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on economic and trade relations between the European Community and Poland

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C O N T E N T S

B

EXPLANATORY STATEMENT

I. FROM CENTRAL PLANNING TO A MARKET ECONOMY: THE BALCEROWICZ PROGRAMME FOR ECONOMIC REFORM

1. When he made his inaugural address in September 1989, Tadeusz Mazowiecki, Poland's first non-Communist prime minister in half a century, announced that a market economy was to be restored in Poland. What was involved was a 'pilot experiment' that would inevitably make demands on all economic forces and make itself felt in the social and political life of the country, which, after 45 years of all-powerful central planning, was on the verge of bankruptcy - the external debt stood at $39 bn - as reflected in the galloping hyperinflation (close to 900% at the end of 1989), the obsolete industrial plant, the agricultural sector, which resembled Western standards of the 1950s, and the empty state coffers.

This was indeed a pitiable legacy, and switching to the market appeared to be the only sensible course, for, as Mr Mazowiecki observed, one cannot reform the unreformable.

2. Although everybody agreed that market principles had to become the cornerstone of Polish economic policy, there nevertheless seemed to be some difference of opinion as to the strategy to adopt. During the autumn of 1989 the new Government thus became the forum for an intensive debate between the supporters of a step-by-step approach, in which the ground would first be prepared for market forces, and those (led by Vice-Premier and Finance Minister Leszek Balcerowicz) who advocated 'shock therapy', an option which eventually carried the day.

Unlike Hungary, which has been engaged in a 'gradual transition' to a market economy, Poland since January 1990 has been undergoing unmitigated 'shock therapy', a 'big bang' seeking to liberalize prices and markets, make the zloty convertible on the domestic market, and privatize state-owned economic sectors in one fell swoop.

The economic reform programme - known as the 'Balcerowicz programme' - was based on rapid structural changes and rigorously tight control of the state budget with the aim of curbing inflation. Among the stabilization measures included in the programme were:

1. Early and complete freeing of most prices controlled by the State and a swift cut in the number and amount of subsidies.
   The State still maintains controls on energy prices, rents, transport fares, and public service tariffs, which, moreover, have risen sharply. The prices of virtually all foodstuffs have been deregulated, leaving aside a number of staple items for which guaranteed prices are set for social reasons.

2. Stricter discipline imposed on state-owned enterprises and the ending of the tax exemptions and specific subsidies for which they were eligible. A more stringent credit policy and a positive real interest rate.

In 1989 subsidies amounted to as much as 14% of Polish GNP and accounted for some 29% of expenditure under the state budget, in which the deficit was equivalent to 7% of GNP.

3. A highly restrictive incomes policy enforced by means of a regulative anti-inflationary tax (the 'popiwek') which penalizes state-owned enterprises if increases in their wage bills exceed the fixed percentages index-linked to the inflation rate.

4. An exchange rate policy in which the Polish currency has been devalued by 46% and 'internal convertibility' of the zloty introduced.

3. This package of stabilization measures, intended as a means of making sharp cuts in surplus domestic demand, have been followed by measures aimed at restructuring the 'supply side', the competitiveness of the production system:

1. privatization of most of the approximately 7800 state-owned industrial enterprises.
When the Sejm adopted a law on privatization on 13 July 1990, a decisive turning-point was achieved on the road to a market economy. Under the law, state-owned enterprises will first be converted into joint-stock companies; later, in a second stage, 'privatization vouchers' will be issued to members of the public, who will be able to exchange them for shares in the companies as and when issues are floated on the market.
In June 1991 the ground rules were announced for the privatization of some 400 enterprises in the second phase leading to large-scale privatization.

2. A broad range of institutional reforms aimed at liberalizing economic activities and setting up the institutions required to make the market economy run smoothly. Among the measures included in this 'institutional reform' are:

- introduction of a capital market and modernization of the financial system
- organization of a proper labour market affording greater flexibility and mobility for workers
- dismantling of monopolies and introduction of a competition policy
- sale of state property assets (plots of land, agricultural cooperatives, flats, houses, Communist Party premises)
- liberalization of external trade and thoroughgoing reform of the tax system.

4. As for the timetable for reform, the Balcerowicz programme was divided into two distinct phases:

(a) A one-year first phase comprising a package of synchronized stabilization measures (spending cuts, monetary discipline, liberalization of public service tariffs, index-linking of wages, convertibility of the zloty, unification of exchange rates).

This stabilization plan was an essential precondition [illegible] financial support from multilateral bodies (IMF, World Bank [illegible] financial assistance) and negotiating possible external debt [illegible] in the Club of Paris and the Club of London;

(b) a second phase, extending over an indefinite period, leading to a change of economic system, to be brought about by establishing a framework for private ownership and setting up the distinctive legal institutions and redistributive and decision-making machinery required for a market economy.
What is the state of implementation of the Balcerowicz programme? What has been the outcome of the stabilization plan? What is the current position as regards the 'institutional reform'? What has been the social cost of economic reform?

