

Warsaw Business Journal's guide to

INVESTING in POLAND 2012

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Andrew Kureth,
Editor-in-Chief

DEAR READER,

Uncertainty reigns in the global economy as *Investing in Poland 2012* goes to press. The world is nervously bracing for the eventuality of a double-dip recession, or even the potential collapse of one or both of the world's top two currencies. Debt worries were dragging down growth across the globe, and stock markets were on a roller coaster.

It is into this environment that *Warsaw Business Journal's* third annual guide to Poland's investment climate and business environment is launched. And though many investors loath unpredictability, some thrive on the opportunities it provides. Those investors will surely take note of Poland, which has remained remarkably stable amidst the global economic turmoil over the past couple of years.

Whether it will continue its run if the world economy turns south again may not be certain, but its chances are better than even. The Polish economy boasts a healthy mix of domestic consumption and exports as growth drivers. It has the luxury of its own currency, which gives it some enviable fiscal flexibility. In 2011 the economy is predicted to grow by about four percent, and slightly less than that in 2012. While that's not Asian tiger-like growth, it outstrips the forecast economic growth of Western economies such as the US and Germany.

Poland's individual regions reflect that overall steadiness. All are consistently building stronger, more mature economies and are providing better living conditions for their citizens. Though they vary greatly when it comes to size, geography and natural resources, all have specific strengths. That diversity adds another layer of security to Poland's economy.

Investors will find a cache of young, well-educated workers in each of Poland's 16 voivodships (Poland's version of provinces), thanks to favorable demographic trends and some top-notch universities. Those workers come at a good deal: even in Mazowieckie voivodship, where employees are the highest-paid in the country, the GDP per capita is still only 85 percent of the EU average. In other parts of the country the difference is even greater.

Moreover, each voivodship boasts attractive investment incentives, including corporate income tax and property tax breaks,

as well as special economic zones and local governments eager to aid investors.

So Poland remains a good bet for investment even in this tumultuous global economic environment. No matter what the next 12 months bring, Poland will have a solid foundation and unique strengths to build upon.

In this year's edition of *Investing in Poland*, we have laid all of this out for you, providing analysis and data that will allow you to make an informed decision about where to locate your investment. Along with information about Poland's regions and cities, we have special sections on special economic zones and technology parks, as well as listings of useful contacts, such as business organizations, major office buildings and EU funds consultancies.

This edition also provides some of the basic information about what it takes to invest in Poland, with sections on Poland's labor force and tax law, steps for establishing a business, legal advice, and investment incentives.

So all of the nuts-and-bolts information you need to understand Poland's investment environment is here, but this year we have also included our annual analysis of business trends – called *Trendbook Poland* as a special bonus section. *Trendbook* provides detailed analysis on several sectors of the Polish economy, including hi-tech, outsourcing, pharmaceuticals and the stock market. It also includes a special feature on angel investing in Poland – a form of start-up funding that is growing in popularity – as well as articles on Poland's banking market, retail real estate and on prospects for shale gas, which could change the face of energy politics in the region.

So this year's edition of *Investing in Poland* not only focuses on the “where” and the “how” of locating your business in the country, it also provides a deeper look into the industries and trends that are shaping Poland's economy moving forward. No other investment guide provides all of that.

In these uncertain times, the way forward can sometimes be hard to discern. *Investing in Poland* is a compass for investors, designed to help them see the opportunities and find the right path for their business in this fast-growing and dynamic market. ♦



POLAND – READY AND OPEN FOR NEW INVESTMENTS

A growing economy, a rising number of successful projects, and the fact that currently the Polish Information and Foreign Investment Agency (PAIiZ) has been providing assistance to over 172 projects, are proof that Poland's investment climate is becoming more attractive to foreign investors.

According to National Bank of Poland data, foreign direct investment inflows into Poland in 2010 amounted to €7.4 billion. This was 75 percent of the inflow from the previous year. In 2010 PAIiZ successfully closed 58 investment projects, 22 more than in 2009, with a total of €973.2 million. Thanks to these investments, 10,711 new jobs will be created.

The decrease in FDI inflow was a result of a smaller number of greenfield projects. However, a positive aspect is the high level of profit reinvestment and inter-corporate credits, which were the main drivers of foreign capital inflows into Poland in 2010. These results show that companies are still very cautious about making new investments and focus mainly on the development of existing investments.

The main countries investing in Poland still remain the US and investors from EU countries such as Sweden, France and the UK. Among the completed projects, the majority came from the business services sector (12 projects) and the R&D sector (nine projects). It is worth noting that apart from the automotive and aviation sectors, the electronic sector gained in value.

Business services and R&D

Poland has consolidated its position as a place to locate projects in the business services sector. In 2010's Top100 Outsourcing Destinations ranking, published by the consulting

company Tholons, Kraków ranked at the top of the Emerging Outsourcing Cities list, and came in 11th in the overall global ranking. In the last few months, with PAIiZ's support, companies such as Pilkington, Samsung, Nucotech, Nokia Siemens Networks, Sony, McKinsey and Ernst & Young have decided to implement innovative projects in Poland. So it is clear that Poland is becoming a place where foreign companies want to develop and invest in services for their businesses and new technologies.



An investment by American company Hamilton Sundstrand Poland in Rzeszów, supported by PAIiZ, was one of the most innovative projects in the R&D sector carried out in the country in 2010. Over 70 engineers will work at the new plant on the design and the development of APU (auxiliary power unit) engines, which will power planes during their stops at airports and form an emergency source of energy during flight.

“In our search of development opportunities, ways of enhancing efficiency and improving competitiveness, we came across the Polish Aviation Valley. Due to the fact that southern Poland is a region with strong traditions in the aviation industry, we easily found production specialists

and experts to conduct research in our new Poland-based R&D center,” said Roman Staszewski, president of Hamilton Sundstrand Poland.

Among the over 300 investments conducted thanks to the grants from the Operational Programme Innovative Economy, there are many which may become innovative on a global scale. Thanks to the funding, Poland is becoming, both for the production and service entrepreneurs, a place where they can work on a larger scale on new technologies and solutions

used in the modern economy the world over. The support creates good conditions for closer cooperation between science, which conducts research on new technology, and business sectors, which use these improvements in the business environment.

Finding ways to develop technology, and thereby obtain more and more competitive advantages, is a condition for being a leader in the competitive global economy. Therefore, innovative projects in Poland can count on openness and assistance in the implementation of such projects.

Automotive

In turbulent times the Polish automotive industry has managed to attract a good set of foreign investors: US-based Pittsburgh Glass Works (PGW) has decided to set up a new automotive glass footprint close to Wrocław to supply its European customer base. In a new €50 million factory, sophisticated windshields will meet the requirements and demands of leading premium vehicle manufacturers, including Mercedes-Benz. More than 150 direct new workplaces will be created. Another example is Korea's Mando Corporation, which decided to establish a new brake and steering system production facility in Wałbrzych. The capital expenditures related to this project amount to approximately. €100 million.

The key regions for locating new automotive investment projects are traditionally those areas which are home to vehicle manufacturing operations, such as Upper Silesia, as well as the Wielkopolskie and Lower Silesia voivodships. Proximity to clients, good transportation accessibility, availability of qualified human resources and investment-ready plots in SEZs are among the key reasons why investors choose these areas.

The majority of investors who are currently coming or are expected to arrive in subsequent months in Poland are based in Asia and the US. Besides newcomers, foreign companies already present in Poland are beginning to play a significant role in generating new investments. Impressed with Poland's high-quality and efficient labor pool, they often decide to re-invest earnings in new ventures here.

Aviation

The Polish aviation sector is strongly connected with global industry. After the difficult situation in the global market in 2009, we have observed improvement and a slow increase in the total turnover (in 2010 it was about zł.3.3 billion and employment reached the level of 23,000 jobs).

The majority of multinational corporations present in Poland export over 90 percent of their production. Poland's long

aviation history and skilled workforce have attracted many investments in the form of privatization (Hamilton Sundstrand, Pratt & Whitney, EADS, Agusta Westland, Sikorsky, Goodrich Aerospace) as well as in greenfield projects (Hamilton Sundstrand, Avio, Hispano Suiza, GE, MTU).

Apart from these giants, Poland has a strong base of SMEs constituting a wide chain of suppliers for Boeing, Airbus and Embraer, as well as producers of light aircraft and gliders, which are valued all over the world.

All of these companies are continuing to develop their operations despite the global economic situation:

- Hamilton Sundstrand – design and testing of new components for the APU engines;
- Avio – design and implementation of new components for the new GENx-2B engine;
- PZL Mielec, Sikorsky Aircraft Corporation – production of the Black Hawk helicopter;
- PZL Świdnik, Agusta Westland – assembly of the complete fuselage and wings for PC-12 Pilatus.

The future of the Polish aviation sector stands out positively against the global market recession and the manufactures representing the sector expect growth in the next few years.

