DOING BUSINESS IN POLAND

Country Commercial Guide 2008

Prepared by

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and U.S. Embassy Warsaw
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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 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's accession to the Schengen free transit zone in December 2007 eliminates all remaining border checks along its intra-EU frontiers. Poland is also an active member of NATO, upgrading its armed forces accordingly and participating in joint peacekeeping activities in the region and elsewhere, including a large presence in Iraq and Afghanistan.

The U.S. and Poland enjoy 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 country's 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 and the strong affinity Poles have for the U.S.

Poland's economy grew at a rate in excess of 6.5% in 2007 and is projected to grow at least 5% in 2008. It has enjoyed 17 straight years of economic expansion, fueled by high export output, individual consumption and increased business investment, including new foreign direct investment totaling approximately $15 billion in 2007. Housing, and commercial construction also fuels the economy and will accelerate given the broad overhaul of the country's road, rail and airport infrastructure and tourism and athletic facilities consistent with EU commitments and plans to host the European Cup Soccer Championships in 2012. With between 1 and 2 million Poles moving to other EU countries in search of work since accession, wage remittances constitute a significant source of capital totaling approximately $6 billion in 2007. Much of this is being invested in housing and business startups. High rates of emigration, coupled with substantial job creation have reduced unemployment from approximately 20% in 2004 to 12% at the end of 2007. Despite positive indicators and commitment by the government, Poland is not expected to meet the Maastricht Treaty criteria and adopt the Euro until 2012 at the earliest. The Polish currency, the Zloty, appreciated steadily against the dollar in 2007 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 $2 billion worth of products and services in 2006. 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.

Since 1990, Poland has attracted more than $120 billion in foreign direct investment including $19.2 billion in 2006. Poland offers the benefits of a positive public attitude toward foreign investment, consistently high economic growth rates, a well-regarded workforce, proximity to major markets and political stability. Poland's membership in the EU grants access to billions of structural and cohesion fund dollars to support infrastructure and environmental protection and remediation projects. Extensive effort and investment is required to upgrade and modernize Poland's transportation infrastructure. The country's road network consists primarily of two-lane roads with limited stretches of expressway linking Lodz/Poznan and Wroclaw/Krakow. Neither Warsaw nor the port cities of Gdansk/Gdynia are linked to the rest of the country by modern roads. The country's labyrinth of laws and bureaucratic obstacles limit progress in this regard. The country's airport network, also in need of expansion and modernization, is beset by a range of problems. Completion of the second terminal at Poland's primary air hub, Warsaw's Fredrik Chopin Airport, expected in mid-2007, has been delayed indefinitely by the failure of the Polish Airport Authority and the Spanish building contractor to resolve longstanding disputes. The overdue expansion of Krakow's airport is stalled by the airport authority's inability to obtain land contiguous to the present site. Meanwhile there are no commercial airports operating in Eastern Poland, thus limiting access to and investment within this region. Encouraging and facilitating development of Poland's transportation network is a priority issue for Embassy Warsaw.

The U.S. is the fifth ranked 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 commence or expand your business activities here.

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Although Poland has boasted positive growth for the last 17 years including 6.5% in 2007, the country remains one of the EU's lesser developed countries with limited individual purchasing capacity. While real wages are rising, increasing over 12% in

2007 in response to overall growth and decreased unemployment, the average Pole still earns approximately $1200/ month. This should be a major consideration when planning market entry into Poland.

Poland's new government, formed after parliamentary elections in October 2007, has taken a generally pro-business stance, pledging to speed economic reforms and privatization. Specific pledges include a reduction of the corporate income tax rate from 19% to 15%, reduced bureaucracy for small business and reduction of the deficit below 3% of GDP. While these measures will bring Poland closer to Euro adoption compliance requirements as set forth in the Maastricht Treaty, adoption is not expected before 2012 at the earliest.

Poland remains saddled with an outdated road and air transportation network. For U.S. business, this increases the costs of doing business, limits ready access to markets within Poland and impacts the country's potential as a regional distribution hub.

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 regional 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 the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

http://www.state.gov/r/pa/ei/bgn/2875.htm

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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 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.

Companies wishing to use distribution, franchising and agency arrangements need to ensure that the agreements they put into place are in accordance with European Union (EU) and Member State national laws. 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 should be particularly 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 (SMEs) 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/

Companies' agents and distributors can take advantage of the European Ombudsman when victim of inefficient management by an EU institution or body. Complaints can be made to the European Ombudsman only by businesses and other bodies with registered offices in the EU. The Ombudsman can act upon these complaints by investigating cases in which EU institutions fail to act in accordance with the law, fail to respect the principles of good administration, or violate fundamental rights.

Key Link: http://www.ombudsman.europa.eu

Data Privacy

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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/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 of these.

The Department of Commerce and the European Commission negotiated the Safe Harbor agreement 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. Companies whose activities are not regulated by the FTC or DoT (e.g. banks, credit unions, savings and loan institutions, securities dealers, insurance companies, not-for-profit organizations, meat packing facilities, or telecommunications carriers) are not eligible to sign up to the Safe Harbor.

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.

EU countries' Data Protection Authorities (DPAs) and large multinational companies are also developing a third major approach to compliance with EU rules on transfers of personal data to countries outside the EU. This is based on country-by-country approval of “binding corporate rules” (BCRs). Companies that set up BCRs that satisfy European DPAs will be able to use the presumption of conformity that these approvals provide to transfer personal data from the EU to any location in the world – not just the United States. BCRs can be a tool for compliance with privacy rules on a global scale. The process of negotiation and approval of the BCRs is currently lengthy and complex, and has not been attempted by small or medium-sized companies.

In Poland, the Bureau of the Inspector General for the Protection of Personal Data (GIODO) is responsible for all aspects of personal data protection issues in the country, including policy, legislation and files’ registration. Data protection issues are regulated by the 1997 Act on the Protection of Personal Data, with later amendments, which is compatible with the general EU policy.

Key Links: http://www.export.gov/safeharbor/
http://ec.europa.eu/justice_home/fsj/privacy/modelcontracts/index_en.htm
http://ec.europa.eu/justice_home/fsj/privacy/workinggroup/wpdocs/2007_en.htm
http://www.giodo.gov.pl/168/j/en/

Establishing an Office

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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 plans to sell its products and services in Poland exclusively 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. Investors can choose the most suitable one from the following options for their business presence in Poland:

(1) Limited Partnership
http://www.paiz.gov.pl/index/?id=8e54d6b523b279543ac12a0f7333cd3c

(2) Limited Joint-Stock Partnership
http://www.paiz.gov.pl/index/?id=2c620a8c232f32aa9e7dcbc90102b253

(3) Limited Liability Companies (Sp. z o.o.)
http://www.paiz.gov.pl/index/?id=551cb238f4895024b98d1943b708de7c

(4) Joint Stock Companies (S.A.)
http://www.paiz.gov.pl/index/?id=d35b05a832e2bb91f110d54e34e2da79

(5) Representative Office
http://www.paiz.gov.pl/index/?id=2ed80f6311c1825feb854d78fa969d34

(6) Branch Office
http://www.paiz.gov.pl/index/?id=db346ccb62d491029b590bbbf0f5c412

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/52616e646f6d49560c8990e828d1492434b84574d0d84b24872868a1d8edd284/investment_in_poland_on-line__a5_06.11.07.pdf

Modern office equipment like phones, 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

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Although Poland is one of the fastest growing economies in Europe, franchising does not play as important a role as in the United States or Western Europe, where franchise systems generate about 15% of GDP. The Polish franchise networks currently produce only 4.8% of GDP (USD 18 billion). A growth of this sector is projected at a rate of approximately 20% annually over the next several years.

At the end of 2006, there were 398 franchise systems (an increase of 16% over 2005), including 71% of local franchise systems and 29% foreign owned. By the end of May 2007, the total number of franchising chains had risen to 436 franchising firms, marking an increase of nine percent from the beginning of the year. The average start-up capital required for a franchise varies between USD 95,000 – 120,000. At the end of May 2007, approximately 186,000 workers were employed by around 28,000 franchisees. The majority of foreign franchise systems come from the EU (71.8%), while the major foreign franchise chains are German, French and American.. Others include Great Britain, the Netherlands, the Czech Republic and Spain. Poland's accession to the EU, in May 2004, increased the interest of European franchisers in entering the Polish market. About 40 local franchisors found franchisees abroad. The most active are apparel networks such as Tatuum, House and Reserved and cosmetics such as the Dr Irena Eris Institute.

At the end of 2006, retail business had the largest share of the franchise market with 60% and dominating the sector, followed by the services sector with 44% and dominating the catering sector. In 2006, 28 companies closed down their franchise activities in Poland.

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 over 250 restaurants, 78% company- owned and 22% sub-franchised. McDonald's is actively refreshing its brand's image, remodeling restaurants, introducing breakfast menu and beer, developing coffee shop modules (McCafe), with waiter service, additional dessert selection, French-style sandwiches and toast, served on china. American Restaurants (AmRest), the Dutch incorporated company, the stock-listed 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. In 2007 AmRest started operation of Burger King, Rodeo Drive and finalized agreement with Starbucks for operation in Poland, the Czech Republic and Hungary. The company does not sub-franchise and develops its network 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 most recent U.S. franchise systems to enter the Polish market are MBE Mail Boxes ETC, Coldwell Banker and Papa John's..

The largest fnon-American foreign franchisers active in Poland are: TelePizza, Pizza Express, Pizza Pai, Tivoli, John Bull Pub (fast food), Adidas (sportswear and equipment), Intersport (sportswear and equipment), Aral (gas stations), Agfa (photo laboratories), Whittard (tea-shops), Yver Rocher (perfumeries and beauty salons), Petit Bateau, Petit Patapon (children clothes retail networks), 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, Bricomarche, E. Leclerc, Spar (supermarkets), Lingua Nova, Leader School, Helen Doron Early English (education), HDS (stationery), Cyberland (internet clubs), Mamuska-The Cheescake Shop, Denmer's Teahouse, Wayne's Coffee, Chateau Blanc, Alois Dallmayr, 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 309 franchise systems operating in Poland at the end of 2006, approximately 218 (70.6%) 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, Conieco, Gruby Benek, Kurcze Pieczone, Podniebny Barek, Lunch Bar, Tele Catering, (fast-food), Cava, Chocoffee (coffee shops), 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), YES Bizuteria (jewelry), Grycan (ice-cream shops),), Lewiatan, Chata Polska, Sklepy Familijne, Groszek, Piotr i Pawel, Albert Siec 24, (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 most promising franchise 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 and financial services also hold great potential In Poland.

The Polish Franchise Organization (PFO) is the only association of franchisors operating in Poland. Each year the Polish Franchise Expo is organized under the auspices of the PFO. The nearest Expo will take place on October 9-11, 2008 in Warsaw. More information available at: www.franczyza.pl

Direct Marketing

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Direct marketing has in existence in Poland for over 17 years. During this time, the concept and practice of DM has gone from being a virtually unknown activity to a widely recognized means of marketing – gaining popular acceptance among consumers (corporate and individual).

The market is increasing by approximately 10-15% annually. A demand for new concepts and existing DM expansion in Poland is directly related to very active companies and aggressive advertising campaigns supported their expansions. The utilization of DM in business is steadily growing from 71% up to 94% in 2006. In 2006, over 90% of companies used Internet on a daily basis, 60% used direct mail and 25% companies used telemarketing. Almost 77.3% of companies used Internet to promote own activity and 15% of business was done via Internet. There were 24 million mobile phone users, and 9.7 million Internet users. 75% of households used regular telephone lines, 60% had PC, and 35% had access to the Internet. 2.7 million Poles shop via online shops and auctions (24.5% internet users). Traditionally, the most popular goods bought via the internet are books (14.2%), clothes (12.4%), handsets (9%) and computer hardware (8.9%).

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 fastest growing DM sector is e-commerce.

There are no Polish Laws or regulations that specifically address DM. In general, Polish law is compatible to law regulations applied to DM activities throughout the EU. For companies operating in the DM sector, laws to consider are the Law of Personal Data Protection (introduced in August 29, 1997) and Law of Protection of Consumer Rights, especially regulations referring to “distance sale” (introduced in March 2, 2000). Polish protection of personal data is very rigorous, however recently it has been interpreted in a less strict way. There are also limitations on using electronic means of communications (such as e-mail and SMS).

The SMB Direct Marketing Association, established in 1995, has been actively involved in introducing regulations and guidlines 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 the ethics 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 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 has strict laws governing the protection of personal data, including the use of such data in the context of direct marketing activities. For more information on these rules, please see the privacy section above.

Distance Selling Rules

- Distance and Door-to-Door sales
  The EU's Directive on distance selling to consumers (97/7/EC) sets 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 (such as software, which the EU considers a service and not a good) must also collect value added tax (see Electronic Commerce section below).

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

Joint Ventures/Licensing

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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

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

http://www.paiz.gov.pl/index/?id=46072631582fc240dd2674a7d063b040

Procurements by the Ministry of Defense are held by the Armed Forces Procurement Department. Comprehensive information about military procurement laws and regulations are provided on the Ministry of Defense website:
http://www.dostawy.wp.mil.pl/?menu=7

Unlimited tendering is the preferred method. Participation in tenders is open to all those who are legally, technically, and financially able to perform the contract (including foreign companies).

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.

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

The EU public procurement market, including EU institutions and Member States, totals around EUR 1,600 billion. This market is regulated by two Directives:

- Directive 2004/18 on Coordination of procedures for the award of public works, services and supplies contracts, and
- Directive 2004/17 on Coordination of procedures of entities operating in the Utilities sector, which covers the following sectors: water, energy, transport and postal services.

Remedies directives cover legal means for companies who face discriminatory public procurement practices. These directives are implemented in the national procurement legislation of the 27 EU Member States.

The US and the EU are signatories of the World Trade Organization's (WTO) Government Procurement Agreement (GPA), which grants access to most public supplies and some services and works contracts published by national procuring authorities of the countries that are parties to the Agreement. In practice, this means that U.S.-based companies are eligible to bid on supplies contracts from European public contracting authorities above the agreed thresholds.

