



Decide with Confidence

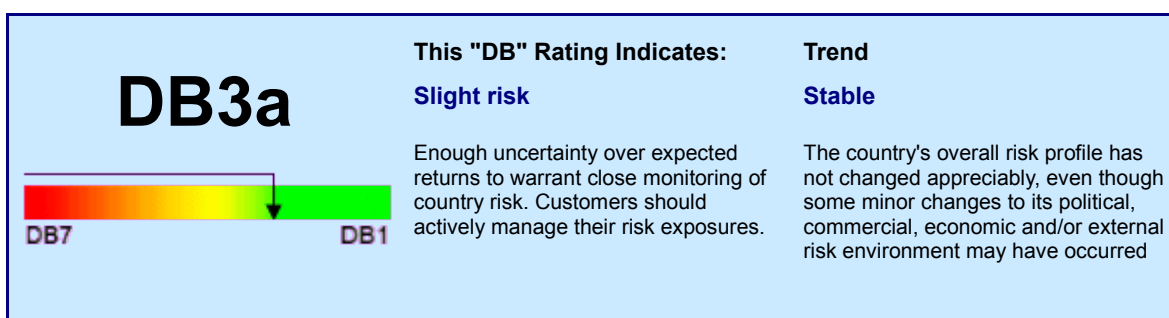
D&B Country RiskLine Report

POLAND

Region : Eastern Europe

Edition : November 2012

D&B Country Risk Indicator



The 'DB' risk indicator provides a comparative, cross-border assessment of the risk of doing business in a country and encapsulates the risk that country-wide factors pose to the predictability of export payments and investment returns over a two year time horizon. The 'DB' risk indicator is a composite index of four over-arching country risk categories:

Political risk - internal and external security situation, policy competency and consistency, and other such factors that determine whether a country fosters an enabling business environment;

Commercial risk - the sanctity of contract, judicial competence, regulatory transparency, degree of systemic corruption, and other such factors that determine whether the business environment facilitates the conduct of commercial transactions;

External risk - the current account balance, capital flows, FX reserves, size of external debt and all such factors that determine whether a country can generate enough FX to meet its trade and foreign investment liabilities;

Macroeconomic risk - the inflation rate, government balance, money supply growth and all such macroeconomic factors that determine whether a country is able to deliver sustainable economic growth to provide further expansion in business opportunities.

The DB risk indicator is divided into seven bands, ranging from DB1 through DB7. Each band is subdivided into quartiles (a-d), with an 'a' designation representing slightly less risk than a 'b' designation and so on. Only the DB7 indicator is not divided into quartiles.

Key Facts

Population:	37.2m
Surface area (sq km):	312,690
Capital:	Warsaw
Timezone:	GMT +01:00
Official language:	Polish
Head of government:	Prime Minister Donald TUSK
GDP (USD):	430.1bn
GDP per capita (USD):	11,562
Life expectancy (years):	75
Literacy (% of adult pop.):	99.9

Country Overview:

Poland is located in Central Europe, east of Germany and west of Belarus and Ukraine, with 500 kilometres of Baltic Sea coastline. Since the end of communist rule in 1989, Poland has had freely elected governments that have generally fostered the country's transition towards democracy and a market economy. However, a stable party system has yet to emerge, and coalition and policy patterns remain erratic.

Poland's EU accession in 2004 spurred a surge of economic growth. Tariff-free access to the vast Western European market and the additional legal security conferred by EU membership, combined with Poland's comparatively low labour costs, have attracted foreign manufacturing investment. These new companies (often export-oriented) have turned Poland into an open, internationally integrated economy. Partly as a result, Poland did not escape the effects of the global slowdown, although domestic demand remained supportive and the economy avoided recession. That said, per capita income is only around half that of Western European EU member states, and productivity gains have bypassed many domestically-oriented service providers and the large agricultural sector.

Trade & Commercial Environment

Trade Terms

Minimum Terms:	SD
-----------------------	----

The minimum form of documentation or trading method that D&B advises its customers to consider when pursuing export trade with the stated country.

Recommended Terms:	SD
---------------------------	----

D&B's recommended means of payment. The use of recommended terms, which are generally more stringent than minimum terms, is appropriate when a customer's payment performance cannot be easily assessed or when an exporter may wish to limit the risk associated with a transaction made on minimum terms.

Usual Terms:	30-60 days
---------------------	------------

Normal period of credit associated with transactions with companies in the stated country.

Transfer Situation

Local Delays:	0-2 months
----------------------	------------

The time taken beyond agreed terms for a customer to deposit money in their local bank as payment for imports.

