of the economy, entrepreneurs or the life of “ordinary citizens”. From the viewpoint of effective exploitation of the opportunities afforded by membership, currently, the ratification of the Treaty of Lisbon and preparation for functioning within the legal framework determined by the new Treaty are of crucial significance. Also, the issues related to the preparation of the Polish presidency of the EU require urgent decisions so that the preparation activities may commence as early as this year.

The functioning of Poland and the 11 “new” EU member states shows that, as opposed to the fears formed – not only before successive enlargements, but also afterwards – the enlargement of the European Union to 27 countries did not disturb its institutional balance, or caused a slowdown in the decision-making process. At the same time, taking decisions in such a large body, with often contradictory interests of member states, requires more flexibility and ability to reach compromises. From this point of view, the previous year – due to the consistent Polish attitude towards the Russian embargo on imports of Polish food – was an important test for the EU’s solidarity principle. The clear position of the EU member states and institutions showing that in case of significant problems in relations with third countries, every member state may count on the solidarity and support of its partners from the EU confirms, according to Polish expectations, the essential significance of this principle for EU coherence.

Current cooperation between Poland and the Court of Justice of the European Communities (ECJ) and the proceedings before it show that Poland not also actively defends its interests in case of doubts or controversies in application of EU legislation, but also shows that it is a successful process. The available statistics also that we are among the most active countries as regards prejudicial proceedings, in which the member states have a possibility but not an obligation to present their opinion concerning the interpretation of Community law. At the same time, there are still problems with the pace of implementation of EU legislation to the national law. Although the European Commission welcomes systemic solutions, Poland should strive after further improvement of its position in the ranking of member states. Simultaneously, it is important to emphasise the progress made by the central government in the implementation of the European Commission’s Better Regulation with respect to the actions aimed at the simplification of legal regulations in force and those newly created, so that they do not restrict entrepreneurship if not needed or justified. During the last year, the authorities prepared a number of systemic solutions, which are gradually being implemented.
and to a greater and greater extent should translate into a reductions of costs borne by entrepreneurs.

A country may efficiently influence the operation of the EU and thus, the adoption of legislative solutions meeting the national expectations when the citizens of that country have a vast number of representatives in EU institutions. Although EU officials represent the interests of the European Union, their background or earlier work in national administrations results in a greater sensitivity to significant issues for individual member states. In this respect, it should be noticed that more and more Poles are taking up office positions in the EU and thus, the quotas granted to Poland are successively filled. On the other hand, from the perspective of the time and results achieved by the other “new” member states, it must be stated that the Polish authorities have not paid the necessary attention to the promotion of Polish citizens in their efforts to get a job within EU institutions. This has resulted not only from a lack of decisions within this area but also from a specific atmosphere accompanying this phenomenon in which supporting of Polish civil servants in their efforts to get a job in an EU institution was sometimes treated as embarrassing or even reprehensible. Meanwhile, the countries that led an active employment policy have not only achieved a better proportion of the number of those employed in independent positions to the number of those in assistant positions but also exceeded the pools granted to them with respect to staffing in higher independent positions.

As far as the figures concerning the European Commission may be deemed satisfactory with respect to the level and quality of the employment in this institution, currently, it seems significant to undertake lobbying activities towards the European Parliament and General Secretariat of the Council of the European Union whose recruitment policy of EU-12 citizens is not as transparent as that of the EC. The intensification of pressure on the recruitment of management level employees also seems significant. Poland still possesses a great number of positions granted within the scope of national quotas, especially such as department chiefs and deputy chiefs. There is a serious fear that the national quota anticipated for Polish citizens will remain unused by the end of the recruitment of personnel from among the citizens of new member states, to finish in 2010.

The government should more efficiently support its citizens in recruitment processes, also by providing the opportunities to exchange information and advice and organising specialist training. Also, lobbying activities carried out towards persons involved in the final stages of recruitment processes are significant. This should concern mainly higher positions and take place both formally (as is the case now – in the form of decisions of the European Committee of the Council of Ministers and covering candidates with to the so-called support exchange management system), as well as informal contacts. The elaboration of effective mechanisms of communication between the government and Polish citizens employed in EU institutions and agencies still remains an open issue. These relations should in no way violate the principle of neutrality of civil servants. However, in practice all member states apply formal or, more often, informal principles regulating them. Ongoing working contact with civil servants helps to shape the European policy of a member state, provides information and facilitates everyday cooperation with the institutions.

The fulfilment of the quotas anticipated for Poland in EU institutions also results in adverse consequences, in particular in the form of outflow of experienced employees from their own administration. Apart from a naturally planned professional career, envisaging a job in EU institutions, in many cases such decisions result from unstable legal solutions concerning civil service or financial employment conditions. These issues require urgent regulation, in particular in the context of the Polish Presidency of the European Union to take place in 2011.
Although the assessment of the costs and benefits of membership, economic growth and political position of the state, covering the period of the last 4 years, comes out positive in many areas, which is confirmed by both macroeconomic data as well as expert analyses and studies, the impulse of membership has not been used to elaborate a system of effective branding of the country and creating “Poland” as a brand which could be promoted in the whole world, and also in the countries of the European Union. The creation of such a brand would provide an important asset in the form of a competitive advantage based on the effect of the country of origin and would contribute to the reinforcement of positive economic trends, as well as the creation of Poland’s image as a friendly, predictable, and attractive country. This issue remains one of the fundamental challenges for the immediate period, all the more that the upcoming presidency in the EU will be a unique opportunity to make a successful campaign related to the image of our country.

**FOREIGN POLICY**

Poland’s accession to the European Union resulted in significant qualitative changes in foreign policy. Similar to other areas of membership, a common foreign policy of 27 countries requires flexibility, an ability to build alliances and work out compromises. On the one hand, such a policy has to consider different national interests and priorities, on the other, demonstrate the mutual respect of the partners. There is no doubt that membership of the EU has significantly contributed to the possibility to pursue Polish interests in respect of multifaceted external relations. One of the goals defined by Poland in the last year was to strengthen the belief of the member states about the necessity to maintain intra-Community solidarity in the most significant international issues. It should be remembered that in some cases the adoption of a joint declaration has been and will be very difficult (e.g. energy policy), on account of the particular interests of some countries, which prevail over the common interest even if in consequence other EU partners suffer political and economic losses. Therefore, when assessing Polish involvement, it should be remembered about both Poland’s limited influence on the decisions of member states and the necessity to consider the priorities and expectations of those countries in Polish calculations.

