

## Implications of the CEFTA Agreement for Poland's Foreign Trade

### Introduction

Three bilateral agreements within the framework of the Central European Free Trade Association, CEFTA came into force on 1st March 1993. Slovenia joined the CEFTA under the agreement signed with it by the hitherto members in Ljubljana on 25th November 1995.

In the 1990s, all the CEFTA member countries were in the process of systemic transformation and they were restructuring their economies. As a result of both these processes, i.e. transformation and integration into the world economy, mainly into the European economy, their economic growth was accelerated and essential structural adjustments took place in them.

According to the UNCTAD data, their GDP per capita counted at the **official foreign exchange rates** of the national currencies to the dollar amounted in 1993 to USD 3,508 in Hungary, USD 3,024 in the Czech Republic, USD 2,260 in Slovakia, USD 2,233 in Poland, USD 6,365 in Slovenia. In 1995, GDP per capita rose in these countries, reaching the following values: USD 4,280 in Hungary, USD 4,420 in the Czech Republic, USD 3,250 in Slovakia, USD 2,056 in Poland and USD 9,328 in Slovenia.

Similar calculations made according to the method of parity of the **purchasing power of their currencies** brought the following results (data quoted after the Statistical Yearbook of International Statistics, Central Statistical Office, Warsaw, 1997): the level of GDP in 1993 amounted to USD 5,976 in Hungary,

USD 8,398 in the Czech Republic, USD 6,299 in Slovakia, USD 5,114 in Poland, USD 9,234 in Slovenia. In 1995, the respective data were as follows: USD 5,980 in Hungary, USD 9,477 in the Czech Republic, USD 7,369 in Slovakia, USD 10,151 in Slovenia. The CEFTA as a whole (including Slovenia) increased the level of its GDP per capita from USD 5,977 to USD 6,811 in the analysed period of time.

Trade between the economic partners within the CEFTA was based on the rule of symmetrical liberalisation owing to their relatively similar economic levels, which, as the presented data show, were not identical. This also means that the greatest benefits from trade liberalisation could be derived by those countries in which the levels of industrialisation and GDP per capita were the highest. In the prevailing period of its functioning, the CEFTA agreement was a process of creation of an area of free trade in industrial goods with the introduction of additional agricultural concessions in mutual trade of the countries participating in it<sup>1</sup>.

The bases for the creation of a free trade area are the classical effects of:

- trade creation expressing itself in increased intensity of trade exchange between the member countries,
- trade diversion expressing itself in a change in the hitherto directions of trade and replacement of supplies from producers from third countries with imports from the member states.

These effects have an impact on both consumers and producers. Consumers get access to diversified goods, which they can buy at more competitive prices, which results in growth of consumption. The scale of that effect is dependent on the level of elasticity of demand for the substitute products (domestic and foreign). Producers exposed to increased competitive pressure undertake adjustment actions aimed at meeting the requirements of the market, which in consequence influences the restructuring of the domestic industry and purifies the economy from inefficient production. Some of the inefficient producers who failed to meet the requirements of new competition have to fall or shift their productive resources to new more effective applications. Effects of integration connected with restructuring of the economy are particularly important from the viewpoint of the CEFTA countries which in connection with their systemic transformation and opening of their economies after 1989 undertook

<sup>1</sup> Cf. Z. Wysokińska, *Dynamic Interdependence between Central and Eastern European Foreign Trade Flows in the Light of Integration and Foreign Trade Theory*, Łódź University Press, Łódź, 1995.

See also B. Kisiel Łowczyz, *CEFTA. Środkowoeuropejska strefa wolnego handlu (CEFTA. Central European Free trade Area)*, Gdańsk, 1995.

a programme of their amelioration and adjustment to the market economy rules. It is concerned especially with acquisition of ability to compete in the conditions of globalisation of the world economy and fulfilling the aspiration of these countries to join the OECD and European Union.

The long-term effects of integration are expressed in acceleration of economic growth of member countries and in increased savings from economies of scale and reduced unit costs as a result of access to a large integrated market. (In the case of the CEFTA countries, this market has almost 70 million consumers). Long-term effects of integration are also connected with the lifting of internal customs barriers in trade between them.

As a result of the effected liberalisation of trade within the CEFTA, the value of customs in trade between the member countries fell from two to three times - despite a dynamic growth of trade, which caused a considerable increase in access to the mutual markets. Customs regulated by Protocol no. 2 were lowered from 3.6% to 2.4% ad valorem in the period 1993-1996 for imports of industrial products from the Czech Republic and Slovakia to Poland and from about 7.0% to 3.4% for imports from Poland to the Czech Republic and Slovakia and they amounted to about 20-30% of the base rate. Customs regulated under Protocol no. 3 were reduced even more - they fell from the level of 3.0% to 0.4% for imports from Hungary to Poland and from 5.6% to 1.3% for imports from Poland to Hungary and they constituted about 10% of the base rate. Customs regulated under Additional Protocol no. 3 in trade with Slovenia amounted on average to about 20-30% of the base rate<sup>2</sup>.

At the stage of a free trade area creation, the following potential advantages for the Polish economy can be listed with respect to **foreign direct investment**;

- creation of a stable political and legal framework for foreign investment,
- strengthening of location advantages of the Polish economy as a result of tariff preferences,
- growth of capital flows,
- growth of exports,
- transfer of technology and modern management methods,
- increase of competition,
- improvement in the balance of payment in the longer period,
- possibility for Polish enterprises to invest within the entire integrated area,
- possibility to transfer profits to Poland,
- encouragement for third countries to the so-called tariff jumping investment.

<sup>2</sup> The calculations were made for a sample of industrial products of the greatest weight in Poland's mutual trade with the other CEFTA members.

- strengthening of the restructuring processes,
- reduction of the risk of investing in Poland.

### **1. Trade with the CEFTA countries against the background of Poland's total foreign trade and trade with the EU**

The share of the CEFTA in Poland's trade with abroad showed a rising trend and increased from 4.5% in 1993 to 5.6% in 1996. The increase in the export share amounted to 1.1 percentage points (from the level of 4.8% in 1993 to 5.9% in 1996), and to 1.8 percentage points in the import share (from 3.6% to 5.4% in the respective years - cf. Table no. 1).

The share of industrial products in trade with the CEFTA members was very high and considerably exceeded (with the exception of imports from Hungary) both the share of industrial products in total Polish trade and in Polish trade with the EU.

The share of agricultural products in total Polish trade was at the level of about 11% in 1996 and at the level of about 8% in trade with the EU.

The growth rate of Polish trade turnover with the CEFTA was relatively high and exceeded the level of 253% in 1993-1996, which meant that it was about 50 percentage points higher than the growth rate of trade with the EU in the same period of time (the growth rate of trade with the EU was at the level of 202%). The growth rate of Polish exports to the CEFTA amounted to 210% in the period 1993-1996 and the import growth rate was 297%. For comparison, the growth rate of exports to the EU was at the level of 181% and that of imports from the Union was 210%.

The highest growth rate within the CEFTA was recorded in exports to the Czech Republic (247%) and Hungary (175%) and in exports to Slovakia it was below the average growth rate of Polish exports to the CEFTA and amounted to 168%. The growth rate of exports of agricultural products to the Czech Republic was at the level of 307% and was much higher than the growth rate in total exports of agricultural products from Poland, which was at the level of 167%. The growth rate of agricultural products to Hungary was negative and amounted to 59% while in exports to Slovakia it amounted to 131%. The growth rate of exports of industrial products to the Czech Republic was at the level of 244% and was much higher than the growth rate of exports of industrial products in total Polish trade. The respective indices for exports to Hungary and Slovakia were 200% and 169%. For comparison, the growth rate of exports of industrial products to the European Union was at the level of 186% in 1993-1996 and the import growth rate amounted to 226%.

