

**QUESTION RECOMMENDED
TO THE WRITTEN SUMMARY
TO BE PREPARED BY THE COUNTRIES
POLAND**

**I
ECONOMIC DATA OF THE SECTOR**

- 1) Companies in the sector mining according to size and on the basis of the ILO classification.

In year 2000 in Poland existed 8 production entities, 2 companies of mines restructuring, 3 independent mines. Moreover there existed 2 holding companies. All entities, except for one, were big enterprises.

As a result of carried out processes of restructuring in year 2005 existed 8 production entities and 2 companies of mines restructuring and 2 trade companies. According to the ILO classification they are big enterprises, apart from one, which is classified as medium.

- 2) Companies in the sectors on the basis of ownership relations.
The majority of companies in hard coal sector are state owned, with small percentage of domestic private ownership.

Lp	Specification	2000	2001	2002	2003	2004	2005	2006 prediction
I	Production entities							
	Bytomska Spółka Węglowa S.A.	P	P	P	P	P to 29.10	X	X
	Rudzka Spółka Węglowa S.A.	P	P	P	P	P to 29.10	X	X
	Gliwicka Spółka Węglowa S.A.	P	P	P	P	P to 29.10	X	X
	Nadwiślańska Spółka Węglowa S.A.	P	P	P	P	P to 29.10	X	X
	Rybnicka Spółka Węglowa S.A.	P	P	P	P	P to 29.10	X	X
	Kompania Węglowa S.A. ¹	X	X	X	P from 1.02	P	P	P
	Katowicki Holding Węglowy S.A.	P	P	P	P	P	P	P
	Kazimierz – Juliusz Sp z.o.o.	P	P	P	P	P	P	P
	Jastrzębska Spółka Węglowa S.A.	P	P	P	P	P	P	P
II	Individual mining enterprises							
	Lubelski Węgiel „Bogdanka” S.A.	P	P	P	P	P	P	P
	KWK „Budryk” S.A.	P	P	P	P	P	P	P
	ZG Sobieski- Jaworzno III Sp z.o.o.	P	P	P	P	P	P to 25.01	X
	ZG Janina Sp z.o.o. ²	X	X	X	X	P from 1.04	P do 30.06	X
	Południowy Koncern Węglowy S.A. ³	X	X	X	X	X	P from 25.01.	P
	Siltech Sp z.o.o. ⁴	X	X	Pr.	Pr.	Pr.	Pr.	Pr.
III	Companies of mines restructuring							
	Spółka Restrukturyzacji Kopalń S.A.	P	P	P	P	P	P	P
	Bytomska Spółka Restrukturyzacji Kopalń Sp. z.o.o.	P	P	P	P	P	P	P
IV	Trade Companies							
	Węglokos S.A.	P	P	P	P	P	P	P
	Węglozbyt S.A.	P	P	P	P	P	P	P

X - do not exist

P – state ownership

Pr. – private ownership

¹ Kompania Węglowa S.A. (Plc.) was founded on the 1st of February 2003 by takeover of enterprises from coal companies: Gliwicka, rudzka, nadwiślańska, Rybnicka and mining works – one-man corporations Ltd. of Bytomska Spółka Węglowa S.A. to the State Agency for Hard Coal Mining Restructuring (PARG) and the name of the Agency was changed to Kompania Węglowa S.A. (Plc)

On the 29th of October 2004 the 6 above mentioned companies were incorporated into Kompania Węglowa S.A. (Plc.)

² On the 1st of April 2004 KWK "Janina" was excluded from Kompania Węglowa S.A. (Plc.). Until the 30th of July 2005 it was an independent works. From the 1st of August 2005 it was included into The Southern Poland Hard Coal Company (PKW S.A.)

³ The Southern Poland Hard Coal Company (PKW S.A.) was established on the 25th of January 2005. The company has taken over the property and staff of two mines – ZGE "Sobieski – Jaworzno III" Ltd. and ZGE "Janina" Ltd.

⁴ Siltech Ltd. was established on the 1st of June 2002 and 100% of shares are owned by the private owner.

