



Poland: Market Profile

Major Economic Indicators

	2016	2017 (estimates)	2018 (forecast)
Population (million)	38.0	38.0	38.0
GDP (US\$ billion)	469	510	N.A.
GDP per capita (US\$)	12,360	13,430	N.A.
Real GDP growth (%)	2.9	4.2	3.8
Inflation (%)	-0.2	1.6	N.A.
Unemployment (%)	6.2	5.0	N.A.
Exports (goods, US\$ billion)	203	168 (Jan-Sep)	N.A.
Growth rate (%)	+2	+11 (Jan-Sep)	N.A.
Imports (goods, US\$ billion)	197	167 (Jan-Sep)	N.A.
Growth rate (%)	*	+13 (Jan-Sep)	N.A.
Exchange Rate: US\$1 to 3.42 Polish zloty on 18 Jan 2018			

* insignificant

Source: IMF, Eurostat, Central Statistical Office of Poland

Recent Developments

- As Poland is a member of the European Union (EU), its trade relations with Hong Kong/the Chinese mainland are affected by EU's common external trade policy and measures.
- The EU's new scheme on generalised system of preferences ("GSP") entered into effect on 1 January 2014. Under the new scheme, tariff preferences are removed for imports into the EU from countries where per-capita income has exceeded US\$4,000 for four years in a row. As a result, the number of countries that enjoy preferential access to EU markets was reduced from 176 to less than 80. While the Chinese mainland remains a beneficiary, many of its exports such as toys, electrical equipment, footwear, textiles, wooden articles, and watches and clocks have already been "graduated" from the preferential treatment.
- A number of Chinese mainland-origin products are subject to EU's anti-dumping duties, including bicycles, bicycle parts, ceramic tiles, ceramic tableware and kitchenware, fasteners, ironing boards and solar glass, which are of interest to Hong Kong exporters.
- Hong Kong's total exports to Poland decreased by 2% to US\$1.2 billion in the first eleven months of 2017, while its imports from Poland increased by 9% to US\$339 million.
- In order to attract foreign investment, the Polish government has put in place a range of incentives including employment grants and real estate tax exemption for



projects related to automotive, electronics and household appliances, aviation, biotechnology, food processing, modern services and R&D. More information on the investment environment and the relevant regulations can be found at the [Polish Information and Foreign Investment Agency \(PAIiZ\)](#).

- The inflows of foreign direct investment (FDI) to Poland amounted to US\$11.4 billion in 2016. As of the end of 2016, China's total stock of FDI in Poland exceeded US\$321 million, up from US\$99 million in 2007. Hong Kong, holding an FDI position of US\$368 million as of end-2016, came third (after Japan and South Korea) in the list of Poland's inbound Asian investors.

Current Economic Situation

Poland was the only European country to have achieved uninterrupted GDP growth from 2009 through 2017. Aside from solid domestic demand amid improving labour market conditions and strong investment activities, plus favourable funding costs and various government measures supporting housing investment, have been causes underlying the robust economic growth.

On the other hand, improving consumer and business confidence will continue to underpin private consumption and investment, while investment will pick up as the utilisation of EU funds increases. Along with the mixed impact of the continued Russian embargo on various agricultural products and a modest rebound in export demand from its European neighbours in light of a gradual EU recovery, the Polish economy is forecast to see higher-than-EU-average growth of 3.8% in 2018.

Trade Policy

Poland is a member of the EU (since May 2004) that comprises 28 member states, and it follows EU's common external trade policy and measures.

All EU member states adopt common external trade policy and measures. Meanwhile, 19 EU members, including Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain, have adopted the euro as their legal tender.

Quotas

No quotas are imposed on textiles and clothing exports, as well as non-textile products exports from Hong Kong and the Chinese mainland at present.

Scheme of Generalised Tariff Preferences

The EU's new scheme on generalised system of preferences ("GSP") entered into effect on 1 January 2014. Under the new scheme, tariff preferences are removed for imports into the EU from countries where per-capita income has exceeded US\$4,000 for four years in a row. As a result, the number of the countries that enjoy preferential access to EU markets was reduced from 176 to less than 80. While the Chinese mainland remains a beneficiary, many of its exports such as toys, electrical equipment, footwear, textiles, wooden articles, and watches and clocks have already been "graduated" from the preferential treatment. Regarding Hong Kong, the territory has been fully excluded from the EU's GSP scheme since 1 May 1998.



Anti-dumping Measures

The EU has initiated anti-dumping (AD) proceedings against certain mainland-origin products. Currently, there are a number of Chinese mainland-origin products are subject to EU's anti-dumping duties, including bicycles, bicycle parts, ceramic tiles, ceramic tableware and kitchenware, fasteners, ironing boards and solar glass, which are of interest to Hong Kong exporters. As at end-December 2017, the EU did not apply any AD measures on imports from Hong Kong.

Other Measures

To combat the spread of the Asian longhorn beetle, the EU introduced in July 1999 emergency controls on wooden packaging material originating in the Chinese mainland. Wood covered by the measures must be stripped of its bark and free of insect bore holes greater than 3mm across, or have been kiln-dried to below 20% moisture content.