In the last year, Poland has actively participated in the discussion on EU institutional reform, adjusting the principles of the EU to future enlargements which are supported by Poland, and the international challenges facing the EU. In the course of negotiations on the Treaty of Lisbon, the member states guaranteed the implementation of a number of proposals, referring, among other things, to the decision-making system in the Council of the EU, the division of competencies among EU institutions and member states, or the energy solidarity principle. It seems that the compromise meets the need to facilitate the functioning of the EU and to respect the interests of independent national countries as well as the expectations of the citizens which, in the case of Poland, may be confirmed by the very high, against the background of most countries, social support for the Treaty216. An efficient ratification process in all member states should render it possible for the Treaty, according to the schedule planned, to enter into force as of the beginning of 2009.

Poland’s membership of the EU has brought a new and more real dimension to Polish involvement in the continuation of the policy of further EU enlargement. This concerns not only our participation in elaborating crucial EU documents in this respect but also supporting the pace and quality of accession negotiations with Turkey and Croatia and the European aspirations of East European countries, in particular those of Ukraine. Owing to such an

215 On the basis of information from the Ministry of Foreign Affairs.
216 More in Chapter 6 *Four years of Poland’s membership in the EU in social perception.*
attitude, Poland’s membership has contributed to shaping the positive image of our country in the countries aspiring to the EU, and moreover, it has positively influenced the intensification of cooperation with partners from the EU supporting the enlargement policy. The successful transformation and current balance of costs and benefits of the accession constitute, for many countries aspiring to the membership, an important argument to follow their adopted paths of reform.

The enlargement of the EU has revealed the significance, despite sometimes differing opinions of individual member states or their groups, of internal solidarity and unanimity in action. In issues significant for our national interests, Poland effectively convinced its partners that consistent application of the solidarity principle when solving the problems of member states which are at the same time problems for the EU, is the only method to ensure the consistency of EU activities. Thus, the member states jointly supported Poland in the vital issue concerning the prohibition of exports of Polish meat to the market of the Russian Federation, and the problem, which initially was of a bilateral nature, became a problem in relations between the EU and Russia.

Membership of the European Union has consistently contributed to the dynamic development and intensification of bilateral contacts with the member states and Poland’s strengthening international position. Our country has been cooperating with partners from the EU in shaping European policy and determining its priorities in individual areas, conducting regular inter-governmental consultations (Germany, France, Spain, Italy as from 2008). It should be mentioned that the strategic partnership with France, with which Poland plans to deepen their bilateral cooperation in shaping European policy, for example during the French Presidency of the EU, has been strengthening.

Due to participation in the Common Foreign and Security Policy, Poland gained the ability to influence priorities with reference to the involvement of member states and the EU in the issues and areas of our direct interests. This concerns both geographical areas (Russia, Europe, Eastern and Central Asia), as well as thematic areas (EU-NATO relations, development of military forces – including the European Defence Agency). The EUJUST mission in Georgia and EUBAM on the Ukrainian-Moldovan border should be mentioned as examples of effective promotion of the “eastern direction” of EU activities. In many cases, with significant and visible Polish participation, EU missions are influencing the desired course of reforms and contributing to solutions of frozen conflicts and the European integration of those countries affected by such conflicts. Solution of ethnic conflicts and political stability in the Western Balkans is, on account of the European location of the region and the European aspirations of the counties comprising it, a priority issue of EU external policy and a historical obligation of the EU. Polish involvement in activities in that region, including the operation in respect of EULEX Kosovo, should also be noticed in this context. Growing EU involvement in the stabilisation activities in Africa brings challenges for Poland. They are either related to participation in EU military or civilian critical management operations or to co-financing operations led by African regional organisations. Although the African continent is not the priority geostrategic direction of Poland, Poland should turn its involvement in wider EU actions in Africa to its advantage in the form of the support of member states for Polish initiatives within the scope of the EU’s eastern policy.

The 2004 EU enlargement by East European countries resulted in a relocation of the centre of interest of the member states and the EU to the east. New independent countries in the area of the former USSR, new EU eastern borders, the increase in the terrorist threat, or problems with energy security, presented the enlarged EU with an urgent problem of a new arrangement of relations with European countries outside the EU. Deeming relations with East European countries the priority challenge for the European Union in the area of external
relations, Poland, even before accession to the EU, presented in 2001 a proposal to establish an Eastern dimension to EU foreign policy. On the eve of accession to the EU, during the debate on the European Neighbourhood Policy (ENP), Poland submitted new proposals, the main aim of which was to overcome the division lines existing in Europe by means of creating a European political and economic space. Admittedly, the idea of separating the Eastern dimension did not meet with support in the majority of EU countries, similarly as the proposal of replacing the partnership and cooperation arrangements with Ukraine and Moldova with the agreements establishing association. Nevertheless, some Polish suggestions were reflected in the concept of the European Neighbourhood Policy.

An important benefit of the ENP, from the viewpoint of Polish interests, is its equal approach to the eastern and to the southern dimension, being the priority of southern EU countries, and one implemented for a longer time and more strongly institutionalised than relations with the eastern neighbours of the EU. Reinforcement of the eastern dimension of the ENP and its institutionalisation (with a creative application of the solutions tested under the Barcelona Process) remains an important task of Polish foreign policy, the more so as member states support the French concept of the Mediterranean Union.

The contribution that Poland made to EU foreign policy is the separation of the Ukrainian issue from the multifaceted relations with East European countries. Due to the fact that successive Polish governments have been consistently raising the Ukrainian issue in the EU forum, Ukraine, despite the reluctance of some EU countries and not fully satisfactory progress of internal reforms, is no more perceived only from the angle of relations between the EU and Russia and became a significant separate subject of EU policy. The example of Poland’s successful involvement in strengthening the pro-European direction of Ukrainian policy and democratic processes in that country was the participation of leading politicians in solving the political conflict during the “orange revolution”. This example is significant, because Poland managed to mobilise the leading EU representatives and induce them to take part in solving the political crisis in Ukraine.

A positive and expected effect of Poland’s membership in the EU is its stronger position in relations with Russia. The above example of explicit involvement of EU member states and institutions in solving the issue of the Russian embargo on imports of meat from Poland confirmed the EU solidarity principle, which must therefore be considered by Russia in its policy especially towards smaller EU countries. However, the conclusion from the incident with the Russian embargo is that Poland’s interests and stronger position in the EU are favoured more by the situation where Poland brings added value to EU solidarity, than is only its unilateral beneficiary.

**Decision-making procedure**

The fourth year of Poland’s membership of the European Union brought further observations in terms of the influence of enlargement on the decision-making procedure in the Council of the EU, the main EU legislative institution representing the member states. From this perspective, the year 2004 was a special one for the EU on account of the accession of Bulgaria and Romania on 1 January 2007. That event completed the integration of Central and Eastern Europe with the western part of the continent, which took more than a decade. In practical terms, this meant the beginning of a new phase of enlargement of the area of interest of the countries having seats in the Council of the EU observed since 2004, as well as the obvious necessity to “extend the negotiation table” by two new delegations. The Council
continued the process of institutional “learning” and mutual acknowledgement of each other’s reasons by a larger and larger group of participants. In the context of the last enlargement, the question about the efficiency of the decision-making process again became topical after the number of member states increased to 27.