However, there are restrictions for U.S. suppliers in the EU utilities sector both in the EU Utilities Directive and in the EU coverage of the Government Procurement Agreement (GPA). The Utilities Directive allows EU contracting authorities in these sectors to either reject non-EU bids where the proportion of goods originating in non-EU countries exceeds 50% of the total value of the goods constituting the tender, or are entitled to apply a 3% price difference to non-EU bids in order to give preference to the EU bid. These restrictions are applied when no reciprocal access for EU companies in the U.S. market is offered. Those restrictions however were waived for the electricity sector.

For more information, please visit the U.S. Commercial Service at the U.S. Mission to the European Union website dedicated to EU public procurement. This site also has a database of all European public procurement tenders that are open to U.S.-based firms by virtue of the Government Procurement Agreement. Access is free of charge.

Key Link: http://www.buyusa.gov/europeanunion/eu_tenders.html

Distribution and Sales Channels

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(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	1,700,500
Krakow	756,500
Lodz	755,000
Wroclaw	635,000
Poznan	567,900
Gdansk	457,000
Szczecin	409,000
Bydgoszcz	366,500
Lublin	353,500

(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

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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.

An average Polish customer no longer requires a face-to-face contact with a person selling a product. The Internet's role in business contacts is growing and it is now a valuable selling tool. Over 14 million of the Internet users in Poland constitute approximately 37% of population. Some 28.5% of the Internet users shop for products or services regularly. Over 93% 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 customer 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.

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 thought out, 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. The use of qualified signatures is very limited due to complicated procedures, high cost and a delay in implementation of most e-government services. The deadline for the use of e-signatures in e-government services has been postponed until May 1, 2008 and the electronic platform for public administrations services should be ready by the end of 2008. 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 turnover increased by 60% in 2007 and reached the value of over $3 billion. In addition, recent opening of Polish e-Bay, Google and AOL 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, representing 37% of the population or 48% of the population 16-74 years old. Some 28.5% of Internet users shop for products or services regularly, 55% claim to have on-line purchases at random and 27% use e-banking services. Poles prefer auction services over e-shopping and usually use price-comparison services. With over 50% market share, Allegro is the most popular among 14 auction services in Poland. There are over 2000 e-shops, only 30% of which have operated for longer than 2 years. In most cases, the e-business is complementary to their traditional operations. In addition, 44% e-shops also sell through auction sites. The most popular products for B2C transactions are airlines tickets, tourist services, consumer electronics, books, house and garden equipment. 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 93% of businesses in Poland have Internet access, only 27% claimed to buy on-line and 11% make e-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/) and the Polish Procurement Platform http://www.ppp.pwpw.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 bulk of advertising revenues go to television. The price of television spots on top rated shows has grown dramatically in the last few years as demand has soared. Radio is another 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 sixth anniversary this year (2007) and the Polish edition of Forbes magazine, which was launched in January 2005, celebrated its second 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, 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 an EU member Poland adheres to EU-wide business directives and requires local market compliance.

General Legislation

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. From 2009 the rules will allow for US-style product placement on television and the three-hour/day maximum of advertising will be lifted. However, a 12-minute/hour maximum will remain. Child programming will be subject to a code of conduct that will include a limit of junk food advertising to children.

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 as 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 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 2008. 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

Regulation 1924/2006, applicable as of July 1, 2007, sets new EU rules on nutrition and health claims. The annex to Regulation 1924/2006 lists the nutrition claims such as "low fat" and "light" that will be allowed throughout the EU and the conditions for using them. An EU positive list of health claims, based on generally accepted scientific advice such as "X is good for your bones," is yet to be established. The EU positive list will include health claims based on generally accepted science and well understood by the consumer, not those based on emerging science. New health claims and disease reduction claims will have to be assessed by the European Food Safety Authority (EFSA) and approved by the Commission.

Key Link: http://ec.europa.eu/food/food/labellingnutrition/claims/index_en.htm

Food Supplements

Regulation 1925/2006, applicable as of July 1, 2007, harmonizes rules on the addition of vitamins and minerals to foods. The regulation lists the vitamins and minerals that may be added to foods and sets criteria for establishing minimum and maximum levels.

Key Link: http://useu.usmission.gov/agri/foodsupplements.html

Tobacco

The EU Tobacco Advertising Directive bans tobacco advertising in printed media, radio, and internet as well as the 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

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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." Currently, the low dollar value versus the Polish zloty is a significant advantage for U.S. made goods, especially in comparison to European-made goods.

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 maintenance.

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/enterprise/regulation/goods/liability_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 that are not deemed safe in the EU.

Key link: http://ec.europa.eu/consumers/safety/prod_legis/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

Introduction

Several general principles are important for effective management of intellectual property rights in Poland. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in Poland than in the U.S. Third, rights must be registered and enforced in Poland, under local laws. Companies may wish to seek advice from local attorneys or IP consultants. The U.S. Commercial Service can provide a list of local lawyers upon request.

It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Poland. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. While the U.S. Government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should USG advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Poland require constant attention. Work with legal counsel familiar with Polish laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations, both Polish or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)
- National Chamber of Commerce (KIG - Krajowa Izba Gospodarcza)

IPR Resources

A wealth of information on protecting IPR is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at **www.StopFakes.gov**.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For US small and medium-size companies, the Department of Commerce offers a "SME IPR Advisory Program" available through the American Bar Association that provides one hour of free IPR legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and Thailand. For details and to register, visit: **http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html**
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: **www.StopFakes.gov** This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products) and allows you to register for Webinars on protecting IPR.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. For Poland, Please contact David McNeill, Commercial Officer at tel. No. +48 22 625 4374 or by email David.McNeill@mail.doc.gov.

In 2006 and 2007, Poland amended 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 continues working on the law enforcement regulations. Also, the government continues to review and amend other laws and regulations to reflect the development and use of new technologies. The main organizations responsible for IPR issues are the Ministry of Culture and National Heritage (http://www.mkidn.gov.pl/) and Polish Patent Office (http://www.uprp.pl/English)

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

Intellectual property sales, including software licensing, are 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://ec.europa.eu/internal_market/indprop/tm/index_en.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://ec.europa.eu/internal_market/indprop/design/index_en.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, and this is expected to continue given the formation of a new government in late 2007. In general, Polish law firms follow changes closely. Thus, American companies doing business in Poland are strongly urged to maintain legal representation. This is particularly 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 of the 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

Local service providers focusing on EU law, consulting, and business development can be viewed on the website maintained by the Commercial Service at the U.S. Mission to the European Union at: http://www.buyusa.gov/europeanunion/services.html

For information on professional services located within each of the EU member states, please see EU Member State Country Commercial Guides which can be found at the following website: http://www.export.gov/mrktresearch/index.asp under the Market Research Library.

Web Resources

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Using an Agent or Distributor

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

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

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

http://www.ombudsman.europa.eu

Data Privacy

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

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

http://ec.europa.eu/justice_home/fsj/privacy/modelcontracts/index_en.htm

http://ec.europa.eu/justice_home/fsj/privacy/workinggroup/wpdocs/2007_en.htm

http://www.giodo.gov.pl/168/j/en/

Polish Franchise Expo

www.franczyza.pl

Direct Marketing

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

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

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

Selling to the Government

http://www.uzp.gov.pl

http://www.paiz.gov.pl/index/?id=46072631582fc240dd2674a7d063b040

http://www.dostawy.wp.mil.pl/?menu=7

http://www.buyusa.gov/europeanunion/eu_tenders.html

Well known B2B platforms

http://www.wgt.com.pl/

http://www.marketplanet.pl/

http://www.xtrade.pl/

http://www.ppp.pwpw.pl/

Electronic Commerce related EU website

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

Trade Promotion and Advertising related EU website

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

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

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

http://useu.usmission.gov/agri/foodsupplements.html

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

Product Liability EU website

http://ec.europa.eu/enterprise/regulation/goods/liability_en.htm

Product Safety EU website

http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm

Legal Warranties and After-sales Service EU website

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

Ministry of Culture and National Heritage

http://www.mkidn.gov.pl/

Polish Patent Office

http://www.uprp.pl/English

Copyright EU website

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

Patents EU website

http://www.european-patent-office.org/

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

Trademarks EU website

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

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

Designs EU website

http://ec.europa.eu/internal_market/indprop/design/index_en.htm

Trademark Exhaustion EU website

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

Due Diligence

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

Local Professional Services

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

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

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

Commercial Sectors

(Automobile Parts & Components)

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	2005	2006	2007 (estimated)
Total Market Size	3889	4374	4905
Total Local Production	4700	5200	7000
Total Exports	3715	4685	6200
Total Imports	2904	3859	4105
Imports from the U.S.	31	44.5	60

In USD million

Exchange rates:

2005 – 3.2 PLN/1$
2006 – 3.05 PLN/1$
2007 - 2.75 PLN/1$

SOURCES:
Chief Statistical Office of Poland (GUS) - Yearbook 2005, 2006, First Half of 2007
www.money.pl

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 were over twelve million passenger cars registered in Poland in 2005 (last official statistics available). This number is likely to grow to 15 million by 2010.

The number of new cars sold in Poland in 2007 reached 293,319 (22.9% increase compared to 2006).

In 2007 Poles imported almost 1 million used cars. Since Poland’s EU entry in May 2004, the number of imported used cars totaled 3.5 million units.

The number of vehicles produced in Poland increases every year - in 2005 it reached 527,000; in 2006 – 608,191 while in 2007 – 761,920. Fiat is the largest producer (50.75% of the market), followed by GM-Opel (27.5%), FSO (20%) and Volkswagen (11%). Almost 97% of the cars produced in Poland are exported.

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 increased imports from the U.S.

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.

The Polish automotive industry accounts for approximately 14% of Poland's total exports and the share is increasing. The value of automotive exports is expected to reach 23.8 million USD in 2007.

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Aftermarket parts
Service Station equipment

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The weak dollar makes U.S. suppliers highly competitive in the Polish market. Investment - 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.

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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 Infrastructure
Web site: http://www.mi.gov.pl

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

Automotive Technology Fair, Poznan,

Web site: http://www.motorshow.pl/en

Samar – Automotive Market Research Institute
Web site: http://www.samar.pl/__/__la/en/__ac/sec,1/__1.html

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

Joanna.Chomicka@mail.doc.gov

(Defense)

Overview

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	2004	2005	2006	2007
Defense Spending	1.95	1.95	1.95	1.97

In % of GDP

In 2007, the Polish government allocated nearly USD 7.2 billion (PLN 21.58 billion), for defense expenditures including 23% for modernization of the army, hardware purchase and infrastructure maintenance. Forty five percent will be spent on salaries and pensions. The modernization of the Polish army includes improvement of troop capacity and mobility and improvement of air defense system. The modernization project involves purchase of military equipment (armored transportation vehicles and military transportation aircraft) and ammunition (armor piercing guided missile and ship to ship missile system 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 aircrafts.

Additional sources of funding from the following areas are expected to increase this amount to about USD 208 million (PLN 624.5 million):

Armed Forces Modernization Fund - USD 20.9 million (PLN 62.7 million)
Privatization of defense companies - USD 3.3 million (PLN 9.8 million)
Ministry of Science and Information Technology (R&D in defense) - USD 40.3 (PLN 121 million)
NSIP Investment - USD 111 million (PLN 333.1 million)
FMF Program - USD 30.4 million (PLN 91.2 million)
IMET grants - USD 2 million (PLN 6.1 million)
CTFP Program - USD 0.17 million (PLN 0.5 million)

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 781 million). Also, Poland has one of the largest IMET programs in EUCOM and is one of top 10 worldwide. Poland has trained over 2200 military and civilian students since 1992 using IMET, FMS and CTFP. In FY2006 Poland sent 77 military students to be trained in the U.S. and 85 students were projected for FY2007. These programs help reform Poland's defense establishments and build country's capacity to conduct peace keeping and stability operations. Poland has a state Partnership Program with the Illinois National Guard.

Poland's defense budget is negotiated annually 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.

For more information on Market Access And Market Entry, please see our market research report titled "Military Procurement in Poland".

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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 toward the United States. 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 Return to top

The Polish army is moving away from a draft-based army towards a smaller professional unit better suited to the NATO mission. Poland's membership in NATO has already brought opportunities for U.S. companies in terms of upgrades and adjustment. In addition, Poland's cooperation with the U.S. has gained further depth through support in international intervention in Iraq and Afghanistan.

In April 2003, a tender to supply 48 fighter aircraft for the Polish armed forces was awarded to Lockheed Martin. 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.

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Participation in trade fairs, conferences and seminars is a very effective avenue 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.

The is the largest annual event for the defense and security industries in Central and Eastern Europe attracting buyers from throughout the region and representing an excellent venue for U.S. companies in these sectors. The event held each year in Kielce (south east Poland) at the beginning of September. Each year, CS Warsaw organizes activities for U.S. companies, typically including a reception hosted by the U.S. Ambassador at the Show.

The MSPO 2007 was a great success and was attended by Polish Deputy Prime Minister, Polish Defense Minister, Assistant Secretary of the U.S. Army for Acquisition, Logistics, and Technology Claude M. Bolton, Defense Department Program Executive Officers, and other senior leaders of the Polish and U.S. armed forces. The show attracted 364 exhibitors from 24 countries including 31 American exhibitors, and over 22 foreign official delegations.

American exhibitors have included Lockheed Martin, Sikorsky Aircraft Corporation, AAI Corporation, a subsidiary of United Industrial Corporation, Raytheon International, AM General Corporation, Harris Corporation, BOEING Company, SAAB Training USA, Motorola, Agility Defense & Government Services Logistics, Data Link Solutions Division of Rockwell Collins, Textron Systems, Fisher Labs and Night Owl Optics, ITT Corporation Electronic Systems, ICx Technologies, JLG Industries, Inc., TSSI - Tactical & Survival Specialties, Inc., Fluor, Nivisys Industries, LLC, SAIC, Complete Parachute Solutions, Inc., Tactical Communications Systems, A Division of Ultra Electronics Canada Defense Inc., General Dynamics, Honeywell, UTC Pratt & Whitney, Missile Defense Agency, U.S. Department of Defense - Visual Information Services Division, and U.S. Army Program Executive Office Soldier.

