

LABOUR MARKET REPORT

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The Labour market in Poland – an introduction

The main tasks within the framework of formulating labour-market policy in Poland lie with national administration. These operations are regulated on the basis of an array of Acts and legal regulations. In order to efficiently combat unemployment different institutions and organisations were created.

The basic legal Act which determines employment policy is the Act of 20 April 2004 on the promotion of employment and labour market institutions. This Act sets out anew the rules for the functioning of labour market institutions. In Poland, the Ministry of Labour and Social Policy is responsible for policy in the field of the labour market. In order to organise activities better and more efficiently in the aspect of the labour market, an array of regional and supra-regional institutions were created, on which the state ceded tasks within the frame of labour promotion. The most important ones include Public Employment Services, the Voluntary Labour Corps, employment agencies, and training institutions.

Public Employment Services create district and voivodeship employment agencies. Their tasks are differentiated according to the level of self-Government and Government administration at which they operate. However, their main tasks are concentrated on giving help to the unemployed and to job seekers. Their main services include employment exchange, professional counselling, training and employment subsidising, as well as carrying out programmes which aim at supporting regional and local labour markets.

Public Employment Services include 16 voivodeship and 340¹ district employment offices. They employ approximately 18.6 thous. workers. The human resources potential of Polish PES as compared to the average of EU membership states is not satisfactory. From statistics it follows that at the end of 2004 in Poland for one employment agent there were 1 850 unemployed, while in the EU for one worker in the employment services there were 300 unemployed.

The main tasks of the **Voluntary Labour Corps** include the education and training of young people from poor social backgrounds. The resources of the VLC constitute 10 training and education centres, in which 1 300 young people can find help. Additionally, in 26 VLC training and education centres 3 000 participants find help.

Employment agencies are non-public entities which render services in the field of employment exchange within the country and abroad, personal counselling and temporary labour.

Training institutions are both public and non-public entities, whose main task is running extra-mural education. They do not operate on the basis of regulations related directly to the labour market.

¹ Source: Ministry of Labour and Social Policy

Employment in Poland

In Poland in 2008 on average total employment amounted to 8 142.9 thous. (this was an increase by 0.6% as compared to 2007). In the enterprise sector in 2008, 5 392 thous. persons were employed, an increase, compared to the previous year, of 4.8%. 48.0%, of all employed in the enterprise sector is employed in industry. This sector recorded a growth in employment by 3.1% in 2008 as compared to 2007. Nearly one person out of five is employed in the trade and repairs sector; in comparison to the year 2007 the number of people employed in this field grew by 8.2%. The year 2008 showed a continuation in falls in employment in agriculture. In this sector of the economy in the previous year 76 thous. people were employed; in relation to the year 2007 there were 4.8% fewer people employed in agriculture. In 2008 59.9% of all working people were employed in the private sector. The remaining 40.1% were employed in the public sector.

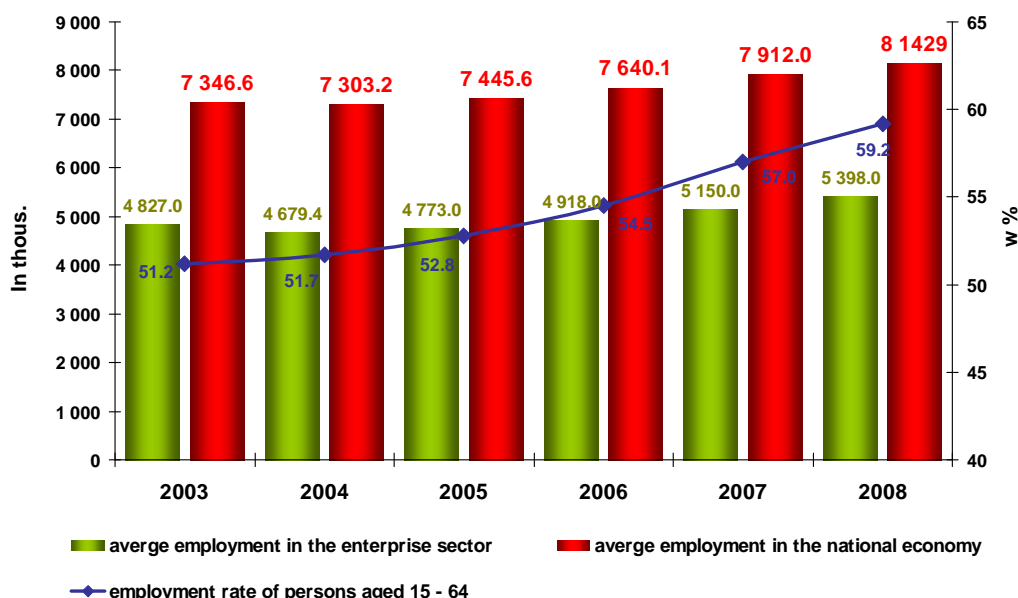
Two aspects significantly influenced the present shape of the labour market. The first aspect is the period of the enduring high rate of unemployment (approx. 20%) in the years 2002-2004. Problems connected with finding a job, which generated new unemployed, triggered a wave of wage emigration at the moment when Poland joined EU. The second aspect is the benefits resulting from the accession to EU structures: abolition of borders (Schengen zone), opening of labour markets, free flow of goods and capital, and inflow of financial support (structural funds). The above-mentioned factors accelerated socio-economic development in the country. The inflow of capital from direct foreign investments, as well as from union resources, contributed to the creation of new work places. It should be added that the decrease in the national rate of unemployment was also influenced by compatriots involved in wage emigration, whose outflow decreased the resources of labour force.

In the 1st half of 2009 the average employment in the enterprise sector was at the level of 5 343.9 people and was lower by 0.5% as compared to the corresponding period of the previous year. A decrease in employment, in annual terms, was observed in manufacturing (by 5.8%), and real estate (by 1.9%). On the other hand, an increase in employment in the 1st half of 2009 was recorded in professional science and technical activities (by 11.2%), accommodation and catering (by 7.6%).

59.2% of citizens in working age² worked in Poland at the end of fourth quarter of 2008. Among men 66.3% is working whereas among women the indicator equals to 52.4%.

² This means between 15 – 64 years.

Average employment in Poland in the 2003 – 2008 (w thous.)



