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The economy under lockdown

Poland compared to the rest of Europe

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Authors: Katarzyna Dębkowska, Urszula Kłosiewicz-Górecka, Paula Kukołowicz,
Anna Szymańska, Piotr Ważniewski, Katarzyna Zybortowicz

Substantive editing: Andrzej Kubisiak

Editing: Dariusz Sielski

Graphic design: Anna Olczak

Graphic collaboration: Liliana Gałązka, Tomasz Gałązka, Joanna Cisek

Text and graphic composition: Sławomir Jarząbek

Polish Economic Institute

Al. Jerozolimskie 87

02-001 Warsaw, Poland

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Key numbers on the state of the Polish economy

-23.7 per cent

a decrease in the value of industrial production in April against February; **-4.3 per cent** – the respective decrease in June against February 2020

-15.2 per cent

a fall in retail trade at constant prices in April against February; **+5.6 per cent** – an increase in retail trade in June against February 2020

6.1 per cent

the registered unemployment rate in June 2020

1,027,000

the number of unemployed persons registered at labour offices in late June 2020

106,600

an increase in the number of registered unemployed persons in June against February 2020

-1.2 per cent

a decline in the average gross monthly wage in the non-financial corporations sector in June against February 2020

Key numbers on the position of Polish enterprises

3/4 of enterprises

in the initial lock-down period – were of the operation **that recovery from the pandemic would not exceed one year**

-36.1

the level of the **Business Sentiment Index (BSI)** noted **in early April**, whereas **+9.9** was the level of the **BSI** noted **in early July**

57 per cent

of firms recorded a **fall** in sales **in early April** against February, **whereas 36 per cent** noted a decline in sales **in early July** against June

6 per cent

of firms noted an **increase** in sales **in early April** against February, whereas **22 per cent** noted **a rise in early July** against June

62 per cent

of firms noted a **decrease** in the number of new orders **in early April**, whereas **21 per cent** noted a fall in the number of new orders **in early July**

6 per cent

of firms noted a rise in the number of new orders **in early April**, whereas **33 per cent** noted an increase in the number of new orders **in early July**

26 per cent

of firms assessed their liquidity as sufficient to survive a period of **more than 3 months in early April; in early July**, such firms were as many as **60 per cent**

28 per cent

of firms planned employment cuts in early April, **whereas actual reductions in March and April were performed by 12 per cent of firms**

62 per cent

of firms planned **to maintain employment** in early April, whereas the share of firms **having maintained employment** in March and April was **86 per cent**

12 per cent

of firms **planned to cut employment** in late April, whereas in May **actual reductions** in employment were implemented by **10 per cent of firms**

50 per cent

of firms planned to reduce salaries and wages **in early April, whereas 12 per cent** planned pay cuts **in early July**

Key findings from business surveys

Business surveys on the situation of Polish enterprises conducted for Polish Economic Institute (PEI) and the Polish Development Fund (*Polski Fundusz Rozwoju* - PFR) were carried out in the period from early April to early July 2020 in six survey measurements (six waves). Comparing the survey findings obtained in the early lock-down period, in particular phases of the freezing and unfreezing of the economy and the introduction of anti-crisis shields allows to describe changes in business sentiment as well as in the market and financial situation of firms.

- **The Business Sentiment Index (BSI)** values determined for each of the six survey waves clearly show an improvement in business sentiment in the period covered; in particular, a marked change in business sentiment could be observed from mid-May when further stages of unfreezing the economy allowed undertakings to restore economic activities. The improvement in business sentiment was also closely related to the aid measures introduced by the Polish government in the form of anti-crisis shields and the Financial Shield. Further changes and extensions of the adopted solutions allowed a greater number of enterprises to benefit from real assistance, which translated into better self-assessments of the business situation in subsequent survey waves.
- The **BSI** shows that **large and medium-sized undertakings have coped with the crisis better than small and micro-enterprises**. In the case of larger firms, the BSI indicated better business sentiment for large undertakings in each of the survey waves. **A marked improvement in**

sentiment for production enterprises could be seen in May, whereas for commercial entities – as late as June.

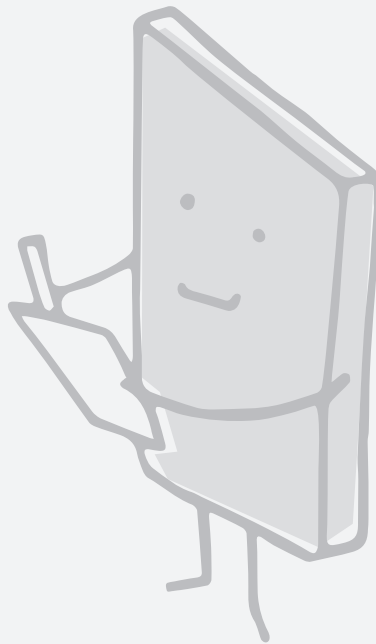
- **It is possible to observe a close relationship** between changes noted in **macro-economic indicators and the Business Sentiment Index**. In particular, there was a positive and strong correlation between the BSI level and changes (month-on-month) in industrial production sold, retail trade and new orders in industry.
- **The value of sales** in the surveyed enterprises – the worst situation was observed in late April when more than two-thirds of firms noted decreases in sales, whereas merely 7 per cent – increases on the previous month. In May, due to the unfreezing of the economy and the implementation of subsequent anti-crisis shields, the situation began to improve; in late May, 43 per cent of firms declared a fall in sales, whereas 20 per cent – an increase. Early July witnessed further improvement. The share of entities indicating decreases in sales dropped to 36 per cent, whereas it was 57 per cent in early April.
- **Subjective assessments of liquidity** – the worst situation was observed in mid- and late April when 1 out of 10 firms declared having no financial reserves, whereas only 4 out of 10 estimated to have funds sufficient for more than 3 months. In late May, only 5 per cent of firms assessed that they had no funds, whereas the proportion of those believing to be able to survive for a period exceeding 3 months rose to 54 per cent. The worst self-assessments of the financial situation were declared by micro- and

small enterprises, whereas large entities were the most optimistic.

→ **Planned personnel changes** – in subsequent survey waves, there was a steady decline in the share of firms planning to cut employment – from 28 per cent in early April to 6 per cent in early July. In late May, no large firm was planning to reduce employment, although in the first wave such measures were indicated by as many as 20 per cent of large enterprises. The percentage of entities planning employment reductions could be pushed down by the introduction of solutions under anti-crisis

shields, comprising financial and liquidity instruments subject to efforts by enterprises to maintain employment.

→ **Planned employee remuneration changes** – in early April, half of undertakings planned pay cuts, but in early July such plans were only expressed by 12 per cent of entities. Plans of enterprises with regard to salaries and wages suggest that the labour market situation starts to normalise; in early July 2020, for the first time from the outbreak of the pandemic, more firms were planning pay rises (14 per cent) than pay cuts (12 per cent).



Introduction

The COVID-19 pandemic has significantly affected the economic and social situation of all European countries. Restrictions introduced by the governments of particular countries in order to contain the spread of the SARS-CoV-2 virus led to the freezing of a major share of economic activities. The restrictions imposed resulted in a collapse of production activities of enterprises, a steep fall in consumption and in various trade activities, the disruption of global supply chains and dwindling investments.

As early as the onset of the crisis, it became obvious that economic losses caused by the pandemic and the freezing of the of austerity policy preventing the economy from quickly returning to the economic growth path (Kawalec, Pytlarczyk, Kamiński, 2020). As early as the stage of introducing anti-epidemic restrictions, most economists believed that only firm, rapid and far-reaching State intervention policies could protect economies from collapsing and subsequent years of stagnation (Kapoor, Buiters, 2020). The necessity to take such measures as advocated by economists largely resulted from the lack of reliable knowledge about how the economy would respond to such imposed restrictions in the initial period following their introduction. Potential overreaction – acting too soon at excessive costs – was seen as a lesser evil than measures taken too late and inadequate.

After lifting the majority of anti-epidemic restrictions imposed in March and April by most European governments, a number of countries have noted another rise in the number of infections, possibly indicating a second wave of the epidemic. We are now aware of how the economy – consumers and businesses – responded to restrictions introduced and abolished.

Although historical at present, that knowledge may prove a valuable resource in designing economic policy for the anticipated next wave of the pandemic.

This report illustrates how the economic situation of Polish enterprises changed in the period of freezing and unfreezing the economy. It also provides macroeconomic data on the economic situation of Poland and other European countries in order to outline a broader context of the developments under analysis. Showing the subjective perception of the position of undertakings in the first months of the pandemic against the backdrop of objective indicators of Poland's economic situation allows to gain insights into how enterprises responded at essential times of introducing and lifting lock-down measures.

The report is composed of three parts. The first part describes particular stages of freezing and unfreezing the Polish economy as well as the support measures taken by the Polish government with regard to the security of workers, the financing of enterprises, health care, strengthening the financial system and public investment programmes. The second part of the report discusses changes observed in the Polish economy in the period of introducing and lifting lock-down measures. Those developments are shown through indicators concerning industrial production, retail trade, the unemployment rate and forecasts of changes in gross domestic product in the current year.

Lastly, the third part of the report presents the findings from surveys of Polish enterprises jointly conducted by the Polish Economic Institute (PEI) and the Polish Development Fund (*Polski Fundusz Rozwoju* – PFR) in the form of six waves, carried out every two weeks from the

beginning of April to the beginning of July 2020. By analysing the survey results, we captured changes in the sentiment, behaviour, assessments and decisions of undertakings during both freezing and unfreezing the Polish

economy. Every survey concerned a representative sample of 400 enterprises of varying size (micro-, small, medium-sized and large enterprises) and from different economic sectors (trade, services, production).



Freezing and unfreezing the economy in Poland

The COVID-19 pandemic reached Poland relatively late. By 4 March 2020, the date of recording the first infection with the SARS-CoV-2 virus in Poland, the disease had already spread to many European countries. The Czech Republic had registered 5 infections, Germany – 196, Spain – 151 (WHO, 2020). Just as many other countries, at an early

development stage of the pandemic Poland decided to introduce anti-epidemic restrictions on a number of areas of social and economic life. The imposed restrictions, aimed to slow down the spread of the disease, resulted in limitations on the possibility to freely pursue economic activities and to satisfy the consumption needs of citizens.

Stages of freezing the economy

Restrictions were introduced gradually from **mid-March 2020**. Initially, all public events were cancelled (as announced on 10 March); next (12 March), the functioning of nurseries, pre-schools and schools was suspended. On 14 March, shops were closed at large shopping centres (with the exception of pharmacies, grocery stores and establishments selling detergents and hygiene products), the provision of food- and beverage-serving services was banned at the premises (only take-away sales were allowed); public events and all collective forms of culture, sport and entertainment were prohibited. Limits were also introduced on the number of participants in church services (up to 50 persons) and the activities of sanatoriums were suspended. On 15 March 2020, the State border was closed for foreign nationals. The Poles could return to Poland from foreign countries, but they were obliged to be in quarantine for a period of 14 days. International rail and air passenger transport was suspended; only goods could be carried to Poland without major disruptions.

Further restrictions, introduced on 20–25 March, consisted in the imposition of even greater limitations on trade. The number of persons simultaneously allowed at shops was limited. Furthermore, movement restrictions were introduced (except for the purpose of satisfying basic subsistence needs), as well as the social distancing requirement. All entertainment services were fully suspended (clubs and discotheques were closed). The suspension of activities concerned travel agencies and other service and commercial establishments operating at shopping centres with an area exceeding 2,000 m². The provision of medical, treatment and rehabilitation services was limited, with the exception of activities related to combating COVID-19. The number of persons allowed to participate in church services was drastically reduced (to 5 persons), as well as that of permitted passengers using public transport (a maximum of half of the number of seats in a vehicle).

Early April saw the introduction of further restrictions, in both trade and social life. On 1 April, the provision of hotel services was

radically limited, hairdressing and beauty care establishments were temporarily closed; temporary closures also concerned large do-it-yourself retail stores at weekends, whereas shops were required to introduce 'shopping hours for seniors'. Another requirement was to maintain

a distance of two metres between individuals. Children under 13 years of age were banned from leaving their homes. It was prohibited to use parks, boulevards, forests or any open-air forms of entertainment. An obligation was introduced to wear face masks in public spaces.

Stages of unfreezing the economy

The unfreezing of the economy was performed in a similar manner – by stages. **The first restrictions were relaxed on 20 April 2020**, which involved increasing the limit of shoppers, opening forests and parks, allowing children under 13 years of age to go out unattended and raising the limit of participants in church services.

The following stage of unfreezing took place **in early May**. Shopping centres were opened (with a limit on the number of persons and a ban on consumption at the premises), accommodation and tourism establishments were allowed to operate again, as well as cultural establishments such as museums and libraries. It was possible to provide child care services at nurseries and pre-schools. Making partial use of sports facilities was allowed.

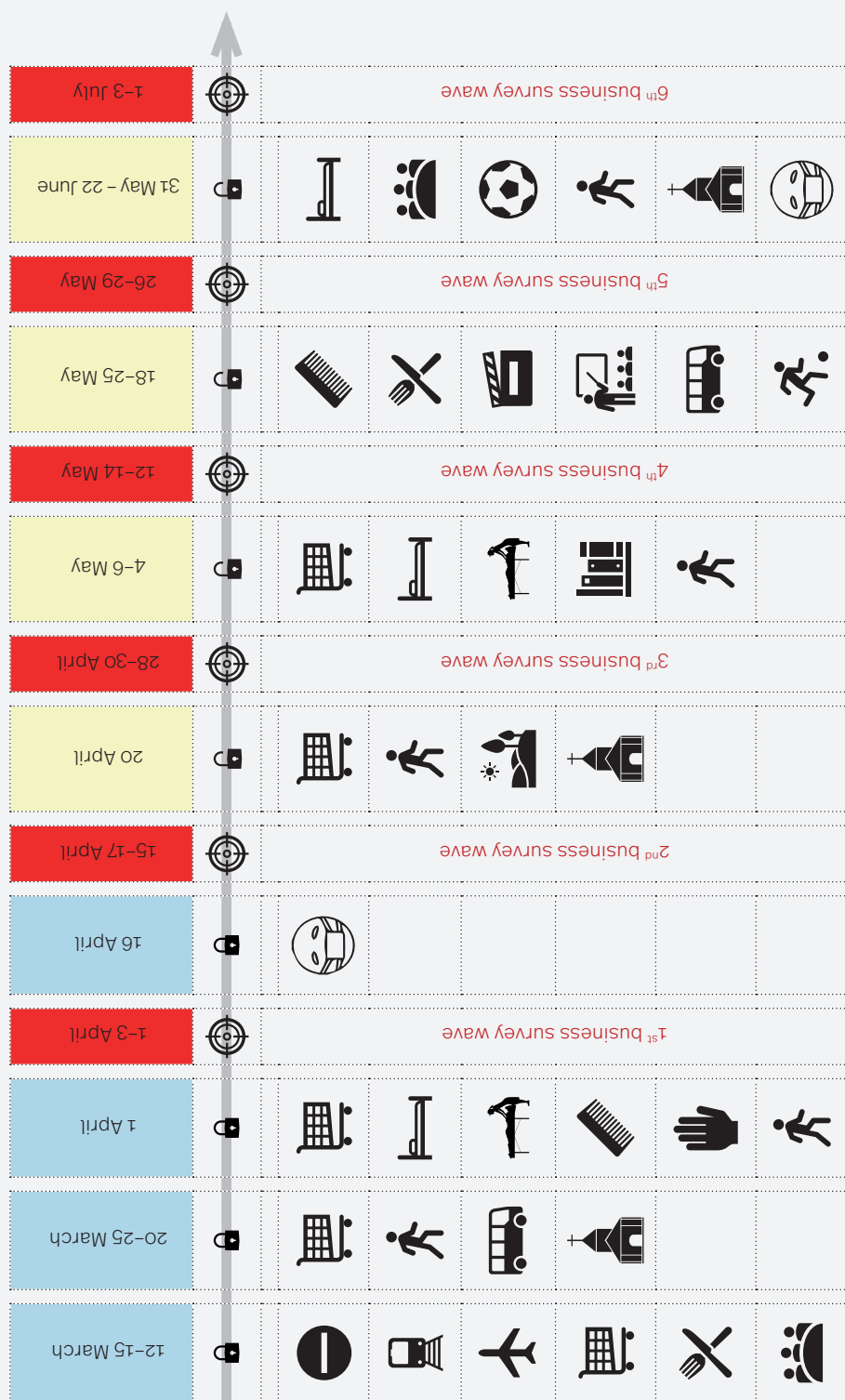
Another stage (18–25 May) was to lift the ban on the operation of hairdressing and beauty care establishments, to allow the provision of food- and beverage-serving services with consumption at the premises, whereas local governments were permitted to render child care services at educational establishments for




















forms I to III at primary schools. For many public buildings and establishments, the limits on the number of persons present were increased.

