General Certificate of Education
June 2008
Advanced Level Examination

GEOGRAPHY (SPECIFICATION B) **GGB5/PM**
Unit 5 The Synoptic Unit
Advance Information Booklet

Date of Issue: 1 May 2008

You will need no other materials.

Instructions

- This Advance Information Booklet will be issued on 1 May 2008 in advance of the examination for Unit 5. You should make yourself familiar with the information in the booklet.
- This material must be kept **unmarked** for use in the forthcoming examination.
- In order to demonstrate your synoptic ability and your issue evaluation skills, you should, in each of your answers, wherever possible, use a range of information, ideas and examples from other modules you have studied to show your understanding of the connections between different aspects of your course and the topic in question.

STUDY ALL THE INFORMATION IN THIS BOOKLET

This exercise is based on Sections 10.3 and 13.3 of the specification.

The information in this booklet comprises the following:

Item 1 **General geographical and economic background to Poland**

Item 2 **Article from *The Warsaw Voice* – a Polish government sponsored website**

Item 3 **Measures of regional economic development**

Item 4 **So far, migrant workers have been just the job (*The Observer*, 27 August 2006)**

Item 5 **Pay in the private sector for selected EU countries: February 2006.**

Item 1 General geographical and economic background to Poland

Poland, officially the Republic of Poland, is a country of just over 38 million people, located in Central Europe.

In the North, the landscape consists almost entirely of the lowlands of the North European Plain, at an average height of 173 metres (568 feet). Several large rivers cross the plains; for instance, the Vistula and the Oder. Poland also contains over 9300 lakes, mostly in the north of the country.

Figure 1

To the south of the country, the Polish uplands form a belt varying in width from 90 to 200 kilometres, made up of the gently sloping foothills of the Sudeten and Carpathian mountain ranges and the upland ranges in south central Poland. The Silesia-Kraków area contains rich coal deposits.

Poland has a temperate climate, with cloudy, moderately severe winters and mild summers with frequent showers and thunderstorms.

The Polish state was formed more than 1000 years ago and reached its golden age near the end of the 16th century, when Poland was one of the largest, wealthiest and most powerful countries in Europe. In 1791, the Polish-Lithuanian parliament adopted the constitution of 3 May, Europe's first modern codified constitution, and the second in the world after the constitution of the United States. Soon after that, the country ceased to exist after being partitioned by its neighbours Russia, Austria and Prussia. It regained independence in 1918, after the First World War, as the Second Polish Republic. After the Second World War, it became a communist satellite state of the USSR known as the People's Republic of Poland. In 1989, the first partially-free elections in Poland's post-war history concluded the Solidarity movement's struggle for freedom and resulted in the defeat of Poland's communist rulers. The current Third Polish Republic was established, followed a few years later by the drafting of a new constitution in 1997.

In 1999, Poland joined NATO and in 2004 it joined the European Union. The reasons were to support democracy, to provide security against any territorial ambitions that Russia might have in the future, to encourage the growth of a market economy, to strengthen the country's infrastructure through subsidies, to allow migration and to give access to new technology.

Figure 2: Principal urban areas

	Urban area	Inhabitants (Estimated, 2005)
1	Katowice	3 487 000
2	Warsaw	2 679 000
3	Kraków	1 400 000
4	Łódź	1 300 000
5	Gdańsk	1 100 000
6	Poznań	1 000 000

Figure 3: Principal urban areas

By the end of 2002, Poland's largest trading partners were the EU, with the country exporting nearly 70% of goods to the EU-15 (the 15 members of the EU before enlargement in 2004). Poland's imports from these countries were a little over 60%, with Germany being the single largest partner. The largest foreign investor in Poland is France, followed by the USA and then Germany with the Netherlands fourth. Most investment has been in the sectors of manufacturing and financial services.

A major problem is unemployment which is hovering around 18% (3.2 million people). There are enormous differences between the development in Poland's core regions, with low unemployment and higher wages found in the urban areas around Warsaw and Szczecin, and the south-east and north-eastern peripheral regions where there are considerable hurdles to overcome. The demand for highly qualified, senior professionals and the lack of supply have led to salary packages which are similar to certain EU-15 levels though the wage rates for manufacturing industry and in the state sectors are very low.

Figure 4: Changing employment structure

Bar graph showing the changing employment structure in Poland in 1950, 1990 and 2003 is not reproduced here due to third-party copyright constraints.

