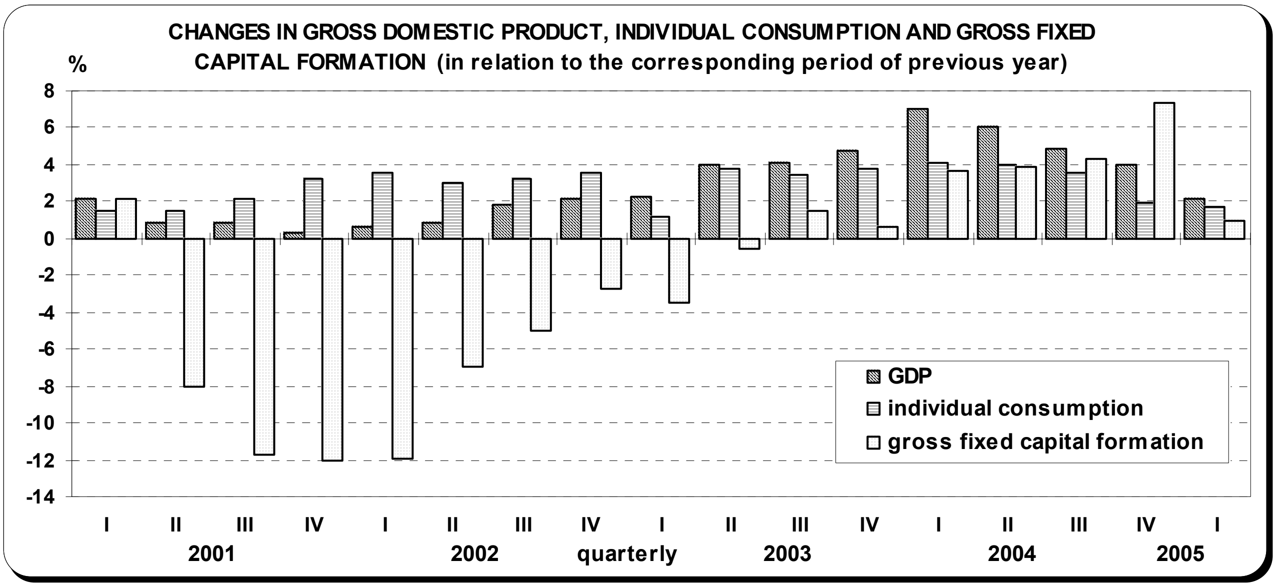
I. THE ECONOMY OF POLAND IN THE FIRST QUARTER OF 2005

Introduction

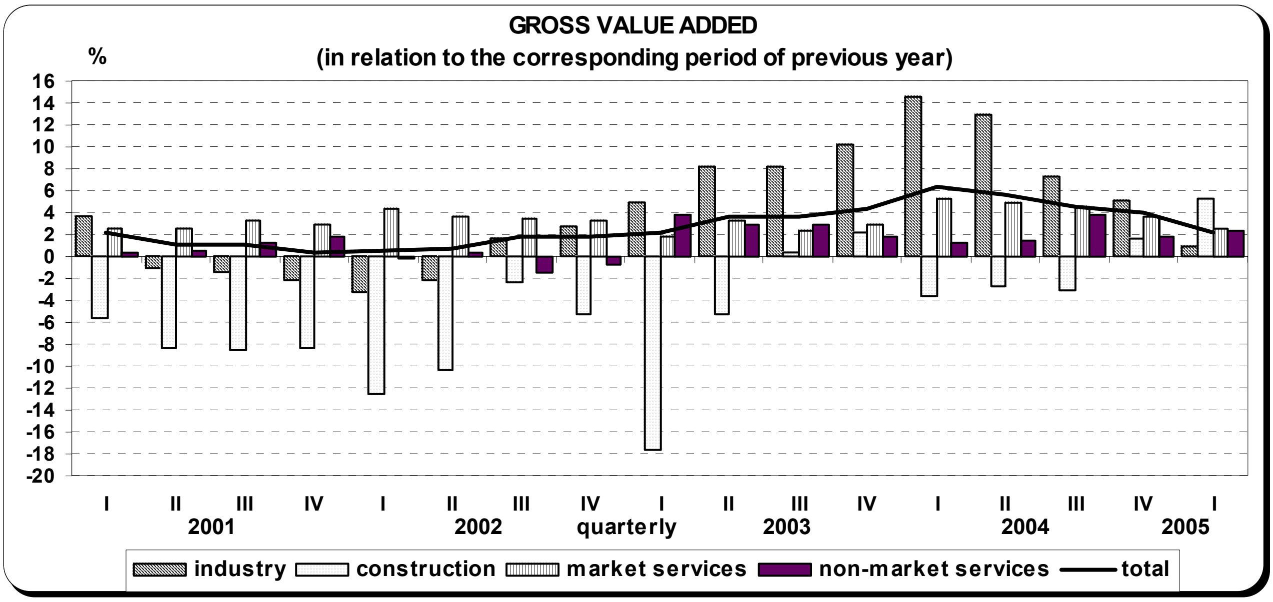
A slowdown of dynamics in many important areas of the economic activity was observed in the first quarter of 2005 in comparison to high dynamics seen in the subsequent periods of 2004, especially in the months preceding accession. The labour market experienced continuous gradual improvement that started in 2004. The growth rate of consumer prices and prices of producers in industry were reduced. The average real wages and salaries in the enterprise sector and retirement pay and pensions were still running at a lower level than in 2004.

According preliminary data, in the first quarter of 2005 annual real growth of gross domestic product was noted – by 2.1% (in the period directly preceding of accession the increase amounted 7.0%, respectively). Considerable slow-down of growth rate of gross value added in industry – to 0.9% and also in market services sector – to 2.5% weakened the dynamic of GDP. The symptoms of braking unfavorable tendencies noted in construction - gross value added in the first quarter in 2005 increased by 5.3%. The gross value added in the total national economy was higher than in the previous year.



The domestic demand, in the first quarter of 2005 was higher than in 2004 (by 1.1%). The individual consumption, in annual scale, rose by 1.7%, the gross fixed capital formation – by 1.0%. However, changes in inventories were considerable lower. The influence of foreign trade turnover balance was positive and significant higher than in the previous quarters.

In the first quarter of 2005 the gross domestic product, seasonally adjusted (at constant prices of 1995), was higher by 1.2% than in the previous quarter (in the fourth quarter in 2004 – the growth amounted 0.8%, in third – 0.7% and in second – 1.0%, respectively).



The increase of sold production of industry in the first quarter of 2005, in comparison to the high level in 2004, amounted to 0.7%, of which manufacturing – 0.9%, and electricity, gas and water supply – 1.4%. Sales result in mining and quarrying declined by 3.8%. Production increased in 12 industrial divisions (among 29), with the highest growth, among other things, in the manufacture of motor vehicles, trailers and semi-trailers, machinery and equipment and manufacture of metal products. In many important divisions the first quarter of 2005 brought a decreased production, among other things, in manufacture of basic metals and non-metallic mineral products as well manufacture of electrical machinery and apparatus. Manufacture of divisions and groups of industry, considered as drivers of technological development was by 9.2% higher than in 2004.

In foreign trade, the turnovers in exports was higher in the first quarter of 2005 than in 2004, while an increase of turnovers denominated in U.S. dollars and euro was observed in imports, and, a decrease – in Polish zloty. Because of higher dynamics of exports than of imports, the negative balance of turnovers improved significantly. In the structure of import distribution the share of imports increased allocated for intermediate consumption, however a decrease – for capital goods and consumption purposes.

In the first quarter of 2005, sale figure in retail trade decreased by 0.4%, in transport – by 3.0%, and in communication the level of sale was higher by approx. 3% in comparison to 2004.

In the first quarter of 2005, the production of construction increased as compared to the corresponding period of the previous year by 5.7% (in the corresponding period of last year its decrease by 4.3% was observed). The sale of repair works and investment works went up. The results of dwelling construction were lower than in 2004.

After very good results, achieved last year, in the first quarter of 2005 financial situation of the surveyed enterprises was less favorable. A slower increase of revenues from the total activity than costs of obtaining these revenues was a reason of weakened gross and net financial results. In comparison to the first quarter of last year the main economic and financial indices of the surveyed entities were slightly worse (except of liquidity indices).

A further gradual improvement of the situation in the labour market was observed in the first quarter of 2005. The average paid employment in the enterprise sector was by 1.7% higher than in 2004 (towards a decrease in the subsequent quarters of the previous year). The employment increased in manufacturing (2.3%), as well as in many areas of the service activity, including trade and repairs

(4.2%), hotels and restaurants (6.9%) and in real estate, renting and business activities (3.7%).

A slight decrease in the number of the registered unemployed persons was reported in March 2005, and was connected with a higher number of persons removed from unemployment rolls than in February (including undertaken jobs) and a decrease of the number of newly registered unemployed. The unemployment rate was 19.3% that is by 0.1 pt lower than in February 2005 and by 1.1 pt than in 2004. The number of employment offers submitted to labour offices was in the first quarter of 2005 a little higher than in the corresponding period of previous year.

The increase of consumer prices in the first quarter of 2005 was smaller than in 2004 (0.2% against 0.8%). It was influenced by much lower dynamics of prices of food and non-alcoholic beverages as well as goods and services within the scope of transport than in the period of January-March last year. However, among the other things, the increase of prices connected with housing and health care was much higher than in 2004. Prices of clothing and footwear were still on the decrease. A slow down of the increase of consumer prices was recorded in March 2005 as compared to the corresponding period of the previous year (to 3.4%).

The prices of sold production of industry in March 2005 stood on a similar level to the one recorded in December last year, of which prices in mining and quarrying increased substantially, while price decrease was observed in manufacturing. In construction and assembly production, prices rose in the first quarter by 0.5%. A further slowdown of the increase of producers prices in sold production of industry was still observed in March 2005 as compared to the corresponding month in the preceding year (to 2.2%), while prices of construction and assembly production were still much higher than in the previous year (by 4.4%), in spite of a slower dynamics.

In the agricultural market in the first quarter of 2005, procurement prices of cereals were much lower, while animal origin products – higher (except of slaughter poultry) than in 2004. In March 2005, the procurement prices of cereals and milk were still declining, while prices of cattle and poultry for slaughter went up. The profitability rate of pig fattening became much worse in the first quarter of 2005 (8.3 in March 2005, against 10.5 in December 2004), although it was still much better than in 2004. According to preliminary, expertise's of the CSO losses in the surface of sown winter crops will be not large.

The average monthly gross wages and salaries in the enterprise sector and gross retirement pays and pensions in the period of January-March 2005 rose much slower than in the previous year; a higher increase of consumer prices than in the first quarter 2004 caused a decrease of their purchasing power. A decrease of real wages and salaries in the enterprise sector amounted in the first quarter of 2005 to 1.3%, retirement pays and pensions from non-agricultural social security system of insurance – 0.6%, and retirement pays and pensions for farmers – 1.5% (an increase was recorded in the their purchasing power last year).

The deficit of state budget in the first quarter of 2005 was running at the level of PLN 12725.7 mn, which accounted for 36.4% of the amount planned in the budget act for the whole year.

Population

According to initial estimates, in the first quarter of 2005 the number of population of Poland was equal 38162 thous., i.e. by 19.3 thous. fewer than in the previous year and by 11.8 thous. less than at the end of 2004. The actual decrease of population was by ¼ higher than in the first quarter of the preceding year. An increase in the number of deaths was recorded and a small increase of the number of births (in 2004 there was a decrease of both deaths and births recorded). The balance of international migrations for permanent residence remained negative.

In the period of the first three months of 2005, were registered 89.2 thous. births (approx. 1 thous. more than in the previous year). The birth rate amounted to 9.3‰, i.e. by 0.1 pt more than in the first quarter of 2004. 99.5 thous. persons died (by 3.7 thous. more than in th preceding year). The total death rate was at the level of 10.4‰, against 10.0‰ in the corresponding period of the previous year.

In the first quarter of 2005, alike the previous year, the rate of natural increase was negative and amounted to minus 1.1‰, against minus 0.8‰. The number of deaths was by 10.3 thous. higher than the number of live births (in 2004 the difference amounted to 7.5 thous.).

Mortality of infants remained at the level recorded in the preceding year. In the first quarter of 2005 approx. 0.6 thous. children below 1 year died. The death rate of infant per 1000 of live births amounted to 6.8‰ (against 7.1‰ in 2004).

In the first quarter of 2005, similarly to the previous year, 19.5 thous. marriages were contracted, half of which were religious marriages. The marriage rate remained at an unchanged level and equalled 2.1‰. However, the number of adjudicated divorces rose (by 2.6 thous.). Almost 13 thous. married couples divorced, while in relation to almost 2 thous. marriages courts adjudicated separation (in the first quarter of 2004 approx. 0.6 thous. separations were adjudicated). The divorce rate equalled 1.3‰, which means a growth by 0.2 pt in relation to the corresponding period of the previous year.

Labour Market

In the first quarter of 2005, a gradual improvement of the difficult situation in the labour market was observed. After the decline of average paid employment in the enterprise sector, recorded in the previous years, it increased in the period of January-March 2005 relative to the corresponding period of the previous year. The number of registered unemployed person declined both in relation to the previous month, and in comparison to the same period of last year.