The growth rate of **imports** exceeded the total import growth rate and the growth rate of imports of industrial and agricultural products from the European Union. In the case of imports from Slovakia and Slovenia it was lower for agricultural products than in total imports and in imports from the EU while for industrial products it exceeded in the case of Slovakia the total import growth rate of these products from the European Union. The growth rate of industrial and agricultural imports from Hungary was higher than the growth rate of imports of these products in total trade and in trade with the European Union.

The main negative feature of the state of Polish trade co-operation with the CEFTA countries is a growing deficit in the balance of trade, which reached the level of 301.1 million dollars in trade with the Czech Republic, 152.5 million dollars with Slovakia, 115.7 million dollars with Hungary and 108.3 million dollars with Slovenia in 1996. It accounted for 5.4% of the total Polish negative balance of trade, that is to say it was less than proportionate to the share of the CEFTA as a whole in Poland's turnover with abroad amounting to 5.65% (cf. Table no. 2.).

## **2. Structural changes in Poland's trade with the CEFTA by intensity of use of production factors (including trade by companies with foreign capital participation)**

The commodity structure of Polish exports to the CEFTA in 1992-1996 recorded the following changes **showing positive aspects of the restructuring processes taking place in trade:**

- a fall from about 40% to 27% in the share of resource-intensive products including both raw materials and plant and animal fats as well as industrial raw materials, non-ferrous metals and their products, chemical fertilisers, i.e. in most cases products treated in the CEFTA agreement as products subjected to the process of gradual liberalisation or to decelerated liberalisation owing to their "sensitivity";

- Labour-intensive products recorded a sizeable increase in their share of exports both to the CEFTA countries (from 10% to 19%) and to the European Union, which resulted from the relatively high competitive indices recorded by Polish textile and clothing exports to both these regions;

- a slight fall in the share of exports (by about 1.2% percentage points) recorded in the case of capital-intensive products including among others electricity, iron and steel and their products, non-ferrous metals, rubber products and road vehicles. This group covered "sensitive" products, which will get full

access to the CEFTA market only in the final stage of the liberalisation process.

- an advantageous tendency in the structure of Polish exports to the CEFTA countries is a growing share of products representing more advanced processing and technology - from the level of 22.8% in 1992 to 26% in 1996. These goods include chemicals, pharmaceuticals, as well as plastics, machinery and equipment, computers, telecommunications equipment, transport equipment, optical and specialised equipment.

Exports to the CEFTA by companies with foreign capital participation producing in Poland did not exceed 3% of the value of total exports by foreign investors but their value almost doubled in the period 1994-1996 and they included about 29% of resource-intensive goods, about 26% of labour-intensive goods, about 22% of capital-intensive goods and 23% of technology-intensive goods.

The structure of Polish imports from the CEFTA recorded relatively small structural changes calculated by intensity of utilisation of factors of production. The changes were expressed in a reduction of about 3% in the share of resource-intensive products. The share of labour-intensive products was relatively stable and amounted to about 23% while capital-intensive products had a share of about 25%. The share of technologically advanced products fell in Polish imports from the CEFTA by about 2 percentage points from the level of about 32% in 1992 to about 30% in 1996.

Imports by firms with foreign capital participation acting in Poland accounted for a mere 2.5% of total imports by foreign investors in Poland. The structure of these imports was dominated by labour- and technology-intensive products with shares of 31% and 32% respectively. An advantageous tendency is the doubling of the share of technology-intensive products from the CEFTA countries in the last two of the analysed years, which can yield a positive impact on the restructuring processes occurring in the sphere of production. The structure of imports from the CEFTA by foreign investors was characterised by an 18% share of resource-intensive products and a 20% share of capital-intensive goods<sup>3</sup>.

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<sup>3</sup> The statistical calculations pertaining to this section of the paper were made by the author on the basis of official data of the Central Statistical Office in Warsaw covering the years 1992-1996.

### 3. Evaluation of the effects of liberalisation of Poland's foreign trade with the CEFTA countries

#### Industrial products

The evaluation of the effects of the liberalisation of Poland's trade with the CEFTA partners was conducted on a sample of 50 major industrial products prevailing in Poland's bilateral exports to each of the CEFTA members and in Polish imports from these countries. This sample was taken from each bilateral flow of industrial products and on its basis liberalisation lists were singled out one at a time for each of the analysed years 1993-1996. Each sample accounted for 40% to 60% of the total flow of exports and imports of industrial products in a given year in Poland's trade with the CEFTA countries. This was the basis for estimating full flows of trade and the trade liberalisation benefits derived by Poland in trade with the CEFTA partners as well as the benefits derived by each of the CEFTA members as a result of trade liberalisation effected by the Polish side.

A detailed timetable of liberalisation of trade between the particular CEFTA partners was presented in section 1. Generalising it can be said that the timetable is characterised by 3 stages of liberalisation:

- The basic stage conducted in 1993 and partly in 1994, in which three basic liberalisation lists dominated - one of the lists lifted customs in full on the entry of the agreement into force and the other two spread the liberalisation process over a longer period of time (the second of them until 2002).

- The second stage resulted from the stipulations of Additional Protocol no. 1, which came into force in 1994 and considerably accelerated the liberalisation process in the framework of the CEFTA.

- 1st January 1996 marks the beginning of the third stage of the liberalisation process based on a new accelerated schedule following from the stipulations of Additional Protocol no. 2. It introduced new liberalisation lists pertaining both to Polish exports to each CEFTA member as well as to imports from these countries.

The flows of exports and imports in the years 1993-1996 in Poland's bilateral trade with each of the CEFTA members and the evaluation of the direct benefits from the lifting of customs and quantitative restrictions on the groups of products included in these lists are presented according to a division into three basic groups subjected to the processes:

- of **immediate liberalisation** in the case of which customs and other restrictions on mutual trade between the CEFTA members were fully lifted in 1994 under Additional Protocol no. 1,

- **gradual liberalisation** covering these groups of products which were liberalised at least by one-fourth of the base rate,

- **decelerated liberalisation** which include products with the highest degree of sensitivity to competition and to which an extended liberalisation timetable was applied.

The conclusions from the conducted analysis will be presented below.

1. **In 1993, the flow of Polish exports to the Czech Republic and Slovak of products subjected to immediate liberalisation**, i.e. fully liberalised on the entry of the agreement into life constituted 17.6% of Polish industrial exports to the Czech Republic and 10.1% to Slovakia, and the share of products **subjected to the process of gradual liberalisation** amounted to 19% and 11% of Polish exports to the Czech Republic and Slovakia respectively. Goods sensitive to competition **subjected to the process of decelerated liberalisation** in Polish industrial exports to these countries amounted to 63% in the case of the Czech Republic and to 79% in the case of Slovakia. The total liberalisation gain expressed in the difference between the customs paid at the base rate and the liberalised rate amounted to 7,519,000 dollars in the case of exports to the Czech Republic and to 2,220,000 dollars in the case of exports to Slovakia, which accounted for 17.3% and 16.6% of customs calculated at the base rate before the agreement became operative. In the case of **Polish exports to Hungary**, the share of products submitted to **immediate liberalisation** amounted to 8.2% in 1993 and products undergoing **gradual liberalisation** included in list A (covering 1,249 items) accounted for 7.9% of total Polish industrial exports to that country while products included in list C (covering 43 items) accounted for 26.3%.

Products particularly sensitive to competition liberalised in a **decelerated** way accounted for 57.5% of Polish industrial exports to Hungary. The total direct gain from the liberalisation expressed in the difference between the customs paid at the base rate and at the liberalised rate amounted to 2,099,000 dollars and accounted for 13.4% of the value of customs counted at base rates.

