



A look ahead at the Polish political & economical landscape

prepared for **Scandinavian-Polish** 
CHAMBER OF COMMERCE

Warszawa, October 20, 2020

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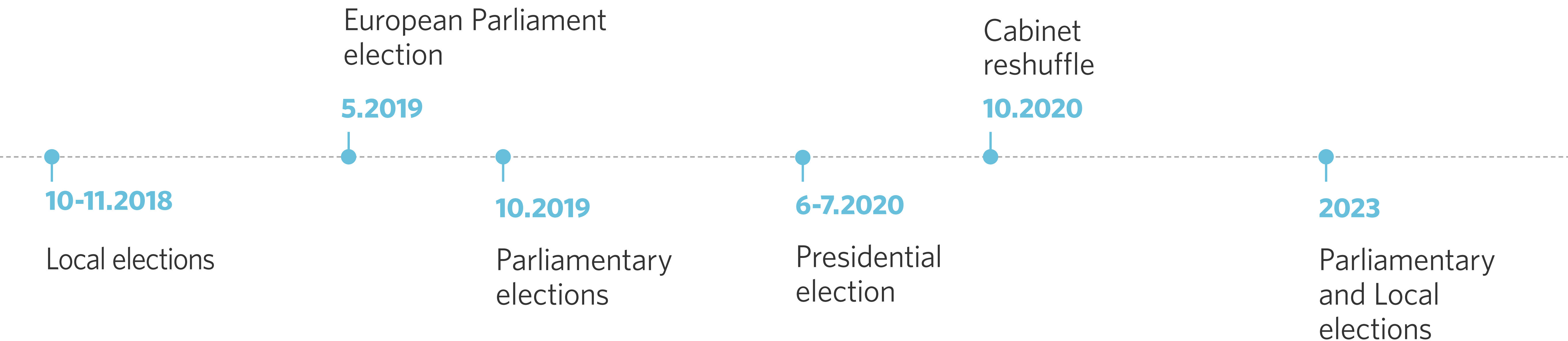


