DOING BUSINESS IN POLAND

Country Commercial Guide 2007

Prepared by

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Poland constitutes a market of 38 million people located in the heart of central Europe, sharing borders with both “new” EU-10 and “old” EU-15 countries and markets to the East including Ukraine, Belarus and Russia (Kaliningrad oblast). It has become a fully integrated member of the EU since its May 2004 accession, adhering to common economic, structural and commercial policies, including adoption of the common external tariff regime. Poland is also an active member of NATO, upgrading its armed forces accordingly and participating in joint peacekeeping activities in the region and beyond.

The U.S. enjoy and Poland an extraordinarily close relationship which has fostered strategic and commercial cooperation. U.S. companies are active in Poland, having invested heavily since the early 1990’s after the transition from communism to democracy and the establishment of a market-driven economy. Abundant opportunities remain for U.S. firms in Poland given the country’s rapid economic growth, the size and location of the market, the access it affords to the larger EU market of 493 million people and the strong affinity Poles have for the U.S.

Poland’s economy grew at a 5.5% rate in 2006, its 16th straight year of economic expansion, which has been is fueled by high export output, individual consumption and increased business investment, including new foreign direct investment totaling approximately $10 billion in 2006. Poland’s access to EU funds will further stimulate growth in coming years to support needed infrastructure development. With over 1 million Poles emigrating to other EU countries since accession, wage remittances are also impacting the economy. High emigration, along with substantial job creation have reduced unemployment from approximately 20% in 2004 to 14.9% currently. Despite positive indicators, including a 1.2% rate of inflation and a 5.2% long-term interest rate, Poland is not expected to adopt the Euro until 2010 at the earliest. The present government simply has not made this a priority. The Polish currency, the Zloty, appreciated steadily against the dollar in 2006 due to the generally positive state of the economy, the favorable investment climate across the Central European region and U.S. investors’ increased interest in emerging markets.

The U.S. claims roughly 3% of Poland’s import market, having sold $1.84 billion worth of products and services in 2005. Trade volume is expected to continue increasing due to the depreciated U.S. Dollar, increased domestic demand and overall affinity for U.S. products. U.S. firms face strong competition from European suppliers which provide over 60% of Poland’s imports. U.S. firms can increase their competitive edge by cultivating the market, establishing a local presence, committing to strong after-sales service and support and offering pricing and financial terms consistent with customer needs. Sectors which offer particularly strong sales opportunities include aerospace, automotive products, environmental technologies, safety/security products, defense equipment, IT products and services, consumer goods and financial services.

The U.S. is the third largest foreign direct investor in Poland, with nearly 13% of FDI, and almost $15 billion invested since 1990. U.S. investors represent a wide range of industry sectors including automotive, aerospace, IT hardware and software, food products, transportation, pharmaceuticals, paper production, appliances and financial services. Poland has also emerged as a favorable location for business processing centers including call centers, back-office operations and research centers. U.S. firms have invested heavily in this manner as well.

CS Warsaw and the entire Embassy staff stand ready to assist U.S. firms in achieving success in the Polish market. We encourage you to contact us and explore the best way to partner together as you enter or expand your business activities here.

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Although Poland has boasted positive growth for the last 15 years including a 3.5% growth rate in 2005 and 5.5% in 2006, the country remains one of the EU's poorer countries with limited individual purchasing capacity. While real wages are rising, increasing over 5% in 2006 in response to overall growth and decreased unemployment, the average Pole still earns less than $900/month.

Poland's regulatory system formerly had a reputation for inefficiency, however a series of growth-stimulating initiatives were instituted in late 2004, easing the regulatory burden on the private sector and reducing the corporate income tax rate to 19%. While this is a major step forward, additional progress is needed to reduce regulatory costs on par with other countries in the region, including the high social benefits costs of hiring local employees. According to recent EU figures, Poland's general level of taxation and wages including social benefits stands at 43%, higher than in Spain or Greece, but lower than Germany, France, Hungary and the Czech Republic.

While Poland has made significant progress in transforming itself into a private-sector-led market economy, the current government has not emphasized privatization and the state still controls 28% of the economy. Significant steps forward in this regard are the December 2006 privatization of formerly state-owned press distributor Ruch via IPO and the sale of assets of aerospace manufacturer PZL Mielec to U.S. firm Sikorsky Aircraft Corporation also in December 2006. The bulk of remaining state-operated firms are in old-line sectors including chemicals, shipbuilding and minerals extraction and are in need of restructuring prior to sale or are in otherwise restricted sectors unlikely to be privatized such as power generation.

Poland's potential as a regional manufacturing and distribution hub is still limited by its rudimentary transportation network. Given access to EU Structural Funds, Poland's highway grid is expected to improve significantly over the next 10-15 years, however much of the planned upgrades remain in the early design phase. Although adequate, the country's air and seaports are in need of expansion and modernization in order to facilitate continued growth.   A major step forward will be the opening of the second terminal at Warsaw's Fredrik Chopin Airport expected in mid-2007.

Market Opportunities

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While the U.S. share of Poland's import market is only 3%, U.S. exporters have found considerable success targeting competitive niches, using effective market entry strategies and diligently following up with marketing and sales support. Top sectors include construction equipment, defense and security equipment, environmental services and equipment, aerospace and automotive equipment, IT and telecom services and equipment, niche consumer goods and financial services.

With a talented labor force, wage rates among the lowest in the EU, excellent location and a sizeable market, Poland will continue to attract substantial new private investment for years to come. Poland has become an attractive location for investment by firms in the areas of business and financial services, automobiles and parts, electronics, household goods and consumer products. Due to the high education levels and language aptitudes of its people, Poland has also emerged as a leading regional hub for business processing centers, including call centers, back-office hubs and tech and research centers.   Incentives are offered at the national and municipal levels to stimulate inbound investment.

Market Entry Strategy

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The Polish market is characterized by wide population dispersion with 25% living in rural areas and urban dwellers spread among a number of population centers including Warsaw and Lodz in the center of the country, Krakow in the south, Wroclaw and Poznan in the west, Gdansk and Szczecin in the north and Lublin in the southeast. Urban consumers generally have greater purchasing power than their rural counterparts. Personal contact with the customer is critical and final purchasing decisions typically require a face-to-face meeting. Success in this market typically requires an in-country presence such as an agent, distributor or representative office.

Communication in Polish is recommended in order to elicit prompt responses to offers and inquiries and to facilitate negotiations. Poland's communication network is relatively well developed and email communications and website offerings are an increasingly effective means of reaching local buyers.

Pricing is the most critical factor in positioning a product or service for sale in Poland. Access to capital is difficult for most Polish firms and business transactions are typically self-financed. U.S. firms that can arrange financing will have a competitive edge.

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Chapter 2: Political and Economic Environment

For background information on Poland's political and economic environment, please click on the link below to the U.S. Department of State Background Notes.

http://www.state.gov/p/eur/ci/pl/

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Chapter 3: Selling U.S. Products and Services

Using an Agent or Distributor

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Polish trade partners tend to serve more as distributors (importing, taking possession of, and reselling goods) than as agents. Sales of expensive equipment is an exception to this, since many Polish companies do not have the financial capability to make such purchases. Also, heavy industrial equipment tends to be sold directly to end-users due to the inability of most distributors to purchase the equipment prior to re-selling it.

There are no local laws imposing rules specifically for Polish importers. Distributor and agent agreements may take any form mutually beneficial to the parties involved.

It is best to select a distributor who is experienced, knowledgeable, and well-connected to existing distribution channels for the product. Polish companies tend to be younger and less experienced than their western counterparts. In most cases, product and marketing training must be provided to new distributors.

As an EU member Poland adheres to EU-wide business directives and requires local market compliance. Council Directive 86/653/EEC establishes certain minimum standards of protection for self-employed commercial agents who sell or purchase goods on behalf of their principals. In essence, the Directive establishes the rights and obligations of the principal and its agents; the agent's remuneration; and the conclusion and termination of an agency contract, including the notice to be given and indemnity or compensation to be paid to the agent. U.S. companies particularly should be aware that the Directive states that parties may not derogate certain requirements. Accordingly, the inclusion of a clause specifying an alternate body of law to be applied in the event of a dispute will likely be ruled invalid by European courts.

Key Link:
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML

The European Commission's Directorate General for Competition enforces legislation concerned with the effects on competition in the internal market of such "vertical agreements." Most U.S. exporters are small- and medium-sized companies and are therefore exempt from the Regulations because their agreements likely would qualify as "agreements of minor importance," meaning they are considered incapable of affecting competition at the EU level but useful for cooperation between SMEs. Generally speaking, companies with fewer than 250 employees and an annual turnover of less than €50 million are considered small- and medium-sized undertakings. The EU has additionally indicated that agreements that affect less than 10 percent of a particular market are generally exempted as well (Commission Notice 2001/C 368/07).

Key Link:
http://eur-lex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf

The EU also looks to combat payment delays with Directive 2000/35/EC. This covers all commercial transactions within the EU, whether in the public or private sector, primarily dealing with the consequences of late payment. Transactions with consumers, however, do not fall within the scope of this Directive. In sum, the Directive entitles a seller who does not receive payment for goods/services within 30-60 days of the payment deadline to collect interest (at a rate of 7 percent above the European Central Bank rate) as compensation. The seller may also retain the title to goods until payment is completed and may claim full compensation for all recovery costs.

Key Link: http://ec.europa.eu/comm/enterprise/regulation/late_payments/

Establishing an Office Return to top

The type of business entity that U.S. companies choose to establish is often determined by the scope of activities the company plans to undertake in Poland. If a U.S. company only plans to sell its products and services in Poland through its own office, it usually establishes a representative office. If a U.S. company plans to invest in Poland, there are different legal forms available to carry out business activity. The following are the forms of entities used by investors and information on establishing a representative office:

(1) Limited Partnership
(2) Limited Joint-Stock Partnership
(3) Limited Liability Companies (Sp. z o.o)
(4) Joint Stock Companies (S.A.)
(5) Representative Office
(6) Branch Office

Detailed information on forms of doing business in Poland can be found at:
http://paiz.gov.pl/index/?id=e2c420d928d4bf8ce0ff2ec19b371514
or
http://www.kpmg.pl/dbfetch/52616e646f6d4956cc0b2f3ff91a2e268b5bd60f122a2f70/_investment_in_poland_2004_final.pdf

Modern telephones, copy machines, faxes, computers and office amenities are easily available and can be leased from a number of reputable Polish and western firms. The secretarial labor pool is reasonably abundant and English-speaking secretaries with good secretarial skills are easier to find as are employees with western management and accounting experience. There are many executive search firms that offer assistance in finding appropriate staff.

Franchising Return to top

In Poland franchising does not play as important a role as in the United States or Western Europe, where franchise systems generate about 15% of GDP. Although Polish franchise networks currently produce only 4.2% of GDP, growth of this sector is projected at a rate of approximately 20% annually over the next several years.

At the end of 2005, there were 272 franchise systems operating in Poland (an increase of 30.1% over 2004) including 187 local franchise systems and 85 foreign owned, represented by 17,373 franchise outlets (a 9.6 % increase over 2004). The level of franchisees' net investments amounted to USD 1.6 billion. The majority of foreign franchise systems come from the EU (71.8%), while the major foreign franchise chains are German (13), France (12) and U.S. (11). Others include Great Britain (7), the Netherlands and the Czech Republic (5 each). Poland's accession to the EU, in May 2004, increased the interest of European franchisers in entering the Polish market.

At the end of 2005, retail business had the largest share of the franchise market with 58.1%, followed by the services sector with 41.9%. The Polish catering market is currently worth USD 5.6 billion and is expected to grow by 50-60% within the next three years.

Popular U.S. franchises were the first to arrive and helped introduce the concept in Poland. Their success has promoted the franchising model in Poland. McDonald's, the first franchiser to Poland, established its first operation in Poland in 1992 and has become the most popular fast-food chain. The firm currently operates 209 restaurants: 165 company- owned and 44 sub-franchised. McDonald's has consolidated its hold on the market in recent years with the exit of rival Burger King from Poland. McDonald's is actively revamping its brand image, remodeling restaurants, introducing breakfast menu and beer, developing coffee shop modules (McCafe) with waiter service, additional dessert selection, French-style sandwiches served on china. American Restaurants (AmRest), a Dutch firm, the local operator of the Pizza Hut and Kentucky Fried Chicken (KFC) fast-food chains, has finalized a deal with International Fast Food Polska (IFFP) to take over the latter's network of Burger King (BK) restaurants. AmRest is currently operating 180 units in Poland and the Czech Republic. The company does not sub-franchise and operates only through company-owned investments. Other fast growing U.S. franchise networks include: the Athlete's Foot (TAF), Kodak Express, Pizza Hut, KFC, Coca Cola Services, T.G.I. Friday, Blimpie, Sbarro, Midas, Collagena, Subway, Levi's Strauss, Budget Rent-a-Car, Futurekids, and Lee Cooper, Century 21. The latest U.S. franchise system that entered the Polish market is MBE Mail Boxes ETC.

The largest foreign franchisers (except American) active in Poland are: TelePizza, Pizza Express, Pizza Pai, Tivoli (fast food), Adidas (sportswear and equipment), Intersport (sportswear and equipment), Aral (oil stations), Agfa (photo laboratories), Whittard (tea-shops), Spar (food supermarkets), Yver Rocher (perfumeries and beauty salons), Petit Bateau (children clothes retail network), United Colors of Benetton, Tally Weijl, High and Mighty, La Vantil, (apparel), Jean Louis David, Camille Albane (hairstyling salons), Jean-Claude Biguine, Collagena (beauty salons), Albert, InterMarche, Spar (food shops), Lingua Nova, Leader School, Helen Doron Early English (education), HDS (stationery), Cyberland (internet clubs), Mamuska-The Cheescake Shop, Denmer's Teahouse, Ann Rent a Car Poland, Yamaha Szkola Muzyczna (music schools), Ritz Collection (jewelry retail chain) and Mobil' Affiche Polska (mobile advertising).

Local Polish franchise firms began operating in 1991-1992, simultaneously with large western franchisers entering the Polish market. Of the 272 franchise systems operating in Poland at the end of 2005, approximately 187 (69%) were Polish. Among the earliest Polish franchisors were A.Blikle (luxury cake-shops-since 1991) and Pozegnanie z Afryka ("Out of Africa" gourmet coffee shops-since 1992). They were followed by Pizza Dominium, Da Grasso, Mr. Hamburger, Green Way, the Ready's, Cleopatra Restaurants, Lesne Runo, Bonsai, Gruby Benek, Kurcze Pieczone, Podniebny Barek, Lunch Bar, Tele Catering, (fast-food), Dr Irena Eris (beauty salons), Drogerie Natura (drugstores), Saloniki Prasowe (press distribution), Ambra, CCC (footwear retail chain), Debica Dekart (tire sales and replacement), Laboratorium Kosmetyczna DR Irena Eris (beauty salons & retail), Orbis Travel (tourist services), YES Bizuteria (jewelry), Grycan (ice-cream shops),), Lewiatan, Chata Polska, Sklepy Familijne, Groszek, Piotr i Pawel, (food stores), Deep, Hot Oil, Aryton, Atlantic, Swiat Bawelny (apparel shops), and Kukartka, Galeria Prezentow (gift shops).

There is no established practice in Poland for financing franchise ventures, however financing is the most critical element for successful penetration by U.S. franchisers. Unfortunately, to date Polish banks have not introduced any financing schemes for franchisees. Governmental agencies as well as loan and surety funds grant financial support to small entrepreneurs primarily by using EU funds. However, they apply the same criteria toward franchisees as they would toward small-size entrepreneurs applying for financial assistance. Also, there are no agencies or programs that grant financial or tax incentives specifically to foreign franchisers. Although it has generally been difficult for foreign companies to locate Polish investors capable of becoming master franchisees, the number of local candidates is increasing.

The Polish government does not regulate franchising specifically. Franchisers are not required to register with a government agency or obtain governmental or other approvals or licenses. Franchising is subject to general commercial law where the contact between the two parties is the sole legal platform for the franchise agreement. The contract typically assigns rights and limitations related to intellectual property and trademark protection. Sub-franchising is permitted and is not restricted in any way.

The best franchise concept prospects are in retail trade, services (automotive, maid and personal services, commercial cleaning, laundry and dry-cleaning), mid-range and low-end hotels/motels, and fast-food chains. Business services, currently represented by a few companies, holds great potential In Poland.

Direct Marketing Return to top

Sales via direct marketing has been active in Poland for over 15 years. During this time, the concept and practice of direct marketing (DM) has gone from being a virtually unknown activity to a more widely recognized means of marketing and gaining popular acceptance among consumers, both corporate and individual.

In 2005, the local DM market totaled USD 4.2 million. The DM market is increasing by approximately 10% annually and DM expansion is driven by aggressive advertising campaigns, which support expansion. DM sales to business are steadily growing from 71% in 2001 up to 91% in 2005. Over 90% of companies used the Internet on a daily basis, 53.7% used direct mail and 21.1% companies used telemarketing as a means of purchasing. 77.3% of companies used the Internet to promote their own activity and less than 15% of business was done via the Internet. 73% of households have a land telephone line, 57% had PC, and 32% had access to the Internet.

The most popular DM tools in Poland are: addressed mail, e-mail, distribution via own website press response ads, telemarketing, advertising, catalog sales, press inserts, radio and DR Radio, non-addressed mail, TV and DR TV, face-to face contacts, text messaging SMS, conferences/trainings/ exhibitions/samplings, brochures/fliers, and posters/billboards.

The best DM prospects include the following tools: Internet (e-commerce, advertisements), mobile phones, catalog sales, and DRTV (Direct Response TV). The fasted growing DM sector is e-commerce.

The SMB Direct Marketing Association, established in 1995, has been actively involved in introducing regulations and principles for DM in Poland. SMB promotes development of direct marketing according to existing law and professional ethics. SMB also participates in legislative procedures on legal acts concerning direct marketing. In 1996, SMB introduced the Code of Ethics and Robinson List. The main aims of ethical code are: protection of privacy and consumer rights, protection of SMB members' interest against companies that breach the law or good commercial practice, promoting the highest quality of activities of SMB members and promoting credibility of SMB members. The Robinson List introduced a system of consumer privacy protection and protection against receiving unwanted promotional materials. SMB members are required to respect the Robinson List. SMB is a member of FEDMA (European Federation of Direct Marketing) and IFDMA (International Federation of Direct Marketing).

As an EU member, Poland adheres to EU-wide business directives and requires local market compliance. There is a wide range of EU legislation that impacts the direct marketing sector. Compliance requirements are stiffest for marketing and sales to private consumers. Companies need to focus, in particular, on the clarity and completeness of the information they provide to consumers prior to purchase, and on their approaches to collecting and using customer data. The following gives a brief overview of the most important provisions flowing from EU-wide rules on data protection, distance selling and on-line commerce. Companies are advised to consult the information available via the hyper-links, to check the relevant sections of national Country Commercial Guides, and to contact the Commercial Service at the U.S. Mission to the European Union for more specific guidance.

Processing Customer Data

The EU's general data protection Directive (95/46/EC) spells out strict rules concerning the processing of personal data. Businesses must tell consumers that they are collecting data, what they intend to use it for, and to whom it will be disclosed. Data subjects must be given the opportunity to object to the processing of their personal details and to opt-out of having them used for direct marketing purposes. This opt-out should be available at the time of collection and at any point thereafter. This general legislation is supplemented by specific rules set out in the "Directive on the processing of personal data and the protection of privacy in the electronic communications sector" (2002/58/EC). This requires companies to secure the prior consent of consumers before sending them marketing emails. The only exception to this opt-in provision is if the marketer has already obtained the intended recipient's contact details in the context of a previous sale and wishes to send them information on similar products and services.

Key Link: http://ec.europa.eu/justice_home/fsj/privacy/law/index_en.htm

Transferring Customer Data to Countries Outside the EU

The EU's general data protection Directive provides for the free flow of personal data within the EU but also for its protection when it leaves the region's borders. Personal data can only be transferred outside the EU if adequate protection is provided for it or if the unambiguous consent of the data subject is secured. The European Commission has decided that a handful of countries have regulatory frameworks in place that guarantee the adequate protection of data transferred to them – the United States is not one.

The Department of Commerce and the European Commission negotiated Safe Harbor to provide U.S. companies with a simple, streamlined means of complying with the adequacy requirement. It allows those U.S. companies that commit to a series of data protection principles (based on the Directive), and who publicly state that commitment by "self-certifying" on a dedicated website, to continue to receive personal data from the EU. Signing up is voluntary but the rules are binding on those who do. The ultimate means of enforcing Safe Harbor is that failure to fulfill the commitments will be actionable as an unfair and deceptive practice under Section 5 of the FTC Act or under a concurrent Department of Transportation statute for air carriers and ticket agents. While the United States as a whole does not enjoy an adequacy finding, companies that join up to the Safe Harbor scheme will.

EU based exporters or U.S. based importers of personal data can also satisfy the adequacy requirement by including data privacy clauses in the contracts they sign with each other. The Data Protection Authority in the EU country from where the data is being exported must approve these contracts. To fast track this procedure the European Commission has approved sets of model clauses for personal data transfers that can be inserted into contracts between data importers and exporters. The most recent were published at the beginning of 2005. Most transfers using contracts based on these model clauses do not require prior approval. Companies must bear in mind that the transfer of personal data to third countries is a processing operation that is subject to the general data protection Directive regardless of any Safe Harbor, contractual or consent arrangements.

Key Links: http://www.export.gov/safeharbor/
http://ec.europa.eu/justice_home/fsj/privacy/modelcontracts/index_en.htm

Distance Selling Rules

- Distance and Door-to-Door sales

The EU's Directive on distance selling to consumers (97/7/EC) set out a number of obligations for companies doing business at a distance with consumers. It can read like a set of onerous "do's" and "don'ts," but in many ways it represents nothing more than a customer relations good practice guide with legal effect. Direct marketers must provide clear information on the identity of themselves as well as their supplier, full details on prices including delivery costs, and the period for which an offer remains valid – all of this, of course, before a contract is concluded. Customers generally have the right to return goods without any required explanation within seven days, and retain the right to compensation for faulty goods thereafter.

Similar in nature is the Doorstep Directive (85/577/EEC) which is designed to protect consumers from sales occurring outside of a normal business premises (e.g., door-to-door sales) and essentially assure the fairness of resulting contracts.

Key Link: http://ec.europa.eu/consumers/cons_int/safe_shop/index_en.htm

- Distance Selling of Financial Services

Financial services are the subject of a separate Directive that came into force in June 2002 (2002/65/EC). This piece of legislation amends three prior existing Directives and is designed to ensure that consumers are appropriately protected in respect to financial transactions taking place where the consumer and the provider are not face-to-face. In addition to prohibiting certain abusive marketing practices, the Directive establishes criteria for the presentation of contract information. Given the special nature of financial markets, specifics are also laid out for contractual withdrawal.

Key Link: http://ec.europa.eu/consumers/cons_int/fina_serv/index_en.htm

Direct Marketing Over the Internet

The e-commerce Directive (2000/31/EC) imposes certain specific requirements connected to the direct marketing business. Promotional offers must not mislead customers and the terms that must be met to qualify for them have to be easily accessible and clear. The Directive stipulates that marketing e-mails must be identified as such to the recipient and requires that companies targeting customers on-line must regularly consult national opt-out registers where they exist. When an order is placed, the service provider must acknowledge receipt quickly and by electronic means, although the Directive does not attribute any legal effect to the placing of an order or its acknowledgment. This is a matter for national law. Vendors of electronically supplied services must also collect value added tax (VAT).

Key Link: http://ec.europa.eu/internal_market/e-commerce/index_en.htm

Joint Ventures/Licencing Return to top

Joint ventures as a form of business are abundant in Poland. Many U.S. businesses in Poland are established as joint ventures, with Polish partner companies responsible for sales in the market. Joint ventures are an excellent way to facilitate export sales to the Polish market.

Most joint ventures are established with the American partner contributing needed capital and technology. The Polish partner typically contributes land, distribution channels, trained workers, access to the Polish market and introductions within the local government and business community that could take years to develop for an American company on its own. Increasingly, American firms participating in joint ventures are asked to provide marketing, training, and promotional support to their Polish partners.

Licensing of products, technology, technical data, and services has been less common in Poland, due to concerns about intellectual property protection. Now that Poland has joined the EU and taken major steps in the areas of intellectual property rights and copyright legislation, more U.S. firms are expected to license their products here. Licensing is particularly prevalent in the industrial manufacturing, consumer goods, and textile sectors.

Selling to the Government Return to top

Poland's public procurement law, in effect since January 2004, applies to most acquisitions of goods, services, or construction by nearly all government agencies, including local governments, foundations, associations, and cooperatives. Procurements by the Ministry of Defense are also included, but are subject to special rules including offset requirements. Procurements by state-owned enterprises are excluded from the law.

All tenders for products or services above set up thresholds must be officially announced to the public. Tenders for amounts below the thresholds can be announced in the local press or through local media.

Unlimited tendering is the preferred method, and other procedures are restricted. Tender documents must contain specifications, selection criteria and terms and conditions for the contract. The deadline for the submission of bids must be at least six weeks from the announcement of a tender. Bids are opened publicly. Participation in tenders is open to all those who are legally, technically, and financially able to perform the contract (including foreign companies).

Information on the Office of Public Procurement, public procurement regulations and public tenders (also in English) is available via the internet: http://www.uzp.gov.pl

The U.S. Commercial Service strongly urges U.S. firms bidding on Polish government tenders to utilize the Department of Commerce's advocacy and counseling services to avoid common pitfalls in this complex process.

Distribution and Sales Channels Return to top

(1) Regional Nature of Market and Review of Major Regions

Opportunities for doing business in Poland are, like the population, dispersed throughout the country. Twenty-five percent of the population resides in rural areas, and urban dwellers are widely spread among a number of population centers.

Poland's largest cities are:

CITY	POPULATION
Warsaw	1,697,500
Lodz	767,500
Krakow	756,000
Wroclaw	635,900
Poznan	567,300
Gdansk	458,300
Szczecin	411,600
Bydgoszcz	366,300
Lublin	354,000

(2) Industrial Goods Distribution

Imports of equipment and technology have remained steady as Polish industry modernizes and restructures to compete with the West. Poles are familiar with the technical parameters of U.S. products, even prior to the actual introduction of those products in the marketplace. This reflects the fact that serious Polish importers do their homework.

Industrial distributors may therefore be part of a network that developed from former foreign trade organizations (that handled imports during the Communist period), or may be individuals with significant connections to their industry (frequently former employees of the large foreign trade firms). As industries and companies continue to privatize in Poland, distribution networks are expanding in scope and complexity.

Many distributors of industrial equipment are specialized and have very specific technical expertise. Because of this, some are better able to represent foreign manufacturers on a national level than most consumer goods distributors. However, exporters should be aware that large industrial enterprises would rather have direct contact with manufacturers when purchasing heavy machinery.

As with the consumer goods sector, importers and other companies that represent foreign companies are becoming more sophisticated and selective. The number and variety of imported goods available on the Polish market play an important role here as well. Polish agents or distributors increasingly look to foreign partners to provide marketing and promotional support, training and financing. Polish trade fairs, which have become more and more specific in scope, are a good place to look for possible distributors.

Also, it is advisable to consider having one exclusive distributor. Potential channel partners in this sector tend to prefer exclusive arrangements because often they bear the marketing costs of new products and do not want potential competitors to reap the benefits of their promotional activities.

Selling Factors/Techniques Return to top

As discussed earlier, the Polish market is in most cases regional, and this description applies to selling as well. Because unemployment is significantly lower in the cities, urban dwellers generally have more purchasing power than inhabitants of rural areas. The countryside is dotted with single-factory (or formerly single-factory) towns, many of which suffer from high unemployment.

Letters, faxes, Internet web sites and packages of product literature will serve to introduce a product or service to a Polish company. Communication in Polish is recommended if the seller would like to receive a speedy reply. U.S. companies should ensure that translations from English into Polish are performed only by proficient translators who are fluent in modern business Polish and grammar.

The average Polish customer no longer requires face-to-face contact with a person selling a product. The Internet's role in stimulating business contact is growing and it is now a valuable selling tool. There are 14 million Internet users in Poland, constituting approximately 37% of population (to compare to 9.5 million and 27% of population in 2005). Some 25% of Internet users shop for products or services regularly (17.5% a year ago). Over 90% of Polish companies have access to the Internet and many of them have begun to conduct business through this venue.

As noted above, American companies that are little known outside of the U.S. may need to make a significant effort (often marketing, training, or other promotional activities) to convince their prospective Polish customers of their credibility. Product demonstrations are effective, as Poles tend to be skeptical about claims until they are proven. Sponsored visits to the U.S. company's headquarters or manufacturing plant frequently help to convince Polish buyers to purchase a U.S. product.

The decision-making process, especially in large companies or government agencies, can be painfully slow, as every person or section involved in a decision usually must sign off before a decision is made. It usually takes several meetings, and many rounds of negotiations before a deal is closed. This means that success in Poland is difficult without an in-country presence, whether an agent, distributor, or representative office.

Polish customers will want to discuss the technical parameters of the product, explain their needs, and negotiate the price. In addition, the product may not be sold at the first meeting, as the customer will want some time to consider the points discussed and to arrange financing. Initial orders are frequently small due to limited amounts of working capital and high rates of interest on credit. Follow-on sales often grow rapidly once effectiveness and profitability are established.

American exporters should be aware of the Polish customer's main problem: access to capital. Most Polish firms are still too small to consider going public or to issue commercial paper. Therefore, most business activities, including payment for imports, are still self-financed. American companies that can arrange for affordable financing for their Polish customers will have an edge over their competitors. The U.S. Export-Import Bank (Ex-Im Bank) offers a credit insurance program that can help small and medium size U.S. firms in this regard.

Polish customers are generally enthusiastic about U.S. products and, if seriously interested, will travel great distances across Poland in order to meet with a U.S. representative who may be visiting Warsaw. If a prospective customer shows continued effort and interest in dialogue, the potential for a sale is good, even if the time leading up to conclusion of a contract seems long by U.S. norms. If the proposal is well conceived, the pricing is flexible (or assistance with financing is offered) and promotion, servicing and customer support are part of the package, chances are good that a sale will ultimately be completed. Doing business in Poland is built upon personal relationships and trust. U.S. companies have an advantage in Poland, as the U.S., its people, and its products are held in high regard.