Źródło: ASM na podstawie GUS

The analysis of employment in selected cities shows that the biggest labour market in Poland is Warsaw. More than 900 thous. people is employed in the capital city. The second in order is Kraków, in the capital of Małopolska 191 thous. people are employed.

The level of unemployment

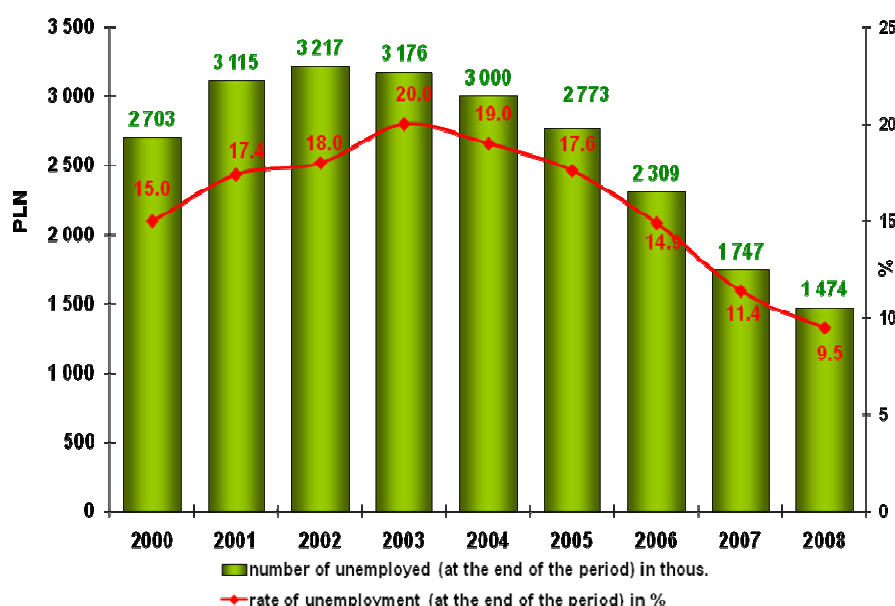
The level of unemployment is analysed in relation to available sources of information. The first source is data on the number of registered unemployed in district labour offices, while the second source is the Labour Force Survey (LFS) conducted in Poland by GUS³.

According to data from labour offices' registers on the number of people registered as unemployed, at the end of December 2008 the number of people out of work in Poland amounted to 1 473.8 thous., among them 833.4 thous. women. From among all the unemployed, nearly 243.6 thous. are newly-registered unemployed. At the same time the rate of unemployment at the end of 2008 amounted to 9.5%. The 1st half of 2009 brought an increase in unemployment in Poland to the level of 10.6; however the return of unemployment to the level in the year 2003 (20.0%) seems to be unrealistic. Among the unemployed women predominate - they constitute 56.5% of all people out of

³ The LFS survey defines an unemployed person slightly differently. It is a person at the age of 15-74 who, simultaneously meets 3 conditions. In the period of the survey week he/she was unemployed (according to the definition of the term Unemployed by LFS), was actively looking for a job, i.e. within the period of the previous 4 weeks took substantial actions in order to find a job, and the person was ready to take a job in the period of two weeks following the surveyed week.

work. A negative phenomenon on the Polish labour market is the significant unemployment in rural areas: from among all registered 670.4 thous. live in the countryside. Another problem of the Polish labour market is high proportion of young people (up to the age of 34) in the structure of total unemployed (approx. 49.0%). People without job seniority also have problems with finding work, as well as those with short job seniority (up to 5 years). From the analysis it follows that the higher the level of education, the higher the chances to find a job – 30.4% of all unemployed are persons with primary education, incomplete primary or lower secondary education.

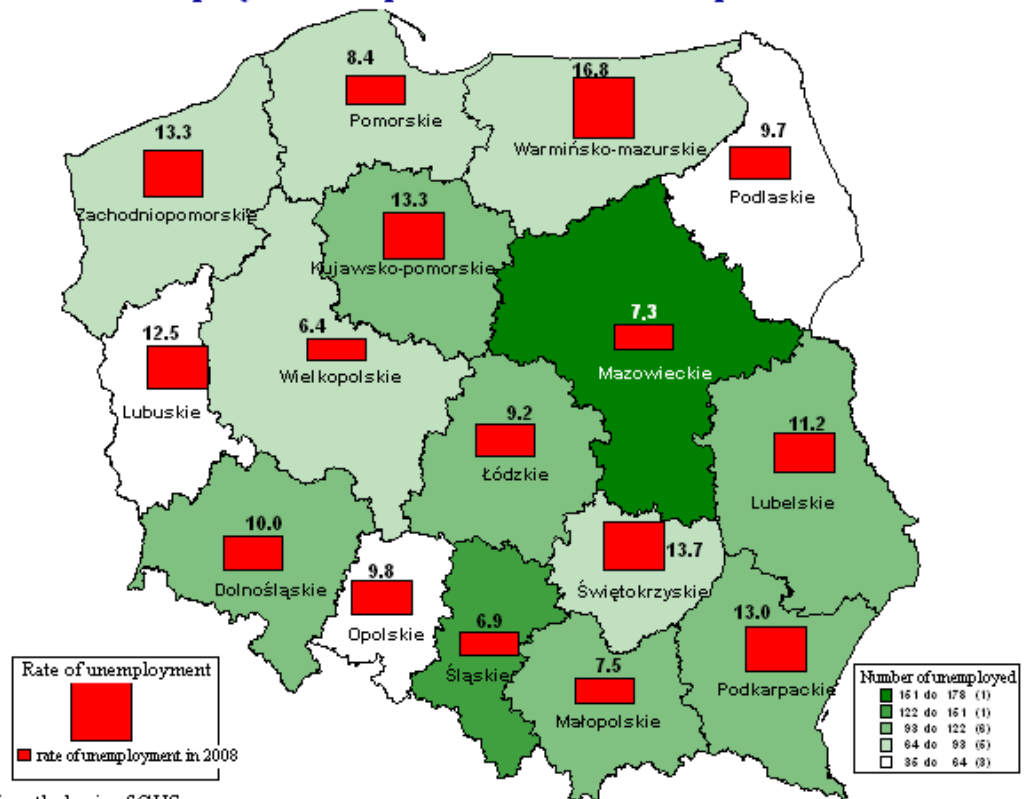
Unemployment in the 4th quarter in the years 2000 - 2008



