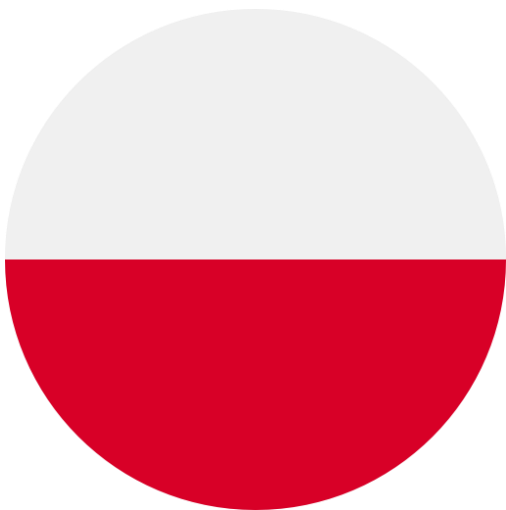




Poland

Air Transport Regulatory Competitiveness Indicators



SUMMARY

- Air transport is a key enabler of economic activity in Poland, supporting 136,000 jobs and contributing EUR 4 billion to the Polish economy, which is equivalent to 0.9% of Polish GDP (World Bank 2016).
- Poland has the 17th largest aviation market in Europe (measured by the IATA Air connectivity Index¹). Air connectivity grew by 84% between 2013 and 2018. 18.8 million passengers departed from Poland's airports in 2017. There were 40 million terminal passengers (departing passengers includes passengers connecting through Poland. Terminal passengers includes both arrivals and departures.)
- In order to facilitate continued growth of aviation and maximize the benefits of air transport, Poland should:
 1. Consult stakeholders ahead of the implementation of Airspace strategy;
 2. Follow Smarter Regulations Principles in policy-making; and
 3. Develop a comprehensive national plan for Air Transport consulting the industry.

¹ The IATA Connectivity Index 2018 is a composite measure of the number of passengers transferred weighted by a destination measure in all the airports.



ABOUT AIR TRANSPORT REGULATORY COMPETITIVENESS

The Air Transport Regulatory Competitiveness Indicators (ATRCI) is a framework that measures a country's air transport regulatory competitiveness. Air transport regulatory competitiveness is defined as the set of institutions, policies, and factors that determine the economic benefits that the economy can derive from aviation.

Five key determinants of the ease of doing business have been identified, which contribute to the regulatory competitiveness of a country. These five determinants are the pillars that form the ATRCI and for which performance-based assessments have been made:

Passenger Facilitation (visa requirements, open skies agreements, passenger information and border control processes). These measures support easier movement of persons around the globe and contribute to economic development and growth. Regulations that allow for easier and more secure movement of people and aircraft are therefore essential in unlocking the economic benefits of aviation.

Cargo Facilitation (trade facilitation and e-freight). These measures enhance shippers' experience by enabling the seamless cross-border movement of goods.

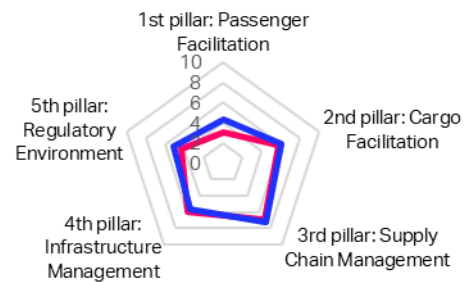
Supply Chain Competitiveness (airport and passenger charges and taxes, airport and air traffic management charging process, fuel supply management, labour efficiency). The competitive, transparent, and reliable supply of services to airlines creates an environment in which passenger demand can be stimulated through more affordable air fares. Effective and clear rules create a stable environment which boosts economic growth.

Infrastructure (available runway and terminal capacity and slots). Air transport depends largely on available infrastructure and how efficiently congested infrastructure is utilized. Without sufficient capacity, airlines cannot enter the market, enhance air connectivity of the country and create seamless connections and short travel times. Effective infrastructure development and management acts as a facilitator of economic growth unlocking benefits that aviation creates.

Regulatory Environment (regulatory framework, legal framework, regulatory implementation). Without stable, clear and transparent regulations, airlines cannot operate effectively and offer competitive ticket prices or air freight rates. A smart regulatory environment and a comprehensive aviation policy are key drivers of positive economic change.

PERFORMANCE OVERVIEW

Index Component	Poland	Regional Average ²
Air Transport Regulatory Competitiveness Index ³	5.4	5.8
1 st pillar: Passenger Facilitation	3.0	4.4
2 nd pillar: Cargo Facilitation	5.8	6.1
3 rd pillar: Supply Chain Management	6.9	7.2
4 th pillar: Infrastructure Management	6.0	5.6
5 th pillar: Regulatory Environment	4.3	5.1



Passenger Facilitation (1st Pillar) represents the weakest point of Polish air transport regulatory competitiveness. Poland has not yet adopted innovative solutions consistently or effectively with low performance in the implementation of Automated Border Control (ABC) systems and Advanced Passenger Information (API) deployment (see more on page 3).