Electronic Commerce Return to top

There are no significant barriers to electronic commerce activities in Poland, although American companies have to consider strict requirements of the personal data protection regulations and tax issues. Polish regulations in these areas match those in other European Union countries. Comprehensive e-signature regulations (Law of September 18, 2001) came into force in mid 2002. The use of qualified signatures is very limited due to complicated procedures, high cost and a delay in implementation of most e-government services. Standard e-signature and a variety of other security measures are commonly used in business transactions, including e-banking applications.

The value of electronic commerce B2C transactions currently represents 1% of retail turnover in Poland and is still in the early stage of development. Nevertheless, the recent opening of Polish e-Bay and Google operations are seen as increased opportunities in this area to be followed by other foreign investors.

There are over 14 million Internet users in Poland or approximately 37% of the population (compared to 9.5 million or 27% of the population in 2005). Some 25% of Internet users shop for products or services regularly (17.5% a year ago) and over 50% claim to have on-line purchases at random. There are over 1000 e-shops, only 9.2% of which have operated for less than 5 years. In most cases, the e-business is complementary to their traditional operations. Approximately 90% of transactions are generated by 10 large e-shops and services, mainly bookstores (example: http://www.merlin.pl/), budgetary airlines and tourist services (example: http://www.travelplanet.pl/) and consumer electronic stores. B2C e-commerce is driven mainly by the young generation aware of the advantages offered by the Internet, such as budget airline fares. E-commerce development is facilitated by an easy access to the Internet at an affordable price, common use of banking accounts and credit cards, and, in general, familiarity with internet technologies.

Although 96% of businesses in Poland have Internet access, less then 15% make e-purchases or sales. Well known B2B platforms include the Warsaw Commodity Exchange platform (http://www.wgt.com.pl/), a horizontal platform operated by Otwarty Rynek Elektroniczny (http://www.marketplanet.pl/), a subsidiary of Telekomunikacja Polska S.A., Xtrade platform (http://www.xtrade.pl/). Most distribution companies, especially in the high tech sector, maintain their relationship with partners through the net.

As an EU member Poland adheres to EU-wide business directives and requires local market compliance. In July 2003, the European Union (EU) started applying Value Added Tax (VAT) to sales by non-EU based companies of Electronically Supplied Services (ESS) to EU based non-business customers. U.S. companies that are covered by the rule change must collect and submit VAT to EU tax authorities. European Council Directive 2002/38/EC changed the EU rules for charging Value Added Tax.

U.S. businesses mainly affected by this rule change are those that are U.S. based and selling ESS to EU based, non-business customers or those businesses that are EU based and selling ESS to customers outside the EU who no longer need to charge VAT on these transactions.

There are a number of compliance options for businesses. The Directive created a special scheme that simplifies registering with each Member State. The Directive allows companies to register with a single VAT authority of their choice. Companies have to charge different rates of VAT according to where their customers are based but VAT reports and returns are submitted to just one authority. The VAT authority responsible for providing the single point of registration service is then responsible for reallocating the collected revenue among the other EU VAT authorities.

Key Links:
http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm

Trade Promotion and Advertising Return to top

Trade fair activities in Poland grew rapidly at the beginning of the last decade, from a single major event (the annual June Poznan International Fair) to a full year's schedule of industry and product specific events in major cities around the country. For information on upcoming trade events please see Chapter 9: Trade Events. Some fairs are still proving their worth while others have lost popularity in recent years and are no longer attracting key Polish and international businesses. Direct U.S. company presence at trade fairs in Poland is minimal, but some U.S. firms exhibit through their European or Polish distributors. U.S. firms exhibiting in larger western European trade fairs, particularly those in the Commercial Service's Showcase Europe program will encounter Polish buyers at those events. The U.S. Commercial Service in Warsaw can help find distributors interested in representing U.S. products at Polish fairs.

Advertising in Poland is considered important, not only in the consumer product field but also in developing a company image for all types of goods. Television, which reaches virtually every home in Poland via local channels or satellite, is believed to be the most effective advertising medium in Poland. Products advertised through television commercials show the greatest sales growth among all advertised products. The price of television spots on top rated shows has grown dramatically in the last few years as demand has soared. Radio is another useful means of advertising with more than 200 local radio stations as well as two national networks in operation.

There is a ban on cigarette and alcohol (including beer and wine) advertising for broadcasters and on alcohol ads for display and print media. There is also a ban on pharmaceutical advertising, except for over-the-counter drugs and in professional publications.

Print media advertising is sophisticated, and the print media market itself has grown to include a full range of publications. Major newspapers circulate throughout Poland and reach every corner of the country. In addition, special interest magazines, business journals, niche publications, and specialized newspapers have proliferated. Newsweek Polska, a division of Newsweek, celebrated its fifth anniversary this year (2006) and the Polish edition of Forbes magazine, which was launched in January 2005, celebrated its first anniversary this year. Classified advertising is very well developed and effective. Most U.S. companies find print media to be a highly effective means of reaching customers and candidates for jobs.

Major daily newspapers include Rzeczpospolita, Gazeta Wyborcza, Trybuna, Super Express, Fakt, Dziennik (new in 2006), and Nasz Dziennik. Major daily business journals include Gazeta Prawna, Parkiet - Gazeta Gieldy, and Puls Biznesu. Polish edition of Business Week is published on a biweekly basis. There are also two English language weeklies that cater mainly to foreigners in Poland, the Warsaw Business Journal and the Warsaw Voice. Major international, as well as local, advertising and public relations agencies abound in Poland. Advertising and promotional service agencies include Ad Fabrika FCB, Oskar Wegner, Ideamedia, Mirwal Art, Orpha, Amberfilm Ltd., ARC Warszawa - Leo Burnett, ARIP, BDDA, Corporate Profiles DDB Group, Demo Effective Launching, DougFaberFamily, Euro RSCG Warsaw, G7, Gray Worldwide Warsaw, ABK Group, ID Advertising Agency, Just Ltd., Legend Group, Leo Burnett Ltd., Mr. Bloom Ltd., Ogilvy Group Poland, Padjas Media, Paralotna Ltd., PPI United Ltd., Publicis Ltd., Red8 Communications Group, RPM Jankowski & Siedlik, Saatchi & Saatchi Ltd., San Markos Advertising Agency, Stanford, Szwejkowski, TBWA\Communication Group, Testardo Red Cell Ltd., The Lowe Group Poland, Wizard Advertising Agency, Yapan Advertising Corporation. For further contact information on these journals and firms please contact the U.S. Commercial Service in Warsaw at Warsaw.Office.Box@mail.doc.gov, at telephone number (48) 22 625-4374 or fax number (48) 22 621-6327.

As a member of the EU, Poland adheres to EU-wide business directives and requires compliance in the local market. Laws against misleading advertisements differ widely from Member State to Member State within the EU. To respond to this imperfection in the Internal Market, the Commission adopted a Directive, in force since October 1986, to establish minimum and objective criteria regarding truth in advertising. The Directive was amended in October 1997 to include comparative advertising. Under the Directive, misleading advertising is defined as any "advertising which in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behavior or which for those reasons, injures or is likely to injure a competitor." Member States can authorize even more extensive protection under their national laws. Comparative advertising, subject to certain conditions, is defined as "advertising which explicitly or by implication identifies a competitor or goods or services by a competitor." Member States can, and in some cases have, restricted misleading or comparative advertising.

The EU's Television without Frontiers Directive lays down legislation on broadcasting activities allowed within the EU. It is currently being reviewed to adapt to advances in internet, mobile phones and digital TV technologies. It partially lifts Regulations on advertising and product placement and proposes to ban advertising to children of food and drink. The new rules should be adopted in 2007.

Following the adoption of the 1999 Council Directive on the Sale of Consumer Goods and Associated Guarantees, product specifications, as laid down in advertising, are now considered legally binding on the seller. (For additional information on Council Directive 1999/44/EC on the Sale of Consumer Goods and Associated Guarantees, see the legal warranties and after-sales service section of 4.4, below.)

The EU adopted Directive 2005/29/EC concerning fair business practices in a further attempt to tighten up consumer protection rules. These new rules will outlaw several aggressive or deceptive marketing practices such as pyramid schemes, "liquidation sales" when a shop is not closing down, and artificially high prices as the basis for discounts in addition to other potentially misleading advertising practices. Certain rules on advertising to children are also set out.

Key Link:
http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bus_pract/index_en.htm

Medicine

The advertising of medicinal products for human use is regulated by Council Directive 2001/83/EC. Generally speaking, the advertising of medicinal products is forbidden if market authorization has not yet been granted or if the product in question is a prescription drug. Mentioning therapeutic indications where self-medication is not suitable is not permitted, nor is the distribution of free samples to the general public. The text of the advertisement should be compatible with the characteristics listed on the product label, and should encourage rational use of the product. The advertising of medicinal products destined for professionals should contain essential characteristics of the product as well as its classification. Inducements to prescribe or supply a particular medicinal product are prohibited and the supply of free samples is restricted.

The Commission plans to present a new framework for information to patients on medicines in 2007. The framework would allow industry to produce non-promotional information about their medicines while complying with strictly defined rules and would be subject to an effective system of control and quality assurance.

Key Link: http://ec.europa.eu/eur-lex/pri/en/oj/dat/2001/l_311/l_31120011128en00670128.pdf

Food

On July 16, 2003, the Commission adopted a proposal for a Regulation on nutrition and health claims made on foods (COM 2003/424) supplementing 2000/13/EC on the labeling, presentation and advertising of foodstuffs. The proposal is expected to be adopted by the end of 2006. The proposed Regulation would set rules on the use of language such as "low fat" and "light," among others. The proposal seeks to harmonize the rules for making claims throughout the EU and establish what nutrition and health claims are allowable.

Key link: http://ec.europa.eu/comm/food/food/labelingnutrition/claims/index_en.htm

Food Supplements

Directive 2002/46/EC establishes rules relating to the labeling of food supplements and the maximum levels of vitamins and minerals in particular. In Summer 2007, the European Commission will evaluate if items other than minerals and vitamins need to be included in this Directive.

Key link: http://ec.europa.eu/food/food/labellingnutrition/supplements/index_en.htm

Tobacco

The EU Tobacco Advertising Directive bans tobacco advertising in printed media, radio, internet and sponsorship of cross-border events or activities. Advertising in cinemas and on billboards or merchandising is allowed though these are banned in many Member States. Tobacco advertising on television has been banned in the EU since the early 1990s, and is governed by the TV Without Frontiers Directive.

Key link: http://ec.europa.eu/health/ph_determinants/life_style/Tobacco/tobacco_en.htm

Pricing Return to top

Pricing is key to the sale of U.S. products in Poland. Working capital is limited in Poland, even among the larger, more successful Polish companies. Polish businesses generally spend money wisely, after thoughtful and sometimes lengthy consideration. The most commonly expressed reason for failed sales efforts according to potential Polish clients continues to be that “the price is too high.” Pricing of U.S. made products is complicated by the addition of customs duties, Value Added Tax (VAT), and, in some cases, excise tax, all of which may elevate the final retail price of a product dramatically. Flexibility in pricing is the key, and initial market penetration to gain product knowledge among Polish consumers is the goal. Successful U.S. exporters work together with their Polish representatives to keep costs, particularly import costs, as low as possible. For example, some companies ship products unassembled to help reduce import duties. Poland’s accession to the EU has increased the price advantage for European products. U.S. made goods are burdened with customs duty, while products imported from EU countries are not. To level the difference some American businesses have opened distribution and/or manufacturing facilities in Europe.

The Polish market for all types of products is large and expanding, but increasingly competitive. U.S. companies that approach the market with a long-term view of creating market share for their products will reap rewards.

Sales Service/Customer Support

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After price, service is the second greatest concern for Polish customers. A manufacturer in the United States is seen by the Polish distributor and customer alike as being far removed from products exported to Poland. A potential customer may shy away from U.S. products over concerns that distance will lead to ineffective servicing, if the product requires repair or maintenace.

Shipping a product back to the United States for repair or service, even if paid for by the U.S. company, is not generally a preferred option for Polish customers. Sending spare parts to Poland is easy to do. Some firms provide service for their exports to Poland through European representatives or firms licensed to repair their products. Even then, some distributors worry that they may not get adequate support.

The ideal method is to provide service and customer support through a trained Polish representative or U.S. affiliate company. The local technical support teams are a part of the U.S. company’s image on the Polish market. Their effective, fast and reliable service reflects on the U.S. manufacturer’s success in Poland. Therefore U.S. manufacturers should be ready to provide full assistance to their service personnel in Poland.

U.S. manufacturers with major export accounts in Poland may wish to periodically send a service representative to Poland to work with the local representative and visit customers.

As an EU member, Poland adheres to EU-wide business directives and requires local market compliance. Conscious of the discrepancies among Member States in product labeling, language use, legal guarantee, and liability, the redress of which inevitably frustrates consumers in cross-border shopping, the EU institutions have launched a number of initiatives aimed at harmonizing national legislation. Suppliers within and outside the EU should be aware of existing and upcoming legislation affecting sales, service, and customer support.

Product Liability

Under the 1985 Directive on liability of defective products, amended in 1999, the producer is liable for damage caused by a defect in his product. The victim must prove the existence of the defect and a causal link between defect and injury (bodily as well as material). A reduction of liability of the manufacturer is granted in cases of negligence on the part of the victim.

Key link:
http://ec.europa.eu/comm/consumers/cons_safe/prod_safe/defect_prod/index_en.htm

Product Safety

The 1992 General Product Safety Directive introduces a general safety requirement at the EU level to ensure that manufacturers only place safe products on the market. It was revised in 2001 to include an obligation on the producer and distributor to notify the Commission in case of a problem with a given product, provisions for its recall, the creation of a European Product Safety Network, and a ban on exports of products to third countries which are not deemed safe in the EU.

Key link: http://ec.europa.eu/comm/consumers/cons_safe/prod_safe/index_en.htm

Legal Warranties and After-sales Service

Under the 1999 Directive on the Sale of Consumer Goods and Associated Guarantees, professional sellers are required to provide a minimum two-year warranty on all consumer goods sold to consumers (natural persons acting for purposes outside their trade, businesses or professions), as defined by the Directive. The remedies available to consumers in case of non-compliance are:

- repair of the good(s);
- replacement of the good(s);
- a price reduction; or
- rescission of the sales contract.

Key link:
http://ec.europa.eu/comm/consumers/cons_int/safe_shop/guarantees/index_en.htm

Other issues pertaining to consumers' rights and protection, such as the New Approach Directives, CE marking, quality control and data protection are dealt with in Chapter 5 of this report.

Protecting Your Intellectual Property Return to top

Poland continues to improve the Copyright Law of 1994 and the Industrial Property Law of 2000 to bring the legislation into full compliance with its obligations under the WTO TRIPS Agreement and all EU Directives. The government is currently working on the

Copyright Law amendments regarding law enforcement. Also, the government continues to review and amend other laws and regulations to reflect the development and use of new technologies.

Polish authorities have made significant progress in recent years, but the piracy of intellectual property remains a significant problem and Poland remains on the USTR "Watch List".

Intellectual property sales, including software licensing, are a subject to IPR tax withholding, at a standard 20% rate. Under the U.S.-Poland Treaty on Avoiding Double Taxation, only 10% of tax is withheld when an American company provides a Polish buyer with a Tax Residence Certificate. (See also Chapter 6, Investment Climate, Protection of Property Rights)

As an EU member, Poland adheres to EU-wide business directives and requires local market compliance:

Copyright

The EU's legislative framework for copyright protection consists of a series of Directives covering areas such as the legal protection of computer programs, the duration of protection of authors' rights and neighboring rights, and the legal protection of databases. Almost all Member States have fully implemented the rules into national law; and the Commission is now focusing on ensuring that the framework is enforced accurately and consistently across the EU.

The on-line copyright Directive (2001/29/EC) addresses the vexed problem of protecting rights holders in the online environment while protecting the interests of users, ISPs and hardware manufacturers. It guarantees authors' exclusive reproduction rights with a single mandatory exception for technical copies (to allow caching), and an exhaustive list of other exceptions that individual Member States can select and include in national legislation. This list is meant to reflect different cultural and legal traditions, and includes private copying "on condition right holders receive fair compensation."

Key Link: http://ec.europa.eu/internal_market/copyright/index_en.htm

Patents

EU countries have a "first to file" approach to patent applications, as compared to the "first to invent" system followed in the United States. This makes early filing a top priority for innovative companies. Unfortunately it is not yet possible to file for a single EU-wide patent that would be administered and enforced like the Community Trademark (see below). For the moment the most effective way for a company to secure a patent across a range of EU national markets is to use the services of the European Patent Office (EPO) in Munich. It offers a one-stop-shop that enables rights holders to get a bundle of national patents using a single application. However these national patents have to be validated, maintained and litigated separately in each Member State. EPO's web site is http://www.european-patent-office.org/ .

Key Link: http://ec.europa.eu/internal_market/indprop/index_en.htm

Trademarks

The EU-wide Community Trademark (CTM) can be obtained via a single language application to the Office of Harmonization in the Internal Market (OHIM) in Alicante, Spain. It lasts ten years and is renewable indefinitely. For companies looking to protect trademarks in three or more EU countries the CTM is a more cost effective option than registering separate national trademarks. On October 1, 2004, the European Commission (EC) acceded to the World Intellectual Property Organization (WIPO) Madrid Protocol. The accession of the EC to the Madrid Protocol establishes a link between the Madrid Protocol system, administered by WIPO, and the Community Trademark system, administered by OHIM. As of October 1, 2004, Community Trademark applicants and holders are allowed to apply for international protection of their trademarks through the filing of an international application under the Madrid Protocol. Conversely, holders of international registrations under the Madrid Protocol will be entitled to apply for protection of their trademarks under the Community Trademark system.

Key Links: http://oami.eu.int/en/default.htm
http://www.wipo.int/madrid/en

Designs

The EU adopted a Regulation introducing a single Community system for the protection of designs in December 2001. The Regulation provides for two types of design protection, directly applicable in each EU Member State: the registered Community design and the unregistered Community design. Under the registered Community design system, holders of eligible designs can use an inexpensive procedure to register them with the EU's Office for Harmonization in the Internal Market (OHIM), based in Alicante, Spain. They will then be granted exclusive rights to use the designs anywhere in the EU for up to twenty-five years. Unregistered Community designs that meet the Regulation's requirements are automatically protected for three years from the date of disclosure of the design to the public.

Key Links: http://oami.eu.int/en/design/default.htm

Trademark Exhaustion

Within the EU, the rights conferred on trademark holders are subject to the principle of "exhaustion." Exhaustion means that once trademark holders have placed their product on the market in one Member State, they lose the right to prevent the resale of that product in another EU country. This has led to an increase in the practice of so called "parallel importing" whereby goods bought in one Member State are sold in another by third parties unaffiliated to the manufacturer. Parallel trade is particularly problematic for the research-based pharmaceutical industry where drug prices vary from country to country due to national price Regulation. Community wide exhaustion is spelled out in the Directive on harmonizing trademark laws. In a paper published in 2003, the

Commission indicated that it had no plans to propose changes to existing legal provisions.

Key Link: http://ec.europa.eu/internal_market/indprop/tm/index_en.htm

Due Diligence

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The U.S. Commercial Service in Warsaw can provide U.S. companies with affordable, fast background checks on Polish business organizations through our *International Company Profile Service*. For more information on this service, please click on the following link: http://www.buyusa.gov/poland/en/international_company_profile.html or contact the U.S. Commercial Service in Warsaw at Warsaw.Office.Box@mail.doc.gov, at telephone number (48) 22 625-4374 or fax number (48) 22 621-6327.

Local Professional Services

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The legal environment in Poland continues to evolve at a rapid pace. In general, Polish law firms follow changes closely. Thus, American companies doing business in Poland are strongly urged to obtain local legal representation. This is essential when bidding on a major project, forming a joint venture, or untangling a trade dispute. Most major law firms in Poland provide business counseling in addition to legal advice. Some are experienced in helping their contacts find Polish business partners, investments or projects to pursue.

U.S. accounting and consulting firms in Poland can also offer legal advice and business counseling. Most major international accounting firms have operations in Poland that focus on business formation, tax matters, and employee benefits. Many are also involved in the privatization process in Poland, including advising the Polish government. All can offer practical business counseling and assistance in establishing a representative office or incorporating a business in Poland.

A U.S. exporter new to the Polish market may not initially need specialized legal, accounting, or consulting advice as it pursues potential partners. It can, however, take comfort in knowing that expert advice is abundant and available in Poland through the offices of major U.S. and Polish law and consulting firms when problems arise.

Click on the link below to explore our on-line database of businesses providing professional services to U.S. exporters and investors.
http://www.buyusa.gov/poland/en/bsp.html

A wide variety of service providers is available to support U.S. companies doing business in Poland and the European Union (EU), from the largest global firms to small niche players. The U.S. Commercial Service EU website (see below) lists various professional service providers and additional information is available upon request.

Key link: http://www.buyusa.gov/europeanunion/services.html

Also, see EU Member State Country Commercial Guides which can be found at the following website:
http://www.buyusainfo.net/adsearch.cfm?search_type=int&loadnav=no

Web Resources Return to top

Detailed information on forms of doing business in Poland:
http://paiz.gov.pl/index/?id=e2c420d928d4bf8ce0ff2ec19b371514

Information on the Office of Public Procurement, public procurement regulations and public tenders (also in English):
http://www.uzp.gov.pl

Other EU related websites:

EC Directive on Commercial Agents
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML

Guidelines on "Vertical Agreements"
http://eur-lex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf

EC Directive on Late Payments
http://ec.europa.eu/comm/enterprise/regulation/late_payments/

EC on Data Protection
http://ec.europa.eu/justice_home/fsj/privacy/law/index_en.htm

Safe Harbor
http://www.export.gov/safeharbor/

Model Contracts for the transfer of personal data
http://ec.europa.eu/justice_home/fsj/privacy/modelcontracts/index_en.htm

Ensuring safe shopping across the EU
http://ec.europa.eu/consumers/cons_int/safe_shop/index_en.htm

Financial services
http://ec.europa.eu/consumers/cons_int/fina_serv/index_en.htm

Electronic commerce
http://ec.europa.eu/internal_market/e-commerce/index_en.htm

European public procurement tenders open to U.S. companies
http://www.buyusa.gov/europeanunion/eu_tenders.html

Procurement
http://www.buyusa.gov/europeanunion/euopportunities.html

EU Tenders Website
http://ted.europa.eu

Market Research Reports
http://www.buyusa.gov/europeanunion/mrr.html

eVAT
http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm

EC Internal Markets official documents
http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bus_pract/index_en.htm

Medicinal products for human use
http://ec.europa.eu/eur-lex/pri/en/oj/dat/2001/l_311/l_31120011128en00670128.pdf

Food labeling
http://ec.europa.eu/comm/food/food/labellingnutrition/claims/index_en.htm

Food Supplements
http://ec.europa.eu/food/food/labelingnutrition/supplements/index_en.htm

Tobacco
http://ec.europa.eu/health/ph_determinants/life_style/Tobacco/tobacco_en.htm

Liability of defective products
http://ec.europa.eu/comm/consumers/cons_safe/prod_safe/defect_prod/index_en.htm

Safety of products
http://ec.europa.eu/comm/consumers/cons_safe/prod_safe/index_en.htm

Sale of goods and guarantees
http://ec.europa.eu/comm/consumers/cons_int/safe_shop/guarantees/index_en.htm

Copyright and Neighboring Rights
http://ec.europa.eu/comm/internal_market/copyright/index_en.htm

European Patent Office
http://www.european-patent-office.org/

Industrial property
http://ec.europa.eu/internal_market/indprop/index_en.htm

Office for Harmonization in the Internal Market (OHIM)
http://oami.eu.int/en/default.htm

WIPO Madrid System

http://www.wipo.int/madrid/en

OHIM Community Design
http://oami.eu.int/en/design/default.htm

Exhaustion of trademark rights
http://ec.europa.eu/internal_market/indprop/tm/index_en.htm

Professional service providers
http://www.buyusa.gov/europeanunion/services.html

EU Member State Country Commercial Guide
http://www.buyusainfo.net/adsearch.cfm?search_type=int&loadnav=no

Other useful websites:

The EU Online
http://ec.europa.eu/index_en.htm

European Commission
http://ec.europa.eu/index_en.htm

EU Press Room
http://ec.europa.eu/press_room/index_en.htm

The EU in the World
http://ec.europa.eu/comm/world/

EU Relations with the US
http://ec.europa.eu/comm/external_relations/us/intro/index.htm

DG Trade
http://ec.europa.eu/trade/index_en.htm

DG Enterprise
http://ec.europa.eu/enterprise/index_en.htm

EUR- Lex – Portal to EU law
http://ec.europa.eu/eur-lex/en/index.html

Eurostat – EU Statistics
http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1090,30070682,1090_33076576&_dad=portal&_schema=PORTAL

Summaries of EU Legislation – SCAD PLUS
http://ec.europa.eu/scadplus/scad_en.htm

One Stop Internet Shop for Business

http://ec.europa.eu/youreurope/index_en.html

Euro Info Centers
http://ec.europa.eu/enterprise/networks/eic/eic.html

AmCham EU
http://www.eucommittee.be/

EU News Sources:

EurActiv.com – EU news, policy positions & EU actors online
http://www.euractiv.com/en/HomePage

EUObserver
http://euobserver.com/

EU Politix
http://www.eupolitix.com/EN/

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

(Automobile Parts & Components)

Overview

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	2004	2005	2006 (estimated)
Total Market Size	3758	3889	4035
Total Local Production	4200	4700	5300
Total Exports	3053	3715	4590
Total Imports	2611	2904	3325
Imports from the U.S.	25.9	31	36

In USD million

Exchange rates:

2004 – 4.0 PLN/1$
2005 – 3.2 PLN/1$
2006 – 3.05 PLN/1$ (estimated)

SOURCES:
Chief Statistical Office of Poland (GUS) - Yearbook 2004, 2005, First Half of 2006

The figures shown in the table were collected by Poland's Chief Statistical Office --GUS (note: there is a substantial difference between these figures and U.S. statistics on exports to Poland. GUS information may not be complete and their tables do not offer comprehensive information on this industry sector).

The market for automobile parts and components has grown significantly over the past several years. This trend will continue as the number of cars registered in Poland grows. Investments by some of the world's major car manufacturers (Fiat, General Motors-Opel, Volkswagen) have significantly expanded the market for car parts. American automobile parts and accessories enjoy an excellent reputation for reliability and quality in Poland.

There are over eleven million passenger cars registered in Poland. This number is likely to grow to 15 million by 2010. After several years of significant annual growth in sales of new cars in the 1990's (reaching 640,000 in 1999), the industry has been experiencing a decline. In 2003 sales of new cars reached 358,400, while imports of used cars reached 35,700. After Poland's accession to the EU on May 1, 2004, imports of used cars increased significantly, reaching almost 828,000 cars in 2004 and 845,000 in 2005. These cars were of an average age of 8 years. At the same time, sales of new cars in 2004 reached 316,013, and in 2005 this number declined to 235,000. The number of cars produced in Poland in 2003 totaled 333,725, in 2004 the number reached 482,014 vehicles, while in 2005 it reached 527,000. Fiat is the largest producer (46% of the market), followed by GM-Opel (31%) and Volkswagen (15%). 92% of the cars produced in Poland are exported. The market for automotive parts has not suffered from the same decline as with new car sales in recent years. In fact, the growing number of used cars imported into Poland has led to an increased need for car parts/maintenance products -- which have almost doubled in the last two years.

Experts estimate that the Polish car market is capable of absorbing some 500,000-600,000 passenger cars annually. More than half of the cars registered in Poland rolled-off assembly lines more than six years ago. This translates into significant market potential for replacement parts over the next five to seven years.

Poles buy much smaller cars than Americans do and tend to keep them much longer. Unlike in the U.S., cars in Poland are almost exclusively equipped with manual gearboxes and diesel fuel engines are popular to a much greater degree. Poland has also attracted significant foreign capital investing in car parts production in Poland (Delphi, TRW, Gates, Lear, Suzuki, Goodyear, Michelin and others).

After Poland's accession to the EU on May 1, 2004 the duty for cars and car parts went down adopting the EU external tariff. This resulted in an increased imports from the USA.

New regulations introduced in the EU called "Block Exemption" (or in German GVO) concerning the sales of new cars, service, and sales of car parts were expected to lower the prices of aftermarket parts and service. Poland fully adopted these regulations on November 1, 2004.

Best Products/Services Return to top

Aftermarket parts
Service Station equipment

Opportunities Return to top

This sector has already attracted U.S. investors active in the auto parts industry in Poland, including: Delphi, TRW, Gates, Lear, Eaton, Federal Mogul, Tenneco, Visteon and others. These companies cooperate with local car manufacturers and export their products as well.

Resources Return to top

Major Internet Resources:
Ministry of Economy
Web site: http://www.mg.gov.pl/

American Chamber of Commerce in Poland
Web site: http://www.amcham.com.pl/

Ministry of Transport
Web site: http://www.mt.gov.pl

Polish Chamber of Automotive Industry
Web site: http://www.pim.org.pl/

Commercial Specialist
at the U.S. Commercial Service Warsaw, Poland:

Joanna.Chomicka@mail.doc.gov

(Defense)

Overview
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	2003	2004	2005	2006
Total Market Size	3.9	4.4	5.38	5.6
Total Local Production	1.98	1.95	1.95	1.95
Total Exports	N/A	N/A	N/A	N/A
Total Imports	N/A	N/A	N/A	N/A
Imports from the U.S.	N/A	N/A	N/A	N/A

In USD billions

It is estimated that in 2007, the Polish government will allocate nearly 2.0% of GDP, an amount estimated to be over PLN 20 billion (USD 6.25 billion), for defense expenditures. Additional sources of funding from the following areas are expected to increase this amount: Armed Forces Modernization Fund, Privatization of defense companies, Ministry of Science and Information Technology (R&D), NSIP Investment, FMF and CTFP programs, and IMET grants.

Nearly PLN 4 billion (approximately USD 1.25 billion) of defense spending will be allocated for modernization of the Polish army, hardware purchases and infrastructure maintenance.
The modernization of the Polish army includes improvement of troop capacity and mobility and improvement of the national air defense system. The modernization project involves purchase of military equipment (armored transportation vehicles and military transportation aircraft) and ammunition (armor piercing guided missiles and ship to ship missile systems for the Polish Navy).

NATO force goal requirements are also driving equipment-related decisions, ranging from modernization of Mi-24 helicopters, and Mi-8 and Mi-17 transport aircraft. Poland receives one third of NATO funds allocated for the development of defense infrastructure projects. By the end of 2009, the value of NATO financed projects in Poland will reach PLN 2.5 billion (USD 782 million).