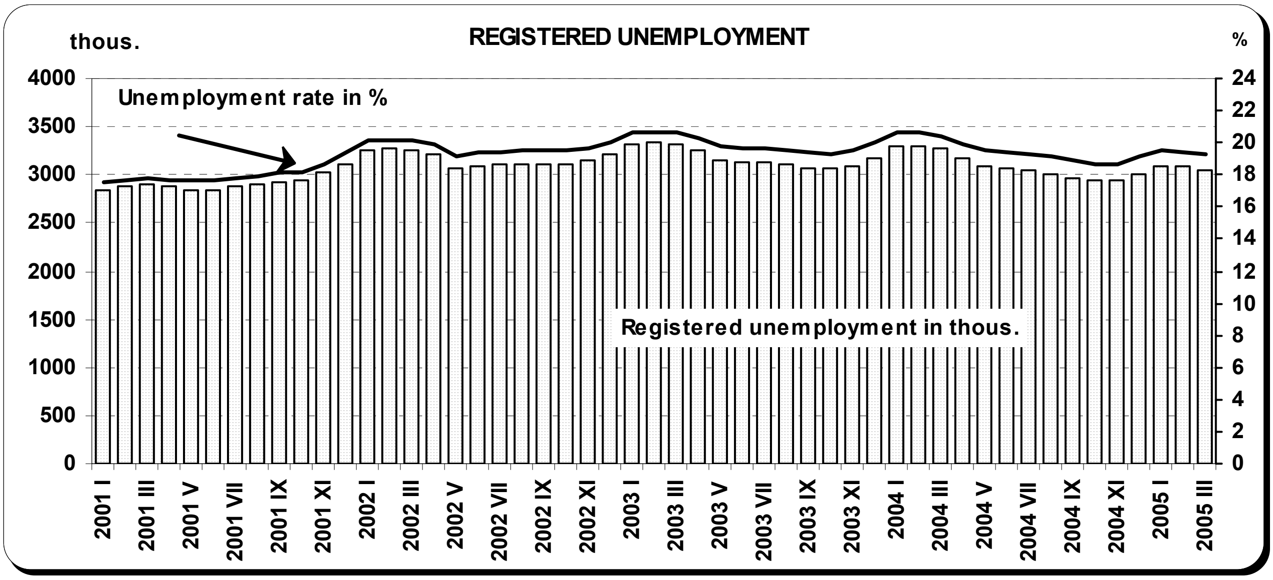
The average paid employment in the enterprise sector in the first quarter of 2005 was running at the level of 4746.2 thous. persons and was by 1.7% higher than in the corresponding period of the previous year (against a decline respectively by 1.4% in 2004). The average paid employment increased in manufacturing and hotels and restaurants, after a decrease in these sections recorded in 2004. Increase was maintained in trade and repair and real estate, renting and business activities, while a further decrease of employment was visible in other sections. In manufacturing with a considerable share in employment, a growth was seen among other things in units producing motor vehicles, trailers and semi-trailers, rubber and plastics products, furniture; manufacturing n.e.c., and also metal products. At the same time, these divisions recorded a growth of sold production of industry in comparison to the first quarter of 2004.

The average paid employment in separate sections of the enterprise sector was as follows:

Specification	III 2005		I–III 2005	
	in thous.	corresponding period of the previous year=100		in thous.
The enterprise sector	4742.5	101.6	101.7	4746.2
of which:				
Industry	2423.5	101.0	101.2	2425.1
mining and quarrying	185.7	95.2	95.2	186.3
manufacturing	2029.8	102.1	102.3	2030.4
electricity, gas, and water supply	208.0	96.9	96.7	208.4
Construction	306.8	99.3	99.4	308.3
Trade and repair	849.7	104.4	104.2	847.9
Hotels and restaurants	80.7	106.7	106.9	80.9
Transport, storage and communication	484.5	98.9	98.4	484.8
Real estate, renting and business activities	434.3	103.1	103.7	435.9

In the end of March 2005, the number of registered unemployed was running at the level of 3052.6 thous. persons, i.e. by 41.9 thous. lower than the level noted in February and by 213.2 thous. lower than in the previous year (against a decrease respectively by 28.7 thous. and by 55.3 thous. in March 2004).

In the end of March 2005, the unemployment rate was equal 19.3% and by 0.1 pt lower than in February and by 1.1 pt lower than in the preceding year. In relation to February 2005 and March 2004, a decrease of the unemployment rate was recorded in all voivodships. Like in the preceding month and the preceding year, the lowest unemployment rate was observed in Mazowieckie voivodship (15.1%) and Małopolskie (15.2%), and the highest – in Warmińsko-Mazurskie (29.5%), Zachodniopomorskie (27.5%), and also Lubuskie (26.1%).



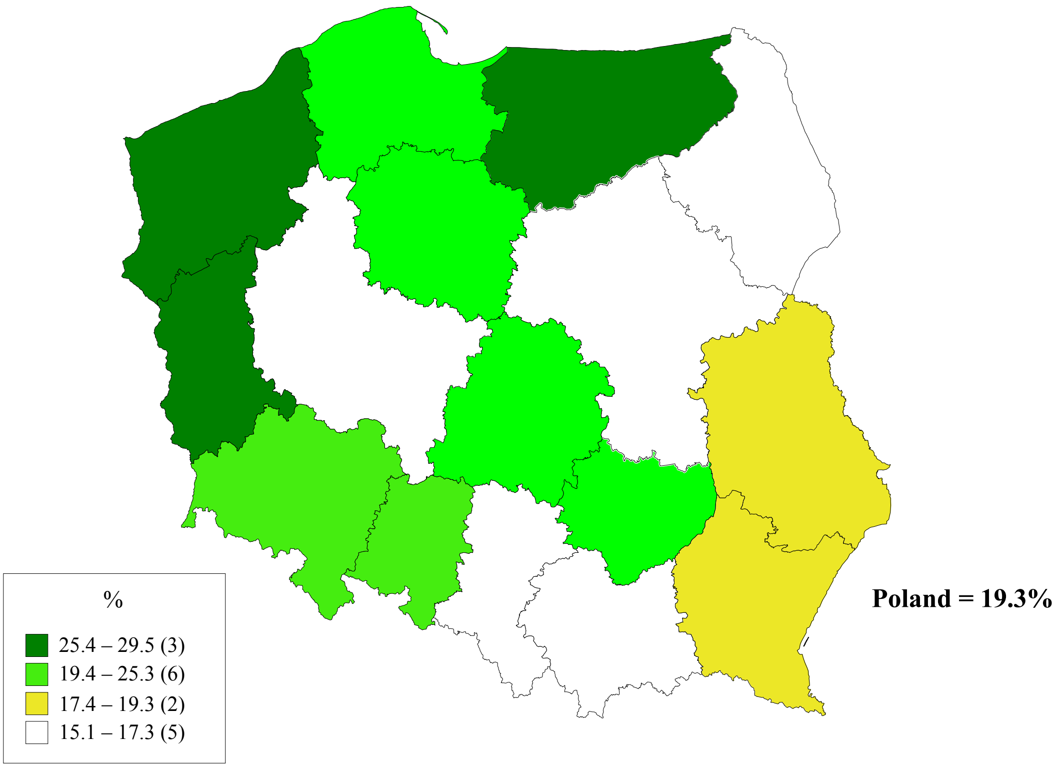
The number of the registered unemployed persons and the unemployment rate were as follows:

Specification	2004				2005
	quarters				
	I	II	III	IV	I
Registered unemployed (in the end of period):					
in thous. persons	3265.8	3071.2	2970.9	2999.6	3052.6
corresponding period of the previous year=100	98.3	98.0	96.7	94.5	93.5
Newly registered unemployed:					
in thous. persons	690.5	579.6	686.9	727.2	673.3
corresponding period of the previous year=100	108.7	104.9	96.5	97.9	97.5
Deregistered unemployed:					
in thous. persons	600.4	774.2	787.2	698.4	620.4
corresponding period of the previous year=100	113.0	104.8	101.8	109.1	103.3
Unemployment rate (in the end of period) in %	20.4	19.4	18.9	19.1	19.3

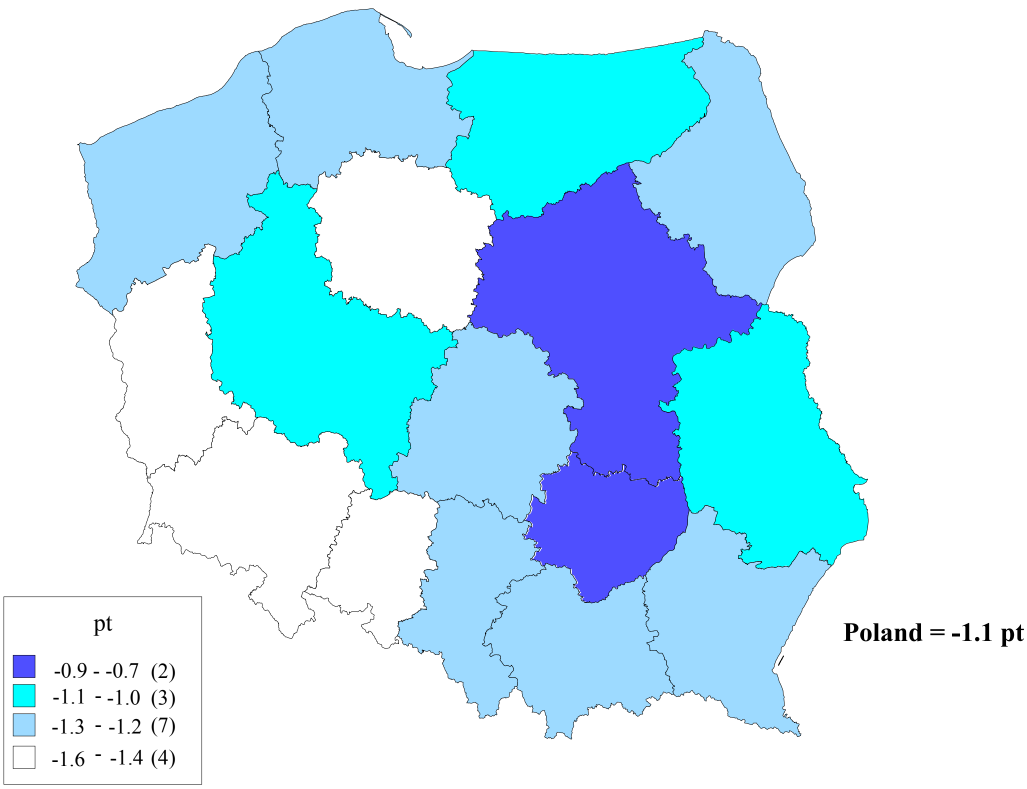
In the first quarter of 2005, the inflow to unemployment was higher than outflow. The number of the newly registered unemployed was equal to 673.3 thous. and was by 17.2 thous. lower than in the preceding year. The number of persons who registered once again increased among the newly registered persons (by 3.8 pt to 80.1%), while the share persons that had not worked yet decreased by 2.3 pts to 26.0%.

THE RATE OF REGISTERED UNEMPLOYMENT IN

At the end of March



CHANGES IN THE RATE REGISTERED UNEMPLOYMENT
Period in the March 2004 – March



The number of persons removed from the unemployment rolls equalled 620.4 thous. and was slightly higher than in the preceding year (by 19.9 thous.). Less persons than in the preceding year were deregistered because of taken up jobs, although it continued to be the main reason of deregistering – 46.4% of the total number (in 2004 – 51.4%). Non-subsidized work (including seasonal) was started by 251.6 thous. persons, and subsidized (intervention and public works among other things) – 36.4 thous. persons (in the first quarter 2004 - 256.5 thous. and 52.4 thous. respectively). Among the remaining persons removed from the unemployment rolls, there was an increase of the share of persons, who lost the status of the unemployed as a result of unconfirmed readiness to take up a job (to 33.2%) and deregistered due to started training or internship with the employers (to 9.0%). The share of persons, who voluntarily resigned from the status of the unemployed, was smaller than in the preceding year (4.0%) alike the number of the unemployed, who acquired retirement pay or pension rights (1.0%).

In the end of March 2005, 2632.2 thous. persons were not entitled to draw an unemployment benefit right and their share in the total number of the unemployed persons increased to 86.2% (against 85.0% in the preceding year).

The group of persons in a specific situation on the labour market comprises, among other things, persons who are long-term unemployed[1], whose share in the number of total registered amounted to 66.5% in the end of March 2005. Persons below 25 years of age constituted 20.2% of the total number of the unemployed, and over 50 years of age – 16.0%. There were 18.1% registered persons without occupational qualifications, 3.2% were bringing up single-handed a small children, and the disabled constituted 2.6%.

In the first quarter of 2005, there were 192.1 thous. job offers submitted to the labour offices (including 25.9% from the public sector), i.e. by 7.9 thous. more than in the preceding year. Among all the offers, 21.7% was related to internship, 6.6% to occupational preparation in the workplace, 3.1% was addressed to disabled persons, a 2.9% - to persons, who completed their school education within the last 12 months.

Agriculture

The monthly changes of agricultural product prices in the agricultural market were relatively small in the first quarter of 2005. The average procurement prices of the majority of products of plant origin were much lower than in 2004, while products of animal origin, except of poultry prices, surpassed the last year's level considerably. Despite smaller procurement of grain than in the first quarter of 2004, prices of cereals demonstrated a downward tendency. In the period of the first three months of 2005 there were no big changes recorded in prices of pigs for slaughter. With a higher supply of milk for purchase, milk prices were gradually going down. In the market-place trade[2] prices of the majority of main agricultural products were higher than in procurement. The following changes in the prices of the main agricultural products occurred in the period of January–March:

- a downward tendency in cereal prices, recorded from last year's crop, persisted in both markets; in the first quarter the average procurement price of 1 dt of wheat was PLN 40.43, and rye PLN 30.37 and that prices were lower respectively by 41.8% and by 40.6% than in 2004; the average market-place price of 1 dt of wheat was PLN 49.90, and rye PLN 38.10;
- potatoes prices in market-place trade were showing a growth tendency; for 1 dt of edible potatoes farmers paid on the average PLN 44.24 in the first quarter of 2005;
- after four months of decline, procurement prices of pigs for slaughter increased in February 2005 and they were running at the same level

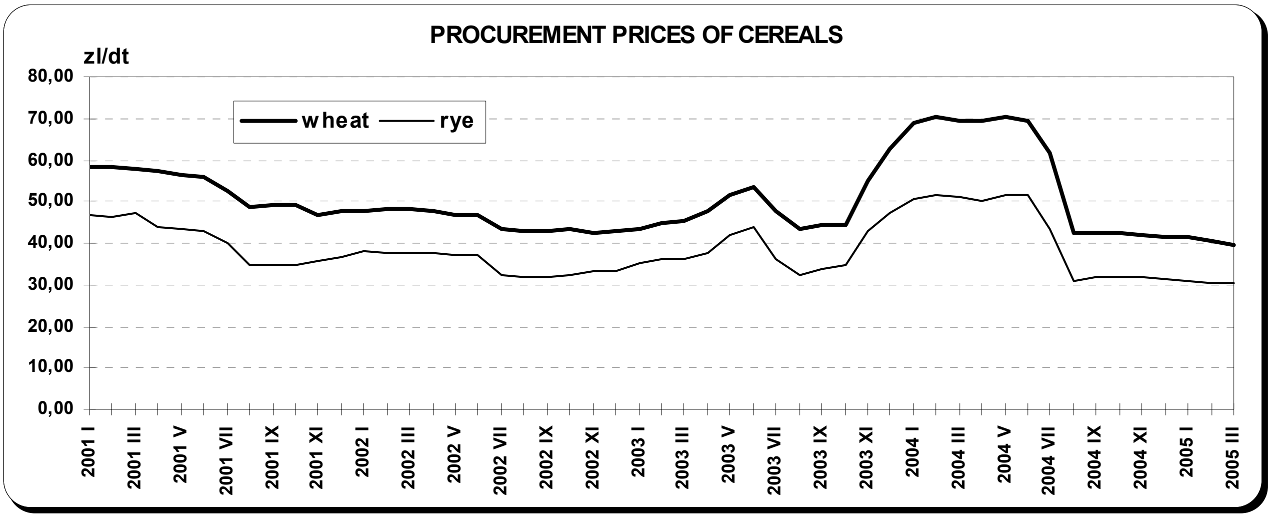
in March; the average procurement price of 1 kg of pigs for slaughter in the I quarter was at PLN 3.92 (in the market-place PLN 4.04) and it was by approx. 16% higher than in 2004; growing prices of piglets in the market-place were the result of a higher profitability of pigs fattening than in the corresponding period of last year;

– prices of poultry for slaughter (after six months of a decline) stabilized; the average price of 1 kg of poultry for slaughter in the period of January-March 2005 was PLN 3.03, i.e. by 1.3% less than in 2004;
– prices of cattle for slaughter in the first quarter of 2005 increased in procurement on average to 4.03 PLN/kg (to 4.07 PLN/kg in the market-places) and were higher by more than 47% in 2004;
– with a high supply of milk to procurement, its price in the period of January–March was on the decline; the average price of 100 l was PLN 96.26 in the first quarter, i.e. by approx. 21% more than in 2004.

