

POLAND

YOUR BUSINESS PARTNER

WARSAW 2006

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Dear Readers,

During more than a dozen years, a historic transformation of the political system has taken place in Poland. The country has opened up to the world and has become actively involved in the global economy. Poland has joined the WTO, OECD, NATO and the European Union. On 1 May 2004, Poland became a full member of the EU.

Polish businesses began to operate successfully in the Single European Market. New opportunities were created for foreign direct investment to Poland as regards both investors from the EU and from third countries.

For a couple of years the rapidly growing export has become the most important factor contributing to the high dynamics of Poland's economic growth. We expect that the growth trend in the Polish economy will be maintained due to higher consumption and domestic investments.

Since the early 1990s, foreign partners have been increasingly interested in opportunities for and conditions of doing business in Poland, including investment opportunities. To meet the demand for information, every year since 1992, the Foreign Trade Research Institute has prepared and published an up-to-date guidebook to Poland. It contains information on legal regulations concerning establishment of firms, investment opportunities, licensing business activity and trade turnover, as well as on taxation, customs duties, labour law, rules governing acquisition of real estate and other conditions for doing business in Poland. You will also find here basic information on the country itself and its economy.

We hope this guidebook will help you establish and develop economic cooperation with Polish partners.

We wish you every success in this activity.

*Ryszard Michalski
Director of the Foreign Trade
Research Institute*



Table of contents

I. GENERAL INFORMATION	7
1. Geographical location	7
2. Climate	8
3. Population and language	8
4. Political system	9
5. Territorial division.....	9
II. POLAND IN EUROPE AND THE WORLD	12
1. The place of Poland in the global economy.....	12
2. Membership in international organisations and institutions.....	13
3. Poland in the European Union	18
III. ECONOMIC GROWTH: CURRENT SITUATION AND PROSPECTS	24
1. Poland's economic situation	24
2. External opinion on the Polish economy	31
3. Visions of economic growth in the light of the National Development Strategy for 2007-2015.....	33
IV. RESOURCES AND INFRASTRUCTURE	37
1. Labour market	37
2. Natural resources.....	42
3. Productive assets.....	43
4. Economic infrastructure	45
5. Natural environment.....	50
6. Border crossings.....	51
V. MAIN SECTORS OF THE ECONOMY	54
1. Industry	54
2. Construction.....	64
3. Agriculture	64
4. Trade.....	66
5. Transport services	70
6. Tourism.....	73
7. Banks and financial services	74
VI. POLAND OF REGIONS	78
1. Characteristics of the economy of Polish regions	78
2. Special Economic Zones	94
VII. CONDITIONS FOR CONDUCTING BUSINESS ACTIVITY	103
1. General principles	103
2. Legal bases	103
3. Permits, licences and regulated business activity	107
4. Registration of business entities	107
5. Control of the entrepreneur	108
6. Ownership of land and real estate	109
7. Prevention of monopolist practices and unfair competition	112
8. Protection of intellectual property.....	116

9. Labour relations.....	119
10. Taxation system.....	122
11. Environmental protection requirements.....	128
12. Courts and arbitration	130
13. Promotion and information services	131
14. Major legal acts.....	135
VIII. BASIC CONDITIONS OF EXTERNAL TRADE	140
1. Conditions of trade within the European Union	140
2. Customs regulations and main non-tariff barriers to trade with non-EU countries	143
3. Foreign Exchange Law.....	153
4. Exchange rate.....	157
5. Major legal acts.....	158
IX. PRACTICAL INFORMATION	160
1. Entry visas	160
2. Conditions for employment of foreigners.....	164
3. Accommodation	166
4. Health care	166
5. Most frequently used foreign languages	168
6. Currency.....	168
7. Transport.....	168
8. Communications.....	169
9. The Internet	169
10. Business hours of offices, banks and shops.	170
11. Hotels and restaurants	171
12. Leisure time activities.....	171
13. Measures and weights, geographical time, voltage	172
14. Emergencies	173
15. Public holidays.....	173
X. Basic statistical data	174
XI. Useful addresses.....	181

I GENERAL INFORMATION

1. Geographical location

Poland lies in Central Europe, on the Baltic Sea. It is the ninth-largest country in Europe, and the sixth-largest in the European Union (312,685 sq. kilometres), extending 649 km from north to south and 689 km from east to west. The capital of Poland is Warsaw.

The entire Polish border is 3511 km long. On the west Poland shares a 467-kilometre border with Germany, running along the Odra (Oder) and Nysa Łużycka (Lusatian Neisse) rivers. To the north there is 440-kilometre seashore on the Baltic with two major gulfs – of Pomerania and of Gdańsk. The remaining 210-kilometre border is with an isolated sliver of Russia – the Kaliningrad district. On the east, there is a 104-kilometre border with Lithuania, and then 418 kilometres and 535 kilometres with Belarus and Ukraine respectively. On the south, the Sudeten and Carpathian mountains run along the 796-kilometre Czech and 541-kilometre Slovak border. Upon Poland's accession to the European Union on 1 May 2004, the Polish over one thousand kilometre long border with Ukraine, Belarus and the Russian Kaliningrad District became the eastern border of the EU.

Most of the country – over 90% – is flat and crossed by rivers and streams. With fertile soil, favourable climate and this topography Poland has been for centuries an important producer of food and agricultural products. As early as the thirteenth century, a very efficient system of selling agricultural products was developed. They were rafted down the rivers (the longest Polish river, the Vistula, in the first place) to the harbour city of Gdańsk and across the Baltic Sea to other European countries.

Poland has some of the most extensive forests in Europe, like *Puszcza Białowieska* on the border with Belarus – a part of the last primeval woods in Europe. It is inhabited by a variety of wildlife, including the only remaining wild herd of the European bison.

With the majority of the country being lowland (in Poland, the average elevation above sea level is 173 metres), the Polish landscape is all the same relatively diversified. The retreating glaciers of the glacial periods left beautiful lake districts in the north of the country, like the biggest Pomeranian and Mazurian Lake Districts, today's favourite holiday spots not only for Poles but also for visitors from many countries.

Further south we encounter more and more upland plains and finally mountains, the Sudeten and Carpathians being the largest. In the Carpathians, there are the Tatra

Mountains with the highest point – Rysy Peak (2499 metres above sea level). Winter sports in the winter and tourists routes with mountain climbing and biking opportunities in the summer attract numerous Polish and foreign visitors.

2. Climate

Poland is largely a country with a temperate climate. The confrontation of different air masses, the warm and humid sea air from over the Atlantic and the dry continental air from the Eurasian continent give rise to frequent daily and annual changes of weather.

Generally, temperate sea climate dominates in the northern and western part of Poland, with mild, moist winters and cool summers, as well as high precipitation. The eastern part of Poland experiences more continental features of its climate with severe winters and hotter and dryer summers.

The warmest regions include the Silesian Lowland in the southwest and the western part of the Sandomierz Valley in the southeast, the coldest region being the Suwałki Region (Suwalszczyzna) in the northeast of the country.

The winters in Poland, mostly warm and humid, can at times also be quite frosty, with temperatures dropping to below -10°C. In January the average temperature ranges from -1°C in the west to -4.5°C in the east and -5.5°C in the southeast. The summers are rather mild, with frequent rainfalls and thunderstorms. In July, the temperatures average 17°C at the seashore and 20°C in the south.

The highest annual rainfalls are in the mountains and on the upland plains. Maximum rainfall is recorded in the summer months.

3. Population and language

With a population amounting to 38,174,000 (31.12.2004), Poland is ranked 29th in the world (0.6% of the world population), 7th in Europe (5.3% of the population of the continent), 6th in the European Union (above 8.4% of the EU-25). The average population density is 122 inhabitants per sq. kilometre.

A dominating share of the population (61.5%) lives in towns and cities. The biggest of them is the capital of Warsaw, with 1,692,900 inhabitants (4.4% of the country's total population). Other major cities include Łódź (774,000), Kraków (757,400), Wrocław (636,300), Poznań (570,800), Gdańsk (459,100), Szczecin (411,900), Bydgoszcz (368,200), Lublin (356,000) and Katowice (319,900).

Males account for 48.4% of the Polish population, while females for 51.6%. The average male life expectancy is 70.5 years, while that for females is 78.9 years.

Poland is quite a homogenous country in terms of ethnicity. Minorities account for less than 2% of the population. The most numerous are Germans, Roma, Ukrainians and Belarussians; there are also Jews, Lithuanians, Slovaks and other ethnic minorities. Roman Catholicism is by far the dominating religion in Poland (some 90%).

The official language is Polish.

4. Political system

In accordance with the Constitution of 2 April 1997, the state governing bodies are:

- legislative: the Sejm (Parliament) and the Senate of the Republic of Poland,
- executive: the President of the Republic of Poland and the Council of Ministers,
- judiciary: an independent court system.

The **Sejm**, the lower chamber of the Parliament, is elected to a four-year term of office in general, equal, direct and proportional elections. It consists of 460 deputies. Subordinate to the Sejm is the Supreme Chamber of Control – the State’s highest auditing body. The bodies of the Sejm include the Presidium of the Sejm, the Council of Seniors and parliamentary committees. Parliamentary caucuses are the main form of the political organization of deputies within the Sejm.

The **Senate**, the upper chamber, is together with the Sejm elected to a four-year-term of office in general elections. The Senate consists of 100 senators.

Constitution specifies major issues on which the Sejm and the Senate, acting together as the National Assembly, debate on sessions presided over by the Marshal (Speaker) of the Sejm.

In September 2005, general elections to the Sejm and Senate took place in Poland. The largest number of votes was received by the Law and Justice (PiS) which formed a majority coalition with the Samoobrona (Self-defence) and the League of Polish Families (LPR).

The **President** is elected to a five-year-term of office in general, equal and direct elections, and can be re-elected only once. The President is the supreme representative of the state, monitoring the observance of the Constitution and the security of the state. The President appoints the Prime Minister and, upon the motion of the latter, the ministers. The executive body for the President is the Chancellery. Since 23 December 2005, the President of Poland has been Mr Lech Kaczyński.

The **Council of Ministers** consists of the Chairman of the Council of Ministers (the Prime Minister) as its head, Deputy Prime Ministers, and ministers. The Government is responsible for the domestic and foreign policy of the state.

In particular, it secures the implementing of legal acts, controls the government administration, draws up the budget and supervises its execution.

The Sejm gives a vote of confidence for the government.

5. Territorial division

Since 1 January 1999, a three-tier territorial division of the state has been in force. Poland was divided into:

- 16 voivodships,
- 314 land poviats (districts) and 65 urban poviats (towns having the rights of districts),
- 2478 *gminas* (communes).

The **Gmina** is the principal unit of territorial division. The authorities of the *gmina* include: the Council, appointed in general local government elections, and the Board elected by the Council and having executive power. In rural *gminas* the Board is headed by the *wójt*, in smaller towns by the *burmistrz* and in big cities by the *prezydent*

The map of Poland's administrative division into voivodships



(the Mayor). The constitution guarantees the priority of the *gmina* in the management of local affairs.

In particular, the *gmina* is responsible for:

- primary and lower level secondary schools;
- kindergartens;
- libraries;
- culture houses;
- water piping systems;
- local transport;
- protection of the environment in their territory;
- local roads;
- water supply;
- disposal of solid and liquid wastes;
- open-air markets;
- healthcare (health centres, outpatients' clinics and in urban *gminas* also hospitals).

The **Powiat** (district) is the second-tier unit of territorial division, comprising a number of *gminas*. Its authorities include the Powiat Council, appointed in local government elections, and the Powiat Board. The latter is headed by the *Starost*.

The powiat takes over such issues that the *gminas* are unable to deal with. It also manages matters concerning a number of *gminas*, like hospitals, secondary schools, etc.

The poviats are particularly responsible for:

- protection of public order and security;
- flood and fire protection;
- prevention of natural disasters and managing their consequences;
- maintenance of general hospitals;
- social security;
- combating unemployment;
- construction and maintenance of supra-community roads;
- protection of consumer rights;
- issuance of passports and matters connected with a change of citizenship.

The **Voivodship** (province) is the largest territorial division unit. Its authorities include the *sejmik*, the voivodship legislative body elected in local elections, and the board. The *sejmik* and the board are presided over by the voivodship Marshal, who upholds the national interest.

The voivodship is responsible for matters related to regional development. It prepares and implements strategies and creates conditions for the economic development of the region. To foster regional cooperation it can maintain contacts with communities from other countries.

The three basic challenges for the voivodship are:

1. stimulation of sustainable economic development, including foreign economic cooperation and the promotion of the region,
2. providing “higher level” public services: universities, specialist healthcare, cultural institutions,
3. providing a friendly natural environment.

The economies of the Polish regions, main targets and directions of their policies are presented in chapter VI.

II POLAND IN EUROPE AND THE WORLD

1. The place of Poland in the global economy

Poland is a European country of a significant territory, population and economic potential. Its share and significance in the world economy has recently shown a considerable increase, reflected in the growth rate of the gross domestic product (GDP).

Since the beginning of the transformation, the value of GDP in USD has increased fivefold. In 1990 it was approximately \$ 59 billion (in current prices at the official exchange rate), while in w 2004 it exceeded \$ 242 billion, which ranked Poland 22nd country in the world and 12th country in Europe with the highest GDP. In 2005, the GDP reached approximately \$ 300 billion. Following official forecasts of the government and of international organisations, in 2006 Poland's GDP will increase by at least 5%, so it will grow faster than the world average.

Poland is among the world leaders in the production of many industrial goods. It belongs to the world's top ten producers of refined copper, sulphur, hard and brown coal and TV receivers, and is one of the 20 largest producers of sulphuric acid, cement, crude steel and electric energy.

Poland is also a leading world producer of various food products and agricultural goods. It is the biggest producer of rye in the world, supplying about one fourth of the total global production. It has long ranked with top 10 producers of potatoes, oats, sugar beets and swine, and in the top 20 as regards barley, wheat, sugar, meat, cow milk and hen eggs.

In 2004, Poland joined the group of thirty world leading exporters, ranked 27th, with a share of 0.9% in world's commodity exports. As regards imports, Poland has been in the leading group for years; in 2004 the size of the Polish market was ranked 23rd, representing 1% of global imports.

Poland's rising position in international markets is a result of the high dynamics of foreign trade turnover, much higher than the world trade dynamics. Between 1990 and 2004 , the annual growth rate of the volume of Polish commodity exports exceeded 10% per year and the imports exceeded 15%, while the volume of world trade grew at a rate only slightly more than 6% per year. Also, in 2005 the rate of growth of exports of commodities from Poland (10.6%) distinctly exceeded the growth of world's commodity exports (7.5%). In 2006 the total value of commodities exported from Poland is expected to exceed \$ 100 billion for the first time.

Companies with foreign participation operating in Poland have substantially contributed to speeding up its foreign trade turnover. Poland still remains one of

the main recipients of foreign direct investment in Central and Eastern Europe and is a regional leader in terms of the total value of the FDI inward stock. Due to Poland's accession to the European Union, the country has become more attractive for investment. Important factors encouraging investment in Poland are the country's large and absorptive internal market, positive economic development forecasts, competitive advantages for business operation (relatively low labour costs, large numbers of highly-qualified workers) and the country's geographical location, which facilitates the logistics and creates favourable conditions for co-operation with eastern markets of Russia, Ukraine and other countries of the Commonwealth of Independent Nations.

2. Membership in international organisations and institutions

Poland is an active member in many international organisations and institutions, both globally and regionally.

The United Nations Organisation (UNO)

Poland is one of the founding countries of the UNO. During over 60 years of the operation of this most important international organisation in the world, Poland has actively participated in the work of its bodies, specialised agencies, autonomous organisations operating under the auspices of the UNO and has taken part in various programmes realised by the UNO.

Poland's contribution has been particularly significant in the following areas:

- working for global disarmament and world peace,
- organising international economic cooperation and aid to developing countries,
- protection of human rights,
- codification and regulation of international law.

Polish experts were involved in the preparation of disarmament agreements under the auspices of the UNO. Polish representatives and soldiers took part in UN peace and observation missions (over 35,000 Poles have taken part in such missions so far), including missions to the Korean Peninsula and Indochina, Lebanon, the Golan Heights, Rwanda, Kuwait and Liberia, and, in recent years, former Yugoslavia, Afghanistan and Iraq.

Polish engineers, physicians and scientists are actively engaged in programmes of technical assistance for developing countries, provided via specialised organisations of the UN: FAO, WHO, UNIDO and UNDP/ILO.

An expression of recognition of Poland's involvement in the UN forum was that the country was selected a non-permanent member of the Security Council, the tenure of the office of Deputy Secretary General and the chair of one of the General Assembly sessions by Polish representatives.

In February 2006, the former Prime Minister of Poland, Marek Belka, was appointed Executive Secretary of the Economic Commission for Europe (ECE) – one of the five UN regional commissions.

North Atlantic Treaty Organisation (NATO)

Poland became a member of NATO on 12 March 1999, along with the Czech Republic and Hungary. By this the strategic goal of Poland to strengthen the country's

integration with the West through the participation in western economic, political and military structures was achieved. The joining of NATO was a logical consequence of Poland's transformation after 1989. It substantially contributed to the country's increased international security and helped to integrate Poland with other European structures, and in particular with the European Union.

Currently Poland takes part in NATO cooperation programmes in the security and defence domain within the framework of the Partnership for Peace (PfP) and the Euro-Atlantic Partnership Council (EAPC). The Polish troops also participate in international units, such as the Polish-German-Danish Corps "North-East", the Lithuanian-Polish Battalion "Litpolbat" and the Polish-Ukrainian Peace Corps Battalion "Polukrbat". Polish soldiers participate in the actions to maintain and restore international order and security in peace missions of NATO, as well as of the UN, OSCE and WEU. Currently, they are taking part of the following peace operations of the NATO:

- International Peace-Enforcement Force – Kosovo Force (KFOR) in Kosovo,
- International Stabilisation Force (SFOR) in Bosnia and Herzegovina,
- International Security Assistance Force (ISAF) in Afghanistan,
- Gendarmerie peace missions of the European Union Force EUFOR in Bosnia and Herzegovina, and in Congo.

The Organisation for Security and Cooperation in Europe (OSCE)

The proposal to convene international conference on security and cooperation was put forward by the Polish Minister of Foreign Affairs, Adam Rapacki, at the 19th Session of the UN General Assembly in December 1964.

Today's OSCE is the largest regional organisation in the world with 55 member states, including European countries, the USA, Canada and the Asian states which emerged after the demise of the USSR.

Warsaw is the seat of the Office for Democratic Institutions and Human Rights of the OSCE (ODIHR), established in 1992. The Office controls the observance of human rights, including the rights of national minorities, and of the rules of democracy in member states. The Office closely cooperates with the OSCE High Commissioner on National Minorities.

An important test for Polish participation in the OSCE was its presidency of the Organisation for Security and Cooperation in Europe in 1998, i.e. political management of the entire organisation and its cooperation with other organisations, including the UNO, NATO, EU and the Council of Europe. The fact that Poland held the presidency was a special honour, meaning that the country was ranked among key players in European politics.

Organisation for Economic Cooperation and Development (OECD)

Poland has been a full member of the OECD since 22 November 1996. Poland's membership in the OECD has become a significant instrument for the implementation of the country's economic goals, mainly those connected with the adjustment of the Polish economy to external requirements of the systemic transformation, regionalisation and globalisation. It has had a particular role in the strategy for Poland joining European structures, mainly in the Polish efforts to accede the EU.

The approximation of Polish legislation, institutions, economic policy and practices to OECD standards was clearly seen in many aspects.

Poland's membership in the OECD, a prestigious club of highly developed states, has evidenced the country's economic stability, and in consequence facilitated the access to credit lines granted by financial institutions on preferential terms. It has also demonstrated Poland's ability to adjust to international standards and rules.

From the very beginning of its membership, Poland has been actively involved in the work of the Committees and Working Groups of the OECD and has engaged in all initiatives of the Organisation, in both traditional and new, interdisciplinary areas. In autumn 2000 an off-site session of the Council was held in Poland. It was the third such session of the OECD in the organisation's history and the first to have been held in a Central European country. Since April 2003, Poland has also participated in the consultation mechanism of EU states that are members of the OECD.

The OECD carries out regular reviews of the Polish economy, the direction of changes and progress of reforms. The reports from such reviews are considered to be reliable and accurate sources of information about the economic development and economic forecasts, while at the same time being the basis for the assessment of the country's reliability in the international arena.

World Trade Organisation (WTO)

Poland was one of the signatories of the Final Act which closed the negotiations of the GATT Uruguay Round and the Agreement establishing the World Trade Organisation. It became a full member of the WTO on 1 July 1995, after the harmonisation of internal legislation and the closing of the process of ratification of the Uruguay Round Agreements.

The accession to the WTO has improved Poland's economic situation in the international area. Later, membership in the Organisation has become one of the conditions of Poland's accession to other international organisations and bodies, such as the OECD and the European Union.

Due to the acceptance of all WTO liberalisation agreements, Polish products have gained better access to third country markets, but the protective measures against imports have been alleviated and competition in the Polish market increased. The share of fully liberalised imports from member states has increased substantially, in particular as regards the import of industrial goods. The provisions concerning the agricultural sector have also been of significance for Poland. The Republic of Poland has adopted all general liberalisation obligations with regard to agriculture resulting from the Agreement, including those which specified the quotas on the market access, as well as the reduction of subsidies to agriculture.

In the domain of trade in services, a result of the accession to the WTO was the granting of the most-favoured nation clause to all partners of the Organisation, and the obligations towards OECD members extended to all WTO countries. Poland also took the obligation to liberalise financial services.

The situation of Poland in the forum of the WTO changed after 1 May 2004, upon the country's accession to the European Union. It is connected with the transfer of the commercial policy from the national to the Community level. This means that currently negotiations with third countries and the WTO are conducted by the European Commission (Directorate General for Trade) on the basis of the mandate of the

Council of the European Union and consultations with working groups of the EU Council, mainly with the Committee 133. Within the Committee all matters concerning the participation of EU Member States are discussed and the Community's commercial policy with regard to negotiations with the WTO is co-created by Member States.

International Bank for Reconstruction and Development (World Bank)

Poland was a founding member of the International Monetary Fund and the World Bank, but in 1950 it was forced to resign for political reasons; it renewed its membership in 1986.

After 1989, the World Bank became one of the main sources for financing the socio-economic reforms in Poland, while playing an important role in restoring Poland's access to the international capital market.

So far, Poland has been granted loans from the Bank for several projects, the implementation of which has contributed to the market orientation of reforms, the restructuring of the economy, the improvement of Poland's creditworthiness and to systemic, institutional and structural changes.

Until 2005, the Bank put the funds of about \$ 6 billion at the disposal of Poland for the financing of more than 40 projects, of which approximately \$ 4.5 billion were expended by mid-2006. Currently, both investment projects and projects aimed at bringing about structural changes are being implemented, chiefly as regards the modernisation of the infrastructure, the energy sector, environmental protection and the development of rural areas.

After Poland's accession to the EU, the structure of loan aid from the World Bank has begun to change to support Poland as Member State of the EU.

It is chiefly aid for the improvement of the transport infrastructure and support to the government for the better use of EU Structural Funds. During the first year after accession, Bank funds were granted to Poland for the co-financing of the maintenance and modernisation of roads and the transport network, the reclamation of areas of hard coal mines that had been shut down and the support for the government programme of reform of the Polish hard coal mining sector. At the same time, with an increasing availability of commercial financing for projects on competitive terms to the government and the private sector, the Bank's activity is gradually being shifted from the loan-granting and supervision to the non-credit support aimed at making better use of international experience and lessons learned from it to support the Polish government in key economic reforms.

The main focus of the World Bank's activity in Poland is now on such areas as the implementation of the reform of the social sector, the restructuring and privatisation of the public sector, addressing environmental protection targets, the streamlining of management in the public sector, creating jobs outside agriculture, support to the government Programme for the Restructuring of Hard Coal Mining, and the granting of loans for innovation and pilot projects.

Since 1997, after the change of the system of Bank operation and the displacing of many Country Directors and experts from the Washington headquarters to the countries of their operation, the Office for Poland and Baltic States has had its headquarters in Warsaw.

International Monetary Fund (IMF)

Support from the International Monetary Fund played an important role in stabilising the Polish economy during the early stage of the transformation. In the years 1990-1994, Poland received credits and loans from the IMF, totalling at SDR 1,237 million (about \$ 1.8 billion). Due to the rapid improvement of the economic situation and the substantial foreign currency reserve, their repayment before the date due was possible, mostly in 1995.

Since that time there has been no need for further financial aid from the Fund to Poland. This has led to the change in the form of cooperation, which now takes the form of the regular monitoring of the economic situation in Poland, of progress in the transformation processes and consultancy by the IMF.

European Bank for Reconstruction and Development (EBRD)

The EBRD is an international financial institution, created to support the socio-economic transformation in Central and Eastern Europe towards a market economy. It was established on the initiative of the European Council, and the European Union holds 51% of shares in the Bank. Poland is among 39 founding states which in 1990 signed the declaration about the establishment of the Bank.

The strategy of the cooperation with Poland, adopted by the Board of Directors of the Bank in 1999, envisages the focus on the following areas:

- financial support and technical assistance to privatisation and restructuring of state-owned enterprises and banks, as well as to private businesses in priority sectors of the economy,
- technical assistance and financial support to banks and the finance sector as a whole, and promotion of specialised financing institutions and banking services to SMEs,
- technical assistance and financial support to environmental protection programmes,
- technical assistance and financial support to energy programmes considering environmental constraints, and support to modernisation, stabilisation and privatisation to energy supply.

Recently, there have been some shifts in the priorities of the Bank activity, so now they include:

- attracting investors and capital, as well as foreign direct investment, for the restructuring and modernisation of private enterprises, chiefly in the energy, gas and chemical sectors,
- investigating and developing opportunities for the financing of the SME sector, and continuing the dialogue with the government on the financing of this sector,
- supporting the development of infrastructure and environmental protection, through the cooperation with central and local authorities in developing, co-financing and implementing projects and programmes for a better use of EU structural funds,
- utilising international experience for the development of project financing under public-private partnership, chiefly in cities and *gminas*, in the road and transport sector.

By the end of 2004, nearly 140 projects co-financed by the EBRD had been implemented in Poland, totalling at approximately € 3.1 billion. Almost 85% of those projects were targeted at the private sector.

3. Poland in the European Union

On 1 May 2004, Poland became a member of the European Union. Accession to the EU crowned many years of efforts by successive Polish governments, as well as the aspirations of Polish society, which hoped that this would result in further improvement of the country's social and economic situation.

Poland's path to the EU membership

Poland's efforts for integration with the European Union were begun shortly after the systemic transformation in 1989. As a result, the Europe Agreement was signed in December 1991, by virtue of which Poland became an associated country of the European Community. The implementation of the Europe Agreement led to the creation of a zone of free trade in industrial products between Poland and the EU (1 January 2002 the last tariffs for car imports from the EU were abolished); it also facilitated the movement of capital and, to a lesser extent, of people and services. The conclusion of the Agreement offered an impetus to the introduction of numerous political and economic reforms in Poland which was then undergoing the process of transformation. During the period of association with the EC, Poland adopted many new legislative acts to harmonise Polish regulations with Community legislation¹, and created new institutional structures necessary for the operation of the market economy and for future membership of the EU.

In 1994, Poland submitted its official application for membership of the EU, and at the meeting in Luxembourg in 1997 the European Council decided that accession negotiations would be opened in Spring 1998². The negotiations, in 31 thematic areas, were concluded in December 2002. On 16 April 2003, the Accession Treaty was signed in Athens, in which the terms of the EU membership were specified for Poland and 9 other countries (Cyprus, Czech Republic, Lithuania, Latvia, Estonia, Malta, Slovakia, Slovenia and Hungary).

In May 2003, 77.45% of Poles voted for membership in a national referendum (the turnout was 58.85%). On 31 July 2003 the Treaty was ratified by the President of Poland.

The transition period in the Accession Treaty

Poland's accession to the European Union required acceptance of the entire *acquis communautaire*, i.e. primary and secondary law (with certain exceptions for transition periods). Such derogations, as provided in the Accession Treaty, were in most cases introduced at the initiative of Poland, who, as a weaker partner, feared substantial costs of the implementation of community standards and the resulting negative impact on the competitiveness of Polish goods and services. The largest number of transition

¹ Among the areas harmonised the most important are: the protection of competition, banking law, the protection of intellectual property, customs law and technical standards, indirect taxes.

² Also in that period five other states were invited to open negotiations: Cyprus, Czech Republic, Estonia, Hungary and Slovenia. In December 1999, Bulgaria, Latvia, Lithuania, Malta, Romania and Slovakia joined the "Luxembourg six" in Helsinki.

periods were granted to Poland in the “environment” area, which will make it possible to extend over a period of time the great investment effort connected with the implementation of the high environmental standards required by the Community in this respect³. Transition periods in this area refer to the reduction of air pollution emissions, transport control and waste disposal, standards of packaging recycling and a reduction of sulphur content in liquid fuels etc. For similar reasons Poland was granted transition periods (by 2006 or 2007) for adjusting enterprises in the food processing sector to the EU requirements regarding veterinary and sanitary standards. Transition periods adopted on Poland’s initiative referred to the free movement of goods (registration procedures for medicines) and capital (restrictions on the purchase of arable land and forests and the so-called “second homes” by EU nationals in Poland), competition policy (provision of state aid, especially in special economic zones) and transport (maintaining restricted access for vehicles above 40 tonnes to the Polish road network until 31 December 2008), company law and taxes (certain derogations in the application of VAT). Despite their efforts, the Polish negotiators did not succeed in obtaining a transition period for paying the full contribution to the EU budget. On the other hand, Poland obtained additional funds to maintain the liquidity of the state budget in the first years of the country’s membership in the EU⁴.

Transition solutions were introduced to the Accession Treaty at the initiative of EU Member States in the following three areas: free movement of persons (a few years before the freedom of employment of citizens of new Member States in EU countries is introduced, Poland obtained a reciprocity clause), transport (including a 3-year period of transition, with an option for its extension up to 5 years, for coastal traffic by Polish cargo vessels in EU countries) and agriculture (lower direct payments than in the EU15, production quotas lower than expected by the Polish side).

The EU proposals of the solution of agricultural issues were a particularly sensitive item in the negotiations, in view of the high proportion of people employed in agriculture in Poland’s overall population and the concerns expressed by Polish farmers as to whether effective competition with EU farmers in the European market would be possible (as seen in the first two-years of membership, these fears have proved to be unjustified).

Participation in the EU institutions

Since 1 May 2004, new Member States have had equal rights to participation and decision-making in all EU bodies. Membership of European institutions in terms of total numbers of representatives and the proportional representation granted to individual Member States were laid down by the European Council at the meeting in Nice in December 2000. New arrangements in this respect were provided in the draft Treaty – the Constitution for Europe, but it was rejected in the referendums in France and the Netherlands.

³ It is estimated that the cost of environmental investments in Poland will reach approx. € 30 billion

⁴ The need to stabilise the state budget in the first years of membership results from the fact that in this period the state budget will have to have substantial expenditures resulting from the fixed obligations towards the EU budget (e.g. the contribution to the EU budget, the co-financing of structural projects from the state budget etc.), while the allocations from the EU budget will be available in the years to come (e.g. after at least partial completion of structural projects).

Poland's representation in EU institutions

	From 1 November 2004 to the accession of Bulgaria and Romania (25 states)	After the accession of Bulgaria and Romania (27 states)	
The Council of the EU			
Total number of votes	321	345	
The number of votes which fell to Poland	27 (ca. 8.4%)	27 (ca. 7.8%)	
The European Commission			
Total number of Commissioners	25 (one per country)	Two thirds of the number of Member States (new rotation system from 2014)	
The number of Polish Commissioners	1	?	
European Parliament			
	term 2004-2009		Target (27 states)
	(25 states)	(27 states) ^a	
Total number of Eurodeputies	732	786 ^b	max. 736
The number of Polish Eurodeputies	54 (ca. 7.3%)	54 (ca. 6.8%)	50 (ok. 6.8%)

^a After the accession of Bulgaria and Romania to the EU.

^b Estimate.

Source: IKCHZ.

In view of the institutional reform of the EU, caused, among other things, by the enlargement, the content of individual EU bodies will change in the years to come until the European Union has 27 states (the present 25 EU Members States plus Romania and Bulgaria, whose accession is planned to occur in 2007).

Poland has a relatively numerous representation in EU institutions, mainly because of the size of the country's population (Poland is the sixth country of the European Union in demographic terms). Since 1 November 2004, Poland has 27 votes in the Council of the European Union, while in the European Commission it has one Commissioner (Danuta Hübner holds the office of Commissioner for Regional Policy). 54 Polish deputies, elected on 13 June 2004 in general vote for the 2004-2009 term, take part in the debates of the European Parliament (in the next terms there will be 50 Polish Eurodeputies)⁵.

⁵ All above calculations of the proportional representation in the three basic EU institutions are based on the assumption that Romania and Bulgaria will join the EU not later than upon the end of the current term of the European Parliament (2004-2009).

Adopting the Euro

The accession to the European Union opened the path for a further stage of Poland's economic integration, that is membership of the Euro area. When acceding to the EU, Poland assumed the obligation to adopt the Euro in further perspective, and by this to run the common monetary policy with the member countries of the monetary union. The date of accession to the common monetary area has not been set as yet. Poland, as a member of the monetary and economic union, has been subject to a derogation. The accession to the Eurozone must be preceded by the country's participation in the European exchange rate mechanism – ERM II. Polish accession to the Euro area will depend on economic reasons (the meeting of the Maastricht criteria).

Structural funds

Membership of the EU also opens access to financial aid from EU funds (structural funds and the Cohesion Fund). These funds are designated, *inter alia*, to the modernisation of agriculture, modernisation of the infrastructure, regional development and aid to small and medium-sized enterprises. An additional source of EU financing are the so-called "Community initiatives" serving to support the EU as a whole instead of as individual regions. These initiative include: INTERREG (inter-regional cooperation), URBAN (revitalisation of urban areas affected by structural unemployment), LEADER+ (aid to the development of rural areas), EQUAL (equal opportunities in the labour market). In the years 2004-2006, Poland expects to obtain over € 13 billion under the structural aid programme.

Companies interested in replacing their machines and equipment, purchasing production machines and equipment or furnishing their offices, may apply for grants to cover part of the costs of such investments. Businesses that widen the scope of their operation, both in the service and production spheres, restructure their production processes or create new jobs may also apply for grants to obtain aid. Enterprises which produce excessive environmental pollution may seek assistance for environmental investments. Comprehensive and specialised consulting services by expert institutions are also offered to enterprises. Part of the funds for the aid to businesses are earmarked for the development and implementation of modern technologies and for increasing the level of innovation in firms, as well as facilitating the access of SMEs to specialised laboratories and strengthening the cooperation between business and R&D sectors. Employers who want to invest in the human capital of their employees may benefit from training co-financed by the European Social Fund, provided by training institutions, research units and employers' organisations. Firms interested in promotions in foreign markets may apply for grants to cover part of the costs of their participation in international fairs and exhibitions and business missions. Enterprises active in fisheries, fish processing or transport may benefit from a number of measures under aid to the fish industry sector.

A condition for being eligible for such aid is to be established in Poland, to prepare a proposal and a business plan of the project, and to provide own financial input. Most of the funds are to be allocated to SMEs.

In the years 2007-2013, the value of resources from structural funds which will be available to Poland, will several times exceed the allocations available to Poland for the years 2004-2006. Priorities and areas of the use of EU funds and the system of their implementation in Poland in 2007-2013 are set in the strategic document – the National

Cohesion Strategy (NCS) (earlier the National Strategic Reference Framework). The total financial resources disbursed on the implementation of the NCS will amount to approximately € 85.6 billion. Approximately € 9.7 billion will consist of a public contribution, while the private contribution is estimated at approximately € 16.3 billion, and over € 59.5 will be provided from the structural funds and the Cohesion Fund.

The strategic objective of the NCS is to create conditions for an increase of competitiveness of the Polish economy based on knowledge and entrepreneurship, ensuring employment growth and the growth of social, economic and territorial cohesion within the EU and inside the country. In addition to the strategic goal, NCS envisages the realisation of detailed objectives addressing the challenges of the Lisbon Strategy, Community Strategic Guidelines and conclusions from the analysis of the strengths and weaknesses of the Polish economy, as well as the opportunities and threats it faces. Specific NCS objectives include the following:

- creating conditions for maintaining a sustainable and high rate of economic growth;
- growth of employment through the development of human and social capital;
- increasing the competitiveness of Polish enterprises, in particular the services sector;
- the construction and modernisation of the technical infrastructure which is of primary importance to increased competitiveness of Poland and its regions;
- increasing the competitiveness of Polish regions and combating their social, economic and territorial marginalisation;
- the development of rural areas.

NCS will be delivered through Operational Programmes (OP), managed by the Ministry of Regional Development and Regional Operational Programmes (ROP), managed by voivodship self-governments.

- OP Development of Eastern Poland
- OP Infrastructure and Environment
- OP Human Capital
- OP Innovative Economy
- European Territorial Cooperation programmes
- OP Technical Assistance
- 16 Regional Operational Programmes (ROP).

Under the European Territorial Cooperation Programmes, it is planned to focus more on the development of projects promoting cooperation between partners from EU countries and EU neighbouring countries (cross-border, trans-national and inter-regional cooperation). The following projects with Polish participation are planned to be delivered:

- cross-border cooperation:
 - three bilateral programmes on the Polish-German border (with the participation of Mecklenburg, Brandenburg and Saxony),
 - Poland – the Czech Republic,
 - Poland – Slovakia,
 - Poland – Lithuania,
 - Poland – Sweden – Denmark (South Baltic),
- trans-national cooperation:
 - The area of Central and Eastern Europe,
 - The Baltic Sea Region,
- inter-regional cooperation programme throughout the EU.

On external borders of the EU, transborder cooperation with partner states will be supported from the funds of the European Neighbourhood and Partnership Instrument. Programmes of cross-border cooperation between Poland, Ukraine, Belarus and the Kaliningrad District of the Russian Federation will also be supported throughout this instrument.

* * *

Membership of the European Union is of enormous significance for Poland. By acceding to the EU, Poland not only strengthened its international position but was also given an opportunity to influence the Union policies. The increased trustworthiness of Poland in the international arena has contributed to an additional influx of foreign direct investment to our country.

The accession to the EU has also been of great significance on a micro scale. Now, Polish business entities compete directly with Community-based businesses, which often have financial and marketing advantages. However, due to the structural and capital transformations initiated during the period of association with the Community, Polish businesses are enabled to compete with firms from other EU countries on a more equal footing. Moreover, a larger market offers greater opportunities for development and allows access to new technologies, development capital and investments. The liberalisation of the net sectors (e.g. telecommunication, energy), as well as the earlier abolition of border trade barriers, enables the reduction of companies' operational costs. The creation of more stable and predictable conditions of business operation is also extremely important.

Most of concerns expressed by the Poles before accession to the EU have proven unfounded. Painstaking and time-consuming preparations for accession have enabled a smooth transition to the new economic system and rapid adaptation to the new conditions.

III ECONOMIC GROWTH: CURRENT SITUATION AND PROSPECTS

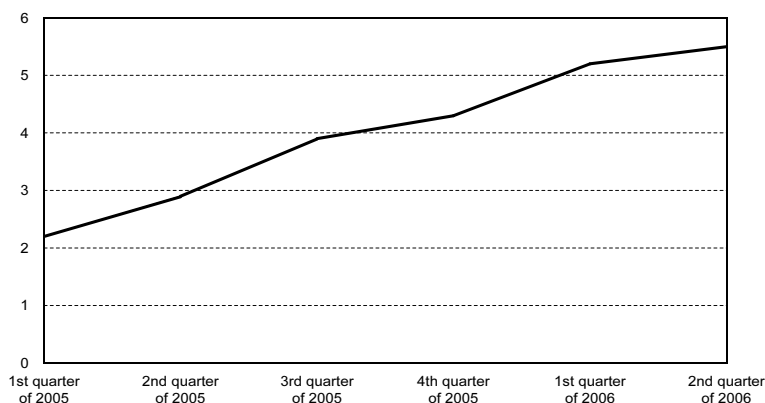
1. Poland's economic situation

Recent years have been a period of considerable success for the Polish economy. It is characterised by a high rate of growth of Gross Domestic Product (GDP), increase in investment activity and improvement of a situation in the labour market, all this accompanied by a low inflation level. Exports increase more rapidly than imports, thus enabling a reduction of the negative balance of trade and maintenance of the current account deficit on the balance of payments on a safe low level.

Since 2003, following the economic slowdown at the beginning of the current decade, Polish economy regained impetus. In 2005 and in the first half of 2006, the rate of GDP growth increased from quarter to quarter.

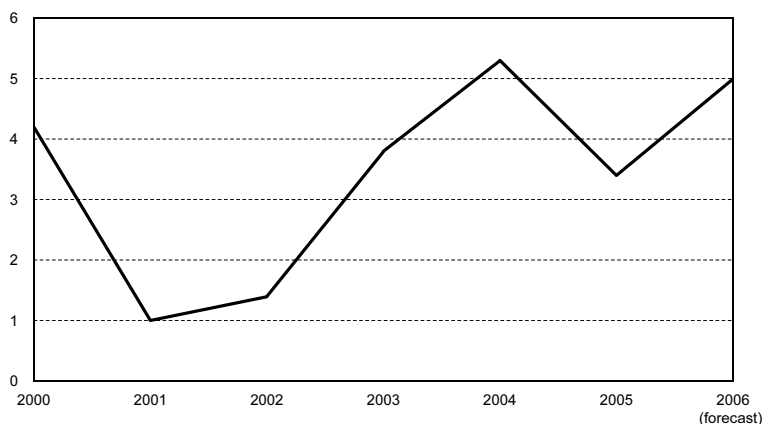
Given the good performance in the first half-year, the GDP volume is estimated to increase by approximately 5% in 2006. Expectations of domestic centres in this regard seem to be corroborated by the European Commission's latest forecast of September 2006.

Quarterly GDP growth in 2005 and in the first half of 2006 (rate of growth of GDP volume in % relative to the respective quarter in the previous year)



Source: Central Statistical Office.

GDP growth in 2000-2005 and forecast for 2006
(rate of growth of GDP volume in % relative to the previous year)



Source: Central Statistical Office data; forecast by the Ministry of Economy.

As regards its rate of economic growth, the figure for Poland is higher than the average for the new EU Member States from the Central and Eastern Europe. Due to the relatively high rate of economic growth Poland improves its position in the European Union. According to the data compiled by the European Union, the gross domestic product per capita in Poland rose from 40.1% of the EU-15 average in 1997 to 46% in 2005, that is by almost 6 percentage points.

Increase in GDP by around 5% is expected to continue in 2007. This should be also due to the fact that the increase will result from a wider array of contributing factors since the source of the high rate of growth is not only exports (which was the case especially in 2005), but also domestic demand, both consumption and investment one.

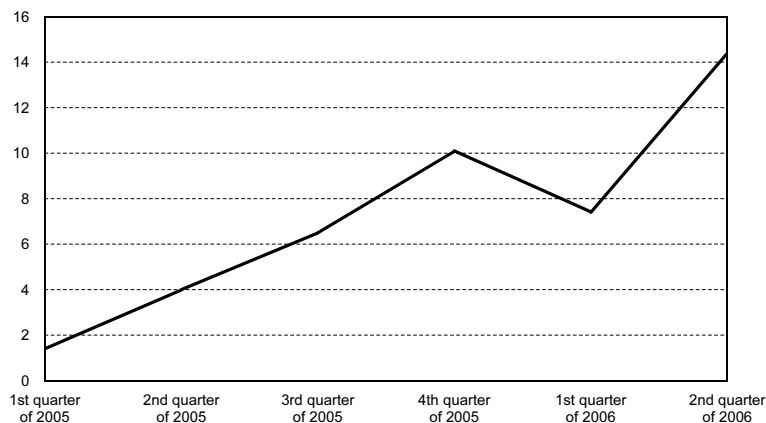
Increase in the employment and remuneration levels leads to a high, and still growing, consumer demand. The rate of growth of individual consumption went up from 2% in 2005 to 5.1% in the first half of 2006, and, according to the estimates of the Ministry of Economy, it should approximate 5% for the whole year 2006.

Long expected strong increase in investment activity, seen since the second half of 2005, should be particularly emphasised.

According to the Ministry of Economy, the volume of investment expenditure should increase in 2006 by 10.9%, following a 6.5% growth in 2005. The reason for such an increased investment activity is the growing optimism on the part of enterprises, related to a strong domestic demand and optimistic prospects for further increase in exports. Good economic and financial condition of companies on the whole, increasing availability and decreasing interest rate of bank loans as well as the growing inflow of the EU aid funds facilitate financing of investment expenditure.

Investment is further stimulated by low inflation which remains on a low level despite a high rate of economic growth. Increased inflation pressure, seen in 2004 and at the beginning of 2005 and related to the post-accession shock and increase in fuel prices on world markets, turned out to be temporary. The average consumer price index in the first half of 2006 was by a mere 0.7% higher than in the respective period

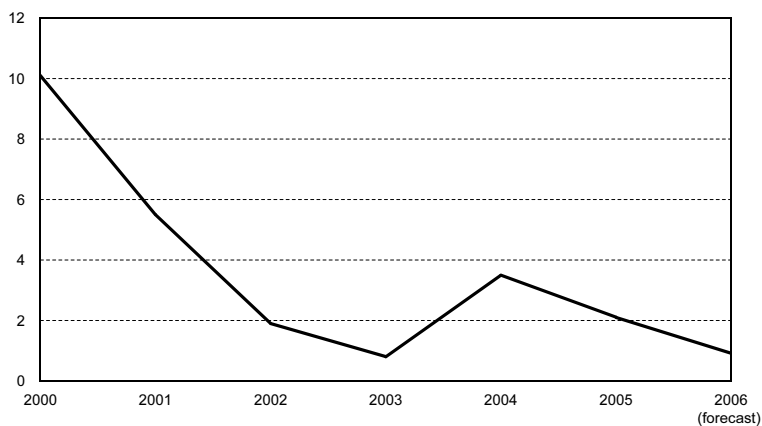
Quarterly increase in gross outlays on fixed assets in 2005 and in the first half of 2006 (rate of growth of GDP volume in % relative to the respective quarter in the previous year)



Source: Central Statistical Office.

in the previous year. The rate of inflation in Poland, although relatively high only a few years ago, now is one of the lowest in the European Union.

Rate of inflation in 2000-2005 and forecast for 2006 (average annual CPI increase in % relative to the previous year)



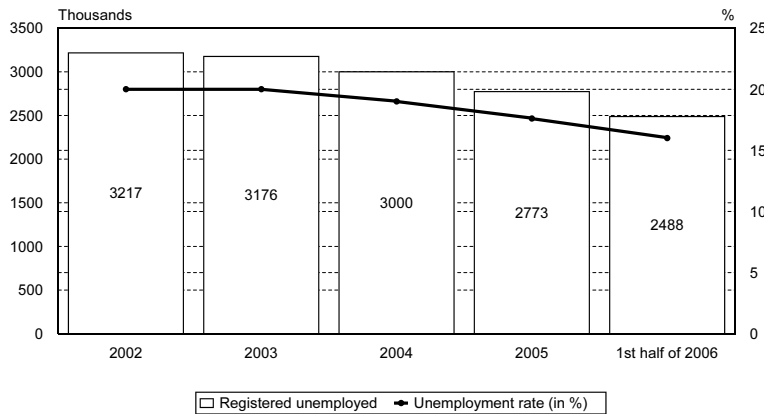
Source: Central Statistical Office data, forecast by the Ministry of Economy.

In 2005, as a result of a decreasing inflation pressure, the Monetary Policy Council which shapes the monetary policy in Poland changed its approach to the policy from

neutral to relaxed and reduced interest rates five times (in total by 2.0 percentage points); whereas two further reductions (by 0.25 percentage points) took place in January and February 2006. In the following few months the monetary policy became more cautious, this being an effect of both internal (increase in remuneration and domestic demand) and external factors (a new wave of increases in fuel prices on the world markets). However, as J.P.Morgan forecasts, as soon as in 2009 Poland will satisfy the Maastricht criteria as regards the interest rate level.

The accelerating economic recovery stimulates improvement of situation on the labour market, although the number of the unemployed as well as the rate of unemployment remain high.

Number of the unemployed and the unemployment rate in 2002-2005 and in the first half of 2006 (as at the end of the period)



Source: Central Statistical Office.

Situation on the Polish labour market is complex. On one hand, the rate of professional activity is low (52% in 2004), much lower than in the UE-15 states (almost 65%), but, at the same time, only slightly lower than the average for the new Member States (56%). On the other hand, Polish employees' working hours are longer than in other EU Member States and, in particular, in the "old" Member States. Consequently, the rate of growth of labour efficiency is high. In the recent ten years it has increased, on an average annual basis, by approximately 5% and in 2005 by as much as 7.7%. This allows to quickly bridge the gap between the level of labour efficiency in Poland and that in the "old" Member States of the European Union.

A huge challenge Poland's economic policy is now facing, especially in the context of its preparations for membership in the Euro zone in the future, is to take action to improve the situation in the sector of public finance. It will require reduction of pressure on excessive increase in social expenses and implementation of a comprehensive reform of public finances. This should be possible thanks to favourable economic conditions seen recently.

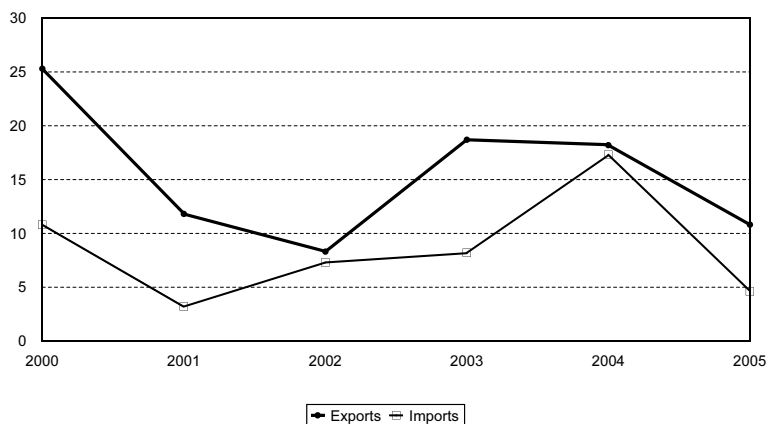
The Polish government expects a decrease in the public finance deficit from 3.9% of GDP in 2004 to 3.0% in the years 2006-2007. OECD forecast is even more optimistic in this respect (2.8% of GDP in 2006 and 2.6% in 2007). These calculations, however, are based only on the domestic methodology applied thus far. According to calculations made with the use of the method recommended by Eurostat Poland is obliged to adopt in 2007, budget deficit will also decrease, but it will exceed the maximum threshold allowed in the EU of 3% of GDP. It would go down from 5.6% of GDP in 2004 to 4.6% in 2006 and further to 4.1% in 2007.

Public debt remains at a relatively low level and, although it increases, is still much lower than the maximum threshold of 60% of GDP, allowed in the European Union. In the years 2004 and 2005 it accounted for approximately 42% of GDP and in 2007 it is expected to rise to nearly 47%.

Tax burden in Poland, measured as the share of tax revenue in GDP, is lower than the average figure for the EU Member States and shows a downward trend. It is expected to decline from 38.5% of GDP in 2005 to 32.9% in 2007, whereas the EU-25 average is almost 40% of GDP.

In recent years, a strong impetus for Poland's economic growth has come from foreign trade. In the years 2000-2005, the volume of exports went up, on an average annual basis, by 15.4%, which is almost twice higher than the rate of growth of the volume of imports (8.5% annually). A higher rate of growth of exports than that of imports was also recorded in the first half of 2006.

Increase in the volume of foreign trade in goods in 2000-2005 (rate of growth of the volumes of exports and imports in % relative to the previous year)

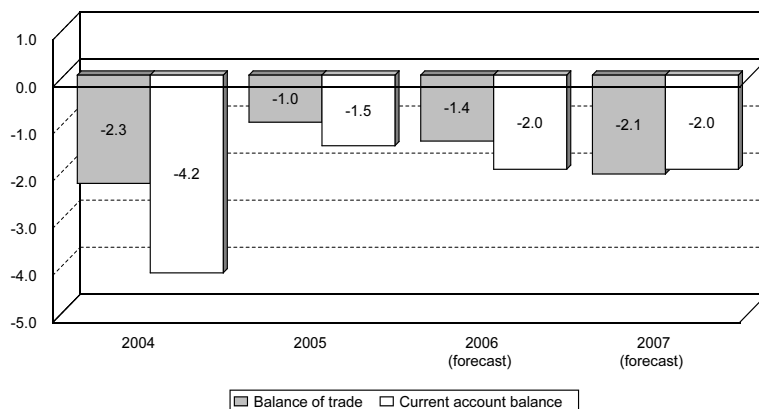


In the transformation period, the geographical and commodity structure of the Polish foreign trade underwent substantial changes consisting in a re-orientation of trade towards well-developed countries, including in particular the European Union Member States, and considerable increase of the share of manufactured industrial products in the total volume of exports and a concurrent decrease in the share of raw materials therein. As a result, in terms of its trade structure Poland is now more

integrated with the European Union than the ten new Member States on average and than a number of the EU-15 states. Detailed information on the situation in Poland's foreign trade can be found in Section V.4 and in the Statistical Annex.

Rapid growth of exports in recent years has led to a situation where the trade deficit and the current account deficit are at present, in relation to the gross domestic product, relatively low and steadily decreasing.

Balance of trade and current account balance in relation to GDP in 2004-2005 and forecast for 2006-2007 (in % of GDP)



Source: Official government estimates and forecasts.

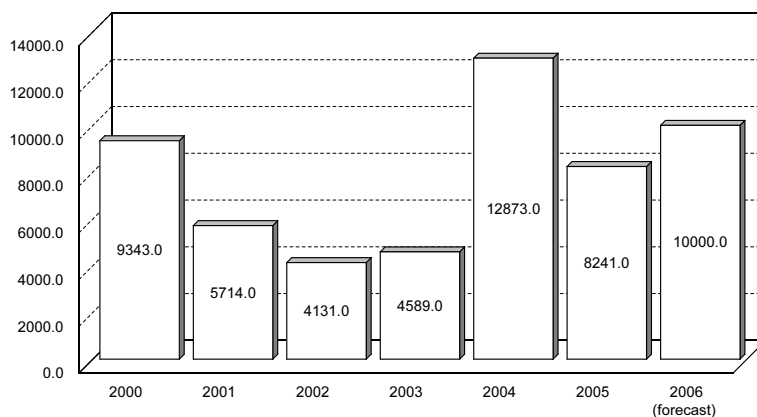
Trade deficit is a normal phenomenon in a fast-developing country which, in addition, records a considerable inflow of foreign direct investment. In Poland, such a deficit can be quite easily financed in current circumstances. For example, in 2005 deficit in the trade in goods in the balance of payments stood at \$ 2.7 billion. In the same year the surplus on the service account reached nearly \$ 2.0 billion, transfer surplus – \$ 6.9 billion, whereas foreign direct investment exceeded \$ 7.7 billion. Consequently, currency reserves rose from \$ 36.8 billion as at the end of 2004 to \$ 42.6 billion as at the end of 2005 (as at the end of 2000 it amounted to \$ 27.5 billion only). It was an entirely safe level as it allowed financing of expenditure on the imports of goods and services for 4.8 months.

An increasingly important role in the Polish economy is being played by enterprises with foreign capital participation. As at the end of 2004, they represented 15.3% of the total number of enterprises employing 10 or more persons, employed 24.7% of the total workforce in this group and had 36.9% of total fixed assets in this group. In 2004, the share held by such enterprises in the total business activity revenue was 41.6%, in investment expenditure on new fixed assets 52%, and in total exports 56.7% (and 60.6% in imports). In the sectors of economy foreign investors are particularly interested in, such as manufacturing, trade and repair and transport, storage and communication, more than one-half of fixed assets are concentrated in entities with foreign capital

participation which have a decisive bearing on the overall level of investment and production and/or service activity.

Entities with foreign capital participation serve as the key stimulus of changes in the structure of industrial production and exports, leading to an increased share of technologically advanced goods therein. The years 1995-2004 saw an almost twofold increase in the share of high and medium-high technology goods in these entities' exports (from 30% to 56%); a similar trend was observed as regards the share of such goods in the production sold in this group of enterprises. In such circumstances inflow of foreign direct investment (FDI) to Poland as well as the activity of companies with foreign capital participation begin to determine the dynamics of developmental processes in the Polish economy and in the Polish exports.

Foreign direct investment in Poland in 2000-2005 and forecast for 2006
(in \$ million)



Source: National Bank of Poland data; forecast by the Polish Information and Foreign Investment Agency.

