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**Launch of the OECD  
Economic Survey of  
Poland 2014:  
Labour market  
challenges and product  
market competition**



Polskie Towarzystwo Ekonomiczne



CASE – Center for Social  
and Economic Research

# PRODUCT MARKET REFORMS IN POLAND

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1. Admin burdens
2. Services market
3. Innovation policy
4. Legal efficiency
5. Summary

# PRODUCT MARKET REFORMS CAN RELEASE A SOLID RESERVOIR OF PRODUCTIVITY

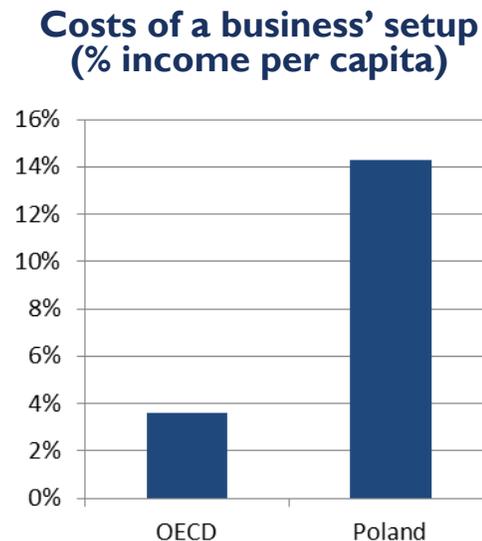
Poland can boost its overall productivity and GDP growth by implementing number of product market reforms.  
**Most of them are not politically sensitive:**

- Reduction of administrative burdens of doing business
- Further liberalisation of services markets
- Support for innovation
- Improvement of a domestic legal system
- Simplification of tax regulations

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# ADMINISTRATIVE BURDEN

- In order to implement a proper regulatory reform one has to follow a carefully planned programme (see Dutch 25 per cent cutting admin costs reform)



## Key success factors of Dutch regulatory reform:

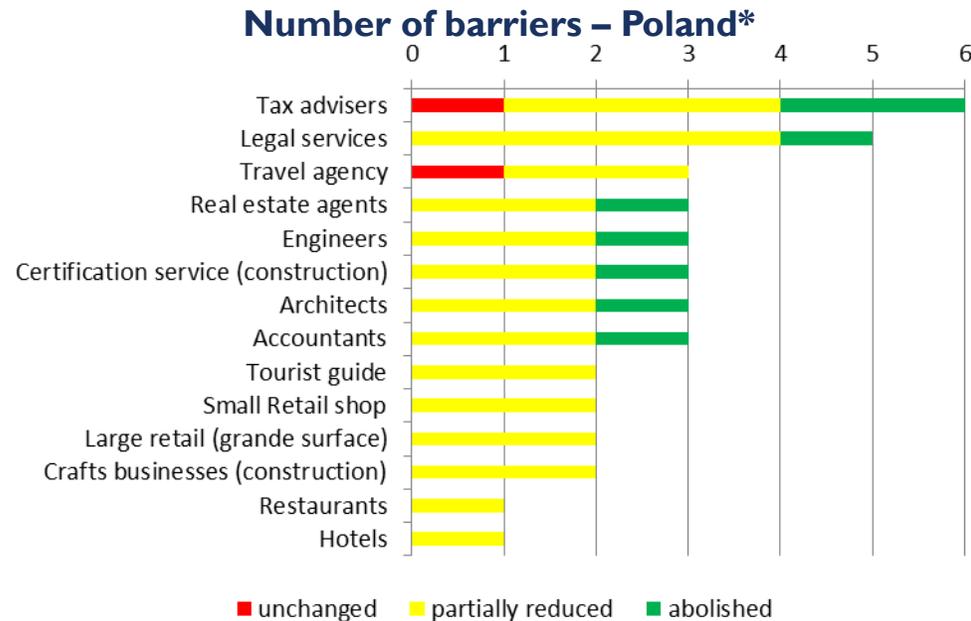
- **Easy to communicate measurable target (25% cost reduction)**
- **Link to the budget and MinFin leverage**
- **Independent agency building momentum for reform and relations with enterprises**
- **Broad political consensus**

Source: doingbusiness.org, „Review of the Dutch Administrative Burden Reduction Programme”, World Bank Group.