The ratio of prices of certain means of agricultural production deteriorated in the first quarter of 2005 in relation to prices of the majority of agricultural products. With the increasing prices of cattle for slaughter, farmers could appropriate less slaughter cattle for purchase of means of production than in the previous year.

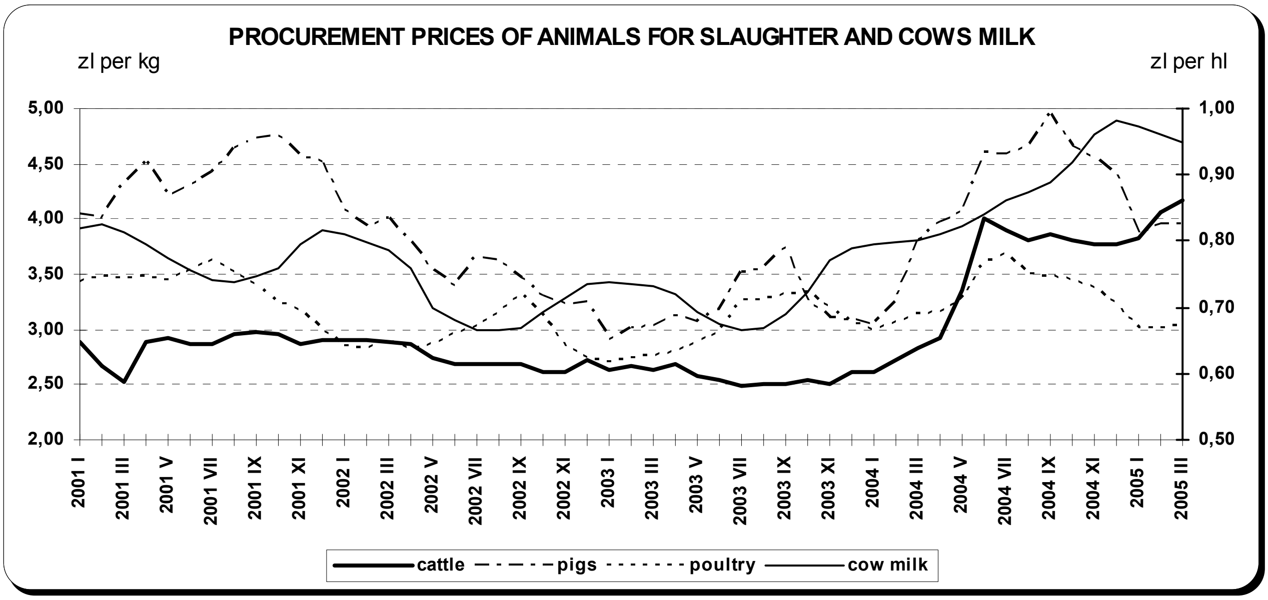
Procurement of the basic cereals (including cereal mixes, without seed grain) in the period of July 2004 – March 2005[3] equalled 5642.5 thous. and was by 3.1% lower than in the preceding economic year. There was 4080.9 thous. tons of wheat purchased (by 9.8% less), and 774.6 thous. tons of rye (by 3.9% more than in the previous year). This procurement accounted for 20.7% of crop, while in 2004 it was 27.1%.

There were 268.3 thous. tons of basic cereals procurement in March 2005 (with cereal mixes, without seed grain), i.e. by 14.4% more than a month ago and by 67.9% more than in 2004. After the last year's record breaking crops of cereals, the prices of cereals were influenced by higher supply than demand and much lower than in 2004. In March, the cost of 1 dt of wheat was on the average PLN 39.61 (by 42.9% less than in 2004), and rye – PLN 30.15 (by 41.1% less).



In the first quarter there was an increase of market-place prices of edible potatoes recorded.

Procurement of animal for slaughter[4] in March 2005 equalled 169.8 thous. t (in wbc) and was higher by 18.0% than in February and by 0.7% than in the previous year. The intensifying decrease of output pigs and cattle for slaughter was reflected by the level of purchase in the first quarter of 2005. Procurement of pigs for slaughter (231.7 thous. tons) was by 10.0% less than in the first quarter of last year, and cattle for slaughter including calves (31.2 thous. t.) was lower respectively by 22.8%. However, in the period of January–March, high supply of poultry for slaughter was maintained, and purchase totalled 190.9 thous. tons, i.e. by 15.6% more than in the analogical period of last year. The total procurement of animals for slaughter in the first quarter of 2005 equalled 455.8 thous. t. and was by 2.1% less than in 2004.



Prices of procurement of pigs for slaughter in March 2005 remained at unchanged level (3.95 PLN/kg) and were by 3.9% higher than in 2004. In March 2005, the market-place price of 1 kg of pigs for slaughter was 4.14 PLN/kg, i.e. by 3.8% more than a month ago. In the period of January–March little fluctuations of prices of pigs for slaughter and prices of cereals in both markets influenced insignificantly the change of profitability of pigs fattening. The ratio of the average prices of procurement of 1 kg of pigs for slaughter to 1 kg of rye (according to market-place prices) in March 2005, similar a month ago, was 10.4 (against 10.1 in January and 7.7 in the preceding year), and to a mix of fodder – 8.3 (against 8.4 in January and in February 2005 and 7.8 in the preceding year). In comparison to the corresponding period of last the price this ratio was still favourable for producers of animals for slaughter. Therefore, the increase of piglet prices in market-place trading was maintained starting from November last year.

With very high supply of poultry for slaughter to procurement centres, the decline of its prices, that had continued since August last year, stopped in February 2005. Prices of poultry for slaughter in March 2005 were running at the level of 3.04 PLN/kg and were lower by 3.1% than in 2004.

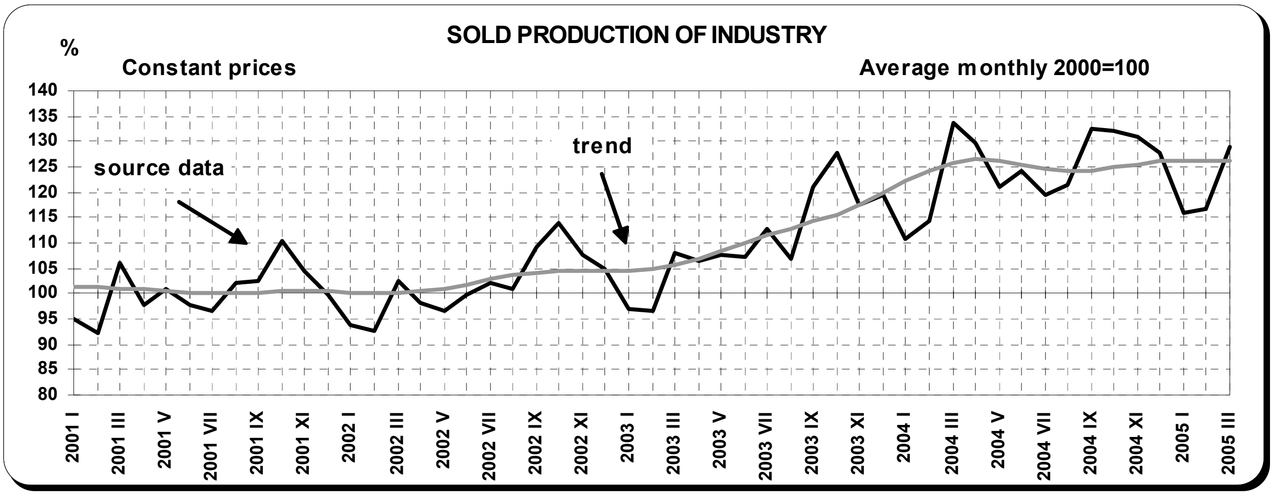
In the period of January-March, with a lower supply of cattle for slaughter, prices of procurement of cattle and calves for slaughter, after stabilization in the end of last year, demonstrated growth tendencies. In March 2005, the price of 1 kg of cattle for slaughter in purchase centres increased to PLN 4.17, and the price of 1 kg of calves for slaughter reached PLN 4.38. In comparison to the prices from the previous year, the prices of procurement of cattle for slaughter and calves for slaughter were higher in March 2005 respectively by approx. 47% and approx. 41%. Prices of cattle for slaughter at the market-places were similar.

In March 2005, in comparison to the previous month the procurement of milk increased considerably (by 14.7%) to 651.4 mn l, being by 10.0% higher than in 2004. From the beginning of 2005 there were 1829.6 mn litres of milk purchased in total, i.e. by 8.7% more than in the corresponding period of last year. Prices of milk purchase, growing from August 2003, were showing a downward tendency from the beginning of 2005. In March 2005 they decreased by approx. 95 PLN/hl and were by 1.1% lower than in the preceding month, but by 19.0% higher than in 2004. Prices of animals for further farming were still growing in the market-place turnover. The price of a milk cow in March 2005 was PLN 1998, and the price of one year heifer was PLN 1296, i.e. respectively by 0.8% and by 1.7% more than in February.

Industry

In the first quarter of 2005, the sold production of industry in enterprises with the number of employees higher than 9 persons was running at the level by 0.7% higher than in the corresponding period of previous year (in the period of January–March last year it went up respectively by 19.0%).

The production of manufacturing rose slightly by 0.9% (in the first quarter 2004 the increase in this section amounted to 23.5%) and in electricity, gas and water supply by 1.4% (against a decrease by 1.7% previous year), while in mining and quarrying it declined by 3.8%.



Among the main industrial[5] groupings, the sale of enterprises producing mainly capital goods was growing the fastest – by approx. 9%, while manufacture of motor vehicles, trailers and semi-trailers accounted for almost a half of sale in this group of goods. There was also an increase in the sale of enterprises producing mainly consumer non-durable goods (by approx. 2%). The sale of intermediate goods decreased by approx. 3%, energy goods – by approx. 2%, and durable consumer goods – by approx. 1%.

The level of production in the divisions and groups considered as drivers of technological development was by 9.2% higher than in the corresponding period of previous year, and their share in the total sold production of industrial enterprises with the number of employees above 49 persons increased from 15.6% in 2004 to 16.0%.

The dynamics (in constant prices) and the structure (in current prices) of the sold production of industry in enterprises with more than 9 persons employed were as follows:

Specification	2004				2005			2004
	I-III	IV-VI	VII-IX	X-XII	I-III	III	I-III	
	corresponding period of the previous year=100						structure in %	
Industry	119.0	116.4	109.2	106.2	100.7	96.3	100.0	100.0
mining and quarrying	100.2	112.1	98.3	98.8	96.2	91.6	5.1	4.9
manufacturing	123.5	119.2	110.0	107.7	100.9	95.6	81.9	82.2
electricity, gas and water supply	98.3	91.9	106.8	96.9	101.4	105.4	13.0	12.9
Of total industry - divisions:								
mining of hard coal and lignite; extraction of peat	99.4	116.1	102.5	96.9	92.4	91.4	3.7	3.5
manufacture of food products and beverages	111.2	104.8	102.0	106.5	101.9	101.0	17.6	17.2
manufacture of textiles	110.8	116.9	108.0	102.9	95.8	90.5	1.4	1.6

Specification	2004				2005		2004	
	I-III	IV-VI	VII-IX	X-XII	I-III	III	I-III	
	corresponding period of the previous year=100						structure in %	
manufacture of wearing apparel and furriery products	96.9	92.0	90.9	93.0	87.7	86.5	1.0	1.2
manufacture of wood and wood straw, and wicker products	122.7	115.9	104.9	106.0	97.8	90.2	2.5	2.7
manufacture of coke, refined petroleum products	115.1	107.9	105.6	98.4	91.9	93.6	5.2	4.5
manufacture of chemicals and chemical products	110.8	111.4	107.4	109.5	100.0	95.5	6.3	6.4
manufacture of rubber and plastic products	129.9	122.1	108.7	98.9	101.7	93.9	4.4	4.5
manufacture of other non-metallic mineral products	138.8	119.9	100.4	95.1	87.1	73.1	2.9	3.4
manufacture of basic metals	127.8	126.2	113.5	114.3	92.5	79.1	4.7	4.5
manufacture of metal products	131.8	124.7	110.1	113.8	107.1	98.6	4.9	4.8
manufacture of machinery and equipment n.e.c.	127.1	126.8	107.5	108.5	109.5	107.1	4.4	4.1
manufacture of electrical machinery and apparatus n.e.c.	126.4	119.1	123.1	77.5	97.8	91.8	3.0	3.3
manufacture of motor vehicles, trailers and semi-trailers	173.0	171.6	146.1	141.5	111.4	98.1	9.8	9.2
manufacture of other transport equipment	170.5	126.4	123.4	103.8	98.8	110.1	1.5	1.7
electricity, gas, stream and hot water supply	98.2	91.6	108.2	96.7	101.9	106.4	12.1	11.9

In the first quarter of 2005, increase in the sold production of industry was noted in 12 divisions of industry (among 29), while the highest increase was recorded among other things in the manufacture of:

– motor vehicles, trailers and semi-trailers – by 11.4% (among other things, manufacture of parts and accessories for motor vehicles and their engines – by 21.3%),
– machinery and equipment – by 9.5% (increase in all the groups – except of manufacture for agriculture and forestry of machinery – a considerable growth, among other things, in manufacture of other special purpose machinery – by 15.9%, of other general purpose machinery – by 11.7%),
– metal products – by 7.1% (especially in treatment and coating of metals; general engineering – by 59.4%, in manufacture of other fabricated metal products – by 9.3%).