CS Warsaw encourages U.S. firms to participate in MSPO 2008, which will be held September 8-11, 2008.

The MSPO show organizer is:
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.pl

To reserve a space at MSPO 2008 contact the MSPO organizer directly or the private U.S. Pavilion 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: Thomas Kallman, President
E-mail: tk@kallman.com

The other important exhibitions in this sector are:

INTERNATIONAL AIR SHOW, held biannually in Radom. The next show will next take place in 2009.

BALT-MILITARY-EXPO- International Fair for Navy, Border Guards and Police, held biannually in Gdansk. The next show will be held June 25-27, 2008.

BALT-EXPO - International Maritime Exhibition, held biannually in Gdansk. The next show will be held at the beginning of September 2009.

For more information about the shows and a defense market report for Poland please contact:

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

E-mail: Zofia.Sobiepanek@mail.doc.gov

(Safety/Security)

Overview

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In general, Poland is a good market for U.S. homeland safety/security products. Poland is the sixth largest country in the EU with population of nearly 38 million people. Its 1,100-kilometer eastern border is now the largest external border in the European Union.

Since Poland became a member of the European Union, all external security matters must comply with the “Common European Security and Defense Policy”, which defines external action through the development of military and civilian management capability. As a member of both NATO and the EU, Poland shares the same security priorities as its U.S. and European allies and is heavily involved in stabilizing Iraq and Afghanistan. In addition, Poland faces threats that, while generally do not originate indigenously nevertheless pose serious challenges including the risks from international terrorism, organized crime, and illegal immigration. Poland seeks to improve its capacity to deal with any potential instability resulting from these or other threats.

Per EU accession, Poland is obligated to meet EU safety and security requirements. The new requirements create fruitful business opportunities for American producers and distributors of advanced safety/security products. Poland has been a cooperative partner in several EU led security initiatives. The new European Security Research Program spans seven years and is valued at more than 1.4 billion EURO. The aim of the program is to protect against danger such as terrorism, crime and natural disasters. The funds will be made available between 2007-2013 as part of the 7th Research Framework Program to fund projects to improve civil security. Areas covered include security of citizens, security of infrastructure and utilities, intelligent surveillance and border security, and restoring security and safety in case of crisis. Three horizontal issues include security system integration, interconnectivity and interoperability, security and society, and security research coordination and structuring. The research program concerns civilian security forces only.

In relation to biometrics, the European Commission is considering a centralized fingerprint database to facilitate the exchange of information among EU law enforcement agencies to help tackle organized crime and terrorism. The EU member countries are also collaborating on the European Program for Critical Infrastructure Protection, a strategy to defend citizens from terrorism and protect against all hazards including natural disasters and industrial accidents, and the Detection Technologies Program focused on detection technologies in the broad sense including metals, biometrics, CCTV, and associated technologies (gas detection, etc) as well as explosives (including chemicals), bio-preparedness, and radiology and nuclear preparedness.

For more information about EU programs, please contact Isabelle Maelcamp at the U.S. Mission to the European Union Isabelle.Maelcamp@mail.doc.gov

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The United States, traditionally the largest supplier of up-to-date safety and security equipment, has good potential to serve the Polish market. However, technological advantage is not the only factor determining success in the market. American companies should focus on educating systems users and other players in the distribution network channel. A successful exporter should support its local agent at trade shows, seminars and conferences, and in advertising. European and Israeli manufacturers are the main competitors to U.S. firms. They are expected to increase market share due to their competitive price as well as EU funding for Poland.

Interest is focused on protection for government and other official buildings along with embassies and multinational companies, public spaces and events. This creates opportunities for U.S. security /safety manufacturers in the following areas: systems for security and surveillance, X-ray baggage and cargo screening control systems, camera enclosures, walk through (door-type) metal detectors, hand held metal detectors, card access control and alarm monitoring systems, surveillance and detection equipment, control panels, codified access supplies and cardkeys, alarm systems and electrical signaling, and other types of safety equipment.

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After the events of September 11 in the United States and consecutive terrorist attacks in Europe including London and Madrid, Poland has placed a significant emphasis on security of critical infrastructure within the country and its borders. There are several factors driving the increase in sales of security products and services in Poland. Among these contributing elements are:

- The terrorist attacks mentioned above,
- Poland became a member of NATO in March 1999, and in doing so agreed to upgrade its military security to meet NATO goals,
- Poland became a member of European Union in May 2004, and in doing so agreed to upgrade its eastern border surveillance system to meet EU security requirements,
- Poland became a U.S. close ally in Europe through its support in international intervention in Iraq and Afghanistan, and in doing so became a potential target for terrorist attacks,
- Poland will host the EURO 2012 - European Football Championships, and in doing so is required to respond to new challenges including safety/security issues.

Poland’s geographic location within Europe makes it a logical gateway for legal and illegal immigrants entering the European Union. Law enforcement experts indicate that drug and weapons traffickers transporting their prohibited cargo into the rest of Europe also use the pathways used by illegal immigrants. Further, there are strong requirements within the EU, which intensify the demand for added controls at the Polish airports, seaports, and land borders. Finally, Polish military involvement in Iraq and Afghanistan contributes to a heightened interest in security products and services against terrorism.

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Participation in trade shows, conferences and seminars is a very effective avenue for promotion in Poland and its neighbors. The major events in the security/safety sector in Poland are:

CLO & GRANICA - INTERNATIONAL EXHIBITION FOR BORDER CONTROL AND BORDER GUARDS, the only event in this sector in Central and Eastern Europe. The event is held on a yearly basis in Warsaw. The next show will take place October 1-2, 2008. The website is currently under construction.

Organizer:
Zarzad Targow Warszawskich Biura Reklamy S.A.
ul. Pulawska 12a
02-566 Warszawa, Poland
Tel: +48/22 849-6006 ext. 104 or 107
Fax: +48/22 849-3584
E-mail: elzbieta@brsa.com.pl or karlowska@ztw.pl

SECUREX - INTERNATIONAL SECURITY EXHIBITION, held annually in Poznan. The next show will be held April 22-25, 2008. For more information, please see http://securex.mtp.pl/en

Organizer:
Miedzynarodowe Targi Poznanskie Spolka z o.o.
(Poznan International Fair)
ul. Glogowska 14
60-734 Poznan, Poland
Tel: +48/61 869-2000
Fax: +48/61 869 2955
Contact person: Mr. Bartosz Zeidler, Securex Project Manager
Tel: +48/61 869 2202

EUROPOLTECH - INTERNATIONAL EXHIBITION FOR TECHNOLOGY AND EQUIPMENT FOR POLICE AND NATIONAL SECURITY FORCES, heldannually in Warsaw at the Centrum EXPO XXI center. The next show will be held April 22-24, 2009. For more information, please see http://www.europoltech.pl/

Organizer:
MTG Miedzynarodowe Targi Gdanskie S.A.
Biuro Organizacyjne Europoltech
ul. Beniowskiego 5
80-382 Gdansk, Poland
Tel: +48/58 554 9213 or 554 9328
Fax: +48/58 552 2243
E-mail: europoltech@mtgsa.com.pl
Contact person: Mr. Marek Buczkowski, Poltech Project Manager

MSPO - INTERNATIONAL DEFENSE INDUSTRY EXHIBITION, the major event in the defense sector in Central and Eastern Europe, held annually in Kielce. The next show will be held September 8-11, 2008. The MSPO is accompanied by the INTERNATIONAL LOGISTICS EXHIBITION - LOGISTYKA held at the same time in Kielce at the MSPO fair grounds. LOGISTYKA is dedicated to border control, police and firefighting activities. To reserve a space at MSPO 2008 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

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.pl

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

E-mail: Zofia.Sobiepanek@mail.doc.gov

(Computer Services)

Overview

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	2005	2006	2007*
Total Market Size	1,630	1,900	2,200

In USD millions

* The above statistics are unofficial estimates.

2005 – $1 = 3.2 PLN
2006 – $1 = 3.05 PLN
2007 - $1 = 2.75 PLN

According to industry analysis, the computer services market grew approximately 14% last year and at the end of 2007 was estimated at USD 2.2 billion. The 2007 results are below expectations due to delays of most large public sector projects. Computer services are expected to approach the 25% growth annually and reach the value of USD 3 billion in 2009.

The most profitable segments of the IT services market are integration services, technical support for equipment solutions and software services. The largest system integrators in Poland are Hewlett-Packard Polska, Sygnity and Prokom.

Outsourcing is the fastest growing segment of the services market. According to market analysis by IDC, 15% of all services are provided by outside, specialized companies. There have been 90 business process outsourcing centers (BPO's) opened by international companies in Poland.

A presence in Poland or a Polish partner is necessary for U.S. firms planning to do business locally 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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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 are present in the banking, financial and telecommunications sectors and industry. There are several major public sector projects, delayed in previous years, which are expected to be tendered over the next two years.

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CS Warsaw recommends regional European shows in lieu of local events.

CeBIT, March 4-9, 2008 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
at the U.S. Commercial Service Warsaw, Poland:

Maria.Kowalska@mail.doc.gov

(Computer Software)

Overview

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The Polish software market exceeded $1.2 billion in 2007. 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), especially designated for vertical markets such as process production, warehousing, financial services, wholesalers and retail trading. In general, customer-tailored software represents good sales potential in all market segments.

Best Prospects/Services

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Security software
Software for networking and tools
Software for mobile applications
Specialized business application software

Opportunities

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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, sales to medium-size and small companies represent the best opportunities.

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CS Warsaw recommends regional European shows in lieu of local events.

CeBIT, March 4-9, 2008 Hannover, Germany

See http://www.cebit.de/homepage_e 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 10 publications, including ComputerWorld, PC World Komputer, Net World, and IT sector ranking Top200. IDG also organizes seminars and conferences and 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 organizes IT conferences and offers market research and marketing services.
http://www.migutmedia.pl/

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(Computer & Peripherals)

Overview

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	2005	2006	2007 (estimated)
Total Market Size	2,217	2,427.6	2,702
Total Local Production	611.9	587.9	570
Total Exports	170	175	165
Total Imports	1,775	2,014.7	2,297
Imports from the U.S.	63.7	63	64

In USD million

Source: Chief Statistical Office of Poland (GUS) - Yearbook 2006, 2007

Please note the above statistics cover only the group of products registered at HS 8471 - Automatic data-processing machines and units; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data. Most hardware is imported from China ($767 million), Korea ($205m), (Germany $205m) and Ireland ($171m).

Exchange rates: 2005 – 3.2 PLN/1$ 2006 – 3.05 PLN/1$ 2007 - 2.75 PLN/1$

At the end of 2006, the value of the Polish information technology (IT) sector reached $7.5 billion. With 2007 growth estimated at 14%, the IT market is expected to reach $8.5 billion. The computer hardware market, including components and peripherals, in 2007 totaled $3.8 billion, approximately 45% of the total IT market.

In 2007, the demand for laptops increased by 28%, much faster than for desktop computers. Polish manufacturers dominate the PC market, with small assemblers slowly decreasing. Foreign suppliers dominate the notebook and high-end computer market segments.

The competitive situation is expected to substantially change as the new Dell manufacturing plant in Lodz, Poland begins full production in early 2008. In addition, the new Lenovo PC facility will open later in 2008, with full manufacturing output by 2010.

The 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, 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. Public sector investments are driven by the development of e-government services required by the European Union.

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Computer parts and components
Peripherals
Networking equipment and components
Computer accessories

Opportunities Return to top

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 emphasis on low-end equipment.

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CS Warsaw recommends European regional shows in lieu of local events.
CeBIT, March 4-9, 2008 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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(Construction Materials and Equipment)

Overview
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The value of the Polish construction sector in 2006 exceeded 11 billion USD and was 11.4% higher than in 2005. According to the Polish Chief Statistical Office, the growth of industrial production in first 10 months of 2007 reached the level of 16.1%. The average growth of this sector over the next several years is predicted to reach 8 – 10% yearly. Growth in the Polish economy in 2006 and in 2007 (respectively 5.2% and 5.3%) 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. Gross financial result of construction firms in 2006 were impressive and totaled $897.3 million, 218% higher than in 2005. It is expected that the positive trend in this industry will also continue in 2008. 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 2008.

In April 2007 Poland and Ukraine won the bid to host the UEFA EURO 2012 Soccer Championship. This will further expand the sector, as Poland needs to build or modernize 6 sport stadiums including a national complex with capacity of 60 thousand seats in Warsaw.

Best Products/Services
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In view of an expected increase in infrastructure projects, best selling products will include building materials used for road construction, power and telecommunication lines installations, drainage and land reclamation projects, building of shopping centers, office space, parking lots, sport stadiums and their infrastructure as well as hotels for EURO 2012 guests.

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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.

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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)

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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 show signs of progress, surface water quality is still unsatisfactory and large investments in wastewater treatment plants have not lead 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 January 1, 2007 capital for financing water/ wastewater projects can be sourced from the 2007 – 2013 Structural Funds, within framework of Operational Program Infrastructure and Environment. Total amount of funds designated for environmental infrastructure will reach 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 investment 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.

Projects approved by the EU for financing from cohesion and structural funds can be viewed at the Ministry of Environment Center for Environmental Information web site http://www.cios.gov.pl

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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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	2004	2005	2006
Total Market Size	7484.5	8859.7	11277.4
Total Local Production	6486.5	7771.0	9995.4
Total Exports	592.0	708.0	892.0
Total Imports	1590.0	1796.7	2174.0

In USD million
2004 – 3.6 PLN/1$, 2005 – 3.3 PLN/1$, 2006 – 3.05 PLN/1$
SOURCES: Polish Chamber of Chemical Industry Annual Report 2006 "Production of Rubber and Plastic Goods"

PVC Market in thousand tons

	2000	2003	2004	2005	2006
Production Capacity	308.0	325.0	325.0	303.0	303.0
Total Local Production	253.0	256.0	268.0	215.0	278.0
Total Exports	129.4	125.6	132.2		120.0
Total Imports	146.0	197.9	239.7		210.0
Consumption	269.6	328.2	375.6	378.0	368.0

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 2006 the local production of plastics including polyethylene, polypropylene and polyvinyl chloride amounted to 702.4 thousand tons. Local production of plastics in primary forms is not meeting demand. In 2006, Poland imported plastics in primary forms totaling $3.6 billion, growing by 21% compared to 2005. At the same time exports reached $1.3 billion, growing by 82% compared to 2005.