2. **In 1993, the share of Polish imports from the Czech Republic and Slovakia of products fully liberalised on the entry of the agreement into force** in total Polish industrial imports from these countries was much higher than in the case of Polish exports to these countries and amounted to 44.5% and 20.8% respectively, and the share of **gradually liberalised products** was similar to the share in Polish exports to these countries and amounted to 15.3% in the case of imports from the Czech Republic and to 16.8% in the case of imports from Slovakia. The share of products undergoing the process of **decelerated liberalisation** in Polish imports from these two countries was much lower than in Polish exports to them and amounted to 40.2% of industrial imports to the Czech Republic and 62.2% of industrial imports from Slovakia. The total direct benefit from the liberalisation

expressed in the difference between the customs paid at the base rate and at the liberalised rate amounted to 19,157,00 dollars in the case of imports from the Czech Republic and to 3,854,000 dollars in case of imports from Slovakia, which accounted respectively for 40% and 16% of the value of customs counted at base rates. In the case of Polish industrial imports from Hungary in 1993, 54% of industrial products were liberalised in full, and products **liberalised gradually** constituted about 11.5%. As in the case of the Czech Republic and Slovakia, the share of products particularly sensitive to competition subjected to **decelerated liberalisation** was much lower in Polish industrial imports from Hungary than in Polish exports to Hungary in 1993 and was at the level of 34.4%. The total direct gain from liberalisation expressed in the difference between customs paid at the base rate and at the liberalised rate amounted to USD 8,942,000 and accounted for 58% of the value of customs paid at base rates.

### Detailed results of bilateral liberalisation in the years 1994-1996

#### Exports

3. The detailed results of liberalisation of **Polish exports to the Czech Republic** in the years 1994-1996 are presented in Table no. 3. It leads to the following main conclusions:

- The export growth rate of Polish industrial exports to the Czech Republic amounted to 244% in the period 1993-1994.
- A downward trend in 1996 in relation to 1995 and 1994 was recorded only in the case of products least sensitive to competition submitted to the **accelerated liberalisation process**, for which customs rates fell to zero by 1 July 1999 at the latest. These products had a share of 3.6% in Polish exports to the Czech Republic in 1994 and this share went down to 1.9% in 1996.
- Polish exports to the Czech Republic of products subjected to the **gradual liberalisation process** were doubled in the case of groups covered by liberalisation lists B and D and were trebled in the case of products covered by list C. Also the share of these products in Polish industrial exports to the Czech Republic increased from the level of 35% in 1994 to 40% in 1996, which shows that Polish exporters made good use of the increased access to the market of Czech industrial products.
- The highest share (over 57% in 1996) in Polish exports to the Czech Republic was recorded by products with the highest sensitivity to competition subjected to the **decelerated liberalisation process**. These products had a very high export growth rate, which exceeded the level of 221% in the years 1993-1996.
- The total liberalisation benefit expressed in the difference between the base and the liberalised rate amounted to 37,937,000 dollars, which accounted for 53%

of the value of customs paid at base rates.

4. The detailed results of liberalisation of **Polish exports to Slovakia** in 1994-1996 are presented in Table no. 4. It leads to the following main conclusions:

- The growth rate of Polish exports to Slovakia amounted to 169% in the period 1993-1996.
- These exports were dominated throughout the period by products with the highest sensitivity to competition subjected to the **decelerated liberalisation** process, which recorded a share of about 71% in 1995-1996 and nearly 80% in 1993-1994. These products were also characterised by a high export growth rate, above the level of 153%.
- The share of exports of products **liberalised immediately** after the conclusion of the agreement was slight and did not exceed 0.2% in 1996. In 1994-1996, it increased seventeen times (from 32,000 dollars in 1994 to 569,000 dollars in 1996).
- Exports of **gradually liberalised** products increased from 20% to 30% between 1994 and 1996 and 1180 items covered by list **B** more than trebled their exports, and commodity groups covered by lists **C**, **D**, **E** and **F** including 45, 1830, 808 and 31 items respectively increased their shares in exports from two to three times.
- The total direct benefit following from liberalisation expressed in the difference between customs paid at the base rate and the liberalised rate amounted to 9,876,000 dollars in 1996, which accounted for about 40% of the value of customs paid at base rates.

5. The detailed results of liberalisation of **Polish exports to Hungary** in the years 1994-1996 are shown in Table 5. The main conclusions following from the table are:

- The growth rate of Polish industrial exports to Hungary exceeded the level of 200% in the years 1993-1996.
- In 1996, exports were dominated by **products submitted to gradual liberalisation** (with a share of over 26%) covered by liberalisation list **B** (530 items) which recorded an almost fourfold increase in the value of exports from Poland to Hungary in the period 1994-1996 and their share rose in that time from 12% to about 26%. **The total share of products covered by the gradual liberalisation process** included in lists **B** (530 items), **C** (963 items) **D** (1,666 items), **E** (362 items), **F** (580 items) and **G** (42 items) rose in Polish industrial exports to Hungary from 56% to 74% between 1994 and 1996, and the export growth rate was also high for all the liberalisation lists (with the exception of goods included in list C, where it did not exceed 113%) and ranged from about 150% for products in list C, to over 200% for products in

list D, over 300% for those in list F, over 400% for products in list E.

- Products undergoing **accelerated liberalisation** had a small share in Polish exports to Hungary, below the level of 2.2% in 1996 (it amounted to 1.5% in 1994 and 1995). Their export growth rate was relatively high - at the level of 250% in 1994-1996.
- **Products undergoing decelerated liberalisation** decreased strongly their share in Polish industrial exports to Hungary from the level of 42.4% in 1994 to 23.3% in 1996, with a negative growth rate in 1996 compared with 1995, amounting to 75% (for comparison, that commodity group increased its export by 1.3 times in 1995 in relation to 1994; however, its share had a clear downward trend and fell from the level of 42% in 1994 to 36% in 1995).
- The combined direct benefit from liberalisation expressed in the difference between customs paid at the base rate and the liberalised rate amounted to 15,783,000 dollars in 1996, which accounted for about 60% of the value of customs paid at base rates.

### Imports

6. The detailed results of liberalisation of **Polish imports from the Czech Republic** in the years 1994-1996 are presented in Table no. 6. The main conclusions from the table are as follows:

- The growth rate of Polish industrial imports from the Czech Republic in 1994-1996 amounted to 335%.
- The share of products submitted to the **decelerated liberalisation process** was small and was characterised by a falling trend - from 1.4% in 1994 to 0.7% in 1996, with an increase in exports in absolute terms and a growth rate of 11%.
- The highest shares in imports from the Czech Republic in 1996 were recorded for products **undergoing the gradual liberalisation process** included in liberalisation list H (1,499 items, with a share of 36% and an import growth rate of 167%) and list K (1,933 items, a share of 33% and the highest import growth rate amounting to 257%). The total share of products with medium sensitivity to competition included in liberalisation lists G, H, J, K, L, M, and N in Polish industrial imports from the Czech Republic was very high - at the level of 94.3% in 1994 and 96.2% in 1996.
- Products characterised by the highest sensitivity to competition and subjected to the **decelerated liberalisation process** had a small share in Polish industrial imports from the Czech Republic, which amounted to 4.1% in 1994 and fell to 3.0% in 1996. However, the growth rate of these imports was high - at the level of 165% in that period of time.

