

## Stocks fall 1.5% as new PM takes over

Bloomberg Business News  
by Laura Zelenko

Polish stocks fell 1.5 per cent amid uncertainty about the nation's political future after socialist party leader Jozef Oleksy took over the prime minister's post.

The Warsaw Stock Exchange's WIG index closed at 6,661, after soaring the two previous days to a total 14.2 per cent. Trading was relatively heavy at 65 million zloty, or \$26 million, down from 70.3 million zloty on Tuesday.

The most traded stock was Bank Przemyslowo-Handlowy, a Krakow-based bank that the government recently sold to the public. The bank's shares, which were first listed on the exchange Tuesday, fell 0.7 per cent to 70 zloty.

Analysts said the rise in prices earlier in the week reflected investors' confidence that a quick resolution to the nation's political crisis would force the ouster of Prime Minister Waldemar Pawlak. Today's trading is best viewed as a neutral reaction to the official announcement, they said.

President Lech Walesa had threatened to dissolve parliament if a government reshuffle did not take place. However it remains unclear if Mr Oleksy's appointment will satisfy the president, analysts

## Walesa gets his way as Poland's PM is ousted

by David Osterhout  
in Warsaw

There were early signs of hope in Warsaw late this week following the announcement by Poland's ruling coalition that it intends to form a new government.

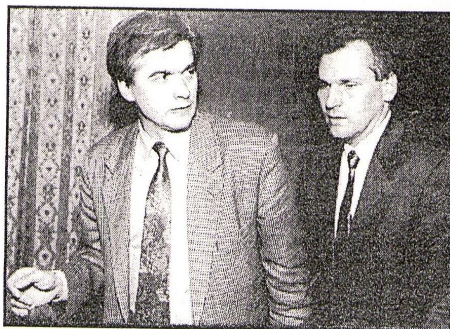
According to reports on Wednesday, Prime Minister Waldemar Pawlak would step down and be replaced by Jozef Oleksy, a former Communist Party functionary who is now speaker of parliament's lower house.

"Some people may think it is sad that history has made a round trip and we're returning to the communists. But it would be better to have this open-minded liberal as our leader than a conservative peasant," said Krzysztof Ners, director of the Warsaw office of the Institute for EastWest Studies.

Mr Oleksy is a member of the Democratic Left Alliance (SLD), a descendent of the former Communist Party and senior partner in the present ruling coalition. Mr Pawlak is a member of the Polish Peasant Party (PSL), a successor to the communist-era Peasant Party.

"After Mr Pawlak it is not difficult to find a name that is better. And there is no doubt that Mr Oleksy is better," said Piotr Nowina-Konopka, foreign affairs secretary for the Union of Freedom, the main opposition party.

Interviewed on Wednesday, Mr Nowina-Konopka cautioned that "it's still a long way to



On his way out: Waldemar Pawlak pictured in happier times during the 1993 election campaign with SLD leader, Alexander Kwasniewski

Mr Pawlak has come under increasing criticism for failing to move ahead with economic and social reforms, among other issues.

Earlier this week, President Lech Walesa urged Mr Pawlak's resignation and the restructuring of government.

The president called Mr Pawlak incompetent and issued a veiled threat that he might dissolve parliament if a change in government did not occur soon.

"I think the president was right in saying that the present government is standing at a yellow light," said Mr Ners. "The peasant party traditionally is conservative. It is not enthusiastic about reforms."

He blamed Mr Pawlak's government for slowing down the privatisation process and for

failing to act on reforms in the social, industrial and agricultural sectors.

An Oleksy-led government, Mr Ners believes, "would be much more open-minded, much more Europe-oriented."

On a personal level, Mr Ners said Mr Oleksy is well-suited for the task of coalition building.

"He has manifested a serenity, a quiet conciliatory approach. In a country where people can be very emotional, he tries to focus on issues. I think he can build an alliance to address problems facing Poland, which was not the case with present government."

Though a former Communist, Mr Oleksy was not a hardliner. In Mr Ners' view, "he is from the liberal civilised wing of the party."

## Contract documents 'offered for sale'

by Genevieve Zalatorius in  
Prague

VSAT COMPANIES, which were upset that foreigners won a Czech finance ministry contract at a very low price, say they would go to court to fight the unfair selection process.

The Czech firms are upset that the data information company NIT-Praha was awarded the contract last year in controversial circumstances: without a public tender, without having a hub station and without a VSAT license.

The Ministry of Finance last year signed a \$2.7 million, five-year contract with NIT-Praha. The firm is set to provide VSAT data services to 152 VSAT stations located throughout the Czech Republic, according to finance ministry telecommunications official Jiri Roudny.

Ministry of Finance Deputy Minister Miroslav Tera contacted last week, said Ministry official Petr Cihelka, who signed the contract, had flown to Norway to discuss it. Mr Tera referred all questions to him. Mr Cihelka returned on February 1st from Norway.

The contract, which competitive VSAT firms say is worth between \$10 to \$12 million is being criticised by at least seven of the 18 firms registered to provide VSAT services in the Czech Republic.

All seven VSAT companies which *Central European Business Weekly* was able to

contact within the last week expressed concern about the way the winner of the contract was selected.

At the Czech office which registers business licenses, in Prague 1, NIT-Praha lists its business activity as providing "software:" sales of programs based on agreement with the author or ordered in advance. It also lists that NIT-Praha was issued the business license on September 15th, 1994.

VSAT competitors such as Eurotel's Vaclav Turko are left scratching their heads because of a company, as he stated, "operating out of the airport-in a suitcase" with no office and without a VSAT license can be awarded such a lucrative contract.