5. Regarding the first phase - stabilization - initial results have been encouraging. Macroeconomic stability made significant advances in 1990. Inflation, which rose to the record level of 640% in 1989, fell to 250% in 1990 and to 70% in 1991. 1990 also saw substantial improvements in the government accounts (a record surplus of 0.3% of GNP, whereas in 1989 the state budget recorded a 7% deficit) and the trade balance (a hard-currency surplus of US$ 2200 m).

The benefits of the macroeconomic stabilization policy have not been reaped without a heavy price to be paid in terms of growth, unemployment, and declining private purchasing power. According to the Central Statistical Office, GDP and industrial output fell by 12% and 23% respectively in 1990. The economic recession continued to deepen in 1991. Following the downturn in 1990, GDP fell by 14.9% in the first part of the year, and unemployment rocketed: 1 750 000 in July 1991, i.e. 9.4% of the working population. It is likely that over 2 million people, or approximately 10.5% of the working population, are now without a job.

Private consumption has had to bear the brunt of the recession: there has been a very severe slump in purchasing power, which in 1990 fell by 30% compared with the previous year.

The adverse balance of the budget has been the most serious consequence of declining output and soaring unemployment. The fall in tax revenue and the rise in unemployment benefit have produced a budget deficit that amounted to approximately 10% of GDP in 1991.

6. Monetary policy merits special attention, bearing in mind that the exchange rate was a key element of the Balcerowicz programme approved by the IMF nearly three years ago. The value of the zloty has fallen by 14.4% since May 1991, and the authorities have decided to allow the currency to depreciate in stages of 1.8% a month, a decision undoubtedly prompted by inflationary pressures and the need to boost exports. Although exports to the EEC rose by 28% in 1991, sales to the former Comecon countries fell by 40%, unquestionably posing a threat of serious crisis for some 100 Polish industrial companies. Something in the region of 150 000 to 200 000 people have apparently lost their jobs because of the reduction in Soviet purchases.
On the other hand, imports increased sharply in 1991 (by 105% in the case of those from the EEC), and the forecast for the trade balance is

correspondingly gloomy (an end-of-year deficit of approximately $1 bn for 1991).

7. In the face of the anxieties stemming from the 'readouts' from the Polish economy in its second year of 'shock therapy', the reaction of the International Monetary Fund was not slow in coming: on 29 September 1991 the IMF decided to suspend the loans granted to Poland for the rest of the year. Although World Bank projects already under way will not be affected, the IMF decision highlights the 'strings' attached to its financial support and the need to continue the policy of adjustment in Poland, averting the risk of a fresh price-wage spiral that could plunge the country into a 'Latin American'-type scenario.

8. **Finally, the rapporteur expresses his anxiety at the institutional volatility that has bedevilled the political climate in Poland following the outcome of the general election in October 1991. This situation could undermine the continuity required when implementing measures to combat the economic and financial instability in Poland.**

II. POLISH EXTERNAL TRADE POLICY SINCE 1990

9. As far as external trade policy is concerned, the Balcerowicz programme for reform along market lines has entailed a series of measures aimed at liberalizing external trade and making the national currency (the zloty) convertible on the domestic market.

Since 1 January 1990 the Polish Government has thus taken the following decisions:

- External trade operations have been freed of the red tape inherited from the state monopoly system.

- Given that administrative restrictions and quotas have been reduced to a minimum, customs tariffs are becoming the main instrument for regulating imports. A new import tariff has been introduced, and the average customs duty is 12%. The experience acquired in using this new trade protection instrument demonstrates that the Polish authorities still have wide scope for action (quantitative restrictions, raising of tariffs) and can also provide for tax adjustments at frontiers, which are to be replaced in 1993 by value added tax (VAT).

- Poland is a member of GATT with special status. In 1989 it called for its conditions of accession to be renegotiated, primarily with a view to replacing quantitative requirements with tariff concessions. The negotiations will probably be completed in 1992.

10. One important matter to be resolved is the arrangements for trade with other former Comecon countries, which to a fairly considerable extent remain subject to intergovernmental protocols. Recent experience clearly shows that the collapse of Comecon and the moves towards 'free trade' since 1991 have created serious difficulties for most partners of the former Soviet Union, adding to the complicated situation resulting from the political and financial crisis in the former Soviet Union.

These factors are in the process of radically altering traditional trade flows between the former Soviet Union and its erstwhile Comecon partners. As far as Poland is concerned, the combined effect of the crisis in the former Soviet Union and the introduction of hard-currency payments for transactions between Eastern European countries has brought nothing short of an export slump, as illustrated by the 40% fall in 1991 compared with the previous year. A severe strain is being placed on the Polish trade balance, which achieve a record surplus of US$2 200 m in 1990, in spite of the higher cost of oil imports resulting from the fall-off in Soviet supplies.