In manufacture of food products and beverages, having the largest share in the sold production of industry, the increase amounted to 1.9%, of which in manufacture of vegetable, animal oils and fats – 17.4%, processing and preserving of fruit and vegetables – 8.2%, manufacture of dairy products – 5.6%, production, processing and preserving of meat and meat products – 2.1%, at a decrease, among other things, in manufacture of grain mill products, starches and starch products – by 10.5%.

Among the division with a great importance for the sold production of industry a decrease in sale figures in relation to a very high level from the first quarter of 2004 was recorded among other things in:

– products of other non-metallic material pruducts – by 12.9% (decrease in almost all the groups, considerable among other things in manufacture of cement, lime and plaster – by 26.8%),
– basic metals – by 7.5% (of which in manufacture of basic-iron and steel and of ferro-alloys – by 10.9%),
– electrical machinery and apparatus – by 2.2% (among other things in manufacture of insulated wire and cable – by 23.0%),
– wood and wood straw and wicker products – by 2.2% (including among other things in manufacture of builders' carpentry and joinery – by 12.9%).

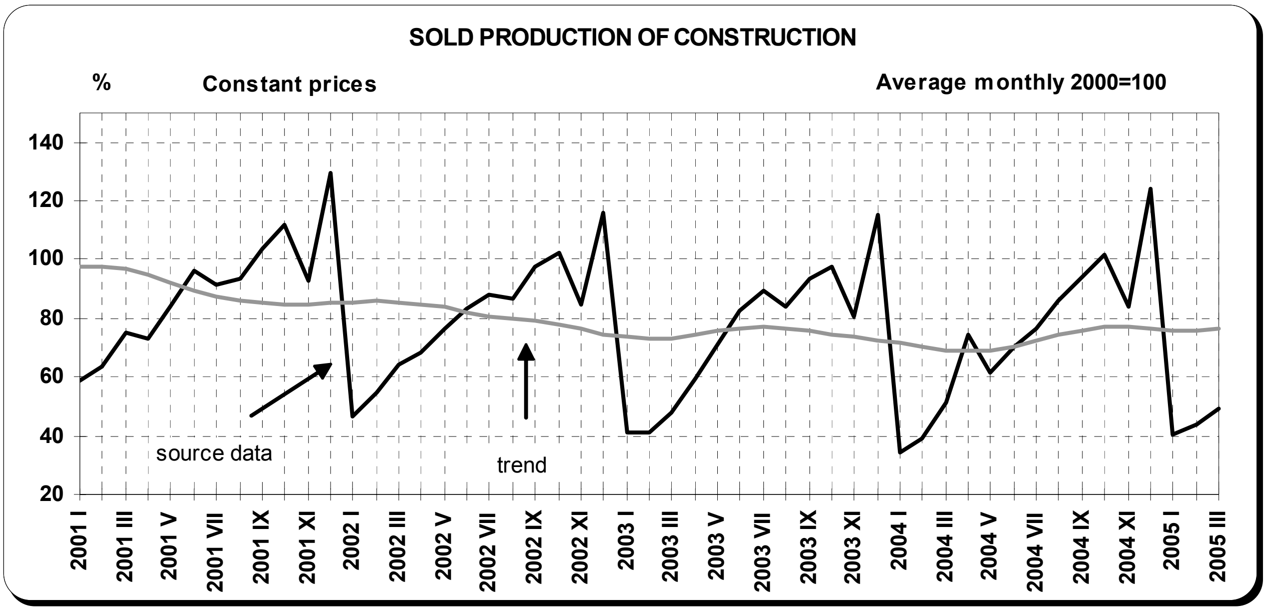
In manufacturing, a higher share was recorded, among other things, in case of manufacture of food products and beverages (from 17.2% to 17.6%), motor vehicles, trailers and semi-trailers (from 9.2% to 9.8%), coke and refined petroleum products (from 4.5% to 5.2%), machinery and equipment (from 4.1% to 4.4%), while the share decreased in, among other things, manufacture of electrical machinery and apparatus (from 3.3% to 3.0%), manufacture of other non-metallic material products (from 3.4% to 2.9%).

In the first quarter of 2005, labour efficiency was running at the level close to the one recorded in the previous year, with the average employment higher by 1.2%.

Among the 244 industrial products and groups of industrial products observed in the first quarter of 2005, manufacture of 109 was higher than in the corresponding period of previous year. A considerable increase in annual scale was achieved among other things in poultry farming, manufacture of beer, natural gas, unleaded petrol, steel tubes, refrigerators and freezers, gas cookers with oven, public transport vehicles, lorries and tractor trailers, frights cars for transporting. Manufacture of 126 products and groups of products was lower than in first quarters of 2004, of which among other things manufacture of hard coal, products of pigs for slaughter, cured meat products, fruit wines, fibreboards, cement, crude steel, hot rolled products (excluding semi-finished products), agricultural tractors, television receivers, bicycles.

Construction

Construction and assembly production performed in the first quarter of 2005 in Poland by construction enterprises with the number of employees above 9 persons was running at the level by 5.7% higher than in the corresponding period of previous year (in 2004 – a decrease by 4.3%). The increase of manufacture was caused by a growth of sale of both with investment works (by 6.3%), as well as of repair works (by 4.1%). As a result, the share of investment related works in the total construction and assembly production went up to 74.5%.



The dynamics (in constant prices) and the structure (in current prices) of construction and assembly production in construction enterprises with the number of employees above 9 persons were as follows:

Specification	2004				2005			2004
	I-III	I-VI	I-IX	I-XII	I-III	III	I-III	
	corresponding period of the previous year=100						structure in %	
T o t a l	95.7	96.8	95.9	99.1	105.7	96.2	100.0	100.0
of which construction activities:								
investment works	95.0	95.6	93.8	96.5	106.3	94.4	74.5	74.1
repair works	97.5	100.2	101.8	106.2	104.1	101.5	25.5	25.9
Of total – groups of enterprises:								
site preparation	79.1	85.6	71.2	114.8	154.8	179.8	1.2	0.8
building constructions; civil engineering	94.1	97.0	96.6	99.5	108.0	98.0	81.9	80.1
building installations	98.9	94.2	90.0	92.6	92.4	81.7	14.9	17.0
building completion	185.8	112.5	123.0	124.3	96.8	103.4	1.9	2.0

An increase in production was recorded in enterprises, whose main kind of activity is building constructions; civil engineering in comparison to the first quarter of previous year. An increase of sale was recorded in enterprises performing road construction works – by more than 34%, specialized construction works by more than 11%, of enterprises involved in general construction and civil engineering by approx. 6%. In the units performing roof constructions and coverings, the sale was more than 9% lower than last year, in the entities building water engineering objects – by approx. 5%.

A high increase of sale was also recorded in enterprises, whose main kind of activity was construction site preparation.

A decrease of manufacture was observed in the group of enterprises performing dealing building installations, while a decrease of sale figures occurred in the entities performing electric installations – by more than 23%, entities dealing with insulation construction works – by approx. 7%, and other construction installations – by more than 2%. The increase was related to units performing heating, water and ventilation and gas installations – by approx. 4%.

The decrease of the level of sale occurred also in the group of enterprises performing building completion works.

In the first quarter of 2005, the share of residential buildings in the structure of construction and assembly production was lower in total than in the previous yaer, and the share of non-residential buildings and civil engineering structures increased.

Dwellings Construction

According to preliminary data[6], there were 25887 dwellings completed in the first quarter of 2005, i.e. by 8.3% less than in the corresponding period of last year (against an increase by 2.1% in the preceding year). In cooperative construction there were 1915 dwellings completed (a decrease by 24.1%), private – 16273 (by 3.9%), public building society – 595 (by 61.3%), and company – 104 (by 53.2%). An increase was recorded in municipal construction – by 1.8% (to 391 dwellings) and construction for sale or rent – by 0.4% (to 6609).

In March 2005, the number of completed dwellings totalled 6814 and it was lower than in 2004 by 28.2%. Worse effects occurred in all forms of dwelling construction. In construction for sale or rental, there were 1555 dwellings completed (a fall by 42.4%), cooperative – 356 (a fall by 65.3%), public building society – 226 (against 65.8%), and in municipal – 36 (against 50.0%).

The average usable floor space of 1 dwelling completed in the first quarter of 2005 reached 112.7 m^2 and it was by 4.8 m^2 higher than in the period of January-March 2004.

The number and the structure of completed dwellings and their average usable floor space were as follows:

Forms of residental construction	I-III 2004			I-III 2005		
	in absolute numbers	structure in %	average size of 1 dwelling in m^2	in absolute numbers	structure in %	average size of 1 dwelling in m^2
T o t a l	28236	100.0	107.9	25887	100.0	112.7
Private	16932	60.0	140.7	16273	62.9	144.1
For sale or rent	6638	23.5	59.6	6609	25.5	62.3
Cooperative	2524	8.9	62.9	1915	7.4	57.5
Public building society	1536	5.4	51.9	595	2.3	46.5
Municipal	384	1.4	43.6	391	1.5	41.2
Company	222	0.8	58.4	104	0.4	63.0

In the period of the first three months of 2005, the number of dwellings, construction of which permissions were issued, increased as compared to the preceding year (by 16.1%, to 25429), while the number of started constructions decreased (by 13.4%, to 14732).

According to estimates, in the end of March 2005 there were 595.9 thous. dwellings under construction, i.e. fewer by 1.9% than in 2004.

Domestic Market

In the first quarter of 2005, retail sales conducted by trade and non-trade enterprises (with the number of employees above 9 persons) was in constant prices by 0.4% lower than in 2004, while in the months preceding accession to the EU, it was observed high growth. A higher decrease of the sales volume than average was recorded in enterprises selling motor vehicles, motorcycles, and parts and classified in the group of „others". The share of the sale generated by enterprises selling motor vehicles, motorcycles, parts in the total value of retail sale decreased as compared to the preceding year by 1.8 pts to 10.1%, and entities classified in the group of „others" – by 4.2 pts to 20.7%.

The dynamics (in constant prices) and the structure (in current prices) of the volume of retail sale realized by trade and non-trade enterprises (with the number of employees above 9 persons) were as follow:

Specification	2004				2005			2004
	I-III	IV-VI	VII-IX	X-XII	I-III	III	I-III	
	corresponding period of the previous year=100						structure in %	
T o t a l [a]	113.6	111.3	104.0	101.1	99.6	96.2	100.0	100.0
of which:								
motor vehicles, motorcycles, parts	124.6	112.9	101.5	75.7	88.2	76.7	10.1	11.9
solid, liquid and gaseous fuels	109.6	112.3	116.7	114.1	107.8	105.8	17.8	15.8
sale in non-specialized stores with food, beverages and tobacco products predominanting	107.7	103.7	102.7	102.6	107.0	113.3	19.9	18.3
food, alcoholic and non-alcoholic beverages and tobacco products in specialized retail sale outlets	110.2	118.7	109.6	117.2	110.6	117.1	9.5	8.4
furniture, radio, television, household appliances	120.7	113.8	62.9	100.5	111.8	107.4	5.1	4.4
others	115.8	106.9	98.9	89.4	83.6	77.0	20.7	24.9

[a] Grouping of enterprises was made on the basis of the Polish Classification of Activities (PKD), classifying an enterprise in a specific category by predominanting kind of activity and according to its present organizational state in the mentioned period. The reported changes (increase/decrease) of the retail sale volume in separate groups of the kind of enterprises' activity can therefore be also a result of, among others, change both in the predominanting kind of activity of of the enterprises and its organization (e.g. join of enterprises). It has no impact on the dynamics of the total retail sale volume.

Wholesale (in current prices) in trade enterprises (with the number of employees above than 9 persons) in the first quarter of 2005 was by 6.0% higher than in 2004. Sale of wholesale enterprises was in that period by 4.7% higher than in the corresponding period of previous year, of which the highest increase was recorded by enterprises dealing with sale realized by contract - of 18.5%, distribution of machinery, equipment and supplies – by 20.1%, alcoholic and non-alcoholic beverages – by 23.7%, and also tobacco products – by 15.7%.

Transport and Communications

Sale of services[7] in the first quarter of 2005 in the units of transport in total (with a number of employees above 9 persons) was in constant prices by 3.0% lower than in 2004, while in generic groups with a high share of transport services in sale figures there was a higher than average decrease observed in railway transport – by 3.8%, in activities of transport agencies – by 6.5% and in air transport – by 18.1%. However, an increase of sale appeared in road transport – by 2.3% and pipeline transport – by 13.1%.

In the first quarter of 2005, the fleet of transport units of the public and private sector (with the total number of employees above 9 persons) transported 69.0 mn tons of goods, i.e. by 3.1% less than in the corresponding period of last year. A decrease in the amount of transports was recorded in transport by railways, air, inland waterways and maritime transport, and an increase took place in road and pipeline transport.

In the period of January-March 2005, there was 34.5 mn tons of goods transported by railway transport, i.e. by 6.4% less than in the corresponding period of last year. In the internal communication there was a decrease of transports recorded by approx. 8.5%. In international communication, which constitutes 47% of the total volume of railway transport (in the previous year 46%), the number of transports of imported loads increased (by 21%) and transit (by 7%), while transport of exported goods decreased (by 21%). There was also a downward trend visible in transports of the majority of groups of loads, of which among other things in transport of ores, stones, sand, fertilizers, freights classified in the group of „other agricultural crops and products" and the group „other cargo".

There was 18.3 mn tons of cargo transported by incommercial road transport (with the number of employees higher than 9 persons) in the first quarter of 2005, i.e. by 16.6% more than in the corresponding period of last year.