Similarly, Poland also scores poorly for application of Smarter Regulations Principles⁴ in rulemaking (5th Pillar). Effective processes and practices for policy design and implementation, including stakeholder consultation and impact assessments support the creation of a regulatory framework that enables the industry to grow.

While Cargo Facilitation (2nd Pillar) scores below European average, Poland has made considerable improvements in a number of key air trade facilitation metrics, facilitating the smooth transport of cargo across borders. Nonetheless, in spite of the good overall performance in terms of trade facilitation, there is still much to do in order to enable full implementation of e-freight (paperless cargo) in Poland.

Poland also lags on the Infrastructure (4th Pillar) with low available capacity of both runway and terminals. As a positive element, in spite of the congested capacity, both policies and practice in Poland are fully aligned with the World Slots Guidelines (WSG) creating both transparency and certainty in the slot allocation process.

Poland has demonstrated weak performance in providing competitive airport and ATM services for airlines (3rd Pillar). One of the main problems are increasing and non-cost related charges which represent a brake on competitiveness and significantly increase the cost of travelling by air to and from Poland. Implementing an effective consultation process for the airport and air navigation charges is key. Moreover, Poland also has significant room for improvement in terms of the regulatory oversight of the airline supply chain.

² Regional average consists of scores for 17 European countries: AT, BE, DN, DE, ES, FI, FR, GR, IT, NL, NO, PL, PT, RO, SE, CH, UK.

³ The values for the ATCI range from 0 (worst) to 10 (best). The index consists of 5 pillars and 17 indicators and 26 sub-indicators which are

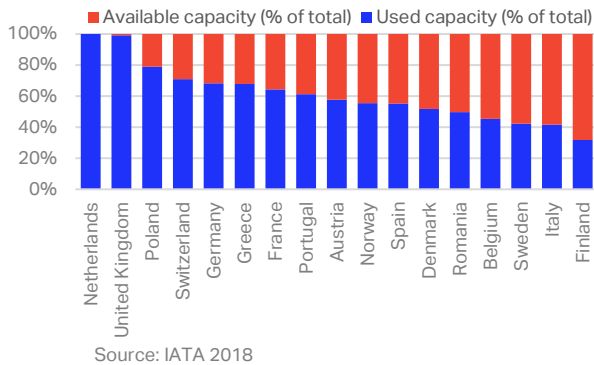
combined together using a simple average (sub-indicators are summed together to create a single value for the indicator). These aggregate values form an index score for the country.

⁴ [IATA Smarter Regulation Principles](#)

KEY CHALLENGES OF AIR TRANSPORT REGULATORY COMPETITIVENESS IN POLAND

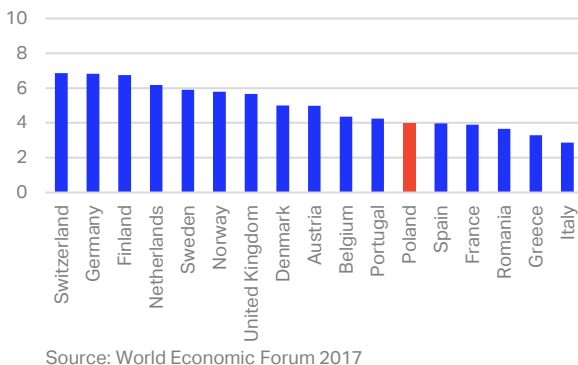
Aviation brings significant benefits to the Polish economy. However, there are still substantial barriers to further growth of air connectivity which would help to unlock economic potential of the country. The following page provides an overview of the key challenges in improving regulatory competitiveness of Poland's air transport.

Chart 1. Low runway infrastructure capacity⁵



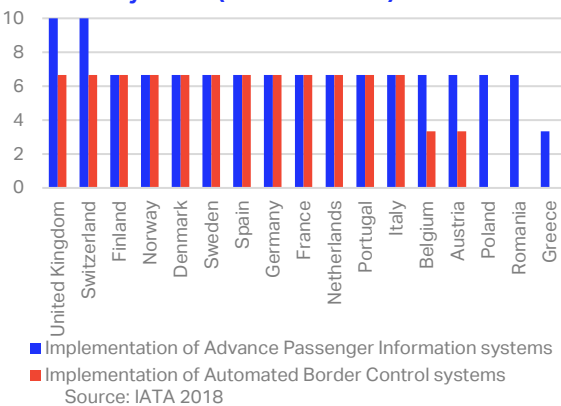
Poland has capacity restraints of runways (Chart 1) and airspace in their main hub – Warsaw airport. With an increase in traffic by 8.7% during Summer 2016⁶ and further forecast growth of passengers by 43% between 2017 and 2037, it is important to ensure that Poland will implement the National Airspace Strategy (NAS) to accommodate this increased traffic. Implementation of the NAS should be also carried out in effective consultation with the industry in order to create a favorable environment ensuring growth of existing and creation of new businesses.