Unlike Hungary, which is apparently prepared to take up the challenge by redirecting its trade flows towards the EEC, it seems that Poland wishes to retain revamped compensation mechanisms to ensure that it has at least an even external trade balance with Eastern Europe, and above all with the former Soviet Union, its principal supplier of raw materials.

There is nothing surprising about this attitude, since it is Poland's interest to continue to sell less advanced manufactured products on the national markets of the Commonwealth of Independent States until such time as the industrial sectors concerned become competitive on the international market.

11. The rapporteur considers it essential for a substantial volume of trade among former Comecon countries to be re-established on a new commonsensical footing (the 'Visegrad' regional cooperation agreements point to one avenue that should be explored further) for economic reasons (so as to lighten the social cost of the switch to a market economy and ease the pressure on Community markets) as well as for political reasons (so as to prevent a political, economic, and security vacuum being created in the heart of the European continent).

From that point of view, 'triangular operations' are an essential instrument for maintaining traditional trade flows during the transitional period of adjustment to the conditions to be met in order to benefit from the comparative advantages of the market.

III. POLISH POLICY ON EXTERNAL FUNDING

A. FOREIGN INVESTMENT

12. Greater access to external sources of finance and technological and organizational know-how is a key to the success of the strategy for transforming Poland's economic system. It is therefore vital to create favourable conditions in order to improve the availability of external resources and ensure that they are put to more effective use:

- by establishing a new legal framework to encourage foreign investment

- by increasing the scale and effectiveness of financial assistance programmes and loans granted.

13. The opportunities to benefit from foreign investment raise the question of the 'legal framework', a fairly obvious problem for the Polish economic reform programme. A great many new pieces of economic legislation are in the process of being adopted, and the authorities have to embark on measures when virtually none of the necessary laws is yet in force. The legal component of

economic reform thus proceeds slowly and is subject to frequent changes in the light of 'feedback' that does not invariably match the expected results.

A specific example of the problem was seen in the legislation on foreign investment. The 1988 'Joint Ventures Act', amended by the Sejm in December 1989, lays down the conditions to be met for foreign investment, especially where repatriation of profits is concerned. In principle, net profits may be freely transferred to foreign countries in proportion to the shares held. However, there used to be a restriction: the amount transferred could not exceed the positive difference between export earnings and the expenses incurred through imports less the salaries paid to expatriate employees. Fortunately, the restriction was removed by the law of 14 June 1991 on companies part-owned by foreign interests.

In the opinion of the rapporteur, this example highlights the need swiftly to close what might be termed the 'legislative gap'. At all events, the fact that there is no clear-cut legal framework to regulate rights of ownership is the obvious explanation for the low level of foreign investment in Poland in the first years of economic reform. According to the information available, Poland has received only $800 m out of the total amount, some $5 bn, invested in the Central and Eastern European countries as a whole.

B. INTERNATIONAL AID

Apart from the CIS (Commonwealth of Independent States), Poland is the main beneficiary of the international aid to Eastern European countries granted by the Group of 24 (G-24) and international financial institutions (World Bank, IMF, EBRD). Out of the ECU 41 671 disbursed in the period from January 1990 to December 1991, Poland received ECU 16 306 m, i.e. 39.1% of the total aid to Central and Eastern European countries.

It is not only the amount of aid supplied that is important, a further, and equally crucial, factor is the way in which the aid breaks down, both by donor and in terms of the objectives being pursued.

Accounting as it does for 38% of total aid and 50% of aid from the G-24 countries, the European Community (Member States + Community budget + EIB) is becoming Poland's principal aid donor, and there can be no doubt that, since that is the case, it is entirely qualified to act as 'coordinator' within the G-24.

As far as the Community itself is concerned, the Member States have granted 87% of the aid on a bilateral basis, the remainder being provided by the Community. In other words, from January 1990 to December 1991, the Community disbursed ECU 829 m by way of assistance to Poland, ECU 564 m of which was contributed from the Community budget, ECU 240 m by the EIB (guaranteed loans), and ECU 25 m by the ECSC.

All the above figures testify to the decisive role of international aid, especially aid from the Community, in Poland's switch to the market.

In the opinion of the rapporteur, if the economic and social change taking place in Poland is to be successful, the international community in general and the European Community in particular must continue their financial cooperation with Poland in the years ahead.

With regard to the forms of aid, 20% of all aid granted to Poland has been accounted for by assistance in the form of technical cooperation. While recognizing that technical assistance has an important part to play in the economic reform process, the rapporteur feels that the Commission should redouble its efforts to ensure that this form of aid is made as cost-effective as possible, thereby allowing a greater volume of aid to be allocated with a view to providing real support for the purpose of restructuring the Polish economy's capital reserves.