2007 did not bring any changes in the trend of systematic increase in the number of law-making decisions adopted by the Council in comparison with 2006. Therefore, the anxieties about the paralysis of the decision-making procedure were unjustified. There was no stagnation or other kinds of difficulties having a negative influence on the quality of the EU’s operation. The comparison of the data for the period from January to September 2006 and 2007 shows that the number of legal acts adopted by the Council increased by approximately 11%. However, the reservation that the law-making activity of the Council depends, to a great extent, on the activities of the European Commission in submitting legislative initiatives and that the quantity does not have to correspond to the quality, seems justified. It should be mentioned here that the diversification of the intensity of work in the Council in individual months is getting deeper and deeper. In 2007, there was a significant growth in the proportion of decisions adopted in the Council in two crucial months of the year: June and December, as the months closing the half-year of presidency, in comparison to the total number of decisions adopted during the particular year-halves. As far as in the first half of 2005 (Luxembourgian Presidency) and in the first half of 2006 (Austrian Presidency) this proportion accounted for 27% and 29%, respectively, in June 2007 it grew to 49%. It is difficult to say to what extent such a distribution of the intensity of work is related to the greater number of members of the EU. However, there is no doubt that the time pressure – natural, or created tactically by the presidency – often does not favour the search for compromise solutions and reaching a compromise. This is proved by the record number of 19 objections (expressed by 15 countries) to 33 decisions of the Council adopted by a qualified majority of votes in June 2007.

Apart from the changes measured with quantitative criteria, it is worth also considering qualitative assessment, much as it is affected by subjective perceptions of the process, which is confirmed by different opinions on the patterns of behaviour of individual countries in the Council. The observations of the participants in the decision-making procedure in the EU confirm the existence of many similarities between new member states with concurrent deeper diversification of the EU as a whole. The relative similarity of the declarations of new member states resulting from their similar experiences and social and economic specificity translated into the diversification of the interest spectrum of the EU, which, in consequence, may complicate the creation of coalitions and make compromises more difficult to achieve.

Other participants, in turn, show that the objective community of experience does not translate into the creation of a coherent coalition of new member states. However, quantitative data does not confirm this claim. The countries that became EU members in 2004 and 2007 are among those which most seldom express objections to decisions taken by the Council by a qualified majority of votes. This may mean that the compromise reached at the negotiation table corresponds more to their interests than to the interests of such countries as Sweden, Denmark, Italy, the Netherlands, and Greece, which, according to the available statistics, express objections to the decisions taken by the Council by a qualified majority of votes relatively to the greatest extent. In the fourth year of membership, this situation did not change. New states supported all the decisions taken by the Council in this mode or objected not more than once (to September 2007). Poland, similar to many other member states (for

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example Germany, the Netherlands, Ireland, Finland, the Czech Republic, Slovenia) supported all legislative decisions negotiated in the Council in that period (Poland once used its right to abstain from voting). However, irrespective of the specific analysis of objections, it should be asserted that an enormous majority of the decisions in the Council is taken by means of searching for compromise solutions, considering the needs and fears of all countries, even if the criteria required to adopt the decision have been met earlier. In this respect, the enlargement changed nothing, not in 2007 either.

In connection with the limitation of the application of the unanimity principle, the year 2007 saw a clear tendency towards more frequent application of the principle of a qualified majority of votes, which seems to be a result of enlargement. As from 2004, the number of decisions adopted by the Council unanimously dropped to 56% in 2005 and 46% in 2006, reaching a record low value of 22% in 2007 (78 acts adopted by a qualified majority of votes against 17 of those adopted unanimously). The scope of application of both basic voting principles is mainly related to the areas in which they apply. Therefore, on the basis of the analysis of the above data, it can be concluded that in the fourth year of accession, there was an increase in the decision-making activity of the Council and thus, of the entire EU, in the areas covered by majority voting and a decline in the activity of the EU in the areas covered by the principle of unanimity.

**Poland’s participation in the proceedings before the Court of Justice of European Communities, Court of First Instance and EFTA Court**

The growing number of member states and simultaneous evolution of the decision-making process in the European Union, which is related to the stronger position of the European Parliament and consistent abandonment of the unanimity requirement in voting in the Council of the EU in favour of a qualified majority, results in a real decrease in member states’ influence on Community law-making procedures (this tendency will be stronger after the Treaty of Lisbon enters into force). Under these circumstances, some member states more and more often try to “compensate” for this decreased influence on law-making procedures reaching for other tools promoting their interests and visions of the development of the European Union. One of them is active participation in proceedings before Community courts. Poland also adopted a similar strategy to functioning in the EU. The greatest ability to influence the development of the *acquis communautaire* by means of proceedings has the country which, firstly, puts forward a motion to invalidate an act of Community law (art. 230 TEC) or joins such case initiated by another country or other EU institution. It may also submit remarks in writing in prejudicial cases, in which a national court presents a question to the Court of Justice concerning the interpretation of a provision of Community law in a specific case subject to the settlement of that court (art. 234 TEC). Such activities as questioning the legality of an act, lodging a complaint about negligence (art. 232 TEC), initiating appeal proceedings (art. 225 TEC), joining a pending complaint or prejudicial proceedings provide an additional possibility for a member state to consider the national point of view in shaping and implementing Community policies. Another kind of relation with EU judicial bodies is the situation where a member state acts as a defendant against whom a court conducts proceedings concerning violation of obligations resulting from the Treaty (on the basis of art. 226 or art. 227 TEC). At that time, the country-defendant usually focuses on temporary defence of its interests in a specified case and does not treat the proceedings as an
opportunity to shape a specified Community policy. However, this does not mean that such proceedings do not result in precedential decisions indicating new directions of the development of judicial decision-making.

Summarising the experience of 4 years of membership, it should be assessed that Poland has quite quickly and efficiently, similarly as in the case of the decision-making procedure, adopted the practice and methods of action of “old” member states, including them in the set of tools enabling the best possible defence of national interests. Since accession Poland has lodged 10 complaints to Community courts (2 to the Court of Justice of European Communities, 8 to the Court of First Instance, including one withdrawn), petitioning, among others, for the invalidation of an act of Community law which, according to its belief, put it in an unfavourable situation relative to other countries or did not fulfil the agreed expectations. The cases addressed to the Court of Justice which have already finished referred to the acknowledgement of the qualification of professional nurses and adjustment of the Accession Act to the Common Agricultural Policy (CAP). The proceedings before the Court of First Instance include, in turn, the following matters: agricultural issues, acknowledgement of the qualification of professional nurses, an appeal against the decision of the Commission of European Communities on the merger between Unicredito Italiano and HVB and an appeal against the decision of the Commission of European Communities concerning the national plan to share the authorisation to discharge greenhouse gases, prohibition of cod fishing and genetically modified organisms.