In 2006 production growth was as follows:

- polyethylene – 143% increase
- polypropylene – 119% increase
- styrene polymer – 11% increase

The increase of production mainly resulted from new installments of BASELL ORLEN POLYOLEFINS Sp. z o.o. set in production at the end of 2005 for polypropylene and polyethylene. A significant increase has also been recorded for olephines as follows: ethylene – increase by 89%;

propylene – increase by 66%.
PKN ORLEN S.A. is currently the only producer of ethylene and propylene in Poland. After the modernization of the Olephine II facilty the production capacity of PKN ORLEN S.A. totals 700 thousand tons of ethylene and 380 thousand tons of propylene per year.

Polish industrial consumers of plastics have significantly increased their production capabilities, but a trade gap still exists in the plastics sector – the 2005 trade gap totaled $2.4 million, representing over 18% of the country aggregate.

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.

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

Opportunities

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The Polish government recently agreed to privatize the state owned chemical sector. Major chemical synthesis plants including Police and Dwory were privatized in 2005 and 2006 through IPO. Other firms including Tarnow and Pulawy still await privatization. These companies have fallen behind in modernization and will seek new opportunities to increase and upgrade of their production capacities.

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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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(Cosmetics)

Overview
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	2005	2006	2007 (estimated)
Total Market Size	696	806	930
Total Local Production	1070	1258	1430
Total Exports	891	1085	1300
Total Imports	517	633	800
Imports from the U.S.	16	19	23

In USD million
Estimation – based on statistical data for the nine months of 2007
Exchange Rate:
2005 USD 1 = PLN 3.2
2006 USD 1 = PLN 3.05
2007 USD 1 = PLN 2.75

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 2006, cosmetics imports to Poland were valued at USD 633 million, a 22% increase from 2005. The largest suppliers were Germany (26%), France (21.3%), Great Britain (12.6%), Italy (8.5%), and Spain (4.6%). EU countries supplied over 90% of Polish cosmetics imports. Poland's 2006 cosmetics exports totaled USD 1.08 billion, a 22% increase over 2005. Approximately 80% of these exports went to EU markets. The top importers of locally produced cosmetics were Russia (20.9%), Great Britain (15.9%), Germany (8.4%), Ukraine (8.0%) and Hungary (7.1%),

The total value of local production of cosmetics was USD 1,25 billion and grew by 8.3% over 2005. In 2006, U.S. exports of cosmetics to Poland were USD 19 million, a 8.3% 33% growth over 2005. After Poland's accession to the EU on May 1, 2004, import duties for the U.S. made cosmetics were reduced from a level of 7.5% - 20% to 0. Also, on December 1, 2006, the Ministry of Finance has reduced excise tax from a level of 10% to 0%. Reduction of import duties and excise tax as well as a decreasing USD rate exchange should result in increasing imports of cosmetics from the U.S.

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The greatest potential during the next three years is expected to be in the following areas: beauty and make-up preparations, sun-tan cosmetics, 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 among the highest quality.

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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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Commodity reports prepared by Agricultural Office in 2007
(Global Agricultural Information Network GAIN Reports)

Solid Wood Products Annual **(PI7005)**
Stone Fruit Annual **(PI7015)**
Agricultural Biotechnology Annual **(PI7037)**
Fresh Deciduous Fruit Annual **(PI7053)**
Polish Pet Food Sector **(PI7009)**
Fishery Products Update **(PI7035)**
Fruit Frost Damage-Update **(PI7038)**
Apples And Caj - PSD Update **(PI7039)**
Stone Fruit PSD Update **(PI7040)**
Biofuels Annual **(E47051)**

The most important imports and exports in Polish-U.S. agricultural trade

Polish Imports from the U.S.	**2005** **thousands US$**
tobacco	15,650
nuts	13,748
fish fillets	12,632
wine	9,960
sheets for veneer or plywood	6,547
animal feed	5,051
citrus fruit	4,075
plants used in perfumery, pharmacy	3,840
vegetable saps and extracts	3,640
other animal products	2,937
fish frozen	2,298
hard liqueur	1,428
grapes	1,267
juices (fruit or vegetable)	1,031
dried fruit	933

Exports	**2005** **thousands US$**
preparations of meat and game	39,662
hard liqueur	33,606
wheat gluten	15,398
chocolate	11,342
processed fish	9,855
molasses	9,583
vegetables, root and tubers, prepared	8,490
beer	8,421

cereal preparations	8,359
bread, pastry, cakes, biscuits	7,274
cheese and curd	7,263
down, powder and waste of feathers	7,041
mineral water	6,997
fiberboard	6,862
fish fillets	6,508

Source: 2006 Yearbook of Foreign Trade Statistics, Polish Main Statistical Office

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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Upon its accession to the European Union on May 1, 2004, Poland became part of the EU customs union. Currently, decisions regarding quotas or customs suspensions to be applied to goods imported into Poland are taken at the Community level. Quantitative limits on imports (i.e., quotas) apply to imports of textiles and apparel from Belarus, China and North Korea, and to steel from Russia, Ukraine and Kazakhstan.

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 Import 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

Trade Barriers

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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. 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. Management of quotas is supported by a computer system, SIGL, which connects the European Commission with institutions issuing permits in particular countries. See http://trade.ec.europa.eu/sigl/

The system of quantitative import quotas is applied to imports 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. Information on applied custom duties and non-tariff measures can be found in the TARIC database, which is updated on a daily basis. http://europa.eu.int/comm./taxation-customs/dds/en/tarhome.htm

There are also certain licensing requirements, not related to commercial policy, for trading in dual-use (i.e. both civil and military use) goods and technologies; in certain chemicals, particularly narcotic drugs and psychotropics; or in 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 such licenses or permits are issued by the Minister of Economy or, in the case of genetically modified products imported directly to Poland from outside the EU, by the Minister of Environment.

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/Document_Library/Reports_Publications/2007/2007_NTE_Report/Section_Index.html?ht.

Information on agricultural trade barriers can be found at the following website: http://www.useu.usmission.gov/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.

Import Requirements and Documentation Return to top

In general, trade in 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. A license is not required to import liquor into Poland, but a license must be obtained to sell liquor.

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.

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 for use of such materials before applying for a concession to import the materials into Poland.

Each consignment of meat, meat products and offal must be accompanied by a health certificate issued by USDA's veterinary authorities. U.S. bovine genetics (semen, embryos) can be imported to Poland after receiving a positive opinion from the Polish Federation of Dairy Cattle Breeders.

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.

European Union regulations:

The Integrated Tariff of the Community, referred to as TARIC (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 online TARIC is updated daily.

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 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.

The Modernized Customs Code (MCC) of the European Union is expected to be passed into law in the first half of 2008. The MCC will replace the existing Regulation 2913/92 and simplify various procedures such as introducing a paperless environment, centralized clearance, and more. Check the EU's Customs website periodically for updates: http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/community_code/index_en.htm.

Batteries

EU battery rules changed in September 2006 following the publication of the Directive on batteries and accumulators and waste batteries and accumulators (Directive 2006/66). This Directive replaces the original Battery Directive of 1991 (Directive 91/157). The updated 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 that was adopted in December 2006 and became national law in the 27 EU Member States in June 2007. Virtually every industrial sector, from automobiles to textiles, could be affected by the new policy. REACH stands for the "Registration, Evaluation and Authorization of Chemicals." As of June 1 2008, 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 (ECHA), including information on their properties, uses and safe ways of handling them. Most chemicals currently imported into the EU are eligible for pre-registration which provides ECHA with basic information on the substance and allows the continued imports until a later registration deadline. ECHA will accept pre-registrations from 1 June 2008 until 1 December 2008. US companies should take advantage of the pre-registration period if possible. The full registration period for chemicals which are pre-registered ranges from three to eleven years depending on the volume of the substance and its hazard properties. Substances not pre-registered must be registered to stay on the market. Chemicals of very high concern, like carcinogens, will need an authorization for use in the EU. U.S. exporters to Europe should carefully consider this piece of EU environmental legislation. For more information, see the CSEU REACH webpage at: 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 entail a financial obligation for U.S. exporters. They 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

Agricultural Documentation

Phytosanitary Certificates: Phytosanitary certificates are required for most fresh fruits, vegetables, and other plant materials.

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. In addition to the legally required EU health certificates, a number of other certificates are used in international trade. These certificates, which may also be harmonized in EU legislation, certify origin for customs purposes and certain quality attributes. Up-to-date information on harmonized import requirements can be found at the following website: http://useu.usmission.gov/agri/certificates-overview.html.

Sanitary Certificates (Fisheries): In April 2006, the European Union declared the U.S. seafood inspection system as equivalent to the European one. Consequently, a specific public health certificate must accompany U.S. seafood shipments. Commission Decision 2006/199/EC places specific conditions on imports of fishery products from the U.S. Sanitary certificates for live shellfish are covered by Commission Regulation (EC) 1664/2006 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/NOAA/USDC).

Since May 1, 2007, with the implementation of the second Hygiene Package, aquaculture products coming from the United States must be accompanied by a public health certificate according to Commission Decision 2006/199/EC and the animal health attestation included in the new fishery products certificate covered by Regulation (EC) 1664/2006. This animal health attestation is not required in the case of live bivalve mollusks intended for immediate human consumption (retail).

For detailed information on import documentation for seafood, please contact the NOAA Fisheries office at the U.S. Mission to the EU (stephane.vrignaud@mail.doc.gov) or visit the following FDA dedicated web site: 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.

Temporary Entry Return to top

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. Promotional materials must be clearly marked "no commercial value" in order to clear customs.

Temporary imports may also enter Poland under an ATA Carnet.

Info on ATA Carnet: http://www.export.gov/logistics/exp_000969.asp

Labeling and Marking Requirements Return to top

Polish labeling and packaging requirements depend on the nature of the product and reflect EU regulations. Consumer goods require a product description in Polish either on or inside the package. Packaging should clearly indicate the country of manufacture. Packaged or canned food products entering the Polish market require Polish language labeling. Multi-language labels are acceptable as long as they include Polish. The label must contain: name of the product, name and address of producer/ packer or importer/distributor, country of origin, products composition, net weight and durability. The Polish label or a stick-on label must be applied prior to import. Food additives must be declared on the ingredient list. Flavors must also be declared. There are specific requirements for food allergen and nutritional labeling. Poland maintains its own hair care cosmetic labeling requirements. The label must be written in Polish and should include: cosmetic trade name and its category, name and address of manufacturer or importer/distributor, capacity and weight of unit package, expiration date, lot number, list of ingredients, name and address of location where

PID is kept, method of usage, country of origin. A manufacturer is permitted not to reveal a complete list of ingredients if this information will disclose a commercial secret.
The Polish government is considering requiring food products using Genetically Modified Organisms (GMOs) to be so labeled.

An overview of EU mandatory and voluntary labeling and marking requirements has been compiled in a market research report that is available at:
http://www.buyusainfo.net/docs/x_4171929.pdf.

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

Prohibited and Restricted Imports

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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, tropical wood, 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 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

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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 3091 or 694-3194

http://www.mf.gov.pl (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

Standards Return to top

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- Publication of Technical Regulations
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Overview Return to top

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 27 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 that will enhance some aspects, especially in the areas of market surveillance. To follow the revision, please visit:
http://ec.europa.eu/enterprise/regulation/internal_market_package/index_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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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/homepage.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, Croatia, FYR of Macedonia, and Turkey. Another category, called "partner standardization bodies" includes the standards organizations of Bosnia and Herzegovina, Republic of Moldova, Egypt, Serbia, the Russian Federation, Tunisia, the Ukraine, Armenia 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 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.

NIST Notify U.S. Service
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 U.S.** 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://www.nist.gov/notifyus/

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:

http://www.pkn.pl/?pid=en_int_cooperation

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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 27 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.

In Poland the leading organization in testing and certification is the Polish Center for Testing and Certification (PCBC). With almost 50 years experience this organization also certifies management system and trains personnel. PCBC is a member of many international and European organizations acting in the field of quality management, conformity assessment of products and systems and also training and certification of personnel.

Key link: http://www.pcbc.gov.pl/ang/index1.htm

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.

The national organization dealing with accreditation in Poland is the Polish Center for Accreditation. It is the competent authority to conduct accreditation of certification and inspection bodies, testing and calibration laboratories and other entities conducting conformity assessments and verifications.

Key link: http://www.pca.gov.pl/english/

Publication of Technical Regulations

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The Official Journal is the official gazette of the European Union. It is published daily on the internet 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 U.S.** 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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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 2007/45/EC, to replace 80/232/EC in April 2009, harmonizes packaging of wine and spirits throughout the EU. Existing national sizes will be abolished with a few exceptions for domestic producers.

Key Link: http://ec.europa.eu/enterprise/prepack/packsize/packsiz_en.htm

The Eco-label

EU legislation in 1992, revised in 2000, distinguishes environmentally friendly products and services through a voluntary labeling scheme called the Eco-label. Currently, the scheme applies to 7 product groups: cleaning products, appliances, paper products, clothing, lubricants, home and garden products and tourism services. The symbol, a green flower, is a voluntary mark. The Eco-label is awarded to producers who can show that their product is less harmful to the environment than similar products. This "green label" also aims to encourage consumers to buy green products. However, the scheme does not establish ecological standards that all manufacturers are required to meet to place product on the market. 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.

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% 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 more and more a reference 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/

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U.S. Mission to the E.U.
U.S. Commercial Service -CSEU
Rue Zinner 13
B - 1000 Brussels, Belgium
Fax: 32 2 513 1228
Louis Santamaria – Standards Attaché
Tel: 32 2 508 2674
louis.santamaria@mail.doc.gov
Sylvia Mohr – Standards Specialist
sylvia.mohr@mail.doc.gov
Tel: 32 2 508 2675
Fax: 32 2 513 1228

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
B – 1000 Brussels, Belgium
Tel: 32 2 289 10 93
Fax: 32 2 289 10 99
Email: info@eeb.org

http://www.ecostandard.org/

EOTA – European Organization for Technical Approvals (for construction products)
Avenue des Arts 40
B – 1040 Brussels, Belgium
Tel: 32 2 502 69 00
Fax: 32 2 502 38 14
Email: info@eota.be
http://www.eota.be

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 .