The rapporteur also believes that international cooperation will have to surmount certain shortcomings so as to enable Poland to make most effective use of aid and its own economic resources. The REX Committee accordingly calls on the Commission to improve the means of transferring aid and to simplify operational aid procedures with a view to expediting the pace of implementation of the sector-based programmes that are helping to prepare the ground for the institutional reforms required to make a market economy run smoothly.

C. EXTERNAL DEBT BURDEN

The problem of the Polish external debt deserves special study. At the beginning of 1991 the debt stood at $48 500 m, 68% of which was owed to the official creditors belonging to the Club of Paris, and Poland has been unable to honour its obligations for some ten years. In 1990, for example, only $430 m - or 11% of the total amount - was paid out of the $3.900 m owed as interest due. As far as repayment of principal was concerned, just $310m - i.e. 7% - was paid out of the outstanding $4700 m. These figures illustrate the magnitude of the insuperable financial difficulties facing the country and the need to reschedule the debt in a continuous process whereby the unpaid interest due would be converted into capital, thus increasing the amount of debt.

When debt factors are viewed from an orthodox perspective, the extent to which Poland's economic potential is being hamstrung by the debt burden is clearly revealed. The ratios involved in Poland's case are unusually high: the external debt is equivalent to 68% of GNP (compared with the figure of 34.5% for Mexico), 15% of the country's annual exports. Furthermore, Poland would have to transfer not less than 4% of its GNP ($2 538 m in 1989) to foreign countries every year in order to be able to meet its obligations as a debtor.

15. **That being the case, one of the most important consequences of the stabilization plan and market-oriented economic reform being implemented in Poland has been the special agreement concluded on 15 March 1991 whereby the club of Paris decided to cut Poland's external debt to official creditors (now standing at $33 bn) by 50%.**

The agreement cannot enter into force until the IMF has approved a three-year structural adjustment programme. In an initial phase, the present amount of debt will be cut by 30%, leading to an 80% reduction in the interest to be paid in the three following years. If the IMF-backed reform programme proves successful, a further 20% cut may be made in the fourth year. Moreover, creditor governments may grant additional debt relief on a voluntary bilateral basis. The United States, for example, has already agreed to an additional reduction of 20%.

Given that the highest amount of debt relief ever granted by the Club of Paris was 33% (under the Toronto initiative, intended to benefit the poorest countries), it is easy to measure the importance of this agreement, which may herald more generous debt relief for middle-income countries.

Could the agreement also induce Western banks to write off part of the debt owed to them? The prospect of that happening is plainly far more uncertain. Poland ceased repayment of its official debt in 1981, paying only a proportion of the interest due. Private creditors, however, have been treated more favourably in recent years, since the Polish authorities have paid virtually all of the interest due as well as repaying a small portion of the principal.

Although the private creditors represented in the Club of London agreed in 1988 and 1989 to defer repayment of principal, no one is in any doubt that there can be no negotiations on possible rescheduling of the private debt (approximately $10 bn) until at least 30% of the interest arrears have been paid off.

16. It goes without saying that, when it comes to external debt, all eyes are on the Polish 'test-bed'. In spite of a seemingly more favourable starting position, the Soviet Union has had to contend since early 1990 with financial difficulties that have compelled it to delay payments for numerous orders. Other than in the 'textbook case' of Romania - a country heavily in debt which in ten years discharged the full amount of its obligations to its international creditors but in so doing caused the living standards of its people to plummet - financial difficulties and external constraints are likely to worsen for most small Eastern European countries as a result of the liberalization of trade and the collapse of the barter that typically used to be carried on among Comecon countries.

Be that as it may, the crucial question is whether the special debt reduction agreement will enable Poland to finance the second phase of the Balcerowicz plan free from external constraints; whether, in other words, the new stock of external debt will be sufficient to finance the revival in growth and the modernization of the economy without adding to the debt problem in the process.

To put it another way, is the amount remaining commensurate with the real potential of the Polish economy? Or, on the contrary, does it not constitute a stopgap solution that will lead Poland to request other additional debt reduction agreements at some point in the future? Will not such agreements block the way to normalization of Poland's international financial relations, an essential condition for obtaining new loans?

Historical experience shows, and the fact cannot be forgotten, that negotiated debt relief arrangements have served to some extent to restrict subsequent access to international financial markets.