There were 14.0 mn tons of crude petroleum and its products pumped from the beginning of the year pipeline transport i.e. by 6.0% more than in the corresponding period of last year.

In the period of January-March 2005 transports by inland waterways equalled 0.5 mn tons, i.e. a fall by 21.9% in comparison to the previous year.

In maritime transport there was 1.7 mn tons of cargo transported from the beginning of the year, i.e. a decrease by 64.9% in comparison to the three months of the previous year.

In the first quarter of 2005, 13.5 mn tons of freight was trans-shipped in commercial sea ports, i.e. by 0.8% more than in the corresponding period of last year. The trans-shipments of the majority of freight groups went up, the most in case of ores (by 26.5%) and coal and coke (by 12.8%), while a decrease was recorded in trans-shipments of wood (by 63.4%) and general cargo (by 11.2%).

In the first quarter of 2005, there were 271.4 mn passengers carried by means of public communication (in the units with above 9 persons employed), i.e. by 5.4% less than in the previous year. Passenger transports decreased in all types of transport. There were 63.9 mn passengers carried by means of railway transport (a decrease by 8.4% as compared to 2004), 206.6 mn by road transport (a decrease by 4.4%), 0.8 mn by air transport (a decrease by 11.2%).

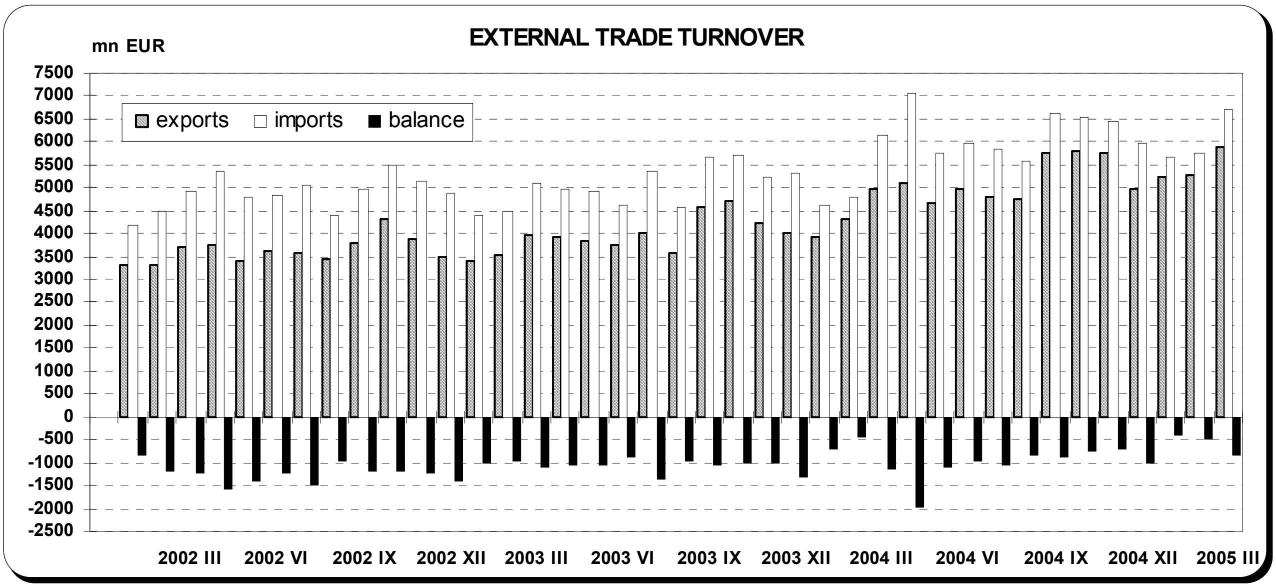
In the first quarter of 2005, the total sale of services in units of communication employing more than 9 persons (including revenues from postal and telecommunication services) was in constant prices by approx. 3% higher than in the previous year. The dynamics of sale of telecommunication and postal services was running at a similar level.

In the end of March 2005, the number of subscribers and users (pre-paid services) of cellular telephony was running at a level of 24.3 mn and it was by 5.3% higher than in the end of December last year and by 30.8% higher than in the previous year. In the first quarter of 2005 the growth of the number of subscribers and users of cellular telephony amounted to 1.2 mn and was by 2.0% higher in comparison to the period of January-March 2004.

In the end of the I quarter of 2005 the total number of main lines[8] in the public fixed line telephony amounted to 12.7 mn and was by 0.1% higher than in the end of last year and by 1.4% higher than in the preceding year. In the end of March 2005, the number of ISDN[9] lines reached the level of approx. 1.5 mn (of which almost 90% installed in cities) and was by approx. 2% higher than in the end of last year and by more than 10% higher than in the end of March 2004. According to estimates the increase of the lines with ISDN access was in the first quarter of 2005 more than 70% lower than in the previous year.

Foreign Trade

In the first quarter of 2005, in comparison to the corresponding period of previous year, a high increase remained for euro- and USD-denominated exports, and lower in case of PLN-denominated exports. There was a decrease of turnover recorded at the side of PLN-denominated imports, while considerable growth occurred in case of the other two currencies. In the first quarter of 2005, exports to the countries of Central and Eastern Europe and developing countries were characterized by the highest growth, while the highest drop occurred in case of import from developed countries, of which the EU countries. The negative balance was lower than in the preceding year as a result of an improved balance with the countries of the European Union. The share of import designated for consumption purposes and capital goods in total imports went down, while it went up in imports for intermediate consumption.



Exports denominated in PLN (in current prices) were higher than a year ago by 5.2% and amounted to PLN 66283.0 mn, and import decreased by 1.2% to PLN 73356.2 mn. Turnovers were closed with a negative balance in the amount of PLN 7073.2 mn (in the first quarter 2004, minus 11212.3 mn PLN). The EUR-denominated foreign trade turnovers went up on the exports side by 24.1% to 16361.2 mn EUR and on the imports side by 16.6% to EUR 18113.2 mn. A negative balance amounted to EUR 1752.0 mn (minus EUR 2342.6 mn in the first quarter 2004). Exports in US dollars amounted to USD 21525.8 mn and were higher by 30.7%, and imports – USD 23824.5 mn, i.e. by 22.9% higher than in the previous year. A negative balance was running at the level of USD 2298.7 mn (in 2004 it was minus USD 2920.1 mn).

In the first quarter of 2005 exports in constant prices was by 5.0% higher than in corresponding period of the previous year, while imports was by 2.6% higher. In turnover with EU countries the volume of exports increased by 2.1% and by 27.8% with Central and Eastern European countries. The volume of goods imported from EU countries rose by 2% and from Central and Eastern Europe countries – 5.2%.

Transaction prices of exported goods were by 0.2% higher and imported goods – by 3.7% lower than in the first quarter of previous year. The “terms of trade” total index amounted to 104.0%, in which foreign trade exchange with EU countries – 104.2 and 93.8 in turnovers with Central and Eastern European countries.

The turnovers of foreign trade were as follows:

Specification	I-III 2005						2004	2005
	PLN mn	EUR mn	USD mn	I-III 2004=100			I-III	
				PLN	EUR	USD	structure in %	
Exports	66283.0	16361.2	21525.8	105.2	124.1	130.7	100.0	100.0
Developed countries	56890.6	14042.6	18477.8	102.2	120.4	126.9	88.4	85.8
of which the European Union	52351.5	12922.2	17003.1	99.5	117.4	123.6	83.5	79.0
of which the Euro zone	37536.4	9264.8	12192.1	99.3	117.1	123.3	60.0	56.6
Developing countries	3729.4	919.8	1209.2	128.5	151.4	159.4	4.6	5.6
Countries of Central and Eastern Europe.	5663.0	1398.8	1838.8	128.6	151.9	160.0	7.0	8.6
Imports	73356.2	18113.2	23824.5	98.8	116.6	122.9	100.0	100.0
Developed countries.	55104.9	13605.9	17896.9	96.1	113.4	119.6	77.3	75.1
of which the European Union	49205.5	12147.6	15978.5	95.5	112.7	118.7	69.5	67.1
of which the Euro zone	37878.0	9351.1	12300.0	97.6	115.2	121.3	52.3	51.6
Developing countries	10738.5	2651.8	3487.2	105.1	123.9	130.5	13.7	14.7
Countries of Central and Eastern Europe.	7512.8	1855.5	2440.4	112.9	133.0	139.7	9.0	10.2
Balance	-7073.2	-1752.0	-2298.7	x	x	x	x	x
Developed countries	1785.7	436.7	580.9	x	x	x	x	x
of which the European Union	3147.1	774.6	1024.6	x	x	x	x	x
of which the Euro zone	-341.6	-86.3	-107.9	x	x	x	x	x
Developing countries	-7009.1	-1732.0	-2278.0	x	x	x	x	x
Countries of Central and Eastern Europe.	-1849.8	-456.7	-601.6	x	x	x	x	x

In the geographical structure of trade turnovers in the first quarter of 2005, in comparison to the corresponding period of last year, the share of countries from Central and Eastern Europe and developing countries increased, and the share of the developed countries, including the European Union, went down. Export to the countries of the European Union decreased by 0.5% to PLN 52351.5 mn, whereas import decreased by 4.5% to PLN 49204.5 mn. The positive balance amounted to PLN 3147.0 mn, against PLN 1046.5 mn in the first quarter of previous year. The EUR-denominated turnovers on the side of export equalled EUR 12922.2 mn, and on the side of import EUR 12147.6 mn and were higher than in the preceding year by 17.4% and by 12.7%, respectively. The positive balance equalled EUR 774.6 mn, against EUR 227.7 mn in the preceding year. Exports to the countries of the European Union in the first quarter of 2005 accounted for 79.0% of the total export value, and the import from these countries – 67.1% of the total import value (against 83.5% and 69.5% in the corresponding period of last year respectively).

The value of trade turnover with Germany – our main trading partner – declined in comparison with the first quarter of previous year in exports by 5.5% to the level of PLN 19283.3 mn (EUR 4759.1 mn), and in import it went up by 2.5% to PLN 17894.2 mn (EUR 4417.8 mn). The exchange was closed with a positive balance of PLN 1389.1 mn (EUR 341.3 mn), against the positive balance of PLN 2953.7 mn (EUR 624.0 mn) in the preceding year. The share of Germany in the total exports decreased from 32.4% in 2004 to 29.1%, while in imports it increased from 23.5% to 24.4%.

Among trading partners of Poland consecutive countries ranked in the following way: in export – Italy (6.5%), France (6.4%), the United Kingdom (5.9%), the Netherlands (4.5%), Russia (4.0%), the Czech Republic (4.1%), Belgium (3.5%), Sweden (3.1%) and Norway (2.7%), and in import - Russia (7.3%), Italy (7.1%), France (6.4%), China (4.9%), the Netherlands (3.8%), the Czech Republic (3.6%), the United Kingdom (3.0%), Spain (2.8%) and Belgium (2.6%).

Trade turnovers with the countries of Central and Eastern Europe in the first quarter of 2005, in comparison to the corresponding period of last year, increased in export by 28.6% to the level of PLN 5663.0 mn (EUR 1398.8 mn), and in import by 12.9% to PLN 7512.8 mn (EUR 1855.5 mn). The exchange closed with a negative balance of PLN 1849.8 mn (minus EUR 456.7 mn), against a negative balance of PLN 2250.5 mn (minus EUR 474.7 mn) in 2004. Exports to the countries of Central and Eastern Europe accounted for 8.6% of total exports, a import – 10.2% of import in total (against 7.0% and 9.0% in the preceding year, respectively).

In the first quarter of 2005, Russia ranked 6th among the recipients of Polish commodities and 2nd among suppliers to polish market (in 2004 10th and 4th place respectively). Exports to Russia increased by 60.8% and amounted to PLN 2665.0 mn (EUR 658.2 mn), and imports from Russia increased by 6.7% to the level of PLN 5363.6 mn (EUR 1324.7 mn). The negative balance of turnover equalled PLN 2698.6 mn (minus EUR 666.5 mn), against PLN minus 3371.1 mn (minus EUR 709.1 mn) in the preceding year. The share of Russia in the total exports increased from 2.6% in the first quarter 2004 to 4.0%, and in imports from 6.8% to 7.3%.

Current Account of the Balance of Payments on Transactions Basis

The balance of payments on transaction basis presents data concerning financial and non-financial transactions, concluded between Polish and foreign entities during one year.

In March 2005, the current account of the balance of payments[10] closed with a positive balance in the amount of EUR 67 mn (minus EUR 552 mn in the preceding year). The balance of current transfers and services improved (by EUR 359 mn and by EUR 250 mn, respectively). The negative balance of trade and commodities decreased (by EUR 244 mn). The negative balance of incomes was worsened (by EUR 234 mn).

The balance of current transfers amounted to EUR 698 mn (EUR 339 mn in the previous year). Revenues by way of current transfers increased by more than twice (to EUR 908 mn), and expenditures – by 3-times (to EUR 210 mn).

The balance of services was equal EUR 213 mn (minus EUR 37 mn in the preceding year). Revenues from services were running at the level of EUR 1016 mn (higher by 33.9%), while expenditures by way of services increased by 0.9% (to EUR 803 mn).

Export of goods increased by 10.2% (to EUR 6177 mn), and import - by 5.3% amounting to EUR 6511 mn. The negative balance of turnover in goods decreased from minus EUR 578 mn to minus EUR 334 mn.

Revenues from incomes increased by 20.9% (to EUR 156 mn), and expenditures – by 64.4% (to EUR 666 mn). The negative balance of incomes deepened by EUR 243 mn (to minus EUR 510 mn).

