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POLISH BANKING SECTOR AND THE ASSOCIATION WITH THE EUROPEAN UNION*

Introduction

The aim of this paper is to present and analyse changes in the Polish banking sector in the period of economic, political and social transformation. Special emphasis is being placed on institutional aspects of the transformation process. Despite progress in privatisation, the majority of the banking sector is still in state hands and its current structure has been strongly influenced by administrative decisions. The importance of the institutional set-up stems also from the potential role major banks might play in corporate governance over other sectors of the economy.

Changes within the banking sector can be traced back to the events that took place at the end of the 1980s in Central and Eastern European countries. The transformations enabled these countries to make away from existing political and economic structures and move towards the creation of democratic states with market economy. Acceleration of the processes of transformation has also resulted from adjustments relating to commitments agreed upon by the two parties – Poland and the European Communities – in the Europe Agreement.

1. Macroeconomic transformation and the banking sector

1.1. Restructuring and privatisation

The Europe Agreement provides a framework for the process of integrating the Polish economy into the European Union. This also concerns adjustment of legi-

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slation, its implementation and the creation of an appropriate institutional infrastructure. In the financial sector, the Agreement comprises such provisions as: freedom of capital flows, introduction of banking legislation based on principles existing in the EU; and monetary and exchange rate policy whose final objective would be to bring Poland closer to the economic and monetary union being created by the EU member states according to the Maastricht Treaty.

The Europe Agreement guarantees Poland the introduction of institutions and mechanisms of co-operation with the Union, such as the Association Council and "structural co-operation". Association was a stimulus for preparation of a "White Paper" for the applicant – states of Central and Eastern Europe. The White Paper that was presented at the EU summit in Cannes in June 1995 is a guide to "acquis communautaire" for the associated countries.

The restructuring of the banking system in Poland began in the years 1987-1988. Within a relatively short time consistent deregulatory activities helped to create a two-tier banking system, an interbank money and currency market, and a sound system of settlements. At the same time banks accrued bad loans, both due to mistakes in the credit risk evaluation and the transformation recession (see fig. 1). Despite the low level of capital and the phenomenon of non-performing loans the banking sector maintained its stability[1].

New prudential regulation and rules of supervision of banks were introduced. They include a new system of accounts based on the French model, the BIS capital adequacy rules, loan classification and provisioning for bad loans, taxation and prudential exposure rules[2]. There is still some discrepancy between the Polish banking standards and the EU levels but the gap is narrowing. The progress is proved by the Moody's rating of the major Polish banks (tab. 1)[3].

The major banks are able to increase capital in real terms. These banks have also created full reserves for problem loans. Moreover the programme for priva-

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[1] The joint capital of the biggest 50 Polish banks is equivalent to the capital of the bank ranked 100 on the world's list of banks.

[2] No more than 15% of bank's assets can be lent to one company. The open position in forex in a given foreign currency cannot exceed 15% of own funds, or total open position 40% of these funds. In 1993 the NBP tightened the regulations on bad loans. Banks are required to create minimum provisions of 20% against substandard loans (loans overdue by between 7 days and 3 months), 50% against doubtful loans (3 to 6 months overdue), and 100% against bad loans (over 6 months overdue).

[3] In 1995 Poland received Baa3 from Moody's. In April 1996 Standard & Poor's raised the rating of Poland's long-term foreign-currency denominated debt from BB to BBB minus and assigned an A-minus rating to PLN long-term debt.

tising state banks devised and introduced in 1991, enables foreign investors to purchase shares and play the role of strategic investors in Polish banks[4].

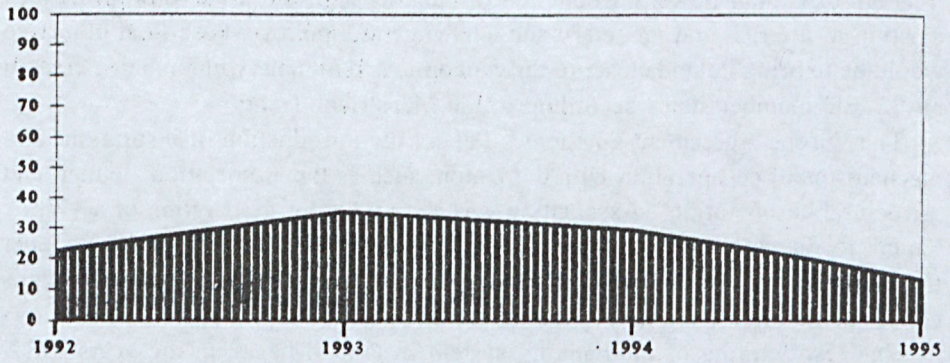


Fig. 1. The average share of problem loans in total loans in major listed banks in 1992-1995*