In the first half of 2006, FDI in Poland reached \$ 5.8 billion and was by approximately 28% higher than in the respective period in the previous year. The Polish Information and Foreign Investment Agency (PIFIA) estimates that it should approximate \$ 10 billion for the entire year. This shows that the period when Poland recorded lower FDI (2001-2003) as a result of the main phase of privatisation processes coming to an end and, in effect, of a substantial decline in the importance of privatisation as the factor which attracted direct investment, has ended. Privatisation investment was successfully replaced with numerous new greenfield projects and, in particular, with re-investment of profit generated by companies with foreign capital participation which had already carried on their businesses in Poland.

Positive and increasingly favourable opinions on Poland as the potential location of investment projects, formulated recently by various foreign centres, provide an opportunity to maintain substantial inflow of FDI also in the future (cf. the next section).

Among factors which determine foreign investors' engagement in our country, the most important ones include the size of the Polish market, cost of workforce and prospects for economic growth.

High skills of Polish employees become increasingly important. In Poland, a growing percentage of young people graduate from universities thus creating a potential of high-skilled resources needed for economic development and also by foreign investors. In the academic year 2002/2003, 519 people per 10,000 Polish residents were university students, which is a higher number than in other Member States of the European Union and only slightly lower than in the United States (570). This is reflected in the increasing foreign investment related to offshoring, requiring high-skilled personnel, consisting in the establishment of R&D centres, IT technology centres and centres which manage business processes. According to PIFIA, at present approximately 90 centres of this type operate in Poland. They were established by foreign investors and employ over 14,000 of staff.

2. External opinion on the Polish economy

Accelerated economic growth, observed since 2003, contributes to Poland being perceived as a successful and economically and politically stable country with good development prospects. This view seems to be corroborated by opinions delivered by international economic organisations and financial institutions, foreign opinion-forming centres and institutions as well as by voices in foreign economic mass media. Attention is being paid to the size of the Polish market and its location in the very centre of Europe as well as to a good condition of the financial system in Poland and its resistance to crises. Structural reforms, in particular introduction of a new pension system, and advancement of the transformation process are much appreciated.

The World Bank's experts valued highly the fact that Poland records the lowest inflation in the region and a high rate of growth of exports and imports. What is also important is that at the end of 2005 investment became the key stimulus of growth.

The Organisation for Economic Cooperation and Development (OECD) expects further increase in the employment level and reduction of the unemployment rate in Poland, but at the same time it points out to the need of fiscal consolidation which still remains a challenge despite a reduction of the budget deficit. Structural reforms are necessary in order to limit social expenses and speed up the economic growth.

In their "Transition Report 2005: Business in Transition", experts from the European Bank for Reconstruction and Development give a favourable opinion on Poland's progress as compared with the other states in Central and Eastern Europe in transformation of the way enterprises, markets, financial institutions and infrastructure function. Having obtained the maximum rating (in the scale from 1 to 4+) in such areas as small-scale privatisation, price liberalisation and regulation of trade and foreign exchange, Poland has achieved the level of the most economically advanced states. In the next two areas Poland's rating, pertaining to activities carried out by public institutions as regards enterprises and their restructuring, assigned in the latest report increased from 3+ to 4-. The reasons for such an increased rating, given by the bank, included successful restructuring of the steel industry and further acceleration of the process of reforming large state-owned enterprises as well as improved trust to the economic policy following accession to the European Union. In turn, improved rating in the area of banking reforms and liberalisation of interest rates stemmed from an

increase in loans granted to households, improved consumer protection and banking supervision as well as continued privatisation and restructuring of the banking sector.

Ratings assigned by reputable firms, such as Standard & Poor's, Fitch IBCA and Moody's Investor Service, are of considerable importance for the evaluation of creditworthiness and investment risk. The two former assigned BBB+ rating to Poland for long-term debt in foreign currency, whereas Moody's, in the same category, assigned to it the A2 rating. Since 1998 Poland has been assigned investment rating. The so-called foreign currency outlook for Poland is positive according to Fitch Ratings and stable according to Standard & Poor's.

What is noticeable is the fact that in a number of rankings Poland's position following its accession to the European Union first deteriorated and then improved to reach the previous level as concerns about Poland's inability to face the challenge related to its membership in this organisation ceased.

In the ranking of the most competitive states, "Global Competitiveness Report 2005-2006", prepared for the World Economic Forum, Poland was ranked 42nd according to its Business Competitiveness Index (BCI), that is 15 places higher than in the previous year. Poland's position as regards its Growth Competitiveness Index (GCI) also improved. Following its last-year's fall from the 45th to the 60th place, our country went up to the 51st place. The former index takes into account such factors as the business environment and market strategies of enterprises, while GCI defines the country's ability to achieve sustainable economic growth within the next 5 to 8 years by means, *inter alia*, of evaluation of the technological advancement and the bearing public institutions have on the economy.

A. T. Kearney Inc. analyses particular states using the FDI Confidence Index which is intended to show the world's most attractive places to invest in, having particularly favourable development prospects. The index is constructed based on the opinions of the leading managers of 1,000 largest corporations in the world and the opinions pertain to the most probable directions of investment within the next three years. In the latest ranking of autumn 2005 Poland went up from the 12th to the 5th place, whereas in the previous year it had dropped as many as 8 places. Thus, now it almost regained its position occupied two years ago. The report showed that Poland was the third most preferred location for R&D centres in Europe, just after the United Kingdom and Germany. Poland is seen by the world corporations as an attractive place to invest in centres providing services of various type, such as accounting centres for corporations or call centres.

In the creditworthiness ranking compiled by the US monthly "Institutional Investor" (March 2006) based on data supplied by the chief economists of the world's leading banks and insurance companies, Poland was ranked 41st among 173 countries and obtained 68.2 points where the maximum number was 100. This result is by 1.9 points better as compared with the previous ranking of September 2005 and by 2.8 points better than the result achieved a year before.

British monthly "Euromoney" presents a ranking of countries according to their credibility to potential investors. It takes account of such factors as, for example, political risk, debt ratio and debt service payments ratio. In the latest ranking of March 2006 Poland was ranked 43rd among 185 countries analysed, which is an improvement by 2 places both relative to the ranking of September 2005 and to the one compiled a year ago.

The ranks shown above demonstrate that favourable conditions created to entrepreneurs as well as good development prospects make Poland a particularly attractive partner for various forms of business cooperation.

3. Visions of economic growth in the light of the National Development Strategy for 2007-2015

Poland's membership in the European Union and a development gap between our country and the majority of members of this organisation, make the need to reach a sustainable and high pace of development especially urgent. Also in response to the globalisation process and the challenges presented to Europe by the renewed Lisbon Strategy, Poland has to pursue a modern development policy which is necessary to make reasonable use of the opportunities afforded by Poland's membership in the European Union and, first of all, to use the EU funds allocated for the years 2007-2013 in a much larger amount than for 2004-2006. Such a policy has to take advantage of these features of the Polish economy and society which may serve as a source of our country's competitive advantage, such as, primarily, a relatively young and increasingly well-educated workforce, high degree of entrepreneurship of the Polish society and the entrepreneurs' adaptability to changing circumstances as well as a large internal market and unrestrained access to the internal market of the European Union.

Creation of an environment conducive to development and, primarily, of an efficient institutional and regulatory system to enable the best possible use of resources is central to Poland's civilisation advancement. Poland has to make considerable effort to change the rules of the game in the economy so that the carrying out of business activity would be easier and less costly, thus contributing to an improvement of the situation on the labour market.

Efforts should be concentrated particularly on job creation, especially in the sector of market services as it is the only sector capable of absorbing employees of the industrial sector undergoing modernisation and of the restructured agriculture. Social and professional activity and mobility of population should increase and its educational attainment should improve. Life-long learning should be popularised. Poland has to be a knowledge-based country which employs information and communication technologies, available to all citizens, in all the areas of economy and social services. Our country will promote development of intellectual capital both of persons and of organisations.

A draft National Development Strategy 2007-2015 (NDS) is an attempt to formulate such a policy. It is the key government strategic document which defines the objectives and priorities as regards Poland's social and economic development, and conditions to be met in order to ensure such development. It is the main multiannual strategic document related to the country's social and economic development, which serves as a reference document for other government strategies and programmes developed also by territorial self-government units.

It is the basis for an effective use by Poland of development funds, both from domestic sources and from the European Union, for the attainment of social and economic objectives. An important role NDS plays is to co-ordinate institutional and regulatory reforms with actions financed with the EU funds so that due to thus achieved synergies these two areas of economic policy would stimulate development to the largest possible extent.

NDS, while focusing on growth and employment, pursues the objectives and challenges set in the Lisbon Strategy, the key strategic document of the European Union.

Poland in 2015 should be a country offering high standards of living to its residents and having strong and competitive economy capable of creating new jobs.

The central goal of the strategy is to improve the standard and quality of living of residents of Poland: it will be pursued within five priorities which define the most important areas of operation. These priorities are as follows:

- Improvement of the economy's competitiveness and innovativeness;
- Improvement of the technical and social infrastructure;
- Increase in the employment level and improvement of the quality of employment;
- Development of an integrated social community and improvement of its safety;
- Regional development and improvement of territorial cohesion.

The first priority, i.e. improvement of the economy's competitiveness and innovativeness, will be implemented through the following actions:

- Development of entrepreneurship;
- Enhanced access to external financing of investment;
- Improvement of technological advancement of the economy through increased expenditure on research and development, and innovation;
- Development of information society through introduction of information technology in the relationship between business and public administration (administrative and financial management, databases, etc.), e-administration;
- Competition protection;
- Export and foreign cooperation;
- Development of the services sector;
- Completion of restructuring of declining industries and structural changes in agriculture and fisheries.

Actions intended to implement the second priority, namely improvement of the condition of infrastructure, will be focused, in the area of technical infrastructure, on the following: transport infrastructure, housing infrastructure, data communication infrastructure, power engineering and environmental protection. As regards social infrastructure, measures intended to improve the quality of human capital will be implemented in the field of educational infrastructure, health care and social welfare, culture, tourism and sport.

Implementation of the third priority, that is increase in the employment level, will consist in the following actions:

- Creation of conditions encouraging entrepreneurship and reduction of employers' burden;
- Making the labour market in Poland more flexible and improving labour resources' mobility;
- Initiatives to promote equal opportunities on the labour market;
- Adjustment of the educational offer to the labour market's needs;
- Development of social dialogue and enhancement of negotiation-based system of employee-employer relationships;
- Improvement of work safety and of working conditions;
- Improvement of efficiency of institutional activities related to the labour market;
- Effective migration policy.

Development of an integrated social community and improvement of the mode of functioning of public authorities (the fourth priority) will be possible thanks to such actions as:

- Establishment and maintenance of reliable and efficient public authorities deserving social trust;
- Counteracting corruption;
- Development of an efficient system of rescue service, civil protection and crisis management;
- Supporting self-organisation of local societies;
- Promotion of active social policy, including pro-family policy.

The key to successful implementation of the fifth priority, namely regional development, in the next few years will be the regions' and the societies' ability to use their own resources and to attract external investors.

The strategic objective of the state's regional policy for the years 2007-2015 is to create conditions facilitating enhanced competitiveness in such a way so as to foster social, economic and territorial cohesion, and lead to equalisation of development opportunities for the particular voivodships. Development opportunities will be equalised with respect to those areas which would be doomed to marginalisation or long-term development difficulties without state assistance. At the same time, in line with the subsidiarity principle and the principle of support to endogenic development, the state's regional policy will still focus on flexible differentiation of objectives and exploitation of the internal potential of the particular areas.

The following issues have been considered to be particularly relevant for the attainment of the regional policy objectives:

- Ensuring the country's proper spatial order;
- Decentralisation of development processes and the accompanying decentralisation of public finances;
- Development of metropolitan areas as engines of progress;
- Development of rural areas which are often areas of economic, social, educational and cultural marginalisation.

The primary actions to be taken as part of the state's regional policy will be as follows:

- Improvement of economic competitiveness of Polish regions;
- Equalisation of development opportunities for those areas which would be doomed to marginalisation or long-term development difficulties without the state's assistance.

Attainment of the NDS objectives will be possible primarily due to the potentially large investments thanks to the support obtained under the Community cohesion policy. The aggregate amount of funds earmarked for the implementation of NDS may approximate € 110 billion, of which public contribution will be ca. € 88 billion. Of this sum the planned allocation of the EU funds is approximately € 72 billion, while Poland's public contribution in projects co-financed with the Community funds will amount to around € 16 billion.

Of the total sum of € 72 billion of the EU funds allocated for the years 2007-2013 more than € 59.5 billion will be earmarked for the implementation of the National Cohesion Strategy (NCS) and the operational programmes provided for therein, approximately € 0.6 billion for the implementation of territorial cooperation programmes and ca. € 12.5 billion as support to the restructuring of agriculture and development-related measures in rural areas as well as for the restructuring of fisheries.

Domestic public funds in projects where beneficiaries are private entities will have to be supplemented with private contribution which is estimated to total ca. € 19.9 billion.

The objectives and priorities of the National Development Strategy will be implemented through actions provided for in the key government documents (“Solidarity State”, the Convergence Programme, and the National Reform Programme) and, in particular, in the operational programmes under the National Cohesion Strategy for the years 2007-2013, Operational Programme “Rural Development 2007-2013”, Operational Programme “Sustainable Development of the Fisheries Sector and Coastal Fishing Areas”, etc.

Implementation of the Strategy should result in a sustainable and fast economic growth in Poland, stimulated, to a large extent, by investment and exports. As regards the basic implementation indices, the NDS assumes as follows:

- Acceleration of the GDP growth from 3% on an average annual basis in 2001-2005 to 4.7% in 2006-2010 and 5% in 2011-2015. In effect, GDP per capita (according to the purchasing power parity, at prices in 2005) would rise from € 11,600 in 2005 to € 14,600 in 2010 and further to € 18,600 in 2015. This would imply attainment of the level of 66% of the EU average in the last year of NDS implementation relative to the current 50%;
- Increase of the average investment rate from 18.8% in 2001-2005 to 21% in 2006-2010 and 25% in 2011-2015, and of foreign direct investment from \$ 7.7 billion in 2005 to \$ 10 billion in 2006-2015;
- Increase in the value of exports per capita from € 1,871 in 2005 to € 3,200 in 2010 and further to € 5,400 in 2015, i.e. by 11% on an average annual basis. The share of high-technology products in total exports is estimated to reach 8% in 2015 in relation to 2.4% in 2004;
- Substantial increase in expenditure on R&D activity: from 0.58% of GDP in 2004 to 2.2% of GDP in 2010 and 2.5% of GDP in 2015, accompanied by an increasing share of business entities’ contribution in such expenditure – from 22.6% to 40% and 60% respectively;
- Decrease in the unemployment rate from 17.6% in 2005 to 13% in 2010 and to 9.5% in 2015;
- Macroeconomic stabilisation: maintaining the rate of inflation at a level of approximately 2.5% annually and steady reduction of the deficit of the public finance sector (from 2.5% of GDP in 2005 to 2% of GDP in 2010 and to 1% of GDP in 2015), which will halt the increase of public debt (its relation to GDP, following a rise from 48.8% in 2005 to 52% in 2010, is expected to go down to 47% in 2015).

IV RESOURCES AND INFRASTRUCTURE

1. Labour market

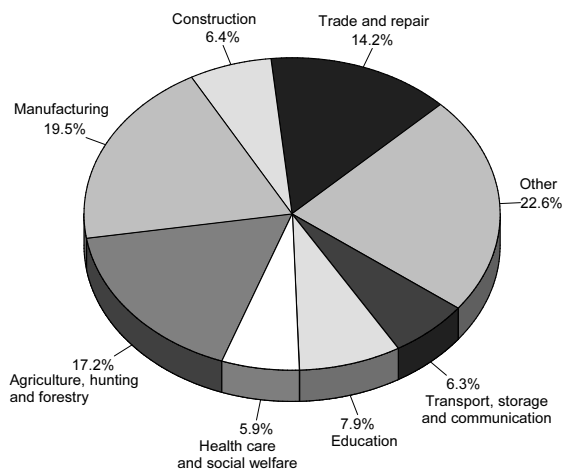
Polish society is relatively young although in recent years its age structure has been deteriorating due to the negative rate of population growth. In 2005, people at productive and pre-productive age represented 84.6% of the country's total population, whereas people at productive age – 62.6%. Since the beginning of the transformation period, the group of people at productive age had been rapidly growing to come to a halt in 2005. As at the end of 2005 the number of people at productive age stood at 23.8 million.

The educational attainment and skills of Polish citizens are also relatively good, this being evidenced by a high percentage (approximately 50%) of people at productive age who completed secondary education or are holders of higher-education degrees. Data for the recent years shows a particularly rapid growth in the number of students of higher education institutions.

Since 2004 an improvement of the situation on the labour market in Poland has been observed. The number of people professionally active and of working people has increased. As at the end of 2005 there were 31,334,000 people professionally active in Poland (aged 15 and more), which is by nearly 140,000 more than a year before and which represented more than 82% of the country's total population. The number of people employed in national economy was 14,390,000, which translated into an increase of more than 330,000 relative to 2004 and accounted for almost 46% of population at the age of economic activity (including old-age and disability pensioners). The highest rate of employment growth was recorded in the education, trade and repair, hotels and restaurants, real estate and business activity and manufacturing sectors.

Among the working population employed persons make up the largest group (more than 74% of the total working population in 2005). Employers and self-employed people accounted for slightly more than one-fifth of the working population. The largest number of people is employed in the services sector (almost 64%), followed by industry (almost 20%) and agriculture (more than 17%). Employees in the industry, trade and repair, education, construction, and transport, storage and communication sectors have the largest share in the total number of population working outside the agriculture sector (which was 11,921,000 in 2005).

Employment structure in Poland by selected NACE sections



Source: Central Statistical Office.

The number of part-time workers and people employed for an unspecified period of time is gradually increasing.

In 2005, the average monthly gross remuneration amounted to PLN 2,380, which meant a 4.7% increase as compared with the year 2004. The highest remuneration was recorded in mining and quarrying (PLN 4,347), financial intermediation (PLN 4,335), production and supply of electricity, gas and water (PLN 3,285) and in public administration and state defence (PLN 3,061), whereas the lowest in the hotels and restaurants sector (PLN 1,505), construction (PLN 1,909), trade and repair (PLN 1,926) as well as in health care and social welfare (PLN 1,954).

The Polish labour market still witnesses a high rate of unemployment which, however, shows a downward trend. The unemployment rate went down from 20% as at the end of 2003 to 17.6% as at the end of 2005 and further to 16% as at the end of the first half of 2006. As at the end of 2005 there were 2,893,000 unemployed people in Poland of which more than one-half (53%) were young people (of up to 34 years of age). A high rate of unemployment is also recorded among low-skilled people. Approximately 56% of the unemployed are people who completed (or did not complete) primary education, basic vocational education or junior secondary education only.

The level of unemployment continues to be to a large extent varied in the particular regions of the country. As at the end of 2005 the highest unemployment rate was recorded in the following voivodships: *warmińsko-mazurskie* (27.5%), *zachodniopomorskie* (25.6%), *lubuskie* (23.3%) and *kujawsko-pomorskie* (22.3%), whereas the lowest rate of unemployment was in the *mazowieckie* and *małopolskie* voivodships (13.8% in each) as well as in the *wielkopolskie* (14.5%), *podlaskie* and *śląskie* voivodships (approximately 15.5% in each). The differences between the particular regions in this respect stem from the varied level of social and economic development of the voivodships as well as from the varied progress in the restructuring and privatisation processes.

In 2005, the number of working people increased mostly in the following voivodships: dolnośląskie (by 10.3%), pomorskie (by 9.9%), lubuskie (by 6.7%) and wielkopolskie (by 6.3%), while the largest decline was recorded in the kujawsko-pomorskie (by 4.3%), łódzkie (by 2.9%) and warmińsko-mazurskie (by 2.4%) voivodships.

The specific feature of the Polish labour market is the relatively high number of young old-age and disability pensioners, some of whom undertake part-time employment. In 2005, the average gross old-age pension under the non-agricultural social security system amounted to PLN 1,171, gross disability pension for incapacity for work – PLN 925 and gross family allowance – PLN 1,119.

Despite some positive changes, situation in the labour market in Poland remains difficult as there are a number of problems structural in nature which are to a large extent a consequence of accelerated adjustment processes and economic reforms launched in the transformation period. The reforms of the labour market, implemented in Poland, are in line with the guidelines of the European Union, including those set in the Lisbon Strategy, and are to lead to an increased employment rate (in particular in respect of women and older people), improved work efficiency and quality, and enhanced social cohesion.

Active labour market policy, which encompasses such measures as, for example, subsidies for vocational retraining of unemployed people and for professional training, assistance in job searching, intervention works, public works, granting of loans to facilitate commencement of one's own business activity, professional activation of graduates or creation of additional jobs for the unemployed, gains increasing importance.

Government actions to stimulate increase in the employment level consist also in the introduction of measures intended to facilitate the conduct of business activity by employers and focus on the increasing of flexibility of labour law, simplification of administrative procedures related to registration of business activity and obtainment of permits and licences as well as on improvement of the clarity of the existing legal regulations.

Furthermore, actions aimed at improvement of the labour market situation include the following: continuation of reform of the education and training system with a view to improving the general educational attainment and allowing better adjustment of skills to the labour market requirements, development of a life-long learning system and co-ordination of the fiscal and social benefits' system in such a way so as to create incentives to job creation and taking up of employment by unemployed and professionally inactive people.

Situation on the labour market in Poland has improved also due to the employment opportunities offered by some of the EU countries. As of 1 May 2006 Polish citizens may undertake employment under no requirement to obtain work permits in seven countries of the EU-15:

- Ireland, Sweden and the United Kingdom, where restrictions were lifted as at the date of Poland's accession to the EU,
- Finland, Greece, Spain and Portugal, which decided to lift the restrictions following a 2-year transition period,

as well as in the states which acceded to the EU together with Poland (Cyprus, the Czech Republic, Estonia, Lithuania, Latvia, Malta, Slovakia, Slovenia and Hungary).

The other Member States decided to maintain the existing restrictions. At the same time, some of them announced their intention to introduce measures to facilitate

Rules governing access to EU-15 labour markets for new Member States from Central and Eastern Europe in the years 2004-2009

State	Rules governing access of Polish employees to the labour market		Additional information
	May 2004 – April 2006	May 2006 – April 2009	
States which decided to lift restrictions			
Finland	System of work permits	No restrictions on access to the labour market	The Finnish government submitted a report to the Parliament, containing recommendations related to the development of the system of registration in order to improve collection of data and enhance the operation of labour inspection authorities, including for sub-contracting and posting of workers.
Greece	System of work permits	No restrictions on access to the labour market	
Spain	System of work permits	No restrictions on access to the labour market	Restrictions have been lifted with regard to all the 8 new Member States from the Central and Eastern Europe
Ireland	No restrictions on access to the labour market	No restrictions on access to the labour market	No signals to the effect that the government is planning to introduce any changes in this respect
Portugal	System of work permits; introduction of a quota system	No restrictions on access to the labour market	
Sweden	No restrictions on access to the labour market	No restrictions on access to the labour market	No signals to the effect that the government of Sweden is planning to change its policy in this respect
United Kingdom	No restrictions on access to the labour market, but compulsory registration of workers	No restrictions on access to the labour market	No signals to the effect that the government of the United Kingdom is planning to change its policy in this respect
States which decided to maintain the restrictions in the years 2006-2009			
Austria	System of work permits; restrictions on provision of certain cross-border services	Restrictions have been maintained	Representation of Austria informed the EC that Austria would not lift restrictions on the access to its labour market prior to 30 April 2009 and that until that time bilateral agreements in this respect would be in effect.
Belgium	System of work permits	Restrictions have been maintained, but in the case of certain sectors/professions more flexible procedures will be introduced	Belgium informed that it would not lift restrictions on the access to its labour market on 1 May 2006. At the same time, however, it undertook to render procedures for access to selected sectors more flexible.

State	Rules governing access of Polish employees to the labour market		Rules governing access of Polish employees to the labour market
	May 2004 – April 2006	May 2006 – April 2009	
Denmark	System of work permits; work permits granted only to full-time employees	Restrictions have been maintained, but intention to introduce less stringent procedures in place of some of the existing ones was declared	Denmark decided to maintain restrictions on the access to its labour market for employees from Central and Eastern Europe within the next 3 years. The Danish Parliament reached a consensus on this issue at the beginning of April 2006. The labour market will be gradually made more flexible.
France	System of work permits; some sectors excluded	Restrictions will be lifted gradually	The French government will gradually lift restrictions on the freedom of movement of workers from the 8 new Member States. The restrictions will be rendered less stringent primarily in those sectors where there are employment difficulties arising from workforce shortages. Discussions on the removal of the restrictions will be carried out with participation of social partners.
Netherlands	System of work permits; more flexible procedures in some sectors/ professions	Restrictions have been maintained; as of July 2006 procedures for the granting of work permits in some sectors (agriculture, inland waterway transport, meat and fish processing, research) have been largely simplified	At the end of March 2006 the Dutch government proposed that barriers to the market for employees from the new Member States be lifted by 1 January 2007. Parliamentary debate on this issue, held on 12 April, showed that there was no consensus in the above matter. Therefore, the government rescheduled the final decision on the opening of the labour market for the end of 2006. The intention of the Dutch government is to allow employees from the new Member States, including from Poland, to be treated on equal terms with Dutch employees and employees coming from the EU-15 as of 1.01.2007.
Luxembourg	System of work permits	Restrictions have been maintained, but in the case of certain sectors/ professions more flexible procedures will be introduced	The government of Luxembourg decided to keep in effect the national measures introduced on 1 May 2004. At the same time, in some sectors (agriculture, vine cultivation, hotels, restaurants, catering) work permits will be granted to the citizens of the 8 new Member States under minimum simplified procedures, although the requirement to obtain the work permit will not be abolished. In other sectors, depending on the situation on the labour market, procedures for the granting of work permits will be simplified and waiting time shortened. Preliminary evaluation of the situation is planned to be carried out no later than in May 2007.
Germany	System of work permits; restrictions on provision of certain cross-border services	Restrictions have been maintained	Representation of Germany informed the EC that Germany would not abolish restrictions on the access to its labour market prior to 30 April 2009 and that until that time bilateral agreements in this respect would be in effect.
Italy	System of work permits; introduction of work permits' quotas	Restrictions have been maintained, but there have been voices in the press to the effect that Italy is to increase the quotas	President of the Council of Ministers informed on 14 February 2006 that Italy would increase the quotas for employees from the new Member States up to 170,000.

Source: European Commission; data updated by the authors of this report.

obtainment of work permits in the form of an easier access to certain sectors or professions (Belgium, France, and Luxembourg), simplified procedures related to the obtainment of work permits (Denmark) or increase in the available quota of work permits (Italy). The governments of Austria and Germany decided to keep the employment rules in effect in the period from 1.05.2004 to 30.04.2006. Likewise in the Netherlands, the system of work permits will remain in force, although the issue of access for employees from the new EU Member States to the labour market is planned to come under consideration already at the end of 2006.

2. Natural resources

Poland is rich in resources of mineral raw materials and ranks with the leading world producers and exporters of hard coal, sulphur, copper and silver. Other resources include substantial deposits of zinc, lead, natural gas, salt and other minerals.

Energy raw materials. Fuel and energy balance

Exploitation of coal deposits is the main source of the country's energy supply and an important source of export income. In Europe (excluding Russia), Poland is the leading producer and exporter of hard coal and also an important producer of brown coal (lignite).

Proven hard coal deposits, estimated at 42.6 billion tonnes are mined particularly in Upper Silesia and in the Lublin region. Brown coal, with 13.6 billion tonnes of proven resources, is exploited in open-pit mines in central and south-western part of the country. Workable reserves equal 159 years of hard coal and 29 years of lignite output.

Considerable coal resources and output provide Poland with a high degree of energy self-sufficiency. Coal supplies cover 65% of the primary energy consumed domestically and this mineral is the source of generation of approximately 95% of the total electricity production. Restructuring of coal mining and the need to diversify the structure of energy supply increases the significance of liquid and gaseous fuels in the country's energy consumption.

The workable natural gas deposits in Poland are estimated at 128 billion cubic metres, an equivalent of 23 years of output at the present level. Natural gas exploitation covers above one-third of the domestic demand for this fuel. On the other hand, reserves and output of crude oil are insignificant, hence, practically the entire oil refining is based on imported crude.

Traditionally, the former Soviet Union was the only exporter of natural gas and the major supplier of crude oil to Poland. However, in the 1990s, the sources of crude oil imports were considerably diversified and, for this purpose, the crude oil terminal in the Gdańsk port was expanded.

At 6.5 to 7 billion cubic metres of annual export (which represents roughly one-half of the total domestic consumption), Russia, selling this type of fuel through Gazprom, still remains by far the largest supplier of natural gas to Poland. The Russian gas is partially delivered via the first branch of the Yamal gas pipeline running through Belarus and Poland to Germany. Gas imports have also been gradually diversified by Poland. Considerable volumes of gas have been imported from Kazakhstan,

Turkmenistan, Norway and Germany and small amounts from Ukraine and the Czech Republic. The so-called “small contract” was signed with Norway and since 2001 the volume of gas imported from Norway via German pipelines has reached 500 million cubic metres annually. A similar volume is imported from Germany. In the future, imports from these two countries are expected to increase. The projects under consideration include a pipeline in north-western Poland, which would connect Poland with the network of gas pipelines in Germany, as well as construction of a system of gas transit from Norway. Another concept which would allow diversification of gas imports is the construction of liquid gas port terminal on the Polish sea shore. A project of the Nabucco pipeline to transport gas from Turkmenistan and Iran (from the Caspian Sea region) to Europe, including to Poland, seems to be less real.

Metals

Developed copper resources in Poland, now reaching 1.36 billion tonnes, are sufficient for the next 43 years at the present level of output. Copper is mined in Lower Silesia from the depth of down to 1,200 metres. Copper ores available in Poland are characterised by a high content of silver, making the exploitation more profitable. Copper mining in Poland is a relatively new industry, dating its development to the late 1960s. Poland is ranked 9th among producers of pit copper in the world and first in Europe (excluding Russia). The production of silver gives Poland 5th position in the world and the first in Europe. The majority of mined copper and silver is exported principally to the EU countries. Restructuring and modernisation of this branch, carried out in recent years, have reduced production costs and improved competitiveness on the international market.

The year 1997 witnessed the beginning of privatisation of the Polish copper industry. 36% of shares in KGHM Polska Miedź S.A., the sole copper producer in Poland, have been sold to domestic and foreign investors in public offering. KGHM is a leading Polish exporter and one of the largest companies in Poland. This company, in which the majority stake is still owned by the State, has also made large-scale investment in the telecommunications sector and is one of the major stakeholders of Polkomtel, one of the three mobile telephony operators in Poland. It is worth noting that 2005 was another very good year for KGHM. High prices of copper and silver on world markets enabled the company's shares to reach the highest value ever and net profit, amounting to PLN 2.4 billion (\$ 742 million), went up by 70% relative to 2004.

Zinc-lead ore deposits can be found in the Silesia and Kraków regions. The present output, however, does not meet the demand of the manufacturing industry, which is therefore partially covered by imports of concentrates. On the other hand, some portion of metallurgic zinc and, to a lesser extent, lead output is exported.

3. Productive assets

At the end of 2004, the total gross value of fixed assets at current market prices in Poland amounted to PLN 1,747.9 billion, this being an equivalent of approx. \$587.1 billion, of which 57.8% was owned by the private sector. Buildings and structures accounted for 66.3%, machinery and equipment for 26.7%, and transport equipment for 6.1% of the total value of fixed assets. Above 73% of fixed assets was accumulated in three economy sectors: industry (31.8%, including manufacturing with a 17.1% share), real estate and business activities (23.2%, including residential buildings with a 21.7% share), and transport and communication (18.4%).

The productive assets of manufacturing comprised primarily assets invested in the following divisions: manufacture of food products and beverages (18.1%), manufacture of chemical products (10.8%), automotive industry (9.1%), mineral industry (8.7%), manufacture of coke, refined petroleum products and derivatives (6.5%), manufacture of rubber and plastic products (5.8%), manufacture of metals (5.7%) and manufacture of machinery and equipment (5.6%). The main components of manufacturing assets were machinery and equipment (60.4%) and buildings and structures (34.8%).

The Polish productive assets are to a high degree depreciated. As at the end of 2004, the degree of their depreciation in economy averaged 45.9%. In industry, the productive assets were depreciated by 50.5% (on average), including in electricity, gas and water supply by 53.4%, mining and quarrying by 53.1%, and in manufacturing industry by 48%. In the last section the rate of depreciation was relatively high (exceeding 55%) in manufacture of other transport equipment (primarily ships), manufacture of textiles, manufacture of machinery and equipment, manufacture of coke, refined petroleum products and derivatives, and manufacture of chemical products. In such divisions as: manufacture of motor vehicles, manufacture of office machinery and computers, manufacture of furniture, and manufacture of tobacco products the foregoing rate was quite favourable (below 42%).

The degree of depreciation of productive assets in Polish economy varies widely as regards individual components. As at the end of 2004, the depreciation ranged from 60.9% in machinery and equipment, to 52.7% in transport equipment, and 38.7% in buildings and structures. A very high degree of depreciation of machinery and equipment was recorded in agriculture and forestry (80.9%), a considerably lower one, but still high in real estate and business activity (64.5%), construction (62.2%) and industry (60.4%). On the other hand, the depreciation rate was relatively low in trade and repair (52.3%), and in hotels and restaurants (54.6%). In the former section, major foreign investment has been recorded in recent years, focusing mainly on commercial networks. In industry, the rate of machinery and equipment depreciation exceeded 65% in the following divisions: manufacture of machinery and equipment, mining of coal and lignite, manufacture of coke and refined petroleum products, electricity, gas and hot water production and supply, manufacture of other transport equipment and manufacture of textiles.

High degree of depreciation of productive assets, especially in traditional industries, makes the modernisation and replacement of machinery, apart from consistently introduced systemic changes, the basis for economic transformation. The modernisation is focused, in particular, on high productivity industries facing good development prospects. In the years 1996-2004, the degree of depreciation of the productive assets in Polish economy decreased from 49.7% to 45.9%, including in industry from 57.2% to 50.5%. In this sector the rate of depreciation went down particularly in manufacture of metals (from 66.3% to 44.1%), manufacture of motor vehicles (from 53.3% to 37.9%) and manufacture of office equipment and computers (from 54.9% to 40.4%).

Such a decrease in the rate of depreciation of the productive assets in the Polish economy was possible thanks to a considerable growth in investment expenditure. Such expenditure increased particularly fast (15-22% *per annum* in fixed prices) in the years 1995-1998. In 1999-2002 this growth largely slowed down. Since the second half of 2003 increase in the investment activity has been observed again. In the period 2004-2005 investment rose by approximately 6.5%. An increasingly important role in the investment process is played by foreign companies. In 2004, the share of companies with foreign capital participation in the aggregate gross expenditure on fixed assets represented 45.5% as compared with 20% in 1996.

4. Economic infrastructure

Infrastructure is of key importance for development of activity in all sectors of the economy. As a Member State of the European Union, Poland makes efforts leading to an integration of its economic infrastructure with the infrastructure of the other Member States. Liberalisation of the services market in the network sectors as well as development of the economic infrastructure which has been deteriorating for years is one of the most crucial strategic directions of economic development in Poland.

Transport

The most important problem of the Polish transport infrastructure is the absence of a well-developed network of high-capacity roads (motorways and express roads), a high percentage of poor-quality roads, substantial technical deterioration of the railway network, unadjustedness of the air transport infrastructure to the increasing number of passengers, low quality of inter-regional links, in particular between the eastern regions of Poland and the rest of the country.

Inclusion of the Polish network of transport infrastructure in the European network requires modernisation and extension of the former. EU membership has offered an opportunity for significant improvement of the situation in this respect due to the possibility of obtaining the Community's financial support to investment projects. Such a support can be granted to those elements of the transport infrastructure which are situated in trans-European transport corridors (TEN-T network) and are of material importance for the entire EU (modernisation of the railway and road network, construction of motorways and express roads), as well as to smaller investment projects aimed at a development and upgrading of the regional transport infrastructure. In the years 2007-2013, the EU funds of more than € 15 billion is to be earmarked for: TEN-T trans-European transport networks, development of environment-friendly transport, transport infrastructure in eastern Poland, enhancement of transport safety and national transport networks. The average share of the EU funds in the financing of projects under the foregoing priorities is to be approximately 84%. In addition to national public contribution, these projects are to be financed also by the private sector. The major objective of the investments will be to optimise the transport system in Poland and this, in turn, should lead to an intra-industry and territorial integration and improvement of the quality of transport.

Thanks to its transit location and infrastructural investment, Poland now faces a chance to play a major role serving international transport between western Europe and Russia, Ukraine and Central Asia as well as between the Nordic states and the South of Europe.

Road transport

Since the beginning of the economic transformation the number of motor vehicles on Polish roads has been growing fast. In the period 1990-2004, the number of registered passenger cars increased by 128% (from 5,261,000 to 11,975,000), trucks by 129% (from 1,045,000 to 2,392,000), and the average traffic per 24 hours rose by 59% (from 8.5 million to 13.5 million vehicles).

As a result of Poland's accession to the EU the motor transport market was fully liberalised, which has led to a 50% increase in the number of vehicles in international

transport. Transport between western Europe and Russia, Ukraine and Central Asia has a considerable share in the total volume of international transport.

A substantial increase in the depreciation of road infrastructure in the previous and at the beginning of the current decade was not accompanied with a sufficient development and modernisation thereof. At the end of 2004, Poland had 252,000 km of hard-surface public roads, which translated into 80.7 km of roads per 100 square kilometres of land. The most dense network of roads was in the śląskie and małopolskie voivodships, whereas the most sparse one – in the warmińsko-mazurskie and podlaskie voivodships. The total length of international roads was 5,500 km, of which 4,800 km in trans-European transport corridors (TINA network).

The chief drawback of the Polish road network is the insufficient length of motorways (710 km) and express roads (247 km). Until 2013 further 605 km of motorways and 1,300 km of express roads is to be built. Construction of about 20 ring roads around cities and towns is expected to improve road capacity and safety. As a result, a network of safe roads will be built to cover the majority of the country's area. The target total length of motorways and express roads is to approximate 7,200 km, including ca. 2,000 km of motorways. In the years 2007-2013, the network of roads adjusted to traffic of vehicles of maximum authorised weight per axle of 11.5 tonnes is expected to increase from 1,500 km to more than 3,400 km. Such investment is necessary due to the forecast increase in the number of passenger cars by 50-70% and in the volume of cargo transport by 33-67% until 2020. Development of the road network in eastern Poland and, in particular, improvement of road links between the region's two largest cities, Białystok and Lublin, and Warsaw, contributing to an improved quality of infrastructure for international transport between western Europe and the eastern Europe countries, will be one of the key priorities.

Railway transport

As at the end of 2004 the total length of railway lines in Poland was 20,300 km. Density of the railway network was 6.5 km/100 km² of the country's total area and exceeded the EU-15 average of 5 km/100 km². The largest density of railway network is in the south-western part of Poland and, in particular, in the śląskie voivodship (18.4 km/100 km²), whereas the lowest one in the podlaskie, lubelskie and mazowieckie voivodships (below 5 km/100 km²). The most important element of the railway infrastructure is the 5,400 km long Trans-European Railway Transport Network (TEN-T) which serves approximately 60% of total transport. Railway lines of four trans-European transport corridors cross Poland.

In the next few years development of railway transport in Poland will consist primarily in the improvement of the existing infrastructure. As a result, the technical condition of railway lines will be improved, namely the carrying capacity will be increased to 22.5 tonne/axle, maintenance costs will be reduced and the standard of transport of goods and passengers will be improved, in particular thanks to the reduction of the time of journey. Until 2013, 50% of the railway network in the trans-European transport corridors is expected to be upgraded and, by 2020, fully modernised. At the same time, the remaining part of the railway network which falls within the scope of the state's responsibility will be upgraded. By 2013 preparatory work prior to the construction of high-speed railway lines will be commenced.

Municipal transport

In 2004, municipal transport system was in operation in 259 Polish cities and towns of a population totalling 18.1 million. The aggregate length of ground municipal transport lines was 52,500 km, served by 11,200 buses, 3,600 trams and 200 trolley buses. The only city having the Underground is Warsaw. At present, only one, 16 km long, line is in operation.

The condition of infrastructure of local public transport in Polish cities and towns is varied. The major problems include: high costs of maintenance of the transport system and deterioration of infrastructure as a result of excessive individual traffic, insufficient funds allocated to infrastructural investment by municipal self-governments, insufficient development of environment-friendly forms of transport, such as fast city railway, tram, Underground or trolley bus, low competitiveness of railway transport (apart from the Underground service) as compared with cars due to its low operational speed. Individual transport is preferred to bus transport in a majority of cities and, in particular, in medium-sized towns. A positive phenomenon is the demonopolisation of the market in public transport services.

Until 2013 the priority of the transport policy pursued by the State will be to increase the share of environment-friendly public transport in 9 metropolitan areas: Katowice, Gdańsk-Gdynia-Sopot, Warsaw, Toruń-Bydgoszcz, Łódź, Kraków, Szczecin and Poznań. Actions are to be aimed at infrastructural integration of all means of transport in operation in a given metropolitan area, introduction of integrated traffic management systems preferring public transport and promotion of environment-friendly forms of transport, alternative to individual transport.

Maritime transport

The largest seaports in Poland, that is ones in Gdańsk, Gdynia, Szczecin and Świnoujście, are the strategic nodes of the domestic and European transport infrastructure. They link various branches of inland (railway and road) transport and inland waterway transport with international maritime transport. Polish seaports are served mainly by railway transport.

Polish commercial seaports have an infrastructure which allows them to provide a wide range of both cargo and passenger transport services. As regards development of maritime transport infrastructure, projects planned include modernisation of the Świnoujście-Szczecin waterway, construction of port infrastructure for the container base in Szczecin and for the West-Pomerania Logistic Centre in Szczecin, improvement of access to the main seaports from the sea and land, and many other projects related to modernisation and to the enhancement of reloading capacity.

Inland waterway transport

Inland waterway transport plays a minor role in Poland. The length of navigable inland waterways approximates 3,638 km. The most ample opportunities for inland navigation are offered by the Oder River and its tributaries. The Oder Waterway forms part of the trans-European transport network and serves primarily the Szczecin and Świnoujście seaports. In the future, the inland waterway transport, as the most environment-friendly one, will gain importance in Poland.

Air transport

The air transport infrastructure comprises the central international airport in Warsaw and 55 regional airports and airfields. Regular passenger traffic is served by 11 airports, eight of which belong to the TEN-T network.

Dynamic development of passenger air transport requires concurrent expansion and modernisation of the infrastructure of airports and ground handling equipment, in particular navigation equipment. Currently, the Warsaw-Okęcie airport, the largest international airport in Poland, is modernised and extended (in the years 2010-2015 it is to reach the annual capacity of 10-15 million passengers), as are the other seven airports belonging to the TEN-T network (Poznań, Szczecin, Wrocław, Gdańsk, Rzeszów, Kraków and Katowice). Planned construction of the second central airport will be of strategic importance for the Polish air transport.

Intermodal transport

In recent years the importance of intermodal transport, which makes use of at least two different modes of transport, has been growing. Its role in Poland is, however, still smaller than in the EU-15. At present, the existing network of terminals is insufficient and requires upgrading and extending. Development of the intermodal transport will be possible primarily through construction of new terminals based on the existing railway infrastructure, establishment of logistic centres linked to the railway network and seaports, and introduction of innovative management techniques in the terminals and centres. These actions are expected to result in an increased share of intermodal transport in the total cargo transport from 1.5% at present to 5% in 2015.

Infrastructure of crude oil and natural gas transport

As at the end of April 2004 crude oil and petroleum products main pipelines were 2,278 km long. The main crude oil transport routes from the states of the former Soviet Union to the EU, including the northern branch of the oil pipeline "Przyjaźń", run across Poland. Crude oil and petroleum products are imported to Poland also by sea. The current reloading capacity of the Northern Port and Naftoport in Gdańsk is nearly two times larger than the domestic demand for crude oil.

In 2004, the length of the gas transmission network was 18,636 km, and of the gas distribution network – 101,921 km. The most dense gas distribution network is in the małopolskie and śląskie voivodships, whereas the most sparse one is in the podlaskie and warmińsko-mazurskie voivodships. At present, as much as 88% of gas from the distribution network is purchased by cities and towns. Due to an expected increase in gas consumption (from 13.9 billion cubic metres in 2005 to 18.8 billion cubic metres in 2010), development of the network, particularly in rural areas in north-eastern Poland, becomes necessary.

Projects planned for the years 2007-2013 include construction and upgrading of natural gas and crude oil transmission lines as well as of technical equipment which enables operation of transmission systems, extension of natural gas storage facilities, and construction of infrastructure allowing diversification of sources of natural gas and crude oil imports. These projects are to be financed, to a large extent, with the EU funds.

Communications

As at the end of 2005 the number of fixed-telephony subscriber's lines totalled 11,803,000. The density of the subscriber network was 33 subscriber's lines per 100 residents, which remains one of the lowest ratios in the EU-25. In recent years, the telecommunications network has been replaced and upgraded, although its length has not increased. The main reasons therefor include high costs of installation and use of the line by customers as well as competition from mobile telephony. Currently, all the main telephone exchanges are digital ones operating based on fibre optic networks. The largest fixed-line telephony operator is Telekomunikacja Polska S.A. which provides services to more than 90% of all subscribers. In 2005, 68 alternative operators, which established their own telecommunications networks, were present on the market. Among them the largest share in the total number of subscriber's lines was held by Telefonia Dialog (3%).

Mobile telephony is developing fast in Poland. At present, it has more subscribers than the fixed-line telephony. In 2000-2005, the number of subscribers went up from 6.7 million to 29.2 million. In 2005, of every 100 persons 76 were mobile telephony subscribers, which, however, is still a relatively low number as compared with the other EU Member States. This is a consequence of the fact that the prices of mobile telephony services remain too high in relation to the society's purchasing power. Currently, three operators are present on the market: POLKOMTEL S.A., Polska Telefonia Cyfrowa Sp. z o.o. and Polska Telefonia Komórkowa CENTERTEL Sp. z o.o. Their respective market shares in terms of the number of users are similar. By the end of 2006 an operator offering third-generation UMTS services is to commence its activity. The number of mobile telephony users is expected to increase by 2008 to 36.1 million and their share in the total population to 95%.

One of the most important tasks the telecommunications policy is now facing is to provide universal and cheap access to the Internet. The number of Internet users in Poland, aged 15+, is estimated at 8-10 million. In 2005, the most popular technology providing access to the Internet was broadband access service at above 128 kbit/s (used by 38% of internauts). Less popular technologies included: telephone modem (26%), cable television modem (14%), wireless access (11%) and other technologies (6%). In 2004, 880,000 users had access to broadband Internet (of which 630,000 used digital telephone lines and 250,000 – cable television). In recent years, it has been the most rapidly developing segment of telecommunications services. The number of open-access points offering access to wireless Internet is steadily growing (tourist spots, hotels, office buildings, restaurants, cafés, etc.).

The policy for telecommunications development in Poland provides for the introduction of clear and transparent market rules for all the operators in line with the principles of fair competition. Considerable importance is being attached to improved availability of data transmission services, both fixed-line and mobile, including broadband and third-generation mobile telephony services.

Power system

As at the end of 2005 the total installed power in Polish power plants and CHP plants amounted to 34,700 MW. More than 94% of electricity is generated in coal power plants. In 2005, the electricity consumption totalled 144,838 GWh, which translated into 3.8 MWh per person. This ratio is much lower than the EU average.

The length of power lines in Poland is 750,000 km, including 13,000 km of transmission grids and 705,000 km of medium- and low-voltage distribution grids.

In order to ensure energy safety on a local level it is necessary to upgrade and expand the power grid, in particular in rural areas.

Poland is situated on the borders of three power systems: the West European one (UCTE), the East European one (CIS/Baltic States) and the Nordic one (Nordel). The capacity of the links of the Polish power system with the EU states (Germany, the Czech Republic, Slovakia and Sweden) is 2000-3000 MW. Currently, the links with Germany are planned to be extended and a 750 kV line with Ukraine is to be launched, which should improve Poland's energy safety. Projects under consideration include also construction, supported with the EU funds, of a line linking the Polish and the Lithuanian power systems and the District of Kaliningrad.

5. Natural environment

Poland is one of those countries, where the degree of environment pollution shows a considerable regional variation. Threats to the environment are present primarily in the urban and industrial areas covering 10-15% of the country. Over the past years, the condition of the natural environment in Poland has improved remarkably. This resulted from reducing of industrial production (particularly in environmentally hazardous areas) at the beginning of the transformation process, from tightening of laws on environmental protection and their more effective enforcement through economic instruments, such as a system of charges and penalties. Consequently, investment outlays on the protection of the environment increased significantly, as did the demand of enterprises for raw materials causing less pollution (e.g. coal with low sulphur content).

In the years 1990-2001, the total emissions of sulphur dioxide decreased by 57.2%, the emission of nitrogen dioxide by 36.9%, of ammonia by 41.3%, of carbon dioxide by 16.4% and of methane by 35.9%. The last two are the main greenhouse gases; under the Kyoto Protocol, the European Union committed itself to reduce their emissions by 8% in the period 2008-2012, as compared with the 1990 level. In respect of Poland, this commitment is 6% relative to the 1988 level. This target was largely exceeded; the actual reduction has already reached 30%, which means that Poland has substantial savings in the gas emission rights. On the EU market these rights can be traded in as of 28 February 2005. Poland is expected to launch a system of trade in emissions in 2006.

The emissions of particulate matter by air-polluting plants declined from 1,163,000 tons in 1990 to 123,000 tons in 2004, including particulate matter from fuel burning from 933,000 tons to 99,000 tons. In the same period, the quantity of untreated industrial and municipal sewage diminished from 1.34 billion cubic metres to 0.19 billion cubic metres, including sewage from sewerage network from 922.9 million cubic metres to 141.3 million cubic metres, and sewage disposed directly from plants from 419.7 million cubic metres to 50.5 million cubic metres. The volume of sewage requiring treatment decreased from 4.1 billion cubic metres to 2.1 billion cubic metres. The structure of treated sewage also improved, and the share of sewage treated with biological, i.e. most environment-friendly methods, rose from 39.5% to 64.5%.

The uptake of water by the economy and population declined in the years 1990-2004 from 14.2 billion cubic metres to 11 billion cubic metres. This concerned, in particular, the three main consumption areas: water used for production (excluding agriculture, forestry and fisheries) from own water intakes; water used for irrigation and refilling of ponds in agriculture, forestry and fisheries; and water for the water supply system.

Because of the rapid growth of the number of vehicles, the emissions of some pollutants generated by transport equipment, particularly of carbon dioxide and dinitrogen monoxide, rose significantly in the last dozen or so years. Nevertheless, the emission of other pollutants (methane, carbon monoxide, nitrogen oxides, sulphur dioxide or lead) has decreased.

The economic utilisation of a majority of the Polish territory is extensive and has only a limited impact on the quality of the environment. In agriculture, for instance, the use of mineral fertilizers and plant protection chemicals is relatively low. This opens up vast possibilities for the development of organic farming. In the years 1990-2004, the number of organic farms increased in Poland from 27 to 3,760. Particularly strong increase in the interest in organic farming has taken place in recent years. In 2004, the number of such farms rose by 1,474, while in the first half of 2005 as many as 3,112 producers registered agricultural activity in the field of organic farming. The total area of organic cultivation was 82,700 ha in 2004. The largest area of organic cultivation is in the zachodniopomorskie, podkarpackie, warmińsko-mazurskie and dolnośląskie voivodships. In 2004, organic cultivation in Poland accounted for a mere 0.5% of the total area of usable agricultural land. In contrast, the respective ratio in the "old" Member States of the European Union is 3.4%.

Poland is considered a country of relatively unspoiled natural resources, especially when compared with Western Europe. Many regions of the country are characterised by a wide biological diversity. There are rare species of plants and animals that cannot be found anywhere else on the continent or that are endangered elsewhere. Protected areas of different status encompass one-third of the country, which is one of the highest ratios in Europe. The system of protected areas has been developed since the mid-1980s. In 1990-2004 alone, the area of national parks increased by 91%, of nature reserves by 38%, of landscape parks by 114%, and of protected forests by 20%.

6. Border crossings

Poland borders on land with seven states. The northern border runs along the seashore of the Baltic Sea. Since 1 May 2004, i.e. as of the day of Poland's accession to the European Union, the western part of the border with the Federal Republic of Germany, the southern with the Czech Republic and with the Republic of Slovakia, and in the east with the Republic of Lithuania have become internal EU borders. The remaining part of the eastern border with Ukraine and the Republic of Belarus, and the north-eastern border with the District of Kaliningrad, an enclave belonging to the Russian Federation, is the external border of the European Union. Crossing the state border both with the EU Member States and with Ukraine, the Republic of Belarus and the Russian Federation is permitted only at border crossings.

Poland has many border crossings with each of the neighbour states. These crossings can be classified as:

- passenger and freight,
- reserved for cross-border traffic,
- reserved for tourist traffic.

Passenger and freight border crossings

The crossings were created under agreements between the Republic of Poland and the Federal Republic of Germany, the Czech Republic, the Republic of Slovakia,

Passenger and freight border crossings

Polish border	Number of passenger and freight border crossings				
	road	railway	tourist	river	sea
with the Republic of Slovakia	16	3	35	-	-
with the Czech Republic	28	8	49	-	-
with the Federal Republic of Germany	22	8	-	5	-
with the Russian Federation	4	2	-	-	-
with the Republic of Lithuania	2	1	-	-	-
with the Republic of Belarus	6	5	-	1	-
with Ukraine	6	5	-	-	-
Northern sea border (Baltic Sea)					18

Permanent air border crossings

Town-airport	Type of border traffic
Open 24 hours	
Gdańsk-Rębiechowo Katowice-Pyrzowice Kraków-Balice Poznań-Ławica Rzeszów-Jasionka Szczecin-Goleniów Warszawa-Okęcie Wrocław-Strachowice	passenger, freight passenger, freight passenger, freight passenger, freight passenger, freight passenger, freight passenger, freight passenger, freight
Open 7.00 a.m. – 8.00 p.m.	
Jelenia Góra Lublin Bydgoszcz Biała Podlaska Świdnik Zielona Góra-Przylep ^a Zielona Góra-Babimost Łódź-Lublinek Warszawa-Babice ^a Mielec Kielce-Masłów Szczytno	passenger passenger passenger, freight passenger passenger passenger passenger, freight passenger, freight passenger passenger passenger, freight passenger

^a Open from 6.00 a.m. to 8.00 p.m.

Ukraine, the Republic of Belarus, the Republic of Lithuania and the Russian Federation. They require a passport or other documents allowing to cross the border. These are road, railway and tourist border crossings for passenger and freight traffic.

Border crossings for cross border traffic

On the border with the Republic of Slovakia, Poland has 27 road border crossings reserved for cross-border traffic, and 66 on the border with the Czech Republic. On all the passenger and freight border crossings with the Federal Republic of Germany, cross-border traffic is also allowed.

Border crossings reserved for tourist traffic

Crossings reserved for tourist traffic are on the border with the Czech Republic and the Republic of Slovakia. The crossings on the border with the Czech Republic are for citizens of the Republic of Poland and the Czech Republic, while the border crossing points where tourist routes run across the border with the Republic of Slovakia are for citizens of the Republic of Poland and the Republic of Slovakia.

For detailed information on border crossings visit the Border Guard's website: <http://www.sg.gov.pl>

V

MAIN SECTORS OF THE ECONOMY

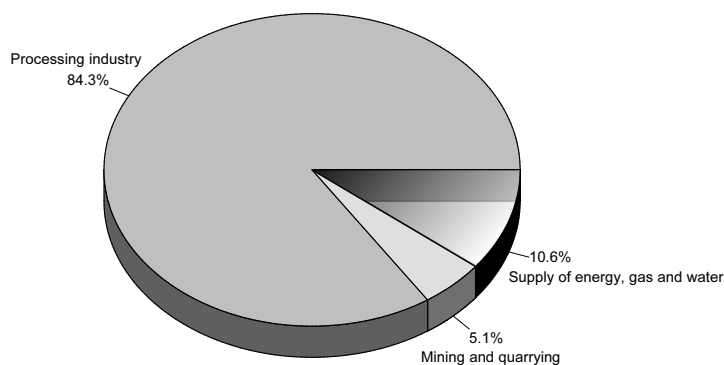
1. Industry

In 2005 the total value of sold industrial output amounted to approximately PLN 664 billion (\$ 206 billion), which mainly includes the output of industrial processing companies – approx. PLN 559 billion (\$ 173 billion) and enterprises dealing with the production and supply of electricity, gas and water – approx. PLN 71 billion (\$ 22 billion) as well as mining and quarrying – approx. PLN 34 billion (\$ 11 billion).

