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RENEGOTIATION OF THE TERMS OF ACCESSION OF POLAND

Memorandum on Foreign Trade Régime

The following Memorandum on Foreign Trade Régime has been received from the Permanent Representative of Poland. In order that the matter may be examined by the Working Party (L/6649), contracting parties are requested to communicate to the secretariat by 2 October 1990 any questions they may wish to put concerning the matters dealt with in the Memorandum, for transmission to the delegation of Poland.

TABLE OF CONTENTS

90-1111

ANNEXES

1. TRANSFORMATION OF POLISH ECONOMY TO MARKET ECONOMY

1. The total ineffectiveness of the centrally planned economy led to the decision on the introduction of a market economy in Poland. After the new Polish Government had come to power in autumn 1989 the programme of radical system changes and anti-inflationary actions was launched and largely implemented.

2. The economic programme was aimed, inter alia, at a rapid formation of a market system akin to the one found in other market economy countries.

Contrary to previous attempts at economic reform undertaken since 1957 in Poland, this time it was not a programme of improvement of the previous system, but a programme which was due to change it into a market economy. The programme, assumed to be a medium-term one, was approved by the Parliament and agreed with the International Monetary Fund. It entered the phase of intensive implementation at the beginning of 1990.

3. The main political and economic short-term objective was to eliminate huge disequilibrium, particularly to curb inflation, restore general market equilibrium, and then to stimulate economic growth under market mechanisms. It was recognized that the Polish economy needed to be restructured and more open towards the world markets. The demand-side measures were implemented first to achieve this goal. They consisted in a sharp limiting of the purchasing power of all market operators, including government, enterprises and households.

4. The anti-inflationary strategy objectives have been achieved through the five following principal actions:

(a) A full liberation of prices from government control. Prices are now an outcome of market forces (only prices of fuels, energy and transport services temporarily remain under government control). Thus, an important step was made towards a rationalization of the price structure and a limitation of the energy-intensive and material-intensive lines of production. Generally, domestic prices have been brought into line with world prices. Initially, this step caused a boost of corrective inflation in January 1990, but since then the price index has begun to go down. In the five months of this year, consumer prices were rising by 78, 24, 5, 8 and 5 per cent respectively;

(b) A sharp devaluation of the national currency (the Polish zloty) at the beginning of the year followed by its temporary stabilization and establishment of the internal convertibility of the zloty (see section 3.1 of the Memorandum). The real, single and stable exchange rate plays a rôle of one of several stabilizers in the Polish economy. The fixed level of the exchange rate has brought supply and demand of foreign exchange into equilibrium and thus maintains the country's international reserves;

(c) Imposition of a strict wage control. Wages were partly de-indexed (a wage indexing co-efficient against the consumer price index was decreased from 0.7 in January to 0.3 in February and 0.2 in March and April 1990). Thus, with increases of the price level, the real wage has fallen sharply. This policy was enforced by a tax on wage increases that exceed the specified norm. Furthermore, budgetary financing of the non-material sphere was restricted;

(d) Establishment of a more restrictive fiscal policy. This policy is aimed at cutting back the budgetary deficit, by limiting government spending (mainly by an abolishment of almost all subsidies for manufacturing of food, or by substantial reduction in subsidies for housing, transport services, energy, etc.) on the one hand, and through better disciplining revenues from taxes and elimination of various tax reliefs on the other. Furthermore, government spending is no longer financed by zero-interest "credits" granted by the National Bank to the Ministry of Finance, i.e., by issuing empty money. Instead, treasury bonds are being issued. Moreover, uniform tax schemes have been introduced for all economic organizations irrespective of their form of ownership. The rate of the turnover tax has been raised from 15 to 20 per cent, and the scope of this tax has been widened.

In 1991, tax collections are to be enhanced by a shift to a value added tax and a uniform personal income tax, in place of the system of turnover taxes and various direct taxes that exist at present;

(e) Introduction of a restrictive monetary policy by means of a drastic increase of the interest rate with the aim to ensure a positive real interest rate. These rates have gradually come down in the first three months of the year with the subsiding inflation (36, 20, 10, 8 and 5.5 per cent respectively). At the same time, preferential credit terms for particular customers were eliminated.

5. The fundamental altering of the economic system consists of introducing a wide range of market economy institutions and mechanisms, based on new legislation and setting up of the organizational framework for a far-reaching transformation of the ownership of enterprises.

6. An important part of the economic programme under implementation is the establishment of an environment conducive to competition, through:

- the breaking up of monopolies in various sectors,

- the introduction of more stringent sanctions on monopolistic practices,

- the removal of any restrictions on setting up new enterprises,

- opening up of the import option.

7. Radical demonopolization measures are applied in all sectors of the economy. Some important decisions have already been made. For example, producer "communities" in the mining sector and managing central and regional bodies of co-operative groupings in the food processing industry, trade, construction and other sectors were totally eliminated. Enterprises consisting of several different entities, and which are in a monopolistic position on the domestic market will be split into autonomous factories. The action aimed at a demonopolization of production and trade structures combined with privatization and import liberalization by means of enhanced competition is likely to restrict possibilities of carrying over the bulk of cost increases caused by price liberation and the restrictive fiscal and monetary policies to the customer.

8. The Government is committed to wide-ranging privatization as a means of raising economic efficiency and output, absorbing the unemployment that is likely to result from restructuring, and establishing financial discipline at the enterprise level.

9. The agricultural sector already consists of private farms. The limits on the sale and size of private farms were removed. Credits on the development of rural services and small-scale food processing are extended. Private agriculture is being granted equal access to production credits.

10. Outside agriculture there were about 850,000 private firms in mid-1990. The rôle of the private sector is rapidly increasing. The intensive programme of privatization of the state-owned enterprises is being implemented. The Government intends to proceed quickly with privatization of state assets mainly through a transformation of state-owned firms into joint-stock companies and their gradual privatization.

11. The banking system is being modernized and developed. Except the central bank - the National Bank of Poland - a network of commercial banks is set up.

New commercial banks were established in order to create competition in financial services. The establishment of private banks has been authorized. The legal framework for the establishment of foreign banks and insurance companies has been put into force. Capital markets, including a securities exchange, are being established.

12. Foreign investors are able to purchase stock in Polish companies, become majority shareholders and also set up wholly-owned enterprises. The sale of State assets is open to all.

13. The newly drafted laws governing bankruptcy and labour relations make enterprises and the labour force more responsive to market forces and support the structural adjustment process. Those firms that remain public will be forced by the market conditions to elaborate programmes aimed at raising their efficiency and enforcing them to operate on a financially sound basis.

The implementation of the austerity programme is expected to lead to numerous bankruptcies and restructuring of enterprises, as well as increased unemployment. At the end of May 1990, there were already 443,200 unemployed which represented 3.3 per cent of the labour force.

Management training is considerably expanded, with technical and financial help from abroad.

14. The programme for social protection has been conceived to shelter the poorest members of society from the immediate effects of the adjustment programme. A Labour Fund has been established to provide financial and other assistance to workers made redundant, financed mainly by a levy of 2 per cent on enterprise payrolls. The Labour Fund gives considerable emphasis to the retraining of workers and to the improvement of labour mobility, and provides cash benefits to the unemployed.

15. All the measures and policies described above are oriented towards establishment of a fully transparent economic system based on market instruments able to stop inflation in the short run, and to raise efficiency and boost rapid growth in the appropriate medium-term.

