exemptions. It accepted the view that the exchange rate should be the only measure of export profitability.
Initially, the *zloty* was set at 9,500 to the US dollar and held that level for a year and a half. In May of 1991, it was devalued to 11,100 to the US dollar as a means of stimulating exports. In October of 1991, a fluctuating exchange rate was introduced, which in conditions of persistent inflation, caused the creeping devaluation of the *zloty*. In February of 1992, another devaluation set the value of the *zloty* at 13,360 to the US dollar, a move that will further stimulate exports.

Customs

Creation of a unified schedule of tariffs has been a key principle of Poland's trade reforms. The previous system provided for three different tariff schedules; the new system has only one. It imposes duties only on imports. Tariffs are uniform and based on the value of the goods under consideration, and all importers are treated equally. No distinctions are made between companies and private individuals. Under the old system, no attempt was made either to influence the kind of imports that entered Poland or to minimize any differences in production costs between Poland and foreign countries. The new system, however, aims to ensure that the prices of imports are roughly in line with the costs faced by domestic producers. Tariffs on imports are used to regulate the size and nature of such imports. In order to stimulate competition and combat inflation, tariffs have been gradually eliminated or reduced on about two thirds of all dutiable items.

Poland's tariffs conform to the System of the Customs Cooperation Council in Brussels. The adoption of this system actually increased Polish tariff protection slightly, since Polish customs duties were among the lowest in Europe. The new Harmonized Tariff is established as the maximum. It describes what are called "conventional" rates of duty which apply to goods originating in two groups of countries: those with whom Poland conducts trade under Most Favoured Nation (MFN) arrangements; and those who are members of the General Agreement on Tariffs and Trade (GATT). Poland is a member of the GATT and has been accorded normal tariff treatment under its rules. Poland applies a third category of tariff rates on goods from those countries which are not members of GATT or with which it does not have MFN arrangements. Known as "autonomous rates," these tariffs are generally 100% higher than conventional rates.

As part of its overall reform of customs, the government has opened several new border posts and is streamlining customs procedures. It is also developing trade remedies to protect domestic markets from dumping, foreign subsidies, and other unfair trade practices. In order to level the playing field for domestic and foreign producers, in March of 1991, the government introduced a value-added tax on imports which is exactly equivalent to that paid by domestic producers.

To further facilitate international trade, Poland has established several duty-free special economic zones along its western borders. The city of Swinoujscie, located on the Baltic Sea at the German border, is being developed as a centre to attract value-added manufacturing for re-export.