* BPH, BRE, BSK, WBK, Bank Gdański (BG), Bank Inicjatyw Gospodarczych (BIG)
Source: Own estimation based on Gazeta Bankowa data and annual reports of the banks

Table 1

The Moody's rating of major banks listed on the Warsaw Stock Exchange (1995-1996)

Bank	Short-term	Long-term
BRE	Not prime	Ba2
WBK	Not prime	Ba2
BŚK	Not prime	Ba2
BPH	Not prime	Ba2
BG	Not prime	Ba2

Source: Gazeta Bankowa and Rzeczpospolita, various issues.

The privatisation strategy has concentrated on attracting foreign strategic investors (usually they are offered a stake of at least 25%) and on selling a similar portion of shares to other investors through initial public offers (IPO) on the

[4] Good examples are WBK S.A., BS S.A. or BRE S.A. The major shareholders of the WBK are: State Treasury, EBRD (28.5%) and AIB (16.26%). Bank Śląski's major stake-owners are: State Treasury (33.1%) and ING (25.9%). BRE's ownership is the following: Commerzbank (21%), ARG (9.3%) and Pioneer (8%). Data on October 20, 1995, Penetrator and Parkiet.

WSE. The management and employees of the privatised banks can buy, under special, favourable conditions, about 15% of the shares. The remaining capital is retained by the state. However, the restructuring and privatisation of the banking sector has proved to be a difficult task. It has become a political issue and has been slower than expected due to the insufficient domestic capital basis. Wielkopolski Bank Kredytowy S.A. (WBK) and Bank Śląski S.A. (BŚK), i.e. the banks of the Nine with the smallest share of bad loans and the best effectiveness ratios, were privatised first. No extra capital was injected into these banks (nor into the private banks) under the act governing restructuring of enterprises and banks. They had to solve the problem of bad loans on their own. Other state-owned banks privatised through the IPO had to be recapitalised due to bad debts. This was carried out in accordance with the 1993 Financial Recapitalisation Act. Later Polski Bank Rozwoju S.A. (PBR), Bank Przemysłowo-Handlowy S.A. (BPH) and Bank Gdański S.A. were also offered to investors and finally listed on the Warsaw Stock Exchange (WSE). The capital of the listed banks constitutes above 25% of the total capital of the Polish banking sector (excluding co-op banks). The structure of shareholders of banks listed on the WSE is shown in the table 3.

Table 2

Foreign capital in banks in Poland (in %, mid 1995)

Total	100
Dutch	41.61
Mixed	23.77
French	14.29
American	8.26
Austrian	5.73
German	3.77
Canadian	1.76
Italianl	0.81

Source: Monitoring banków, GUS, Warszawa 1995.

Changes in the structure of ownership within the banking sector also resulted from National Bank of Poland's licence policy. The aim of this policy, apart from ensuring the security of the sector, is to involve foreign banks in the process of restructuring Polish banks. After 1991-1992 most licences were granted with a provision of active involvement of foreign banks in helping selected Polish banks suffering from liquidity and/or bad debt problems.

Progress has been achieved in management, accounting and auditing. New regulations complying with international standards have been introduced. The

development of a well-organised capital market is a significant achievement of Polish transformation. Consequently, the Warsaw Stock Exchange is dominated by the banking sector which at present accounts for approximately 40% of its capitalisation. Other major sectors represented on the WSE are foodstuffs, chemical sector and commerce.

Table 3

The shareholder structure of banks quoted on the WSE* (in %, mid 1995)

Total	100
State	40.65
Diversified	39.67
Foreign	11.97
Banks (domestic)	5.49
Private (domestic)	2.22

* Amerbank, BIG, BPH, BŚK, KB, PPAB, PBR, WBK.
Source: Monitoring banków.

The restructuring of the sector is a result of administrative decisions and autonomous processes of the concentration of capital as well as changes in the organisation and functioning of the sector. The expansion of the banking sector is a precondition for maintaining a high rate of economic growth in Poland and for its ability to compete with foreign banks on the domestic market. The increase in capital and its consolidation is also vital for better adaptation of the supply of banking services to the structure of current and potential demand. In Poland the ratio of capital of the whole banking sector to GNP is much lower than in the Czech Republic and Hungary not to mention such EU member-countries as Portugal, Greece or Spain. The insufficient degree of financial intermediation is also proved by low value of bank assets in relation to GDP, currently at a level of about 45%.