The food processing industry constitutes one of the most important sectors of the Polish economy in terms of the volume of production sold (over 20% of the total sales value of Polish industry), the number of industrial establishments (about 30 000) and employment (8.4% of the total national employment or about 16% of the total employment in industry). This sector's share of the total industrial production is almost 24%, while in the EU its average share is around 15%. The sector generates about 6% of the GDP.

During the last ten years, the Polish food industry has been restructured and privatised to a large extent. Large multinational corporations were active from the very beginning of the privatisation process in Poland, e.g. Coca-Cola, Nestlé, Gervais Danone and Cadbury Schweppes. 80% of the production of confectionery, over 50% of the sugar market, most beer and tobacco manufacturing companies, the largest meat processing plants, beverage bottling plants, fruit and vegetable processing are currently in foreign ownership. Apart from the leading manufacturers, the sector consists of many small and medium-sized companies, which serve mostly local markets.

The Polish telecommunications market is one of the most dynamically growing markets of the Central and East European (CEE) countries. The ICT market in Poland is the biggest of all the CEE countries (40% of the total regional ICT spending). Production of audio-video and telecommunications equipment amounts to nearly 90% of the value of production in Poland's ICT sector.

Foreign production and service companies play a leading role. By 2006, only 2% of all ICT companies were in state or co-operative ownership. There were 250 foreign owned companies (e.g. Siemens, France Telecom and Tele Denmark). In 2004, the Polish telecommunications market increased by 13%. It will continue to grow in 2005–2007, thanks to the rapid expansion of mobile telephony, data transmission and broadband internet access.

Poland experiences large disparities in regional distribution of ICT production. The ICT sector is concentrated in and around large cities in Poland (Warsaw, with the majority of ICT companies, and Poznań) and along the so-called 'highway cluster' (cities in southern Poland linked by the A4 motorway), between Kraków, Katowice and Wrocław and adjacent areas.

One problem facing western companies investing in the European Union's new CEE states is the uncertainty about how long the cost advantages over the older EU-15 states will last. There is already a move within the EU administration to achieve greater harmonisation of corporate taxation rates, which could threaten low tax regimes. But how quickly will labour costs differentials disappear? Cost elements such as social security are a matter for governments to decide, but wage costs, which make up the bulk of labour costs, can be projected more readily.

If Germany and Poland are taken as points of comparison, and it is assumed that gross (pre-tax) pay levels rise at an average annual rate of 10% in Poland and 1% in Germany, then gross pay levels in Poland would not catch up with those in Germany until the year 2027. This means that a significant cost advantage would exist for at least 15 to 20 years, long enough to justify a financial return on most investments in plant and equipment.

Turn over ▶

Item 2 Article from *The Warsaw Voice* – a Polish government sponsored website

Poland is once again becoming attractive to foreign capital. Foreigners' level of satisfaction with the possibility of making investments in Poland is also growing. A recent survey of 706 companies with foreign capital, commissioned by the Polish Information and Foreign Investment Agency (PAIiIZ), showed that the main factors influencing foreign investors' decisions to start business in Poland include the size of the Polish market and economic development prospects.

The survey results also show the positive impact of Poland's EU accession on the operations of companies with foreign capital. Almost 75% of investors say that Poland being included in European structures has improved the conditions for their companies' operations. Investors consider harmonisation of Polish law with EU regulations as the greatest benefit of Poland joining the EU.

According to PAIiIZ estimates, the value of foreign direct investment in Poland in 2005 will be comparable to that achieved in 2004, when it was $7.86 billion. This was the highest value since 2000. In 2004, foreign investors created almost 15 000 new jobs. In 2005, this figure may have grown to as much as 20 000.

Figure 5: Investment attractiveness ranking list – consulting firm

Question	**Answer**
Which country in the world is most attractive for new investment?	Poland was rated 4th place in the world. This was the highest in Europe and above the UK, Germany and France.
What particularly attracts you about Poland?	• availability of land • land prices • labour costs.
Rank countries in terms of labour productivity.	Poland was ranked 2nd highest in Europe behind the UK, but above Germany, Czech Republic and Spain.

Before enlargement, the problem of opening up labour markets caused a lot of controversy. Many countries of the 'old' EU feared that citizens of the new countries would destabilise their labour markets, and therefore introduced transition periods. These fears turned out to be groundless. A European Commission report published at the start of February 2006 shows that the movement of workers from the new CEE EU member states to the 'old EU' mostly had positive effects. Workers from the new EU-10, which joined in 2004, helped to satisfy the needs of the labour markets and contributed to better economic results in Europe.