- The combined direct benefit from liberalisation expressed in the difference between customs paid at the base and the liberalised rate amounted to 101,419,000 dollars in 1996, which accounted for about 70% of the value of customs paid at the base rate.
7. The detailed results of liberalisation of Polish imports from Slovakia in 1994-1996 are shown in Table no. 7. The main conclusions following from the table are:
- The growth rate of Polish industrial imports from Slovakia amounted to 279% in 1993-1996.
  - The share of products **liberalised immediately after the agreement became operative** was small, reaching the level of 4.1% in 1994 and falling to 3.8% in 1996; however, the value of imports doubled in absolute terms.
  - The highest share in imports in 1996 (of 33%) was characteristic of products covered by **gradual liberalisation** included in lists H (1,499 items, that group almost doubled its imports in 1994-1996), K (1,33 items, an increase of 2.5 times), and L (786 items, an almost doubled value of imports of that group in the analysed period). The total share of imports of products with medium sensitivity to competition was also very high in imports from Slovakia, although they diminished slightly from the level of 86.8% in 1994 to 81.4% in 1996 but with a considerable increase of imports in absolute terms.
  - The share of products with high sensitivity to competition undergoing **decelerated liberalisation** was at the level of about 14% in 1996 and recorded a significant increase from the level of 8.8% in 1994. Import growth was also recorded in absolute values, for imports increased in the analysed period by more than 3.5 times.
  - The total direct benefit from liberalisation expressed in the difference between customs paid at the base and the liberalised rate amounted in 1996 to USD 35,216, which accounted for 70% of the value of customs paid at the base rate.
8. The detailed results of liberalisation of Polish imports from Hungary in 1994-1996 are presented in Table no. 8. The main conclusions following from the table are:
- The growth rate of industrial imports from Hungary amounted to 246% in the period 1993-1996.
  - The share of products submitted to **immediate liberalisation** was very small in 1996, at the level of 1.9%. This share recorded a steep fall from the level of 13.7% in 1994 to 1.9% in 1996, and the value of imports was reduced by 4 times.
  - The highest increases in their shares in industrial imports from Hungary were

recorded by products **undergoing gradual liberalisation** included in list **L** (1,897 items); these imports almost trebled their value between 1994 and 1996 and their share in industrial imports rose by about 20 percentage points (from 18.2% in 1994 to 38.3% in 1996) The group of products which doubled their import value in the examined period are goods covered by liberalisation list **J** (914 items) with an increase in their share in imports from Hungary from 41.1% in 1994 to 43.5% in 1996. The combined share of imports of products with medium sensitivity to competition in industrial imports from Hungary rose from the level of 79.3% in 1994 to 97.4% in 1994, with two- or three-fold gains in absolute terms in the case of goods covered by lists **J** (914 items), **K** (555 items), **L** (1,897 items) and **N** (529 items), with a falling tendency shown by imports of products in lists **M** (366 items), **P** (8 items) and **Q** (71 items), and these commodity groups recorded a fall in their share in Polish industrial imports from Hungary.

- **Products with high sensitivity** to competition undergoing decelerated liberalisation had a small share in Polish industrial imports from Hungary and recorded a marked reduction in their import share from the level of 6.6% in 1994 to 0.9% in 1996, with an almost fourfold decline in the absolute value of imports.
- The combined benefit from liberalisation expressed in the difference between customs paid at the base rate and at the liberalised rate amounted in 1996 to 30,278,000 dollars, which accounted for over 90% of the value of customs paid at the base rate.

#### 9. Liberalisation of trade in industrial products with Slovenia in 1996

### Exports

Detailed results of liberalisation of Polish exports to Slovenia are shown in Table no. 9.

- Polish exports to Slovenia reached the level of USD 40,350,000 in 1996.
- **Products liberalised immediately after the agreement came into life** (included in liberalisation list **F** with 152 items) had a share of 18.1%. **Products undergoing the gradual liberalisation process** were included in three lists **G** (2,714 items), **H** (1,508 items) and **J** (68 items). The shares recorded by products covered by the above lists were 39%, 11.9% and 2.3% respectively, which constituted a combined share of products with medium sensitivity amounting to 53.2%. The share of goods highly sensitive to competition subjected to **the process of decelerated liberalisation** reached the level of 28.5% of Polish industrial exports to Slovenia in 1996.
- The combined direct benefit from liberalisation expressed in the difference

between customs paid at the base rate and at the liberalised rate amounted in 1996 to USD 2,949,000, which accounted for 58.7% of the value of customs paid at the base rate.

### Imports

Detailed results of liberalisation of Polish imports from Slovenia are shown in Table no. 10.

- Polish imports from Slovenia reached the level of USD 150,501,000 in 1996.
- Products **liberalised immediately after the agreement became operative** (enumerated in liberalisation list A covering 196 items) constituted a share of 2.6% and products **subjected to gradual liberalisation**, specified in 4 liberalisation lists: **B** (encompassing 1,534 items, with a 19.4% share in Polish industrial imports from Slovenia), **C** (with 2,698 items having a 68.7% share in Polish imports from Slovenia) as well as **D** (20 items) and **E** (22 items). However, products covered by lists D and E had a zero share in Polish imports from Slovenia in 1996. Products highly sensitive to competition subjected to **decelerated liberalisation** had a 9.3% share in Polish imports in 1996.
- The combined direct benefit from liberalisation expressed in the difference between the basic custom rate and the liberalised rate amounted in 1996 to USD 8,709,000, which accounted for 57.4% of the value of customs paid at the base rate.

### Summing up the effects of liberalisation of trade in industrial products

The combined direct effects of liberalisation of trade in industrial products for Poland's foreign trade both with the CEFTA as a whole in the division into products undergoing accelerated, gradual and decelerated liberalisation as well as in the division into the main partners: the Czech Republic, Slovakia, Hungary and Slovenia with the allowance made of changes in the balance of trade with these countries are shown in Tables 11 and 12. The results pertaining to 1993 were estimated according to the criteria binding in 1994-1996 in order to achieve comparability.

The analysis of the data included in these tables leads to the following conclusions:

1. In the period 1993-1996, the highest growth rate (409.6%) of Polish industrial exports to the CEFTA countries was recorded by products with small sensitivity to competition **liberalised in full** in 1993 when the agreement went into force or in mid-1994. **This testifies positively to the fact that Polish producers and exporters took the chance offered by the liberalisation of access to the**

**markets of the CEFTA partners.** In comparison with the other two commodity groups covering products with medium and high sensitivity, these products were characterised by a relatively lower import growth rate (of 333.7%) in Polish industrial imports from the CEFTA countries.

2. Products undergoing the **process of gradual liberalisation** constituted an essential group in Polish industrial exports to and imports from the CEFTA. They were characterised by an export growth rate of 163.4% in the analysed period of time. The sensitive products **undergoing decelerated liberalisation** had an export growth rate of 153.6%. For comparison, the growth rates of imports of these two commodity groups from the CEFTA countries to Poland were several times higher than their export growth rates to the CEFTA, reaching the level of 634% for gradually liberalised products and of as much as 3808.5% for the particularly sensitive goods undergoing decelerated liberalisation.

3. With reference to Poland's trade with each of the CEFTA partners, the above-mentioned difference in the export and import growth rates of the three basic commodity categories, i.e. those submitted to **accelerated, gradual and decelerated liberalisation** were notable in the case of the Czech Republic and less conspicuous in the case of trade with Slovakia. And thus, in the case of the products liberalised in full by mid-1994, the growth rate of Polish exports to the Czech Republic reached the level of 848% in 1993-1996 and imports of these products from that country had a growth rate of 4212.2%; the growth rate of exports to Slovakia was 160.9% and the growth rate of imports from Slovakia was 194.8%, and in the case of Hungary the growth rates were 239.1% and 314.8% respectively. As regards products **undergoing gradual liberalisation**, the differences in the growth rate of Polish exports to each CEFTA member and in the growth rate of imports from each of them were smaller than in the former group, namely: in Poland's trade with the Czech Republic, the growth rate amounted to 132% in exports and 607.5% in imports, in trade with Slovakia to 191.3% and 537.1% respectively, and in trade with Hungary to 293.7% in exports and 462.4% in imports. The differences in the rate of growth of Polish exports to and imports from the CEFTA member countries were much higher in the case of particularly **sensitive products subjected to decelerated liberalisation**, namely: in Poland's trade with the Czech Republic, the growth rate amounted to 289.4% in exports of sensitive products and to 12769.8% in imports, in trade with Slovakia the respective figures were 1348% in exports and 203.2% in imports, and in trade with Hungary the growth rates were 131.1% and 532% in exports and imports respectively.