16. As the result of the transformation of the economic system, the Polish economy functions already on the basis of the same rules as market economies of other contracting parties. The market character of the Polish economy is being demonstrated by the following features:

- the system of central planning was abandoned entirely and State monopoly of foreign trade was abolished,
- the remaining elements of central allocation of means of production and foreign exchange were eliminated,
- enterprises operate in a competitive environment, have full freedom in decision-making and bear the exclusive responsibility for their decisions,
- profit maximization is a decisive factor which determines decisions of managers in conducting business operations of their enterprises,
- enterprise-oriented subsidies and other governmental support measures were eliminated,
- economic activity in all sectors is regulated by the market mechanism,
- prices of goods and services are determined by the interaction of supply and demand on the domestic market,
- the national currency is internally convertible and a real and uniform exchange rate is applied,

- the customs tariff constitutes the important element of price formation and influences decisions of enterprises concerning the choice between domestic and foreign suppliers,

- other instruments of the economic and trade policy are functioning on the basis of the same mechanisms which prevail in market economies (a more detailed description of trade policy measures which at present are applied in Poland is contained in the following sections of the Memorandum).

2. MAIN FEATURES OF POLISH FOREIGN TRADE

2.1 Commodity and geographical structure of foreign trade

17. Information on the commodity and geographical structure of Polish exports and imports is contained, respectively, in Tables 7 and 8 of the Annex.

2.2 Balance of payments

18. The convertible currency current account balance remained negative throughout the period 1979-1989. The trade surplus achieved since 1982 and the positive balance of transfers throughout the period were not enough to counterbalance the interest payments. The unpaid interest on credits received during the 1970's increased the total amount of the Polish debt.

The current account deficit was decreasing from US$3.2 billion in 1981 to US$0.4 billion in 1987 and then deteriorated again to US$1.843 billion in 1989. This was the main reason for the increase of the Polish debt which exceeded US$41 billion by the end of 1989.

19. The transferable rouble current account balance was negative in 1979-1987. The surplus in services did not counterbalance the trade and interest payments deficit during the period. The current account recorded a surplus only in 1988 as a result of a high trade surplus. The total transferable rouble debt of Poland exceeded rub 5 billion by the end of 1989.

20. The balance of payments of Poland with countries with which there are convertible currency clearing settlements showed an insignificant surplus in 1981-1988 and became negative only in 1989.

3. TRADE POLICY

Trade policy objectives

21. One of the major aims of the Polish Government is to open largely the national economy towards the world markets in order to raise its efficiency through the increased pressure of foreign competition on Polish producers. Since the beginning of 1990 the Polish foreign trade system has been radically liberalized. There is no more state monopoly of foreign trade. Any enterprise, independent of its ownership status, is free to export and to import. This means that each natural or legal person may be directly engaged in foreign trade operations without prior permit, with extremely limited exceptions as described in paragraph 71. Central planning of foreign trade (as well as of the whole national economy) has also been abolished. The State influences foreign trade by using the real and uniform exchange rate of the national currency (the zloty), which became internally convertible, and the customs tariff as the main regulator of access to the Polish market.

It must be stressed that no subsidies are granted directly or indirectly to exporters. The only financial measures related to exports consist in refunding to the exporters indirect taxes on inputs incorporated into exported goods. In order to attract foreign capital into Poland, the liberalized Foreign Investment Law has been enacted.

The Polish foreign trade system and policy are described in detail hereinafter.

3.1 Foreign exchange régime and exchange rate policy

3.1.1 Internal convertibility of the national currency

22. The present foreign exchange régime, in force since 1 January 1990, is based on so-called internal convertibility of the national currency (the zloty) to convertible currencies. This régime has been established under the Foreign Exchange Law of 15 February 1989 (published in the "Journal of Laws" No. 6-89, item 33), amended by the Law of 28 December 1989 (published in the "Journal of Laws" No. 74-89, item 441).

The internal convertibility of the national currency is based on the following principal rules:

(a) all persons domiciled in Poland (so-called domestic persons; this notion includes also foreign enterprises acting under the Foreign Investment Law; see section 3.4 of the Memorandum) carrying out foreign trade operations have to settle and remit liabilities towards their foreign partners only in foreign currencies and through an exchange bank;

(b) domestic persons have to resell export proceeds in convertible currencies to an exchange bank;

(c) domestic persons are allowed to have their bank accounts denominated only in the Polish currency;

(d) exchange banks have to sell convertible currencies to domestic persons in order to cover their liabilities related to import operations (including the payments for transport, forwarding and insurance services);

(e) capital flows and transfers are still restricted.

23. There still exists a parallel foreign exchange market for transactions among natural persons. Unlike corporate bodies, natural persons may hold foreign currency deposits in banks operating in Poland. Private transactions among the population were legalized in 1989 and licensed exchange offices were opened. They are run not only by banks but also by private agents.

Domestic natural persons are allowed to sell and buy foreign currency in the exchange offices, while foreigners are allowed only to sell foreign currency there.

Corporate bodies are not allowed to conduct foreign currency transactions in these exchange offices.

3.1.2 Exchange rate

24. The internal convertibility means that there is only one single and real exchange rate of the zloty. This rate is fixed to the United States dollar and it applies to all current transactions (commercial, financial, banking) with payments in convertible currencies.

The rate of exchange of the zloty is set by the National Bank of Poland at the level which allows bringing supply and demand for foreign exchange into equilibrium (amendment to the Banking Law and the Law on the National Bank of Poland of 28 December 1989, published in the "Journal of Laws" No. 74-89, item 439). It is, however, intended to maintain a stable rate of exchange as long as possible. The relatively stable exchange rate is assumed to be one of the factors stabilizing the Polish economy. This policy is assisted by the Stabilization Fund of US$1 billion granted to Poland by a number of OECD governments and by the standby credit extended by the International Monetary Fund. They could, however, be used under specific circumstances to defend the exchange rate. Until now, there has been no such need and the Stabilization Fund remains intact.

25. To achieve, inter alia, the goal of maintaining a relatively stable exchange rate, restrictive monetary and fiscal policies have been undertaken. These policies, by means of the strict balancing of government budget, restriction of credit supply and the introduction of a flexible interest rate policy aimed at sustaining a positive real interest rate, are expected to stifle domestic demand.

26. The Polish zloty, after the sharp devaluation of 46 per cent at the end of last year, has been valued since 1 January 1990 at 9,500 to the US dollar. The exchange rates of the zloty to the other twenty-nine convertible currencies (as well as to the ECU and to the SDR) depend on exchange rate movements on the international foreign exchange markets and are adjusted accordingly and published by the President of the National Bank of Poland once a week (each Monday).

27. On the parallel market for the transactions among natural persons, the exchange rate fluctuates and may differ from the rate set by the National Bank of Poland. The evolution of the spread between these two rates is monitored and the interest rate for deposits and credits is to be adjusted, or other monetary policies tightened, whenever it exceeds 10 per cent and remains above that level for a longer period of time. However, during the first three months of this year the spread between the two rates has not exceeded five per cent, and for several weeks the exchange rate on the market for transactions of natural persons was lower than the official rate of 9,500 zlotys to the dollar.

28. The exchange rate of the zloty to the transferable rouble, the currency used until now for settlements in trade with the CMEA countries, is set with the aim of counteracting tendencies toward a surplus in the current account balance with these countries. Since 1 January 1990 the zloty has been valued at 2,100 for one transferable rouble.

3.2 Instruments of import regulation

3.2.1 Tariff and customs system

General Principles

29. The tariff régime in Poland was established by the Customs Law, in force since 1 January 1990 ("Journal of Laws" No. 75-89, item 445). This Law defines the rules of Poland's foreign trade. In accordance with this Law, foreign trade operations may be carried out by any natural person, or corporate body subject to some requirements stipulated in the law in force or in international agreements.

The Customs Law defines the customs obligations, customs procedures and principles of the valuation of goods for customs purposes. The Law enumerates the cases where duty exemptions are applicable and determines the rules for the suspension and refunding of duties. In addition, the Law identifies illicit customs practices and establishes the appropriate sanctions.

30. In accordance with the above-mentioned legislation, the Council of Ministers is empowered to suspend temporarily the levying of duties in cases justified by economic or social circumstances.