Poland's defense budget is negotiated every year and the budget parameters are set during the negotiations. The Polish government is required by law to hold tenders for major procurements. Financial value, project complexity, international cooperation and political sensitivity determine the project category. Poland has an offset policy coordinated by the Department of Offset Programs at the Ministry of Economy. These offset requirements are an important part of defense procurement contracts. Offsets are sensitive political issues that involve regional interests in Poland. Therefore, the allocation of offsets is the exclusive responsibility of the Ministry of Economy. Offsets can best be approached through partnerships with local companies.

Best Prospects/Services
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Opportunities for American firms exist mainly in investment, technology transfer, and co-production work. Polish defense companies seek cooperation agreements or joint venture opportunities with foreign defense companies that, combined with the relatively lower cost of production in Poland (particularly tanks, armored vehicles, artillery, ships, aircraft, and helicopters) will be attractive to potential customers.

Receptivity to American products is high due to an affinity for the United States and American suppliers have an excellent reputation for high quality products, reliability, and technical assistance. However, technological advantage is not the only factor determining success in the market. American companies should focus on educating end-users and other players in the defense sector. A successful exporter should support its agent/representative at trade shows, seminars, and conferences.

Opportunities

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In April 2003, a tender to supply 48 fighter aircraft for the Polish armed forces was awarded to Lockheed Martin and delivery commenced in late 2006. This deal increased industrial cooperation opportunities for both U.S. and Polish companies in the defense sector. Direct investment in the defense sector includes sub-supply agreements, acquisition of know-how, and training assistance. Incoming streams of new technologies and licenses help modernize the Polish defense industry, enabling its involvement in greater international cooperation. Opportunities for American firms exist mainly in investment, technology transfer, and co-production work.

Resources

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Participation in trade fairs, conferences and seminars is a very effective venue for promotion in the defense/military sector in Poland. The major exhibition in the defense sector is MSPO - International Defense Industry Exhibition, held each year in Kielce.

MSPO 2006 was a major success, with 346 exhibitors from 25 countries and over 12,460 attendees from 54 nations. American exhibitors included Lockheed Martin, Pratt & Whitney, Raytheon, Boeing, Northrop Grumman, General Dynamics, and Sikorsky.

The 15th annual MSPO Exhibition, will be held September 3-6, 2007. Participation in the MSPO trade show and accompanying conferences and seminars is an effective means of in reaching clients in Poland and its neighbors Hungary, the Czech Republic, the Slovak Republic, Ukraine, and the Baltics. The U.S. will have Lead Nation status at the show, thus guaranteeing the presence of high level delegations from the U.S. and raising the profile of the U.S. Pavilion.

MSPO 2007 will feature two accompanying events:

- International Air Show held on September 1-2, 2007 in nearby Radom, Poland

- 12th International Logistics Exhibition - LOGISTYKA held on September 3-6, 2007 in Kielce at the MSPO fair grounds, which will be dedicated to border control, police and firefighting activities.

For more information about events please contact:

U.S. Commercial Service
American Embassy Warsaw, Poland
http://www.buyusa.gov/poland/en/
Tel: +48 22 625 4374
Fax: +48 22 621 6327
Contact person: Zofia Sobiepanek-Kukuryka, Commercial Specialist
E-mail: Zofia.Sobiepanek@mail.doc.gov

To reserve a space at MSPO 2007 you may contact:

Private U.S. Show Organizer:

Kallman Worldwide, Inc.
4 North Street, Suite 800
Waldwick, New Jersey 07463, USA
Tel: +1 202 251 2600
Fax: +1 201 251 2760
www.kallman.com
Contact person: Ellen Demarest
E-mail: ellend@kallman.com

or

The MSPO Show Organizer directly:

Targi Kielce
ul. Zakladowa 1
25-672 Kielce, Poland
http://www.mspo.pl
Tel: +48 41 365 1298
Fax: +48 41 365 1279
Contact person: Ms. Katarzyna Prostak, MSPO Project Director
E-mail: prostak.k@targikielce.p

The other important exhibitions in this sector are:

BALT-MILITARY-EXPO- International Fair for Navy, Border Guards and Police, held biannually in Gdansk. The next show will be held in June 2008. The show organizer is:

Miedzynarodowe Targi Gdanskie S.A.
ul. Beniowskiego 5
80-383 Gdansk, Poland
Tel: +48/58 554-9328 or 554-9213
Fax: +48/58 552-2243
http://www.mtgsa.pl/e4u.php/14,en

E-mail: military@mtgsa.com.pl

BALT-EXPO - International Maritime Exhibition, held biannually in Gdansk. The next show will be held September 4-6, 2007. The show organizer is:

Biuro Reklamy S.A.
Zarzad Targow Warszawskich
ul. Pulawska 12a
02-566 Warszawa, Poland
Tel: +48/22 849-60-06 ext. 109
Fax: +48/22 849-35-84
http://www.portalmorski.pl/baltexpo2005.php
E-mail: biuro_reklamy@brsa.com.pl

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(Computer Services)

Overview

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	2005	2006	2007*
Total Market Size	1,630	2,070	2,620

In USD millions

* The above statistics are unofficial estimates.

The computer services market amounted to USD 1.63 billion in 2005 and is expected to exceed 2.0 billion at the end of 2006. Services represent roughly 32% of the total IT market. Demand for computer services grew 27% last year, much faster than the sector average, estimated at 10%.

Outsourcing, the fastest growing segment of the services market, grew 50% in the last two years. According to market analysis by IDC, 15% of all services are provided by outside, specialized companies. This segment of the market is expected to further expand in 2007 and over the next several years. The two leaders in providing outsourcing services are Hewlett-Packard and IBM.

A presence in Poland or a Polish partner is necessary for U.S. firms since Polish users are reluctant to accept services from companies that do not have direct presence or support in the country.

Best Prospects/Services

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System integration services
Business process outsourcing services
High-end consulting services
Educational training
IT security services
Hardware maintenance and services

Opportunities

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The demand for IT products and services is expected to increase due to the availability of European funds, which can be used for regional development projects and by companies investing in IT for increased productivity. All projects financed from public funds are subject to public tender procedures.

So far, major opportunities for service providers were in the banking, financial and telecommunications sectors and industry. There are several public sector projects, delayed in previous years, which are expected to come through in the next two years.

Resources

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CS Warsaw recommends regional shows in lieu of local events.

CeBIT, March 15-21, 2007 Hannover, Germany
See http://www.cebit.de/ or http://www.buyusa.gov/germany/en/cebit.html for more information on U.S. Pavilion and the U.S. Commercial Service programs at this event

Contacts for Marketing and Advertisement

IDG Polska, the publishes Polish editions of ComputerWorld, PC World Komputer, Net World, and IT sector rankings. IDG also offers marketing services.
http://www.idg.com.pl/informacje.html

Migut Media publishes several ITC publications, including TeleInfo and IT Reseller as well as IT rankings and reports. These publications are appropriate for advertising within the industry. The company also offers marketing services.
http://www.migutmedia.pl/

Commercial Specialist
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(Computer Software)

Overview

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The Polish software market exceeded $1.1 billion and grew 7% in 2005. Growth of computer software sales is directly related to increased investments in computer systems, especially in computer networking and enhanced functionality. Though computer piracy remains a problem, continued education campaigns and IPR law enforcement have led to increased sales for consumers.

Polish companies provide approximately 60% of software sold, while U.S. companies hold over 25% of the total software market. Poland has many skilled, well-educated software engineers and offers good investment incentives, becoming a popular location for offshore software development.

Increased security awareness of end-users and service companies has boosted sales of a variety of security software solutions, including administration applications. Other popular business application software includes Enterprise Resource Planning (ERP), warehousing, document and content management and e-commerce.

Best Prospects/Services

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Security software
Software for networking and tools
Back up software
Specialized business application software

Opportunities

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The demand for IT products, including computer software, is expected to increase due to the availability of EU funds, which can be used for regional development projects and by companies investing in equipment and software for greater productivity. All projects financed from public funds are subject to public procurement tendering rules.

As the software market for large and very large companies has become saturated, best opportunities represent sales to medium-size and small companies.

Resources

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CS Warsaw recommends regional shows in lieu of local events.

CeBIT, March 15-21, 2007 Hannover, Germany

See http://www.cebit.de/ or http://www.buyusa.gov/germany/en/cebit.html for more information on U.S. Pavilion and the U.S. Commercial Service programs at this event

Contacts for Marketing and Advertisement

IDG Polska publishes Polish editions of ComputerWorld, PC World Komputer, Net World, and IT sector ranking Top200. IDG also offers marketing services. http://www.idg.com.pl/informacje.html

Migut Media publishes several ITC publications, including TeleInfo and IT Reseller as well as IT rankings and reports. These publications are appropriate for advertising within the industry. The company also offers marketing services.
http://www.migutmedia.pl/

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Maria.Kowalska@mail.doc.gov

(Computers and Peripherals)

Overview

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In 2005, the overall information technology (IT) sector reached $5.3 billion and grew at a rate of 10% in 2005. A strong local currency and an overall decrease of prices for high tech products has increased demand for foreign products and creates additional opportunities for U.S. companies.

Although Poland spends only 2.2% of its GDP on IT investments, the prospects for this sector are good thanks to additional funds available through EU programs and the generally favorable economic situation in the country. The Polish IT market is the fastest growing market in the Central and Eastern Europe region.

The computer hardware market in 2005 totaled $2.63 billion, with the personal computer segment alone worth $1.6 billion. Imports of complete computers of all types totaled $1.78billion, with only $63.7 million reported as direct U.S. imports. There were 600,000 personal computers sold in the first half of 2006, indicating a 20% year-to-year increase. The high demand for desktops is expected to continue over the new few years. Polish manufacturers dominate the PC market. The role of small assemblers has been slowly decreasing but they still control 58% of the whole PC market. The sales of notebooks increased by 28% last year and they currently match desktop sales.

Foreign suppliers dominate the notebook and high-end computer market segments.

Best Prospects/Services

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Computer parts and components
Peripherals
Networking equipment and components
Computer accessories

Opportunities

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The demand for IT equipment is expected to increase due to the availability of EU funds, which can be used for regional development projects and by companies investing in equipment for greater productivity. All projects financed from public funds are subject to public procurement tendering rules.

Individual users and small and medium size companies have become major purchasers of computer equipment, with the emphasis on low-end equipment.

Resources

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CS Warsaw recommends regional shows in lieu of local events.
CeBIT, March 15-21, 2007 Hannover, Germany
See http://www.cebit.de/ or http://www.buyusa.gov/germany/en/cebit.html for more information on U.S. Pavilion and the U.S. Commercial Service programs at this event

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http://www.idg.com.pl/informacje.html

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(Construction Materials & Equipment)

Overview

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The value of the Polish construction sector exceeded 10 billion USD in 2005. The average growth of this sector over the next several years is predicted to reach 8 – 10% yearly. Growth in the Polish economy in 2005 and in 2006 (respectively 3.4% and 5.5%) provided a significant boost to the building industry. Poland's accession to the European Union also had a positive affect on this industry sector and the construction market situation is perceived as very favorable. The financial performance of construction firms in the second half of 2006 is impressive. In the first half of 2006 construction and assembly output totaled $5.7 billion, 9.2% higher than in the comparable period of 2005. It is expected that the positive trend in this industry will also continue in 2007. Within the next two years some 250 – 270 thousand new apartments and single-family units will be built. EU funds for infrastructure development should result in new construction projects and new investments. Growth will also continue in the construction of commercial facilities, warehouses, roads and infrastructure projects. The overall positive financial status of construction firms, and an expected increase in bank credits for building and utilizing EU funds should all have a positive effect on the construction materials and equipment industry in 2007.

Best Products/Services

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In view of an expected increase in infrastructure projects, the best selling products should include building materials used for road construction, power and telecommunication lines installations, drainage and land reclamation projects, building of shopping centers, office space and parking lots.

Opportunities

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City authorities plan to utilize EU funds and partner with foreign investors on a variety of construction projects. U.S. companies should work directly with urban community authorities to facilitate those opportunities.

Resources

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CS Warsaw recommends "BUDMA" International Construction Fair, Poznan, Poland, organized annually in January. Organizer: Poznan International Fair, ul. Glogowska 14, 60-734 Poznan, Poland, tel. +48 61 869 22 85, fax +48 61 869 29 57, email: budma@mtp.pl, website: http://www.budma.pl/

Ministry of Infrastructure, Housing Department, ul. Chalubinskiego 4/6, 00-928 Warszawa, tel. +48 22 661 81 58, fax +48 22 621 17 27, email: info.bm@mi.gov.pl , website: http://www.mi.gov.pl/

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(Water and Wastewater Treatment Equipment)

Overview

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According to OECD assessments, Poland has made remarkable environmental progress in recent years, meeting most of its environmental objectives to date. Nevertheless, the road to environmental convergence within the EU will be a long one. As stated by the Polish Ministry of Environment, Poland will have to invest 2.3 – 2.8 billion Euro annually until 2015 to meet remaining EU environmental standards.

Water abstraction has decreased over the past decade and there has been significant progress to connect both rural and urban populations to water supply and sewage systems. While the introduction of water metering, reduction of leakage, charging for water abstraction and wastewater discharges are signs of progress, surface water quality is still unsatisfactory and large investments in wastewater treatment plants have not led to corresponding improvements in surface water quality. Major expenditures for water management infrastructure are necessary to ensure that water supply and wastewater related infrastructure comply with European directives. Under EU regulations, all towns with populations over 2,000 must have such facilities.

Municipal wastewater treatment plants are slated for construction, extension and modernization. According to the National Wastewater Treatment Plan until 2015, $8 billion is to be spent for modernization and construction of wastewater treatment facilities and piping systems. Currently almost 200 new wastewater treatment plants are under construction or modernization. Most in demand are wastewater treatment facilities for regions inhabited by less than 15 thousand citizens.

Poland has full access to structural funds from the European Union that are available to finance the rehabilitation of the water/wastewater treatment infrastructure in Poland. Access to EU funding may be subject to substantial EU content proportions, which may require U.S. suppliers to partner or sub-supply. Starting from May 1, 2004 capital for financing water/ wastewater projects can be sourced from the following funds:

- 2004 – 2006 Cohesion funds; 2 billion EUR;
- 2004 – 2006 Structural funds, (European Regional Development Fund); total 8.3 billion EUR;
- 2004 – 2006 funds for development of rural areas; about 700 million EUR annually.
- 2007 – 2013 Structural Funds: Operational Program Infrastructure and Environment; total 4.2 billion Euro

Best Products/Services

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The table below shows a listing of selected best prospects for equipment:

Code HS	Name of equipment
8413 81 90 0	Submersible pumps to be used in sewage treatment plants

8414 80 90 0	Air blowers to be used in sewage treatment plants with the efficiency of more than 15,000 m3/day
8414 90 90 0	Components of equipment used in deep aeration of sewage
8421 19 99 0	Sludge water centrifuges with an output of more than 1500 m3/day
8421 29 90 0	Filtration presses and sewage screens for sludge drainage
9026 10 91 0	Portable automatic flow meters
9026 80 99 0	Kits for fluid collection - liquids, gases
9027 80 19 0	Measuring devices for biological oxygen demand (BOD)
9031 80 39 0	Equipment for the automatic collection and analysis of sewage samples

Opportunities

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The market for water/wastewater equipment has grown steadily over the last few years and is expected to increase rapidly. U.S. exports of water/wastewater equipment to Poland have grown significantly over the past few years. While U.S. products are considered to be of the best quality, they face strong competition from European suppliers, especially from Germany, Sweden and France. The competitiveness of products offered by European producers is based on lower shipping costs and lower tariff rates for EU suppliers. The best prospects in Poland for the next few years exist for companies offering the latest technology and equipment for chemical and biological treatment of waste water, technology for safe sludge disposal, for desalination and disposal of residuals (including marketing of salts), water recycling in industry, etc. Polish authorities are intent on reaching European Union standards for effluents and drinking water quality. Imported equipment must meet quality standards required by the Polish certification law.

As mentioned above, Poland is a major recipient of cohesion and structural funds. The Polish government submitted 22 projects to Brussels for approval. A majority of these projects focus on water and wastewater treatment. These and other projects approved by the EU for financing from cohesion funds can be viewed at the Ministry of Environment Center for Environmental Information web site http://www.cios.gov.pl

Resources

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Ministry of Environment
http:/www.mos.gov.pl

EcoFund Foundation
http//www.ekofundusz.org.pl

Center for Environmental Information
http://www.cios.gov.pl

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(Plastic Processing)

Overview

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	2003	2004	2005
Total Market Size	4206.0	4588.0	5028.7
Total Local Production	3265.3	3590.0	3940.0
Total Exports	506.1	592.0	708.0
Total Imports	1446.8	1590.0	1796.7

In USD million
2003 – 3.9 PLN/1$ 2004 – 3.6 PLN/1$, 2005 – 3.3 PLN/1$
SOURCES: Polish Chamber of Chemical Industry Annual Report 2005

PVC Market in thousand tons

	2000	2003	2004	2005	2006 (Estimation)
Production Capacity	308.0	325.0	325.0	303.0	303.0
Total Local Production	253.0	256.0	268.0	215.0	215.0
Total Exports	129.4	125.6	132.2		
Total Imports	146.0	197.9	239.7		
Consumption	269.6	328.2	375.6	378.0	430.0

Source: Plastics Review, October 2006

Plastic processing is the fastest developing subsector of the chemical industry and one of the most dynamic industrial sectors in Poland. In 2005 the local production of plastics including polyethylene, polypropylene and polyvinyl chloride amounted to 606.6 thousand tons. Local production of plastics in primary forms is not meeting demand. In 2005, Poland imported plastics in primary forms totaling $2.9 billion, growing by 17% compared to 2004. At the same time exports reached $730 million, growing by 44% compared to 2004.

Local production of plastics amounts to 4.5% of total chemical industry output. After a period of growth that reached its peak in 2000, output declined by 15% over the next two years. Currently the plastic processing industry is enjoying favorable conditions. Production of plastic goods in 2005 including rubber products was almost 10% higher than in 2004; sales income in 2005 amounted to $8.3 billion.

In volume terms, Poland generates annually 0.5% of the world's production of non-modified polymer-based products. Between 1990 and 2005 Poland boosted output of these substances by nearly 80%, (the output of natural polymers dropped by half, but that of synthetics grew by 4.7%). In the aggregate, production was stable in 2000-2005, although volumes differed significantly in certain periods in year-on-year comparisons. Domestic production of plastics is far less than domestic demand. Polish producers increased output capacities but still not sufficiently to meet growing demand. In

November 2005 the Polish-German enterprise Basell Orlen Polyolefins opened two of the world's largest production facilities for polypropylene and polyethylene in Plock. The value of this investment is estimated at 415 million USD. These two facilities will produce annually 400 thousand tons of polypropylene and 320 thousand tons of HDPE. At the same time, Polish industrial consumers of plastics have significantly increased their production capabilities. But still the foreign trade results show the biggest gap occurring in plastics trading – the 2005 foreign trade deficit amounted to $2.2 million representing over 18% of the total Polish foreign trade gap. The foreign trade gap within the chemical industry as a whole reached the highest ever level at 73.3%.

In the case of polymer based plastics, such as PE, PP, PVC and polyvinyl, PS plus styrene polymers, domestic production met less than 60% of demand in Poland in 2004. As new investment projects in the chemical industry begin ramping up production, output will significantly increase in 2007.

Currently, the most rapid increase in plastic production and consumption is in the area of plastic packaging and plastic components, growing at a level of 10% annually in recent years –a level five times higher than in Western Europe.

Best Products/Services Return to top

Technology for production of styrene and polystyrene.
Technology for production of engineering polymers.
Technology of pulltrusion for production of laminate.

Opportunities Return to top

The Polish government recently agreed to privatize the state owned chemical sector. Major chemical synthesis plants like Police and Dwory were privatized in 2005 and 2006 through IPOs. Other firms like Tarnow and Pulawy still await privatization decisions. Neglected for many years in terms of technology modernization, these firms will seek new methods to increase and upgrade their production capacities.

Resources Return to top

Ministry of Economy
http://www.mpips.gov.pl/english/

Industrial Chemistry Research Institute
http://www.ichp.pl/eng/index.htm

Central Research and Development Institute for Packaging
http://www.cobro.org.pl

International Exhibition of Raw Materials and Technologies for Chemical and Plastic Industry

http://www.prochemia.info.pl/eng/
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(Travel and Tourism Services)

Overview

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	2004	2005	2006 (estimated)
Domestic Tourism Expenditures	4,200	4,050	4,500
Inbound Tourism Receipts	5,800	6,200	7,000
Outbound Tourism Expenditures	2,800	2,800	3,000

In USD millions
Exchange rate: 2004 1$ = 3.6 PLN, 2005 1$=3.2 PLN, 2006 1$=3.0
Source of statistics: Institute of Tourism

Poland is widely recognized as an important destination for global tourism, ranking tenth in Europe in the number of arrivals. In 2005, there were 64.6 million arrivals to Poland, including 15.2 million tourist arrivals (overnight stays) in Poland. After a drop in tourism activities in 2000, an increasing tendency has been observed since 2003. The number of arrivals grew by 4.3% in 2005. Tourism industry predictions for the years 2005-2010 show that the number of arrivals will be growing at the annual average rate of 4.5%.

The total receipts generated by incoming tourism and one-day shoppers increased from USD 5.8 billion to USD 6.2 billion in 2005. The development of tourism has sparked the development of a hospitality infrastructure. The number of hotels in Poland has been continuously growing during the last several years, at an average annual rate of 7 percent. In 2005, there were 1,231 hotels in Poland, including eighty-two five and four-star hotels (8% increase in 2005).

Poles are the most frequent travelers among residents of Eastern European countries. The decade of 1990-2000 witnessed a fivefold growth in national outbound tourism from Poland. In 2000, the number of outgoing trips from Poland reached 57 million, and began to decrease in the following years. However, this decreasing tendency has been reversed and the number of outgoing trips in Poland reached 40.8 million in 2005 (9.7 % increase in comparison with 2004). Poles travel most frequently to neighboring countries (Germany, Czech Republic, Slovakia) and Austria, Italy, France, Great Britain.

The domestic market dominates Poland's tourist sector. In 2005, there were 36 million domestic trips and 6.2 million foreign trips conducted (some 14 million Poles took domestic vacation trips, while 3.5 million traveled abroad). Poland is a leader among Eastern European countries that supply visitors to the U.S. With 134,430 arrivals, Poland is ranked 35th on the list of top 50 countries from which foreign visitors arrived in the U.S. in 2005.

Best Products/Services
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Organization of Incentive trips to U.S.
Organization of Business trips to U.S.

Opportunities
Return to top

Development of tourism infrastructure in Poland, including development of tourist standard hotel chains, and leisure activity facilities (ski lifts, tennis courts, swimming pools).

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Polish Chamber of Tourism http://www.pit.org.pl/
Polish Agency for Tourism Development http://www.part.com.pl/
Polish Tourism Organization http://www.pot.gov.pl/
Ministry of Economy, Department of Tourism http://www.mgip.gov.pl/
Institute of Tourism http://www.intur.com.pl/
Tour Salon Trade Fair http://www.tour-salon.pl/
TT Warsaw Tour & Travel Fair http://www.mtpolska.com/

Commercial Specialist
at the U.S. Commercial Service Warsaw, Poland:

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(Cosmetics)

Overview

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	2004	2005	2006 (estimated)
Total Market Size	603	696	815
Total Local Production	890	1070	1290
Total Exports	764	891	1070
Total Imports	477	517	595
Imports from the U.S.	12	16	24

In USD million
Estimation – based on statistical data for the six months of 2006
Exchange Rate:
2004 USD 1 = PLN 3.6
2005 USD 1 = PLN 3.2
2006 USD 1 = PLN 3.05

The statistical data includes the following product categories: HS 3303 perfumes and toilet waters, HS 3304 beauty and make-up preparations, HS 3305 hair care products, HS 3307 deodorant and shaving preparations.

In 2005, cosmetics imports to Poland totaled USD 517 million, a 9.2% increase from 2004. The largest suppliers were from Germany (28.4%), France (21.2%), Great Britain (13.0%), Italy (7.9%), and Spain (4.3%). EU countries supplied over 90% of Polish cosmetics imports. Poland's 2005 cosmetics exports totaled USD 891 million, a 17% increase over 2004. The largerst importers were: Russia (23.9%), Great Britain 13.8%), Hungary (10.4%), Ukraine (7.2%) and Germany (6.4%).

The total value of local cosmetics production was USD 1.1 billion, growing by 20% over 2004. In 2005, U.S. exports of cosmetics to Poland reached USD 16 million, a substantial 33% growth over 2005. After Poland's accession to the EU on May 1, 2004, import duties for U.S.- made cosmetics were reduced from a level of 7.5% - 20% to 0%, significantly increasing the sales opportunities for U.S. produced cosmetics in Poland. Also, on December 1, 2006, the Ministry of Finance reduced the excise tax from 10% to 0%. Reduction of import duties and excise tax as well as a decreasing USD rate exchange should result in increased imports of cosmetics from the U.S.

Best Products/Services

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The greatest growth potential during the next three years is expected in the areas of: beauty and make-up preparations, sun-tan cosmetics and body care products. Also hair care cosmetics, especially for professional users, are expected to have very good sales potential in Poland. Local production of these products is extremely limited. Almost 98% of these products are imported to fill demand. There will also be a growing demand for healthy and ecological products not tested on animals.

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In Poland there are two markets for cosmetics - the consumer market and the institutional market. The consumer market can be targeted based upon demographics such as sex, income, age, lifestyle and residential district. Suppliers must use care in making product adaptations appropriate for specific market niches. The institutional market consists of professional beauty and hair care salons. Owners purchase goods from wholesalers and foreign representatives in Poland or import themselves. Research indicates the majority of cosmetics used in those salons come from foreign producers.

The key competitive factor for selling cosmetics in Poland is price. Also important are product quality, packaging, advertising and promotion, and strong local recognition and reputation of the firm and its products. Despite the strong position of European suppliers, there are still excellent prospects for American products which are regarded as of the highest quality.

Resources

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It is recommended that U.S. companies participate in appropriate trade fairs. For the cosmetics sector, the major events are:

EVENT	INTERCHARM Intl. Perfumery and Cosmetics Trade Fair
ORGANIZER	Polmedia EXPO Sp. z o.o.
E-MAIL	info@intercharm.pl
INTERNET	http://www.intercharm.pl/

EVENT	LOOK Hairdressing and Cosmetics Forum
ORGANIZER	Poznan International Fair Sp. z o.o.
E-MAIL	info@mtp.com.pl
INTERNET	http://www.mtp.com.pl/

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Agricultural Sectors

(Almonds)

Overview

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	2004	2005	2006*
Total Market Size**	13,500	18,800	20,000
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	12,400	8,000	19,500
Imports from the U.S.	4,600	6,500	7,500

* The above statistics are unofficial estimates.
** Total market size is reported in thousands of U.S. dollars.

U.S. almonds are very popular in Poland and are recognized for their high quality.

Best Prospects/Services

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Growing incomes and a proliferation of hypermarkets, roadside convenience stores and increased car travel contributed to strong growth in demand for snack foods in Poland.

Opportunities

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Foreign investment in the Polish confectionery industry increased the demand for U.S. almonds. Strong continued growth in the confectionary market is anticipated. Note: Since EU accession, substantial quantities of almonds imported from the United States are transshipped though other EU countries (e.g. The Netherlands, Germany) therefore official Polish import statistics do not reflect accurate country of origin statistics.

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FAS/Warsaw works with the Almond Board of California on promoting U.S. almonds on the Polish market. Contact the FAS office in Warsaw for assistance and information.

http://www.fas.usda.gov/

Connect directly to report for food Exporters to Poland: http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp , select option 3 and enter: PL6075.

(Prunes)

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	2004	2005	2006*
Total Market Size**	8,000	10,500	11,000
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	7,400	9,600	10,500
Imports from the U.S.	1,600	600	1,000

* The above statistics are unofficial estimates.

** Total market size is reported in thousands of U.S. dollars.

U.S. prunes are very popular in Poland and they are recognized for their high quality.

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Growing incomes, increasing numbers of hypermarkets operating in Poland and rising demand for health foods have contributed to the strong growth in demand for snacks such as dried fruit. After the EU accession substantial quantities of products imported from the United States are transshipped though other EU countries (e.g. The Netherlands, Germany) and official Polish import statistics do not reflect actual market imports.

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Growing incomes, increasing numbers of hypermarkets operating in Poland and rising demand for health foods have contributed to the strong growth in demand for snacks such as dried fruit.

http://www.fas.usda.gov/

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(Grapefruit)

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	2004	2005	2006*
Total Market Size **	24,000	24,000	24,500
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	23,200	23,600	24,000
Imports from the U.S.	3,600	750	800

* The above statistics are unofficial estimates.
** Total market size is reported in thousands of U.S. dollars.

Polish customers prefer the taste of U.S. grapefruit to product from other origins. The drop in sales in 2005/2006 was due to the limited U.S. supply because of unfavorable weather not a drop in demand. Demand remains strong and more U.S. product should be available in 2007.

Best Products/Services

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At least 50 percent of U.S. grapefruit sales to Poland are handled through Dutch and German intermediaries, which offer credit terms and increased flexibility regarding size and timing of shipments to Polish importers.

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Poland's per capita consumption level of grapefruit is substantially below its EU neighbors, but its popularity is growing steadily, supporting long-term growth for grapefruit imports. Poland is projected to double grapefruit imports by 2008.

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Efforts conducted by the Florida Department of Citrus in the early 1990s established this product on the Polish market. Contact the FAS office in Warsaw for assistance and information on promotion.

http://www.fas.usda.gov/

Connect directly to report for food Exporters to Poland:
http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp , select option 3 and enter: PL6075.

(Wine)

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	2004	2005	2006*
Total Market Size**	100,000	115,000	118,000
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	99,900	111,000	112,000
Imports from the U.S.	2,790	1,800	1,900

* The above statistics are unofficial estimates.

** Total market size is reported in thousands of U.S. dollars.

Polish consumers are interested in new world wines and demand for and consumption of these wines is increasing.

Best Products/Services

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Consumption of wine in Poland has grown steadily over the last ten years. Polish customers are open to new products. U.S. wine is now present in most restaurants and hypermarkets.

Opportunities

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Resources

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(Soybean Meal)

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	2004	2005	2006*
Total Market Size*	416,000	453,114	453,114
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	416,000	453,114	453,114
Imports from the U.S.	0	0	49

* Reported in metric tons
** Total market size is reported in thousands of U.S. dollars.