During the first four years of membership Poland joined 18 appeal proceedings initiated by other member states. Analysis of the subjects of Polish complaints shows that particular attention was paid to agricultural issues, and environmental and consumer protection. Some of the cases participated in by Poland have already been settled. They involved the interpretation of art. 228 of the Treaty establishing the European Community (imposing financial sanctions on member states), violation of the obligations of the directive laying down the principles and guidelines of good manufacturing practice in respect of medicinal products for human use and investigational medicinal products for human use, reinforcement of the regulations of criminal law in order to enforce the provisions concerning contamination of waters by ships and pronouncing the regulation establishing the so-called Border Agency (FRONTEX) to be invalid.

It should be mentioned that in respect of participation in pre-judicial cases, Poland is among the most active member states. At the end of 2006, the Polish administration, with 62 remarks submitted in writing, was among the 8 member states who most often participate in the above proceedings, after the Netherlands (133), Italy (133), Germany (131), the United Kingdom (120), France (90), Greece (78), and Austria (70). Such activity has not been shown by any other new member state. Considerably fewer remarks in writing were submitted by the Czech Republic (28), Cyprus (20), Lithuania (15), and Hungary (14), however, it was noticeable that they were interested in the influence on the philosophy of verdicts by the Court of Justice of the European Communities. The procedural activity in the proceedings confirmed by the statistics presented above seems to be a consequence of several factors. The most important one includes the readiness and preparation of the government to participate in prejudicial proceedings resulting probably from a relatively high awareness of the possibility to take part in shaping the principles of practical application of individual acts and provisions of Community law. The decision about participation in the proceedings is quite simple because Poland is involved in a relatively low number of appeal proceedings, in particular proceedings concerning Poland’s violation of Community law initiated on the basis of art. 226 TEC.

As opposed to the assessment of Poland’s activity in prejudicial proceedings, it is unusually difficult to form an assessment concerning the extent to which the decisions issued by the
Court of Justice of the European Communities consider the argumentation presented by Poland. It is not easy to explicitly qualify the decisions of the Court in which it agrees with the claims of Poland, but does not apply them in a particular case. Sometimes, the Court, using the same arguments as Poland, draws different conclusions or, while deeming the Polish arguments faulty, issues a decision according to the Polish motion. The multi-layered and complex character of such cases as well as the decisions of the Court of Justice of European Communities render it impossible to make such an assessment, at least at such an early stage of our membership in the European Union.

As regards prejudicial proceedings, there is an exceptionally high number of remarks submitted by Poland in the issues concerning cooperation in civil and criminal cases or harmonisation of legislation. In the first years of membership, cases concerning the four freedoms of the internal market were less significant for Poland than for other countries. However, 2007 brought a change in this trend. There is no doubt that Poland’s priorities are now economic and tax cases, Poland’s involvement in which not only exceeds the average of “new” member states but is also higher than in the case of some “old” members of the European Union. Poland is recognised as one of the countries oriented at the highest active influence on the development of these policies of the Community.

During four years of membership of the European Union, Poland used the right to a defence in 11 cases before the Court of Justice of the European Communities lodged by the European Commission on the basis of art. 226 TCE. Some of these cases have already ended with the withdrawal of the complaint (they concern free entrepreneurship and freedom of providing services in respect of the activity of self-employed persons and intermediaries dealing with the trade and distribution of toxic products and activity within this area and establishing a specific legal framework to issue permits for parallel imports of crop protection products to Poland). Currently, there are 8 proceedings conducted by the ECJ against Poland. They include cases concerning environmental protection, telecommunication law and tax law, implementation of the requirement of technical inspection of imported used vehicles before registering them, violation of Community law in respect of the construction of the Augustów bypass crossing the Rospuda Valley and the Wasilkowo bypass, inappropriate transposition of the directive involving the protection of wild birds and the safety of aircraft of a third country using the airports of the Community. It should be emphasised that to date, the Court of Justice of the European Communities has not issued a decision stating that Poland has violated any of its obligations.

Currently, there are 8 cases pending in the Court of First Instance in which Poland acts as an intervention (it is neither the defendant nor plaintiff). These cases concern public procurement, limitation of the production of cars, excessive agricultural stocks, discharge of greenhouse gases, and state aid. In addition, it is worth mentioning that Poland has joined 2 proceedings before the EFTA Court. One of them concerns the admissibility of the prohibition of advertising on alcoholic beverages and the other, the compliance of Norwegian provisions licences for electric energy production with the provisions of the EEA Agreement. Moreover, Poland has also joined a litigation conducted by the Court of Justice of European Communities on the basis of art. 300 sec. 6 of the Treaty establishing the European Community. The motion of opinion, which was issued in 2005, concerned the problem of the exclusive or divided Community competence to conclude a new Lugano Convention on jurisdiction and the enforcement of judgments in civil and commercial matters.

**Implementation of Acquis Communautaire to the National Legal Order**
On the basis of the “Report on the situation of transposition of the Internal Market directives” prepared by the European Commission, it can be estimated to what extent the individual countries deal with their respective implementation obligations in this fundamental area for the functioning of the EU. According to this year’s report, which was published on 14 February 2008, a deficit in the transposition of internal market directives in the case of Poland has been recorded at the level of 1.7%\(^{219}\). This result means a slight improvement in comparison to the previous report from July 2007. At that time, the deficit in Poland’s transposition amounted to 1.8%. The average deficit ratio for all member states amounts to 1.2%. Currently, Poland is outdistanced by Portugal (2.35%), Luxembourg (2.8%) and the Czech Republic (3.45%). Slovenia, with a transposition deficit of 0.6% ranks first (failure to implement 9 directives in the implementation period which has just expired). The next places were taken by Denmark, Lithuania, and Latvia, which have not implemented 10 directives (all of them recorded a transposition deficit of 0.6%). The report emphasised that Poland is close to a 1.5% transposition deficit, with 26 outstanding directives (against a total number of 1630 directives). Poland has no any outstanding directives from the transposition period which expired 2 years ago, while 11 member states still have to implement at least one such directive. The report shows that in order to achieve a deficit of 1.5% Poland will have to implement 37 directives by 10 May 2008 (on average, there are 25 directives for each member country). If Poland wants to achieve this average, it must accelerate the legislative work on the implementation of EU law. As the vast majority of the Acts of EU law can be implemented into national law by means of regulations, it is necessary to intensify the work of government departments on issuing the relevant executive provisions.