31. Under the Customs Law, imports from all directions, including CMEA countries, are dutiable without discrimination subject to limitations laid down in paragraphs 34 and 36.

Customs tariff

32. The current customs tariff on imports to Poland was introduced by the Decree of the Council of Ministers of 3 October 1988, published in the "Journal of Laws" No. 35-88, item 271, amended by the Decree of the Council of Ministers of 30 December 1989 published in the "Journal of Laws" No. 75-89, item 448, and further amended by the Decree of the Council of Ministers of 5 March 1990, published in the "Journal of Laws" No. 19-90, item 113.

The customs duty is levied on the basis of the value of goods (as an ad valorem rate). The customs value of the goods means the price paid or payable on the free Polish border or c.i.f. Polish port basis in trade between unrelated sellers and buyers, converted into Polish zloty at the rate applicable on the date of declaration of the merchandise for the customs. The importer has to pay the duty within 14 days after the date of completing the customs valuation.

Tariff nomenclature

33. The Polish customs tariff nomenclature is based exclusively on the Harmonized Commodity Description and Coding System. The Harmonized System (HS) nomenclature with the headings, sub-headings and their related numerical codes, as well as its section, chapter and sub-headings notes and titles, has been fully adopted in the Polish customs tariff nomenclature. The Polish customs tariff contains, therefore, duty rates for each of 5,019 six-digit sub-headings ranged into 21 sections and 97 chapters.

Tariff rates

34. The tariff specifies the most-favoured-nation rates only. They apply to goods originating in the GATT contracting parties and other countries which grant m.f.n. treatment to Polish goods. The list of countries entitled to benefit from the m.f.n. rates was published in the "Journal of Laws" No. 75-89, item 448.

The autonomous rates, applicable to imports originating in the countries other than those mentioned above, are established at a level 100 per cent higher than the m.f.n. rate level. In cases where an m.f.n. rate is zero, the autonomous rate amounts to 25 per cent ad valorem. On the other hand, preferential treatment is ensured for imports from developing countries (see paragraph 36 below).

35. When establishing new customs rates it was assumed not to increase the existing average level of tariff protection.

The average tariff incidence amounted to 8.9 per cent in 1989.

Zero rates are applied to 651 goods, which constitutes 13 per cent of all items of the Customs Tariff. 1-5 per cent duties apply to 22 per cent of all items, 6-10 per cent rates apply to 23 per cent of all items, 11-15 per cent rates apply to 17 per cent of all items, 16-20 per cent rates apply to 13 per cent of all items, 21-30 per cent duties are applied to 8 per cent of all items, 31-50 per cent rates apply to 1.5 per cent of all items, and higher but less than 100 per cent duties apply to only 10 items; the latter rates apply mainly to goods of section IV of the HS nomenclature (for more detailed information see Annex 2).

The description of the Customs Tariff structure presented above does not include the temporary reductions and suspensions which have been established only for 1990.

Preferential treatment

36. Under the Decree of the Council of Minister of 30 December 1989, imports from the developing countries are granted preferential treatment within the Generalized System of Preferences scheme. Preferential zero duty rates are applied to tropical products from chapters 6 to 24 of the HS nomenclature and to many goods from chapters 32, 33, 40, 44, 46, 53, 56, 57, 63 and 94 which are of export interest to the developing countries.

For the remaining goods imported from the developing countries the uniform margin of preference, amounting to 0.7 of the basic m.f.n. rate, has been established (i.e. only 30 per cent of this duty has to be paid).

However, all imports from 42 least developed countries (listed in the "Journal of Laws" No. 75-89, item 448) are duty free.

In order to be eligible for preferential treatment the goods must be in whole or in greater part produced in the developing country and imported directly from this country. Moreover, a certificate of origin is required.

Customs valuation

37. Under Poland's Customs Law, the customs value of merchandise, for the purpose of paying ad valorem duties on imports, is determined in full conformity with the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade (the Customs Valuation Code).

Duty free zones and duty free warehouses

38. The Customs Law of 28 December 1989 creates the possibility of establishing Duty Free Zones and Duty Free Warehouses. The regulations implementing this Law define Duty Free Zone as "... the area separated from the national customs territory but treated as a foreign territory, on which Polish, foreign and international economic entities can conduct an economic activity". The power to establish duty free zones is granted to the Council of Ministers.

The trade between a duty free zone and other countries is free from any restrictions, is exempted from customs duties and may be effected without any prior authorization or licence. However, the introduction of goods into and removal from the duty free zone must be declared for statistical purposes, and is monitored by the customs administration.

Duty Free Warehouses are defined as "... the area separated from the national customs territory and treated as a foreign territory, on which all economic entities domiciled in Poland are allowed to store, manufacture, assemble, refine and process goods etc." When selling those goods on the domestic market, normal customs duties are paid. The establishment of a duty free warehouse needs the prior authorization which is granted by the President of the Central Customs Office.

39. In accordance with the provisions of the Customs Law, the Council of Ministers has established, at the request of the regional administration, the following free trade zones:

(a) under the Decrees of 2 June 1989 ("Journal of Laws" No. 37-89):

- Darlowo (479,000 m^2),
- Kolobrzeg (21,000 m^2),
- Szczecin (107,700 m^2),
- Swinoujscie (2,907,600 m^2),
- Goleniow (26,700 m^2),
- Kolbaskowo (870,000 m^2),
- Gryfino (1,270,000 m^2),
- Brody (5,667,100 m^2),
- Sulechow (118,600 m^2),
- Wroclaw (63,900 m^2),
- Kedzierzyn-Kozle (5,197,000 m^2),
- Gliwice (3,552,000 m^2),
- Ustka (81,200 m^2);

(b) under the Decrees of 17 July 1989 ("Journal of Laws" No. 49-89):

- Terespol (2,376,800 m^2),
- Poznan (687,000 m^2).

In fact, a majority of the duty free zones are still in the state of organization and have not started normal activity yet.

The fiscal régime of these zones is the same as the régime in force for the whole Polish territory.

Tariff exemptions

40. The Customs Law specifies all particular circumstances under which tariff exemptions are allowed. These exemptions are applied in a non-discriminatory manner. Tariff exemptions, most frequently, are granted in the following instances:

- articles imported for diplomatic and consular officials, or missions accredited to Poland and international organizations, on a basis of reciprocity;

- goods carried by tourists and needed for their own consumption or use during their trip to Poland or abroad;

- donations legally accepted and not serving for the purpose of carrying out economic activity;

- imports for the needs of charity institutions;

- materials for scientific research and for didactic purposes imported for schools, universities and research institutions, provided they are not used for gainful purposes;

- temporary imports;

- imports of machinery, equipment, as well as other items required for conducting business activity - specified in the permit - by foreign investors in Poland (see section 3.4 of the Memorandum), within three years of the establishment of the venture.

Customs duty drawbacks

41. The exporters of the processed goods may enjoy, under Article 80 of the Customs Law, the possibility of drawbacks of import duties. This regulation provides that the exporter be refunded the amounts paid as import duty on inputs (such as raw materials, materials, intermediate products, accessories) that have been physically incorporated in the exported products. The drawback of duties takes place within 30 days after the date of exportation. This provision concerns all categories of exporters, including foreign companies operating in Poland.

42. In accordance with Article 20 of the above-mentioned Law, the customs duty charged on imports of goods that are later re-exported is also subject to reimbursement, provided that re-exporting is effected not later than 6 months from the date of the importation. In the case in which the re-exportation is effected after the expiry of 6 months but not later than 12 months from the date of the importation, the customs duty paid on the imports is refunded 50 per cent. This drawback is applied when the identity of goods does not raise any doubt on the grounds of producers' documents of primary clearance.