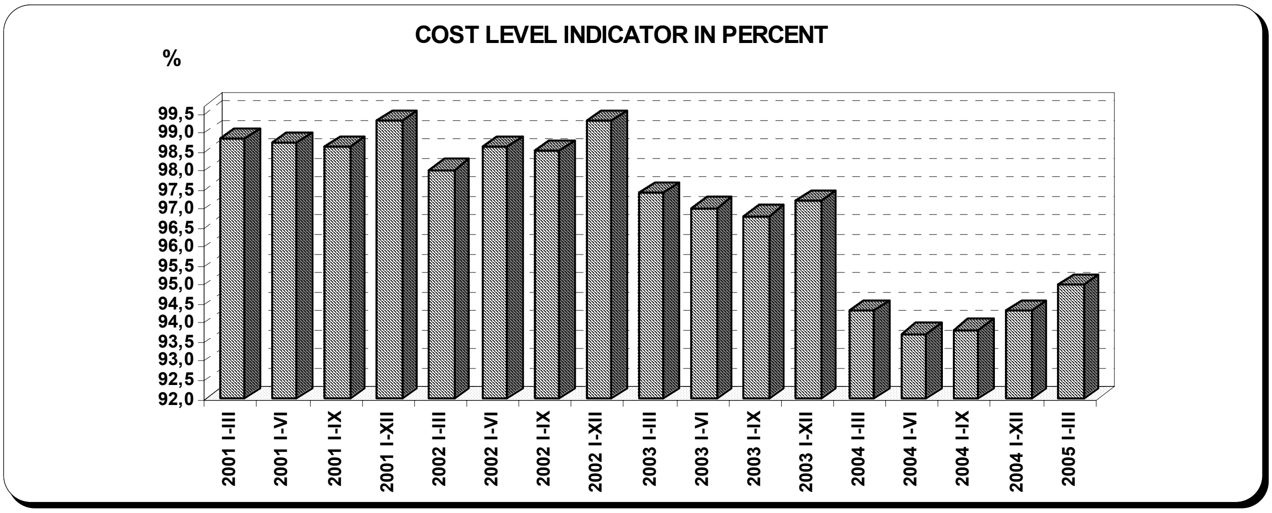
Financial Results of Non-financial Enterprises

In the first quarter of 2005, the surveyed enterprises[11] achived financial results that were worse than very good ones observed in 2004, as the effect of slower growth of revenues from total activities than of costs of obtaining them. The weakening of financial results was recorded in particular in manufacturing, transport, storage and communication and trade and repairs. Their improvement appeared among other things in mining and quarrying and other community, social and personal service activites. In comparison to the first quarter of last year the main economic-financial results were slightly worse, except of liquidity financial indices.

The surveyed entities had the following results in terms of revenues, costs and financial results:

Specification	I-III 2004	I-III 2005
	PLN mn	
Revenues from total activity	285591.3	294462.0
Costs of obtaining revenues from total activity	269200.0	279648.1
Result on economic activity	16391.3	14813.9
result on sale of products, goods and materials	16869.7	15901.5
result on other operating activity	1539.7	664.7
result on financial operations	-2018.1	-1752.3
Result of extraordinary events	573.7	272.2
Gross financial result	16964.9	15086.1
Net financial result	13405.3	10987.0

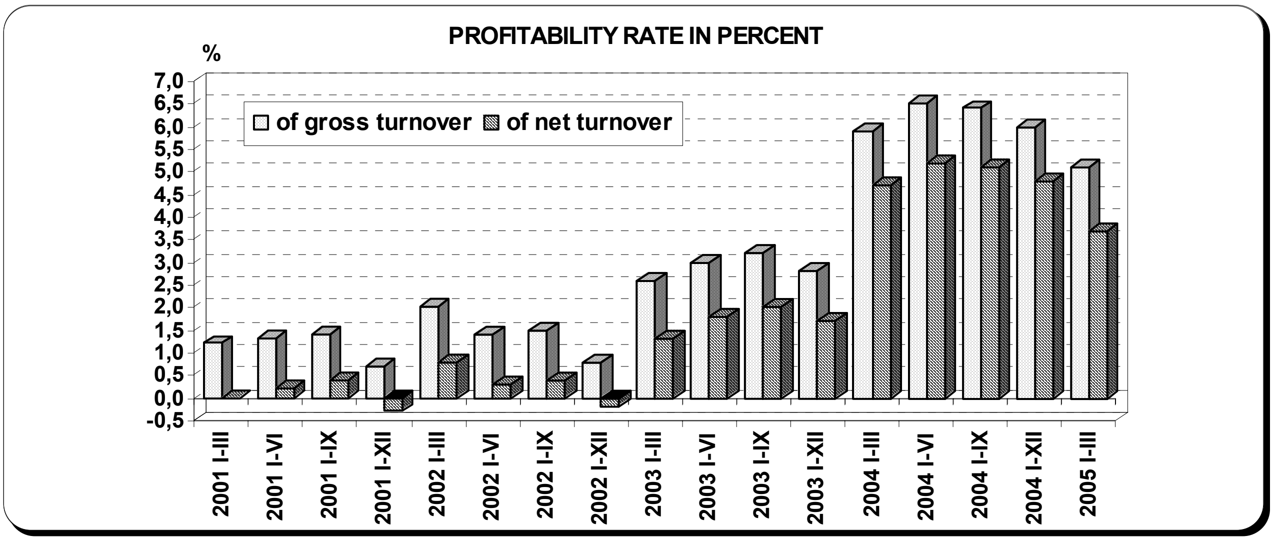
Revenues from total activity in the first quarter of 2005 were by 3.1% higher than in 2004, while costs of obtaining them rose by 3.9%, which was reflected in the decrease of the cost level indicator from 94.3% to 95.0%. Net revenues from sale of products, goods and materials went up in all the sections, the most in trade and repairs, manufacturing and electricity, gas and water supply. The share of net revenues from sale of products, goods and materials in the total revenues increased from 96.0% in 2004 to 96.7%.



The financial result from sale of products, goods and materials decreased by PLN 968.2 mn (by 5.7%), of which especially in manufacturing (from PLN 8648.2 mn to PLN 7439.6 mn) and trade and repairs (from PLN 1204.4 mn to PLN 781.2 mn). The result on other operating activity worsened significantly (by PLN 875.0 mn), while the loss financial operations decreased by PLN 265.8 mn. As a result, the result on economic activity was by PLN 1577.4 mn (by 9.6%) lower than in 2004, while it took the greatest turn for the worse in manufacturing (from PLN 8361.0 mn to PLN 7005.5 mn) and trade and repairs (from PLN 1339.7 mn to PLN 820.4 mn).

The gross financial result in the first quarter of 2005 amounted to PLN 15086.1 mn (the gross profit – PLN 20259.5 mn, gross loss – PLN 5173.4 mn) and it was by PLN 1878.8 mn (by 11.1%) lower in comparison to the corresponding period of previous year. Encumbrances of the gross financial result equalled PLN 4099.1 mn (by PLN 539.4 mn more than in 2004). The ratio of the income tax from legal and natural persons increased to the gross profit increased from 14.7% to 18.2%. The net financial result was running at the level of PLN 10987.0 mn (the net profit of PLN 16287.6 mn, the net loss – PLN 5300.6 mn) and it was lower by PLN 2418.3 mn (by 18.0%) in comparison to the first quarter of previous year. The net profit was demonstrated by 57.7% of all the surveyed enterprises (against 63.5% in the preceding year), and their share in total revenues decreased from 81.2% to 75.4%. In manufacturing the net profit was demonstrated by 61.8% enterprises, whose share in the revenues of this section amounted to 79.1%.

The profitability rate on sale of products, goods and materials decreased from 6.2% to 5.6%, the profitability rate of gross turnover – from 5.9% to 5.1%, and net turnover – from 4.7% to 3.7%. In comparison to the first quarter of previous year, the share of profitable entities (i.e. entities that demonstrate the net turnover rate equal and higher than 0.0) decreased in the total number of surveyed entities from 65.4% to 59.6% and their share in revenues from total activity fell from 81.8% to 76.2%. Worsening of net turnover profitability was recorded in the majority of sections, except of mining and quarrying, construction, other municipal, social and individual services, education, health and social care.



Liquidity indices of the first and second degree improved much in the first quarter of 2005, growing respectively from 24.6% to 29.9% and from 88.8% to 94.7%. The first degree liquidity indicator above 20% was obtained by 37.9% of the surveyed enterprises (against 35.7% in 2004), and the index of liquidity of the second degree in between 100% and 130% - by 12.1% enterprises (agains respectively 12.5%).

The ratio of liabilities to dues (from deliveries and services) was running at the lower level than in the previous year (92.7%, against 96.6%). Higher value of liabilities by deliveries and services than dues was recorded in the first quarter of 2005 in trade and repairs and in hotels and restaurants.

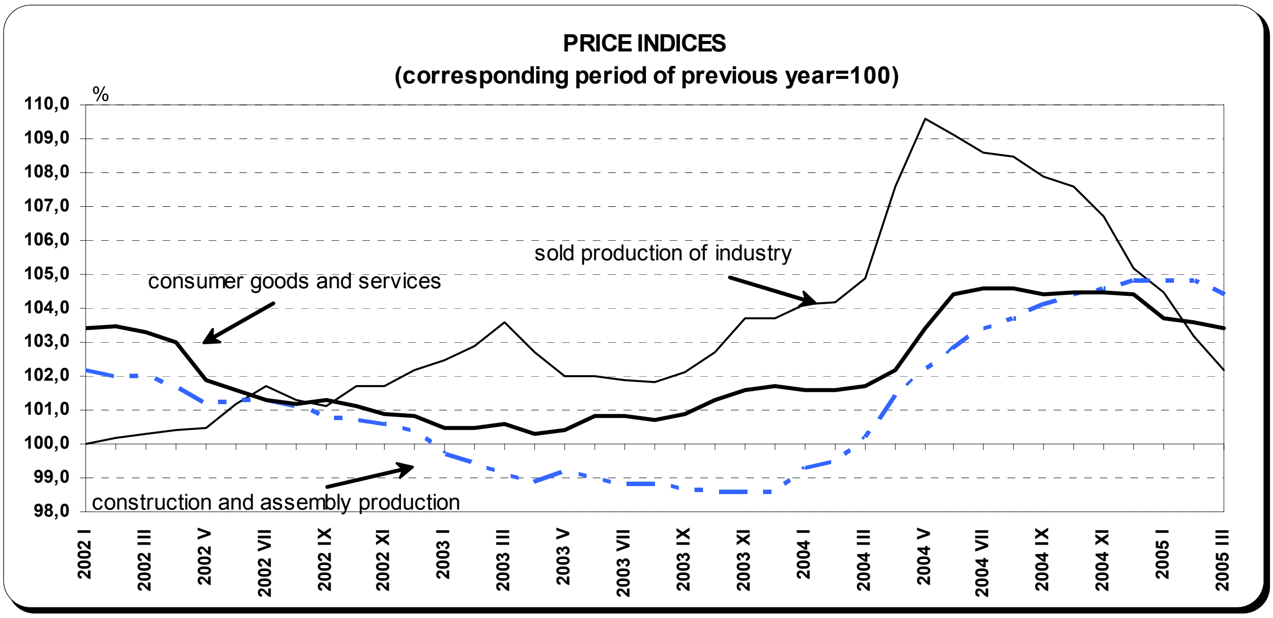
The value of short-term liabilities of the surveyed enterprises in the end of March 2005 reached the amount of PLN 267391.5 mn and it was by 0.7% higher than in the previous year. Increase of the value of liabilities was recorded in liabilities by virtue of taxes, custom duties, social security and other benefits by 2.2% and in case of other liabilities by 16.9%. Decrease was recorded in liabilities derived from deliveries and services by 2.2%, in liabilities originating from credits and loans - by 5.2% and issue of debt securities - by 19.4%.

Long-term liabilities of the surveyed enterprises in the end of March 2005 equalled PLN 123750.4 mn and were by 13.5% lower than in the previous year. There was a decrease reported for credits and loans – by 7.8% and other liabilities - by 19.5%. An increase was reported in liabilities from issue of debt securities – by 28.9%.

Prices

In the first quarter of 2005, the average monthly growth rate of prices of consumer goods and services was lower than in the preceding year (0.1%, against 0.3%). Slower dynamics were related particularly to prices of foods, non-alcoholic beverages and transport. The prices of in industry in March 2005 were higher by 0.1% than in December in the previous year, while in construction and assembly production their increase was a little slower than in the preceding year.

In March 2005, the increase of consumer prices continued to slow down as compared to the previous year (to 3.4%). The increase of prices of manufacturers in industry was also lower than in the previous months (2.2%). The prices of construction and assembly production, in spite of a slower growth, were still much higher than in the preceding year (by 4.4%).



The average monthly growth rate of prices in the basic areas of the national economy was as follows:

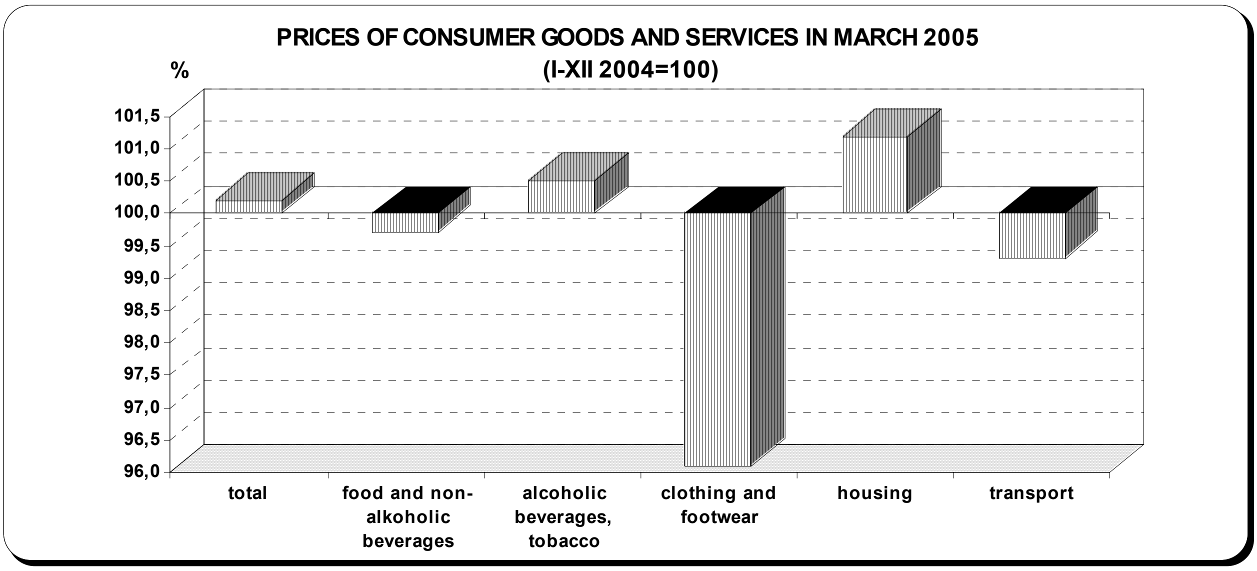
Specification	2004					2005
	growth rate of prices (in %) – quarters					
	I-IV	I	II	III	IV	I
Prices of the sold production of industry	0.4	1.0	1.1	0.1	-0.4	0.0
mining and quarrying	1.2	4.1	0.7	1.1	-1.0	1.3
manufacturing	0.4	1.0	1.2	0.1	-0.5	-0.2
electricity, gas and water supply	0.1	0.1	0.1	0.0	0.0	0.8
Prices of construction and assembly production	0.4	0.3	0.8	0.3	0.1	0.2
Prices of consumer goods and services	0.4	0.3	0.9	-0.1	0.3	0.1
food and non-alcoholic beverages	0.6	0.5	1.8	-0.7	0.8	-0.1
alcoholic beverages and tobacco	0.2	0.1	0.4	0.3	0.0	0.2
clothing and footwear	-0.3	-0.9	0.1	-0.5	0.1	-1.3
housing	0.3	0.2	0.7	0.2	0.2	0.4
health	0.1	0.2	0.2	0.1	0.0	0.5
transport	0.8	1.2	1.3	0.4	0.2	-0.2
communications	0.0	-0.1	0.0	0.0	0.0	0.1
recreation and culture	0.1	0.0	0.4	0.0	-0.1	0.2
education	0.3	0.1	0.1	0.1	1.1	0.1

The prices of sold production of industry were higher by 0.1% than in December previous year (against a rise by 3.0% in the first quarter of 2004). The highest increase, although much smaller than in the preceding year, was observed in the prices of mining and quarrying (3.9%, against 12.9%). The prices in the section of electricity, gas and water supply were growing faster than in the first quarter of 2004 (2.5%, against 0.2%). In manufacturing there was a price decrease reported (by 0.6%, with a growth by 2.9% in 2004). Prices fell, among other things, in manufacture of basic metals (by 3.0%), food products and beverages (by 2.2%), chemicals and chemical products and rubber and plastic products (both by 1.7%). However, producers of coke and refined petroleum products increased their prices significantly (by 7.5%).