Eighty four commercial banks including 32 with foreign capital (i.e. subsidiaries, branches of foreign banks and Polish banks with the share of foreign capital) have been granted a licence for operation in Poland. There is also another group of about 1600 co-operative banks, which is headed by Bank Gospodarki Żywnościowej (BGŻ). The co-op banks mainly operate in the agricultural and foodstuffs' sectors. The BGŻ incurred heavy losses and had to be rescued and recapitalised by the state. Furthermore, small co-operative banks are being organised into regional groups.

The average capital of a commercial bank is over PLN 33m (about ECU 11m) and so far the total value of foreign investment in the banking sector has reached the level of approximately PLN 396m (about ECU 132m)[5]. In spite of the privatisation process, about 66% of the total assets of the banking sector still belong to state banks. The Polish banking sector is greatly diversified as regards the amount of capital, with the 19 biggest banks holding about 70% of the capital of the whole sector. Other features of this sector are highly differentiated effectiveness, lack of separate, specialised banks and uneven spatial distribution, as well as a relatively small number of branches and sub-branches. Most banks also lack computerised information systems necessary for introducing credit cards and new sophisticated services on a large scale.

The (relatively) most homogeneous group of banks is this belonging to the "Nine" , the group which emerged in 1989 after breaking away from the NBP. Their earnings, coming mainly from interest, were characterised by stability and growth. The situation of banks operating as joint stock companies with mixed capital was more complicated. Some of them had very good results, while others sustained considerable losses. As a whole this group of banks incurred a loss in 1994. Yet, foreign banks operating in Poland were highly effective. In their earnings structure the share of non-interest charges is high and indicates their special character as financial institutions. These banks aim at Polish blue chip and service foreign investors in Poland. Foreign banks are mainly involved in corporate finance activities as well as in financing trade and foreign exchange operations. This creates favourable conditions for them[6].

There still exist 22 state banks or banks partly owned by the Treasury or the NBP. Insufficient savings of the Polish private sector mean that the absorptive power of the capital market, based exclusively on the internal sources is too small to privatise the remaining state banks through capital privatisation and to obtain additional financial means for privatised banks quoted on the Stock Exchange. The major source of finance for restructuring banks could be the Privatisation Fund of Polish Banks, established by the state and institutional foreign investors. The Fund emerged from the funds unused for the stabilisation of the PLN. To take advantage of the Fund it was necessary for three banks out of the "Nine" separated from the NBP to be privatised by January 1995. This condition was fulfilled through the privatisation of WBK, Bank Śląski and Bank Przemysłowo-

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[5] Monitoring banków. Fundusze statutowe i kapital akcyjny banków w Polsce, GUS, Warszawa 1995. The total value of capital of banks participating in the survey was 77.1% of the basic capital of the aggregated balance of banks on April 31, 1995.

[6] Foreign banks, except for Creditanstalt, are not building costly local networks of branches and are concentrating on operations conducted by their offices in Warsaw.

-Handlowy. The Fund is allocated for buying out interest and capital instalments on bonds transferred to the privatised banks. This process will continue until the year 2007[7].

Table 4

Capital structure in major groups of banks in 1994-1995 in Poland*

	Number	Total capital	
		in PLN	in %
All banks	76	2,554,242,152	100
State banks and banks with state stake	19	982,870,660	38.48
Banks owned by the NBP (>90%)	3	203,323,600	7.98
Banks with foreign capital	32	947,994,835	37.11
Other home banks	22	420,053,057	16.45

* Statutory capital (state banks) and equity in private banks.
Source: Monitoring banków.

The National Bank of Poland takes part in restructuring the banking sector by its licencing policy and by helping banks threatened with bankruptcy. Assistance is given, provided that the cost of a given bank's recovery is lower than the NBP's expenditure to guarantee saving deposits of households. So far the NBP has allocated about PLN 500m for this purpose[8]. The primary method of providing assistance to the sector should be a dividend policy aimed at strengthening those banks already able to generate high profits. This is the most reasonable course of action. In the years 1990-1995 the government allocated a sum of PLN 4.2 billion for recapitalisation of banks, in the form of restructuring bonds, tax reductions and paid deposits[9].

