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## **Poland: Payment delays between companies shorten during the pandemic**

The year 2020 was marked by the COVID-19 pandemic. In order to mitigate the impact of this difficult economic situation on Polish companies, various liquidity-supporting aid measures were introduced, such as tax and contribution exemptions and deferrals. As a result, despite the extensive economic crisis, payment delays between companies have shortened – however, with these aid measures are to be phased out in 2021, two thirds of companies expect their business activities to deteriorate this year.

- **Average payment terms for Polish businesses were 48 days**, 9 days less than in 2019.
- **Payment delays are common practice in Polish companies.** Only 2.4% of companies reported that they had not experienced any payment delays.
- **11% of the participating companies recorded a cumulative total of receivables delayed for more than six months and equivalent to more than 10% of annual turnover** (compared to 16% a year earlier).
- **The Polish economy contracted by 2.8% in 2020, but Coface estimates that it will grow by 4% in 2021.**
- Despite various liquidity support measures (tax and social security exemptions and deferrals), **43% of companies have not benefited from any form of assistance.**
- With the phasing out of aid measures planned for 2021, **two-thirds of companies expect their business activities to deteriorate this year.**

*"Coface's Poland Payment Survey confirmed that the liquidity situation of companies has not deteriorated significantly. Thanks to a wide range of support instruments, average payment delays decreased to 48 days in November 2020 (from 57 days a year earlier)," says Grzegorz Sielewicz, Coface Economist for Central and Eastern Europe. "However, just as the support measures proved helpful in the previous year, their withdrawal this year may cause a rapid deterioration of the rather optimistic picture of the liquidity situation of companies in Poland", he adds.*

Despite the improved liquidity situation, the majority of companies said that the impact of the pandemic on the Polish economy poses the most significant threat to them. Surveyed companies expect that the effects of the pandemic will be noticed with a delay. Moreover, support measures will be phased out as the economic recovery becomes more apparent. As a result, the companies surveyed expect their liquidity to be affected, especially since more than half of them have benefited from liquidity support measures. According to this Coface study, 7 out of 12 industries expect an increase in payment delays in the coming months. This is also leading companies to be pessimistic about the current year.



P R E S S R E L E A S E

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