Source: ASM on the basis of GUS

Unemployment in Poland is different in individual regions. The biggest number of people out of work is in the Warmińsko-Mazurskie voivodeship (16.8% at the end of 2008). The situation is influenced by the agricultural character of the region and lack of big employment enterprises, as well as big urban areas. There is also a high percentage of people out of work in such voivodeships as Świętokrzyskie (13.7%), Kujawsko-Pomorskie (13.3%), Zachodniopomorskie (13.3%), Podkarpackie (13.0%), Lubuskie (12.5%) and Lubelskie (11.2%). Regions in which the percentage of people out of work is similar to the national average are Dolnośląskie (10.0%), Podlaskie (9.7%), and Łódzkie (9.2%). A low level of unemployment obtains in industrialised regions, as well as in regions with well-developed urban areas: Pomorskie (8.4%), Małopolskie (7.5%), Mazowieckie (7.3%), Śląskie (6.9%) and Wielkopolskie (6.4%).

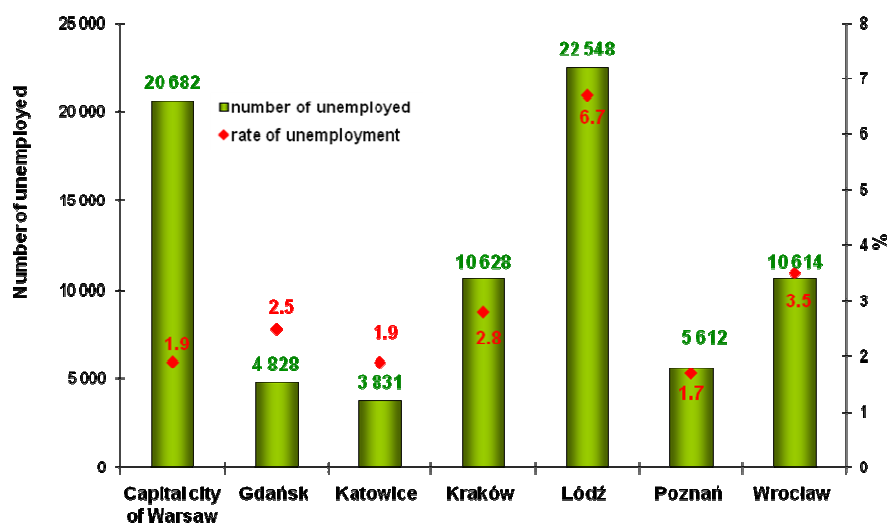
Rate of unemployment in particular voivodeships in 2008



Source: ASM on the basis of GUS

Analysing the level of unemployment in the biggest Polish cities, we can see that the lowest rate of unemployment is in Poznań (1.7%) and in Katowice (1.9%), as well as in Warsaw (1.9%). The biggest number of unemployed is in Łódź (22 548 people, with the highest rate of unemployment at the level of 6.7%).

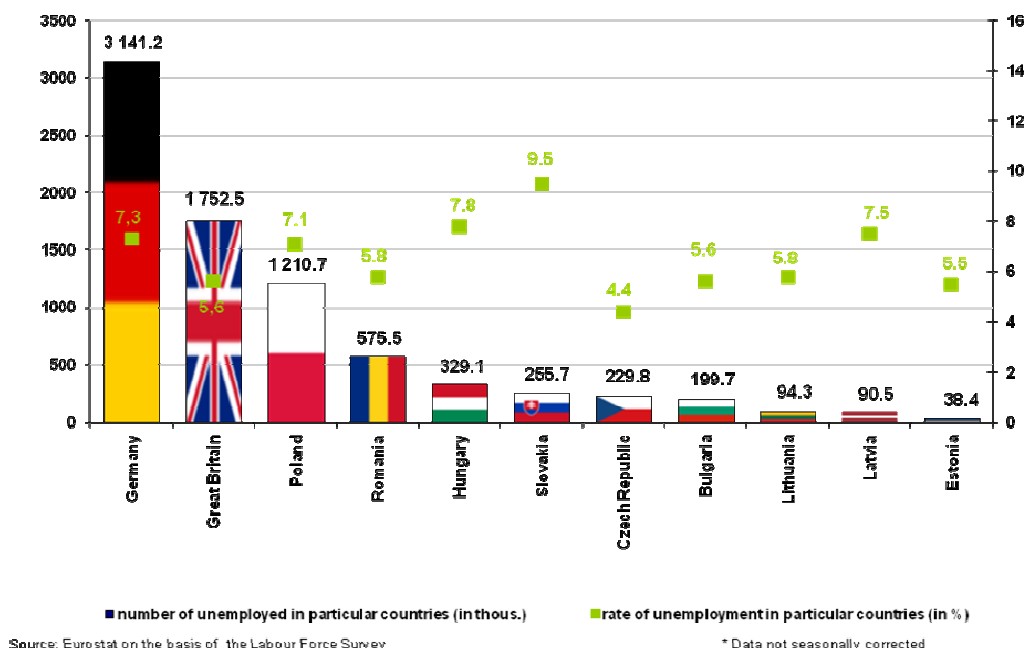
Unemployment in 2008 in selected voivodeship cities



Source: ASM on the basis of GUS

On the other hand, Eurostat in its analyses uses the rate of unemployment according to the LFS survey. At the end of 2008 in Poland the rate of unemployment amounted to 7.1%. Lower unemployment at the end of 2008 than in Poland was only in Czech Republic (4.4%), Slovenia (4.4%), Estonia (5.5%), Bulgaria (5.6%), Lithuania (5.8%) and Romania (5.8%). Among the analysed CEE countries the highest unemployment at the end of 2008 was in Slovakia (9.5%).

Comparison of the rate and level of unemployment in Poland in CEE countries in 2008



Wages and salaries and labour costs

The attractiveness of a labour market is to a great extent marked by labour costs and costs of wages and salaries. Average gross labour costs⁴ in Poland in 2008 amounted to PLN 3 986.5 per employee. At the same time labour costs per one paid hour⁵ amounted to PLN 23.96, and per one hour worked⁶ PLN 27.85⁷.