FX/Bank Delays:

0-2 months

The average time between the placement of payment by the importer in the local banking system and the receipt of funds by the exporter. Such delays may be dependent on FX controls, FX availability and the efficiency of the local banking system.

Trade & Commercial Environment

Poland was one of the countries which advanced the most in the World Bank's *Doing Business 2013* rankings, climbing from 74th place in 2012 to 55th, an improvement of 19 positions. The most significant advance was recorded in the sub-index 'resolving insolvency', according to which Poland climbed from 91st place to a highly respectable 37th position (due to reforms that grant extended rights to secured creditors), but the country also made significant gains in terms of 'enforcing contracts' (up from 84th to 56th) and 'registering property' (up from 87th to 62nd). However, 'paying taxes' and 'starting a business' continue to be among the most cumbersome aspects of doing business in Poland (the country ranks a very low 114th and 124th respectively).

Export Credit Agencies

US Eximbank	Full cover available, no discretionary limits
Atradius	Full cover available
ECGD	Full cover available
Euler Hermes UK	Full ST cover available

Economic Indicators

	2009	2010	2011	2012f	2013f
Real GDP growth, %	1.6	3.9	4.3	2.2	1.9
Inflation, annual ave, %	4.0	2.7	3.9	3.5	3.0
Govt balance, % GDP	-7.4	-7.8	-5.1	-4.0	-3.0
Unemployment, %	8.2	9.7	9.7	10.2	10.5
C/A balance, % GDP	-4.0	-4.7	-4.9	-6.4	-6.9

Inflation and unemployment are based on EU-harmonised data.

Currency Information

Exchange Rates

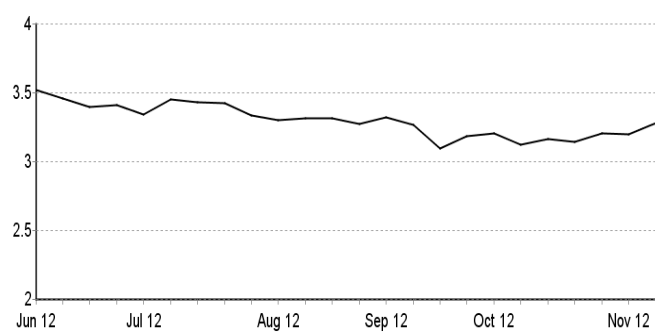
(London, 12 Nov 12)

EUR	4.1704
GBP	5.2332
JPY*	4.1047
USD	3.2768

*(x 100)

Local Currency

(Zloty [PLN]: USD)

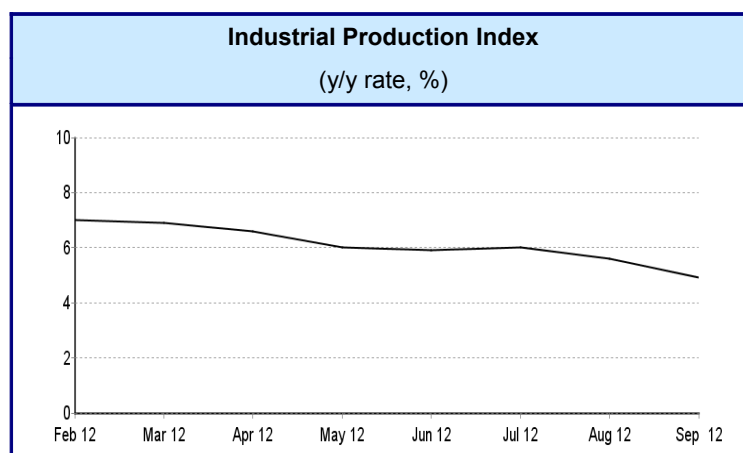


Local Currency

(Zloty [PLN]: USD)

	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12
Week 1	3.517	3.337	3.298	3.318	3.204	3.196
Week 2	3.454	3.447	3.315	3.261	3.118	3.277
Week 3	3.391	3.427	3.310	3.096	3.159	
Week 4	3.410	3.424	3.272	3.182	3.140	
Week 5		3.332			3.200	

Industrial Production Index



Data Table					
Mar 12	Apr 12	May 12	Jun 12	Jul 12	Aug 12
6.9	6.6	6.0	5.9	6.0	5.6

