



EU Enlargement, Two Years After: the Polish Perspective

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Poland's Road to EU Membership

- 1989/1990: transition begins
- 1991 Dec: Association Agreement with the EU signed
- 1997: prospect of membership clear
- 1998-2002: accession negotiations (concluded in Copenhagen)
- 1 May 2004: actual membership

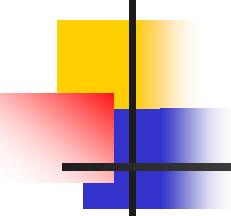




What did we get from the EU in those days?

- A “purpose” to do necessary (but painful) reforms
- Policy-related know-how
- Enhanced status (FDI, etc.)
- Access to markets
- Some financial assistance



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- What was then the implicit “deal” between accession countries and the EU?
 - “Cost” of accession





1 May 2004: Economic Non-Event?

- Agricultural market opening
- Increased investors' interest
- More tourism
- Labor market (non) opening
- Better access to education institutions
- Services?





Polish Fears (Economic)

- Wave of inflation
- Food imports flooding Poland
- Post-accession recession
- Budget crisis
- Brain drain



NONE MATERIALISED





EU After Enlargement

- Changed foreign policy agenda (Eastern neighbourhood)
- New topics in economic policy discourse (taxation, social policy, further liberalisation and deregulation)





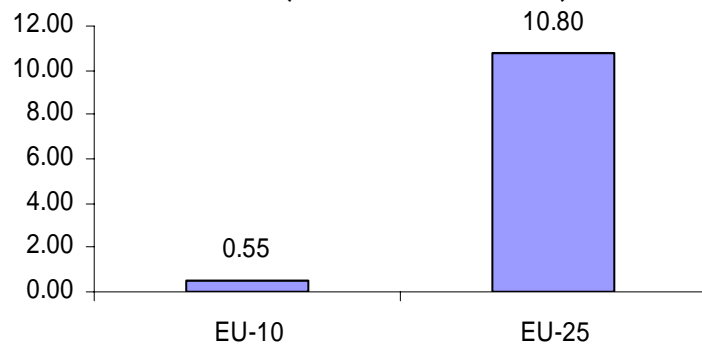
Post-Accession Policies in Poland (and Beyond)

- Reform fatigue
- Time for populism
- Temporary hiccup or a new trend?

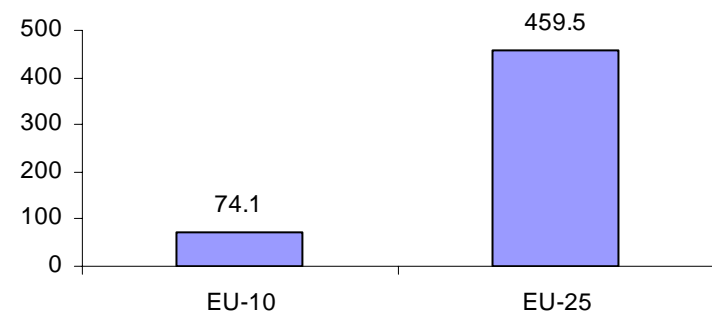




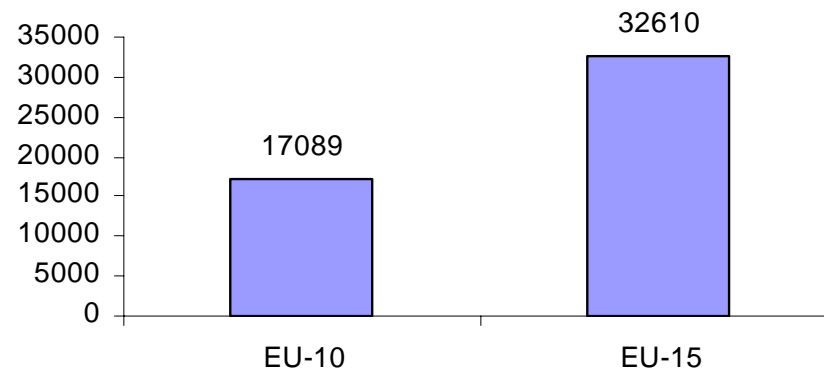
GDP at current prices, 2005 (trillion EUR)