Electronics & white goods

Poland's electronics industry is one of the most significant in Europe. Poland is the largest producer of LCD sets and household appliances in the EU. Its strong position is a result of foreign investment. Many international companies, such as LG, Dell, Sharp, Toshiba, Bosch, Electrolux, Indesit, and Whirlpool have decided to establish their manufacturing bases in Poland. The main reasons for this were:

- Poland's favorable location at the crossroads of main trade and transport routes leading from the north to the south and from the east to the west of the continent,
- access to the single European Union market,
- comparatively low labor costs for well-qualified professionals.

The electronics industry is highly innovative. The introduction of new technologies is very often connected with new investments, and this could provide an opportunity for Poland.

A recent investment by Samsung has proven that Poland will be very successful in attracting new investors and strengthening its position as a manufacturing center in the EU. ♦

Text provided by the Polish Information and Foreign Investment Agency (PAIIZ)



AN INTRODUCTION TO INVESTING IN POLAND



Witold Orłowski
Chief Economic
Advisor, PwC



Adam Żołnowski
Director, Advisory
PwC

We are pleased to present you with vital information regarding conditions for investment in Poland, one of the most highly favored investment destinations in Europe.

It has been over 20 years since Poland undertook the vital reforms that changed an inefficient, centrally planned economic system into a vibrant, free-market economy. It is also seven years since Poland joined the European Union, a move that has brought more economic, social and legal stability, unlimited access to the whole European market and an unprecedented level of financial assistance for development. A young and well-educated society, fast economic growth and strong investment incentives have proven key factors in making Poland an attractive location for overseas investment. Today almost 63,000 companies with foreign participation are successfully doing business in Poland, and from their bases in Poland they are engaging in commerce throughout Europe and the rest of the world.

The purpose of this chapter of Investing in Poland 2012 is to introduce potential investors to the most important aspects of doing business in Poland. The material has been developed by PwC's team of inward investment specialists, who have drawn on their extensive knowledge and experience of the critical issues faced by first time investors in Poland. This chapter represents an overview of the laws, regulations and practices governing business in Poland. We sincerely hope that you find it useful and please do not hesitate to contact us with questions or feedback.

Please accept our best wishes for every success in your future investment activities.

Fundamentals

Poland's economic performance is based on four solid fundamentals, in the view of PwC experts.

Productivity catch-up

First and most important of these four fundamentals is Poland's catching up to Western economies in terms of productivity. The current ratio of real productivity to the average labor cost in Poland, which is at least two times higher than in Western Europe, creates a significant comparative advantage for the country as a location for production activity. The favorable labor-productivity ratio is even more visible in the case of newly constructed factories and service centers, and the most visible in the case of the highly skilled labor.

Human capital of the country

The percentage of young people in Poland's total population is considerably higher than in Western Europe, and the aging process is much less advanced. Moreover, Poland has a large pool of highly skilled workers and one of the highest rates of involvement

of students in tertiary education in Europe. As a result this is a key factor in making Poland an attractive investment destination.

Financial stability

After years of effort from the National Bank of Poland to bring about stabilization, the country now enjoys low inflation. With the road towards the introduction of the euro still unclear, the country benefits from the flexible exchange rate regime that helps it to deal with the unstable situation in the global economy. Poland's financial sector has proved to be among the most stable in Europe, despite a severe test during the financial crisis. In addition, the process of consolidation of public finances is finally taking place, with the level of public debt below the 60 percent of GDP threshold.

EU membership

The fourth and final fundamental relates to the European Union. The main benefit of entry into the EU are the wide range of business opportunities it has provided. The huge European market is fully open to Polish products, while at the same time investors are moving into the country. The upgrade of the legal and regulatory system that was required for entry helped to enhance the image of the country.

Membership of the bloc has also led to huge financial assistance from the EU's development funds, which have been channeled mainly towards infrastructure development and the enhancement of human capital. It needs to be stressed that there is still a large amount of money available from EU development funds under the EU's 2007-2013 financial plan. These funds are proving instrumental in solving problems related to the country's outdated infrastructure. The first proposal of the new financial plan for the years 2014-2020, presented by the European Commission, also foresees even a higher level of funding for Poland in the future.

Considerations for investors

- Poland is located in the heart of Europe, close to the economic center of the continent,
- Poland is perfectly located both for servicing the EU market and the markets of Eastern Europe,
- It is a stable democracy, a member of NATO, the European Union, the WTO and OECD,
- The country is attracting a lot of investor interest and capital,
- Its economy is developing at a considerably faster pace than most in Western Europe,
- Polish economic growth is driven by a dynamic private sector,
- Poland was the only EU country to resist the global economic crisis, avoiding recession in 2009 and maintaining one of the highest growth rates in Europe in 2010 and 2011,

- The Polish market is as large as the rest of Central Europe put together,
- The population is homogeneous and essentially free of ethnic tension,
- Poland offers a large, educated workforce at competitive prices,
- Poland's currency, the zloty, is stable and inflation is low.

Poland: general and economic data

Poland is classified by the World Bank as a "high-income economy." With a population of over 38 million and GDP per capita of \$19,752 (at purchasing-power parity) the total GDP of the country is equal to \$468.6 billion, according to World Bank figures. That makes Poland the 7th-largest economy in the EU and the 20th-largest economy in the world. Poland enjoys self-sustaining economic growth, with GDP growing at 3.8 percent in 2010. The economy is forecast by the European Commission to grow at rates of 4 percent in 2011 and 3.7 percent in 2012.

MAIN EXPORTS MARKETS IN 2009

COUNTRY	€ MILLIONS	IN %
Germany	25,685.7	26.1
France	6,826.2	6.9
Italy	6,740.6	6.9
UK	6,300.1	6.4
Czech Rep	5,745.4	5.8
Netherlands	4,175.0	4.2
Russia	3,595.5	3.7
Hungary	2,654.8	2.7
Sweden	2,636.4	2.7
Spain	2,577.6	2.6

SOURCE: CENTRAL STATISTICAL OFFICE (GUS)

MAIN IMPORT MARKETS IN 2009

COUNTRY	€ MILLIONS	IN %
Germany	24,053.2	22.4
China	9,983.3	9.3
Russia	9,205.8	8.5
Italy	7,336.8	6.8
France	4,956.0	4.6
Netherlands	3,904.2	3.6
Czech Rep	3,882.3	3.6
South Korea	3,228.7	3.0
UK	3,177.5	3.0
US	2,495.5	2.3

SOURCE: CENTRAL STATISTICAL OFFICE (GUS)

International trade

The majority of Polish foreign trade is linked to the markets of EU member states.

A population of 38 million people offers a great opportunity for industrial and service expansion for investors. Moreover, the variety of natural resources and neighborhood of countries also rich in resources also create a favorable situation.

Government system

- Poland is a republic. The government of the Republic of Poland is based on the separation and balance of powers between legislative, executive and judicial branches. Legislative power is vested in the Sejm and the Senate, executive power is vested in the President of the Republic of Poland and the Council of Ministers, and judicial power is vested in the courts and tribunals.
- The Polish public administrative system is based on the division into central and regional (local government) administrations. According to a cardinal principle included in the Constitution, local authorities are elected by citizens. The structure of Polish local government consists of: 2,478 municipalities, 379 counties and 16 voivodships.

Legal system

- The sources of universally binding law in the Republic of Poland are: the Constitution, statutes, ratified international agreements and regulations.
- In 1997, a new Constitution was adopted. It contains important guarantees for business, namely that the Republic of Poland assures the freedom of economic activity.
- The courts and tribunals constitute a separate power and are independent of other branches of government. Judges are appointed for an indefinite period by the President of the Republic and are not removable by the executive branch. Court proceedings have at least two stages.

Living conditions

- One of the biggest challenges facing Poland is the poor condition of its road infrastructure. However, this situation is changing with the support of EU funds and preparations for the Euro 2012 soccer championship.
- The average income in Poland is much lower than in the average EU country, so many goods, and especially services, have considerably lower prices than in Western Europe.

Currency

- Poland's official currency is the zloty /zwoti/ (zł. or PLN), which is divided into 100 groszy /groshi/.
- Over the years, the zloty has become a strong currency. Due to growing global oil and food prices the inflation rate temporarily increased to 5 percent, but it is expected to fall below 4 percent by the end of 2011. The National Bank of Poland, the country's central bank, has full independence granted by the Constitution. The NBP currently implements a monetary policy of direct inflation targeting, with a target of 2.5 percent +/- one percentage point.
- Like all new EU members, Poland agreed to replace the zloty with the euro once the country is able to meet all of the nec-

Mayland Real Estate

– an eye for detail

Mayland Real Estate has become the leading developer of dominant shopping centres in Poland: 130.000 sq m GLA completed shopping centres, 300.000 sq m GLA projects in pipeline.



Mayland acts as a developer, designer, builder, leaser and manager of its shopping centres, combining all the competences required to supervise every single stage of the development, introducing innovative and tailored concepts and creating higher value to its clients. Also, because Mayland has a view towards the **end-consumer**, both in terms of concept and design, Mayland's shopping centres satisfy first each and every consumer, attracting the best retailers and creating for all a sustainable and highly profitable investment in local markets.