There has been a Notification Base for National Execution Measures (NEM) operating as of 3 May 2004. This base is used by the General Secretariat of the European Commission to officially record legal acts of a particular member state transposing the provisions of Community directives. The information contained in the Notification Base for NEM is synchronised with the database by which the services of the Commission verify the notifications and contents of NEM sent by individual member states. The base contains information on the transposition of all Community directives since 1960. Currently, the Notification Base for the National Execution Measures lacks notification of Polish execution measures to 26 directives\(^{220}\). The execution measures referring to 4 directives should have been notified in 2006, with 14 directives in 2007. The transposition period of the 8 other directives expired already in 2008. Failure to notify the national legal measures implementing the provisions of Community directives may result in the European Commission initiating proceedings against a member state on the basis of art. 226 TEC. After 2 months of the transposition deadline of a directive, the European Commission automatically presents formal charges against a member state which failed to fulfil the obligation to notify the implementation of the provisions in the NEM Base. Formal charges constitute the first stage of the administrative procedure of the proceedings determined in art. 226 TEC. The Notification Base also includes 19 directives in respect of which the European Commission has already initiated proceedings on the basis of art. 226 TEC with respect to lack of notification (these directives have been partially notified, there are no notifications of legal acts ensuring full transposition of the provisions).

\(^{219}\) For the first time, the permissible transposition deficit was established at the European Council summit in Stockholm in March 2001 and amounts to 0% for directives whose transposition period expired 2 years previously and 1.5% for other directives. In March 2007, the European Council established the permissible implementation deficit at a level of 1%. According to the conclusions, this goal is to be achieved by member states by 2009, at the latest.

\(^{220}\) Situation as at 26 March 2008.
According to the procedure adopted, draft acts executing EU law are prepared by the competent ministries and central offices according to the schedule of adoption of draft acts adjusting Polish law to EU law which is maintained by the Secretary of the Committee for European Integration. This schedule is prepared on the basis of the government’s programme of legislative work for a particular period. It considers both ongoing legislative tasks resulting from the necessity to adjust the provisions of national law to the latest Community provisions, as well as tasks resulting from current delays in adjustments. The schedule also includes legislative tasks that are a consequence of the analysis of the influence of the ECJ’s body of judgments on the condition of national legislation and of irregularities in the transposition of acquis indicated by the European Commission by way of formal proceedings conducted on the basis of art. 226 TEC. The tasks related to the transposition process of directives (and other acts of the EU law) are completed on the basis of the Procedures of transposition of legal acts of the European Union221, established to facilitate it and modified by CECM on 27 April 2007. The assumptions made in it have been positively assessed by the EC and Poland was held up as an example for other EU member states in terms of its successful approach to implementing changes in national legislation resulting from the obligation to implement EU legal acts.

**EMPLOYMENT OF POLISH CITIZENS IN EU INSTITUTIONS AND AGENCIES**

Ensuring the presence of Poles in the institutions and agencies of the European Union has been one of the strategic and long-term goals of subsequent governments of the Republic of Poland since May 2004, also taking into account the future preparation and holding of the presidency of the Council of the EU in the second half of 2011. Changes in the employment of Polish citizens in EU institutions are permanently monitored and analysed. The European Committee of the Council of Ministers draws up six-monthly reports on the employment situation and draws conclusions on the basis of the current data and emerging tendencies. In general, it can be estimated that the quota granted to Polish citizens is now being filled at a quite satisfactory pace. According to the data from November 2005, the total number of Polish citizens employed in EU institutions and agencies amounted to 955, including 903 in institutions and 52 in agencies. In April 2008, the number of Poles employed in the EU institutions and agencies totalled as much as 1791, with the vast majority (1654 people) employed in EU institutions. 137 people found jobs in EU agencies. Thus, in 2 years there was a general increase in the employment of Polish citizens by 88%. However, despite this significant acceleration, the pace of the recruitment process conducted in particular by the

221 Its most significant provisions provide for the following:
- the basis to prepare a schedule of legislative work becomes a Community legal act and not an act of national law (Law or regulation);
- the transposition process of a Community legal act is accompanied, from the very beginning, by a table of correspondence indicating the manner in which the individual provisions of a Community legal act are transposed to the internal legal order, even by means of several different legal acts;
- in justified cases, it indicates the appropriateness of elaborating assumptions to the draft transposition of acts at the initial stage of legislative work. The indication of the assumptions of national regulation on the basis of the goals and contents of the EU legal act, analysis of the applicable legal order and results of the consultations with social and economic partners makes it possible to identify the difficulties and threats which may occur in the transposition process and enables potential divergences to be settled more effectively;
- it calls for the division of legislative actions resulting from the necessity to implement a Community legal act and purely national legislation and, as a result, maintenance of a separate legislative path for acts of national law implementing Community legal acts – the so-called “draft European acts and ordinances”.

European Personnel Selection Office (EPSO) cannot be considered fully satisfactory. This reservation concerns mainly employment in independent and senior positions.

From among EU institutions, only the European Commission has determined a quota granted to new member states. In the announcement by Vice-President N. Kinnock of 14 February 2003, the EC determined the number of people from new member states that it is going to employ by 2010. Poland was given 1341 posts (from a total number of 3441 anticipated for the new member states), whereas the Commission assumed that in terms of this number it will employ 671 people in subject-matter posts (administrators) and 670 people in assistant and secretarial posts. With such a ceiling, Polish citizens will constitute the greatest group of employees from the “new” member states (EU-12). The comparison of the quota granted with the current employment state of the citizens of other member states shows that after having achieved the ceiling assumed, Poland will have a similar representation in the European Commission as currently that of the United Kingdom (1360 employees in the EC after 35 years since accession, which constitutes approximately 5.7% of the total number of people employed for an indefinite or definite period of time). However, Poland’s representation will be poorer than Spain’s, whose citizens, 22 years after accession, constitute 7.4% of those employed in the European Commission (1790 people employed for an indefinite or definite period of time).

In April 2008, the EC employed a total number of 1007 Polish citizens (the fulfilment of quotas granted to Poland stood at 75.1%). In terms of the whole period of achieving the full quota, this result may be considered satisfactory. Unfortunately, recruitment to executive posts or equivalent posts of chief advisers is worse. The staffing level in posts granted in this category totals 50% (8 posts out of 16). At the same time, the results of recruitment to the posts at middle managerial level are not satisfactory because to date Poles have filled only 32% of the posts of agency chiefs (24 out of 74). In the first months of 2008, 771 employees out of 1169, i.e. 66% of Polish citizens employed in the European Commission, were employed on the basis of employment contracts for an indefinite period of time, including 423 on clerical posts (AD) and 348 on assistant posts (AST).

The analysis of the employment structure of Polish citizens in independent positions in the European Commission shows that a decisive majority of the civil servants of Polish origin are only beginning their careers (AD5 posts). This results from the fact that after the first recruiting procedures organized by EPSO, Poles were not able to apply for employment in higher posts. Only in the later period were there recruiting procedures in which Poles could apply for AD7, AD9 and AD12 positions.