In March 2005, slower increase of prices of sold production of industry, continuing from June 2004, was still observed, as compared to the corresponding period of previous year (to 2.2%). The prices of mining and quarrying still remained much higher than in 2004 (by 6.4%). An increase of prices in the section of electricity, gas and water supply equalled 2.9%. Whereas, in case of manufacturing prices in March 2005 were by 1.6% higher than in 2004 (including manufacture of coke and refined petroleum products – by 28.8%).

The prices of construction and assembly production went up in the period of January-March 2005 by 0.5% (against 0.9% in the preceding year). The prices of performance of building completion – by 1.4%, renting of construction or demolition equipment with operator increased by 1.3%, building installations – by 1.1% and building constructions; civil engineering – by 0.5%. In March 2005, the prices of site preparation decreased by 0.7%. Increase of the prices of construction and assembly production on annual scale amounted to 4.4% (against 0.2% in the preceding year).

In the period of January-March 2005, the prices of consumer goods and services were growing slower than in 2004 (0.2%, against 0.8%), mainly due to a significant decrease of the prices dynamics of food and non-alcoholic beverages and transport related goods and services. Prices related to housing and health increased, among other things, comparring with the December 2004.



In the first quarter of 2005, in relation to the corresponding period of the previous year, the prices of consumer goods and services increased by 3.6% (against 1.6% respectively in 2004). Substantial growth was reported particulary in prices of food and non-alcoholic beverages (by 5.9%), transport (by 5.2%) and housing related prices (by 4.5%). A decrease was reported, among other things, in clothing and footwear prices (by 4.6%).

March 2005 was the fourth month when a decline of the consumer price index was reported in comparison with March 2004, Nevertheless, the increase in price (by 3.4%) was still higher than respectively in 2004 (1.7%).

Prices of food and non-alcoholic beverages decreased in the period of January-March 2005 by 0.3% (against an increase by 1.6% in 2004). The meat prices fell considerably (by 2.7%, of which pork – by 4.8% and poultry – by 4.7%, at an increase of beef prices by 0.9%). Prices reductions were also relative to prices of oils and fats (by 1.2%) and bread and cereals (by 0.1%). While fish prices went up (by 0.5%) and articles in the group of “milk, cheese and eggs” (by 0.7%, while the prices of milk and cheese went up by 1.1%, and the prices of eggs dropped by 2.2%). The prices of fruits and vegetables went up the most (2.4% and 6.7% respectively).

In the first quarter of 2005, the alcoholic beverages and tobacco went up by 0.5% (against 0.3% in the corresponding period of previous year), while the prices of tobacco went up more (1.2%), than alcoholic beverages (0.1%).

The prices of clothing and footwear declined from the beginning of the year by 3.9% (against a decrease by 2.8% in the preceding year); with a deeper drop in prices of footwear (5.5%) than clothing (3.2%).

Increase in the prices of goods and services related to housing, in the first quarter of 2005, was slightly higher than in the preceding year (1.2%, against 0.6%). Fees for actual rentals for housing (including cold water charges) were raised by 1.9% (while water supply increased by 3.0%), and electricity, gas and other fuels by 1.6%, of which electricity went up the most in price (by 3.4%) and gas (by 2.7%). The prices of heat energy increased by 0.6%, and liquid and solid fuels decreased by 0.4%. Increase in the prices of goods and services related to furnishings, household equipment and routine maintenance of the house amounted to 0.2%.

Prices of goods and services associated with health became more expensive in the period of the first three months of 2005 by 1.6% (against 0.5% in the preceding year). An increase was reported especially in prices of pharmaceutical products (by 2.2%). Fees for out-patient services were raised by 0.6%.

Prices of transport went down in the first quarter of 2005 by 0.7% (against an increase by 3.5% in the preceding year) as a result of the drop of prices of purchase of vehicles by 2.0% and fuels for personal transport equipment (by 1.0%). Prices of transport services went up (by 0.7%, of which transport by intra-urban buses – by 1.0%).

In the first quarter of 2005, the prices related to communication went up by 0.2%. A considerable rise was reported (as a result of including in the basic VAT rate) in case of fees for Internet services (by 18.7%).

Prices of goods and services related to recreation and culture rose in the period of January-March 2005 slightly faster than in the preceding year (0.5%, against 0.1%). Fees for radio and television net were raised among other things (by 2.6%) and cable (by 1.4%). While the prices of among other things audiovisual, photographic and information processing equipment decreased (by 2.4%).

In March 2005, the fees for education were by 0.2% higher than in December last year and by 3.8% higher than in 2004. In the first quarter of 2005, a price growth was visible among other miscellaneous goods and services as in the case of the prices of services related to social protection that went up by 1.4% and prices of insurance services that rose by 0.5%.

The price of consumer goods and services increased by 4.1% from April 2004 – March 2005 in relation to previous 12 months compiled by movable average method (against 3.9% in the period of March 2004 – February 2005). Harmonized index of consumer prices[12] increased in that period by 4.0%.

Wages and Salaries and Social Benefits

In the first quarter of 2005, similarly to the third and fourth quarter of the preceding year, year-on-year decrease was recorded in the purchasing power of the average wages and salaries in the enterprise sector and gross retirement pays and pensions, while their relatively high real increase occurred in 2004.

In the period of January-March 2005, the average monthly gross wage and salary in the enterprises sector reached PLN 2425.24 and it was by 2.0% higher than in the preceding year. In comparison to the first quarter of the previous year, the average gross wages and salaries rose the most in the sections: electricity, gas and water supply, mining and quarrying and real estate, renting and business activities, while the least – in trade and repairs, manufacturing and transport, storage and communication. Among the divisions of manufacturing with a considerable share in employment, the highest increase of wages and salaries occurred in the enterprices of manufacture of wearing apparel and furriery (by 4.0%) and machines and equipment (by 2.7%), a decrease – among other things - in manufacture of furniture; manufacturing n.e.c. (by 1.2%).

In March 2005, the average monthly gross wage and salary in the enterprise sector was running at the level of PLN 2480.50, i.e. by 2.2% higher than in the preceding year.

The purchasing power of the average monthly gross wage and salary in the enterprise sector in the period of the first three months of 2005, similarly to the third and fourth quarter of the preceding year, declined (by 1.3%) in comparison to the corresponding period of the previous year (against the growth respectively by 3.8% in the I quarter of 2004). In March 2005, it was by 0.9% lower than in 2004.

The average gross monthly retirement pay and pension from non-agricultural social security system was running at the level of PLN 1160.10 in the first quarter of 2005, i.e. by 3.3% higher than in the corresponding period of the previous year. In March 2005 it was equal to PLN 1177.51 and was by 3.3% higher than in 2004. A decrease of the purchasing power of the average monthly gross retirement pay and pension (by 0.6%) that had been recorded already in the third quarter of 2004 persisted in the period of the first three months of 2005 in relation to the corresponding period of the previous year (against a growth respectively by 3.5% in the period of January–March 2004). In March 2005, it declined by 0.4% year-on- year.

In the period of January-March 2005, the average monthly gross retirement pay and pension farmers totalled PLN 756.55 and was by 2.4% higher than in the corresponding period of the previous year. In March 2005 it was running at a level of PLN 760.62, i.e. by 2.3% higher than in 2004. The purchasing power of the average gross monthly retirement pay and pension, was decreasing from the second quarter of the previous year and in the first quarter of 2005 it was by 1.5% lower than in the period of the three months of 2004 (against a growth respectively by 1.9% in the preceding year). In March 2005 it decreased year-on-year by 1.4%.

The average total number of retirees and pensioners in the first quarter of 2005 equalled 9195 thous. persons and was by 0.2% lower from the one recorded respectively in the preceding year. Retirement pays and pensions from the non-agricultural social security system were being collected by 7525 thous. persons, i.e. by 0.5% more than in the corresponding period of the previous year, and from the agricultural system – 1670 thous. persons (by 3.5% fewer).

In the first quarter of 2005, the gross total of unemployment benefits (excluding social security contributions) amounted to PLN 622.7 mn and was by 10.6% lower than in the corresponding period of the previous year. In March 2005, the amount of PLN 211.5 mn was paid as the unemployment benefit, i.e. by 11.8% fewer than in 2004.

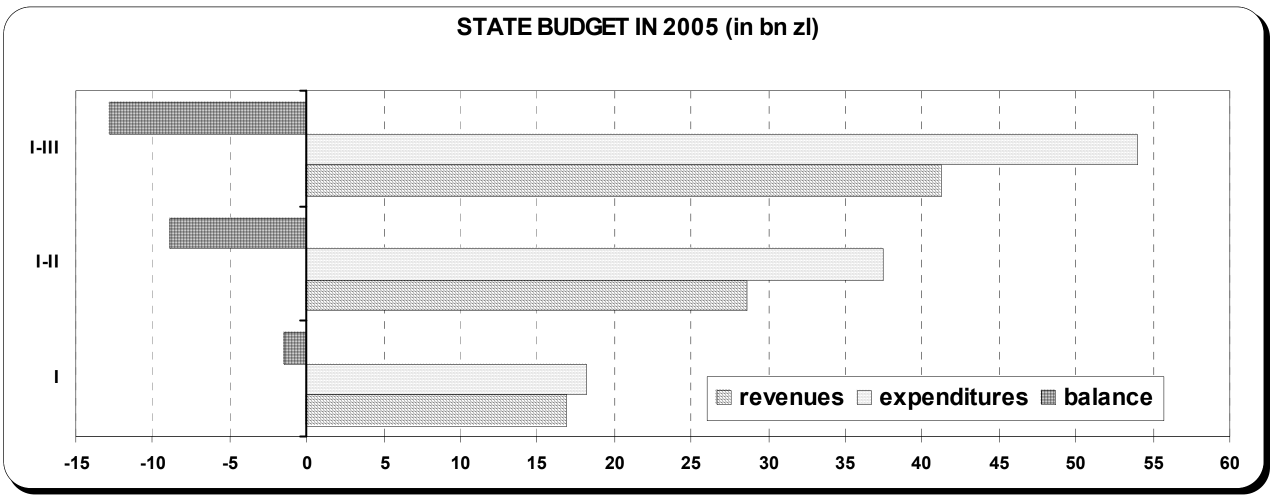
There was PLN 1442.7 mn paid out for pre-retirement benefits and allowances in the period of the first three months of 2005, i.e. by 5.7% more than in the corresponding period of the preceding year.

The State Budget

In the first quarter of 2005, the revenues of the state budget[13] equalled PLN 41228.3 mn, expenditures PLN 53954.0 mn, and the deficit – PLN 12725.7 mn (respectively 23.6%, 25.7%, 36.4% of the amount planned in the budget act for 2005).

The revenues and expenditures of the state budget were as follows:

Specification	Budget act for 2005	I–III 2005				I–III 2004
		execution	realization of budget act	I–III 2004=100	structure	
	in PLN mn		in %			
Total revenues	174703.7	41228.3	23.6	114.5	100.0	100.0
indirect taxes	116980.7	27989.2	23.9	113.9	67.9	68.2
income tax from legal persons	14690.6	4558.5	31.0	118.6	11.0	10.7
income tax from natural persons	23614.6	4813.9	20.4	114.4	11.4	11.7
revenue of state budget units	13247.0	3377.2	25.5	111.6	8.2	8.4
of which revenues from customs duty	1557.8	290.0	18.6	30.5	0.7	2.6
other revenues	6170.8	489.5	7.9	138.8	1.2	1.0
of which receipts from profit of the National Bank of Poland	4626.1	-	-	-	-	-
Total expenditure	209703.7	53954.0	25.7	112.8	100.0	100.0
of which:						
service of national debt	20882.5	3335.2	16.0	114.2	6.2	6.1
service of foreign debt	5612.9	2148.6	38.3	105.9	4.0	4.2
allocation for:						
Pension Fund	14250.0	3797.3	26.6	100.8	7.0	7.9
Social Insurance Fund	18632.3	6807.0	36.5	88.3	12.6	16.1
general subsidies for local self-government units	32356.6	11410.7	35.3	104.2	21.1	22.9
State budget deficit	35000	12725.7	36.4	107.8	x	x
Financing of deficit						
national sources	31570.1	12687.8	40.2	157.9	x	x
foreign sources	3429.9	37.9	1.1	1.0	x	x



Execution of the budget act within the scope of revenues was by 0.3 pt higher than in 2004. Revenues from indirect taxes went up by 13.9% and from income tax on legal persons by 18.6%. Their share in the total amount of incomes amounted to respectively 67.9% and 11.0% (against 68.2% and 10.7% in the corresponding period of last year). The revenues of state budget units increased by 11.6%, and their share in the total amount of revenues amounted to 8.2% (against respectively 8.4% in 2004). Revenues from income tax on natural persons were higher than in the previous year by 14.4%, and their share in the total revenues amounted 11.7% like as in the previous year.