As a result of the BSE crisis, demand for soybean meal has grown as a protein replacement for meat and bone meal for Polish swine and poultry production. Current demand is growing and should remain strong due to high swine inventories and the growth in the poultry sector. Poland permits imports of "Round-Up Ready " soybeans. To date, no negative effects from the new GMO regulations have been observed with regard to soybean meal imports. The new feed legislation will ban GMO use in feeds starting in 2008, however, most officials agree that it will be modified or repealed before it is implemented due to the strong opposition in the feed sector and the law's lack of consistency with EU regulations.

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Although Poland imports a significant amount of meal from other EU producers, these countries are reducing their crushing facilities and capacity presenting an opportunity for U.S. suppliers of soybean meal. Future sales of U.S. soybean meals in Poland are heavily dependent on the relative prices. Currently the U.S. does not export soybean meal to Poland because although it's of higher quality, EU and South American produced meal is less expensive.

http://www.fas.usda.gov/

Connect directly to report for food Exporters to Poland:
http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp , select option 3 and enter: PL6075.

Other Significant Business Sectors

Financial Services Return to top

The banking sector in Poland, like in other countries of Central and Eastern Europe, is the key element of the financial system. The Polish banking system developed significantly over the last decade and opened to full competition. Strategic investors became prominent, and rapid development of retail banking based on the benefits of increased IT automation. The Polish government focused on the turnaround of the country's commercial and specialized banks and the development of supervisory capacity for secure banking, all in support of a more stable monetary policy and macroeconomic framework. According to international financial experts, the Polish banking market is likely to be the fastest growing in Europe over the coming years.

The Polish banking system consists of commercial and cooperative bank assets. Cooperative bank assets account for only 5.3% of the total. Poland's banking system is primarily privately held. Out of 54 commercial banks, 49 are privately owned. PKO BP, the largest holder of deposits in the banking system, was privatized by IPO in the fall of 2004. Banks with majority foreign equity interest dominate the Polish banking sector. Most foreign investors are based in European Union countries. Banks owned by foreign firms hold approximately 70% of current capital and assets. Foreign investors control more than 80 percent of private commercial banks operating in Poland. Foreign direct investment in the commercial banking sector is estimated at 6.4 billion zloty (USD 1.6 billion), which constitutes 61.4% of the total authorized capital of the banking sector. German investors control the largest amount (USD 375 million), followed by U.S. banks (USD 300 million), and those from Italy, Netherlands and Austria.

The number of permanent users of banking services is increasing at the rate of 3% annually, and has already exceeded 50% of households. The number of individual accounts is increasing dramatically each year. Banking service usage is still far below the 80% usage rate of neighboring Germany, making Poland a promising market for those who enter. Consolidation of banks has also advanced, driven largely by the presence of foreign banks. This trend will likely continue across financial services as well, as banks continue to take on major stakes in insurance companies, pension funds and other financial services.

The Polish insurance market experienced unprecedented growth between 1995-2000, more than tripling in volume. Growing concern over the poor state of the Polish pension and health systems, and a growing understanding of the role of insurance services in society, has increased demand for insurance products, particularly in the life insurance segment. There are approximately 70 licensed insurance companies in Poland, most of which are owned by foreign investors. Approximately 72% of insurance industry subscribed capital remains in foreign company hands. Of the total foreign share, Germany dominates with approximately 22%, while the U.S. share is approximately 8 percent.

Poland is the largest insurance market in the Central and Eastern Europe region, and according to some analysts may become one of the larger insurance markets in all of Europe. Economic development, a decreasing level of inflation, and introduction of legal EU regulations and directives create a good climate for investment opportunities in the insurance sector. The single passport principle is very important for the development of the insurance sector. An insurance company licensed in any European Union country may provide insurance services on the territories of other European Union member states on the same conditions as domestic companies. The single passport principle makes it possible to establish branches and provide services in other EU countries without the need to obtain additional authorization to engage in insurance activities.

The Polish private equity/venture capital sector is the largest in Central and Eastern Europe with regard to annual investment size. The sector is highly volatile. Poland's accession to the European Union increased the country's attractiveness to private equity/venture capital funds. The investment fund sector is also developing in Poland. The net amount of investment fund assets is increasing at around 10% annually. The number of alternative investment funds in the Polish market, including hedge funds, has been increasing. New foreign investment fund offers appear in the market every year.

Poland is the regional leader with regard to the ratio of pension fund assets to GDP. This is primarily the result of the scope of reforms, which have been implemented in these countries and their legislation. Contributions to the Polish pension system are mandatory, so pension fund assets will continue to exhibit a permanent upward trend in the future. The innovativeness and rapid development of the financial market favor the creation of specialized consultancy companies, which increase the accessibility, and transparency of the financial market. Since 2004, several firms providing financial consultancy services appeared on the Polish market. Consultancy activities are not subject to licensing and their presence resulted from intensified competition and the large number of products offered by financial institutions.

Power Industry

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The electrical power sector consists of four main systems: (1) the power generators - system power plants, combined heat and power plants and local energy producers with a total installed capacity of 34,600 megawatts; (2) the high-voltage transmission system operated by Polish Power Grid Company Operator (PPGC), PSE Operator; (3) the distribution system consisting of electric distribution utilities; and (4) energy trading companies created recently according to the new Energy Law. The Polish electrical power system is the largest in Central and Eastern Europe, with a gross domestic electricity production of 145,200 Gwh.

During the last ten years, the electrical power sector in Poland has been transformed from a centralized system into a liberalized system. The sector has undergone significant demonopolization, market liberalization and privatization. A law allowing the implementation of new market mechanisms into the system, the “Energy Law,” was adopted in 1997. The Energy Law has been a watershed for the transformation of the Polish power sector, introducing among other things Third Party Access (TPA) to energy distribution grids, which is fundamental for competition in the energy sector. The Polish energy trading market is divided into three segments: contract market, balance market and exchange market. As a further step in market liberalization, the Warsaw Electric Energy Exchange began operating in 2000, however, 50% of electric power sold in Poland still is contracted by long-term power purchase agreements concluded between PPGC and power generators. In order to create a truly competitive market and fulfill European Union recommendations, the government has made an effort to cancel long-term contracts, however, previous attempts of this type have been unsuccessful. The current government is preparing a new law addressing the problem of power purchase contracts and treatment of current investors is being closely monitored, as an indication of how future government-business relations will proceed.

In recent years, the government has initiated a consolidation effort within the power generator distribution sectors, which led to creation of two large power generation companies, Southern Energy Concern PKE and Energy and Mining Company BOT (BOT includes also two lignite mines), and four large distribution concerns. The current government has prepared a new program of restructurization and privatization of the Polish electrical power sector. The program calls for cross sector consolidation between power generators, distributors and fuel suppliers to create large, integrated energy concerns capable of competing with other European energy companies, establishment of independent transmission and distribution network operators and further competitive electric energy market development. Two large electrical power groups will be created in the market; (1) Polish Energy Group (consisting of BOT, Dolna Odra power plant, PPGC, and three distribution companies), and Southern Energy Concern PKE consolidated with Enion distribution company, Energia-Pro distribution company and Stalowa Wola power plant.

The privatization of electrical power companies is a critical element for the creation of a competitive power market in Poland. Currently, out of 10 state-owned system power plants (including PKE and BOT), four are already privatized, and four other privatizations are in process. In the area of 21 combined heat and power state-owned system plants, nine are privatized and six privatizations are in process. Some CHPs are planned for consolidation with larger power generators. Out of 14 distribution companies currently existing in the market, only two have been privatized. The government program calls for continued privatization of CHPs according to the existing timetable and considers privatization or consolidation of remaining distribution and generating companies. The two large new power concerns are planned to be privatized through public offerings on the Warsaw Stock Exchange in coming years.

Oil and Gas Industry Return to top

Poland has limited oil deposits. Total onshore reserves amount to 5 million tons. Local production of crude oil in Poland is marginal. About 99 percent of the oil processed is imported, mainly via pipeline from Russia and Kazakhstan, and by ship from the North Sea and the Middle East. The Oil Pipeline Exploitation Enterprise (PERN), a state-owned company, manages all of the Polish crude oil and oil product pipelines. The Polish government is considering construction of an oil pipeline from Brody in Ukraine, which would be a hook-up of the Odessa-Brody route to the refinery in Plock, and a further link to the Baltic port of Gdansk. The Odessa – Brody pipeline carries oil from the Caspian Sea.

Sixty percent of Poland's natural gas consumption is supplied by imports. Almost all imports (more than 90%) come from Russia, with Germany and the Czech Republic supplying much smaller amounts. The recently built Yamal pipeline carrying gas from Siberia to Western Europe has increased the amount of Russian gas delivered to Poland. In order to diversify the sources of its gas supply, Poland signed preliminary contracts with Denmark and Norway in 2001 for natural gas supplies (BalticPipe), however, the contract has not been executed to date. The current Polish government has committed to limit Poland's dependence on Russian natural gas. Polish Oil and Gas Company (POGC) plans to announce a tender in March to build an LNG terminal in Swinoujscie, northwestern Poland, to receive liquefied natural gas.

POGC is the major producer of oil and natural gas in Poland. POGC owns and operates the transmission and distribution networks of natural gas in Poland, as well as gas storage facilities. POGC has been undergoing a deep restructurization process in order to adjust to EU requirements, and prepare for privatization. In September 2005, an IPO of 15% of company shares took place. Oil and gas exploration and production in Poland is subject to licensing procedures. There are several foreign companies involved in natural gas and methane exploration in Poland.

The downstream oil sector generates 8.5% of Poland's gross domestic product and over USD 400 million in annual profit. The oil sector, for both production and distribution, has received substantial investments during last decade in order to be internationally competitive. Nafta Polska S.A., a state-owned organization, has performed critical restructurization and privatization of Poland's downstream oil sector. The largest Polish refinery, Plock was merged with a fuel distribution and retailing company to create the Polish Oil Concern PKN Orlen, the leading Polish oil concern. Currently, Orlen operates seven refineries, including Plock, Trzebinia, Jedlicze refineries in Poland, Litvinov, Kralupy, Pardubice refineries in Czech Republic and Mazeikiu refinery in Lithuania. The Orlen retail network comprises 2,700 gas stations located in Poland, Czech Republic, Germany and Lithuania. Orlen operates the largest network of 1,900 gas stations in Poland and enjoys a 30% share of the total market for retail gasoline. The company is also the leading producer of oil products in Poland. The oil processing capacity of Orlen refineries reached 32 million tons in 2005. 72% of Orlen shares were floated on Warsaw and London Stock Exchanges after two rounds of public offerings in 1999 and 2000.

The second largest refinery, Gdansk Refinery, was merged with three small Polish refineries to create the second largest oil company in Poland, Lotos Group. Privatization of Lotus Group occurred in June 2005 through an IPO on the Warsaw Stock Exchange. Lotos is involved in oil processing and oil products distribution, with refinery processing capacity of 6 million tons and a network of 400 gas stations. After acquiring shares in Petrobaltic, an oil and gas offshore company, Lotos became involved in crude oil and gas exploration.

Rail and Road Transportation Return to top

Poland's transportation network, suffering from years of neglect, is in urgent need of upgrade and refurbishment. The underdeveloped road and rail infrastructure in Poland is considered a major impediment to acceleration in the rate of Poland's economic and commercial expansion.

Only 15% of roads can be classified as good quality, some 50% of roads are unsatisfactory and need immediate upgrading work, and 35% are considered very poor. To help meet this need, Poland has planned a new system of toll roads operating alongside the already existing transportation infrastructure.

In the past with decreasing expenditures on existing roads, it has become difficult to improve the deteriorating system. The government has determined that the only way to improve the road system in Poland is to allow new entities (either state-owned or private) to assume responsibility for building new road systems and developing associated infrastructure. The legal and administrative basis has been established to enable new entities to participate in a program to build new roads in Poland culminating in the creation of the National Highway Program in 1994. The Program, unfortunately, did not improve the situation due to problems with financing the project. Poland's admission to the EU now secures needed funding.

Financing of highway construction in Poland is accomplished through two mechanisms. The first is traditional – based on the state budget, PHARE, ISPA, and Cohesion Funds as well as loans from different financial institutions. The second is based on Public – Private – Partnership. Until summer of 2006 three concessions were signed for three highways: Gdansk Transport Company SA – for the construction and operation of a portion of A-1 (Gdansk – Torun), Autostrada Wielkopolska SA – for the construction and operation of a portion of A-2 (Swiecko – Konin), and Stalexport SA for the operation of a portion of A-4 (Krakow – Katowice). Parts of A-2 and A-4 described above are in operation. Private operators charge tolls on A-2 (Nowy Tomysl – Poznan - Konin) and A-4 (Krakow – Katowice). A-1 is still under construction. Other highway construction projects have been financed in a traditional way – through the state budget and a State Road Fund (Krajowy Fundusz Drogowy), which collects a small fuel excise tax allocated for road construction and rehabilitation. In the future the government wants to finance construction of highways through the state budget and other funds and then to issue tenders for operation of particular parts of highways. The government does not plan to build more highways under the PPP scheme.

According to plans announced by the Polish government, 2,085 km of highways and 5,466 km of express roads are planned for completion by 2013. The cost for construction of the roads for the years 2007-2013 exceeds 89 billion PLN (approx.30 billion USD).

The map of the planned road network can be found at the following web address: http://www.gddkia.gov.pl/article/drogi_i_mosty/autostrady//index.php?id_item_tree=b56050f1573f8c11484235dcb4a72260

In terms of railway infrastructure, Poland's integration with the European railway network and competitiveness with international traffic requires a higher standard of service in both passenger and freight transportation. The share of railways in the transport of goods in Poland is now approximately 50%. The share of mixed road and rail transport is very low due to underdeveloped computer systems and a lack of appropriate platforms, rolling stock for the transport of semi-trailers or containers, and a lack of equipment for container handling. However, mixed transport has the best prospect for growth in Poland.

The Polish railway system (run by the state-owned PKP) is the third largest railway in Europe in terms of line length with over 20,000 kilometers of rail, but in terms of quality of equipment and service it lags behind EU countries. Only 22% of lines can service high-speed trains. Poland's upgrade effort focuses first on east-west connections (E20 Germany – Belarus and E30 Germany – Ukraine), the north-south Gdansk – Czech route (E65), and the Rail Baltica (E75) as well as the modernization of the ring rail around Warsaw. Up to 80% of financing will come from EU funds and 20% or more from the state budget and companies own financial resources. According to the Ministry of Transport, in the years 2006-2009, more than two billion Euro is available for railway infrastructure projects through EU financing. The modernized lines will allow passenger trains to travel at a speed of up to 160 km/h and cargo trains 120 km/h. The maximum weight per axle will be increased up to 22.5 tons.

About 60 to 80% of PKP's rolling stock is outdated and needs modernization. PKP is also in a very poor financial situation. Only PKP's cargo operations are profitable with passenger traffic resulting in significant losses to the company. The PKP Group is heavily indebted and privatization is seen as the best way to solve the financial problems of the company. The process of privatization of PKP's three components (passenger, cargo and infrastructure) was initiated in 2000. In September 2000 the Polish Parliament passed a law on the commercialization, restructurization and privatization of PKP. Starting January 1, 2001, PKP became a joint stock company. Several companies were formed from the old PKP: PKP Intercity, PKP Cargo, PKP Energetyka, PKP Informatyka, PKP WKD, PKP SKM, PKP PKL, FERPOL and others. The privatization plans were delayed for several years, but current government announced in 2006 its desire to privatize some of the companies from the PKP Group, PKP Intercity and PKP Cargo being first on the list.

The Polish railway market is expected to open for competition in 2007 for cargo and in 2010 for passenger transport.

Poland's railway system would benefit from modernization projects including the purchase of track rehabilitation machinery, signaling cables, power supply cables, signaling equipment, steel parts for standard turnouts, as well as hot and flat wheel detection equipment.

Environmental Industry Return to top

The environmental services sector has only recently emerged in Poland's growing market economy, and is in a state of flux. Current Polish environmental policies emphasize the principle of sustainable development and encourage firms to rely on clean technologies, pollution prevention, and waste minimization in designing their production processes. The policies discourage "end of pipe" control technologies.

Poland faces enormous environmental challenges, but this situation also presents opportunities for western companies with the equipment, advanced technology and know-how that Poland requires. The most promising areas are wastewater treatment, waste disposal, recycling technology, and air pollution control. Sectoral priorities can be discerned from World Bank estimates of the total expected costs to the Polish economy over the next 15 years for meeting EU accession requirements in the overall area of the environment. These include: $25-40 billion in the water sector, $7.7-11.5 billion for air pollution, and $2.2-3.3 billion in recycling and solid waste management. Required funding in the water/sanitation sector alone over the next 10-15 years will involve investments equivalent to 1.4% of GDP annually over this time period.

The importance of the environmental sector is widely recognized by Polish authorities and strongly supported by international financial institutions. Credit lines are available for environmental protection investments on preferential conditions thanks to funds provided by internal sources as well as the World Bank, European Bank for Reconstruction and Development, and others. Poland has adopted the "polluter pays" principle. Fees and fines for use and pollution of the environment are collected by the National and Regional Funds for Environmental Protection and Water Management. In turn, these Funds offer preferential loans for environmental projects. Another source for financing environmental projects in Poland is the EcoFund Foundation, which was established in 1992 by the Ministry of Finance. The EcoFund manages funds obtained through the conversion of part of Poland's foreign debt (USD 571 million) with the aim of supporting environmental protection-related endeavors (so-called debt-for-environment swaps). To date, Polish debt-for-environment swap decisions have been taken by the United States, France, Switzerland, Italy, and Norway. The EcoFund provides grant funds and loans with attractive terms.

Additionally Poland has full access to structural funds from the European Union that are to finance the rehabilitation of Poland's environmental infrastructure. Beginning May 1, 2004, with Poland's accession to the EU, capital for financing environmental projects can be sourced from the following funds:
•2004 – 2006 Cohesion funds; 2 billion EUR;
•2004 – 2006 Structural funds, (European Regional Development Fund); total 8.3 billion EUR;
•2004 – 2006 funds for development of rural areas; about 700 million EUR annually.
•2007 – 2013 Structural Funds: Operational Program Infrastructure and Environment; total 4.2 billion Euro

Automotive Industry Return to top

While nearly 20% of foreign investment in Poland has been in the automotive industry, the local Polish market for new cars is declining. After several years of significant annual growth in sales of new cars in the 1990's (reaching 640,000 in 1999), the industry has experienced a decline. In 2003, sales of new cars reached 358,400, while imports of used cars reached 35,700. After Poland's accession to the EU on May 1, 2004 imports of used cars increased significantly, reaching almost 828,000 cars in 2004 and 845,000 in 2005. These cars were of an average age of 8 years. At the same time sales of new cars in 2004 reached 316,013, and in 2005 this number declined to 235,000. The number of cars produced in Poland in 2003 totaled 333,725, in 2004 the number reached 482,014 vehicles, while in 2005 it reached 527,000. Fiat is the largest producer (46% of the market), followed by GM-Opel (31%) and Volkswagen (15%). 92% of the cars produced in Poland are exported.

Car producers and importers are bearish about the prospects for new car sales in Poland for 2007. Prior to 2000, the automobile industry offered good sales and investment opportunities. Major investors included Fiat, Daewoo, GM Opel, Ford, Volkswagen, Peugeot, Scania, and Volvo. The relatively weak short-term market has been further troubled by the financial problems experienced by Daewoo, which had major automobile investments in Poland. The sharp decline in automobile sales put investors in a difficult situation, forcing them to either scale back production and reduce workforces at their production sites or to increase exports. Major car producers in Poland, like GM and Fiat, have announced plans to launch new production and expand export sales increasing their workforces.

The auto parts industry has continued to be very promising for potential investors, as the majority of investors in car production commit themselves to source automobile parts and components in Poland instead of from abroad. Investors in the car parts industry have not suffered parallel declines. Investors in automobile parts companies are currently focusing on overseas sales as well as the growing automotive aftermarket segment.

Telecommunications Return to top

The Polish telecommunications sector was completely liberalized in 2002 and there are no restrictions on foreign investments across the telecommunications sector. Additionally, in most cases licensing has been replaced by a simplified registration procedure at a nominal fee. Poland continues to strictly regulate the use of its frequency spectrum with open tenders and licensing for the use of restricted frequencies.

The Office of Electronic Communications (UKE), established in 2006, maintains all market regulatory functions (http://www.uke.gov.pl/) and the Ministry of Transport is in charge of overall telecom policy issues (http://www.mt.gov.pl/). The Telecommunications Law of July 16, 2004 harmonized Polish regulations with EU directives. The government is currently preparing amendments to the Telecom Law to reflect the new EU Directive on electronics communications (2006/24/WE) and to streamline the regulatory mechanisms available to UKE, the Regulator. The amendments are expected to benefit consumers and non-dominant operators.

In 2006, UKE instituted number portability, in-country roaming for cellular operators, new regulations for the access to local loop and approved a new framework offer for interconnection. As a result, at the end of 2006, prices for F2C connections dropped significantly. The UKE's plans for stimulating competitiveness in all market segments in 2007 include the introduction of more effective market regulations for unbundling local loop, facilitating bitstream access and market entry of mobile virtual operators. Despite many achievements, Poland's telecommunications sector lags behind most European countries. In late 2006, the EU initiated proceedings against Poland for failures in the implementation of the country's 112 rescue system and also questioned Poland's interpretation of the Telecom Access Directive.

UKE is currently developing its National Strategy for the Frequency Market, expected to be completed in 2007. This Strategy provides for digitalization of radio-diffusion, harmonization of the use of frequencies, new frequencies for commercial use, and introduction of new frequency management procedures. UKE expects several new tenders for 3.6-3.8 GHz and additional GSM licenses.

Former national operator Telekomunikacja Polska S.A. (TPSA) remains a major player in all segments of the market. Privatized with France Telecom as a strategic investor, TPSA still holds over 80% of fixed-line telecommunications services and owns a majority of the fixed-line telecommunications infrastructure. Fixed line voice telephone services currently claim 12 million users, some 800,000 less than last year. All fixed line operators currently focus on introducing new services, including triple-play, to make up for diminishing income from traditional voice services.

Cellular telecommunications is the most competitive segment of voice services, currently provided by three operators. There are approximately 36 million active cell phone cards and accounts for over 70% of the market in the pre-paid segment. All cellular operators offer services in GSM and DCS standards as well as UMTS, which is still limited in terms of territory and scope of services. The firm P4, a new cellular, operator is expected to enter the market in 2007. In addition, there are over 100 registered virtual operators (MVNO) but only a limited number of them have so far launched their services.

As voice services are increasingly available from cable television operators and Internet service providers, over the last two years the market has been become quite competitive. VoIP has become very popular in Poland, and by mid 2006, some 41% of Polish internet users were estimated to use voice communicators, mainly computer-to-computer free of charge services such as Skype, Gadu-Gadu, NetMeeting, Tlen and ICQ. Computer-to-fixed line and computer-to-mobile communication became available in 2005 and is expected to gain in popularity.

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Showcase Europe

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U.S. Firms interested in Polish market may also consider taking advantage of the Commercial Services Showcase Europe program.

Showcase Europe provides U.S. exporters a broad perspective on Europe. Organized around eight key sectors with the greatest market potential for U.S. exporters, Showcase Europe provides a framework for coordination and cooperation among the U.S. Department of Commerce's U.S. Commercial Service offices throughout Europe. Sectors include aerospace, automotive, energy/power generation, environmental technologies, information and communication technologies, medical and pharmaceutical, safety/security, and travel and tourism.

In addition, the Quicktake Program provides an overview of market potential for a U.S. company's products from market specialists across Europe. Surveys cover current and future demand, competition, and suggested next steps.

Key Links: http://www.buyusa.gov/europe
http://www.buyusa.gov/quicktake

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Chapter 5: Trade Regulations and Standards

Import Tariffs

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With its accession to the European Union on May 1, 2004, Poland became part of the EU customs union. Most Polish customs provisions were replaced with the respective EU regulations including the Community Customs Code and the Community Tariff and implementing provisions. Membership in the customs union required abolition of any physical and fiscal barriers (customs control, customs duties) between Poland and other EU members. Transactions involving transfer of goods between Poland and other EU member states changed their nature from imports/exports into intra-Community acquisition and supply. Transfers of goods between Poland and non-EU member states retained their classification as imports/exports and are subject to the uniform EU customs rules.

Since May 1, 2004, the customs duty rate applicable to goods imported into Poland is the European Community Customs Tariff. On average, EU tariff rates are lower than the previous national Polish customs duties. In the case of tariffs levied on goods imported from the U.S. after May 1, 2004, customs duties fell for 1099 items (accounting for 47.6% of imports by value), remained unchanged for 210 items (accounting for 50% of imports by value in 2002), and increased for 61 items (3% of import value).

Currently the decision on quotas or customs suspensions to be applied to goods imported into Poland is taken at the Community level.

Information on the customs duty rates, customs preferences, available quotas, customs suspensions, as well as anti-dumping duty rates applicable at importation of goods into Poland can be obtained from TARIC (the electronic integrated Community Tariff).

Agricultural Tariffs:

As Poland is now a member of the European Union, products imported are subject to EU tariff rates. The European Union is a customs union, which means that the same import duty rates are applicable in all member states. The tariff applicable to imports from the U.S. is the MFN (Most-Favored-Nation) tariff, which also applies to other signatories to the WTO-agreement. However, many countries enjoy lower preferential tariffs within the scope of various trade agreements. Under the Uruguay Round Agreement, the EU committed to reduce import tariffs for agricultural products by 36% on average over the 6-year implementation period. For more information on EU duties please click on the following link: http://www.useu.be/agri/import.html

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All business entities operating in Poland (including foreign companies) have equal access to international trade. However, this access is subject to trade policy measures introduced by the EU, which Poland as a member is obliged to observe. Licensing is a form of trade restriction imposed by the European Union with respect to certain goods and countries. Importing into Poland is subject to the same licensing requirements as importing into all other EU countries. The licensing system is operated by the European Commission in cooperation with the authorities of the member states.

The EU may restrict trade in certain goods or with certain countries by value or volume through quantitative import or export quotas. The import of goods covered by an import quota is prohibited outside the quota system. Quotas are allocated among the entities applying for the license. Licenses are valid in all member states except for situations when the quota is limited to one or more regions of the EU. When the quota is exhausted, imports (exports) are not possible until a new quota is opened.

The system of quantitative import quotas is widely applied to the import of steel products and textiles. Imports of textiles, for instance, require presentation of an import license issued by the relevant authorities of one of the EU member states. An import license may be issued on presentation of a valid export license issued in the exporting country. Other goods covered by the quota system include the following Chinese products: certain footwear, porcelain tableware or kitchenware, and other table- or kitchenware.

There are also certain restrictions not related to commercial policy which introduce licensing requirements in trading in dual-use (i.e. both civil and military use) goods and technologies, certain chemicals, in particular narcotic drugs and psychotropics or cultural goods.

Separate arrangements are applied to trade in certain agricultural products under the Common Agricultural Policy (CAP), including export/import licensing, quantitative restrictions, export refunds or preferential tariff arrangements. In Poland, licenses and permits for trading in goods that require licenses or permits are issued by the Minister of Economy and Labor or by the Agricultural Market Agency, which cooperates with the European Commission.

As an EU member, Poland adheres to EU-wide business directives and requires local market compliance. For information on existing trade barriers, please see the National Trade Estimate Report on Foreign Trade Barriers, published by USTR and available through the following website: http://www.ustr.gov/ or http://www.useu.be/ or http://useu.mission.gov. Information on agricultural trade barriers can be found at the following website: http://www.useu.be/agri/usda.html. To report existing or new trade barriers and get assistance in removing them, contact either the Trade Compliance Center at http://www.trade.gov/tcc or the U.S. Mission to the European Union at http://www.buyusa.gov/europeanunion

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In general, the trade of goods and services is not restricted in Poland. In some areas, including imports of strategic goods (e.g. police and military products, radioactive elements, weapons, transportation equipment, chemicals) a license or concession is required. Imports of beer, wine and strong alcoholic beverages, gas, and certain agricultural and food products (including dairy, poultry, and tobacco products) are also licensed. A permit is necessary to sell imported alcoholic products. A phytosanitary import permit issued by Plant Quarantine Inspection Service is required for the import of all live plants, fresh fruits, and vegetables into Poland. Several common weed seeds have quarantine status which hampers U.S. grain and oilseed exports to Poland. The government has a de-facto ban on the import of all genetically-modified products. Certain goods are subject to import quotas in Poland. These include gasoline, diesel fuel and heating oils; wine and other alcohol; and cigars and cigarettes.

The Ministry of Economy issues import permits and concessions and regulates quotas. However, other Polish ministries have special jurisdiction over products such as tobacco (Ministry of Agriculture); permits related to air, sea, or road transport (Ministry of Transportation); or natural resources (Ministry of Environmental Protection). U.S. exporters should ascertain whether their product requires import certification before shipping.

In most cases, before an issuing ministry grants import permission on a product, the product must be reviewed and recommended for import into Poland by one or more inspectorates or technical associations, depending on the nature of the product. This can be a costly, lengthy, and confusing process for the U.S. exporter and the Polish importer alike. It is often necessary to submit samples of products or equipment for testing, regardless of the issuance of previous U.S. or international certificates. The presentation of detailed documentation on a product is a must, and all requests by relevant inspection agencies should be strictly adhered to in order to speed up certification procedures.

Once an application and supporting materials have been submitted, the inspecting agency will make a positive or negative recommendation for import to the appropriate Polish ministry. When the import of a specific product is approved, further imports of that product are free from additional regulation. U.S. companies with several lines of like products (e.g. pharmaceutical, food preparation, or chemical products) should begin the approval procedure on all products as early as possible.

Some products, once imported, also require registration. This is particularly true of products that come into contact with or can affect the health of the consumer. In the case of hazardous materials the importer must receive permission to use the product before applying for a concession to import the product into Poland.

Importers of meat, meat products, and offal must obtain a veterinary permit and each consignment must be accompanied by the health certificate issued by USDA's veterinary authorities. Veterinary permits are also required for the import of live animals. Veterinary permits for breeding livestock, semen, and embryos are not issued unless a positive opinion for the importation is received from the Central Animal Breeding Office.

Polish regulations require imported products, including food and agriculture products, to be inspected for compliance with Polish standards. The inspection agency, Centralny Inspektorat Standardyzacji (CIS) is charged with ensuring the "quality" of products offered on the Polish market.