Average gross wages and salaries in Poland at the end of 2008 in the enterprise sector amounted to PLN 3 158.48. It was higher as compared to the year 2007 by 10.2%. This increase has been holding at a similar level for the last several years. The analysis of average wages and salaries in 35 sectors of the economy at the end of 2008 shows that the highest wages and salaries were in sectors relate to mining (mining and quarrying PLN 7 363.54 and hard coal mining and lignite mining PLN 7 274.79). The lowest wages and salaries are in the sectors of administration and auxiliary activities (PLN 1 963.91), manufacture of leather and leather products (PLN 1 799.98) and manufacture of clothing (PLN 1 658.61). Details are presented in the table below.

⁴ Average monthly labour costs per 1 employed person is calculated as a proportion of borne labour costs in a given period to the average employment in a given period as per 1 month.

⁵ Average labour cost per one paid hour is defined by the proportion of labour costs in a given period to the number of hours paid in the same period. Where the number of paid hours includes paid worked hours and paid not worked hours from the resources of an enterprise; hours paid from other resources, so-called foreign, e.g. from ZUS resources, are not considered,

⁶ Labour cost per 1 hour worked is calculated as a proportion of labour costs in a given period to the number of hours worked in a given period. On the other hand, an hour worked includes hours worked in full-time employment (applying to a given group of employees), as well as overtime paid,

⁷ GUS Labour costs in the national economy in 2008.

Average wages and salaries in selected sectors of the economy at the end of 2008.

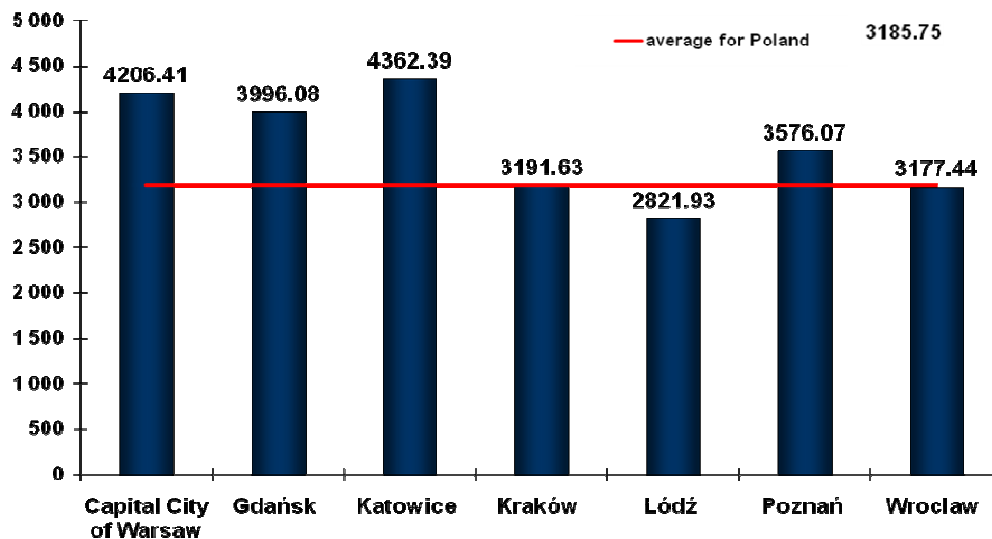
Economy sector	Average wages and salaries at the end of 2008
Average wages and salaries	3 158.48
industry total	3 417.26
mining and quarrying	7 363.54
mining of hard coal and lignite	7 274.79
manufacturing	2 920.32
manufacture of food products	2 620.35
manufacture of beverages	4 068.60
manufacture of tobacco products	4 741.30
manufacture of textiles	2 156.54
manufacture of clothing	1 658.61
manufacture of leather and leather products	1 799.98
manufacture of products of wood, cork, straw and wicker	2 274.43
manufacture of paper and paper products	3 294.10
printing and reproduction of recorded media	3 491.36
manufacture of coke , refined petroleum products	5 733.05
manufacture of chemicals and chemical products	3 739.81
manufacture of pharmaceutical products	4 981.89
manufacture of rubber products	2 843.45
manufacture of other non-metallic mineral products	3 246.42
manufacture of metals	3 400.23
manufacture of metal products	2 896.80
manufacture of computers, electronic and optical products	3 447.63
manufacture of electrical equipment	2 990.38
manufacture of machinery and equipment	3 261.59
manufacture of motor vehicles, trailers and semi-trailers	3 002.11
manufacture of other transport equipment	3 380.32
manufacture of furniture	2 383.85
construction	3 560.85
trade and repairs	3 088.96
transport and storage	3 449.41
accommodation and catering	2 391.60
information and communication	5 525.06
real estate	3 873.14
administration and auxiliary activities	1 963.91
electricity, gas, steam and hot water supply	5 560.59
water supply; sewage and waste management; land reclamation	3 597.68

Source: ASM on the basis of GUS

In the 1st half of 2009 average wages and salaries amounted to PLN 3 263.06; at the same time it grew as compared to the corresponding period of the previous year by 5.0%. An increase in wages and salaries higher than the average was observed in the following sections: energy, gas, steam and hot water supply (9.1%), administration and auxiliary activities (7.8%), water supply; sewage and waste management; and land reclamation (6.4%), as well as professional science and technical activity (6.3%). The lowest dynamics occurred in the accommodation and catering sections (a growth by 3.0%).

The inhabitants of Katowice (PLN 4 362.4) and Warsaw (PLN 4 206.4) could count on the highest wages and salaries at the end of 2008. The lowest wages and salaries concerned the inhabitants of Łódź (PLN 2 891.9). It is lower than the average wages and salaries in the enterprise sector in Poland in this period.