Realization of the budget act within the scope of expenditures in the first quarter of 2005 was by 1.8 pt higher than in the previous year. Payments of the general subsidy for local self-government units (gminas, powiats and voivodships) equalled PLN 11410.7 mn (of which amounts transferred for educational tasks for April 2005 – PLN 1981.7 mn) and constituted 35.3% of the amount of this subsidy provided in the budget act. The share of the subsidy in the total expenditures amounted to 21.1%, against respectively 22.9% in the corresponding period of last year. Expenditures on national and foreign debt servicing constituted 10.2% of total expenditures (10.3% in 2004). An increase was reported in subsidies for the Pension Fund – by 0.8%, while subsidies for the Social Insurance Fund declined respectively by 11.7%.

Money

In the end of the first quarter 2005, the total stock of money amounted to PLN 379503.6 mn and was by PLN 6107.5 mn (by 1.6%) higher than in the end of December previous year and by PLN 37001.0 mn (by 10.8%) higher than in 2004.

Net foreign assets were the main money creation factor in the first quarter of 2005. In the end of March 2005 they equalled PLN 153790.5 mn and increased in comparison to the end of last year by 7.4%, and in relation to the corresponding period of last year – they remained at a similar level.

Dues in the first quarter of 2005 were the second money creation factor in terms of their impact. In the end of March 2005, they equalled PLN 279496.6 mn and increased in comparison to the status from the end of last year by 1.7%, of which dues from households went up by 2.2%, from enterprises – by 1.8%, and from social insurance funds – by 27.0%. Meanwhile, dues from non-monetary financial institutions decreased by 9.3%, from non-commercial institutions serving households – by 2.0%, and from local self-government institutions – by 4.0%. In comparison to the status in the end of the I quarter last year, the dues were higher by PLN 10293.3 mn (by 3.8%), of which dues from households rose by 13.7%, from social insurance funds by 44.7%, and from local self-government institutions by 3.1%. However, dues from non-monetary financial institutions decreased by 13.3%, from enterprises by 3.6%, and from non-commercial serving households by 9.6%.

In the end of the I quarter of 2005, the net indebtedness of central level government institutions equalled PLN 72290.4 mn and was higher in comparison to the status in the end of last year by 4.0%, and in relation to the I quarter last year its value increased by 19.6%.

The balance of other net items in the first quarter of 2005 was a factor that influenced negatively the growth of money supply. It equalled PLN minus 126073.9 mn and deepened in comparison to the end of last year by 10.3%, and improved by 10.6% in relation to the same period of last year.

The influence of separate money creation factors on the change of total stock of money was the following:

Specification	2004				2005
	quarters				
	I	II	III	IV	I
	in PLN mn				
Total growth of the stock of money	-607.4	10816.9	2624.0	17452.6	6107.5
net foreign assets	17974.0	-1333.9	-6106.8	-5857.2	10558.4
net indebtedness of central level government institutions	-9831.4	-473.0	5422.3	4121.6	2756.6
dues	2722.3	1982.9	2596.6	1158.7	4555.1
balance of other net items	-11472.3	7973.1	711.9	18029.5	-11762.6

The increase of the stock of money in the first quarter of 2005 was influenced by an increase of deposits and other liabilities by PLN 4453.5 mn (by 1.4%), of which deposits and other liabilities of households increased in relation to the end of last year by 2.3%, local self-government institutions – by 30.9%, and non-commercial institutions serving households by 1.8%. However, the deposits and other liabilities of enterprises decreased by 3.5%, non-monetary financial institutions – by 4.1%, and social insurance funds – by 8.8%. In relation to the end of March last year the deposits and other liabilities increased by PLN 29955.4 mn (by 10.3%), of which deposits and other liabilities of enterprises grew by 24.3%, households – by 3.2%, local self-government institutions – by 32.1%, non-monetary financial institutions – by 30.4%, social insurance funds – by 61.1%, and non-commercial institutions serving households by 7.3%.

The stock of cash in circulation (except of bank counters) increased in relation to December previous year by 1.3% and was by 3.1% higher than in 2004. Other components of M_3 increased by 14.1% in comparison to the end of last year and more than 3-times in relation to March last year.

The basic official exchange rates of the National Bank of Poland that became obligatory from 26 August previous year, i.e. the rediscount rate and the lombard rate were reduced in March 2005. The rediscount rate was decreased from 7.0% to 6.5%, and the lombard rate from 8.0% to 7.5% as compared to the preceding year.

In the first quarter of 2005, the average official exchange rate of euro amounted to PLN 403.03/EUR 100 and decreased by 15.6% in relation to the first quarter of last year. In March 2005, the average monthly exchange rate of euro amounted to PLN 402.09/EUR 100, i.e. by 3.0% less than in December last year and by 15.7% less than in 2004.

In the first quarter of 2005, the average official exchange rate of US dollar amounted to PLN 307.12/USD 100 (a decrease in relation to the average from the first quarter last year by 19.7%). In March 2005 the average monthly exchange rate of US dollar amounted to PLN 304.92/USD 100 (by 1.5% less than in December last year and by 21.6% less than in the preceding year).

The Stock Exchange

In the end of March 2005, the Warsaw Stock Exchange indices - WIG, WIG-20 and WIRR – illustrating the situation on the stock market were running at a higher level than in the preceding year.

In the first quarter of 2005, the highest volume of trade was recorded on share and futures market. The volume of trade in bonds declined.

In the period of January-March 2005, the turnovers of shares in all trading systems amounted to PLN 49732.4 mn, i.e. by 73.5% higher than in the corresponding period of previous year. The value of trade in shares in the system of continuous trading amounted to PLN 41787.3 mn, in the block trade system – PLN 7872.6 mn, and in the single-price quotation (two auctions) system – PLN 72.5 mn.

Trade in allotment certificate in the continuous trading system in the analyzed period amounted to PLN 246.4 mn (an increase by 143.5%), in the block trade system – PLN 3.2 mn (against PLN 39.6 mn in the fourth quarter of previous year).

In the period of January-March 2005 turnovers in subscription rights in the system of continuous trading equalled PLN 15.3 mn (against PLN 41.0 mn).

In the first quarter of 2005 the volume of trade in investment certificates increased and equalled PLN 73.9 mn (against PLN 9.3 mn), and trade in warrants – PLN 1.3 mn (PLN 3.1 mn in 2004).

In the period of January-March 2005 trade in futures contracts amounted to PLN 47429.6 mn (i.e. by 15.2% higher than in the preceding year) and constituted 95.4% of total trade in shares of all systems of trading.

The trade in index units equalled PLN 2.2 mn, i.e. by 64.5% less than in the preceding year, and trade in subscription warrants in the system of continuous trading – PLN 33.9 mn (decrease by 21.7%).

Trade in index options in the first quarter of 2005 equalled PLN 22.3 mn (against PLN 12.0 mn in the previous year).

In the end of March 2005 all stock market indices (except of WIG-INFO) were at higher levels than in the preceding year and close to the level recorded in the end of last year. The index WIG grouping the largest WIG enterprises increased by 14.2% and the index of the smallest companies – WIRR rose by 10.0%, while relative to the end of last year WIG index increased by 2.4%, and WIRR decreased by 7.9%. In the group of sector indices, the biggest year-on-year changes were recorded in the group of indices: WIG-TELEKOM (an increase by 31.6%) and WIG-INFO (a decrease by 23.1%).

In the end of March 2005, the stock exchange index WIG-PL was running at the level of 27005.3 pt – i.e. increased as compared to the preceding year by 12.7% and the most recent index WIG-MEDIA reached the level of 27463.2 pt – an increase by 3.1% in relation to its value recorded in the end of 2004.

In the period of January-March 2005, the total trade in bonds in all trading systems amounted to PLN 1160.0 mn and constituted 2.3% of the total trade in shares (4.4% in 2004). Turnovers in the market of bonds were by 7.9% lower than in the preceding year and by 62.0% lower than in the fourth quarter of last year. The volume of trade in the State Treasury bond market accounted for 99.2% of total trade volume, and it was lower than in the preceding year (in the system of continuous trading by 3.3%, while in the block trade system by 50.3%).

In the first quarter of 2005, a substantial decrease of the trade of corporate bonds was recorded. Year-on-year it was a three times decrease and relative to the fourth quarter of last year forty times.

Arrivals to and Departures from Poland

According to Border Guards data, in the first quarter of 2005, there were 41.6 mn clearances of persons[14] entering and leaving Poland cleared at the Polish borders, i.e. by 9.2% more than in the previous year (respectively by 8.3% more than in the first quarter 2004). Clearances of foreigners entering and leaving Poland constituted 61.2% of the total number of clearances (in 2004 – 59.8%).

The largest traffic was observed at the western border of Poland, where in the first quarter

of 2005 there were 21 mn persons cleared (by 23.1% more than in the previous year).
The share of crossings at that border in the total number of crossings amounted to 50.4% (against 44.7%).

There was a decrease of the number of clearances recorded at the southern border of Poland. It was crossed by 11.6 mn persons, i.e. by 14.7% fewer than in 2004 (in the first quarter 2004 there was an increase recorded respectively by 2.0%). Clearances at this border amounted to 28.0% of the total number of clearances (against 35.9% a year ago). The border crossings with the Czech Republic were passed by 9.5 mn persons (a decrease by 13.1%), which amounted to 81.8% of clearances made on the southern border. There were 2.1 mn persons cleared on the border with Slovakia (a decrease by 21.6%).

There were 7.2 mn persons cleared at the eastern border of Poland in the first quarter of 2005, i.e. by 28.6% more than in 2004. The largest increase was recorded on the border with Ukraine, where 3.7 mn persons were cleared, i.e. by 53.6% more (in 2004 respectively by 6.8% less). There was also an increase in the number of persons crossing the border with Russia, where 0.9 mn clearances were made (an increase by 20.8%). The border with Lithuania was crossed by 0.8 mn persons (i.e. by 21.3% more). The number of clearances made on the borders with Belarus decreased slightly (by 0.2%) to 1.8 mn persons.

There were 1.6 mn clearances made in airports (by 52.6% more than in 2004), of which 1.1 mn in Okęcie Airport (increase by 31.0%). The clearances in Okęcie Airport accounted for 67.1% of the border traffic in the Polish airports (against 78.2%).

In the seaports there were 0.2 mn persons cleared, i.e. a decreased by 72.7% compared to the preceding year (in the first quarter 2004 there was an increase recorded by 9.8% respectively). The seaway border crossings in Nowe Warpno and Swinoujscie were crossed by 0.1 mn persons (a fall by 82.1%), which accounted for 57.5% of crossings of the Polish border by seaway.

In the first quarter of 2005, 12.9 mn crossings of foreigners entering Poland were made, i.e. by 12.3% more than in 2004 (respectively by 19.8% more than in the first quarter of 2004). Citizens of foreign countries accounted for 94.4% of all persons entering Poland (94.3% in the previous year). Germans accounted for the largest group among arrivals (7.9 mn persons, i.e. 61.2% of the total number of foreigners), and their arrivals went up by 31.3% as compared to the preceding year. The number of clearances of Czechs arriving to Poland reached 1.4 mn (i.e. by 21.1% less than last year), and Slovaks – 0.4 mn (by 28.8% less). The citizens of Ukraine were the most frequent guests among the eastern neighbours of Poland – 1.1 mn persons (by 5.8% more) and Belarusians – 0.8 mn (by 5.3% less). Almost 0.3 mn persons came from Russia, i.e. by 7.8% more than in the first quarter of last year, and 0.3 mn from Lithuania, i.e. respectively by 6.1% less.

An increase was observed in the number of crossings of Poles going abroad. Their number in the first quarter of 2005 was equal 8.2 mn (increase by 4.0% as compared to the previous year).

[1] According to the law of 20 April 2004 on promotion of employment and labour market institutions, the number of long-term unemployed includes persons, who are registered in a powiat labour office in total for the period of more than 12 months within the time of the last 2 years.

[2] From January 2005, surveys of prices of agricultural products in the market-place are conducted by permanent pollers of official statistics.

[3] Data were according to reporting for the second half of last year and registration book data for January-March 2005.

[4] Procurement covers beef, veal, pork, mutton, horse meat and poultry

[5] Enterprises producing mainly capital goods, non-durable and durable consumer goods, intermediate goods and energy good (Eng. MIGs – Main Industrial Groupings) were grouped according to the Regulation of the Commission (EC) no. 586/2001 of 26 March 2001 on executive regulations to the Council Regulation (EC) no. 1165/98 on short-term statistics.

[6] Registration book data – can be subject to updates after quarterly reports are compiled.

[7] Including receipts for transport of cargo, baggage, mail, loading and unloading, shipping, storing and warehousing cargo connected with services for transport, and also receipts from activities of travel agencies, tour guides and tourist guides.

[8] Standard main lines (subscribers of fixed line telephony) increased by the number of lines in accessible ISDN.

[9] ISDN - digital telephone network with integration of services, that the enables to use the same network for transfer of voice, image, faxes, data.

[10] Data elaborated on the basis of NBP materials: “Balance of Payments of the Republic of Poland”.

[11] The data covers economic entities keeping accounting ledgers (except for results of enterprises from agriculture, hunting, forestry, fishing and fishery as well as financial mediation and higher education institutions), with the number of 50 and more employees.

[12] HICP - Harmonized Indices of Consumer Prices are compiled according to the standardized methodology of Eurostat and applied by the EU Member States and candidate countries. The basis for compiling HICP for Poland has been the observation of the prices of the representatives of consumer goods and services and the weight system based on the structure of individual consumption in the sector of households from national accounts. Grouping of consumer goods and services was based on Classification of Individual Consumption by Purposes adapted for the purposes of HICP (COICOP/HICP). The harmonized index of consumer prices was calculated assuming the system of weights from December of the year proceeding the surveyed year.

[13] Data elaborated on the basis of information from the Ministry of Finance: “Sprawozdanie operatywne z wykonania budżetu państwa za okres styczeń-marzec 2005 r.”

[14] The survey of the Border Guards registers border crossings, and that is why the same person, who crossed the border a few times, is treated as a few persons.