As an EU member, Poland adheres to EU-wide business directives and requires local market compliance.

Import Licenses

The Integrated Tariff of the Community, referred to as TARIC (acronym for "Tarif Intégré de la Communauté"), is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a license is required for a particular product, check the TARIC.

The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union. The TARIC is updated annually.

It is important to note that the World Customs Organization has released the third update in more than 20 years to the HS Code. There are major production classification revisions to chapters 84 and 85. This affects not just the EU, but all 121 contracting parties to the HS starting January 2007.

In addition, many EU Member States maintain their own list of goods subject to import licensing. For example, Germany's "Import List" (Einfuhrliste) includes goods for which licenses are required, their code numbers, any applicable restrictions, and the agency that will issue the relevant license. The Import List also indicates whether the license is required under German or EU law. For information relevant to Member State import licenses, please consult the relevant Member State Country Commercial Guide.

Key Link: http://ec.europa.eu/taxation_customs/common/databases/taric/index_en.htm

Import Documentation

Non-agricultural Documentation

The official model for written declarations to customs under "Normal Procedure" is the Single Administrative Document (SAD). European Free Trade Association (EFTA) countries including Norway, Iceland, Switzerland, and Liechtenstein also use the SAD. However, other forms may be used for this purpose. Information on import/export forms is contained in Title VII, of Council Regulation (EEC) No. 2454/93, which lays down provisions for the implementation of Council Regulation (EEC) No. 2913/92 establishing the Community Customs Code (Articles 205 through 221). Articles 222 through 224 provide for computerized customs declarations and Articles 225 through 229 provide for oral declarations.

Additional information on import/export documentation can be found in Title III, of Council Regulation (EEC) No. 2913/92 of October 12, 1992, establishing the Community Customs Code (Articles 37 through 57).

Goods brought into the customs territory of the Community are, from the time of their entry, subject to customs supervision until customs formalities are completed.

Goods presented to customs are covered by a summary declaration, which is lodged once the goods have been presented to customs. The customs authorities may, however, allow a period for lodging the declaration, which cannot be extended beyond the first working day following the day on which the goods are presented to customs. The summary declaration can be made on a form corresponding to the model prescribed by the customs authorities. However, the customs authorities may permit the use, as a summary declaration, of any commercial or official document that contains the particulars necessary for identification of the goods. It is encouraged that the summary declaration be made in computerized form.

The summary declaration is to be lodged by:

the person who brought the goods into the customs territory of the Community or by any person who assumes responsibility for carriage of the goods following such entry; or
the person in whose name the person referred to above acted.

Non-EU goods presented to customs must be assigned a customs-approved treatment or use authorized for such non-Community goods. Where goods are covered by a summary declaration, the formalities for them to be assigned a customs-approved treatment or use must be carried out:

45 days from the date on which the summary declaration is lodged in the case of goods carried by sea;
20 days from the date on which the summary declaration is lodged in the case of goods carried other than by sea.

Where circumstances so warrant, the customs authorities may set a shorter period or authorize an extension of the period.

Batteries

New EU battery rules came into force on 26 September 2006 following the publication of the Directive on batteries and accumulators and waste batteries and accumulators (Directive 2006/66) in the EU's Official Journal. This new Directive replaces the original Battery Directive of 1991 (Directive 91/157). The new Directive applies to all batteries and accumulators put on the EU market including automotive, industrial and portable batteries. It aims to protect the environment by restricting the sale of batteries and accumulators that contain mercury or cadmium (with an exemption for emergency and alarm systems, medical equipment and cordless power tools) and by promoting a high level of collection and recycling. It places the responsibility on producers to finance the costs associated with the collection, treatment, and recycling of used batteries and accumulators. The Directive also includes provisions on the labeling of batteries and their removability from equipment. EU Member States must implement the EU Directive into their national law by September 26, 2008. For more information, see our market research report: http://www.buyusainfo.net/docs/x_8086174.pdf

REACH

REACH is a major reform of EU chemicals policy, proposed by the European Commission in October 2003 and likely to be adopted at EU level in December 2006. REACH would then become national law in the 27 EU Member States in Spring 2007. REACH stands for the "Registration, Evaluation and Authorization of Chemicals". REACH will require all chemicals produced or imported into the EU in volumes above 1 ton per year to be registered with a central European Chemicals Agency, with information on their properties, uses and safe ways of handling them. Chemicals of very high concern, like carcinogens, will need an authorization for use in the EU. Virtually every industrial sector, from automobiles to textiles, could be affected by the new policy. U.S. exporters to Europe should carefully consider this piece of EU environmental legislation. For more information, see the CSEU REACH webpage, starting with the market research report 'REACH 101': http://www.buyusa.gov/europeanunion/reach.html

WEEE & RoHS

EU rules on waste electrical and electronic equipment (WEEE), while not requiring specific customs or import paperwork, may require U.S. exporters to register the products with a national WEEE authority, or arrange for this to be done by a local partner. Similarly, related rules for EEE restricting the use of the hazardous substances (RoHS) lead, cadmium, mercury, hexavalent chromium, PBBs, and PBDEs, do not entail customs or importation paperwork. However, U.S. exporters may be asked by a European RoHS enforcement authority or by a customer to provide evidence of due diligence in compliance with the substance bans on a case-by-case basis. U.S. exporters seeking more information on WEEE and RoHS Regulations should visit: http://www.buyusa.gov/europeanunion/weee.html

Agriculture

Appropriate documentation including sanitary/phytosanitary and veterinary certificates are necessary to export agro-food products to Poland. Most import documentation and certificates are in line with the general EU requirements. However, regulations covering certain products, e.g. vitamins, fortified foods, minerals, and certain pesticide residues are not the same EU-wide. Therefore, it is always advisable to check with appropriate USDA authorities on current requirements. Imports of certain food products from the United States are banned such as poultry meat, beef (with an exception of hormone-free beef) and beef offal. The import of permitted animal products is allowed from establishments on the list of EU-approved processors.

A health certificate issued by the United States Department of Agriculture's veterinary authorities, the Food Safety and Inspection Service (FSIS), must accompany each consignment of live animals, meat, meat products, and offals. Import permits issued by the Polish chief veterinary officer are required only for the import of live animals which are not yet covered by EU harmonized rules, such as exotic animals, ornamental fish and other exotic aquatic animals.

Exporters may send food product samples to Poland for use in trade shows. These products require appropriate documentation; for example, in order to import dairy samples, the importer must obtain an import permit through the veterinary officer in the province of import in Poland. Exporters can contact the FAS Office for the product-specific rules for samples. Products sent as samples may not be sold in Poland. For more information on Poland's technical import regulations for foods please see FAS GAIN report number PL6053 which can be accessed on: http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp.

Agricultural Documentation

Sanitary Certificates: For commodities composed of animal products or by-products, EU countries require that shipments be accompanied by a certificate issued by the competent authority of the exporting country. This applies regardless of whether the product is for human consumption, for pharmaceutical use, or strictly for non-human use (e.g., veterinary biologicals, animal feeds, fertilizers, research). Many of these certificates are uniform throughout the EU, but the harmonization process has not been finalized yet. During this transition period, certain Member State import requirements continue to apply. Up-to-date information on harmonized import requirements can be found at the following website: http://www.useu.be/agri/certification.html.

Sanitary Certificates (Fisheries): Since April 2006, the EU has accepted the U.S. seafood inspection system as equivalent to the European one. Consequently, a specific public health certificate must accompany U.S. seafood shipments. EU Decision 2006/199/EC places specific conditions on imports of fishery products from the U.S. Sanitary certificates for shellfish are covered by Commission Decision 1996/333/EC and must be used for gastropods, bivalve mollusks, tunicates and echinoderms. The two competent Authorities for issuing sanitary certificates are the FDA and the U.S. Department of Commerce, National Marine Fisheries Service (NMFS/USDC).

Since May 1, 2004, aquaculture products coming from the United States are subject to specific animal health legislation, i.e. Regulations 2003/804/EC and 2003/858/EC. An animal health certificate, in addition to a public health certificate, must accompany shipments of aquaculture live bivalve mollusks and finfish. This animal health certificate is not required in the case of live bivalve mollusks intended for immediate human consumption. For further information, please contact the NOAA Fisheries office at the U.S. Mission to the EU.

On November 20, 2006, the Commission published an amendment to Regulations 2003/804/EC and 2003/858/EC. Decision 2006/767/EC, in force as of November 27, 2006, modifies the conditions of imports of aquaculture live bivalve mollusks as well as fishery products for human consumption.

A new EU Hygiene law has been in force since January 1, 2006. This new set of Regulations aims to simplifying existing rules and at guaranteeing safer food. To facilitate the implementation of the revised rules, the Commission recently published implementing measures and transitional arrangements that are also effective as of January 1, 2006. These guidelines can be found below:

- Commission Regulation 2073/2005
- Commission Regulation 2074/2005
- Commission Regulation 2076/2005

From May 1, 2007, a second set of new hygiene laws will be in place. They will greatly modify import requirements for animal and animal products.

For detailed information on import documentation for seafood, please see the following web sites: http://www.nmfs.noaa.gov/ocs/tradecommercial or http://www.cfsan.fda.gov/.

U.S. Export Controls Return to top

A validated U.S. export license is required prior to shipping certain controlled commodities to Poland, as provided under the U.S. Department of Commerce's Bureau of Industry and Security Commodity Control List. For more information and assistance, please contact BIS's Office of Exporter Services at (202) 482-4811 or refer to BIS's web site at http://www.bis.doc.gov.

Poland is a member of the Wassenaar Arrangement and has established its own export control regime for munitions and dual use commodities.

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A permit is also required for temporary import of goods, which takes place under the supervision of Polish customs officials. Written confirmation is required, stating that the goods will be sent out of Poland on specific dates. A deposit is required for the import of the goods subject to clearance, which must be equal the value of the goods to be exported or the total import customs duty and taxes. Commercial samples of zero or low value can usually be imported free of customs duty by means of a written statement to Polish customs confirming the value of the sample and that it will stay in the possession of the importing entity. Temporary imports may also enter Poland under an ATA Carnet. Promotional materials must be clearly marked "no commercial value" in order to clear.

Labeling and Marking Requirements Return to top

As noted above, certificate of origin documents are required for importation. Labeling and packaging requirements also vary depending on the product. Consumer goods require a product description in Polish somewhere on or inside the package. Packaging should clearly indicate the country of manufacture. Packaged or canned food products require Polish language labels containing the product composition, nutritional value, an expiration date, the name and address of the producer or importer/distributor, and the product weight. The Polish government is considering requiring food products using Genetically Modified Organisms (GMOs) to be so labeled. Some U.S. companies have found that using the English language somewhere on the packaging (e.g. product name, promotional slogan) helps give the product additional prestige or value in the eyes of the Polish consumer.

An overview of EU mandatory and voluntary labeling and marking requirements has been compiled in a market research report that is available on http://www.export.gov/mrktresearch/index.asp

The subject has been also been covered in the section about standards (see below)

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The import of certain commodities into Poland is prohibited, usually as the result of international sanctions. A variety of goods and commodities are subject to import (and export) restrictions to protect the safety and lives of humans, animals and plants, safeguard national security, or to protect artistic, cultural or intellectual property. Examples would be restrictions and controls on the import of certain food products, drugs, pharmaceuticals, environmentally hazardous products, seeds, weapons, explosives, antiques, etc.

As an EU member, Poland adheres to EU-wide business directives and requires local market compliance.

The TARIC is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a product is prohibited or subject to restriction, check column five of the TARIC for that product for the following codes:

CITES Convention on International Trade of Endangered Species

PROHI Import Suspension

RSTR Import Restriction

For information on how to access the TARIC, see the Import Requirements and Documentation Section above.

Key Link: http://ec.europa.eu/taxation_customs/common/databases/taric/index_en.htm

Customs Regulations and Contact Information Return to top

Customs duties are based on the CIF value of the product and the EU external tariffs are now binding in Poland. (see Import Tariffs section of CCG). Customs officials are extremely strict with regards to proper documentations. It is essential that exporters take care to fill out documents properly to avoid costly delays in customs clearance. Local customs brokers can be very helpful in avoiding such delays.

For direct contact with Polish Customs, please contact:

Customs Information
ul. Swietokrzyska 12
00-916 Warsaw
tel. +48 22 694 4479 or 694-3194
http://www.mf.gov.pl/sluzba_celna/aktualnosci/index.php (also in English)

For more information on how to prepare export documents check our website:

http://www.buyusa.gov/poland/en/doing_business_in_poland1.html#_section6

As an EU member, Poland adheres to EU-wide business directives and requires local market compliance. Regulation 648/2005 is the “Security Amendment” to the Customs Code (Regulation 2913/92) and outlines the implementing provisions for Authorized Economic Operators, risk management procedures, pre-departure declarations, and improved export controls.

Tariffs and Import Taxes: Information on customs valuation is contained in Title II, Chapter Three, of Council Regulation (EEC) 2913/92, establishing the Community Customs Code, titled, "Value of Goods for Customs Purposes" (Articles 28 through 36). The primary basis for determining customs value set out in Articles 29 is:

"... the transaction value, that is, the price actually paid or payable for the goods when sold for export to the customs territory of the Community..."

Article 29 lists the following conditions, which must be met in determining customs value:

- There are no restrictions as to the disposal or use of the goods by the buyer, other than restrictions which are imposed or required by a law or by the public authorities in the community, limit the geographical area in which the goods may be resold, or do not substantially affect the value of the goods;
- The sale or price is not subject to some conditional consideration for which a value cannot be determined with respect to the goods being valued;
- No part of the proceeds of any subsequent resale disposal or use of the goods by the buyer will accrue directly or indirectly to the seller, unless an appropriate adjustment can be made in accordance with Article 32; and
- The buyer and seller are not related, or, where the buyer and seller are related, that the transaction value is acceptable for customs purposes.

The "price actually paid or payable" in Article 29 refers to the price for the imported goods. Thus the flow of dividends or other payments from the buyer to the seller that do not relate to the imported goods are not part of the customs value.

Articles 32 and 33 provide for adjustments to the value for customs purposes. Article 32 lists charges that are added to the customs value, such as, commissions and brokerage, costs of containers, packing, royalties and license fees, and the value of goods and services supplied directly or indirectly by the buyer in connection with the production and sale for export of the imported goods. Article 33 lists charges that are not included in the customs value, such as, charges for transport, charges incurred after importation, charges for interest under a financing arrangement for the purchase of the goods, charges for the right to reproduce imported goods in the Community, and buying commissions.

Effective July 1, 1995, the Commission amended Article 147(1) of Regulation 2454/93 of the Customs Code which affects valuation in the case of successive sales. This amendment "defaults" valuation to the last sale, but allows the value of an earlier sale if it can be demonstrated that such a sale took place for export to the EU. The evidentiary requirements to support the bona fides of any earlier sales will be based upon commercial documents such as purchase orders, sales contracts, commercial invoices, and shipping documents.

Key Link: http://ec.europa.eu/taxation_customs/customs/index_en.htm

For contact information at national customs authorities, please visit: http://ec.europa.eu/taxation_customs/common/links/customs/index_en.htm

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Products tested and certified in the United States to American standards are likely to have to be retested and re-certified to EU requirements as a result of the EU's different approach to the protection of the health and safety of consumers and the environment. Where products are not regulated by specific EU technical legislation, they are always subject to the EU's General Product Safety Directive as well as to possible additional national requirements.

European Union standards created under the New Approach are harmonized across the 25 EU Member States and European Economic Area countries to allow for the free flow of goods. A feature of the New Approach is CE marking. While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that Regulations and technical standards might also function as barriers to trade if U.S. standards are different from those of the European Union.

The European Union is currently undertaking a major revision of the New Approach, which will enhance some aspects, especially in the areas of market surveillance. To follow the revision, please visit
http://ec.europa.eu/enterprise/newapproach/review_en.htm

Agricultural Standards

The establishment of harmonized EU rules and standards in the food sector has been ongoing for several decades, but it took until January 2002 for the publication of a general food law establishing the general principles of EU food law. This Regulation introduced mandatory traceability throughout the feed and food chain as of Jan 1, 2005. For specific information on agricultural standards, please refer to the Foreign Agricultural Service's website at:
http://useu.usmission.gov/agri/

Standards Organizations

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Polish Committee for Standardization (PKN) is the only Polish body that creates standards. Since Poland joined the European Union, Polish standards have been adjusted to meet the EU Standards, a system based on greater harmonization with international standards in general. PKN sells standards documents electronically: https://sklep.pkn.pl/

PKN's annual standards plan, information on standards that PKN is currently developing, projects of standards for reviews and comments are published on the PKN website (http://www.pkn.pl).

PKN participates in development of standards within international structures, European structures and on the national scale. In the telecommunications industry, PKN cooperates with the European Telecommunications Standards Institute (ETSI). Under a Memorandum of Understanding signed with ETSI, PKN acts as an ETSI National Standards Organization. PKN is also a member of International Organization for Standardization (ISO), International Electrotechnical Commission (IEC), European Committee for Standardization (CEN) and European Committee for Electrotechnical Standardization (CENELEC).

EU standards setting is a process based on consensus initiated by industry or mandated by the European Commission and carried out by independent standards bodies, acting at the national, European or international level. There is strong encouragement for non-governmental organizations, such as environmental and consumer groups, to actively participate in European standardization.

Many standards in the EU are adopted from international standards bodies such as the International Standards Organization (ISO). The drafting of specific EU standards is handled by three European standards organizations:

- CENELEC, European Committee for Electrotechnical Standardization (http://www.cenelec.org/Cenelec/Homepage.htm)
- ETSI, European Telecommunications Standards Institute (http://www.etsi.org/)
- CEN, European Committee for Standardization, handling all other standards (http://www.cen.eu/cenorm/index.htm)

Standards are created or modified by experts in Technical Committees or Working Groups. The members of CEN and CENELEC are the national standards bodies of the Member States, which have "mirror committees" that monitor and participate in ongoing European standardization. CEN and CENELEC standards are sold by the individual Member States standards bodies. ETSI is different in that it allows direct participation in its technical committees from non-EU companies that have interests in Europe and gives away its individual standards at no charge on its website. In addition to the three standards developing organizations, the European Commission plays an important role in standardization through its funding of the participation in the standardization process of small- and medium-sized companies and non-governmental organizations, such as environmental and consumer groups. The Commission also provides money to the standards bodies when it mandates standards development to the European Standards Organization for harmonized standards that will be linked to EU technical Regulations. In the last year, the Commission began listing their mandates on line and they can be seen at http://ec.europa.eu/enterprise/standards_policy/mandates/. All the EU harmonized standards, which provide the basis for CE marking, can be found on http://www.newapproach.org/.

Due to the EU's vigorous promotion of its regulatory and standards system as well as its generous funding for its business development, the EU's standards regime is wide and deep - extending well beyond the EU's political borders to include affiliate members (countries which are hopeful of becoming full members in the future) such as Albania, Bulgaria, Croatia, FYR of Macedonia, and Turkey. Another category, called "partner standardization bodies" includes the standards organizations of Bosnia and Herzegovina, Egypt, Serbia and Montenegro, Russia, Tunisia, the Ukraine and Australia, which are not likely to join the EU or CEN any time soon, but have an interest in participating in specific CEN technical committees. They agree to pay a fee for full participation in certain technical committees and agree to implement the committee's adopted standards as national standards. Many other countries are targets of the EU's extensive technical assistance program, which is aimed at exporting EU standards and technical Regulations to developing countries, especially in the Mediterranean and Balkan countries, Africa, as well as smaller programs for China and Latin America.

To know what CEN and CENELEC have in the pipeline for future standardization, it is best to visit their websites. CEN's "business domain" page provides an overview by sector and/or technical committee whereas CENELEC offers the possibility to search its database. ETSI's portal (http://portal.etsi.org/Portal_Common/home.asp) leads to ongoing activities.

With the need to adapt more quickly to market needs, European standards organizations have been looking for "new deliverables" which are standard-like products delivered in a shorter timeframe. While few of these "new deliverables" have been linked to EU Regulations, expectations are that they will eventually serve as the basis for EU-wide standards.

Key Link: http://www.cenorm.be/cenorm/workarea/sectorfora/index.asp

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Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages of the production process to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice with regard to conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. You can find conformity assessment bodies in individual Member State country in this list by the European Commission.

Key Link: http://ec.europa.eu/enterprise/newapproach/nando/

To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs. CEN's certification systems are the Keymark, the CENCER mark, and the European Standard Agreement Group. CENELEC has its own initiative. ETSI does not offer conformity assessment services.

Product Certification Return to top

To sell products on the EU market of 25 Member States as well as Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards. There is no easy way for U.S. exporters to understand and go through the process of CE marking, but hopefully this section provides some background and clarification.

Products manufactured to standards adopted by CEN, CENELEC and ETSI, and published in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE marking and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the EU. A manufacturer can choose not to use the harmonized EU standards, but then must demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE marking addresses itself primarily to the national control authorities of the Member States, and its use simplifies the task of essential market surveillance of regulated products. Although CE marking is intended primarily for inspection purposes by Member State inspectors, the consumer may well perceive it as a quality mark.

The CE marking is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized representative established in the EU. This detailed information should not appear next to the CE marking, but rather on the declaration of conformity, the certificate of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

Accreditation

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Independent certification bodies, known as notified bodies, have been officially accredited by competent authorities to test and certify to EU requirements. However, under U.S.-EU Mutual Recognition Agreements (MRAs), notified bodies based in the United States and referred to as conformity assessment bodies, are allowed to test in the United States to EU specifications, and vice versa. The costs are significantly lower which results in U.S. products becoming more competitive. At this time, the U.S.-EU MRAs cover the following sectors: EMC (in force), RTTE (in force), medical devices (in transition), pharmaceutical (on hold), recreational craft (in force) and marine equipment (in force). The U.S. Department of Commerce, National Institute of Standards and Technology (NIST), has a link on its website to American and European Conformity Assessment bodies operating under a mutual recognition agreement.

Key Link: http://ts.nist.gov/Standards/Global/mra.cfm

Accreditation is handled at Member State level. "European Accreditation" (http://www.european-accreditation.org/default_flash.htm) is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible with EN45003 or ISO/IEC Guide 58.

In Poland, the Polish Center for Accreditation is the national accreditation body authorized for accreditation of certification and inspection bodies, testing and calibration laboratories and other entities conducting conformity assessments and verifications. The Center's website provides information on accredited organization(http://www.pca.gov.pl)

Publication of Technical Regulations

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The Official Journal is the official gazette of the European Union. It is published daily and consists of two series covering draft and adopted legislation as well as case law, questions from the European Parliament, studies by committees, and more (http://europa.eu.int/eur-lex/lex/JOIndex.do?ihmlang=en). It lists the standards reference numbers linked to legislation (http://www.newapproach.org/Directives/DirectiveList.asp). National technical Regulations are published on the Commission's website http://ec.europa.eu/comm/enterprise/tris/ to allow other countries and interested parties to comment.

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical Regulations that could affect trade with other member countries.

Notify Us is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical Regulations that can affect your access to international markets. Register online at Internet URL: http://tsapps.nist.gov/notifyus/data/index/index.cfm

Labeling and Marking

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Labeling and packaging requirements vary depending on the product. Consumer goods require a product description in Polish somewhere on or inside the package. The use of language on labels has been the subject of a Commission Communication which encourages multilingual information, while preserving the freedom of Member States to require the use of language of the country of consumption.

Packaging should clearly indicate the country of manufacture. Packaged or canned food products require Polish language labels containing the product composition, nutritional value, date until valid, name and address of the producer, and the product weight. The Polish government is considering requiring food products using Genetically Modified Organisms (GMOs) to be so labeled. Some U.S. companies have found that using the English language somewhere on the packaging (e.g. product name, promotional slogan) helps give the product additional prestige or value in the eyes of the Polish consumer.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 80/232/EC provides permissible ranges of nominal quantities, container capacities and volumes of a variety of products. Manufacturers should be mindful that, in addition to the EU's mandatory and voluntary schemes, national voluntary labeling schemes might still apply. These schemes may be highly appreciated by consumers, and thus, become unavoidable for marketing purposes.

Manufacturers are advised to take note that all labels require metric units although dual labeling is also acceptable until end of December 2009. The use of language on labels has been the subject of a Commission Communication, which encourages multilingual information, while preserving the right of Member States to require the use of language of the country of consumption.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 80/232/EC provides permissible ranges of nominal quantities, container capacities and volumes for a variety of products. Please note that this legislation is currently being reviewed in an effort to simplify it.

Key Link:
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31980L0232:EN:HTML

The Eco-label

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The EU adopted legislation in 1992, revised in 2000, to distinguish environmentally friendly production through a voluntary labeling scheme called the Eco-label. The symbol, a green flower, is a voluntary mark. The Eco-label is awarded to producers demonstrating that their product is less harmful to the environment than similar such products. Thus encouraging consumers to purchase them. The scheme does not establish ecological standards that all manufacturers are required to meet however. Products without the EU Eco-label can still enter the EU as long as they meet the existing health, safety, and environmental standards and regulations.

U.S. concerns are; 1). the EU Eco-labeling program may become a de facto trade barrier; 2). may not enhance environmental protection in a transparent, scientifically sound manner; 3). may not be open to meaningful participation by U.S. firms; and 4). may discriminate unfairly against U.S. business. The EU Eco-label is a costly scheme (up to EUR 1,300 for registration and up to EUR 25,000/ year for the use of the label, with a reduction of 25 percent for SMEs) and has therefore not been widely used so far. However, the Eco-label can be a good marketing tool and, given the growing demand for green products in Europe, it is likely that the Eco-label will become a greater consideration for green consumers.

Key Links: http://buyusainfo.net/docs/x_4284752.pdf
http://ec.europa.eu/comm/environment/ecolabel/index_en.htm
http://www.eco-label.com/.

In June 2005, the European Commission tabled a Communication designed to launch a debate on the best way ahead regarding the eco-labeling of fisheries products. This initiative follows the growing interest by environmental Non-Governmental Organizations and increased public interest in food products associated with considerations related to environmental sustainability. A number of eco-labeling schemes have already been established with regard to fisheries products and other initiatives are being developed. It is not always easy to establish how reliable some eco-labeling claims are. International guidelines on eco-labeling have recently been adopted by the Food and Agriculture Organization (FAO) (www.fao.org) and discussions on these issues and their potential effects on free trade areas are progressing in other international fora such as the World Trade Organization (WTO) (www.wto.org).

Companies selling a broad range of electrical goods in Europe are required to comply with the Waste Electrical and Electronic Equipment Directive (WEEE) and since July 2006 they need to conform to the Restriction of Use of certain Hazardous Substances Directive (RoHS). One of the requirements is that electrical goods be marked so that consumers do not put them in with municipal waste. For details on WEEE and RoHS requirements and implementation, please see the following website: http://www.buyusa.gov/europeanunion/weee.html.

Manufacturers and distributors should be aware of specific requirements regarding the labeling and traceability of foodstuffs, including seafood, which are covered by several EU Regulations:

- Regulation 178/2002/EC
- Directive 2000/13/EC, last amended by Directive 2003/89/EC as regards indication of the ingredients present in foodstuffs.
- Commission Directive 2005/26/EC.
- Council Regulation 104/2000/EC (seafood)
- Commission Regulation 2065/2001/EC (seafood, only for retail channels)

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CEN – European Committee for Standardization
http://www.cenorm.be

CENELEC – European Committee for Electrotechnical Standardization
http://www.cenelec.org

ETSI - European Telecommunications Standards Institute
http://www.etsi.org

European Commission
http://europa.eu.int/comm/enterprise/standards_policy/

EFTA – European Free Trade Association
http://www.efta.int/

NORMAPME – European Office of Crafts Trades and Small and Medium-Sized
http://www.normapme.com

ANEC - European Association for the Co-ordination of Consumer Representation in Standardization
http://www.anec.org

ECOS – European Environmental Citizens Organization for Standardization
Boulevard de Waterloo 34
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EOTA – European Organization for Technical Approvals (for construction products)
Avenue des Arts 40
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EOTC – European Organization for Conformity Assessment
http://www.eotc.be

Trade Agreements

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For a list of trade agreements with the EU and its Member States, as well as concise explanations, please see http://tcc.export.gov/Trade_Agreements/index.asp

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http://clo.mg.gov.pl

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Chapter 6: Investment Climate

Openness to Foreign Investment Return to top

Since Poland's accession to the EU, investors' interest and confidence in doing business in Poland has increased. The new government formed after the October 2005 elections also announced its willingness to cooperate with local and foreign investors.

General Attitude: Foreign capital played an important role in the transformation and development of the modern Polish market economy. Since 1990, Poland has attracted more than $92 billion in foreign direct investment (FDI), principally from Western Europe and the United States. Successive governments encouraged foreign investment and implemented measures designed to simplify requirements for foreign investors, including passing in July 2004 the "Law on Economic Freedom," which reduces the red tape related to registering a company. After the period of 2001-2003, when foreign investment in Poland lost some of its impetus due to a general economic slowdown and sluggish privatization process, Poland is again attracting FDI. Poland's membership in the EU-25 and the country's economic potential (over 5% growth on average in 2004-2006, and projected 4.8-5.0% growth in 2007) increase its attractiveness. EU accession is perceived by many firms to have reduced Poland's country and investment risks. It also resulted in an influx of billions of Euros in new financial resources such as structural funds and the Cohesion Fund, which can be used to support investments in transport infrastructure, environmental protection, and implementation of new production technologies.

Foreign companies enjoy unrestricted access to the Polish market, apart from legal limitations on foreign ownership of companies in selected strategic sectors and registration of medical products. One exception is real estate, particularly involving agricultural land, which remains politically sensitive for historic reasons. Public attitudes towards foreign investment are generally good, although specific cases of foreign investment have become controversial. For example, the major retail discount chains, primarily British, French and German, that enjoy an increasing share of the Polish retail market, continue to be criticized for driving smaller Polish-owned shops out of business. Poland made progress in improving the climate for foreign and domestic investment. In an attempt to stimulate business activity, strict banking regulations on the provisioning of loans were relaxed, reducing lending costs. Bankruptcy law and the administration of real estate registers were improved. Binding tax interpretations were introduced in January 2005, and the corporate income tax was cut from 27% to 19%. However, simplification of VAT regulations remains on the Polish Government's agenda, and reductions in income tax rates, originally planned for 2007, has been postponed until 2009.

Major Laws and Regulations: As befits a member of the OECD and the European Union, Poland's legal regime protects property rights and investment, allows private business activity in almost every sector of the economy, provides generally equal treatment for domestic and foreign companies, and permits the repatriation abroad of profits and capital. Poland's 1997 Constitution protects the rights of private ownership and succession and states that expropriation is allowed solely for public purposes and only with just compensation.

