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# Structural changes in Poland during the Covid pandemic

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Sector	Decline	Recovery	Share	Change (pp.)	Decline	Recovery	Share	Change (pp.)
	Euro area (EA-19)				Poland			
Total economy	-15%	12%			-10%	8%		
Agriculture (A)	-2%	1%	1,6%	0,1	-1%	0%	2,1%	0,0
All Industry (B-E)	-18%	16%	19,5%	-0,2	-13%	18%	26,6%	<b>1,3</b>
Manufacturing (C)	-20%	18%	16,6%	-0,1	-17%	23%	20,9%	<b>1,2</b>
Construction (F)	-15%	14%	5,0%	0,0	-1%	-3%	7,0%	0,0
Retail and wholesale trade, transportation, hotels & restaurants (G-I)	-26%	23%	18,2%	<b>-0,9</b>	-18%	16%	26,3%	<b>-0,6</b>
Information and communication (J)	-6%	7%	5,5%	0,3	2%	2%	4,9%	0,3
Finance and insurance (K)	-3%	3%	5,0%	0,2	-4%	-4%	4,2%	-0,2
Real estate (L)	-3%	2%	11,5%	0,4	-1%	0%	5,3%	0,1
Professional, scientific and technical services; administrative services (M-N)	-19%	12%	11,2%	-0,5	2%	2%	12,4%	0,9
Public administration, defence, education, health services (O-Q)	-9%	10%	19,3%	<b>0,8</b>	1%	1%	14,4%	0,7
Arts, entertainment, recreations; other services (R-U)	-28%	22%	3,1%	-0,3	-46%	5%	1,2%	<b>-0,9</b>

**Decline:** 2019Q4-2020Q2; **recovery:** 2020Q2-2020Q3

**Share:** % share of sector in total value added, 2020Q3

**Change (pp.):** change in the % share, 2019Q4-2020Q3

## Channels of impact in the short run

- **Supply:** direct effects of lockdown and sanitary restrictions
  - Contact-intensive services particularly affected
  - Essential sectors relatively unaffected
  - Differences in teleworkability (35% workers in Poland, 37% in EU; Sostero et al., 2020)
- **Demand:** effects of increased uncertainty
  - Precautionary savings: postponed investments and purchases of durable goods
  - Drop in demand for mineral resources, fuels, cars, machinery
  - Increased demand for digital services, pharmaceuticals
- **Linkages:** input-output, international (GVC)

## Possible impacts in the long run

- **Hysteresis effects:** bankruptcies, loss of capital and human capital, rise in unemployment
  - Counteracted by fiscal shield programs (in Poland, ~5% of GDP)
  - Human capital loss due to school closures (globally ~0.6 years of schooling lost, World Bank 2021)
- **Digitalization and automation of production**
  - Remote work, teleconferencing, etc.
  - Increased firms' propensity to incur costs of re-organization of production around automation technologies (robotization, AI)
    - Implications for the labor market (in Poland, ~30% jobs automatable in 20 years)
    - Implications for long-run growth