Wojciech Szacki

Head of Political Desk

Polityka Insight

Elections: Seemingly peaceful three years



Cabinet reshuffle: Newcomers, returns and dismissals

New ministers: Kaczyński returns to the Cabinet



Jarosław Kaczyński

Deputy PM, Head of the Committee of the Interior, Justice and National Defence



Jarosław Gowin

Deputy PM, Minister of Development, Labour and Technology



Przemysław Czarnek

Minister of Education and Science



Grzegorz Puda

Minister of Agriculture



Michał Cieślak

Minister, member of the cabinet council



Michał Wójcik

Minister, member of the cabinet council

New ministries: Fewer but bigger institutions



Piotr Gliński

Minister of Culture,
National Heritage and Sport



Tadeusz Kościński

Minister of Finances
and Funds



Marlena Maląg

Minister of Family
and Social Policy
- Labour



Michał Kurtyka

Minister of Climate
and Environment

Dismissed ministers: Farewells and changes of position



Jadwiga Emilewicz
Deputy PM, Minister of
Development



**Jan Krzysztof
Ardanowski**
Minister of Agriculture



Wojciech Murdzek
Minister of Science and
Higher Education



Michał Woś
Minister of
Environment



Marek Gróbarczyk
Minister of Maritime
Economy and Inland
Navigation



Dariusz Piontkowski
Minister of National
Education



Marek Zagórski
Minister of Digital Affairs



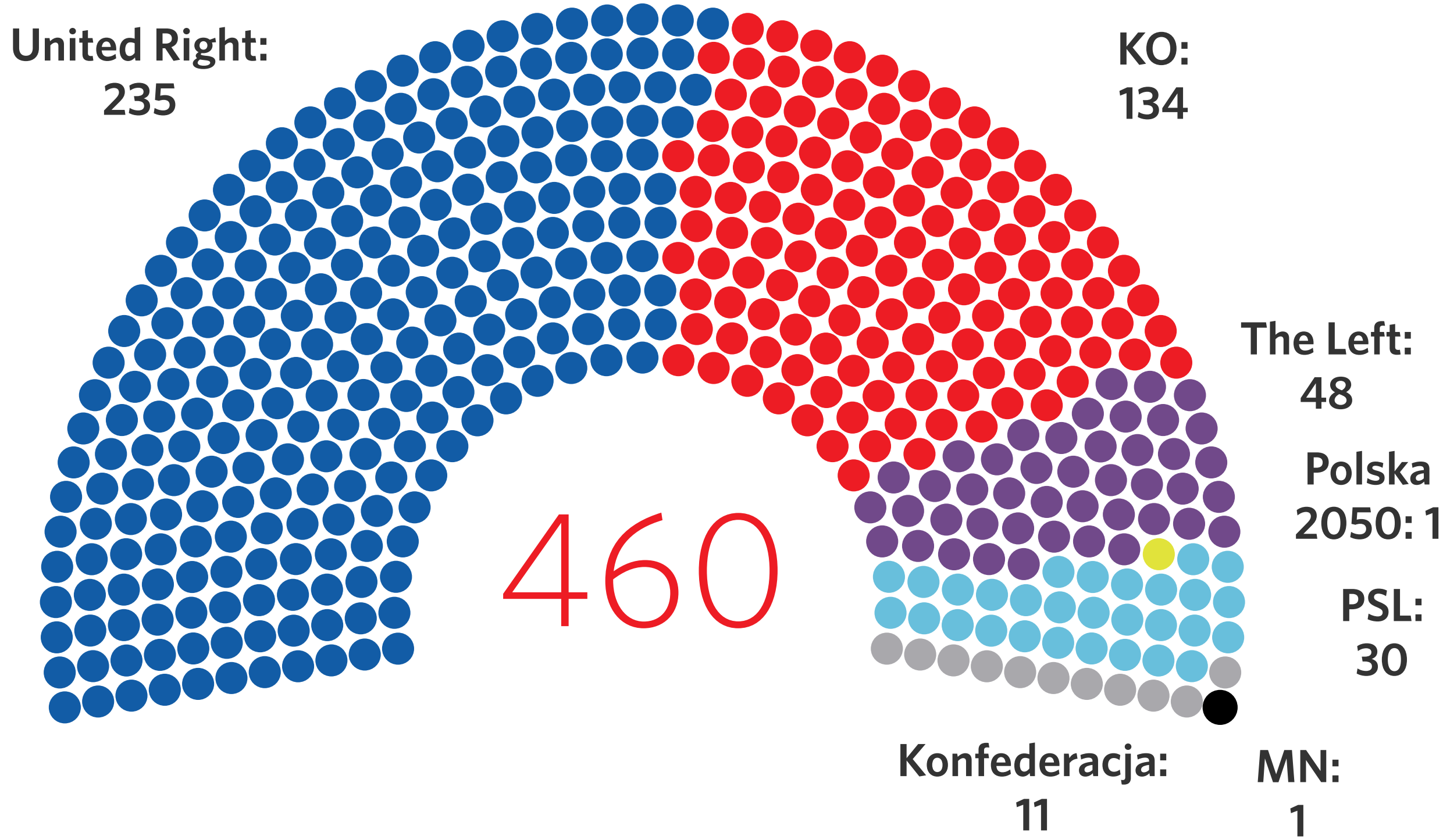
**Danuta Dmowska-
Andrzejuk**
Minister of Sport

New Cabinet: Logic of the reconstruction

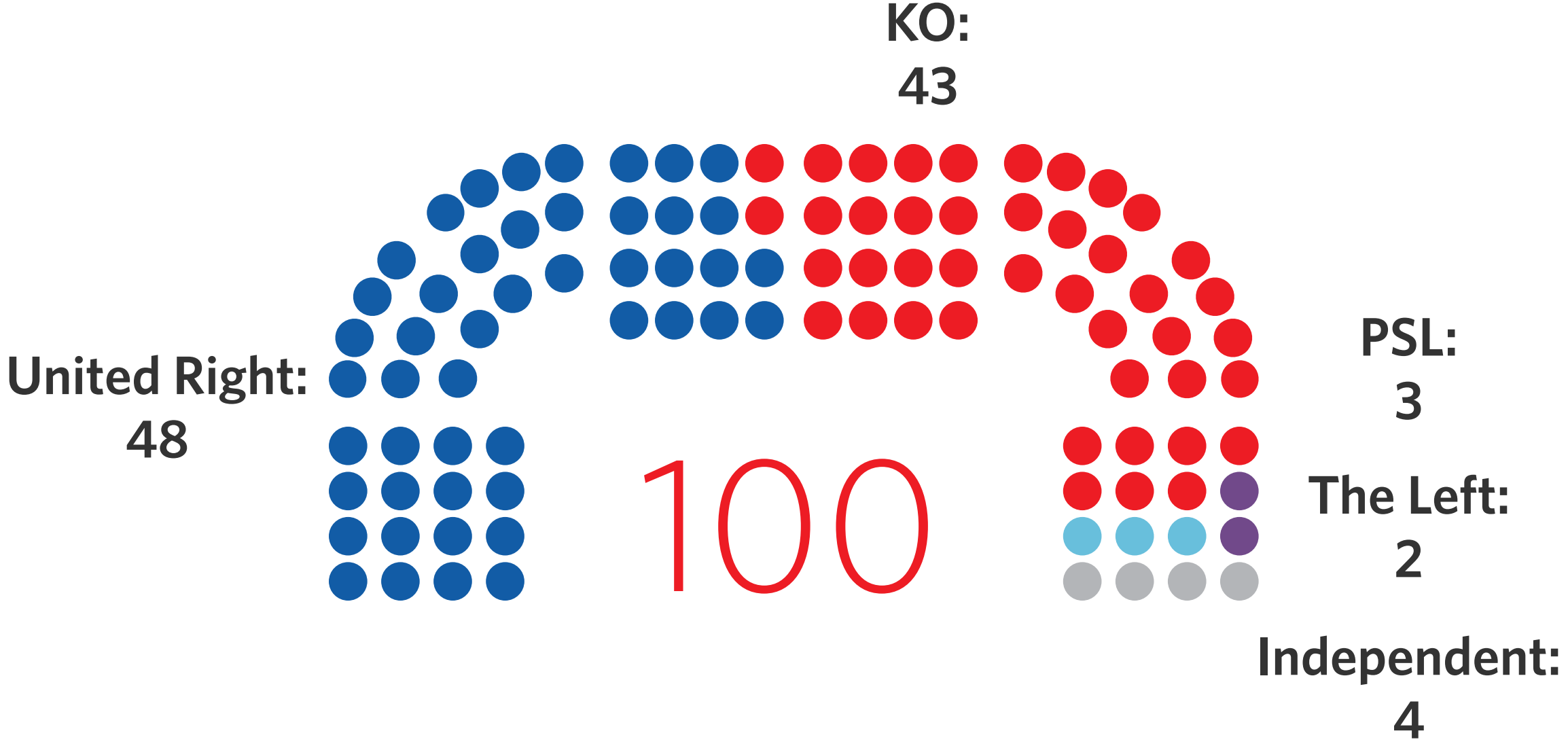
- **Reducing the number** of ministries
- Creation of a **more 'flexible' government**
- **Diminishing** the influence of PiS' coalition partners
- **Refreshment** of the ruling camp's image
- Dismissals of **poorly rated ministers**