4. The above data pertaining to the considerable differences in the growth rate of Polish exports and imports in trade with the CEFTA countries find their reflection in the increasing deficit in Poland's balance of trade with these countries. In 1996,

this deficit reached the highest negative value of -621,461,000 dollars in the case of products with medium sensitivity, which have the greatest impact on Poland's trade with the CEFTA. In trade in products covered by accelerated liberalisation, the deficit level in 1996 amounted to USD 443,453,000. The lowest deficit was characteristic of products covered by decelerated liberalisation. It amounted to USD 79,826,000 in 1996. Products covered by gradual liberalisation and by decelerated liberalisation recorded a positive balance of trade only in 1993, while products covered by accelerated liberalisation registered a deficit in Poland's balance of trade with the CEFTA also in 1993 when the CEFTA agreement came into force.

### Agricultural produce

The liberalisation of trade in agricultural produce was effected in three stages:

1. from 1 March 1993 to 30 June 1994,
2. from 1 July 1994 to 31 December 1995
3. from 1 January 1996.

Liberalisation in these periods differed in the speed at which trade barriers were lifted. A key role, however, was played by the last Protocol, so-called Additional Protocol no. 3, which is a basis for radical acceleration of liberalisation of trade in agricultural produce. It contains three lists of agricultural products:

1. List A covering products least sensitive to competition, for which customs were fully lifted.
2. List B covering products submitted to gradual liberalisation. Customs on these products were reduced on average by 50% and quantitative limits were liquidated.
3. List C for exports from Poland and list D for imports from Poland were instituted for products with the highest sensitivity to competition; customs on them were reduced but it is possible to set quotas. After implementation of these stipulations, almost all trade in agricultural products was liberalised, which in the case of Poland constituted 93% of exports and 99% of imports.

The lists had the following shares in Polish exports to the CEFTA as a whole: 29.5%, 31.9% and 31.8% for A, B and C respectively. Total Polish exports of agricultural produce to the CEFTA amounted to USD 77.8 million. The shares of the lists in Polish imports from the CEFTA amounted to 16.3%, 43.8% and 39.2% for A, B and D respectively. Poland's total agricultural imports from the CEFTA amounted to USD 236.8 million, which resulted in a deficit of USD 159 million, i.e. 50.5 of the entire turnover. It should be noted that the real

level of liberalisation of imports to Poland from the CEFTA countries (from Hungary in particular) is higher than the level of liberalisation granted to Poland by these countries.

The detailed results of liberalisation of trade in agricultural produce between Poland and the CEFTA partners according to the liberalisation lists are presented in tables 13, 14 and 15. They show a negligible degree of liberalisation of trade in agricultural produce within the CEFTA in the years 1993-1995, on the whole the base rate was reduced by 10% per year and the liberalisation lists were short. The radical change introduced by Additional Protocol no. 3 in 1996 contributed to significant liberalisation of Poland's trade with the CEFTA partners. In trade with the Czech Republic, Polish exports to that country were liberalised in 94.4% and imports in 99.7%. In trade with Slovakia, Polish exports to that country were liberalised in 91% and imports in 99.9%.

Quantitative limits on alcohol were exceeded in 1996, especially in trade with the Czech Republic and Slovakia. Other quotas were most often not used in full, e.g. limits on exports of potatoes and onion to Hungary or imports of apples from Hungary.

A general positive tendency in Polish agricultural exports to the Czech Republic, Slovakia and Hungary is an increasing share of processed products in relation to plant and animal crude materials. This process was influenced both by the liberalisation processes related to the CEFTA agreement itself and by the concomitant effects related to the inflow of foreign direct investment to Poland as well as by the restructuring processes proceeding in agricultural production and agricultural and food processing. Exports to the CEFTA by companies with foreign capital participation was particularly important in this respect because they were at least doubled for different groups of products in the analysed period. A significantly reduced deficit in Polish agricultural trade with the CEFTA countries in 1997 should also be noted as a positive tendency. In the analysed period, this deficit reached the greatest value in 1996 when it amounted to USD 1,232 million. In the period of 10 months of 1997, its value was reduced to USD 503 million.

## Conclusions

1. The agreement in the framework of the CEFTA introduced - in its successive stages - a marked acceleration of trade liberalisation going beyond the stipulations of the Europe Agreement, which means both an earlier conclusion of liberalisation of trade in industrial products and accelerated liberalisation of agricultural trade which was liberalised in at least 90% with all the CEFTA members in 1996.

This means acceleration of the beneficial influence of the trade creation effect on the integration processes within the CEFTA and possibility to use the restructuring effects for the Polish economy.

2. The structural changes in industrial trade between Poland the CEFTA partners should also be evaluated positively, for they yielded an increased share of products at a more advanced processing and technological level in Polish exports.

3. A positive tendency in Polish agricultural exports to the Czech Republic, Slovakia and Hungary is an increasing share of processed products in relation to plant and animal crude materials. This process was influenced both by the liberalisation processes connected with the CEFTA agreement and the concomitant effects related to the flow of foreign direct investment into Poland and the restructuring processes proceeding in agricultural production and agricultural and food processing. Exports to the CEFTA by companies with foreign capital participation were particularly important in this respect, for they were at least doubled for different groups of products in the analysed period of time.

Table 1. POLAND - Structure of foreign trade within CEFTA (percentage change)

	1993		1994		1995		1996	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
Poland - total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
- agricultural products	12.2	11.6	11.6	12.1	10.6	11	11.1	11.3
- industrial products	87.8	88.4	88.4	87.9	89.4	89	88.9	93.7
with Czech Republic - total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
- agricultural products	8.4	5.1	5.1	5.4	10.5	5.9	6.6	6.3
- industrial products	91.6	94.9	94.9	94.6	89.5	94.1	93.4	93.7
with Slovakia - total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
- agricultural products	9.7	4.0	3.9	5.9	12.7	5.5	6.0	3.1
- industrial products	90.3	96.0	94.1	94.1	87.3	94.5	94.0	96.9
with Hungary - total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
- agricultural products	28.5	15.5	24.4	8.4	26.9	5.1	31.8	5.1
- industrial products	71.5	84.5	75.6	91.6	73.1	94.9	68.2	94.9
with Slovenia - total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
- agricultural products	0.9	17.4	1	6.5	1.3	8.1	0.7	6.5
- industrial products	99.1	82.6	90.1	93.5	98.7	91.9	99.3	93.5
with European Union - total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
- agricultural products	10.5	10.7	9.4	9.8	8.4	8.8	7.9	8.1
- industrial products	89.5	89.3	90.6	90.2	91.6	91.2	92.1	91.9

Source: Calculated on the basis of official data of the Central Statistical Office in Warsaw, for the respective years.