This report shows that the countries which did not introduce restrictions as of May 2004 (the UK, Ireland and Sweden) reported high economic growth, a drop in unemployment and increased employment. In the 12 countries which introduced interim regulations, integration of workers who managed to gain legal access to the labour market progressed efficiently. There were some undesirable side-effects, though, such as higher levels of illegal labour and fictitious self-employment.

The statistics in the European Commission report show that in most countries the influx of workers from Central and Eastern Europe was lower than expected. There are no signs of increased welfare spending after enlargement, compared with the two previous years. Citizens of the new EU-10 accounted for less than 1% of the workforce in all the countries except Austria (1.4% in 2005) and Ireland (3.8% in 2005). Ireland reported the largest influx of workers relative to original population, which contributed to the country's excellent economic results. According to the report, workers from the EU-10 had qualifications which were in demand.

Turn over ▶

Item 3 Measures of regional economic development

Figure 6: Employment and wage rates

	Voivodship*	Unemployment as % of the registered workforce (2005)	Average monthly wage/salary (zloty) (5.52 zloty = £1) (Jan–Mar 2006)	Total registered workforce (thousands) (31 Dec 2005)
1	Łódzkie	18.1	2349	888
2	Mazowieckie	13.1	3480	2025
3	Małopolskie	13.9	2523	1012
4	Śląskie	14.6	2755	1491
5	Lubelskie	17.5	2361	725
6	Podkarpackie	18.6	2241	636
7	Podlaskie	15.7	2420	389
8	Świętokrzyskie	20.7	2346	430
9	Lubuskie	20.8	2345	282
10	Wielkopolskie	14.7	2445	1210
11	Zachodniopomorskie	25.5	2518	476
12	Dolnośląskie	20.6	2604	876
13	Opolskie	18.9	2494	291
14	Kujawsko-Pomorskie	22.6	2370	640
15	Pomorskie	19.4	2715	656
16	Warmińsko-Mazurskie	27.6	2299	387

* **Note:** A voivodship is an administrative area similar to a county in the UK.

Figure 7: Voivodships

Key

1 Łódzkie
2 Mazowieckie
3 Małopolskie
4 Śląskie
5 Lubelskie
6 Podkarpackie
7 Podlaskie
8 Świętokrzyskie
9 Lubuskie
10 Wielkopolskie
11 Zachodniopomorskie
12 Dolnośląskie
13 Opolskie
14 Kujawsko-Pomorskie
15 Pomorskie
16 Warmińsko-Mazurskie