Mayland opened **3 dominant retail shopping centres delivering 130.000 sq m GLA** of prime retail products to the Polish market in 2008, which accounted for 25% of prime shopping centres delivered in Poland that

year. The sale of 3 shopping centres (Karolinka in Opole and Pogoria in Dabrowa Gornicza end of 2009 and Jantar in Slupsk end of 2010) reflects Mayland's winning development formula which attracts international retailers and top financial institutions. Mayland will provide ongoing property management services for all of its completed projects.

The depth and breadth of retail competence is reflected in the prime retail products Mayland continues to develop: creating **regional shopping centres and/or turning existing retail locations into dominant shopping destinations**. Based on its experience and competence, Mayland launched **BOOSTER**, a unique program of existing shopping centres' revitalization.

7 dominant malls starting from this year in Poland.

The 7 projects Mayland has under development will offer to Polish market **300.000 sqm GLA** and will be located both in top 7 cities and secondary agglomerations:

- **WZGORZE, Gdansk region** (68,000 sq m GLA)
- **SERENADA, Cracow** (42,000 sq m GLA)
- **ALEJA SLONCA, Szczecin** (38,000 sq m GLA)
- **BELLA DOLINA, Rzeszow** (55,000 sq m GLA + retail park)
- **JANTAR, Slupsk** (46,000 sq m GLA)
- **IDYLLA, Wroclaw** (36,000 sq m GLA mixed-use project)
- **NIMFEA, Pila** (22,000 sq m GLA)

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an eye for detail



real estate developer

essary criteria. Prior to the economic crisis, the government wanted to join the euro area in 2012. This target has since been abandoned, with 2015 or later now considered more realistic.

- At the end of July 2011, the average National Bank of Poland's USD/PLN exchange rate amounted to zł.2.8 and the EUR/PLN was zł.4.0.

The environment for inward investment to Poland

In light of PwC's experience with new investors, membership in the EU has always been a strong basis for investment confidence in Poland.

According to a number of rankings, Poland is continuously one of the most attractive foreign direct investment locations in Europe. Stability, greater market access, fewer trade and investment barriers, market liberalization and deregulation – these are key factors in such assessments.

The European Growth and Jobs Monitor 2009 provided by the Lisbon Council places Poland, for the second time in a row, in the second position after Finland. Poland was well on target to meeting original Lisbon goals according to the criteria laid out in this study. Poland scored well, due mostly to its strong scores on the economic growth sub-indicator and productivity sub-indicator (The European Growth and Jobs Monitor analyzed six sub-indicators based on the Lisbon Agenda targets. The score included the following criteria: economic growth, productivity growth, jobs (employment rate), human capital (people with finished tertiary education), future oriented investment [investment in machinery and equipment in relation to GDP] and sustainability of public finances).

Successful sectors

The government of Poland has selectively targeted certain areas of industry, in particular those which produce and manufacture value-added products or services. These also offer the best growth potential and the best prospects for the sustainable development of Poland.

The targeted sectors are:

- internationally traded services, including financial services, call centers, shared services centers, information technology centers,
- electronics,
- the automotive sector,
- biotechnology,
- research and development,
- aviation.

The world's top companies are present in Poland in all of these sectors. The offshoring sector is growing at a high rate, as market expectations and different services provided by PwC in response to demand show. R&D-related activities are popular as well, a sign that Poland's human capital is being discovered and appreciated by international business. In these sectors com-

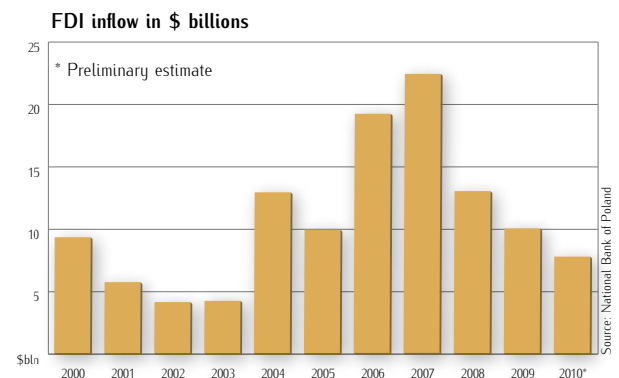
panies are engaged in a range of activities, such as services in accounting, finance, logistics, network and software research, engineering systems and automation, pharmaceuticals and computer science in R&D.

Current state of BPO/SSC in Poland

According to PwC's observations of shared service centers, the leveraging of outsourcing has become an increasingly popular strategy for businesses seeking to reduce costs further, transform internal processes and improve the quality of service. Outsourcing to an offshore location – or offshoring, as it is commonly known – is essentially the offshoring of a business function to a third-party supplier, or the establishment of a captive facility to provide services internally (shared service center).

According to the UNCTAD's World Investment Report 2011 launched on July 26 2011, Poland is the 6th most attractive investment location in the world. Kraków achieved 1st position in the category of locations for global services and is perceived as the best destinations for BPO projects. Poland is a regional market leader in BPO/SSC. Over the last five years, the country has become a leading destination for offshoring services, with over 300 companies choosing Poland as their strategic location for the provision of BPO/SSC services. Currently every third SSC/BPO in Europe is situated in Poland. The Polish SSC/BPO market is worth approximately \$2.5 billion. At the same time, approximately 50,000 qualified people are currently employed in this relatively new industry and according to PAIIZ forecasts, approximately 20,000 new work places are planned to be created within this sector in the next two years.

The flow of FDI to Poland:



Sources of inward investment to Poland

Based on UNCTAD's World Investment Report 2011 Poland in 2010 recorded the highest increase in the number of FDI projects across Europe – 40% more than in 2009. While in 2009 in Poland we had approximately 22,176 entities with foreign capital. ♦



Labor market in Poland

Malgorzata Wnęk-Kolaska,
HR Consulting, PwC

A range of data gathered by PwC HR experts indicates that Poland is a very attractive place to locate labor-intensive investments, due to relatively low labor costs and a highly qualified labor force.

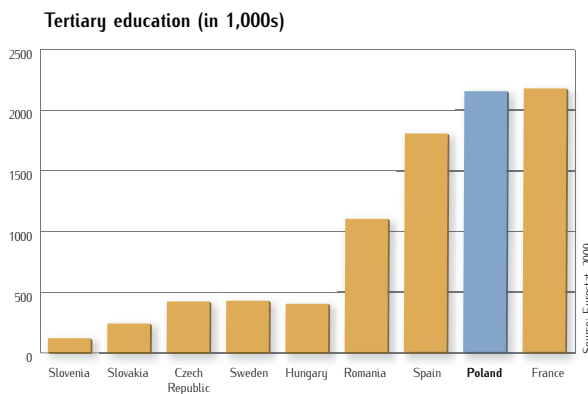
Compared to other EU countries, labor costs in Poland are still very competitive. The average labor costs per hour annually is €7.83, compared to €17.92 in Western Europe. However, compared to the average for Central and Eastern Europe (€4.90) labor costs are relatively higher.

Labor force qualification

One of the key factors which make Poland an attractive area for investors is the structure of its labor market. Poland has the one of the largest working populations in Central and Eastern Europe. It also possesses one of the youngest populations in this part of Europe. Moreover, this number will increase and enter the labor market in the near future.

Foreign investors have a high regard for the skills and commitment of Polish employees. In many cases, Polish branches of foreign companies were evaluated to be the most successful units worldwide, according to their management.

The reason for this is clear in light of the following data:



Working conditions

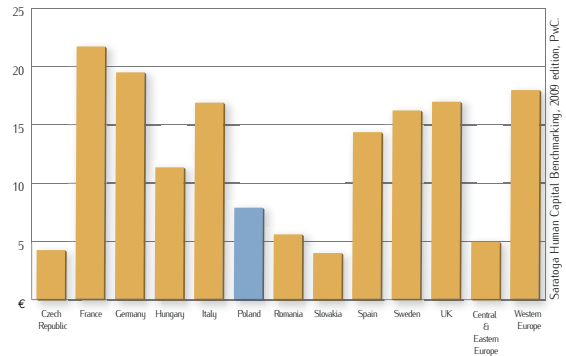
Due to rapid economic development and an increasing number of foreign investments in Poland, the need for qualified production employees and engineers is currently on the rise. Consequently, working conditions in Poland, including comfort, safety, and work times have been improving steadily since the beginning of Poland's economic and political transition of 1990.

Unemployment

At the end of May 2011, the number of unemployed people, registered at the labor offices was 1,962,600. At the same time, the unemployment rate was 12.2 percent of the labor force. The level of unemployment in Poland is therefore relatively high.

But according to the Central Statistical Office (GUS) the average gross monthly remuneration in the national economy amounted to zł.3,466.33 (first quarter of 2011), which is more than in 2010, and it has continued to increase.