Web Resources

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European Union Agricultural Import Tariffs
http://www.useu.be/agri/import.html

SIGL
http://trade.ec.europa.eu/sigl/

TARIC
http://europa.eu.int/comm./taxation-customs/dds/en/tarhome.htm

Trade Estimate Report on Foreign Trade Barriers, published by USTR
http://www.ustr.gov/Document_Library/Reports_Publications/2007/2007_NTE_Report/Section_Index.html?ht

Agricultural Trade Barriers
http://www.useu.usmission.gov/agri/usda.html

Trade Compliance Center
http://www.trade.gov/tcc

European Union's Customs
http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/community_code/index_en.htm

EU Battery Directive
http://www.buyusainfo.net/docs/x_8086174.pdf

REACH
http://www.buyusa.gov/europeanunion/reach.html

WEEE and RoHS
http://www.buyusa.gov/europeanunion/weee.html

Agricultural Documentation and Import Requirements
http://useu.usmission.gov/agri/certificates-overview.html

FDA Import documentation for seafood
http://www.cfsan.fda.gov/

Bureau of Industry and Security
http://www.bis.doc.gov

ATA Carnet
http://www.export.gov/logistics/exp_000969.asp

EU mandatory and voluntary labeling and marking requirements
http://www.buyusainfo.net/docs/x_4171929.pdf.

How to prepare export documents
http://www.buyusa.gov/poland/en/doing_business_in_poland1.html#_section6

Contact information at national customs authorities
http://ec.europa.eu/taxation_customs/common/links/customs/index_en.htm

Standards "New Approach"
http://ec.europa.eu/enterprise/regulation/internal_market_package/index_en.htm

Agricultural Standards
http://useu.usmission.gov/agri/

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/homepage.htm)

European Commission mandates
http://ec.europa.eu/enterprise/standards_policy/mandates/

EU harmonized standards
http://www.newapproach.org/

ETSI
http://portal.etsi.org/Portal_Common/home.asp

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

NIST Notify U.S. Service
http://www.nist.gov/notifyus/

Polish Committee for Standardization

http://www.pkn.pl

EU legislation: Conformity Assessment
http://ec.europa.eu/enterprise/newapproach/nando/

Polish Center for Testing and Certification (PCBC)
http://www.pcbc.gov.pl/ang/index1.htm

National Institute of Standards and Technology (NIST)
http://ts.nist.gov/Standards/Global/mra.cfm

European Accreditation
http://www.european-accreditation.org/default_flash.htm

Polish Center for Accreditation
http://www.pca.gov.pl/english/

Official Journal, the official gazette of the European Union
http://europa.eu.int/eur-lex/lex/JOIndex.do?ihmlang=en

National Technical Regulations
http://ec.europa.eu/comm/enterprise/tris/

Labeling and Marking Directive
http://ec.europa.eu/enterprise/prepack/packsize/packsiz_en.htm

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

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Chapter 6: Investment Climate

Openness to Foreign Investment

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General Attitude: Foreign capital has played an important role in the transformation and development of the modern Polish market economy. Since 1990, Poland has attracted more than $120 billion in foreign direct investment (FDI), principally from Western Europe and the United States. Poland recorded record levels of FDI inflows in both 2006 and 2007. Investors are attracted by the country's economic potential (5.4% growth on average in 2005-2007, and projected growth of at least 5% in 2007), its young and well-educated work force, and its proximity to major markets. Poland's accession to the EU 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 introduction of new production technologies.

Foreign companies generally enjoy unrestricted access to the Polish market. Polish law limits foreign ownership of companies in selected strategic sectors, and limits foreign acquisition of real estate, especially agricultural land.

Public attitudes towards foreign investment are good, although specific cases of foreign investment have become controversial. For example, major retail discount chains continue to be criticized for driving smaller Polish-owned shops out of business. In 2007, Poland enacted a law that, among other things, requires a special permit from local mayors, upon receipt of a positive opinion from local councils, to build retail units with a sales area greater than 400 square meters. For retail units in excess of 2,000 square meters of retail space a positive resolution from the regional council is also required. The law makes it more difficult to develop retail space and to open stores in Poland.

In recent years, Poland has introduced reforms to improve the climate for foreign and domestic investment. In 2006-2007, telecommunication regulations were relaxed, the foreign exchange law was simplified, and the overall tax burden was reduced slightly by lowering disability insurance contributions. Work to improve the bankruptcy law and the administration of real estate registers continues. Simplification of VAT regulations remains on the Polish Government's agenda. Reductions in personal income tax rates, originally planned for 2007, have been postponed until 2009.

Major Laws and Regulations: The basic legal framework for establishing and operating companies in Poland, and in particular companies with foreign investors, is found in the Commercial Companies Code, which entered into force in January 2001, and the Law on Freedom of Economic Activity, which entered into force on July 2, 2004. Also relevant is the Act on European Economic Interest Grouping and the European Company of March 4, 2005, which allows a "European Company" to move its registered office from one EU state to another without losing legal personality.

With few exceptions, foreign investors are guaranteed national treatment. Companies that did not have any subsidiary established in an EU country before May 1, 2004, but that conducted and continue to conduct, or plan to start conducting, business operations in Poland must observe all EU regulations, and may not be able to benefit from all privileges to which EU companies are entitled.

Under the 2000 Commercial Companies Code, as amended, 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 corporate forms are available to a foreign investor, provided the investor comes from a member state of the EU or the European Free Trade Area (EFTA), or has the right of permanent residence in Poland and is based in a country offering reciprocity for Polish enterprises. The United States offers such reciprocity. If the above conditions are not met, the investor may establish only a limited partnership, a limited joint-stock partnership, a limited liability company, a joint-stock company or purchase shares of such entities.

According to the Law on the National Court Register of October 1997, all companies, commercial partnerships, and sole proprietorships must be registered in the Register of Entrepreneurs, a part of the National Court Register managed by district courts. The Register of Entrepreneurs is open to the public. Post is unaware of any laws or regulations specifically authorizing private firms to adopt articles of incorporation or association which limit or prohibit foreign investment, participation or control.

Under the Law on Freedom of Economic Activity, 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. In contrast, representative offices must limit 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. The law specifies certain situations in which registration may be refused (e.g., if required documents are not submitted on time or on national security grounds).

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, such as broadcasting and air transport. The Law on Freedom of Economic Activity requires a permit from the Treasury Ministry for certain major capital transactions (i.e., to establish a company when an enterprise owned wholly or partially by a legal resident is contributed in-kind to a company with foreign ownership.) A permit from the Treasury Ministry is also required to lease assets to or from a state-owned enterprise. Licenses and concessions for defense production and management of seaports are granted on the basis of national treatment for investors from OECD countries.

Polish law limits non-Polish ownership to 49% of a company's capital shares in the air transport and the radio and television broadcasting sectors. Waivers of these requirements are not available. Furthermore, in the insurance sector at least two members of management boards must know Polish. In the broadcasting sector, the number of Polish citizens on supervisory and management boards must be higher than the number of foreigners.

All investors must obtain governmental concessions, licenses or permits to engage in certain activities. Sectors in which concessions are required include broadcasting, aviation, energy, weapons, mining, and private security services. Regarding licenses and permits, some examples are:

-- the Polish Financial Supervision Authority (KNF) grants authorization to operate insurance companies and investment funds, and grants licenses for brokerage activities; in January 2008 KNF also began issuing banking licenses, which previously had been the responsibility of the National Bank of Poland;
-- 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 wholesale trade in alcohol, and wholesale and processing of precious stones and metals;
-- the Health Ministry authorizes permits for the pharmaceutical and medical materials sectors;
-- the Transport Ministry provides licenses for air, road and rail transport, for mail services, and for construction and development of highways;
-- the Interior Ministry licenses the defense industry and security services;
-- the Agriculture Ministry provides permits for alcohol and tobacco industries; and
-- local governments provide permits for buses and taxis, waste disposal, pharmacies, and extraction of minerals.

Sale of agricultural land to foreigners has long been a sensitive issue. Since EU accession, citizens of the EU-27, as well as Iceland, Liechtenstein and Norway, generally do not need permission to purchase real estate, or to acquire or receive shares in a company owning real estate in Poland. There are two exceptions: acquisition of agricultural real estate, where Poland was granted consent to introduce a transition period, lasting until 2016, with respect to unrestricted acquisition of agricultural real estate by foreigners (with certain exceptions); and acquisition of "second homes" (i.e., a house that is not a place of permanent residence) where a transition period, lasting until

2009, was introduced. Citizens from countries other than the EU-27, Iceland, Liechtenstein and Norway 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.

Citizens from countries other than the EU-27, Iceland, Liechtenstein and Norway still must obtain a permit from the Ministry of Internal Affairs and Administration (with the consent of the Defense and Agriculture Ministries), pursuant to the Act on Acquisition of Real Estate by Foreigners. 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. Permits may be refused for reasons of social policy or public security.

A second form of land 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.

Companies report that procedures to acquire real estate are transparent and that the process is not burdensome.

Privatization Program: The pace of privatization slowed in the last few years. Many of the more attractive government-owned companies have already been sold, while those remaining are frequently in financial difficulty or need restructuring. These 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. Employees and trade unions are becoming less distrustful of private investors, whose involvement in a company is often seen as a change for the better.

With relatively few exceptions, in major privatizations the Polish government has invited foreign investors to compete for a strategic interest. In general, bidding criteria have been clear and the process has been transparent. Some commentators have expressed concern about the level of foreign ownership of the Polish economy, especially in the banking sector, where foreign-controlled banks hold around 80% of assets. The new Polish government, elected in Oct. 2007, plans to shorten the list of companies and sectors in which the state would maintain control, and hopes to accelerate privatization of other companies. The government has announced its ambition to privatize the Warsaw Stock Exchange, energy sector companies and Polish Airways LOT in 2008.

Discrimination against Foreign Investors: Generally, foreign investors receive similar treatment to domestic investors, both at the time of initial investment and after an investment has been 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, as amended by the November 2007 consolidated Act on Public Procurement, 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.

Innovative pharmaceuticals is a sector in which companies consistently complain of discrimination. Meaningful access to the Polish pharmaceuticals market often hinges on whether a drug appears on the government's reimbursement list, since doctors most often prescribe drugs from the list, and purchases from it are subsidized by the Polish National Health Fund, making them more affordable for patients. General failure to act upon applications to add innovative drugs to the reimbursement list (with some exceptions) has seriously undermined U.S. and international innovative drug producers' market position in favor of the Polish generics industry. In those cases over the last decade where innovative drugs were added to the list, the decision criteria used were unclear, and the process non-transparent. New Polish legislation that entered into force on September 28, 2007, requires the Ministry of Health to update the drug reimbursement list every quarter, and to provide an explanation for negative decisions, which are to be appealable to administrative courts. If implemented, the new legislation will enhance transparency of the process for adding drugs to the list.

In July 2006, the Polish government instituted a 13% across-the-board price cut on all imported pharmaceutical products. The Polish government contended that it cut prices in response to exchange rate changes. According to the U.S. pharmaceutical industry, however, the Polish government makes reimbursements in Polish zloty and should therefore be unaffected by exchange rate variations. The pharmaceutical industry has also raised questions of WTO-consistency, on the grounds that the regulation applies only to importers. In response, the Polish government has stated it plans to cut the prices paid to domestic producers, to reflect a 13% reduction in the value of imported inputs. However, the costs of inputs are not the primary determinant of a drug's value. The European Commission is investigating the consistency of the price reductions with EU rules.

Conversion and Transfer Policies Return to top

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, and most banks have such authorization. Foreign investors have not complained of any significant difficulties or delays in remitting investment returns such as dividends, return of capital, interest and principal on private foreign debt, lease payments, royalties, or management fees.

Payments between residents in Poland should only be made in Polish zloty, except in a few instances when the Foreign Exchange Law allows payment in another currency.

Poland provides full IMF Article VIII convertibility for current transactions. The October 1, 2002 Polish Foreign Exchange Law, as amended, fully conforms to the OECD Codes of Liberalization of Capital Movements and Current Invisible Operations.

The Foreign Exchange Law distinguishes between residents and non-residents. It defines residents as natural persons domiciled in Poland; companies having their registered office in Poland; and branches, representative offices and enterprises created by non-residents within the territory of Poland. Under the Law, non-residents include: natural persons with foreign residence; companies seated outside Poland; and branches, representative offices and enterprises created by residents outside the territory of Poland.

Countries that are members of the European Economic Area (EEA) and OECD are accorded the same treatment as countries that are members of the EU. In general, foreign exchange transactions with the EU, OECD and EEA countries are not restricted.

The Foreign Exchange Law also distinguishes between (i) countries that are members of the EU, EEA or OECD, and (ii) other "third" countries. A number of transactions/payments -- particularly those with third countries -- require individual foreign exchange permits issued by the president of the National Bank of Poland (NBP). Such permits are issued upon request unless doing so would be contrary to the public interest or Poland's international obligations. Also, a general foreign exchange permit regulation specifies some exceptions to the permit requirement, particularly for business relations with countries with whom Poland has signed a bilateral investment treaty (BIT).

Except in cases where a permit is required, a foreigner 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.

Foreign exchange regulations require some information to be reported to the NBP, which includes, but is not limited to, the following:

- residents purchasing or selling goods or services to non-residents must submit data concerning down payment for the sale, and data concerning payment.

- companies with a registered office in Poland in which a non-resident has at least a 10% capital share, as well as branches of foreign companies, should submit an annual report concerning the foreign capital they possess.

- residents having a 10% capital share of a company with its registered office abroad, or residents having a branch with its registered office abroad, should submit an annual report concerning the capital they possess abroad.

- residents acquiring or selling real estate worth over EUR 10,000 to or from a non-resident must submit information concerning performance of the agreement.