Average monthly salaries and wages (gross) in the enterprise sector in 2008 in selected voivodeship cities (in PLN)



Source: ASM on the basis of GUS

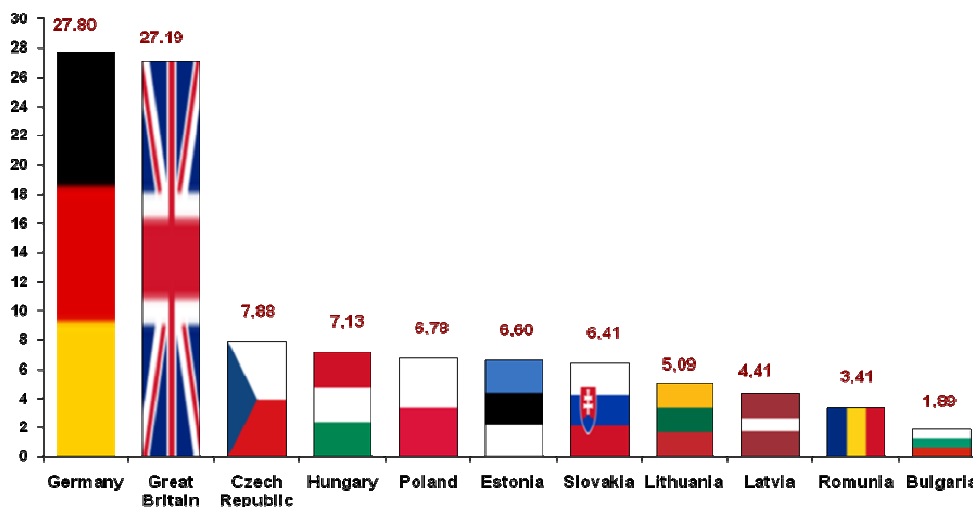
Average monthly (gross) wages and salaries in the most important sectors of the economy in selected biggest cities in Poland (status at the end of 2008)

Economy sector	Łódź	Warszawa	Kraków	Poznań	Wrocław
Industry	2 839.92	4 321.20	3 690.32	4 197.13	3 720.67
Construction	3 312.07	5 055.72	3 465.27	3 955.15	3 827.69
Trade and repairs	2 806.18	4 253.60	2 657.67	3 088.97	2 978.17
Hotels and restaurants	2 097.83	2 767.57	2 179.04	2 457.55	2 213.68
Transport and storage	2 992.49	3 851.87	3 477.33	3 253.41	3 928.56
Total	2 821.93	4 206.41	3 191.63	3 576.07	3 177.44

Source: ASM on the basis of GUS

In order to allow a comparison of hourly labour costs between particular CEE countries, as well as Western European countries, data are presented in euro. Among CEE countries the highest labour costs are in the Czech Republic (€ 7.88). They are not much higher than in such countries as Hungary (€ 7.13), Poland (€ 6.78) or Slovakia (€ 6.41). Whereas the "costs of maintaining an employee" are the lowest in Bulgaria (€ 1.89), this country stands out from other representatives of the region. Nevertheless, we should pay attention to the fact that labour costs in CEE countries are approximately € 20 lower than in Germany (€ 27.8) or Great Britain (€ 27.19).

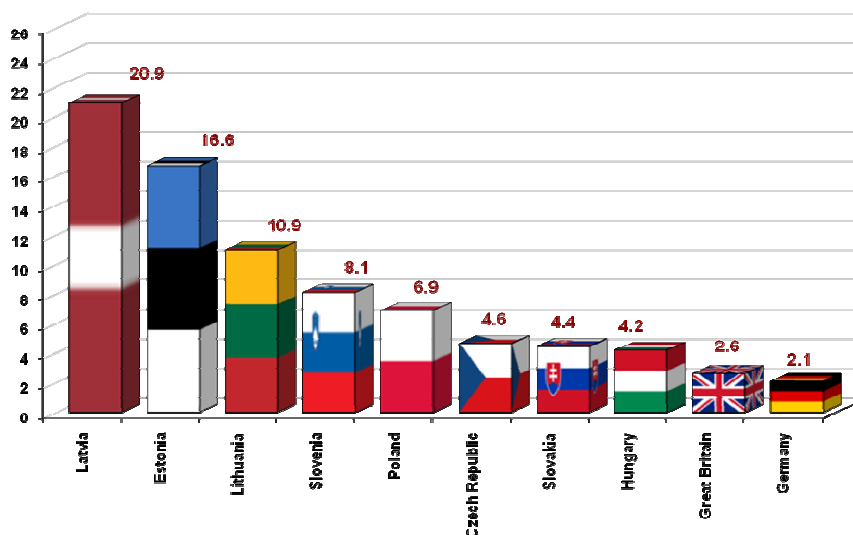
Hourly labour costs in CEE countries in 2007 (in euro)



Source: Eurostat

Costs grew the fastest in 2008 in the countries located on the Baltic coast: in Latvia (20.9%), in Estonia (16.6%). At the other end of the breakdown there are Hungary (4.2%), Slovakia (4.4%) and the Czech Republic (4.6%).

Dynamics of labour costs in the entire economy in CEE countries in 2008 (in %, in comparison to the previous year)



Source: Eurostat

Level of education

At the end of 2008 in Poland there were 1 927 762 students, of which over 1.2 million were at public universities. The number of students in Poland has been maintaining at a similar level for several years. The year 2008 was the first year for a longer time in which the number of students fell, in fact by just over 11 thous., i.e. approximately 0,6% of all students. In 2008 higher education was achieved in Poland by 420 thous. graduates. The number of higher schools' graduates in recent years has been systematically growing (in 2006 there were 391 thous. graduates).

Students and graduates most often choose majors connected with economics and administration (respectively: 23.5% and 25.6%), social studies (13.55% and 14.84), pedagogy (11.9% and 15.29%) and the humanities (8.22% and 8.19%).

As presented by surveys by the Manpower Company⁸, on the Polish labour market there is a lack of engineers⁹. At the same time we can also see the behaviour of future students who try to respond to demand in the labour market. According to data from the Ministry of Science and Higher Education on enrolment results for the academic year 2008/2009 among the three most popular universities two of them are technical universities¹⁰. It should be expected that in the perspective of 5-6 years on the Polish labour market the number of students graduating with a degree of an engineer will grow with a simultaneous decrease in graduates from the humanities, social studies and art.

⁹ Surveys relate to the year 2009. The most sought-after professions in Poland are qualified physical workers, project managers, sales representatives and engineers.