Hourly labor cost, in € (average)



The labor market situation may change due to the opening up of the German and Austrian labor markets for Polish employees (May, 2011) which can offer much higher wages to Poles. Experts predict, however, that the exodus will be hampered by language barriers, as job offers for qualified specialists require a fluent knowledge of German, which is not the most common foreign language in Poland.

It is also estimated that the UEFA Euro 2012 championships will boost the Polish economy, especially the labor market. The sports, entertainment and leisure sectors, as well as road, rail and air traffic sectors are all expected to offer new job opportunities for Polish citizens.

It has to be emphasized that as a consequence of the last economic crisis, highly qualified employees are now more readily available in the Polish labor market. ♦



Investing in material blocks of shares in Polish companies



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Investment in an existing enterprise that is doing well could be an attractive option for an investor. There are many examples on the market of successful joint-ventures of Polish businesses created from scratch by

Polish individuals with foreign partners coming in with know-how, experience or money.

Transactions regarding private companies are usually preceded by due diligence (legal, tax, financial and sometimes IT, environmental or technical, depending on the sector), negotiations of the terms and conditions of the investment and future cooperation, and finally conclusion of the investment, joint-venture or shareholders' agreement.

A public-company investment

Unlike in private companies, investment in public companies is pretty straightforward. One simply needs to open a securities investment account with a brokerage house, decide on the target and submit the first buy order. The situation changes if the investor wishes to buy a material block of shares. Any change

of certain thresholds (5%, 10%, 15%, 20%, 25%, 33%, 33 1/3%, 50% or 75% or 90%) in the general number of votes at the shareholders' meeting entails specific disclosure requirements on the part of the buyer or the seller. The Polish Financial Supervision Authority must be notified within four days from the date on which the shareholder learned of such a change or within six session days, if the transaction was concluded on a regulated market.

Tenders

In some cases, the acquisition of shares triggers requirements of a tender offer. For example, if an acquisition results in an increase by more than 10 percent of votes within a period shorter than 60 days by an entity holding less than 33 percent of the total number of votes, such an acquisition may take place only through the announcement of a tender offer to subscribe for at least 10 percent of the total number of votes. A similar tender offer must be announced in the case of acquisition resulting in an increase by more than 5 percent within a period shorter than 12 months by an entity holding at least 33 percent of the total number of votes.

The shareholders whose shares exceed the 90 percent threshold can also use a squeeze-out procedure and eliminate other shareholders from the company. This is, however, not for those inexperienced in investing in Polish companies. ♦

A closed-end investment fund as an optimal structure for major investments in Poland



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Benefits of the structure

If you are about to invest in Poland, imagine a Polish structure which would offer you the following benefits: (i) no capital gain taxation, (ii) no taxation of profits generated by any entity in the structure, (iii) full flexibility on the portfolio disposal, (iv) material control over assets located in the structure. Impossible?

Far from it. All of these characteristics describe, in a nutshell, a Polish closed-end investment fund (CIF) which acts as an umbrella over individual portfolio entities. In addition, a CIF is a legal person, supervised by the Polish Financial Supervision Authority and does not trigger unreasonable maintenance costs. The above factors have resulted in a growing interest in Polish CIFs. Let's have a closer look at how they function.

Governance rules

An investment fund is a separate pool of assets created from contributions made by its one or more participants. A CIF is

a regulated form of investment and must be established and managed by a licensed management company.

It is possible to set up a fund for just one investor. In exchange for its contribution into a CIF, the investor obtains investment units. These units incorporate the investor's right to the net value of the CIF's assets. Profits from the investment may be distributed via: (i) buyback of the units, (ii) sale thereof to third parties, (iii) dividend-like distributions of the fund's income.

Control over assets

Polish law allows for strong control mechanisms over assets kept within a CIF. For instance, the statutes of the fund set forth those transactions regarding its assets that require the consent of a meeting of investors. In practice, parallel to the statutes, a cooperation agreement is concluded between the investor and the fund's management company. Such an agreement sets out mutual rights and obligations. Finally, the assets of the fund are supervised and protected by a depositary (a renowned bank).

Timing and costs

It usually takes up to three months to set up a CIF. The establishment one-off fee is approx. €50-60,000 and the annual maintenance fees are similar or slightly higher. ♦

Shale gas in Poland: new legal aspects



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The natural gas market in Poland is subject to numerous regulations at the EU level, including those related to low emissions, energy-resource supplies and the efficiency of the EU economy.

Polish national regulations mirror the European Union regulations. All newly adopted acts and amendments in Poland follow changes in EU regulations, which are aimed at market liberalization, enhancing competitiveness, granting indiscriminatory access to all energy market participants and securing supplies.

Shale-gas technology

Notwithstanding the above legal regulations, it has to be underlined that the technology made available by foreign firms to search for and extract shale gas is unleashing a scramble for drilling rights in Poland, where experts believe there are vast reserves of unconventional gas.

Once a shale gas field is put into operation, it will need a connection to the national gas grid. Construction of connecting

pipelines can be simplified by the new act on investments in transmission line infrastructure. The above act is aimed at reducing the formal preparation period of the investment process to an estimated three months.

Certain important amendments to geological law have already been adopted. Concessions for exploration, development and production of hydrocarbons will now be granted through a tender. This crucial amendment to geological law will come into force at the beginning of 2012.

Shale-gas drilling

Many US companies, alone or in cooperation with Polish energy and gas giants, are poised to launch Poland's first shale gas drilling program during the 2011-2012 period. The technology has transformed America's energy industry and driven gas prices to their lowest level in years. Poland consumes about 14 billion cubic meters of gas per year and has been heavily dependent on Russian imports. Experts say that the shale gas in Poland is of a high quality and is relatively shallow.

One of the crucial issues is connected with unconventional gas fields, which are located within certain areas such as national parks, where the current regulations forbid hydrocarbons drilling. In addition, the establishment of new gas fields will surely interfere with the local plans for special development. ♦

Is definite-term employment a reliable solution for a time of crisis?



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Polish labor law allows for little flexibility on the form of the employment relation and in particular its termination. This has meant that definite-term employment is perceived by entrepreneurs as a good solution for difficult times, in contrast to permanent contracts. The value of the definite-term employment in a time of crisis lies in fewer formalities required to end the relation, and mostly, the absence of the obligation for a justified reason to be specified in the termination letter (though unilateral earlier termination upon two-week statutory notice is possible only in specified conditions).

An interim solution

This approach seems to be confirmed by the legislation in force which has released the terms of application of definite-term contracts, bringing as an exceptional interim solution for the period between August 22, 2009 and December 31, 2011 an act on the mitigation of the consequences of economic crisis of 1 July 2009. The act temporarily suspended the provisions of art. 25(1) of the Labor Code, under which execution of the third definite-term employment contract resulted in indefinite-term employment, if the interval between the contracts did not exceed one month. Accordingly, until the end of this year, par-

ties to the employment relation can still execute an unlimited number of definite-term contracts, provided that the overall period of such consecutive employment and/or duration of a single contract does not exceed 24 months. As of 1 January 2012, the suspended provisions of the Labor Code will be binding again.

Admittedly, practice proved that application of the act caused various incidents of confusion. Yet, undoubtedly, the definite-term contracts under the act have been an extremely popular measure, applied by entrepreneurs in order to tailor the labor force to their actual economic needs.

Consequences of excessive use

Although definite-term employment has its benefits, it should also be emphasized that its excessive use under the provisions of the Labor Code could be successfully challenged in case of a dispute with the employee before the labor court. The situations susceptible to a dispute include execution of a definite-term employment contract, the duration of which covers several years and cannot be substantiated with a cause or a large number of such contracts executed. Notably, termination of the definite-term contract for the reasons attributable to the employer may entail the obligation of payment of statutory severance pay to the dismissed employee.

It should then be concluded that definite-term employment could serve as a potential solution for the time of crisis but certainly not as a panacea. ♦



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*The number of tenders for public procurement CDP has participated in between August 2010 and August 2011.