In 2005 the production of food and beverages had the largest share in the overall output of the processing industry amounting to 17.9%. The percentage share of other sectors was as follows: the production of motor vehicles, trailers and semitrailers (9.2%), the chemical industry (6.2%), the refining and coking industries (5.7%), the production of metal products (5.4%), metals (4.4%), as well as the production of rubber and plastic products, non-electrical machinery and devices and electrical machinery and apparatus (approximately 3-4% respectively).

Since 1992 the industrial output in Poland has been growing rapidly. The high growth rate in industry is mainly attributable to the growth of the industrial processing sector based on the growing activity of private sector companies.

Breakdown of sold industrial output of industry in 2005, by sections of the Polish Classification of Economic Activities (PKD)



The volume of sold industrial output grew in the years 1992-2000 at an average annual rate of 7.3%. After a temporary slowdown of the growth rate in 2001-2002, it accelerated in 2003 to reach 8.3% and 12.6% in 2004. After the subsequent 2005 slump (to 3.8%), the industrial output has been growing at a double-figure rate in 2006. In the first six months of the year it increased by 12.6% compared to the same period in the previous year. Growth has been particularly strong in the industrial processing sector (13.7%), mainly in the manufacture of radio, TV and telecommunications equipment (by 53.9%), medical, precise and optical devices (by 24.7%) and motor vehicles (by 21.8%).

Growth in the sold industrial output in the years 2000-2004 was achieved with a falling employment, while in 2005 the employment level grew at a slower rate than output. As a result, the labour productivity, measured by the value of sold industrial output per employee, increased (in 2005 by 2.9%).

At the beginning of 1990s, restructuring of Polish industry began, comprising mainly mining and quarrying and industrial processing as well as the production and supply of electricity, gas and water. The aim of the restructuring is to adjust industry to market economy conditions in view of such factors as the challenges of

**Internal expenditures on research and development and R&D employment
in enterprises in selected divisions of manufacturing in 2004^a**

Division of manufacturing	Internal expenditure		Employment
	\$ million	%	persons
Manufacture of food products and beverages	6.9	2.9	179
Manufacture of textiles	5.0	2.1	125
Manufacture of coke and refined petroleum products	8.2	3.4	333
Manufacture of chemicals (including pharmaceuticals)	61.1	25.5	1783
Manufacture of rubber and plastic products	9.8	4.0	195
Manufacture of iron, steel and non-iron metals	4.9	2.0	40
Manufacture of metal products	2.8	1.1	145
Manufacture of machinery and equipment	47.3	19.7	1998
Manufacture of office machinery and computers	1.5	0.6	91
Manufacture of electrical machinery and apparatus	27.9	11.7	705
Manufacture of radio and TV equipment	12.2	5.1	240
Manufacture of medical and precision instruments	12.1	5.0	581
Manufacture of motor vehicles	40.5	16.9	997
Total	240.2	100.0	7412

^a Internal expenditure on research and development are enterprise's outlays on R&D independent of the source of financing. They cover both current expenditure and investment outlays on fixed assets associated with R&D activities, but do not cover depreciation of these assets. These expenditures are on a gross basis, even if actual costs were lower due to reliefs or rebates granted after the completion of R&D projects.

Source: Central Statistical Office.

globalisation, the opening up of the economy and Poland's participation in the integration processes within the EU.

The restructuring of industry follows different directions and involves both horizontal and sector-specific programmes as well as activities undertaken directly at industrial company level. The main goal of the restructuring programmes pursued in Poland is to improve innovativeness and the profitability of enterprises.

Usually the restructuring activities conducted at enterprise level are combined with privatisation – also with the injection of foreign capital. In 2005 a major part of industrial output (81.8%) was generated by private enterprises and their share in an average industrial employment rate rose to 79% (compared to 50% in 1995).

Sold output of industrial processing in the years 2002-2004 (in %)^a

Specification	2002	2003	2004
Total			
Total	100.0	100.0	100.0
High technology	5.4	5.1	4.5
Medium-high technology	21.2	23.4	25.6
Medium-low technology	29.8	30.1	31.3
Low technology	43.6	41.5	38.6
Public sector			
Total	100.0	100.0	100.0
High technology	3.6	3.2	3.2
Medium-high technology	21.3	22.9	23.7
Medium-low technology	50.4	55.2	56.8
Low technology	24.7	18.7	16.3
Private sector			
Total	100,0	100,0	100,0
High technology	5,6	5,3	4,7
Medium-high technology	21,2	23,4	25,8
Medium-low technology	26,8	26,7	28,3
Low technology	46,4	44,5	41,2
Foreign property in the private sector			
Total	100.0	100.0	100.0
High technology	9.3	7.8	6.5
Medium-high technology	35.8	38.9	42.5
Medium-low technology	18.0	19.2	19.2
Low technology	36.9	34.1	31.8

^a based on the OECD list of 1997.

Source: Central Statistical Office.

The restructuring activities involve the introduction of non-technological innovations – new organisational structures and management methods – replacement of machinery and the introduction of new technologies as well as upgrading the production profile and range of products. These activities are combined with the introduction of IT and ICT, efficient supply chain management methods (e.g. Just-in-Time) and control (e.g. TQM) as well as ISO standards and EU certificates.

The restructuring of industry leads to increased labour efficiency and improved production profitability. The strategic goal of industrial restructuring (to be achieved after at least 10 years) is to increase the part played by high and medium-high technology in the industrial output and to limit the role of medium-low and low technology sectors. Such restructuring is founded on research and development (R&D) involving the pursuit of systematic creative activities aimed to increase the resources of knowledge and to find new applications for that knowledge.

In 2004 most of the internal outlays on research and development and R&D employment in enterprises was made in the chemical sector and the production of machines and equipment and motor vehicle sector.

In the years 1995-2005 about 4% of employees in the industrial processing sector (in companies with 50 and more employees) were those operating in areas classified as high technology sectors. Recently, the share of the sector of high technologies in the value of sold industrial output within the industrial processing sector has amounted to approx. 5% and exceeds 30% combined with the medium-high sector. Of this foreign capital companies account for nearly 50%.

What characterises the development of industrial processing in Poland is the creation of industrial clusters – groups of specialised enterprises competing and cooperating with each other at local level but also within regional, national and international environments. The clusters – as structures creating a demand for innovation – generate highly qualified resources, which allow enterprises to obtain and maintain their competitive edge. Commercialisation of the fruits of scientific research is mainly conducted in technological parks and centres for technology transfer. International corporations set up research and development centres in Poland and undertake cooperation with Polish innovative enterprises.

Polish enterprises use their websites to promote their operations and publish invitations to cooperate. This is commonly done by large enterprises, most of the medium-sized enterprises and a growing number of small enterprises.

Selected sectors of industrial processing by technology level

In six short, uniform sectoral profiles, the basic data on sector characteristics is presented, on its place in the domestic and international market. It is intended to show both the potential and development possibilities of the sectors.

In the Polish manufacturing, **high technology industries** are represented by the aviation sector and the pharmaceutical sector and **medium-high technology industries** by the automotive and chemical industries. The **medium-low technology industries** are represented by the shipbuilding industry, while **low technology industries** by the petrochemical sector (i.e. production of coke and petroleum oil products).

Selected sectors of the high technology industries

Aviation sector (*Manufacture of airships and spaceships – NACE 35.30*)

In 2004, the aviation sector comprised 12 enterprises employing 13,600 persons (end of December) with an average monthly wage or salary amounting to PLN 2,500.

The value of sold production amounted to PLN 1.4 billion (approx. \$0.4 billion); labour productivity (sold production per employee) – to PLN 102,000 and the energy-intensity (kWh per PLN 100 of sold production) to 13.3 kWh.

These results were obtained with the following production costs structure: materials – 39.1%, wages and salaries – 29.3%, outsourcing – 13.2%.

In 2004, the value of the aviation sector production amounted to 0.3% of the total value of sold production in Poland.

In 2004 and 2005, the role of the aviation sector in foreign trade turnover was as follows (trade value in \$ million, figures in brackets stand for percent shares in the total foreign trade turnover):

CN Section 88	2004			2005		
	Exports	Imports	Balance	Exports	Imports	Balance
	171	582	-411	152	393	-241
	(0.2)	(0.7)	x	(0.2)	(0.4)	x

Specific features of the Polish aviation sector include:

- long-established traditions in designing, constructing and test-flying civilian planes and military aircraft (a tradition that can be traced back to the beginning of the last century);
- connections with the industrial defence potential, particularly within the scope of the R&D projects;
- diversified and continuously updated offers of the aircraft, *inter alia* for commercial and sports use;
- specialised production equipment in a dozen or so medium-sized facilities;
- guarantee of top quality production, thanks to compliance with ISO standards;
- potential for cooperating with leading world aviation industry companies;
- functioning of an industrial cluster – The Aviation Valley (Rzeszów).

The pharmaceutical sector (*Manufacture of pharmaceuticals, medicinal products and botanical products – NACE 24.4*)

In 2004, the sector comprised 71 enterprises employing 22,700 persons (end of December) with an average monthly wage or salary amounting to PLN 4,200.

The value of sold production amounted to PLN 6.5 billion (approx. \$2 billion); labour productivity (sold production per employee) – to PLN 287,000 and the energy-intensity (kWh per PLN 100 of sold production) to 5.5 kWh.

These results were obtained with the following production costs structure: materials – 37.4%, wages and salaries – 20.2%, outsourcing – 20.3%.

In 2004, the value of the pharmaceutical sector production amounted to 1.4% of the total value of sold production in Poland.

In 2004 and 2005, the role of the pharmaceutical sector in the foreign trade turnover was as follows (trade value in \$ million, figures in brackets stand for percent shares in the total foreign trade turnover):

CN Section 30	2004			2005		
	Exports	Imports	Balance	Exports	Imports	Balance
	343	2,761	-2,418	525	3,096	-2,571
	(0.5)	(3.1)	x	(0.6)	(3.1)	x

Specific features of the Polish pharmaceutical sector include:

- concentration of production of medicinal products in plants being formerly part of the Polfa state-owned conglomerate;
- co-operation between the Biotechnology and Antibiotics Institute and the Pharmaceutical Institute;
- operation of herbal plants owned by Herbapol, chemical-pharmaceutical works and many private enterprises producing exclusively over the counter medicinal products;
- domination of investment outlays assigned for GMP (Good Manufacturing Practice) in order to fulfil international quality standards and environment protection standards.

Selected sectors of the medium-high technology industries

The automotive sector (*Manufacture of motor vehicles, trailers and semi-trailers and parts and accessories thereof – NACE 34*)

In 2004, the sector comprised 255 enterprises employing 88,800 persons (end of December) with an average monthly wage or salary amounting to PLN 2,600.

The value of sold production amounted to PLN 57.0 billion (approx. \$17.6 billion); labour productivity (sold production per employee) – to PLN 642,000 and the energy-intensity (kWh per PLN 100 of sold production) to 2.5 kWh.

These results were obtained with the following production costs structure: materials – 80.3%, wages and salaries – 5.3%, outsourcing – 6.2%.

In 2004, the value of the sector's production amounted to 12.4% of the total value of sold production in Poland.

In 2004 and 2005, the role of the automotive sector in the foreign trade turnover was as follows (trade value in \$ million, figures in brackets stand for percent shares in the total foreign trade turnover):

CN Section 87	2004			2005		
	Exports	Imports	Balance	Exports	Imports	Balance
	9,235	8,786	-449	11,655	8,836	2,819
	(12.5)	(10.0)	x	(13.0)	(8.7)	x

Specific features of the Polish automotive sector include:

- domination of companies with foreign participation;
- a considerable share of assembly of motor vehicles relative to their production;
- emergence of domestic demand barrier at given credit conditions;
- competition coming from the individual imports of used cars;
- functioning of an industrial cluster of automotive parts manufacturers.

The chemical sector, excluding the manufacture of pharmaceuticals (*Manufacture of chemicals – NACE 24, excl. 24.4*)

In 2004, the sector comprised 212 enterprises employing 64,000 persons (end of December) with an average monthly wage or salary amounting to PLN 3,300.

The value of sold production amounted to PLN 29.6 billion (approx. \$9.2 billion); labour productivity (sold production per employee) – to approx. PLN 418,000 and the energy-intensity (kWh per PLN 100 of sold production) to 22.0 kWh.

These results were obtained at the following production costs structure: materials – some 59.0%, wages and salaries – some 10%, outsourcing – some 18%.

In 2004, the value of the sector's production amounted to 6.5% of the total value of sold production in Poland.

In 2004 and 2005, the role of the chemical sector in the foreign trade turnover was as follows (trade value in \$ million, figures in brackets stand for percent shares in the total foreign trade turnover):

CN Section VI (excl. 30)	2004			2005		
	Exports	Imports	Balance	Exports	Imports	Balance
	3,398	6,040	-2,642	4,121	7,123	-3,002
	(4.6)	(6.9)	x	(4.6)	(7.0)	x

Specific features of the Polish chemical sector include:

- large number of enterprises and broad range of products;
- producers of plastic products are the largest group in the chemical sector;
- importance of fertilizers (particularly nitrogenous fertilizers) production in the total production of chemical industries;
- significant share of exports in production;
- huge domestic demand and a significant negative trade balance;
- functioning of an industrial cluster – The Plastic Valley (Tarnów).

Selected sector of the medium-low technology industries

The shipbuilding sector (*Building and repair of ships and boats – NACE 35.1*)

In 2004, the sector comprised 52 enterprises employing 27,500 persons (end of December) with an average monthly wage or salary amounting to PLN 3,000.

The value of sold production amounted to PLN 5.6 billion (approx. \$1.7 billion); labour productivity (sold production per employee) – to PLN 204,000 and the energy-intensity (kWh per PLN 100 of sold production) to 5.9 kWh.

These results were obtained with the following production costs structure: materials – 53.8%, wages and salaries – 16.7%, outsourcing – 20.7%.

In 2004, the value of the sector's production amounted to 1.2% of the total value of sold production in Poland.

In 2004 and 2005, the role of the shipbuilding sector in the foreign trade turnover was as follows (trade value in \$ million, figures in brackets stand for percent shares in the total foreign trade turnover).

CN Section 89	2004			2005		
	Exports	Imports	Balance	Exports	Imports	Balance
	2,935	2,476	459	3,046	1,637	1,409
	(4.0)	(2.8)	x	(3.4)	(1.6)	x

Specific features of the Polish shipbuilding sector include:

- high concentration of sale on the foreign markets (over 90%) and huge trade surplus;
- wide range of products – from seagoing merchant and technical ships to sailing, motor and sporting yachts; all products have ISO certificates;
- the offer covers design and production as well as ships repairs and reconstruction;
- strong multiplier effects in employment and material procurement (a significant share of outsourcing in production costs);
- correctly designated (R&D) but very modest co-financing from the state budget;
- need to establish capital groups as partners for lending banks.

Selected sector of the low technology industries

The petrochemical sector (*Manufacture of refined petroleum products – NACE 23.2*)

In 2004, the sector comprised 15 enterprises employing 9,200 persons (end of December) with an average monthly wage or salary amounting to PLN 5,000.

The value of sold production amounted to PLN 26.0 billion (approx. \$8.0 billion); labour productivity (sold production per employee) – to PLN 2,844,000 and the energy-intensity (kWh per PLN 100 of sold production) to 7.4 kWh.

These results were obtained with the following production costs structure: materials – 50.5%, wages and salaries – 1.7%, outsourcing – 5.6%.

In 2004, the value of the sector's production amounted to 5.7% of the total value of sold production of industrial products in Poland.

In 2004 and 2005, the role of the sector in foreign trade turnover was as follows (trade value in \$ million, figures in brackets stand for percent shares in the total foreign trade turnover):

CN Section 2709-2715 (excl. 2711)	2004			2005		
	Exports	Imports	Balance	Exports	Imports	Balance
	719	5,646	-4,927	850	8,130	-7,280
	(1.0)	(6.4)	x	(1.0)	(8.0)	x

Specific features of the Polish petrochemical sector include:

- high concentration of production capacity in PKN Orlen S.A.;
- high sensitivity of production costs to changes of the crude oil price on the world market since the majority of the oil is imported;
- high sensitivity of prices to administrative actions – changes of excise tax and exchange rates; however price elasticity of demand remains low;
- permanent cooperation with specialised transport companies having at their disposal equipment and means to move mass-cargo by pipelines, storage tanks and loading berths.

2. Construction

Construction is an important sector of the Polish economy. In 2005 an average employment level in the construction industry amounted to 453 thousand persons, i.e. 5.3% of the total number of persons employed in the economy.

The construction industry in Poland is a sector dominated by small, privately-owned companies. In 2005 they generated approx. 98% of the total value of the construction and assembly output in the country. The highest proportion of the production was generated by enterprises owned by Polish natural persons – approx. 66%, and private-owned companies – over 21%.

Within the breakdown of the construction and assembly output by type of structure built, over half of the structures are civil and water engineering constructions, approx. 1/3 are non-residential constructions and only approx. 14% house buildings.

Structure of construction and assembly output by types of structures
in 2004 and 2005 (%)

Type of structure	2004	2005
Total	100.0	100.0
Buildings	45.2	46.4
of this:		
residential buildings	14.0	13.9
non-residential buildings	31.2	32.5
Land and water engineering structures	54.8	53.6

Source: Central Statistical Office.

The value of the output of the construction and assembly industry in 2005 amounted to approximately PLN 42.0 billion (approx. \$ 13.0 billion) and was 7.4% higher than in the previous year. The increase was both a result of the sales of new projects (by 7.6%) and renovation work (by 7.0%). The share of new investments in the total value of the output of the construction and assembly industry increased to 71.8%.

Further acceleration in the growth of the output of the construction and assembly industry (to 9.2%) was registered in the first six months of 2006. A particularly fast sales growth was registered by enterprises dealing with land development (by over 60%), which along with the high increase in the number of new building permits issued (by 30%) suggests that the healthy situation in the building sector will continue in the near future. Poland's accession to the EU is bound to stimulate the construction and assembly sector in the long term. On the one hand, accession fosters new investments, supported from the structural funds, and on the other hand, it gradually improves the competitive situation of Polish companies in the single market of the European Union.

3. Agriculture

Poland is an agricultural producer of world and European importance.

Agricultural land in Poland covers 16.3 million hectares and constitutes approx. 12% of the total arable area of the EU-15 and over 50% of the total area of the country, i.e. more than the EU-15 average. Private farms occupy over 14.0 million ha, i.e. 86.0% of the total agricultural land area. Nearly all previously state-owned farms have been privatised (mainly as tenancies) since the process began in 1990.

77.0% of the agricultural land is arable. Orchards occupy 1.7%, while meadows and pastures 20.5%.

In 2004, an average size of a private farm was 8.4 ha, with farms from 2 to 5 ha accounting for 32.0% of arable land. Those from 5 to 10 ha accounted for 23.0%, those from 10 to 15 ha for 9.6%, and farms above 15 ha for 10.4% of arable land. Farms from 1 to 2 ha accounted for a sizeable share (25.8%) of arable land. Since 1995 an average size of an individual farm has increased by 0.8 ha.

Agricultural production is relatively highly mechanised. In 2004, there was one tractor per 12 ha of agricultural land. The use of fertilisers as pure chemicals in the economic year 2003/2004 amounted to 93.5 kg of NPK per hectare of agricultural land and was similar to the previous year.

In 2004, agriculture, hunting and forestry employed 2,138,000 people, which accounted for 16.8% of the total working population. In the EU-15 states the rate amounts to slightly over 4%.

The value of the total agricultural output is influenced by agricultural and meteorological conditions, which may affect the production of crops. Natural conditions made the agricultural output drop by 2.5% in 2005 (compared to the high growth in 2004 by 7.5%), when the fall in the production of crops by nearly 9% was not compensated for by the 5% growth in animal production.

Poland's accession to the EU has brought very positive changes in the position of the agricultural sector. The restructuring and modernisation of farms have been accelerated considerably. This refers mainly to farms with a high development potential, the number of which is estimated at over 500 thousand in Poland. The output volumes of these farms are growing at a fast rate, as is shown by the increase in the area of arable land and the growing number of live stock within individual herds, e.g. cattle (in particular dairy cows), pigs, etc. This increases the efficiency and productivity of farming – the crops of cultivated plants, in particular corn, and the productivity of animal breeding in particular milk cows are rising. In 2005, i.e. in the second year after the accession, Polish producers “fulfilled” the milk production quota specified under the Treaty, reaching a figure of approx. 8.5 billion litres. The output of the agri-food industry as well as the exports of agricultural products and processed food is growing at a fast rate. In 2004 exports grew by 30.2%, while in 2005 the growth rate was even higher at 37.2%.

The increased growth of the Polish agricultural and food production sector is mainly supported by the increased input from the State Budget following the accession, both in the form of direct support of farmers' incomes (direct payments) and support for the technical, economic and social restructuring of the sector.

The overall value of the support for the sector has been growing from year to year. In 2004 it amounted to PLN 11 billion (of which PLN 5.74 billion was expended from the national budget); and in 2005 to approx. PLN 16.5 billion (of which approx. PLN 8 billion came from the national budget).

After Poland's accession to the EU Polish farmers obtained financial support to their incomes from the EU budget (amounting to 25% of the support obtained by the farmers from the EU-15), additionally supplemented by EU and domestic support

in the form of transfer of funds from the so-called second pillar (structural funds) (which allowed Poland to achieve 30% of the support granted in the countries of the EU-15), and additional domestic support, which adds up to a support of approx. 55% of the EU-15 support.

The total value of direct support of farmers' incomes in 2005 amounted to over PLN 7 billion (in 2004 to approx. PLN 6.5 billion).

An important role is also played by the subsidies for exports of agricultural products and food in the form of export refunds, whose value in 2005 amounted to PLN 420.5 million.

Another important factor is the activity of the Agricultural Market Agency in the market for agricultural and food products (mainly intervention purchases). Outlays on this activity in 2005 amounted to PLN 1,391 billion, of which 34.2% was absorbed by the market for corn, 31.7% the market for sugar and sucrose, 11.3% the market for milk and dairy products, 10.4% the market for tobacco. The investment activities of the Agency stabilise the Polish market for agricultural and food products and enhance the effectiveness of the production and export.

Poland is continuing the implementation of a comprehensive programme towards adjusting agriculture and the agricultural and food sector to EU conditions:

- based on SAPARD funds. The total value of the funds under SAPARD allocated for the implementation of the programme will amount to PLN 6,343.74 million, of which PLN 4,191.13 million are public funds (from EU and state budget); EU assistance amounts to PLN 3,144.13 million;
- co-financing of the structural changes in the Polish agriculture and its environment from EU and domestic funds under the Rural Areas Development Plan for the years 2004-2006. In total, the Plan envisages co-financing from budgetary funds of € 3,592.4 million, of which 2,866.4 million will come from the EU budget. In 2005 the implementation of all 10 measures under the Plan was started;
- through restructuring of the agricultural and food sector in Poland (including agriculture itself) under the Sectoral Operational Programme "Restructuring and Modernisation of the Food Sector and Rural Development", scheduled for 2004-2006. The total co-financing earmarked under the Programme amounts to of € 1,784.1 million, of which € 568.9 million comes from the state budget.

4. Trade

Domestic trade

The process of economic transformation in Poland has brought about fast effects in the operation of the domestic market, both in the wholesale and the retail trade. In the 1990s, the number of shops more than doubled. At the end of 2004, the total number of retail outlets was estimated at some 840,000, including 370,000 shops and some 9,500 filling stations.

The development of private enterprises combined with privatisation of state-owned companies is one of the foundations supporting the development of the trading infrastructure in Poland. In 2005 the share of private sector companies in total sales (wholesale and retail) amounted to approx. 98%. Approximately 0.9 million persons were employed in the private commerce sector, compared to a mere 16 thousand persons in the public sector.

In 2005 the value of wholesales (in current prices) made by trading companies with more than 9 employees increased by 5.2% compared to 2004. The retail sales (in fixed prices) made by trading and non-trading companies with more than 9 employees were 1.5% higher than in 2004. An even more dynamic growth in wholesale and retail sales was registered during the first six months of 2006, i.e. 8.1% and 10.5% respectively compared to the same period of the previous year.

The most sizeable proportion of the retail trade is taken by the sale of fuels (18.9% in 2005) and sale made by non-specialised stores, notably of food, beverages and tobacco products (18.6%). A smaller share was registered for cars, motorbikes and their parts (9.0%), as well as food, alcoholic and non-alcoholic beverages and tobacco products sold in specialised outlets (8.7%).

The most concentrated network of wholesale warehouses is located in the most industrialised regions, such as Śląsk, Mazowsze and Wielkopolska with the majority of the 28,500 fully walled and roofed warehouses, approx. 2,700 roofed warehouses and approx. 4,800 storage yards. Moreover, in the vicinity of large cities (*inter alia* Warsaw, Poznań, Lublin, Radom) agricultural commodity exchanges are operating.

More than 85% of trading companies have computer equipment, used not only to register the turnover and for office purposes but primarily to speed the service of trading partners, including *e-commerce*. The trend covers both foreign companies and Polish wholesalers. In 2005 around 4% of enterprises made their sales over the Internet, of which approx 1% also received their payments via the same means. The goods most frequently bought via websites, i.e. books and magazines, sportswear, sports and electronic equipment, were purchased in 2005 by approx. 0.9 million Polish citizens. In 2004 the value of the goods and services ordered or purchased via the Internet amounted to nearly PLN 360 million, while in 2005 it exceeded PLN 1 billion.

Apart from informal purchasing groups there are various institutionalised agreements of wholesale companies, particularly in the form of organisational, not capital integration. Since 2000, there have been three types of agreements of an organisational nature on the consumer goods market, established upon the initiative of wholesale enterprises:

- wholesale purchasing groups uniting prosperous medium and large-scale enterprises,
- retail purchasing groups consisting of one wholesaler, who supplies a certain number of retailers,
- voluntary wholesale chains, comprising principally several wholesale enterprises and a diversified number of retailers.

Capital integration is based on a holding formula, comprising traders and producers associations.

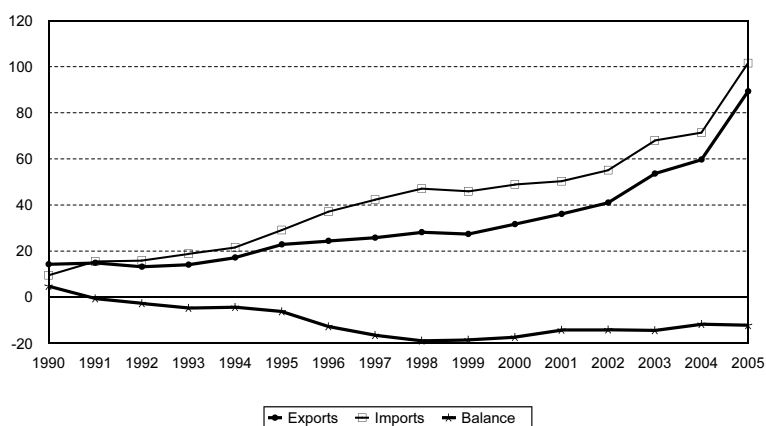
The structure of the domestic trade network has been changing substantially. In large urban centres, a growing part of the market is being taken over by supermarkets and hypermarkets, dominated by companies with foreign input. The networks occupy the position of price leaders and create a new style of retail shopping by using their infrastructure (shopping floor area, multi-level car parks), as well as organisation of work (multi-assortment offer with direct access to shelves, long operating hours throughout the week). In 1995-2005, the number of shops with a retail floor area exceeding 400 sq. metres actually doubled to approx. 4,700. Consequently, a growing number of small and medium-sized commercial companies are faced with a demand barrier.

Foreign trade (merchandise turnover)

Ownership transformations in the Polish economy have increased the share of the private sector in foreign trade turnover as well. In exports, this share rose from 5% in 1990 to 87.3% in 2005, while in imports it rose from approx. 15% to 90.2%, respectively.

The opening up of the economy and its growing competitiveness have stimulated the growth of Poland's foreign trade turnover. In 2005 the value of exports amounted to \$89.4 billion, while imports reached \$ 101.5 billion. In the recent years, however, the growth of exports outpaced that of imports. In 2005, the relevant growth rates of their volumes were 10.8% and 4.6% respectively, thus positively affecting the trade balance.

Polish foreign trade turnover in 1990-2005 in \$ billion



In spite of the high growth rate of Polish foreign trade, the share of Poland in world exports (0.6%) and the value of exports per capita (approx. \$2,300 in 2005) remain unsatisfactory in terms of both need and potential.

The geographical structure of Polish foreign trade changed substantially in the late 1980s and early 1990s due to the reorientation of trade towards West European markets. In 2005, exports to developed countries accounted for 83.6% of total Polish exports (including 77.2% to the European Union Member States), while exports to the countries of East Central Europe¹ accounted for 10.0% and exports to developing countries for 6.4%. The structure of imports was similar: the share of developed countries reached 73.3% (of which the share of European Union countries was 65.6%), while that of the countries of Central and Eastern Europe was 11.6%, and that of developing countries 15.1%.

In exports, Poland's main trading partners in 2005 were: Germany (28.2%), followed by France, Italy, the United Kingdom, Czech Republic, Russia, the Netherlands,

¹ The trade with East Central Europe include: Albania, Belarus, Bulgaria, Croatia, Moldova, Russia, Romania and Ukraine.

Sweden, Belgium and Ukraine. In imports, the main partners were: Germany (24.7%), Russia, Italy, France, China, Czech Republic, the Netherlands, United Kingdom, Belgium and the United States. A more detailed geographical structure of Polish foreign trade turnover has been presented in the statistical Annex (Chapter X).

The main commodity groups in Polish foreign trade in 2005 included (by SITC section): machinery and mechanical appliances, electrical and electromechanical equipment and transport equipment (38.8% of the total value of exports and 35.6% of the value of imports), followed by industrial goods classified by the raw-material (22.8% and 20.9% respectively), food products, beverages and tobacco (8.7% and 5.2%), chemicals and related products (6.8% and 14.5%) and mineral fuels, lubricants and derivative materials (5.3% and 11.4%).

The share of high-technology products (according to 1995 OECD list) in total Polish foreign trade in 2004 amounted to 2.3% in exports and 8.3% in imports.

Structure of exports and imports of high-technology products
in 2002-2004 by commodity groups (in %)^a

Commodity group	Exports			Imports		
	2002	2003	2004	2002	2003	2004
Total	100.0	100.0	100.0	100.0	100.0	100.0
Aviation equipment	14.2	9.1	14.7	5.5	2.8	7.4
Computers and office equipment	10.0	4.6	10.9	24.9	17.6	23.9
Electronics and telecommunications equipment	38.4	44.3	27.7	32.7	42.9	33.3
Pharmaceuticals	5.1	4.1	4.6	10.3	10.8	10.0
Scientific and research apparatus	14.2	19.0	23.0	10.7	9.4	10.2
Electrical machinery	3.6	2.8	4.1	2.5	3.1	3.2
Non-electrical machinery	9.3	7.3	8.0	4.0	4.3	4.2
Arms	4.1	4.3	5.5	9.0	8.4	6.8
Chemicals	1.1	4.5	1.5	0.6	0.7	1.0

^a based on the 1995 OECD list.

Source: Central Statistical Office.

Electronic and telecommunications equipment has the largest share in the overall turnover of high-tech goods. Research apparatus has the largest share in exports, whereas computers and office equipment have the largest share in imports.

The foreign capital companies operating in Poland are playing a growingly important role in foreign trade turnover. In 2004 their share in total exports amounted to 56.7%, while in imports 60.6%. The turnover is mainly generated by several major groups of goods – in 2004 three groups of goods accounted for nearly 50% of the overall

value of exports and imports made by foreign capital companies. These included: machinery and equipment, electrical and electrotechnical devices and transport equipment as well as precious metals and precious metal products (exports and imports), ready foodstuffs, non-alcoholic and alcoholic beverages, vinegar, tobacco and tobacco substitutes (exports) and chemical industry products (imports).

The process of improvement of the long-term, structural competitiveness of exports consists in creating advantage of quality factors over the price factors (including those due to exchange rate developments), characteristic of low-processed products (resulting, *inter alia*, from foreign exchange fluctuations), as well as in improvement of the innovativeness of enterprises. The restructuring of Polish industry is already bringing visible effects. More and more goods manufactured in Poland meet international standards including EU safety standards, which gradually improves their competitiveness on foreign markets (EU and non-EU countries), as well as on the domestic market relative to imported goods.

Developing an information-based society and knowledge-based economy should significantly stimulate the growth of foreign trade in the coming years, including exports of high-technology products. This will be fostered by the implementation of renewed Lisbon Strategy under the National Strategic Reference Framework for 2007-2013. Companies with foreign participation may be crucial in these processes; there are also examples of effective activities of Polish small and medium-sized innovative companies.

5. Transport services

Poland's location in the heart of Europe makes transport, especially land transport, play a particularly important role for our country. Poland provides a transit route for major transport connections between Western Europe and the East, which connects the transport arteries of the EU with Russia, Belarus and Ukraine as well as the other countries of the Commonwealth of Independent States.

Transport of cargo by types of transport in 2004

Type of transport	million tonnes	share in %
Total transport	1,324.5	100.0
of which:		
road ^a	956.9	72.2
rail	282.9	21.4
pipelines	53.5	4.0
sea	22.4	1.7
inland water ways	8.8	0.7
air	0.03	0.0

^a The data applies both to commercial and economic transport (i.e. performed to fulfil companies' own needs).

Source: Central Statistical Office.

The north-south transport routes crossing Poland, which connect Baltic ports with the south of Europe are playing an increasingly important role, too.

In 2004 the value of revenue on the sale of transport and warehousing services amounted to PLN 81.7 billion (\$ 25.3 billion), with the share of the private sector of about 70%, and the public sector approx. 30%.

In 2004 nearly 3/4 of the cargo was carried by road, and approx. 1/5 by rail. These proportions show how important road and rail transport is for Poland.

What is positive is the relatively high share of railway transport in the overall performance (in tkm) of the land transport (33.5%). The proportion is much higher than in the EU-15 states (14%) and the EU-25 (17.6%). Rail transport is mainly used to carry coal, coke, metal ores, stone and gravel, petroleum oil and oil products, metals and metal products as well as fertilisers. In recent years the volume of goods carried by rail has been growing (by 69% since 2001) and is forecast to increase further by another 21-34% till 2020.

In 2004 Polish seaports trans-shipped nearly 57 million tonnes of goods. Bulk materials predominated. Coal and coke, petroleum oil, corn and metal ores accounted for 65.2%; the remaining portion being groupage and other goods. Yet, the largest single group of goods trans-shipped in 2004 was groupage (28.4%), and not coal and coke, as had been the case in the preceding years.

Trans-shipment of goods at trade seaports in 2004

Goods	thousand tonnes	share in %
Total	56,918	100.0
of this:		
groupage	16,153	28.4
coal and coke	13,164	23.3
petroleum oil and petroleum oil products	12,730	22.4
other goods	9,298	16.3
metal ores	2,804	4.9
corn	2,637	4.6

Source: Central Statistical Office.

Most of the trans-shipment was made in the ports of Gdańsk (42.3% of the total volume), Gdynia (18.8%), Świnoujście (17.1%) and Szczecin (16.7%), and also in Police and Kołobrzeg (total 4.8%). Transit shipments accounted for approx. 1/4 of the total number of trans-shipments made at Polish ports and these were mostly made in Gdańsk (75.2%) and to a lesser degree in Szczecin and Świnoujście (22.4% in total).

Inland water transport plays a minor role in the overall transport of cargo (in 2004 its share was merely 0.7%). Yet it is important for the transport of certain types of bulk cargo, among others sand and gravel, hard coal, metals and metal products. The importance of inland water transport, as the most ecological form of transport, is likely to grow in Poland in the future.

The breakdown of cargo by type of transport was different for the exports and imports². Polish exports were mainly carried by sea transport (in 2004 it accounted for 40% of the overall volume of transport), rail transport (approx. 30%) and road transport (approx. 26%). Imported goods reached Poland mainly by rail (approx. 38%), road (approx. 35%) and sea (approx. 25%).

Passenger transport by types of transport in Poland in 2004

Type of transport	million passengers	share in %
Transport in total	1,085.5	100.0
of this:		
road ^a	807.3	74.3
rail	272.2	25.1
sea (ferry)	0.6	0.1
inland water transport	1.4	0.1
air	4.0	0.4

^a Excluding public means of transport.

Source: Central Statistical Office.

Road transport is even more important for the transport of passengers than for goods. The transport of passengers by rail is still significant and the organisational, ownership and legislative changes foster the development of enterprises carrying both cargo and passengers, in particular on a regional scale. Nevertheless, the last few years have revealed a drop in the importance of mass road and rail transport and a dramatic increase in car and air transport.

At present, air transport is the most dynamically developing type of transport in Poland. In 2005 the number of passengers handled by the Polish airports amounted to 11.5 million and was 28.5% higher than in the previous year (over the same period the transport of passengers in Europe grew by an average of 6.3%). The increased presence of both Polish and foreign planes could be clearly seen at nearly all Polish airports. In 2005 the Warsaw Frederic Chopin Airport handled 7 million passengers (61% of the total number of passengers using Polish airports). The dynamic development is related to the liberalisation of the air transport and the entry of cheap airlines to the Polish market, and as a consequence an increased availability of air transport.

There are 43 air carriers operating on the Polish market. Air transport handles mainly international passenger traffic. The share of cheap airlines in the market for air transport is growing fast. While at the beginning of 2004 they carried merely 2-3% of all passengers, in 2005 the proportion reached 31%, and in the first six months of 2006 nearly 50%.

² Excluding the transport of petroleum oil and petroleum products, natural gas and other gaseous carbohydrates.

According to the estimates of the International Air Transport Association, in years to come, Poland will experience the most dynamic growth in the number of passengers in the world. According to the estimates of the Polish Civil Aviation Office, by the year 2010 the number of passengers using air transport will increase by 94%.

6. Tourism

Poland is a country offering many tourist attractions for foreign visitors, including:

- the richness and variety of the landscape (unique national and landscape parks and vast unpolluted areas of virgin nature),
- the exceptional cultural and historic heritage with its various manifestations:
 - religious and spiritual, in particular those places connected with the pontificate of John Paul II,
 - related to objects of material culture – created by the various cultures coexisting in Poland for centuries,
 - related to the local colour and traditions, not just unique ones, but also those integrating various cultures,
- excellent cuisine – both typically Polish and that offering culinary specialities from all over the world.

Visitors coming to Poland can take advantage of good hotel facilities, shopping facilities and restaurants, which are comparable with the European average and still offer prices lower than in most European countries. Full opening of the borders from the date of Poland's accession into the EU (1 May 2004) facilitated cross-border traffic between Poland and the other Member States, which translated into vastly increased tourist traffic both in 2004 and 2005.

In 2005 Poland was visited by 65 million foreigners
(over 4% more than in 2004 and nearly 24% more than in 2003)
of which 15.2 million were tourists
(an increase by approx. 6.4% compared to 2004 and approx. 11% compared to 2003)

The revenues on foreign tourism in Poland are becoming an increasingly important source of foreign currency revenues, while the activity of the tourist sector is an important factor stimulating the economy.

In 2005 the total foreign currency revenues
from visits of foreigners to Poland amounted to
\$ 6,230 million,
of which nearly 50% were revenues generated by tourists,
and the remainder by persons staying in Poland for one day only.

Tourist companies operating on the Polish market generate profits not only by offering services to foreign tourists but also by offering domestic and foreign trips to Polish citizens.

In 2005 Poles made approx. 42 million journeys (of which over 6 million were foreign journeys). Although most of them were not made through travel agents, undoubtedly the latter are an important segment of the tourist market, promising growth in the future.

7. Banks and financial services

On 29 August 1997, the Polish Parliament (*Sejm*) passed a new Act on the National Bank of Poland (Journal of Laws of 2005, No. 1, item 2) and a new Banking Law (Journal of Laws of 2002, No 72, item 665). These acts, as amended, determine the current shape of the entire banking system, as well as the structure and scope of responsibilities of the Polish central bank. They are also fully harmonised with the relevant EU legislation regulating this sphere of economic activity.

Since 1 May, under the new Banking Law, branches of foreign banks based in EU countries, are treated as branches of lending institutions. This means that the Commission for Banking Supervision exercises its supervision over these institutions exclusively in relation to the liquidity. The other Polish legal provisions governing the operations of Polish banks are not applicable.

The banking acts provide the legal framework for the reform of the state finance system launched in 1990, aligned Polish banking with world standards and allowed for its integration with international financial markets.

The National Bank of Poland (NBP), an entirely independent entity, has two objectives: to maintain a stable level of prices while supporting the Government's economic policy. To accomplish this, the NBP:

- implements the monetary policy adopted by the Monetary Policy Council, composed of the NBP President, and nine members appointed, in equal proportions, by the President of the Republic of Poland, the Sejm and Senate,
- creates the institutional background for ensuring an adequate level of financial security and the stability of the banking sector,
- specifies the principles and mechanisms ensuring the liquidity of monetary settlements in the economy.

At the same time, the National Bank of Poland, as the central bank, performs three basic functions:

- it is the central bank of the state (banking service of the state budget, keeping the bank accounts of the government and of other central institutions of the state),
- it is the issuing bank (issue of cash money, management of its circulation and regulation of the volume of money in the market),
- it is the bank of banks (organisation of clearance system, refinancing of banks and credit management, supervision over commercial banks).

The banking market

On the day of Poland's accession to the EU, Polish banking sector, the investment and pension funds market and the insurance market were fully integrated with the

international financial market. Growing concentration of capital is observed, similarly like in other European Union states.

Due to the consolidation processes, the number of commercial banks in Poland dropped from 82 in 1994, to 77 in 1999 and to 54 as of the end of 2005. However, the number of the branches of foreign lending institutions undertaking transborder operations is growing systematically. Since Poland's accession to the EU such operations has been started by 103 lending institutions (46 in 2005).

From among the general number of 54 banks foreign investors control 43 banks. At the end of 2005, the capital introduced by foreign investors to the Polish banking sector was the equivalent of PLN 7.7 billion (61.4% of the initial capital). The State Treasury directly controlled only 2 banks, including Bank Gospodarstwa Krajowego, which was the only bank with state bank status.

Apart from commercial banks, local markets were serviced by 588 co-operative banks, with PLN 500 million worth of initial capital.

Customers were handled in 8,400 branches of commercial banks, and 3,600 branches of co-operative banks.

The largest investments in the Polish banking sector were made by Belgian (PLN 1.2 billion), German (PLN 1.1 billion), American (PLN 1 billion), and French (PLN 0.7 billion) institutions. The financial involvement of Dutch entities exceeded PLN 600 million, and that of Irish, Portuguese and Austrian entities – PLN 500 million each.

The share of funds and net assets of the 43 operating banks with a majority stake owned by foreign parties in the funds and assets of the entire banking sector was estimated at the end of 2005 to be 75% and 69%, respectively. Those banks collected 66.1% deposits from the non-banking sector and extended 68.4% of loans.

Most Polish banks act as comprehensive institutions offering a wide range of services both to corporate and to individual clients. Some of them operate also on capital markets – brokerage houses operated by banks, separated in terms of financing and organisation from their parent institutions, have come to dominate the securities market. Some banks have also been successful in developing investment banking, offering, for instance, consulting services, and underwriting the issue of shares and bonds. The importance of mortgage banks is growing.

Most big banks and more and more smaller, also co-operative ones, offer their customers services on-line. Three of them (BRE Bank S.A., PKO Bank Polski S.A. and Volkswagen Bank Polska) run so-called “virtual banks”, providing their services entirely via the Internet.

Banks in Poland offer their customers all kinds of payment cards. By the end of 2005, almost 20.4 million payment cards had been issued.

At the end of 2005, 14 banks were listed at the Warsaw Stock Exchange, and their share in the stock exchange capitalisation was 41.4%.

Financial markets

The dynamic development of capital markets in Poland is one of the factors that have contributed significantly to the economic growth of the country. Basic components of the Polish financial market include:

- the debt securities market,

- the money market,
- the capital market, regulated (the Warsaw Stock Exchange),
- the over-the-counter market.

The market of debt securities in Poland is dominated by frequent issues of instruments of different kind by the Polish government. However, the value of corporate debt securities (commercial papers) is constantly growing. Banks, as institutions intermediating in this market, provide for the issuers the process of acquiring capital directly from the money market, at the same time enabling investors to find profitable investment opportunities. Municipal issues are becoming increasingly significant. The domestic bonds and Eurobonds market has become an attractive and promising segment of the financial market in Poland.

The money market is another market in which Polish banking institutions compete with their foreign counterparts. This market offers bonds issued by the NBP, certificates of deposit issued by local banks and short-term debt securities issued by large companies.

The most important component of the secondary market in Poland is the Warsaw Stock Exchange (WSE), one of the most rapidly developing institutions of this kind in the world. Its tradition goes back to the first Polish stock exchange, which was opened in Warsaw in 1817. On the WSE, which resumed operation on 12 April 1991, 221 companies are currently listed (compared to only 9 in 1991). The average stock exchange capitalisation at the end of 2005 was PLN 305.8 billion (compared to PLN 0.1 billion in 1991), while the average market value of a listed company amounted to PLN 1,384 million (PLN 11 million in 1991). In comparison with 2004, the stock exchange capitalisation rose by 44%, and the average market value of a listed company went up by 53%. Compared to 2001 the value of the market tripled, as did the value of an average company.

Apart from shares and Treasury bonds, the securities quoted on the exchange include shares of National Investment Funds. In January 1998, the derivatives market was launched; in March 1998, warranties were introduced, and in September 1998, trading in USD-based futures was started. The year 2000 saw the launch of corporate bonds quotation; the Segment of Innovative Technologies was created, intended (regardless of the type of market quotations) for companies from the telecoms and IT sector. Moreover, the Treasury Securities Market was established, addressed to large institutional investors, as was trading in futures for company shares. Since February 2005 investors have been able to purchase futures on bonds and since October 2005 also share options.

Since 2000 the distributors of stock exchange services have provided real-time stock exchange quotations on-line.

In 1999, the dynamically developing WSE acquired the status of an affiliated member of the Federation of European Stock Exchanges.

In 2005, the value of stock exchange trading totalled over PLN 446 billion, of which share trading accounted for 43%, bond trading for 1%, futures trading for 53% and option trading for 3%.

Insurance

As of 31 December 2005, 70 insurance companies possessed permits issued by the Minister of Finance to conduct insurance activity in Poland. Insurance operations were conducted by 67 insurance companies, including:

- 32 life insurance companies (Section I); at the end of 2005, the gross written premium of these companies exceeded PLN 15.3 billion, and the indemnity and benefit payments amounted to PLN 7.5 billion;
- 38 other personal and property insurance companies (Section II); at the end of 2004, the gross written premium of these companies exceeded PLN 15.5 billion, and indemnity and benefit payments amounted to PLN 8.3 billion.

Until 2000, the share of foreign investors in the insurance sector was relatively small. However, the years 2000-2002 witnessed a considerable change. By the end of 2005 the value of foreign investments increased by 191%, i.e. by over PLN 2 billion, compared to the end of 1999. At the end of 2005, the share of foreign capital in the value of equity capital of insurance companies reached 76.2%, an equivalent of PLN 3.65 billion (compared to 50.1%, i.e. PLN 1.22 billion at the end of 1999).

- As of 31 December 2005, foreign entities have invested a total of PLN 1.72 billion in life insurance companies, which represents a 76.0% share in the equity capital of Section I (compared to PLN 520.1 million on 31 December 1999, accounting for 46.6% of the equity capital in Section I).
- As of 31 December 2005, the direct share of foreign parties in the equity capital of non-life insurance companies amounted to 76.3%, an equivalent of PLN 1.92 billion. At the end of 1999, the value of invested foreign capital in this Section totalled PLN 697.2 million (i.e. 53.2% of the equity capital in Section II).

At the end of 2004, there were 51 insurance companies with foreign participation, including 47 companies with a majority stake owned by foreign parties.

As a result of the social insurance reform, open pension funds started operating in 1999. Their majority shareholders are primarily insurance companies and banks. The foreign participation in pension funds' equity amounted to some 80%. At the end of 2005, open pension funds kept 12.14 million pension-fund accounts, and the amount of contributions, with accrued interest, channelled into funds since 1999 reached PLN 67.78 billion (PLN 14.03 billion in 2005). The two largest open pension funds in terms of market share, Commercial Union BPH CU WBK (25.8% of the contributions) and Nationale Nederlanden Polska (19.3% of the contributions), are both foreign-controlled.

VI POLAND OF REGIONS

1. Characteristics of the economy of Polish regions

The decentralisation and delegation to regional (local) governments of some competencies which had thus far belonged to the central government was an element of the process of transformation of the social and economic system in Poland. A step further in that direction was the administrative reform which came into effect on 1 January 1999. As a result, the territory of Poland was divided into 16 voivodships which became not only the units of the primary territorial division for the central government administration, but also units of territorial self-government entrusted with the task of establishment of their own development strategy. Self-government was obliged to take actions to stimulate economic activity and improve the level of competitiveness and innovation of a given voivodship.

Development of voivodships is also supported by the state's regional policy which is intended to enhance the state's social, economic and territorial cohesion. While taking account of the differences in the internal potential of the particular regions, their development opportunities and barriers thereto, this policy aims at an increased regional specialisation. In the years 2007-2015, the strategic goal of the Polish regional policy will be to **create conditions conducive to improvement of competitiveness of all regions and equalisation of development opportunities** for those areas which would be doomed to marginalisation or persistent development difficulties without state aid¹.

Dolnośląskie Voivodship

Population	2,888,200	Structure of GDP creation	100%
Area	19,948 km ²	- industry	27.6%
Population density	145 persons/km ²	- agriculture	2.1%
Unemployment rate	20.5%	- construction	6%
GDP per capita	PLN 21,986	Share in Poland's exports	10.4%
Average monthly gross remuneration (2004)	PLN 2,219.91	Share in Poland's imports	7.3%

¹ Cf. *National Development Strategy 2007-2015. Draft*, Ministry of Regional Development, Warsaw, 28 April 2006.

The Dolnośląskie Voivodship is situated in South-Western Poland and borders the Czech Republic in the south and Germany in the west. The III Pan-European Transport Corridor (from Germany to Ukraine) and the road from the Nordic states to the Czech Republic and Austria run across the region. The voivodship's capital city is Wrocław, a strong industrial, academic, scientific and cultural centre. Other major towns in the region include Legnica and Wałbrzych.

The Dolnośląskie Voivodship is one of the leading regions in the country in terms of development of its settlement network and degree of urbanisation (71% of its total population lives in urban areas). The region ranks among the most industrialised and richest ones in Poland. Thanks to vast deposits of mineral resources, extractive industry and raw materials processing have developed here as well as production of electronic devices and household equipment, and food, chemical and automotive industries. Also high technology industries have developed in the voivodship.

One of the key areas of business activity is tourism. It has developed both thanks to the region's considerable geographical and landscape diversification (two national parks: Karkonoski National Park and National Park of the Stołowe Mountains), monuments of world's importance (such as Ostrów Tumski and the Old Town Square (*Rynek*) in Wrocław), and the spa potential (rich and varied springs of mineral and curative waters). A network of recreational centres and sanatoriums has developed in the voivodship.

The region is perceived as a good and attractive location of prospective investment. The voivodship ranks high in terms of the intensity of its foreign trade relationships. In 2004, the volume of the voivodship's exports accounted for more than 10% of Poland's total exports. The Dolnośląskie Voivodship develops international cooperation within two Euro-regions: "Glacensis" (Polish-Czech) and "Neisse-Nisa-Nysa" (Polish-Czech-German).

The state's regional policy with regard to the Dolnośląskie Voivodship will focus on the enhancement of the metropolitan functions of Wrocław and its metropolitan area (mainly through development of the city's scientific and cultural potential) and also on the improvement of the region's accessibility for international transport and its transport links with Warsaw. Another important task will be to improve the quality of the environment.

Kujawsko-Pomorskie Voivodship

Population	2,068,300	Structure of GDP creation	100%
Area	17,970 km ²	- industry	24.8%
Population density	115 persons/km ²	- agriculture	4.1%
Unemployment rate	22.3%	- construction	5.9%
GDP per capita	PLN 19,169	Share in Poland's exports	3.4%
Average monthly gross remuneration (2004)	PLN 1,987.62	Share in Poland's imports	2.7%

The Kujawsko-Pomorskie Voivodship is situated in North-Central Poland and borders the following voivodships: Pomorskie, Warmińsko-Mazurskie, Mazowieckie, Łódzkie and Wielkopolskie. Transit roads from the Nordic states to Southern Europe

as well as from the Baltic States and Russia to Western Europe run across the region. The functions of the region's capital city have been distributed among Bydgoszcz (the seat of the voivod) and Toruń (the seat of the voivodship Marshal and *sejmik*). Both these cities are important industrial, cultural, educational and scientific centres. Other major towns in the voivodship include Grudziądz, Włocławek and Inowrocław.

An important role in the region's economy is played by the food, electromechanical, chemical, rubber, wood and paper industries. Also agriculture has a considerable share in the creation of regional added value, this being thanks to a favourable area structure, fertile soils and good agricultural practices. Farms are characterised by good economic and production performance and a high level of technical equipment. Moreover, the region offers favourable conditions for tourism and spa-related activity, among them being high quality of the environment, landscape features such as river valleys, morainal hills and plains, lakes, forests, pine forests (*Bory Tucholskie* and *Puszcza Bydgoska*) and springs of mineral waters (Ciechocinek, Inowrocław, Wieniec), as well as rich cultural heritage.

The voivodship has relatively weak foreign trade relationships. In 2004, the region's exports accounted for 3.4% of Poland's total exports. The exports structure is dominated by labour-intensive goods.

In the next few years, under its regional policy the state will support development of the transport network, namely of the A1 axis (Gdańsk-state border-Ostrava) and the transport links with Warsaw, Szczecin, Poznań and Olsztyn, as well as integration of Bydgoszcz and Toruń through enhancement of their metropolitan functions, their scientific and academic potential, and cultural heritage of Toruń. The state will also take actions to facilitate access to the labour market, education (in particular higher education), business services, culture services and specialist health care for the population of rural areas.

Lubelskie Voivodship

Population	2,179,600	Structure of GDP creation	100%
Area	25,114 km ²	- industry	18.9%
Population density	87 persons/km ²	- agriculture	5.3%
Unemployment rate	17%	- construction	5.7%
GDP per capita	PLN 15,019	Share in Poland's exports	1.7%
Average monthly gross remuneration (2004)	PLN 2,000.18	Share in Poland's imports	0.9%

The Lubelskie Voivodship is situated in Eastern Poland and borders Belarus and Ukraine. Since 1 May 2004 it has been a border region of the European Union. Its geographical position offers favourable conditions for the development of cross-border trade and cooperation with the Eastern Europe states and, in particular, with Belarus and Ukraine (for example, within the framework of the "Bug" Euro-region). Development of such cooperation is further facilitated thanks the transit routes, running across the voivodship, from Belarus and Ukraine to Western Europe.

Ranked third in terms of its area, the Lubelskie Voivodship is one of the largest voivodships in Poland. The region is characterised, however, by a low population density and a relatively low degree of urbanisation (more than 53% of its population lives in rural areas). The voivodship's capital city is Lublin, the largest academic centre in Eastern Poland and also an industrial and services centre. Lublin is the only city in the voivodship with population exceeding 100,000. Other major towns in the region include Chełm, Zamość, Biała Podlaska and Puławy.

The region is mostly agricultural in nature; usable agricultural land occupies more than 68% of its area. Agriculture develops thanks to a relatively favourable climate, highly fertile soil and suitable land form. The voivodship is Poland's largest producer of hops and sugar, and also a major supplier of fruit.

At the same time, the Lubelskie Voivodship ranks among the least industrialised regions. The predominant branch of its industry is agri-food processing which has developed based on local agriculture. Other important branches of industry include: production of clothes and furs, production of machines and equipment, motor vehicles, trailers and semitrailers, as well as chemical and wood industry. Moreover, the publishing and printing industries, and production of optical fibres have developed in the region.

The Lubelskie Voivodship is one of the most interesting regions in Poland in terms of its landscape (for example, two national parks: the Poleski and Roztoczański National Parks, landscape parks and nature reserves, lakes), and culture (the urban complex of Zamość, the Old Town in Lublin, Kazimierz Dolny, or horse studs in Janów Podlaski and Bialka). The region provides especially suitable conditions for the development of agri-tourism and active tourism as well as for sanatorium treatment centres.

The state's regional policy with regard to the Lubelskie Voivodship will focus on the improvement of its transport infrastructure and links with major cities in the country. Also the metropolitan functions of Lublin and cross-border cooperation will be enhanced. Moreover, the regional policy will support the development of the educational system, in particular of the potential of higher education institutions in Lublin.