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[7] In the present situation no means can be drawn from the fund for the needs of the banks that were given bonds but have not been privatised. Servicing and buyout of restructuring bonds would burden the state budget. Comp.: Interview with **J. Biernacki** from the Ministry of Finance, Gazeta Bankowa of 10 September 1995, p. 9.

[8] Comp.: **J. K. Solarz**, W poszukiwaniu modelu systemu bankowego dla Polski, NBP – Departament Analiz i Badań, Warszawa 1994.

[9] Comp.: The interview with **J. Biernacki**, op. cit.

2.2. Consolidation and investment opportunities

Privatisation and restructuring has provided active and passive investors with an opportunity to enter the large and expanding financial market of a country which is preparing for full membership of the EU. New investment possibilities and opportunities for foreign partners have also emerged due to the agreements concluded with creditors from the Paris Club and the London Club. Moreover, these opportunities are enhanced by the high growth rates of GDP and production and by the achievement of convertibility of PLN and further liberalisation of capital account transactions of Poland's balance of payments. Positive tendencies in the Polish economy are confirmed by its improved investment ratings. Furthermore, harmonisation of rules and standards in the banking sector facilitated foreign investments. Privatisation and capital restructuring of the Polish banking sector (licences for representative offices and branches of foreign banks), through the Warsaw Stock Exchange or through selling substantial stakes to chosen investors (private placement) and IPOs of the remaining part of shares might provide active and passive foreign investors with additional stimuli for investing in the Polish banking sector.

Active participation of established EU and other foreign banks in Polish banking institutions is particularly important. In a sense this has already been initiated by twin agreements which have brought about modernisation of management and banking techniques and speeded up the introduction of new services. Banks with active foreign strategic investors have better conditions for a quick application of modern managerial techniques and banking marketing, and thus for introducing new services to the market. So far the experience of joint ventures in the banking sector shows that they are extremely capable of improving effectiveness, reducing costs, winning new customers and facilitating contacts between companies.

The need to modernise and increase the range of services offered to households as well as the potential demand from companies for investment funds and the whole range of banking products connected with corporate finance constitute both a challenge and a chance for the whole Polish banking sector to develop. Banks might be particularly interested in active involvement in the processes of the restructuring of enterprises and in investment possibilities emerging from mass privatisation programme.

Expansion opportunities for banks in Poland stem also from the programme for developing Poland's transport and telecommunications infrastructure and the need to modernise the power and fuel sector. These projects will demand capital that considerably exceeds the present capital capacity of particular banks and will thus require the establishment of banking groups and consortia. Thus changes in the scale and structure of demand for loans and other banking products will have a strong impact on restructuring processes in the Polish banking sector.

Investment opportunities are also offered by the expansion and restructuring of the insurance sector. The growth potential of this sector of the financial market results both from its current low level of capitalisation and from a fast growing premium. Creation of banking-insurance holdings seems to be an important step in preparation for stiffer foreign competition on the Polish internal market. The process of establishing these holdings should take an autonomous course where long-term capital involvement of foreign financial institutions, due to insufficient domestic supply of capital, would be particularly important. The structure of holdings creates conditions for risk diversification and flexibility within the decision-making process. Moreover, it is advantageous for its participants due to their specialisation and access to and knowledge of the local markets.

In April 1996 the Sejm approved a consolidation bill for banks 100% owned by the Treasury and the NBP[10]. The bill provides an institutional framework for the consolidation but does not list any particular banks. The aim of the bill is to speed up bank mergers and to consolidate the banking sector in order to better prepare it for the stiffer competition from foreign banks after 1997. According to the bill the finance minister can bypass the banking law and the commercial code to create banking groups or consortia. There are to be two such groups; one led by Bank Handlowy S.A. (which is of strategic importance in servicing Polish foreign trade and capital operations), and the other led by Polska Kasa Opieki S.A. (preparing for privatisation which is to take place in 1997, the bank received PLN 370m worth of restructuring bonds). The two banks are expected to be able to play the role of centres of consolidation of the banking sector.

Creation of stronger private banks is necessary. If not accompanied by actual privatisation of the groups the consolidation will preserve the current unclear pattern of governance in a large part of the sector and will not free it from political and bureaucratic influence. There is also a microeconomic risk in this consolidation. The newly established groups will have to be engaged in co-ordination of internal procedures (harmonisation of accounting, information standards and data processing). They will have to implement coherent creditworthiness appraisal procedures and risk management. Within the groups they will have to devise co-ordinated policies for deposit, credit and other services. These essential activities will be both time-consuming and costly. Restructuring and consolidation usually mean reductions in employment. However in the case of the Polish banking sector this will not necessarily be the case, since the number of branches and agencies is still relatively low. On the other hand some offices will have to be closed and the staff will be shifted to other positions within the banks.