Risk Factor

The latest statistics on the Polish economy reveal a significant growth slowdown. GDP growth in Q2 was the slowest in almost three years while, more recently, industrial production and retail sales have also fallen sharply (industrial output contracted by 1.6% year-on-year in September, while retail sales grew at the slowest pace in two years). At 10.1% in September, the unemployment rate is also higher than a year ago. The previously resilient economy (Poland was the only EU country to avoid a recession in 2009) is suffering mainly from lower external demand and from the effects of the euro-zone debt crisis on business confidence (investments have fallen as a consequence of the deteriorated outlook). The domestic economy has been spared many of the problems that have plagued the rest of the EU (Poland did not have a public debt or banking sector crisis). In early November, the Polish Central Bank reacted to the growth slowdown by lowering the interest rate for the first time since 2009 (to 4.5%); it also announced that this first rate cut is part of a longer easing cycle. At D&B we believe that the more optimistic assumptions for 2013 (such as a robust recovery in the euro zone and Poland's continued immunity to the EU-wide economic malaise) are unlikely to materialize. Accordingly, we have revised downwards our GDP growth forecast for Poland for 2013 to 1.9% (down from 2.5%). We maintain our growth forecast for the current year (of 2.2%).

The negotiations currently taking place at EU level over the 2014-20 budget will have a significant long-term impact on the Polish economy. EU funds have been a major source of financing (the country has also made exceptionally good use of the available funds, posting a 75% absorption rate as of mid-2012) and the government expects to continue to rely on EU funds to improve the country's infrastructure, among other areas. While the EU budget is still under debate (and, in its current form, facing opposition from some of the net contributors) Poland is said to have secured EUR72bn for the entire 2014-20 period, an increase of around 6.0% compared to the previous budget. In addition to the inflow of EU funds, the government has also recently outlined an ample investment program (modernizing railways, creating a public development bank); both will serve to protect Poland from the recessionary economic environment in the EU.

Meanwhile, the short-term economic outlook remains bleak. In October, Poland's Purchasing Managers' Index (PMI) was 47.3, well below the 50-point line that divides expansion from contraction and the second-worst reading for the manufacturing sector since mid-2009. According to the survey, exports are the main source of weakness. We believe that payment and credit risk stemming from transactions with Polish counterparties are likely to increase in the outlook period.

Glossary & Definitions

DEFINITIONS

Minimum Terms:

The minimum form of documentation or trading method that D&B advises its customers to consider when pursuing export trade with the stated country.

Recommended Terms:

D&B's recommended means of payment. The use of recommended terms, which are generally more stringent than minimum terms, is appropriate when a customer's payment performance cannot be easily assessed or when an exporter may wish to limit the risk associated with a transaction made on minimum terms.

Usual Terms:

Normal period of credit associated with transactions with companies in the stated country.

Local Delays:

The time taken beyond agreed terms for a customer to deposit money in their local bank as payment for imports.

F/X Bank Delays:

The average time between the placement of payment by the importer in the local banking system and the receipt of funds by the exporter. Such delays may be dependent on FX controls, FX availability and the efficiency of the local banking system.

C/A (current account) balance, % GDP:

Part of the balance of payments that records a nation's exports and imports of goods and services, and income and transfer payments.

DSR (debt service ratio), %:

Annual interest and principal payments on a country's external debts as a percentage of exports of goods and services.

Govt balance, % GDP:

The balance of government expenditure and receipts.

Real GDP growth, %:

GDP adjusted for inflation.

Inflation, %:

The increase in prices over a given period.

GLOSSARY

CiA	Cash in Advance
CLC	Confirmed Letter of Credit
CWP	Claims Waiting Period
FX	Foreign Exchange
LC	Letter of Credit
LT	Long term
MT	Medium term
OA	Open Account
SD	Sight Draft
ST	Short term

Customer Service & Support

© Copyright 2011 Dun & Bradstreet - Provided subject to the terms and conditions of your contract.

D&B Country Risk Services

For information relating to D&B's Country Risk Services.

UK

Telephone: 01628 492700
Fax: 01628 492929
Email: CountryRisk@dnb.com

USA Inquiry

Telephone: 1-800 234-3867 option 1, 1 and then 2
Email: CountryRiskServices@dnb.com

Rest of World

Telephone: +44 1628 492700
Email: CountryRisk@dnb.com

D&B Customer Services

For all other information or queries relating to D&B products and services.

UK

Telephone: 0870 243 2344 (UK) / 1 890 923296 (IR)
Email: CustomerHelp@dnb.com

USA

Telephone: 1-800 234-3867 option 1, 1 and then 2
Email: CustomerService@dnb.com

Rest of World

You can contact your local D&B Customer Services departments by clicking [here](#).

Whilst D&B attempts to ensure that the information provided is accurate and complete, by reason of the immense quantity of detailed matter dealt with in compiling the information and the fact that some of the data are supplied from sources not controlled by D&B which cannot always be verified, including information provided direct from the subject of enquiry as well as the possibility of negligence and mistake, D&B does not guarantee the correctness or the effective delivery of the information and will not be held responsible for any errors therein or omissions therefrom.

© Dun & Bradstreet Inc., 2011.



Decide with Confidence