Lubuskie Voivodship

Population	1,009,200	Structure of GDP creation	100%
Area	13,989 km ²	- industry	25.4%
Population density	72 persons/km ²	- agriculture	2%
Unemployment rate	23.3%	- construction	5.2%
GDP per capita	PLN 18,396	Share in Poland's exports	3.1%
Average monthly gross remuneration (2004)	PLN 1,967.56	Share in Poland's imports	1.7%

The Lubuskie Voivodship is situated in Western Poland and borders Germany. The functions of the region's capital city have been distributed among Gorzów Wielkopolski (the seat of the voivod) and Zielona Góra (the seat of the self-government).

The Lubuskie Voivodship is the smallest voivodship in Poland in terms of its area and population density. This is a result, first of all, of the presence of large forest areas (occupying approximately 48% of the voivodship's total area) which are the region's most important resource. The voivodship provides especially favourable conditions for the development of hunting, horse, water and bicycle tourism.

The region is classified as moderately industrialised, with its industry concentrated in four towns: Gorzów Wielkopolski, Zielona Góra, Żary and Świebodzin. Major branches include: wood, furniture and paper industry.

The characteristic feature of agriculture in the Lubuskie Voivodship is the smallest share of usable agricultural land in the total area among all the voivodships in Poland. Although climate conditions for development of agriculture are among the most suitable in the country, soil conditions are unfavourable.

The region's development is also, to a considerable extent, determined by its geographical position. Transit routes towards the central regions of Poland and to the eastern state border run across the voivodship.

The region's geographical position stimulates development of cross-border trade and cooperation with Germany. Approximately 70% of goods and services exported from the Lubuskie Voivodship are absorbed by the German market. The voivodship has engaged in active cooperation within the framework of two Euro-regions: "Spreva – Nysa – Bóbr" and "Pro Europa Viadrina".

As regards the Lubuskie Voivodship, support under the state's regional policy will be provided primarily to integration of the region's two most important cities, Gorzów Wielkopolski and Zielona Góra, enhancement of its academic potential and of the network of institutions which support entrepreneurship.

Łódzkie Voivodship

Population	2,577,500	Structure of GDP creation	100%
Area	18,219 km ²	- industry	27.2%
Population density	141 persons/km ²	- agriculture	2.7%
Unemployment rate	17.9%	- construction	5.2%
GDP per capita	PLN 19,498	Share in Poland's exports	3.3%
Average monthly gross remuneration (2004)	PLN 1,993.31	Share in Poland's imports	4.1%

The Łódzkie Voivodship is situated in central Poland and borders the following voivodships: Mazowieckie, Świętokrzyskie, Śląskie, Opolskie, Wielkopolskie and Kujawsko-Pomorskie. The voivodship's capital city is Łódź, a large academic centre and a city of long-established industrial traditions, in particular in the field of textile industry. In the 19th century Łódź became one of the leading centres of the textile industry in Europe, thus gaining the name of the "Polish Manchester" and the position of the leading supplier of textiles to the Russian market. Other major towns in the region include: Piotrków Trybunalski, Sieradz, Skierniewice, Bełchatów and Tomaszów Mazowiecki.

The Łódzkie Voivodship is one of the most densely populated regions in Poland; one-third of its total population lives in one city, Łódź.

The structure of the voivodship's economy is diversified. The primary role is played by industry concentrated in the major urban areas, mainly in the Łódź Metropolitan Area and the Bełchatów Industrial District. The traditional branch of industry in the voivodship was light industry, yet its significance has been diminishing in recent years while the energy industry, lignite mining, as well as food, chemical, electromechanical and construction materials industries have increased in importance.

The Łódzkie Voivodship ranks among the country's leading regions in terms of the area of usable agricultural land (above 50% of the voivodship's total area). Agriculture in the region is characterised by relatively high productivity. The predominant sectors in the structure of production are vegetable-growing, fruit-growing and pig farming. Furthermore, the region offers favourable natural conditions for the development of specialist tourism and eco-tourism (thanks to its resources of subsoil and geothermal water).

The state's regional policy with regard to the Łódzkie Voivodship will focus on the improvement of its transport links (in particular with Warsaw), as well as support to the processes of metropolisation of Łódź.

Małopolskie Voivodship

Population	3,266,200	Structure of GDP creation	100%
Area	15,190 km ²	- industry	22.8%
Population density	215 persons/km ²	- agriculture	2.1%
Unemployment rate	13.8%	- construction	6.7%
GDP per capita	PLN 18,522	Share in Poland's exports	5.1%
Average monthly gross remuneration (2004)	PLN 2,097.97	Share in Poland's imports	4.9%

The Małopolskie Voivodship is situated in Southern Poland and borders Slovakia in the south. The north-south and west-east roads, including the III Pan-European Transport Corridor, run across the region. The voivodship's capital city is Kraków, the second largest (after Warsaw) academic centre in Poland and an economic, scientific and cultural centre of the region. Another major city in the voivodship is Tarnów. The Małopolskie Voivodship is characterised by a high population density and one of the lowest rates of urbanisation in Poland (less than one-half of the total population lives in urban areas).

The region's production potential is varied; traditional branches of industry (mining, metallurgy, heavy chemical industry) gradually diminish in importance. Instead cable, telecommunications, computer, pharmaceutical, construction materials and printing industries develop fast. The majority of workforce is employed in agriculture which is characterised by considerable fragmentation and dispersion of farms.

Diversified land form and landscape provides ample opportunities for backpacking, climbing and mountaineering. The region also boasts magnificent historical, cultural

and folkloristic attractions and sites of historical interest (for example, four sites included in the World Heritage List: in Kraków, Wieliczka, Auschwitz and Kalwaria Zebrzydowska) and a microclimate having medicinal properties (Krynica, Muszyna, Piwniczna, Rabka and Szczawnica). The Małopolskie Voivodship is perceived as an attractive location of prospective investment. A number of initiatives within the framework of the “Tatras” and “Carpathians” Euro-regions are implemented in the region.

The Małopolskie Voivodship will be supported by the state in its actions targeted at the improvement of spatial cohesion, preservation of high quality of landscape and improvement of the quality of the environment. An important element of the state’s regional policy will be also support to the region’s efforts to promote its tourist and cultural resources.

Mazowieckie Voivodship

Population	5,157,700	Structure of GDP creation	100%
Area	35,566 km ²	- industry	18.8%
Population density	145 persons/km ²	- agriculture	2.5%
Unemployment rate	13.8%	- construction	4.7%
GDP per capita	PLN 32,722	Share in Poland’s exports	16.5%
Average monthly gross remuneration (2004)	PLN 2,909.67	Share in Poland’s imports	37.2%

The Mazowieckie Voivodship is situated in central Poland and borders the following voivodships: Warmińsko-Mazurskie, Podlaskie, Lubelskie, Świętokrzyskie, Łódzkie and Kujawsko-Pomorskie. The capital city of the voivodship and of Poland is Warsaw where a substantial amount of the country’s economic, scientific and cultural potential is concentrated.

The Mazowieckie Voivodship ranks first according to the area and population as well as the income generated by its population. Other towns that play a major role in the region include Radom, Płock, Siedlce, Ostrołęka and Ciechanów. Population of urban areas represents approximately 65% of the voivodship’s total population.

Important transport routes run across the voivodship (Helsinki-Warsaw, Berlin-Moscow, Gdańsk-Žilina). Furthermore, Warsaw is a hub of railway lines, including international ones, making up the country’s domestic transport network.

A characteristic feature of the economy of the Mazowieckie Voivodship is a considerable variety of branches. The region is relatively highly industrialised with the economic potential being concentrated in the Warsaw metropolitan area which strengthens its position as the centre of business, finance and insurance, consulting and commercial activity. In effect, the services sector records the highest level of employment in the region.

In the Mazowieckie Voivodship the country’s largest petrochemical plant (Płock) is located. Also agri-food industry and the state-of-the-art branches of industry have

developed well. Moreover, the voivodship is Poland's leading producer of fruit, vegetables, potatoes, cereals, milk, cattle and swine.

Furthermore, the voivodship's advantages include the environment (protected areas, including: the Kampinoski National Park, *Puszcza Biala* and *Puszcza Kozienska*) and monuments (the Old Town in Warsaw entered in the World Heritage List and Żelazowa Wola), which contribute to development of tourism.

As part of its regional policy with regard to the Mazowieckie Voivodship, the state will support, in particular, the following:

- Development of metropolitan functions of Warsaw and its surroundings and, in particular, of functions of material international importance;
- Improvement of spatial and functional cohesion (the Mazowieckie Voivodship is characterised by the largest intra-regional diversification among all the regions in Poland), mainly through improvement of internal transport links within the voivodship;
- Links between Warsaw and other towns of considerable sub-regional importance;
- Actions intended to improve the accessibility of the Warsaw labour market and of the educational, cultural and health care services for the surrounding areas of the Mazowsze region;
- Deglomeration actions, locating business projects and initiatives related to development of entrepreneurship outside the metropolitan area and, in particular, outside Warsaw.

The state's policy will also aim at improvement of the quality of the environment in the most valuable landscape areas of supra-regional importance. Given the functions of Warsaw as the capital city both of Poland and of the Mazowieckie Voivodship, the state's regional policy will support implementation of joint government and self-government projects undertaken with a view to coordinating country-wide processes.

Opolskie Voivodship

Population	1,047,400	Structure of GDP creation	100%
Area	9,412 km ²	- industry	26.8%
Population density	111 persons/km ²	- agriculture	4.2%
Unemployment rate	18.6%	- construction	5.7%
GDP per capita	PLN 17,173	Share in Poland's exports	1.7%
Average monthly gross remuneration (2004)	PLN 2,068.27	Share in Poland's imports	1.4%

The Opolskie Voivodship is situated in South-Western Poland and borders the Czech Republic in the south. Its most important transit route, running across the voivodship, is the Pan-European Transport Corridor from Western Europe to Ukraine. The voivodship's capital city is Opole, a major economic, service, cultural and academic centre and the only city in the region whose population exceeds 100,000. The largest towns in the region include also Kędzierzyn-Koźle, Brzeg and Nysa.

The Opolskie Voivodship is the smallest voivodship in Poland in terms of its area and one of the smallest in terms of its population. Also the degree of urbanisation is low (residents of urban areas account for slightly more than 52% of the region's total population). The voivodship is a highly industrialised region with the predominant branches including food, power, chemical, mineral, machine, metal and furniture industries.

The characteristic feature of agriculture in the Opolskie Voivodship is the highest effectiveness in the country, resulting from good agricultural practices, good equipment in farms as well as favourable climate and soil conditions. The region offers conditions suitable for development of tourism and, in particular, of agri-tourism, backpacking and biking. It boasts numerous monuments of secular and church architecture, sports and recreational facilities, lakes, forests and protected landscape areas.

The Opolskie Voivodship is one of the regions least involved in foreign trade. Its share both in Poland's exports and imports does not exceed 2%. The region has engaged in cross-border cooperation with the Czech Republic within the "Pradziad" Euro-region.

As regards the Opolskie Voivodship, the state's regional policy will focus on the improvement of the quality of the environment, more efficient exploitation of its tourism potential and strengthening of institutions of the business environment. Moreover, support for the modernisation of the transport infrastructure (mainly in the east-west direction) and for the cross-border cooperation with the Czech Republic (primarily in the field of economy) is planned.

Podkarpackie Voivodship

Population	2,098,300	Structure of GDP creation	100%
Area	17,844 km ²	- industry	27.7%
Population density	118 persons/km ²	- agriculture	2.3%
Unemployment rate	18.4%	- construction	5.5%
GDP per capita	PLN 15,436	Share in Poland's exports	3.4%
Average monthly gross remuneration (2004)	PLN 1,940.50	Share in Poland's imports	1.7%

The Podkarpackie Voivodship is situated in South-Eastern Poland and borders Ukraine in the east and Slovakia in the south. Since 1 May 2004 it has been a border region of the European Union in the east. Transit routes from Germany to Ukraine, from central Poland to Slovakia and from the south to Lithuania run across the voivodship. The region's capital city is Rzeszów. Other major towns include Przemyśl, Tarnobrzeg and Krosno. The Podkarpackie Voivodship is the least urbanised region in Poland (only around 40% of its population lives in urban areas).

The region has a considerable production potential as well as numerous mineral resources, such as crude oil, natural gas, sulphur, building aggregates and mineral waters. The central role for the voivodship's economic development is played by agri-

food, chemical, machine and construction industries. Also furniture and wood industries are dynamically developing in the region.

Agriculture is, to a large extent, based on natural methods of production and is very fragmented. Further, its characteristic feature is a surplus of labour force and a low yield of marketable agricultural products. Factors that limit agricultural production include also unfavourable climate and soil conditions.

The Podkarpackie Voivodship offers ample tourist and cultural opportunities relating to its landscape values (for example, two national parks: The Bieszczadzki and Magurski National Parks) and numerous historical buildings (Łańcut, Krasieczyn and Baranów Sandomierski). A relatively unpolluted environment and the fact that it is the only region in Poland to have waters classified as the 1st class of purity is also an unquestionable advantage.

Within the “Karpaty” Euro-region the Podkarpackie Voivodship cooperates with Slovakia, Hungary, Ukraine and Romania.

The state’s regional policy will focus on actions leading to a change in the voivodship’s agricultural structure and stimulation of job creation and improvement of the educational system. Furthermore, it is planned to support cross-border cooperation and modernisation of transport infrastructure (mainly in the east-west direction; construction of the A4 motorway heading further east).

Podlaskie Voivodship

Population	1,199,700	Structure of GDP creation	100%
Area	20,187 km ²	- industry	19.1%
Population density	59 persons/km ²	- agriculture	6.2%
Unemployment rate	15.5%	- construction	6.0%
GDP per capita	PLN 16,105	Share in Poland’s exports	1.4%
Average monthly gross remuneration (2004)	PLN 2,005.14	Share in Poland’s imports	1.0%

The Podlaskie Voivodship is situated in North-Eastern Poland and borders Belarus in the east and Lithuania in northern-east. The region cooperates with these two states within the framework of the “Niemen” Euro-region. Since 1 May 2004 the Podlaskie Voivodship has been the border region of the European Union in the east. The voivodship’s capital city is Białystok, the largest industrial, scientific and cultural centre in the region. Other major towns include Suwałki, Łomża, Augustów, Bielsk Podlaski, Grajewo, Hajnówka, Zambrów and Sokółka. The voivodship ranks among the most sparsely populated and least urbanised regions in Poland (less than 60% of its population lives in urban areas). The network of towns is sparse, whereas rural centres are dispersed and fragmented.

The Podlaskie Voivodship is one of poorly developed regions. The share of industry, construction and market services in the creation of the region’s GDP is among the lowest in Poland. The predominant sector of its economy is agriculture, characterised by low productivity, high level of employment and hidden unemployment. Moreover,

the average quality of soils is low and the climate is changeable. Despite this, the region ranks high among other voivodships in the country in terms of milk production. Low level of soil pollution and ecologically clean areas provide excellent conditions for development of organic farming.

As regards the branches of industry, the most important role is played by production and processing of agri-food products, production of machines and equipment, textiles and wood products. A noticeable specialisation of the Podlaskie region is the construction industry and related wood industry enterprises (such as producers of windows and doors).

As part of its regional policy with regard to the Podlaskie Voivodship, the state plans to improve its transit links (in particular with Lithuania: Via Baltica, Rail Baltica) and support extension and modernisation of border crossings. The policy is also intended to enhance the metropolitan functions of Białystok and foster development of rural areas and smaller towns in the region. Moreover, development of tourism will be a major guideline of the regional policy. The Podlaskie Voivodship is one of the ecologically cleanest regions in Poland, boasting unique landscape values, including Europe's largest complex of marshes and primeval forests untouched by human activity (*Puszcza Białowieska*). This offers excellent conditions for the development of qualified and sightseeing tourism, agri-tourism and spa centres (Augustów, Supraśl).

Pomorskie Voivodship

Population	2,199,000	Structure of GDP creation	100%
Area	18,293 km ²	- industry	24.5%
Population density	120 persons/km ²	- agriculture	2.3%
Unemployment rate	19.3%	- construction	6.1%
GDP per capita	PLN 20,929	Share in Poland's exports	8.4%
Average monthly gross remuneration (2004)	PLN 2,231.05	Share in Poland's imports	8.4%

The Pomorskie Voivodship is situated in Northern Poland, at the Baltic Sea. The region's capital city is Gdańsk which, together with Gdynia and Sopot, makes up a multi-function urban area where more than 40% of the voivodship's total population lives.

The north-south and east-west transit routes run across the region. The central elements of the transport infrastructure are the sea ports in Gdańsk (reloading of goods in bulk) and Gdynia (container terminal).

The region's economy is directly or indirectly linked to the sea. Shipbuilding, port and petrochemical industries have developed there as well as transport and shipping services, and specialist services related to fisheries. An important role in the development of the voivodship and, in particular, of its sea resorts, is played by tourism. Landscape values (The Słowiński National Park, The Bory Tucholskie National Park or numerous landscape parks), low degree of transformation of the environment as well as numerous monuments (particularly on Żuławy and Pobrzeże Kaszubskie), of both church and

secular architecture (such as the city of Gdańsk and the Teutonic Castle in Malbork) offer good conditions for the development of tourism.

The voivodship is regarded as one of the regions which have a considerable investment potential. It ranks relatively high in terms of the intensity of its foreign trade relationships. In 2004, the share of the Pomorskie Voivodship in Poland's both total exports and imports stood at 8.4%. The region is engaged in international cooperation in the Baltic region.

The state's regional policy will support development of the port functions, modern sector of "port-related" services and international competitiveness of the Tricity as well as a modernisation of the north-south and east-west transport links. Furthermore, the policy is to contribute to preservation of the cultural heritage and the water system of Żuławy, and promotion of the region's cultural and landscape values.

Śląskie Voivodship

Population	4,685,800	Structure of GDP creation	100%
Area	12,331 km ²	- industry	32.5%
Population density	380 persons/km ²	- agriculture	1%
Unemployment rate	15.4%	- construction	5.9%
GDP per capita	PLN 23,718	Share in Poland's exports	19.8%
Average monthly gross remuneration (2004)	PLN 2,344.91	Share in Poland's imports	11.2%

The Śląskie Voivodship is situated in Southern Poland where transit routes of national and European importance meet. It borders the Czech Republic and Slovakia in the south. The voivodship's capital city is Katowice, an important academic, scientific, financial and cultural centre. Other major towns include: Częstochowa, Sosnowiec, Gliwice, Bytom, Zabrze, Bielsko-Biała, Ruda Śląska, Rybnik, Dąbrowa Górnicza, Chorzów, Tychy and Jastrzębie-Zdrój.

The characteristic feature of the Śląskie Voivodship is the highest population density among the Polish regions; more than three times higher than the national average. Moreover, it is the most urbanised (nearly 80% of its total population lives in urban areas, mainly in the Katowice and Rybnik metropolitan areas) and industrialised region in Poland. At the same time, it records the lowest percentage of people working in agriculture.

The Śląskie Voivodship is the industrial centre of Poland. Industry has developed mostly based on local natural resources, such as hard coal and zinc and lead ores. In recent years, the significance of the traditional sector of industry based on raw materials (mining, metallurgy and cokemaking) for the region's economy has gradually been diminishing, whereas the electromechanical, heat and power engineering, food and automotive industries have gained in importance. Also industries based on high technologies are becoming increasingly important for the region.

The region offers beautiful landscape (Wyżyna Krakowsko-Częstochowska, Pogórze Śląskie and Beskid Zachodni) as well as historical and cultural tourist attractions (ruins of old castles, park and palace complexes or church architecture), and also excellent riding sport facilities. The network of tourist and accommodation facilities in the region is well developed, with the largest health resorts being Ustroń, Wisła and Szczyrk, and spa centres – Goczałkowice-Zdrój, Ustroń and Jastrzębie-Zdrój.

The Śląskie Voivodship is considered by foreign entrepreneurs to be a highly interesting area for prospective investment. It is the leading region in terms of its volume of foreign trade and is an important venue of exhibitions and fairs. The particular *gminas* in the Śląskie Voivodship cooperate with the Czech Republic and Slovakia within the “Beskidy” Euro-region and with the Czech Republic within the “Śląsk Cieszyński” Euro-region.

The state’s regional policy with regard to the Śląskie Voivodship will focus on the reduction of barriers to development of modern sectors of economy, in particular in the strongly degraded industrial area in the central part of the region. Considerable importance will also be attached to the development of the services sector, especially of higher-order services, and improvement of the environment’s quality. Further, the state’s policy will support actions aimed at an improvement of the technical infrastructure, including transport one, on the main north-south (to Cieszyn) and west-east (the A4 transport corridor) transit routes.

Świętokrzyskie Voivodship

Population	1,285,000	Structure of GDP creation	100%
Area	11,708 km ²	- industry	22.9%
Population density	110 persons/km ²	- agriculture	5.8%
Unemployment rate	20.6%	- construction	7.1%
GDP per capita	PLN 16,911	Share in Poland’s exports	1.2%
Average monthly gross remuneration (2004)	PLN 1,991.63	Share in Poland’s imports	0.8%

The Świętokrzyskie Voivodship is situated in central Poland and borders the following voivodships: Mazowieckie, Łódzkie, Śląskie, Małopolskie, Podkarpackie and Lubelskie. The voivodship’s capital city is Kielce. Other major towns include: Ostrowiec Świętokrzyski, Starachowice, Skarżysko-Kamienna and Sandomierz.

The Świętokrzyskie Voivodship is one of the smallest regions in Poland in terms of its population and area, and also ranks among the least urbanised ones (only slightly more than 45% of its total population lives in urban areas).

Having an insignificant share in domestic industrial output, the voivodship is one of the economically weakest regions in Poland with a number of its towns facing economic difficulties related to the restructuring of large industrial enterprises. The key sectors are the metallurgical and electromechanical industries. A considerable role

is also played by the construction industry based on local deposits of mineral resources (sandstone, quartzite, marble, gypsum, limestone and marls). The region is Poland's leading producer of a wide range of construction materials, such as gypsum binders, lime, cement or building aggregates).

The structure of the voivodship's agriculture is dominated by small individual farms usually insufficiently equipped with infrastructure and machinery. In areas with more fertile soil (the south-eastern part of the region) fruit-growing and vegetable-growing has developed. The percentage of population employed in agriculture is more than twice higher than the national average, with a high level of hidden unemployment.

Classified as one of the ecologically cleanest regions of Poland, with the picturesque Świętokrzyskie Mountains occupying a substantial part of its total area, the voivodship is an attractive tourist region. Moreover, well-known spa centres, such as Busko-Zdrój and Solec-Zdrój, are situated in the voivodship.

Support for the Świętokrzyskie Voivodship under the state's regional policy will focus on the following:

- improvement of its transport links,
- more efficient use of its tourist potential (mainly of the Świętokrzyskie Mountains), through, *inter alia*, a more effective promotion of the region both domestically and internationally,
- development of the educational system.

Warmińsko-Mazurskie Voivodship

Population	1,428,600	Structure of GDP creation	100%
Area	24,192 km ²	- industry	23.1%
Population density	59 persons/km ²	- agriculture	4.4%
Unemployment rate	27.5%	- construction	5.1%
GDP per capita	PLN 16,504	Share in Poland's exports	2.2%
Average monthly gross remuneration (2004)	PLN 1,967.23	Share in Poland's imports	1.1%

The Warmińsko-Mazurskie Voivodship is situated in North-Eastern Poland and borders Russia (the Kaliningrad District). Since 1 May 2004 it has been a border region of the European Union. The voivodship's capital city is Olsztyn. Other major towns include Elbląg, Elk, Kętrzyn and Giżycko.

The Warmińsko-Mazurskie Voivodship ranks among the largest voivodships in Poland in terms of its area, while its population density is the lowest.

The region's most valuable resource is its unpolluted environment. Warmia and Mazury form part of the area named "Poland's Green Lungs" which covers land of high environmental and landscape values. The voivodship's huge advantage is its varied land form with numerous lakes and lakeland (the Grand Mazurian Lakes), large forest areas (*Puszcza Piska*) and landscape parks. It is a leading region in Poland

in terms of the number of tourist and accommodation facilities with tourism being one of its primary sources of employment.

In the voivodship mainly industry based on local natural resources has developed, such as food processing and wood industry. An important role in the region's economy is also played by rubber industry. The region ranks high in terms of the volume of production of car tyres, maturing cheese, poultry carcasses, beer and butter.

Despite unfavourable soil and climate conditions, the effectiveness of farms is relatively good, this being primarily an effect of a favourable area structure (large farms account for 32% of the total farm area).

The voivodship's foreign trade volume is among the lowest in Poland and the region's share in Poland's total exports is larger than in imports.

The state's regional policy with regard to the Warmińsko-Mazurskie Voivodship will focus on the improvement of its transport links (for example, with Russia – the Kaliningrad District), and on the development of the educational system, R&D and academic potential, and enhancement of the supra-regional functions of Olsztyn. Preservation of the region's high environmental values and improvement of its tourist attractiveness will also be an important element of the policy.

Wielkopolskie Voivodship

Population	3,372,400	Structure of GDP creation	100%
Area	29,826 km ²	- industry	27.8%
Population density	113 persons/km ²	- agriculture	4.8%
Unemployment rate	14.5%	- construction	6.5%
GDP per capita	PLN 22,256	Share in Poland's exports	12%
Average monthly gross remuneration (2004)	PLN 2,095.33	Share in Poland's imports	10.9%

The Wielkopolskie Voivodship is situated in Central-Western Poland and borders the following voivodships: Kujawsko-Pomorskie, Pomorskie, Łódzkie, Opolskie, Dolnośląskie, Lubuskie and Zachodniopomorskie. The region's capital city is Poznań, a large city of national importance and also a buoyant business, scientific and cultural centre as well as a venue of fairs and exhibitions. Cities and towns of regional importance include Kalisz, Konin, Piła, Leszno, Ostrów Wielkopolski and Gniezno. Roads linking central Poland with Eastern and Western Europe run across the central part of the region.

One of the largest voivodships in Poland, both in terms of its total area and population, the Wielkopolskie region also ranks among the economically strongest and richest ones. In the region's economy an important role is played by industry concentrated in large cities, mainly in Poznań and its surrounding area. The structure of industry, although diversified, is dominated by agri-food processing. Next to it, manufacturing of motor vehicles has developed as well as the pharmaceutical and furniture industries, manufacturing of lighting and household equipment, and ceramic,

glassware, plastics, textile and clothing industries. Moreover, an important role in the region's economy is played by lignite mining, metallurgy and power generation.

What is noticeable in the structure of the voivodship's economy is a large share of agriculture in the creation of added value. The Wielkopolskie Voivodship is one of the regions of high percentage of the total area used for agricultural purposes (usable agricultural land represents approximately two-thirds of its total area). Despite low fertility soils, the voivodship is a leading region in terms of the volume of food production, this being an effect of its good agricultural practices and efficient management. Pig farming and vegetable growing are particularly significant sectors of the region's agriculture.

A substantial part of the voivodship is an attractive location of prospective investment for foreign entrepreneurs. In Poznań the largest international fairs and exhibitions in Poland are held, including the "Polagra" international agricultural and industrial fair. The Wielkopolskie Voivodship ranks among the regions having the largest share in Poland's total foreign trade volume.

The state's regional policy will enhance the international importance of the developing Poznań metropolitan area through, *inter alia*, improvement of the region's transit network and expansion of its transport infrastructure. Moreover, the Wielkopolskie Voivodship will be provided with state support in the area of promotion of the region's culture, including on the international level.

Zachodniopomorskie Voivodship

Population	1,694,200	Structure of GDP creation	100%
Area	22,896 km ²	- industry	18.4%
Population density	74 persons/km ²	- agriculture	3.5%
Unemployment rate	25.6%	- construction	5.9%
GDP per capita	PLN 20,357	Share in Poland's exports	4%
Average monthly gross remuneration (2004)	PLN 2,068.66	Share in Poland's imports	2.6%

The Zachodniopomorskie Voivodship is situated in North-Western Poland and borders the Baltic Sea in the north and Germany in the west. The voivodship's capital city is Szczecin, an important economic and academic centre. Other major towns in the region include Koszalin, Stargard Szczeciński, Świnoujście and Kołobrzeg. In addition to the international transit routes running across the voivodship, important elements of its infrastructure include sea ports in Szczecin, Świnoujście and Kołobrzeg.

The Zachodniopomorskie Voivodship is one of the largest voivodships in Poland in terms of its area and ranks high in terms of the degree of urbanisation (nearly 70% of its population lives in urban areas). At the same time, however, it is one of the most sparsely populated regions in Poland.

The structure of economy is diversified, although, due to the region's geographical position, maritime economy is its predominant element. Next to it, production of

chemical fertilisers and electricity as well as the electrotechnical, wood and textile industries, and agri-food processing have developed. The region's transit, border and seaside position creates suitable conditions for a development of service activity. Also recreational tourism, passenger navigation and sanatorium services have developed in the Zachodniopomorskie Voivodship. Well-known health resorts include Kołobrzeg, Połczyn Zdrój, Świnoujście and Kamień Pomorski. Favourable area structure of farms (such as the highest percentage in Poland of very large farms of an area exceeding 50 hectares) stimulates development of agriculture.

The voivodship engages in international cooperation within the Baltic Sea area under the VASAB 2010 (*Visions and Strategies around the Baltic Sea*) initiative undertaken jointly by the states in that region, and also within the framework of the "Pomerania" Euro-region (with Germany and Sweden).

As part of its regional policy, the state plans to support actions aimed at the improvement of competitiveness of the region's port and port-related functions, mainly in the area of shipping and financial services. An important task under the policy will be also to improve the transport links with Szczecin (both in the north-south direction and with the rest of the country, particularly with Poznań and Warsaw) and of the quality of the existing transport routes. Further actions to be taken as part of the regional policy are intended to foster improvement of the quality of the environment, preservation of the high landscape values and promotion of the region, including on an international level.

2. Special Economic Zones

Special Economic Zones (SEZ) are separated administrative parts of Poland's territory designated for economic activity under special conditions. The undertakings which start their operations within a SEZ may benefit from state aid in the form of such privileges as: exemption from the income tax (CIT or PIT), exemption from local (*gmina*) charges and taxes, notably the real property tax, competitive prices of plots of land fully prepared for new investments or free-of-charge assistance in completing the formalities related to the investments planned.

The most important documents regulating the rules and procedures for granting assistance for new investments within special economic zones include:

- Act of 20 October 1994 on special economic zones (Journal of Laws of 1994, No. 123, item 600),
- Act of 16 November 2000 amending the Act on special economic zones and other selected acts, which harmonises the regulations related to SEZs with Community rules and applies to enterprises which obtained authorisation to operate within a SEZ after 1 January 2001 (Journal of Laws of 2000, No. 117, item 1228),
- Act of 2 October 2003 amending the Act on special economic zones and other selected acts, transposing the provisions of the Accession Treaty to the Act (Journal of Laws of 2003, No. 188, item 1840),
- Act of 30 April 2004 on the procedure to be followed in cases related to state aid (Journal of Laws of 2004, No. 123, item 1291),
- a number of ordinances of the Council of Ministers and the Minister of Economy regulating the matters related to particular SEZs.

The most important ordinances of the Council of Ministers and the Minister of Economy regulating economic operations within individual SEZs

Name of the Zone	Year and number of publication	
	Year	No. of the Journal of Laws
Kamiennogórska SEZ for Small and Medium-sized Enterprises	1999	No. 35, item 328
	2004	No. 222, item 2250; No. 254, item 2539;
	2005	No. 32, item 268; No. 81, item 708; No. 131, item 1096; No. 247, item 2095;
Katowicka SEZ	1998	No. 70, item 459;
	2004	No. 222, item 2251; No. 254, item 2540
	2005	No. 32, item 269; No. 129, item 1078; No. 186, item 1550
SEZ Kraków Technology Park	1999	No. 86, item 960,
	2004	No. 220, item 2232; No. 254, item 2542
	2005	No. 32, item 270; No. 129, item 1079; No. 182, item 1529
Kostrzyńsko-Słubicka SEZ	1998	No. 43, item 258
	2004	No. 222, item 2252; No. 254, item 2541,
	2005	No. 56, item 488; No. 181, item 1501; No. 182, item 1534; No. 211, item 1761; No. 214, item 1788;
Legnicka SEZ	1997	No. 153, item 1003,
	2004	No. 219, item 2217; No. 254, item 2543
	2005	No. 32, item 271; No. 86, item 735
Łódzka SEZ	1998	No. 139, item 900,
	2004	No. 215, item 2183; No. 254, item 2544,
	2005	No. 32, item 272; No. 81, item 709; No. 158, item 1326; No. 205, item 1730
	2006	No. 5, item 27; No. 84, item 581
SEZ Euro-Park Mielec	1996	No. 154, item 749;
	2004	No. 218, item 2209; No. 254, item 2538
	2005	No. 32, item 273; No. 81, item 710; No. 129, item 1080; No. 182, item 1532
Pomorska SEZ	2004	No. 224, item 2270; No. 254, item 2545,
	2005	No. 32, item 274; No. 81, item 707; No. 158, item 1327; No. 205, item 1731
Słupska SEZ	1998	No. 43, item 259,
	2004	No. 218, item 2210; No. 254, item 2546,
	2005	No. 32, item 275; No. 81, item 711; No. 189, item 1593;
SEZ Starachowice	1998	No. 135, item 879;
	2004	No. 222, item 2253; No. 254, item 2547,
	2005	No. 56, item 489; No. 181, item 1502
Suwalska SEZ	1997	No. 17, item 92,
	2004	No. 224, item 2271; No. 254, item 2548,
	2005	No. 32, item 276; No. 81, item 712; No. 131, item 1093; No. 182, item 1531; No. 214, item 1789
Tarnobrzaska SEZ Euro-Park Wisłosan	2000	No. 2, item 23;
	2004	No. 226, item 2286; No. 254, item 2549,
	2005	No. 8, item 58; No. 32, item 277; No. 171, item 1429; No. 200, item 1649; No. 205, item 1732
Wałbrzyska SEZ Invest-Park	1997	No. 153, item 1004
	2000	No. 62, item 727
	2004	No. 218, item 2211; No. 254, item 2550; No. 257, item 2574
	2005	No. 32, item 278; No. 81, item 706; No. 81, item 713; No. 181, item 1503; No. 182, item 1533
	2006	No. 8, item 45; No. 84, item 582
Warmińsko-Mazurska SEZ	1998	No. 70, item 460
	2004	No. 215, item 2184; No. 254, item 2551
	2005	No. 8, item 59; No. 33, item 292; No. 214, item 1782

Source: Based on information of the Ministry of Economy.

Each SEZ is managed by a managing company (see Chapter XI Useful Addresses), responsible for making the land located within a given zone available to businesses which operate in the zone, for managing the property of the zone, providing services to businesses and promoting the SEZ. Besides, the managing company issues, after a tender or through negotiations, authorisations which entitle entities to benefit from state aid in the form of tax exemptions².

Entrepreneurs are entitled to benefit from tax exemptions, if the investment outlays they make exceed € 100 thousand or if they employ at least the minimum number of persons specified for a given zone (ranging from 40 to 100, depending on the zone).

Entrepreneurs who obtained an authorisation to conduct business operations within a SEZ after 1 January 2001 may benefit from tax exemptions on account of the **costs of new investments** they make or creating new jobs. An enterprise taking advantage of assistance on account of the costs of a new investment is obliged to:

- conduct business operations for a period not shorter than 5 years,
- retain the ownership of the assets on which investment outlays have been made, within 5 years of the registration of the assets with the register of fixed, intangible and legal assets as specified in the provisions on the income tax. In such a case the maximum amount of assistance is calculated as the product of the aid intensity and the investment costs eligible for aid³.

In calculating the amount of aid account is taken of the purchase price of the land, outlays on the buildings and structures, spendings on equipment for the facilities and on intangible assets (maximum 25% of the costs enumerated previously).

On the other hand, an enterprise benefiting from the aid **on account of creating new jobs** must maintain the newly-created jobs for a period not shorter than 5 years. The amount of the aid is calculated as the product of the aid intensity and two-years' gross outlays on the salaries of newly-hired employees plus all the investor's charges related to the employment of these workers.

By the end of 2006, the aid intensity for most of Poland's territory will amount to 50%, except for the following poviats: the City of Wrocław, the City of Kraków, the City of Gdańsk, the City of Gdynia and the City of Sopot, where it will amount to 40%, and also in the Capital City of Warsaw and the City of Poznań – 30%. In the case of small and medium-sized enterprises (except for those operating in the transport sector) the maximum amount of aid will be increased by 15 percentage points, i.e. depending on the poviat it will range between 45% and 65% of the value of the investment made. The amount of admissible aid for large investment projects, whose eligible costs exceed € 50 million, is specified under the ordinances of the Council of Ministers related to particular SEZs. In the case of projects whose eligible costs exceed € 100 million, granting state aid in the form of a tax exemption requires individual notification to the European Commission.

² Within SEZs business operations can be also conducted without a permit, yet the revenues on the operations are not subject to exemption from the income tax.

³ The definition of eligible costs is specified in the ordinances of the Council of Ministers on special economic zones.



Since 1 January 2007, as a result of the implementation of the provisions of the Treaty of Accession and the necessity to implement Community guidelines on national regional aid in the years 2007-2013 (OJ C 54, 4.03.2006)⁴, the overall state aid intensity within SEZs will be reduced, although the changes will differ from SEZ to SEZ. Besides, the differences in aid intensity within SEZs will deepen, which will change the attractiveness of particular SEZs for new investors. As a result of the changes, special economic zones will have both companies enjoying privileged treatment granted over a transitory period and those operating under more restrictive provisions.

Poland has 14 special economic zones. By the end of 2005 the enterprises conducting business operations within SEZs invested nearly PLN 26 billion and created 82 thousand new jobs. The total area of special economic zones amounts to 7625.6 ha (as of 31 December 2005) and may be increased by 1675 ha, on condition that the additional area will be designated exclusively for large investment projects involving outlays of not less than EUR 40 million or the creation of at least 500 jobs.

As of the end of 2005 the average level of utilisation of special economic zones in Poland amounted to nearly 70%, with a lower level (much below the national average) in four economic zones: Kamiennogórska, Krakowska, Kostrzyńsko-Słubicka and Legnicka. The most successful zones in this respect include the Wałbrzyska, Tarnobrzęska, Mielecka, Starachowicka and Pomorska zones. The decreasing discrepancies between particular zones in terms of the level of utilisation are a result of systematic adjustment of the zones to the needs of investors, i.e. excluding unattractive areas and including plots of land suitably prepared for investments.

⁴ The guidelines will apply exclusively to new investors who will apply for an application to operate within a SEZ after 31 December 2006.

Maximum admissible regional aid intensity levels within SEZs

Enterprise	Date of obtaining authorisation	Maximum level of aid
Small	Before 1 January 2001	Income tax exemption for the first 10 years of functioning within SEZ, and then a 50% exemption by 31 December 2011
	Between 1 January 2001 and 31 December 2006	65% in all the SEZs, except for Kraków, Kraków = 55%
	After 31 December 2006	Between 50% and 70% depending on the SEZ
Medium	Before 1 January 2001	Income tax exemption for the first 10 years of functioning within SEZ, and then a 50% exemption by 31 December 2010
	Between 1 January 2001 and 31 December 2006	65% in all the SEZs except for Kraków, Kraków = 55%
	After 31 December 2006	Between 40% and 60% depending on the SEZ
Large	Before 1 January 2000	75% (the amount of aid is calculated as for 1 January 2001)
	Between 1 January 2000 and 31 December 2000	50% ^a (the amount of aid is calculated as for 1 January 2001)
	Between 1 January 2001 and 31 December 2006	50% in all the SEZs except for Kraków, Kraków = 40%
	After 31 December 2006	Between 30% and 50% depending on the SEZ

^a For automotive companies the rate is 30%.

The plans for the future envisage the use of EU funds to improve the transport infrastructure within zones.

In 2005, a particularly strong increase in the investment outlays was seen in the zones with the lowest level of utilisation, notably in: Warmińsko-Mazurska, Łódzka, Kamiennogórska and Tarnobrzaska. In terms of the amount of investments made, five zones clearly stand out: Katowicka, Wałbrzyska and Legnicka, which have managed to attract the capital-intensive automotive industry, and the Łódzka SEZ and Euro-Park Mielec zone. On the other hand, the amounts of investments in the Słupska, Starachowicka, Krakowska and Suwalska zones were much lower. This was caused to a large extent by the fact that these zones have mainly small and medium-sized enterprises operating in less capital-intensive industries, but on the other hand, creating a relatively higher number of new jobs.

Particular zones differ in terms of the dominant branch of industry. In the Katowicka, Wałbrzyska, Legnicka and Tarnobrzaska zones the automotive sector prevails. The Kamiennogórska, Krakowska, Kostrzyńsko-Słubicka zones have mainly companies of the paper sector, while the Euro-Park Mielec is dominated by the wood industry. The Łódzka SEZ has attracted the highest number of investments related to the manufacturing of household appliances and equipment and other non-metallic products, while the Pomorska zone those manufacturing electrical and optical equipment.

Level of utilisation of special economic zones in Poland (as of 31 December 2005)

Name of the zone	Location (voivodship)	Area (in ha)	Area to be utilised (in ha)	Value of investment made so far (in PLN million)	Number of jobs
Kamiennogórska SEZ for Small and Medium-sized Enterprises	Dolnośląskie	240.8	123	606.0	2329
Katowicka SEZ	Śląskie	1156.0	418	7713.9	21690
SEZ Krakowski Park Technologiczny	Małopolskie	122.1	60	463.1	3823
Kostryńsko-Słubicka SEZ	Lubuskie, Zachodniopomorskie	805.0	360	1039.4	7241
Legnicka SEZ	Dolnośląskie	416.7	181	2780.6	5385
Łódzka SEZ	Łódzkie	383.5	120	3353	5903
SEZ Euro-Park Mielec	Podkarpackie, Małopolskie	708.0	160	2363.2	11003
Pomorska SEZ	Pomorskie	382.8	103	1428.8	10152
Słupska SEZ	Zachodniopomorskie, Pomorskie	210.0	83	135.6	1541
SEZ Starachowice	Świętokrzyskie, Mazowieckie, Opolskie	329.8	82	372.5	4832
Suwalska SEZ	Podlaskie, Warmińsko-Mazurskie	288.9	93	478.1	3739
Tarnobrzeska SEZ Euro-Park Wisłosan	Podkarpackie, Świętokrzyskie, Mazowieckie, Lubelskie	1105.2	190	1070.6	10300
Wałbrzyska SEZ Invest-Park	Dolnośląskie, Opolskie	812.0	119	4598.5	18788
Warmińsko-Mazurska SEZ	Warmińsko-Mazurskie, Mazowieckie	524.1	202	597.2	5960

Source: Based on information on individual SEZs.

Major foreign-capital investors conducting business operations in SEZs

Name of the zone	Investor (country of origin, sector)
Kamiennogórska SEZ for Small and Medium-sized Enterprises	<p>TAKATA PETRI PARTS Sp. z o.o. (Japan, safety belts), SOPP Poland Sp. z o.o. (Germany, decorative products), CERAMIKA MARCONI Sp. z o.o. (Italy/Poland, ceramic products), CM3-POLAND Sp. z o.o. (Italy, metal products), BDN Sp. z o.o. Sp. Komandytowa - Grupa Wydawnicza BAUER (Germany, a printing house), LUBATEX Sp. z o.o. (France/Germany/Poland, textile products), AUTOCAM POLAND Sp. z o.o. (USA, parts and car accessories), PALGETRANS HANDEL-TRANSPORT Sp. z o.o. (Germany/Poland, wood and wood products), WEBER-HYDRAULIKA Sp. z o.o. (Germany, metal and hydraulic components), LOVINK POLAND Sp. z o.o. (the Netherlands/Poland, cast iron and metal elements), DR.SCHNEIDER AUTOMOTIVE POLAND Sp. z o.o. (Germany, car accessories)</p>
Katowicka SEZ	<p>Opel Poland Sp. z o.o./General Motors (USA, automotive), Delphi Poland Automotive Systems Sp. z o.o. (USA, automotive), Ekoceem Sp. z o.o./HeidelbergCement (Germany, construction), FIAT-GM Powertrain Poland Sp. z o.o. (Italy, automotive), Guardian Industries Poland Sp. z o.o. (USA, chemical), Isuzu Motors Sp. z o.o. (Japan, automotive), Brembo Poland Sp. z o.o. (Italy, automotive), Roca Poland Sp. z o.o. (Spain, bathroom ceramics), TRW Varsity Braking Systems Poland Sp. z o.o./TRW Inc. (USA, automotive), NGK Ceramics Poland Sp. z o.o./NGK Insulators (Japan, automotive), Martifer Poland Sp. z o.o. (Portugal, construction), Lear Corporation Poland II Sp. z o.o. (USA, automotive), Manuli Auto Poland Sp. z o.o./Manuli Rubber Industries SpA (Italy, automotive), Electrolux Poland Sp. z o.o. (Sweden, household appliances and equipment), Tenneco Automotive Eastern Europe (USA, automotive)</p>
Krakowski Park Technologiczny	<p>Motorola Inc. (USA, IT/R&D), RR Donnelley (USA, printing), AMS (USA, IT/R&D), Becker Powłoki Przemysłowe Sp. z o.o./Alcro-Beckers AB (Sweden, chemical)</p>
Kostrzyńsko-Słubicka SEZ	<p>Faurecia Gorzów Sp. z o.o. (France, automotive), VW Poznań (Germany, automotive), Homanit (Germany, wood processing), Teleskop Sp. z o.o. (Belgium, machinery), Podravka Poland Sp. z o.o. (Croatia, food), ICT Poland Sp. z o.o./Industrie Cartaire Tronchetti SpA (Italy, paper), Robina Sp. z o.o. (Germany, plastics), Brinkhaus Poland Sp. z o.o. (Germany, textiles), Könecke Sp. z o.o. (Germany, food)</p>
Legnicka SEZ	<p>Volkswagen Motor Poland Sp. z o.o./Volkswagen AG (Germany, automotive), Sitech Sp. z o.o./Sitech Sitztechnik GmbH (Germany, automotive), Viesman Technika Grzevezca Sp. z o.o. (Germany, metal), Gates Poland Sp. z o.o. (USA/United Kingdom, automotive), TBMeca (Japan/France, automotive), Royal Europa Sp. z o.o. (Canada, construction), Faurecia Legnica Sp. z o.o./Faurecia (France, automotive), Brugman Fabryka Grzejników Sp. z o.o. (the Netherlands, metal), C+P Systemy Meblowe Sp. z o.o. (Germany, furniture), Sanden Manufacturing Poland Sp. z o.o. (Japan, automotive), Voss Automotive Poland Sp. z o.o. (Germany, automotive), wezi-tec Sp. z o.o. (Germany, plastics)</p>
Łódzka SEZ	<p>BSH Sprzęt Gospodarsstwa Domowego Sp. z o.o. (Germany, household appliances and equipment), Gillette International Poland Sp. z o.o. (USA, cosmetics), Indesit Company Poland Sp. z o.o. (Italy, household appliances and equipment), Cebal Tuba Sp. z o.o. (Poland/France, polyethylene packaging), DS Smith S.A. (United Kingdom, wave cardboard packaging), Chipita Poland Sp. z o.o. (Greece, food), Kofola Sp. z o.o. (the Czech Republic, food), HT Lantacet Sp. z o.o. (Poland, medical technology), Haering Poland Sp. z o.o. (Germany, precision instruments), Fuji Seal Poland Sp. z o.o. (Japan, packaging)</p>

Name of the zone	Investor (country of origin, sector)
SEZ Euro-Park Mielec	Kronoflooring Mielec Sp. z o.o. (Austria, wood and furniture), Kronospan Mielec Sp. z o.o. (Austria, wood and furniture), Lear Automotive /EEDS/ Poland Sp. z o.o. (USA, automotive), Formaplan Mielec Sp. z o.o. (Germany, wood and furniture), Kirchhoff Poland Sp. z o.o. (Germany, automotive), Onduline Production Sp. z o.o. (France, construction materials), Mondi Bags Mielec Sp. z o.o. (Italy/Austria, paper)
Pomorska SEZ	All Tech Sp. z o.o. (USA, electrotechnical industry), Ambil Europa Sp. z o.o. (Canada, metal industry), Fabryka Plastików Pomerania Sp. z o.o. (France, plastic products), Flextronics International Poland Sp. z o.o. (USA, electronic industry), Gemplus Pologne Sp. z o.o. (France, electrotechnical industry), Hubner + Suhner Sp. z o.o. (Switzerland, electrotechnical industry), Lenahien Poland Sp. z o.o. (Belgium, plastic products), MBF Sp. z o.o. (Belgium, rubber industry), Molex Premise Networks Sp. z o.o. (USA, electrotechnical industry), International Paper Kwidzyn S.A. (USA, paper industry), Jabil Circuit Poland Sp. z o.o. (USA, electrotechnical industry), Nefab Packaging Poland Sp. z o.o. (Sweden, paper packaging), Tapflo Sp. z o.o. (Sweden, production of pumps and compressors)
Slupska SEZ	Athletic Manufacturing Sp. z o.o. (China, production of bikes and motorbikes), EIW Industrial Development Sp. z o.o. (China, production of bikes and motorbikes), Elfa Poland Sp. z o.o. (Sweden, manufacturing of metal products), Faser-Plast Poland Sp. z o.o. (Switzerland, plastic processing), KAPENA S.A. (Italy, manufacturing of buses), KRONOTEX BIS Sp. z o.o. (Cyprus, manufacturing of plywood), "Plast Team Poland" Sp. z o.o. (Denmark, plastic processing)
SEZ Starachowice	Bauma System SA (Spain, metal industry), Biella Poland Sp. z o.o./Biella-Neher AG (Switzerland, office materials), EC Starachowice Sp. z o.o./Caterpillar Inc. (USA, power engineering), MAN Star Trucks & Buses Sp. z o.o./MAN Nutzfahrzeuge Gruppe (Germany, automotive), Orizzonte Poland Sp. z o.o. (International, metal), Poligrafia-Bis Sp. z o.o./RR Donnelley (USA, printing), Starflam Sp. z o.o./Groupe Chantelle (France, textiles), PROVOST Poland Sp. z o.o./PROVOST S.A. (France, metal)
Suwalska SEZ	"Masa Decor Poland" Sp. z o.o. (Germany, printing), "MALOW" Sp. z o.o. (Switzerland, metal), "3E" Sp. z o.o. (Taiwan, electronic)
Tarnobrzaska SEZ Euro-Park Wislosan	Stahlschmidt & Maiworm Sp. z o.o. (Germany, automotive, manufacturing of aluminium rims), TOORA Poland S.A. (Italy, manufacturing of aluminium products), Uniwhheels Production Sp. z o.o. (Germany, manufacturing of aluminium rims), Poldec Sp. z o.o. (France, metal industry), Toho Poland Sp. z o.o. (Japan, metal industry)
Walbrzyska SEZ Invest-Park	Toyota Motor Manufacturing Poland (Japan, automotive), Toyota Motor Industries Poland (Japan, automotive), Electrolux Poland (Sweden, household appliances and equipment), Wrozamet (Spain, household appliances and equipment), Polar/Whirpool (USA, household appliances and equipment), Bridgestone Diversified Products Poland (Japan, automotive), WABCO Poland (Holland, automotive), Faurecia Walbrzych (France, automotive), NSK Steering Systems Europe (Japan, automotive), General Electric Power Controls (Spain, electromechanical), Henkel Ceresit (Germany, construction)
Warmińsko-Mazurska SEZ	Michelin Poland S.A. (France, tyres), LG Electronics Miawa Sp. z o.o. (South Korea, electronic), BRUSS Poland Sp. z o.o. (Germany, metal products), Atis Sp. z o.o. (Germany, electronic), Cetco Poland Sp. z o.o. (USA, construction), Mazur-Look International Sp. z o.o. (Germany, furniture), "Doradca Komplex" Sp. z o.o. (Poland/Germany, food), DFM Sp. z o.o. (Poland/Germany, furniture),

Source: Polish Information and Foreign Investment Agency.

In order to stimulate the inflow of new investments into Poland, in particular to the special economic zones, the Ministry of Economy has prepared a number of amendments to the Acts regulating business activity within these areas. The amendments provide for:

- increasing the total admissible area of a SEZ to 12 thousand ha and abolishment of the requirements related to the minimum amount of investment outlays and number of jobs,
- enhancing the possibilities of utilising the allocations from the Zone Fund for new investments (the option to support investments gradually, in annual tranches),
- shortening the time required for making land available to investors,
- simplified procedures for changing the status of arable or forest land,
- release from the obligation to contribute the fee on land development work (adjacent fee),
- shortening the procedure for obtaining infrastructure building permits by the investor.

Special economic zones were established for the period of 20 years, which means that the last of them will cease to exist in 2017. Despite the gradually introduced restrictions on the amount of the state aid granted to enterprises within SEZs, the zones are still particularly attractive areas for carrying out business operations in Poland.

VII CONDITIONS FOR CONDUCTING BUSINESS ACTIVITY

1. General principles

Business activity in Poland is characterised by simple and universal principles, of which the most important are:

- freedom to undertake business activity,
- equality of business entities – state and private, domestic and foreign,
- regulation of the activity of business entities by market mechanisms,
- limitation of government intervention to a necessary minimum.

These principles are vested in and guaranteed by economic law, which is in turn based on the standards of the democratic state.

2. Legal bases

The legal bases for the business activity in Poland are provided for in the Civil Code, Commercial Companies Code and in the Act of 2 July 2004 on the freedom of business activity which replaced the Act of 1999 – the Business Activity Law.

The **Civil Code** regulates property relations between natural persons, legal persons, and natural and legal persons as well as provides protection of personal property. The Act of 28 July 1990 adjusted the Code to the requirements of transformations of system and economy taking place in Poland. The provisions of the Civil Code respect the principle of the equality of entities – participants in a given legal relation, irrespective of their form of ownership, the equivalence of benefits (the benefit of one party equals the benefit of the other party), and of the independence and freedom of contracts. The Civil Code defines property rights of an absolute character (effective *erga omnes*); execution and expiration of obligations; types of contracts (e.g. sale contract, contract to supply, contract for performing a specific task, assignment, commission sale contract, contracts of transport, forwarding, rent, lease, loan, or bank account deliveries); rights effective only between parties of a given inter-party relation under civil law, and statutory and testamentary succession (last will and legacy). The Civil Code was amended by the Act of 26 July 2000 to regulate the contract of lease, and the amendment of 14 February 2003 set forth explicitly that concessions, licenses and permits are a component of an enterprise and in case of its sale are transferred to the buyer. Another amendment of the Civil Code, made in 2004, introduced new rules for the State

Treasury's responsibility (Journal of Laws No. 162, item 1692). These solutions apply to acts of law and legal positions occurring after 1 September 2004. Any previous acts or positions are subject to the provisions previously in effect.

Apart from the Civil Code, legal regulations pertaining to business activity are laid down in the Commercial Companies Code, copyright law, industrial property law, etc. The application of miscellaneous legal acts is governed by the Roman principle: a specific regulation has priority over a general rule.

The new principles for commercial companies' activity have been binding since 1 January 2001, pursuant to the Act of 15 September 2000 – the **Commercial Companies Code**. This Act amended the provisions of the Commercial Code of 1934 (as amended). The new Code provides for the establishment, organisation, operations, dissolution, division and transformation of commercial companies. The following types of commercial companies have been defined: general partnership, professional partnership, limited partnership, limited joint-stock partnership, limited liability company and joint-stock company. The Commercial Companies Code defines an agreement for a commercial company, according to which the partners or shareholders undertake to pursue a common goal by making contributions and, where so provided in the articles or statutes of the company, by other joint action.

The Act also revises other laws to harmonise them with the Code, including amendments to the Bankruptcy Law, Code of Civil Procedure, Notary Public Services Law, the Accounting Act, the Act on tax regulations, Banking Law, etc. However, special regulations concerning the following continue to be in force:

- National Investment Funds,
- companies conducting banking activities,
- companies operating stock exchanges or conducting over-the-counter activities,
- companies operating brokerage houses,
- National Depository for Securities (KDPW S.A.),
- companies conducting insurance activities,
- investment fund companies,
- pension funds,
- public radio and TV companies,
- companies established as a result of commercialisation and privatisation of state enterprises,
- other commercial companies regulated by separate laws.

In December 2003, the Commercial Companies Code provisions were amended, *inter alia*, in reference to the obligatory transformation of a private partnership into a general partnership, if the annual value of the company turnover in two subsequent years exceeds € 400,000 – that ceiling was raised to € 800,000. Furthermore, a rule was adopted under which assuming financial liabilities in an amount exceeding twice the value of the equity capital, without a required resolution of partners, will not remain under the sanction of nullity (the Act of 12 December 2003 amending the Commercial Companies Code and certain other acts, Journal of Laws No. 229, item 2276).