Temporary suspension of customs duties

43. The Council of Ministers is authorized, under Article 4 of the Customs Law, to suspend temporarily the levying of customs duties in case of economic or social needs. In accordance with this provision, the Council of Ministers has suspended temporarily for 1990 the levying of customs duties on vegetable materials and vegetable waste used in animal feeding, chemical products used in production of insecticides, fungicides,

herbicides, anti-sprouting products and plant-growth regulators, disinfectants and insecticides, fungicides, herbicides, anti-sprouting products and plant regulators and similar products, agricultural forestry and horticultural machinery, harvesting or threshing machinery and tractors (some of the items under headings: 2302, 2303, 2306, 2308, 2309, 2707, 2815, 2827, 2848, 2902, 2903, 2904, 2906, 2907, 2909, 2914, 2915, 2916, 2917, 2918, 2919, 2920, 2921, 2922, 2924, 2925, 2926, 2930, 2931, 2932, 2933, 2934, 2942, 3402, 3808, 3809, 3901, 8424, 8432, 8433, 8434, 8436 and 8701 of the Harmonized System Nomenclature; legal basis: Decree of the Council of Ministers of 5 March 1990; published in the "Journal of Laws" No. 19-90, item 112). These measures have been mainly aimed at encouraging the recovery of Polish agriculture, which is mostly private (more than 80 per cent of arable land).

Measures against unfair trade practices

44. Section 7, entitled "Anti-Dumping Duties", of the Customs Law lays down specific provisions in respect of unfair practices in international trade. The Polish anti-dumping regulations are based on the Agreement on Implementation of Article VI of the General Agreement (the Anti-Dumping Code).

The definition of dumping under the Customs Law is the same as the one contained in the Anti-Dumping Code. A product is to be considered as being dumped, i.e. introduced into the commerce of Poland at less than its normal value, if the export price of the product exported from another country to Poland is less than the comparable price, in the ordinary course of trade, for the like product when destined for consumption in the exporting country.

The provisions of the Customs Law stipulate that anti-dumping duties may be applied against dumping only if such dumping causes or threatens material injury or materially retards the establishment of an industry. The amount of the anti-dumping duty must not exceed the margin of dumping.

No investigation on the imposition of an anti-dumping duty has taken place as of the end of April 1990.

3.2.2 Internal taxes levied on products

45. All goods sold on the domestic market are charged with the turnover tax. This tax is levied, in the same amount, on domestic products as well as on imported products. In the case of imports, the tax is calculated on the c.i.f. value of the invoice converted into the national currency at the current exchange rate, plus the applicable customs duties. The normal turnover tax rate is 20 per cent of the sales value. However, some categories of goods are charged with higher rates. This applies to alcoholic beverages (25-95 per cent), cigarettes (50 per cent) and some luxury goods, as for example jewellery (25 per cent), consumer electronics such as colour TV receivers (40 per cent), video recorders (40 per cent), hi-fi record players (30 per cent). In these cases, a higher than 20 per cent turnover tax plays the rôle of an excise duty, which does not exist as a separate tax in the Polish fiscal régime.

Poland's Government is working intensively on the introduction of a value added tax (VAT), which will replace the current turnover tax. A VAT is likely to be introduced as from January 1991.

46. In order to restrict the undue outflow of foreign exchange on imports of luxury goods or second priority items and thus to defend the precarious balance-of-payments situation, the Minister of Finance has temporarily introduced the turnover tax on some categories of products imported by natural persons (legal basis: Decree of the Minister of Finance of 29 March 1989, "Journal of Laws" No. 20-90, item 122). Higher turnover tax rates are applied to the importation of: alcoholic beverages/spirits (800 per cent of the transaction value augmented by the customs duty), wines (100 per cent), beers (100 per cent), tobacco and cigarettes (100 per cent), record players without loudspeakers, cassette-type, radio-broadcast receivers combined with sound recording (25 per cent), colour television receivers (25 per cent), video recording or reproducing apparatus (25 per cent). The above-mentioned additional fiscal charge does not apply to corporate bodies.

3.2.3 Non-tariff measures

47. Since 1 January 1990 the Polish Foreign Trade System has been radically liberalized. The Customs Law (under Article 9) specifies, however, some restrictions (prohibitions, quotas and licences) which are, or may be, introduced in trade. These restrictions are limited to a marginal part of the whole trade at present and in all cases are consistent with Articles XX and XXI of the General Agreement.

Prohibitions

48. Under Article 5 of the Customs Law, import prohibitions are applied only to products which are forbidden by international agreements or treaties and by specific national provisions concerning the protection of the natural environment, national security, public order, human, plant and animal health (in accordance with Articles XX and XXI of the General Agreement).

Strictly forbidden are imports of: sick or disease-suspected animals (carcasses, parts or products of such) or anything propagating animal infectious diseases; all species of parrots; some species of pigeons (e.g. blue pigeon, Turkish-dove, turtledove); live predators; leaves, soil, compost, manure and weeds, fruit skins and remnants (except for citrus fruit skins); poisonous products and industrial wastes which could affect the natural environment.

In order to protect human health, the temporary prohibition was established (in March 1990 and for 1990) for imports of undenatured ethyl alcohol of an alcoholic strength of 80 per cent volume or higher (HS 2207.10) and other undenatured ethyl alcohol of an alcoholic strength of less than 80 per cent volume excluding spirits obtained by distilling grape wine or grape marc, whiskies, rum, gin and geneva (HS 2208.90).

Import quotas

49. Article 7.2 of the Customs Law stipulates that the Minister of Foreign Economic Relations conjointly with the Minister of Domestic Market is empowered to establish quotas for imports of specific goods. In fact, there are no quotas on imports of any goods at present.

Licensing

50. Under the provisions of Article 7.1 of the Customs Law licensing may apply to imports:

(a) of goods for which a permit to trade is needed (only two items enumerated in paragraph 71);

(b) of goods for which import quotas were established;

(c) temporary imports of capital goods and transport equipment for leasing;

(d) carried out within the framework of international agreements which stipulate bilateral settlements.

The latter case relates practically only to trade with the CMEA countries and certain developing countries, which is conducted under clearing agreements. It must, however, be stressed that the Polish Government is making great efforts to considerably reduce or eliminate clearing settlements from Poland's foreign trade (7 in 1980, 3 in 1990).

The licensing system in the latter case was intended to allow for a more effective balancing of trade in bilateral settlement agreements with certain countries.

The import licences are issued by the Ministry of Foreign Economic Relations.

3.3 Export policy

3.3.1 Export restrictions

51. The range of export restricting measures is specified in the Customs Law and is the same as in the case of import control (see section 3.2.3). They are as follows: prohibitions, quotas and licences.

Export prohibitions

52. The following are not allowed to be taken out of the country:

(a) cultural works created before 9 May 1945;

(b) wild plants under protection - fresh or dried;

(c) animal species under protection - alive or slaughtered, their parts, or products thereof.

Export quotas

53. Export quotas may be established on the grounds of Article 7.2 of the Customs Law by the Minister of Foreign Economic Relations. Two reasons are mentioned that can justify the use of such a measure. The first one results from the external restrictions imposed by some developed countries on imports from Poland. This type of quota concerns textile products and clothing, footwear, steel products and sheep and mutton meat in export to the European Communities, and textile products to the United States, Canada, Sweden and Norway.

The second reason relates to shortages of some goods on the domestic market. At the beginning of 1990, there were twenty-two items covered by export quotas for these reasons, but in May all these quotas were eliminated.

Export licences

54. Export licences are required generally in the same circumstances as in the case of imports (see paragraph 50 above). Under the provisions of Article 7.1 of the Customs Law, export licensing may apply to exports:

(a) of goods for which a permit to trade is needed (only two items, enumerated in paragraph 71);

(b) of goods for which export quotas have been established;

(c) temporary exports of capital goods and transport equipment for leasing;

(d) carried out within the framework of international agreements which stipulate bilateral settlements.