MAJOR OFFICE SPACE IN POLAND

(listed by net rentable office space)

Development name Address	Net rentable office space / Total usable space	Rentable space: Commercial / Warehouse	Major tenants	Total number of floors / Number of underground floors	Number of underground parking spaces / Number of outside parking spaces	Structural cabling / Fiber-optic link	Year completed	Leasing agent, contact person, tel. / Building manager, tel.	Architect / Developer
WARSAW									
Poleczki Business Park ul. Poleczki 33-35, 02-822 Warsaw	110,000 158,000	48,000 WND	ARiMR; Sharp; Kone; US Pharmacia, Grupa Porr	5 1	444 2719	✓ ✓	1st phase - 2010; 2nd phase - 2011	King Sturge; 22 256-0800; Kancelaria Brochocki; 22 826-1414 FMP Polska	RKW Rhde Kellerman Wawrowski Ubm Realitaetenentwicklung; CA Immo International
Rondo 1 Rondo ONZ 1, 00-124 Warsaw	60,000 103,000	3,500 500	Allen & Overy; Baker & McKenzie; Ernst & Young; Frontex; Volkswagen Bank	42 2	495 WND	✓ ✓	2006	MGPA; 22 595-2700 Hochtief Development Poland	Skidmore, Owings & Merrill (SOM); AZO, Epstein Hochtief Development Polska
Warsaw Financial Center ul. Emilii Plater 53, 00-113 Warsaw	49,783 70,788	WND WND	World Bank; CMS Cameron McKenna; Chadbourne & Park; Weil, Gotshal & Manges; DLA Piper	32 4	350 -	✓ ✓	1998	Mahler Property Services; Piotr Buchwald, Marta Poduch-Danun; 22 540-7000/22 540-7001 Mahler Property Services; Aleksandra Stronias; 22 540-7000/22 540-7001	Kohn Pedersen Fox Associates; Biuro Projektów Architektury J&J; Epstein GREP
Lumen - Złote Tarasy ul. Złota 59, 00-120 Warsaw	21,011 23,500	- 1,170	DTZ; Prologis; MACE; Michael Page; Mars Polska	15 4	234 -	✓ ✓	2007	Jones Lang LaSalle; Cushman & Wakefield; Kancelaria Brochocki Univail Rodamco Europe	Jerde Partnership ING Real Estate Development
SkyLight - Złote Tarasy ul. Złota 59, 00-120 Warsaw	19,525 19,525	- -	BPH; Trakcja Polska; Goodman; Polimeni; Academy of New York	26 4	1,640 -	✓ ✓	2007	Jones Lang LaSalle, Anna Aleksiejuk; 600-303-773	Jerde Partnership International Złote Tarasy (ING Real Estate Development; Rodamco Europe)
Zebra Tower ul. Mokotowska 1, 00-640 Warsaw	15,400 17,800	760 100	Boston Consulting Group; Investors TFI; Samsung; AIP Business Link; PKO BP Inwestycje	17 2	124 -	✓ ✓	2010	S+B Plan & Bau Warschau; Izabella Kieler; izabella.kieler@sb-gruppe.at; 609-307-099 Strabag	Ernst Hoffman Architekten S+B Plan & Bau Warschau
SwedeCenter Al. Jerozolimskie 56C, 00-803 Warsaw	6,950 11,000	3,500 460	Randstad; Trinity Corporate Services; Devonshire; Jeronimo Martins; RR Donnelley	3 -	no 133	no ✓	1995 (renovated in 2004)	Mariusz Oleksy SwedeCenter	WND SwedeCenter
KRAKÓW									
Buma Square ul. Wadowicka 6, 30-415 Kraków	23,655 WND	4,439 134	Motorola Polska Electronics; Sabre Polska; Alexander Mann Solution; Tesco Polska; Volantis Systems Limited	6 -	- 761	✓ ✓	2007	Knight Frank, Monika Sutdecka-Karas; 12 623-7079 Knight Frank, Andrzej Borówka; 12 421-1069	DDJM Grupa Buma
VINCI, Office Center ul. Opolska 100 Kraków	17,900 25,508	990 150	WND	14 2	124 116	✓ ✓	2010	Dyskret Sp. z o.o., Iwona Cwiertnia; 502-477-422 Dyskret Sp. z o.o.	Pracownia Architektoniczna Studio Studio 51 Centrum Biurowe Vinci
Centrum Biurowe Lubicz ul. Lubicz 23, 31-503 Kraków	12,303 25,000	1,793 804	Capgemini; International Paper; Fortis Bank; PZU	8 2	203 40	✓ ✓	2000	Knight Frank, Monika Sutdecka-Karas; 12 623-7079 Knight Frank, Matgorzata Nowińska; 12 421-7250	DDJM Mostostal Export
Krakowskie Centrum Biurowe Etiuda ul. Pilotów 2, 31-462 Kraków	8,000 10,800	WND WND	Alior Bank; Eset Spol. S.R.O.; Bank Gospodarstwa Krajowego; Ganymede	5 1	22 120	✓ ✓	2009	WND Andrzej Roślaniec; 12 293-9302	IMB Asymetria Krakowskie Centrum Biurowe Pilotów
WROCLAW									
Wrocławski Park Biznesu 2 ul. Wotowska 4-20, 51-116 Wrocław	20,000 20,760	760 -	LUX-MED; Ruukki; Cybernet-SlashSupport; Innovation Technology Group; Vulcan	3 -	- 1,100	✓ ✓	2012	Devco, Diana Pluta; 783-944-442 Devco	UltraCad; Ireneusz Huryk Devco

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Wrocławski Park Biznesu 1 ul. Strzegomska 46-56, 53-611 Wrocław	15,510 15,770	260 -	Nokia Siemens Networks; Siemens; IBM; GIGASET; REC	3 -	- 600	✓ ✓	2001	Devco, Diana Pluta; 783-944-442 Devco	UltraCad; Ireneusz Huryk Devco
GTC Globis Wrocław ul. Powstańców Śląskich 7a, 53-332 Wrocław	13,800 27,750	850 -	Hewlett Packard; Raiffeisen Bank; Medicover; HDF; Kancelaria Notarialna Tarkowski	12 1	200 WND	WND WND	2008	Knight Frank, Tomasz Klecha; 71 776-6800 GTC	Studio EL GTC
Quattro Forum ul. Legnicka 51-53, 54-203 Wrocław	12,772 WND	935 241	Lukas Bank; PKO BP; Deichmann Obuwie; PZU; LUX MED	7 1	135 79	✓ ✓	2004	PK 4; Paweł Choiriski Knight Frank, Ewelina Poziomek; 71 790-2710	Dorota Jarodzka-Śródka, Archicom Studio ACP
TRI-CITY									
Łużycka Office Park - zespół 5 budynków ul. Łużycka 6, 81-512 Gdynia	22,500 33,000	WND WND	Geoban; Nordea; Sony Pictures; VTS; Allcon	5 1	92 278	✓ ✓	2010	Łużycka Investment, Halina Gniadecka; 58 660-1998 Łużycka Investment; 58 660-1900	Aedas Polska Aedas Polska
Arkońska Business Park 2nd phase ul. Arkońska 6, 80-387 Gdańsk	16,301 18,649	323 449	Pomerania Development Agency; PZU; Xelion. Doradcy Finansowi; Dobry Hotel Leszek Mieczkowski	7-8 2	351 51	✓ ✓	2009	Torus, Marcin Dejna; 58 764-6000 Torus	APA Wojciechowski Torus
Alfa Plaza Business Center ul. Batorego 28-32, 81-366 Gdynia	7,414 WND	194 -	Polkomtel; Netia	10 2	62 99	- -	2000	PK1; Kamila Świątek Knight Frank; Ewa Nowotnik; 58 303-6076/58 303-6069	Firma Architektoniczna HORUS Gdynia JWK INVEST
POZNAŃ									
Malta Office Park ul. Arcybiskupa Antoniego Baraniaka 88, 61-131 Poznań	28,000 30,000	- 2,000	Altom Akademia; Mantor Graphics; Tebodin; Roche Polska; Projekty Bankowe Polsaft	5-6 1	203 382	✓ ✓	2008 A, B; 2009 C, D; 2010 E; 2011 F	Echo Investment Echo Investment	Litoborski-Marciniak Echo Investment
Globis Poznań ul. Roosvelta 18 Poznań	13,000 25,000	WND WND	BPH; Bertelsman; Plus Discount; KPMG; Prumerica Financial	11 2	225 WND	✓ ✓	2003	GTC; 22 606-0700 GTC; 22 606-0700	Pentagram Architekti GTC
PGK CENTRUM ul. Marcelińska 90, 60-324 Poznań	10,500 22000	3,795 WND	Agencja Rynku Rolnego; Carlson Wagonlit Polska; CDF Architekti; Audatex Polska; GTS Enetgis	15 3	220 200	WND WND	2003	WND WND	Architekti CDF WND
KATOWICE									
Katowice Business Point ul. Ściegiennego 3 Katowice	17,000 WND	- -	PricewaterhouseCoopers; HSBC Bank	10 3	200 30	✓ ✓	2010	King Sturge, Aleksandra Malanowicz; 32 731-5925 WND	WND Ghelamco Group
Chorzowska 50 ul. Chorzowska 50, 40-121 Katowice	16,840 WND	1,870 -	Ernst & Yuong; Mentor Graphics; Pramerica Financial; ING Usługi Finansowe; Kancelaria Prawna Sottysiński Kawecki & Szlęzak	14 2	586 74	✓ ✓	2001	Centrum Banku Śląskiego; 32 731-6010 Centrum Banku Śląskiego; 32 731-6010	WND WND
Altus ul. Uniwersytecka 13, 40-007 Katowice	15,200 61,516.7	4,421 WND	Qubus Hotel; Centrum Filmowe Helios; Cap Gemini; Steria Polska; Kredyt Bank	34 3	538 8	✓ ✓	2003	Knight Frank, Grzegorz Pytlarz; 32 350-5050 Knight Frank; Magdalena Nawrat; 32 603-0052	Biuro Architektoniczne ARKAT mgr inż. Dieter Paleta
Centrum Biurowe Francuska ul. Francuska 34 Katowice	11,500 WND	WND WND	Nordea Bank; Philips Lighting; Berlitz	7 WND	200 -	✓ ✓	2010	Knight Frank GTC; 22 606-0700	APA Wojciechowski, Biuro Architektoniczne STABIL GTC Hochtief Polska

WND = Would Not Disclose. Research for the list was done in July and August 2010. All information pertains to the companies' activities in Poland.