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[10]The total book value of the banks that are to be included in the groups is about ECU 1 billion. The idea of an administrative consolidation was hotly debated. Regional banks were against this way of mergers.

The Polish banking sector is dominated by universal banks. There are no specialised mortgage institutions nor investment banks. The shape and structure of the financial intermediation in Poland is still open, but it seems that both at present and in the medium-term investment banking will develop through noticeable expansion and consolidation of capital departments in universal banks, and through mergers within the banking consolidation groups previously discussed. The potential demand for services of investment banking both on the part of firms and local authorities will also create market niches for independent specialised investment banks. Interrelations between strictly banking activities (accumulation of savings and their reallocation in the form of loans) and those of bank brokerage offices, consulting and above all, solutions in the field of investment banking and corporate governance remain an open question in the functional restructuring of banks[11].

Despite the globalisation of economic processes, in the long run, the growth of an economy is determined by internal real and institutional factors. They include the economy's ability to generate savings and reallocate them effectively. At present Poland is creating a new banking system, adapted to modern requirements. Along with other financial intermediaries and the stock exchange, this banking system will form the basis for the economic growth[12].

3. EU regulations and the potential role of banks in corporate governance

Poland wants to become a full member of the European Union. The Europe Agreement provides for harmonisation of financial regulations and the opening of Polish financial sector after the year 2000. Until that time the banking and insurance sectors should be strengthened through improved management, restruc-

[11]Comp.: **T. M. Rybczyński**, Industrial Finance System in Europe, U.S. and Japan, Journal of Economic Behaviour and Organisation, 5 (1985) and **J. K. Dietrich, C. Wihlborg, C. Pan**, Bankowość uniwersalna dla krajów tworzących gospodarkę rynkową: problemy regulacyjne, in: Reformy finansowe w krajach tworzących gospodarkę rynkową. Modele i badania empiryczne, **A. Janc, T. Kowalski**, eds., Akademia Ekonomiczna, Poznań 1996.

[12]In Polish conditions small and medium size family businesses are the most dynamic group of economic entities. Yet the vast majority of these firms developed without capital or loan support from the banking sector. One of the reasons for this has been the lack of a well-functioning fund of loan guarantees for small and medium size enterprises (SME). In order to overcome this problem Bank Gospodarstwa Krajowego was trusted with special tasks and oriented towards performing warrant-guarantee functions for small scale governmental projects and towards activities promoting the development of small private enterprises.

turing and increase in capital. At the same time Polish banking law and foreign exchange law must be harmonised with EU legislation. Harmonisation of laws and the prospect of membership will further revive both portfolio and foreign direct investment, (as was the case of Portugal and Spain). In this situation special significance is given to accelerated transfer of banking technologies and experience in international capital and foreign exchange market operations.

Furthermore, the introduction of EU regulations concerning the limit of capital investment of banks, with a simultaneous consolidation of their capital, will increase the banks potential in the sphere of direct capital investment. This may improve the efficiency in restructuring enterprises as well as the range of corporate governance performed by banks. Therefore, the importance of banks on the capital market will grow[13].

In view of the prospects for full membership of the European Union (after the 10-year period of association elapses, 10 years since Europe Agreement came into force on 1 February 1994), the international character and the scope of banking services become extremely important. Polish banks will have to be competitive both in Poland and within the EU. The ten-year transition period related to the national treatment clause for banking services (Annexe XII C of the Europe Agreement) is meant to contribute towards increasing the competitiveness of Polish banks.

Among EU regulations concerning international character of banking services, particular attention must be paid to the Second Council Directive of 15 December 1989 on the co-ordination of laws, regulations and administrative provisions relating to the establishment and operations of credit institutions (89/646/EEC)[14]. These regulations have been already introduced or are being implemented in Poland. The major provisions of the Directive include:

1) Banks' initial capital should not be less than ECU 5m and in the case of cooperative banks and building societies – ECU 1m,
2) Relevant authorities must be informed about changes in the rights of ownership of banking companies whose capital exceeds 10% of the initial capital,
3) Making possible the granting of a single licence for the provision of banking services recognised throughout the Community,
4) An appeal to third countries to observe formal and actual reciprocity in their access to the market of banking services,
5) Harmonisation of elements necessary for banking supervision (verification of banks' balances), control over financial holdings, etc.,

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[13]This means that gradually Polish banks will be able to play a similar role to that performed by German or other continental banks.