However, there are some additional cases in which export licences are required, mainly to protect equilibrium in the domestic market of certain key goods. In the latter case the Council of Ministers, under its Executive Order of 30 December 1989 ("Journal of Laws" No. 75-89, item 449), has established for 1990 a temporary obligation to apply for and obtain an export licence for twenty-four products (mainly raw materials, intermediate products, fertilizers and some agricultural products). This list was reduced to seventeen items in April 1990 (see Annex 3 to the Memorandum).

Finally, an export licence is required to export technical and scientific documentation (*inter alia*, licences, etc.).

55. Furthermore, to counteract excessive exportation of goods by natural persons, facilitated by liberalization of the trade régime, the Council of Ministers, under the above-mentioned executive order, has introduced, exceptionally for 1990, a temporary obligation to apply for export permits for all non-residents in Poland. This temporary restriction concerns only persons domiciled abroad, but not foreign corporate bodies conducting

activity in Poland under the Law on Economic Activity with the Participation of Foreign Parties, the so-called Polish Foreign Investment Law (see section 3.4 of the Memorandum), nor foreign tourists carrying an habitually accepted amount of goods for their personal use.

3.3.2 Financial measures

56. Since January 1990 no direct or indirect export subsidies are granted. Moreover, there is no income or price support which could be treated as a measure aimed at increasing exports of any product from Poland. Furthermore, no specific tax reliefs or preferential credit treatment for exports are applied.

The only financial measures related to exports concern exclusively refunding to the exporters of customs duties and indirect taxes on inputs incorporated in the price of the exported products, or exempting them from these charges. These measures are intended to give Polish exporters an opportunity to compete on international markets on the same footing as exporters from other countries.

All these measures are explained in more detail below.

Turnover tax exemption

57. According to international practice, the turnover tax applies to all products and services sold on the domestic market, irrespective of whether they come from domestic sources or are imported. Exports are being fully exempted from this charge (under Article 18 of the Decree of 28 February 1982; "Journal of Laws" No. 12-87, item 77, amended by the Decree of 28 December 1989, "Journal of Laws" No. 74-89, item 443). The reason for this is to avoid double taxation of exports, which are taxed in the country where the products are consumed.

58. There are, however, certain exceptions to the rule exempting exports from the turnover tax. To protect the internal market against the risk of excessive exports of a number of goods in drastic shortage on the domestic market, the Minister of Finance has temporarily subjected exports of certain goods to a turnover tax. Since February 1990 this fiscal measure relates to twenty-one items (legal basis: the Decree No. 81 of the Minister of Finance of 31 December 1989, published in the "Journal of Laws" edited by the Ministry of Finance No. 11-89, item 29, amended by the Decree of the Minister of Finance of 7 February 1990).

Refund of indirect turnover tax and customs duty

59. Each exporter of processed goods is eligible to be refunded the amount of turnover taxes incorporated in the price of some intermediate goods and components utilized in the earlier stages of the manufacturing process. The amount of this reimbursement is set up in accordance with the actual calculation of costs of inputs and fiscal charges contained therein, and not on a percentage rate basis.

This means that the prior stage cumulative indirect taxes are remitted in compliance with paragraph (h) of the Illustrative List of Export Subsidies in the Annex to the GATT Subsidies Code (Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the GATT).

60. For the same reason, that is, to eliminate double taxation, exporters may be reimbursed for the customs duties charged on all inputs physically included in the exported goods (for more details see paragraphs 41 and 42).

3.4 Foreign investment in Poland

3.4.1 General rules

61. To facilitate foreign investment in Poland, the Foreign Investment Law was enacted under the Decree of 23 December 1988 (published in the "Journal of Laws" No. 41-88, item 325), amended by the Decree of 23 December 1989 (published in the "Journal of Laws" No. 74-89, item 442). The Commercial Code of 1934 constitutes also the legal basis for foreign investors in Poland operating as joint-stock companies or limited liability companies.

62. The rules governing foreign capital operations in Poland are basically the same as those applicable to domestic firms. The national treatment rule was accorded to foreign investors. However, in the fiscal field they enjoy better treatment than Polish firms (see paragraph 65 below).

63. Foreign investors may carry out a business activity in practically all sectors of the Polish economy. Any prohibitions are to be based solely upon the considerations concerning national security, protection of the natural environment or public interest. The establishment of a company in Poland by foreign investors requires the licence issued by the President of the Foreign Investment Agency, a governmental body supervising their activity. The company may be established jointly with Polish partners (natural persons, or corporate bodies or the State Treasury), or without any Polish participation (with 100 per cent foreign ownership).

64. In the case where a joint venture is established, the share of foreign parties cannot be lower than 20 per cent of the company's subscribed equity. Furthermore, the total value of foreign parties' contributions to the company's subscribed equity cannot be lower than the equivalent of US$50,000. This contribution may be made in kind, or in Polish currency, resulting from the sale of foreign exchange to the Polish bank at the current rate of exchange.

3.4.2 Fiscal régime

65. The Foreign Investment Law provides for the imposition of the following fiscal charges on the activity of foreign enterprises (and also on joint ventures): turnover tax, corporate income tax, agricultural tax, local taxes and fees. All these charges are at the same level as those applied to Polish firms. However, foreign enterprises enjoy substantial fiscal relief. They are exempted from the corporate income tax during the first three years with the possibility of extending this tax holiday to a

further three years in cases where they operate in the preferred sectors (agro-processing, pharmaceuticals, chemicals and paper, construction materials for housing industry, protection of the environment, modern energy- and materials-saving technologies, electronics, telecommunications, scientific, control and measuring equipment, printing and office equipment, packages and containers, modern household appliances and maintenance equipment for transport and hotels; under the Executive Order of the Council of Ministers of 16 February 1989, published in the Governmental Gazette No. 4-89, item 42). They also enjoy customs duties refund and temporary tariff exemptions (see paragraphs 40 and 41 above).

3.4.3 Recent developments

66. Until the end of the first quarter of 1990 the President of the Foreign Investment Agency issued 1,145 licences for activity by or with foreign parties with total subscribed equity amounting to US$358 million. In geographical terms, the majority of firms with the participation of foreign parties were established with West German companies (469), Swedish (101), Austrian (74), American (73), British (49), French (49), Dutch (48), Italian (47), Swiss (29), Belgian (27). The new ventures were set up mainly in the following areas: commerce - 23 per cent of all branch activities, agro-food processing - 7 per cent, wood processing industry - 6 per cent, building - 6 per cent, chemical and pharmaceutical industries - 6 per cent, textile industry - 5 per cent, metal industry - 5 per cent, transport services - 4 per cent, electronic industry - 4 per cent, construction materials - 4 per cent, agriculture - 3 per cent, machine industry - 3 per cent, hotel industry - 3 per cent.

4. INSTITUTIONAL ORGANIZATION OF POLAND'S FOREIGN TRADE

4.1 Central administration

67. The Council of Ministers (Polish Government) is the main executive body of the State administration. It is responsible for overall economic policy including foreign trade policy. Several ministries and other central institutions are involved in the preparation and implementation of various elements of the foreign trade policy. The main tasks in this field are however attributed to the Ministry of Foreign Economic Relations. This Ministry is, in particular, empowered to:

(a) prepare the guidelines for foreign economic policy,

(b) initiate new forms of economic cooperation with other countries,

(c) collaborate with the Ministry of Finance in the implementation of foreign exchange and credit policy,

(d) conclude multilateral and bilateral trade agreements,

(e) formulate and implement tariff policy,

(f) control foreign trade.

68. To deal with particular tasks attributed to the Ministry of Foreign Economic Relations, several specific organs and institutions are subordinated or attached to this Ministry. The more important bodies of this type are as follows: Supreme Customs Office, Foreign Investment Agency, Central Inspectorate for Standardization, Centre for Advanced Training in Foreign Trade, Foreign Trade Research Institute, Centre for Foreign Trade Information.