Parliament: Sejm ruled by the United Right, Senate by the opposition

SEJM THE LOWER CHAMBER



SENATE THE UPPER CHAMBER



United Right: The ruling coalition

PiS

198 members of the Sejm

44 senators

Leader:

Jarosław Kaczyński



Solidarna Polska

19 members of the Sejm

2 senators

Leader:

Zbigniew Ziobro



Porozumienie

18 members of the Sejm

2 senators

Leader:

Jarosław Gowin



Scattered opposition: Main forces

Civic Coalition (KO)

134 members of the Sejm

44 senators

Comprised of four parties

Main leader: Borys Budka

Possible leader: Rafał Trzaskowski



The Left

48 members of the Sejm

2 senators

Coalition of three parties

Main leader: Włodzimierz Czarzasty



PSL-Polish Coalition

30 members of the Sejm

3 senators

Comprised of three parties

Main leader: Władysław Kosiniak-Kamysz



Konfederacja

11 members of the Sejm

Coalition of three parties

Multiple leaders (includ.

Krzysztof Bosak)



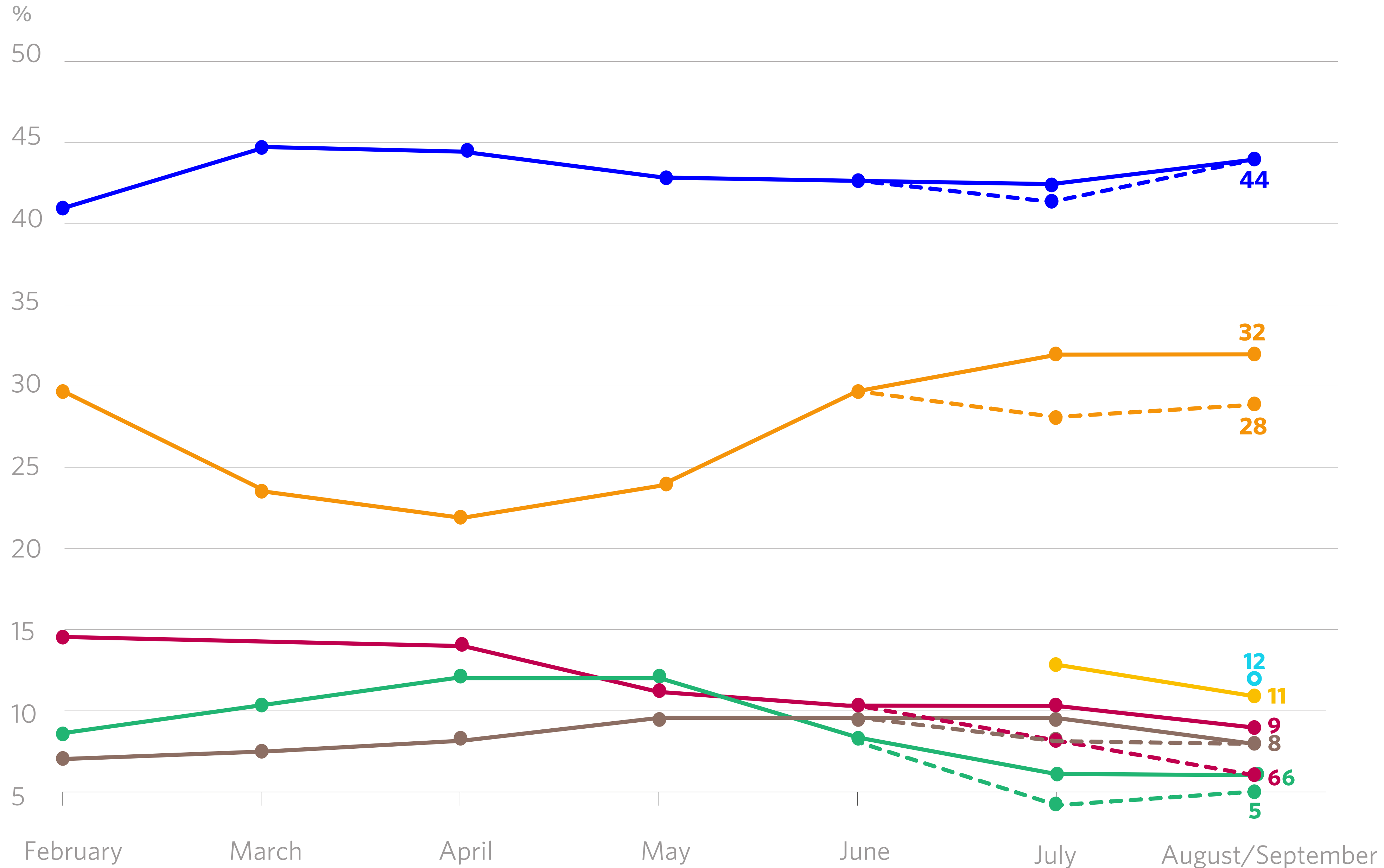
Polska 2050

1 member of the Sejm

A new movement, gathered behind Szymon Hołownia



Polls: Changes in parties' support



Political parties

PiS

Koalicja Obywatelska

Lewica

PSL-Koalicja Polska

Konfederacja

Polska 2050

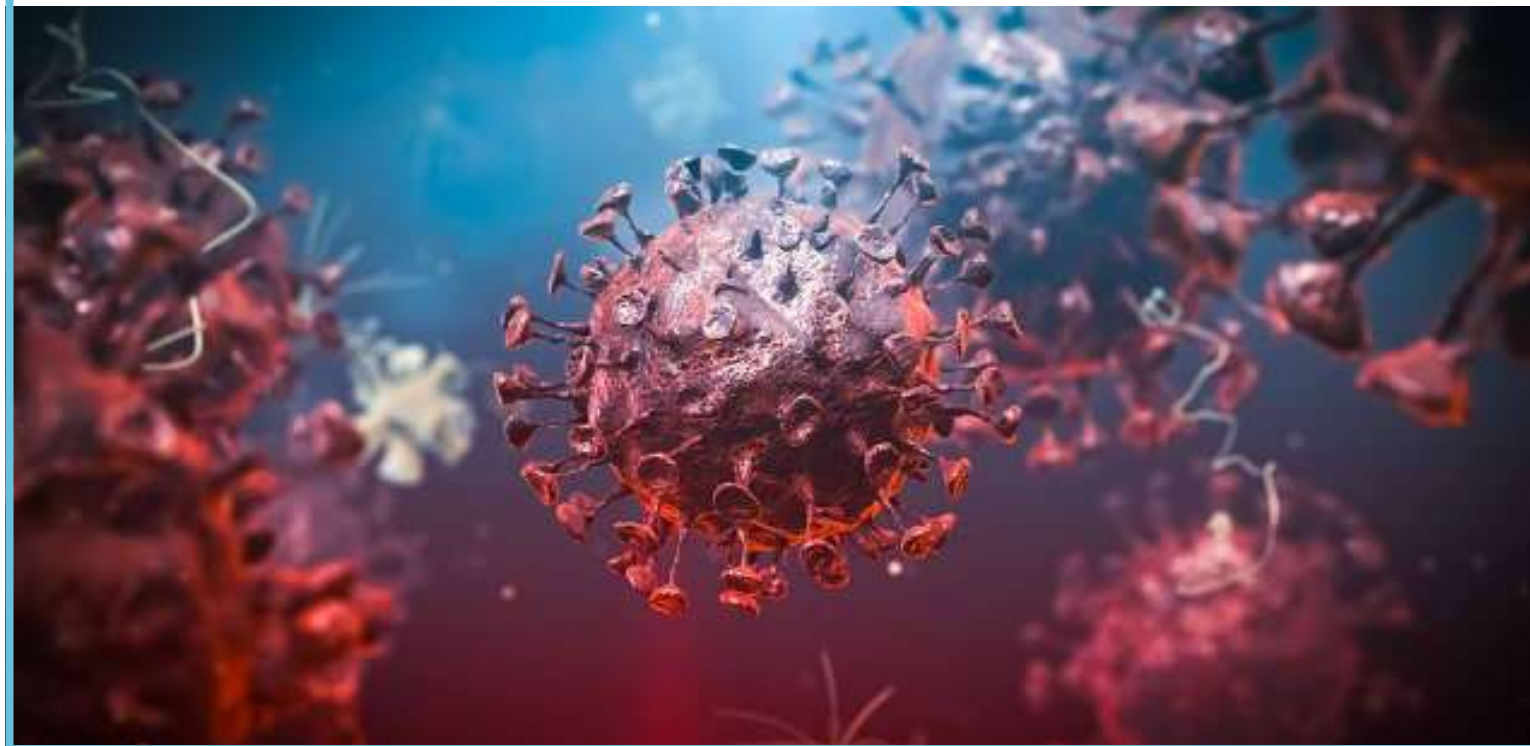
*Dotted line represents a variant with Polska 2050 running

Nowa Solidarność

Data based on different polls, doesn't add up to 100%

What's next: Icebergs ahead of Kaczyński's ship

Covid-19 situation
and its implications



Losing majority
due to **a backbenchers'
rebel**



**Mateusz Morawiecki
and Zbigniew Ziobro's**
neverending war



No elections until 2023:

