firm Hochtief is building a new international terminal at Okecie to absorb almost 3 million new passengers a year. The DM 300 million contract is due for completion by early 1992. Several airlines have already increased their services to Poland. Beginning in July 1990, Hungary's Malev Airlines began two weekly flights between Warsaw and Budapest. American Airlines has opened a sales office in Warsaw and now offers weekly flights to Chicago. And Japan Air Lines is negotiating details of an upgraded service with Polish authorities. Western expertise and investment is particularly encouraged in hotel construction and development. In 1988, total tourist accommodation was 843,000 beds. In that year in Warsaw alone, there was a shortfall of more than 5000 beds. Several international hotel chains have taken advantage of the opportunity. Marriott opened its first hotel in Warsaw in October 1989. The French companies, Pullman International Hotels and Compagnie Générale de Batiment et de Construction, have a joint venture agreement with the Warsaw Development Enterprise to construct at least two hotels in Poland within the next year. The Hyatt and Trust House Forte chains have also contracted to open hotels in 1992.

## *Retail and Wholesale Trade*

The retail and commercial sector has probably been the most deeply transformed by the reforms of 1990 and 1991. Poland had one of the weakest retailing sectors among the countries of the former CMEA. While East Germany had 540 $m^2$ of store space per 1000 inhabitants, and Czechoslovakia had 500, Poland had only 355. Shopping for even the simplest items was time consuming and frustrating.

These domestic deficiencies presented golden business opportunities to entrepreneurs. When controls on travel and commercial activities were lifted, large numbers of Poles travelled to the west on shopping expeditions and then resold their purchases on Polish city streets. Warsaw came to resemble a gigantic bazaar where virtually any western product could be bought in the city's teeming street-stalls.

Some of this commercial activity has now moved indoors. When the government privatized the retail sector, it leased most of its outlets to private bidders. People who had accumulated sufficient capital through private import and street sales could now locate in a proper store instead of a market stall. Several shopping centres are now being built to accommodate this flood of activity. The huge space in front of Warsaw's Palace of Culture was used by the communist authorities for parades and political rallies. With the collapse of communism, the square quickly filled up with petty traders and market stalls. In future, the square will be the site of a new commercial and retail centre.

During 1990, the number of retail outlets almost doubled, from 250,000 at the beginning of the year, to 470,000 at its close. At the same time, the number of private firms active in retailing grew to 340,000. By the end of the year, 73.6% of Poland's retail trade was in private hands.

The private retail sector was chiefly responsible for the recent boom in imports into Poland. At the beginning of the reform era, the key selling point was simple availability of a product. Private retailers, seeking to stock their shelves and attract customers, looked to foreign goods as a good way of making up for past deficiencies. This boom abated somewhat after the middle of 1991, as the most immediate consumer demands were satisfied, and as problems with product quality, guarantees, and after-sales service became evident.

A year later, price had replaced simple availability as the main consumer criterion, and Poles began to shop around for the best deal. Now, quality and after-sales service are featured selling points. The poor quality of many early imports has led to demands for agencies to monitor and enforce quality standards, and the beginnings of a Polish consumers' movement can be discerned.

Western business people will be most interested in the growing wholesale area of this sector as a point of entry. The collapse of state-owned wholesaling has left the field wide open to private merchants. At the beginning of 1991, there were some 35,600 private wholesalers registered in Poland. Through purchase or lease, many of them have acquired the warehouses and other facilities of the previous state-run organizations and are quickly establishing themselves as key links between producers and retailers.