The legal framework for the establishment and operation of companies in Poland, and in particular of companies with foreign investors, was significantly altered when the new Commercial Companies Code took effect in January 2001, and when the Law on Freedom of Economic Activity came into force on July 2, 2004. These new laws replaced existing legislation -- the 1934 Commercial Code and the 1999 Law on Economic Activity. The goal of the new laws is to define and limit the role of the state in economic and commercial life, notably by reducing the number of government approvals and inspections, and setting simple and clear rules for undertaking and performing economic activity.

Poland made considerable progress in adapting Polish law to the EU and OECD standards, including implementation of the national treatment principle. With few exceptions, foreign investors are now guaranteed national treatment. Foreign ownership restrictions in a number of sectors (see below) were amended when Poland joined the EU, in conformity with EU law. Companies, which prior to May 1, 2004, did not have any subsidiary in a European Union country, but conducted and continue to conduct or plan to start conducting business operations in Poland must observe all EU regulations, but will not be able to benefit from all the privileges to which EU companies are entitled. In April 2002, the Polish Parliament passed a law on the financial support of investments. In line with this law a company investing in Poland, foreign or Polish, may receive assistance from the Polish government. In June 2005, the Council of Ministers adopted a document outlining the system of financial support for major investment projects of special importance to the Polish economy. The new system of incentives is aimed at investments in the automotive and electronic sectors.

Under the 2000 Commercial Code (amended on January 15, 2004), companies can be established as joint-stock companies, limited liability companies, limited joint-stock partnerships, professional partnerships, registered partnerships, and limited partnerships. All of these are available to a foreign investor, provided the investor has the right of permanent residence in Poland and is based in a country offering reciprocity for Polish enterprises. If the above conditions are not met, the investor may establish only a limited partnership, a limited liability company, a joint-stock company or purchase shares of a company. Such investors are not subject to further limitations on the form of economic activity they chose to undertake.

The July 2004 Economic Freedom Act replaced the previous 1999 Law on Economic Activity and revised rules for establishing branch and representative offices. Branch offices are registered in the National Court Register under the name of the foreign investor, with the notation "branch in Poland." A branch office can perform any activity within the scope of business of the parent foreign investor that established the branch. Representative offices are limited in their activities to promotion and advertising for the parent foreign investor. Representative offices are registered in a special log kept by the Minister of Economy, which must obtain the opinion of the appropriate ministry or administrative authority responsible for the sector in which a foreign investor wants to operate. Registration may be refused in certain situations provided by law (e.g., if required documents are not submitted on time; or on national security grounds). Establishing a branch or representative office no longer requires obtaining any permits from administrative authorities. In both cases, registration and an entry into the appropriate register are obligatory.

According to the Law on the National Court Register of October 1997, as of January 2001, all companies, commercial partnerships, and sole proprietorships must be registered in the Register of Entrepreneurs, which is that part of the National Court Register managed by district courts. The Register of Entrepreneurs is open to the public.

Screening and Licensing: Poland does not have any general screening mechanism for entry and establishment of businesses by foreign firms. Authorization requirements and foreign equity limits do exist for a limited number of sectors. The Law on Freedom of Economic Activity requires a permit from the Treasury Ministry for certain major capital transactions, or lease of assets, with or from a state-owned enterprise. Furthermore, the law restricts investment in certain sectors to Polish entities based on considerations of "public security." For example, only a Polish entity can establish an airport. But, licenses and concessions for defense production and management of seaports will be granted on the basis of national treatment for investors from OECD countries.

Polish law establishes the following ceilings on foreign ownership: air transport (49%); radio and television broadcasting (49%); and gambling (0%). Furthermore, in some sectors (insurance) at least two members of management boards are required to know Polish. In some fields (e.g., broadcasting) the number of Polish citizens on supervisory and management boards must be higher than the number of foreigners.

The sale of agricultural land to foreigners has long been a sensitive issue. The 1920 Law on Acquisition of Real Estate by Foreigners prohibited foreigners from acquiring real estate without Polish Government permission. In 1996, Poland liberalized that law as part of its effort to join the OECD. From the day of EU accession, citizens of European Economic Area (EEA) countries generally do not need permission to purchase real estate and to acquire or receive shares in a company which owns real estate in Poland. There are two exceptions: the acquisition of agricultural real estate, where Poland was granted consent to introduce 12-year transition periods with respect to unrestricted acquisition of agricultural real estate by foreigners (with certain exceptions); and the acquisition of the so called "second homes" where a 5-year transition period was introduced (with some exceptions). After Poland's accession to the EU, the requirements of the Act on Acquisition of Real Estate by Foreigners to obtain a permit from the Ministry of Internal Affairs and Administration (with the consent of the Defense and Agriculture Ministries) still applies to citizens from non-EEA countries. Non-EEA citizens are allowed to own an apartment, 0.4 hectares (4,000 square meters) of urban land, or up to one hectare of agricultural land without a permit. Companies report that procedures on acquisition of real estate are transparent and the process is not burdensome. However, permission may be refused for reasons of social policy or public security.

A foreign business intending to buy real estate in Poland may apply for a provisional permit from the Ministry of Interior and Administration, which is valid for up to six months, during which time the company is expected to assemble documents demonstrating it is a viable business. The Ministry rarely turns down final permits once the company presents its formal application.

Foreign and domestic investors alike must obtain governmental concessions, licenses or permits to engage in certain activities. For example, the National Bank of Poland (the Central Bank) issues banking licenses (until January 2008); the Polish Financial Supervision Authority, a new body established in September 2006, provides permission to operate insurance companies, investment funds, and grants licenses for brokerage activities; the postal and telecoms regulator, UKE (Office of Electronic Communications) issues licenses for telecommunication and courier services; the National Broadcasting Council issues radio and television broadcasting licenses; the Economy Ministry issues permits for foreign transactions of certain goods and services; the Health Ministry authorizes permits for the pharmaceutical and medical materials sectors; the Transport Ministry provides licenses for air, international road, rail transport, and the construction and development of highways; local governments provide permits for buses and taxis, waste disposal, pharmacies, and extraction of minerals; the Interior Ministry licenses the defense industry and security services; and the Agriculture Ministry provides permits for alcohol and tobacco industries. This process was liberalized in 2001 and 2004. Sectors in which concessions are required include: broadcasting, aviation, energy, weapons, mining, and private security services.

Privatization Program: The goal set by previous governments to reduce the state's share in Poland's Gross Domestic Product (GDP) to 10-15% by 2006 and to privatize all sectors in which the State is not planning to maintain its control by the end of 2005 did not materialize. Completion of the privatization process is not a priority of the current government. Moreover, privatization has slowed as many of the more attractive companies have already been sold, while those remaining are, to a significant extent, in financial difficulty and in need of restructuring. Examples of the latter include state-owned companies in the coal, electric power, gas, chemical, and defense industries. Employees and trade unions in the remaining state-owned companies, observing growing competition from the private sector, are increasingly skeptical about the government's ability to ensure a safe future. As economic awareness in state-owned businesses grows, the number of protests against governmental decisions not to privatize state-owned enterprises has increased, for example in the shipbuilding and chemical sectors. Moreover, employees and trade unions are less distrustful of private investors whose involvement in a company is often seen as a change for the better.

To date, the government in each major privatization (except for bank PKO BP in which the State remains a majority share-holder) invited foreign investors to compete for a strategic interest. This openness to foreign investment drew objections from some commentators and politicians who fear that foreigners are acquiring too large a share of the Polish economy. Concern is frequently voiced about the level of foreign ownership of the banking sector, where foreign-controlled banks hold around 80% of assets. The current government is developing a strategy to ensure the State's continued presence in the economy. The government is also preparing a new list of companies and sectors in which it would like to maintain its control. The remaining firms, mainly small and medium-sized enterprises, will be privatized.

Discrimination against Foreign Investors: Generally, foreign investors receive similar treatment as domestic investors, both at the time of initial investment and after the investment is made. In the past there were complaints about discrimination in public procurement contracts resulting from provisions in legislation favoring domestic firms. Since May 2004, all public authorities must apply the Public Procurement law of January 2004 when selecting suppliers and service providers in public contracts. Under this law, a joint venture between foreign and domestic firms qualifies as "domestic" for procurement considerations. On joining the EU, Poland acceded to the WTO Government Procurement Agreement.

One of the sectors in which companies consistently complain of discrimination is innovative pharmaceuticals. In July 2006, the Polish Government imposed 13% price cuts on hundreds of imported active pharmaceutical ingredients. While the Polish Government claimed the legislation applied to both foreign and domestic companies, many pharmaceutical companies agree that the price cuts were not applied to imported ingredients used by domestic manufacturers. In October 2006, the Polish government mandated further price cuts, ranging by company and product (from 4% to over 20%), on the direct hospital sales. The Polish government has also limited the market access of foreign pharmaceutical companies by severely restricting the addition of new innovative drugs to its reimbursement list.

Conversion and Transfer Policies

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Restrictions on Converting or Transferring Funds: Poland provides full IMF Article VIII convertibility for current transactions. The new Foreign Exchange Law came into force on October 1, 2002, replacing the Foreign Exchange Act of 1998 and lifting restrictions on capital movement. The Polish foreign exchange law fully conforms to the OECD Codes of Liberalization of Capital Movements and Current Invisible Operations. In 2006, the government submitted to Parliament a draft amendment to the Foreign Exchange Law. The amendment aims to further liberalize and simplify banking procedures.

The 2002 law introduces a distinction between non-residents from EU countries and non-residents from third countries. It breaks the latter into not only non-EU countries, but also to non-OECD and non-European Economic Area (EEA) countries. Non-residents from the EU (as well as OECD and EEA) are treated with priority, and currency transactions in their case are subject to more lenient provisions than currency transactions of non-residents from third countries. The foreign exchange law defines restrictions and obligations connected with transactions turnover in foreign exchange. Exceptions to the restrictions and obligations require a general (issued by the Minister of Finance in the form of a decree) or individual foreign exchange permit.

Foreign exchange permits issued by the National Bank of Poland (NBP) are needed to:
- determine and accept amounts due from non-residents by residents in currency other than convertible currency (the list of convertible currencies is published by the NBP on the web);
- export and dispatch abroad domestic and foreign currencies of an amount exceeding EUR 10,000 (within the framework of a single transaction) excluding export and dispatch abroad of domestic and foreign currencies by non-residents should they have previously imported them into the country and duly declared this upon customs clearance;
- open accounts in banks and branches of banks, located in third countries, both directly and through other entities, by residents;
- make payments between residents in foreign currencies, excluding payments between private individuals, if they are not connected to the management of a business activity;
- conduct office-related exchange activities.

Special restrictions may be introduced on foreign exchange transactions with foreign countries, if they are necessary to:
- implement the decisions of the authorities of international institutions of which the Republic of Poland is a member;
- ensure public order and security;
- ensure balance of payments, in the case of a general imbalance or a sudden economic slump;
- ensure the stability of the Polish currency in the event of sudden fluctuations of the exchange rate or any threat in this matter.

Generally, all operations and payments in Poland must be made in Polish currency, the zloty.

Transfer of sums by non-residents that are subject to taxation may be carried out only after the presentation of a confirmation from a tax office verifying the payment of the taxes due.

A foreigner who does not need a permit may convert or transfer currency to make payments abroad for goods or services and also may transfer abroad his share of after-tax profit due from operations in Poland. Capital brought into Poland by foreign investors may be freely withdrawn from Poland in instances of liquidation, expropriation, or decrease in capital share. Full repatriation of profits and dividend payments is allowed without obtaining a permit. However, a Polish company (including a Polish subsidiary of a foreign company) must file and pay withholding taxes with the Polish tax authorities on any distributable dividends unless a double taxation treaty is in effect. There is a double taxation treaty with the United States. An exporter may open foreign exchange accounts in the currency it chooses.

Availability of Foreign Exchange and Remittance: Foreign exchange is widely available through commercial banks as well as exchange offices. Payments and remittances in convertible currency may be made and received through a bank authorized to engage in foreign exchange transactions-- most banks have such an authorization. Poland does not prohibit remittance through a legal parallel market including one utilizing convertible negotiable instruments (such as dollar-denominated Polish bonds in lieu of immediate payment in dollars). As a practical matter, however, such payment methods are rarely, if ever, used. Foreign investors have not complained of any significant difficulties or delays in remitting investment returns such as dividends, return of capital, interest and principal, lease payments, royalties, or management fees.

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Since the collapse of Communism in 1989, potential expropriation in Poland has not been an issue. The Law on Land Management and Expropriation of Real Estate provides that property may be expropriated only in accordance with statutory provisions such as the construction of public works, national security considerations or other specified cases of public interest. Full compensation, at market value, must be paid for the expropriated property. Article 21 of the Constitution states that "expropriation is admissible only for public purposes and upon equitable compensation." Although there have been no cases of expropriation since reforms began in 1990, the implementation of a major highway construction program in Poland could involve some expropriations of land.

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Government's Handling of Investment Disputes: There have been occasional investment disputes between foreign investors and the government. Frequently these involve state-owned enterprises. Currently there is a dispute (in international arbitration) between the leading Polish insurer, PZU, and the Dutch financial group Eureko, which started in 2003 over a purchase of a majority stake in PZU. Additionally, there are recent disputes involving U.S. companies. One dispute involves the inability to resolve fair energy pricing issues which led to the idling of a gas fed energy generation plant. Another involves limited access to the Polish market for innovative pharmaceutical companies. The government used its position to arbitrarily lower prices paid for imported pharmaceuticals. In another dispute, local authorities repeatedly denied permits for a real estate development. The sale of state-owned enterprises, the government's move towards full adoption of EU regulations, and the passage of legislation more clearly defining the role of the state in economic activity should all lead to a reduction in investment disputes.

The Polish Legal System: Generally, foreign firms are wary of the slow and over-burdened Polish court system and prefer to rely on other means to defend their rights, notably international arbitration. Similar to the French and German systems, the Polish legal system is prosecutorial. Contracts involving foreign parties normally include a dispute settlement clause that gives terms for arbitration of possible dispute in a third-country court (in Britain or Switzerland, for example, in the case of a dispute between U.S. and Polish parties). Poland has a bankruptcy law. Declarations of bankruptcy may be filed by a company's creditors or governing bodies. Every creditor of an insolvent company lays claims to its liability in writing. Liabilities are repaid in the following order: cost of legal proceedings; employee remuneration; liabilities to the State and Social Security Fund (ZUS), secured by a mortgage or pledge; other liabilities secured by mortgages or pledges; other taxes and other public liabilities; other liabilities. Prior to 1998, a secured creditor's position could be superseded by subsequent tax arrearages and other secured credits. The Mortgage Banking Act of 1997 and the Law on Registered Pledges and Pledge Registry of 1997 protect qualified mortgagors and secured creditors against subsequent tax liens and other secured and unsecured claims. Instead of liquidation, the bankruptcy proceedings may be finalized by an agreement between the company and its creditors.

The Bankruptcy Law of February 28, 2003, which became effective on October 1, 2003, increases creditors' rights. This Law introduced a new body – The Creditor's Preliminary Assembly, to enable creditors to influence bankruptcy proceedings. The Creditors Assembly has the right to decide, at the initial stage of the bankruptcy process, whether a debt settlement agreement is possible or assets of a bankrupt company should be liquidated. Introduction of the Assembly considerably increased the creditors' role in bankruptcy proceedings. Monetary judgments are usually made in local currency.

International Arbitration: Decisions by an arbitration body are not automatically enforceable in Poland. They must be confirmed by a Polish court. Poland is party to four international agreements on dispute resolution, with the Ministry of Finance acting as the government's representative:

1. The 1923 Geneva Protocol on Arbitration Clauses
2. The 1958 New York Convention on the Recognition and Enforcement of International Arbitration Awards
3. The 1961 Geneva European Convention on International Trade Arbitration
4. The 1972 Moscow Convention on Arbitration Resolution of Civil Law Disputes in Economic and Scientific Cooperation

Poland is not a member of the Washington Convention on the Settlement of Investment Disputes between States and Nationals of Other States.

Performance Requirements and Incentives Return to top

Trade-Related Investment Measures (TRIMs):
Notification/Compliance: Poland notified the WTO that on January 1, 1997, it terminated the measure notified previously under Article 5.1 of the TRIMs. This measure, which had concerned tax rebates limited to domestic cash registers. It was the only one that Poland had given notice of to the WTO.

Performance Requirements: Poland generally does not impose performance requirements for establishing or maintaining an investment. However, in connection with the privatization of certain large companies the government and the purchasers have negotiated terms that included performance requirements. For example, Fiat and Daewoo agreed, among other things, to meet certain negotiated production targets and investment and employment levels when they bought state-owned car plants. As discussed above, there are limits on foreign participation in certain economic activities, such as broadcasting and air transportation.

Investment Tax Incentives: Regulations on special economic zones and on public assistance to entrepreneurs provide the basis for exemptions from income tax or other incentives. These have been reviewed as Poland negotiated the terms of its entry into the EU and EU norms on the allowable level of public assistance to private companies begin to apply. Existing tax and other investment incentives are based on the relative prosperity of the region where the investment is based, the size of the investment and the number of jobs created. Strategic investors may obtain real estate tax exemption or reduction as well as additional local incentives. All such exemptions need to be negotiated with the local authorities.

Foreign Participation in Government Financed Research: Foreign companies have not participated in government-funded research and development projects managed by the Committee for Scientific Research (KBN). Nonetheless, there is no proscription against such participation.

Visa and Work Permit Requirements: Foreign investors can and do bring personnel into Poland. Poland's visa and work permit requirements allow foreigners to live and work in Poland. However, many firms and foreigners in practice have had difficulty in obtaining both documents. Work permits are issued by local authorities, which vary in the speed with which they issue permits. Poland requires an applicant to receive their visa in his or her home country, rather than in Poland or in neighboring countries. This procedure is often burdensome. Generally 2009, provided no labor market disruptions are observed, will mark the end of transition period for the complete freedom of movement for workers - Community nationals - in the enlarged Union.

Discriminatory or Preferential Export/Import Policies: The government supports exporters through export credit guarantees from a state-owned insurance entity (KUKE). KUKE provides credit guarantees for all firms registered in Poland (this includes foreign firms and firms with foreign capital). However, for products subject to export contracts, the Minister of Economy (in agreement with the Minister of Finance) establishes a minimum percentage share of components of Polish origin in the final product for it to be considered a domestic product. Currently, the minimum percentage share is 50 percent. This regulation is to be amended to comply with EU regulations. In February 2002, the Ministry of Finance signed an agreement with Bank Gospodarstwa Krajowego (BGK) on subsidies on interest and export credits with the aim to make it easier for exporters to obtain cheaper credits to finance exports.

Right to Private Ownership and Establishment Return to top

Rights of Ownership and Establishment: Domestic and foreign private entities have a general right to establish and own, as well as dispose of, a business and to engage in almost all forms of lawful economic activities. Article 64 of the Constitution provides: "Every person has the right to ownership, other property rights, and the right of inheritance. Ownership, other property rights, and the right of inheritance are subject to legal protection that is equal for all. Ownership may be restricted only by law and only to the extent to which it does not abridge the essence of the right of ownership." In the case of land, a second form of title is the perpetual lease, under which the lease holder generally controls the property for 40 to 99 years, and which can be extended for up to 99 additional years. Such a perpetual tenant has the right to dispose of its interest in the land by sale, gift, or bequest. As discussed above in Section A.1., there are a few sensitive areas in which participation of foreigners is restricted, e.g., broadcasting, air transportation and gambling; further, foreign ownership of other than a small amount of real estate requires a government permit. Apart from these restrictions, foreign entities can freely establish, acquire and dispose of interests in business enterprises.

The Civil Code, as amended, regulates property rights between individuals or legal entities. The amendment of July 1990 reintroduced the basic standards of free market economy and ownership. Civil Code regulations are based on the principles of equality of all parties, regardless of their ownership status, equivalency of obligations, discretion, protection of private ownership and freedom of contracts.

Competitive Equality: The private sector has expanded rapidly since 1989 and now dominates almost every sector of the economy, although state-owned entities still dominate such sectors as coal, steel, and utilities. The private sector is estimated to employ over two-thirds of Poland's labor force and to produce over 75 percent of GDP. Competition between privately owned and state-owned enterprises is being replaced by competition among private firms. Officials at various levels of government occasionally exercise their discretionary authority to help state-owned enterprises. For example, tax authorities have not pressed some large, troubled state-owned enterprises to pay their taxes, in order to avoid putting them into bankruptcy. Nevertheless, in line with EU standards governing competition, the new commercial code that took effect in 2001 (see Section A.1.) has established a more level playing field. With EU accession, government activity that advantages state-owned firms comes under careful scrutiny by Brussels.

Protection of Property Rights

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Real Property: Poland's legal system protects and facilitates the acquisition and disposition of property. Mortgages do exist, and, as of 2002, the mortgage market is expanding quickly, albeit from a low base. The 1997 Mortgage Banking Act provides that a recorded mortgage by a licensed mortgage bank will take priority over subsequent tax liens and other secured and unsecured claims.

Chattel/Personal Property: The 1997 Law on Registered Pledges and Pledge Registry provides protection for secured creditors and establishes a new registry system. Creditors may place liens on assets and rights, both present and in the future.

Legal System: Poland has a non-discriminatory legal system accessible to foreign investors that protects and facilitates acquisition and disposition of all property rights, such as land, buildings and mortgages. Many investors -- foreign and domestic -- complain the judicial system is slow. Foreign investors often voice concern about frequent or unexpected changes in laws and regulations. Now that Poland joined the EU, it should improve.

Intellectual Property Rights: In early 2000, Poland passed major new legislation governing intellectual property rights, bringing Poland into compliance with its obligations under the WTO TRIPS Agreement and the EU. Amendments to the 1994 Copyright law extended coverage to pre-1974 sound recordings, removing major shortcomings in Polish law. Upon EU accession on May 1, 2004, the Minister of Culture issued a regulation mandating creation of a register of information concerning OD production and identification codes. The new Industrial Property Law replaced existing regulations governing patents, trademarks and other industrial property. The length of protection afforded to proprietary research test data submitted by pharmaceutical companies now matches EU standards. However, piracy of intellectual property still remains a problem in Poland. Polish authorities have made progress in the last two years, however much remains to be done to protect IPR. In recognition of the GOP's efforts to fight piracy, Poland was placed on the USTR "Watch List" in 2005. Improved penal provisions in the new legislation should help curb piracy, as will on-going judicial reforms. Poland continues to implement provisions of the 2003 strategy to improve copyright and patent enforcement. (See also Chapter 3, Selling U.S. Products and Services, Protecting Your Intellectual Property)

Transparency of Regulatory System Return to top

Transparency/Bureaucratic Burden: The Polish government acknowledges that its policies are not as transparent as they ought to be, and that bureaucratic requirements continue to impose a burden on investors. Reforms designed to deregulate, increase transparency, and promote competition were introduced as part of the broader process of EU accession. There are fewer complaints about uneven treatment. Regulatory unpredictability and high level of administrative red tape are recurring complaints of investors, both domestic and foreign. The current government is working on a Regulations Reform Program which aims to increase Poland's competitiveness by improving existing regulations and introducing new procedures and instruments for the creation of better legislation.

Competition: Poland made considerable progress in adapting its industry to the needs of an economy based on competition. In acceding to the EU, Poland adopted Community regulations in the area of public aid. Nevertheless, competition policy in Poland remains an area of concern, because roughly 25% of output still comes from the state-owned sector. The government seeks to encourage the competition primarily through deregulation and restructuring of the remaining large state-owned enterprises. In addition, the Office for Competition and Consumer Protection is responsible for promoting fair competition in the market and for tracking and eliminating anti-competitive practices.

Tax, Labor, Health and Safety, and Other Laws as Impediments: Foreign and domestic investors must comply with a variety of laws concerning taxation, labor practices, health and safety, and the environment. Complaints about these laws, especially the tax system, center on the lack of clarity and often-draconian penalties for minor errors. This improved with the implementation of the regulations of the Law on Freedom of Economic Activity, with a reduced number and duration of inspections, and binding tax interpretations. Establishment of the Central Anti-Corruption Office (CBA) in 2006 increased the number of institutions authorized to perform inspections in companies. However, the CBA is entitled to perform inspections of companies only in cases where the Treasury's interest is linked with a business interest.

Revisions to the corporate tax code in 1999 and 2003 introduced greater transparency and lowered rates. Taxes on corporate income fell from 30% in 2000 to 27% in 2003 and 19% in 2004. The government in 2004 introduced a 19% flat-rate income tax on small business to accelerate economic growth. Amendments to the Act on Corporate Tax passed in 2006 include changes to definitions of a small tax payer and a foreign company. A tax payer is considered small for the purpose of tax on products and services when income including VAT does not exceed EUR 800,000 (around $1 million) in the preceding year. The definition of a foreign company was modified using the OECD model.

Poland's rigid labor code is cited by employers as a major barrier to new job creation, particularly among small and medium-sized enterprises. In fall 2002, the Parliament passed a comprehensive package of legislative changes introduced by the government to create new jobs. Politicians, unions, and employers continue to debate further changes.

Efficient Capital Markets and Portfolio Investment

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Capital Markets: Poland's policies facilitate the free flow of financial resources. Banks can and do lend to foreign and domestic companies. Companies also can and do borrow abroad and issue commercial paper. Poland has developed healthy equity markets. The 1991 Law on Public Trading in Securities and Trust Funds created the regulatory framework for operations on the capital market and introduced its major agents: the Securities and Exchange Commission; the stock market; and the stock-broker. This Law was replaced with the 1997 Law on Public Trading and Securities (with amendments in 2001 and 2004). Since the opening of the Warsaw Stock Exchange (WSE) in 1991, the number of listed joint stock companies has increased from five to over 250 in 2005. At the end of 2005, 35 companies were floated on the WSE, the same number as in 2004. They represent various sectors of the Polish industry with energy, chemical, and food industry in the lead. The number of foreign companies listed on the WSE increased from four in 2004 to seven in 2005. They represent such countries as: Hungary, Austria, and the U.S. Capitalization of the WSE has grown from $142 million in 1991 to over $95 billion in 2005. Poland intends to build Central and Eastern Europe's strongest capital market by 2010 and increase WSE's capitalization to 50 percent of GDP reaching the average in the EU. A modern trading system (Warset) was launched on the WSE in 2000, based on a similar system used by the Paris bourse. The system enables direct cooperation with other stock exchanges in Europe. There is also an over the counter market, the Central Table of Offers (CeTO), and the Electronic Treasury Securities Market (ETSM) which operates on a basis similar to NASDAQ. At the end of 2004, the GOP approved a plan to privatize the WSE, enabling the Polish capital market to integrate itself more fully with other European exchanges. The new government (formed after the October 2005 elections) will decide whether to go ahead with the privatization process in early 2006.

The May 27, 2004 Act on Investment Funds allows for open-end, closed-end, mixed investment funds and development of securitization instruments in Poland. In general, no special restrictions apply to foreign investors purchasing Polish securities. However, as a general rule, corporate bonds are not often traded, and therefore can be difficult for foreign investors to buy. Investment funds are a rapidly growing segment of Poland's capital markets.

Venture capital activity is conducted by investment funds, consulting companies, investment banks, special funds belonging to financial corporations, and companies in the IT sector. Most of those are foreign companies or companies with a foreign shareholder, mainly due to the lack of funding and experience in this type of activity on the domestic market. Most companies established by venture capital funds operate in the IT and media sectors.

Credit Allocation: Credit allocation has been on market terms. The government, however, has some programs offering below-market rate loans to certain domestic groups, such as farmers and homeowners.

Access: Foreign investors and domestic investors have equal access to the Polish financial markets. Most private Polish investment is still financed from retained earnings, while foreign investment is mainly direct investment, using funds obtained outside of Poland. More and more Polish firms are raising capital in Europe or the U.S.

Legal, Regulatory and Accounting Systems: Due to recent amendments and interpretations, the Polish accounting standards do not differ significantly from international standards. In cases, where there is no national accounting standard, the appropriate International Accounting Standards may be applied. As of 1 January 2005, all companies listed on the Warsaw Stock Exchange are obliged to prepare their financial statements in accordance with the International Financial Reporting Standards. Poland is in the process of harmonizing legal, regulatory and accounting systems with those in the EU, which sometimes lack transparency. The major international accounting firms provide services in Poland and they are familiar with the U.S., EU and Polish accounting standards.

Portfolio Investment: The Polish regulatory system fosters and supervises the portfolio investment market. Both foreign and domestic persons may place funds in demand and time deposits, stocks, bonds, futures and derivatives. The stock and Treasury bill markets are fairly liquid, but many other investments are not, such as Treasury bonds. The Polish Securities and Exchange Commission has built a strong reputation for supervising the stock market.

Banking System: The banking sector is dominated by twelve large commercial banks, two of which are controlled by the State Treasury and the remaining ten by foreign institutions. The Polish banking system is considered one of the best regulated and supervised in Central and Eastern Europe. At of the end of June 2005, the banking sector had total estimated assets of almost $171 billion. The National Bank of Poland reported that, among commercial banks,13.8 percent of assets were non-performing at the end of June 2005, compared with 14.8 percent at the end of 2004. In 2004, Poland liberalized regulations on obligatory reserves, reducing banking sector's burdens and improving its performance. In 2005, concentration of the banking sector in Poland decreased. At the end of June 2005, the share of the ten biggest banks in the sector's assets reached 70.5 percent (71.8 in 2004), and in credits -- 66.0 percent (66.6 percent in 2004). The share of those banks has decreased systematically since 2001, the year of the most intensive mergers in the banking sector.

Cross-shareholding: Cross-shareholding arrangements are rare and so far have played a minor role in the Polish economy.

Hostile Takeovers: Neither the government nor private firms have taken measures to prevent hostile takeovers by foreign or domestic firms. Hostile takeover attempts are still rare.

Standards-setting Organizations: Governmental agencies, and not companies, set industry standards. These agencies are not required to consult with domestic or foreign firms when establishing standards, though the former much more than the latter tend to play an influential role in the process.

Political Violence Return to top

Poland is a politically stable country. There have been no confirmed incidents of politically motivated violence toward foreign investment projects in recent years. Objection to foreign investment is a theme heard from fringe political parties. Poland has neither belligerent neighbors nor insurgent groups. The Overseas Private Investment Corporation (OPIC) provides political risk insurance for Poland.