- residents incurring or accommodating a non-resident with a loan or a credit of a value equal to or exceeding EUR 10,000 must submit information concerning the loan agreement and its performance.

- residents having bank accounts abroad must submit information concerning the opening and operating of such accounts.

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.

Expropriation and Compensation

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Article 21 of the Polish Constitution states, "expropriation is admissible only for public purposes and upon equitable compensation." The Law on Land Management and Expropriation of Real Estate provides that property may be expropriated only in accordance with statutory provisions such as those concerning 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. Post is unaware of any cases of expropriation since 1990. Building new major highways in Poland could involve some expropriation of land.

Dispute Settlement

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Some investment disputes have arisen in the last few years. Often they have involved state-owned enterprises, difficulties obtaining required permits, or government actions in sectors subject to heavy regulation.

Among the disputes:

-- In November 2007, an international arbitral panel ruled against Poland in a dispute with the Dutch financial group, Eureko, regarding the purchase of a majority stake in the leading Polish insurer, PZU.

-- A power plant, in which a U.S. company invested EUR 30 million, has been closed since 2006 due to failure by the Polish government to enforce tariffs set by the Polish regulator. The U.S. investor has been unable to divest itself from this now-bankrupt enterprise.

-- A dispute in which local authorities repeatedly denied permits for a real estate development was resolved when newly-elected officials issued the permits.

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.

Like the "civil" French and German legal systems, the Polish legal system is code-based and prosecutorial. The judiciary acts independently. The Polish judicial system generally upholds the sanctity of contracts. Monetary judgments are usually made in local currency. Generally, foreign firms are wary of the slow and over-burdened Polish court system, preferring to rely on other means to defend their rights. Contracts involving foreign parties frequently include a clause specifying disputes will be resolved in a third-country court or through offshore arbitration.

A permanent arbitration tribunal to settle disputes arising from international commercial activities operates through the Polish Chamber of Commerce. There are a number of arbitration bodies associated with chambers representing various sectors of the economy, employers' confederations or local chambers of commerce. It is also possible to appoint ad hoc conciliatory tribunals to settle a particular dispute.

Decisions by an arbitration body are not automatically enforceable in Poland. They must be confirmed by a Polish court. Under the Polish Civil Code, judgments of foreign courts are accepted and enforced by local courts. 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.

The Bankruptcy Law of February 28, 2003 became effective on October 1, 2003. Declarations of bankruptcy may be filed either by a company's creditors or its governing bodies (i.e., its Board of Directors or another body, depending on the corporate form of the debtor). Creditors of an insolvent company must file a claim in writing. The Creditors Preliminary Assembly has the right to decide, at the initial stage of the bankruptcy process, whether a work-out agreement is possible, or whether assets of a bankrupt company should be liquidated. 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. 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.

Performance Requirements and Incentives Return to top

Poland has not notified the WTO of any measures it maintains that are inconsistent with its obligations under the TRIMS Agreement.

Performance Requirements: Poland generally does not impose performance requirements for establishing or maintaining an investment. However, in previous privatizations of certain large companies the government and the purchasers negotiated terms that included performance requirements.

Investment Incentives: In April 2002, the Polish Parliament passed a law addressing financial support for investments. In line with this law a company investing in Poland, whether 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.

A number of incentives are potentially available to foreign investors in Poland:

- income tax and real estate tax exemption in Special Economic Zones (SEZ);

- investment grants of up to 50% (70% for small- or medium-sized enterprises) of investment costs;

- employment grants of up to EUR 5,000 per new employee;

- grants for research and development;

- grants for other activities, such as environmental protection, training, logistics or creating renewable energy sources;

- sales of government-owned "brownfield" and "greenfield" locations at attractive prices;

- potential partial forgiveness of commercial debt owed to a state-owned bank incurred for the acquisition of technology; and

- varying incentives related to acquiring or developing new technology.

Regulations on special economic zones (SEZ) and on public assistance to entrepreneurs provide the basis for exemptions from income tax or other incentives. These were reviewed as Poland negotiated its entry into the EU, and EU norms on the allowable level of public assistance to private companies apply. Since April 2005, shared services centers providing accounting, auditing, and bookkeeping services, as well as call centers, may be located in SEZs.

In 2007, changes to tax exemption limits were introduced as a result of changes in the classification of Polish regions for public aid purposes. According to the 2007 map of regional aid, the maximum admissible amount of regional aid in Poland is:

- Warsaw, Poznan 30%
- Gdansk-Sopot-Gdynia, Wroclaw, Krakow 40%
- Other regions of Poland 50%

For small- and medium-size enterprises (SMEs) the maximum aid amount is increased by an additional 15%age points. The maximum amount of aid in the automotive sector may be subject to a special cap. Also, there is a special formula applied for calculating the admissible amount of aid for investment projects where qualifying expenditures exceed EUR 50 million.

Large investments considered crucial for the Polish economy may qualify for the Multi-Annual Support Program. This program usually combines different types of aid, e.g. employment grants, exemptions from corporate income tax in SEZs and the possibility of a preferential purchase price for land owned by the government.

The level of tax or other investment incentives is based on the relative prosperity of the region where the investment is made, the size of the investment, the number of jobs created, and the sector of the economy involved. Strategic investors may obtain an exemption from or reduction in real estate tax, as well as additional local incentives. All such exemptions must be negotiated with 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. Nonetheless, there is no proscription against such participation.

Visa and Work Permit Requirements: Foreign investors can and do bring personnel to Poland. Falling unemployment and shortages of labor in some sectors of the Polish economy are expected to intensify inflows of foreign workers to Poland.

As of January 17, 2007 all EU citizens, including workers from newly admitted Romania and Bulgaria, are free to work in Poland without first obtaining a work permit. In addition Poland has opened its labor market to workers from member countries of EFTA.

U.S. citizens continue to be subject to Poland's work and residency permit regulations, unless they have otherwise established permanent residency in Poland or elsewhere in the EU. Poland's visa and work permit regulations offer the possibility for non-EU/EFTA citizens to live and work in Poland under certain conditions. However, in practice, foreign firms and persons have experienced difficulty in obtaining both visas and work permits. Poland requires an applicant to receive his or her visa in his or her home country, rather than in Poland or in neighboring countries. This procedure is often burdensome. Work permits are issued by local authorities, which vary greatly in the speed and willingness with which they issue permits.

Temporary employment agencies often encounter problems when employing non-EU or EFTA citizens in Poland, because of varying interpretations of ambiguous legislation and regulations. The Act on the Promotion of Employment and Labor Market Institutions allows employment agencies to obtain work permits for foreigners seeking work on a temporary basis in Poland. In practice, a number of provincial employment offices are reluctant to issue work permits for such persons. In order to employ such a person, permission must be granted by the appropriate provincial authority overseeing the official address of that company. According to some officials in provincial employment offices, foreigners can not be temporary employees and employment agencies can not employ foreigners as the place of work must correspond to the address of the company. Other officials have different interpretations of the same regulations. For this reason, employers using employment agencies should stipulate the address of both the agency and the precise location of an applicant’s place of work.

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 (including foreign firms and firms with foreign capital). State-owned Bank Gospodarstwa Krajowego (BGK), on the basis of an agreement signed in 2002 with the Ministry of Finance, on subsidies of interest and export credits makes it easier for exporters to obtain cheaper credit to finance exports.

Right to Private Ownership and Establishment
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Domestic and foreign private entities have a general right freely to establish, acquire or dispose of a business, and to engage in almost all forms of lawful economic activities. Participation of foreigners is restricted in the broadcasting and air transportation sectors, while foreign ownership of other than a small amount of real estate property requires a government permit.

The Civil Code, as amended, regulates property rights among individuals or legal entities. 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.

The private sector is estimated to employ over two-thirds of Poland's labor force and to produce over 75% of GDP. State-owned entities still dominate some sectors, most notably coal, chemicals, and utilities. The same standards are generally applied to both private and public companies with respect to access to markets, credit and other business operations, such as licenses and supplies. Officials at various levels of government occasionally exercise their discretionary authority to assist state-owned enterprises. For example, tax authorities have not pressed some large, troubled state-owned enterprises to pay taxes, to avoid forcing those enterprises into bankruptcy. Nevertheless, in line with EU standards governing competition, the commercial code that took effect in 2001 established a more level playing field. Since EU accession, government activity favoring state-owned firms has received careful scrutiny from Brussels.

Protection of Property Rights
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Poland has a non-discriminatory legal system accessible to foreign investors that protects and facilitates acquisition and disposition of all property rights, including land, buildings and mortgages. Many investors -- foreign and domestic -- complain that the judicial system is extremely slow. Foreign investors often voice concern about frequent or unexpected changes in laws and regulations. The Civil Code had been expected to be amended in 2007, but those plans were postponed as a result of early elections. The Polish government continues to work on Civil Code amendments.

As regards real property, the 1997 Mortgage Banking Act provided that a recorded mortgage by a licensed mortgage bank takes priority over subsequent tax liens and other secured and unsecured claims. At the end of 2006 total outstanding residential mortgage debt had tripled compared with 2005, and continued to increase in 2007. In comparison to most Western countries the mortgage market in Poland is still relatively small.

As regards chattels and personal property, the 1997 Law on Registered Pledges and Pledge Registry provided protections for secured creditors, and established a new registry system. Creditors may place liens on assets and rights, both in the present and future.

Poland ratified the WIPO Performance and Phonograms Treaty on October 21, 2003, and the WIPO Copyright Treaty on March 23, 2004. Piracy of intellectual property still remains a problem in Poland. To comply with its obligations to the EU and under the WTO TRIPS Agreement, in 2000 Poland adopted comprehensive legislation governing intellectual property rights. Upon EU accession, the Minister of Culture issued a regulation mandating creation of a register of information concerning optical disk production and identification codes. In May 2007, the Parliament updated regulations governing patents, trademarks, and other industrial property. After these changes, the length of protection afforded to proprietary research test data submitted by pharmaceutical companies now matches EU standards. In May 2007, the Parliament closed a loophole that had blocked prosecution of downstream sellers of pirated goods. The Ministry of Culture heads an inter-agency group that produces an annual strategy for improving respect for intellectual property rights in Poland. Nevertheless, internet piracy is a growing problem. Other challenges are lack of a publicly accepted e-pay system, and lack of competition among entities responsible for collecting and distributing royalties for use of intellectual property.

Transparency of Regulatory System

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Regulatory unpredictability and high levels of administrative red tape are recurring complaints of investors. 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. Under the Law on Freedom of Economic Activity, inspections are fewer and shorter, and binding tax interpretations are available. 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 (e.g. cases where a government official carries out economic activity, or government officials make decisions in such areas as privatization, public tenders, licensing, exemptions, quotas, or guarantees favoring certain firms or persons). The government is working on a complex reform package aimed at streamlining bureaucratic hurdles, such as procuring the licenses and permits required to open a business. However, similar reform efforts in the past have failed to win parliamentary approval.

Revisions to the corporate tax code in 1999 and 2003 improved transparency and lowered rates. Since 2004, the corporate income tax (CIT) rate has been 19%. 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.

Proposed laws and regulations are published in draft form for public comment, but in practice the period allotted for public consultations tends to be limited.

Standards-setting Organizations: Government agencies set industry standards. These agencies are not required to consult with domestic or foreign firms when establishing standards, but usually do so. Domestic firms tend to have more influence than foreign firms in the consultation process.

Efficient Capital Markets and Portfolio Investment Return to top

Capital Markets: Poland's policies facilitate the free flow of financial resources. Banks can and do lend to foreign and domestic companies. Companies can and do borrow abroad and issue commercial paper. Poland has healthy equity markets.

Equity markets include the Warsaw Stock Exchange (WSE); the "New Connect" trading platform; the Central Table of Offers ("CeTO"), an over-the-counter market; and the Electronic Treasury Securities Market, which operates on a basis similar to NASDAQ.

The regulatory framework for operations on the capital markets is contained in the 1997 Law on Public Trading and Securities, as amended. Since September 19, 2006, the Financial Supervision Commission has performed the regulatory tasks formerly performed by the Securities and Exchange Commission.

A modern trading system (Warset) was launched on the WSE in 2000, and is based on a similar system used by the Paris bourse. The system enables direct cooperation with other stock exchanges in Europe. Since the opening of the WSE in 1991:

- the number of listed joint stock companies has increased from five to over 350 in late 2007.
- Capitalization has grown from $142 million in 1991 to over $400 billion in 2007 (over 80% of GDP).

In 2007, 81 companies, representing various sectors of Polish industry, were floated on the main floor, compared with 31 in 2006. Additionally, 22 companies entered the alternative trading platform "New Connect," which started its operations in 2007. The number of foreign companies listed on the WSE increased from nine in 2006 to 23 in 2007. Countries represented include: the Czech Republic, Hungary, Austria, Ukraine and Italy.

The new government elected in October 2007 has announced plans to partially privatize the WSE in 2008. According to the plans, the Treasury would keep 51% of shares. On May 16, 2007 the WSE signed a cooperation agreement with the biggest Ukrainian stock exchange, PFTS. In 2007, two more cooperation agreements were signed, with the Baku and Vietnamese HOSE stock exchanges. Moreover on October 12, the WSE became a shareholder of the Romanian Sibex - a foreign currency and derivatives exchange.

The New Connect trading platform was launched on August 30, 2007. New Connect is dedicated to small- and medium-size companies with high growth potential. The new exchange has less restrictive listing and capitalization requirements. The WSE expects that companies initially listed on New Connect will grow and "graduate" to being listed on the WSE.

The May 27, 2004 Act on Investment Funds allows for open-end, closed-end, mixed investment funds, and the development of securitization instruments in Poland. In general, no special restrictions apply to foreign investors purchasing Polish securities. However, corporate bonds are infrequently 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, companies in the IT sector, and individuals. Many participants in this area are foreign companies or companies with a foreign shareholder that have funds and experience in this type of activity on the domestic market. Many companies established by venture capital funds operate in the IT and media sectors. In 2005 and 2006, the biggest increase in such investment was in the consumer goods sector.

Credit Allocation: Credit allocation is on market terms. The government, however, maintains 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. Private Polish investment is financed from retained earnings and credits, while foreign investment is mainly direct investment, using funds obtained outside of Poland. Polish firms raise capital both in Poland and in other countries.