At **the following stage of unfreezing (31 May to 13 June)**, bars and hotel restaurants were opened, the limits on the number of shoppers were eliminated; it was also allowed to organise open-air and sports events for a maximum of 150 persons. The limits of the number of persons at religious sites were lifted. It was permitted to open (with certain restrictions) theatres and cinemas as well as other cultural, sports, recreation and leisure facilities; it was allowed to organise weddings; the requirement of wearing face masks outdoors, at work and at restaurants was abolished, subject to social distancing.

For sanitary reasons (as at 17 July 2020), certain restrictions remain in force. Those include: maintaining a minimum distance of 1.5 metres between individuals and an obligation to cover the mouth and nose indoors in public spaces; in many public buildings and facilities, the hand disinfection requirement continues to apply.

➤ **Diagram 1.** Freezing and unfreezing of the Polish economy and the dates of surveys of enterprises in the form of six waves



1-3 July	6 th business survey wave						
31 May - 22 June							
26-29 May	5 th business survey wave						
18-25 May							
12-14 May	4 th business survey wave						
4-6 May							
28-30 April	3 rd business survey wave						
20 April							
15-17 April	2 nd business survey wave						
16 April							
1-3 April	1 st business survey wave						
1 April							
20-25 March							
12-15 March							

Assistance in the form of anti-crisis shields

As part of measures mitigating the economic crisis caused by the COVID-19 pandemic, the government introduced a package of extraordinary solutions referred to as anti-crisis shields. Proposals oriented towards the safety of citizens were

introduced in the formula of five pillars: job protection and the security of workers; the financing of undertakings; health care; strengthening the financial system and public investment (Table 1). The solutions of Shield 1 entered into force on 1 April 2020.

» **Table 1.** Solutions introduced in the five pillars of the first anti-crisis shield

Pillar	Description of measures
I Security of workers	In statutorily defined cases, undertakings receive aid for remuneration paid to employees; the State covers social security contributions payable by the employer; self-employed persons were granted one-time gross allowances of PLN 2,080; the period of the payment of the child care allowance to the parents of children under 8 years of age was extended; the possibility of suspending the repayment of loans was introduced
II Financing of enterprises	A number of statutorily regulated facilities related to running a business were introduced: one-time loans of PLN 5,000 from the Labour Fund for micro-firms; loans with <i>de minimis</i> guarantee of up to PLN 3.5 million for MSMEs; the possibility to obtain from the PFR Investment fund an equity increase or financing in the form of bonds for medium-sized and large firms; more favourable rules for deducting losses in tax returns; the exemption of self-employed persons from the payment of amounts owed to public authorities; longer time limits for the fulfilment of reporting obligations; postponing the new VAT matrix to 1 July 2020; the allocation of PLN 1.7 billion to the re-financing of current leases for transport firms; 'loan holidays' for transport firms; the 'New Chance Policy' programme
III Health care	Support – especially for areas in the front line of the fight against COVID-19 – of PLN ca. 7,5 billion PLN; the co-financing of the extension of infrastructure and digitisation of the health care system
IV Strengthening of the financial system	Special regulatory packages of the Polish Financial Supervision Authority and the Ministry of Finance, e.g. reducing capital buffers and the liquidity package of the NBP comprising a decrease in interest rates
V Public investment programme	New public contracts aimed at improving public infrastructure, modernising schools and hospitals, the digitisation of major institutions, energy transition, the environmental protection; the creation of the Public Investment Fund (PLN 30 billion).

Source: <https://www.gov.pl/web/tarczaantykrzysowa> [access: 20.7.2020].

Aid to undertakings granted as part of the fight against the pandemic was introduced by stages, in the form of five shields.

Shield 1.0

The aid package oriented towards supporting Polish firms and workers in the fight against the economic effects of the epidemic, introduced under provisions such as the Act of 31 March 2020 amending the act on special solutions related to preventing, counteracting and combating COVID-19, other infectious diseases and crisis situations caused by them, and certain other acts (Journal of Laws 2020, Item 568) and the Act of 31 March 2020 amending the act on the system of development institutions (Journal of Laws 2020, Item 569). The provisions entered into force on **1 April 2020**.

Shield 2.0

It entered into force in **mid-April 2020** under the Act of 16 April 2020 on special support instruments in connection with the spread of the SARS-CoV-2 virus (Journal of Laws 2020, Item 695). Among other things, the Shield extended the scope of aid: support also for enterprises set up between 1 February and 1 April 2020; the possibility to receive a stoppage benefit also for those pursuing non-agricultural economic activities and employed under civil contracts; the abolition of the condition for undertakings applying for a stoppage benefit to earn revenue below 300 per cent of the average monthly wage from the previous quarter; the exemption from the payment of social security contributions also for small enterprises; the elimination of the requirement to maintain employment in the period after the end of co-financing; extending the possibility to receive micro-loans to self-employed persons.

Shield 3.0

Another package of amendments and additions was introduced under the Act of 14 May

2020 amending certain other acts with regard to protective measures in connection with the spread of the SARS-CoV-2 virus (Journal of Laws 2020, Item 875), effective from **16 May 2020**. The main changes in Shield 3.0 included the following: extending the possibility to apply for an exemption from the payment of social security contributions to undertakings whose revenue exceeded 300 per cent of the projected average monthly wage, but was lower than PLN 7,000, with registered economic activities before 1 April 2020; the possibility to apply for a stoppage benefit for undertakings set up before 1 April 2020; the possibility to obtain a micro-loan for undertakings set up before 1 April 2020.

Shield 4.0

Further changes, referred to as Shield 4.0, were introduced under the Act of **19 June 2020** on aid for interest rates on bank loans granted to undertakings affected by COVID-19 and on a simplified arrangement approval procedure in connection with the occurrence of COVID-19 (Journal of Laws 2020, Item 1086). The main objectives: changes in aid for interest rates on bank loans granted for the provision of liquidity to undertakings affected by COVID-19; proposals for amendments to labour law; an amount of over PLN 560 million allocated to aid for interest on loans to firms in difficulty due to COVID-19; support for local governments; temporary protection for Polish firms from being acquired by non-EU investors.

Financial Shield

A special aid package for business, covering partially non-repayable subsidies for micro-, small, medium-sized and large firms. The Shield is financed from the Polish Development Fund. It is intended to assist firms in maintaining financial continuity in the period of epidemic COVID-19. Undertakings may receive up to 75 per cent of non-repayable aid, provided that

they continue to operate and maintain average employment for 12 months from obtaining the support. The financial shield also comprises support in the amount of PLN 100 billion, half of which is intended for small and medium-sized firms, whereas for micro- and large enterprises – PLN 25 billion for each group. The receipt of applications from MSMEs started in late April 2020 and **on 9 June** the Polish Development Fund began receiving applications under the financial shield from large enterprises.

It is difficult to precisely estimate the total amount of money that was transferred – in the form of state aid – by the government to the market. The ING Bank estimates that by the beginning of August 2020 its value was approaching PLN 100 billion with the aim of transferring the total of PLN 132 billion. According to the bank's economists, the aid is going to reduce the drop of Poland's GDP by around 2-3 percentage points.

Polish Development Fund, the operator of the Financial Shield, informs that by 3 August

2020 345,905 companies employing 3,116,793 people benefitted from its financing. The amount of money that was transferred to companies through banks is PLN 60.5 billion, of which PLN 18.7 billion was transferred to micro-enterprises while PLN 41.8 billion to small and medium companies. The total amount of financial assistance that is planned to be spent within the Financial Shield is PLN 100 billion (PFR, 2020).

At the same time the financial assistance that was launched by 6 July 2020 within consecutive Shield schemes consisted of co-financing salaries of 2.4 million employees in the amount of PLN 9.8 billion, granting loans to micro companies worth of PLN 8.4 billion, financing 2.09 million stoppage benefits valued at PLN 4.1 billion as well as exemption of companies from their social insurance contributions worth of PLN 16.6 billion (MRPiPS, 2020). The extended program of loans guarantees *de minimis* can be quoted as another field of public aid scheme.



Losses in the real economy

March was the month for Poland as well as for other European countries to introduce the first anti-epidemic restrictions. In Poland, the initial restrictions concerned the freedom of pursuing economic activities. In mid-March, the functioning of educational establishments was suspended, which affected the availability of labour.

Other restrictions introduced in the second half of March and in early April also had significant consequences to the economy. Those limitations primarily concerned the provision of services and trade. Among other things, public events were cancelled, a major share of shops at shopping centres were closed, limits were introduced with regard to the number of shoppers simultaneously allowed at the premises, closures covered businesses rendering personal services – e.g. hairdressing

establishments. Those restrictions significantly affected the supply side of the economy. In contrast, the ban on movement and travel – with the exception of situations of satisfying basic subsistence needs – introduced in late March had adverse effects on the demand side of the economy.

The limitations imposed and the level of their restrictiveness corresponded to the dynamics of indicators reflecting the state of the Polish economy. Considerable decreases in the main areas were noted as early as March. But the steepest fall in macroeconomic indicators was not observed until the collection of data for April – the month with the greatest scope and degree of applicable restrictions. The lifting of anti-epidemic restrictions at the turn of April and May brought about improvements in all the economic indicators in question.

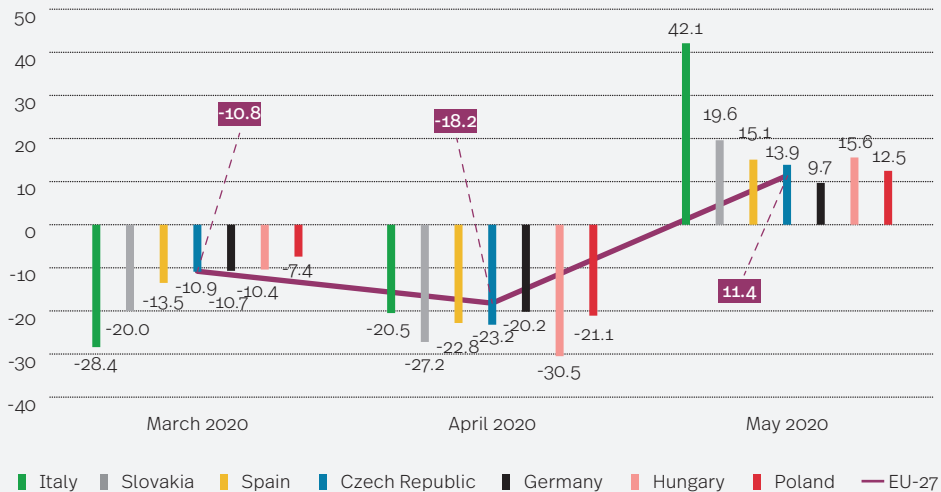
Industrial production

The pandemic contributed to closing a number of factories, including plants owned by multinational enterprises, which in turn drove down the overall dynamics of industrial production in Europe. Despite the long-observed upward trend of employment in the service sectors of advanced economies, industry still plays a major role in the economy as a whole. The growth rate of industrial production is a vital indicator determining not only decisions of potential investors, but also allowing to forecast the pace of a country's economic development. Data on the situation in industry in a month help predict activity

in the economy as a whole in the following months.

In March 2020 – as compared to February – industrial production in all European Union Member States fell by **10.8 per cent** (Chart 1). The decline was more abrupt in April when – in relation to the previous month – it was already **17.3 per cent**, after calendar and seasonal adjustments. As estimated by Eurostat, those were the most significant monthly decreases from the beginning of measurements, markedly exceeding the falls by 3 to 4 per cent observed in late 2008 and in early 2009 during the financial crisis.

▼ **Chart 1.** Dynamics of production sold in industry (excluding construction) in selected European Union Member States (percentage change on the previous month)



Note: data after seasonal and calendar adjustments.

Source: prepared by the PEI on the basis of Eurostat data.

In comparison with the EU average, in March the decline observed in Poland was less significant than in the EU (7.4 per cent), whereas it was more abrupt in April (21.1 per cent). In April, the fall in industrial production sold appeared to be particularly steep in Central and Eastern European countries. It partially stemmed from the considerable share of automotive production in the economic structure in the countries concerned. According to Eurostat, before the pandemic that industry accounted for 32 per cent of all industrial production in Slovakia, for 24 per cent of output in the Czech Republic and Hungary and for 10 per cent of Poland's production. In the lock-down period, production stoppages cost the European Union and the United Kingdom more than 2.44 million motor vehicles not manufactured. The most serious losses affected factories in Germany (-616,000

vehicles), Spain (-452,000 vehicles) and France (-278,400 vehicles). As regards Central and Eastern European countries, such losses were less significant (the Czech Republic: -115,000 vehicles, Slovakia: -115,000 vehicles, Poland: -102,000 vehicles, Hungary: -52,000 vehicles). In the countries in question, the automotive industry is largely oriented towards supplying semi-finished products and accessories to factories located in other parts of Europe (Dębkowska et al., 2019). The decreases were primarily caused by mandatory shut-downs on production plants, which resulted in production stoppages of 22 days (Hungary) to 41 days (Italy and the United Kingdom) (ACEA, 2020) as well as in a collapse in demand for cars in April when the total number of new registrations of commercial vehicles in the EU Member States dropped by 67 per cent (*Marki w pandemicznym świecie...*, 2020).

Retail trade

The situation caused by the pandemic and the economic lock-down had a major impact on the consumer activity of citizens. Three types of factors pushed down aggregate consumer demand. One group included restrictions on free movement and shopping applicable in individual countries. A number of European countries – including Poland in the second half of March – prohibited movement and travel in situations other than commuting and satisfying basic subsistence needs. No lesser role was played by factors of a psychological nature, e.g. concerns over the likelihood of becoming infected in public spaces. In a survey conducted by Kantar in mid-March (*Marki w pandemicznym świecie...*, 2020), 65 per cent of the responding Poles indicated that they were afraid of becoming infected with the virus, regardless of any precautions taken. Other material considerations included anticipated negative economic implications of the pandemic and lock-down measures which many people linked with a deteriorated financial situation of their households.

All those factors combined were reflected in data concerning the dynamics of retail trade in the European Union Member States. In the 27 Member States of the Community, the restrictions introduced in March – as compared to the previous month – drove down retail trade (excluding the sale of motor vehicles, motorcycles and parts thereof) by 9.8 per cent and by further 11.4 per cent in April. In Poland, the decrease was less abrupt: by 7.1 per cent in March and 7.7 per

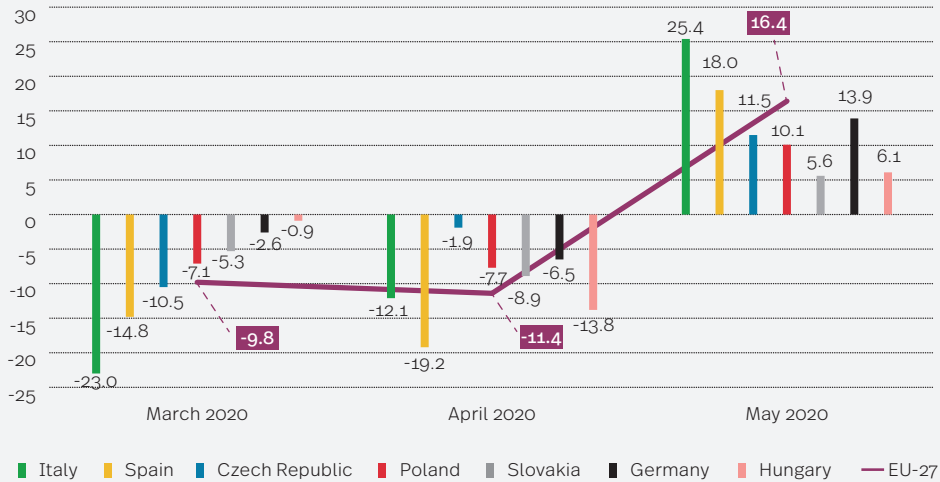
cent in April. The lifting of anti-epidemic limitations at the turn of April and May led to a bounce-back in the value of retail trade; in May, the European Union Member States noted a rise by 16.4 per cent, whereas Poland – by 10.1 per cent against April (Chart 2). As a result, in May the value of retail trade in the European Union represented 93.0 per cent of that from February, whereas the respective share for Poland was 94.5 per cent.

The decreases in sales strongly varied between Member States; in both March and April, the steepest drops were observed in Italy and Spain, i.e. the countries whose populations were hit the hardest by the disease¹. In March, the fall was 23 per cent for Italy and 14.8 per cent for Spain, whereas in April – 12.1 per cent for Italy and 19.2 per cent for Spain. Another country to note a strong contraction in retail trade in April was Hungary (down by 13.8 per cent).

The decreases in sales noted in March and April widely varied between product categories. The most significant falls concerned clothing and footwear (by 54.2 per cent in March and 51.5 per cent in April), followed by electronic and computer products (26.7 per cent in March and 20.2 per cent in April) – i.e. product categories with largely elastic demand. At the same time, the least significant drops affected food products whose sales rose in March against February by 5.9 per cent, as a result of ‘stock-piling’ shopping before the imminent pandemic, and subsequently fell by 6.0 per cent in April as compared to March (Chart 3).