3) The employment in hard coal sector in particular years is as follows:

The employment in hard coal sector in 2000-2005

No	year	Status for the day of 31st of December of a given year	workers	Other employees
0	1	2	3	4
1	2000	155 032	126 739	28 293
2	2001	145 995	118 996	26 999
3	2002	140 717	114 885	25 832
4	2003	136 456	111 301	25 155
5	2004	127 097	102 815	24 282
6	2005	123 414	99 255	24 159

The employment in hard coal sector according to the education in 2003-2005

No	Education level	Year		
		Status of the employment for the day of 31st of December of a given year		
		2003	2004	2005
0	1	2	3	4
1	Higher mining education	3 988	4 040	4 154
2	Other higher technical education	2 317	2 335	2 394
3	Other higher education	1 602	1 856	1 977
4	High school mining education	11 433	11 208	11 046
5	Other high school technical education	20 341	19 781	19 861
6	Secondary school	3 133	2 748	2 762
7	Vocational mining education	30 077	27 695	26 218
8	Other vocational education	44 985	42 040	40 687
9	Primary education	17 561	15 383	14 312

4) The sector's characteristic – the sales value

Index and the number of economic activity – C.10.

No	Specification	unit	2000	2001	2002	2003	2004	2005	2006
1.	Sales value (in prices of year 2005) of hard coal in general of which:	mln zł	15 415,0	15 955,9	15 176,1	14 902,4	18 958,9	18 062,6	*
1.1	- domestic	mln zł	12 670,2	13 038,4	12 639,1	12 656,8	14 607,0	14 205,2	*
1.2	- export	mln zł	2 744,8	2 917,5	2 537,0	2 245,6	4 351,9	3 857,4	*
2.	The part of sales value of hard coal in total in the sales production value of industrial goods in total (on prices of year 2005)	%	3,3	3,7	3,5	3,0	3,3	*	*
3.	Import of hard coal	mln ton	1,5	1,9	2,7	2,5	2,3	3,4**	*

* lack of data

** preliminary data

II. LEGAL FRAME

- Act on geological and mining law from 4 February 1994 (Journal of Laws No.27 Item 96, as amended)
- Act on Adjustment of hard coal mining sector to operating within free market economy and specific rights and objectives of mining communities from 26 November 1998 (Journal of Laws No. 162. Item 1112)
- Act on Restructuring of hard coal mining sector during the period 2003-2006 from 28 November 2003 (Journal of Laws No. 210 Item 2037)
- Ordinance of Minister of Economy, Labour and Social Policy from 28 January 2004 on subsidizing closing down of mines (Journal of Laws No. 18 Item 171)
- Ordinance of Minister of Finance from 09 April 2004 on credit allocation on preference terms for mining communities for financing the investments supporting the creation of new jobs (Journal of Laws No. 84 Item 778)
- Ordinance of Minister of Economy, Labour and Social Policy from 11 February 2004 on loans for mining companies' workers employed on surface on establishing economic activity (Journal of Laws No. 25 Item 222)
- Ordinance of Minister of Economy, Labour and Social Policy from 11 February 2004 on subsidizing the employment restructuring in mining companies, detailed procedures of allowing and paying the money equivalent by virtue of free of charge hard coal and refunding of hard coal allowance in-kind and compensatory benefits (Journal of Laws No. 25 Item 223)
- Restructuring of the hard coal mining sector during the period 2004 - 2006 and Strategy for the period 2007 - 2010 - document adopted by The Council of Ministers on 27 April 2004
- „The access schedule to hard coal resources during the period 2004-2006 and the closing schedule during the period 2007-2010” – document adopted by The Council of Ministers on 7 September 2004
- „Hard coal mining sector privatisation strategy” - document adopted by The Council of Ministers on 20 December 2004r.