Legal, Regulatory and Accounting Systems: 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 January 1, 2008, all banks are obliged to follow the principles of the New Capital Agreement Basel II. These regulations increase sensitivity to risk and should lead to improved performance in the banking sector. Poland is in the process of harmonizing legal, regulatory and accounting systems with those in the EU. The major international accounting firms provide services in Poland and are familiar with U.S., EU and Polish accounting standards.

Portfolio Investment: The Polish regulatory system fosters and supervises the portfolio investment market. Both foreign and domestic investors 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, such as Treasury bonds, are not.

The Polish Securities and Exchange Commission had a reputation as a strong regulator of the stock market. In September 2006, a Financial Supervision Commission was established, which assumed the duties of the Polish Securities and Exchange Commission. Since assuming those duties, the Financial Supervision Commission has maintained the reputation established by the Polish Securities and Exchange Commission.

Banking System: The banking sector is dominated by eleven large banks. Of these, two are controlled by the Treasury Ministry, while the remaining nine are controlled by foreign commercial institutions. The Polish banking system is considered one of the best regulated and supervised in Central and Eastern Europe. At the end of June 2007, the banking sector had total estimated assets of over $270 billion. Fast development of small and medium-size banks reduced concentration in the banking sector. The share of the five biggest banks in the sector's assets fell to 44.6%, and in credits to 42.7%. The National Bank of Poland reported that, at the end of June 2007, among commercial banks, non-performing assets in the portfolio of corporate sector assets decreased to 8.4% from 9.8%, while in the case of the household sector there was a drop from 5.9% to 5.0%. After the first six months of 2007, 4.8% were non-performing, compared with 5.4% at the end of 2006.

Cross-shareholding: Cross-shareholding arrangements are rare and play 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.

Political Violence

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

Corruption

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Poland has laws, regulations and penalties aimed at combating corruption. Nevertheless, corruption is widely recognized as a continuing problem and a restraint on economic growth and development. In 2007, Transparency International ranked Poland 61st among 180 countries (with 1st place being least corrupt and 180th most corrupt). In 2006, Poland was ranked 61st among 163 countries.

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 most frequently appear in connection with privatization, government contracting, and the issuance of a regulation or permit that benefits a particular company. Allegations of corruption by customs and border guard officials, tax authorities, and local government officials are common. If such corruption is proven, it 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 not an impediment to profitable operations in Poland.

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; a broader definition of a public official; and seizure of assets if an accused person does not prove they derive from a legal source.

Seriousness of Government Efforts To Combat Corruption: Fighting corruption was a primary focus of the previous government, led by Jaroslaw Kaczynski, which held power from July 2006 until elections in October 2007. On June 9, 2006, the Polish parliament established a Central Anti-Corruption Office (CBA). Establishment of the CBA, with its focus on penal repercussions, was a key part of the Kaczynski government's anti-corruption drive. Some businessmen report that corruption – especially in the area of public procurement – markedly declined during the Kaczynski administration. However, concerns were also raised regarding alleged politicization of anti-corruption investigations. One corruption case, commenced in 2004, was terminated in 2007 by the newly-elected government.

Bribery of a Domestic Official: Bribery and abuse of public office are crimes under the Polish Criminal Code. Penalties include imprisonment from six months to 12 years, and forfeiture of items derived from an offense.

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.

Deductibility of bribes: "Grease" payments are not tax-deductible expenses. However, the Finance Ministry's tax authorities concede that bribes can be disguised as other payments, which are deductible.

Enforcement Agencies: The CBA, which answers directly to the office of the Prime Minister, is the primary law enforcement agency responsible for investigating public corruption. It coordinates anticorruption activities with other public institutions, such as the police and the internal security services (particularly the Polish Internal Security Agency (ABW)). 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.

Convictions: Post is unaware of any case in which a foreign investor or major government official has been found guilty of corruption, although a number of investigations commenced in 2006 and 2007 are ongoing.

"Watchdog" Organizations: 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.

Bilateral Investment Agreements Return to top

Bilateral Investment Agreements: As of the end of 2007, 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 Return to top

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. Loan guarantees are issued to U.S. lending institutions.

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 a requirement of EU membership, Poland must enter the European Exchange Rate Mechanism (ERM2). The Polish government has not set a target date for Euro convergence. Most observers doubt Poland will meet the Maastricht requirements and enter the Euro zone before 2015. Representatives of the new government elected in October 2007 have mentioned 2013 the earliest possible entry date.

Labor Return to top

Poland has a well-educated, skilled labor force. Productivity remains below western standards but is rising rapidly and unit costs are competitive, but increasing. At the end of October 2007, the average gross wage in Poland was $1150 per month. From October 2006 to October 2007, wages measured in zlotys increased by 10%.

The rise in wages reflects in part a tightening labor market. Poland's economy employed around 13 million people at the end of 2006, with around 11.2% registered as unemployed at the end of November 2007. (Note: Some of the registered unemployed actually work in the unofficial, gray economy. Unemployment would be lower if measured using the standardized EU methodology). While unemployment dropped in all provinces in 2007, the rate of decline varied substantially from one region to another. At the end of November 2007, the lowest levels of unemployment were in major urban areas.

Polish workers are usually eager to work for foreign companies, and have taken advantage of opportunities for employment in Great Britain, Ireland and Scandinavia. Since Poland joined the EU, an estimated one million Poles have sought work in western Europe. Poland is encountering shortages of labor in some sectors of the economy, especially in information technology and construction.

Overall, employment in the public sector continues to shrink as the private sector grows. Employment has expanded in service industries such as information technology, hotels and restaurants, and the retail trade. The state-owned sector still employs about a quarter of the work force, although employment in fields such as coal mining, steel, and energy is declining.

Most aspects of employee-employer relations are governed by the 1996 Labor Code, which outlines employee and employer rights in all sectors, both public and private, and has been gradually revised in order to adapt to EU standards. The Polish government also adheres to the International Labor Organization (ILO) Convention protecting worker rights.

Foreign-Trade Zones/Free Ports

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Foreign-owned firms have the same investment opportunities as do Polish firms to benefit from foreign trade zones (FTZs), free ports, and special economic zones. The operation of FTZs in Poland is regulated by the 2004 Customs Law. Duty free zones can be established by the Minister of Finance, in cooperation with the Minister of Economy. They are managed by authorities designated by the Ministers - typically provincial governors who issue the operating permit for a given zone.

Most activity in FTZs involves storage, packaging and repackaging. In 2007, there were seven FTZs: Gliwice, near Poland’s southern border; Terespol, near Poland’s eastern border; Mszczonow, near Warsaw; Warsaw’s Okecie International Airport (duty-free retail trade within the airport); Szczecin; Swinoujscie; and Gdansk. Duty-free shops are available only for travelers departing to non-EU countries.

There are also eight bonded warehouses: two in Gdynia (sea port); Krakow (airport); Wroclaw (airport); Katowice (airport); Gdansk (airport); Poznan (airport); and Braniewo (near Olsztyn).

Bonded warehouses and customs and storage facilities are operated pursuant to permission issued by the customs authorities, and can be operated by commercial companies. Bonded warehouses can be open to the general public, while a private warehouse is reserved for warehousing of goods by the warehouse keeper. The authorization to operate such a customs warehouse can be issued only to persons established in the EU.

When products are re-exported, customs duties are either partially or fully reimbursed to the importer (depending on how long the goods were in Poland). Reimbursement is made within 12 months of the date of customs clearance.

Foreign Direct Investment Statistics Return to top

Investment Trends: Poland is experiencing a wave of FDI inflows, which have averaged around $14 billion per year in the last three years. Factors driving this investment included: EU accession, Poland's continuing export success, low corporate tax rates, and increasingly effective promotion of investment opportunities and benefits. Foreign companies also choose to invest in Poland because of a large domestic market, availability of skilled workers, competitive labor costs, and proximity of major markets (especially the EU and Russia).

Since 2004, reinvested profits are the main component of direct foreign investments in Poland. In 2006, they amounted to $5.6 billion. Privatization of large companies plays a marginal role in total FDI. In 2005, the phenomenon of "capital in transition" appeared in Poland; in a reporting year, inflow of foreign funds that increase the equity of foreign direct investment companies is reported, and then these funds are invested in branches or companies being established outside Poland. In 2006, capital inflows related to the purchase of shares or assets in kind accounted for less than 20% of total FDI, whereas in 2000 they had accounted for 90% of total FDI.

Polish Investment Abroad: Poland is a net capital importer. Compared to the quantity of foreign capital invested in Poland, Poland’s foreign investments are still small, but in 2005 and 2006 grew rapidly. According to data from the National Bank of Poland, through the end of 2006 Polish firms invested $8.9 billion abroad. In December 2006, PKN Orlen acquired the Mazeikiu refinery in Lithuania for $2 billion, Poland's largest foreign investment to date. The leading countries of destination for Polish investment are: Luxembourg (37%), Lithuania 27.5%), the United Kingdom (8.2%), Netherlands (7.9%), Switzerland (7.2%), and Ukraine (2%). Over 30% of Poland’s foreign investments are connected with the services sector; other investments are in manufacturing (16%), and financial services (15%).

Levels of Foreign Direct Investment: According to the NBP, in 2006 FDI inflows to Poland reached $19.2 billion (5.6% of GDP). FDI in 2007 is projected to be over $10 billion. At the end of 2006, Poland's cumulative FDI totaled $118.5 billion, almost 35% of GDP. Since 1998, FDI has been most stable in such sectors as manufacturing (35%-45%) and trade (13%-17%). In 2006, FDI in real estate played a major role, increasing the cumulative value of the item "other" by 0.4% to 16.5% of total FDI. According to NBP data, U.S. firms account for over $7 billion of the total $118 billion FDI at the end of 2006. Some investments by U.S. firms are attributed to other countries if they are made through third countries. After adjusting for this, Post believes a more accurate figure would be $15 billion. Poland's accession to the EU in 2004 had a positive effect on FDI in Poland.

According to Polish official statistics, the U.S. is the fifth largest investor in Poland in terms of the volume of capital investment.   Investors from OECD countries accounted for 95.9% of the cumulative value of investment from 1993 to 2006. EU states accounted for 85%. Poland remains an attractive destination for American investors, whose share of cumulative FDI in Poland reached over 10% in 2006. Similarly to previous years, in 2006 the largest foreign investors were companies from Belgium and Luxemburg ($3.4 billion), followed by German enterprises ($2.8 billion), Italian ($1.7 billion), Dutch ($1.6 billion) and from outside Europe, American corporations ($516 million), and firms from South Korea ($501 million).   In 2006, the three biggest investors in Poland were: Dell ($250 million), Bridgestone ($250 million) and Sharp ($190 million), according to PAIiIZ.

The manufacturing sector remains the most popular sector for foreign investors in Poland. From 1990 to 2006, 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 - $6.5 billion (16% of capital inflow to the manufacturing sector). The second most attractive sector for foreign investors was financial services (17% of accumulated inflows from 1990 to 2006), followed by the trade and repairs sector (16%). Those three sectors attracted over 70% of total FDI. In 2006, over 20 new shared service centers were established in Poland. Moreover around 40 research and development centers (with Intel, Nokia and Oracle leading the way) were established by foreign investors in recent years, creating jobs for over 4,500 people.

PAIiIZ, the Polish Investment Agency, expects 2007 to be as good as 2006 for FDI. The main investors in 2007 were companies from the United States and Asia. The main sectors of interest were electronics, business process off shoring (BPO) and the automotive industry.

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

Cumulative FDI, by industry (in USD millions, as of Dec 2006)

Sector	Equity and Loans	Structure (%)
Manufacturing of which:	37,181.5	31.3
- transport equipment	6,602.1	5.6
- food products, beverages, tobacco products	5,736.7	4.8
- electrical machinery and apparatus (including RTV & communication equipment)	1,398.3	1.18
- chemicals, chemical products	3,731.4	3.1
- wood, wood products pulp and paper,	3,959.7	3.3

publishing and printing		
- rubber and plastics	2,995.1	2.5
- basic metals and metal products	3,792.7	3.2
- coke and crude oil products and nuclear fuel	115.2	0.1
- office machinery, computers	109.0	0.1
- fabrics, textiles	386.9	0.3
- other machinery	1814.0	1.5
Financial Intermediation	20,255.9	17.1
Trade and repairs	19,532.0	16. 5
Transport, storage and Communication	8,167.6	6.9
Power, gas and water supply	3,130.3	2.6
Real estate and business activities	10,385.2	8.8
Construction	2,065.1	1.7
Hotels and restaurants	524.3	0.4
Mining and quarrying and services	128.8	0.1
Agriculture	457.2	0.4

Source: National Bank of Poland

Top Foreign Investment Projects in 2006

Company	Origin	Sector
Dell	USA	computers
Sharp	Japan	electronics (plasma TV sets)
Toyota	Japan	car parts
Toshiba	Japan	electronics (plasma TV sets)
Funai	Japan	electronics (plasma TV sets)
Bridgstone	USA or int'l	tires

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 Inc.	Metal products
Mars Inc.	Food stuffs
Innova Capital	Financial intermediation

Source: PAIiIZ

Cumulative FDI by Country of Origin

(In USD millions; through Dec 2006)

Country	Amount (2006)	No. of companies(2005)
The Netherlands	21,046.9	199
Germany	17,976.3	369
France	12,251.2	192
Luxemburg	8,807.5	192
USA*	7,149.6	51
Italy	4,962.3	n/a
United Kingdom	4,542.3	83
Sweden	4,067.1	88
Austria	3,985.7	n/a
Belgium	3,458.3	n/a
Denmark	2,756.7	75

Source: National Bank of Poland

*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 some 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 2007 there were over 25 million payment cards in circulation, of which a majority were debit cards (70% 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, and 43 banks are currently traded. 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 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 c A number of large banks have shares listed on the Warsaw Stock Exchange, and 43 banks are currently traded. In addition, there are 585 independent cooperative banks. There are 20 foreign banks and credit institutions. 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). Under the terms of its EU Accession, Poland is required to adopt the Euro. The government is preparing the economy to meet Maastricht criteria, but has not announced a target date for Euro adoption. 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:

<u>(1) Export-Import Bank of the United States (Ex-Im Bank)</u>

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

<u>(5) International Finance Corporation (IFC)</u>

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

<u>(6) The European Investment Bank (EIB)</u>

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

European Union financial assistance programs

EU financial assistance programs provide a wide array of grants, loans, loan guarantees and co-financing for feasibility studies and infrastructure projects in a number of key sectors (e.g., environmental, transportation, energy, telecommunications, tourism, public health). From a commercial perspective, these initiatives create significant market opportunities for U.S. businesses, U.S.-based suppliers, and subcontractors.

