Figure 5.6
Growth in Private Proprietorships during 1990

Quarter	Enterprises that began activity (in 000s)	Enterprises that were liquidated (in 000s)	Liquidated enterprises as a % of new enterprises
I	66.9	33.7	50.4
II	107.8	31.9	29.6
III	139.4	36.3	26.0
IV	202.1	52.0	25.7
Total	**516.2**	**153.9**	

Source: World Economy Research Institute, Poland: International Economic Report, 1990/91.

Of the 600,000 new enterprises that appeared in Poland since 1989, 550,000 are sole proprietorships and 87% of these concentrate on retailing, distribution, import and export, or the provision of services. Though the value added by the private sector was 26% higher in 1990 than in 1989, most of this increase was attributable to commercial activities. The value added contributed by private manufacturing firms grew by only 8%.

Retailing is one area that is now overwhelmingly in private hands. The private sector accounted for 4.8% of all retailing in 1989 but after three quarters of 1991, its share has risen to 70%. The privatization of small enterprises such as stores, restaurants, and bars has virtually been completed. Former employees of state-owned outlets as well as new entrepreneurs have been given an opportunity to tender for the assets of these establishments. The process has now been concluded and one result is a dramatic improvement in the quality and selection of goods and services available to consumers in Poland's larger cities.

The effects of privatization have also been felt in foreign trade where the private sector accounted for only 2% of all foreign trade in 1989 but 28% after the first three quarters of 1991. Private-sector exports grew three-fold and imports five-fold in 1990 while state-owned trade activities declined by more than 30%. The private sector tends to be more active in importing than in exporting partly because of the nature of Poland's traditional exports (raw materials, agricultural goods, some heavy manufactured goods) and partly because the private sector is rushing in to fill consumer needs that the state had long neglected. Especially popular among private importers were electronic products such as television sets, computers, and stereo equipment, as well as foodstuffs such as coffee, chocolate, and cosmetics. Private-sector exports focused on agricultural products, livestock, wood and timber, as well as furniture.

Figure 5.7
Structure of the Polish Private Sector, as of December 31, 1990

	No. of enterprises	% of total	Employees	% of total
Managed by Private Individuals	1,135,492	97.2	1,915,462	79.8
Manufacturing	334,613	28.6	716,672	29.9
Construction	165,541	14.2	349,204	14.6
Transportation	61,368	5.3	70,307	2.9
Trade	346,294	29.6	485,382	20.2
Food Services	22,511	1.9	49,193	2.0
Other Material Services	122,099	10.5	134,985	5.6
Non-Material Services	83,066	7.1	109,719	4.6
Other				
Corporate Entities	32,834	2.8	485,329	20.2
Private Companies	29,839	2.6	306,237	12.8
Joint Ventures	1,761	0.2	87,274	3.6
Foundations	461	-	8,817	0.4
Polonia[1] Firms	773	-	83,001	3.4
Total	**1,168,326**		**2,400,791**	

[1] Firms founded by Polish emigres.

Source: World Economy Research Institute, Poland: International Economic Report, 1990/91.