¹⁰ Respectively (by the number of candidates per one place): Politechnika Warszawska (6.8), Uniwersytet Warszawski (6.4) and Politechnika Gdańska (5.9)

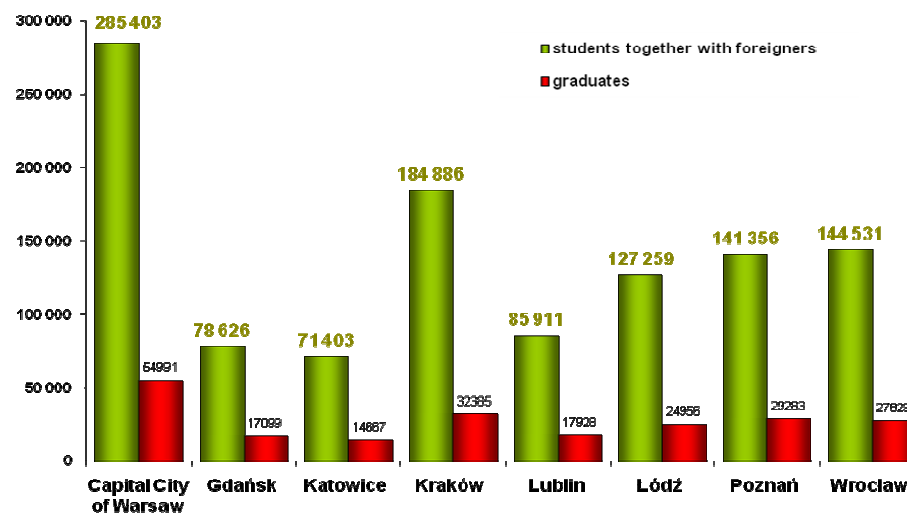
Students and graduates by majors in 2008.

Majors	Students	Structure in %	Graduates	Structure in %
pedagogy	227 436	11.9	63 992	15.29
humanities	157 199	8.22	34 259	8.19
art	26 194	1.37	4 223	1.01
social studies	259 035	13.55	62 127	14.84
economics and administration	449 260	23.5	107 375	25.66
law	59 922	3.13	7 602	1.82
journalism and information	21 846	1.14	4 413	1.05
biology	37 558	1.96	9 839	2.35
physics	28 720	1.5	6 532	1.56
mathematics and statistics	16 774	0.88	3 894	0.93
ICT (information & communication technology)	86 648	4.53	15 465	3.7
medicine	118 466	6.2	26 809	6.41
engineering and technology	128 491	6.72	21 188	5.06
production and manufacturing	61 955	3.24	10 735	2.57
architecture and construction	66 710	3.49	8 491	2.03
agriculture, forestry and fisheries	35 135	1.84	7 710	1.84
services rendered to the population	74 390	3.89	15 775	3.77
environmental protection	26 648	1.39	4 999	1.19
other (social welfare, veterinary medicine, transport services, security and safety)	29 133	1.52	3 079	0.74
Total	1 911 520	100	418 507	100

Source: ASM on the basis of GUS

The biggest number of students (285 thous.) studies in Warsaw. The capital city also supplies the biggest number of higher-school graduates (55 thous.) In Kraków there are around 100 thous. fewer students than in Warsaw (184 thous.). The fewest number of students is "supplied" by Katowice (71 thous. students and 14.6 thous. graduates) and Gdańsk (78.6 thous. students and 17 thous. graduates).

Students and university graduates in 2008 in selected voivodeship cities



Source: ASM on the basis of GUS

Analysing the majors studied in the biggest Polish cities we can see that in every academic centre the following majors prevail: economics and administration, pedagogy, humanities and social studies. These tendencies also include graduates. The details are presented in the tables below.

Students in 2008 by cities and majors.

	Łódź		Warsaw		Kraków		Poznań		Wrocław	
	N	%	N	%	N	%	N	%	N	%
pedagogy	18 152	14.26	25 841	9.05	11 949	6.46	11 142	7.88	9 006	6.23
humanities	15 036	11.82	21 909	7.68	15 562	8.42	15 112	10.69	11 063	7.65
art	4 629	3.64	4 234	1.48	3 020	1.63	2 479	1.75	2 817	1.95
social studies	10 357	8.14	52 984	18.56	22 939	12.41	16 136	11.42	12 487	8.64
economics and administration	35 650	28.01	71 145	24.93	42 032	22.73	33 839	23.94	37 416	25.89
law	2 648	2.08	12 518	4.39	7 003	3.79	4 217	2.98	5 343	3.70
journalism and information	1 036	0.81	3 825	1.34	2 395	1.30	1 812	1.28	4 538	3.14
biology	1 991	1.56	3 417	1.20	4 288	2.32	2 312	1.64	3 128	2.16
physics	2 293	1.80	2 591	0.91	4 003	2.17	3 606	2.55	3 102	2.15
mathematics and statistics	1 268	1.00	2 973	1.04	2 293	1.24	934	0.66	975	0.67
ICT (information & communication technology)	10 099	7.94	13 179	4.62	7 537	4.08	5 113	3.62	7 841	5.43
medicine	8 332	6.55	14 196	4.97	7 231	3.91	11 418	8.08	7 866	5.44
engineering and technology	6 163	4.84	14 049	4.92	17 799	9.63	8 393	5.94	15 144	10.48
production and manufacturing	2 718	2.14	7 565	2.65	9 902	5.36	4 242	3.00	5 786	4.00
architecture and construction	1 891	1.49	8 548	3.00	9 281	5.02	3 568	2.52	6 931	4.80
agriculture, forestry and fisheries	0	0.00	5 087	1.78	5 320	2.88	4 644	3.29	2 009	1.39
veterinary medicine	0	0.00	1 148	0.40	0	0.00	0	0.00	1 237	0.86
services rendered to the population	2 166	1.70	13 504	4.73	5 179	2.80	8 755	6.19	5 029	3.48
other (social welfare, environmental protection, transport services, security and safety)	2 830	2	6 690	2	7 153	4	3 634	3	2 813	2
Total	127 259	100.0	285 403	100.0	184 886	100.0	141 356	100.0	144 531	100.0