Table 2. POLAND - trade and balance of trade within CEFTA (USD million)

	1993			1994			1995			1996		
	Imports	Exports	Balance									
Poland - total	18834.4	14143.1	-4691.3	21569.1	17240.1	-4329.0	29049.7	22854.9	-6194.8	37136.7	24439.8	-12697.0
- agricultural products	2306.9	1646.5	-660.4	2512.0	2984.7	427.3	3081.9	2511.2	-570.7	4106.3	2758.3	-1348.0
- industrial products	16527.6	12496.6	-2031.0	19057.1	15155.4	-3901.7	25967.7	20383.8	-5583.9	33030.4	21631.5	-11399.0
with Czech Republic - total	350.2	342.5	-7.7	501.6	456.0	-45.6	891.7	697.7	-194.0	1150.5	847.4	-303.1
- agricultural products	29.4	17.3	-12.1	25.7	24.4	-1.3	93.4	41.3	-52.1	75.7	53.1	-22.6
- industrial products	320.8	325.3	4.5	475.9	431.5	-44.4	7988.3	656.3	-142.0	1074.8	794.3	-280.5
with Slovakia - total	161.4	166.7	5.3	196.1	183.3	-12.8	380.8	279.4	-101.4	43.5	280.0	-152.5
- agricultural products	15.7	6.7	-9.0	7.7	10.9	3.2	48.4	15.4	-33.0	25.8	8.8	-17.0
- industrial products	145.7	160.1	14.4	188.4	172.4	-16.0	332.4	263.9	-68.5	406.8	271.2	-135.6
with Hungary - total	165.1	173.8	8.7	220.2	183.6	-36.6	351.6	267.1	-84.5	425.9	310.2	-115.7
- agricultural products	47.1	26.9	-20.2	53.7	15.5	-38.2	94.5	13.6	-80.9	135.4	15.9	-119.5
- industrial products	117.9	146.9	29.0	166.5	168.1	1.6	257.1	253.5	-3.6	290.5	294.3	3.8
with Slovenia - total	82.0	13.2	-68.8	91.1	18.4	-72.7	103.4	32.2	-71.2	151.5	43.2	-108.3
- agricultural products	0.7	2.3	1.6	1.0	1.2	0.2	1.3	2.6	1.3	1.0	2.8	1.8
- industrial products	81.3	10.9	-70.4	90.1	17.2	-72.9	102.1	29.6	-72.5	150.5	40.4	-110.1
with European Union - total	10784.5	8950.9	-1833.6	12403.4	10804.9	-1598.5	16592.8	14613.5	-1979.3	23738.0	16195.6	-7542.4
- agricultural products	1131.4	959.5	-171.9	1168.7	1063.5	-105.2	1382.8	1282.0	-199.8	1871.7	1305.7	-566.0
- industrial products	9653.1	7991.5	-1661.6	11234.6	9741.5	-1493.1	15210.0	12231.4	-1878.6	21866.3	14889.9	-6976.4

Source: As for table 1.

**Table 3. POLAND- liberalisation of exports of industrial products to the Czech Republic  
(USD thousand)**

List of products according to Protocol no. 2	Year	Export flow	Customs at base rates	Customs after liberalisation	Difference between values of customs duties
<b>Total</b>	1994	431,521	51,457	41,605	9,952
	1995	656,318	75,599	54,680	20,919
	1996	794,286	71,954	34,017	37,937
A (394 items)	1994	15,669	1,964	0	1,964
	1995	16,931	2,046	0	2,046
	1996	14,826	987	0	987
B (1,180 items)	1994	52,823	4,889	0	4,889
	1995	69,302	8,271	0	8,271
	1996	126,400	10,767	0	10,767
C (45 items)	1994	3,077	462	231	231
	1995	3,166	475	0	475
	1996	10,726	1,223	0	1,223
D (1,830 items)	1994	48,715	9,258	7,715	1,543
	1995	92,309	17,456	11,637	5,819
	1996	101,952	16,882	0	16,882
E (808 items)	1994	44,887	9,803	8,578	1,225
	1995	60,172	12,749	9,562	3,187
	1996	77,009	15,000	7,500	7,500
F (31 items)	1994	2,005	1,404	1,404	0
	1995	16,005	11,204	10,083	1,121
	1996	6,599	2,310	1,732	578
Other products	1994	264,345	23,677	23,677	0
	1995	467,735	23,398	23,398	0
	1996	456,774	24,785	24,785	0

Source: As for Table 1.

**Table 4. POLAND- liberalisation of exports of industrial products to Slovakia  
(USD thousand)**

List of products according to Protocol no. 2	Year	Export flow	Customs at base rates	Customs after liberalisation	Differences between values of customs duties
<b>Total</b>	1994	172,432	15,584	14,175	1,409
	1995	263,918	28,813	22,975	5,838
	1996	271,176	24,377	14,501	9,876
A (394 items)	1994	32	2	0	2
	1995	336	50	0	50
	1996	569	114	0	114
B (1,180 items)	1994	3,629	489	0	489
	1995	9,763	1,637	0	1,637
	1996	10,573	1,315	0	1,315
C (45 items)	1994	456	68	34	34
	1995	641	96	0	96
	1996	1,008	115	0	115
D (1,830 items)	1994	13,061	2,524	2,103	421
	1995	38,653	8,354	5,569	2,785
	1996	32,160	5,132	0	5,132
E (808 items)	1994	17,042	3,597	3,148	449
	1995	25,008	5,056	3,792	1,264
	1996	33,093	6,283	3,142	3,141
F (31 items)	1994	294	68	61	7
	1995	274	65	59	6
	1996	674	236	177	59
Other products	1994	137,918	8,829	8,829	0
	1995	189,243	13,555	13,555	0
	1996	193,099	11,182	11,182	0

Source: As for Table 1.

**Table 5. POLAND- liberalisation of exports of industrial products to Hungary**  
(USD thousand)

List of products according to Protocol no. 3	Year	Export flow	Customs at base rates	Customs after liberalisation	Differences between values of customs duties
<b>Total</b>	1994	168,102	20,365	13,545	6,820
	1995	253,549	31,533	15,490	16,043
	1996	294,282	26,305	10,522	15,783
A (538 items)	1994	2,590	433	0	433
	1995	3,854	633	0	633
	1996	6,501	769	0	769
B (530 items)	1994	20,025	3,206	0	3,206
	1995	47,538	9,137	0	9,137
	1996	76,733	2,059	0	2,059
C (963 items)	1994	20,305	1,318	659	659
	1995	29,430	1,521	760	761
	1996	33,108	1,229	0	1,229
D (1,666 items)	1994	22,905	3,529	3,088	441
	1995	37,415	6,422	3,251	3,171
	1996	52,346	8,378	0	8,378
E (362 items)	1994	2,675	1,394	1,220	174
	1995	7,868	1,284	963	321
	1996	11,308	1,559	779	780
F (580 items)	1994	7,798	2,044	2,044	0
	1995	11,110	2,626	2,363	263
	1996	22,491	4,554	3,416	1,138
G (42 items)	1994	20,435	1,907	0	1,907
	1995	24,520	1,757	0	1,757
	1996	23,072	1,847	417	1,430
Other products	1994	71,369	6,534	6,534	0
	1995	91,814	8,153	8,153	0
	1996	68,723	5,910	5,910	0

Source: As for Table 1.

**Table 6. POLAND- liberalisation of imports of industrial products from the Czech Republic (USD thousand)**

List of products according to Protocol no. 2	Year	Import flow	Customs at base rates	Customs after liberalisation	Differences between values of customs duties
<b>Total</b>	<b>1994</b>	<b>475,922</b>	<b>100,519</b>	<b>30,929</b>	<b>69,590</b>
	<b>1995</b>	<b>798,288</b>	<b>119,145</b>	<b>55,347</b>	<b>63,798</b>
	<b>1996</b>	<b>1074,816</b>	<b>146,203</b>	<b>44,784</b>	<b>101,419</b>
G (52 items)	1994	6,856	343	0	343
	1995	8,300	415	0	415
	1996	7,649	283	0	283
H (1,499 items)	1994	231,886	63,766	0	63,766
	1995	33,766	45,448	0	45,448
	1996	387,999	39,617	0	39,617
J (25 items)	1994	5,819	873	436	437
	1995	6,770	1,016	0	1,016
	1996	10,180	1,120	0	1,120
K (1,933 items)	1994	147,465	18,043	15,036	3,007
	1995	248,221	29,172	19,448	9,724
	1996	378,929	39,664	0	39,664
L (786 items)	1994	55,569	9,818	8,591	1,227
	1995	151,146	18,080	13,560	4,520
	1996	136,735	20,770	10,385	10,385
M (18 items)	1994	8,526	2,557	2,192	365
	1995	59,446	18,340	15,720	2,620
	1996	120,210	36,062	25,759	10,303
N (8 items)	1994	375	131	122	9
	1995	372	130	11	19
	1996	1,104	331	284	47
Other products	1994	19,426	4,988	4,988	0
	1995	26,267	6,544	6,544	0
	1996	32,010	8,356	8,356	0

Source: As for Table 1.