What can we expect

- Flattening of the structure of the **judiciary**
- Further weakening the position of **local governments**
- Tightening control over **NGOs**
- Decentralization of the **media**
- Changes in the **electoral law** and gerrymandering
- Changes in the **administrative division** of Poland

Polish politics Q&A

Economic outlook

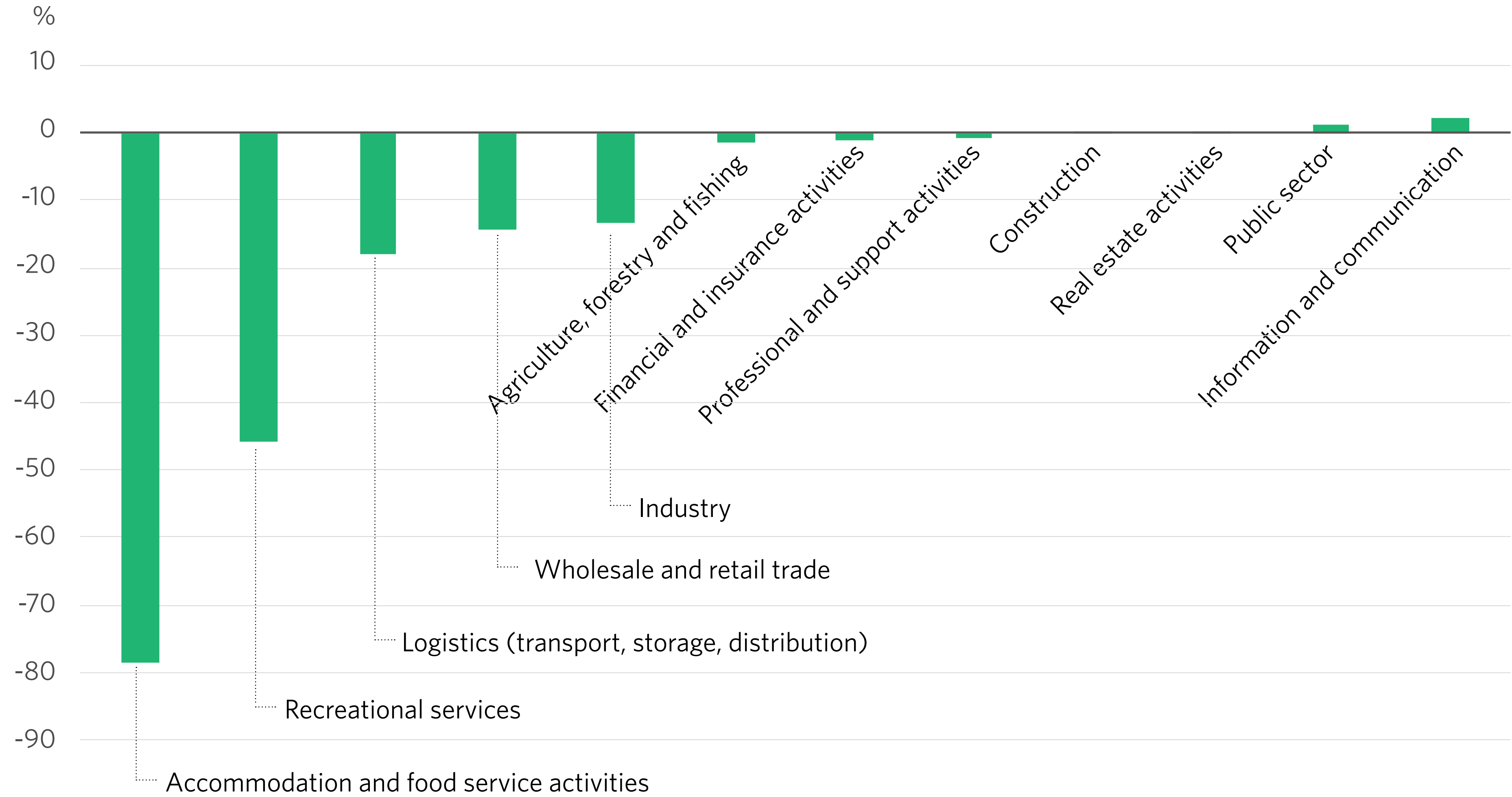


Adam Czerniak, PhD

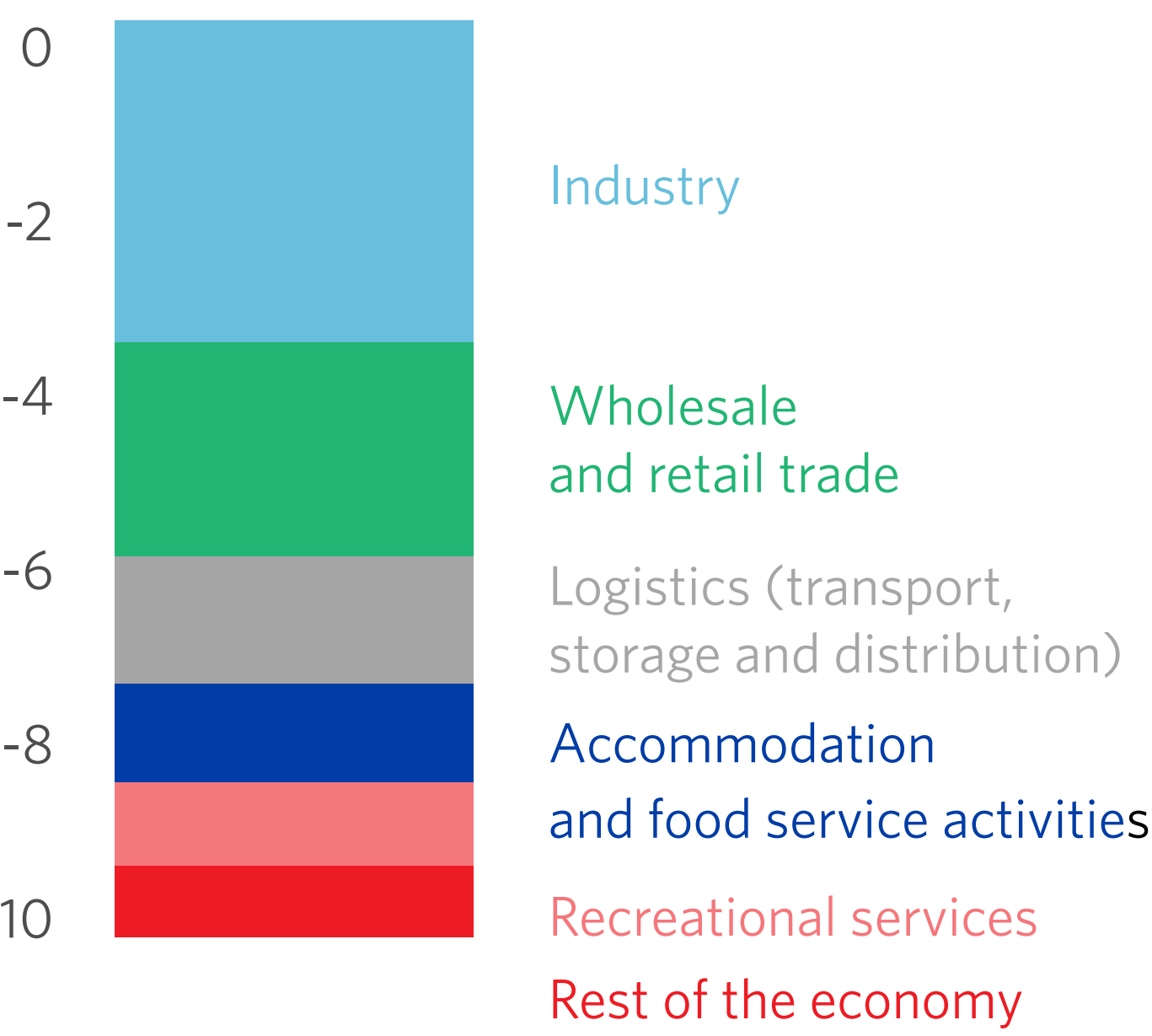
Chief Economist, Director for Research
Polityka Insight