IV. EC-POLISH TRADE RELATIONS

17. According to the last figures available (see tables in the Annex), trade between the EC and Poland has been very buoyant since 1989. Between 1989 and 1991 Polish imports rose by 61%, and Community exports virtually doubled (up by 99.6%). Furthermore, the trade balance, which has traditionally recorded a surplus on the Polish side, showed a surplus of some ECU 1 662 bn on the

Community side in 1991. It is clear that the new trend largely reflects the process of capital-stock formation recently begun by the Polish economy (imports of capital goods doubled in 1991 compared with the previous year and already account for 40% of Polish purchases).

18. One of the most spectacular changes seen from 1990 onwards has been the alteration in the geographical trade pattern. For the first time since the Second World War, the Soviet Union is no longer Poland's biggest trading partner. It has been ousted from that position by Germany, which accounts on its own for 50% of external trade between the EC and Poland. Taken together, the EEC countries have become Poland's leading trading partners.

19. With regard to the trade component of the EEC-Poland association agreement, a preferential agreement, what is being proposed is eventually to set up a free-trade area to cover the bulk of trade. Within a period of nine years, an EC-Polish free-trade area is to be established under the agreement, proceeding on an assymetrical footing: Community markets are gradually to be opened up over a five-year period beginning in March 1992 (the date of entry into force of the interim agreement), and Polish customs tariffs are gradually to be reduced on a broadly across-the-board basis in the space of nine years; Poland will make its first tariff cut three years after the agreement has entered into force.

Proceeding from the premiss that Community markets are to be opened up within five years, the agreement lays down different timetables for the reduction of the tariffs levied on Polish imports, the criterion being the degree of 'sensitivity' of the products, in other words the 'external competitiveness' of the Community sectors concerned.

Furthermore, all quantitative restrictions imposed on imports and all measures having equivalent effect have ceased to apply to products originating in Poland since 1 March 1992. The rapporteur wishes to draws the Commission's attention to the importance of inspection procedures and customs cooperation with the Polish authorities aimed at preventing abuses of CAP rules and deflection of trade.

20. The agreement also lays down special arrangements for textile products, coal, and products covered under the ECSC Treaty. Processed agricultural products, the agricultural sector, and fisheries are subject to reciprocal concessions.

Trade between the EEC and Poland in what are termed 'sensitive' products recorded the following results in 1991:

Textile products (SITC 65): a surplus of ECU 488 m on the Community side,

Iron and steel products (SITC 67): a surplus of ECU 127 m on the Polish side,

Agricultural products: a surplus of approximately ECU 190 m on the Polish side.

21. **As the rapporteur sees it, the key question is to what extent the tariff concessions granted to Poland will boost Community demand for Polish products in years to come. In other words, will the nominal assymetry on which the agreement claims to be based be translated into genuine practical assymetry to promote Polish external trade? Will the tariff concessions be sufficient**

to enable the products in which Poland enjoys a real comparative advantage to achieve greater penetration on the Community market?

V. CONCLUSION

22. Whatever the answers, the European Parliament will have to keep constant track of the economic and trading problems that will arise as the agreement is implemented. Finally, the rapporteur wishes to point to the strategic importance of the radical economic process on which Poland embarked in 1990, the success or possible failure of which may have far-reaching consequences for regional stability.

TABLE 1

Community trade with Poland, 1981-1991

Community trade with Poland, 1981-1991

- in MIO ECU -

	EC-imports (cif)	EC-exports (fob)	EC-balance
1981	2,119.0	2,336.3	217.3
1982	2,354.7	2,094.1	-260.6
1983	2,524.9	2,113.4	-411.5
1984	3,457.2	2,428.1	-1,029.1
1985	3,572.2	2,732.9	-839.2
1986	2,947.5	2,388.6	-558.9
1987	2,906.6	2,331.7	-574.9
1988	3,360.1	2,756.2	-603.8
1989	3,857.7	3,945.0	87.3
1990	5,156.7	4,393.9	-762.9
1991 (1)	5,832.9	7,389.7	1,556.8
1991: Average 1981/82/83=100	250.0	338.8	--------------
1991 (2)	6,212.3	7,876.0	1,663.7

Sources: CRONOS-FRIC and SIENA, EUROSTAT
Production: European Parliament/Statistical Service
(1) D (W)
(2) concerns F.R. Germany as constituded October 1990

Community trade with Poland by Member States 1985-1991

Community exports (fob) to Poland by Member States

MIO ECU

	1985	1986	1987	1988	1989	1990	1991
Total	2,732.9	2,388.6	2,331.7	2,755.8	3,945.0	4,393.9	7,389.7
of which:							
D (W)	1,272.9	1,157.1	1,158.5	1,395.8	2,163.1	2,291.5	3,654.8
F	266.5	243.9	236.1	272.5	348.0	317.7	603.9
I	324.3	252.6	269.5	316.9	405.7	650.0	671.4
NL	227.3	199.3	176.6	232.2	312.2	357.9	743.3
B/L	136.8	105.1	92.9	116.1	184.8	174.1	423.1
UK	311.6	271.2	255.1	259.0	288.3	304.1	482.0
IRL	12.2	15.3	18.9	14.9	16.0	31.0	30.0
DK	114.3	99.9	76.7	92.4	150.3	187.8	581.5
E	47.9	33.5	29.2	43.4	47.6	51.6	135.0
GR	16.1	7.3	15.7	10.0	26.0	24.8	60.6
P	3.0	3.5	2.5	2.7	3.1	3.4	4.3