Currently, civil servants (independent positions) from Poland constitute approximately 4.1% of the total number of people employed in the EC, whereas the employees in assistant positions (AST) – 4.2%. Civil servants from Poland constitute 23% of independent employees from the EU-12. At the same time, in the category of assistant posts this percentage amounts to 33%. Thus, a proportionally greater (in comparison to EU-12 citizens) number of Poles have been employed in assistant positions. This fact means that Polish citizens are overrepresented by AST employees in comparison to AD employees. In the case of Cyprus, this proportion is opposite and amounts to 3% of AD employees from EU-12, with only 1.7% in the AST category. In case of the Czech Republic this proportion accounts for 12% of AD

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222 None of the other EU institutions conducts such a transparent policy of employing EU-12 citizens, therefore the analysis contained in this subchapter focuses on the European Commission.

223 In 2002, it was assumed that the recruitment process of persons from new member states to the European Commission would finish in 2008.

224 This number amounts to 1169 if the calculation includes 162 contract workers, who are not included by the European Commission in the statistics related to the fulfilment of national quotas.
from EU-12 and 10% of AST from EU-12, whereas Hungary, 14.4% of AD against 14.8% of AD. Excluding Belgium, whose citizens, on account of the location of the institution, are the core of those employed on assistant posts, the trend is negative only for Poland. This phenomenon may have long-term adverse effects.

The promotion of employment in independent posts seems to be most important from the viewpoint of the long-term interests of the state. A continuation of the current trend may lead to a situation in which a proportionally greater part of the employment quota granted to Poland by the EC is used to fill assistant posts.

**Chart 1. Polish citizens in independent (clerical) posts in the European Commission by individual categories (Poles in AD positions in the EC = 100%)**

<table>
<thead>
<tr>
<th>AD5 – AD16 posts (% of the total number of Polish citizens in the EC)</th>
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</table>

Poles are poorly represented in middle and high-level posts in EU institutions. Disregarding the dynamics of filling national quotas, it should be asserted that Poland is also poorly represented in strategic general directorates. In addition, a comparison of the range of responsibilities of the managers from the “new” and “old” member states shows that the first are not entrusted with obligations in the areas of strategic policies of the Community. This fact may result from the lack of such posts (because they have already been filled by civil servants from the “old” member states). However, on the other hand, this may signify a fear of entrusting key positions to employees without experience of working in the institution.

**Table 1. EC highest-rank civil servants (EU-12) (objective vs current status)**
### Source: IP/07/884, Commission shows good progress in recruitment from the 12 new Member States

<table>
<thead>
<tr>
<th>Directors General and Deputy Directors General in the European Commission</th>
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<tr>
<td></td>
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<tr>
<td>CEL</td>
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<td>STAN</td>
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<td>%</td>
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### Table 2. EC Senior management (EU-12) (objective vs current status)

<table>
<thead>
<tr>
<th>Directors and Chief Advisers (excluding Heads of Commissioners’ Offices) (AD14)</th>
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<td></td>
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<tr>
<td>CEL</td>
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<tr>
<td>STAN</td>
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<td>%</td>
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</tbody>
</table>

### Table 3. EC Junior management (EU-12) (objective vs current status)

<table>
<thead>
<tr>
<th>Junior management (AD9-AD13 – department heads and heads of EC representative offices)</th>
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<td></td>
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<td>CEL</td>
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In April 2008, two Polish civil servants held AD 15 posts (see the table above), performing the functions of Deputy Director General in the Directorate-General for Agriculture and Rural Development (AGRI) and Deputy Director General in the Enlargement Directorate-General (ELARG). In this way, Poland has exceeded the assumptions of the European Commission concerning employment in the highest posts. It should be mentioned that no Pole has been employed in the post of Director General. This is a similar situation to that of other “new” member states whose citizens perform, at least, the functions of deputy directors general. The highest-level civil servants from the new member states are actually present in 7 (from among approximately 40 independent units) EC directorates-general. By comparison, it is worth adding that Germany has 8 civil servants in AD16 posts and 23 in AD15 posts. France, 6 AD16 civil servants and 31 AD15 civil servants, whereas Spain has 5 and 20, respectively.

The situation is worse as regards the fulfilment of the quotas granted to Poland at the level of directors and chief advisers. By April 2008, Poles held 8 posts which constituted only 50% of the quota anticipated for our country (see the table above). As far as the situation of, say, the Czech Republic, in respect of the fulfilment of the quotas, is worse than that of Poland, the citizens of several countries (CY, EE, HU) won recruitment procedures to directorial posts, exceeding the quotas granted to their countries. The European Commission assumes that by the end of 2009, the countries should fill all posts (i.e. 41) within terms of the quotas granted to the EU-10. The other 13 anticipated for Bulgarian and Romanian citizens will be filled by
the end of 2010. This means that the years 2008 and 2009 will be very significant in respect of filling directorial posts by EU-12 citizens.

The worst situation of Poles is with respect to AD9-AD13 posts, so-called junior management (department heads, heads of European Commission Representations and heads of European Commission Delegations in third countries). The fulfilment of the quota granted only to a level of 32% signifies that Polish citizens have problems winning the recruitment procedures for middle-level managerial posts. There is a fear that the delay in the recruitment of Polish citizens to the posts of department heads in 2008 will lead to the permanent under-representation of Poles in managerial posts. As far as EPSO competition procedures ensure a transparent recruitment process, the procedure of filling quotas from reserve lists is subject to limited control. The high degree of freedom of EU institutions in respect of conducting their own staffing policies means that this process may be influenced by all kinds of recommendations or pressures.

**Chart 2. Dynamics of the employment of Polish citizens in EU institutions**

<table>
<thead>
<tr>
<th>Chart Title</th>
<th>Dynamics of increase in the employment of Polish citizens in the EU institutions</th>
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<tbody>
<tr>
<td>Date of information on the employment of Polish citizens in the EU institutions and agencies</td>
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</table>

Source: on the basis of UKIE data according to the situation in April 2008

**Table 4. Polish citizens employed in main institutions, overall historical data (excluding contract workers)**
As regards staffing in positions in other institutions and agencies, the quotas have not been determined. However, there too the recruitment process is permanently monitored in respect of upward tendencies and balance among member states. The individual EU institutions have different attitudes to the matter of filling national quotas. Also, noticeable differences concerning recruitment are still present in those institutions today. The chart above makes it possible to compare the changes in the employment of Polish citizens in the main EU institutions during the last 2 years.