**Table 7. POLAND- liberalisation of imports of industrial products from Slovakia  
(USD thousand)**

List of products according to Protocol no. 2	Year	Import flow	Customs at base rates	Customs after liberalisation	Differences between values of customs duties
<b>Total</b>	<b>1994</b>	<b>188,429</b>	<b>27,443</b>	<b>14,300</b>	<b>13,143</b>
	<b>1995</b>	<b>332,418</b>	<b>52,642</b>	<b>28,831</b>	<b>23,811</b>
	<b>1996</b>	<b>406,786</b>	<b>50,302</b>	<b>15,086</b>	<b>35,216</b>
G (52 items)	1994	7,713	386	0	386
	1995	16,740	837	0	837
	1996	15,774	584	0	584
H (1,499 items)	1994	72,987	10,697	0	10,697
	1995	110,429	15,758	0	15,758
	1996	135,556	15,168	0	15,168
J (25 items)	1994	75	11	6	5
	1995	64	10	0	10
	1996	65	7	0	7
K (1,933 items)	1994	39,601	5,955	4,962	993
	1995	64,149	9,695	6,463	3,232
	1996	101,232	11,138	0	11,138
L (786 items)	1994	51,147	8,393	7,344	1,049
	1995	80,698	15,847	11,886	3,961
	1996	94,278	16,517	8,259	8,258
M (18 items)	1994	267	93	80	13
	1995	49	17	15	2
	1996	227	68	57	11
N (8 items)	1994	12	4	4	0
	1995	235	82	71	11
	1996	588	176	126	50
Other products	1994	16,627	1,904	1,904	0
	1995	60,054	10,396	10,396	0
	1996	59,066	6,694	6,694	0

Source: As for Table 1.

**Table 8. POLAND- liberalisation of imports of industrial products from Hungary  
(USD thousand)**

List of products according to Protocol no. 3	Year	Import flow	Customs at base rates	Customs after liberalisation	Differences between values of customs duties
<b>Total</b>	<b>1994</b>	<b>166,494</b>	<b>29,329</b>	<b>9,499</b>	<b>19,830</b>
	<b>1995</b>	<b>257,122</b>	<b>37,761</b>	<b>12,569</b>	<b>25,192</b>
	<b>1996</b>	<b>290,500</b>	<b>33,552</b>	<b>3,274</b>	<b>30,278</b>
H (131 items)	1994	22,841	3,426	0	3,426
	1995	23,516	3,528	0	3,528
	1996	5,660	645	0	645
J (914 items)	1994	68,505	11,904	0	11,904
	1995	99,496	12,471	0	12,471
	1996	126,471	10,105	0	10,105
K (555 items)	1994	14,179	2,127	650	1,477
	1995	16,582	2,488	0	2,488
	1996	24,473	2,815	0	2,815
L (1,897 items)	1994	30,380	7,093	5,889	1,204
	1995	67,444	13,580	9,045	4,526
	1996	111,417	14,490	0	14,490
M (366 items)	1994	10,732	757	662	95
	1995	12,100	1,386	1,040	346
	1996	8,163	1,615	808	808
N (529 items)	1994	3,732	746	746	0
	1995	5,181	1,036	932	104
	1996	6,441	1,140	855	285
O (34 items)	1994	11	7	6	1
	1995	855	300	257	43
	1996	1,863	653	466	187
P (8 items)	1994	124	43	37	6
	1995	14	5	4	1
	1996	24	7	5	2
Q (71 items)	1994	4,905	1,717	0	1,717
	1995	4,814	1,685	0	1,685
	1996	3,147	944	0	944
Other products	1994	11,085	1,509	1,509	0
	1995	10,676	1,282	1,282	0
	1996	2,841	1,240	1,240	0

Source: As for Table 1.

**Table 9. POLAND- liberalisation of exports of industrial products to Slovenia  
(USD thousand)**

List of products according to Protocol no. 10	Year	Export flow	Customs at base rates	Customs after liberalisation	Difference between values of customs duties
<b>Total</b>	<b>1996</b>	<b>40,350</b>	<b>5,022</b>	<b>2,730</b>	<b>2,949</b>
F (152 items)	1996	7,324	800	0	800
G (2,714 items)	1996	15,7513	1,784	0	1,784
H (1,508 items)	1996	4,822	696	348	348
J (68 items)	1996	942	167	150	17
Other products	1996	11,511	1,575	1,575	0

Source: As for Table 1.

**Table 10. POLAND- liberalisation of imports of industrial products from Slovenia  
(USD thousand)**

List of products according to Protocol no. 10	Year	Import flow	Customs at base rates	Customs after liberalisation	Difference between values of customs duties
<b>Total</b>	<b>1996</b>	<b>150,501</b>	<b>15,165</b>	<b>6,456</b>	<b>8,709</b>
A (196 items)	1996	3,974	453	0	453
B (1,534 items)	1996	29,171	3,001	0	3,001
C (2,698 items)	1996	103,397	10,511	5,256	5,255
D (20 items)	1996	0	0	0	0
E (22 items)	1996	0	0	0	0
Other products	1996	13,959	1,200	1,200	0

Source: As for Table 1.

Table 11. CEFTA – effects of liberalisation of trade in industrial products, by commodity group, (USD thousand)

Country	Type of product liberalisation	Year	Polish export flow	Poland's benefits from liberalisation	Polish import flow	Partners' benefits from liberalisation	Balance of foreign trade	Balance of benefits from liberalisation in the form of difference of customs duties
Czech Republic	CEFTA -total	1993	74103	10016	223822	26134	-149719	-16118
		1994	118606	11914	430861	92441	-312255	-80527
		1995	180961	23106	615663	81971	-434702	-58865
		1996	303519	21162	746972	73798	-443453	-52636
	Gradual	1993	1911337	0	147141	74	44196	-74
		1994	149285	4253	334894	7575	-185609	-3322
		1995	261425	16547	587758	26309	-326333	-9762
		1996	312690	42161	934151	89997	-621461	-47836
	Decelerated	1993	35018	34	3508	0	31510	34
		1994	30532	1914	17952	2111	-12580	-197
		1995	51909	3147	70966	4485	-19057	-1338
		1996	53778	9222	133604	11827	-79826	-8605
	Immediate	1993	17905	6011	96345	13230	-78440	-7219
		1994	71569	7084	244561	64546	-172992	-57462
		1995	89399	10792	348836	46879	-259437	-36087
		1996	151952	12977	405828	41020	-253876	-28043
Gradual	1993	135549	0	84882	74	50667	-74	
	1994	93602	2768	203034	4234	-109432	-1466	
	1995	15248	9006	363367	14244	-210886	-5238	
	1996		24382	515664	50049	-336703	-25667	
Decelerated	1993	228	0	950	0	-722	0	
	1994	2005	0	8901	374	-6896	-374	
	1995	16005	1121	59818	2639	-43813	-1518	
	1996	6599	578	121324	10350	-114715	-9772	

Table 11. CEFTA – effects of liberalisation of trade in industrial products, by commodity group, (USD thousand) [cont.]