¹ According to data from 20 July 2020, Italy diagnosed nearly 244,434 cases of COVID-19, whereas Spain – slightly over 265,000. Italy recorded more than 35,000 deaths due to COVID-19, whereas Spain – 28,457. The figures were worse than in other EU Member States (WHO, 2020).

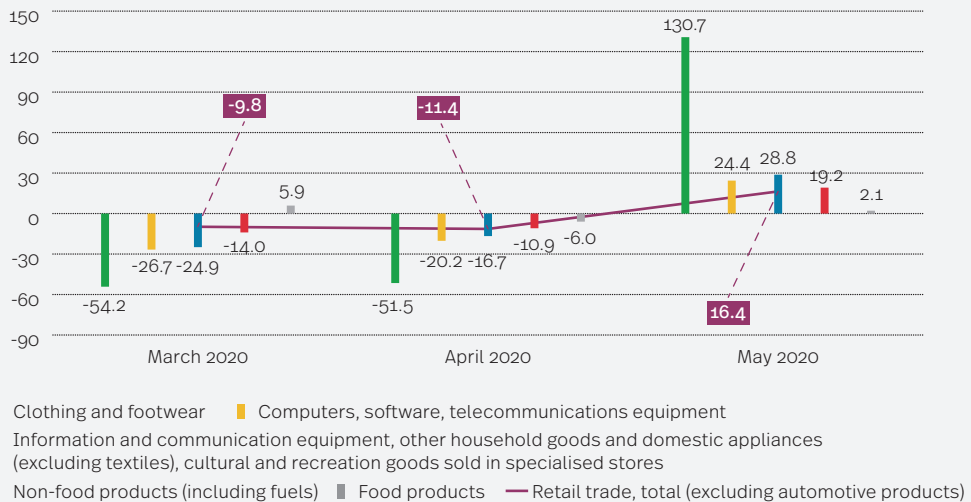
▼ **Chart 2. Dynamics of retail trade in selected European Union Member States**
(percentage change on the previous month)



Note: data excluding the sale of motor vehicles, motorcycles and parts thereof; data after seasonal and calendar adjustments.

Source: prepared by the PEI on the basis of Eurostat data.

▼ **Chart 3. Dynamics of retail trade in the EU Member States for selected product categories**
(percentage change on the previous month)



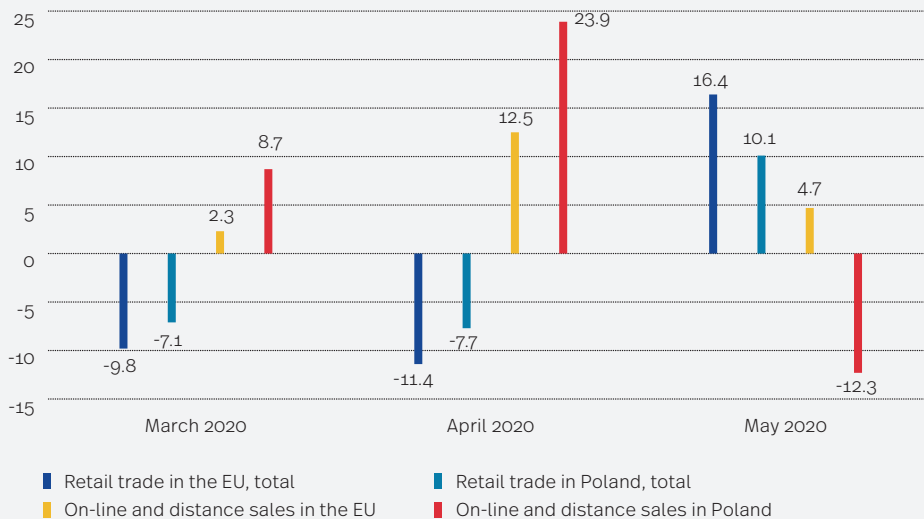
Note: data after seasonal and calendar adjustments

Source: prepared by the PEI on the basis of Eurostat data.

In the period of the applicability of lockdown measures, we observed strong differentiation of brick-and-mortar and on-line sales. In the first place, it resulted from the restrictions imposed on permitted conditions of retail sale or from a ban on the operation of certain shops. The overall value of retail trade showed the most significant falls – on the previous month – in April by 11.4 per cent in the EU and 7.7 per cent in Poland (Chart 4). In contrast, along with the unfreezing of economies, May witnessed a rise by 16.4 per cent in the EU and 10.1 per cent in Poland. Very different dynamics characterised online and distance sales. In the Community's Member States, March saw an increase by

2.3 per cent, whereas April – by 12.5 per cent. Poland ranked among the countries where the value of on-line sales augmented significantly above the EU growth rate – in March by 8.7 per cent against February and in April by 23.9 per cent as compared to March. In Poland, on-line sales showed robust growth even before the pandemic – in comparison with the previous month, the value of sales went up by 9.7 per cent in January and by 8.6 per cent February. Both in Poland and in the other EU Member States fluctuations in sales became less differentiated in May – on-line sales slowed down in the European Union (up by 4.7 per cent) and dropped in Poland (by 12.3 per cent on the previous month).

➤ **Chart 4. Retail trade in the European Union Member States and in Poland**
(percentage change on the previous month)



Note: data after seasonal and calendar adjustments

Source: prepared by the PEI on the basis of Eurostat data.

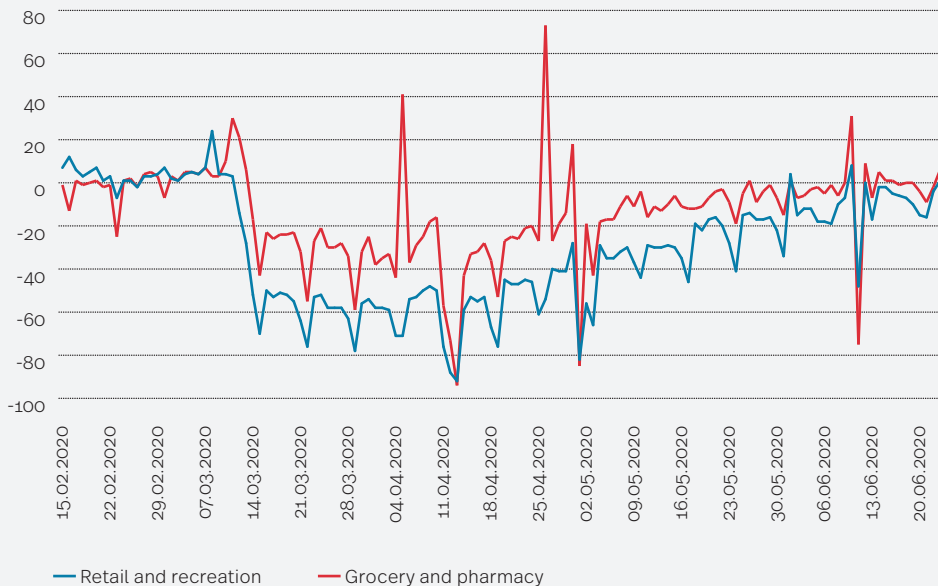
Changes in the selling methods and distribution channels observed in the period of the pandemic are reflected in the consumer mobility

data collected and made available by Google (2020). **In the week of the introduction of the first restrictions (9–15 March 2020), Poland**

experienced a dramatic fall in traffic in places related to trade and entertainment – restaurants, coffee shops, shopping centres, theme parks, museums, libraries and cinemas. As compared to the reference period², i.e. that before the pandemic, the number and duration of visits to such places fell by 70 per cent and the downward trend continued until the end of April. Early May and the related phasing out of restrictions saw a gradual increase in traffic at commercial and entertainment facilities, as a result of which traffic in that category of establishments was 8 per cent lower in the week of 17 to 23 June in comparison with the

period preceding the pandemic. In the initial lock-down period, a similar downward trend concerned the amount of time spent at establishments classified as grocery stores, pharmacies, drug stores, etc. But the fall in traffic was less drastic, by 43 per cent as at 15 March. In the post-Easter period, after 20 April, traffic at grocery stores, pharmacies and drug stores steadily increased, catching up in percentage terms with the pre-pandemic level, as a result of which traffic in the category of establishment in question was 1.4 per cent lower in the week of 17 to 23 June than in the pre-pandemic period (Chart 5).

▼ **Chart 5.** Dynamics of traffic at retail establishments in the period of freezing and unfreezing the economy



Source: prepared by the PEI on the basis of: Google (2020).

² The reference value is the median for the relevant day of the week in the five-week period from 3 January to 6 February 2020.

The pandemic and the related restrictions on movement and gatherings have changed the shopping habits of the Poles. According to Nielsen data, before the pandemic the Poles – as compared to other Europeans – were the most frequent shoppers (Ekspert Nielsena ..., 2020). Discount stores alone were visited, on average, thirteen times a month. Due to the pandemic, there was a fall in the number of visits to shops and a rise in the average shopping basket size (Ekspert Nielsena..., 2020). In order to reduce the risk of becoming infected with the coronavirus, the Poles more often visited shops alone, without their partners or children. According to a survey conducted by Just Tag, in the week from 15 to

21 June 2020 the number of visits of the Poles to discount stores remained at 55 per cent of the value from the first week of February 2020, to supermarkets – at 51 per cent, to pharmacies – at 52 per cent, to clothing shops – at 48 per cent, to shopping centres – at 41 per cent, to restaurants – at 36 per cent, to fast-food establishments – at 34 per cent and to coffee shops – at 31 per cent. The best performers were do-it-yourself retail stores where traffic in the period covered by the survey accounted for 83 per cent of that noted in the first week of February. For comparison, in the case of cinemas it was merely 5 per cent, whereas for airports – 10 per cent of traffic from the aforementioned week.

Changes in the labour market

The coronavirus pandemic has affected the level of registered unemployment in Poland. As at the end of June 2020, district labour offices registered 1,027,100 unemployed persons (Chart 6). It meant an increase on the corresponding period of the previous year by 150,000 persons and, as a consequence, the registered unemployment rate was 6.1 per cent. Unemployment did not begin to rise until April when the number of registered persons went up by 56,400 against March; it further grew by 45,900 in May and by 14,800 in June. March, a month of decreases in most macroeconomic indicators, was a period characterised by net outflows of registered unemployed persons – in comparison with February, the number of registered unemployed persons then dropped by 10,500.

In the non-financial corporations sector, comprising firms with more than 9 persons employed, there was a decline in real gross wages by 3.6 per cent in April and by 2.8 per cent in May relative to the previous months (Chart 7). Lower wages noted in the months in question probably resulted from the possibility of a temporary

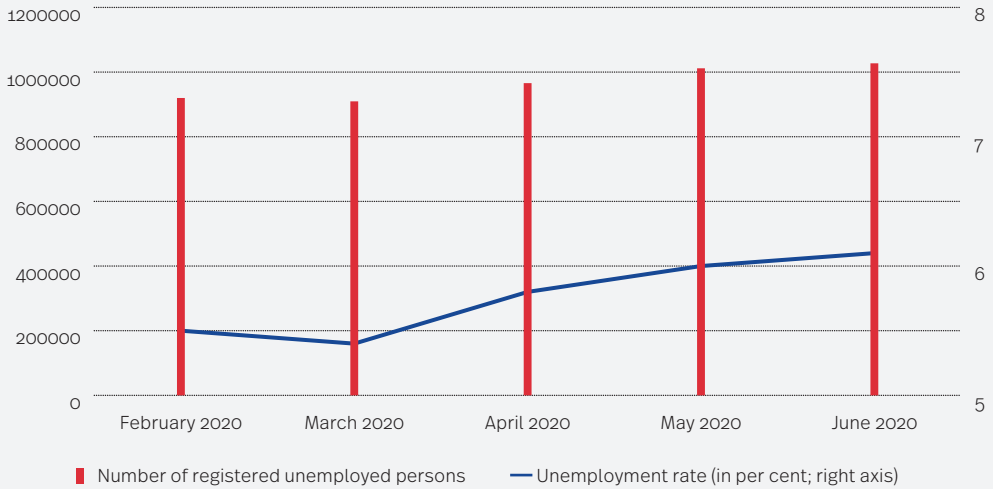
reduction in remuneration payable to employees by 20 per cent, accompanied by temporarily shortened working time, as introduced by the first anti-crisis shield. Surprisingly, data for June showed an unexpectedly faster growth in wages in the non-financial corporations sector – by 2.6 per cent on the previous month and by 3.6 per cent against June 2019.

In the second half of March, there was a significant rise in the number of persons employed who (temporarily) did not perform work in the survey week. Such persons accounted for 19.0 per cent of the group of persons employed surveyed by GUS (2020b). For comparison, in the first quarter of the previous year the respective share was an average of 5.2 per cent. According to government estimates, for reasons directly related to the coronavirus, 13.7 per cent of the total number of persons employed did not perform their work. Such a temporary break in work performance usually resulted from interrupted operation of the business establishment concerned (6.6 per cent of persons employed). The second most frequent reason for temporary

non-performance of work was indicated as 'other reasons', including the necessity to take care

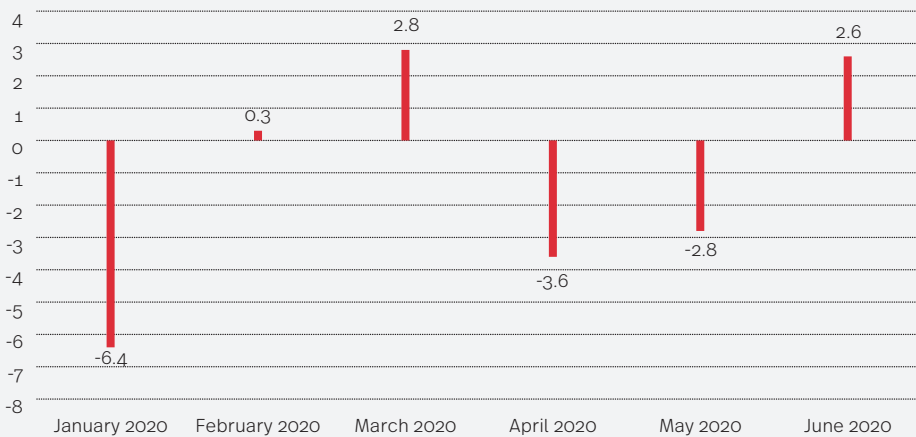
of children (4.6 per cent of the total number of persons employed).

➤ **Chart 6.** Registered unemployment rate and the number of registered unemployed persons in Poland



Source: prepared by the PEI on the basis of GUS (2020a) data.

➤ **Chart 7.** Average gross monthly wage in the non-financial corporations sector (percentage change on the previous month)



Source: prepared by the PEI on the basis of GUS (2020a) data.

At the same time, in the second half of March as compared to the previous quarter and to the corresponding quarter of the previous year, there was a distinct rise in the percentage of persons working from home. It was 14.2 per

cent of the total number of persons employed, against 4.3 per cent in the previous quarter. As the direct reason for remote working, 71.8 per cent of such persons indicated the coronavirus-related situation.



Enterprises locked down

– the survey findings

Learning how Polish enterprises were undergoing the subsequent stages of the freezing and unfreezing of the economy was the main goal of the survey carried out by the Polish Economic Institute and the Polish Development Fund from early April to early July 2020. In the period covered, six measurements were performed to register, on an ongoing basis, the situation of Polish enterprises at essential times of the pandemic and of introducing and lifting particular lock-down measures. It was a survey conducted on a representative sample of firms, selected using the random and quota selection method and divided into four size groups.

The first two survey waves were performed by mid-April, i.e. when the majority of anti-epidemic restrictions were already in place and consumer activity was largely limited. The third survey wave, conducted in late April, allowed to gain insights into business sentiment and the situation of firms in the period of the first symptoms of lifting lock-down measures. The relaxation of restrictions then concerned,

inter alia, the abolition of the ban on citizen movement and travel. The last three measurements (waves four, five and six) covered the period from mid-May to early July. By then, most of the restrictions had already been relaxed or lifted. For example, the conditions for the pursuit of commercial activities and the provision of food- and beverage-serving services had been eased (e.g. by abolishing the limit on the number of persons), whereas activities of many production firms, e.g. in the automotive industry, previously suspended, had been restored. The restrictions still in place (as at 17 July 2020) concern the necessity of social distancing, the obligation to cover one's mouth and nose indoors in public spaces and limited possibilities to travel abroad.