The Act of 2 July 2004 **on the freedom of business activity** (Journal of Laws No. 173, item 1807, as amended) regulates the commencement, conduct and termination of business activity, and the responsibilities of public administration authorities in this respect. The Act defines the term “entrepreneur” as a natural person, a legal person or an organisational unit without legal personality which conducts business activity on its own behalf. Furthermore, the Act also classifies as entrepreneurs partners in a private partnership within the scope of their business activity.

The Act specifies the criteria to be met by an entrepreneur in order to be classified as a micro, small or medium-sized one. These are as follows: the average annual maximum employment level and the maximum annual net sales on goods, products, services and financial transactions or the maximum amount of assets as revealed in the balance sheet drawn up as at the end of one of the last two financial years.

Based on these criteria, any entity which: (i) employs, on an average annual basis, less than 10 persons, and (ii) records the annual net sales not exceeding the PLN equivalent of € 2 million or whose total assets did not exceed the PLN equivalent of € 2 million is classified as a micro-entrepreneur.

Any entity which: (i) employs, on an average annual basis, less than 50 persons, and (ii) records the annual net sales not exceeding the PLN equivalent of € 10 million, or whose total assets, as shown in the balance sheet, did not exceed the PLN equivalent of € 10 million is classified as a small entrepreneur.

Any entity which: (i) employs, on an average annual basis, less than 250 persons, and (ii) records the annual net sales not exceeding the PLN equivalent of € 50 million, or whose total assets, as shown in the balance sheet, did not exceed the PLN equivalent of € 43 million is classified as a medium-sized entrepreneur.

Moreover, the Act lays down the rules for the operation of branches and representative offices of foreign entrepreneurs on the territory of the Republic of Poland. Foreign entrepreneurs may conduct business activity either in the form of branches or representative offices. The scope of activity of a branch may not be different from the scope of activity of the respective foreign entrepreneur. The scope of activity of a representative office may include only advertising and promotion of the respective foreign entrepreneur.

An entrepreneur must comply with the principles of fair competition, respect for traditional customs and justified interest of consumers. An entrepreneur must also comply with operating requirements stipulated in the law (e.g. in the field of protection against threats to human life or public morals, healthcare, environmental protection, professional qualifications). In addition, all entrepreneurs must provide Polish labelling on the goods or their packaging concerning: identification of the producer of the goods, including his address, the name of the goods, and other information if separate provisions so require. Failure to fulfil these formal conditions of conducting business activity may result in a fine.

The Act on the freedom of business activity requires all public administration bodies to support entrepreneurial activity. Particularly, these bodies are to initiate amendments to the law with a view to promoting development of entrepreneurship, support institutions which provide funding to business activity, conduct informational and educational activities, organise training courses in the area of enterprise development, and promote co-operation between entrepreneurs.

State aid to enterprises, defined as a generation of financial profits to the benefit of a particular entrepreneur in the area of the business activity conducted by him, is – as in the EU law – considered to be incompatible with the idea of economic freedom and common market rules since it favours some entities at the expense of others. The prohibition of such aid is to some extent eased as it excludes the so-called “minute aid”, the value of which may not exceed € 100,000 in three consecutive years (the *de minimis* principle) and which is intended for entrepreneurs who operate on local markets only, provided, however, that the aid does not support exports. The relevant regulations in line with the European Union standards were introduced in Poland by way of the *Act on the criteria of admissibility and supervision of public aid to*

entrepreneurs (Journal of Laws No. 60 of 27 July 2000, item 704). Regulations contained therein, along with several amendments, remained in force until May 2004, that is until Poland's accession to the European Union. They were repealed as at the date when the *Act on proceeding in matters related to public aid* (Journal of Laws No. 123 of 30 April 2004, item 1291) entered into force. At present, the rules for and criteria of provision of public aid in Poland are provided for, in addition to the aforementioned Act, directly in the community law and the Treaty of Accession.

Poland's accession to the EU implies direct application of the community rules regarding admissibility of public aid and, in particular, application of Articles 88 and 89 of the EC Treaty and Council Regulation (EC) No. 659/1999 of 22 March 1999 laying down detailed rules for the application of the provisions of the EC Treaty concerning state aid. The authority responsible for the supervision of the granting of aid to entrepreneurs is no longer the President of the Office of Competition and Consumer Protection, but the European Commission. It is obliged to supervise the system of aid granted to entrepreneurs by the Member States and verify that such aid is compatible with the EC Treaty and with other community rules. Pursuant to the Act of 2004 on proceeding in matters related to public aid, the task of OCCP is to act as an intermediary between entities which provide the aid and the Commission, and to assist in the preparation of notification of applications (both under aid programmes and for individual aid).

Changes in the state aid system included also the existing rules for the notification of aid and consisted in the replacement of optional notification of the European Commission with mandatory notification. According to the community law, prior to putting any state aid into effect (whether in the form of aid programmes or individual aid) the relevant aid scheme has to be submitted for approval to the European Commission. This applies to new cases of aid provided to business entities. The notification obligation does not apply to the existing aid within the meaning of Article 88(1) of the EC Treaty (Annex IV to the Treaty of Accession, Chapter 3(1))¹. The following types of aid are regarded as existing aid:

- all aid measures put into effect before 10 December 1994,
- aid measures listed in the Appendix to Annex IV, i.e. notified to the Commission before the work on the Treaty of Accession was completed (7 measures),
- aid measures which were assessed twice; they were found by the OCCP President to be compatible with the *acquis* and the European Commission did not raise any objection in respect thereof. In such a case the aid will be in effect for a certain period of time following the accession.

Only two exceptions have been introduced to these regulations. These pertain to financial aid to small and medium-sized entrepreneurs (until the end of 2011 and until the end of 2010, respectively) and to selected sectors (transport and activities linked to the production, processing or marketing of agricultural products, with the exception of fisheries and related products)².

¹ The existing aid includes: aid measures granted in special economic zones (until 2017), criteria of granting and settlement of state funds on education, regional aid programme for entrepreneurs conducting their activity in special economic zones, reimbursement of remuneration paid to juvenile workers, aid to training and stable employment and to entrepreneurs employing prisoners.

² Pursuant to the Treaty of Accession, individual aid and aid schemes put into effect in the transport and agriculture sectors will not require notification of the European Commission until the end of the third year following the accession. In this period Poland has to harmonise its rules on the provision of aid in these sectors with the Community guidelines.

3. Permits, licences and regulated business activity

Some types of business activity require a licence. These have been specified in the Act on the freedom of business activity, as amended.

Since 1 January 2005 a licence has been required for conducting business activities in the fields of: prospecting and extraction of minerals from deposits; tank-free storage of substances and wastes in rock mass, including in underground headings; manufacture and trade in explosives, arms and ammunition as well as articles and technologies of military and police use; manufacture, processing, storage, transmission, distribution and trade in fuels and energy; protection of persons and property; air transport; radio and television broadcasting (Article 46).

Licences in other areas may be introduced only by way of amendment to the foregoing Act and only when it results from the need to ensure state security or defence or from other important public interest.

The licence is granted by a licensing authority. The licence can be refused on grounds of a threat to the state defence or security, or to citizens' security. A business entity can apply for a promise of a licence before commencing activity. The promise makes granting a licence contingent upon fulfilment of conditions for conducting the business activity which requires such a licence. If the number of entrepreneurs who meet the requirements for the obtaining of a licence and guarantee proper conduct of the activity the licence pertains to is larger than the number of licences that can be granted, the licensing authority holds tender proceedings for the granting of a licence. A licence is issued for a limited period of time, not shorter than 5 years and not longer than 50 years, unless the entrepreneur applied for a shorter period of time.

Selected types of business activity (more than 200) are classified as regulated activity allowed provided that a certain conditions are met and a relevant entry in the register of regulated activity has been made. In a number of areas obtainment of permits is required. The list of the types of activity (26) which require a permit is included in separate regulations, for example in the Banking Law, regulations on investment funds, and the Act on education in sobriety and counteracting alcoholism. Business activity falling within the scope specified in the Acts on Road Transport and Railway Transport requires a licence.

The Act specifies situations when an administrative authority may refuse to grant a licence (or limit the scope thereof) or to enter the entity to the system of regulated activity. Moreover, rules for exercising control over business activity and situations when the licences may be revoked have also been defined.

4. Registration of business entities

An entrepreneur may commence business activity following entry in the register of entrepreneurs in the National Court Register or in the register of business activity. A company in organisation may commence its activity prior to the entry in the relevant register.

Pursuant to the provisions of the Act of 20 August 1997 on the National Court Register (Journal of Laws of 2000, No. 60, item 702, No. 114, item 1193), the National Court Register comprises: 1) the register of entrepreneurs; 2) the register of associations, other social and professional organisations, foundations and public healthcare establishments, and 3) register of insolvent debtors.

The register is kept in compliance with the principles of formal openness (everyone has the right of access to the register data) and material openness (ignorance of the register data cannot be used as an excuse) as well as reliability of entries. Entrepreneurs are obliged to update register data. The register of entrepreneurs includes, among others, the following entities: companies (general partnerships, professional partnerships, limited partnerships, limited liability companies, joint-stock companies); cooperatives and state-owned enterprises; R&D units; foreign enterprises and branches of foreign enterprises; mutual insurance companies.

The register of business activity is kept by each gmina having territorial jurisdiction over the entrepreneur's place of residence. All entrepreneurs who are natural persons are entered therein.

All entities included in the register of entrepreneurs are obliged, in order to be registered, to submit detailed data on the entrepreneur. Requirements in this respect are laid down in the Act on the National Court Register and in the Act on the freedom of business activity.

An entrepreneur who commences business activity may submit, along with the application for entry in the register of entrepreneurs or in the register of business activity, the following documents:

- application for entry in the National Official Register of Entities Operating in the National Economy (REGON),
- registration declaration or update declaration as defined in the provisions on the records and identification of taxable persons and taxpayers (NIP),
- registration declaration of a payer of social insurance contributions or application for inclusion in the social insurance system.

The rules for registering foreign entrepreneurs' representative offices are set by the Act on the freedom of business activity. Establishment of a representative office requires entry into the register of representative offices of foreign entrepreneurs kept by the minister competent for economy. The application for entry into the register should contain: (i) the deed of association of the foreign entrepreneur (articles, statute); (ii) excerpt from the commercial register; (iii) a declaration by the entrepreneur on establishment of the representative office in Poland (iv) a document confirming the legal title to the premises (real estate) where the activity is to be conducted.

As of 1 January 2007 Central Information on Business Activity will commence its operation. It will be managed by the minister competent for economy. Its tasks will include: (a) management of a database of information on the data contained in the register (on all the entrepreneurs), (b) providing information on entrepreneurs, (c) issuing certificates confirming the content of the entry in the register. The central information system is established in order to ensure improved transparency of the economic life.

5. Control of the entrepreneur

Provisions of the Act on the freedom of business activity, as amended, lay down strict rules for the carrying out of a control of the entrepreneur's activity by public administration bodies. A principle has been adopted to the effect that no more than one control may be carried out at a time. This, however, does not apply to a situation when:

- ratified international agreements provide otherwise,

- carrying out of a control is necessary for the purposes of investigation or inquiry proceedings conducted against the entrepreneur,
- the control is to verify justification for the refund of value added tax prior to such refund,
- carrying out of a control is justified on grounds of a threat to human life or health, or to the environment,
- carrying out of a control results from the obligations under the Community rules on competition protection or obligations in respect of protection of financial interests of the European Community.

With regard to micro-, small and medium-sized entrepreneurs, duration of control may not exceed 4 weeks, and 8 weeks for large entrepreneurs. These limitations do not apply, however, to the situations when multiple controls may be carried out concurrently.

The foregoing rules governing entrepreneur control do not apply to the activities of entrepreneurs which are subject to: (a) special tax supervision, (b) capital and commodities market supervision, (c) banking supervision, (d) insurance supervision, (e) pension schemes' supervision and (f) veterinary supervision.

6. Ownership of land and real estate

Provisions regulating the right to land are laid down mainly in the Civil Code as well as in the Act of 19 October 1991 on the management of the agricultural real estate of the State Treasury. The rights to land can take the form of property rights, perpetual usufruct rights, lease, rent, lending for use, and permanent management rights.

A property right gives the owner, within the limits set in the relevant provisions (and except for other persons), the possibility to use the objects in accordance with their purpose and, in particular, to collect profits and to dispose of the objects. This right is alienable, hereditary and subject to execution. Acquisition and alienation of the right takes the form of a notarial deed.

The right to perpetual usufruct concerns state and municipal land in towns and localities and/or destined in the spatial management plan for non-agricultural use. It is established in the form of a notarial deed for 99 years (not less than for 40 years) with a possibility of extension for another 40-99 years. This right is alienable, hereditary and subject to execution. Fixed objects connected with the land (buildings, structures, trees and crops) are the property of the perpetual usufructuary. The latter is obliged to pay relevant charges for the usufruct as well as charges and taxes connected with the land.

Every land real estate should have a land register kept by the District Court, showing the legal status of the land. Section I of the land register describes the real estate (place, location, area), Section II specifies the owner or perpetual usufructuary, Section III concerns limited property rights, and Section IV – mortgages.

Specific conditions regarding the use of real estate by a given organisational unit without legal personality (state or municipal) carrying out permanent administration of the real estate can be determined by the *starost* with respect to state-owned property or by poviats or gmina council in case of property owned by a *poviat* or by a *gmina* respectively. Land covered by the State Treasury Agricultural Property Reserve can

be handed over for permanent administration by force of a decision of the President of the State Treasury Agricultural Property Reserve.

The Act of 19 October 1991 on the management of agricultural real estate of the State Treasury allows for sale, perpetual usufruct, usufruct, and lease of state-owned land to aliens. In the first two cases a permit of the Minister of the Interior and Administration is required. The Minister is obliged to submit to the Sejm annual reports on the sale of land to aliens. Practice has shown that this is a rather formal, though time-consuming procedure, as all investors applying for a permit to purchase land or real estate for the purpose of carrying out business activity other than farming, have been granted it. The sale or perpetual usufruct of land of the State Treasury or *gmina* must be organised in the form of a tender.

The term “alien” within the meaning of Article 2 of the Act of 13 June 2003 on aliens (Journal of Laws No. 128, item 1175), means the following: “Any person who does not have the Polish citizenship”.

Commercial law companies are aliens when they have their registered office outside the territory of Poland. Also companies with registered office in Poland, in which aliens have a dominant position, are considered to be aliens.

The provisions of the Act of 1920 on real estate acquisition by aliens (Journal of Laws No. 54 of 1996, item 245, as amended), concern all cases of acquisition of a real estate, irrespective of its form, namely through contracts for the exchange, sale, donation or contracts for life-long usufruct, usufruct, contribution in kind to a company (being an alien within the meaning of the Act) by shareholders, or acquisitive prescription of a real estate. It should be remembered that permit is required not only for the land which is the property of the State Treasury or *gmina* but also for private real estate.

The minister competent for internal affairs issues permits for the sale of real estate to an alien if the Minister of National Defence or, in the case of agricultural real estate, the minister competent for rural development, does not object thereto (Article 1 (1) and (1a) of the Act amending the act on real estate acquisition by aliens (Journal of Laws of 2004 No. 49, item 466).

No permit is required for the acquisition, *inter alia*, of:

- an individual apartment by an alien,
- individual commercial premises to be operated as a garage,
- real estate by an alien residing in Poland for at least five years since the date of obtaining a permanent residence card,
- a secondary residence, if the buyer has been lawfully residing in Poland for an uninterrupted period of at least four years,
- real estate by an alien being a spouse of a Polish citizen, residing in Poland for at least two years since obtaining a card of permanent residence, and acquiring the real estate under joint tenancy (with the spouse),
- real estate by an alien, if on the date of the acquisition the person in question is entitled to intestate succession, and the alienator has been the owner (or perpetual usufructuary) of the real estate for at least 5 years,
- non built-up plot of land of an area not exceeding 0.4 hectare in urban areas (nationwide) by a legal person having its registered office in Poland and controlled by an alien, for its statutory purposes,
- real estate by aliens being nationals or undertakings of the Member States of the European Economic Area, except for agricultural and forest land (of an area of at least 1 hectare), for 12 years since the day of Poland’s accession to the EU, and except for secondary residences, for five years since the day of accession,

- agricultural land (in western and northern voivodships) by aliens being nationals or undertakings of the Member States of the European Union or the European Economic Area, who have been leasing the land for 7 years since the conclusion of the lease contract, if during that period they conducted on that land agricultural activity in person (also as shareholders or stakeholders of a company) and have lawfully resided on the territory of Poland,
- agricultural land (in central, eastern and southern voivodships) by aliens being nationals or undertakings of the Member States of the European Union or the European Economic Area, who have been leasing the land for 3 years since the conclusion of the lease contract if during that period they conducted on that land agricultural activity in person (also as shareholders or stakeholders of a company) and have lawfully resided on the territory of Poland.

The abovementioned exemptions are not applicable to real estate in the cross-border area.

Under provisions of the Ordinance of the Minister of the Interior and Administration of 26 April 2004 on detailed information and types of documents to be submitted by an alien applying for a permit for real estate acquisition (Journal of Laws No. 94, item 925), the permit, valid for a specified period, is issued upon an application containing information on the buyer and the seller of the real estate, detailed characteristics of the real estate and a declaration of sufficient funds for the buyer to make the intended investment. Enclosures to the application should include an excerpt from the relevant register of the buyer (or from natural persons' register), a statement expressing the will to sell the real estate, a current excerpt from the land and mortgage register (*księga wieczysta*), an excerpt from the land and building register (*rejestr gruntów*), a certificate from the gmina office on appropriation of the real estate in accordance with the spatial development plan.

A charge in the form of duty stamps is collected upon submitting of the application in the amount of PLN 5.00 on the application and PLN 0.50 on each enclosure plus PLN 15 on the power of attorney. Detailed information on the required documents can be obtained in the Department of Real Estate, Permits and Concessions of the Ministry of the Interior and Administration (phone: +48 (22) 6015998 (permits for the acquisition of real estate by aliens) or +48 (22) 6014188 (concessions); fax: +48(22) 848 97 81, or in the Polish Information and Foreign Investment Agency (phone: +48 (22) 3349800; fax: +48 (22) 3349999).

Once the permit (promise) is issued, a stamp duty charge is to be paid to the account of the Warszawa-Mokotów Revenue Office. The charge is fixed and amounts to PLN 1,400 for the permit and PLN 83 for the promise.

An alien is also required to present a permit for the acquisition of shares in a company being the owner or the perpetual usufructuary of a real estate (in accordance with the abovementioned Ordinance of the Minister of the Interior and Administration). This, however, does not apply to listed companies.

A permit for the acquisition of real estate does not exempt aliens from the obligation to fulfil other legal requirements for the owners of real estate and land in Poland. This concerns, in particular, the need to obtain all the required permits from the administrative authorities, taking into account spatial development, protection of cultural heritage, protection of the natural environment and national parks, construction law, and the law concerning the utilisation and maintenance of inland waters. Acting in their own interest, buyers should check if they would be able to use the land or the real estate for the purpose they have in mind.

7. Prevention of monopolist practices and unfair competition

Entrepreneurs who conduct business activity on the Polish market are subject to two systems of competition rules at the same time: the Polish Act on competition and consumer protection (often referred to as the anti-monopoly act) and the law of the European Union; the competition rules addressed to entrepreneurs are contained in the Treaty establishing the European Community (EC Treaty) – Article 81, which prohibits anti-competition agreements between entrepreneurs and Article 82, which prohibits abuse of dominant position on the market, and in Council regulation (EC) No. 139/2004 of 20 January 2004 on the control of concentrations between undertakings (the EC Merger Regulation).

The distribution of competences between the European Commission, which is a Community competition authority, and the President of the Office for Competition and Consumer Protection (OCCP), which is the national competition authority in Poland, is specified in Council Regulation (EC) No. 1/2003, which entered into force on 1 May 2004. This Regulation is applicable to Poland under the Treaty of Accession and pursuant to Articles 91 and 92 of the Constitution of the Republic of Poland. The Regulation has maintained the principle of the European Commission's primacy in the system of the competition protection bodies in the Community. The OCCP President may initiate anti-monopoly proceedings under the Community law in cases of European dimension when specific practices have an effect on trade between Poland and the other EU Member States and the European Commission will be the authority competent for agreements or practices which affect competition in more than three Member States (the so-called 3+ rule). If such practices have no effect on trade with the other Member States, such proceedings will be carried out in accordance with national regulations (the Anti-Monopoly Act).

The Commission remains the body that decides which cases should be examined at the national level and which at the Community level. Initiation by the Commission of proceedings with a view to counteracting infringements of Articles 81 and 82 of the EC Treaty, results in a loss by OCCP of the competence to apply those articles. If the OCCP conducted proceedings in that case, the Commission should request an opinion of that body before it initiates the proceedings.

The OCCP President is obliged to co-operate in the application of Community competition rules with anti-monopoly bodies in other Member States, and with the European Commission within the framework of the so-called Network of Competition Authorities.

The Act on competition and consumer protection lays down the procedure and rules for counteracting practices which restrict competition and practices which infringe the common interests of consumers, as well as anti-competitive concentrations of entrepreneurs and associations thereof, where such practices or concentrations cause or may cause effects on the territory of the Republic of Poland. The competition-restricting practices (the term “monopolistic practices” is not used in the said Act) include anti-competitive agreements and abuse of dominant market position.

Prohibited agreements consist in, among others: fixing, directly or indirectly, prices and other conditions of purchase or sales of products; limiting or controlling production, supply or sale as well as investments; division of markets of supply or purchase; limiting access to the market or eliminating from the market entrepreneurs who are not party to the agreement. The prohibition applies to horizontal agreements (between entrepreneurs operating on the same level of trade) and vertical agreements (between entrepreneurs operating on different levels of trade).

However, the law does not apply to such agreements under which the combined market share does not exceed 5%. If agreements are concluded between entrepreneurs acting at different stages of the economic process, the combined market share must not exceed 10%. The so-called group exemptions, put into effect by way of an Ordinance of the Council of Ministers (e.g. exempting from the prohibition certain vertical agreements in the sector of motor vehicles or certain agreements related to transfers of technology), are also possible.

Dominant position is defined as one that allows an entrepreneur to prevent effective competition on the relevant market through creation of a possibility of its acting, to a considerable extent, independently of competitors, contractors and consumers. It is assumed that an entrepreneur holds a dominant position where his market share exceeds 40%. This is not illegal, however, the abuse of such position is strictly prohibited. Such an abuse may occur through, for example, direct or indirect imposing of unfair prices (e.g. exorbitant or glaringly low prices), imposition of onerous terms and conditions of agreements, limiting production, sale or technical progress to the detriment of contractors or consumers, or counteracting formation of conditions necessary for the emergence or development of competition.

In Poland, any intended concentration which satisfies the requirements set forth in the Act must be notified to the OCCP President. A concentration may not be put into effect without prior obtainment of an approving decision issued by that authority. In the event that a concentration was put into effect without prior consent of the OCCP President and restoration of competition is not otherwise possible, the anti-monopoly authority may order, *inter alia*, separation of thus merged entrepreneur or disposal of its assets, in whole or in part. The OCCP President issues a decision permitting concentration if it does not result in an emergence or strengthening of the entrepreneur’s dominant position.

Proceedings against practices which restrict competition are conducted under the administrative procedure. Prior to the decision on the initiation of anti-monopoly proceedings, or a decision on a refusal to give his consent, the OCCP President may conduct explanatory proceedings. The proceedings proper may be initiated also upon request of an entrepreneur or an association of entrepreneurs, which prove their legal interest, territorial self-government and state control bodies, consumers’ advocate and consumer organisations.

An amendment to the Act on competition and consumer protection, made in 2002, has significantly improved the situation of consumers giving them the right to

institute an action for protection of collective interests of consumers. Practices infringing these interests, include illegal actions by entrepreneurs, in particular:

- breach of the duty to provide consumers with reliable, truthful and complete information,
- unfair or misleading advertising, and
- introducing prohibited clauses in contracts entered into the register kept by the OCCP President.

Proceedings in case of practices infringing common interests of consumers may be instituted *ex officio* or upon a motion of the Commissioner for Citizens' Rights, the Insurance Consumer Advocate, Consumer Advocates, and consumer organisations, including foreign ones (which are on the list of authorized organisations in the European Union Member States). The proceedings are free of charge; they may last not longer than two months from the date on which the proceedings were started (in most complicated cases they may last up to three months). The decisions are taken by the OCCP President. He may order to refrain from practices considered as infringing the common interests of consumers, and may impose a fine in the amount equivalent to € 10 to € 1,000 for each day of delay in the execution of the prohibiting decision.

The OCCP President may apply a temporary measure. Under specific circumstances, the OCCP President may, by way of exception, order the entrepreneur to stop practices which might have an irreversible effect on the market, before the proceedings are completed.

The OCCP President has also been authorised to carry out control, including search, upon a motion of the European Commission or the authorities of another Member State, without instituting separate proceedings.

In Poland the institution of *leniency*, compliant with the Commission notice of 2002 on immunity from fines and reduction of fines in cartel cases, is in effect. The first company to inform the OCCP of a cartel, or the first to submit evidence which in the OCCP President's view may enable him to make a decision considering a given practice to be a restriction of competition (if the President was not in a possession of such evidence or information), will be immune from fine (upon fulfilment of certain other conditions).

Practices restricting competition or causing excessive capital concentration are subject to severe financial penalties, which, however, differ depending on the seriousness of the case in question. A financial penalty may be imposed for the breach of material norms of the anti-monopoly law, being not in excess of ten per cent (10%) of the revenue earned in the accounting year preceding the year in which the penalty is imposed. Penalties for the breach of regulations concerning concentration are imposed in each case, other penalties are optional.

A decision of the OCCP President may be appealed against before competition and consumer protection court, which performs the function of the court of first instance.

In the Polish law, consumer protection is also provided for by the **Act of 16 April 1993 on combating unfair competition**, as amended. While the aim of the Act on competition and consumer protection is, first of all, to protect the freedom of competition, the purpose of the Act on combating unfair competition is to ensure fair competition among entrepreneurs. Both regulations are complementary acts providing for protection of interests of entrepreneurs against competition-restricting actions on the part of stronger market players, and against individual actions of

entrepreneurs. Unlike competition-restricting practices, which are to be combated with administrative measures, combating unfair competition is to be achieved with measures of civil and criminal law.

The Act on combating unfair competition regulates preventing and combating unfair competition in business activity, particularly as regards industrial and agricultural production, construction, trade and services – in public interest of entrepreneurs and customers, especially consumers.

Under the Act, an act of unfair competition is one that is against the law or against good practices, impairs the interest of another entrepreneur or a customer. Acts of unfair competition include in particular: misleading designation of an enterprise; false or fraudulent designation of geographical origin of goods or services; violation of business confidentiality; encouragement to terminate or not carry out agreements; product imitation; imputations against or dishonest praise for goods; obstruction of market access; bribery of a public official; dishonest or unlawful advertising as well as organising the pyramid selling system. In 2000, comparative advertising was defined as an act of unfair competition in advertising, incompatible with good practices. The two latest amendments of the Act, made in 2002 and 2004, extended the list of acts regarded as unfair competition to include the following:

- impeding small suppliers' access to the market by selling goods or services in commercial facilities of the selling area in excess of 400 m² at a price which does not take into account the sales margin (certain exceptions to this rule have been made),
- sale to consumers of goods or services, combined with the award to all or to selected purchasers of a free bonus in the form of goods or services other than those which are the object of the sale (however, attachment of a product of a "low value" or of a sample of a product, e.g. a cosmetic, to a colour magazine is permitted),
- formulation of offers in promotional lotteries in such a way that winning seems certain,
- organisation of a system of the so-called pyramid selling,
- introduction by discount stores of goods in quantities exceeding 20% of the value of sales on products with brands which are the property of the network's owner or of its subsidiaries,
- conducting business activity in the so-called Ponzi scheme which consists in the management of property collected within a group including consumers and established with a view to financing purchases of rights, movables, real estate or services to the benefit of the group members,
- organisation of a group including consumers with a view to financing purchases in the Ponzi scheme.

The entrepreneur whose interests have been impaired by unfair competition may claim cessation of prohibited activities; elimination of the effect of prohibited activities; public statements of appropriate content; redress of damages caused to the entrepreneur; refund of unjust benefits; and imposition of fines for social purposes connected with the support of Polish culture. At the request of the entity the court can adjudicate on the products, their packaging, advertising materials and other objects directly connected with the act of unfair competition. In particular, the court may decide that they be damaged or treated as part of indemnity.

If an act of unfair competition is harmful to the interests of consumers, the claim can be asserted by the OCCP President, by state or regional organisations whose statutory purpose is consumer protection, as well as by consumers' advocates.

Regulations protecting consumers prohibit, first and foremost, practices misleading consumers. False marking of goods (or lack of marking) misleading for the customers as regards quantity, quality, ingredients, way of production, suitability, possible usage, repair, maintenance or other significant features of goods and services, as well as concealing the risk connected with the usage, are subject to a penalty of arrest or fine. The same applies to a person committing an act of unfair competition in advertising, promotional lotteries and sale combined with free of charge bonuses. A punishment of up to two years imprisonment or restriction of liberty, or a financial penalty is to be administered for revealing of confidential information which is the property of an enterprise. The same punishment can be applied to a person who reveals illegally obtained confidential information belonging to an enterprise to another person or takes advantage of it in his own business activity. Conducting activity in the Ponzi system is subject to a penalty of imprisonment for 3 months to 8 years.

The Act on combating unfair competition is of auxiliary and supplementary nature in relation to other legal regulations with respect to the protection of business entities (the Commercial Companies Code, the Act on trademarks, the Act on invention activity, etc.).

8. Protection of intellectual property

The past few years in Poland have witnessed major changes in the law with respect to the protection of intellectual property (industrial property and copyright and neighbouring rights). They were intended, among others, to bring the Polish legislation in line with the current world standards and resulted from international agreements concluded by Poland. The most important legal acts currently in force include the Act on copyright and neighbouring rights (of 1994, as amended) and the Industrial Property Law (of 2000, as amended). The Industrial Property Law, which came into force on 22 August 2001, is of a code nature.

Poland is a signatory country to the following main international agreements regulating the issues of protection of industrial and intellectual property:

- the Paris Convention on the protection of industrial property (since 1975),
- the Bern Convention on the protection of literary and artistic works (since 1990),
- the Rome Convention on the protection of performers, phonogram producers and broadcasting organisations (since 1997),
- the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS/WTO) (since 2000),
- the European Patent Convention (since 2004).

Poland also signed a number of agreements concerning the protection of inventions and patterns, including the Washington Treaty on patent cooperation (effective since 1990) and the Strasbourg Agreement on international patent classification (effective since 1997). The agreements related to trademarks signed by Poland include the Madrid Agreement on the international registration of trademarks (binding since 1991), the Nice Agreement on the international classification of goods and services for the purpose of trademark registration (effective since 1997), and the Vienna Agreement establishing an international classification of graphic components of trademarks (since 1997).

Protection of industrial property

Industrial property (invention, utility pattern, industrial pattern, trademark, geographic indication, topography of integrated circuits) is subject to legal protection in Poland. Citizens of foreign countries as well as foreign legal entities are entitled to protection of industrial property on the basis of international agreements concluded by Poland or on a reciprocity basis, provided the agreements are thus not violated.

The author of an invention, utility pattern, industrial pattern and topography of an integrated circuit enjoys the right to:

- obtain a patent, protection right or right from registration,
- remuneration,
- be mentioned as the creator in descriptions, registers and other documents and publications.

In the process of alignment of Polish law with the European Union law, provisions have been adopted to grant Poland additional protection rights for medicinal products and plant protection products. They became effective on the day of Poland's accession to the European Union.

The right to obtain a patent for an invention, a protection right for a utility pattern or a right from registration of an industrial pattern is alienable and hereditary.

In Poland, **patents** are granted, irrespective of the field of technology, for inventions which are new, represent an inventive level (i.e. do not result explicitly from the technology state-of-play), and are suitable for application in industry. The acquisition of a patent grants the exclusive right to use the invention on the territory of the country in a profit-oriented or professional way for 20 years from the date of reporting the invention to the Patent Office. The holder of the patent right can give another person a licence to use the invention. In order to obtain a patent, an application accompanied by a description of the invention and reservations (including e.g. the requested scope of the patent protection) should be submitted to the Patent Office. In Poland, European patent granted by the European Patent Office under the European Patent Convention is also subject to protection.

In 2004, residents submitted to the Patent Office of the Republic of Poland applications for patent protection of 2,381 inventions. In recent years this number has remained similar, whereas a strong upward trend was seen as regards the number of applications for patent protection of Polish inventions abroad (in the years 1990-2002 it rose from 154 to 9,039).

A high rate of growth is also noticed in the number of foreign inventions in respect of which applications for patent protection in Poland were submitted (in the years 1990-2004 it went up from 1,316 to 5,359). In 2004, one-half of the total number of applications came from two countries: the United States (27%) and Germany (23%). These countries also led in terms of the number of patents granted. In 2004, the share of Germany in the total number of patents granted to non-residents stood at 29%, and that of the US at 21%.

The majority of domestic and foreign applications, and of the patents granted pertained to chemistry and metallurgy (18% and 24% respectively), transport (18% in each group) and basic human needs (15% and 20%).

The protection of a **utility pattern** is obtained in Poland by reporting it to the Patent Office. The latter extends protective rights and issues protective certificates. The protective right gives the right to the exclusive use of the pattern in the territory of Poland. The protective right extends for 10 years from the date of reporting the pattern to the Patent Office.

In Poland, also an **industrial pattern** may be subject to protection. A registration certificate issued by the Patent Office confirms the ownership of the industrial pattern and the exclusive right to use it for 25 years from the date of reporting the pattern to the Patent Office. Industrial patterns for which a right from registration has been granted are entered to the register of industrial patterns. Rights from registration are not to be granted for industrial patterns the use of which would be against the public order or good practices.

The registration and protection of **trademarks** is restricted to those trademarks which distinguish goods or services manufactured or put on the market by a specific enterprise from goods or services of the same kind manufactured or put on the market by other firms. In Poland, an ordinary trademark is protected from the moment of its registration. A commonly known trademark enjoys protection even without registration if it is correctly associated by a major part of potential buyers with a given product or service. A registered trademark receives a protection certificate. The right to use the trademark covers a period of 10 years. Protection rights for trademarks are not granted when the use of the trademarks:

- infringes personal and property rights of third persons,
- is contrary to the law, public order or good practices,
- may be misleading for buyers, in particular in respect to the nature of the goods, their quality, features or origin.

In Poland, also **geographic indications, names and markings of agricultural products and foodstuffs**, and **topographies of integrated circuits** are subject to protection and are granted rights from registration.

The **business name** of an enterprise is protected by provisions of the Civil Code.

Legal regulations of auxiliary character in the field of industrial property protection can also be found in the Act on combating unfair competition (of 1993, as amended) and the Act on protection of competition and consumers (of 2000, as amended).

Protection of copyright and neighbouring rights

Poland extends protection also to copyright and neighbouring rights. The Act of 1994 on copyright and neighbouring rights (as amended) regulates a very wide range of creative activity, including works of literature, journalism, science, music, theatre, luthiery, choreography, pantomime, audio-visual arts (including films), cartography as well as computer software, works of art and photography, and industrial, architectural and urban designs, as well as revisions of other works (in particular: translation, alteration, adaptation), collections, anthologies, compilations, and databases which can be characterised as a work.

The Act protects the personal and property rights of the author. The personal rights (e.g. the right to inviolability of contents and form of works and to its proper use) are inalienable and cannot be inherited. They are protected without any time limits. The property rights (to the exclusive use of the work and its disposal as well as to remuneration for the use of the work) are hereditary and alienable by contract.

The property rights expire 70 years after the death of the creator or after the date of the first publication.

The Copyright Act contains special regulations concerning audio-visual works and computer software. It also regulates matters connected with neighbouring rights that refer to creative work not having the features of a work of art but also enjoying the same protection (for example, the right to artistic performance, phonograms, video recordings, broadcasts, first publications, scientific and critical editions). The Act contains also specific provisions on a protection of image, addressee of correspondence and confidentiality of the source of information.

9. Labour relations

Basic legislation

Labour law is regulated by the Labour Code (LC) of 26 June 1974, as amended. The Code determines the rights and obligations of employees and employers, and regulates the establishment, content and termination of the employment contract, the rights and duties of the parties to the employment contract, employment benefits, vacations and leaves, protection of employment, employment of women and minors, and settlement of labour disputes. The provisions of the Code apply to all kinds of employment relations unless special provisions stipulate otherwise. In particular, they apply to the employment of a Polish citizen abroad in a Polish representative office, mission, etc. and in a foreign representative office conducting its activities on the territory of the Republic of Poland, unless international treaties or agreements provide otherwise.

The Labour Code does not provide for issuing the implementing regulations to the Labour Code “upon agreement” with a relevant organisation. Instead, since 2 June 1996, trade unions and employer organisations have been presenting opinions on implementing regulations to the Labour Code as well as on other labour law provisions.

Conclusion of the employment contract

An employee is employed on the basis of an employment contract. The employer is obliged under Article 29 of the LC to confirm the type of the agreement concluded as well as its terms and conditions not later than on the day of the commencement of work by the employee. The employer hiring the employee has the obligation to define the work place and to inform an employee by a written notice when he/she is to perform his/her work (on what days and within what hours), what is the amount of working time, how many days of paid vacations he/she is entitled to, and how long the period of notice of termination of the employment contract is. Any change of the place of performing work requires the employee’s consent, and in case of a lack of such a consent termination of the employment contract is necessary to change the employment conditions.

The Code does not specify for what type of employment contract should be concluded. The overall regulations indicate, however, that an employment contract is concluded for a trial period (not longer than three months), for a specified period, or for an unspecified period of time, or for a period of time required to perform a specific task.

Since 1 May 2004, a provision has been in effect, restricting the employer in case he has concluded with the employee contracts for a specified period of time twice. Article 25 of the LC provides that in such a case the employer may conclude another (third) contract only for an unspecified period of time, if the period between termination of the previous and the conclusion of a new contract is shorter than one month.

Termination of the employment contract

The Code makes the notice period for the termination of a contract for an unspecified period of time dependent on the length of the employee's work in the enterprise. While terminating a contract, the employer applies a notice period of two weeks when the employee has been employed for less than six months; of one month when the employee has been employed for at least six months, or three months when the employee has been employed for at least three years. The same notice periods are binding for the employee.

In the event that the employment contract is terminated for reasons on the part of the employer, the employer has the right to unilaterally shorten the three-month notice period (to a minimum of one month) with the obligation to pay the employee remuneration for the remaining part of the notice period plus compensation for a loss of employment.

Regulations concerning termination of an employment contract without a notice are also in place. Article 52 of the Labour Code allows the employer to judge independently whether an employee has committed an offence that is "a serious violation of basic employee duties".

The employee has the right to terminate the contract without notice (Article 55 (1) of the LC) if the employer is guilty of "a serious violation of duties". In the event that the contract is terminated under this procedure, the employee has the right to obtain compensation equalling the remuneration for the notice period. If the reason has not been properly justified, the employer may, however, take the employee to a labour court to seek compensation for the damage.

Additional obligations for employers result also from the provision of Article 30 of the Labour Code. It specifies that notice periods determined in weeks or months are to end on Saturday or on the last day of the month. Such a general regulation can be advantageous for the employee with whom a contract with a two-week notice period is terminated.

The Labour Code stipulates that the termination of a labour contract for an unspecified period of time requires written justification. If a labour dispute is submitted to court, the employer may not refer to other causes of the employee's dismissal than those indicated in the notice of termination. Labour disputes arising from the employment contract are settled by labour courts.

Remuneration

In employment contracts remuneration is established on a time-period basis, in a piecework system, time-period plus premium basis and mixed system. Where remuneration is reduced, a notice of change of labour conditions is necessary, whereas rise of remuneration requires written confirmation.

The specific obligations of the employer and the employee can be determined in the rules of work which may not, however, define working conditions for the employee worse than those stipulated by the Labour Code.

Apart from cases specified in special provisions, the statutory working time must not exceed eight hours per day and, on average, 40 hours per week in the adopted accounting period. The working time for minors (aged 16 to 18) is shortened. Overtime work should be remunerated additionally. An employee is entitled to a vacation ranging from 20 to 26 working days depending on the length of employment and the post occupied. After each month of employment, an employee becomes entitled to first vacation equivalent to one twelfth of annual vacation he is entitled to after 12 consecutive months of employment. In each subsequent calendar year the employee becomes entitled to subsequent vacations. The amended provisions of the Labour Code exclude free Saturdays from the vacation period.

Protection of working conditions

The aim of protection of working conditions is to prevent threats to the life and health of the employee that may arise in the course of work. This concerns primarily health and safety at work, special protection of the working conditions of females and minors, and supervision of working conditions (labour inspection). It is the duty of the employer to create safe and healthy conditions of work. Women (pregnant women and women bringing up children of up to four years of age) as well as minors may not be employed to work at night, in particularly harmful conditions, or perform overtime work. Women are entitled to maternity leave (from 16 to 26 weeks) and extended maternity leave for bringing up a child (up to three years). Minors are entitled to shorter working hours.

Supervision of working conditions is performed by the State Labour Inspection established by the Act of 6 March 1989. The institution is responsible for assuring observance by the enterprise of the labour law and, in particular, the regulations concerning health and safety at work.

Social security

Social security benefits are paid out in case of illness or maternity. They take the form of a sick benefit, care benefit, compensatory benefit, childbirth benefit, maternity benefit and funeral benefit. The benefits are paid out by the Social Insurance Institution (ZUS). It is, however, the employer who covers sick benefits of individual employees for a period of up to 33 days annually. The Social Insurance Institution is also responsible for paying retirement and disability pensions.

An employer is obliged to pay the following social security contributions both on behalf of the employee and on his own behalf:

- for retirement pension (19.52% of gross remuneration) – one-half paid by the employer and one-half by the employee,
- for disability pension (13%) – one-half paid by the employer and one-half by the employee,
- for sick benefit, including maternity benefit (2.45%) – paid by the employee,
- for accidents – paid by the employer pursuant to the Act of 30 October 2002 on social insurance of accidents at work and of occupational diseases; since 1 January

2003, the amount of the contribution depends on the industry and the number of employees,

- for health care (8.75%) – paid by the employee; the contribution is calculated based on the gross remuneration minus the contributions listed above (the employee deducts 7.75% from the amount of income tax and the remaining portion of the contribution is deducted by the employer from net remuneration).

The employer is obliged to pay a 2.45% contribution to the Labour Fund and a 0.15% contribution to the Fund of Guaranteed Labour Benefits.

Employers who employ more than 25 employees are obliged (with some exceptions specified in the Act on employment and rehabilitation of the disabled) to make monthly payments towards the State Fund for the Rehabilitation of the Disabled. Where the disabled account for 6% or more of the total number of employees, the employer is exempt from the above payments. Where the disabled represent 7% or more of the total number of employees, the employer is entitled to income tax relief, dependent on the share of the disabled in the total employment, or even to exemption from income tax.

10. Taxation system

The general principles of the taxation system are laid down in the Tax Code (*Ordynacja Podatkowa*), which came into effect on 1 January 1998 (Journal of Laws No. 137, item 926, amended by Article 142 of the Act of 24 July 1998 on the amendments to some acts specifying the competencies of the state's public administration bodies (Journal of Laws No. 106, item 668, as amended). The Tax Code regulates, *inter alia*, tax obligations, tax information, tax procedure and fiscal control. Provisions of this Code are applicable to taxes, charges and other non-tax dues to the state budget and budgets of local self-government units.

The system has a three-tier institutional structure and consists of revenue offices as the first tax instance, fiscal chambers and the Ministry of Finance. The jurisdiction of the tax bodies is determined based on the place of residence or the registered office of the taxpayer. The Tax Code obliges taxpayers to keep tax books and bookkeeping records for a period of five years, and stipulates that tax liabilities are subject to limitation after a lapse of five years as of the end of the calendar year in which the date of the tax payment expired.

The Polish taxation system includes, in particular, corporate income tax together with exemptions stipulated, value added tax (VAT) and excise duty, personal income tax and real estate tax. Furthermore, many civil law actions are subject to stamp duty. These include, for instance, the contract for sale and transfer of goods and property rights, the lease and tenancy contract, the contract for a loan, the contract of partnership, the contract of guarantee. Poland's fiscal policy aims at gradual reduction of corporate and personal income tax rates accompanied by elimination or reduction of tax exemptions and deductions.

Corporate income tax

Corporate income tax is regulated by the Act of 15 February 1992 (subsequently amended). The groups of at least two commercial law companies having capital links can also be corporate taxpayers. The so-called tax capital group is composed

exclusively of limited liability companies or joint stock companies, if the average initial (share) capital per company is not lower than PLN 1,000,000. Companies making up a capital group must conclude an agreement, certified by a notary public, for a period of at least three years and satisfy a number of additional conditions specified by the law.

The fiscal year lasts one calendar year. In the case of starting up business activity, the fiscal year lasts from the day of launching the activities until the end of the calendar year or until the last day of the chosen fiscal year, but not longer than 12 subsequent calendar months.

The tax base is the income less donations for purposes specified in Article 4 of the Act of 24 April 2003 on public benefit activity and voluntary service, channelled to organisations conducting public benefit activity specified in that Act. The total amount of deductions from the tax base on that account must not exceed 10% of total income.

Donations for religious worship purposes may reduce the tax base by up to an additional 10% of income. Nevertheless, the total amount of deductions from the tax base on both these accounts must not exceed 10% of total income. Deductions are not permitted for donations for natural persons and for legal persons and organisational entities not having legal personality and conducting activities consisting in the manufacturing of electronic, fuel, tobacco, spirit, wine or brewery products, as well as other alcoholic beverages with alcohol content above 1.5%, or products of precious metals or containing those metals, or engaged in trade in these products.

In 2006, the corporate income tax rate is set at 19% of the tax base. Legal persons having a registered office or management board on the territory of Poland are liable to tax according to this rate on the total income. Where the registered office of the taxpayer is outside the territory of Poland, only the portion of the income earned in Poland is taxable in Poland. The income tax on dividends as well as other revenues generated as a result of participation in profits of legal persons having their registered offices in Poland amounts to 19% of the obtained revenue. This tax may, however, be deducted from the income tax on general business activity.

Since the beginning of 2000, the rules for calculating depreciation allowances have become more flexible. The initial value of fixed assets subject to a one-off depreciation in the month of putting the fixed asset into operation or in the following month was raised to PLN 3,500. In 2006, taxpayers have the right to choose a method of fixed assets depreciation. The applicable depreciation methods and rates are described in Article 16 (h) of the Act.

Relevant regulations give the right of income tax relief to entities which make agricultural investment and entities operating in special economic zones.

Taxpayers have the right to deduct expenses incurred on a purchase of new technologies up to the amount and on the terms and conditions specified in the ordinance of the minister competent for public finances, which is in line with the guidelines for regional state aid (OJ EC C 74 of 10.03.1998 and OJ EC C 258 of 09.09.2002). The term "new technologies" is deemed to mean, within the meaning of the Act, technological know-how in the form of intangible assets, in particular results of research and development work, acquired by the taxpayer from research units. An entity is not entitled to the right of deduction if in a fiscal year or in the preceding year it conducted its business on the territory of a special economic zone.

In case of a financial loss the Act provides for the possibility of spreading the loss over a period of five subsequent fiscal years, but the maximum amount of deduction in one year must not exceed one-half of the loss value.

The law imposes an obligation on fiscal authorities to determine income by estimation where there is justified suspicion that the income has been underestimated by the taxpayer. The estimate can be made by the comparable non-competitive price method, the re-sale price method or the so-called reasonable profit margin method.

Direct taxes, including personal income tax and corporate income tax rates, are not harmonised within the European Union, hence Poland's accession to the EU did not require any adjustment measures. Corporate income tax rates vary in different EU-15 states, but they are usually around 30%. Therefore, the 19% rate applicable in Poland is very favourable for entrepreneurs.

Value Added Tax (VAT) and excise duty

The tax on goods and services sold in the territory of the Republic of Poland (VAT) was introduced as of 8 January 1993 (Journal of Laws No. 11 of 1993, item 50, as amended). The tax applies to paid delivery of goods and paid provision of services domestically, exports and imports of goods, intra-Community acquisition of goods against remuneration domestically. It does not apply to the sale of an enterprise or company (branch) which draws up a balance sheet.

Since 1 January 2001, exemptions from VAT include taxpayers whose value of goods and services sold (including exports) did not exceed a PLN amount equivalent to € 10,000 in the preceding fiscal year. The tax obligation arises when the goods are given out, transferred, exchanged or donated and when the service is rendered. Articles 19 and 20 of the Act specify in detail the cases and dates when the tax obligation arises. Taxpayers are obliged to submit to the revenue office a registration declaration before the first taxable action is performed. Invoices and offers should bear the tax identification number. Tax returns should be filed with revenue offices at monthly intervals.

The Act on VAT stipulates the following tax rates: the basic rate of 22%, a reduced rate of 7% or 3%, and a 0% rate. The 0% rate applies to exports of goods and services provided that records are kept and a document confirming the passage of goods abroad has been received. A 0% tax rate is also applicable to intra-Community delivery of goods.

Lists of goods and services exempt from VAT and those subject to a reduced VAT rate are contained in annexes to the Act (cf. the Act of 11 March 2004 on the tax on goods and services (VAT), Journal of Laws No. 54, item 535, as amended).

The minister competent for public finances may, by way of an ordinance, reduce the VAT rates to 0%, 3% or 7% for the supplies of certain goods and provision of certain services or to some portion of such supplies or some portion of provision of such services, and set the terms and conditions for the application of reduced rates.

The categories of goods and services covered by particular tax rates are subject to changes, hence in specific cases current regulations should be consulted.

Items subject to a reduced rate of 7% in 2006 include, with some exceptions, products of animal origin, dairy products, horticultural products, fishery products, products of forestry and hunting, chemical fertilisers, pesticides, pharmaceutical products, certain products of the food industry and certain services. Health care and

social welfare services as well as educational services are exempted from VAT. An important amendment in force as of 1 January 2006 is the introduction of VAT at 22% on research and development services.

The taxpayer has the right to reduce the amount of tax due by the sum of VAT paid on the goods or services purchased.

The Act of 23 January 2004 on excise duty (Journal of Laws No. 29, item 257) imposes a tax obligation in a form of excise duty. Excise duty is levied on: manufacture of harmonised excise goods, removal of harmonised excise goods from the tax warehouse, domestic sale of excise goods, exports and imports of excise goods, as well as intra-Community supply and acquisition. Excise duty covers, among others, petroleum products and synthetic liquid fuels, consumer electronics, hunting and gas arms, alcoholic and tobacco articles, wine and beer, perfumes, gambling automatic machines and electronic game machines, sailboats and motorboats, seagoing yachts, passenger cars, furs, salt, plastic packaging, LPG and gas used in tourist bottles.

Excise duty rates are determined in percentage or in value terms. The excise duty rate is set as a percentage of the manufacturer's selling price or the importer's customs value. Excise rates are subject to changes, also during the calendar year, and are published in annexes to the ordinance of the Minister of Finance.

The minister competent for public finance may, by way of an ordinance, reduce rates of excise duties or make some goods exempt from excise duty.

In the import of excise goods, the excise duty base is the customs value of the goods increased by the customs duty calculated at the basic rate. Where the basic tax rate is not specified, an autonomous rate is applied. Sales of excise goods for exports are not subject to excise duty, articles being previously marked with excise duty stamps being an exception. The Minister of Finance determines, by way of an ordinance, the conditions and procedure for excise duty refund in exports.

The Polish system of indirect taxes (VAT and excise duty) was relatively well-aligned with Community law requirements prior to the accession, both in terms of types and rates of levied taxes, as well as the method of their assessment. Therefore, the list of goods the tax rates on which must change in connection with Poland's accession to the EU is not long, although it contains items of major significance for households' budgets. Raising VAT rates is required, *inter alia*, in reference to various children's products, building materials and services of basic relevance (e.g. construction services, catering and certain legal services), and raising (or imposition) of the excise duty – in the case of fuels, cigarettes and other tobacco products. However, the consequences of these increases will be mitigated by transitional periods for their introduction, which have been agreed in the Treaty of Accession. They cover:

- maintaining by the end of 2007 a reduced 7% VAT rate in residential construction on new dwellings, as well as on construction and repair services (this does not apply to building materials),
- maintaining by the end of 2007 a reduced 7% VAT rate on catering services,
- maintaining by the end of 2007 a zero VAT rate on books and specialist periodicals,
- a four-year transitional period on application of a super-reduced 3% VAT rate on certain means of farming production, agricultural products and farming services,
- a transitional period by the end of 2008 on a step-by-step introduction of a minimum level of excise duty rate on cigarettes, which is binding in the European Union,
- an annual technical transitional period on a zero excise duty rate on eco-components and a reduced rate on eco-fuels (with a possibility of its extension).

Furthermore, the Union granted to Poland transitional periods for full implementation of minimum excise duty rates on fuels, in connection with the introduction of the energy tax in the EU. The duration of transitional periods is as follows: on fuel oil – by the beginning of 2012, on unleaded petrol – by the beginning of 2009, on heavy heating oil and on light oil for heating public utilities – by the beginning of 2008, on coal and coke – by the beginning of 2012, on aviation and marine bunker fuels – by the end of 2006. Poland is exempt from the obligation to impose excise duty on natural gas by the beginning of 2014, unless before that date the share of gas in the total domestic energy consumption exceeds 25%.

Personal income tax

Natural persons having their place of residence on the territory of the Republic of Poland are subject to mandatory tax on their total income regardless of the location of the source thereof (unlimited tax liability).

The tax is payable on income generated by natural persons who are permanently residing in Poland and by persons who reside in Poland for more than six months. Also income generated by persons residing abroad is subject to taxation if its source is in Poland.

In 2006, three tax rates as well as an amended system of tax reliefs and deductions are in effect. The tax thresholds have not been indexed for six years now and are the same as in 2001.

Tax base in PLN		Tax due is
Above	Up to	
	37,024	19% of tax base minus PLN 530.08
37,024	74,048	PLN 6,504.48 + 30% of the surplus above PLN 37,024
74,048		PLN 17,611.68 + 40% of the surplus above PLN 74,048

Income tax at a flat rate of 19% applies to dividends and other types of income on participation in profits of legal persons. As of 1 March 2002 tax at a rate of 19% is payable also on interest or other income on funds collected on a taxpayer's bank account or on other forms of savings offered by an entity authorised thereto pursuant to separate regulations.

The Act abolishes in 2006 a tax relief on account of refurbishment and modernisation, intended for natural persons, but keeps in effect the relief for persons who use the Internet. On this account PLN 760 per year can be deducted from the tax amount.

In 2006, the limit of deductions of donations is set at 6% of income generated by the taxpayer. Only donations for religious worship purposes may exceed 6% of income (the upper limit is 10%).

The right to pay 1% of the tax due to public benefit organisations remains in effect.

In order to calculate the tax base, the amount of income is reduced by old-age, disability, health and accident insurance contributions provided for in the regulations on the social insurance system.

Real estate tax

Real estate taxation in Poland includes three types of tax: real estate tax, farm land tax and forest land tax.

Pursuant to the Act of 30 October 2002 amending the Act on local taxes and charges, the rates of real estate tax are to be set by the *gmina* council (*rada gminy*). In 2006, they must not exceed, on an annual basis, PLN 0.56/m² of usable area of residential premises, PLN 18.43/m² of usable area of buildings used for household purposes, and PLN 8.58/m² of other usable areas. The *gmina* councils may reduce these rates or introduce tax exemptions.

The real estate tax is payable by natural and legal persons, and organisational units without the status of a legal person.

The farm land tax is payable on land classified in the register of land and buildings as usable agricultural area or as tree-planted and/or bush-planted area and on usable agricultural land. Farms of an area of less than 1 ha and of the usable agricultural area not exceeding 1 conversion hectare are exempted from the tax obligation.

Farm land tax is calculated based on the number of conversion hectares, which takes into account the diversification of classes of usable agricultural area, and based on which of the four tax districts a given farm belongs to (e.g. 1 actual hectare of 1st class usable agricultural area in the 1st tax district equals 1.95 conversion hectare). At present, the rate of farm land tax per conversion hectare of land equals a cash equivalent of 2.5 quintals of rye calculated at the average purchase price of rye in the first three quarters of the year preceding the fiscal year.

The tax obligation does not apply, *inter alia*, to land belonging to the worst classes. Furthermore, it is possible to have the tax obligation temporarily suspended (for 1 to 15 years) or the tax rate reduced (mountain areas).

Pursuant to Article 4 of the Act of 30 October 2002 on forest land tax, the forest land tax per conversion hectare for the fiscal year 2006 equals the cash equivalent of 0.220 m³ of wood, calculated at the average selling price of wood, obtained by the forest inspectorate in the first three quarters of the year preceding the fiscal year.

Agreements on avoidance of double taxation

Poland has concluded agreements on the avoidance of double taxation with 81 countries. In accordance with OECD standards, all these agreements are based on the principle that the profits of a company are taxed only in the country where its registered office is located unless that company has branches located in the country of the partner. In that case, profits earned by these branches in that country are taxed there. It is also a rule that profits obtained from international transfers are exempt from taxation “at source”.