Community imports (cif) from Poland by Member States

MIO ECU

	1985	1986	1987	1988	1989	1990	1991
Total	3,572.2	2,947.5	2,906.6	3,360.6	3,857.7	5,156.7	5,832.9
of which:							
D (W)	1,366.9	1,207.9	1,188.3	1,395.7	1,723.2	2,508.2	3,140.2
F	377.2	280.4	283.2	292.2	335.5	422.1	431.6
I	401.8	329.8	339.1	375.9	455.4	533.1	490.9
NL	273.0	189.7	209.4	249.7	340.2	444.6	444.3
B/L	164.9	124.0	125.2	146.9	127.8	249.4	268.5
UK	516.7	466.3	393.2	487.4	458.9	491.2	452.2
IRL	79.8	70.8	59.5	59.5	67.6	65.1	65.1
DK	225.7	181.9	186.4	200.1	200.5	268.7	332.2
E	124.4	58.2	78.0	51.7	70.5	112.7	117.2
GR	20.6	25.4	38.1	93.2	67.9	51.3	75.4
P	21.3	13.3	6.3	8.5	10.3	10.4	15.4

Source: CRONOS-FRIC, EUROSTAT
Production: European Parliament/Statistical Service

TABLE 3

Community trade with Poland by commodities, 1988-1911

1,000 ECU

	EC-imports cif)				EC-exports (fob)			
	1988	1989	1990	1991	1988	1989	1990	1991
Total	3,359,758	3,857,527	5,156,559	6,212,230	2,755,784	3,944,701	4,393,626	7,873,933
of which:								
SITC 0+1	581,437	748,815	964,951	968,455	286,382	699,309	551,502	904,186
SITC 2+4	383,413	432,065	487,258	539,608	107,347	124,589	125,969	180,565
SITC 3	384,754	470,203	507,417	557,498	11,387	21,935	130,563	332,321
of which;								
SITC 32(1)	337,003	372,151	390,369	446,176	111	127	349	680
SITC 5	192,450	233,192	442,969	537,287	591,191	590,220	491,429	864,723
SITC 7	453,364	460,869	579,275	619,335	867,679	1,291,904	1,634,324	3,169,659
SITC 6+8	1,268,121	1,429,139	2,041,770	2,787,748	707,951	1,010,174	1,275,257	2,132,050
of which:								
SITC 65(2)	63,880	66,284	85,382	116,090	208,824	282,282	402,904	604,743
SITC 67(3)	132,830	192,276	271,480	267,802	117,954	170,826	139,790	140,487
Agricultural products:	800,542	1,003,370	1,241,738	1,216,100	346,226	784,275	628,475	1,026,576
of which:								
SITC 0011(4)	60,077	102,998	113,018	59,930	763	601	563	13,443
SITC 011 (5)	3,947	4,002	3,651	2,090	34,867	100,596	1,727	32,430
Total bovine	64,024	107,000	116,669	62,020	35,630	101,197	2,290	45,873

Source: SIENA, EUROSTAT
Production: European Parliament/Statistical Service
Note: SITC 0+1: Food, beverages and tobacco
SITC 2+4: Raw materials
SITC 3 : Energy
SITC 5 : Chemicals
SITC 7 : Machinery and transport eq.
SITC 6+8: Other manufactured products

(1) coal
(2) textile
(3) iron and steel
(4) bovine animals, live
(5) meat of bovine animals

TABLE 4

EXTERNAL TRADE
OF POLAND

(in per cent)

External trade of Poland

Exports -%-

	Total	of which: EC	USA	Japan	EFTA	Central and East'n Europe (1)
1984	100.0	23.4	2.2	0.4	8.4	43.3
1985	100.0	22.6	2.0	0.5	8.2	36.6
1986	100.0	21.3	2.1	0.3	8.6	35.0
1987	100.0	25.8	2.6	0.5	10.7	31.5
1988	100.0	29.4	2.6	1.1	11.5	35.8
1989	100.0	30.1	2.7	0.9	11.8	35.5
1990	100.0	36.1	2.5	1.0	10.6	37.4