Corruption Return to top

Anti-Corruption Laws and Regulations: Polish laws and regulations provide a legal basis for combating corruption. Bribery is a criminal offense and grease payments are not tax-deductible expenses. The Finance Ministry's tax authorities concede, however, that bribes can be disguised as other payments, which are deductible. One of the chief tools in preventing corruption is a transparent system of government procurement by open tender at all levels of government. A 1997 law restricts economic activity for those holding public positions. This law prevents a public official from engaging in business activities where he or she would have a conflict of interest while he or she is an official and for one year thereafter. The law applies to parliamentarians, government officials, and local officials. On July 1, 2003, new penal code regulations combating corruption came into force. These amendments include: no punishment for those from whom bribes are extracted when they inform police about this fact; new broader definition of a public official, which includes local government officials, doctors, and CEOs; seizure of assets if an accused person does not prove they come from a legal source. On June 9, 2006, the Polish parliament passed a resolution which provided the legal grounds for the establishment of the Central Anti-Corruption Office (CBA). The CBA was established to combat corruption, especially in state and local government institutions.

OECD Anti-Bribery Convention: Poland ratified the OECD Convention on Combating Bribery in 2000. Implementing legislation became effective February 3, 2001.

Cases of Corruption: Reports of alleged corruption are publicized. They often appear in connection with privatization, government contracting, and the issuance of a regulation or permit that benefits a particular company. Reportedly, corruption by custom and border guard officials, tax authorities, and local government officials often occurs and, if discovered, is usually punished. Businesses report that Polish officials have asked for political campaign contributions in return for favorable treatment. Overall, U.S. firms have found that maintaining policies of full compliance with the U.S. Foreign Corrupt Practices Act is effective in building a reputation for good corporate governance and that doing so is in no way an impediment to profitable operations in Poland.

Combating Corruption: Corruption is widely recognized as a problem in Poland, as well as a restraint on economic growth and development. The government established the Central Anticorruption Office (CBA) in 2006 to combat corruption. The GOP expects that the establishment of the CBA, with its focus on penal repercussions, will ensure that the battle against corruption is as effective as possible and that anticorruption activities are performed in an efficient and comprehensive manner nationwide. The private sector is also paying greater attention to fighting corruption. In 1998, concerned Poles established the Polish chapter of Transparency International. Several other NGOs have launched campaigns to increase public awareness. Business groups, including the American Chamber of Commerce, have also been vocal on the subject.

Bribery of a Domestic Official: Bribery and abuse of public office are crimes under the Polish Criminal Code.

Bribery of a Foreign Official: Legislation implementing the OECD Convention classifies the payment of a bribe to a foreign official as a criminal offense, the same as if it were a bribe to a Polish official.

Enforcement Agencies: The Justice Ministry and the police are responsible for enforcing Poland’s anti-corruption criminal laws. The Finance Ministry administers tax collection and is responsible for denying the tax deductibility of bribes. The CBA established in July 2006 coordinates anticorruption activities with other public institutions such as the police and the internal security services.

Convictions: No foreign investor or major government official has been found guilty of corruption. A number of officials have been investigated. During 2003 and 2004 the Sejm held sensational hearings to investigate possible malfeasance by officials and corporate managers in a scheme to acquire media assets. The case encouraged public support for anti-corruption enforcement.

Bilateral Investment Agreements

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Bilateral Investment Agreements: As of September 2006, Poland had ratified 60 bilateral investment agreements: Albania (1993); Argentina (1992); Australia (1992); Austria (1989); Azerbaijan (1999); Bangladesh (1999); Belgium and Luxembourg (1991); Belarus (1993); Bulgaria (1995); Canada (1990); Chile (2000); China (1989); Croatia (1995); Cyprus (1993); the Czech Republic (1994); Denmark (1990); Egypt (1998); Estonia (1993); Finland (1998); France (1990); Germany (1990); Greece (1995); Hungary (1995); India (1997); Indonesia (1993); Iran (2001); Israel (1992); Italy (1993); Jordan; Kazakhstan (1995); Kuwait (1993); Latvia (1993); Lithuania (1993); Macedonia (1997); Malaysia (1994); Moldova (1995); Mongolia (1996); Morocco (1995); the Netherlands (1994); Norway (1990); Portugal (1993); Romania (1995); Serbia and

Montenegro (1997); Singapore (1993); Slovenia (2000); Slovakia (1996); South Korea (1990); Spain (1993); Sweden (1990); Switzerland (1990); Thailand (1993); Tunisia (1993); Turkey (1994); Ukraine (1993); United Arab Emirates (1994); the United Kingdom (1988); the United States (1994); Uruguay (1994); Uzbekistan (1995); Vietnam (1994).

Agreements with the United States: The United States and Poland signed a Treaty Concerning Business and Economic Relations in 1990; it entered into force in 1994 for an initial period of ten years. The Treaty grants U.S. investors domestic privileges and provides for international arbitration in the case of investment disputes. In 1974, the United States and Poland signed a double taxation treaty. Prior to accession to the EU Poland reviewed its agreements with third countries for their compatibility with EU law. In June 2004, Poland completed the necessary amendments to bring the bilateral U.S.-Polish economic treaty into compliance with EU regulations. Ratification of the amended bilateral treaty on business and economic relations took place in October 2004.

OPIC and Other Investment Insurance Programs

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OPIC: The Overseas Private Investment Corporation (OPIC) provides political risk insurance for U.S. companies investing in Poland against political violence, expropriation, and inconvertibility of local currency. OPIC offers medium- and long-term financing in Poland through its direct loan and guarantee programs. Direct loans are reserved for U.S. small businesses or cooperatives and generally range from $2-10 million. Loan guarantees are issued to U.S. lending institutions and range from $10-75 million, and in certain instances up to $200 million.

MIGA: The World Bank's Multilateral Investment Guarantee Agency also provides investment insurance similar to OPIC's for investments in Poland.

Foreign Exchange: Poland maintains full convertibility of the zloty, apart from a few restrictions on short-term capital movements. Foreign currency is freely available from the banking system. Since March 2000, Poland has maintained a freely floating exchange rate regime. As part of its EU membership, Poland must enter the European Exchange Rate Mechanism (ERM2) at some point. The earliest possible date was two years after the accession (mid-2006). The new government is not eager to speed up the process. Most observers seem to agree that Poland will not enter the Eurozone before 2010 and 2012 is mentioned as a possible entry date. The National Bank of Poland, the Ministry of Finance and the European Central Bank will have to meet and agree on whether Poland has met the necessary targets for inflation and budget deficit, after which they will jointly set an exchange rate at which the Euro will be adopted.

Labor

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Poland has a well-educated, skilled labor force. Productivity remains below western standards, but is rising rapidly. Unit costs remain competitive. At the end of October 2005, the average gross wage in Poland was $780 per month. Polish workers are usually eager to work for foreign, especially American, companies. Most aspects of employee-employer relations are governed by the 1996 Labor Code, which lists employee and employer rights in all sectors, both public and private, and is gradually revised in order to adapt it to the changing environment. The Polish government adheres to the International Labor Organization (ILO) Convention protecting worker rights.

Poland's economy employed around 13 million people at the end of 2005 with around 17.5 percent registered as unemployed at the end of October 2005. Many of the registered unemployed actually work full- or part-time in the unofficial, gray economy, which adds an estimated 10-15 percent to the official GDP. Overall, employment in the public sector continues to shrink as the private sector grows. Employment has expanded in service industries such as information science, hotels and restaurants, and retail trade. The state-owned sector is still about a quarter of the labor force, though employment in such fields as coal mining, steel, and energy is declining.

In 2004 and 2005, unemployment decreased in all provinces, but the impact of unemployment varies dramatically by region. Major urban areas such as Warsaw, Krakow, and Poznan have unemployment rates below ten percent while joblessness in the agricultural areas in the northeast and northwest can exceed 30 percent. Over 40 percent of the unemployed live in rural areas.

In 2002 Polish Parliament passed a package of amendments to the labor code as part of the government's stimulus program. These changes liberalize labor code provisions and aim to combat growing unemployment. They took effect in 2003. The amendments include: giving employers the right to impose a break in work for up to one hour without remuneration; providing an opportunity for employers to renegotiate labor contracts with unions during periods of financial difficulty; application of separate regulations covering mass layoffs only to companies employing over 20 people; greater flexibility for companies in providing compensation through time off in lieu of pay; and increasing from two to three the number of fixed-term employment contracts that an employer can conclude before they are automatically transformed into indefinite period contracts.

For more detailed labor related information, please consult the Embassy's Labor Trends report published by the U.S. Department of Labor, Bureau of International Affairs.

Foreign-Trade Zones/Free Ports

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Duty free zones can be established by the Minister of Finance, in cooperation with the Minister of Economy. The zones are managed by authorities designated by the Ministers – typically provincial governors who issue the operating permit for a given zone.

Bonded warehouses and customs and storage facilities are available in Poland. They are operated under the authority of customs authorities and can be operated by commercial code companies.

Customs duties are repaid to the importer for re-exports of products within 12 months of the date of customs clearance in full or partially, depending upon their length of time in country.

The operation of foreign trade zones (FTZ) in Poland is regulated by the 2004 Customs Law, that is in compliance with the EU regulations. Business activities within FTZs are based on the same principles as those applied in the EU member countries. Foreign-owned firms have the same investment opportunities as do Polish firms to benefit from foreign trade zones, free ports, and special economic zones.

In 2006, there were seven free customs areas: Gliwice (southern border), Katowice International Airport (duty-free retail trade), Malaszewicze/Terespol (eastern border), Mszczonow near Warsaw (since May 2001), Warszawa-Okecie International Airport (duty-free retail trade within the airport), Szczecin, Swinoujscie, and Gdansk (all Baltic ports). Duty free-shops are available only for travelers departing to non-EU countries. There are also 5 bonded warehouses: Gdynia (sea port), Krakow (airport), Wroclaw (airport), Katowice (airport) and Gdansk (airport).

Most activity in the free trade zones involves storage, packaging and repackaging. Bonded warehouses and customs and storage facilities are available. Bonded warehouses can be open to the general public or a private entity (with a limitation to the authorized entities).

There are 14 SEZs in Poland, each of them consisting of several sub-zones. Special Economic Zones (SEZ) are separate administrative areas designated for conducting business activity on favorable terms. The zones are not exterritorial by nature, but they enjoy special relief in taxation and have the infrastructure necessary for starting a business. Firms willing to take advantage of the incentives must obtain permission for conducting business activities in the SEZ. Permits are issued by managing authorities of the SEZ on the base of results of a tender for conducting business in the Zone.

The GOP amended the October 1994 Law on Special Economic Zones (SEZs) in November 2000 and then in April 2004. Under the new rules investors can receive exemption from income tax and/or other incentives totaling no more than 50 percent of the outlays spent on investments or creating new work places. The ceiling for small- and medium-sized companies is 65 percent. These limits are lower (40 and 55 percent) for investors in the Krakow SEZ, located in a relatively prosperous area. Investors may also negotiate with local authorities to receive property tax exemptions.

In response to EU concerns about unfair competition stemming from the SEZs the Polish government has agreed to stop opening new zones or expanding existing ones. As part of its accession process, Poland negotiated with the EU on the tax benefits and other incentives, which companies operating in existing SEZs enjoy after Poland became an EU member. Some of the proposed changes aroused concerns about possible disputes between investors and Polish government. The changed definition of a small and medium company in the law on SEZs, which takes into account capital relations with other entities, may lead to reduction of the number of firms qualifying as small and medium ones.

Investors that received approval for incentives prior to January 2001 continue to benefit from these provisions, until Poland joins the EU. The European Commission rejected Poland's request to respect all "acquired rights" of companies that invested in SEZs in the period 1995-2000. Hence, on the day of accession small investors will operate under "old" regulations until 2011; medium-size companies until 2010; and big companies established before 1 January 2000 will be allowed to use public aid in the amount of up to 75 percent of total investment outlays, while for those established after that date the maximum public aid index has been determined at 50 percent. Companies from the automotive sector will be granted public aid worth no more than 30 percent of their capital investments. This means that investors that made low capital investments relative to their profitability could lose some benefits, but in many cases investors in Poland are not affected and some can even benefit from the changes. Regardless of their situation, many foreign companies are taking the position that they are owed some compensation, in the event the Polish government breaks contractual agreements.

Apart from the above incentives, companies investing in SEZ are often granted exemptions from real estate tax by local authorities. Local Employment Offices offer a range of work programs and special training schemes for the unemployed financed by the Labor Fund.

The Polish government has been working on an alternative set of financial instruments to support regional development and attract investment. Regulations reducing income tax for companies establishing service centers in SEZ are under review. Local governments are being encouraged to create their own instruments to attract investors, e.g. public-private partnership. The government is also trying to decentralize the implementation of regional development assistance, giving provincial and local authorities greater flexibility to implement programs.

Foreign Direct Investment Statistics Return to top

Investment Trends: The inflow of foreign investment to Poland has fluctuated over the last few years. In the period 2001 to 2003, foreign investment in Poland lost some of its momentum due to a world-wide slowdown in economic growth and the stalling of the government's privatization program. The trend reversed in 2004 and continued in 2005 and 2006. Currently Poland is experiencing a second wave of FDI inflow which has averaged around $10 billion per year in the last three years. Several factors played into this investment surge: EU accession, Poland's continuing success at exports, a low corporate tax rate, and increasingly effective promotion of investment opportunities and benefits. Foreign companies also choose to invest in Poland because of the following: a large domestic market, skilled workers, competitive labor costs, and proximity of major markets (especially the EU and Russia).

Privatization of large companies no longer plays a significant role in total FDI, but has been replaced by greenfield investment. In 2000, capital inflows related to the purchase of shares or assets in kind accounted for 91% of total FDI, while in 2005 they represented only 30%. In 2004 and 2005 greenfield projects accounted for almost 60% of total FDI inflows. Moreover, since 2004, reinvested profits are the main component of direct foreign investments in Poland.

Polish Investment Abroad: Poland is a net capital importer. Compared to the quantity of foreign capital invested in Poland, Poland's foreign investments are small, but steadily growing. Since 1997 the value of Polish investment abroad has risen tenfold. In December 2006, PKN Orlen acquired the Mazeikiu refinery in Lithuania for $2 billion, Poland's largest foreign investment. According to data from the National Bank of

Poland, through the end of 2005 Polish firms invested $6.6 billion abroad. Poland's largest foreign are in Lithuania, the Netherlands, Germany, France, China, Malaysia, and Ukraine. Over 30% of Poland's foreign investments are connected with the financial sector; other investments are in manufacturing, real-estate services, and trade and repairs. The value of Poland's foreign investment corresponds to 7% of FDI in Poland.

Levels of Foreign Direct Investment: According to the National Bank of Poland (NBP), in 2005 FDI inflows to Poland reached $9.6 billion (3.0% of GDP). FDI in 2006 is projected to be over $10 billion. Poland's cumulative FDI totaled $93.33 billion (31% of GDP) at the end of 2005. In 2005, investors representing motor vehicle, electronics, domestic appliances, and the food-processing industries dominated FDI. According to NBP data, U.S. firms account for almost $7 billion of the total $90 billion FDI at the end of 2005. Post believes a more accurate figure is $11 billion which accounts for a more accurate interpretation of the definition of country of origin of capital invested. Poland's accession to the European Union in 2004 had a positive effect on FDI in Poland. Polish officials estimate that FDI must reach $10 billion yearly to maintain Poland's economic growth at a 5% level.

According to Polish official statistics, the U.S. is the fourth largest investor in Poland (a drop from third place in 2004) in terms of the volume of capital investment. Investors from OECD countries accounted for 95.6% of the cumulative value of investment in the years 1993 to 2005 and those from EU states for 81%. Poland remains an attractive destination for American investors, whose share of cumulative FDI in Poland reached around 12% in 2005. Some investments by U.S. firms are attributed to other countries if they are made by the European subsidiary of the U.S. parent (e.g., Coca Cola, UPC). In 2005, the value of investment expenditure of the 15 largest foreign companies amounted to over $1.7 billion ($2.5 billion in 2004) or 18% (32% in 2004) of the total value of capital inflow. In 2005, the largest foreign investor were companies from Belgium and Luxemburg ($2.2 billion), followed by German enterprises ($1.9 billion), American corporations ($740 million), Austrian firms ($680 million) and Danish companies ($550 million). Recently, companies from India, China, Hungary, the Czech Republic and Ukraine have shown interest in locating their operations in Poland. However 2006 is expected to be the year of investment by Japanese companies. Sharp, Toshiba, Toyota, Funai, and Orion all appeared on the Polish market with investments reaching $1 billion.

The manufacturing sector remains the most popular sector for foreign investors in Poland. From 1990 to 2005, this sector accounted for 37% of accumulated inflows, mainly in transport equipment, food stuffs and beverages, wood, paper and paper services, the chemical industry and the metals sector. The automotive sector received most of the investment - $5.8 billion (6.4% of the total from 2003 to 2005 and 16% of capital inflow to the manufacturing sector). The second most attractive sector for foreign investors was financial services (20.1%), followed by the trade sector (16.9%), and transport and communication sector (10%). In recent years foreign companies established a number of service centers in Poland, investing over $3 billion by the end of 2005. Nine of the 36 centers providing financial, accounting and computer services were established in 2005. There are also 14 IT centers including IBM and Hewlett-Packard data processing centers. Foreign companies are also beginning to open Research and Development centers in Poland with Intel, Nokia and Oracle leading the way.

Note: Beginning in 2006 the Polish Investment Agency no longer publishes FDI data. The government of Poland now uses the National Bank of Poland statistics which do not directly correspond to PAIiIZ data. Data in this report is no longer directly comparable to previous editions of the Investment Climate Statement for Poland.

FDI by country of origin (December 2005)

Country	Total Equity and Loans
Holland	19,405.1
Germany	14,565.0
France	11,297.3
USA	6.636.3
Austria	4,467.5
Luxemburg	4,305.8
Sweden	3,751.2
Italy	3,258.0
Belgium	3,147.1
Great Britain	3,068.0
Denmark	2,557.1
Switzerland	2,220.8
Spain	1,654.4
Ireland	1,326.3

Source: National Bank of Poland

FDI, by industry (in USD millions, as of Dec 2005)

Sector	Equity and Loans	Structure (%)
Manufacturing of which:	32,685.6	36.6
- transport equipment	5,817.5	6.5
- food products, beverages, tobacco products	5,345.8	6.0
- electrical machinery and apparatus	917.0	1.0
- chemicals, chemical products	3,023.9	3.4
- wood, wood products pulp and paper	3,522.9	3.9
- rubber and plastics	2,335.1	2.6
- basic metals and metal products	2,867.4	3.2
- coke and crude oil products	81.3	0.1
- office machinery, computers	90.4	0.1
- fabrics, textiles	381.7	0.4
- other machinery	1,599.8	1.8
Financial Intermediation	18,155.2	20.3
Trade and repairs	16,488.7	18.5

Transport, storage and Communication	7,055.5	7.9
Power, gas and water supply	3,034.7	3.4
Real estate and business activities	4,211.7	4.7
Construction	1,579.9	1.8
Hotels and restaurants	476.2	0.5
Mining and quarrying	98.6	0.1
Agriculture	406.3	0.5

Source: National Bank of Poland

Top Foreign Investment Projects in 2005

Company	Origin	Sector
LG Philips	S.Korea	electronics (LCD panels)
Michelin	France	tires
Heesung	S.Korea	electronics
AAM	USA	motor car industry
Cadbury Schweppes	Great Britain	food industry
Man Truck	Germany	motor car industry
LG electronics	S.Korea	plasma TV sets
LG Innoteh	S.Korea	electronics
Electrolux	Sweden	Houshold appliances
Dong Yang	S.Korea	electronics

Source: Ministry of Economy

Top U.S. Investors in Poland (December 2005)

Company	Sector
Citigroup	financial intermediation
Apollo-Rida Poland Llc.	construction
General Motors Corporation	Motor car industry
Enterprise Investors	Venture capital
IPC	Paper mill
General Electric Corporation (GE)	Financial intermediation
Delphi Automotive Systems	Motor car industry
PepsiCo	Beverages
IVAX Corporation	Pharmaceuticals
GATX Rail Overseas Holding Corporation	Transport, warehouses
Epstein	Construction
AVON International Operations INC.	Wholesale and retail trade
F&P Holding Company	Metal products

Inc.	
Mars Inc.	Food stuffs
Innova Capital	Financial intermediation

Source: PAIiIZ

Cumulative FDI by Country of Origin
(In USD millions; through Dec 2005)

Country	Amount	No. of Companies
The Netherlands	19,405.1	199
Germany	14,565.0	369
France	11,297.3	192
USA *	6,636.3	192
Austria	4,467.5	51
Luxemburg	4,305.8	n/a
Sweden	3,751.2	83
Italy	3,258.0	88
Belgium	3,147.1	n/a
Great Britain	3,068.0	86
Denmark	2,557.1	75

Source: PAIiIZ

*Excluding investments attributed to third country subsidiaries

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Chapter 7: Trade and Project Financing

How Do I Get Paid (Methods of Payment)

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Import financing procedures in Poland adhere to western business practices. All payments go through qualified foreign exchange banks. The safest method of receiving payment for a U.S. export sale is through an irrevocable letter of credit (L/C). However, most banks in Poland require the importer to deposit funds prior to issuance of an L/C. Therefore, for most Polish importers, an L/C is not a financing tool but a payment mechanism.

Difficulties in obtaining U.S. bank guarantees on Polish L/Cs seem to stem from considerations of Poland's historical overall debt performance. They do not necessarily reflect the actual performance of Polish banks on L/Cs, which is generally considered excellent. Typically, L/Cs are opened for a period to cover production and shipping, and they are normally paid within seven working days after receipt of the goods. Cash payment or down payments provide an extra measure of security for export sales. Polish companies sometimes offer to pay for U.S. exports with cash in advance, as it can be difficult for them to get Polish bank guarantees. U.S. exporters who request cash advance payments (usually through money orders or certified bank drafts) need to be aware that many Polish companies are strapped for cash and may need time to organize their funds. Their delays are not a result of lack of interest, but more often a result of the need for time to arrange financing or loans. Finally, cash payments often arrive in the U.S. in installments and not as a single payment.

How Does the Banking System Operate

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Significant and successful reforms in the past 15 years, including the privatization of a majority of the banking sector, have established a two-tier system comprising the central bank (the National Bank of Poland) and commercial banks. The legal framework is established in the Banking Act and the Act on the National Bank of Poland. Both documents were re-written in 1997 to amend Poland’s banking regulations for EU accession.

In recent years with increased competition and choice, and the modernization of the electronic data processing environment, efficiency of the service has improved significantly. The Banking Act of 1997 sanctions electronic banking transactions and there is a national system for electronic settlements (ELIXIR). All major banks hold foreign exchange licenses and are authorized to operate in foreign currencies and have access to the Reuters and Swift networks. Payment cards are commonly used. While checks as means of payment are available in general they are not recommended, in particular in international transactions.

Deposits may be made and loans taken in foreign currency and PLN. Loans in Euro and Swiss Franc are the most common. On July 1, 2006 a new procedure (Recommedation S) regarding mortgage credits was implemented by banks in Poland. This procedure was introduced to reduce the number of loans issued in foreign currencies by informing banking clients of interest rate risks and their consequences. Credit agreements require borrowers to provide data on their economic and financial standing. It is common practice when granting credits to demand bank guarantees, drafts or other forms of collateral.

Considerable progress has been made in retail banking in recent years. Polish banks use modern solutions and have introduced new services, such as 24-hour access to accounts via the Internet and by phone. Internet banking is developing rapidly. In 2006 there were over 21 million payment cards in circulation, of which a majority were debit cards (76% of the total cards). Both ATMs and commercial entities accept popular credit cards (VISA, MasterCard, Dinner Club and American Express) and payment cards (VISA Electron and Maestro).

The improvement in retail banking services has had a positive effect on services offered to corporate customers. Availability of banking services varies from one bank to another. Commercial banks generally offer a variety of money transfer and cash management services, but they do not usually provide access to cheap credit or extensive personal banking services. Banks set their own interest rates based on several factors, particularly the inflation rate, reserve requirements, and the National Bank of Poland (NBP) rates. Special services such as cash management, counseling, and risk management for foreign currency transactions are not consistent from bank to bank.

The majority of Polish banks have been privatized. A number of large banks have shares listed on the Warsaw Stock Exchange (13 at the end of 2006). The majority of the Polish banking sector's assets, deposits, and equity are held by the private sector.

Foreign companies do not have special restrictions on access to local finance. Banks usually request proof of solvency and a business plan, as well as security. Security often takes the form of a large deposit (equal to the amount of the loan plus interest) that earns a relatively low rate of interest. Loans are also available to smaller businesses that can produce credible offshore guarantees. Improvements in the bankruptcy law and in the administration of real estate registers should help improve the capability of banks to collect on collateral and their willingness to lend especially to smaller firms.

A number of foreign banks have established banking operations in Poland, either through local subsidiaries, fully operating branches, or participation in consortium banks, which may also include Polish bank shareholders. Several U.S. banks have offices in Poland. While some banks have branches all over Poland, many are regional or have few branches. Businesses with banking needs in areas outside Warsaw should carefully consider the location of their bank and availability of branches.

The zloty is, for most purposes, fully convertible. Companies operating in Poland have free access to foreign currency, and there have been no failures of the banking system to provide hard currency on demand. Profits can be repatriated by law, including repatriation through bonds and securities.

The banking system is supervised by the central bank, the National Bank of Poland (NBP). The Financial Supervision Commission, established in 2006, will take over NBP's supervisory duties in 2008. The NBP is responsible for the issuance of money and control of the monetary and credit policy of Poland. It grants banking licenses and foreign exchange permits. Today there are 54 banks in Poland that are privately owned or operate as commercial companies. In addition, there are 585 independent cooperative banks. U.S. banks and branches include Citibank, Bank of America, GE Capital, AIG and Daimler-Chrysler. Several Polish banks have been approved by the Export-Import Bank of the U.S. for bank guarantees and currently engage in foreign trade financing.

Business counseling ranks high among the features of some foreign banks in Poland, and most encourage their clients to consult with them before investing. These banks offer counseling services to western firms on regulations and business practices in Poland, and some spend considerable time counseling Polish businesses on western business practices, business plans, and financial plans.

Foreign-Exchange Controls

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On October 1, 2002 a new Foreign Exchange Law came into force in Poland. As a rule, all operations and payments in Poland are required to be made in the Polish currency (zloty, PLN). Residents are obliged to make foreign payments through money orders and domestic payments to non-residents through authorized banks if the amount of the money order or a payment exceeds EUR 10,000. Residents concluding a transaction abroad in a foreign currency are obliged to provide the National Bank of Poland with the data required to prepare a balance of payments and international investment position. Non-residents may transfer sums that are subject to taxation only upon the presentation of a confirmation from a tax office, confirming that the taxes due have been paid.

Business entities may have a Polish bank account denominated in a foreign currency and keep these payments in that account. When these businesses need foreign exchange, the invoice for goods to be purchased must be presented to prove the currency is needed. Most banks indicate that foreign currency is easily obtainable. Several banks guarantee wire transfers within 48 hours, although generally some banks are faster than others. A transfer can be as quick as one day if it is between affiliated banks or banks on the SWIFT system and if the order is placed early in the day. It is best to have a contact person at your bank to monitor the transaction.

U.S. Banks and Local Correspondent Banks

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PKO BP
ul. Pulawska 15
00-975 Warsaw
Telephone: (48) 22 521-5999, 521-8641, toll free: 0800 120 139
Fax: (48) 22 521-8642
E-mail: informacje@pkobp.pl
Web site: http://www.pkobp.pl/

Bank Polska Kasa Opieki
Pekao S.A.
ul. Grzybowska 53/57
00-950 Warsaw
Telephone: (48) 22 656-0629
Info Line: 0-801-365-365
Fax: (48) 22 656-0742
E-mail: info@pekao.com.pl
Web site: http://pekao.com.pl

Bank Handlowy w Warszawie S.A.
Citibank Handlowy
ul. Senatorska 16
00-923 Warszawa
Telephone: (48) 22 657-7200, 690-4000, 0801 32 2484
Fax: (48) 22 692-50-23
E-mail: listybh@citicorp.com
Web site: http://www.citihandlowy.pl/

GE Money Bank S.A.
ul. Elzbietanska 2
80-894 Gdansk
Telephone: (48) 58 304-0781
Fax: (48) 58 304 0701
E-mail: klient.poczta@ge.com
Web site: http://www.gemoneybank.pl

ING Bank Slaski S.A.
ul. Sokolska 34
40-086 Katowice
Telephone: (48) 32 357-7000
Info Line: 0-801-222-222
Fax: (48) 32 357-7010, 357-7015
E-mail: mampytanie@ingbank.pl
Web site: http://www.ing.pl/

Kredyt Bank S.A.
ul. Kasprzaka 2/8
01-211 Warsaw
Telephone: (48) 22 634-5421
Fax: (48) 22 634-5688
E-mail: bprasowe@kredytbank.pl
Web site: http://www.kredytbank.pl/

National Bank of Poland NBP
ul. Swietokrzyska 11/21
00-919 Warsaw
Telephone: (48) 22 653-1000
Fax: (48) 22 620 85-18
E-mail: nbp@nbp.pl
Web site: http://www.nbp.pl/

Major U.S. banks:

- AIG Bank Polska SA — tel. : (22) 523-5300
  ul. Przemysłowa 26A — fax.: (22) 523-5350
  00-450 Warszawa
  Web site: http://www.aigbank.com.pl

- Bank Handlowy w Warszawie — tel.: (22) 657-7200
  ul. Senatorska 16 — fax.: (22) 657-7580
  00-923 Warszawa
  (Citigroup)
  Web site: http://www.citibank.pl

- Daimler-Chrysler Services Bank Polska SA — tel.: (22) 312-7800
  ul. Gottlieba Daimlera 1 — fax.: (22) 312-6710
  02-460 Warszawa
  Web site: http://www.deimlerchryslerfinancialservices.pl

- GE Money Bank SA — tel.: (58) 304-0781
  ul. Elzbietanska 2 — fax.: (58) 304-0701
  80-894 Gdansk
  Web site: http://www.gemoneybank.pl

- FCE Bank Polska SA — tel.: (22) 608-6900
  Al. Jerozolimskie 181 — fax.: (22) 608-6901
  02-222 Warszawa
  Web site: http://www.ford.pl

Representative Offices of American banks in Poland:

- American Express Bank Ltd.
  ul. Sienna 39 — tel.: (22) 581-5268
  00-121 Warszawa — fax.: (22) 581-5269

- Bank of America, National Association, Charlotte
  ul. Iłżecka 26 — tel.: (22) 575-7200
  02-135 Warszawa — fax.: (22) 575-7406

- JPMorgan Chase Bank National Association
  ul. Emilii Plater 53 — tel.: (22) 520-5100

00-113 Warszawa fax.: (22) 520-5120

Project Financing [Return to top]

Accession to the EU opened a new chapter for Poland regarding access to project financing in the form of EU structural and cohesion funds. Poland is the largest beneficiary of EU funding among the EU-10 member countries. A majority of these transfers will be spent on projects that support human capital development, environmental and infrastructure development. According to estimates of the Ministry of Regional Development, EU funds transferred to Poland in the 2007 to 2009 period may reach EUR 13 billion, while flows for 2004 to 2006 should amount to approximately EUR 6.6 billion. Also farmers will benefit from EU funds, receiving approximately EUR 24 billion. Additionally, Poland will receive funds connected with the Common Agricultural Policy (CAP), which will be earmarked for direct payments to farmers, and development of rural areas. CAP funding should amount to EUR 4.5-5.0 billion from 2007 to 2009. It is estimated that total EU funds for Poland's development from 2007 to 2015 will amount to EUR 86 billion and total investment including domestic co-financing will be EUR 108 billion.