Pandemic impact on the Polish economy: What do we know

CHANGES IN VALUE ADDED BY ECONOMIC SECTOR IN H1'2020

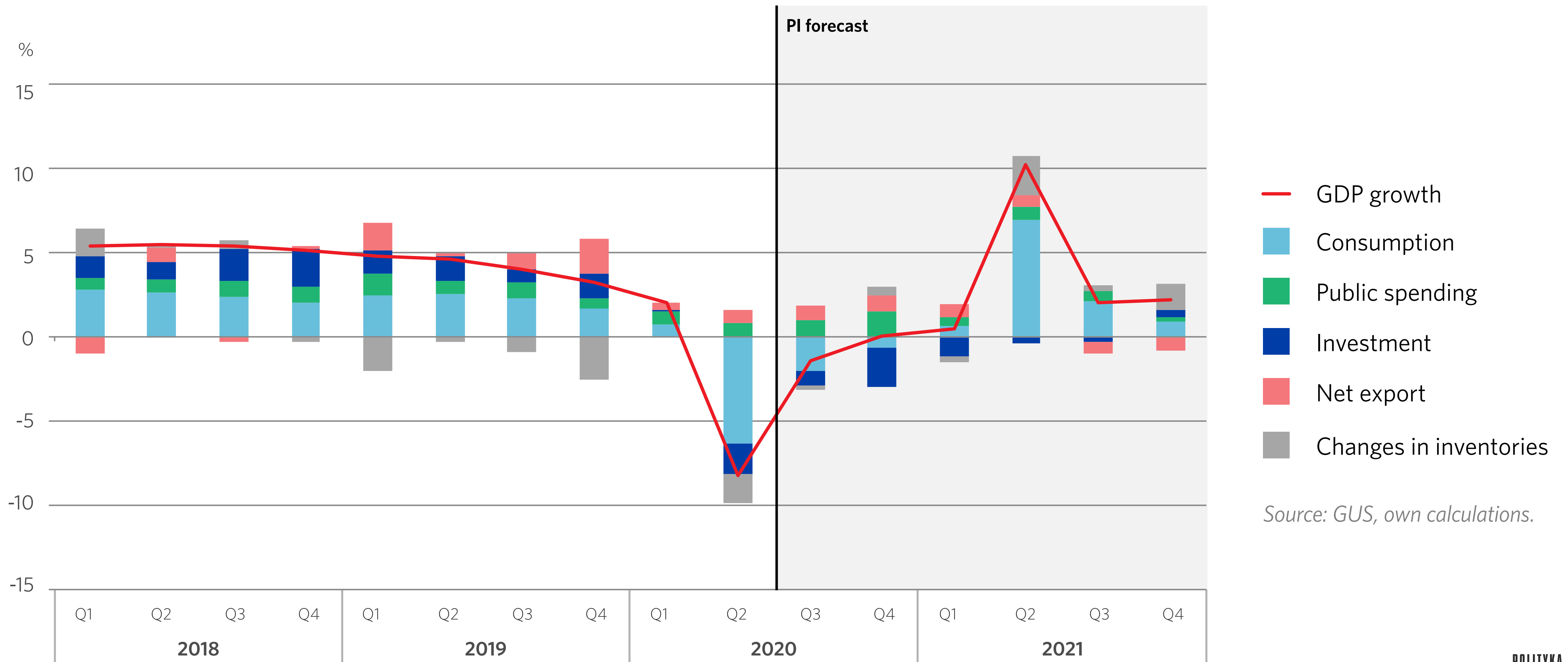


CONTRIBUTIONS TO THE TOTAL CHANGE IN GDP (Q2'2020 VS Q4'2019 S.A.)



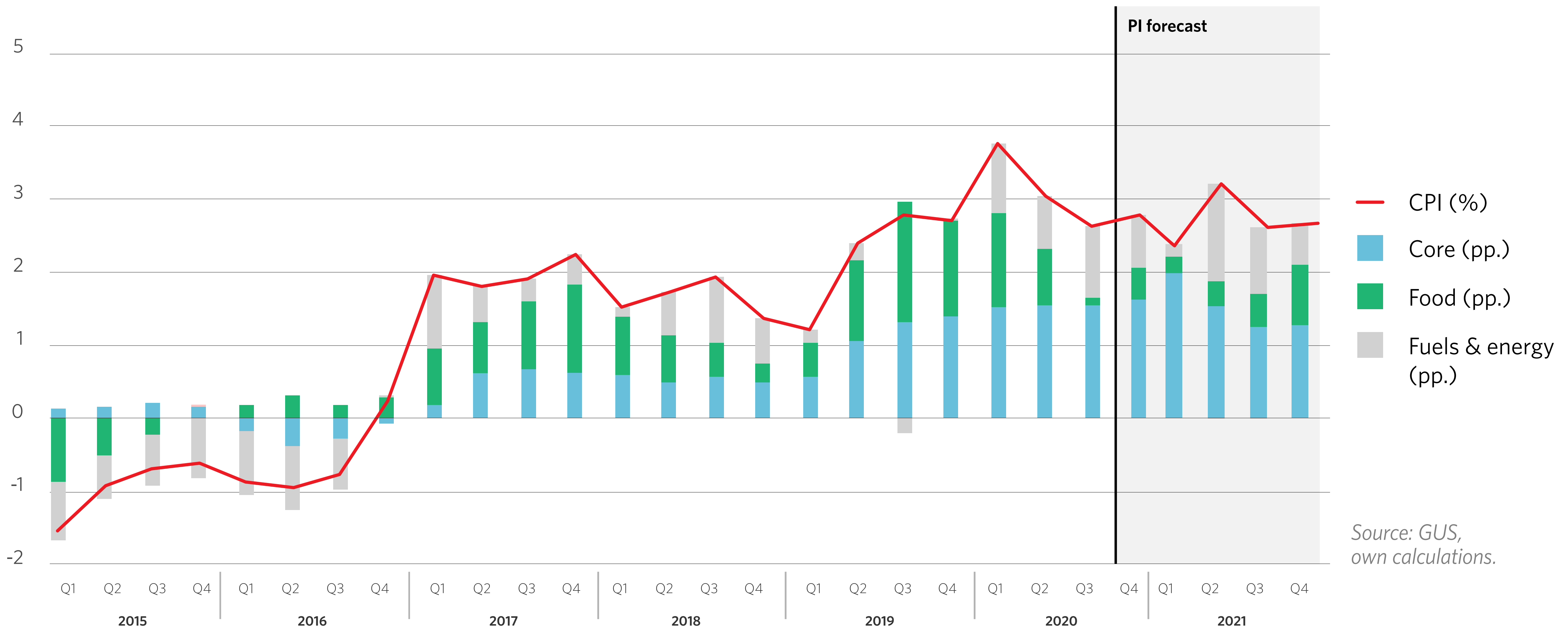
Source: Eurostat, GUS, own calculations.

Pandemic impact on the Polish economy: What to expect



Source: GUS, own calculations.

Prices: Inflation remains stubbornly high



Source: GUS, own calculations.