Imports

	Total	of which: EC	USA	Japan	EFTA	Central and East'n Europe (1)
1984	100.0	18.2	1.6	0.7	7.5	50.6
1985	100.0	19.5	1.2	0.6	8.3	42.2
1986	100.0	19.3	0.6	1.1	8.3	40.8
1987	100.0	22.6	1.3	1.1	9.8	35.8
1988	100.0	27.9	2.0	1.6	12.0	40.1
1989	100.0	27.2	1.7	1.4	12.0	36.7
1990	100.0	51.3	3.2	2.3	11.5	31.8

Source: Direction of Trade Statistics, Yearbook 1991, IMF
Production: European Parliament/Statistical Service
(1) U.S.S.R., Czechoslovakia, Hungary, Romania, Bulgaria

G-24 ASSISTANCE TO POLAND BY DONORS

(Commitments from beginning 1st Quarter 1990 to 4th Quarter 1991) in MECU

Donors	Social Infrast. & Services	Economic Infrast. & Services	Production Sector	Multisector	General Programme Assistance	Debt Reorgan.	Food Aid	Emergency Assist (except food aid)	Support to Private Voluntary Organis.	Unallocated/ Unspecified	Total
BELGIUM											
DENMARK	0.10		2.10	19.50	6.20					5.00	32.90
FRANCE				561.46	86.05	2.25					649.76
GERMANY	37.63	12.30	9.36	706.93	233.28	2257.25		9.75			3266.50
GREECE		0.04									0.04
IRELAND			0.50					0.10			0.60
ITALY	17.44	12.23	6.20	361.65	81.44		78.30	6.53	3.13		566.92
LUXEMBOURG					0.70						0.70
NETHERLANDS	3.28	9.01	2.53	0.16				4.32		0.10	19.40
PORTUGAL					2.00						2.00
SPAIN	0.00	21.70	0.07	131.10	11.40						164.27
UNITED KINGDOM	5.04	4.30	5.70		0.24	630.26			0.43	2.29	648.26
TOTAL EC MEMBERS	63.49	59.58	26.46	1780.80	421.31	2889.76	78.30	20.70	3.56	7.39	5351.35
EC	62.80	74.50	235.50	2.00			150.00	35.90	3.00		563.70
EIB		140.00	100.00								240.00
CECA		25.00									25.00
COMMUNITY TOTAL	126.29	299.08	361.96	1782.80	421.31	2889.76	228.30	56.60	6.56	7.39	6180.05
AUSTRIA		15.30		69.29	14.50	145.69	2.80				247.58
FINLAND		18.30		1.10		4.10	6.70				30.20
ICELAND					0.20		0.30				0.50
NORWAY	0.25	2.40	0.62	19.05	4.74		6.20	0.20			33.46
SWEDEN	3.40	23.50	8.70		8.60	483.00			4.00		531.20
SWITZERLAND	3.21	7.70	2.72	83.21	25.02					0.40	122.26
EFTA	6.86	67.20	12.04	172.65	53.06	632.79	16.00	0.20	4.00	0.40	965.20
AUSTRALIA				129.21	0.60		6.82				136.63
CANADA	2.67	1.80	2.23		38.04	1172.86	8.83		0.29	0.03	1226.75
JAPAN	0.72			615.90	122.00	450.36	22.50				1211.48
NEW ZEALAND		0.10	0.10	25.00							25.20
TURKEY				108.70	0.60		0.70				110.00
UNITED STATES		8.40	3.00	145.00	145.00	2038.20	121.20				2460.80
G-24	136.54	376.58	379.33	2979.26	780.61	7183.97	404.35	56.80	10.85	7.82	12316.1
BERD		119.16	5.22								124.38
WORLD BANK	74.32	862.89	490.53		222.97						1650.71
IMF					2214.60						2214.60
IFI	74.32	982.05	495.75		2437.57						3989.69
GRAND TOTAL	210.86	1358.63	875.08	2979.26	3218.18	7183.97	404.35	56.80	10.85	7.82	16305.80

Source : Commission of the European Communities.