Sources of financing for projects in Poland vary depending upon specific financial requirements and needs. Financing is also available from special programs such as those of the World Bank, the International Finance Corporation (IFC), the European Bank for Reconstruction and Development (EBRD), and other financial assistance programs created by western governments. In addition to local financing through Polish banks, self-financing, and financing through U.S. and European sources, the following organizations provide financing and/or insurance for investments made in Poland:

(1) Export-Import Bank of the United States (Ex-Im Bank)

The Ex-Im Bank provides guarantees of working capital loans for U.S. exporters, guarantees the repayment of loans, and makes loans to Polish purchasers of U.S. goods and services. The Ex-Im Bank also provides credit insurance that assists U.S. exporters shipping on short and medium term credits by insuring against nonpayment by foreign buyers. Working Capital Guarantees cover 90% of the principal and interest on commercial loans to creditworthy, small and medium sized companies that need funds to buy or produce U.S. goods or services for export. Export Credit Insurance policies protect against both the political and commercial risks of a foreign buyer defaulting on payment. There are no discretionary credit limits for short-term comprehensive credit insurance. Coverage is generally limited to irrevocable letters of credit issued or guaranteed by one of the eight banks that Ex-Im recognizes as having an international reputation for creditworthiness. Other transactions are examined on a case-by-case basis. In addition, Ex-Im Bank offers direct loans, which provide foreign buyers with competitive, fixed rate financing for their purchases from the United States. For more information on Ex-Im Bank programs, please contact:

The Export-Import Bank of the United States of America
811 Vermont Ave., N.W.
Washington, D.C. 20571
Telephone: (800) 565-EXIM

Fax: (202) 565-3380
Web site: http://www.exim.gov

(2) USDA Export Credit Guarantee Programs
USDA has three credit guarantee programs to support exports of U.S. food and agricultural products to Poland. The Supplier Credit Guarantee Program (SCGP) is available for Poland. Under the SCGP, USDA guarantees up to 65% of the principal offered on credit terms of 15, 20, 30, 45, 60, 90, 120, 150, and 180 days. SCGP has a limit of $10 million for Poland and does not require a letter of credit.

USDA guarantees payment of letters of credit issued by Polish banks in favor of U.S. exporters under the GSM-102 and GSM-103 program. GSM-102 export credit guarantees of $25 million for 90 days to three years through approved banks are available for Poland. GSM-103 export credit guarantees of up to $5 million on credit terms in excess of three years, but not more than five years, are also available for exports of U.S. breeding livestock. Further information on these programs can be obtained from:

U.S. Department of Agriculture
Foreign Agricultural Service
Telephone: (202) 720-7115

Companies may also check news releases for these programs on the Foreign Agricultural Service homepage at http://www.fas.usda.gov.

(3) Commercial Bank Financing

Historically commercial bank financing for U.S. exports to Poland was limited due to Poland's poor credit rating. Since the signing of the London and Paris agreements, the number of banks willing to offer financing for U.S. exports to Poland has increased steadily.

(4) The World Bank

The World Bank serves as a source of loans for economic development and reform programs in Poland. The World Bank finances projects in several main areas: support of Government efforts in the energy sector, improvement of municipal and basic infrastructure, development of key Polish institutions and systems to support a market oriented economy, and development of the social and financial sectors.

The World Bank uses guarantees to support and attract private investment for projects that demand large sums of long term financing, or are in areas of high political risk. Guarantees are used to stimulate investment, and the World Bank only provides partial guarantees, sharing the risk with private lenders. The World Bank utilizes two types of guarantees in addition to the possibility of issuing a World Bank loan. A Contractual Compliance Guarantee protects private lenders against specific risks identified by the host Government, the private party, and the World Bank. A Partial Credit Guarantee protects private lenders against possible late loan payments and finances extensions of medium term loans.

A summary of projects and procurement financed by the World Bank is printed in a bimonthly publication that can be obtained by contacting:

Development Business
UN Department of Public Information
PO Box 5850 Grand Central Station
New York, NY 10163 5850
Telephone: (212) 963-1515
Fax: (212) 963-1381

Further information on World Bank programs can be obtained from:

Public Information Center
World Bank Headquarters
1818 H Street, N.W., Room GB 1
300
Washington, D.C. 20043
Telephone: (202) 477-1234

or

World Bank Resident Mission
ul. Emilii Plater 53
00-113 Warsaw, Poland
Telephone: (48) (22) 520-8000
Fax: (48) (22) 520-8001

(5) International Finance Corporation (IFC)

The IFC is a member of the World Bank Group, which provides non-government guaranteed direct investment in private businesses. Its purpose is to attract foreign and host country investors to supply additional debt and equity financing. The IFC has been active in Poland since 1987. To date, the IFC has invested over US $505 million in 26 projects in various sectors. For additional information, please contact:

International Finance Corporation Resident Mission
ul. Emilii Plater 53
Warsaw, Poland
Telephone: (48) (22) 520-6100
Fax: (48) (22) 520-7101

(6) The European Investment Bank (EIB)

The European Investment Bank, the European Union's financing institution, contributes to the integration, balanced development, and economic and social cohesion of the EU Member Countries. To this end, it raises substantial funds on the market which it directs on favorable terms towards financing capital projects in accordance with the objectives of the EU. Outside the EU, the EIB implements the financial components of agreements concluded under European development aid and cooperation policies. Governmental authorities, banks, municipalities and private companies can borrow from the bank, which supports both large scale and small to medium-scale projects. For additional information contact:

Information and Communications Department
Secretariat General
100 boulevard Konrad Adenauer
L-2950 Luxembourg
Fax: +352 43 79 31 89, infopol@eib.org

(7) U.S. Trade and Development Agency (TDA)

TDA promotes U.S. exports through direct assistance in high priority overseas projects to developing and middle-income countries, including Poland. TDA accomplishes this by financing feasibility studies and related planning services and training programs. Projects supported by TDA must, as a rule, offer good opportunities for U.S. exports of equipment and services. TDA has feasibility study financing available for public and private sector projects. It offers grants to foreign governments and foreign corporations for feasibility studies on large-scale public sector and private sector industrial and infrastructure projects, which are performed by U.S. firms selected in a competitive bidding process. TDA also will cost-share feasibility studies on large infrastructure and industrial projects with U.S. exporters, project developers or investors on a reimbursable basis.

For further information contact:

U.S. Trade and Development Agency
1621 North Kent St., Suite 200
Arlington, VA 22209
Telephone: (703) 875-4357
Fax: (703) 875-4009
E-mail: info@tda.gov
Web site: http://www.tda.gov

(7) European Bank for Reconstruction and Development

The European Bank for Reconstruction and Development (EBRD) operates as a development bank as well as a merchant bank, providing government guarantees and commercial loans. The EBRD lends and invests exclusively in projects in Central and Eastern Europe, and at least 60% of its funding is targeted to private sector companies or state-owned companies going through the privatization process. With an emphasis on the environment, the EBRD requires that proposals demonstrate good products or services with sound market prospects, significant capital commitments by project sponsors, dependable technology, sound environmental management, a high return on investment, and overall financial viability of the borrowing enterprise. For further information, please contact:

European Bank for Reconstruction and Development
U.S. Office
London, England
Telephone: (44) 20 7588-4027
Fax: (44) 20 7588-4026

EBRD Poland Office

ul. Emilii Plater 53
Warsaw, Poland
Telephone: (48) 22 520-5700
Fax: (48) 22 520-5800

(8) Overseas Private Investment Corporation (OPIC)

OPIC is a self sustaining U.S. government agency that provides investment information, financing, and political risk insurance for U.S. companies investing in emerging markets like Poland. OPIC offers medium to long term financing in Poland through its direct loans and guarantees program. Direct loans are reserved for U.S. small business or cooperatives and generally range in amounts from $2-10 million. Loan guarantees are issued to U.S. lending institutions and range in size from $10-75 million, and in certain instances to $200 million. OPIC can insure U.S. investments against political violence, expropriation, and inconvertibility of local currency.

OPIC has initiated a US $65 million fund called Poland Partners. The fund is designed to provide capital for new projects, expansion of existing enterprises, and privatization of state owned businesses. Poland Partners will focus on seven high growth sectors: (1) pharmaceutical and personal care products, (2) automotive after-market, (3) building supplies and home improvement, (4) financial services, (5) franchised services, (6) plastic molding, and (7) food processing. OPIC also has developed an environmental fund to provide capital to U.S. companies involved in projects linked to economic development and the protection of the environment in Poland and other countries in Central and Eastern Europe. For projects involving warehousing, industrial sites, and distribution, OPIC has established a real estate fund. For more information, please contact:

Overseas Private Investment Corporation
1100 New York Avenue, N.W.
Washington, DC 20527
Telephone: (202) 336-8799
Fax: (202) 408-9859
Web site: http://www.opic.gov

Tendering for European public procurement contracts

The U.S. Mission to the European Union in Brussels has developed a tool to help U.S.-based companies bid on public procurement supplies contracts in particular. All contracts for supplies that are procured by European public authorities (national government departments, regional agencies and public institutions, city authorities) above established thresholds are open to U.S.-based companies by virtue of the Government Procurement Agreement, of which the U.S. and the EU are parties. All the tenders in this database are based on a selection of tenders published in the EU Official Journal, that are open to GPA member countries. The database contains on average 6,000 to 10,000 tenders and is updated twice per week.
http://www.buyusa.gov/europeanunion/eu_tenders.html

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Export-Import Bank of the United States: http://www.exim.gov

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: http://www.opic.gov

Trade and Development Agency: http://www.tda.gov/

SBA's Office of International Trade: http://www.sba.gov/oit/

USDA Commodity Credit Corporation: http://www.fsa.usda.gov/ccc/default.htm

U.S. Agency for International Development: http://www.usaid.gov

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Chapter 8: Business Travel

Business Customs

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It is customary to greet by shaking hands in Poland. A businesswoman should not be surprised if a Polish man kisses her hand upon introduction, at subsequent meetings or saying goodbye. American men are not expected to kiss a Polish woman's hand, but may simply shake hands. Business cards are the norm in Poland and are generally given to each person present in a meeting. As Poles tend to bring more than one person to their meetings, U.S. visitors should bring plenty of business cards. It is not necessary to have business cards printed in Polish.

Business attire is generally formal, including a suit and tie for men, and a suit or dress for women. Casual wear, including jeans, is suitable for informal occasions, but more formal dress is usually customary for visiting or entertaining in the evening. Flowers, always an odd number, are the most common gift among friends and acquaintances. Sunday is the traditional day for visiting family and friends in Poland.

Travel Advisory

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State Department Travel Advisory:

http://www.state.gov/travel/

Visa Requirements

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U.S. Companies that require travel of foreign businesspersons to the United States should allow sufficient time for visa issuance if required. Visa applicants should go to the following links.
State Department Visa Website: http://travel.state.gov/visa/index.html

United States Visas.gov: http://www.unitedstatesvisas.gov/

U.S. Embassy in Warsaw, Consular Section:
http://warsaw.usembassy.gov/poland/consular.html

Telecommunications

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AT&T, Sprint, and MCI calls can be placed from Poland. International direct dialing is available. Cellular phone services are GSM/DCS-based systems. 3G UMTS services are available in major cities and selected territories. All cellular operators offer BlackBerry service. Vistors can save on expensive international and long-distance phone connections using pre-paid calling cards (for example Tele2, Dzwoneczek, Papuga) or IP-based access numbers.

As a result of recent unification of the Polish telecom numbering system, dialing 0 and 2-digit city code is required when making fixed line-to-fixed line phone calls, including local calls.

Transportation

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Transportation by air to and from Poland is excellent. International carriers fly to Poland many times per day from all over the world, and LOT Polish Airlines has direct flights to Warsaw from Chicago, New York and Newark. Delta, American, Northwest and United have code share relationships with various European carriers that service Poland through their European hubs. No U.S. airline services Poland directly at this time.

Transportation within Poland is convenient. Flights operate between major cities and railway routes are extensive and reliable. Rental cars are abundant, but due to significantly increased traffic over the past few years and a highway system that has not kept up, driving between Polish cities, especially at night, can be quite dangerous.

First class business hotels are available in most major Polish cities, and many are located in the heart of business districts. Major western hotels offer air-conditioned rooms with direct dial telephone capability. Many hotels offer a business center with computers, fax, business assistance services, and Internet capabilities. All business hotels take major credit cards. Availability and room rates are seasonal and competitive, and business travelers are advised to check and confirm rates at hotels in advance of their travel.

Language

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Communication in the Polish language is recommended if the seller would like to receive a speedy reply to correspondence and inquiries. U.S. companies should ensure that translations from English into Polish are performed only by professional translators who are fluent in modern business Polish and grammar. When conducting business in Poland, a qualified Polish-language interpreter is recommended. CS Warsaw can provide lists of interpreters.

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State Department Health Issues Advisory:
http://www.travel.state.gov/travel/tips/health/health_1185.html

The WHO Health Information on Poland:

http://www.who.int/countries/pol/en/

Local Time, Business Hours, and Holidays Return to top

Poland is on Central European Time and as such, is six hours ahead of the U.S. East Coast.

Traditional normal business hours in the government are from 8:00-4:00PM and the private sector are 9:00-5:00PM.

Locally observed holidays in 2007:

January 1 (Mon): New Year's Day
April 8, 9: Easter Sunday and Monday
May 1 (Tue): Labor Day
May 3 (Thurs): Constitution Day
June 7 (Thurs): Corpus Christi
August 15 (Wed): Assumption of Virgin Mary, Polish Army Day
November 1 (Thurs): All Saints' Day
November 11 (Sun): National Independence Day
December 25, 26 (Tue & Wed): Christmas

Temporary Entry of Materials and Personal Belongings Return to top

There are no restrictions on the temporary entry of personal laptop computers or other business materials and personal belongings into Poland.

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Chapter 9: Contacts, Market Research, and Trade Events

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- Market Research
- Trade Events

Contacts Return to top

American Embassy Warsaw

Aleje Ujazdowskie 29/31
00-540 Warsaw Poland
Tel.: +48-22/504-2000
Web site: http://warsaw.usembassy.gov

Ambassador: Victor H. Ashe
DCM: Kenneth Jr. Hillas

FCS: John McCaslin, Commercial Counselor
Tel: +48-22/621-6327
E-mail: Warsaw.Office.Box@mail.doc.gov

ECON: Richard Rorvig, Economic Counselor
Tel: +48-22/504-2700
E-mail: econwrw@state.gov

FAS: Edwin Porter, Agricultural Counselor
Tel: +48-22/504-2336
E-mail: AgWarsaw@usda.gov

POL: Tel: +48-22/504-2000

CON GEN: Tel: +48-22/625-1401
E-mail: publicwrw@state.gov

RSO: Tel: +48-22/504-2000

PAO: Tel: +48-22/504-2000
E-mail: WarsawMedia@state.gov

Further information on the American Embassy Warsaw offices and contact information:
http://warsaw.usembassy.gov/poland/offices.html

Chambers of Commerce and Bilateral Business Councils:

National Chamber of Commerce of Poland
Mr. Andrzej Arendarski, President
ul. Trebacka 4
00-074 Warsaw
Telephone: (48) 22 630-9600
Fax: (48) 22 827-4673
E-mail: infodata@kig.pl
Web site: http://www.kig.pl/

American Chamber of Commerce in Poland
Ms. Dorota Dabrowska, Executive Director
ul. Emilii Plater 53, Warsaw Financial Center, XXX floor
00-116 Warsaw
Telephone: (48) 22 520-5999
Fax: (48) 22) 520-9998
E-mail: office@amcham.com.pl
Web site: http://www.amcham.com.pl/

Country Government Offices:

Ministry of Infrastructure
ul. Chalubinskiego 4/6
00-928 Warsaw
Telephone: (48) 22 630 1000
Fax: (48) 22 830-0261
E-mail: info@mi.gov.pl
Web site: http://www.mi.gov.pl/

Ministry of Environmental Protection
ul. Wawelska 52/54
00-922 Warsaw
Telephone: (48) 22 579-2900, 579-2403
Fax: (48) 22 579-2450
E-mail: info@mos.gov.pl
Web site: http://www.mos.gov.pl/

Ministry of Agriculture and Rural Development
ul. Wspolna 30
00-930 Warsaw
Telephone: (48) 22 623-1000
Fax: (48) 22 623-2750, 623-2751
E-mail: kancelaria@minrol.gov.pl
Web site: http://www.minrol.gov.pl/

Ministry of Finance
ul. Swietokrzyska 12
00-916 Warsaw
Telephone: (48) 22 695-5555

E-mail: kancelaria@mofnet.gov.pl
Web site: http://www.mofnet.gov.pl/

Ministry of Economy, Labor and Social Policy
Pl. Trzech Krzyzy 5
00-507 Warsaw
Telephone: (48) 22 693-5000
Fax: (48) 22 693-4001
E-mail: BPI@mpips.gov.pl
Web site: http://www.mgpips.gov.pl/

Ministry of State Treasury
ul. Krucza 36
00-522 Warsaw
Telephone: (48) 22 695 8000, 695 9000
Fax: (48) 22 628 0872, 621-3361
E-mail: minister@msp.gov.pl
Web site: http://www.mst.gov.pl/

Information and Foreign Investment Agency
Mr. Andrzej Kanthak, President
ul. Bagatela 12
00-585 Warsaw
Telephone: (48) 22 334-9800, call center for investors: 0 801 800 099
Fax: (48) 22 334-9999
E-mail: post@paiz.gov.pl, invest@paiz.gov.pl
Web site: http://www.paiz.gov.pl/

Central Statistics Office
Al. Niepodleglosci 208
00- Warsaw
Telephone: (48) 22 608-3000, 608-3001, Information: 608-3161
Fax: (48) 22 608-3001
E-mail: dane@stat.gov.pl
Web site: http://www.stat.gov.pl/

In-Country Market Research Firms:

SMG/KRC Poland-Media S.A.
ul. Nowoursynowska 154a
02-797 Warsaw
Telephone: (48) 22 545-2000
Fax: (48) 22 545-2100
E-mail: office@smgkrc.pl
Web site: http://www.smgkrc.pl/

Pentor Group – Instytut Badania Opinii Sp. z o.o.
ul. Domaniewska 41, ORION Bldg.

02-672 Warsaw
Telephone: (48) 22 565-1000
Fax: (48) 22 565-1075
E-mail: pentor@pentor.pl
Web site: http://www.pentor.pl/

IQS and QUANT Group
ul. Lekarska 7
00-610 Warsaw
Telephone: (48) 22 592-6300
Fax: (48) 22 825-4870
E-mail: kontakt@iqs-quant.com.pl
Web site: http://www.iqs-quant.com.pl/

CRACOVIAN INTERNATIONAL CONSULTANTS (CIC)
ul. Straszewskiego 28, Suite 22
31-113 Kraków
tel: (48 12) 432 1660
fax: (48 12) 432 1660
E-mail: cic@cic.com.pl
Website: http://www.cic.com.pl/

G7 Sp. z o.o. (DMB&B)
ul. Goraszewska 7
02-910 Warszawa
tel: (48 22) 550 7000
fax: (48 22) 550 7007, 858 8107, 550 7008
E-mail: receptiong7@g7agencja.pl
Website: under construction
Contact person: Jacek Hensler, General Director

PMR Ltd.
ul. Supniewskiego 9
31-527 Kraków
tel: (48 12) 428 03 60
fax: (48 12) 413 40 12
E-mail: pmr@pmrpublications.com
Website: http://www.pmrcorporate.com/
Contact: Mr. Richard Lucas, Managing Director

RED SQUARE
ul. Szopena 15/2
33-100 Tarnów
tel/fax: (48 14) 621 7078, 621 4556
E-mail: redsq@voltronik.pl
Website: http://www.redsq.ipl.net/

Multilateral Development Bank Offices in Poland:

European Bank for Reconstruction and Development

Warsaw Financial Center
13th Floor
ul. Emilii Plater 53
00-113 Warsaw
Telephone: (48) 22 520-5700
Fax: (48) 22 520-5800
E-mail: not published
Web site: http://www.ebrd.com/

World Bank
Warsaw Financial Center
9th Floor
ul. Emilii Plater 53
00-113 Warsaw
Telephone: (48) 22 520-8000
Fax: (48) 22 520-8001
E-mail: jwojciechowicz@worldbank.org
Web site: http://www.worldbank.org.pl/

International Finance Corporation
Resident Mission in Poland
Warsaw Financial Center
9th Floor
ul. Emilii Plater 53
00-113 Warsaw
Telephone: (48) 520-6100
Fax: (48) 22 520-6101
E-mail: lcarter@ifc.org
Web site: http://www.ifc.org/

Country Major Commercial Banks and Financial Institutions:

PKO BP
ul. Pulawska 15
00-975 Warsaw
Telephone: (48) 22 521 5987, toll free: 0800 120 139
Fax: (48) 22 521 7773
E-mail: informacje@pkobp.pl
Web site: http://www.pkobp.pl/

Bank Polska Kasa Opieki
Pekao S.A.
ul. Grzybowska 53/57
00-950 Warsaw
Telephone: (48) 22 656-0000
Fax: (48) 22 656-0004, 656-0782
E-mail: info@pekao.com.pl
Web site: http://www.pekao.com.pl/

Bank Przemyslowo-Handlowy PBK S.A.

Al. Pokoju 1
31-548 Krakow
Telephone: (48) 12 618-6888
Fax: (48) 12 618-6863, 531-9286
E-mail: bank@bphpbk.pl
Web site: http://www.bphpbk.pl/

ING Bank Slaski S.A.
ul. Sokolska 34
40-086 Katowice
Telephone: (48) 32 357-7000
Fax: (48) 32 357-7010, 357-7015
E-mail: mampytanie@bsk.com.pl
Web site: http://www.ing.pl/

Bank Zachodni WBK S.A.
Rynek 9/11
50-950 Wroclaw
Telephone: (48) 71 370-1000
Fax: (48) 71 370-2787
E-mail: rzecznik.prasowy@bzwbk.pl
Web site: www.bzwbk.pl

Kredyt Bank S.A.
ul. Kasprzaka 2/8
01-211 Warsaw
Telephone: (48) 22 634-5400
Fax: (48) 22 634-5335, 634-5330
E-mail: bprasowe@kredytbank.pl
Web site: http://www.kredytbank.pl/

Bank Handlowy w Warszawie S.A.
Citibank Handlowy
ul. Senatorska 16
00-923 Warszawa
Telephone: (48) 22 657-7200, 690-4000, 0801 32 2484
Fax: (48) 657-7580
E-mail: listybh@citicorp.com
Web site: http://www.citihandlowy.pl/

GE Money Bank S.A.
ul. Elzbietanska 2
80-894 Gdansk
Telephone: (48) 58 304-0781
Fax: (48) 58 304 0701
E-mail: klient.poczta@ge.com
Web site: http://www.gemoneybank.pl

NBP
Polish National Bank

ul. Swietokrzyska 11/21
00-919 Warszawa
Telephone: (48) 22 653 10 00
Fax: (48) 22 620 85 18
e-mail: nbp@nbp.pl
Web site: http://www.nbp.pl

Gielda Papierow Wartosciowych
Warsaw Stock Exchange
ul. Ksiazeca 4
00-498 Warszawa
Telephone: (48) 22 628 3232
Fax: (48) 22 628 1754
e-mail: gielda@gpw.com.pl
Web site: http://www.gpw.com.pl

Zwiazek Bankow Polskich
Polish Bank Union
ul. Smolna 10a
00-375 Warszawa
Telephone: (48) 22 828 14 09; 826 34 17; 826 34 19
Fax: (48) 22 828 14 06
e-mail: kontakt@zbp.pl
Web site: http://www.zbp.pl

Polska Izba Ubezpieczen
Polish Insurance Chamber
Plac Defilad 1
PKiN XI pietro
00-901 Warszawa
Telephone: (48) 22 656 7956
Fax: (48) 22 656 6790
e-mail: office@piu.org.pl
Web site: http://www.piu.org.pl

Izba Zarzadzajacych Funduszami i Aktywami
Chamber of Fund and Asset Management
ul. Pulawska 17
02-515 Warszawa
Telephone: (48) 22 852 8128
Fax: (48) 22 852 8129
e-mail: poczta@izfa.pl
Web site: http://www.izfa.pl

Izba Domow Maklerskich
Stock Exchange Brokers Chamber
ul. Kopernika 17
00-359 Warszawa
Telephone: (48) 22 828 1402
Fax: (48) 22 827 8554
e-mail: biuro@idm.com.pl

Web site: http://idm.com.pl

Komisja Nadzoru Finansowego
Polish Financial Supervision Commission
Plac Powstancow Warszawy 1
00-950 Warszawa
Telephone: (48) 22 332 6600
Fax: (48) 22 332 6793
e-mail:not listed
Web site: http://www.knf.gov.pl

Komisja Nadzoru Bankowego
Polish Banking Supervision Commission
Banking Supervision General Inspectorate
Telephone: (48) 22 634 2100
Fax: (48) 22 634 2254
e-mail: secretariat.ginb@nbp.pl
Web site: http://nbp.pl

Komisja Papierow Wartosciowych i Gield
The Polish Securities and Exchange Commission
Plac Powstancow Warszawy 1
Telephone: (48) 22 33 26600
Fax: (48) 22 33 26602
e-mail: kpwig@kpwig.gov.pl
Web site: http://www.kpwig.gov.pl

Trade Associations:

Polish Chamber of Information Technology
and Telecommunications
(Polska Izba Informatyki I Telekomunikacji)
ul. Nowogrodzka 31, Room 204
00-511 Warsaw
Telephone: (48) 22 628-2260, 628-2406
Fax: (48) 22 628-5536
E-mail: biuro@piit.org.pl
Web site: http://www.piit.org.pl/

Polish Chamber of Commerce for Electronics
and Telecommunications
(Krajowa Izba Gospodarcza Elektroniki I Telekomunikacji)
ul. Stepinska 22/30
00-739 Warsaw
Telephone: (48) 22 840-6522
Fax: (48) 22 851-0300
E-mail: kigeit@kigeit.org.pl
Web site: http://www.kigeit.org.pl/

Polish Association of Sanitary, Heating,

Gas and Air Conditioning Enterprises
(Polska Korporacja Techniki Sanitarnej,
Grzewczej, Gazowej I Klimatyzacji)
ul. Koniczynowa 11
03-612 Warsaw
Telephone: (48) 22 678-9893, 678-7929
Fax: (48) 22 678-2076
E-mail: sggik@sggik.pl
Web site: http://www.sggik.pl/

The Association of Polish Architects (SARP)
ul. Foksal 2
00-366 Warsaw
Telephone: (48) 22 827-8712
Fax: (48) 22 827-8713
E-mail: sarp@sarp.org.pl
Web site: http://www.sarp.org.pl/

Polish Homebuilders Association
(Polskie Stowarzyszenie Budowniczych Domow)
ul. Foksal 2
00-366 Warsaw
Telephone: (48) 22 828 3043
Telephone/fax: (48) 22 827-7750
E-mail: psbd@psbd.com.pl
Web site: http://www.psbd.com.pl/

Economic Chamber of Energy and Environmental Protection
(Izba Gospodarcza Energetyki I Ochrony Srodowiska)
ul. Krucza 6/14, room 124
00-950 Warsaw
Telephone: (48) 22 621-6572
Fax: (48) 22 628-7838
E-mail: sekretariat@igeos.pl
Web site: http://www.igeos.pl

Polish Power Plant Association
(Towarzystwo Gospodarcze Polskie Elektrownie)
ul. Krucza 6/14
00-950 Warsaw
Telephone: (48) 22 629-0409
Fax: (48) 22 628-6000
E-mail: tgpe@tgpe.pl
Web site: http://www.tgpe.pl

Polish Chamber of Tourism
(Polska Izba Turystyki)
Plac Powstancow Warszawy 2
01-415 Warsaw
Telephone: (48) 22 826-5536
Fax: (48) 22 826-5536

E-mail: bwpit@pit.org.pl
Web site: http://www.pit.org.pl/

Polish Chamber of Pharmaceutical and Medical
Equipment Producers - POLFARMED
(Polska Izba Przemyslu Farmaceutycznego
i Sprzetu Medycznego - POLFARMED)
ul. Lucka 2/4/6
00-845 Warsaw
Telephone: (48) 22 654-5351, 654-5352
Fax: (48) 22 654-5420
E-mail: sekretariat@polfarmed.com.pl
Web site: www.polfarmed.com.pl

Polish Chamber of Defense Industry
(Polska Izba Producentow na Rzecz Obronnosci Kraju)
ul. Fort Wola 22
00-961 Warszawa
Tel: (48) 22 634-4778, 634-4779
Fax: (48) 22 836-8424
E-mail: izba@przemysl-obronny.pl
Web site: www.przemysl-obronny.pl

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To view market research reports produced by the U.S. Commercial Service please go to the following website: http://www.export.gov/marketresearch.html and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

To view Industry Sector Analysis reports produced by the U.S. Commercial Service Warsaw, Poland please go to the following website:
http://www.buyusa.gov/poland/en/isa_reports.html

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Please click on the link below for information on upcoming trade events.

http://www.export.gov/tradeevents/index.asp

Please click on the link below for information on local trade fairs and trade missions to Poland:

http://www.buyusa.gov/poland/en/trade_fairs.html

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

http://www.buyusa.gov/poland/en/products_and_services.html

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