III. PRIVATISATION

- 1) Since the hard coal mining sector privatisation is still in preparation the preliminary actions are concentrated on organisational restructuring process and proprietary changes. Within the organisational restructuring process, aimed on simplification of hard coal mining sector's structure, the situation at the end of year 2005 was as follows:
- At the end of 2005 on Poland operated 33 coal mines, 28 of them belonged to 3 mining companies. The number of coal mines within the mining companies, in comparison to the end of 2004, dropped because of the merger of one-movement mines into two-movement mines: ZG "Bytom III" with ZG "Centrum", KWK "Brzeszcze" with KWK "Silesia", KWK "Sośnica" with KWK "Makoszowy" (all of them belong to Kompania Węglowa S.A.) and KWK "Śląsk" with KWK "Wujek" (they belong to Katowicki Holding Węglowy S.A.).
 - From the 1st of July 2005 two individual mines – companies: Zakład Górniczo – Energetyczny "Sobieski – Jaworzno III" Sp. z o.o. and Zakład Górniczo – Energetyczny "Janina" Sp. z o.o. were forwarded to The Southern Poland Hard Coal Company (PKW S.A.) which was established on the 25th of January 2005 and belongs to The Southern Poland Power Company (PKE S.A.) and Kompania Węglowa S.A.
 - Two coal mines, KWK "Budryk" S.A. and KWK Lubelski Węgiel "Bogdanka" operates besides the above mentioned companies' structures. Apart from that the coal mine production is carried out by private coal mine "SILTECH" Sp. z o.o. The restructuring process carried out on the basis of the act on restructuring of hard coal mining sector from 28 November 2003 does not apply to this coal mine.
 - In hard coal mining sector operate two restructuring companies: Spółka Restrukturyzacji Kopalń S.A. and Bytomska Spółka Restrukturyzacji Kopalń S.A. that assemble closed mines. Their main task is liquidating of mines and to bring into cultivation non-production estate.
 - At the end of 2005 the organizing structure on hard coal mining sector was as follows:
 - a) production entities:
 - Kompania Węglowa S.A. with 17 mines;
 - Katowicki Holding Węglowy S.A. with 6 mines,
 - Jastrzębska Spółka Węglowa S.A. with 5 mines;
 - Południowy Koncern Węglowy S.A. with 1 mine;
 - KWK Budryk S.A.,
 - LW Bogdanka S.A.,
 - KWK "Kazimierz – Juliusz" Sp. z o.o. (owned by KHW S.A. and constituting with KHW S.A. a capital group)
 - Siltech Sp. z o.o.: 100% private ownership.
 - b) restructuring companies:
 - Spółka Restrukturyzacji Kopalń S.A.,
 - Bytomska Spółka Restrukturyzacji Kopalń Sp. z o.o.: 100% stake held by SRK S.A.
 - c) trade companies:
 - Węglokoks S.A.

The Council of Ministers adopted on the 20th of December 2004 the „Hard coal mining sector privatisation strategy”, which states that one of the planed changes is creation of Hard coal – Coking coal Group with Jastrzębska Spółka Węglowa S.A. as a dominant company. This consolidation should take place by contributing by the State Treasury as an apport the stakes of companies: Kombinat Koksochemiczny "Zabrze" S.A. and Zakłady Koksownicze

“Wałbrzych” S.A. and the State Treasury’s stakes of Koksownia “Przyjaźń” Sp. z o.o. to Jastrzębska Spółka Węglowa S.A. Furthermore the “Strategy...” assumes that JSW S.A. will play a dominant role in Koksownia “Przyjaźń” Sp. z o.o. through redeem of stakes from Kompania Węglowa S.A. and PKP S.A.

According to consolidation process mentioned in “Strategy..” so far took place:

1. JSW S.A. has bought stakes in nominal capital of Koksownia “Przyjaźń” Sp. z o.o., therein part of stakes from Kompania Węglowa S.A. and from Polish State Railways PKP S.A.;
2. On the 26th of January 2006 the General Assembly of JSW S.A. adopted a resolution on increasing the nominal capital of JSW S.A. through the new share issue. This shares will be taken by the State Treasury and covered by non-money contribute as a shares of Kombinat Koksochemiczny “Zabrze” S.A. which constitute 73% of nominal capital of that company and shares of Zakłady Koksownicze “Wałbrzych” S.A. which constitute 73% of company’s nominal capital.

The implementation of privatization actions in 2005 was as follows:

- a) Katowicki Holding Węglowy S.A. – on 23rd of May 2005 accepted the preprivatization analyses on the basis of which on 7th of June 2005 Minister of State Treasury decided about selling of at least 10% of State Treasury shares under negotiations announced on the basis of public invitation. Preliminary tenders were claimed by: ČEZ, a.s. with head office in Prague (Czech Republic) and Bancroft Private Equity LLP with head office in London (Great Britain).
- b) Jastrzębska Spółka Węglowa S.A. – privatisation advisor of Ministry of State Treasury in the privatisation process of JSW S.A (BRE Corporate Finance S.A. with head office in Warsaw, Dom Inwestycyjny BRE Bank S.A. with head office in Warsaw and Kancelaria Porad Finansowo – Księgowych Piotr Rojek Sp. z o.o. with head office in Katowice) prepared prospectus, which on December 2005 was proposed in Ministry of State Treasury.

Currently due to the change of political situation in country and different attitude of the Government to the hard coal mining sector privatisation process, the privatisation was suspended.