69. The Ministry of Finance, the Ministry of Industry and the National Bank of Poland are the other main central bodies involved in the elaboration and execution of the foreign trade policy.

70. The Economic Committee of the Council of Ministers is the operational governmental body which is mainly to envisage and co-ordinate the economic activities of the various organs of the State administration which have dealings with the external sector. It is headed by the Deputy Prime Minister responsible for economic affairs.

4.2 Enterprises

71. All micro-economic level units, both corporate bodies and natural persons (including foreign-owned enterprises and joint ventures active in Poland) enjoy equal rights in direct foreign trade operations. Conducting foreign trade operations does not require a prior licence from the State. The exceptions to that principle involve radioactive materials and durable isotopes and goods for military and policy purposes (legal basis: the Executive Order of the Minister of Foreign Economic Relations of 21 December 1989 published in the "Journal of Laws" No. 72-89, item 432). The only precondition for conducting foreign trade operations is obtaining a statistical number of the unit concerned, enabling statistical reporting.

72. There are organizations specialized in foreign trade intermediation active in Poland. Among them, there are eleven state-owned foreign trade organizations and thirty-two companies in which the Treasury is a shareholder. All these organizations have economic autonomy and act on a commercial basis competing with each other in the conditions and quality of their services, the level of margins, etc. There are no restrictions as to their commodity or geographical competence.

73. Production enterprises are free to choose the form of their foreign trade operations. They may either perform them themselves, or avail themselves of services of a foreign trade organization (or several organizations at the same time).

4.3 Banking system

74. The Polish banking system consists of a central bank and commercial banks. The activity of these banks is based on the Banking Law and the Decree on the National Bank of Poland (both of 31 January 1989, published in the "Journal of Laws" No. 4-89, items 21 and 22).

75. The National Bank of Poland (NBP) is the sole bank of issue and the central body responsible for credit policy, domestic settlements and functioning of the foreign exchange régime. Its function consists in providing the economy with money through refinancing commercial banks and supervising their credit supply. It is also responsible for controlling the liquidity of commercial banks and for the implementation of monetary policy, especially interest rate policy, as well as foreign exchange policy. At the international level, the NBP is in particular required to:

(a) maintain the rate of exchange and convertibility of the national currency in accordance with the régime established by the Foreign Exchange Law since the beginning of 1990;

(b) manage the country's international reserves;

(c) represent the central administration in relations with international financial institutions and foreign banks.

76. The commercial banks are autonomous bodies with legal status, acting under the Banking Law and their own statute. Their basic activities consist of the collection of deposits, granting credits and loans as well as the carrying out of settlements. In the present banking régime there are no restrictions relating to a category of economic entities, nor geographical scope of banking activity. All economic entities, independent of their ownership status, enjoy the right to choose a commercial bank or to co-operate with several banks at the same time. Banks compete among themselves through the level of an interest rate and the quality of banking services offered to enterprises.

4.4 Chambers of Commerce

77. Entities active in the sphere of the economy can associate themselves in chambers of economy (the Law on chambers of economy, of 30 May 1989, published in "Journal of Laws" No. 35-89). Chambers of economy are self-governing bodies representing the economic interests of their members. In particular, chambers of economy contribute to creating conditions favourable for economic activities, support economic initiatives of their members, promote development of professional training, advise regarding the existing customs in the sphere of economic activities, and create conditions for settlement of disputes through arbitration. Chambers of economy may be regional, national or branch.

78. Chambers of economy may associate themselves in the Polish Chamber of Commerce, the purpose of which is to represent jointly the economic interests of its members. The Polish Chamber of Foreign Trade is an organizationally separate unit of the Polish Chamber of Commerce. Its task is to promote Polish foreign trade.

The Polish Chamber of Foreign Trade is engaged, in particular in the organization of international fairs and exhibitions at home and abroad, co-operation with international and foreign organizations, performing functions typical of chambers of commerce and industry, i.e. legalization of documents, issuing of certificates and creating conditions for an amicable settlement of disputes. The latter function is performed by the Court of Arbitration of the Polish Chamber of Foreign Trade.

79. At present, there are fifteen chambers of commerce registered in Poland.

5. CONCLUSIONS

80. As the result of changes in the political and economic system in Poland, the Polish economy is now a market economy, and conditions for the operation of foreign investors and traders on the Polish market have become similar to those prevailing in other market-economy contracting parties to GATT. Trade policy instruments are the same as those used by other contracting parties, have similar effects and are applied in accordance with the requirements of the General Agreement. The Polish Government is, therefore, of the view that it can fully assume all GATT obligations and that it should be granted all GATT rights.

81. The introduction of an open market economy in Poland has eliminated the reasons which had led to the establishment of specific provisions in the present Protocol of Poland's accession to GATT. The economic changes have resulted, inter alia, in a customs tariff operating as the main trade policy instrument with respect to imports and influencing decisions of Polish importers as to the sources of their purchases.

82. Taking into account the fact that the Polish economy is operating now on the same basis as in other contracting parties, it is the intention of the Government of the Republic of Poland to establish, with the consent of the CONTRACTING PARTIES, a protocol which will be consistent with the market character of the Polish economy.

ANNEX 1: STATISTICAL TABLES

Table 1: Economic development of Poland

Year	GDP produced		GDP divided	
	1970=100	prev.yr.=100	1970=100	prev.yr.=100
1970	100.0	105.2	100.0	105.0
1975	159.4	109.0	173.1	109.5
1976	170.2	106.8	184.4	106.5
1977	178.7	105.0	188.5	102.2
1978	184.1	103.0	189.4	100.5
1979	179.9	97.7	182.4	96.3
1980	169.1	94.0	171.5	94.0
1981	148.8	88.0	153.5	89.5
1982	140.6	94.5	137.4	89.5
1983	149.0	106.0	145.1	105.6
1984	157.3	105.6	152.4	105.0
1985	162.6	103.4	158.2	103.8
1986	170.6	104.9	166.1	105.9
1987	174.0	101.9	169.1	101.8
1988	182.4	104.9	177.0	104.7
1989	182.4	100.0	177.0	100.0

Source: Statistical Yearbook of Poland, Warsaw 1989.

Table 2: GDP distribution (per cent)

Year	Consumption	Accumulation
1970	72.9	27.1
1975	64.3	35.7
1976	65.7	34.3
1977	68.6	31.4
1978	69.4	30.6
1979	74.3	25.7
1980	74.4	25.6
1981	79.3	20.7
1982	78.4	21.6
1983	78.6	21.4
1984	78.1	21.9
1985	81.0	19.0
1986	80.9	19.1
1987	81.7	18.3
1988	80.3	19.7
1989	79.0	21.0

Source: Statistical Yearbook of Poland, ed.cit.

Table 3: Poland: Trade volume change (annual percentage change; previous year = 100)

Year	Imports	Exports
1971	113.8	106.5
1972	122.1	115.2
1973	122.6	111.0
1974	114.2	112.8
1975	105.0	108.3
1976	110.3	105.4
1977	100.4	108.8
1978	101.5	105.7
1979	98.8	106.8
1980	98.1	95.8
1981	83.1	81.0
1982	86.3	108.7
1983	105.2	110.3
1984	108.6	109.5
1985	107.9	101.3
1986	104.9	104.9
1987	104.5	104.8
1988	109.4	109.1
1989	101.5	100.2

Source: Foreign Trade Statistical Yearbook of Poland, Warsaw 1989.