[14]Official Journal of the European Communities, No. L 386/1, 30 Dec. 1989.

6) No credit institution may have a qualifying holding the amount of which exceeds 15% of its own funds in an undertaking which is neither a credit institution, nor a financial institution. The total amount of a credit institution's qualifying holdings in undertakings other than credit institutions, financial institutions or undertakings carrying on activities referred to in the second subparagraph of Article 43 (2) (f) of Directive 86/635/EEC may not exceed 60% of its own funds.
7) As regards the bank's own funds the supervision of home member state is regarded to be sufficient. Host member state supervises the current liquidity of a bank. This means that the supervisory bodies of the home member state and the host member state must co-operate[15].

In connection with the changes and future directions of the Polish banking sector's transformation it is worth considering to what extent present Polish regulations in the sphere of banks' direct investments are convergent with the Second Banking Directive and with the provisions of the national legislation of the EU member states. As banks must be consolidated and a group of banks must be established, a new approach to controlling bank's direct capital investments in other entities (legal persons) is required.

1) According to art. 35 of the Polish Banking law the limit of a bank's capital investment is fixed at 25% of the bank's own funds (in the EU - 60% of the bank's own funds)[16].
2) In determining the limits of the bank's capital investment in the EU member states only investment in enterprises from outside the financial sector are taken into account. The limit defined by Polish law includes both investments within the financial sector and outside.
3) Polish banking law should take into account only substantial stakes of shares, not all shares owned by banks in other institutions.
4) A limit for a bank's capital investment in a single enterprise should be established.
5) In accordance with European regulations, in determining the limit of the bank's capital investment, one should exclude the shares owned by banks because of the restructuring process.

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[15]Another directive which contains "prudential regulations" is the Council Directive of 21 December 1992 on the monitoring and control of large exposures of credit institutions, O.J. of the EC No. L 29/1. For comparison of the remaining (earlier) directives relating to the EU financial sector see: **J. K. Solarz**, Dostosowanie banków do standardów europejskich, Warszawa 1993.

[16]In exceptional cases the NBP President may (art.35 act 3) give permission for this limit to be raised up to 50% of the bank's own funds. However, this remains at his/her discretion.

6) Due to the fact that investments in the financial sector are not included in the limits, it will be necessary to introduce a definition of a financial institution (covering insurance companies, fiduciary funds and others) into Polish law[17].

Conclusions

Analysis indicates progress in the two parallel processes – economic and institutional transformation on the one hand, and adjustment of Polish legislation during the association period to that of the EU. However, the rate at which these processes should be carried out remains an open question. Carefully planned and effectively executed adaptation of Polish banks to international standards would undoubtedly be a signal to the international business community that Poland is becoming a reliable financial partner. It may be a stimulus for foreign direct investment in Poland, thus strengthening Polish negotiating position regarding the EU and other foreign partners.

Compared with financial institutions in the EU, the Polish banking sector is underdeveloped and under-capitalised. However, this sector will also have to play a major active role as a shareholder of non-financial corporations. Under-developent or lack of such institutional investors as mutual and pension funds make this role even more important. This argument is strengthened when one considers WSE capitalisation. For many years to come, The Warsaw Stock Exchange will play only an auxiliary role as a vehicle for firms' appraisal and as a means of capital allocation. In such a situation the corporate governance over the banking sector plays a vital role[18].

The transitional period in giving EU banks the right to freely provide services on Polish territory (national treatment) and to freely establish the branches in Poland (right of establishment) – which at the moment requires the NBP licence is a result of the insufficient development of the Polish banking sector as compared with that of the European Union. The aim of the Polish negotiators of the Europe Agreement was to provide Polish banks and other financial intermediaries

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[17]This will require further discussion on the Polish banking system (universal banks, investment banks). Comp.: **A. Bierć**, Podstawy prawne tworzenia grup banków, Warszawa 1994.

[18]There are various models of corporate governance. They stem from different institutional arrangements and cultural diversities. On cultural diversities see: National Cultures and European Integration. Exploratory Essays on Cultural Diversity and Common Policies, edited by Staffan Zetterholm, Berg, Oxford/Providence 1995.

with an opportunity to adapt to the challenges they will have to face. In the authors' opinion the pace of adjustment could be accelerated by co-operation of Polish banks with (their) foreign strategic investors. This might be a crucial factor in promoting the banking sector's role in the corporate governance in Poland.

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