Chart 2. The burden of regulation (maximum = 10)



Compared with its peers, Poland's regulatory regime is burdensome (Chart 2). More importantly, Polish regulations are not aligned with the Smarter Regulations Principles, internationally recognized best practice for good regulatory practice. One of the major issues is the extraterritorial nature of Polish regulations which is at odds with the Montreal Convention 1999 (MC99), creating business uncertainties and additional costs for passengers. Consultation with relevant stakeholders and impact assessment of regulatory practice should be therefore a priority to achieve more competitive air transport environment in Poland.

Chart 3. Insufficient standardization of passenger facilitation systems (maximum = 10)



Poland has demonstrated so far, a low performance in the implementation of systems for smoother movement of passengers across borders (Chart 3). As the border is the initial point of contact for an arriving visitor to Poland, these factors are important in creating a favourable first impression and possibly influencing future demand. Modernization of airports in a sustainable and efficient manner could stimulate the passenger flow and bring substantial economic and social benefits for the country highlighting the value of aviation for Poland.

⁵ The main hub for each country: AMS, ARN, ATH, BRU, CDG, CPH, FCO, FRA, HEL, LHR, LIS, MAD, OSL, OTP, VIE, WAW, ZRH

⁶ May to October inclusive when compared to the same period in 2015 (Eurocontrol 2016)

FROM PERFORMANCE MEASURES TO RECOMMENDATIONS

The Poland's current aviation strategy has an objective to increase air transport connectivity. It is important to create an environment where existing businesses can flourish, and new business opportunities are created. Poland should therefore focus on:

1. National Airspace Strategy (NAS)

Implementation of the National Airspace Strategy in consultation with airspace users to increase capacity and improve efficiency, based on the National Airspace Strategy document plan to ensure successful adoption.




2. Smarter Regulations principles in policy making

Further modernize the Polish Aviation law to cater for more efficient consultation processes with the industry stakeholders.

3. National plan for Air Transport

Develop a National plan for Air Transport to prioritize the sustainable development of air connectivity and intermodality. This includes modernization and implementation of standardized systems for better passenger facilitation as well as promotion of innovative technology and processes, EU harmonization and digitization.

Chart 4. Forecast scenarios for passenger traffic, jobs and GDP footprint*

			
	Passengers	EUR GDP	Jobs
2017	18.8 m	€4.02 bn	136,644
2037	Current trends	€5.8 bn	115,527
	Upside	€7.2 bn	144,860
	Downside	€4.9 bn	96,675

* Passengers are counted as departures, including connections. The passenger forecasts are based on the IATA 20-year passenger forecast (October 2018). Data on GDP and jobs are from Oxford Economics. GDP and jobs forecasts are from IATA Economics

In 2017, 18.8 million passengers departed from Poland's airports. There were 40 million terminal passengers⁷. The robust air connectivity is an enabler of economic activity in Poland creating 136,644 jobs and supporting EUR 4 billion to the economy in 2016.⁸ In the next 20 years the number of departing passengers from Poland will increase by 43%.⁹ However, if Poland is able to implement the policies noted in this report, there is an upside potential for Poland to substantially increase this value and ultimately deliver wide economic benefits through the higher number of jobs and contribution to GDP.

IATA Economics
Air Transport Regulatory Competitiveness Indicators
2019 Edition

The aim of the ATRCI

The Air Transport Regulatory Competitiveness Index is a framework that assesses the regulatory environment across countries and how governments facilitate or inhibit growth of the air transport sector through their regulations. The framework measures a country's aviation regulatory competitiveness and offers a snapshot of where the potential gaps are in following the international best practice. It provides a guideline to build up a more efficient regulatory environment to unlock the economic benefits that aviation creates.

Methodology

ATRCI uses both quantitative and qualitative data that are normalized to 0-to-10. Qualitative data were collated based on an objective framework. Respectively, quantitative data are used from international organizations and partner organizations. Sources: Eurocontrol, United Nations World Tourism Organization, Verisk Maplecroft, World Economic Forum. All dates relate to 2018 unless stated otherwise.

The index structure and computation

The index contains three levels of values which are combined together applying a simple average (if not stated otherwise). From the highest to the lowest level: Index value, Pillar values, Indicator values and Sub-indicator values. At the lowest level (sub-indicator) the values are summed to create one single value for an indicator. All indicator values within a pillar are then aggregated using an arithmetic mean in order to produce the Pillar score. At the highest level of aggregation (Index value), the score of the five pillars are combined applying a simple average to create one single value for Air Transport Regulatory Competitiveness Index for each country.

⁷ ACI 2017. Departing passengers includes passengers connecting through Poland and terminal passengers includes both arrivals and departures.

⁸ ATAG 2018

⁹ Oxford Economics 2017