The Polish Chamber of Foreign Trade *(Polska Izba Handlu Zagranicznego, PIHZ)* is an association of Polish enterprises active in foreign trade. Part of the Polish Chamber of Commerce, it represents members' enterprises vis-a-vis the government, and is also an important source of assistance on foreign trade matters for both Polish and foreign enterprises. The PIHZ plays an important role in promotional activities such as exhibitions, trade fairs and missions. Bilateral chambers of commerce have been created to act as focal points for trade between Poland and various countries of the world with which it has extensive dealings.

Prior to the reform period, Poland's foreign trade was managed entirely by a small number of Foreign Trade Organizations (FTOs) which were the only institutions legally entitled to deal with foreign firms. Recent reforms have made it legal for any Polish enterprise (or private individual) to engage in foreign trade or to establish offices or joint ventures abroad. Furthermore, all joint ventures with foreign firms receive automatic permission to engage in foreign trade when they are registered.

These legislative changes have increased the number of organizations dealing with foreign trade. Many companies circumvent the FTOs entirely and deal directly with foreign clients. Despite their declining importance, FTOs still provide a useful liaison between the Western partner and the end-user. The new privatization law will transform the FTOs from state-owned institutions to private-sector organizations, but the trade infrastructure they provide will remain in place (see sidebar).

Reliance on the FTOs is already fading as more ventures look for ways to target end-users more directly. Agents have become one of the avenues used by western investors to gain effective access to Polish markets. The potential investor should be aware, however, that even in this sphere, the government continues to exert its regulatory influence. Agents representing foreign companies in Poland must maintain commission fees which are no lower than the nominal charges set by the Ministry of Foreign Economic Relations (see Figure 6.8).

Privatizing a Foreign Trade Organization

As the first of these state-owned organizations to be 'marketized', the Polish FTO Uniwersal serves as the model for subsequent trade organization restructurings. Uniwersal trades mainly in consumer durable goods and sports items. Since 1983, it has been a limited liability company owned jointly by the Treasury and several state-sector enterprises. In May 1990, the government opened a public subscription of 100 million *zlotys* worth of shares in Uniwersal. At first, Uniwersal offered 31% of its shares to foreign investors, and the Polish Treasury retained 51%. When sales fell below initial expectations, the government offered Polish citizens an opportunity to pick up shares, and increased the amount available to foreign participation to 65.66%. The measure did not stimulate capital accumulation. Instead of an expected 150 billion increase, Uniwersal's assets peaked at only 859 million *zlotys* at the end of 1989. One of the reasons most often cited for both Polish and foreign reluctance to take advantage of state enterprise divestiture appears to be their greater interest in pursuing private-sector opportunities.