Population, 2005 (million)



GDP per capita, 2005, USD



Source: Eurostat and IMF World Economic Outlook Database, April 2006





Economic Dynamics of EU-4

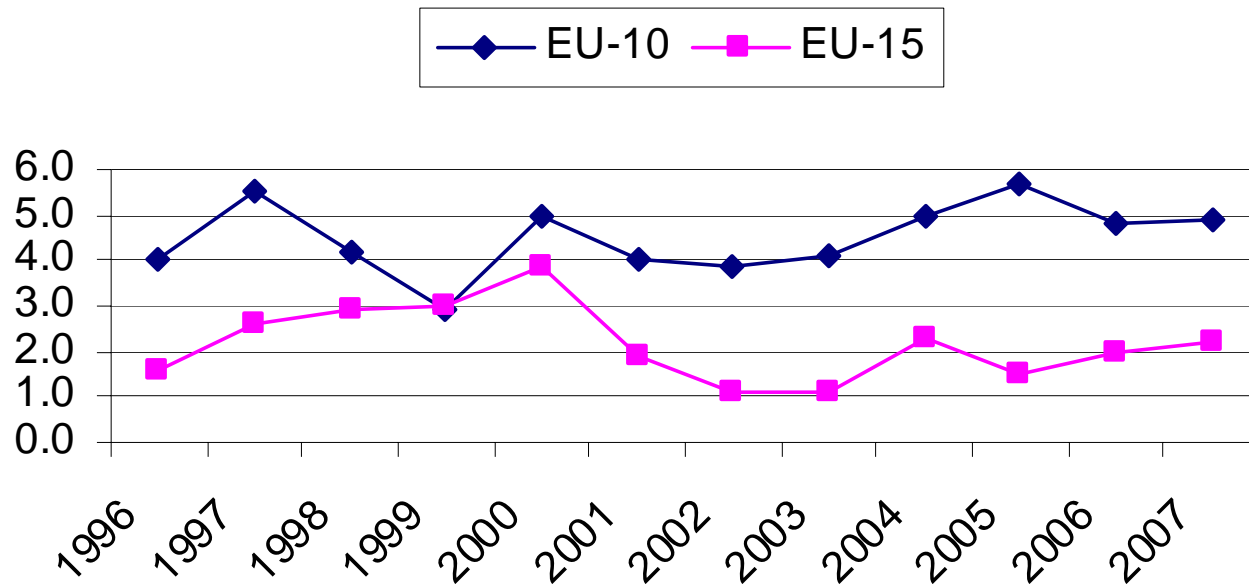
	1996-2003 Average	2004	2005
Real GDP growth rate (%)	3.5	5.0	4.8
Export growth rate (%)	12.7	35.7	15.2
FDI inflow (million USD)	14538.9	15911.6	27200*

Source: Eurostat, WTO trade statistics database, and UNCTAD

* Based on UNCATD estimate for Czech Republic, Hungary and Poland



Real GDP Growth Rate, 1996-2007



Source: Eurostat

Note: forecast for 2006 and 2007





Public Finance: Budget Deficit

Budget deficit* in percentage of GDP

Countries	1999	2000	2001	2002	2003	2004	2005
Czech Republic	3.6	3.7	5.9	6.9	6.7	2.9	2.6
Hungary	5.6	3	3.5	8.4	6.4	5.4	6.1
Poland	1.4	0.7	3.7	3.2	4.7	3.9	2.5
Slovakia	6.3	12.2	6.5	7.7	3.7	3.0	3.0
EU-4	2.9	2.4	4.2	5.2	5.4	3.9	3.2
EU-10	3.0	2.5	4.0	4.8	4.9	3.6	2.9

* EU definition: net lending or net borrowing according to ESA 95, as applied for the purpose of excessive deficit procedure

Source: Calculation based on data from Eurostat