Pandemic impact on the labour market:

What do we know

- In **Q2'2020** employment fell **by 151k (-0.9% q-o-q)**
- Sectors with biggest drops were:

recreational
services

-26k or **-11.2%**



real estate
activities

-13k or **-9.0%**



accommodation
and food services

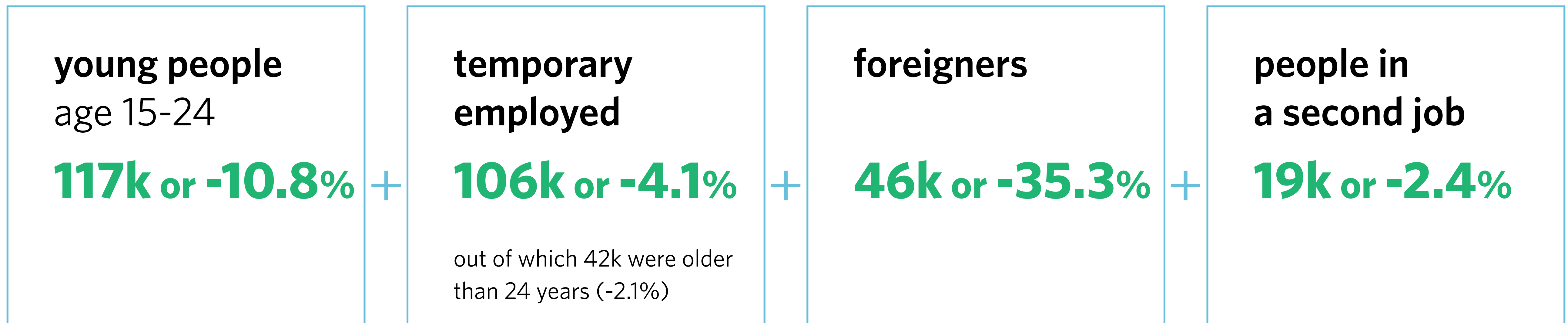
-30k or **-8.1%**



Source: Eurostat.

Pandemic impact on the labour market: What do we know

- Who have lost their jobs?

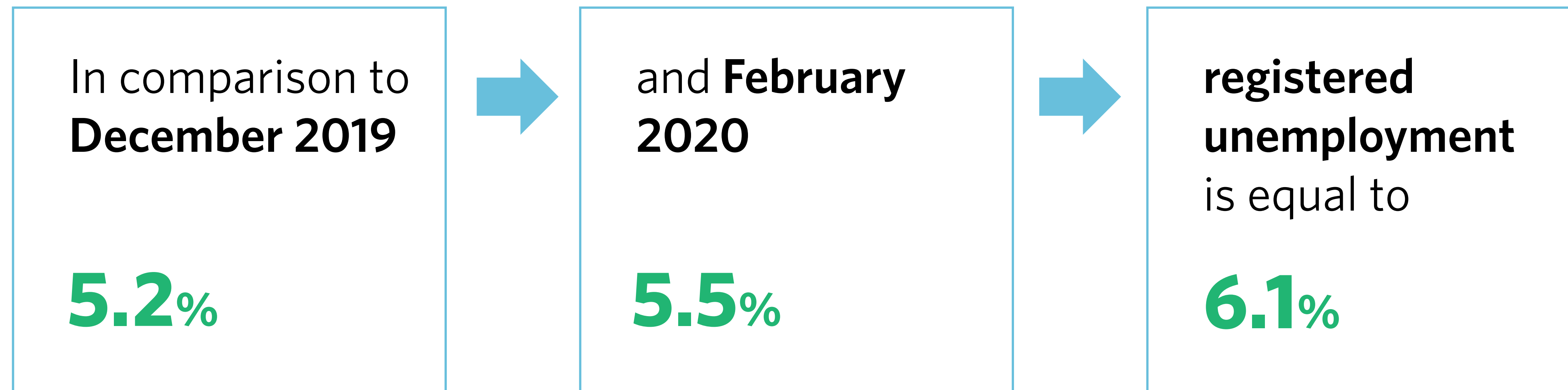


Source: Eurostat.

- Almost all of them became economically inactive
 - economic activity dropped by **153k in Q2'2020**

Pandemic impact on the labour market: What do we know

- As a result unemployment levels remained stable



Source: GUS.

Pandemic impact on the labour market: The worst is yet to come

- Firms are now making business projections for **2021** and the outlook is grim
- Sectors most prone do lay-offs:
 - export-dependended manufacturing;
 - construction;
 - professional activities;
 - accommodation and food services.
- The government's anti-crisis shield will expire in **2021**
- Menace of a **second lockdown**

Fiscal policy: Strongly myopic

- The government introduced a wide-spectrum stimulus package worth over **PLN 200bn (>10% GDP)** including:
 - wage subsidies;
 - credit guarantees;
 - partly-refundable credits;
 - benefits for parents, self-employed and employers.
- The **2020** budget deficit had to be increased to **PLN 109bn**

Fiscal policy: Strongly myopic

- Polityka Insight's general government deficit forecast:
 - **9.8% in 2020**
 - **8-9% in 2021**
- The debt level will surpass **55% of GDP** and is likely to breach the **60% GDP** threshold

Economic outlook

Q&A

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