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HOW TO ORGANIZE A BUSINESS IN POLAND



Cezary Żelaźnicki
Attorney-at-law,
PricewaterhouseCoopers Legal
Szurmińska-Jaworska sp.k.

General rules / permits

The Economic Freedom Act of July 2004 governs the majority of business activities in Poland. This Act regulates the inception, running and closing of business activities in Poland, as well as the related tasks of public administration. The other important legislation regulating types of business organization in Poland is the Commercial Companies Code of September 2000.

As Poland is a member of the EU, the same rules for setting up and running a business apply to Polish citizens as well as to every foreign person from the European Union and the European Free Trade Agreement zones. For the new investor, PwC experts always introduce the full range of legal forms of conducting business available in Poland:

- sole proprietorship (*indywidualna działalność gospodarcza*);
- civil partnership (*spółka cywilna*);
- registered partnership (*spółka jawna*);
- limited partnership (*spółka komandytowa*);
- professional partnership (*spółka partnerska*);
- limited joint-stock partnership (*spółka komandytowo-akcyjna*);
- limited liability company (*spółka z ograniczoną odpowiedzialnością*);
- joint-stock company (*spółka akcyjna*);
- European Company (*spółka europejska, Societas Europaea*);
- European Economic Interest Group (*Europejskie Zgrupowanie Interesów Gospodarczych*).

Those rules also apply to foreigners from outside the EU and the EEA who:

- have received a permit to settle in Poland;
- have consent for a tolerated stay or the status of a refugee granted in the Republic of Poland;

- or enjoy temporary protection on this territory.

Unless international agreements state otherwise, foreign persons other than those indicated above have the right to establish and conduct business activities only in the form of:

- a limited partnership (*spółka komandytowa*);
- a limited joint-stock partnership (*spółka komandytowo-akcyjna*);
- a limited liability company (*spółka z ograniczoną odpowiedzialnością*);
- a joint-stock company (*spółka akcyjna*).

Thus a foreigner from outside the EU and EEA still has the right to enter into these types of partnerships or companies and acquire shares in them. Additionally, foreign entrepreneurs may conduct business activities in the form of a branch office or they may establish a representative office in Poland.

The performance of certain types of business activities in Poland is limited / monitored / regulated by the state authorities and require their written consent.

Registry of regulated activities

The performance of certain business activities requires compliance with specific conditions. Therefore, before launching regulated activities the entrepreneur should be listed in the appropriate register (these are maintained separately for each type of regulated activity).

Permits

Permits are required for conducting certain business activities, such as: wholesale trade in alcoholic beverages; production of alcohol, tobacco or tobacco-related products; production and sale of toxic or poisonous substances; production and sale of intoxicants and psychotropics; production and sale of radioactive materials; sale of dual-purpose substances; airport management; production and trade in pharmaceuticals, as well as the operation of a pharmacy or pharmaceutical warehouse; certain postal and courier services; operation of casinos; operation of a bank; operation of an insurance company or brokerage agency; operation of a commodities exchange; operation of brokerage houses; telecommunications services; road transport; GMO

CONCESSIONS	
ACTIVITIES REQUIRING A CONCESSION	AUTHORITY ISSUING THE CONCESSION
Exploration, identification and excavation of minerals and mineral materials, from deposits and from waste remaining after mining work and after the process of enriching minerals; non-tank storage of substances in mounds and storage of waste in underground mines	Minister of the Environment (the approval of other authorities may be required in special circumstances)
Manufacture and trade of explosives, weapons and ammunition, including goods and technology for military or police use	Minister of Internal Affairs and Administration
Production, processing, storage, transmission, distribution and trade in fuels and energy	President of the Energy Regulatory Authority
Protection of people and property	Minister of Internal Affairs and Administration
Air transportation	Minister of Infrastructure
Broadcasting of radio and television programs	National Broadcasting Council
Operation of casinos	Minister of Finance

research laboratories; water supply and sewage disposal; waste management; production of registration number plates; establishment of an investment fund or a pension fund; operation of a customs agency; production and wholesale trade in pharmaceuticals for animals; trade in fertilizers and pesticides; real estate agency services; maritime fishing; and conducting economic activities in special economic zones.

Concessions

Concessions are granted upon the completion of administrative proceedings and authorize an entrepreneur to conduct certain business activity on the territory of Poland for an unlimited period of time.

Forms of doing business

Sole proprietorship

According to PwC experts’ market monitoring, this is quite a popular form among individuals with small businesses. A person conducting this type of activity is liable with all personal assets for all obligations arising from it. A sole proprietorship is registered in the Business Activity Register. A sole proprietor is subject to personal income tax.

Civil partnership

A civil partnership may be established under the regulations of the Civil Code by at least two natural persons or legal entities. An important feature is the lack of legal personality and the inability to act in its own name in the economic exchange of goods and services. The partners are jointly and severally liable for the partnership’s liabilities. Partners in civil partnerships must be registered in the Business Activity Register.

Commercial partnership

Partnerships do not have a legal personality, however they may purchase rights, incur obligations and be subject to court proceedings. The Commercial Companies Code provides for four

types of partnerships:

Registered partnership

A registered partnership is a partnership established under the regulations of the Commercial Companies Code to conduct business activities on a larger scale than a civil partnership. It is established on the basis of a written agreement (otherwise void) and has to be registered in the Register of Entrepreneurs in the National Court Register.

All partners have unlimited liability for the partnership’s liabilities and their liability may not be excluded. A partner’s liability is of a subsidiary nature, meaning that a creditor of a registered partnership may carry out an execution on a partner’s assets in a case where an execution on the registered partnership’s assets proves ineffective.

All partners are entitled to run and represent the registered partnership, however a partner may be excluded from the representation, either upon the court’s ruling or agreement reached between the partners on that subject matter.

Limited partnership

The main feature of a limited partnership is that it involves two types of partners: at least one bears unlimited personal liability for the partnership’s obligations (the general partner), and at least one partner has limited liability up to an amount specified in the partnership agreement and is released from liability if the contribution actually made to the partnership is equal or higher than the sum of liability specified in the partnership agreement (the limited partner).

A notary deed is required to establish a limited partnership (otherwise void). A limited partnership has to be registered in the Register of Entrepreneurs in the National Court Register.

Professional partnership

A professional partnership is established by partners for the purpose of conducting professional activity and thus it is available only to a selected number of professions (defined as “free professions”). Polish law has established a

closed list of such professions, which include: advocate, pharmacist, architect, building engineer, (chartered) accountant, insurance broker, tax advisor, doctor, dentist, veterinary surgeon, notary, nurse, midwife, legal advisor, patent agent, property expert, sworn translator, stockbroker and investment advisor.

The main feature of such a partnership is that no partner bears liability for the partnership's obligations arising from the practice of the free profession by the remaining partners within the partnership. Nor does the partner bear liability for the partnership's obligations resulting from the actions or defaults of persons employed by the partnership under an employment contract or in a different legal relationship.

A professional partnership is established on the basis of a written agreement (otherwise void) and is subject to registration in the National Court Register.

Limited joint-stock partnership

This type of partnership constitutes the combination of a joint-stock company and a limited partnership. A limited joint-stock partnership is established by two types of partners: at least one partner is fully responsible for the partnership's obligations (the general partner), and at least one partner is a shareholder and is free from the partnership's liability.

The rules of representation also vary. For example, general partners may represent the partnership, whereas shareholders may do so only on the basis of a power of attorney. The entity is managed on a daily basis by the general partners.

This form of partnership may have such corporate bodies as general meeting and a supervisory board. The minimum contribution to the partnership is zł.50,000. A notary deed is required to establish a limited joint-stock partnership. This partnership is subject to registration in the National Court Register.

Branch offices and representative offices

The Act on Freedom of Economic Activity allows the use of such forms of business as branch offices and representative offices.

Branch office

Due to the reciprocity rule, foreign investors are allowed to establish branches in Poland to conduct business activity. A branch office is a part of a foreign company that does not have its own legal personality, but conducts business in Poland. A branch office may only conduct its activity within the scope of the foreign entity's activity. It may conduct business activities in Poland only upon being entered into the National Court Register. A branch office may employ Polish and foreign individuals.

Representative office

Foreign entrepreneurs may also establish representative offices in Poland. The activities of representative offices are strictly limited to the advertising and promotion of their foreign business. The representative office must be registered in the register of representative

offices, which is maintained by the Ministry of Economy. A representative office may employ Polish and foreign individuals.