The majority of the agreements signed by Poland determine the maximum tax rate on dividends at 5-15%. This rate may be cut down to 5%, if a foreign investor has a certain minimum share in the equity capital of a company based in Poland (10% or 25%).

Some agreements concluded by Poland provide for tax exemptions for interest "at source"; hence, tax is collected in the country that is the domicile of the person to which the interest is paid. A 10% tax rate prevails in the remaining agreements. The agreements on the avoidance of double taxation concluded by Poland also permit taxation on licence fees.

11. Environmental protection requirements

Basic acts on environmental protection are the Act of 27 April 2001 – the Environmental Protection Law (Journal of Laws No. 62, item 627, as amended) and the Act on wastes (Journal of Laws No. 62, item 628, as amended). These Acts determine rules for the shaping, protection and use of the environment and, in particular, specify requirements for entrepreneurs in this respect, including the rules for environmental protection connected with investment activity. Use of the environment, which is not of a common nature, requires obtainment of a permit issued by a body competent for environmental protection, which defines the scope and conditions of the usage.

The Environmental Protection Law imposes on entities using the environment an obligation to measure the level and amount of emissions of substances (or energy) into the environment, to collect and process data and make it available for the purposes of state monitoring of the environment (Article 28). Furthermore, it defines principles of carrying out by a relevant decision-making body of the proceedings for environmental impact assessment; it also determines charges for use of the environment as well as penalties for non-observance of the provisions of this law.

Business entities are obliged to take up measures towards removal of the harmful impact on the environment. Decision-making power in this respect is vested in voivods who determine the scope and manner of fulfilling this obligation taking into consideration social interest, the existing damage or threat to the environment, as well as the actual possibilities of performing the obligations. The voivod may require an entity to pay to an environmental protection fund (at the national, voivodship or *gmina* level) an amount equivalent to the value of the environmental damage resulting from the violation. Business entities are required to keep records of the kind and quantity of agents released into the air and to submit to the voivod annual reports on the air pollution subject to charges.

The law provides for charges for the economic use of the environment and changes to the environment. The rates of the charges vary depending on the kind and amount of the substances emitted into the air. The list of pollutants on which charges are levied and the value of unit rates are set by the Council of Ministers by way of an ordinance.

Amendments to the Environmental Protection Law were aimed at a removal of interpretation doubts and introduction of changes implementing regulations of the European Communities with regard, for example, to public access to information on the environment or control of a risk of serious failures related to hazardous substances.

Additional regulations in the field of environmental protection are introduced by the Act on wastes. The act lays down rules for waste management and, in particular, for preventing generation of wastes or minimisation of their quantity, removal of wastes from the place of their generation as well as the use or disposal of wastes in such a way so as to ensure protection of human life and health as well as of the environment.

The Act on wastes introduces a ban on the imports of hazardous wastes and imposes a duty to obtain a permit from the Chief Environmental Protection Inspector for imports of wastes other than hazardous.

Entrepreneurs whose operations generate wastes (other than hazardous) are required to inform the local authorities thereof. Depending on the volume of wastes, the entrepreneur is required to inform the relevant authorities (*wójt* or a *starost*) two months before starting production. The voivod is informed when a facility either built or operated by the entrepreneur has been classified as an investment particularly harmful for the environment and human health.

An entrepreneur must have a permit to generate hazardous waste. Permits are issued by the *starost* upon consultation with the *wójt* and the voivodship sanitary inspector. Permits are issued by the voivod for investment projects which are particularly harmful for the environment.

Entrepreneurs who fail to observe the law (including misrepresentation and misinformation) will be summoned to do so by a relevant administrative body. In the absence of corrective action, the administration may order suspension of the waste-generating activity.

The amendments to this Act were intended to implement directives of the European Communities.

Similar matters concerning inland waters (rivers, lakes, canals, natural reservoirs and underground waters), irrespective of their form of ownership, are regulated by the Act of 18 July 2001 – the Water Law (Journal of Laws No. 115, item 1229, as amended). It provides for restrictions and bans on discharging wastewater and wastes into waters. In particular, it prohibits situating investments particularly threatening human health and life or harmful to the environment, as well as storage of wastewater, accumulation and economic utilisation of wastes and chemicals on areas with high flood risk (an amendment to the previous regulations). All water owners are now obliged to care for the ecological state thereof and to cooperate in reclamation of damaged ecosystems. They must not only provide unrestricted flood and ice run-off, but also regulate their flow by installing appropriate devices. When constructing water pipelines, the owners of plants are obliged to construct a sewerage system and wastewater treatment plants (an obligation introduced by the new law). Springs and water intakes supplying the population remain protected, as well as natural and artificial reservoirs of surface and underground waters and coastal areas (on the latter areas an obligation of planting specified crops will be introduced so that chemical fertilizers do not get into the waters). Water facilities built without an appropriate permit shall be pulled down.

Moreover, the law regulates issues concerning hydro-engineering, water companies, and control over water management. It also includes penal regulations. Limiting access to water used for fighting of natural disasters or extraordinary threats to the environment is regarded an offence and charged with a fine, penalty of restricted liberty or imprisonment of up to one year; and in case of casualties – an imprisonment of up to 5 years. Waters and grounds beneath them being state property have been under permanent administration of marine boards, regional water managements or national parks.

12. Courts and arbitration

Activity of the Polish courts is defined in the Act of 27 July 2001 on common courts (Journal of Laws No. 98, item 1070). Courts in Poland are independent. Judicial decisions are based solely on laws and are supervised by the Supreme Court. Poland has a two-tier system of justice. The verdicts of higher-instance courts are legally binding and are not subject to appeal in normal procedure. Common courts adjudicate in cases concerning civil, penal, family and labour law. Commercial courts, separate units of common courts, handle disputes arising from civil-law relations between entities conducting business activity. Economic matters also include disputes connected with environmental protection, monopolistic practices and partnership agreements as well as those related to composition agreements and bankruptcy proceedings.

The judicial system in Poland is based on common courts (district and regional courts, courts of appeal) and on special – administrative courts.

District courts have jurisdiction over one or several *gminas*. They consist of the following departments: civil, criminal (including petty offences), family, labour and land and mortgage register. Within district courts, there may also be borough courts as departments or delegated departments of these courts. They adjudicate in cases prosecuted as petty offence (as the first instance), including fiscal crimes and offences, crimes prosecuted on the basis of a private accusation or in summary proceedings.

Regional courts cover the territory of jurisdiction of at least two district courts and consist of the following departments: civil, criminal, penitentiary and supervision over execution of penal decisions, labour (sometimes together with social security courts) and commercial courts. The appeal courts cover the territory of jurisdiction of at least two regional courts. They include civil, criminal, labour and social security departments. Where so required, the Minister of Justice may establish new and abolish existing divisions in courts of every instance. Administrative bodies in courts are: in the district court – President of the court, in regional and appeal courts – President and a board of justices.

Reformed administrative courts have been operating in Poland since 1 January 2004. The reform introduced two-instance court proceedings and changed the organisational structure (Ordinance of the President of the Republic of Poland, Journal of Laws No. 72, item 652). The 11 delegated centres of the Supreme Administrative Court (NSA) have been replaced with 14 voivodship administrative (first instance) courts (in the future their number will rise to 16). Their tasks include assessment of lawfulness of administrative decisions. The NSA, as a second instance, hears cassation appeals and appeals against rulings of voivodship administrative courts.

Apart from common courts, business disputes can also be settled by conciliatory tribunals and arbitration courts (domestic and foreign). Conciliatory tribunals may be permanent, established by statutes of unions and associations (arbitration courts), but also appointed ad hoc to settle a single dispute. These are single-instance tribunals consisting of arbitrators appointed by the parties, adjudicating in property rights cases. Proceedings before such courts or tribunals are voluntary. Decisions by conciliatory tribunals and arbitration courts have the force of rulings of the common courts of the first instance. Amendment to the Code of Civil Procedure, made in 2004, abandoned the principle of single-instance conciliatory proceedings while, at the same time, providing the parties with a choice of the way in which the case should be settled in the second instance.

The party wishing to carry out enforcement of an arbitration award in Poland has to obtain court ascertainment of a possibility to enforce the same. If the arbitration award was delivered abroad, the enforceability thereof is ascertained by the voivodship court competent for the place of residence or the registered office of the debtor, or, if there is no such court, the voivodship court in whose jurisdiction the enforcement is to be carried out.

A permanent arbitration tribunal, appointed to settle disputes arising from international commercial relations, operates at the Polish Chamber of Commerce.

In order to safeguard the interests of the State Treasury, the Office of Attorney for the State Treasury was established by way of the Act of 8 July 2005 (Journal of Laws No. 169, item 1417). It is a state organisational unit supervised by the Minister of State Treasury. Its main task is to ensure uniform representation in proceedings at law for the State Treasury before domestic and foreign courts. The representation in proceedings at law pertains to cases in which the State Treasury is or should be a plaintiff or defendant, or a participant of proceedings before a court, tribunal or any other adjudicating authority. Such a representation may not, however, be appointed in cases settled in proceedings related to land and mortgage register, concerning entry in the register, cases settled in bankruptcy and reorganisation proceedings, or in enforcement proceedings.

The scope of responsibilities of the Office of Attorney for the State Treasury include also representation of the Republic of Poland before international courts, tribunals and other adjudicating authorities, as well as drafting, upon request of the Ministry of the State Treasury, normative acts on matters related to the management of the property of the State Treasury.

Representation in proceedings at law by the Office of Attorney for the State Treasury is mandatory in cases where the value of the object of dispute exceeds PLN 1 million.

13. Promotion and information services

Information on the Polish economy is readily available in Poland. The largest collection of it can be found in the Statistical Information Centre of the Central Statistical Office (GUS) (Warsaw, Al. Niepodległości 208).

In Poland's relations with other countries a major informative and promotional role is played by Economic and Commercial Departments, Trade and Investment Promotion Sections and Consulates at Polish Embassies. For Polish enterprises, they serve as a source of information on foreign markets, while for foreign businessmen and investors interested in the Polish market they provide information on conditions of doing business in Poland. They also offer assistance in establishing contacts with Polish partners. Addresses of the Economic and Commercial Departments, Trade and Investment Promotion Sections and Consulates in particular countries may be obtained in Polish Embassies whose addresses are provided in chapter XI.

Economic and Commercial Departments of Polish Embassies are, as a rule, the places of first contact with the Polish market. Information services for foreign firms entering the Polish market or already operating on it are also provided by numerous databases on Polish business enterprises, consulting firms and business information firms.

At present, a number of public and private institutions keep and use databases on Polish business entities. The major ones include:

- Commercial Inquiry Office at the Polish Chamber of Commerce, which manages a nationwide commercial inquiry system,
- Polish Information and Foreign Investment Agency,
- Market Information Centre of the Foreign Trade Research Institute,
- Foreign Investors Chamber of Industry and Commerce in Poland,
- Union of Private Merchants and Industrialists,
- Euro-Info Centre at the Polish Agency for Enterprise Development,
- Teledreson database, and
- foreign representative offices operating in the Polish market, including, in particular, the representative office of the European Data Bank.

Also private consulting firms offer a wide range of information, marketing, financial and legal services. Their addresses can be obtained from the Association of Business Consultants.

An important role in the Polish system of economic promotion is played by the Foreign Trade Research Institute (IKCHZ). Its activities are closely linked to the economic practice. In addition to delivery of analyses and expert opinions to government authorities, IKCHZ provides services in the area of micro- and macroeconomy in the form of market analyses, financial and economic analyses, reports, etc. The Institute's Market Information Centre provides information on the law currently in force in Poland and in the European Union, regulating trade in goods/services with third countries. It can also provide other important information on the conditions for conducting business in Poland.

The Institute is a member of *Association des Instituts Europeens de Conjoncture Economique – AIECE* and has long cooperated with renowned research centres in Europe, Asia and in the United States.

Television, radio, press and exhibition advertising are now the most popular forms of promotion on the Polish market.

The popularity of radio and TV advertising in Poland is growing. According to estimates made by CR Media Consulting, in the first quarter of 2006 the revenue generated by radio advertising stations increased by approximately 13% in relation to the same period in 2005. TV stations owe the largest increase in revenue from advertising to thematic channels. For example, in 2005 TVN (the largest commercial TV station in Poland) generated profit on advertising in thematic channels by 60% higher than a year before.

In 2006, the average (VAT exclusive) cost of TV advertising ranges from PLN 900 to 80,000 per 30 seconds of air time depending on the TV station and time when it is broadcast. Advertising is cheaper in the teletext service of various TV stations of nationwide and regional coverage. In channels one and two of TVP (public television) the cost of week-long advertising in teletext on the home page is PLN 60 to 200 depending on the industry.

The average price of advertisement in Polish press ranges from PLN 350 to 5,660 per 1 space module (PLN 10 to 90 per 1 cm²). The price depends on the size of the space occupied and also on which page the advertisement is to be placed on, as well as on whether it is to be printed in colour or not.

Selected Fairs and Exhibitions in Poland in 2006

24-27.01.2006 Poznań

BUDMA International Construction Fair; in 2005 1,110 exhibitors, including 283 foreign; 53,175 visitors.

15-17.02.2006 Warsaw

PSI WARSAW 2006 International Fair for Advertising Specialties; in 2005 68 exhibitors, including 29 foreign. Venue: Palace of Culture and Science, Plac Defilad 1.

28.02-02.03.2006 Poznań

Poznań Fashion Days; in 2004 383 exhibitors, including 76 foreign; 12,405 visitors.

10-12.03.2006 Kielce

LAS-EXPO 6th Timber Industry and Forest Resources Management Fair; in 2005 27 exhibitors, 25,725 visitors.

16-18.03.2006 Kraków

TERMO 2006 10th Sanitary Engineering, Heating, Air-Conditioning and Refrigeration Fair; in 2005 39 exhibitors, 890 visitors.

17-19.03.2006 Wrocław

TARBUD 19th Construction Fair; in 2005 240 exhibitors, including 2 foreign; 11,172 visitors.

22-24.03.2006 Łódź

INTERTELECOM 17th International Communications Fair; in 2005 198 exhibitors, including 39 foreign; 17,207 visitors.

31.03-02.04.2006 Gdańsk

Bakery, Confectionery and Ice-Cream Industry Fair; in 2005 85 exhibitors, including 7 foreign; 4,052 visitors.

30.05-02.06.2006 Poznań

Textiles, Table & Kitchen, Light, Interior Design; in 2005 155 exhibitors.

06-07.06.2006 Warsaw

GEOLOGY 2006 4th International Geological Fair; in 2005 46 exhibitors, including 4 foreign.

19-22.06.2006 Poznań

INFOSYSTEM Fair and Forum of IT Solutions for Industry, Business and Administration; in 2005 136 exhibitors, including 18 foreign; 19,205 visitors.

01-03.09.2006 Gdańsk

AMBERMART International Amber Fair; in 2004 119 exhibitors, including 3 foreign; 3,346 visitors.

18-20.09.2006 Poznań

TAROPAK International Packaging Technology and Logistics Exhibition; in 2004 692 exhibitors, including 273 foreign; 39,170 visitors.

27-29.09.2006 Warsaw

OIL AND GAS 11th International Oil and Gas Industry Fair; in 2004 109 exhibitors, including 48 foreign.

25-28.10.2006 Poznań

TOUR SALON International Exhibition of Tourism; in 2004 662 exhibitors, including 270 foreign; 19,456 visitors.

09-12.11.2006 Wrocław

STONE 2006 16th International Stone and Stonework Machinery Fair; in 2004 270 exhibitors, including 138 foreign; 7,281 visitors.

22-24.11.2006 Warsaw

International Railway Fair; in 2004 47 exhibitors, including 7 foreign.

For more information on fairs and exhibitions held in 15 Polish cities consult the Polish Trade Fair Corporation at ul. Głogowska 26, 60-734 Poznań, tel. (+48 61) 866 15 32, fax (+48 61) 866 10 53, e-mail: info@polfair.com.pl; <http://www.polfair.com.pl>

Outdoor advertising is gaining importance. In 2003, the value of the outdoor advertising market measured by expenditure exceeded PLN 500 million. TNS OBOP polls show that in 2003 billboards were the medium the addressees of advertisements paid most attention to.

In Poland mobiling marketing, consisting in the sending of commercial information to mobile phones, is developing fast. However, under the Polish law potential recipient has to consent to a receipt of such information first.

An increasingly important role in marketing is played by open-air events. This is most vividly seen on the example of radio broadcasters which compete in creating new ideas of advertising campaigns.

As of April 2006 a Code of Ethics in Advertising has been in force in Poland. The Code is not a collection of official regulations, but an internal self-regulation of the industry, agreed upon by representatives of authors of advertisements, advertising agencies and mass media associated in the Union of Associations Advertising Board. The task of the Board is to ensure compliance with the Code. The Commission for Ethics in Advertising was also appointed to examine complaints lodged by customers, companies and entrepreneurs. As in other countries, application for the evaluation of an advertisement project in an initial phase of development thereof can be submitted to the Commission. This allows companies to avoid incurrence of costs of advertisements which then they would have to withdraw from the market.

Fair organisers are associated in the Polish Trade Fair Corporation. The well known organiser of fairs and exhibitions in Poland is the Poznań International Fair. The best known events in Poznań include the investment and technology fair held every June and the POLAGRA agricultural and industrial fair held each autumn. There is also a fair devoted to furniture and other wood articles. The average cost per square metre of exhibition space in an unfurnished hall at the Poznań International Fair ranged in 2005 from € 25 to € 100, and from € 21 to € 40 outdoors. Increasingly popular are also the Warsaw Fair, Łódź International Fair, Gdańsk International Fair, East-West Border Fair in Biała Podlaska, and Katowice International Fair.

14. Major legal acts

Legal bases for business activity:

- Commercial Companies Code, the Act of 15 September 2000 (Journal of Laws of 2000, No. 94, item 1037, as amended; most recent amendments: Journal of Laws of 2003, No. 229 item 2276, and Journal of Laws of 2005, No. 132, item 1108; No. 183, item 1538; and No. 184, item 1539);
- Civil Code, the Act of 23 April 1964 (Journal of Laws of 1964, No. 16, item 94, as amended; most recent amendments: Journal of Laws of 2004, No. 96, item 959; and Journal of Laws of 2005, No. 48, item 462; No. 157, item 1316; No. 172, item 1438);
- The Act of 2 July 2004 on the freedom of business activity (Journal of Laws of 2004 No. 173, item 1807 as amended;
- The Act of 2 July 2004 – regulations implementing the Act on the freedom of business activity (Journal of Laws of 2004 No. 173, item 1808);
- Bankruptcy and reorganisation law of 28 February 2003 (Journal of Laws of 2003 No. 60, item 535; Journal of Laws of 2005 No. 94, item 785; No. 183, item 1538; No. 184, item 1539);

- The Act on National Court Register of 20 August 1997 (Journal of Laws of 1997 No. 121, item 769, as amended: Journal of Laws No. 1 of 2002, item 2; Journal of Laws of 2004 No. 92, item 959; Journal of Laws of 2005 No. 62, item 551; No. 86, item 732);
- The Act of 13 June 2003 on aliens (Journal of Laws of 2003 No. 128, item 1175, as amended: Journal of Laws No. 96 of 2004, item 959; and Journal of Laws of 2005 No. 90, item 757; No. 94, item 788; No. 132, item 1105; No. 163, item 1362);
- Act of 30 April 2004 on proceedings in matters related to state aid (Journal of Laws of 2004 No. 123, item 1291);
- Council Regulation (EC) No. 659/1999 of 22 March 1999 laying down detailed rules for the application of Article 93 of the EC Treaty (OJ EC No. 83 of 27.03.1999);
- Act of 29 January 2004 – the Public Procurement Law (Journal of Laws of 2004 No. 19, item 177; and Journal of Laws of 2005 No. 163, item 1362, and No. 184, item 1539);
- Act of 20 October 1994 on special economic zones (Journal of Laws of 1994 No. 123, item 600, as amended: Journal of Laws of 2003 No. 188, item 1840, and Journal of Laws of 2005 No. 167, item 1398);
- Act of 20 March 2002 on financial support to investment (Journal of Laws of 2002 No. 41, item 363, as amended: Journal of Laws of 2003 No. 159, item 1537, and Journal of Laws of 2005 No. 179, item 1484, and No. 249, item 2104);
- Act of 20 April 2004 on the National Development Plan (Journal of Laws of 2004 No. 116, item 1206).

Land and real estate ownership

- Act of 21 August 1997 on real estate management (Journal of Laws of 1997 No. 115, item 741, as amended: Journal of Laws of 2005 No. 130, item 1087; No. 169, item 1420; No. 175, item 1459);
- Act of 19 October 1991 on the management of the agricultural real estate of the State Treasury (consolidated text in: Journal of Laws of 1995 No. 57, item 299, as amended: most recent amendment in Journal of Laws of 2004 No. 69, item 624, and Journal of Laws of 2005 No. 132, item 1110; No. 163, item 1362; No. 167, item 1398; No. 169, item 1420; and No. 175, item 1459);
- Act of 24 March 1920 on real estate acquisition by aliens (Journal of Laws of 1996, No. 54, item 245, as amended: Journal of Laws of 2004 No. 49, item 466; and Journal of Laws of 2005 No. 94, item 788; and No. 183, item 1538);
- Ordinance of the Minister of Interior and Administration of 26 April 2004 on detailed information and types of documents to be submitted by an alien applying for a permit for real estate acquisition (Journal of Laws No. 94, item 925).

Prevention of monopolistic practices and unfair competition

- Act of 15 December 2000 on competition and consumer protection (Journal of Laws of 2000 No. 122, item 1319, as amended by the Act of 5 July 2002 amending the Act on competition and consumer protection (Journal of Laws of 2005 No. 163, item 1362; and No. 184, item 1539), the Code of Civil Procedure and the Act on combating unfair competition, (Journal of Laws of 2002 No. 129, item 1102), the Act of 16 April 2004 amending the Act on competition and consumer protection and certain other acts (Journal of Laws of 2004 No. 93, item 891), and

Act of 16 April 2004 amending the Act on protection of certain consumer rights and on liability for damage caused by a hazardous product (Journal of Laws of 2004 No. 116, item 1204);

- Act of 16 April 1993 on combating unfair competition (Journal of Laws of 1993 No. 47, item 211, as amended: Journal of Laws of 2002 No. 126, item 1071, Journal of Laws of 2004 No. 96, item 959, Journal of Laws of 2004 No. 162, item 1693, and Journal of Laws of 2005 No. 10, item 68).

Intellectual property protection

- Stockholm Act changing the Paris Convention on the Protection of Industrial Property of 20 March 1883, as amended, drawn up in Stockholm on 14 July 1967 (Journal of Laws of 1975 No. 9, item 51), effective since 24 March 1975;
- Paris Act of the Bern Convention on the Protection of Works of Literature and Art of 9 September 1886, as amended, drawn up on 24 July 1971 (Journal of Laws of 1990 No. 82, item 474, effective since 4 August 1990, and Journal of Laws of 1994 No. 104, items 506 and 507, effective since 22 October 1994);
- International Convention on the Protection of Performers, Phonogram Producers and Broadcasting Organisations drawn up in Rome on 26 October 1961 (Journal of Laws of 1997 No. 125, items 800 and 801, effective since 13 June 1997);
- Strasbourg Agreement concerning the International Patent Classification of 24 March 1971, as amended on 28 September 1999 (Journal of Laws of 2003 No. 63, item 579);
- Agreement on Trade Related Intellectual Property Aspects (TRIPS) being an Annex to the Agreement Establishing the World Trade Organisation (WTO) made out in Marrakesh on 15 April 1994 (Annex to Journal of Laws of 1996 No. 32, item 143), effective since 1 January 2000;
- Act of 4 February 1994 on copyright and neighbouring rights (consolidated text in: Journal of Laws of 2000 No. 80, item 904), effective since 23 May 1994, as amended (Journal of Laws of 2004 No. 96, item 959);
- Act of 30 June 2000 – the Industrial Property Law (Journal of Laws of 2001 No. 49, item 508), effective since 22 August 2001, as amended.

Labour relations

- Labour Code (Journal of Laws of 1996 No. 24, item 110, as amended: (Journal of Laws of 2002 No. 135, item 1146; Journal of Laws of 2003 No. 213, item 2081; Journal of Laws of 2004 No. 96, item 959; and Journal of Laws of 2005 No. 10, item 71; No. 68, item 610; No. 86, item 732; and No. 167, item 1398).

Tax system

- Act of 29 August 1997 – the Tax Code (Journal of Laws of 1997 No. 137, item 926 and Journal of Laws No. 160, item 1083, as amended: Journal of Laws of 2004 No. 91, item 868, Journal of Laws of 2005 No. 85, item 727; No. 86, item 732; and No. 143, item 1199; consolidated text in: Journal of Laws of 2005, No. 8, item 60);
- Act of 13 October 1995 on the rules governing registration and identification of taxpayers (Journal of Laws of 1995 No. 142, item 702, as amended: Journal of Laws of 2004 No. 173, item 1808; Journal of Laws of 2005 No. 14, item 113; consolidated text in Journal of Laws of 2004, No. 269, item 2681);
- Act on corporate income tax. Consolidated text of 13 July 2000 (Journal of Laws of 2000 No. 54, item 654; as amended: Journal of Laws of 2003 No. 202, item 1957;

- and Journal of Laws of 2005 No. 25, item 202; No. 57, item 491; No. 78, item 684; No. 143, item 1199; No. 155, item 1298; No. 169, item 1419; No. 169, item 1420; No. 179, item 1484; No. 180, item 1495; and No. 183, item 1538);
- Act of 3 March 2000 on personal income tax (Journal of Laws of 2000 No. 14, item 176, as amended);
 - Act of 11 March 2004 on tax on goods and services (VAT) (Journal of Laws of 2004 No. 54, item 535; consolidated text in: Journal of Laws of 2005 No. 14, item 113; No. 90, item 756; No. 143, item 1199; and No. 179, item 1484);
 - Act of 23 January 2004 on excise duty (Journal of Laws of 2004 No. 29, item 257, as amended: Journal of Laws of 2004 No. 68, item 623; and Journal of Laws of 2005 No. 160, item 1341);
 - Act of 9 September 2000 on stamp duty (Journal of Laws of 2000 No. 86, item 960, as amended; consolidated text in: Journal of Laws of 2004 No. 253, item 2532; and Journal of Laws of 2005 No. 14, item 115; No. 48, item 447; No. 62, item 550; No. 90, item 757; No. 94, item 788; No. 113, item 954; No. 143, item 1199; No. 153, item 1272; No. 169, item 1418; No. 175, item 1458; and No. 179, item 1485);
 - Act of 2 December 1993 on marking with excise duty symbols (Journal of Laws of 1993 No. 127, item 584), as amended;
 - Ordinance of the Minister of Finance of 22 December 2000 on the execution of certain provisions of the Act on the tax on goods and services (VAT) and on the excise duty (Journal of Laws of 2000 No. 121, item 1296);
 - Act of 30 October 2002 amending the Act on local taxes and charges and amending some other acts (Journal of Laws of 2002 No. 200, item 1683); as amended: Journal of Laws of 2004 No. 96, item 959);
 - Act of 30 August 2002 on restructuring of certain public-legal dues of entrepreneurs (Journal of Laws of 2002 No. 155, item 1287);
 - Ordinance of the Council of Ministers of 21 April 2001 on detailed terms and conditions of granting of aid to small and medium-sized enterprises in the form of tax reliefs (Journal of Laws of 2004 No. 95, item 954);
 - Ordinance of the Council of Ministers of 21 April 2004 on detailed terms and conditions of granting of aid for employment purposes in the form of certain tax reliefs (Journal of Laws of 2004 No. 95, item 956).

Environmental protection

- Act of 27 July 2001 – the Environmental Protection Law (Journal of Laws of 2001 No. 62, item 627, as amended: Journal of Laws of 2003 No. 190, item 1865; Journal of Laws of 2004 No. 96, item 959; Journal of Laws of 2004 No. 281, item 2784; and Journal of Laws of 2005 No. 25, item 202; No. 62, item 552; No. 113, item 954; No. 130, item 1087; No. 132, item 1110; No. 163, item 1362; No. 167, item 1399; No. 169, item 1420; No. 175, items 1458 and 1462; No. 180, item 1495; and No. 249, item 2104);
- Act of 18 July 2001 – the Water Law (Journal of Laws of 2001 No. 115, item 1229, as amended: Journal of Laws of 2003 No. 165, item 1592; Journal of Laws of 2004 No. 96, item 959; and Journal of Laws of 2005 No. 85, item 729; No. 130, item 1087; No. 163, item 1362; No. 169, item 1420; and No. 175, item 1462);
- Act of 27 July 2001 on wastes (Journal of Laws of 2001 No. 62, item 628, as amended: Journal of Laws of 2003 No. 7, item 78; Journal of Laws of 2004 No. 96, item 959; Journal of Laws of 2004 No. 116, item 1208; and Journal of Laws of 2005 No. 25, item 202; No. 90, item 758; No. 130, item 1087; No. 175, items 1458 and 1462; and No. 180, item 1495);

- Act of 11 May 2001 on obligations of entrepreneurs in the field of management of certain wastes, on product charge and on deposit charge (Journal of Laws of 2001 No. 63, items 638 and 639, as amended: Journal of Laws of 2004 No. 96, item 959; Journal of Laws of 2004 No. 121, item 1263; and Journal of Laws of 2005 No. 33, item 291; No. 175, item 1458; and No. 180, item 1495);
- Act of 20 April 2004 on handling of substances that deplete the ozone layer (Journal of Laws of 2004 No. 121, item 1263).

Courts and arbitration

- Act of 27 July 2001 – the Common Courts Law (Journal of Laws of 2001 No. 98, item 1070; No. 154, item 1787, as amended: Journal of Laws of 2002 No. 153, item 1271; Journal of Laws of 2003 No. 188, item 1838; Journal of Laws of 2003 No. 228, item 2256; Journal of Laws of 2004 No. 96, item 959; and Journal of Laws of 2005 No. 13, item 98; No. 131, item 1102; No. 167, item 1398; No. 169, item 1410; No. 169, items 1413 and 1417; No. 178, item 1479; and No. 249, item 2104);
- Act of 30 August 2002 – Regulations implementing the Administrative Courts Law and the Law on Proceedings before Administrative Courts (Journal of Laws of 2002 No. 153, item 1271, as amended: Journal of Laws of 2003 No. 228, item 2261; and Journal of Laws of 2005 No. 169, item 1417);
- Ordinance of the President of the Republic of Poland, of 25 April 2003, on the establishment of voivodship administrative courts (Journal of Laws of 2003 No. 72, item 652);
- The Code of Civil Procedure of 17 November 1964, as amended: Journal of Laws of 1964 No. 43, item 296; most recent amendments made in 2005: Journal of Laws of 2005 No. 13, item 98; No. 22, item 185; No. 86, item 732; No. 122, item 1024; No. 143, item 1199; No. 150, item 1239; No. 167, item 1398; No. 169, items 1413 and 1417; No. 172, item 1438; No. 178, item 1478; No. 183, item 1538; and No. 267, item 2258).

VIII BASIC CONDITIONS OF EXTERNAL TRADE

In its relationships with third countries, Poland, as a Member State of the European Union, applies all the instruments of the EU common trade policy, including the Common Customs Tariff and non-tariff measures. It is also a party to international agreements signed by the EU and regulating trade with these countries. Trade with the 24 EU Member States (intra-Community trade) is governed by the rules of the single internal market of the EU, where the principle of the free movement of goods is in place, i.e. there are no borders and harmonised (approximated) regulations concerning technical requirements to be met by the goods are in effect.

The common commercial policy is shaped at the European level. Trade measures are set by the European Union Council or the European Commission by way of directly applicable regulations. The European Commission is the body responsible for implementation of that policy, including anti-dumping, anti-subsidy and safeguard proceedings. The scope of competencies of Polish authorities became limited to issuance of export and import prohibitions and to imposition of restrictions on exports and imports for non-economic reasons, e.g. protection of human and animal health, as well as to trade measures applied to exports in order to implement treaties, protocols or other international agreements compliant with the Treaty establishing the European Community.

In domestic legislation the most important regulation is the Act – the Customs Law and the Act on administering foreign trade which came into force as at the date of Poland's accession to the EU.

1. Conditions of trade within the European Union

Since 1 May 2004 Poland has been a part of the single European market. This means the following changes in trade with European Union Member States:

- Abolishment of customs controls on borders (free movement of goods).
- Uniform technical requirements in the entire territory of the EU.
- The trader must have a NIP registration number (including country prefix – PL), and must be registered for VAT in an appropriate revenue office.
- Entrepreneurs trading with EU companies are obliged to submit monthly INTRASTAT declarations covering aggregate data on supply and acquisition of goods. These declarations in the form of electronic file or hard copy should be submitted to the appropriate customs authority within the relevant member

country by the 10th working day of each month following the reporting month. INTRASTAT declaration may be submitted by the person obliged or by a representative acting on his/her behalf. Correctness of the filed INTRASTAT declaration is verified by means of its comparison with VAT returns.

Commercial transactions with the Member States of the European Union are not defined as export or import transactions. The terms “export” and “import” are reserved solely for transactions with entities from third countries, whereas commercial transactions between entities from different Member States are defined as intra-Community supply or intra-Community acquisition.

Since the day of accession Poland has been applying Community principles of marketing goods. All goods manufactured in Poland in compliance with EU requirements are allowed to circulate freely within the Single European Market¹. The applicable technical requirements relate, first of all, to product safety.

A mutual recognition principle is applicable on the Single European Market, which means that any product lawfully manufactured and sold in one Member State may be freely marketed in any other Member State. A prohibition of sale of such a product in another country’s market may be imposed only upon proving that the product does not fulfil essential safety requirements. In practice, the rule of mutual recognition alone is not enough for a given product to circulate freely within the single market, since on purchase most buyers demand a test or certificate recognised in their country.

Technical requirements relating to certain groups of products have been harmonised at the Community level. Initially, these requirements were set in a very detailed way (the so-called “old approach”). Such a harmonisation covered, *inter alia*, foodstuffs, pharmaceuticals, chemicals and motor vehicles. Given the enormous number of directives describing technical requirements relating to specific products (some 90 in the case of the automotive industry), in 1985 the “new approach” to harmonisation of technical requirements was adopted. It relates exclusively to regulations involved with safety, health and environmental protection. Unlike old approach directives, the new directives set forth only essential requirements, results to be obtained, or threats to be avoided, but they do not specify what technical measures should be used to this end.

Manufacturers of a product covered by new approach to technical harmonisation may themselves choose the method, which will allow them to obtain the required results, or they may make use of detailed EU standards, which are published in the Official Journal of the European Communities (including EN prefix)². These standards implement into Polish law Notices of the President of the of the Polish Committee for Standardisation published in the Official Gazette (*Monitor Polski*). They are marked with EN-PL. A product manufactured with observance of harmonised standards

¹ Nevertheless, there are certain exceptions to free movement of goods. Member States may impose restrictions on movement of goods, if such restrictions are justified on grounds of public morality, public policy or public security; the protection of health and life of humans, animals or plants; the protection of national treasures possessing artistic, historic or archaeological value; or the protection of industrial and commercial property. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between Member States.

² EU standards are harmonised standards, which are drawn up by European standardisation bodies (CEN, CENELEC, or ETSI). CEN is responsible for standardisation in various fields, CENELEC for standardisation in the electrotechnical field, and ETSI in telecommunications.

allows to suppose that it complies with the directive, i.e. essential requirements of the directive are fulfilled.

A majority of products covered by the new approach directives must bear the **CE** mark. These include: machines, low-voltage electrical equipment, pressure devices, medical products, toys and personal protective equipment.

CE marking procedures show a strong variation, depending on potential hazard presented by the product. In order to choose a CE procedure appropriate for a specific product, the risk associated with its use must be assessed. In this way the product is classified into an appropriate category laid down in the directive. Products involving the smallest risk are subject to the simplest procedure, under which the manufacturer himself declares that the product is in compliance with applicable directives. The more high-risk the project, the more complicated the procedure. Independent agencies, the so-called “Notified Bodies”, are appointed to carry out the procedures of certification of potentially high-risk products. These bodies assess products for compliance with requirements of applicable directives at the stage of product designing and/or production supervision. The list of all Notified Bodies is published in the Official Journal of the European Union (OJ 302 of 12.12.2003). A manufacturer may choose any Notified Body within the Community, irrespective of the location of the production facility and the company seat.

Furthermore, the manufacturer is obliged under directives to draw up technical documentation, demonstrating that the product conforms with essential requirements.

Certificates of product safety must be obtained by the manufacturer (or importer, if the product is imported from outside the Community) before the product is marketed. The manufacturer is liable for any damage caused by a defective product to consumers' health or property (Directive 85/374/EEC as amended by Directive 1999/34/EC, transposed into the Polish legislation by the Act on protection of certain consumer rights and on liability for damage caused by a high-risk product.

Each Member State supervises the safety of products marketed in a given country. Information about defective products is exchanged between countries. In Poland, the general market supervision is exercised by the Competition and Consumer Protection Office.

Apart from mandatory requirements, the manufacturer has to comply with, there are also additional, optional standards the manufacturer may, but does not have to apply (voluntary certification). Usually, they confirm high quality or fulfilment of environmental standards of the product.

Polish manufacturers may also certify their goods with marks assigned on the terms and conditions provided for in the EU law. In the European Union, products regarded as specific, i.e. originating in a particular geographical region or manufactured with the use of traditional procedures (first of all foodstuffs) are under special protection. Such products may be given the symbol of Protected Designation of Origin (PDO), Protected Geographical Indication (PGI) or Traditional Speciality Guaranteed (TSG).

Since 1 January 2006, pursuant to Regulation (EC) No 853/2004 of the European Parliament and of the Council of 29 April 2004 on the hygiene of foodstuffs, all the companies involved in a production and distribution of foodstuffs have to implement and apply the rules of the 7-stage **HACCP** (*Hazard Analysis and Critical Control Points*) system to guarantee that the foodstuffs will not be contaminated or polluted and that they will be safe for the consumer.

2. Customs regulations and main non-tariff barriers to trade with non-EU countries

Changes in the provisions regulating Poland's trade with non-EU partners after 1 May 2004 (i.e. after accession to the EU) are the consequence of adopting by Poland of all instruments and principles of the EU common commercial policy vis-à-vis third countries, especially the Common Customs Tariff and various non-tariff instruments, as well as a developed system of agreements with trading partners not being EU Member States.

Only one customs tariff is binding on imports to Poland.

Common External Customs Tariff

Common Customs Tariff and TARIC

The Community customs tariff contains only one column of so-called “**conventional**” (resulting from the most-favoured nation – MFN status) customs duty rates. These rates are imposed on imports of goods, which do not enjoy any tariff preferences on the EU market. Hence, they are applicable to entire imports from such countries as the USA, Canada, Japan, Australia, New Zealand and other countries, which have not been granted tariff preferences by the EU, and to certain other goods, exempt from lists of preferences for countries benefiting from those preferences. The tariff contains 9842 eight-digit codes of the Combined Nomenclature (CN).

The customs tariff is published in the *Official Journal of the European Union* (OJ) no later than 31 October and applies from 1 January of the following year. The tariff containing rates for 2006 was published in the Commission Regulation (EC) No 1719/2005 of 27 October 2005, (OJ L No 286 of 28 October 2005).

Detailed information about customs duties, especially about the level of preferential rates, as well as about other commercial policy instruments (e.g. anti-dumping duties), is contained in the Integrated Customs Tariff of the European Communities (**TARIC**). TARIC is available in all official languages of the EU on the website http://europa.eu.int/comm/taxation_customs/dds/en/tarhome.htm in the form of a database being updated on a daily basis. The user entering the CN code obtains customs rate and the relevant information concerning tariff and quantitative quotas, suspensions of customs duties, anti-dumping duties and countervailing duties, agricultural charges, supervisory measures and other commercial policy measures applicable in the import of a given product.

TARIC does not contain information about VAT or excise.

All the duty rates are bound. The zero rate applies to more than 24% of goods (tariff lines). The average (non-import weighted) MFN rate on manufactured articles (HS 25-97) is 3.7%, whereas on agricultural products is 16.2%. More than 1,700

products (tariff lines) are subject to a system of duty suspensions. A vast majority (approximately 99%) of the suspended duty rates is at the level of 0%.

The EU customs tariff applicable to manufactured articles (HS 25-97)

The average duty rate (in %)	3.7 ^a
Zero rate (in % of tariff lines)	24.3
<i>Non ad valorem</i> rates (number of tariff lines)	45
Tariff peaks (def. 1) ^b (in % of tariff lines)	3.2
Tariff peaks (def. 2) ^c (in % of tariff lines)	0.4
“Negligible” rates ^d (in % of tariff lines)	7.7

Note: ^a The calculations did not take account of the *non ad valorem* rates.

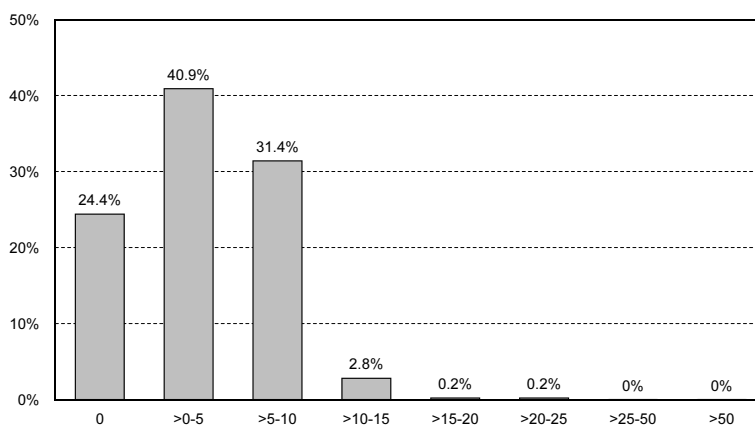
^b Tariff peaks (def. 1): rates exceeding three times the average duty rate.

^c Tariff peaks (def. 2): rates exceeding 15%.

^d Less or equal 2%, but not 0%.

Source: IKCHZ.

Distribution of duty rates applicable to manufactured articles in the EU Common Customs Tariff



Source: IKCHZ.

The MFN rate applies to imports from nine countries: Australia, Canada, Taiwan, Hong-Kong, Japan, South Korea, New Zealand, Singapore and the United States. Imports from other countries are subject to preferences. These are granted by virtue of bilateral agreements or on a unilateral basis to developing states (ACP) and within

The average duty rates applicable to manufactured articles by HS sections

HS section	Item	Rate in %
V	Mineral products	0.9
VI	Products of the chemical industry	4.7
VII	Plastics and articles thereof	4.6
VIII	Leather and articles thereof	3.2
IX	Wood and articles of wood	2.7
X	Pulp of wood, paper and paperboard and articles thereof	0.0
XI	Textiles and textile articles	7.0
XII	Footwear, headgear	6.6
XIII	Articles of stone, ceramic products, glass	3.4
XIV	Precious stones and metals, pearls, and articles thereof	1.3
XV	Base metals and articles of base metal	2.8
XVI	Machinery and equipment	2.4
XVII	Transport equipment	4.4
XVIII	Optical, measuring and checking instruments and apparatus	2.3
XIX	Arms and ammunition	2.4
XX	Miscellaneous manufactured articles	2.6
XXI	Works of art, collectors' pieces and antiques	0.0
	Total	3.7

Source: IKCHZ.

the Generalised System of Preferences (GSP). The majority of MFN duty rates in the Common Customs Tariff (by the tariff line) are in the range of 0% to 5% (nearly 41%). A substantial portion (above 31%) falls within the range of 5% to 10%.

The highest duty rates apply to sensitive products such as clothes, textile materials, shoes, transport equipment or plastics.

EU trade preferences

The European Union uses an extensive system of customs preferences including bilateral, regional and unilateral preferences for developing countries (preferences granted to African, Caribbean and Pacific States (ACP)³ pursuant to the Cotonou Agreement, and the Generalized System of Preferences (GSP)), therefore customs burden for Polish imports from these states is much lower than it would otherwise result from the Common Customs Tariff rates.

The preferences assume the form of tariff quotas (a zero or a reduced rate within the quota), a reduced duty rate outside the quota and/or complete suspension of customs duties without any limits.

³ This group comprises 79 states. A complete list may be found at: http://www.acpsec.org/en/acp_states.htm

Tariff preferences for the African, Caribbean and Pacific countries

Tariff preferences granted to the African, Caribbean and Pacific States (ACP) are broader than preferences within the GSP system. They provide for duty-free imports of most manufactured products from ACP countries, and for very favourable conditions for agricultural imports. Due to the preferential access to the EU market, over 97% of exports from ACP countries benefits from duty-free access to the European market.

The trade regulations of the Cotonou Convention will be valid until the end of 2007. On 1 January 2008 the Convention shall expire, along with a derogation granted by the World Trade Organisation for the use of the above trade preferences. The EU intends to replace the Cotonou Convention with Economic Partnership Agreements which are being negotiated between the European Community and individual ACP countries. The EU plans to transfer the existing trade preferences to the new agreements. Economic partnership agreements are to be more than simply agreements on tariff concessions; they are conceived to strengthen regional integration.

The conditions of EU trade with ACP countries have to comply with general international trade rules under the WTO system. This is to be achieved step-by-step, with special attention paid to business partners' capacities. This means that by the end of 2007 most goods will be imported from ACP states on more favourable terms and conditions than those for goods from other developing countries.

Generalised System of Preferences (GSP)

An amended GSP, launched on 1 January 2006, covers 178 states and developing territories (Council Regulation (EC) No 980/2005 of 27 June 2005 applying a scheme of generalised tariff preferences, OJ 30.06.2005). Since the beginning of the 1990s, the GSP beneficiary states have included, next to developing countries, members of the Commonwealth of Independent States (CIS) and Albania as well as certain states of the former Yugoslavia. Preferences apply to manufactured articles and agricultural products, although some products (most sensitive to the EU) are excluded from the system. Some GSP beneficiaries enjoy more preferential terms and conditions of access to the EU market under the system of preferences for ACP states.

GSP will remain in effect until the end of 2008. Modifications made in the system at the beginning of 2006 were intended to enable inclusion therein of the most underdeveloped countries, in particular small states, island states, states without access to the sea and of a low level of economic diversification. Moreover, a simplified graduation mechanism was introduced. Such a mechanism applies to those groups of products from these developing states, which have become competitive on the EU market to such an extent that they no longer need to enjoy the GSP preferences. Previous graduation criteria based on diversified indices (share of preferential imports, rate of development and rate of export specialisation) were replaced with a single criterion in the form of the share of imports from the GSP beneficiary states in the total EU market. If the imports of a particular group of products from a single state exceed 15% of total imports from all the GSP beneficiary states, it is to be excluded from the system, i.e. ceases to enjoy preferential access to the EU market. As regards textiles and clothes, the exclusion threshold is reduced to 12.5%. Under the new mechanism, 80% of exports from China to the EU market are excluded, although formally China is still a GSP beneficiary. As to exports from India, textile materials are excluded from the trade preferences (they exceed the threshold), whereas clothes remain covered by the preferences.

The system provides for additional tariff preferences (“GSP Plus”) for the states which have ratified and effectively implemented international conventions relating to sustainable growth, taking account of environmental protection (the so-called environmental clause), human rights protection and employee rights protection (the so-called social clause), and good governance rules. The GSP Plus programme ensures duty-free access to the EU market for products included in 91% of tariff lines. In total, there are 15 states benefiting from the programme: 5 Andean states (Bolivia, Ecuador, Columbia, Peru and Venezuela), 6 Central America states (Guatemala, Honduras, Costa Rica, Nicaragua, Panama and El Salvador) and Georgia, Moldova, Mongolia and Sri Lanka (Commission Decision of 21 December 2005, OJ EU L 337 of 22.12.2005).

The principal rules related to the extent of preferences under the existing system are presented in the following list:

Margins on preferences applicable to the products covered by GSP:

- Non-sensitive products (e.g. mineral fuels, leather, wood, certain products made of iron and steel, nickel and products made thereof, aircraft and spare parts to aircraft, musical instruments, furniture, toys, sports equipment) – duties have been suspended (except for duties on agricultural components).
- Sensitive products (e.g. a number of agricultural products, passenger cars, transport cars, special-purpose cars, clocks and watches, lightning equipment) – *ad valorem* reduction of duties amounts to 3.5 percentage points, whereas for products included in chapters 50 to 63 (textile and clothing products) – the reduction is 20%. For specific duties, except for the rates specified as the minimum or maximum ones, the reduction is 30%.

Source: Council Regulation (EC) No 980/2005 of 27 June 2005 applying a scheme of generalised tariff preferences (*OJ L 169 of 30.06.2005*).

The criteria set forth above do not apply to the Least Developed Countries (LDC), covered by the Everything But Arms (EBA) programme which grants a duty- and a quota-free access to the EU market for all the products originating in these countries, except for arms and ammunition (GSP excludes Chapter 93 of HS) and certain agricultural products (sugar, rice and bananas) for which customs duties are reduced on a step-by-step basis. In 2006, quantitative restrictions on the imports of bananas were lifted.

Use of the preferences requires compliance with the **rules of origin**. More information on this subject can be found in the guide available at: http://ec.europa.eu/taxation_customs/common/publications/info_docs/customs/index_en.htm

Free trade agreements

Poland, upon becoming an EU Member State, entered free trade agreements (FTAs) with other partners, which had either been effective or were being drawn up in the EU prior to Poland’s accession.

The most important of them are:

- Euro-Mediterranean Association Agreements (with Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, the Palestinian Authority, Syria, Tunisia and Turkey; Libya currently has observer status), whose aim is to establish a free-trade area in manufactured products by 2010, and to negotiate certain concessions in agricultural trade, as well as in fisheries products.
- Stabilisation and Association agreements (signed with the countries of the former Yugoslavia), which are aimed at stabilisation of economic co-operation conditions and at granting and mutual trade preferences to strengthen the democratic process in those countries.

The Union has also concluded other agreements on gradual removal of trade barriers, sometimes supplemented with additional concessions, relating to trade in services, competition policy etc. A free trade agreement concluded with Mexico has been implemented since 1 July 2002, encompassing the elimination of barriers to trade in manufactured goods and a substantial liberalisation of trade in agricultural and fisheries products. On 1 June 2005 the agreement on the Association of Chile with the European Communities has entered into force. It envisages the creation of free trade zone for manufactured goods and a progressive liberalisation of trade in agricultural goods. A similar agreement with the MERCOSUR is being negotiated.

Community Customs Code

In Poland, the system of customs law is made up of directly applied Community rules and national laws (the Customs Law and executive acts thereto). Issues related to customs control and the system of organisation of customs authorities are regulated in the Act on Customs Service. Application of national regulations intended to supplement or render the community law more specific is permitted by virtue of the Community Customs Code, the basic Community legal act in respect of customs law.

Since 1 May 2004, introducing goods to the Community customs area has been possible in Poland only and exclusively through air and sea border crossings and through land border crossings with Belarus, Ukraine and Russia (the Kaliningrad district). Border control has already been abolished on crossings with Lithuania, Slovakia, the Czech Republic and Germany.

Goods introduced to the customs area of Poland (Community) are subject, as of the moment they are introduced thereto, to **customs supervision**. These goods, except for specific cases, should be presented to customs authorities at a customs office, or in any other venue as may be permitted or specified by the customs authority, in order to be assigned a customs-approved treatment or use. The goods which are to be placed under a customs procedure have to be declared for such a procedure. Detailed requirements to be met by a customs declaration are laid down in the Ordinance of the Minister of Finance of 22 April 2004. As a rule, the customs declaration should be made in writing on the form of a Single Administrative Document (**SAD**) in accordance with Annexes Nos. 37 and 38 to the Executive Regulation No 2454/93, in the wording specified in Annex IV to the Commission Regulation (EC) No. 2286/2003. In specific cases the declaration may be made in other forms, for example in oral or electronic form. The goods may also be declared for a simplified procedure. Title IV of CCC provides for the following customs procedures:

- external transit,

- customs warehousing; the EU regulations provide for a wide range of forms of customs warehouses (A, B, C, F, D and E types, where the last two denote private customs warehouses enabling conducting business activity in a more flexible way),
- inward processing,
- processing under customs control,
- temporary importation, and
- outward processing.

Non-tariff measures

Inclusion of Poland in the EU common commercial policy implies application of Community solutions in respect of non-tariff measures, such as anti-dumping, countervailing and protective measures, quantitative restrictions, surveillance system and prohibitions on exports and imports. Although the means of administering trade with third countries are established by the EU and not by the particular Member States, the Community law does not preclude application by a Member State of any prohibitions, restrictions or surveillance measures with regard to imports, exports or transit if they are justified on grounds of public morality, public safety, protection of health and life of humans, animals or plants, protection of national treasures of artistic, historical or archaeological value, or protection of commercial and intellectual property. These prohibitions and restrictions may not, however, serve as a means of arbitrary discrimination or a disguised restriction on trade between the EU Member States.

Anti-dumping and anti-subsidy (countervailing) duties. The European Union, which has a highly liberalised access to the market for manufactured articles, relatively often applies non-tariff measures, in particular measures preventing unfair competition, i.e. dumping (more frequently) and subsidies (less often). As at 31 March 2006, in imports to the EU, and thus also to Poland, 133 anti-dumping measures were in effect (mostly in respect of chemical and steel products) and 12 countervailing measures (mostly with regard to chemicals imported from India). In the first year of Poland's membership in the EU, the Union did not initiate any new anti-subsidy proceeding. The list of the anti-dumping and countervailing measures currently in effect is available at: http://ec.europa.eu/comm/trade/issues/respectrules/anti_dumping/stats.htm

The anti-dumping duty on imports from a third country may be imposed only when the relevant investigations reveal that:

- Imports at dumping prices took place,
- EU manufacturers of similar goods incurred real loss or are at risk of incurring such loss, or development of the relevant sector in the EU can be considerably delayed,
- There is a cause-and-effect relationship between these two events,
- Imposition of the duty is in the Community's interest.

An alternative to the anti-dumping duty may be the so-called price undertaking. In the course of the investigation the exporter accused of dumping may undertake to comply with the minimum export prices agreed upon with the Commission or the maximum volume of exports (this applies only to countries which are not members of WTO). The exporter may submit such an offer only following preliminary establishment that dumping has taken place and a loss has been suffered. The Commission accepts

price undertakings made only by these exporters which cooperated with it during the investigation. It also takes into account the fact whether a particular exporter carried out its undertakings in the past (this applies to companies which were the subject of anti-dumping investigations in the past). The undertaking is accepted only on condition that effective monitoring of the carrying out thereof is possible.

Exporters (and also importers and manufacturers which were parties to the investigation) may apply for a revision of the decisions taken by the Commission or the Council under the administrative procedure (in the Commission) or in court proceedings (at the Court of First Instance and the European Court of Justice).

After the lapse of one year of the imposition of the anti-dumping duty, exporters may apply for a review of the anti-dumping measures put into effect (interim review). Such a review may result in a change of the amount of the anti-dumping duty.

Exporters which did not export the particular goods in the period under analysis by the Commission, but commenced the exports after the investigation had been initiated, or entered into export contracts, may apply for the carrying out of special investigation (newcomer review). Such a review may result in the establishment of individual rates of anti-dumping duty based on the individual dumping margins, or in the accusation of dumping being dismissed. As at the commencement of the investigation, the anti-dumping duty on goods delivered by a new exporter ceases to be effective and, at the same time, the Commission establishes a system of recording to enable imposition of anti-dumping duty retrospectively.

If imports are no longer made at dumping prices or if the dumping margin decreased, importers may apply for a return of the duty paid. The importer should receive the monies no later than within 21 months (decision on the return should be taken within one year and no later than within 18 months, while the relevant payment should be made within 90 days of the date of the decision).

Importers of bicycle parts of Chinese origin may apply for exemption from the obligation to pay the anti-dumping duty if their company imports not more than 300 parts of a single type per month. In the case of a company which uses more than 299 parts of a single type, the European Commission may consent to such an exemption if the added value to the parts exceeds 25% of the costs of manufacturing and the value of such parts represents less than 60% of the total value of all the parts of the final product.

A similar procedure is followed in anti-subsidy investigations. Differences consist mainly in the fact that in the anti-subsidy procedure investigation for new exporters is carried out in the form of the so-called accelerated investigation review and the countervailing duty remains in effect until the investigation is completed, whereas in the anti-dumping procedure the duty ceases to be in effect at the moment the investigation is initiated. Furthermore, in anti-subsidy investigations, an alternative to the countervailing duty may also be undertaking of the government of the exporter's country to eliminate or reduce the subsidy.