Table 4: Poland: Trade value at current prices (mn zlotys)

Year	Imports	Exports	Balance
1981	963 447	846 209	(117 238)
1982	868 908	951 162	82 254
1983	970 203	1 060 177	89 974
1984	1 209 695	1 336 125	126 430
1985	1 594 889	1 690 994	96 105
1986	1 964 020	2 115 637	151 617
1987	2 875 586	3 236 528	360 942
1988	5 272 313	6 011 745	739 432
1989	14 864 175	19 476 174	4 611 999

Source: Foreign Trade Statistical Yearbook of Poland, ed.cit.

Table 5: Poland: Trade with the convertible currency area
(mn dollars)

Year	Imports	Exports	Balance
1970	1 219.3	1 373.8	154.5
1971	1 425.8	1 550.6	124.8
1972	2 213.3	1 924.0	(289.3)
1973	4 049.7	2 757.6	(1 292.1)
1974	6 218.7	4 117.3	(2 101.4)
1975	7 172.3	4 632.1	(2 540.2)
1976	7 760.7	4 876.4	(2 884.3)
1977	7 450.2	5 306.7	(2 143.5)
1978	7 921.5	5 998.3	(1 923.2)
1979	8 589.2	6 910.1	(1 679.1)
1980	8 969.1	7 973.6	(995.5)
1981	5 867.3	5 771.5	(95.8)
1982	4 308.3	5 741.6	1 433.3
1983	4 451.2	5 889.0	1 437.8
1984	4 807.7	6 338.8	1 531.1
1985	5 076.7	6 136.7	1 060.0
1986	5 437.5	6 509.7	1 072.2
1987	5 844.2	7 078.7	1 234.5
1988	7 302.0	8 311.2	1 009.2
1989	7 765.6	8 532.9	767.3

Source: Foreign Trade Statistical Yearbook of Poland, ed.cit.

Table 6: Poland: Trade with the non-convertible currency area (mn roubles)

Year	Imports	Exports	Balance
1970	2 149.6	1 956.7	(192.9)
1971	2 350.9	2 089.8	(261.1)
1972	2 580.4	2 487.0	(93.4)
1973	2 848.3	2 745.3	(103.0)
1974	3 190.1	3 140.2	(49.9)
1975	4 014.1	4 226.4	212.3
1976	4 569.2	4 592.8	23.6
1977	5 360.9	5 204.6	(156.3)
1978	5 818.9	5 781.8	(37.1)
1979	6 252.3	6 491.2	238.9
1980	6 954.8	6 201.0	(753.8)
1981	7 265.6	5 654.3	(1 611.3)
1982	7 403.9	6 825.6	(578.3)
1983	8 270.6	7 656.5	(614.1)
1984	9 292.9	8 624.5	(668.4)
1985	10 043.6	9 328.7	(714.9)
1986	10 830.2	10 329.1	(501.1)
1987	10 935.0	10 949.7	14.7
1988	10 819.4	11 938.2	1 118.8
1989	10 106.7	12 217.1	2 110.4

Source: Foreign Trade Statistical Yearbook of Poland, ed.cit.

Table 7: Composition of Polish exports and imports by branches of the economy in 1988 (at current prices; per cent)

Branch	Imports cif	Exports fob
Fuels and power	14.4	10.2
Metallurgy products	8.4	10.1
Electroengineering ind.	34.8	39.1
Chemical ind.	16.0	10.9
Mineral ind.	1.3	1.3
Wood and paper ind.	2.0	3.3
Light ind.	6.3	6.6
Food ind.	9.3	8.4
Other industrial prod.	1.6	0.5
Building and constr.	0.0	4.9
Agricultural prod.	5.5	3.5
Forestry prod.	0.1	0.4
Other	0.3	0.8

Source: Foreign Trade Statistical Yearbook of Poland, ed.cit.

Table 8: Origin of imports and destination of exports by countries in 1988 (per cent of total)

Country	Imports	Exports
EUROPE		
Albania	0.1	0.1
Austria	4.4	3.1
Belgium	1.3	1.4
Berlin West	0.3	0.6
Bulgaria	1.8	2.1
Czechoslovakia	6.4	6.0
Denmark	0.6	1.3
Finland	1.1	1.4
France	2.5	2.3
Germany, Fed.Rep.	13.0	12.4
Germany, Dem.Rep.	5.0	4.4
Greece	0.2	0.4
Hungary	2.2	2.3
Iceland	0.1	0.1
Ireland	0.1	0.5
Italy	3.3	2.3
Liechtenstein	0.1	0.3
Luxembourg	0.0	0.0
Malta	0.0	0.0
Monaco	0.0	0.0
Netherlands	2.7	2.2
Norway	0.4	0.4
Portugal	0.0	0.1
Romania	1.7	1.4
Spain	0.3	0.4
Switzerland	4.5	2.6
Sweden	1.6	2.1
Vatican	-	0.0
United Kingdom	4.2	5.0
USSR	23.3	24.5
Yugoslavia	3.3	2.7
ASIA		
Afghanistan	-	0.0
Saudi Arabia	-	0.2
Bangladesh	0.1	0.1
China	2.6	2.4
Cyprus	0.0	0.1
Philippines	0.0	0.0
Hong Kong	0.1	0.1
India	1.2	0.4
Indonesia	0.0	0.1
Iraq	0.8	0.2
Iran	0.1	0.3
Japan	1.6	1.1
Jordan	0.1	0.1
Kampuchea	0.0	0.0
Korea North	0.2	0.2
Kuwait	0.0	0.2

Table 8 cont'd.

Country	Imports	Exports
Lebanon	0.0	0.3
Malaysia	0.0	0.0
Mongolia	0.1	0.1
Nepal	0.0	0.0
Pakistan	0.0	0.1
Qatar	-	0.0
Singapore	0.1	0.4
Sri Lanka	0.0	0.0
Syria	0.0	0.2
Thailand	0.1	0.2
Turkey	0.5	0.8
Vietnam	0.2	0.1
United Arab Emirates	0.0	0.1
AFRICA		
Algeria	0.0	0.1
Angola	-	0.0
Egypt	0.0	0.3
Ethiopia	-	0.0
Kenya	0.0	0.0
Liberia	-	0.0
Lesotho	0.0	0.0
Libya	0.0	1.5
Morocco	0.3	0.3
Nigeria	0.0	0.1
Senegal	-	0.0
Sudan	0.0	0.0
Seychelles	-	0.0
Togo	0.1	0.0
Tunisia	0.0	0.2
Ivory Coast	0.0	0.0
AMERICA		
Argentina	0.2	0.1
Brazil	2.1	1.1
Ecuador	0.0	0.0
Canada	0.1	0.5
Colombia	0.0	0.0
Cuba	0.2	0.2
Mexico	0.0	0.0
Nicaragua	0.0	0.0
Panama	0.0	0.0
Paraguay	-	0.0
Puerto Rico	0.0	0.0
USA	2.0	2.6
Uruguay	0.1	0.0
Venezuela	0.0	0.0
Australia	1.3	0.1
New Zealand	0.1	0.0

Source: Foreign Trade Statistical Yearbook of Poland, ed.cit.