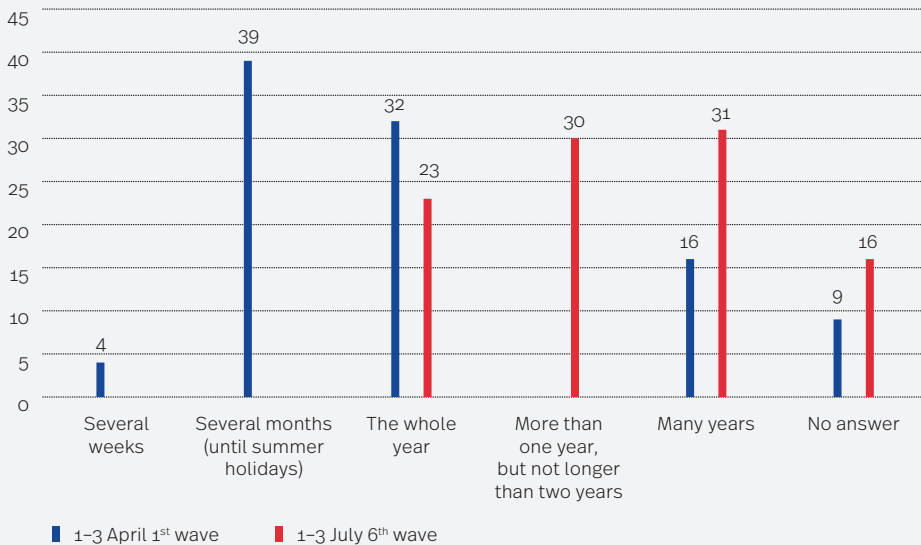
Such significant changes in the conditions of the functioning of enterprises in the period from early April (1st survey wave) to early July (6th wave) were reflected in the business perception of the effects of the pandemic as well of the situation of firms.

The pandemic as perceived by Polish undertakings

The period of three months covered by the survey shows a radical change in the perception of the pandemic situation by Polish undertakings. In the first survey wave – performed in early April – 43 per cent of undertakings believed that the coronavirus pandemic would last from several weeks to several months, but

not longer than until summer holidays (Chart 8). A total of 75 per cent of the respondents were of the opinion that the period of recovery from the pandemic would not exceed one year. A mere 16 per cent of undertakings thought that the state of the pandemic would stay with us for years.

▼ **Chart 8. Expected duration of the pandemic in early April (1st survey wave) and in early July (6th survey wave) (in per cent)**



Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund.

Those optimistic forecasts of the duration of the pandemic markedly weakened by early July. Although the survey question then asked provided more options to the respondents than that asked in early April, the differences in answers turned out to be so significant that it is possible to conclude that they reflected a changed way of thinking about the pandemic rather than solely resulting from other answers offered to the respondents. The percentage of undertakings assessing that the pandemic would be dealt with by the end of the year fell dramatically, from 75 per cent to 23 per cent. At the same time, there was a rise in the share of undertakings predicting that the pandemic was a long-lasting event and would stay with us for years – in early July such an opinion was shared by 31 per cent of firms, whereas in early April the proportion dropped nearly by half – to 16 per cent.

Unfreezing of the economy as seen by undertakings

At the end of May a slight majority (57 per cent) of the enterprises surveyed indicated that the lifting of most anti-epidemic restrictions had not significantly changed their financial situation (Chart 9). At the same time, 31 per cent claimed that the unfreezing of the economy in May had improved their financial situation. These results should be interpreted with regard to the level of consumer confidence which in May was still 30 per cent lower than in February, while in June 19 per cent lower (GUS, 2020c). The greatest relative improvement was declared by representatives of medium-sized businesses (35 per cent) and micro-enterprises (34 per cent). The improvement was the most evident in answers given by firms from production and service industries, whereas it was rarer in trade. Importantly to trade activities, deterioration was

indicated by ca. 10 per cent of the respondents against 27 per cent of those surveyed that saw changes for the better. The pandemic, having primarily affected the rules of the economic game, has also changed consumer behaviour. A significant share of the population engaged in

‘stock-piling’ shopping just after the outbreak of the pandemic; along with the unfreezing of the economy, consumer sentiment became more reserved (even if for the threat of unemployment). That, in turn, could drive down turnover for many commercial firms.

➤ **Chart 9. Effects of the unfreezing of the economy on the financial situation of businesses**
(findings from the 5th survey wave – late May 2020, in per cent)

Question: How has the unfreezing of subsequent economic sectors in May 2020 influenced the financial situation of the company?



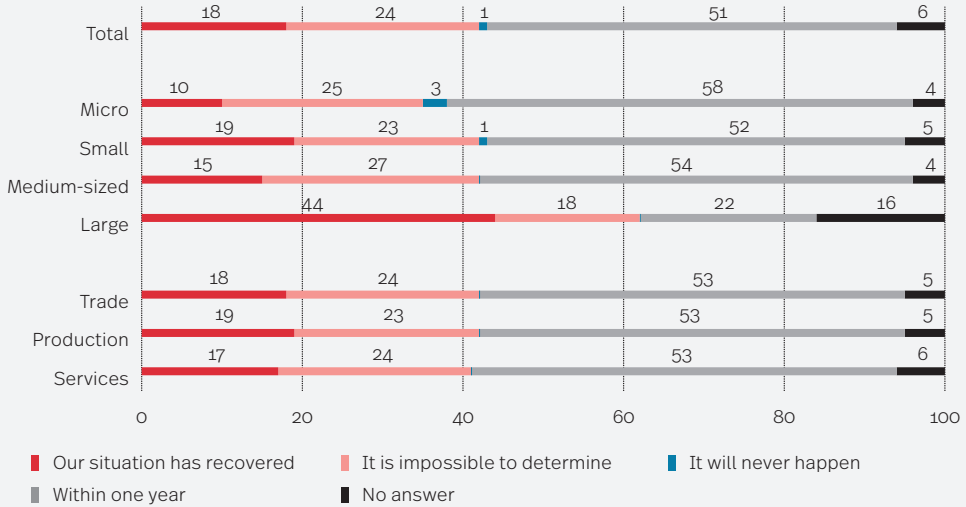
Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund.

When business representatives were asked about indicative dates of the recovery of the financial situation of their enterprises, almost one-fourth were unable to provide such an estimate, whereas nearly one-fifth responded that the financial situation of the company had already recovered. It is worth noting that there was no answer suggesting that the company's financial situation would never recover. The most probable dates of restoring the pre-pandemic financial standing were indicated as follows: October 2020

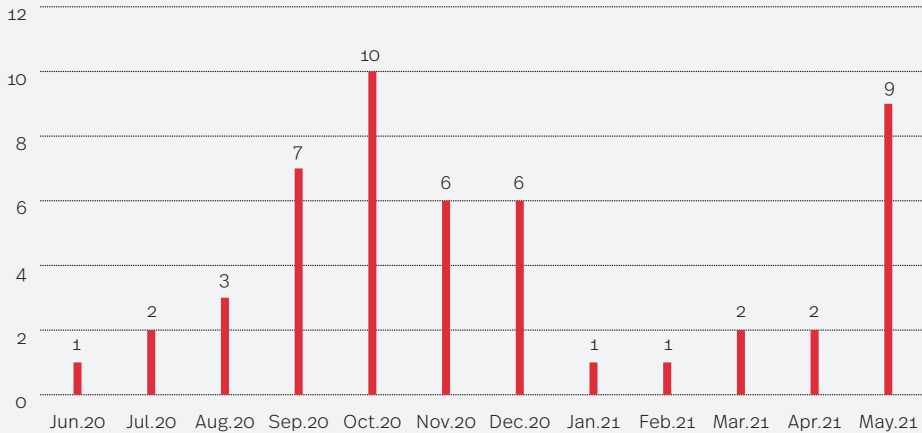
(10 per cent of indications), May 2021 (9 per cent) and September 2020 (7 per cent) or November and December 2020 (6 per cent each). The sense of having recovered the financial was the most evident in replies provided by representatives of large firms (44 per cent of indications), followed by representatives of small businesses (19 per cent), medium-sized undertakings (15 per cent) and micro-enterprises (10 per cent). Answers given by the respondents showed no clear differentiation in terms of industry (Chart 10).

▼ **Chart 10.** When do firms expect to recover their financial position? (findings from the 5th survey wave – late May 2020, in per cent)

Question: When do you think your company will restore its pre-pandemic financial situation?



Distribution of answers 'Within one year' by month (in per cent):



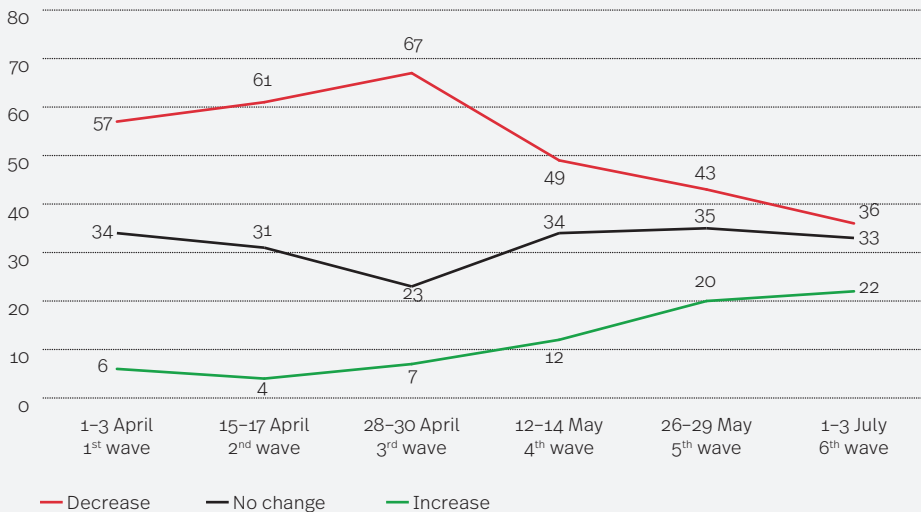
Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund.

The market situation of enterprises

The restrictions on economic activities introduced in connection with the COVID-19 pandemic as well as limitations on consumer activity have adversely affected the market situation of Polish enterprises. It can be measured by the value of sales and the number of new orders. Both statistics – in a longer term – translate into companies' financial position: the availability of

financial resources and the ability to settle liabilities to employees and counterparties. Changes in the value of sales and in the number of new orders were diagnosed in each of the six survey waves through questions about whether they had increased, decreased or remained unchanged in the period covered in comparison with the situation as assessed one month before³.

» **Chart 11.** Changes in sales in the period covered – comparison over time (in per cent)



Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund.

In the period under analysis, changes in the market situation of firms clearly corresponded to two separate phases related to the degree of the applicable socio-economic restrictions. Phase I – including April, the month characterised by the most restrictive limitations – was a period of continuing decreases – in both the

value of sales and the number of new orders. At that time, the share of firms noting declining sales went up from 57 per cent in early April to 67 per cent in late April, whereas the proportion of firms recording the same or increased sales dropped from 40 per cent in early April to 30 per cent in late April (Chart 11). From early

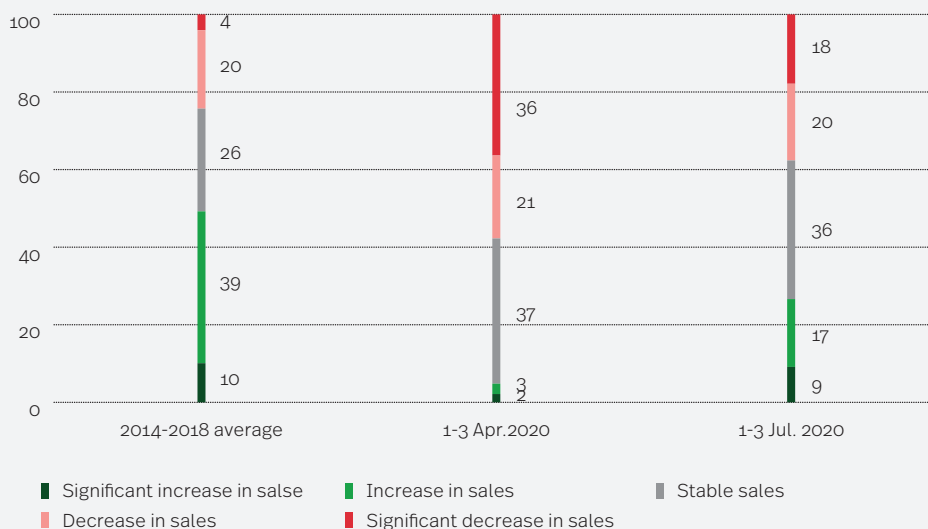
³ With the exception of the 1st wave in which the reference period was February 2020.

May, as the lock-down measures were gradually abolished, the market situation of firms steadily improved. The share of firms noting a fall in sales decreased from 67 per cent observed in late April to 36 per cent in early July. Simultaneously, the proportion of businesses noting the same or increased sales rose from 30 per cent to 55 per cent.

Adequate understanding of the observed dynamics in companies' sales in the time of pandemic makes it necessary to draw a comparison to the pre-COVID-19 situation, when the enterprises were able to operate without limits and the consumers were free to decide on the way

the budget were to be spent. Such a comparison can be drawn based on the data published by Polish Statistical Office (GUS, 2018) concerning companies' financial standing in the years 2014-2018. In this time, on average, 24 per cent of entities saw their sales going down⁴. This means that the observed in the beginning of July percentage of companies with decreased sales (38 per cent) was by 14 percentage points higher than the reported pre-pandemic five-year average. At the same time, the proportion of enterprises recording increase in sales in early July was 26 per cent which is by 23 percentage points lower score than the pre-pandemic average of 49 per cent.

➤ **Chart 12. Changes in the value of sales – the comparison of PEI and PFR survey data to Polish Statistical Office data for the years 2014-2018 (in per cent)**



Note: data on the chart concern enterprises with at least 10 employees

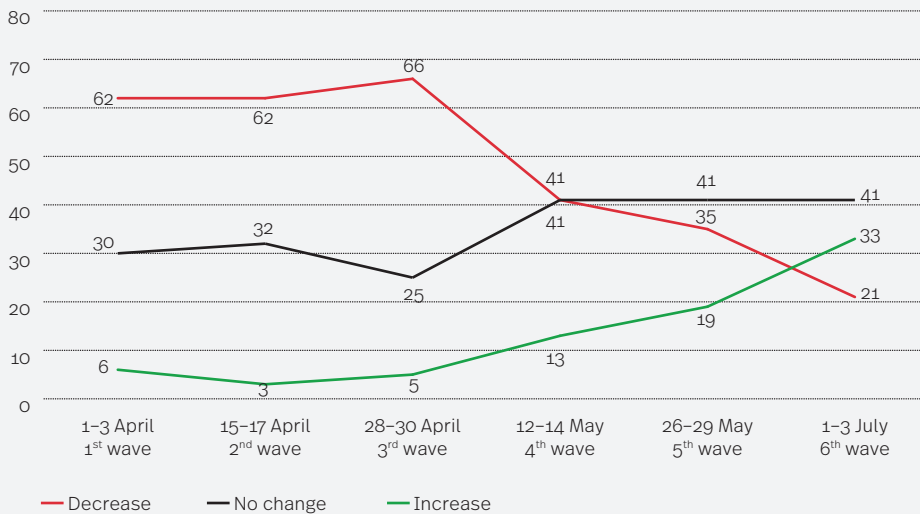
Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund.

⁴ Poland's Statistical Office classifies enterprises with significant decreases in sales as "rapidly declining enterprises", those with moderate decrease in sales as "declining enterprises", those with stable sales as "stable enterprises", while the companies with significant increases or moderate increases in sales are classified as "high-growth enterprises" and "growth enterprises".

The other indicator of companies' market situation is the number of new orders. In early April, 62 per cent of businesses noted a fall in the number of new orders as compared to the pre-pandemic period (Chart 13). The situation deteriorated in late April when the respective share rose to 66 per cent; in contrast, May witnessed a significant improvement. In mid-May,

41 per cent of firms experienced a decrease in the number of new orders; in late May, the respective proportion was 35 per cent, whereas in early July – only 21 per cent. Simultaneously, from late April the share of undertakings with increases in the number of new orders was on the rise: it reached 19 per cent in May and 33 per cent in early July.

➤ **Chart 13.** Number of new orders – comparison over time (in per cent)



Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund.

In the initial lock-down phase, the market situation of firms widely varies depending on their size⁵. Micro-firms, with 2 to 9 employees, and small businesses, from 10 to 50 employees, experienced the deepest decreases which remained unchanged (for micro-firms) or slightly eased (in the case of small businesses)

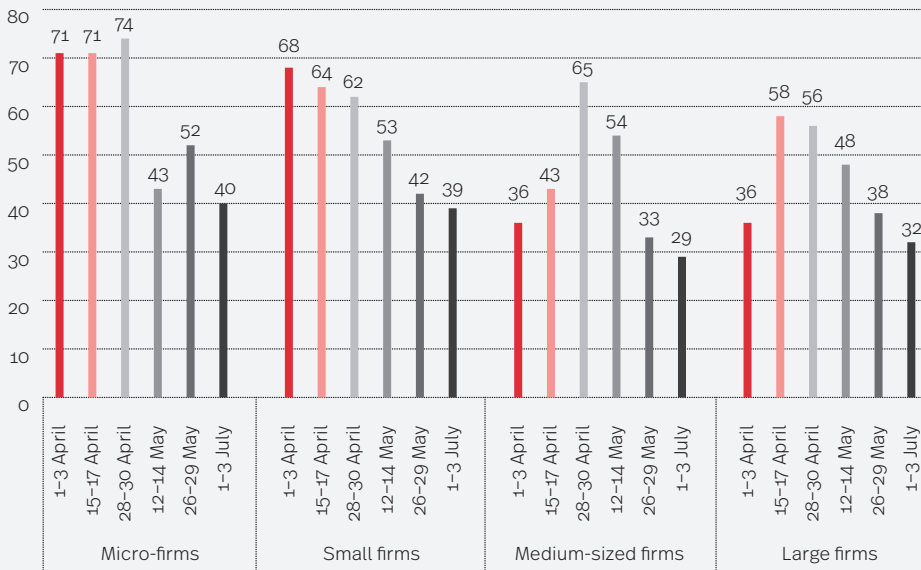
in subsequent measurements performed in April (Chart 14). A different response to the pandemic situation and lock-down measures could be observed in the case of medium-sized enterprises, with 50 to 250 persons employed, and large firms, employing more than 250 persons. In early April, such undertakings noted less

⁵ The market situation of firms classified by size and sector of economic activity is only presented for sales. Both the value of sales and the number of new orders were characterised by similar dynamics and responded in a similar manner to anti-epidemic restrictions introduced and lifted (Charts 11 and 13).

serious decreases in sales – by 36 per cent of pre-pandemic sales. In contrast to small enterprises, however, subsequent weeks saw

a deterioration in their market situation, as reflected in continuously falling sales noted in mid- and late April.