- 2) There is no foreign capital in polish hard coal mining sector.
- 3) The hard coal mining sector privatization process is in preparation phase.
- 4) Trade unions take part in managing process in mining enterprises. Staff representatives have their own representatives in supervisory boards of mining enterprises. According to article 11 of the act from 30 August 1996 on commercialization and privatization of state enterprises (Journal of Laws 118, Item 561, as amended) in a company established as a result of commercialization operates a supervisory board. The number of the members of the board and the way of their election are specified in the statute.
- 5) The hard coal mining sector privatization process is in preparation phase.

IV.

SOCIAL DIALOGUE – TRADE UNIONS, EMPLOYER ORGANIZATION

1. In hard coal mining sector the employers side is represented by the Black Coal Mining Employers’ Association.

Address:

Związek Pracodawców Górnictwa Węgla Kamiennego

ul. Podgórna 4

40-955 Katowice

tel. +48 32 256 10 03

National confederations of trade unions:

Trade unions can have members from one work place (work place trade union organization) or several (interfactory trade union organization). The Act allows also on establishing national federations of trade unions. National trade unions and federations of trade unions are able to create national cross – trade unions organizations (confederations). Trade unions organizations, including federations and confederations, have a right to creating and joining international workers organizations.

In Poland operates 3 confederations:

- 1) The Independent and Self – Governing Trade Unions “Solidarność” (NSZZ “Solidarność”) was established in September 1980 as a result of the agreement between the Interenterprise Strike Committee and communists authorities. It was suspend and illegal in 1982 after imposing of Martial Law. NSZZ “Solidarność” was revealed and again registered in April 1987 as a result of Round Table negotiations. NSZZ “Solidarność” have about 900 000 members in almost 12 000 works places commissions. The authorities of the union are chaired by the National Congress of Delegates, which is convened at least once a year and by the National Commission and the National Audit Commission. The National Commission is the highest legislative and policy making body in relation to the regional boards, national councils of the branch secretariats and branch sections.

Address:

National Commission of Independent Self-Governing Trade Union

ul. Wały Piastowskie 24

80-855 Gdańsk

tel. +48 58 308 42 05

www.solidarnosc.org.pl

- 2) All-Poland Alliance of Trade Unions (OPZZ) was founded in 1984 by the Assembly of the Representatives of Branch Trade Unions. The highest authority is Congress convened in every four years. The main body of the union is the Council, which members are elected from 12 branches, consisting of 99 national trade unions organizations, and from 16 Voivodship Councils. OPZZ has 800 000 members.

Address:

Ogólnopolskie Porozumienie Związków Zawodowych

ul. Kopernika 36/40

00-924 Warszawa

tel. +48 22 826 92 41 to 49

www.opzz.org.pl

- 3) Forum of Trade Unions (FZZ) was registered on 31st of January 2002. the first congress took place in Warsaw on 15-16 of April 2002. Forum consists of 27 trade union organizations representing inter alia employees of various transport branches, policemen, nurseries and midwives. The total number of members is about 400 000.

Address:

Forum Związków Zawodowych

ul. Fordońska 55

85-719 Bydgoszcz

tel. +48 52 371 83 33

www.fzz.org.pl

- 4) Apart from NSZZ “Solidarność”, OPZZ and FZZ in Poland exists numerous federations (about 300), trade unions organizations with national scope (273) and local trade unions organizations (23 995). It should be stressed that individually – without

any connections with big trade union organization and only on local level – operate about 7 000 trade unions organizations.

2. There is lack of data on percentage membership rate in trade unions in mining enterprises during the period 2000-2005.
3. There are no small and medium sizes enterprises in hard coal mining sector in Poland. According to the definition they all are big enterprises. There is lack of data on percentage membership rate in trade unions in mining enterprises during the period 2000-2005.
- 4.a. The mining enterprises are trade law companies and there are no works councils within their structures.
- 4.b. According to article 237-11a. of Labour Code, employer consults all activities concerning the health and safety with employees or with their representatives. It applies especially to:
 - Changes in work organization and equipment of the work stations, implementing new technological processes and substances and chemicals if they can cause a danger for employees' health or life.
 - The occupational risk assessment occurred in performing of specified tasks and informing the employees about that risk.
 - Establishing the health and safety service or to charge somebody else with this task and to appoint employees to grant first-aid.
 - Assign employees the means of individual protection and working clothing and footwear.
 - Training the employees in health and safety.

Employees or their representatives are allowed to propose motions on elimination or limitation of occupational risks.