Table 9: Balance of payments of Poland (covertible currency area; mn dollars)

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
A. CURRENT ACC.	(3 385)	(2 586)	(3 185)	(2 272)	(1 412)	(774)	(618)	(665)	(417)	(580)	(1 843)
Trade balance	(2,142)	(790)	(822)	268	916	1 380	1 068	1 035	1 040	941	240
Exports	6 081	7 364	4 971	4 543	4 806	5 324	5 120	5 316	6 163	7 248	7 575
Imports	8 223	8 154	5 793	4 275	3 890	3 944	4 032	4 281	5 123	6 307	7 335
Services	(150)	(116)	148	89	33	(67)	(25)	(87)	(51)	(99)	(228)
Inflow	826	920	619	473	619	533	557	596	717	726	767
Outflow	976	1 036	471	384	586	600	583	683	768	825	995
Interest	(1 622)	(2 333)	(3 165)	(2 947)	(2 736)	(2 549)	(2 444)	(2 557)	(2 815)	(2 855)	(3 087)
Inflow	66	130	151	84	153	180	165	177	197	237	382
Outflow	1 688	2 463	3 316	3 031	2 889	2 729	2 609	2 734	3 012	3 092	3 469
Transfers	529	653	654	318	375	462	764	944	1 409	1 433	1 232
B. LONG-TERM CAP.	3 835	2 858	(1 445)	(5 229)	(3 680)	(2 534)	(2 142)	(3 394)	(3 202)	(3 559)	(2 834)
Credits rec.net	3 913	3 064	(1 118)	(5 227)	(3 677)	(2 501)	(2 156)	(3 178)	(2 924)	(3 435)	(2 870)
Drawings	8 358	8 669	4 919	1 474	565	218	261	294	317	259	226
Repayments	4 445	5 605	6 037	6 701	4 242	2 719	2 417	3 472	3 241	3 694	3 096
Credits granted	(85)	(191)	(328)	(1)	(5)	(85)	13	(211)	(280)	(106)	48
C. SHORT-TERM CR.	92	(742)	(841)	86	74	37	252	119	72	(21)	(25)
D. ERRORS AND OMMIS.	(381)	68	(207)	250	101	(178)	(170)	(486)	(77)	(333)	(256)
A+B+C+D	161	(402)	(5 678)	(7 165)	(4 917)	(3 499)	(2 678)	(4 426)	(3 624)	(4 493)	(4 958)
E. CHANGE IN RES.	(161)	402	(35)	(369)	(119)	(340)	236	173	(797)	(561)	(44)
F. RESTR.LIABILITIES	0	0	2 111	4 358	1 154	2 427	13 337	1 688	7 484	4 700	1 665
G. [illegible] IN ARREARS	0	0	3 602	3 176	3 882	1 412	(10 895)	2 565	(3 063)	354	2 913

Source: Data of the National Bank of Poland (NBP).

Table 10: Balance of payments of Poland (non-covertible currency area; mn roubles)

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
A. CURRENT ACC.	(73)	(684)	(1 456)	(513)	(701)	(927)	(1 097)	(711)	(424)	560	1 104
Trade balance	(197)	(840)	(1 552)	(693)	(898)	(984)	(1 230)	(902)	(554)	496	978
Exports	6 125	6 181	5 726	6 839	7 542	8 534	9 073	10 147	10 665	11 573	11 320
Imports	6 322	7 021	7 278	7 532	8 440	9 518	10 303	11 049	11 219	11 077	10 342
Services	150	175	149	282	275	192	319	393	373	343	427
Inflow	487	529	509	615	727	772	898	1 034	1 154	1 324	1 560
Outflow	337	354	360	333	452	580	579	641	781	981	1 133
Interest	(27)	(22)	(55)	(109)	(84)	(142)	(192)	(203)	(254)	(282)	(306)
Inflow	2	3	2	7	30	17	13	10	11	3	3
Outflow	29	25	57	116	114	159	207	213	265	285	309
Transfers	1	3	2	7	6	7	8	1	11	3	5
B. LONG-TERM CAP.	(161)	(225)	483	27	(62)	38	165	413	104	(572)	(721)
Credits rec.net	(145)	(195)	475	(79)	(104)	(15)	110	355	71	(602)	(654)
Drawings	160	170	675	1 389	601	652	814	1 556	779	145	107
Repayments	305	365	200	1 468	705	667	704	1 201	708	747	761
Credits granted	(25)	(35)	(8)	92	24	30	32	38	29	8	(79)
C. SHORT-TERM CR.	207	919	988	463	718	844	841	285	344	213	(322)
D. ERRORS AND OMMIS.	27	(10)	(15)	23	45	45	91	13	(24)	(201)	(61)
A+B+C+D	0	0	0	0	0	0	0	0	0	0	0

Source: Data of the NBP.

ANNEX 2

POLAND'S CUSTOMS TARIFF RATES BY THE SECTIONS OF THE HARMONIZED SYSTEM NOMENCLATURE

Section / Rates	0	1	2	3	4	5	6	7	8	10	12	13	14	15	16	17	18	20	22	25	30	35	40	50	60	70	75	80	100
I Live animals; Animals products	19					47			9	33				21				27		22	11		5						
II Vegetable products	59	1	1	19		25	5	1	7	66	13	1		51	1		1	19											
III Animal or vegetable fats and oils and their cleavage products; Prepared edible fats; Animal or vegetable waxes	2		3			3	1		1	12	3		1	12		1	4	6		4									
IV Prepared foodstuffs; Beverages, spirits and vinegar; Tobacco and manufactured tobacco substitutes	10				2	14	1	1	1	21	2			29		1	1	43	1	24	10	3	4	5	2	1	1	2	2
V Mineral products	64			11	1	23			1	15	3			30				1		2									
VI Products of the chemical or allied industries	21			48	1	46			137	306	37			79			4	36		21	12		5	5				1	
VII Plastics and articles thereof; Rubber and articles thereof	8		1			33				2				81				24		20	20								
VIII Raw hides and skins, leather, furskins and articles thereof; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silk-worm gut)	10					3			5	11				13			2	10		6	10		6	10		3		1	

Cont'd.

Section / Rates	0	1	2	3	4	5	6	7	8	10	12	13	14	15	16	17	18	20	22	25	30	35	40	50	60	70	75	80	100
IX Wood and articles of wood; wood charcoal; cork and articles of cork; manufactures of straw, of esparto and of other plaiting materials; basketware and wicker work	31									15				17				11		3	2								
X Pulp of wood or of other fibrous cellulosic material; waste and scrap of paper or paperboard; paper and paperboard and articles thereof	46					4				52				2				9		36									
XI Textiles and textile articles	213		6	15		151	2		1	74				71				162		37	49	21	7						
XII Footwear, headgear, umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof; prepared feathers and articles made therewith; artificial flowers; articles of human hair										25				7				10		8	5								
XIII Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware	2					3		2		13				68			1	20		17	6	2	4						
XIV Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal and articles thereof; imitation jewellery; coin	33					4				1				3				6			5								

Cont'd.

Section / Rates	0	1	2	3	4	5	6	7	8	10	12	13	14	15	16	17	18	20	22	25	30	35	40	50	60	70	75	80	100
XV Base metals and articles of base metal	45					121			94	112	2			87				79		39	8								
XVI Machinery and mechanical appliances; electrical equipment; parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and accessories of such articles	19					447				99	32			117				48											
XVII Vehicles, aircraft, vessels and associated transport equipment	2					45								57		2		26											
XVIII Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; clocks and watches; musical instruments; parts and accessories thereof	48					66				5				72				30						9					
XIX Arms and ammunition; parts and accessories thereof														5				4		2	6								
XX Miscellaneous manufactured articles	12					1				15				44			1	44			10	2	2						
XXI Works of art, collectors' pieces and antiques	7																												
TOTAL	651	1	11	93	4	1036	9	4	256	877	92	1	1	866	1	4	14	615	1	241	154	28	30	19	3	1	1	3	2

ANNEX 3

List of products subject to temporary restrictions on exports

(1) Coal and briquettes
(2) Coke and semi-coke
(3) Peat and peat products
(4) Non-ferrous metallurgy scrap
(5) Sulphur
(6) Calcined soda
(7) Sodium hydrite (calcined soda)
(8) Chemical fibres
(9) Coniferous timber, oak timber and wooden floor materials
(10) Paper pulp
(11) Waste paper and cardboard
(12) Raw hide preserved and semi-preserved for tannery industry
(13) Flour
(14) Powder milk
(15) Grain of major cereals, other crops grown for food and feed
(16) Grain of colza
(17) Labour bovine animals, bovine animals for slaughtering, fresh bovine meat (beast).