Source: ASM on the basis of GUS

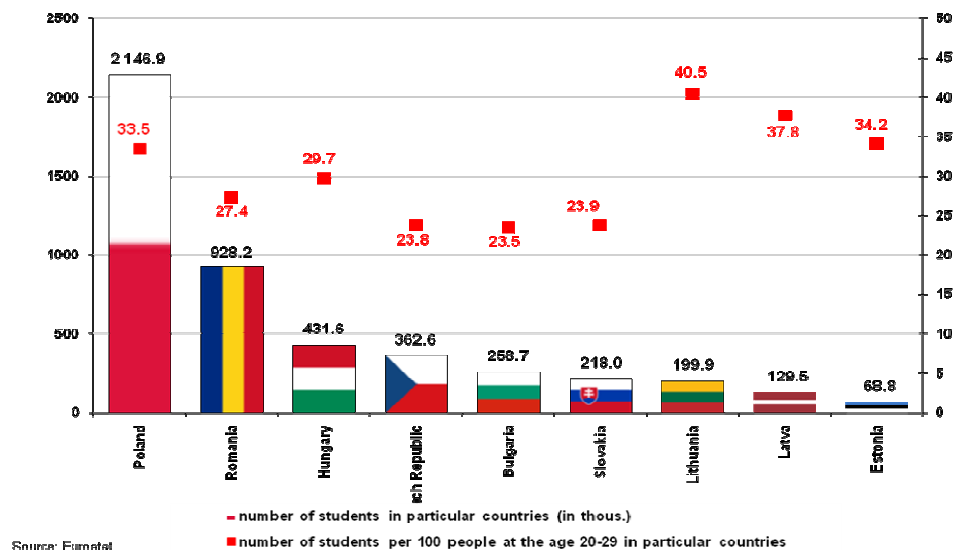
Graduates in 2008 by cities and majors.

	Łódź		Warsaw		Kraków		Poznań		Wrocław		Trójmiasto	
	N	%	N	%	N	%	N	%	N	%	N	%
pedagogy	6 152	24.65	6 768	12.31	2 929	9.04	2 525	8.62	2 602	9.35	3 317	16.46
humanities	2 370	9.50	3 061	5.57	3 430	10.59	2 729	9.32	2 120	7.62	1 346	6.68
art	658	2.64	582	1.06	510	1.57	501	1.71	558	2.01	249	1.24
social studies	1 913	7.67	10 856	19.74	3 968	12.25	3 748	12.80	2 202	7.91	3 448	17.11
economy and administration	6 880	27.57	16 050	29.19	8 049	24.85	7 434	25.39	7 642	27.46	4 814	23.89
law	297	1.19	1 566	2.85	802	2.48	543	1.85	700	2.52	400	1.99
journalism and information	99	0.40	761	1.38	386	1.19	435	1.49	1 068	3.84	73	0.36
biology	373	1.49	860	1.56	737	2.28	771	2.63	852	3.06	407	2.02
physics	472	1.89	561	1.02	779	2.41	691	2.36	663	2.38	494	2.45
mathematics and statistics	178	0.71	449	0.82	422	1.30	176	0.60	185	0.66	156	0.77
ICT (information & communication technology)	2 125	8.51	1 573	2.86	1 011	3.12	866	2.96	1 110	3.99	599	2.97
medicine	1 458	5.84	2 428	4.42	1 518	4.69	2 050	7.00	1 674	6.02	1 058	5.25
engineering and technology	906	3.63	1 756	3.19	2 544	7.86	1 731	5.91	2 286	8.21	1 475	7.32
production and manufacturing	276	1.11	1 523	2.77	1 240	3.83	1 111	3.79	1 024	3.68	63	0.31
architecture and construction	210	0.84	1 007	1.83	1 275	3.94	515	1.76	1 165	4.19	498	2.47
services rendered to the population	381	1.53	3 481	6.33	949	2.93	1 781	6.08	513	1.84	1 320	6.55
other	208	0.83	1 709	3.11	1 836	5.67	1 676	5.72	1 465	5.26	430	2.13
Total	24 956	100.00	54 991	100.00	32 385	100.00	29 283	100.00	27 829	100.00	20 147	100.00

Source: ASM on the basis of GUS

In order to allow comparison of the number of students in selected CEE countries, an index of the number of students per 100 people at the age of 20-29 was "built". This index was bigger than in Poland (33.5) in such countries as Lithuania (40.5), Slovenia (40.1), Latvia (37.8) and Estonia (34.2).

Comparison of the number of students (higher education) in Poland and in CEE countries in 2007



Projection of the labour market for the coming years

The labour market is influenced by many factors, both macroeconomic and demographic. While making projections we should consider their strength and behaviour in the analysed period. At the moment, in Poland the main GDP stimulators are individual consumption and a positive balance of turnovers with foreign countries, which compensate for a negative input of domestic demand. As a matter of fact the volume of exports is clearly lower than in 2008, However, the scale of its decrease is lower as compared to the volume of imports. The depreciation of the zloty is beneficial to exporters,¹¹ on the other hand, products and raw materials of an investment nature lead to the limitation of imports.

Despite that fact that Polish economy, as compared to other member states, (according to the European Commission's forecasts) as the only Union country to record in 2009 a positive growth of in the economy, it will not protect the Polish labour market from the growth in the rate of unemployment and a drop in the number of employed.

The global recession triggered the situation in which enterprises started to limit their reserves for future investments. The recession dominating on world markets forced companies to cut costs, and so to reduce employment. The deepening financial crisis which started in the United States became more and more sensible for the EU economy. The recession of our main trade partners, i.e. in Germany, France, Italy and Great Britain, contributed to the reduction of production of industry in our country (these four countries consume 46.5% of Polish exports). In addition, foreign investors in fear of economics scale and strength of the crisis started to withdraw their assets from emerging markets (CEE countries) in this way also reducing the volume of inflow of new investments into Poland.

We forecast that employment in the enterprise sector will decrease in 2010 by 0.5% against the forecast drop in 2009 by -1.7%. The subsequent years (2011 – 2013) should, in our opinion, bring an improvement on the labour market. Employment will grow, in 2011 by 0.6%, in 2012 by 0.9%, while in 2013 by 1.1% in annual terms.

Because of the delayed reactions of the labour market to the business trends we also forecast that the rate of registered unemployment will grow in 2010 (to the level of 13.1% in annual terms), whereas from 2011 (12.7%) in Poland the rate of unemployment will slowly fall, achieving at the end of 2012 the level of 11.5%, and at the end of 2013 10.2% of the population will be out of work.