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# COMPLETION OF EU-WIDE SERVICES MARKET

- Deep homeland reforms in the field of services result in more competitive markets in other EU member states, which is far more important for EU growth than exposure to e.g. cross-border intra-EU services trade.



## In Poland there is an urgent need for:

- deregulation of legal barriers of entry and development of new enterprises
- changing provisions of the bankruptcy law in order to mitigate the costs of business failures
- simplification of financial reporting and controlling systems, i. e. reducing both the number and the scope of competence of control bodies

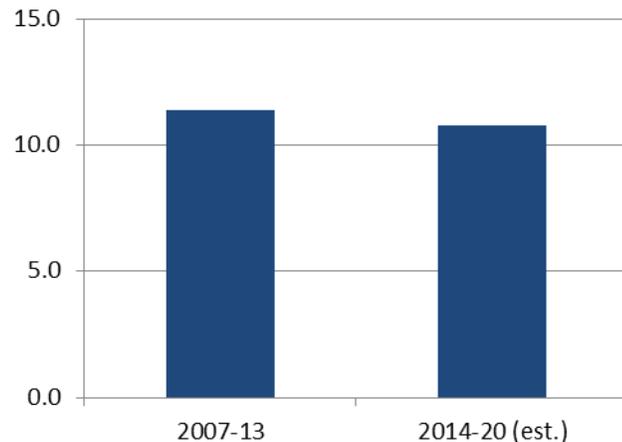
Source: Mustilli F., J. Pelkmans, „Securing EU Growth from Services”, CEPS Special Report, No. 67, October 2012. Monteagudo J., A. Rutkowski, D. Lorenzani, „The economic impact of the Services Directive: A first assessment following implementation”, European Economy, Economic Papers 456, June 2012. \*as of implementation of Services Directive.

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# BUSINESS ORIENTED INNOVATION POLICIES

- Business oriented innovation policies require a proper combination of both supply-side as well as demand-side policy

EU funds allocated to Poland on R&D (bn EUR)



## Innovation policy mix should include:

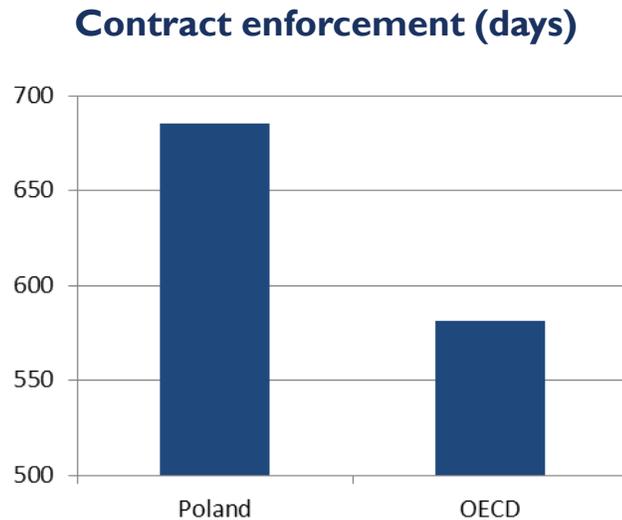
- Direct and indirect R&D support measures
- Building demand on innovation esp. in the public sector (PPP)
- Eliminate the lack of take-up in the market and commercialisation

Source: Ministry of Infrastructure and Development., „Business Innovation Policies: Selected Country Comparisons”, OECD , OECD Publishing, 2011.

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# LEGAL ENFORCEMENT EFFICIENCY AND SIMPLIFICATION OF THE TAX SYSTEM

- Contract enforcement has improved within the last 10 years, however there is still a significant gap to OECD average.



## What needs to be done:

- Shift towards experienced professionals
- On-line procedures
- Economic education
- Enforcement of time commitments
- Stability and simplicity of the tax system enforced by the judicial system through fast judiciary enforcement

- Source: doingbusiness.org, Huang F., „Contract Enforcement: A Political Economy Model of Legal Development”, Journal of Law, Economics, and Organization, Vol. 29, No. 4, 2013, 835-870.

## BOTTOM LINE

# It's Easier Than You Think