The EU supports projects within its Member States, as well as EU-wide "economic integration" projects that cross both internal and external EU borders. In addition, the EU provides assistance to accession countries in Eastern and Southern Europe and Turkey, as well as some of the former Soviet republics.

The European Union provides project financing through grants from the European Commission and loans from the European Investment Bank. Grants from the Structural Funds are distributed through the Member States' national and regional authorities, and are only available for projects in the 27 EU Member States. All grants for projects in non-EU countries are managed through the EuropeAid Cooperation agency in conjunction with various European Commission departments, called "Directorates-General."

The CSEU Tenders Database

The U.S. Commercial Service at the U.S. Mission to the European Union offers a tool on its website to help U.S.-based companies identify European public procurement opportunities. The database features all current public procurement tenders issued by all national and regional public authorities in the 27 Member States of the European Union, plus four other European countries, and that are open to U.S.-based firms under the terms of the Government Procurement Agreement (GPA) implemented in 1995. The database is updated twice weekly and is easy to use with a range of search options, including approximately 20 industry sectors. The database also contains tenders for public procurement contracts relating to structural funds. Readers may access the database at http://www.buyusa.gov/europeanunion/eu_tenders.html.

EU Structural Funds

The EU Structural Funds, including the European Regional Development Fund, were created in 1975 to assist economically depressed regions of the European Union that required industrial restructuring. The EU earmarked EUR 308 billion for projects under the Structural Funds and the Cohesion Fund programs for the 2007-2013 period for the EU-27. In addition to funding economic development projects proposed by Member States or local authorities, EU Structural Funds also support specialized projects promoting EU socioeconomic objectives. Member States negotiate regional and "sectoral" programs with officials from the regional policy Directorate-General at the European Commission. For information on approved programs that will result in future project proposals, please visit:
http://ec.europa.eu/regional_policy/atlas2007/fiche_index_en.htm.

For projects financed through the Structural Funds, Member State officials are the key decision-makers. They assess the needs of their country; investigate projects; evaluate bids; and award contracts. To become familiar with available financial support programs in the Member States, it is advisable for would-be contractors to meet with local officials to discuss local needs.

Tenders issued by Member States' public contracting authorities for projects supported by EU grants are subject to EU public procurement legislation if they meet the EU minimum contract value requirement for the eligible sector. Below this threshold, tender procedures are subject to national procurement legislation. There are no overt prohibitions against the participation of U.S. companies, either as developers or concessionaires of projects supported partially by the Structural Funds, or as bidders on subsequent public tenders related to such projects, but it is advisable to team up with a local partner. All Structural Fund projects are co-financed by national authorities and most may also qualify for a loan from the European Investment Bank. The private sector is also involved in project financing. For more information on these programs, please see the market research section on the website of the US Mission to the EU:

http://www.buyusa.gov/europeanunion/mrr.html

The Cohesion Fund

The Cohesion Fund is another instrument of EU structural policy. Its EUR 61.5 billion (2007-2013) budget seeks to improve cohesion within the EU by funding transport infrastructure and environmental projects in Portugal, Spain, Greece and the twelve new (since 2004) EU Member States from Central and Eastern Europe. These projects are generally co-financed by national authorities, the European Investment Bank, and the private sector.

Key Link: http://ec.europa.eu/regional_policy/funds/cf/index_en.htm

The Trans-European Networks

The European Union also provides financial support to the Trans-European Networks (TENs) to develop infrastructure, strengthen cohesion and increase employment across greater Europe. Launched at the Essen Counsel (Germany) in 1994, the TENs are a series of transport, telecommunications and energy projects that are continually being expanded and upgraded. The TENs are largely financed by private sector and non-EU sources. The EU does, however, provide grants from the Cohesion Fund, loans from the European Investment Bank (and loan guarantees from the European Investment Fund), and partial feasibility study grants for the TENs. There are no overt EU restrictions on the participation of U.S. firms in the TENs.

Key Link: http://ec.europa.eu/ten/transport/index_en.htm

Other EU Grants for Member States

Another set of sector-specific grants offers assistance to EU Member States in the fields of science, technology, communications, energy, environmental protection, education, training and research. Tenders related to these grants are posted on the various websites of the directorates-generals of the European Commission. Conditions for participation are strict and participation is usually restricted to EU firms or tied to EU content. Information pertaining to each of these programs can be found on:

http://europa.eu.int/grants/index_en.htm

External Assistance Grants

The EuropeAid Cooperation Office is the European Commission agency in charge of managing the EU’s external aid programs. This Agency is responsible for the management of the entire project cycle, from identification to evaluation, while the Directorates-General in charge of External Relations and Development, are responsible for the drafting of multi-annual programs. The EuropeAid website offers extensive information on the range of grant programs, the kind of projects that are eligible, as well as manuals to help interested parties understand the relevant contract law. However, participation to calls for tender for contracts financed by EuropeAid is reserved for enterprises located in the EU Member States and require that the products used to respond to these projects are manufactured in the EU or in the aid recipient country. European subsidiaries of U.S. firms are eligible to participate in these calls for tender.

Key Link: http://europa.eu.int/comm/europeaid/index_en.htm

All tenders related to EU-funded programs outside the territory of the European Union (including the accession countries) are located on the EuropeAid Cooperation Office website: http://europa.eu.int/comm/europeaid/tender/index_en.htm.

Two new sets of programs have been approved for the financing period 2007-2013. As of January 2007, the EU will provide specific Pre-Accession financial assistance to the accession candidate countries that seek to join the EU through a new instrument called the Instrument for Pre-accession Assistance (IPA). Also, the European Neighborhood and Partnership Instrument (ENPI) will provide assistance to countries that are the Southern Mediterranean and Eastern neighbors of the EU.

- IPA replaces the following programs: PHARE (Poland and Hungary Assistance for Restructuring of the Economy), ISPA (Instrument for Structural Pre-Accession financing transport and environment projects), SAPARD (projects in the agriculture sector), CARDS (aid to southern Balkans) and the Turkey Facility Fund. IPA focuses on priorities linked to the adoption of the *acquis communautaire* (the body of European Union law that must be adopted by accession candidate countries as a precondition to accession), i.e., building up the administrative and institutional capacities and financing investments designed to help them comply with European Commission law. IPA will also finance projects destined to countries that are potential candidate countries, especially in the Balkans. The budget of IPA for 2007-2013 is EUR 11.4 billion.

  Key Link: http://ec.europa.eu/enlargement/financial_assistance/ipa/index_en.htm

- ENPI: replaces the former TACIS and MEDA programs. The European Neighborhood Policy program covers the EU's neighbors to the east and along the southern and eastern shores of the Mediterranean i.e. Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Palestinian Authority, Syria, Tunisia and Ukraine. ENPI budget is € 11,9 billion for 2007-2013.

Loans from the European Investment Bank

Headquartered in Luxembourg, the European Investment Bank (EIB) is the financing arm of the European Union. Since its creation in 1958, the EIB has been a key player in building Europe. As the EIB's lending practices evolved over the years, it became highly competent in assessing, reviewing and monitoring projects. As a non-profit banking institution, the EIB offers cost-competitive, long-term lending in Europe. Best known for its project financial and economic analysis, the Bank makes loans to both private and public EU-based borrowers for projects in all sectors of the economy, such as telecommunications, transport, energy infrastructure and environment.

While the EIB mostly funds projects within the EU, it lends outside the EU as well (e.g., in Central, Eastern and Southeastern Europe; Latin America; and Pacific and Caribbean states). In 2006, the EIB approved loans for projects worth EUR 53.3 billion, of which around 14% was lent outside the EU. The EIB also plays a key role in supporting EU enlargement with loans used to finance improvements in infrastructure, research and industrial manufacturing to help those countries prepare for eventual EU membership.

Projects financed by the EIB must contribute to the socioeconomic objectives set out by the European Union, such as fostering the development of less favored regions; improving European transport and telecommunication infrastructure; protecting the environment; supporting the activities of SMEs; assisting urban renewal; and, generally promoting growth, competitiveness and employment in Europe. Last year, the EIB created a list of projects to be considered for approval and posted the list on its website. As such, the EIB website is a source of intelligence on upcoming tenders related to EIB-financed projects: http://www.eib.org/projects/.

The EIB presents attractive business opportunities to U.S. businesses. EIB lending rates are lower than most other commercial rates. Like all EIB customers, however, U.S. firms must apply the loan proceeds to a project that contributes to the European objectives cited above.

The EIB's i2i (Innovation 2010 Initiative) is designed to highlight projects that support innovative technology in the European Union, in particular by financing broadband and multimedia networks; the physical or virtual infrastructure providing local access to these networks; and research and development infrastructures, especially in the less developed regions of the European Union. i2i will also finance projects to computerize schools and universities and to provide information technology training in conjunction with public authorities.

Key Link: http://www.eib.org/Attachments/thematic/innovation_2010_initiative_en.pdf

The US Mission to the European Union in Brussels has developed a database to help US-based companies bid on EIB public procurement contracts in non-EU countries in particular. The EIB-financed contracts that are open to US-based companies are featured in this database. All the tenders in this database are extracted from the EU's Official Journal. The EIB database contains on average 50 to 100 tenders and is updated twice per week.

Key Link: 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

(Insert a link to the applicable Multilateral Development Bank here and any other pertinent web resources.)

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Chapter 8: Business Travel

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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.

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State Department Travel Advisory:

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

Visa Requirements Return to top

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. 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

For persons traveling to the U.S. on business:
http://poland.usembassy.gov/visas/nonimmigrant-visas/visas/business.html

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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 the 2-digit city code (Warsaw - 22; Krakow - 12; Wroclaw - 71; Gdansk - 58) is required when making fixed line-to-fixed line phone calls, including local calls.

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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.

In December 2007, Poland joined the Schengen area, enabling the public to travel freely from Estonia to Portugal without border controls (except the UK, Ireland, Switzerland, Bulgaria, Romania, Cyprus, and Lichtenstein). Polish airports are to meet the Schengen requirements on March 29, 2008.

Transportation within Poland is quite convenient, especially by air and by train. Flights operate between major cities. Railway routes are extensive and reliable, with the "Inter-City" line providing first-class, express service to several cities. 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. Poland's highway network, which is generally underdeveloped, is undergoing a major improvement to meet EU standards. Express toll highways connect Krakow and Katowice (A4) as well as some parts of A2.

Taxis are very affordable. It is advisable to call ahead to a reputable taxi company for radio dispatch for personal security as well as to avoid overcharges.

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 access to Internet and 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.

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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/

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

Regular business hours in most cases are from 8:00-4:00PM in the governmental offices and 9:00-5:00PM in private sector.

Locally observed holidays in 2008:

January 1 (Tue): New Year's Day
March 23, 24: Easter Sunday and Monday
May 1 (Thurs): Labor Day
May 3 (Sat): Constitution Day

May 22 (Thurs): Corpus Christi
August 15 (Fri): Assumption of Virgin Mary, Polish Army Day
November 1 (Sat): All Saints' Day
November 11 (Tue): National Independence Day
December 25, 26 (Thurs & Fri): Christmas

Temporary Entry of Materials and Personal Belongings

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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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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: Eric A. Wenberg, 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/ (under reconstruction)

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
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/Wspolna 6
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. Paweł Wojciechowski, 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:

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Web site: http://www.iqs-quant.com.pl/

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Website: http://www.cic.com.pl/

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Website: http://www.pmrcorporate.com/
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E-mail: redsq@voltronik.pl
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European Bank for Reconstruction and Development
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13th Floor
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Fax: (48) 22 520-5800
E-mail: not published
Web site: http://www.ebrd.com/

World Bank
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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
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Fax: (48) 22 520-6101
E-mail: lcarter@ifc.org
Web site: http://www.ifc.org/

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PKO BP
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00-975 Warsaw
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Fax: (48) 22 521 7773
E-mail: informacje@pkobp.pl
Web site: http://www.pkobp.pl/

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

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

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50-950 Wroclaw
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Fax: (48) 71 370-2787
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Web site: www.bzwbk.pl

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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
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00-923 Warszawa
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Fax: (48) 657-7580
E-mail: on-line form
Web site: http://www.citibank.pl/

GE Money Bank SA
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Web site: http://www.gpw.com.pl

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Fax: (48) 22 42 06 107
e-mail: office@piu.org.pl
Web site: http://www.piu.org.pl

Izba Zarzadzajacych Funduszami i Aktywami
Chamber of Fund and Asset Management
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Fax: (48) 22 58 38 601
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Web site: http://www.knf.gov.pl

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Polish Banking Supervision Commission
Banking Supervision General Inspectorate
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Web site: http://www.nbp.pl

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00-675 Warsaw
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Fax: (48) 22 628-5536
E-mail: biuro@piit.org.pl
Web site: http://www.piit.org.pl/

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and Telecommunications
(Krajowa Izba Gospodarcza Elektroniki I Telekomunikacji)
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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)
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02-777 Warsaw
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Web site: http://www.sggik.pl/

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

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Web site: http://www.psbd.com.pl/

Economic Chamber of Energy and Environmental Protection
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Polish Power Plant Association
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Polish Chamber of Tourism
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E-mail: bwpit@pit.org.pl
Web site: http://www.pit.org.pl/

Polish Chamber of Pharmaceutical and Medical
Equipment Producers - POLFARMED
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Fax: (48) 22 654-5420
E-mail: sekretariat@polfarmed.com.pl
Web site: www.polfarmed.com.pl

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Web site: www.przemysl-obronny.pl

Market Research

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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:

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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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