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.

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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.

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 2016 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.

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.

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.

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

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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Passengers</th>
<th>EUR GDP</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>18.8 m</td>
<td>€4.02 bn</td>
<td>136,644</td>
</tr>
<tr>
<td>2032</td>
<td>34 m</td>
<td>€7.2 bn</td>
<td>144,880</td>
</tr>
<tr>
<td></td>
<td>23 m</td>
<td>€4.9 bn</td>
<td>96,675</td>
</tr>
</tbody>
</table>

*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 passengers. 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. In the next 20 years the number of departing passengers from Poland will increase by 43%. 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.