Chart 14. Indications of decreases in sales in the period covered by firm size (in per cent)



Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund.

The sector to note the most significant decreases in sales on the previous month was trade (Chart 15). In mid- and late April, lower sales were noted by as many as three-fourths of commercial firms, of which more than 55 per cent suffered decreases by over 25 per cent. By late May, the share of firms with declining sales went down to 45 per cent, whereas in early July decreases in sales in the trade sector were only declared by 28 per cent of undertakings.

Relatively the least significant decreases in sales were experienced by production enterprises. At the worst time – in late April – 62 per cent of production firms declared decreases in sales,

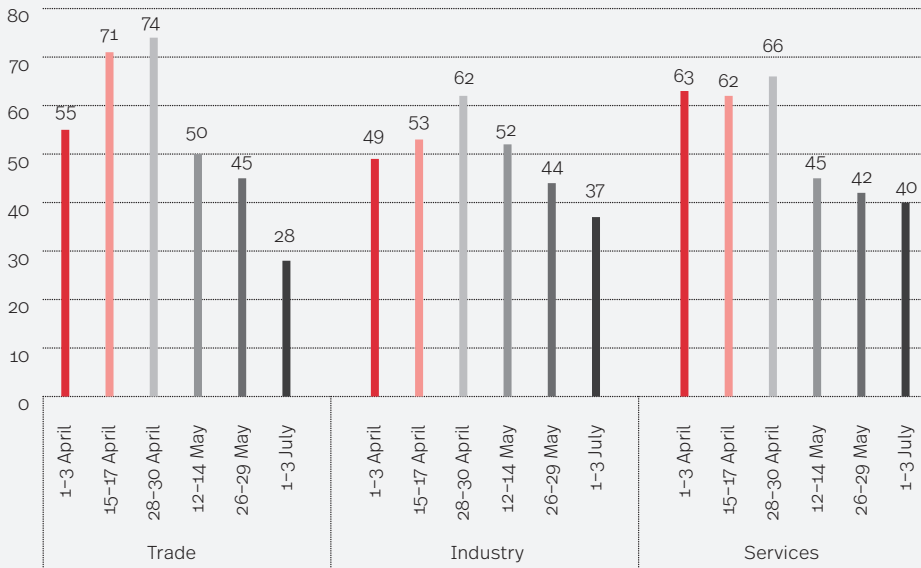
but in the other months that proportion did not exceed 60 per cent. The situation started to improve from mid-May, whereas in early July the share of production firms with decreased sales dropped to 37 per cent.

Data on the value of sales and the number of new orders of firms markedly correspond to the applicability and stringency of anti-epidemic restrictions. In early April – when the first survey wave was performed – the majority of the restrictions were already in place: suspended activities of educational establishments, suspended international passenger transport, temporarily suspended activities of most

shops at shopping centres, limited activities of food- and beverage-serving establishments and of providers of the so-called personal services. Furthermore, all public events household

been cancelled. Those restrictions continued to apply for the whole of April, accompanied by deteriorating indicators of the market situation of firms.

▼ **Chart 15.** Indications of decreases in sales in the period covered by sector (in per cent)



Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund.

Declarations of businesses with regard to declining sales and a falling number of new orders also corresponded to macroeconomic indicators regarding the dynamics of retail trade and industrial production sold. In Poland, decreases noted in retail trade (excluding motor vehicles and parts thereof) were much less significant than those in industrial production. In March 2020 as compared to February 2020,

the value of retail trade dropped by 7.1 per cent, whereas in April 2020 against March 2020 – by 7.7 per cent; at the same time, respective decreases noted in industrial production sold were 7.4 per cent and 21.1 per cent. In both cases, however, the most serious deterioration in objective economic indicators took place in April, as reflected in the declarations of businesses surveyed in the first three waves.

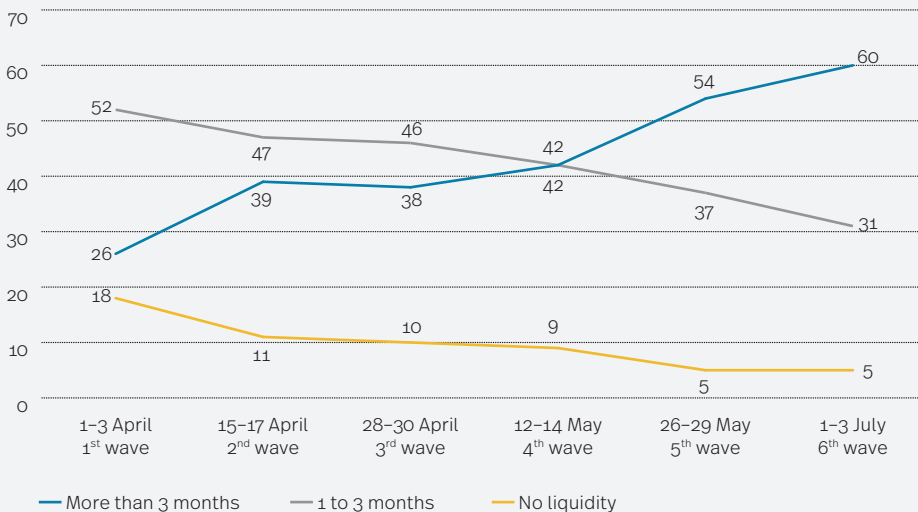
Liquidity of enterprises

Subjective assessments of liquidity

In early April, 52 per cent of the surveyed enterprises assessed the availability of their funds as sufficient to survive a maximum period of three months, whereas 18 per cent of firms claimed to have no liquidity (Chart 16.). In subsequent weeks, the shares of both categories of firms steadily declined; in early July,

5 per cent of firms claiming the lack of liquidity and 31 per cent of businesses assessed their liquidity as sufficient for a maximum of three months. Simultaneously, there was a rise in the proportion of undertakings declaring that the available funds would last for more than three months – from 26 per cent in early April to 60 per cent in early July.

» **Chart 16.** Subjective assessments of liquidity – comparison over time (in per cent)



Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund.

In the period covered, the subjective perception of the financial situation by firms was characterised by different dynamics than the market situation of enterprises. Whereas the value of sales of firms and the number of new orders showed a gradual deterioration in the first survey period (i.e. the period of the applicability of the most stringent epidemic containment measures), from early April the

perception of the financial situation of firms improved from measurement to measurement. It may mean that undertakings, when assessing their financial situation in terms of available financial resources, responded not only to the scope of applicable anti-epidemic restrictions (as in the case of assessments of the market situation of the firm concerned), but also to the financial State aid launched in early April and

extended under subsequent anti-crisis shields. The first of them (Anti-crisis Shield 1.0) entered into force on 1 April and its adoption was accompanied by announcements of launching further aid packages (Ustawy tarczy kryzysowej z podpisem..., 2020).

Liquidity: payments backlog

In the period under examination, the actual financial situation of enterprises differed from subjective assessments of their liquidity. To measure objective financial positions of businesses, the survey asked questions about payments backlog, i.e. difficulties encountered by firms in settling their liabilities to counterparties and problems with collecting amounts owed to them by counterparties. In both cases, over time the changes noted were less distinct than an analysis of self-assessments by businesses of the available liquidity

might suggest. The fewest firms complained about difficulties with collecting their receivables in April and about difficulties with settling their own liabilities – in early July. Such a deteriorated ability of undertakings to pay their debts in May might result from the fact that a number of firms had insufficient cash to survive the lock-down period. It is possible that despite gradual unfreezing of the economy from early May their turnover had not recovered to the pre-pandemic levels. Some of them could be in a situation where they had run out of financial reserves, whereas current inflows were insufficient to finance daily operations. The improvement of the ability to settle business liabilities in early July probably resulted from further unfreezing of the economy on the one hand and from extensions of financial aid offered to undertakings under the anti-crisis shields on the other hand.

➤ **Chart 17. Difficulties with settling liabilities to counterparties and with collecting amounts owed by counterparties – comparison over time (in per cent)**



Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund.

Payments backlog posed the most serious problem for firms in mid-May when the highest number of undertakings declared both difficulties with repaying debts and with collecting amounts owed by counterparties (Chart 17). In early July, difficulties experienced by firms in settling their liabilities slightly eased (-5 pps against April), but problems with collecting amounts owed by counterparties remained a major issue – those were indicated by fewer undertakings than in May (-2 pps), but still more than in April (+5 pps).

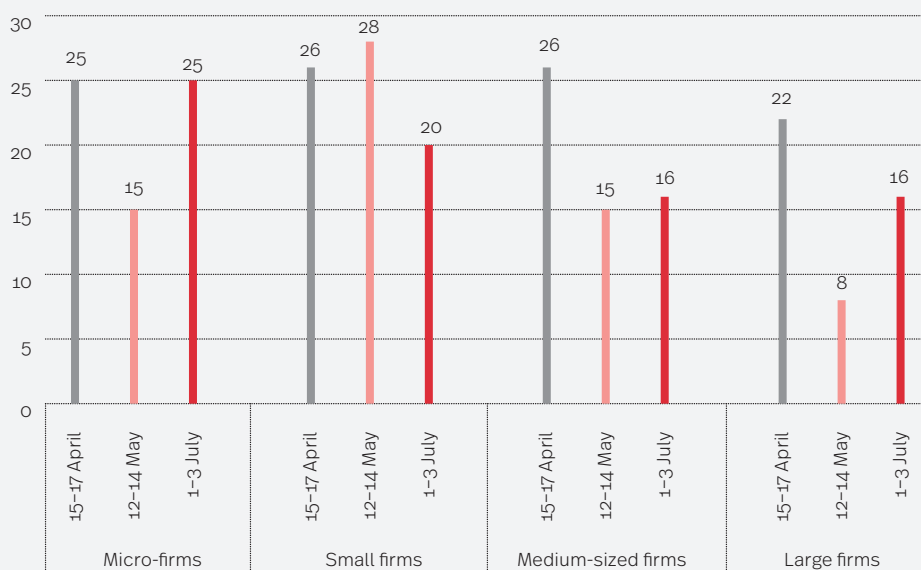
Difficulties with debt repayment to counterparties in April and May were usually experienced by small firms, whereas in early July – primarily by micro-enterprises (Chart 18). The least problems with repaying their liabilities were declared by large firms.

In early July as compared to early April 2020, there was an increase in the share of

firms whose unpaid invoices represented no more than 25 per cent of their liabilities (by 8 pps), but there were fewer enterprises where unpaid invoices accounted for 25 to 50 per cent (down by 5 pps); the proportion of businesses with the respective figure exceeding 50 per cent of their portfolio of liabilities remained unchanged.

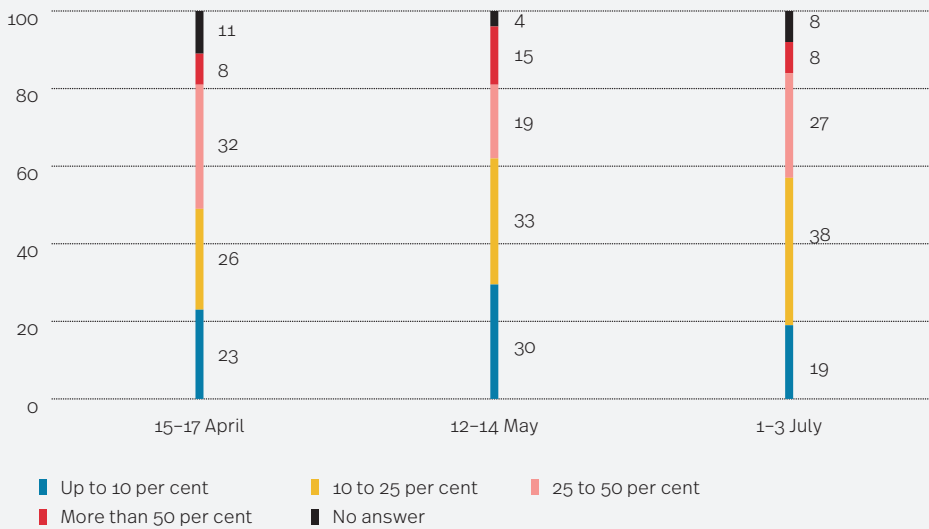
A different situation was found in the case of assessments by firms of their difficulties with collecting amounts owed by counterparties. In April, difficulties in that regard were experienced more often by small and large firms, in May – by medium-sized and large enterprises, whereas in early July – by small and medium-sized undertakings (Chart 20). Throughout the period covered by the survey, the least problems with debt collection were declared by micro-enterprises.

➤ **Chart 18. Difficulties with settling liabilities to counterparties by firm size (in per cent)**



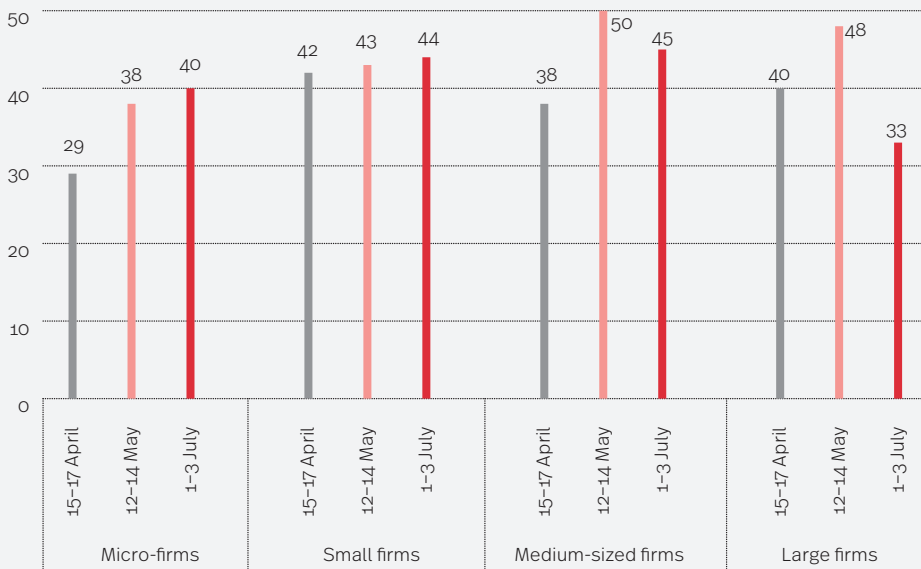
Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund.

➤ **Chart 19.** Liabilities past due by share in the portfolio: comparison over time (in per cent)



Source: prepared by the PEI on the basis of Eurostat data.

➤ **Chart 20.** Difficulties with collecting amounts owed by counterparties by firm size (in per cent)



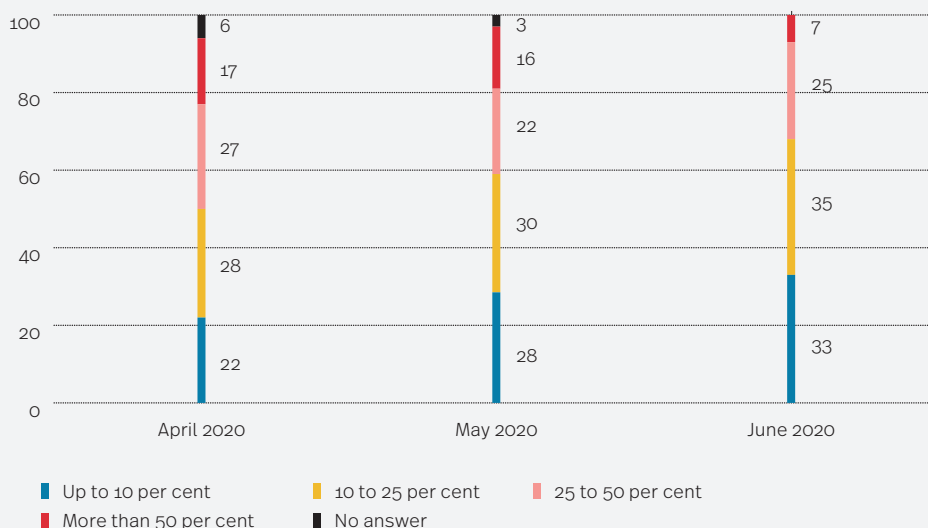
Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund.

