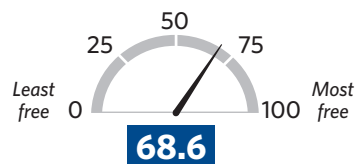


POLAND

Economic Freedom Score



World Rank: **42** Regional Rank: **19**

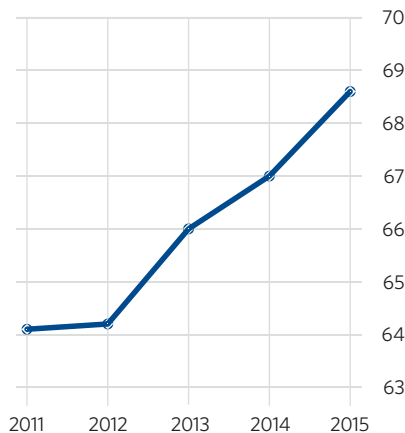
Poland's economic freedom score is 68.6, making its economy the 42nd freest in the 2015 *Index*. Its score is 1.6 points better than last year, driven by improvements in half of the 10 economic freedoms, especially freedom from corruption, fiscal freedom, the management of government spending, and monetary freedom. Poland is ranked 19th out of 43 countries in the Europe region, and its overall score is above the world average.

Over the past five years, Poland's economic freedom score has advanced by 4.5 points, the largest improvement in the region. Gains in eight of the 10 economic freedoms include double-digit strides in financial freedom and freedom from corruption. In the 2015 *Index*, Poland has recorded its highest economic freedom score ever.

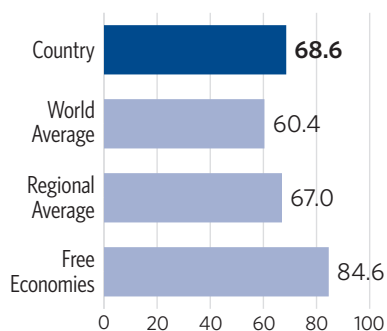
While Poland's transition to a market-based economy has accelerated, some structural foundations still need reinforcement. The labor market remains rigid, and business regulations still lag behind standards in some Western and Northern European countries. Enforcement of the rule of law is hindered by delays in the court system. Membership in the European Union helps to ease trade restrictions and attract investment, and openness to capital contributes to a budding financial sector.

BACKGROUND: Poland joined NATO in 1999 and the European Union in 2004. Prime Minister Donald Tusk of the center-right Civic Platform party was re-elected in October 2011. In 2014, his government survived a vote of no confidence after secret audio tapings of Foreign Minister Radek Sikorski sparked a political scandal. With a flexible exchange rate, an IMF credit line, access to international markets, and healthy economic policies, Poland was the only country in Europe to experience economic growth during the 2009 credit crisis. Low investment rates in agriculture have made Poland uncompetitive in food production, but the automotive, pharmaceutical, aviation, steel, and machinery sectors have made it one of the EU's strongest economic performers. The private sector now accounts for two-thirds of GDP.

Freedom Trend



Country Comparisons



Quick Facts

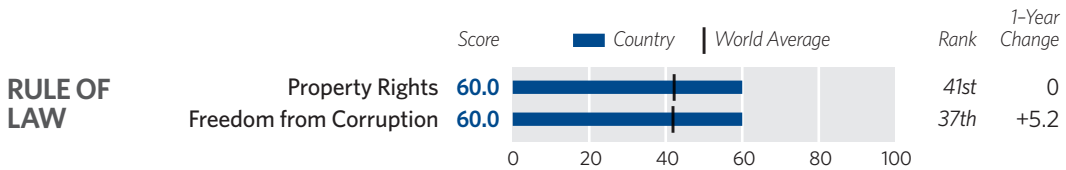
- Population:** 38.5 million
- GDP (PPP):** \$817.5 billion
- 1.6% growth in 2013
- 5-year compound annual growth 2.7%
- \$21,214 per capita
- Unemployment:** 10.4%
- Inflation (CPI):** 0.9%
- FDI Inflow:** -\$6.0 billion
- Public Debt:** 57.5% of GDP

How Do We Measure Economic Freedom?

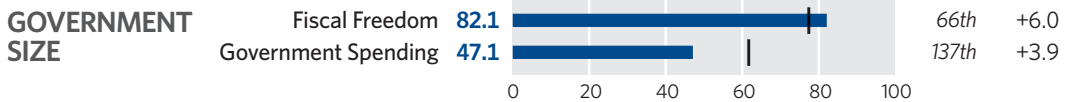
See page 475 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2013 data unless otherwise noted.
Data compiled as of September 2014.

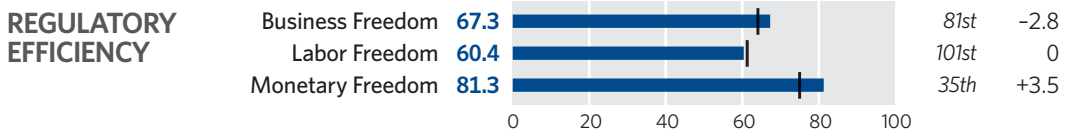
THE TEN ECONOMIC FREEDOMS



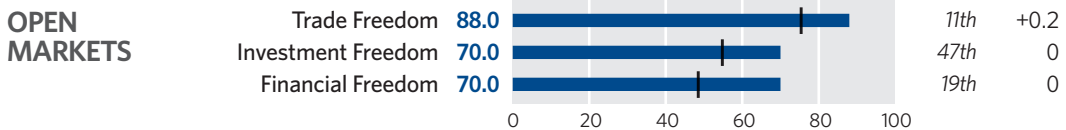
Slow progress in improving the transparency and accountability of public administration continues to hamper efforts to combat corruption. The legal system protects rights to acquire and dispose of property, and the judiciary is independent, but the courts are notorious for delays in adjudicating cases. Slow action on corruption investigations has prompted concerns that prosecutors are subject to political pressure.



Poland's top individual income tax rate is 32 percent, and its top corporate tax rate is 19 percent. Other taxes include a value-added tax and a property tax. Overall tax revenue amounts to 20.1 percent of domestic income. Public expenditures equal 42 percent of domestic production, and public debt is equivalent to 57 percent of gross domestic product.



Despite measures to further streamline start-up procedures and facilitate private-sector development, it still takes about a month to launch a business, although the cost of completing licensing requirements is now significantly lower. Relatively stringent labor codes continue to hinder job growth. The government plans to cut renewable energy subsidies by \$780 million in 2015 to reduce power costs.



EU members have a 1.0 percent average tariff rate. Although some non-tariff barriers exist, the EU is relatively open to external trade. Poland generally treats foreign and domestic investors equally under the law. The financial sector consists mainly of private banks, although the government continues to retain some ownership in the banking sector. Capital markets are expanding.

Long-Term Score Change (since 1995)

RULE OF LAW		GOVERNMENT SIZE		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	+10.0	Fiscal Freedom	+31.1	Business Freedom	-2.7	Trade Freedom	+31.0
Freedom from Corruption	+10.0	Government Spending	+37.5	Labor Freedom	+0.4	Investment Freedom	0
				Monetary Freedom	+32.6	Financial Freedom	+20.0