Companies

For foreigners, the most popular forms of doing business in Poland are the limited liability company and joint-stock company. The shareholders in limited liability and joint-stock companies are not liable for the obligations of the company. However, in a limited liability company, in a situation involving an ineffective execution against the company, members of the management board may be jointly and severally liable for the company's obligations. They may release themselves from this liability if they demonstrate that:

- a petition to declare bankruptcy was filed or arrangement proceedings were instituted in due time; or
- the failure to file a petition for the declaration of bankruptcy or institute arrangement proceedings was not due to his or her own fault; or
- that the creditor suffered no damage even though no petition for the declaration of bankruptcy was filed or no arrangement proceedings instituted.

Limited liability company (LLC, Sp. z o.o.)

This is the form of business most often noted by the PwC team among both foreign and domestic investors in Poland. To establish an LLC it is necessary to conclude a notarial deed of incorporation and register the company in the National Court Register. The founders of an LLC may be natural and legal persons. A limited liability company may also be established by a single shareholder (with some restrictions).

A limited liability company has a legal personality and is represented by its management board. The minimum initial capital of this kind of company is zł.5,000. The minimum nominal share value share is zł.50. Contributions to a limited liability company may be made in cash or/and in kind.

A limited liability company acquires legal personality once it is entered into the National Court Register.

Joint-stock company (S.A.)

To establish a joint-stock company it is necessary to conclude a notarial deed of incorporation and register the company in the National Court Register. The founders may be natural and legal persons. It may also be established by a single shareholder (with some restrictions).

A joint stock company has a legal personality and is represented by its management board. The minimum initial capital of this kind of company is zł.100,000. The minimum nominal share value is zł.0.01. Contributions to its share capital may be made in cash or/and in kind.

A joint stock company acquires a legal personality once it is entered into the National Court Register. This legal form is required for certain types of business (banking, for example) and

companies wanting to list on the Warsaw Stock Exchange. pany are as follows:

The main differences between an LLC and a joint-stock com-

	LIMITED LIABILITY COMPANY	JOINT STOCK COMPANY
1. Number of founders, Polish and/or foreign	at least 1 person (may not be formed solely by another single-shareholder limited liability company)	at least 1 person (may not be formed solely by single-shareholder limited liability company)
2. Limitation of activities	most allowed, except for banking, insurance, stock exchange and other activities (pension funds, etc.) which must be conducted in the form of a joint stock company	no limitations imposed
3. Minimum initial capital in zł.	zł.5,000	zł.100,000
4. Capital to be paid in prior to court registration	100%	shares acquired through a contribution in kind should be fully paid up no later than one year after registration of the company; shares acquired through a cash contribution should be 25% paid up prior registration of the company; if the shares are acquired solely through a contribution in kind, or through a contribution in kind plus cash contribution, 25% of the nominal share capital should be paid up prior to registration
5. Minimum value of one share	zł.50.00	zł.0.01 (one grosz)
6. Valuation of in-kind contributions	formal valuation is not required	mandatory, made by founders, whose report is subject to the review by a statutory auditor appointed by the registry court; exceptions to mandatory valuation are provided for in the Commercial Companies Code
7. Preferences attributed to shares	preferences as to the voting right may relate only to shares having equal value	relate only to registered shares (with the exception of non-voting shares)
8. Legal status of shares	shares represent property rights and are not securities, share certificates may not be issued	shares are considered securities; share certificates should be issued
9. Sale of shares issued in return for an in-kind contribution	no restrictions, such shares can be sold immediately	such shares should remain registered and may not be transferred or pledged until the shareholders' meeting approves a financial statement for the financial year in which such shares were paid for in full
10. Public trading in shares (stock exchange)	not allowed	possible if a number of requirements are fulfilled
11. Additional payments (dopłaty)	the articles of association may oblige shareholders to make additional payments within the limits of specified amounts in proportion to the shares held by them. They do not result in share capital increases, may be paid back to the shareholders upon approval at a shareholders' meeting	not applicable
12. Shareholders' decision-making process	certain resolutions (excluding those relating to the annual shareholders' meeting) may be adopted by the shareholders in writing without holding a shareholders' meeting. An absolute majority of votes is necessary to pass a shareholders' resolution. This is a rule from which there are exceptions. Qualified majorities are required in the following matters: 2/3 of votes are required, among other things, to amend the articles of association, sell the company's business or liquidate the company; 3/4 of votes are required, among other things, to make a material change to the company's scope of business; in the case of a merger or division of companies, the articles of association may impose more stringent rules. One share may bear more than one vote (privileged shares)	All shareholders' resolutions must be adopted by the shareholders' meeting (annual or extraordinary), with minutes always drawn up by a notary. An absolute majority of votes is necessary to pass a shareholders' resolution. This is a rule from which there are exceptions. A qualified majority is required as follows: 2/3 of votes are required, among other things, to make a material change to the company's scope of business; 3/4 of votes are required, among other things, to change the statute of the company, redeem shares, decrease/increase share capital, sell the company's business, liquidate the company

13. Minutes (in the form of a notarial deed) of shareholders' meeting required	only if the company's articles of association are being amended	for each and every shareholders' meeting
14. Tenure of office of the management board	no limitations	no longer than five years, reappointment possible
15. Supervisory board and/or auditing committee	not compulsory, unless a company's share capital exceeds zł.500,000 and there are more than 25 shareholders; the supervisory board consists of at least three members	supervisory board is compulsory, must consist of at least three members (five for public companies)
16. Tenure of the office of the supervisory board	one year, unless the articles of association specify a different tenure	no longer than five years, reappointment possible



The 10 steps to setting up a business in Poland, according to PwC experts

Step 1: Notarize the company agreement

- Time to complete: 1 day
- Cost to complete: zł.1,010 notary fee + 0.5% over zł.60,000 + 22% on top of notary's fee (VAT) + 0.5% of share capital (civil law transaction tax)

The statute (joint-stock company) or the articles of association (limited liability company) must be duly signed and drawn up in the form of a notarial deed.

The statute of a joint-stock company should contain the following:

- business name and company seat;
- type of activity;
- duration of the company, if limited;
- amount of share capital, capital paid-in before registration, the nominal value of the shares and their number, the indication whether they are registered shares or bearer shares;
- number of each type of shares and rights associated with specific share types, if applicable;
- names and addresses of the founders;
- number of members of the management board and supervisory board, or at least a minimum or a maximum number of the members and a person authorized to appoint the members;
- a newspaper/periodical for publishing announcements, if

the company intends to publish announcements outside of the Court and Economic Monitor (Monitor Sądowy i Gospodarczy).

The articles of association of a limited liability company should contain the following:

- business name and company seat;
- type of activity;
- duration of the company, if limited;
- amount of share capital;
- information as to whether a shareholder is entitled to one or more shares;
- number and nominal value of shares subscribed for by individual shareholders.

Step 2: Establish the company's address

- Time to complete: 1 day (lease contract); up to 2 months (a purchase of real estate)
- Cost: upon negotiations

The company should have its seat – a registered office in the territory of Poland. At the beginning, investors prefer signing a lease or rental contract with a landlord, which is often a company professionally offering a room and administration of incoming correspondence. Acquiring real estate is a more complex procedure. A contract of purchase of real estate or

perpetual usufruct (a quasi-ownership of state's or local community's real estate) must be made in the form of a notarial deed, without which it is invalid. A foreigner may purchase real estate or perpetual usufruct only after receiving permission from the Ministry of Internal Affairs and Administration (after asking for permission from the Ministry of Defense and, in the case of farmland, also after consultation with the Ministry of Agriculture). This may take up to two months.

Step 3: Register the company in the National Court Register (Krajowy Rejestr Sądowy)

- Time to complete: 7-14 days
- Cost to complete: zł.500 (registration fee) + zł.500 (announcement fee)

The next step is to submit an application for registration in the Register of Entrepreneurs in the National Court Register. The applications must be submitted to the regional economic departments of the National Court Register where the seat of the company is located. The application, signed by all management board members, should be submitted with the following documents attached:

- the statute or articles of association;
- documents appointing the members of the company's governing bodies;
- a statement of all members of the management board that the contributions towards initial capital have been made by all shareholders in full (limited liability companies) or payments towards shares and non-cash contributions as required under the statute have been made in a lawful manner (joint-stock companies);
- a list, signed by all members of the management board, giving the names of the shareholders (individuals and companies) and the number and nominal value of shares held (limited liability companies);
- surnames and forenames and addresses of the management board members (limited liability companies);
- specimens of the management board members' signatures, certified by a notary or made in person in the presence of the court;
- notarial deeds on establishing the company and on the subscription of shares (joint-stock companies);
- a receipt for the payment of shares, certified by a bank or an investment company. If there are contributions in kind to be made after the registration, a statement from all members of the management board that the contributions are ensured is required by law (joint-stock companies);
- a document confirming the company's right to use the premises or immovable property where its seat is located.