TABLE 6

G-24 ASSISTANCE TO POLAND BY SECTOR

OF DESTINATION

(Commitments from beginning 1st Quarter 1990 to End 4 th Quarter 1991) in MECU

Sector of Destination	INVEST. PROJECTS	SECTOR AID		TECHNICAL COOPERATION		OFFICIAL EXPORT CREDIT	OFFICIAL SUPPORT FOR PRIVATE INVEST.	OTHER AND UNSPECIF.	TOTAL	OF WHICH GRANTS
		Total	Of which assist for econ.reforms	Total	Of which training					
I.SOCIAL INFRASTRUCTURE & SERVICES	0.52	162.59	0.09	46.93	34.75			0.82	210.86	86.91
1.Educational services & investments		1.50		21.63	19.63			0.72	23.85	23.65
2.Health	0.46	31.97		6.15	0.06				38.58	26.61
3.Public Administration	0.06	4.09	0.09	9.87	9.50				14.02	14.01
4.Other social infrastructure & services		125.04		9.28	5.57			0.10	134.42	22.64
II.ECONOMIC INFRASTRUCTURE AND SERVICES	0.56	1226.04	0.64	57.39	20.49			74.64	1358.63	165.32
1.Transport	0.10	135.75	0.04	2.58	0.35			21.70	160.13	4.68
2.Communications	0.46	217.27	0.08	0.79	0.04				218.52	12.32
3.Environment		83.05		26.18	0.08			27.90	137.13	111.52
4.Energy		563.75		4.88	0.36			25.00	593.63	7.96
5.Other economic infrastructure		226.21	0.52	22.97	19.66			0.04	249.22	28.83
III.PRODUCTION SECTORS	0.10	803.00	0.55	35.79	19.59	30.00	0.10	6.10	875.09	231.77
1.Agriculture	0.06	236.59	0.55	22.38	19.05	30.00	0.03	3.40	292.46	97.15
2.Industry		303.18		11.58	0.01		0.04		314.80	15.18
3.Trade, banking & tourism	0.04	173.23		1.39	0.53		0.04		174.70	28.79
4.Other		90.00		0.45				2.70	93.15	90.65
IV.MULTISECTOR	29.69	0.09		13.69	0.71	1955.69	166.26	813.84	2979.26	60.11
V.GENERAL PROGRAMME ASSISTANCE	0.16	223.17				14.66		2980.19	3218.18	167.26
1.Macro-economic assistance						14.66		2894.14	2908.80	167.24
2.Structural adjustment assistance		222.97							222.97	
3.Other	0.16	0.20						86.05	86.41	0.02
VI.DEBT REORGANISATION							2.25	7181.72	7183.97	6005.85
VII.FOOD AID		78.30						326.05	404.35	376.16
VIII.EMERGENCY ASSIST (except food aid)				6.53				50.28	56.81	47.05
IX.SUPPORT TO PRIVATE VOLUNTARY ORGANIS.		3.00		3.43				4.43	10.86	10.86
X.UNALLOCATED/UNSPECIFIED				0.03		0.10		7.69	7.82	7.32
XI.TOTAL(ITEM I TO X)	31.03	2496.19	1.28	163.79	75.54	2000.45	168.61	11445.76	16305.83	7158.61

Source : Commission of the European Communities.

TABLEAU 7

SYNTHESE FINANCIERE DES PROJETS

ET DES PROGRAMMES "PHARE" EN POLOGNE

FINANCES PAR LE BUDGET COMMUNAUTAIRE

(Période du 01/01/90 au 31/12/91)

DE ET LIBELLE PROGRAMME	ENGAGES	PAYES	SOLDE
LOGNE			
001: Animal feed programme	20,000,000	15,049,865.20	4,950,134.80
002: Environmental protection	22,000,000	12,391,585.07	9,608,414.93
003: Privatisation agency	9,000,000	4,082,500.00	4,917,500.00
004: SME Import + Support pgrm	25,000,000	13,402,846.29	11,597,153.71
005: Agriculture credit line	30,000,000	92,590.00	29,907,410.00
006: Develmt stats information	1,500,000	165,000.00	1,335,000.00
007: Pesticides Poland	50,000,000	49,560,759.20	439,240.80
008: Rural Telecommunications	6,000,000	10,096.94	5,989,903.06
009: Vocational training	2,800,000	2,162,000.00	638,000.00
010: Industrial Restructuring	4,000,000	3,905,321.14	94,678.86
011: Equity Investments	2,000,000	2,000,000.00	0.00
012: Foreign Trade	8,500,000	372,660.71	8,127,339.29
101: Local Government	4,000,000	0.00	4,000,000.00
102: Environment (II)	35,000,000	0.00	35,000,000.00
[illegible]: Energy	3,000,000	0.00	3,000,000.00
[illegible]4: Municipal Dev + Training	3,500,000	0.00	3,500,000.00
105: T.A. Agriculture/Rural	17,000,000	26,972.50	16,973,027.50
106: Telecom	5,000,000	48,648.00	4,951,352.00
107: Transport	2,000,000	0.00	2,000,000.00
108: Fin sec+polish dvlp Bank	16,000,000	0.00	16,000,000.00
109: Private sector dvlp SME	6,000,000	0.00	6,000,000.00
110: Interpr restruct + privat	50,000,000	4,854,125.00	45,145,875.00
111: Labour	18,000,000	0.00	18,000,000.00
112: N G O's	3,000,000	0.00	3,000,000.00
113: Health	20,000,000	0.00	20,000,000.00
114: Tempus	13,500,000	13,500,000.00	0.00
115: Education	1,000,000	0.00	1,000,000.00
TAL POLOGNE	377,800,000	121,624,970.05	256,175,029.95

Source : Commission des Communautés européennes