Source: on the basis of UKIE data according to the situation in April 2008

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<tbody>
<tr>
<td>European Parliament and Office of Ombudsman</td>
<td>145</td>
<td>148</td>
<td>155</td>
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<tr>
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<td>738</td>
<td>916</td>
<td>1007</td>
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<tr>
<td>General Secretariat of the Council of the European Union</td>
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<td>75</td>
<td>76</td>
<td>78</td>
<td>84</td>
</tr>
<tr>
<td>Court of Justice of the EC/ Court of First Instance</td>
<td>53</td>
<td>55</td>
<td>56</td>
<td>54</td>
<td>54</td>
</tr>
<tr>
<td>European Court of Auditors</td>
<td>19</td>
<td>25</td>
<td>21</td>
<td>21</td>
<td>32</td>
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<tr>
<td>European Central Bank</td>
<td>18</td>
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<tr>
<td>European Investment Bank</td>
<td>14</td>
<td>17</td>
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</tr>
<tr>
<td>European Economic and Social Committee</td>
<td>17</td>
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<td>23</td>
<td>23</td>
<td>27</td>
</tr>
<tr>
<td>Committee of the Regions</td>
<td>22</td>
<td>30</td>
<td>28</td>
<td>28</td>
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</tr>
</tbody>
</table>
Progress in Implementation of the Better Regulation Initiative

Poland’s accession to the European Union coincided with a period of intensification of the intra-Community debate on the quality of existing laws and legislative management, as well as possible practical directions of regulatory reform. The course of this debate was influenced by such factors as a conviction of too much Community law, initiatives of member states, and European Commission projects. As a consequence, the member states started to pay more attention to the creation of policies based on so-called impact assessment (IA)\textsuperscript{225} and simplification of regulations in force. Regulatory reform has been deemed one of the main goals of the Lisbon Strategy. The starting point included the economic context and the improvement in the competitiveness of entrepreneurs\textsuperscript{226}.

2006 was crucial for the creation of Polish regulatory reform owing to the activities of the European Commission which enforced specific obligations in the field of Better Regulation resulting from the Lisbon Strategy in the reviews of its implementation\textsuperscript{227}. In the case of new member states, the European Commission was the driving force behind the systematisation of activities in respect of regulatory reform. In 2006, it commissioned the Organization of Economic Cooperation and Development (OECD) to carry out a review of regulatory management capacities. It consisted in a review of the way in which policies are created and implemented by means of legal acts. The purpose of the project was to support a transformation in the way in which governments manage regulatory policy. Poland was assessed positively as a country that has the best awareness of the essence of the regulatory issues among new member states. Moreover, the OECD nominated Poland as the next Better Regulation leader in the European Union. This means that Poland has a chance to join the current three leaders of regulatory reform in the EU-15, i.e. the United Kingdom, the Netherlands, and Denmark. Poland was given high marks for the preparation of a good programme and reliable preparations for the implementation of law creation reforms. The report also included proposals concerning the facilitation of regulatory potential. The OECD inspection in Poland coincided with the preparation of the first strategic document devoted to the improvement of the regulatory environment – “Regulatory reform programme” and modification of the impact assessment system. These draft documents were also the subject of the OECD review. The “Regulatory reform programme” even included a separate measure – the enhancement of Poland’s regulatory potential with the use of OECD recommendations from the regulatory review.

\textsuperscript{225} Impact assessment (IA) is the process which, due to the use of different analytical tools, makes it possible to identify the consequences of legal regulations. The IA process comprises problem identification, intervention purpose, identification of alternative solutions to legislative activities, cost-benefits analysis for every identified solution option. During IA one also conducts social consultations.

\textsuperscript{226} A crucial moment for the significance of the Better Regulation initiative was at the beginning of January 2004, when the Irish, Dutch, Luxembourg and British Presidencies announced a common declaration granting the regulatory reform priority in the work of the Council of the European Union in the years 2004 and 2005. The second significant moment was as in March 2005 the Better Regulation initiative was deemed the key component of the renewed Lisbon Strategy and its extension by measurement and reduction in administrative burden (hereinafter referred to as “AB”).

\textsuperscript{227} In Poland, some chosen components of the regulatory reform concept began to arise as of 2000, as the Interdepartmental Group on the Quality of Legal Regulations was established. The Group’s task was to, in particular, participate in the OECD country reviews of regulatory reform. With respect to the recommendations from the OECD report in 2001 Poland implemented a number of activities under the regulatory reform which now would become a part of the Better Regulation initiative.
At the end of 2006, the European Commission made the first strategic review of the implementation of the Better Regulation initiative at the EU level, and in March 2007 the Council of the European Union, relying on the results of this review, approved the implementation on the EU level of such innovative solutions as the administrative burden reduction targets and the establishment of the Impact Assessment Board in the European Commission. The conclusions of the European Council also indicated the range of desired activities to be taken by member states. During the meeting in March 2007, the European Council obliged the European Commission to reduce the administrative burden resulting from Community law by 25% by 2012. The reduction of the administrative burden at the Community level will force appropriate reductions of the AB in the national regulations of the member states. Within the scope of its tasks, the Commission is obliged to present an administrative burden reduction plan resulting from Community law by the end of 2008. The task of the Member States will be to consider the conclusions from the activity of the Commission in national legislation. Therefore, the European Council called the member states in March 2007 to set targets for the reduction of AB in national law at a similar level as the Community reduction target.

Implementing the “Regulatory reform programme” and the OECD recommendations the Ministry of Economy has taken a number of actions. In 2007, it conducted intensive training of the Polish civil service concerning impact assessment. It trained a total number of more than 550 employees of individual ministries. The next achievement is the gradual change in the culture of work in the civil service. A common phenomenon was the belief that every problem and imperfection requires a regulatory intervention according to the rule “always regulate”. Moreover, impact assessment was usually conducted after the legal act had been written down, and constituted more a justification of the solution adopted than an attempt to identify problems, consider different options of their solution, and select those that bring the greatest benefits with lowest cost. In this respect, the positive changes should include the will to conduct comprehensive impact assessments before starting legislative work. The first such assessments have been prepared by the Ministry of Economy. The impact assessment process has been applied in the work on the problems of the jewellery sector in Poland and the simplification of the law for this group of entrepreneurs, the enhancement of social consultations in the law-making process, possible repeals of licenses and permits in the Polish economy, the implementation of the directive on services in the internal market, and the directions of possible amendments to the act on access to debt registers.

Furthermore, issues of social consultation in Poland have also been examined. The analyses showed that it is dispersed in many legal acts and governed only in fragments. These legal acts lack a coherent definition of the consultation process. They govern the consultation process differently, referring it only to specifically indicated entities (e.g. trade unions). There are also a number of regulations that exhaustively regulate issues of informal social consultations. On this basis, the Ministry of Economy analysed the proposals of change by means of consulting entrepreneurs and other parties concerned at the law-making stage in the impact assessment process. The analysis covered, among other things, the consideration of preparation a new consultation act, elaboration of consultation guidelines, as well as preparation of an impact assessment act including legal solutions regarding consultation.