At the employer, who established the health and safety commission, above mentioned consultations can be conducted within that commission.

4.c. According to article 11 of the act from 30 August 1996 on commercialization and privatization of state enterprises (Journal of Laws 118, Item 561, as amended) in a company established as a result of commercialization operates a supervisory board. The number of the members of the board and the way of their election are specified in the statute.

5.a. Ministry of Economy plays the key role in conducting, coordinating and promoting the social dialogue. Within its structure the related responsibilities are performed by Social Partnership Department, social Dialogue Institution Office and Social Partnership Centre "Dialog".

Social dialogue institutions are as follows:

1. Tripartite Commission for social and economic affairs
2. Voivodship social dialogue committees
3. Tripartite branch workgroups.

5.b. In hard coal mining sector (in mines and mining plants) there is no one branch Labour Collective Agreement, which existed from the beginning of 90ties.

5.c. As a result of wide understood hard coal mining sector restructuring process and trade unions' activity, hitherto existing branch Agreement has been uttered by the works at the beginning of the 90ties and new Corporate Collective Agreements has been signed. Majority of them was signed at works level (mine), occasionally on the Mining Company level.

Currently the remuneration standardisation process is carried.

In Kompania Węglowa S.A. the standardisation works for all Kompania's mining plants are carried for 3 year.

In Katowicki Holding Węglowy S.A. there is one Corporate Collective Agreement for all company's mines.

In Jastrzębska Spółka Węglowa S.A. all mines have their own individual Corporate Collective Agreements.

6. On account of elimination of employees from so called other branches from mines during the last 15 years, almost 100% of staff are covered by collective agreements.

7. On branch level the social dialogue in hard coal mining sector is led by Tripartite Workgroup for Miners' Social Security. The workgroup has been founded as a result of arrangements between government and unions sides in December 1992 and was reactivated by after – strike agreement in may 1994. It consists of 53 members. The representatives from governmental side are the deputy ministers of economy, labour, social policy, finance and state treasury.

The workgroup's co-president from governmental side is secretary of state from the ministry competent for the issues of economy.

The unions representatives are from following unions: Związek Zawodowy Pracowników Dołowych, Związek Zawodowy „Przeróbka”, Wolny Związek Zawodowy „Sierpień '80”, Związek Zawodowy Górników w Polsce, Pracowniczy Związek Zawodowy „Kadra”, Związek Zawodowy Maszynistów Wyciągowych Kopalń w Polsce, Sekcja Górnictwa i Energetyki NSZZ „Solidarność '80”, Sekcja Krajowa Górnictwa Węgla Kamiennego Niezależnego Związku Zawodowego „Solidarność”, Związek Zawodowy Ratowników Górniczych w Polsce, Związek Zawodowy Jedności Górniczej, Związek Zawodowy „Kontra” with head office in Gliwice, Związek Zawodowy „Kontra” Region Śląski.

The representatives of employers are from Związek Pracodawców Górnictwa Węgla Kamiennego. The workgroup co-president from employers side is the president of the Związek Pracodawców Górnictwa Węgla Kamiennego.

The workgroup's generally are held every three months, but are also additionally convened according to needs.

V. PROPOSALS

The governmental programme “Restructuring of the hard coal mining sector during the period 2004 - 2006 and Strategy for the period 2007 – 2010” is now being realised. The adopted document states following basic objectives:

- obtaining favourable economical and finance results and not generating loss by productive entities or the group of productive entities.
- Obtaining satisfactory level of financial liquidity and creditworthiness in order to ensure current and terminable regulation of liabilities, especially liabilities to public sector creditors.
- Realisation of financial restructuring process through regular and systematic repaying of outstanding indebtedness included in restructuring agreements with creditors.
- Reduction of liability status.

- Extractive capacity reduction to the level of production capacity status not higher than 94,8 mln of tones at the end of 2006 under the continuous upward market trends and stable profitability of mining enterprises.
- Employment reduction using the mitigation and activation-adaptation measures specified in the act on restructuring of the hard coal mining sector during the period 2004 – 2006 to the condition resulted from the requirement.
- Rationalization of organisational structure.
- Reduction of costs in all activity areas.
- Decreasing of negative impact of hard coal mining sector on environment.

It is expected, that the programme will result in:

- Balancing of coal supply and demand.
- Reduction of exploration expenditures which will create the free market economy conditions for mining
- Employment rationalization and of labour capacity
- Limiting of negative impact on environment.