For health reasons, the EU has adopted a Directive on the control of the use of nickel in objects intended to be in contact with the skin, such as watches and jewellery. Following the emergency ban adopted in December 1999, the EU has adopted a Directive to ban the use of some phthalates in certain PVC toys and childcare articles on a permanent basis, which came into effect from 16 January 2007. In addition, the EU has adopted a Directive to prohibit from September 2003 the trading of clothing, footwear and other textile and leather articles which contain azo-dyes, from which aromatic amines may be derived.

On the other hand, the EU has adopted a number of Directives for environmental protection, which may have an impact on the sales of a wide range of consumer goods and consumer electronics. Notable examples include the Directive on Waste Electrical and Electronic Equipment (WEEE) implemented in August 2005, and the Directive on Restriction of Hazardous Substances (RoHS) implemented in July 2006. On 3 December 2008, the European Commission (EC) presented two proposals: one for a recast RoHS Directive and the other for a recast WEEE Directive.

The recast RoHS Directive was published on 1 July 2011 and entered into force on 2 January 2013. The new Directive continues to prohibit EEE that contains the same six dangerous substances as the old RoHS Directive. Nonetheless, the new Directive will widen, as from 22 July 2019, the current scope of the previous RoHS Directive, by including any EEE that will have fallen out of the old RoHS Directive's scope, with only limited exceptions.

Another important law for Hong Kong companies to grapple with concerns waste EEE, i.e., the WEEE Directive. With the formal approval on 7 June 2012, the recast WEEE Directive entered into force on 13 August 2012, while Member States have until 14 February 2014 to transpose the new directive into national law. In brief, the recast WEEE Directive will see Member States subject to higher collection/recycling targets (i.e. 45% collection rate as of 2016 and 65% as of 2019) and a wider scope of measure covering essentially all electric and electronic equipment, while establishing producer responsibility as a means of encouraging greener product designs.

On the heels of the recast RoHS and WEEE Directives, the EU's new framework Directive for setting eco-design requirements for energy-related product (ErP) is now in place. The ErP Directive is no longer limited to only EEE (as it was under its predecessor, the



energy-using product, or EuP, Directive), but potentially covers any product that is related to the use of energy, including shower heads and other bathroom fittings, as well as insulation and construction materials.

Moreover, REACH, an EU Regulation which stands for Registration, Evaluation, Authorisation and Restriction of Chemicals, entered into force in June 2007. Among others, it requires EU manufacturers and importers of chemical substances (whether on their own, in preparations or in certain articles) to gather comprehensive information on properties of their substances produced or imported in volumes of 1 tonne or more per year, and to register such substances prior to manufacturing in or import into the EU.

Following the entry into force of the new Toy Safety Directive (Directive 2009/48/EC) on 20 July 2011, the Official Journal of the EU published on 11 August 2011 references to two important safety standards concerning electric toys (EN 62115:2005 and its amendment EN 62115:2005/A2:2011) and two previous standards on the mechanical and physical properties of toys and a standard on the flammability of toys.

Hong Kong's Trade with Poland [1]

Hong Kong's total exports to Poland decreased by 2% to US\$1.2 billion in the first eleven months of 2017, after a 10% growth to US\$1.3 billion in 2016. Major export items in January-November 2017 included telecommunications equipment & parts (shared 34% of the total), electrical apparatus for electrical circuits (12%), computers (8%), electrical machinery & apparatus (8%), semi-conductors, electronic valves & tubes (6%), toys, games & sporting goods (4%), electric power machinery & parts (4%) and parts & accessories of office machines/computers (3%).

On the other hand, Hong Kong's imports from Poland increased by 9% to US\$339 million in the first eleven months of 2017, after increasing by 9% to US\$345 million in 2016. Major import items in January-November 2017 included fresh, chilled or frozen meat & edible meat offal (shared 41% of the total), prepared or preserved meat & edible meat offal (10%), telecommunications equipment & parts (7%), fresh, chilled or frozen meat of bovine animals (4%), plastic waste, parings and scrap (3%), household type, electrical & non-electrical equipment (3%) and women's or girls' wear of textile fabrics, not knitted (3%).

(US\$ million)	2016		Jan-Nov 2017	
	Value	% Growth	Value	% Growth
Total Exports	1,293	+10	1,157	-2
Domestic Exports	1	-31	1	+25
Re-exports	1,292	+10	1,156	-2
Imports	345	+9	339	+9
of which re-exported	275	+116	864	+316
Total Trade	1,638	+10	1,496	*

* Insignificant

Source: Hong Kong Trade Statistics, Census & Statistics Department

Related information: [Poland infographics](#)

[1] Since offshore trade has not been recorded by ordinary trade figures, these numbers do not necessarily reflect the export business managed by Hong Kong companies.



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<http://emerging-markets-research.hktdc.com/business-news/article/Emerging-Europe/Poland-Market-Profile/mp/en/1/1X000000/1X0010BP.htm>

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