In early July – as compared to April – the situation of firms in terms of receivables past due showed a slight improvement (Chart 21).

The percentage of firms declaring that their receivables unpaid when due represented up to 10 per cent of their portfolio increased by 11 pps; there was also a rise in the share of enterprises assessing that proportion at 10 to 25 per cent (up by 7 pps). Fewer firms claimed

that payments not collected accounted for 25 to 50 per cent (down by 2 pps). There was also a decline in the share of enterprises where such receivables represented more than half (by 10 pps). It was the group to experience the most severe financial difficulties and, therefore, the most vulnerable and likely to go bankrupt; therefore, a fall in the proportion is a very positive development.

➤ **Chart 21. Amounts owed by counterparties and not paid when due by share in the portfolio – comparison over time (in per cent)**



Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund.

Changes in employment in the period of freezing and unfreezing the economy

Personnel changes planned and made

In a situation of shrinking consumer demand in the period of the pandemic, as well as due to uncertainty about the prospects for returning to normal economic activities,

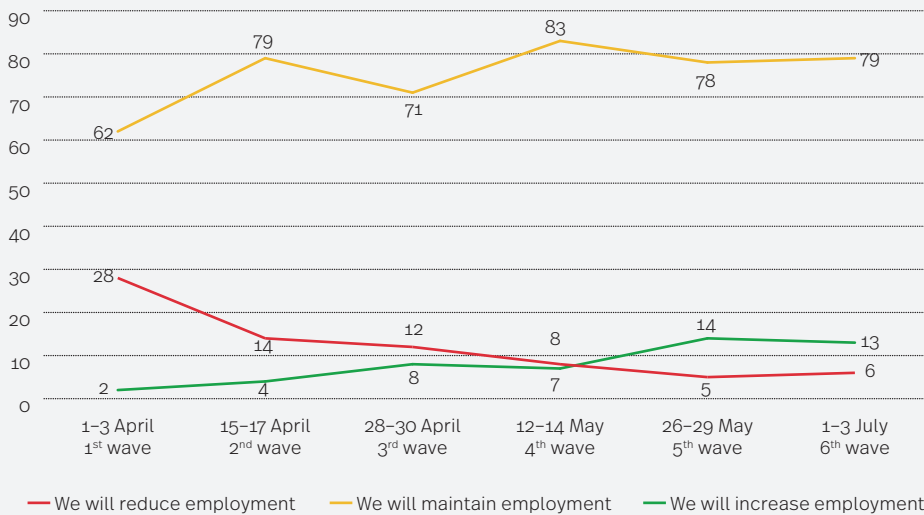
enterprises were forced to seek savings. Business continuity in such unfavourable and uncertain conditions required liquidity in a longer term. One way to obtain it was cutting personnel costs. Strategies of reducing employment

or limiting salaries and wages could be seen as solutions for short-term improvement of the financial standing of enterprises.

In early April – in the first survey wave – 28 per cent of undertakings declared plans to cut employment (Chart 22). The percentage dropped by half (to 14 per cent) in mid-April, and

then fell 6 per cent in early July. From early April to early July, there was also a rise in the share of firms planning to increase employment (from 2 per cent to 13 per cent) and in the proportion of businesses declaring the maintenance of their previous employment (from 62 per cent in late April to 79 per cent in early July).

➤ **Chart 22. Planned changes in employment – comparison over time (in per cent)**



Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund.

Such a significant fall in the share of firms planning personnel cuts (by 50 per cent) between the first and second survey waves may suggest that early business responses to the pandemic and lock-down measures were driven by panic. In the initial period of the pandemic, uncertainty related to the anti-epidemic restrictions imposed could translate into the consideration by enterprises of all possible methods to ensure liquidity. It seems that only declarations made by enterprises in subsequent survey waves reflected their reasonable calculations

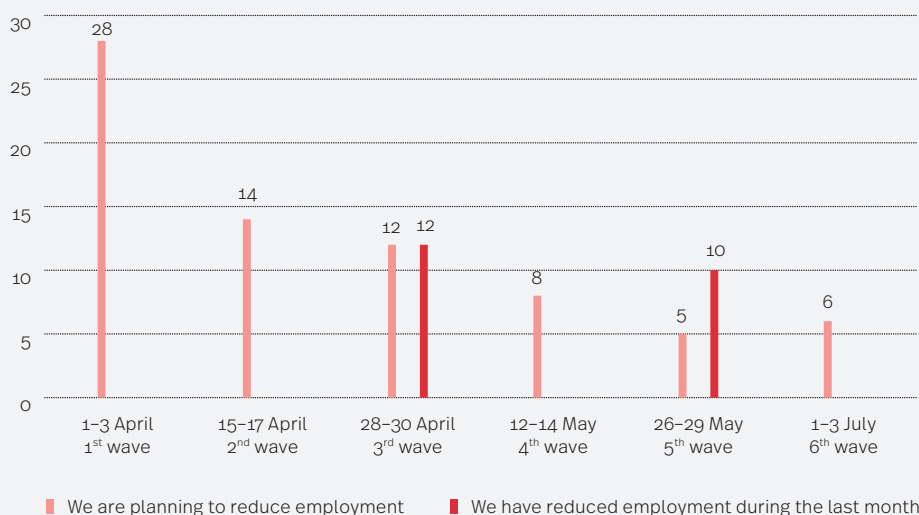
of potential costs and gains related to possible personnel changes. The percentage of entities planning personnel cuts could be also pushed down by solutions introduced under anti-crisis shields, i.e. financial and liquidity instruments subject to maintaining employment by businesses.

It is possible to conclude that – apart from the panic-driven declarations expressed by firms in early April – planned personnel changes declared at the times of subsequent measurements tended to be consistent with

changes actually implemented. Whereas at the time of the second measurement, in mid-April, 14 per cent of firms planned or seriously considered employment reductions, in April employment was actually cut by 12 per cent of

firms (Chart 23). In late April, 12 per cent of firms declared plans to decrease employment in the nearest future; in the measurement made in late May, 10 per cent of firms confirmed having made such reductions in May.

➤ **Chart 23.** Comparison of employment reductions planned and made (in per cent)



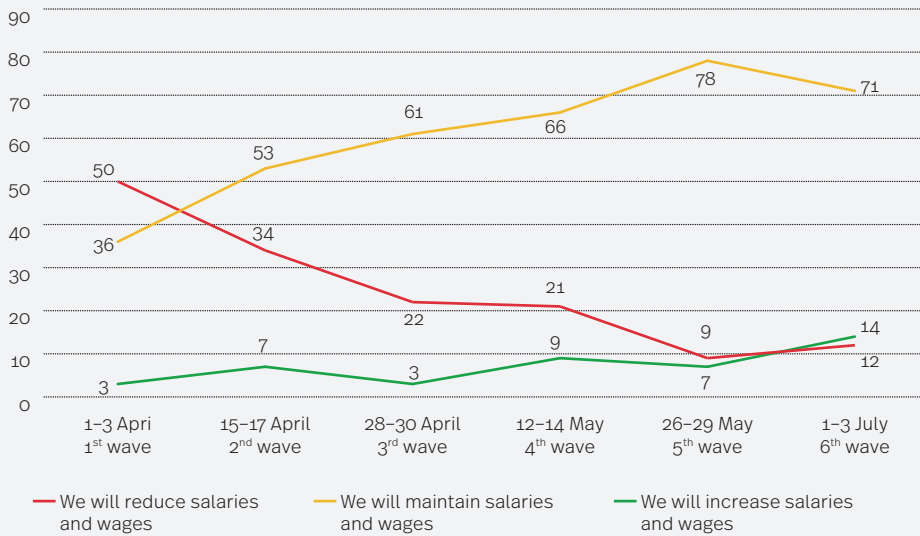
Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund.

Employee remuneration changes planned and made

From the first measurement conducted in early April to subsequent waves to late May, there was a rise in the percentage of firms planning to maintain salaries and wages (Chart 24). The share of such businesses increased by 42 pps from 36 per cent in early April to 78 per cent in late May 2020. At the same time, the share of firms planning pay cuts was on the decline – dropping from 50 per cent in early April to 9 per cent in late May (by 41 pps). In the period covered, there was also an increase in the percentage of entities declaring pay rises – from 3 per cent in early April to 14 per cent in early July.

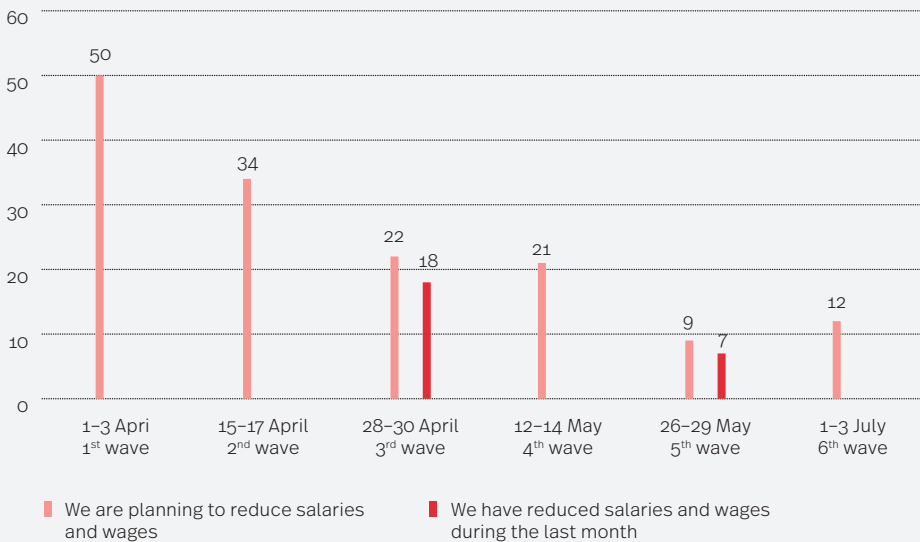
How did plans to reduce salaries and wages translate into actual pay cuts? The available data suggest that definitely fewer firms actually introduced pay reductions than those having declared such plans (Chart 25). In early and mid-April, 50 per cent and 34 per cent of firms, respectively, planned to decrease salaries and wages in the nearest future, but only 18 per cent actually made pay cuts in the initial period of the pandemic. The scale of planned employee remuneration reductions declared in late April and in early May – by 22 per cent and 21 per cent of firms respectively – translated into actual pay cuts by 7 per cent of them (as measured by declarations of businesses).

▼ **Chart 24.** Employee remuneration changes planned – comparison over time (in per cent)



Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund.

▼ **Chart 25.** Pay reductions planned and made – comparison over time (in per cent)

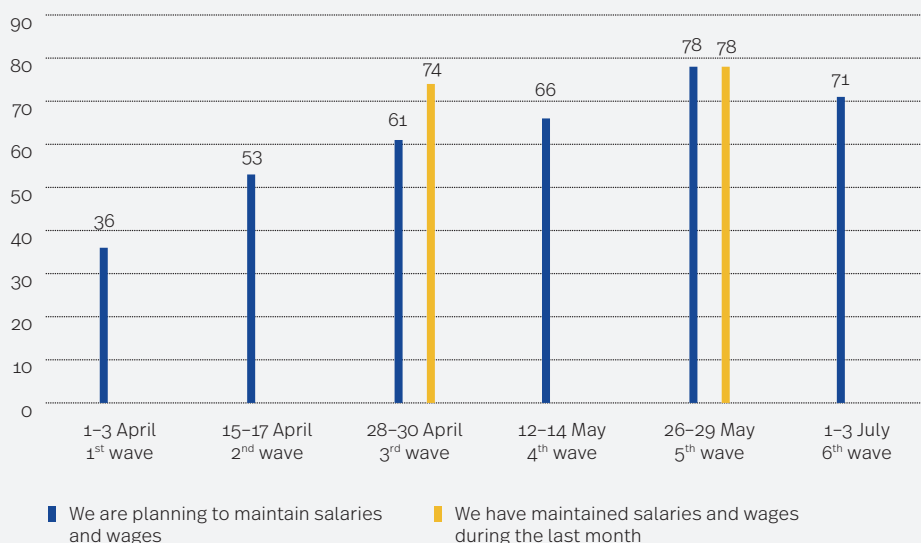


Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund.

Similar differences were found in plans to maintain the current level of salaries and wages. Both in the measurement carried out in late April and in that from late May, a higher share of firms maintained salaries and wages than the previous declarations might suggest (Chart 26). In late April, 74 per cent of enterprises declared that they had made no pay changes, as compared to 36 per cent and 53 per cent of undertakings

declaring in early and mid-April, respectively, that they would maintain employee remuneration. A less significant gap between plans and declarations of changes made could be observed in late May. At that time, 78 per cent of entities claimed to have maintained previous salaries and wages, in comparison with 61 per cent and 66 per cent of firms planning to maintain employee remuneration in late April and in mid-May.

➤ **Chart 26.** Plans to maintain salaries and wages expressed during the six survey waves v salaries and wages actually maintained in April (3rd wave) and May (5th wave) 2020 (in per cent)



Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund.

The declarations of firms concerning the scale of implemented employment and pay changes indicate that the pandemic and the economic lock-down did not translate – at least until early July – into a dramatic deterioration of the labour market situation. In late April, 12 per cent of firms declared that from the onset of the pandemic they had cut employment, whereas in late May 10 per cent of businesses indicated

personnel reductions made in that month. The majority of enterprises having reduced their personnel pointed to a limited scope of dismissals: within that group, 25 per cent decreased the number of employees by less than 5 per cent, 15 per cent – by 5 to 10 per cent, whereas 19 per cent of those – by 10 to 25 per cent.

The lack of a radical (or even significant) deterioration of the labour market situation is

also suggested by data on the number of unemployed persons registered at labour offices. At the end of June, their number was 1,027,100, up by 11.7 per cent on the end of February.

As suggested by the employment and pay plans of the surveyed firms, in spite of the prolonged pandemic enterprises express increasingly favourable assessments of their situation, being more optimistic about the future. The percentage of businesses having indicated plans to cut employment in the survey conducted in July was 6 per cent, whereas almost 14 per cent of entities planned to increase employment. Plans of enterprises with regard to salaries and wages allow to assume that the labour market situation starts to normalise; for the first time from the outbreak of the pandemic, more firms were planning pay rises (14 per cent) than pay cuts (12 per cent). In late March, the respective shares were 3 per cent and 50 per cent. However, the end of co-financing measures for employee remuneration under anti-crisis shields and the expiry of the solidarity benefit may be the time to verify the actual impact of the COVID-19 pandemic on the job market in Poland. The end of public intervention may mark the beginning of lay-offs and accelerated unemployment. In June, the registered unemployment rate was 6.1 per cent against 6.0 per cent in May and 5.8 per cent in April. It is worth emphasising that at the turn of March and April there were forecasts of an increase in the registered unemployment rate to ca. 12 per cent this year; at present, the rate is projected at around 8 per cent.

Changes in employment and salaries and companies' market and financial situation

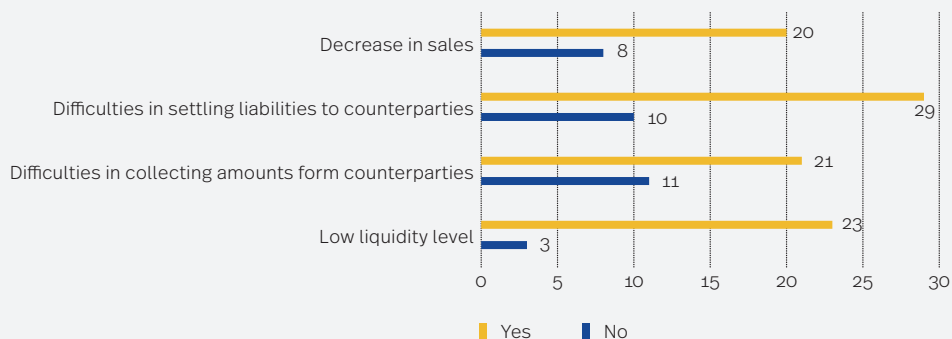
The main factors driving companies to reduce employment and cut salaries (wages) were the firm's current market situation (decrease in sales), payment backlogs (both on their side as well as on the side of their business partners)

as well as the anticipation of liquidity problems in the future.

Companies whose sales decreased in mid-April declared plans to reduce employment more often than the enterprises whose sales stayed the same or increased (Chart 27). In mid-April as much as 20 per cent of those entities whose sales decreased were considering to reduce the number of their employees compared to only 8 per cent of companies that managed to maintain or increase sales. Similar differences were observed in case of payment backlogs and perceived future liquidity. In mid-April employment reduction was planned by 21 per cent of companies that experienced problems with collecting payments from counterparties compared to 11 per cent of firms that faced no such problems. Similarly, the percentage of companies planning to cut down on employment was relatively high among companies that had difficulties in settling their own liabilities (29 per cent) as well as companies that scored low in terms of liquidity (financial assets sufficient to maintain normal activities for less than 3 months) – 23 per cent. At the same time, plans to reduce employment were much less common among enterprises that collected payments from counterparties on time (10 per cent) as well as among companies with liquidity levels sufficient for more than three months (3 per cent).