It is commonly known that entrepreneurs incur high costs related to all kinds of permits to conduct business and the completion of related administrative obligations. To date, such
statements have not been confirmed by any specific figures. In 2007, Poland conducted detailed analyses of the costs within this area for the first time. The first step was to identify those legal acts imposing obligations to obtain permits, licenses, entries to regulated activity registers, permits and permissions. It appeared that there is a total number of 168 acts that impose 400 different instruments of restriction listed in the act on freedom of economic activity. The second step was a survey conducted in central and local administrations on the number of forms of restriction issued in 2006. The administration has delivered partial data concerning only a total of 132 concessions, licenses, entries to economic activity registers, permits and permissions. The Ministry collected information on the forms of restrictions resulting from more than 60 legal acts. On the basis of the data from the survey, the estimated number of the concessions, licenses, permits, permissions and entries to the registers issued in 2006 amounted to more than 700,000. The number of current instruments of restriction in the registers is estimated at more than 1.3 million. The third step included the work on impact assessment, the potential of deregulation concerning economic activity, assumptions to legislative changes, and consideration of the possibility of taking non-legislative action (for instance, by means of changes in operation of institutions that restrict the activity without implementing changes in legal regulations: simplification of forms, preparation of instructions and graphs of application procedures, increase in the exchange of information and documents in administration).

At the beginning of 2008, in terms of identifying and reducing administrative burdens, the Ministry finished the measurements of administrative burden in several essential areas of law: environment, spatial use and planning, social security, business law, labour law, tourist services, marking of jewellery products. In consequence, it was asserted that the administrative burden in these areas resulting from a single legal act fluctuates from PLN 50 million to 20 billion annually. The Ministry of Economy has prepared the first proposal for reducing the administrative burden for the jewellery sector and presented it to the jewellery environment for social consultations at the end of the first quarter of 2008.

According to the estimates of international experts, in the long term, a 25% reduction of the administrative burden in Poland may result in GDP growth of as much as 1.9% in comparison to the situation if such reduction of the burden did not take place. The Netherlands Bureau for Economic Policy Analysis forecasts that a 25% reduction of the AB will contribute to a growth in the labour efficiency of Poland by 2.4%229. This will be a long-term effect which has been calculated for a 25% reduction of the administrative burden in the entire legislation.

In order to fulfil the obligations resulting from membership of the European Union and commitments from the meeting of the European Council on 8-9 March 2007, in March 2008, the Council of Ministers set the target of the reduction of administrative burden for priority areas of law. The Council of Ministers decided that the burden reduction should be completed by 31 December 2010. The reduction target was set at 25%. Thus, Poland joined the group of 15 member states of the European Union230 who have already set 20% or 25% targets for administrative burden reduction. At the same time, the European Commission undertook to implement a project the objective of which is to measure and reduce the administrative burden.

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230 Austria (25% to 2010), the Czech Republic (20% to 2010), Cyprus (20% to 2012), Denmark (25% to 2010), Estonia (25% to 2010), France (25% to 2011), Greece (25% to 2012), Spain (25% to 2012), Germany (25% to 2011), Slovakia (25% to 2012), Slovenia (25% to 2012), Sweden (25% to 2012), the United Kingdom (25% to 2010), Italy (25% to 2012). The Netherlands have conducted a 25% reduction in the years 2004-2007 and undertook to reduce this burden by a further 25% in 2008.
burden. Currently, it is conducting the measurement of burdens in 13 priority areas, for example employment, taxes, agriculture and statistics. Under the project the European Commission is examining the obligations imposed by 43 Community legal acts and their transposition to Polish law. Since the middle of 2007, the project of the European Commission has been implemented in cooperation with member states by a network of national experts. In Poland the institution coordinating the cooperation between the Commission and competent departments is the Ministry of Economy. Currently, the measurements of administrative burdens is being finalised. The fulfilment of the main tasks, for example the preparation of reduction plans, has been planned for the second half of 2008. This project will make it possible to determine the minimum of transposition of administrative burdens required by the Commission and to indicate the cases of gold plating of Community law in national law and its reduction. In 2008, in terms of the Commission’s project, Poland measured the administrative burdens in 7 areas: company law, pharmaceutical law, agriculture, transport, statistics, financial law and fisheries.

In 2007, additional possibilities of financing the “Regulatory reform programme” were created. It will be possible to finance training for the civil service in impact assessment and the administrative burden reduction project from the funds of the Operational Programme “Human Capital”. Owing to EU funds, the implementation of regulatory reform will accelerate and the scale of impact of the Better Regulation initiative will be wider. With the funds of the Operational Programme “Human Capital” it will be possible to finance for example: improvement of the functioning of the impact assessment system by means of support for the reorganization of the structure of individual departments, implementation of programmes to simplify national legal acts and improvement of legislative techniques and methods in the governmental administration, e.g. by training. In the years 2008-2010, Poland may apply for PLN 9 million from the Operational Programme “Human Capital” to implement the projects concerning reform of the law-making process.

In respect of coherent bases of the Better Regulation initiative, application of instruments of this initiative in practice, and preparation of personnel and financial means, Poland made great progress in the fourth year of membership. The activities taken have not brought noticeable effects yet. There are still too few examples of legal acts prepared on the basis of factual evidence and too few cases of simplification of existing legal regulations and reduction of administrative burdens. All the instruments of the Better Regulation initiative applied in Poland were created and piloted in other countries. The lack of common, specific, and noticeable results of the Better Regulation initiative and original ideas concerning Better Regulation constitute a weakness of our administration. Poland does not initiate new instruments in respect of the Better Regulation policy. We are a recipient of the innovation, ideas, and tools promoted by other member states and EU institutions. The high marks given by the OECD concerns well-planned activities in the regulatory reform programme and good expert support in the Ministry of Economy. The opinion of the OECD was also supported by the European Commission. It expresses a positive opinion on account of the systematic approach to regulatory reform and professionalism of the Programme. According to the Commission, “the most promising reforms implemented in Poland include the activities in respect of better legislation taken within the comprehensive Programme”. The Commission emphasised also that this is a very ambitious programme and its implementation will certainly require much involvement. The comprehensibility of the Better Regulation programme in Poland and many practical activities taken by the Ministry of Economy should be perceived as a benefit of Poland’s membership in the European Union. Lack of own ideas and initiatives should be explained by the fact that the regulatory reform is still a kind of novelty in Poland. This situation may change. Poland leads the group of countries that will strive after a change
in the manner the European Commission conducts the impact assessment. From the Polish point of view, the demand for the improvement of the methodology of impact assessment made by the European Commission by means of a better consideration of the dimension of economic coherence dimension (examination of the impact of new EU regulations on the catching up process) seems justified. Poland’s position results from the belief that the remaining differences in the level of economic development among the member states of the European Union may constitute a significant factor hampering the EU’s ability to define common goals and undertake common activities – both in the external dimension as well as in respect of internal reforms. Supporting social and economic coherence in the European Union should be one of the main priorities of the EU, reflected in its budget as well as its legislative initiatives. In the case of Community law one of the possible activities may be the aspiration for a better consideration of the economic convergence dimension in the impact assessment methodology of the European Commission.

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