Quantitative restrictions. Such restrictions apply only to imports from countries which are not members of WTO and from China pursuant to the protocol of that country's accession to the WTO. With regard to imports of certain steel products from Kazakhstan, Russia and Ukraine quantitative quotas, established in sectoral bilateral agreements between the EU and these countries, are in place. The quantitative quotas are also in effect for imports of certain types of clothes and textile goods from Montenegro, Kosovo, North Korea (established autonomously) and Belarus (bilateral

agreement) as well as from China (pursuant to the Memorandum concluded by the European Commission with the government of that country; the quotas for China are to remain in effect until the end of 2007). Imports from these countries are subject to restrictions on outward processing of textiles and clothes.

Administration of the quotas falls within the scope of competencies of the European Commission. The role of the Polish administration is to issue import licences following obtainment of information from the Commission on the limit assigned. The system of administering of quotas has been set forth in the Council Regulation (EC) No. 520/94⁴. It allows administering of quotas based on the order in which applications are submitted (on a “first come, first served” basis), based on traditional trade flows, and in proportion to the quantities requested when the applications are submitted.

With regard to quotas for steel and textiles the first system is used.

The quotas are not allocated to countries but to importers, in the order in which the Commission receives information from the Member States on the applications submitted. The Commission checks the availability of a quota and notifies the Member States whether they can issue an import licence for the quantity of goods applied for (which, however, may not exceed the limits established per importer). The Commission makes decisions every day, depending on the actual demand; if the demand is exceeded, a *pro rata* reduction is made, namely a reduction proportionately to the volumes notified. Importers may obtain information on the use of the quantitative quotas using the Integrated System for the Management of Licences (*Systeme Integre de Gestion de Licenses* – SIGL: <http://sigl.cec.eu.int>) which serves as a link between the European Commission and the institutions issuing import licences in Member States, including the Polish Ministry of Economy.

Surveillance system. Surveillance may cover both imports made (retrospective surveillance) and planned (prior surveillance, or automatic licensing). In the former case, thanks to registration of trade by customs authorities, the Commission obtains information on the imports to the Member States faster than it usually takes place. In the case of prior surveillance, marketing of products on the territory of the Union is possible on condition that the importer has obtained a uniform surveillance document from the competent authorities in the Member States (in Poland: an import licence; see further below). In some cases obtainment of an import licence is contingent upon submission of an original export licence issued by the supplier state (double-checking surveillance).

Import licences. These are required for imports of manufactured articles covered by quotas and goods subject to automatic registration (if such a requirement was introduced). Import licences are issued by the Minister of Economy automatically, on a free of charge basis, for the quantity applied for, within 5 business days of the date of submission of the relevant application (licences for the imports of agri-food products are issued by the President of the Agricultural Market Agency). Where there is no evidence to the contrary, the authority competent to issue the import document is assumed to have received the application within 3 business days following the date of submission thereof. A model application for the issuance of an import (and export) licence was published in the Ordinance of the Minister of Economy and Labour of 14 May 2004 concerning import and export licences issued as measures of administration of foreign trade in goods (Journal of Laws No. 131 of 2004, item 1402).

⁴ Council Regulation (EC) No 520/94 of 7.03.1994 (OJ EC L 66 of 10.03.1994, p. 1), Commission Regulation (EC) No 2044/2003 of 20.11.2003.

The obligation to obtain a licence does not apply to goods exempted from customs duties pursuant to separate regulations.

Issuance of the licence may be contingent on the provision of a **security** (either in the form of a cash deposit or a guarantee). The security is provided in the Polish currency and calculated at the rate published by the National Bank of Poland on the business day preceding the date on which the security is provided. The security provided in the form of a cash deposit is returned by a transfer to the bank account specified in the application, whereas one in the form of a guarantee – by a return of the document confirming issuance of the said guarantee. If a licence is issued for a volume lower than the one applied for, the overpaid amount of the security is returned within 14 days of the date of licence issuance. The procedure for the provision and return of the security is laid down in the Ordinance of the Minister of Economy and Labour of 18 May 2004 concerning the security introduced as a measure of administration of foreign trade in goods (Journal of Laws No. 131 of 2004, item 1403).

In practice, surveillance is put into effect with regard to imports of sensitive goods, such as steel, textiles and clothes. The system of double-checking surveillance is in place for imports of clothes and textiles from Uzbekistan and steel from Moldova, Romania and Macedonia as well as for import quotas from Russia, Ukraine and Kazakhstan. Imports of certain steel products from other third countries save for Switzerland, Norway, Liechtenstein, Iceland and Turkey, are subject to prior surveillance (only import licences are required – single-checking system).

Prohibitions on exports and imports. The prohibitions on trade (imports/exports) are introduced by the EU only in exceptional cases. Prohibitions on imports, introduced by virtue of the Community regulations, apply, *inter alia*, to the following cases:

- Introduction to the Community of goods which infringe certain intellectual property rights;
- Imports and exports of Iraqi national treasures;
- Sale, transfer on a free of charge basis, or provision of technical assistance related to the military activities of any entities in Liberia, imports of unworked diamonds from Liberia, and of wood and wood products of Liberian origin;
- Imports of leather and other goods produced from certain species of wild animals originating in countries where they are caught by means of leghold traps or by other methods which do not meet internationally agreed humane trapping standards.

Pursuant to domestic regulations, namely the Ordinance of the Council of Ministers, in Poland there is a prohibition on the imports of: skins of certain species of seal pups and products derived thereof from third countries, consignments from the Russian Federation and Kazakhstan, containing down and unprocessed feather, consignments from Romania and Turkey containing live poultry, other live birds, or eggs and uncooked poultry products, or of asbestos and products containing asbestos.

Trade in rough diamonds. Trade in rough diamonds (unworked diamonds or diamonds that are simply sawn, cut or roughly worked) is governed by special rules. First of all, in exports and imports presentation of the so-called international Kimberley certificate is required, which the European Community undertook to use by virtue of the Interlaken Declaration in trade in rough diamonds as of 1 January 2003, pursuant to the document named *Kimberley Process Certification Scheme*. The Community export certificates may be obtained in Belgium, Federal Republic of Germany and in the United Kingdom; also imported consignments containing rough diamonds can be verified there. Polish authorities do not issue any licences for the import or export of rough diamonds, neither do they issue any export certificates.

Dual-use goods and technologies. In the common system of control of exports of dual-use goods, a uniform list of dual-use goods and technologies is in effect on the entire territory of the European Union. It is contained in the Council Regulation (EC) No. 394/2006 of 27 February 2006 amending and updating Regulation (EC) No. 1334/2000 setting up a Community regime for the control of exports of dual-use items and technology. The rules governing foreign trade in goods, technologies and services of strategic importance for state security and also for the maintenance of international peace and security, as well as the rules governing control and registration of such trade, and liability for trade, in such goods, technologies and services, are laid down in the Act of 29 November 2000, which has been harmonised with the relevant Community laws. These regulations do not provide for any control of imports of dual-use goods. Only imports of cryptographic devices are monitored by the Internal Security Agency in view of the requirements related to the ensuring of state security.

Exports and imports of arms and military equipment from and to Poland require obtaining of the relevant individual permit. An applicant should attach an end-use certificate to the application for the issuance of an individual permit for the export of armament, whereas an application for the issuance of a licence for the export of dual-use goods may be accompanied with an import certificate or an end-user certificate. Export of goods of strategic importance for the state security to certain countries is prohibited or requires the relevant permit from the Council of Ministers. Information on the rules governing trade in dual-use goods is available at: <http://dke.mg.gov.pl>

Information, in Polish and in English, on the terms and conditions of trade with third countries can be found on the website of the Ministry of Economy: <http://mg.gov.pl/Clo> or of the European Commission: <http://www.eu.int>.

Information on the terms and conditions of exports to the EU market can be also found in the EXPANDING EXPORTS HELPDESK portal created by the European Commission and intended for exporters from developing countries. The portal includes also a forum where entrepreneurs can establish relationships and find a supplier or purchaser of their goods.

3. Foreign Exchange Law

In June 1995, Poland adopted obligations arising from Article VIII of the Statute of the International Monetary Fund; the currency was declared convertible according to IMF standards.

The currently binding Act – the Foreign Exchange Law of 27 July 2002, which took effect as of 1 October 2002 (Journal of Laws No. 141, item 1178), was prepared to harmonise with the European Union requirements. It provides for the principle of free movement of capital and payments; and only allows for restrictions stipulated in the European Union Treaty.

The Act regulates the foreign exchange dealings⁵ (foreign exchange dealings performed abroad and domestic trade in foreign exchange values) and the activity of

⁵ The trade in domestic legal tenders between non-residents is not deemed foreign exchange dealings and is thus not covered by the Act – the Foreign Exchange Law.

exchange office⁶. It also defines the obligations: 1) connected with the exportation and importation and taking foreign exchange values or domestic legal tenders abroad and with the transfer of money abroad and domestic settlements with non-residents; 2) referring to reporting obligation of data in foreign exchange dealings performed abroad. Furthermore, it defines the control performed with regard to limitations and obligations stipulated in the Act.

The limitations provided for in the Act do not apply to foreign exchange dealings with participation of the following parties: State Treasury, National Bank of Poland and public authorities in penal, civil or administrative procedures, as well as banks or other financial institutions supervised by respective authorities. Similarly, the so-called “special limitations” would not apply to the former three parties but would apply to banks and other supervised financial institutions.

Few limitations that remain in the Act refer primarily to third party states. Third party states are countries other than Poland, non-members of the European Union. Countries being members of the Organization for Economic Co-operation and Development (OECD) are treated on equal terms with the Member States of the EU.

Assessing and accepting from non-residents receivables in other currency than convertible or Polish currency⁷, as well as export and taking gold and foreign exchange platinum, domestic and foreign legal tenders abroad⁸ require a foreign exchange permit. Furthermore, domestic settlements in foreign currencies vis-à-vis residents are subject to control⁹, whereby the restrictions do not apply to settlements between natural persons not connected with conducting economic activity.

In the case of exportation and taking domestic and foreign legal tenders abroad, the restriction applies when their aggregate value exceeds an equivalent of € 10,000. The restriction is related to another article of the Act, which imposes on residents an obligation to transfer money abroad or make domestic settlements with non-residents above € 10,000 through the intermediary of authorised banks.

Exceeding the limit of € 10,000 imposes obligations referring to the export and import of foreign exchange values or domestic legal tenders. On crossing the border, residents and non-residents are obliged to importation thereof by submitting relevant documents entitling to importation, or a foreign exchange permit entitling to the importation thereof. Similarly, when exporting foreign exchange values or domestic legal tenders, residents and non-residents are obliged to submit documents entitling to exportation, or the foreign exchange permit entitling to exportation. The procedure of exportation is laid down in the Act. The limit of € 10,000 applies also with

⁶ Activity of exchange offices is a business activity consisting in the purchase and sale of foreign exchange values and in acting as intermediary in the purchase and sale thereof. The trade in foreign exchange values for own purpose is not subject to control.

⁷ Between the Polish zloty and convertible currencies, there is formal and legal equality. The restriction does not apply to receivables to which one is entitled free of charge and not connected with business activity.

⁸ In the case of non-residents, some exclusions have been provided for. They refer to cases when gold and foreign exchange platinum, domestic and foreign legal tenders had been previously imported to Poland and reported in the procedure stipulated in the Act.

⁹ In such settlements, the zloty is not treated on equal terms with convertible currencies, which is the case with international foreign exchange dealings.

respect to defining obligations arising from transfers of money abroad¹⁰ and domestic settlements with non-residents. On exceeding this limit, the residents are obliged to use the intermediary of authorized banks, specifying the purpose of transaction (transfer of money abroad, domestic settlements with non-residents) and submitting documents that prove the given purpose. The same obligation applies to non-residents transferring money abroad and making cash deposits on their own accounts or on accounts of other non-residents in domestic banks.

Other limitations in foreign exchange dealings included in the Act refer to foreign exchange dealings with third party states, which constitute only a small part of all dealings in question. The limitations include, *inter alia*:

- a) exportation, taking and transferring domestic or foreign legal tenders to third party states by residents, with the purpose of undertaking or broadening the scope of business activity in these states (with exclusions),
- b) purchase by residents of, *inter alia*, real estates located on the territory of the third party states, stocks and shares in companies, or participation units in funds established in third party states, debt papers issued or made by non-residents from third party states, foreign exchange values sold by non-residents from the third party states,
- c) sale by residents of, *inter alia*, securities and participation units,
- d) purchase and sale in Poland by non-residents from third party states, of, *inter alia*, securities and participation units,
- e) opening accounts by residents in banks and branches of banks with seat in the third party states,
- f) credit turnover of a short-term character between a resident and a non-resident¹¹,
- g) donations made by residents for the benefit of non-residents, whose object comprises foreign exchange values or domestic legal tenders,
- h) making between residents and non-residents cash settlements arising from the abovementioned activities.

The limitations in foreign exchange dealings provided for in the Act may be abolished by way of general foreign exchange permits (issued by the minister competent for public finance matters by way of a regulation) or individual foreign exchange permits (issued by the President of the National Bank of Poland by way of administrative decisions). Foreign exchange permits will be granted when there is no threat relating to the state security, public order, equilibrium in the balance of payments and other basic interests of the state. The possibility to apply general and individual foreign exchange permits allows for broadening – dependent on changing conditions – the scope of freedom of foreign exchange dealings, or restoring previously applied limitations.

The Ordinance of the Minister of Finance of 3 September 2002 on general foreign exchange permits, which took effect together with the Act, as of 1 October 2002, allows for refraining from limitations in foreign exchange dealings performed abroad; the permits refer to all third party states or only to those that concluded agreements with Poland for mutual support and protection of investment.

¹⁰ Also connected with purchase from an authorised bank of cheque or other document payable abroad.

¹¹ Such turnover means raising and granting loans or credits with maturity date of over a half of it within the period of one year from the date of closing a contract.

With respect to all third party states, the permit was granted on:

- purchase of real estates (of the value of up to € 50,000) and foreign currencies (in strictly defined cases) by residents for own use,
- sale by residents of securities, except debt papers with maturity shorter than one year, as well as of participation units; opening accounts in banks connected with these activities,
- purchase and sale in Poland by non-residents, of securities, except debt papers with maturity shorter than one year, and of participation units,
- raising short-term loans by domestic companies from direct investors and granting such loans to foreign companies by residents-investors,
- residents to non-residents and by non-residents to residents short-term loans/credits and raising by residents from non-residents short-term loans/credits to settle liabilities arising from this Act or from a foreign exchange permit,
- making by residents being natural persons donations in the form of foreign exchange values and domestic legal tenders (up to the value of € 10,000).

On the other hand, in the relations with third party states, which signed with Poland agreements for mutual support and protection of investment. the following has been granted:

- transfer by residents of means of payment – through the intermediary of authorised banks – for the purpose referred to in point a)
- purchase by residents in these countries of real estates, stakes and shares, participation units and debt papers with one-year or longer maturity, as well as opening bank accounts in these countries connected with these activities,

Moreover, following permits that are not geography-oriented have been granted:

- residents and non-residents may export or take abroad domestic and foreign legal tenders exceeding € 10,000, if such have been paid out from a bank account or purchased from the bank with assets accumulated on the bank account,
- non-residents may export and take abroad domestic or foreign legal tenders exceeding € 10,000, which have been purchased or exchanged in a bank with assets previously imported and reported in the procedure stipulated in the Act,
- a non-resident may take abroad foreign currencies and signed traveller's cheques, if the cheques exceeding € 10,000 were made out on his name or if they were signed by him,
- gold coins issued by the National Bank of Poland may be exported.

A separate chapter in the Act refers to the activity of foreign exchange offices. The President of the National Bank of Poland issues permits for conducting activity of foreign exchange offices. Banks¹², branches of international banks and credit institutions and branches of credit institutions do not require such permits. The Act defines who may and under which conditions run a foreign exchange office. Currently, the foreign exchange office activity may be conducted also by a non-resident, and the customer may also be an economic entity. Moreover, the object of foreign exchange dealings may comprise foreign exchange values other than foreign currencies, gold and foreign exchange platinum, e.g. traveller's cheques. Still, some restrictions have been introduced. Within one contract, the value of purchase or sale of foreign legal tenders may not exceed € 20,000. In the activity of foreign exchange offices, the continuity of transactions must be maintained, the evidence of purchase and sale provided and a reliable register kept.

¹² The list of banking activities was supplemented by purchase and sale of foreign exchange values.

The control stipulated in the Act is performed by the National Bank of Poland, banks and customs administration and Polish Border Guard. The National Bank of Poland performs control within the scope of fulfilment of reporting obligations, foreign exchange permits issued by the President of the National Bank of Poland and the activity of foreign exchange offices. The banks shall control the transfers made by themselves abroad and domestic settlements with non-residents. On the other hand, customs authorities and bodies of Polish Border Guard shall control the imports and exports as well as taking from abroad and taking abroad foreign exchange values and domestic legal tenders.

The Act precisely defines norms of penal law applicable in case of fiscal offences and minor offences against foreign exchange dealings, committed in the situation of violation of limitations and non-observance of obligations stipulated in the Law. The norms were introduced to the Fiscal Penal Code.

Six administrative acts have been added to this Act, which came into force together with the Act, as of 1 October 2002¹³.

4. Exchange rate

Poland's exchange rate system has been evolving during the 1990s from a fixed rate system attached to the US dollar (and then for a few months to a basket of five currencies), through a crawling peg and a floating exchange rate within a crawling band, to the present independent floating. The structure of the basket remained unchanged until January 1999¹⁴. The rate of the zloty's depreciation against the value of the basket was lowered successively from 1.8% monthly in October 1991 to 0.3% in March 1999, which reflected waning inflationary expectations. The average USD exchange rate, which amounted to PLN 0.95 in 1990, reached PLN 3.9675 in 1999 and PLN 4.3464 in 2000.

The progressively more flexible exchange rate system has implied increasing influence of the market on the zloty exchange rate. Forex and fixing rates were required to stay within a definite band that has been gradually widened. Initially, from May 1995, the maximum deviation from the parity rate amounted to +/-7%; after March 1999, the band limits reached as much as +/-15%. As early as 1997, a substantial movement of the exchange rate of zloty within the band was observed. Since August 1998, the central bank has not intervened on the foreign exchange market, and transaction fixing was abolished in June 1999. Thus, the exchange rate policy resembled in practice a floating exchange rate system, although the crawling band system was formally maintained.

On 12 April 2000, the full floating of the zloty exchange rate took place, as a result of a decision made by the Council of Ministers on the initiative of the Monetary Policy Council. The zloty exchange rate has been since then set freely by market forces; the category of the parity exchange rate, the crawling devaluation and the band units no longer exists. The central bank could intervene on the foreign exchange market,

¹³ These were, apart from the abovementioned Ordinance of the Minister of Finance on general foreign exchange permits, three other regulations of the Minister of Finance, one regulation of the Council of Ministers and one announcement of the Governor of the NBP.

¹⁴ The USD remained in the structure of the basket, with the present share of 45%; EUR replaced 4 other currencies.

which is admissible also in the adopted system of independent floating; however, it has not used this possibility so far.

In recent years the exchange rate of the Polish zloty has been subject to marked fluctuations. Following its considerable appreciation in the years 2000-2001, both in real and nominal terms, the years 2002-2003 witnessed a growing depreciation trend. In 2004, real appreciation of zloty took place again, followed in 2005 also by its nominal appreciation. The average annual real effective PLN exchange rate, calculated at consumer prices, and the effective nominal exchange rate increased in 2005 by 12.7% (the exchange rate of the Polish zloty went up, in nominal terms, by 12.6% in relation to EUR and by 13% in relation to USD). In 2005, the average EUR/PLN exchange rate was PLN 4.0254 and the USD/PLN exchange rate stood at PLN 3.2348, whereas in 2004 the respective rates were PLN 4.5340 and PLN 3.6540.

5. Major legal acts

- Council Regulation (EEC) No. 2913/92 of 12 October 2002 establishing the Community Customs Code (OJ L 302 of 19.10.1992), as amended;
- The Customs Law of 19 March 2004 (Journal of Laws No. 68, item 622);
- The Act of 16 April 2004 on administering foreign trade in goods, (Journal of Laws No. 97, item 963);
- The Act of 10 March 2006 on administering foreign trade in services, (Journal of Laws No. 79, item 546);
- Council Regulation (EC) No. 384/96 on protection against dumped imports from countries not members of the European Community (OJ L 56 of 6.03.1996), as amended;
- Council Regulation (EC) No. 2026/97 of 6 October 1997 on protection against subsidized imports from countries not members of the European Community (OJ L 288 of 21.10.1997), as amended;
- Council Regulation (EC) No. 3285/94 of 22 December 1994 on the common rules for imports (OJ L 349 of 31.12.1994), as amended;
- Council Regulation (EC) No. 519/94 of 7 March 1994 on common rules for imports from certain third countries (OJ WE L 78 of 22.03.1994), as amended;
- Council Regulation (EEC) No. 3030/93 of 12 October 1993 on common rules for imports of certain textile products from third countries (OJ 275 of 8.11.1993), as amended;
- Council Regulation (EC) No. 517/94 of 7 March 1994 on common rules for imports of textile products from certain third countries not covered by bilateral agreements, protocols or other arrangements, or by other specific Community import rules (OJ L 67 of 10.03.1994, as amended);
- Council Regulation (EC) No. 3286/94 of 22 December 1994 laying down Community procedures in the field of the common commercial policy in order to ensure the exercise of the Community's rights under international trade rules, in particular those established under the auspices of the World Trade Organization (OJ L 349 of 31.12.1994);
- Council Regulation (EC) No. 980/2005 of 27 June 2005. applying a scheme of generalised tariff preferences (OJ L 169 of 30.06.2005);
- Council Regulation (EC) No. 3036/94 of 8 December 1994 establishing economic outward processing arrangements, as amended (OJ L 332/94);

- The Ordinance of the Minister of Economy and Labour of 14 May 2004 on permits for imports and exports of goods granted under the measures of administration of foreign trade turnover (Journal of Laws No. 131 of 2004, item 1402);
- The Act of 29 November 2000 on foreign trade in goods, technologies and services of strategic relevance for the national security and for maintaining international peace and security, and on amendment of certain laws (Journal of Laws No. 229 of 2004, item 2315, consolidated text);
- The Ordinance of the Minister of Economy and Labour of 18 May 2004 on deposits required under the measures of administration of foreign trade turnover (Journal of Laws No. 131 of 2004, item 1403);
- Council Regulation (EC) No. 394/2006 of 27 February 2006 amending and updating Regulation (EC) No. 1334/2000 setting up a Community regime for the control of exports of dual-use items and technology, OJ L 74 of 13.03.2006;
- The Act of 30 August 2002 on conformity assessment system (consolidated text: Journal of Laws No. 204 of 2004, item 2087);
- The Foreign Exchange Law of 27 July 2002 (Journal of Laws No. 141, item 1178).

IX PRACTICAL INFORMATION

In connection with Poland's accession to the European Union, as of 1 May 2004, nationals of EU Member States are covered by separate, more liberal conditions of staying, taking up employment, buying real estate and benefiting from public health care and social security systems in Poland. In reference to citizens of other (so-called "third countries"), these conditions did not change substantially compared to the pre-accession period.

1. Entry visas

Nationals of non-EU countries

In order to facilitate tourist traffic and business activity, Poland has concluded with many countries agreements abolishing visas mutually or unilaterally for stays which, as a rule, do not exceed 90 days. A list of these countries can be found in the attached annex.

In connection with Poland's accession to the European Union, since 1 October 2003, new regulations on visa traffic between Poland and Russia, Ukraine and Belarus have been applicable. The Polish government concluded separate agreements with each of these neighbour countries of the enlarged EU. Under the agreement with Ukraine, an asymmetric solution is binding, i.e. Ukraine does not require entry visas from Polish citizens; in return, Polish consular offices grant visas for Ukrainian citizens free of charge. Russia and Belarus did not accept this solution, hence, a visa obligation is imposed on Polish, Russian and Belarussian citizens. Visa charges for Russians are €10 for a single-entry visa, €16 for a double-entry visa, and €50 for a multiple-entry visa. Visa charges for Belarus citizens are lower: €5 for a single-entry visa, €8 for a double-entry visa and €24 for a multiple-entry visa. Residents of the Kaliningrad District, persons aged below 16 and above 65 (Belarus) or above 70 (Russia) and teachers (including university teachers), students and persons on international exchange education schemes as well as participants of educational, cultural, technical-scientific and sport events are exempt from charges for visas.

List of states, which have concluded with Poland agreements on mutual abolishment of visa requirements, or which have unilaterally abolished visa requirements for citizens of the Republic of Poland (as of 1 June 2006)

State	Period of stay	Comments
ALBANIA	up to 30 days	unilaterally, only for citizens of the Republic of Poland, with an option to extend the stay up to 90 days
ANDORRA	as EU/EEA ^b	
ANTIGUE AND BRABUDA	up to 180 days	
ARGENTINA	up to 90 days	
ARUBA	up to 90 days	
AUSTRIA ^a	EU/EEA ^b	applies Schengen regulations
BARBADOS	up to 28 days	
BELGIUM ^a	EU/EEA ^b	applies Schengen regulations
BELIZE	up to 30 days	
BERMUDA	the period of stay specified upon entry	
BOLIVIA	up to 90 days	
BOSNIA AND HERZEGOVINA	up to 90 days	unilateral decision of Bosnia and Herzegovina
BRAZIL	up to 90 days	with an option to extend the stay by the next 90 days
BRITISH ANTARCTIC TERRITORY (including South Orcades and South Shetland Islands)	permit by local authorities required	
BRITISH INDIAN OCEAN TERRITORY (including Chagos Islands)	permit by the administration of the British Indian Ocean Territory required	
BRITISH VIRGIN ISLANDS	the period of stay specified upon entry	
BRUNEI DARUSSALAM	up to 14 days	
BULGARIA	up to 90 days	
BURUNDI	permit by local authorities required	
CHILE	up to 90 days	
COSTA RICA	up to 90 days	
CROATIA	up to 90 days	
CYPRUS ^a	EU/EEA ^b	applies Schengen regulations
CZECH REPUBLIC ^a	EU/EEA ^b	applies Schengen regulations
DENMARK ^a	EU/EEA ^b	applies Schengen regulations
DOMINICA	up to 21 days	
DOMINICANA	up to 90 days	
ECUADOR	up to 30 days	
ESTONIA ^a	EU/EEA ^b	applies Schengen regulations
FAROE ISLANDS	up to 90 days	
FINLAND ^a	EU/EEA ^b	applies Schengen regulations

State	Period of stay	Comments
FRANCE ^a with Guadelupe, Martinique, Réunion, French Guyana, Mayotte, Saint-Pierre and Miquelon, French Polynesia, New Caledonia, Wallis and Futuna, French Southern Territories	EU/EEA ^b	applies Schengen regulations
GEORGIA	up to 90 days	
GERMANY ^a	EU/EEA ^b	applies Schengen regulations
GRANADA	up to 30 days	
GREECE ^a	EU/EEA ^b	applies Schengen regulations
GREENLAND	up to 90 days	
HONDURAS	up to 90 days	
HONG-KONG (Special Administrative Region of China)	up to 90 days	
HUNGARY ^a	EU/EEA ^b	applies Schengen regulations
ICELAND ^a	EU/EEA ^b	applies Schengen regulations
IRELAND ^a	EU/EEA ^b	applies Schengen regulations
ISRAEL	up to 90 days	
ITALY ^a	EU/EEA ^b	applies Schengen regulations
JAPAN	up to 90 days	
KIRGHISTAN	up to 30 days	unilaterally, only for citizens of the Republic of Poland
LATVIA ^a	EU/EEA ^b	applies Schengen regulations
LIECHTENSTEIN	EU/EEA ^b	applies Schengen regulations
LITHUANIA	EU/EEA ^b	applies Schengen regulations
LUXEMBOURG ^a	EU/EEA ^b	applies Schengen regulations
MACAO (Special Administrative Region of China)	up to 90 days	
MACEDONIA	up to 90 days	
MADEIRA and AZORES	up to 90 days	
MALAYSIA	up to 90 days	
MALEDIVES	permit by local authorities may be required	
MAYOTTE	up to 90 days	
MALTA ^a	EU/EEA ^b	applies Schengen regulations
MOROCCO	up to 90 days	
MAURITIUS	up to 180 days	
MEXICO	up to 90 days	
MOLDOVA	up to 90 days	
MONACO	as EU/EEA ^b	
MONTENEGRO	up to 90 days	unilaterally, only for citizens of the Republic of Poland
NETHERLANDS ^a	EU/EEA ^b	applies Schengen regulations
NETHERLANDS ANTILLES	up 90 days	
NEW CALEDONIA	up to 90 days	
NEW ZEALAND	up to 90 days	
NICARAGUA	up to 90 days	

State	Period of stay	Comments
NORWAY ^a	EU/EEA ^b	applies Schengen regulations
PANAMA	up to 90 days	
PARAGUAY	up to 90 days	
PERU	up to 90 days	unilaterally, only for citizens of the Republic of Poland travelling for tourist purposes and in transit
PHILIPPINES	up to 21 days	unilaterally, only for citizens of the Republic of Poland
PORTUGAL ^a	EU/EEA ^b	applies Schengen regulations
ROMANIA	up to 90 days	
SAINT LUCIA	up to 180 days	unilaterally, only for citizens of the Republic of Poland
SALVADOR	up to 90 days	
SAMOA	up to 60 days	
SAN MARINO	as EU/EEA ^b	
SERBIA	up to 90 days	unilaterally, only for citizens of the Republic of Poland
SINGAPORE	up to 90 days	
SLOVAKIA ^a	EU/EEA ^b	applies Schengen regulations
SLOVENIA ^a	EU/EEA ^b	applies Schengen regulations
SOUTH AFRICA	up to 30 days	unilaterally, only for citizens of the Republic of Poland
SOUTH KOREA	up to 90 days	
SPAIN ^a	EU/EEA ^b	applies Schengen regulations
SWEDEN ^a	EU/EEA ^b	applies Schengen regulations
SWITZERLAND	up to 90 days	
UKRAINE	up to 90 days	unilaterally, only for citizens of the Republic of Poland
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND: with the Isle of Man and Channel Islands - Jersey, Guernsey, Aldernay)	EU/EEA ^b	
URUGUAY	up to 90 days	
VATICAN	up to 90 days	
VENEZUELA	up to 90 days	

Note – the above regulations do not apply to persons who travel to seek employment, to study or apply for permanent residence.

^a States applying Schengen regulations.

^b Member States of the European Union (EU) or the European Economic Area (EEA). Nationals of those states enjoy the principles of free movement of persons. They may travel visa-free and within the EU/EOG territory and stay there up to 90 days upon having a valid passport or an identity card.

Source: Ministry of Foreign Affairs (<http://www.ms.gov.pl>)

Nationals of all other countries, foreigners intending to stay longer than 90 days and persons intending to work in Poland must obtain visas¹. Polish consular offices collect a €10 charge for receipt and examination of an application for an airport visa. The charge for receipt and examination of an application for a transit visa is €10, €20 or €30 (depending on the number of transits through the territory of Poland), while the charges for receipt and examination of an application for a residential visa range from €30 to €80 (depending on the length of the visa's validity and the number of entries into the territory of Poland)². Additional charge of the value equal to 20% of the basic rate should be added to the above mentioned charges.

Nationals of the European Union Member States

Nationals of the European Union Member States, as well as Norway, Iceland and Liechtenstein cross Poland's border upon presentation of a document stating their identity and citizenship (passport, identity card). Persons from those countries planning to stay in Poland longer than 3 months must obtain a residence permit (issued for a period of five years), or a temporary residence permit. As a result of the procedure of granting permits, persons having a citizenship of an EU Member States receive a residence card of an EU citizen (the charge for issuance of the document is PLN 30).

Decisions on permits and residence cards are issued by the voivod competent to the place of the intended stay of an EU citizen on the territory of Poland.

The residence permit is issued on the condition that the EU citizen has got a valid medical insurance and means of subsistence sufficient to cover costs of sojourn, and shall not burden the welfare system (i.e. he/she works, studies, or seeks a job)³.

2. Conditions for employment of foreigners

Employment of non-EU nationals

An employer applying for employment of a foreigner in Poland must obtain a permit. There are two stages of acquiring a work permit for foreigners⁴. At the first stage, the future employer (or its proxy) applies to the Voivodship Labour Office for a promise of a work permit. This is a prerequisite for a foreigner to obtain a residential visa with permission to work (D8 visa). At the second stage, having received the relevant visa, the foreigner is granted a work permit valid within the territory of

¹ The legal basis regulating these issues is the Aliens Act (Journal of Laws of 2003, No 128, item 1175, as amended).

² The tariff of collection of charges and examination of applications for visas is contained in the Ordinance of the Minister of Internal Affairs of 14 August 2003 on consular charges (Journal of Laws of 2003, No 156, item 1530, as amended, Journal of Laws of 2006 No 63, item 444).

³ Detailed principles concerning the stay of EU nationals in Poland are laid down in the Act on principles and conditions of entry and sojourn of citizens of the European Union Member States and members of their families on the territory of the Republic of Poland (Journal of Laws of 2002, No 141, item 1180, as amended).

⁴ Legal basis: the Act on employment and labour market Institutions (consolidated text: Journal of Laws of 2004, No 99, item 1001), and the Aliens Act (consolidated text: Journal of Laws of 2003, No 128, item 1175).

Poland (to get this permit, the employer must make a contribution to the Labour Fund in an amount of the minimum wage in Poland, amounting to PLN 899.10 in 2006). Applications for work permit of foreigners in Poland are considered without unnecessary delay and it lasts no longer than one month. The foreigner who has received a permit of residence in Poland, is additionally given a card of residence.

The granting of a promise and work permit to a foreigner depends on the situation in the local labour market and on qualifications of the applicant for a job. These regulations do not apply, however, to certain groups of employees (e.g. family members of diplomatic staff, foreign graduates of Polish medical academies on internship training, aliens representing a foreign company in Poland, aliens working in Poland under international agreements on employment).

In some cases, employing a foreigner does not require a work permit⁵. It concerns, among others, teachers of foreign languages who are employed on the basis of international agreements, permanent foreign correspondents, foreigners represented in managements of legal persons (staying in Poland on the basis of residence visas, if their stay in Poland in connection with the performance of their function is not longer than 30 days in the calendar year), as well as persons in charge of training schemes, taking part in professional internship trainings, performing advisory or supervisory functions, or requiring special skills or qualifications within the framework of European Union programmes or other international aid programmes.

In addition, the following persons are released from the obligation to have a work permit: citizens of Ukraine, Russia and Belarus lawfully employed by a Polish employer for agricultural works, however for no longer than three months within a period of half a year; foreigners from outside the EU/EEA area posted by their employer to provide a specific service in Poland, as well as citizens of the Republic of Turkey who have resided in Poland for a period of at least five years and have been lawfully employed for four years, and their families.

Employment of nationals of the European Union Member States and the EEA

The conditions of employment of European Union nationals in Poland vary, depending on the country of their origin. Regulations applicable as of 1 May 2004 impose restrictions mirroring those introduced on employment of Polish citizens in the EU Member States.

In view of the above, citizens of all new EU Member States, as well as Sweden, Ireland, the United Kingdom, Finland, Greece, Spain, Portugal and Iceland, may freely take up employment in Poland. The principle of a free access to the Polish labour market will soon be applicable to Italian citizens⁶. Danish, Dutch and

⁵ The Ordinance of the Minister of Labour and Social Policy of 30 August 2006 on employment of foreigners without the need to acquire a work permit (Journal of Laws of 2006 No 156, item 1116) specifies in detail who, in what situations and under which conditions may be employed in Poland.

⁶ In reply to the decision of the Italian government of June 2006, abolishing transitory restrictions on the access of nationals of 8 new Members States (Czech Republic, Estonia, Lithuania, Latvia, Poland, Slovenia, Slovakia and Hungary) to the Italian labour market, which still needs to be formally confirmed by an Ordinance of the Council of Ministers of the Republic of Italy.

Norwegian nationals must obtain work permits, but procedures of their issuance are simplified. The employment of citizens of Belgium, France, Luxembourg and Liechtenstein takes place under similar terms and conditions to those applicable before the accession (a work permit is required). The toughest restrictions have been imposed on Germans and Austrians seeking jobs in Poland⁷.

Foreigners having their place of residence in Poland, or those whose temporary stay takes longer than 183 days within a fiscal year are subject to unlimited tax obligation, i.e. taxes are levied on their total incomes, irrespective of their source⁸. Double taxation is avoided under relevant agreements concluded by Poland with many countries. Foreigners not having their place of residence in Poland, or those whose temporary stay takes shorter than 183 days in a fiscal year are subject to limited tax obligation, i.e. taxes are levied only on their incomes from work performed on the territory of Poland.

3. Accommodation

Foreigners residing in Poland do not encounter difficulties in renting a residence (a flat or a detached house) and are not obliged to acquire a relevant permit. Neither is it required to purchase an apartment. A permit is required, however, when purchasing a real estate or obtaining the right to perpetual usufruct. The relevant application (with enclosures) shall be filed with the Department of Permits and Concessions of Interior and Administration⁹. Separate provisions are applicable to acquisition of land (see Chapter VII, title 6).

There are many real estate agencies handling the rental and purchase of flats and houses in Poland; they have a wide offer and act as intermediaries in real estate renting or purchasing.

4. Health care

Every insured Polish citizen has the right for the free of charge access to the public health care and to choose a general practitioner or family doctor¹⁰.

Foreigners having residential visas with a work permit or a card of permanent or temporary residence are entitled to public health care services, if they are subject to

⁷ Detailed restrictions on taking up work by citizens of Austria and Germany in Poland are laid down in the Ordinance of the Minister of Economy, Labour and Social Policy of 28 May 2004 on the scope on restrictions on the performance of labour by aliens on the territory of the Republic of Poland, Journal of Laws of 2004, No.123, item 1293.

⁸ The Order of the Minister of Finance of 31 January 2000 on the publication of the consolidated text of the Personal Income Tax Law (Journal of Laws of 2000, No 14, item 176).

⁹ A permit is not required from citizens or entrepreneurs from EU Member States, except for acquisition of agricultural real estate (in the period of twelve years since Poland's accession to the EU) and the so-called secondary residences (in the period of five years since Poland's accession to the EU).

¹⁰ The Act on universal health insurance (Journal of Laws of 2004 No 210, item 2135).

obligatory health insurance and pay relevant insurance contributions. Aliens may also get insured voluntarily. Foreign students also enjoy the right to health insurance and public health care service.

Nationals of the EU Member States and the EEA, who are covered in their countries with a universal healthcare system may benefit from healthcare services on the territory of Poland, along with their family members (also when they are in Poland for a tourist trip). The settlement of costs of the services provided takes place between institutions functioning in the health insurance sphere. A Patient should have a European Health Insurance Card or equivalent certificate. Both documents entitle to the free of charge health care, covering basic health care and dentist's services (but exclusively in establishments which are contracted by the National Health Fund). In emergency situations, the person entitled to health care services may directly consult a specialist, go to hospital or use rescue service and medical transport in Poland. Nationals of EU Member States, who are not covered by the health care system in their countries, may benefit from health care services in Poland, provided that they are insured voluntarily and have their place of residence in Poland. A voluntary health care insurance contract with the National Health Fund may be concluded by foreigners who stay in Poland on the basis of a visa with work permit, have a permit for establishment in Poland or for residence for a limited period of time, unless they are subject to compulsory health care insurance (e.g. as employees).

Other foreigners are excluded from the free of charge health care unless international agreements between Poland and other countries stipulate otherwise¹¹. Each agreement defines persons covered by common health insurance, situations and range of free health care services. These services may concern:

- persons insured in the country with which an agreement has been signed (e.g. Russia, countries of the former Yugoslavia), irrespective of the purpose of visit,
- employees posted to work abroad or cross-border workers,
- all citizens of a given country.

Possession of the relevant document (i.e. passport, health insurance certified, or a relevant form) entitles to health care.

Health care services may cover either only action undertaken in an emergency situation or any medical care, depending on the kind of agreement, if such agreement exists in a given state. Costs of medical care services provided on the basis of an international agreement are covered by the state budget. The amounts due for health care services provided to foreign nationals are settled by the International Settlements Office¹².

Foreigners residing in Poland who are not covered by the universal health insurance and are not citizens of countries with which Poland signed relevant international agreements may:

- use a well-developed (especially in large cities) network of private and co-operative health care centres offering a full range of medical services,
- become insured in an insurance company (e.g. in Powszechny Zakład Ubezpieczeń – PZU), which guarantees the reimbursement of the cost of medical treatment in case of an accident or other events covered by the insurance policy.

¹¹ Such agreements have been signed with Albania, Bulgaria, Russia, Bosnia and Herzegovina, Macedonia, Croatia, Serbia and Montenegro).

¹² More: see <http://www.brm.gov.pl>

5. Most frequently used foreign languages

English is the most common foreign language in Poland. German and Russian are also popular, French, Spanish and Italian are less often used. The command of foreign languages becomes more and more popular among inhabitants of larger towns, young people and those having professional contact with foreigners. During recent years, the command of foreign languages has considerably increased among Polish citizens.

6. Currency

The legal currency in Poland is the Polish zloty (PLN). 1 zloty = 100 grosz. Foreign currency exchange is offered at Polish banks, hotels and exchange offices. One US dollar is worth about PLN 3.10, and one Euro about PLN 4.00, at the exchange rates of July 2006.

The following money values are now in circulation:

- banknotes with nominal values of PLN 10, 20, 50, 100 and 200;
- coins with nominal values of 1, 2, 5, 10, 20, 50 grosz and PLN 1, 2 and 5.

7. Transport

There are air service connections between major Polish cities, operated by Polish Airlines PLL LOT. Low-cost airlines are also entering the Polish air transport market, offering domestic and international flights.

Most towns can be reached by rail; the network of the railway is handled by Polish State Railways (PKP). Railway network is dense, especially in the west and south of the country. A train timetable may be consulted on the PKP web-page: www.pkp.pl. Ticket reservation is also available via the Internet.

Municipal transport, i.e. buses, trams (in bigger cities) and the underground (only in Warsaw), is available in every town. Tickets for the municipal transport can be bought in all newspaper kiosks and in shops at underground stations, usually also from the driver. Daily and weekly tickets are very convenient for tourists. Different payment system for municipal transportation is in use in every town. There are also tickets for a period of time or for a single passage (for one passage, no matter how long). Some passengers are entitled to reduced fares. Fares also differ in different cities (they range between PLN 1.70 to PLN 3.00 for a passage). Ticket bought in a given town is valid only in this town.

Taxis ordered on the phone or found on taxi lines can be a convenient form of transport. Using taxis belonging to big corporations is cheaper and safer. You can also rent a car in one of the many "rent-a-car" firms operating in Poland., which offer their services at airports, reception desks at larger hotels and certain travel offices.

Driving licenses issued in the EU Member States are respected in Poland and are valid by the date of expiry as stated in the document, There is no need to exchange it for a Polish document before the date of expiry unless the document is lost. While driving in Poland, the driver is obliged to have on him a car registration document and a document confirming that the civil liability insurance (OC) has been paid.

Speed limits for passenger cars in Poland are 50 km/h in built-up areas, 90 km/h on the open road and 130 km/h on motorways.

The speed limit for a car with a trailer is 70 km/h; on a fast traffic roads and motorways it is 80 km/h.

The motorway network is planned to be developed in the years to come, which will facilitate and accelerate vehicle traffic in Poland.

8. Communications

Telecommunication services in Poland are provided, first of all, by Telekomunikacja Polska S.A., but there are also other local operators (Tele 2, Netia etc.) Mobile telephone networks cover almost the entire territory of Poland. To use public payphones one needs to buy telephone cards, which are available at post offices and in newspaper kiosks. There are no coin telephones in Poland.

In order to obtain automatic connection with another city when calling from Poland, you should dial "0", followed by access code, area code and subscriber number (e.g. 0 (1011) 99 12 34 567). By choosing a certain access code, you also choose the operator. Dialling the number without access code in long-distance calls means you have chosen Telekomunikacja Polska S.A. as the operator.

Local connections are operated mainly by Telekomunikacja Polska S.A.

It should be remembered that in some cases when you choose an operator other than Telekomunikacja Polska S.A., a separate contract on providing telecommunication services has to be concluded with this operator.

Country code for Poland: 00-48

Area codes for voivodship towns:

- Warsaw (Mazowieckie Voivodship): 0-22
- Białystok (Podlaskie Voivodship): 0-85
- Bydgoszcz (Kujawsko-Pomorskie Voivodship): 0-52
- Gdańsk (Pomorskie Voivodship): 0-58
- Gorzów Wielkopolski (Lubuskie Voivodship): 0-95
- Katowice (Śląskie Voivodship): 0-32
- Kielce (Świętokrzyskie Voivodship): 0-41
- Kraków (Małopolskie Voivodship): 0-12
- Lublin (Lubelskie Voivodship): 0-81
- Łódź (Łódzkie Voivodship): 0-42
- Olsztyn (Warmińsko-Mazurskie Voivodship): 0-89
- Opole (Opolskie Voivodship): 0-77
- Poznań (Wielkopolskie Voivodship): 0-61
- Rzeszów (Podkarpackie Voivodship): 0-17
- Szczecin (Zachodnio-Pomorskie Voivodship): 0-91
- Wrocław (Dolnośląskie Voivodship): 0-71

9. The Internet

The Internet is increasingly popular as a means for communication, information and education.

In 2005, the number of household with computers, access to the Internet and with at least one person having a modern mobile phone with the access to the internet grew to 30% (as compared with 26% in 2004). In 2005, a percentage of Polish businesses using computers grew to 93% and those with the access to the Internet to 87%. Most of the companies have their own websites. The Internet services are still quite expensive as compared with other European countries, although the growing competition between on-line services providers should result in the drop in prices in the near future.

The whole country is covered by a network of internet cafés, facilitating access to the Internet at any time of day or night.

Important websites

Ministry of Foreign Affairs	www.msz.gov.pl
Ministry of Finance	www.mf.gov.pl
Ministry of Interior and Administration	www.mswia.gov.pl
Ministry of Economy	www.mg.gov.pl
Sejm (Parliament)	www.sejm.gov.pl
Senate	www.senat.gov.pl
Office of the Committee for European Integration	www.ukie.gov.pl
National Bank of Poland	www.nbp.pl
Chancellery of the President of the Republic of Poland	www.prezydent.pl
Chancellery of the Prime Minister	www.kprm.gov.pl
Polish Press Agency	www.pap.pl
Central Statistical Office	www.stat.gov.pl
Polish Agency for Enterprise Development	www.parp.gov.pl
Polish Information and Foreign Investment Agency	www.paiz.gov.pl

Most of the above websites contain information in Polish and English.

10. Business hours of offices, banks and shops

State and administration offices in Poland are open from Monday to Friday, from 8 a.m. to 4 p.m. and on some Saturdays. Manufacturing enterprises usually work on a two-shift basis, from 6 a.m. to 2 p.m. and from 2 p.m. to 10 p.m.

Banks are open from Monday to Friday usually from 8 a.m. to 6 p.m. and on Saturdays from 9 a.m. to 1 p.m. Some banks, however, particularly in small towns, do not work on Saturdays and their working hours on other days may be shorter.

Grocery stores are usually open from 7 a.m. to 7 p.m., while supermarkets are open longer, sometimes until 10 p.m. There are also convenience shops that are open around the clock. Some grocery stores and supermarkets are also open on Sundays.

Pharmacies are most often open from 8.00 am to 8.00 pm, but there is at least one pharmacy open at night in each town. Most medications are prescription medicines.

Employees of private enterprises usually start work at 8 a.m. or 9 a.m. In Warsaw and in other big cities employees of large companies, especially foreign ones, have a lunch break during working hours and can discuss business matters with foreign partners on neutral ground, as a rule over a meal in a restaurant or a café.

11. Hotels and restaurants

A network of hotels and restaurants in Poland is developing quickly. The range of their services is also increasing and the quality of these services are improving. Different regions of the country, particularly major towns and cities, have witnessed the development of a network of high-standard hotels destined primarily for foreigners visiting Poland on business and for tourist purposes. The quality of their services meets world standards. A considerable number of hotels provides room service and laundry service, offers “rent-a-car” facilities, as well as sports and recreation facilities and the like. The cost of hotel accommodation varies depending on the hotel category and the town in which the hotel is situated.

The recent years have also seen a rapid growth in the number of private boarding houses along major international transit routes crossing Poland. Their services and standards are comparable to those offered by hotels.

The existing network of restaurants, bars and coffee shops offers a wide selection of cuisines from all over the world, but first and foremost delicious and healthy Polish culinary specialties. They include especially meat dishes (excellently prepared/served denison, duck and ribs) mostly served with potatoes. Particularly popular soups are *rosół* (broth) and sour soups, like *barszcz* (red beet soup), *żurek* (sour rye soup) and *kapusniak* (cabbage soup). Meat is often replaced by fish (trout and tinch are regarded as specialties). The Polish cuisine can boast particularly delicious meatless dishes, e.g. *pierogi* (dumplings served sweet with fruit, salty with cabbage, cottage cheese etc), *naleśniki* (crêpes) and pancakes.

One of the favourite Polish dishes is *bigos*, i.e. cooked cabbage and sauerkraut, with several kinds of meat, many other extras (especially with mushrooms) and flavouring.

It is also worth mentioning that the Polish cuisine is much diversified in a regional perspective. In the west it is influenced by the German, and in the east – by the Russian cuisine.

Polish restaurants offer also a wide range of Italian, French and Chinese dishes.

Credit cards are accepted in the majority of high-class facilities but rarely in bars, pubs or less expensive restaurants. It is customary to give a tip of 10% of the billing.

12. Leisure time activities

Leisure time should be spent on sightseeing. Main destinations of foreign trips to Poland are the largest Polish towns: Warsaw, Kraków, Wrocław, Gdańsk and Poznań.

They attract tourists with their diversified architecture, interesting monuments, and pleasing location. However, also smaller towns are worth visiting. They are often extremely charming, having typical Polish architecture and numerous monuments of the rich Polish history.

Poland's natural environment is enchanting, especially in the Mazurian Lake District. Polish lakes and rivers can be best explored by a sailboat or a canoe. Also worth visiting is the Baltic seaside with its sandy beaches, where one can perhaps find a piece of amber – a stone of valued aesthetic and medical properties.

Mountain lovers will not be disappointed, either. The Tatra Mountains, the highest mountain range in Poland and the lower ones: the Sudeten (Sudety) and the Beskid mountains, attract visitors with beautiful landscapes and natural environment. The 23 Polish National Parks reflect the wealth of the country's natural assets. The parks have been created in areas inhabited by most interesting specimen of flora and fauna.

Practicing sports is another attractive opportunity for leisure time activity in Poland. More and more new cycle tracks both in and outside the cities, invite to ride a bicycle. Sports fields, sports halls and courts provide opportunities for practicing any type of sports.

We can also recommend a rich cultural offer, particularly as regards Warsaw. It has theatres of high artistic level; the ballet and the opera repertoires are also highly appreciated.

Local museums are worth attention as well. The most famous ones are located in Warsaw and Kraków. They pride a collection of works by eminent Polish and foreign artists.

Bookshops offer excellent guides, also in foreign languages, containing detailed information on leisure time activities offered in most interesting Polish towns and regions.

Numerous travel agencies offer hotel bookings, purchase of tickets, provision of guides and interpreters, car rental, currency exchange, and similar services.

13. Measures and weights, geographical time, voltage

Measures and weights

The decimal system is in use, based on the SI International System (Systeme International).

Geographical time

Poland lies in the mid-European time zone (solar time of Meridian 15 E), shifting to East-European time (Meridian 30 E) in summer. The latter is used from the end of March to the end of October).

Voltage

The voltage in Poland is 230 V. The plugs are as used in the majority of European countries. The average power-line frequency is 50 Hz.

14. Emergencies

In emergency, you should dial one of the following numbers:

Ambulance: 999

Fire service: 998

Police: 997

Gas emergency service: 992

Emergency call from mobile phones: 112

15. Public holidays

The most important national and religious holidays in Poland include:

New Year	1 January
Easter	variable (spring)
Labour Day	1 May
Constitution Day	3 May
Corpus Christi	variable (June)
Assumption Day	15 August
All Saints Day	1 November
Independence Day	11 November
Christmas	25-26 December

The above are public holidays and therefore non-working days.

X

BASIC STATISTICAL DATA

Main indicators of Poland's economic growth in 1998-2005 (growth rate in %)

Specification	1998	1999	2000	2001	2002	2003	2004	2005
Gross domestic product	4.8	4.1	4.0	1.0	1.4	3.8	5.3	3.4
Private consumption	4.8	5.2	2.6	2.0	3.3	3.1	4.3	2.0
Gross fixed capital formation	14.2	6.8	2.7	-8.8	-5.8	-0.2	6.4	6.5
Total agricultural production	5.9	-5.2	-5.6	5.8	-1.9	-0.8	7.5	-2.1
Industrial output sold	3.5	3.6	6.8	0.6	1.4	8.1	12.6	3.8
Construction and assembly production	11.0	9.4	1.4	-11.7	-4.1	1.6	4.7	5.0
Exports (volume)	9.4	2.0	25.3	11.8	8.3	18.7	18.2	10.8
Imports (volume)	14.6	4.4	10.8	3.2	7.3	8.2	17.3	4.6
Average employment in the sector of enterprises	1.9	-1.0	-3.3	-3.3	-4.4	-3.8	-0.9	1.9
Consumer price index								
- annual average	11.8	7.3	10.1	5.5	1.9	0.8	3.5	2.1
- December compared to December	8.6	9.8	8.5	3.6	0.8	1.7	2.6	0.5
Unemployment rate (in %)	10.4	13.1	15.1	19.4	20.0	20.0	19.0	17.6
PLN/USD exchange rate (according to NBP)	3.4937	3.9675	4.3464	4.0939	4.0795	3.8889	3.6540	3.2348

Source: Central Statistical Office.

Selected economic data for Poland in 2003-2005

Specification	2003	2004	2005
Gross domestic product (USD billion)	209.6	242.3	303.2
GDP per capita (USD thousand)	5.5	6.3	7.9
Private consumption (USD billion)	136.3	154.4	187.6
Gross fixed capital formation (USD billion)	38.7	44.2	55.1
Imports (USD billion)	68.0	88.2	100.9
Exports (USD billion)	53.6	73.8	89.3
Average employment in the sector of enterprises (in thousand)	4,724.0	4,684.0	4,773.0
Average gross nominal salary in the sector of enterprises (in USD)	602.1	667.4	777.7

Source: Central Statistical Office.

Foreign trade by country and Poland's major trading partners in 2005.

Specification	Exports		Imports		Balance
	USD million	Share in %	USD million	Share in %	USD million
Total	89,378.1	100.0	101,538.8	100.0	-12,160.7
Developed countries, of which the EU	74,746.6 69,013.9	83.6 77.2	74,476.9 66,595.5	73.3 65.6	269.7 2,418.4
Developing countries	5,688.1	6.4	15,338.7	15.1	-9,650.6
East-Central European countries	8,943.4	10.0	11,723.2	11.6	-2,779.8
Germany	25,224.7	28.2	25,053.4	24.7	171.2
Russia	3,960.5	4.4	8,985.5	8.8	-5,025.0
Italy	5,482.8	6.1	7,181.2	7.1	-1,698.4
France	5,558.5	6.2	6,094.7	6.0	-536.3
United Kingdom	4,995.6	5.6	3,143.4	3.1	1,852.2
The Czech Republic	4,076.9	4.6	3,633.3	3.6	443.6
The Netherlands	3,721.4	4.2	3,474.0	3.4	247.4
China	590.6	0.7	5,496.6	5.4	-4,906.0
Belgium	2,665.2	3.0	2,670.4	2.6	-5.3
Sweden	2,749.8	3.1	2,327.2	2.3	422.6

Source: Central Statistical Office

Poland's foreign trade turnover in 2005 by CN sections

Specification	Exports		Imports		Balance	
	USD million	Share in %	USD million	Share in %	USD million	
Total	89,378.1	100.0	101,538.8	100.0	-12,160.7	
Livestock; animal products	3,305.6	3.7	1,531.2	1.5	1,774.4	
Plant products	1,782.5	2.0	2,097.2	2.1	-314.7	
Fats and oils	124.2	0.1	339.1	0.3	-215.0	
Prepared foodstuffs	3,715.6	4.2	2,884.1	2.9	831.5	
Mineral products	4,957.6	5.6	12,530.7	12.4	-7,573.1	
Products of the chemical industry	4,645.6	5.2	10,218.7	10.1	-5,573.1	
Plastics and rubber and their products	4,969.8	5.6	7,687.1	7.6	-2,717.2	
Raw hides and skins and leather products	493.1	0.6	860.3	0.9	-367.2	
Wood and wood products	2,588.0	2.9	1,058.0	1.0	1,530.0	
Wood pulp, paper, paper board and their products	2,802.1	3.1	3,149.6	3.1	-347.6	
Textiles and textile products	3,794.8	4.2	5,156.7	5.1	-1,362.0	
Footwear, headgear, etc.	386.8	0.4	521.7	0.5	-134.8	
Stone and ceramic products, glass	1,958.1	2.2	1,433.6	1.4	524.6	
Pearls, precious stones, metals and their products	397.2	0.5	164.0	0.2	233.2	
Base metals and their products	10,687.3	12.0	11,113.9	11.0	-426.7	
Machinery and mechanical appliances, electrical and electrotechnical equipment	20,209.9	22.6	25,759.2	25.4	-5,549.3	
Transport equipment	15,235.8	17.0	11,001.0	11.0	4,234.8	
Optical, photographic, measuring, control instruments, etc.	849.9	1.0	2,069.5	2.0	-1,219.5	
Arms and ammunition	26.3	0.0	55.0	0.1	-28.8	
Miscellaneous products – furniture, prefabricated buildings, toys, etc.	6,424.0	7.2	1,864.8	1.8	4,559.2	
Works of art, collector's items and antiques	24.1	0.0	43.4	0.0	-19.4	

Source: Central Statistical Office.