¹¹ Średni roczny kurs euro w 2008 r. wyniósł 3,52 zł, w okresie I-XI 2009 r. – 4,35 zł, Narodowy Bank Polski

The forecast of the economy and labour market growth in CEE countries for the years 2009-2011

CEE countries	GDP			Rate of unemployment			Employment		
	(in %, as compared to the previous year)								
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Bulgaria	-5.9	-1.1	3.1	7.0	8.0	7.2	-2.0	-1.3	0.8
Czech Republic	-4.8	0.8	2.3	6.9	7.9	7.4	-2.0	-1.4	0.3
Estonia	-13.7	-0.1	4.2	13.6	15.2	14.2	-9.0	-2.5	1.6
Lithuania	-18.1	-3.9	2.5	14.5	17.6	18.2	-8.3	-2.4	-0.2
Latvia	-18.0	-4.0	2.0	16.9	19.9	18.7	-11.9	-5.6	-0.2
Poland	1.2	1.8	3.2	8.4	9.9	10.0	-0.7	-1.1	0.1
Romania	-8.0	0.5	2.6	9.0	8.7	8.5	-3.3	0.8	0.9
Slovakia	-5.8	1.9	2.6	12.3	12.8	12.6	-2.0	0.0	0.6
Hungary	-6.5	-0.5	3.1	10.5	11.3	10.5	-3.0	-0.8	0.9

Source: European Commission, "European Economic Forecast" – autumn 2009"

According to the European Commission's forecasts in Poland in 2009 the rate of unemployment (Labour Force Survey) will amount to 8.4%, while in the years 2010-2011 it will oscillate around 10%. From the year 2011 an increase in the number of employed persons is expected.

The above-presented picture of the labour market, as well as its forecast future behaviour, is influenced by structural changes in the economy and business trends in Poland and in Mid-East Europe. The economic slowdown which we are witnessing significantly influences the behaviour of the labour market. The factors influencing the financial condition of employers are tightened credit policy, increased investment risk, increase of competitiveness and limitation of the order book.

Forecasts for individual CEE countries show that the solid foundations of the Polish economy contributed to the decrease of negative effects of the global recession, at the same time giving future investors a trump card in the shape of a stable country with sustainable economic growth and an improving situation on the labour market in a short period of time (next 2 years). Analysing economic forecasts for Poland for the years 2009-2011 we can expect the maintaining of individual consumption, and an increase in the rate of investments, as well as the high use of union funds.

The demographic situation will also have an influence on the shaping of the level of employment, as well as the rate of unemployment. An ageing society and an increase in the number of the population are the most important challenges which will have to be met in the future in order to ensure the development of employment in a longer perspective.

Examples stimulating local labour market

In order to increase the competitiveness of the local labour market in many self-Governments or in the regions of cities and voivodeships, various actions are being taken to increase the supply of work places. Many times self-Government authorities prove to be an important player in achieving investments (particularly foreign ones) for their citizens, in this way decreasing the level of unemployment or gaining access to modern know how. One of such examples is Łódź. The city office

of Łódź through the Centre of Investor Service together with the Łódź Special Economic Zone take a number of actions in order to attract foreign investors.

The main tasks of the Team of Investor Service include¹²:

- active procuring of investors in priority branches,
- organisational supporting for investors in the preparatory and implementation phase of investments, as well as further after-investment care,
- developing and preparing investment tenders for the city,
- preparing individual presentations of the City for the needs of given investors,
- building and maintaining business relations with investors and other public institutions in Łódź and in the country,
- presenting city's investment tenders at branch trade fairs,
- developing promotional materials for investors,
- recommending actions in the field of creating favourable conditions to invest in the city.

Thanks to the efforts of self-Government authorities, on 29.01.2008 a factory was opened. An investment worth approximately € 200 million is expected to create approximately 3 000 work places for Łódź inhabitants. Its manufactured notebooks and servers will find their place in Mid-East Europe and Scandinavia.

In Poland there are many examples of cooperation between local self-Government, local (already operating) enterprises, research and development centres, and educational potential, in order to develop the region through the increase of work places. An example of such cooperation is the activity of Dolina Lotnicza. The tasks of this association, brought to life in 2003 by local entrepreneurs, are the following:

- Organising and developing a cost-effective chain of suppliers;
- Creating convenient conditions for the development of the aviation industry enterprises in the region;
- Further development of research, skills and qualifications within the field of aviation;
- Cooperation and development of the aviation industry and higher schools which will promote new concepts and develop the research and development sector in the aviation industry;
- Promotion of the Polish aviation industry;
- Supporting enterprises from the aviation industry;
- Influencing economic policy of the Polish Government when it comes to issues related to the aviation industry.

Thanks to the synergy of actions we succeeded in procuring new investors. An example of such an investment is MTU AERO Engines which invested in Rzeszów. The investment, which soaked up EUR 50 million created 200 work places, and is expected (by 2012) to employ 400 inhabitants of Podkarpacie. The newly-created enterprise engages in manufacturing and designing rotating driving

¹² The City Office of Łódź

impellers for low-pressure turbines. The company will launch the latest generation machines and technologies to the aviation industry.

The labour market in Poland can count, in the coming years, on support coming from EU programmes. One of them, focused on the labour market, is the Operational Programme "Human Resource Development". The main aim of actions undertaken within the framework of this project is facilitating the complete use of human resources through the increase in employment, the increase in employees' level of education and the improvement in employees' health. The programme started in 2007 and will continue to the year 2013, and its budget amounts to € 11.5 billion (of which € 9.7 billion constitute resources from European Social Fund) other resources are national.

Executive summary

To sum up, Poland as a stable country, the economy of which is one of the fastest developing in Europe, creates an attractive investment climate for foreign investors, offering a stable business environment based on solid economic conditions and an established administrative system. Poland is one of the biggest Union countries, and at the same time with access to 38 million potential customers. Our country has also young and educated people and a qualified work force. Still one of the most significant factors are low labour costs which are attractive not only in the background of the countries of the "old fifteen", but also among other Mid-East European countries. Additionally, for foreign investors Special Economic Zones were prepared which offer favourable tax rates, and support while employing, as well as prepared investment areas.

Among the CEE countries' economies we turned out to be the most resistant to the effects of the global recession prevailing on the world's markets. After the 2nd quarter of this year Poland was the only country in Europe which recorded an increase in GDP (1.4% in annual terms). The economic slowdown contributed to a smaller increase in unemployment than in other CEE countries.