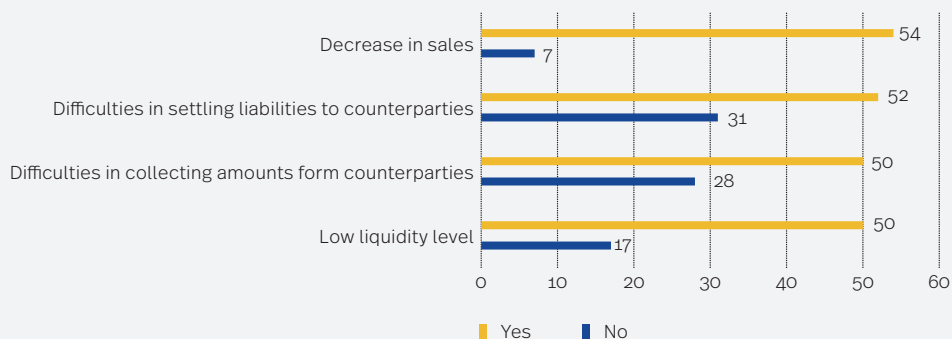
Difficult market position, experiencing payment backlogs as well as low liquidity levels are also associated with companies' plans to reduce wages or salaries (Chart 28). The fraction of entities planning to reduce wages or salaries ranges from 50 to 54 per cent among companies facing such problems. At the same time, such reductions were considered by 17 per cent of firms with sufficient liquidity levels, 28 per cent of firms who received payments from counterparties on time, 31 per cent of companies that are able to settle their liabilities on time as well as only 7 per cent of companies that managed to maintain or increase their sales.

▼ **Chart 27.** Plans to reduce employment and companies' difficulties with regard to market and financial situation (in per cent)



Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund.

▼ **Chart 28.** Plans to reduce salaries or wages and companies' difficulties with regard to market and financial situation (in per cent)



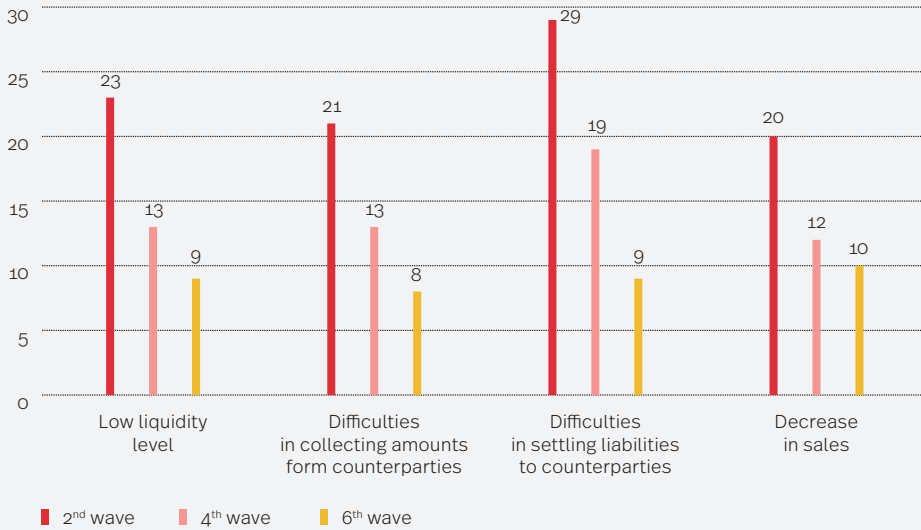
Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund.

Significant changes with regard to companies' plans to reduce employment or cut salaries (wages) had taken place between the second and the sixth wave of the survey (Chart 29).

Among companies whose sales decreased the percentage of entities that planned to reduce employment diminished between mid-April

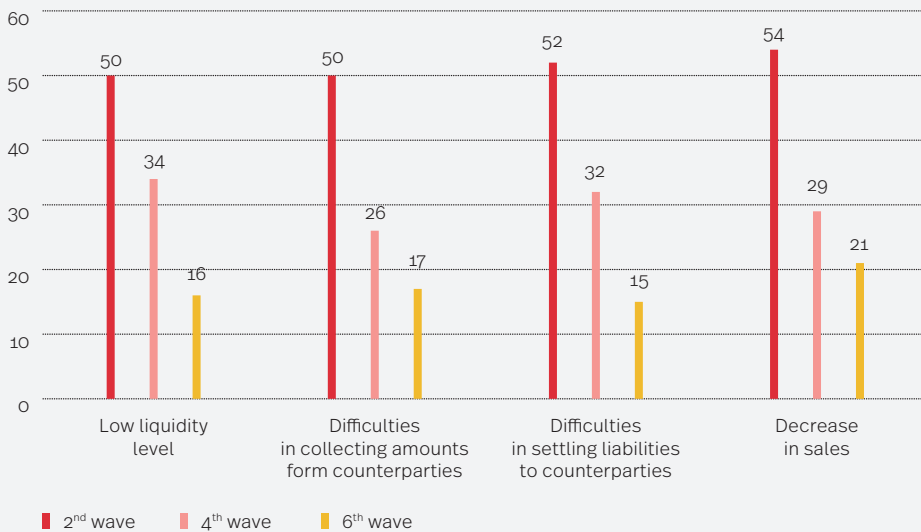
(2nd wave) and early July (6th wave) from 20 per cent to 10 per cent. The same statistic dropped from 29 to 9 per cent among companies that faced problems with settling their payments, from 21 to 8 per cent among entities finding it difficult to collect payments from partners, and from 23 to 9 per cent among firms facing low liquidity levels.

▼ **Chart 29.** Plans to reduce employment and companies' difficulties with regard to market and financial situation: comparison over time (in per cent)



Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund.

▼ **Chart 30.** Plans to reduce wages or salaries and companies' difficulties with regard to market and financial situation: comparison over time (in per cent)



Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund.

Similar changes had taken place with regard to companies' plans to cut wages or salaries. Among all aforementioned groups of companies the percentage of enterprises that decided to reduce personnel costs dwindled from 50-54 per cent in mid-April to the levels of ca 21-15 per cent in early July (Chart 30).

Significant change in the percentage of companies planning to reduce employment or cut down salaries (wages) that was observed between the second and the sixth wave of the survey is not related to diminishing fraction of companies facing declining sales or their less frequent problems with payment backlogs or prospective liquidity. Significant drop in the percentage of enterprises planning to reduce employment and salaries (wages) that took place between April and July was observed in every single group of entities – those with diminishing sales, those facing payment backlogs as well as those with low liquidity levels.

The observed change in this regard can be explained in two ways. First, as a consequence of unfreezing the economy, second, as the effect of government assistance schemes that were introduced in the form of Anti-crisis and Financial Shields. The antiepidemic restrictions that were in place from the mid-March were gradually removed from the end of April, while in mid-May during the fourth wave of the survey (12-14 May), still large fraction of these provisions was still in place. For this reason the large reduction in the percentage of enterprises planning to reduce their staffing costs that was observed in mid-May can, in its large part, be attributed to state aid programmes that took the form of Anti-Crisis Shield (Shield 1.0 and Shield 2.0) which were adopted on 1 April and 16 April 2020. The financial and liquidity instruments that were made available within these scheme were intended to assist companies in maintaining current employment during the economic lockdown.



Business sentiment and the key indicators of the economic situation

In order to summarise the opinions of undertakings expressed during the six survey waves, a **composite Business Sentiment Index (BSI)** was built to reflect opinions on **the value of sales, the number of new orders, subjective assessment of liquidity and planned changes in employment and pay**. For selected survey questions, differences between the percentages of indicated positive and negative answers were calculated, which produced sub-indices concerning changes in the following: the value of sales, the number of new orders, subjective assessment of liquidity, planned changes in employment and pay. The composite business sentiment index was computed as the arithmetic mean of particular sub-indices⁶.

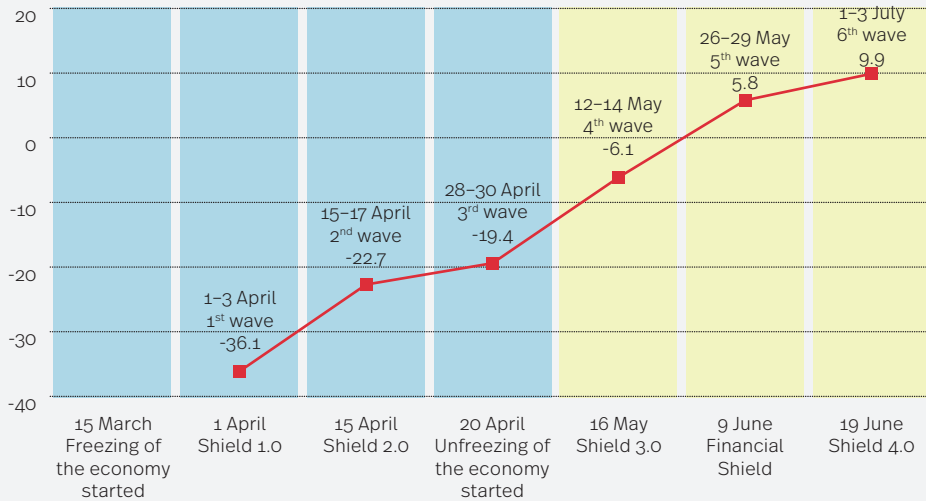
Changes in business sentiment, shown through the BSI computed for all the survey waves, are presented against the backdrop of the dates of introducing subsequent solutions under anti-crisis shields and of freezing and unfreezing the economy (Chart 31). An increase in the BSI could be observed in every survey wave, but it is worth pointing out that there was a marked rise in the BSI between the 3rd and 4th waves (late April and mid-May) and between the 4th and 5th waves (mid-May and late May).

Improved business sentiment was clearly related to the initiated unfreezing of the economy, at the turn of April and May. The introduction of solutions under subsequent anti-crisis shields also pushed up the BSI in subsequent surveys. In the last two survey waves, the BSI was positive, which means that the percentage of enterprises assessing the situation positively exceeded that of businesses expressing negative assessments.

Chart 32 presents changes in the BSI in subsequent survey waves for enterprises broken down by employment. There was a marked rise in the BSI in all the groups of undertakings, from very low, negative levels in the survey wave, to positive values in the last survey wave. The turning point in the survey was the fifth wave, carried out in late May: the BSI in all groups of enterprises appeared to be positive. However, there were certain dissimilarities in business sentiment between entities of different sizes (measured by the number of persons employed). Those lead to the conclusion that **throughout the period covered larger enterprises were characterised by better business sentiment than smaller undertakings**. The most significant increase in the BSI was observed for large enterprises, from -32.4 in early April to 20.0 in early July.

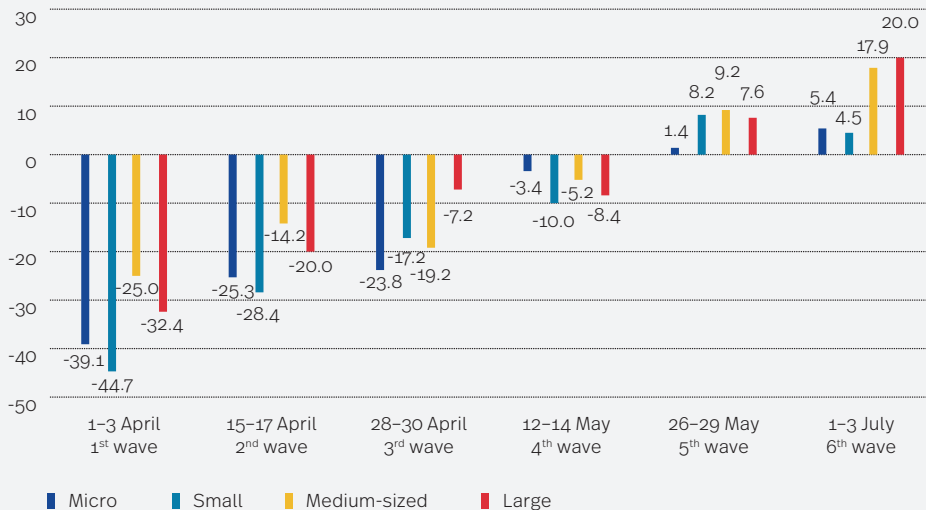
⁶ The methodology of calculating the Business Sentiment Index is consistent with the approach adopted by the Central Statistical Office (GUS) in the creation of consumers' sentiment indicators.

▼ **Chart 31.** Business sentiment measured by the BSI in the six survey waves against the backdrop of anti-crisis shields, the freezing and unfreezing of the economy



Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund.

▼ **Chart 32.** Business Sentiment Index for the six survey waves by enterprise size

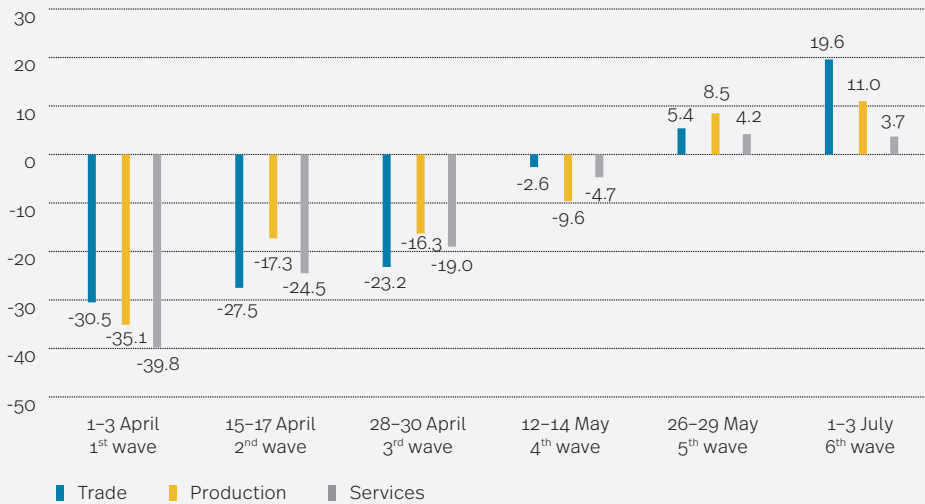


Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund.

Broken down by sector (Chart 33), the surveyed enterprises also showed gradually improving business sentiment and from the fifth wave the BSI values turned from negative to positive. Interestingly, **a clear improvement in business sentiment for production enterprises could be seen from the fifth wave, but**

for commercial undertakings – as late as the sixth wave. The abolition of the limit of shoppers in phase IV of the unfreezing of the economy could bring about a further significant improvement in business sentiment in trade and make it markedly better than in production and services.

➤ **Chart 33.** Business Sentiment Index for the six survey waves by sector



Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund.

The BSI determined for the purposes of the survey of enterprises can be compared with the general business climate indicator for manufacturing (NSA), published by GUS (2020d) on a monthly basis (Chart 34)⁷. Even in March, the NSA indicator took on a value of -1.1, but in April it plunged to -44.2. The NSA indicator for March did not fully reflect the pandemic-related sentiment; therefore, it was only slightly below zero. The BSI determined on the basis of the findings

from the first survey wave, carried out in early April, showed business sentiment in the period of the pandemic spreading fast across Poland and Europe as well as of general uncertainty; thus its low value, the lowest in all the survey waves.

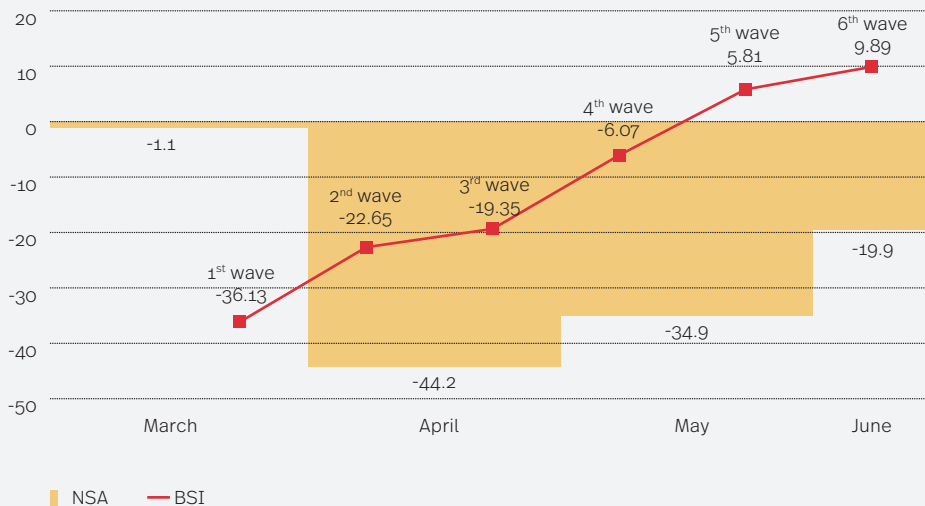
In April, business sentiment measured by the NSA indicator was the worst in the period covered (at -44.2), whereas the BSI values determined for the following two survey waves

⁷ The data cited in the report are without seasonal nor calendar adjustment.

performed in April, although still negative, were higher than those registered in early April. An interesting situation was observed in May: the NSA indicator was low at -34.9, the BSI for the fourth wave (mid-May) took on a negative value, but it

turned positive for the fifth wave (late May). In June business sentiment improved, as reflected in both the NSA indicator for June and the BSI determined in early July during the sixth survey wave.