Poland's foreign trade balance on a cash basis in 2003-2005
(USD million)

Specification	2003	2004	2005
A. CURRENT ACCOUNT	-4,599	-10,522	-4,364
Trade balance:	-5,725	-5,622	-2,694
Goods: Exports	61,007	81,862	95,846
Goods: Imports	66,732	87,484	98,540
Services:	527	1,005	1,930
Incomes	11,174	13,465	16,157
Outflows	10,647	12,460	14,227
Income:	-3,637	-11,539	-10,543
Incomes	2,108	1,995	2,701
Outflows	5,745	13,534	13,244
Current transfers	4,236	5,634	6,943
Incomes	5,316	8,283	11,030
Outflows	1,080	2,649	4,087
 B. CAPITAL ACCOUNT	 -46	 998	 995
Incomes	60	1,144	1,183
Outflows	106	146	188
 C. FINANCIAL ACCOUNT	 8,686	 8,315	 14,242
Polish foreign direct investment abroad	-305	-794	-1,455
Foreign direct investment in Poland	4,589	12,873	7,724
Portfolio investments: assets	-1,296	-1,330	-2,443
Portfolio investments: liabilities	3,740	10,612	15,156
Other investments: assets	-493	-11,897	-2,565
Other investments: liabilities	3,321	-1,358	-2,464
Derivatives	-870	209	289
 D. ERRORS AND OMISSIONS	 2,846	 1,999	 -2,738
 TOTAL (ITEMS FROM A TO D)	 1,195	 790	 8,135
 E. OFFICIAL RESERVE ASSETS	 -1,195	 -790	 -8,135

Source: NBP.

Foreign direct investments in Poland by country of origin
(as of 31 December 2004)

No.	Country of origin	Invested capital (USD million)	Share in %
1	France	16,026.1	19.9
2	The Netherlands	11,154.2	13.8
3	USA	10,163.7	12.6
4	Germany	10,149.5	12.6
5	International	4,648.7	5.8
6	United Kingdom	4,337.2	5.4
7	Italy	4,089.3	5.1
8	Sweden	3,715.2	4.6
9	Belgium	2,902.6	3.6
10	Denmark	2,096.2	2.6
11	Switzerland	1,617.5	2.0
12	Austria	1,223.7	1.5
13	Republic of Korea	1,167.9	1.4
14	Cyprus	1,110.5	1.4
15	Ireland	1,026.2	1.3
16	Portugal	678.4	0.8
17	Luxembourg	673.0	0.8
18	Finland	578.5	0.7
19	Greece	561.6	0.7
20	Spain	486.3	0.6
21	Russia	409.1	0.5
22	Japan	362.3	0.4
23	Norway	345.2	0.4
24	Croatia	219.0	0.3
25	Canada	210.9	0.3
26	Australia	159.5	0.2
27	Turkey	100.1	0.1
28	The Czech Republic	75.0	0.1
29	Israel	70.4	0.1
30	Slovenia	70.3	0.1
31	South Africa	57.2	0.1
32	Hungary	55.8	0.1
33	China	45.0	0.1
34	Philippines	40.0	
35	Liechtenstein	16.9	
36	Monaco	6.8	
Total investments exceeding USD 1 million		80,649.8	100.0
Estimated investments below USD 1 million		3,827.8	
Total investments in Poland		84,477.6	

Source: Polish Information and Foreign Investment Agency.

Foreign direct investments in Poland by NACE sections and divisions
(as of 31 December 2004)

NACE Section	Invested capital (USD million)	Share in %
Manufacturing of which:	32 199.9	39.9
– Manufacturing of transport equipment	6,663.6	8.3
– Manufacturing of food products, beverages and tobacco	6,624.8	8.2
– Manufacturing of other non-metallic products	4,205.5	5.2
– Manufacturing of electrical equipment and optical instruments	3,250.0	4.0
– Manufacturing of chemicals and chemical products	3,245.2	4.0
– Manufacturing of pulp, paper and paper products, publishing and printing	2,086.0	2.6
– Manufacturing of wood and wood products	1,692.1	2.1
– Manufacturing of rubber and plastic products	1,459.0	1.8
– Manufacture of metals and fabricated metal products	1,278.3	1.6
– Manufacturing of machinery and equipment not classified elsewhere	1,023.7	1.3
– Manufacturing not classified elsewhere	349.7	0.4
– Manufacturing of textiles and textile products	290.5	0.4
– Manufacturing of leather and leather products	31.4	0.0
Financial brokerage	18,878.5	23.4
Trade and repairs	9,517.4	11.8
Transport, warehousing and communications	7,861.4	9.7
Electricity, gas and water supply	3,207.6	4.0
Real estate, renting and business services	2,952.7	3.7
Provision of other public utility, welfare and private services	2,732.2	3.4
Construction	2,110.1	2.6
Hotels and restaurants	885.3	1.1
Mining and quarrying	228.6	0.3
Agriculture, hunting and forestry	76.3	0.1
Total investments exceeding USD 1 million	80,649.8	100.0
Estimated investments below USD 1 million	3,827.8	
Total investments in Poland	84,477.6	

Source: Polish Information and Foreign Investment Agency.

List of major foreign investors in Poland
(as of 31 December 2004)

No.	Investor	Investments made (in USD millions)	Country of origin	Type of operations
1	France Telecom	4,470.4	France	Transport, warehousing, communications
2	EBRD	4,000.0	International	Financial brokerage
3	Fiat SpA	1,800.6	Italy	Manufacturing of transport equipment, financial brokerage
4	KBC Bank N.V.	1,743.4	Belgium	Financial brokerage
5	Metro Group AG	1,508.0	Germany	Wholesale and retail trade
6	HVB Group	1,336.0	Germany	Financial brokerage
7	Citigroup	1,300.0	USA	Financial brokerage
8	Tesco Plc	1,300.0	United Kingdom	Wholesale and retail trade
9	Apollo-Rida Poland Llc.	1,300.0	USA	Construction, real estate services
10	Vivendi Universal	1,243.4	France	Transport, warehousing, communications, real estate services, wholesale and retail trade
11	United Pan-Europe Communications	1,200.0	The Netherlands	Provision of other public utility, welfare and private services
12	UniCredito Italiano SpA	1,200.0	Italy	Financial brokerage
13	Kronospan Holdings Ltd.	1,061.8	Cyprus	Production of wood and wood products
14	Vattenfall AB	1,029.2	Sweden	Electricity, gas and water supply
15	General Motors Corporation	1,010.0	USA	Manufacturing of transport equipment
16	ING Group N.V.	990.0	The Netherlands	Financial brokerage, real estate services
17	Carrefour	980.0	France	Wholesale and retail trade
18	Daewoo	936.4	South Korea	Manufacturing of transport equipment, manufacturing of electrical and optical devices, financial brokerage
19	Enterprise Investors	914.5	USA	Financial brokerage
20	Volkswagen AG	873.1	Germany	Manufacturing of transport equipment, financial brokerage

Source: Polish Information and Foreign Investment Agency.

XI USEFUL ADDRESSES

I. MINISTRIES AND SELECTED CENTRAL OFFICES

1. **MINISTRY OF ECONOMY**
MINISTERSTWO GOSPODARKI
Pl. Trzech Krzyży 3/5
00-507 Warszawa
Tel.: 48(22) 6935000
Fax: 6934048, 6934013
e-mail: BPI@mg.gov.pl
<http://www.mg.gov.pl>
2. **MINISTRY OF CONSTRUCTION**
MINISTERSTWO BUDOWNICTWA
ul. Wspólna 2/4
00-926 Warszawa
Tel.: 48(22) 6619796, 6281718
Fax: 6619794, 6295389
e-mail: info@mtib.gov.pl
<http://www.mtib.gov.pl>
3. **MINISTRY OF NATIONAL EDUCATION**
MINISTERSTWO EDUKACJI NARODOWEJ
Al. J.Ch. Szucha 25
00-918 Warszawa
Tel.: 48(22) 3474100, 5224100
Fax: 6286953, 6283504
e-mail: minister@men.gov.pl, informacja@men.gov.pl
<http://www.men.gov.pl>
4. **MINISTRY OF FINANCE**
MINISTERSTWO FINANSÓW
ul. Świętokrzyska 12
00-916 Warszawa
Tel.: 48(22) 6945555, 6945058
Fax: 6944177, 8272722
e-mail: sekretariat.bm@mofnet.gov.pl
<http://www.mf.gov.pl>
5. **MINISTRY OF MARITIME ECONOMY**
MINISTERSTWO GOSPODARKI MORSKIEJ
ul. Chałubińskiego 4/6
00-928 Warszawa
Tel.: 48(22) 6301870,
Fax: 6301873, 6280872
e-mail: sekretariat.mgm@mgm.gov.pl
<http://www.mgm.gov.pl>
6. **MINISTRY OF CULTURE AND NATIONAL HERITAGE**
MINISTERSTWO KULTURY I DZIEDZICTWA NARODOWEGO
ul. Krakowskie Przedmieście 15/17
00-071 Warszawa
Tel.: 48(22) 4210100, 4210251
Fax: 8267533, 8261765
e-mail: rzecznik@mkidn.gov.pl
<http://www.mkidn.gov.pl>

- 7. MINISTRY OF SCIENCE AND HIGHER EDUCATION**
MINISTERSTWO NAUKI I SZKOLNICTWA
WYŻSZEGO
ul. Wspólna 1/3
00-529 Warszawa
Tel.: 48(22) 5292718, 6281944
Fax: 6280922, 5292621
e-mail: dip@mnisw.gov.pl
<http://www.mnisw.gov.pl>
- 8. MINISTRY OF NATIONAL DEFENCE**
MINISTERSTWO OBRONY NARODOWEJ
ul. Klonowa 1
00-909 Warszawa
Tel.: 48(22) 6280031, 6280032, 6280033, 6280034
Fax: 8455378, 6840224
e-mail: cimon@wp.mil.pl
<http://www.mon.gov.pl>
- 9. MINISTRY OF LABOUR AND SOCIAL POLICY**
MINISTERSTWO PRACY I OPIEKI SPOŁECZNEJ
ul. Nowogrodzka 1/3/5
00-513 Warszawa
Tel.: 48(22) 6661100, 6611122
Fax: 6611124
e-mail: prasa@mps.gov.pl
<http://www.mps.gov.pl>
- 10. MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT**
MINISTERSTWO ROLNICTWA I ROZWOJU WSI
ul. Wspólna 30
00-930 Warszawa
Tel.: 48(22) 6231239, 6231510, 6231000
Fax: 6232750, 6232751
e-mail: kancelaria@minrol.gov.pl
<http://www.minrol.gov.pl>
- 11. MINISTRY OF REGIONAL DEVELOPMENT**
MINISTERSTWO ROZWOJU REGIONALNEGO
ul. Wspólna 2/4
00-926 Warszawa
Tel.: 48(22) 4613000
Fax: 4613310
e-mail: media@mrr.gov.pl
<http://www.mrr.gov.pl>
- 12. MINISTRY OF STATE TREASURY**
MINISTERSTWO SKARBU PAŃSTWA
ul. Krucza 36
00-522 Warszawa
Tel.: 48(22) 6958000, 6959000
Fax: 6213361, 6280872
e-mail: minister@msp.gov.pl
<http://www.msp.gov.pl>
- 13. MINISTRY OF SPORT**
MINISTERSTWO SPORTU
Al. Róż 2
00-559 Warszawa
Tel.: 48(22) 5223399
Fax: 8262172
e-mail: rzecznik@msport.gov.pl
<http://www.msport.gov.pl>
- 14. MINISTRY OF JUSTICE**
MINISTERSTWO SPRAWIEDLIWOŚCI
Al. Ujazdowskie 11
00-950 Warszawa
Tel.: 48(22) 5212888, 6272974
Fax: 6213095, 6286552, 6214986
e-mail: inagorska@ms.gov.pl, bi@ms.gov.pl
<http://www.ms.gov.pl>
- 15. MINISTRY OF INTERNAL AFFAIRS AND ADMINISTRATION**
MINISTERSTWO SPRAW WEWNĘTRZNYCH
I ADMINISTRACJI
ul. S.Batorego 5
02-591 Warszawa
Tel.: 48(22) 6212020
Fax: 8497494, 6227973
e-mail: minister@mswia.gov.pl
<http://www.mswia.gov.pl>
- 16. MINISTRY OF FOREIGN AFFAIRS**
MINISTERSTWO SPRAW ZAGRANICZNYCH
Al. J.Ch. Szucha 23
00-580 Warszawa
Tel.: 48(22) 5239000, 5239318
Fax: 6290287, 6283353
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<http://www.msz.gov.pl>

- 17. MINISTRY OF ENVIRONMENT**
MINISTERSTWO ŚRODOWISKA
 ul. Wawelska 52/54
 00-922 Warszawa
 Tel.: 48(22) 5792900, 5792400
 Fax: 5792224, 5792511, 5792473
 e-mail: info@mos.gov.pl, comment@mos.gov.pl
<http://www.mos.gov.pl>
- 18. MINISTRY OF TRANSPORT**
MINISTERSTWO TRANSPORTU
 ul. Chałubińskiego 4/6
 00-928 Warszawa
 Tel.: 48(22) 6301000, 6301122
 Fax: 6301116, 8300063
 e-mail: info@mt.gov.pl
<http://www.mt.gov.pl>
- 19. MINISTRY OF HEALTH**
MINISTERSTWO ZDROWIA
 ul. Miodowa 15
 00-952 Warszawa
 Tel.: 48(22) 6349600, 6349326
 Fax: 6349213, 8262791
 e-mail: kancelaria@mz.gov.pl
<http://www.mz.gov.pl>
- 20. THE OFFICE OF THE COMMITTEE**
FOR EUROPEAN INTEGRATION
URZĄD KOMITETU INTEGRACJI EUROPEJSKIEJ
 Al. J.Ch. Szucha 23
 00-580 Warszawa
 Tel.: 48(22) 4555335, 4555352
 Fax: 4555333, 4555353
 e-mail: cie@mail.ukie.gov.pl, rzecznik@mail.ukie.gov.pl
<http://www.ukie.gov.pl>
- 21. THE OFFICE OF COMPETITION**
AND CONSUMER PROTECTION
URZĄD OCHRONY KONKURENCJI
I KONSUMENTÓW
 Plac Powstańców Warszawy 1
 00-950 Warszawa
 Tel.: 48(22) 5560800
 Fax: 8266125
 e-mail: uokik@uokik.gov.pl
<http://www.uokik.gov.pl>
- 22. THE PATENT OFFICE OF THE REPUBLIC**
OF POLAND
URZĄD PATENTOWY RZECZYPOSPOLITEJ
POLSKIEJ
 Al. Niepodległości 188/192
 00-950 Warszawa
 Tel.: 48(22) 8258001, 8255910
 Fax: 8250581, 8750680
 e-mail: informacja@uprp.pl
<http://www.uprp.pl>
- 23. TECHNICAL SUPERVISION OFFICE**
URZĄD DOZORU TECHNICZNEGO
 ul. Szczeńliwicka 34
 02-353 Warszawa
 Tel.: 48(22) 5722100, 8226589
 Fax: 8227209
 e-mail: udt@udt.gov.pl
<http://www.udt.gov.pl>
- 24. THE CENTRAL OFFICE OF MEASURES**
GLÓWNY URZĄD MIAR
 ul. Elektoralna 2
 00-139 Warszawa
 Tel.: 48(22) 5819399, 5819545
 Fax: 6208378, 6208411
 e-mail: gum@gum.gov.pl
<http://www.gum.gov.pl>
- 25. THE STATE HYGIENE INSTITUTE**
PAŃSTWOWY ZAKŁAD HIGIENY
 ul. Chocimska 24
 00-791 Warszawa
 Tel.: 48(22) 8494051, 5421400
 Fax: 8497484, 8493513
<http://www.pzh.gov.pl>
- 26. NATIONAL BANK OF POLAND**
NARODOWY BANK POLSKI
 ul. Świętokrzyska 11/21
 00-919 Warszawa
 Tel.: 48(22) 6531000
 Fax: 8264123, 6208518
 e-mail: nbp@nbp.pl, sekretariat.gp@mail.nbp.pl
<http://www.nbp.pl>

27. NATIONAL CHAMBER OF COMMERCE
KRAJOWA IZBA GOSPODARCZA
ul. Trębacka 4
00-074 Warszawa
Tel.: 48(22) 6309600
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e-mail: kig@kig.pl
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28. POLISH INFORMATION AND FOREIGN
INVESTMENT AGENCY S.A.
POLSKA AGENCJA INFORMACJI I INWESTYCJI
ZAGRANICZNYCH S.A.
ul. Bagatela 12
00-585 Warszawa
Tel.: 48(22) 3349800
Fax: 3349999
e-mail: post@paiz.gov.pl, invest@paiz.gov.pl
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II. VOIVODSHIP OFFICES

1. Dolnośląskie Voivodship Office in Wrocław
Dolnośląski Urząd Wojewódzki we Wrocławiu
Pl. Powstańców Warszawy 1
50-951 Wrocław
Tel.: 48(71) 3406000, 3406273, 3406301
Fax: 3406895
e-mail: info@duw.pl
<http://www.duw.pl>

2. Kujawsko-Pomorskie Voivodship Office
in Bydgoszcz
Kujawsko-Pomorski Urząd Wojewódzki w Bydgoszczy
ul. Jagiellońska 3
85-950 Bydgoszcz
Tel.: 48(52) 3497782
Fax: 3497460
e-mail: wojewoda@uwoj.bydgoszcz.pl
<http://www.uwoj.bydgoszcz.pl>

3. Lubelskie Voivodship Office in Lublin
Lubelski Urząd Wojewódzki w Lublinie
ul. Spokojna 4
20-914 Lublin
Tel.: 48(81) 7424308, 7424310
Fax: 7424309
e-mail: wojewoda@lublin.uw.gov.pl
<http://www.uw.lublin.pl>, www.lublin.uw.gov.pl

4. Lubuskie Voivodship Office in Gorzów
Wielkopolski
Lubuski Urząd Wojewódzki w Gorzowie Wielkopolskim
ul. Jagiellończyka 8
66-400 Gorzów Wielkopolski
Tel.: 48(95) 7202210, 7115235, 7115236
Fax: 7115803
e-mail: wojewoda@uwoj.gorzow.pl
<http://www.wojewodalubuski.pl>

5. Łódzkie Voivodship Office in Łódź
Łódzki Urząd Wojewódzki w Łodzi
ul. Piotrkowska 104
90-926 Łódź
Tel.: 48(42) 6641010, 6641413
Fax: 6641040
e-mail: sekretariat@lodz.uw.gov.pl
<http://www.uw.lodz.pl>

6. Małopolskie Voivodship Office in Kraków
Małopolski Urząd Wojewódzki w Krakowie
ul. Basztowa 22
31-156 Kraków
Tel.: 48(12) 3921200, 3921519
Fax: 4227208, 6160545
e-mail: urzad@malopolska.uw.gov.pl
<http://www.krakow.uw.gov.pl>, www.malopolska.uw.gov.pl

7. Mazowieckie Voivodship Office in Warsaw
Mazowiecki Urząd Wojewódzki w Warszawie
Pl. Bankowy 3/5
00-950 Warszawa
Tel.: 48(22) 6956999
Fax: 6203704
e-mail: wojewoda@mazowieckie.pl
<http://www.mazowsze.uw.gov.pl>, www.mazowieckie.pl
8. Opolskie Voivodship Office in Opole
Opolski Urząd Wojewódzki w Opolu
ul. Piastowska 14
45-082 Opole
Tel.: 48(77) 4524100, 4524706, 4524710
Fax: 4524705
e-mail: gw@opole.uw.gov.pl
<http://www.opole.uw.gov.pl>
9. Podkarpackie Voivodship Office in Rzeszów
Podkarpacki Urząd Wojewódzki w Rzeszowie
ul. Grunwaldzka 15
35-959 Rzeszów
Tel.: 48(17) 8671000, 8671901
Fax: 8671950
e-mail: sekrwoj@rzeszow.uw.gov.pl
<http://www.rzeszow.uw.gov.pl>
10. Podlaskie Voivodship Office in Białystok
Podlaski Urząd Wojewódzki w Białymstoku
ul. Mickiewicza 3
15-213 Białystok
Tel.: 48(85) 7439315, 7439201
Fax: 7439231, 7322486
e-mail: wojewoda@bialystok.uw.gov.pl
<http://www.bialystok.uw.gov.pl>
11. Pomorskie Voivodship Office in Gdańsk
Pomorski Urząd Wojewódzki w Gdańsku
ul. Okopowa 21/27
80-810 Gdańsk
Tel.: 48(58) 3077695, 3014928
Fax: 3011417, 3077610
e-mail: zok@gdansk.uw.gov.pl
<http://www.gdansk.uw.gov.pl>
12. Śląskie Voivodship Office in Katowice
Śląski Urząd Wojewódzki w Katowicach
ul. Jagiellońska 25
40-032 Katowice
Tel.: 48(32) 2077777, 2554037
Fax: 2552482, 2564245
e-mail: wojewoda@katowice.uw.gov.pl
<http://www.katowice.uw.gov.pl>
13. Świętokrzyskie Voivodship Office in Kielce
Świętokrzyski Urząd Wojewódzki w Kielcach
Al. IX Wieków Kielc 3
25-516 Kielce
Tel.: 48(41) 3442956, 3421115
Fax: 3444832
e-mail: wojewoda@kielce.uw.gov.pl
<http://www.kielce.uw.gov.pl>
14. Warmińsko-Mazurskie Voivodship Office in Olsztyn
Warmińsko-Mazurski Urząd Wojewódzki w Olsztynie
al. J. Piłsudskiego 7/9
10-575 Olsztyn
Tel.: 48(89) 5232201, 5232200
Fax: 5351881
e-mail: wojewoda@uw.olsztyn.pl
<http://www.uw.olsztyn.pl>, www.olsztyn.uw.gov.pl
15. Wielkopolskie Voivodship Office in Poznań
Wielkopolski Urząd Wojewódzki w Poznaniu
Al. Niepodległości 16/18
61-713 Poznań
Tel.: 48(61) 8541071, 8541300
Fax: 8527327
e-mail: wuw@poznan.uw.gov.pl
<http://www.poznan.uw.gov.pl>
16. Zachodniopomorskie Voivodship Office in Szczecin
Zachodniopomorski Urząd Wojewódzki w Szczecinie
Wały Chrobrego 4
70-502 Szczecin
Tel.: 48(91) 4303500, 4342413
Fax: 4303500, 4330250
e-mail: zuw@szczecin.uw.gov.pl
<http://www.szczecin.uw.gov.pl>

III. SPECIAL ECONOMIC ZONES

- 1. EURO-PARK Mielec Special Economic Zone**
Specjalna Strefa Ekonomiczna EURO-PARK Mielec
Managing company: Agencja Rozwoju Przemysłu S.A.
in Warsaw
ARP S.A. Mielec Branch
ul. Partyzantów 25
39-300 Mielec
Tel.: 48(17) 7887236
Fax: 7887769
e-mail: europark@europark.com.pl
<http://www.europark.com.pl>
- 2. Katowicka Special Economic Zone**
Katowicka Specjalna Strefa Ekonomiczna
Managing company: Katowicka Specjalna Strefa
Ekonomiczna S.A.
ul. Sienkiewicza 28
40-032 Katowice
Tel.: 48(32) 2510736, 2510958, 7857068
Fax: 2513766
e-mail: ksse@ksse.com.pl
<http://www.ksse.com.pl>
- 3. Suwalska Special Economic Zone**
Suwalska Specjalna Strefa Ekonomiczna
Managing company: Suwalska Specjalna Strefa
Ekonomiczna S.A. in Suwałki
ul. Noniewiczza 49
16-400 Suwałki
Tel./Fax: 48(87) 5652217, 5652449
e-mail: ssse@ssse.com.pl, suwalki@ssse.com.pl,
goldap@ssse.com.pl, elk@ssse.com.pl
<http://www.ssse.com.pl>
- 4. Legnicka Special Economic Zone**
Legnicka Specjalna Strefa Ekonomiczna
Managing company: Legnicka Specjalna Strefa
Ekonomiczna S.A.
ul. Kardynała B. Kominka 9
59-220 Legnica
Tel.: 48(76) 7277470
Fax: 7277474
e-mail: lsse@strefa-legnica.com
<http://www.strefa-legnica.com>
- 5. Łódzka Special Economic Zone**
Łódzka Specjalna Strefa Ekonomiczna
Managing company: Łódzka Specjalna Strefa
Ekonomiczna S.A.
ul. Ks. Tymienieckiego 22/24
90-349 Łódź
Tel.: 48(42) 6762753, 6762754
Fax: 6762755
e-mail: info@sse.lodz.pl
<http://www.sse.lodz.pl>
- 6. Wałbrzyska Special Economic Zone**
Wałbrzyska Specjalna Strefa Ekonomiczna
Managing company: Wałbrzyska Specjalna Strefa
Ekonomiczna Invest-Park Sp. z o.o.
ul. Uczniowska 21
58-306 Wałbrzych
Tel.: 48(74) 6649163, 6649164
Fax: 6649162
e-mail: invest@invest-park.com.pl
<http://www.invest-park.com.pl>
- 7. Kamiennogórska Special Economic Zone
of Small Enterprise**
Kamiennogórska Specjalna Strefa Ekonomiczna Małej
Przedsiębiorczości
Managing company: Specjalna Strefa Ekonomiczna
Małej Przedsiębiorczości S.A.
ul. Papieża Jana Pawła II 11a
58-400 Kamienna Góra
Tel.: 48(75) 6451503..to 06
Fax: 7442017
e-mail: strefa@ssemp.pl
<http://www.ssemp.pl>
- 8. Kostrzyńsko-Słubicka Special Economic Zone**
Kostrzyńsko-Słubicka Specjalna Strefa Ekonomiczna
Managing company: Kostrzyńsko-Słubicka Specjalna
Strefa Ekonomiczna S.A. in Kostrzyn
ul. Orła Białego 22
66-470 Kostrzyn nad Odrą
Tel.: 48(95) 7219800
Fax: 7524167
e-mail: info@kssse.pl
<http://www.kssse.pl>

- 9. Słupska Special Economic Zone**
 Słupska Specjalna Strefa Ekonomiczna
 Managing company: Pomorska Agencja Rozwoju Regionalnego S.A.
 ul. Poznańska 1a
 76-200 Słupsk
 Tel.: 48(59) 8412892
 Fax: 8413261
 e-mail: office@parr.slupsk.pl
<http://www.parr.slupsk.pl>
- 10. Special Economic Zone "Starachowice"**
 Specjalna Strefa Ekonomiczna „Starachowice”
 Managing company: Special Economic Zone "Starachowice" S.A.
 ul. Radomska 29
 27-200 Starachowice
 Tel.: 48(41) 2754101, 2754445
 Fax: 2754102
 e-mail: sse@sse.com.pl, sekretariat@sse.com.pl
<http://www.sse.com.pl>
- 11. Tarnobrzaska Special Economic Zone "Euro-Park Wisłosan"**
 Tarnobrzaska Specjalna Strefa Ekonomiczna „Euro-Park Wisłosan”
 Managing company: Agencja Rozwoju Przemysłu S.A. in Warsaw
 ul. Domaniewska 41
 02-672 Warszawa
 Tel.: 48(22) 4603600, 4603700
 Fax: 4603701
 e-mail: arpsa@arp.com.pl
<http://www.arp.com.pl>
- Branch Office in Tarnobrzeg:
 Agencja Rozwoju Przemysłu S.A. in Warsaw
 Tarnobrzeg Branch
 ul. Zakładowa 48
 39-405 Tarnobrzeg - Machów
 Tel.: 48(15) 8229999, 8236688, 6416000
 Fax: 8234708
 e-mail: biuro@tsse.pl
<http://www.tsse.pl>
- 12. Pomorska Special Economic Zone**
 Pomorska Specjalna Strefa Ekonomiczna
 Managing company: Pomorska Specjalna Strefa Ekonomiczna Sp. z o.o.
 ul. Władysława IV 9
 81-703 Sopot
 Tel.: 48(58) 5559700, 5559717
 Fax: 5559711
 e-mail: headoffice@strefa.gda.pl, marketing@strefa.gda.pl
<http://www.strefa.gda.pl>
- 13. Warmińsko-Mazurska Special Economic Zone**
 Warmińsko-Mazurska Specjalna Strefa Ekonomiczna
 Managing company: Warmińsko-Mazurska Specjalna Strefa Ekonomiczna S.A.
 ul. Mickiewicza 21/23
 10-508 Olsztyn
 Tel./Fax: 48(89) 5350241
 e-mail: wmsse@wmsse.com.pl
<http://www.wmsse.com.pl>
- 14. Special Economic Zone "Kraków Technology Park"**
 Specjalna Strefa Ekonomiczna „Krakowski Park Technologiczny”
 Managing company: Krakowski Park Technologiczny Sp. z o.o.
 Al. Jana Pawła II 37
 31-864 Kraków
 Tel.: 48(12) 6401940
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 e-mail: biuro@sse.krakow.pl
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IV. POLISH EMBASSIES ABROAD

1. ALBANIA

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Fax: (0-054 11) 48029683
e-mail: ambuenos@datamarkets.com.ar,
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5. ARMENIA

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6. AUSTRALIA

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Tel.: (0-061 2) 62721000
Fax: (0-061 2) 62733184
e-mail: embassy@poland.org.au, weh.sydney@mgjp.gov.pl
<http://www.poland.org.au>

7. AUSTRIA

Botschaft der Republik Polen
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1130 Wien, Österreich
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Fax: (0-043 1) 87015222
e-mail: info@botschafttrp.at, info@handelsratpolen.at,
weh.wieden@mgjp.gov.pl
<http://www.wien.polemb.net>, <http://www.handelstratpolen.at>

8. AZERBAIJAN

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9. BELARUS

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weh.minsk@mgjp.gov.pl, wphi.minsk@nsys.by
<http://www.embassy-poland.nsys.by>

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Ambassade de la République de Pologne
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e-mail: polambbxl@skynet.be, info@poleconomie.be,
weh.brussels@mgjp.gov.pl
<http://www.polembassy.be>, <http://www.poleconomie.be>

11. BOSNIA AND HERZEGOVINA

Embassy of the Republic of Poland
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Tel.: (0-0387 33) 201142, 215862, 201018
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12. BRASILIA

Embaixada da República da Polónia
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70.423-900 BRASILIA-D.F. Caixa Postal 07/0263, Brasil
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Fax: (0-055 61) 32428543
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<http://www.polonia.org.br>, <http://www.poloniatrade.org.br>

13. BULGARIA

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ul. Chan Krum 46, 1000 SOFIA, Bulgaria
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weh.sofia@mgip.gov.pl
<http://www.brhplsofia.bsbg.net>

14. CAMBODIA

Embassy of the Republic of Poland
767 Monivong Blvd, P.O. Box 58
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<http://www.phnompenh.polemb.net>

15. CANADA

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e-mail: ottawa@polishembassy.ca,
tradeoffice@poland-canada.org
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16. CHILE

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e-mail: embchile@entelchile.net
<http://www.santiagodechile.polemb.net>,
<http://www.polonia.cl>, <http://www.embpolonia.cl>

17. CHINA

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kgcommhk@netvigator.com
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18. COLUMBIA

Embajada de la República de Polonia
de Bogota, D.C., Columbia
Apartado Aereo 101363 Unicentro
Calle 104a, No 23-48, Bogota, Republica de Colombia
Tel.: (0-057 1) 2140400, 2142931
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19. COSTA RICA

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664-2010 Correos Zapote
SAN JOSE, Costa Rica
Tel.: (0-0506) 2347411, 2346024
Fax: (0-0506) 2347900
e-mail: embajpolonia1@racs.co.cr
<http://www.polonia-emb-cr.com>

20. CROATIA

Embassy of the Republic of Poland
ul. Krležin Gvozd 3, 10000 Zagreb, Croatia
Tel.: (0-0385 1) 4899444
Fax: (0-0385 1) 4834577
e-mail: ambasada-polska@zg.htnet.hr,
ambasada-polska@zg.t-com.hr weh.zagreb@zg.htnet.hr,
weh.zagrzeb@mgip.gov.pl
<http://www.ambasadapoljska.hr>,
<http://www.wehzagreb.com.hr>

21. CUBA

Embajada de la República de Polonia
Calle G no.452 esq. 19, Vedado
Ciudad de la Habana C.P. 10400
Apartado 6650, Cuba
Tel.: (0-0537) 8332439, 8332440
Fax: (0-0537) 8332442
e-mail: havpolemb@ct.futuro.pl
<http://www.embajadapolonia.cu>

22. CYPRUS

Embassy of the Republic of Poland
Kennedy Avenue 12-17, Office 302
1087 NICOSIA, Cyprus
Tel.: (0-0 357) 22 753517
Fax: (0-0 357) 22 751981
e-mail: secretariat@polamb.org.cy
<http://www.nikozya.polemb.net>

23. CZECH REPUBLIC

Embassy of the Republic of Poland
Valdštejnská 8, 118 01 Praha 1, Czech Republik
Tel.: (0-0420 2) 57099500
Fax: (0-0420 2) 57530399
e-mail: ambrpczechy@mbox.vol.cz, weh@weh.cz,
weh.praga@mgip.gov.pl, weh.praga@mgip.gov.pl
<http://www.prague.polemb.net>, <http://www.weh.cz>

24. DEMOCRATIC PEOPLES REPUBLIC OF KOREA

Embassy of the Republic of Poland
Tedonggang - Munsudong, Pyongyang, DPR of Korea
Tel.: (0-08502) 3817325, 3817328, 3817331
Fax: (0-08502) 3817634
Fax/Tel.: (0-08502) 3817637
<http://www.phenian.polemb.net>

25. DEMOCRATIC REPUBLIC OF KONGO

Ambassade de la Republique de Pologne
63, Avenue de la Justice
KINSHASA Gombe
République Démocratique du Congo
Tel./Fax: (0-0243) 817006327, 817006326
Fax: (0-0871) 762198049
e-mail: kinpolamb@yahoo.com
<http://www.pologne.cd>

26. DENMARK

Embassy of the Republic of Poland
Richelieus Alle 12, 2900 Hellerup, Denmark
Tel.: (0-045) 39467700
Fax: (0-045) 39467766
e-mail: mail@ambpol.dk, polcom@polcom.dk,
weh.kopenhaga@mgip.gov.pl
<http://www.ambpol.dk>, <http://www.polcom.dk>

27. EGYPT

Embassy of the Republic of Poland
5 El Aziz Osman Str., Zamalek, CAIRO
Arab Republic of Egypt
Tel.: (0-0202) 7367456, 7359583
Fax: (0-0202) 7355427
e-mail: sahafa@bolanda.org, info@wehkair.com,
brhkair@egyptonline.com
<http://www.bolanda.org>

28. ESTONIA

Embassy of the Republic of Poland
Suur Karja 1/Vana Turg 2/4
10140 TALLINN, Estonia
Tel.: (0-0372) 6278206, 6604378
Fax: (0-0372) 6445221, 6445221
e-mail: poola.info@mail.ee, poola@poola.ee
<http://www.tallin.polemb.net>

29. ETHIOPIA

Embassy of the Republic of Poland
Bole Sub-City, Kebele 03, House No. 2111/00
P.O.Box 27207/1000, ADDIS ABABA, Ethiopia
Tel.: (0-0251 11) 6185401
Fax: (0-0251 11) 6610000
e-mail: polemb@ethionet.et
<http://www.addisabeba.polemb.net>

30. FINLAND

Embassy of the Republic of Poland
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00570 Helsinki, Finland
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Fax: (0-0358 9) 6847477
e-mail: amb.poland@helsinki.inet.fi,
weh.helsinki@kolumbus.fi, office@poltrade.fi,
weh.helsinki@mgip.gov.pl
<http://www.helsinki.polemb.net>

31. FRANCE

Ambassade de la République de Pologne
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Fax: (0-033 1) 43173407
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info@eco.amb-pologne.fr
<http://www.ambassade.pologne.net>,
<http://www.eco.amb-pologne.fr>

32. GEORGIA

Embassy of the Republic of Poland
19, Brothers Zubalashvili Street
0108 TBILISI, Georgia
Tel.: (0-0995 32) 920398
Fax: (0-0995 32) 920397
e-mail: ambpolgruzja@access.sanet.ec
<http://www.tbilisi.polemb.net>

33. GERMANY

Botschaft der Republik Polen
Lassenstr. 19-21, 14193 BERLIN, Deutschland
Tel.: (0-049 30) 223130
Fax: (0-049 30) 22313155
e-mail: info@botschaft-polen.de,
info@wirtschaft-polen.de, weh.berlin@mgip.gov.pl,
info.koeln@wirtschaft-polen.de
<http://www.botschaft-polen.de>,
<http://www.ambasada-polska.de>,
<http://www.wirtschaft-polen.de>

34. GREECE

Embassy of the Republic of Poland
Chryssanthemon 22
154-52 Paleo Psychico, ATHENS, Greece
Tel.: (0-030 210) 679 7700
Fax: (0-030 210) 679 7711
e-mail: atenyamb@internet.gr, info@poland-embassy.gr,
wehateny@ath.forthnet.gr, weh.ateny@mgip.gov.pl
<http://www.poland-embassy.gr>, <http://www.wehateny.gr>

35. HUNGARY

Lengyel Köztársaság Nagykövetsége
Városligeti fasor 16
H-1068 Budapest, Magyar Köztársaság
Tel.: (0-0361) 4138200
Fax: (0-0361) 3511723
e-mail: info@polishemb.hu, ambpl-weh@axelero.hu,
weh.budapest@mgip.gov.pl
<http://www.lengyelorszag.hu>, <http://www.ambpl-weh.hu>

36. INDIA

Embassy of the Republic of Poland
50-M Shantipath, Chanakyapuri
110021 NEW DELHI, India
Tel.: (0-091 11) 41496900, 41496901
Fax: (0-091 11) 26871914
e-mail: polemb@airtelbroadband.in, rh@poltradeindia.org,
weh@poltradeindia.org, weh.newdelhi@mgip.gov.pl
<http://www.polandembassy.in>, <http://www.poltradeindia.org>

37. INDONESIA

Embassy of the Republic of Poland
Jl. HR Rasuna Said Kav. X Blok IV / 3
12950 Jakarta Selatan, Indonesia
Tel.: (0-062 21) 2525938 - 40
Fax: (0-062 21) 2525958
e-mail: media@polandembjak.org, radca@polandembjak.org
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38. IRAN

Embassy of the Republic of Poland
Africa Expressway, Pirouz str. 1-3
P.O.Box 11365-3489, 19-174 TEHRAN, Iran
Tel.: (0-09821) 88787262-64
Fax: (0-09821) 88788774
e-mail: info@embpoltehran.com
<http://www.embpoltehran.com>,
<http://www.teheran.polemb.net>

39. IRAQ

Embassy of the Republic of Poland
Hay Al-Wahda Mahalla 904, Zukak 60, House No. 22/24
BAGHDAD, Iraq
Tel.: (0-0964 1) 7190297
Fax: (0-0964 1) 7190296
e-mail: ambaspol@o2.pl

40. IRELAND

Embassy of the Republic of Poland
5, Ailesbury Road, Ballsbridge
DUBLIN 4, Ireland
Tel.: (0-0353 1) 2830855
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e-mail: info@dublin.polemb.net, polembas@iol.ie,
brh@dublin.polishembassy.ie, weh.dublin@mgip.gov.pl
<http://www.polishembassy.ie>,
<http://www.dublin.polishembassy.ie>

41. ISRAEL

Embassy of the Republic of Poland
16 Soutine St.
TEL-AVIV 64-684, Israel
Tel.: (0-0972 3) 7253111
Fax: (0-0972 3) 5237806
e-mail: embpol@netvision.net.il, brhtlv@inter.net.il
<http://www.telaviv.polemb.net>,
<http://www.polemb.org/economic.htm>

42. ITALY

Ambasciata della Repubblica di Polonia
Via P.P. Rubens 20, Monti Parioli 00197, ROMA, Italia
Tel.: (0-039 06) 36204200
Fax: (0-039 06) 3217895
e-mail: polish.embassy@agora.stm.it,
ufficio.stampa@ambasciatapolonia.it,
info@infopolonia.it, weh.rzym@mgip.gov.pl
<http://www.ambasciatapolonia.it>, <http://www.infopolonia.it>

43. JAPAN

Embassy of the Republic of Poland
2-13-5 Mita, Meguro-ku,
TOKYO 153-0062, Japan
Tel.: (0-081 3) 57947020, 57947050
Fax: (0-081 3) 57947024, 57947053
e-mail: polamb@poland.or.jp, brhtokio@inter.net
<http://www.poland.or.jp>

44. JORDAN

Embassy of the Republic of Poland
No 3 Mahmoud Seif Al-Din Al-Irani St.
P.O.Box 942050
AMMAN 11194, Jordan
Tel.: (0-0962 6) 5512593, 5512594, 5512596
Fax: (0-0962 6) 5512595
e-mail: polemb@nol.com.jo
<http://www.amman.polemb.net>

45. KAZAKHSTAN

Embassy of the Republic of Poland
Dzharkentskaya 9 - Iskanderova 11/13
480099 ALMATY, Kazakhstan
Tel.: (0-07 3272) 581551, 581617
Fax: (0-07 3272) 581550
e-mail: ambpol@poland.kz, almaty@pol-trade.kz
<http://www.almaty.polemb.net>, <http://www.pol-trade.kz>

46. KENYA

Embassy of the Republic of Poland
Kabarnet Road, 00100 NAIROBI, Kenya
P. O. Box 30086
Tel.: (0-0254 20) 3872811, 3872812
Fax: (0-0254 20) 3872814, 3874572
e-mail: ambnairo@kenyaweb.com
<http://www.nairobi.polemb.net>

47. KUWAIT

Embassy of the Republic of Poland
Al-Jabriya, Area No 8, Street No. 20, House No. 377, Kuwait
P.O. Box 5066, Safat, 13501 Kuwait
Tel.: (0-0965) 5311571, 5311572
Fax: (0-0965) 5311576, 5311578
e-mail: polamba@qualitynet.net
<http://www.polambakuw.gov.kw>

48. LAOS

Embassy of the Republic of Poland
263 Thadeua Rd., km. 3
P.O. Box 1106
VIENTIANE, Lao P.D.R.
Tel.: (0-0856 21) 312940
Fax: (0-0856 21) 312085
e-mail: polvte7@laotel.com, polembv@yahoo.com
<http://www.vientiane.polemb.net>

49. LATVIA

Embassy of the Republic of Poland
Mednieku iela 6B, LV 1010 RIGA, Latvia
Tel.: (0-0371) 7031500
Fax: (0-0371) 7031549
e-mail: ambpol@apollo.lv, weh@poltrade.lv
<http://www.riga.polemb.net>, <http://www.poltrade.lv>

50. LEBANON

Embassy of the Republic of Poland
Av. President Suleiman Frangieh
52 – Raymond Khalife Bldg,
Baabda – P.O. BOX 40-215, Lebanon
Tel.: (0-0961 5) 924881
Fax: (0-0961 5) 924882
e-mail: polamb@cyberia.net.lb
<http://www.polambeirut.org>

51. LIBYA

Embassy of the Republic of Poland
61 Sharia Ben Ashour
P.O. Box 519, 3686
TRIPOLI, Libya
Tel.: (0-0218 21) 3608569, 3615972
Fax: (0-0218 21) 3615199
e-mail: ambrp.trypolis@interia.pl
<http://www.trypolis.polemb.net>

52. LITHUANIA

Embassy of the Republic of Poland
ul. Smelio 20A
LT-10323 VILNIUS, Lietuva
Tel.: (0-0370 5) 2709001
Fax: (0-0370 5) 2709007
e-mail: ambpol@tdd.lt, brh@takas.lt,
weh.wilno@mgip.gov.pl,
radca.wilno@mgip.gov.pl, sek.wilno@mgip.gov.pl
<http://www.polandembassy.lt>, <http://www.weh-wilno.lt>

53. LUXEMBOURG

Ambassade de la Republique de Pologne
2 rue de Pulvermuhl
L-2356 Grand-Duche de Luxembourg
Tel.: (0-0352) 260032
Fax: (0-0352) 26687574
e-mail: ambapol@pt.lu

54. MACEDONIA

Embassy of the Republic of Poland
ul. Djuro Djaković 50
1000 SKOPJE, Republic of Macedonia
Tel.: (0-0389 2) 3119744, 3112647
e-mail: ambpol@unet.com.mk

55. MALAYSIA

Embassy of the Republic of Poland
No 495, 4 1/2 Jalan Ampang, 68000 Ampang, Selangor
P.O. Box 10052, 50704 KUALA LUMPUR, Malaysia
Tel.: (0-060 3) 42576733, 42576719
Fax: (0-060 3) 42570123
e-mail: polamba@tm.net.my, brh_msia@tm.net.my
<http://www.wehkl.com>

56. MEXICO

Embajada de la Republica de Polonia
Calle Cracovia No 40
Col. San Ángel
C.P. 01000 MÉXICO D.F.
Tel.: (0-052 55) 55504700, 55504878
Fax: (0-052 55) 56160822
e-mail: embajadapolonia@prodigy.net.mx,
comercio_pl@prodigy.net.mx
<http://www.meksyk.polemb.net>

57. MOLDOVA

Ambassade de la République de Pologne
Str. Alexandru Pîmădeală, 3
MD-2009 CHISINAU, Moldova
Tel.: (0-037322) 238551, 238552, 238956
Fax: (0-037322) 238553
e-mail: ambpolsk@ch.moldpac.md,
wehamb@ch.moldpac.md
<http://www.polonia.md>

58. MONGOLIA

Embassy of the Republic of Poland
Diplomat 95 Ajlyn Oron Suuc VI ORC
PO BOX-1049, Ulaanbaatar-13, Mongolia
Tel.: (0-0976 11) 320641, 321926
Fax: (0-0976 11) 322926, 320576
e-mail: polkonsulat@magicnet.mn,
pol_embassy@magicnet.mn

59. MOROCCO

Ambassade de la République de Pologne
23, rue Oqbah
B.P. 425
RABAT, Maroc
Tel.: (0-0212 37) 771791, 771173
Fax: 775320
e-mail: apologne@menara.ma, commercpl@menara.ma
<http://www.ambpologne.ma>, <http://wehrabat.ma>

- 60. NEW ZEALAND**
 Embassy of the Republic of Poland
 17 Upland Road
 Kelburn
 Wellington 6005, New Zealand
 P.O. Box 10211
 Tel.: (0-0644) 4759453
 Fax: (0-0644) 4759458
 e-mail: polishembassy@xtra.co.nz
<http://www.poland.org.nz>
- 61. NIGERIA**
 Embassy of the Republic of Poland
 10, Ona Crescent, off Lake Tchad Crescent, Maitama
 900271, ABUJA, Nigeria
 Tel.: (0-0234 9) 4138280 - 83
 Fax: (0-0234 9) 4138281
 e-mail: poembabu@linkserve.com
<http://www.abuja.polemb.net>
- 62. NORWAY**
 Embassy of the Republic of Poland
 Olav Kyrres plass 1, 0244 OSLO, Norway
 Tel.: (0-04724) 110850, 110851, 110852
 Fax: (0-04722) 444839
 e-mail: ambpol@online.no, tradepol@broadpark.no
<http://www.oslo.polemb.net>, <http://www.wehoslo.com>
- 63. PAKISTAN**
 Embassy of the Republic of Poland
 Diplomatic Enclave II, Street 24, G-5/4
 P. O. Box. 1032, ISLAMABAD, Pakistan
 Tel.: (0-09251) 2279491, 2279493
 Fax: (009251) 2279498, 2825442
 e-mail polemb@dsl.net.pk
<http://www.islamabad.polemb.net>
- 64. PANAMA**
 Embajada de la Republica de Polonia
 Bella Vista, Calle 47, Edificio Vista Marina, Piso 2
 Apartado Postal 0816-03505, Panamá, Republica de Panamá
 Tel.: (0-0507) 2636254, 2635097
 Fax: (0-0507) 2233717
 e-mail: polamb@ewpanama.net
<http://www.embajadapolonia.net>
- 65. PERU**
 Embajada de la República de Polonia
 Avenida Salaverry 1978, Jesús María
 LIMA 11, Perú
 Tel.: (0-0511) 4713920
 Fax: 4713925, 4714813
 e-mail: consrplima@amauta.rcp.net.pe
<http://www.polonia.org.pe>
- 66. PORTUGAL**
 Embaixada da República da Polónia
 Av. das Descobertas 2
 1400-092 LISBOA, Portugal
 Tel.: (0351 21) 3041410, 3014200, 3012350
 Fax: (0351 21) 3041429
 e-mail: emb.polonia@mail.telepac.pt,
 brh.lizbona@mail.telepac.pt, weh.lizbona@mgip.gov.pl
<http://www.emb-polonia.pt>,
<http://www.negociosnapolonia.com>
- 67. REPUBLIC OF KOREA**
 Embassy of the Republic of Poland
 70, Sagan-dong, Jongno-gu,
 110-190 SEOUL, Republic of Korea
 Tel.: (0-082 2) 7239681
 Fax: (0-082 2) 7239680
 e-mail: embassy@polandseoul.org, filiph@kornet.net
<http://www.polandseoul.org>, <http://www.buypoland.or.kr>
- 68. REPUBLIC OF SOUTH AFRICA**
 Embassy of the Republic of Poland
 PO BOX 12277 Queenswood 0121
 14 Amos Street, Colbyn 0083, PRETORIA, South Africa
 Tel.: (0-027 12) 4302621
 Fax: (0-027 12) 4302608
 e-mail: amb.pol@pixie.co.za, brhpljhb@africa.com,
 office@poltrade.org.za,
<http://www.brhpljhb.org.za>, <http://www.poltrade.org.za>
- 69. ROMANIA**
 Ambassade de la République de Pologne
 al. Alexandru 23
 Sector 1, BUCHAREST, Romania
 Tel.: (0-040 21) 3082200
 Fax: 2307832
 e-mail: ambasada@bukareszt.ro, weh@pol.ro,
 weh.bukareszt@mgip.gov.pl
<http://www.bukareszt.ro>, <http://www.polonia.ro>

70. RUSSIA (RUSSIAN FEDERATION)

Embassy of the Republic of Poland
Klimashkina 4, 123557 MOSCOW, Russian Federation
Tel.: (0-07495) 2311500, 2311511 (switchboard)
Fax: 2311515, 2311555
e-mail: embassy@polandemb.ru, poland@polweh.ru,
weh.moskwa@mgip.gov.pl,
weh.moskwa-radca@mgip.gov.pl
<http://www.polandemb.ru>, <http://www.polweh.ru>

71. SAUDI ARABIA

Embassy of the Republic of Poland
Abdullah Bin Dzafar Street, House No.20
Al-Woorood District Riyadh (Rijad)
P.O. Box 94016, RIYADH 11693, Saudi Arabia
Tel.: (0-0966 1) 4549274, 4508889
Fax: (0-0966 1) 4549210
e-mail: rijadamb@shabakah.net.sa
<http://www.polandembassy.org.sa>

72. SENEGAL

Ambassade de la République de Pologne
Villa "les Ailes" Fann Résidence x Corniche Ouest
DAKAR BP 343, Senegal
Tel.: (0-0221) 8252403, 8242354
Fax: (0-0221) 8249526
e-mail: ambassade.pl@sentoo.sn
<http://www.ambassade-pologne.sn>

73. SERBIA

Ambassade de la République de Pologne
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Tel.: (0-0381 11) 2065318
Fax: (0-0381 11) 3616939
e-mail: ambrpfj@eunet.yu

74. SINGAPORE

Embassy of the Republic of Poland
435 Orchard Road
17-02/03, Wisma Atria
SINGAPORE 238877
Tel.: (0-065) 62359478
Fax: (0-065) 62359479
e-mail: polish_embassy@pacific.net.sg
<http://www.singapore.polemb.pl>

75. SLOVAKIA

Ambassade de la République de Pologne
Hummelova 4, 814 91 BRATISLAVA, Slovaquie
Tel.: (0-0421 2) 54413175, 54413174, 54412142,
54413196
54412422, 54413221
Fax: (0-0421 2) 54413184
e-mail: bratampl@nextra.sk, weh@polamb.sk
<http://www.polskevelvyslancetvo.sk>,
<http://www.weh.polamb.sk>

76. SLOVENIA

Embassy of the Republic of Poland
Bežigrad 10
1000 LJUBLJANA, Slovenia
Tel: (0-0386 1) 4364712
Fax: (0-0386 1) 4362521
e-mail: ambpol.si@siol.net
<http://www.poland-embassy.si>

77. SPAIN

Embajada de la República de Polonia
Calle Guisando 23-bis
28035 MADRID, España
Tel.: (0-034 91) 3736605
Fax: (0-034 91) 3736624
e-mail: embajada@polonia.es , comercial@polonia.es,
weh.madryt@mgip.gov.pl
<http://www.polonia.es>

78. SWEDEN

Embassy of the Republic of Poland
Karlavägen 35, SE-114 31 STOCKHOLM, Sweden
Tel.: (0-046 8) 50575000
Fax: (0-046 8) 50575086
e-mail: info.polen@tele2.se, info@polcommerce.com,
weh.sztoholm@mgip.gov.pl
<http://www.polemb.se>, <http://www.polcommerce.com>

79. SWITZERLAND

Botschaft der Republik Polen
Elfenstrasse 20A
3000 BERN 15, Schweiz
Tel.: (0-041 31) 3580202
Fax: (0-041 31) 3580216
e-mail: polishemb@dial.eunet.ch,
postmaster@weh-pl-bern.ch, weh.berno@mgip.gov.pl
<http://www.berno.polemb.net>, <http://www.weh-pl-bern.ch>

- 80. SYRIA**
 Embassy of the Republic of Poland
 P.O. Box 501
 Abou Rumaneh, Basha' Aldin Aita Str.
 DAMASCUS, Syria
 Tel.: (0-0963 11) 3316098, 3333010
 Fax: (0-0963 11) 3315318
 e-mail: polembas@mail.sy
<http://www.damaszek.polemb.net>
- 81. TAIWAN**
 There is no Polish embassy or consular office on the islands.
 In emergency cases please contact the Warsaw Trade Office in Taipei
 Warsaw Trade Office in Taipei
 Taipei World Trade Center Bldg.
 No. 333, Keelung Rd., Sec. 1, 20-th Floor, Room 2006
 TAIPEI 110, Taiwan
 Tel.: (0-0886 2) 27220139, 27225364
 Fax: (0-0886 2) 27220557
 e-mail: warsaw.office@msa.hinet.net
<http://www.poland.org.tw>
- 82. TANZANIA**
 Embassy of the Republic of Poland
 63 Alykhan Road, Upanga
 DAR ES SALAAM, Tanzania
 P. O. Box 2188
 Tel.: (0-0255 22) 2115271
 Fax: (0-0255 22) 2115812
 e-mail: polamb@wingrouptz.com, pol@intafrika.com
- 83. THAILAND**
 Embassy of the Republic of Poland
 100/81-82, Vongvanij Building B, 25th Floor
 Rama 9 Road, Huaykwang
 BANGKOK 10310, Thailand
 Tel.: (0-066) 26450367-9
 Fax: (0-066) 26450365
 e-mail: ampolbkk@asiaaccess.net.th
<http://www.polemb.or.th>
- 84. THE NETHERLANDS**
 Embassy of the Republic of Poland
 Alexanderstraat 25
 2514 JM Den Haag, The Netherlands
 Tel.: (0-031 70) 7990100, 7990102
 Fax: (0-70) 7990137
 e-mail: ambhaga@polamb.nl, weh@wehhaga.nl,
 weh.haga@mgip.gov.pl
<http://www.polamb.nl>, <http://www.wehhaga.nl>
- 85. THE UNITED KINGDOM**
 Embassy of the Republic of Poland
 47 Portland Place
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- 86. THE UNITED STATES OF AMERICA**
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- 87. TUNISIA**
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- 88. TURKEY**
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- 89. UKRAINE**
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93. VENEZUELA

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