Figure 7.8
Bilateral Credits Available to Poland

Poland has bilateral agreements with a number of countries which have offered credits to Polish purchasers of goods and services in their countries. Though some of these credits are trade-related, many of them can be used to support investment in Poland. In some cases, restrictions on the purpose to which the credits can be applied has limited their exploitation by Polish partners. Some of the most important of these agreements are described below:

Country	Amount ($US million)	Purpose
Germany	1,260	Import of German goods related to investment
	300	Short-term credits
Austria	244	Austrian investments in E. Europe
Australia	156	Import of Australian leather and wool
Belgium	5.5	Consumption goods, equipment, spare parts
Canada	17	Short term import of Canadian goods and services
Denmark	6	Investment in Polish-Danish joint ventures
Eur.Investment Bank	120	Various projects
Finland	unspecified	Export promotion, environmental protection, energy
France	115	Polish-French joint ventures
	490	Import of French investment-related goods
Italy	72	Investment projects in Poland
	451	Micro-tractor production, Italian-Polish joint ventures
Norway	22	Import of Norwegian investment-related goods
South Korea	50	Korean investment in Poland
	400	Import of Korean goods
Spain	70	Alcatel telecommunication project in Poland
Switzerland	unspecified	Import of Swiss investment goods
United States	20	Eximbank credit
	52	Import of foodstuffs
	240	Polish-American Enterprise Fund

Source: Gazeta Wyborcza, Special Supplement, June 5, 1991, p.3.

Initially, Poland's economy was not ready to take advantage of these western credits. In 1989 only $US 226 million were used and in 1990 that increased to $US 428 million. Poland's absorptive capacity is rising however, and it is estimated that some $US 800 million worth of these credits were used in 1991.

The European Bank for Reconstruction and Development

The stated purpose of the European Bank for Reconstruction and Development (EBRD) is to foster transition towards open market-oriented economies and to promote private and entrepreneurial initiatives in the countries of Central and Eastern Europe. The Bank assists recipient countries to implement economic reforms, including demonopolization, decentralization and privatization. Bank support is available for measures to promote private sector activity, to mobilize capital, foster productive investment, provide technical assistance, stimulate development of capital markets, support projects involving more than one recipient country, promote environmentally sound activities, and undertake any other activities that further these functions.

The Bank offers loans, equity investments and guarantees, up to the limit of its subscribed capital. It may not provide more than 40% of its total committed funds to the state sector. It will not seek a controlling interest or assume responsibility for managing an enterprise. It may not issue guarantees for export credits or undertake insurance activities. It may not undertake any financing where alternatives are available on reasonable terms.

The establishment of the EBRD makes it easier for western investors to take up opportunities in Poland. The agreement establishing the EBRD was signed in Paris on May 29, 1990 by 42 founding members, 40 countries, plus the European Community and the European Investment Bank (EIB). Each member is represented on the Board of Governors. Headquartered in London, the Bank has 23 directors, of whom EC member states elect nine, the EC and EIB, one each; the