➤ **Chart 34.** Business Sentiment Index in the subsequent six survey waves and the general business climate indicator for manufacturing of GUS

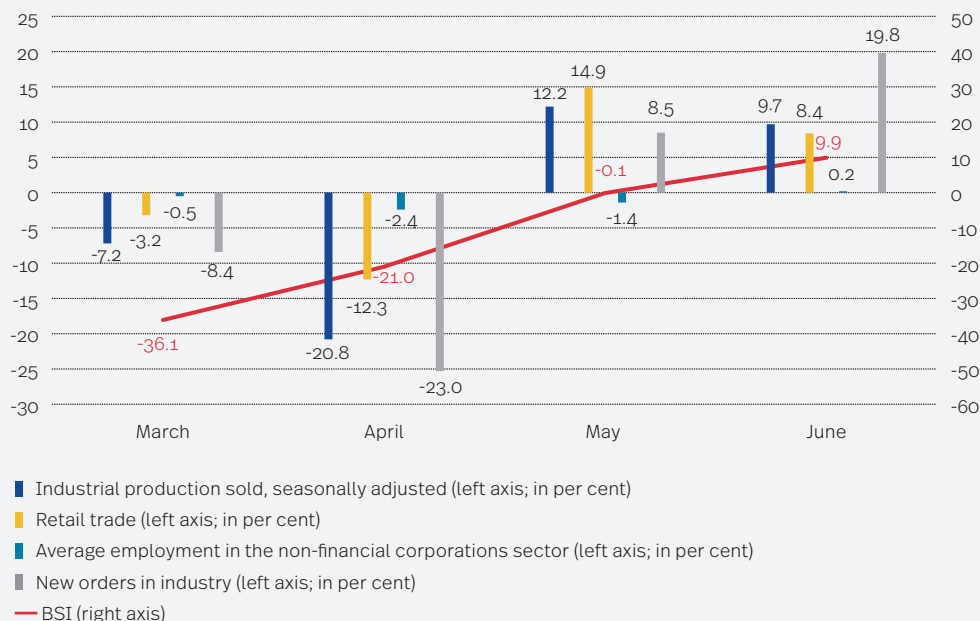


Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund and of GUS (2020d) data.

Fluctuations in sentiment measured by the BSI are also shown against the backdrop of changes (month-on-month) in the main macroeconomic indicators (Chart 35). Such a comparison illustrates the **correlation between changes observed in the macroeconomic indicators and the BSI**. The surveys conducted by the PEI and the Polish Development Fund during the first wave (in early April) produced a very low value of the BSI, which reflected high uncertainty among in connection with the

pandemic and the lock-down measures introduced. The indicators showing the state of the economy in March as compared to February did not capture the situation so clearly. In April – when the BSI was again negative but still higher than in March – the macroeconomic indicators showed considerable deterioration in the economic situation against March. April and May saw improved business sentiment, as reflected in increased macroeconomic indicators for the months concerned.

▼ **Chart 35.** Month-on-month changes in the main macroeconomic indicators and the BSI between March and June 2020



Source: prepared by the PEI on the basis of surveys conducted in collaboration with the Polish Development Fund and of GUS (2020d) data.

GDP decrease and unemployment increase forecasts for Poland for 2020

Estimates concerning the overall effects of the pandemic on the state of the economy vary between countries and depending on the stringency and duration of the solutions introduced. As estimated by the IMF, each month of the applicability of restrictions drives down the GDP growth rate by 2 pps. **According to the European Commission estimations, the restrictions imposed will lead to an economic crisis much deeper than that of 2009 when the European Union Member States' economies shrank by 4.3 per cent. At the same time, the Commission forecasts that the epidemic containment**

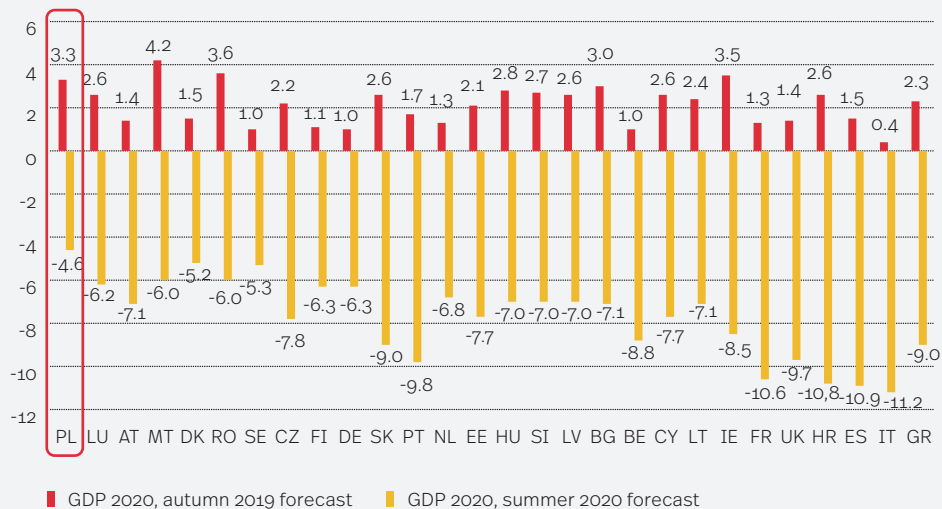
measures introduced will translate into a fall in EU GDP by ca. 8.3 per cent in 2020 (2020b).

The decrease in GDP in Poland is projected to be the least significant in all the EU Member States.

According to the forecast, in 2020 Poland's GDP will decline by 4.6 per cent (Chart 36).

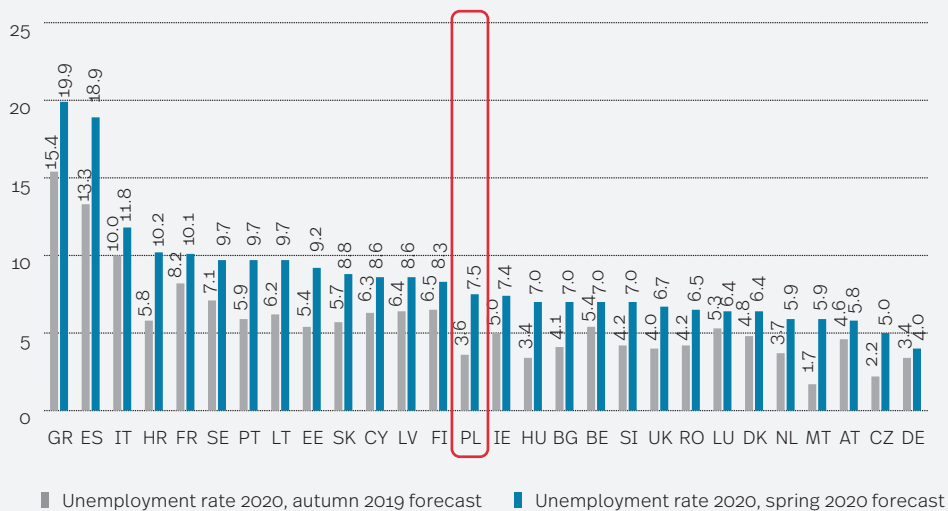
Such a relatively mild decrease in GDP in Poland results from Poland's good initial position – before the pandemic, Poland was projected to be one of the fastest-growing EU Member States. The recession is expected to be the most severe in Italy (-11.2 per cent), Spain (-10.9 per cent), Croatia (-10.8 per cent) and France (10.6 per cent).

Chart 36. EC forecasts of changes in GDP in 2020 from the autumn of 2019 and the summer of 2020



Source: European Commission (2019; 2020b).

Chart 37. Unemployment rate in the EU Member States – forecasts for 2020



Source: European Commission (2019; 2020a).

Another area providing a general description of the anticipated impact of the pandemic on the state of the European economy is the unemployment rate. **According to the autumn forecast of the EC, in 2020 unemployment in Poland was expected to be at merely 3.6 per cent, whereas in the EU as a whole – 6.2 per cent. The spring 2020 economic forecast of the Commission updated those projections to 7.5 per cent for Poland (more than double the previous figure) and 9.0 per cent for the EU.** The difference in the unemployment rates projected for Poland between the autumn 2019 and spring 2020 forecasts is **3.9 pps**. The most significant increase in the expected unemployment rate concerned Spain – by **6.6 pps** (Chart 37). Almost all EU Member States noted forecasts deteriorated by several percentage points. But the minor rise in the unemployment rate in Poland that occurred – according to GUS – before

June 2020 allows to assume that the following months will not witness a marked increase in the indicator and that it will not reach the level forecast by the European Commission.

According to GUS data on the main macroeconomic indicators in June, Poland is more likely to experience a V- or U-shaped recovery rather than an L-shaped recovery after the first wave of the epidemic. As a result, the fall in GDP in Poland may appear to be even less significant than that projected by the EC. However, the recovery pace in the Polish economy will largely depend on consumer sentiment, on whether consumers are willing to return to their previous consumption level, using services of industries such as entertainment, culture, tourism, etc. That, in turn, will follow from the development of the epidemic situation and the creation of a COVID-19 vaccine or fully efficacious treatment.



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Annex

» **Table A1.** Stages of freezing the economy

Phases of freezing the economy		
Phase I	Phase II	Phase III
<p>General measures</p> <ul style="list-style-type: none"> • state of the epidemic risk (14 March) • closing of the State border for foreign nationals, obligatory quarantine of 14 days for Polish nationals returning from abroad (15 March) <p>Economic measures</p> <ul style="list-style-type: none"> • cancellation of public events (10 March) • suspension of international rail and air transport (15 March) • closing of shops at shopping centres (> 2,000 m²), excluding grocery stores, pharmacies, drug stores, laundries and dry cleaner's (14 March) • ban on the provision of food- and beverage-serving services at the premises (only take-away or home delivery sales) (14 March) • ban on public events (e.g. fairs, exhibitions, congresses, conferences, meetings) (14 March) • ban on collective forms of culture and entertainment (e.g. cinemas, museums, libraries) (14 March) • ban on sports, entertainment and recreation activities (e.g. dance clubs, night clubs, gyms, swimming pools, fitness clubs) (14 March) • ban on activities of brick-and-mortar casinos (14 March) • ban on activities of libraries, archives, museums (14 March) • ban on activities of sanatoriums (14 March) <p>Social measures</p> <ul style="list-style-type: none"> • suspension of the functioning of nurseries, pre-schools and schools (12 March) • limit on the number of participants in public gatherings (a maximum of 50 persons) (14 March) 	<p>General measures</p> <ul style="list-style-type: none"> • state of the epidemic (20 March) <p>Economic measures</p> <ul style="list-style-type: none"> • closing of shops > 2,000 m² at shopping centres (additional ban on perfumeries and jeweller's stores, commercial stands, certain services) (21 March) <p>Social measures</p> <ul style="list-style-type: none"> • movement and travel restrictions (solely for the following purposes: commuting, going to church, performing voluntary work, satisfying basic subsistence needs; a maximum of 2 persons together 1.5 metres away from each other, excluding family members) (from 25 March) • limit on the number of persons present at religious sites (a maximum of 50 persons from 20 March, a maximum of 5 persons from 25 March) • limit on the number of passengers in public transport (a maximum of half of the number of seats) (21 March) 	<p>Economic measures</p> <ul style="list-style-type: none"> • limitation on the number of persons present at shops and service outlets (a maximum of 3 persons per check-out counter or cash desk), in market-places (3 persons per commercial stand or outlet), in post offices (2 persons per counter) (1 April) • closing of large do-it-yourself retail stores at weekends (1 April) • ban on activities of accommodation and tourism establishments (only open for: persons in quarantine, medical personnel, persons on business trips checked in before 31 March) (1 April) • ban on rehabilitation activities and massage services (1 April) • ban on hairdressing, beauty care, tattoo and piercing services (1 April) • obligation to provide additional safety and security measures to employees (gloves, disinfectants, distance between workplaces) (2 April) <p>Social measures</p> <ul style="list-style-type: none"> • obligation to wear gloves while shopping (2 April) • shopping hours for seniors (10:00 a.m. to 12:00 a.m.) (1 April) • ban on leaving home without an adult for persons under 18 years of age (1 April) • ban on using parks, beaches, boulevards, promenades and city bicycles, open-air gyms*, playgrounds* (1 April) • obligation to maintain a minimum distance of 2 metres between pedestrians (1 April) • obligation to cover one's mouth and nose in public spaces (16 April) • limit on the number of passengers in public transport extended to vehicles 9+, including non-public transport (2 April)

* In many cases, such facilities were closed earlier by local authorities.

Source: <https://www.gov.pl/web/koronawirus/dzialania-rzadu> [access: 20.7.2020].

➤ **Table A2. Stages of unfreezing the economy**

Stages of unfreezing the economy			
Stage I	Stage II	Stage III	Stage IV
<p>Economic measures</p> <ul style="list-style-type: none"> increasing the limit of shoppers (20 April) <p>Social measures</p> <ul style="list-style-type: none"> possibility to move and travel for recreation purposes (20 April) opening of forests and parks (20 April) increasing the limit of persons present at religious sites (a maximum of 1 person per 15 m²) (20 April) possibility for children over 13 years of age to leave home without an adult (20 April) 	<p>Economic measures</p> <ul style="list-style-type: none"> opening of shopping centres (with a limit on the number of persons, no meals) (4 May) lifting the ban on activities of accommodation and tourism establishments (without restaurants, gyms, etc.) (4 May) lifting the ban on activities of libraries, archives, museums (4 May) possibility to use rehabilitation services for treatment purposes (without massage establishments) (4 May) do-it-yourself retail stores open at weekends (4 May) <p>Social measures</p> <ul style="list-style-type: none"> possibility to provide child care services at pre-schools and nurseries (from 6 May) possibility to organise sports activities at open-air facilities (with a limit on the number of persons) (4 May) 	<p>Economic measures</p> <ul style="list-style-type: none"> lifting the ban on activities of beauty care and hairdressing establishments (subject to safety rules) (18 May) lifting the ban on having meals at food- and beverage-serving establishments (subject to safety rules) (18 May) permitted activities of open-air cinemas, film production, etc. (18 May) <p>Social measures</p> <ul style="list-style-type: none"> possibility to provide child care services at schools (forms I to III) (25 May) possibility to provide certain courses at universities (25 May) increasing the limit of passengers in public transport (18 May) increasing the limit of persons present at religious sites (18 May) increasing the limit of persons present at open-air sports facilities (18 May) possibility to organise sports activities at indoor facilities (18 May) possibility for children under 13 years of age to leave home without an adult (18 May) 	<p>General measures</p> <ul style="list-style-type: none"> opening of the State border within the EU (13 June) <p>Economic measures</p> <ul style="list-style-type: none"> restoration of Polish football league matches (29 May) opening of bars and restaurants at hotels (30 May) permitted gatherings, open-air concerts and weddings for up to 150 persons (30 May) lifting the limit of persons present at shops, marketplaces, post offices, restaurants (30 May) opening of cinemas, theatres, operas and ballets (6 June) opening of swimming pools, gyms, fitness clubs at hotels (6 June) opening of fitness clubs, indoor playground facilities, swimming pools, theme parks (6 June) opening of saunas, solaria, massage and tattoo establishments (6 June) possibility to organise fairs, exhibitions and congresses (12 June) restoration of the Polish speedway league competitions (12 June) restoration of international rail (22 June) and air (17 June) transport increasing the limit of participants in fairs, exhibitions, congresses or conferences – to 1 person per 2 m² (25 July) <p>Social measures</p> <ul style="list-style-type: none"> lifting the limit of persons present at religious sites (30 May) possibility to use open-air gyms, playgrounds and small forest tourism facilities (30 May) no obligation to cover one's nose and mouth outdoors (subject to keeping a distance of 2 metres), at work (subject to social distancing), at restaurants or bars (at tables) (30 May) organisation of weddings and family events for up to 150 persons (6 June) possibility to allow spectators in stadiums: maximum occupation of 25 per cent of spectator seats (19 June) possibility to participate in art and entertainment events organised outdoors for more than 150 persons (17 July) reducing the social distance from 2 metres to 1.5 metres (25 July) lifting the obligation to take every second seat at cinemas and art and entertainment events organised indoors (25 July) possibility for spectators to occupy 50 per cent of spectator seats in stadiums (25 July)
<p>Still in place:</p> <ul style="list-style-type: none"> social distancing (a minimum of 1.5 metres) if no face mask; obligation to cover one's nose and mouth indoors and in closed spaces (e.g. public transport, shops, cinemas and theatres, churches, offices); additional sanitary requirements for using certain services and at shops <p>Source: https://www.gov.pl/web/koronawirus/dzialania-rzadu [access: 29.7.2020].</p>			

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