Only last Friday, February 2nd, NIT-Praha was issued a VSAT license, according to Zdenek Chalupsky of the Czech Telecommunication Office in Prague.

NIT-Praha commercial director Jan Prokop said when they started negotiating with ministry of finance officials in March of 1994, NIT-Praha was told to first get a contract and then apply for the license.

Mr Prokop said there are so many VSAT companies now with licenses in the Czech Republic and not all of them have business. He said his firm wanted to make sure they had

*please see CONTRACT,*  
*page 3*

changes within a company.

In addition he said the planning process will be heightened.

living in Prague since 1991 having come to the Czech Republic from a post in Brussels.

ment" with the group to be signed by mid-February.

## CONTRACTS

from front page

business and then would apply for the necessary license.

"With this I don't see a conflict," Mr Prokop explained during a meeting at the Czech Telecommunication Office in Prague last week.

However, his competitors disagree.

"If we had money, we would go to court," said Sat Net official Otto Krcka, but added that his company is too busy selling VSAT systems to other clients to bother.

"We feel cheated," added Mr Krcka saying the price of the five-year contract was so low that he and other Sat Net officials were astonished.

His colleague Sat Net commercial director Jan Mikulas said there are several possibilities why NIT-Praha was able to offer such a low rate.

"Maybe they have cheaper supplier of technology. Maybe (they have) cheaper fees for transponder," Mr Mikulas said and added, "this case is a little bit strange. It is a crossword puzzle for us."

Although there was no public tender, Sat Net, Eurotel, ACS Brandys nad Labem and several other firms according to a Finance Ministry official Jiri Roudny were contacted by fax to bid on the 152 VSAT station

contract.

Sat Net officials say they received a two-page fax asking them to submit a bid in the summer of 1994.

ACS Brandys nad Labem chief Karel France said he also received a two-page fax asking him to bid on the VSAT station contract last year.

Mr France said it was in December that he found out NIT-Praha was awarded the contract and he was very upset.

"For this, to offer somebody services without a license is illegal," Mr France said. "They can only sell software in the Czech Republic," he added.

The ACS Brandys chief also said it was in mid-December that he received an anonymous telephone call offering him a copy of the NIT-Praha contract for 250,000 crowns, or \$8,900. Mr France said he turned down the offer.

Mr France, who has been writing complaint letters not only to the Norwegian Embassy in Prague but also the Czech Ministries of Interior and Finance, said he is also considering that NIT-Praha does not have a hub station in the Czech Republic.

He said he is willing to go to court to expose the "crime" committed by the ministry in awarding the contract saying that NIT-Praha was not only doing business without a VSAT license but was also engaged in unfair competition-offering something

for free.

Mr France, who had the first hub station in the Czech Republic which began operating in 1994, is also concerned that sensitive government and confidential business information will be monitored by Norwegians.

"They violated the law which is talking about keeping state secrets," Mr France said.

"Why would they (ministry officials) sign a contract with somebody that doesn't have a hub here and that doesn't have a license?" asked Mr France.

NIT-Praha officials said they will build a mini-hub on top of a building controlled by the ministry of finance in Prague 4 which should be in operation by summer.

In the meantime, according to Mr Prokop, they will be using a hub station in Norway and that is only for several months, he emphasised.

But NIT-Praha's arguments do nothing to calm the fears of competitors.

Stendhal company president Pavel Kmet in Brno, said his firm knew nothing about the ministry of finance contract, but would be interested in such business.

Mopos company official Charles Jirasek in Pardubice said his firm would be interested, but they were never contacted by the ministry of finance to bid. "It's very interesting," he said and added, "It's a lot of satellite stations."

## STOCKS LATEST

from front page

Mr Walesa won't comment on Mr Oleksy's appointment until a new cabinet is formed, a spokesman said.

"We will have to wait for a few days until the reaction is visible on our market," said Piotr Marczewski, an analyst at Amerbank in Warsaw. "The first sessions of this week showed that many investors expect something positive from the new government. So the change of the prime minister is expected to bring more positive things than negative."

However, he added, "it's very hard to predict what will happen. I think Polish investors are used to quick changes in Polish politics, so it may have effect only on foreign investors who want more stability in Polish policy."

More domestic investors appear to be entering the market, he said. Today's session was significant in its relatively high trading levels, about three times higher than sessions last week.

While domestic investors are reentering the market, the return of foreign investors may be yet to happen, analysts said.

Foreign investors may be less concerned about the political conflict than about Poland's latest economic figures, particularly high inflation and falling production in January, Mr Kwiatkowski said.

"The signs from the economy are not too optimistic," he said.

guilders, coming from professional investors. The fund will also co-invest with western companies in order to develop strategic collaborations in central and eastern Europe.

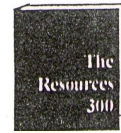
MessPierson said the region, with a combined population of about 100 million, offered both interesting production facilities

experience in eastern Europe, MessPierson said.

Parcom, an internationally operating venture capital concern, is part of the Internationale Nederlanden Groep.

MessPierson is an internationally operating investment bank owned fully by ABN Amro Holdings NV.

## The New Source Resources 300



The Tracking Guide to the 300  
Largest Czech and Slovak Companies

The Resources 300 ranks the largest Czech and Slovak companies by turnover, profit and number of employees. Contact information is updated every four months and new rankings come out every June.

## Resources

Stop by our office at Spálená 15,  
110 00 Prague 1

tel. (42-2) 2491-5458 x. 127, 229 tel/fax: (42-2) 296-718