Slovakia	Immediate	1993	7551	720	77732	8554	-70181	-7834	
		1994	4117	532	80775	11088	-76658	-10556	
		1995	10740	1783	127233	16605	-116493	-14822	
		1996	12150	1544	151395	15759	-139245	-14215	
	Gradual	1993	34114	0	36397	0	-2283	0	
		1994	30103	870	90748	2042	-60645	-1172	
		1995	63661	4049	144847	7193	-81186	-3144	
		1996	65253	8273	195510	19396	-130257	-11123	
	Decelerated	1993	50	3	401	0	-351	3	
		1994	294	7	279	13	15	-6	
		1995	274	6	284	13	-10	-7	
		1996	674	59	815	61	-141	-2	
	Hungary	Immediate	1993	48647	3285	49745	4350	-1098	-1065
			1994	42920	4298	105525	16807	-62605	-12509
			1995	80822	10531	139594	18487	-58772	-7956
			1996	116342	4057	156604	13565	-40262	-9508
1993			21674	0	25862	0	-4188	0	
1994			25580	615	41112	1299	-15532	-684	
Slovenia	Gradual	1995	45283	3492	79544	4872	-34261	-1380	
		1996	63654	9158	119580	15297	-55926	-6139	
		1993	34740	31	2157	0	32583	31	
		1994	28233	1907	8772	1724	-19461	183	
		1995	35630	2020	10864	1833	24766	187	
		1996	45563	2568	11475	1416	34088	1152	
Slovenia	Decelerated	1996	23075	2584	33145	3454	-10070	-870	
		1996	4822	348	103397	5255	-98575	-4907	
		1996	942	17	0	0	942	17	

Source: As for Table 1.

Table 12. CEFTA – effects of liberalisation of trade in industrial products, by country, (USD million)

Country	Year	Polish export flow	Poland's benefits from liberalisation	Polish import flow	Partners' benefits from liberalisation	Balance of foreign trade	Balance of benefits from liberalisation in the form of difference of customs duties
CEFTA – total	1993	632.2	11.8	584.4	32.0	47.8	-20.1
	1994	772.1	18.1	830.8	102.6	-58.8	-84.5
	1995	1173.8	42.8	1387.8	112.8	-214.0	-70.0
	1996	1400.1	66.5	1922.6	175.6	-522.5	-109.1
Czech Republic	1993	325.3	7.5	320.8	19.2	4.5	-11.6
	1994	431.5	9.9	475.9	69.6	-44.4	-59.7
	1995	656.3	20.9	798.3	63.8	-142.0	-42.9
	1996	794.3	37.9	1074.8	101.4	-280.5	-63.5
Slovakia	1993	160.1	2.2	145.7	3.9	14.3	-1.6
	1994	172.4	1.4	188.4	13.1	-16.0	-11.7
	1995	263.9	5.8	332.4	23.8	-68.5	-18.0
	1996	271.2	9.9	406.8	35.2	-135.6	-25.3
Hungary	1993	156.9	2.1	117.9	8.9	29.0	-6.8
	1994	168.1	6.8	166.5	19.8	1.6	-13.0
	1995	253.5	16.0	257.1	25.2	-3.6	-9.1
	1996	294.3	15.8	290.5	30.3	3.8	-14.5
Slovenia	1996	40.4	2.9	150.5	8.7	-110.2	-5.8

Source: As under the Table 1.

**Table 13. Poland - Liberalisation of exports in agricultural products to CEFTA,  
(USD thousand)**

Year	List of products according to Protocol 5 and 6	Export flow	Customs on the base rate	Customs after liberalisation	Effect of liberalisation in the form of the difference of customs duties
<b>To: Czech Republic</b>					
-1993	-A /5 items/	496	50	45	5
	-B /57 items/	339	54	47	7
	-C /10 items/	1115	387	0	387
-1994	-A /39 items/	14047	3849	2696	1153
	-B /7 items/	3391	1186	0	1186
-1995	-A /39 items/	10094	2482	1988	494
	-B /7 items/	2459	858	0	858
-1996	-A /164 items/	18150	4509	0	4509
	-B /124 items/	15392	4565	1385	3180
	-C /264 items/	16535	4220	1448	2772
<b>To: Slovakia</b>					
-1993	-A /5 items/	502	50	45	5
	-B /57 items/	276	37	34	3
	-C /10 items/	270	79	0	79
-1994	-A /39 items/	3429	1056	728	328
	-B /7 items/	660	231	0	231
-1995	-A /39 items/	2232	636	510	126
	-B /7 items/	729	255	0	255
-1996	-A /164 items/	1638	376	0	376
	-B /124 items/	3033	736	250	486
	-C /264 items/	3347	941	252	689
<b>To: Hungary</b>					
-1993	-A /61 items/	661	192	171	21
	-B /79 items/	6569	1842	1675	167
-1994	-A /74 items/	8207	1785	954	831
	-C /8 items/	782	273	0	273
-1995	-A /74 items/	10588	3222	2331	891
	-C /8 items//	1631	567	0	567
-1996	-A /164 items/	3143	947	0	947
	-B /128 items/	6375	2094	1042	1052
	-C /102 items/	4856	1556	523	1033

Source: As under the Table 1.

**Table 14. Poland - Liberalisation of import in agricultural products from CEFTA  
(USD thousand)**

Year	List of products according to Protocol 5 and 6	Import flow	Customs on the base rate	Customs after liberalisation	Effect of liberalisation in the form of difference of customs duties
From: the Czech Republic					
-1993	-D /2 items/ -E /40 items/	275 4061	82 932	69 828	13 104
-1994	-C /34 items/	73895	4211	1850	2361
-1995	-C /34 items/	10760	2416	1933	483
- 1996	-A /164 items// -B /124 items/ -D /291 items/	14150 26590 34701	2166 7208 17056	0 3688 5102	2166 3520 11954
From: Slovakia					
-1993	-D /2items/ -E /40 items/	261 930	78 174	65 156	13 18
-1994	-C /34 items/	13116	1599	1008	591
-1995	-C /34 items/	3953	464	371	93
- 1996	-A /164 items/ -B /124 items/ -D /291 items/	4381 4605 16737	530 1797 3622	0 578 1952	530 1219 1670
From: Hungary					
-1993	-C /61 items/ -D /129 items/	28740 6952	8574 1589	7714 1429	860 160
-1994	-B /92 items/	82886	20845	10583	10262
-1995	-B /92 items/	44117	12208	9026	3182
- 1996	-A /164 items/ -B /128 items/ -D /78 items/	19982 72499 41334	3115 25363 11336	0 10811 5892	3115 14552 5444

Source: As under the Table 1.

**Table 15. Effects of liberalization of Polish trade in agricultural products with CEFTA, (USD million)**

Country	Year	Export flow from Poland	Effects for Poland from liberalisation in the form of difference of customs duties	Import flow into Poland	Effect for partners from CEFTA from liberalisation in the form of difference of customs duties/	Trade balance	Balance of effects from liberalisation
CEFTA-Total	1993	50.8	0.7	92.2	1.1	-41.4	-0.4
	1994	50.7	4.0	87.1	13.3	-36.4	-9.3
	1995	70.4	3.3	236.3	3.8	-165.9	-0.5
	1996	77.8	15.1	236.8	44.1	-159.0	-29.0
-Czech Republic	1993	17.3	0.4	29.4	0.1	-12.1	0.3
	1994	24.4	2.3	25.7	2.4	-1.3	-0.1
	1995	41.3	1.4	93.4	0.5	-52.1	0.9
	1996	53.1	10.5	75.7	17.6	-22.6	-7.1
-Slovakia	1993	6.7	0.1	15.7	0.0	-9.0	0.1
	1994	10.9	0.6	7.7	0.6	3.2	0.0
	1995	15.4	0.4	48.4	0.1	-33.0	0.3
	1996	8.8	1.6	25.8	3.4	-17.0	-1.8
-Hungary	1993	26.9	0.2	47.1	1.0	-20.2	-0.8
	1994	15.5	1.1	53.7	10.3	-38.2	-9.2
	1995	13.6	1.5	94.5	3.2	-80.9	-1.7
	1996	15.9	3.0	135.4	23.1	-119.5	-7.2
-Slovenia	1996	40.4	2.9	150.5	8.7	-110.2	-5.8

Source: As under the Table 1.