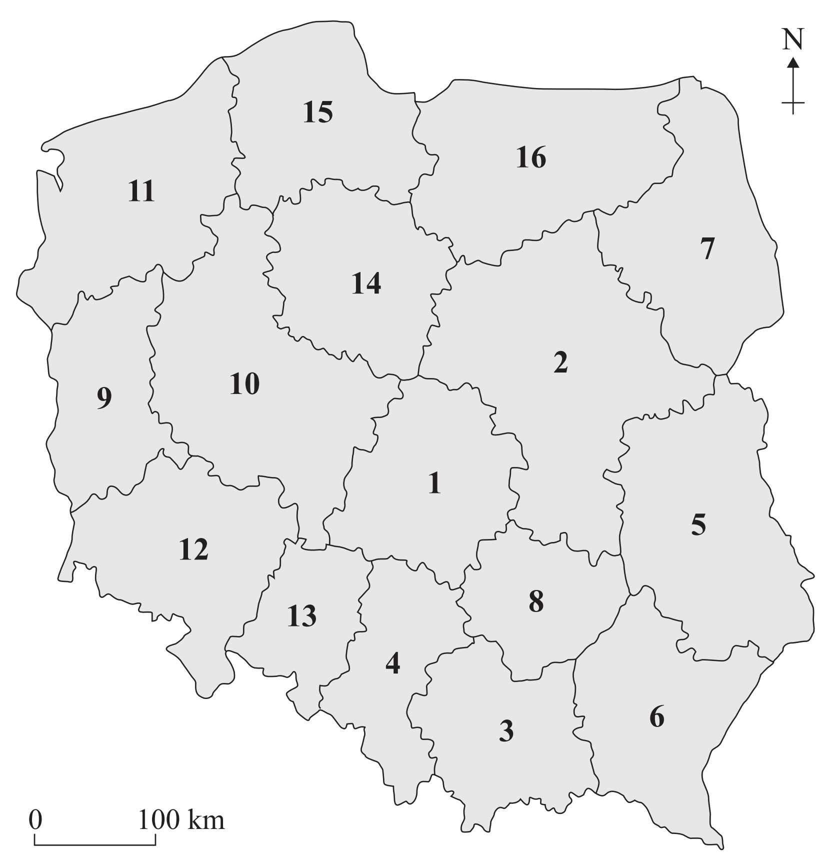
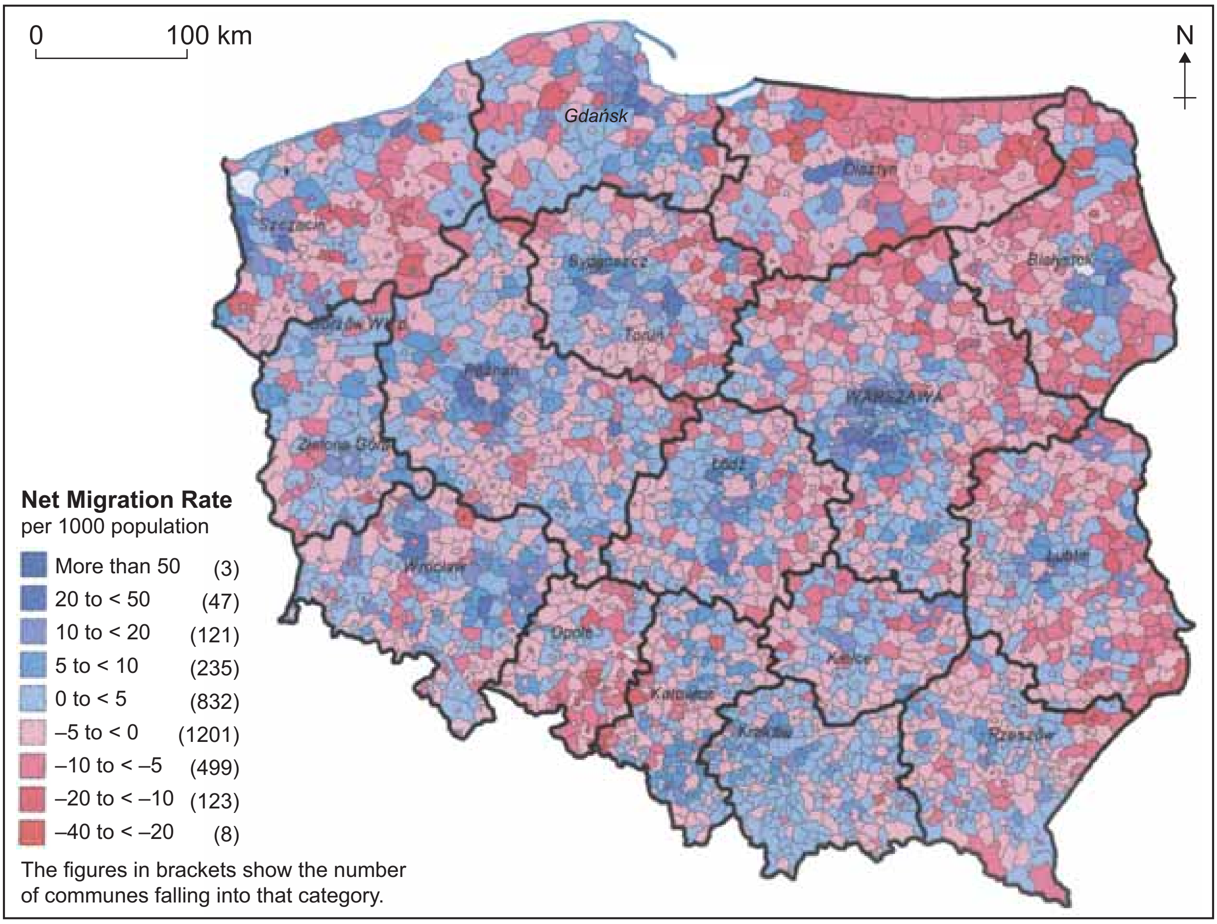


Figure 8: Poland – Net migration (by commune) 2002



Item 4 So far, migrant workers have been just the job (*The Observer*, 27 August 2006)

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Item 5 Pay in the private sector for selected EU countries: February 2006

Country	Gross hourly pay (percentage)*	Real net spending power (percentage)**
Denmark	100	100
Luxembourg	67	106
Germany	63	83
Netherlands	58	92
Finland	53	68
Ireland	53	77
Sweden	52	71
Belgium	49	66
United Kingdom	48	77
France	47	69
Italy	44	79
Austria	43	72
Spain	30	70
Greece	28	60
Portugal	18	46
Poland	13	32
Hungary	12	29
Slovak Republic	10	29

* shows average gross hourly pay as a percentage of that in Denmark
** shows average real net spending power of the hourly wage as a percentage of that in Denmark

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