According to the Act on the National Court Register, along with the application for registration in the Register of Entrepreneurs in the National Court Register, the applicant shall also submit:

- an application for an entry in the National Official Register of Economic Entities (REGON) (see Step 4);
- registration as a payer of insurance contributions (as defined by the provisions of the social insurance system) (see Step 8);
- an application to assign a tax identification number (NIP) to the company (see Step 6).

The court of registration will send the aforementioned applications, notifications and registrations not later than within three working days from the day on which the entry is made. It must send them to:

- the statistical office of the voivodship in which the company has its seat;
- the head of the tax office indicated by the company.

Having obtained information regarding the assigning of a NIP number to the company, the court of registration will send the registration as a payer of insurance contributions (as defined by the provisions of the social insurance system) to the appropriate regional unit of the Social Insurance Institution (Zakład Ubezpieczeń Społecznych).

Step 4: Apply for a REGON identification number

- Time to complete: 1 day
- Cost to complete: no charge

The REGON number is issued by the statistical office, free of charge and usually straight away.

Step 5: Open a bank account

- Time to complete: 1 day
- Cost to complete: no charge (depending on the bank)

As required by Polish law, every company is obliged to have an account with a Polish bank. In order to open an account the company should present, depending on the bank, at least the statute and notarial deeds on establishing the company and on the subscription of shares, or the articles of association and specimen signatures.

Step 6: Obtain a tax identification number (NIP)

- Time to complete: up to 4 weeks
- Cost to complete: no charge

In order to benefit from VAT deductions and issue invoices, the company must have a tax identification number (NIP). The following documents should be filed in order to obtain a NIP:

- statute or the articles of association;
- documents confirming legal title to premises or real estate on which the company's seat is located;
- bank account agreement.



The account book should be kept in Polish using Polish currency (złoty, PLN).

Step 7: Register for VAT

- Time to complete: 1 day
- Cost to complete: zł.170

The company is obliged to register for the purposes of VAT before conducting its first VAT-covered business activity. If the company plans to conduct any activity involving the intra-Community supply of goods or services, it is obliged to register as a VAT EU remitter.

Step 8: Register with the Social Insurance Institution (ZUS)

- Time to complete: 1 day
- Cost to complete: no charge

Within seven days of the employment of its first employee, the employer should be registered at the Social Insurance Institution as a payer of insurance contributions. Further, each employee should be registered by the employer as an insurance contribution beneficiary within seven days as of the date of his/her employment.

The registration documents should be filed with the ZUS inspectorate responsible for the employer's business location.

Step 9: Notice to National Labour Inspectorate (Państwowa Inspekcja Pracy)

- Time to complete: 1 day
- Cost to complete: no charge

Within 30 days of the launch of its business activity, the employer is obligated to notify in writing the labour inspectorate office pertinent for the employer's business location. The notification should include information on the location, type and scope of the business. An update of the notification should be filed if any of the data changes, particularly changes in the company's technological or production profile if this change could influence employees' health. The notification can be filed via an e-form available on the inspectorate's website.

Step 10: Notice to Chief Sanitary Inspectorate (Państwowa Inspekcja Sanitarna)

- Time to complete: 1 day
- Cost to complete: no charge

Within 30 days of the launch of its business activity, the employer is obligated to notify in writing the sanitary inspectorate office pertinent for the employer's business location. The notification should include information on the location, type and scope of the business. An update of the notification should be filed if any of the data changes, particularly changes in the company's technological or production profile if this change could influence employees' health. The notification can be filed via an e-form available on the inspectorate's website. ♦



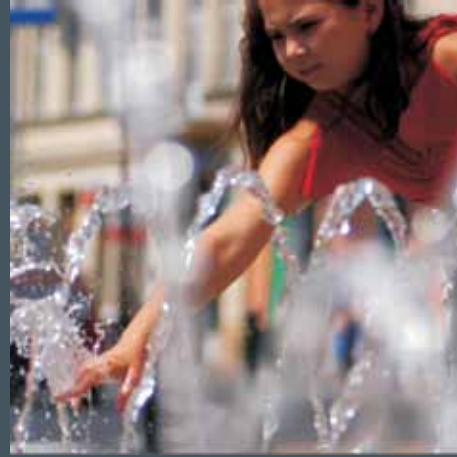
BUSINESS ORGANIZATIONS

(listed alphabetically)

Company name Address Tel./Fax E-mail Web page	Number of member companies	Membership fee (zł.)	Registration fee (zł.)	Market sectors	Services	Year founded	Top local executive / Title
Business Centre Club Pl. Żelaznej Bramy 10, 00-136 Warsaw 22 625-3037/22 621-8420 biuro@bcc.org.pl www.bcc.org.pl	2500	11,000 + VAT	None	Construction; IT and telecoms; food; metal and machinery; financial intermediaries	Economic law advisory (Polish and EU); promotion and advertising; press secretary in crisis situations; advice and consulting on economic law, tax, manager training, 2007-2013 EU funds, legal transformation of companies, cost reduction, recruitment and selection, restructuring, representing companies' interests; partner and contractor acquisition intermediation; posting and dissemination of information and companies' offers	1991	Marek Goliszewski <i>President</i>
Employers of Poland ul. Brukselska 7, 03-973 Warsaw 22 518-8700/22 828-8437 sekretariat@pracodawcyrp.pl www.pracodawcyrp.pl	Over 7,000	Negotiable	The amount of monthly membership fee	Banks; construction; chemicals; advisory; education; power engineering; pharmaceuticals; finance; mining industry; steel mills; IT; infrastructure; media; automotive; clothing; mail; law; health services; shipyards; telecoms; transport; tobacco; insurance; gas; gastronomy; printing; consulting; property development; fuel industry	Representation of members' rights and interests; social relations management; support for Polish employers and entrepreneurs acquiring EU funds; economic consultancy; legislative applications; market research; legal advisory; surveys; organization and support of employer education; Polish representation in ILO	1989	Andrzej Malinowski <i>President</i>
Foreign Investors Chamber of Industry and Commerce in Poland ul. Pańska 73, 00-834 Warsaw 22 314-7575/22 314-7576 biuro@iphiz.com.pl www.iphiz.com.pl	WND	2,800	1,000	All market sectors	Legal; financial and organization consultancy; representation of member companies to state authorities; meetings with representatives, politicians, etc.; training; discount system; <i>Investor zagraniczny</i> - quarterly magazine	1989	Jacek Kubica <i>President</i>
Polish Business Club Association Public Benefit Organization ul. Rzeźbiarska 80, 04-620 Warsaw 22 813-9797/22 870-0705 pkb@pkb.org.pl www.pkb.org.pl	200	2,000	2,000	SMEs; transport; insurance; automotive; service-retail companies; medical services	Support for Polish enterprise development; business representation of members in Poland and abroad; relations with local authorities and government	1990	Ryszard Konwerski <i>President</i>
The Polish Chamber of Commerce ul. Trębacka 4, 00-074 Warsaw 22 630-9600/22 827-4673 kig@kig.pl www.kig.pl	156	2,400	100	Industrial and commercial sectors	Export support; training; facilitating new commercial contacts; fairs and conferences organization; promotion; public relations services	1990	Andrzej Arendarski <i>President</i>
Polish Chamber of Commerce of Importers, Exporters and Cooperation ul. Św. Marcin 80/82, 61-809 Poznań 61 851-7848/61 851-7828 izba@pcc.org.pl www.pcc.org.pl	500	50-300	200	Food; metals; plastics; furniture; trade; renewable energy; automotive industry	Advisory; information; training; legal documents; electronic signature	1995	Henryk Judkowiak <i>President</i>
Polish Confederation of Private Employers Lewiatan ul. Klonowa 6, 00-591 Warsaw 022 845-9550/022 845-9551 recepcja@pkpplewiatan.pl www.pkpplewiatan.pl	3,500	Determined individually	None	Banks; financial institutions; insurance; automotive; media; food sector; chemicals sector; pharmaceuticals; cosmetics; aviation	Lobbying related to economic legislation; giving opinions about legislative bills and budget proposals; representation for Tripartite Commission; negotiations with trade unions; representation of Polish entrepreneurs in European institutions; support of day-to-day activities of members; workshops; trainings; conferences; contact with Polish and foreign experts	1999	Henryka Bochniarz <i>President</i>

Notes: WND = Would Not Disclose. All information pertains to the companies' activities in Poland. Companies not responding to our survey are not listed

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CITY OF LUBLIN

Department of Strategy
and Investors' Service
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e-mail: inwestorzy@lublin.eu
www.invest.lublin.eu

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VOIVODSHIPS

Poland has long been one of the preeminent investment destinations among Central Europe's emerging markets, and it improved its standing after a strong recovery following 2009's dramatic slowdown.

Investors are drawn to the country by its rich natural resources, young and multilingual workforce, its entrepreneurial spirit, and the fact that a large amount of European Union structural funding comes its way. Location is also key – wedged between Western and Eastern Europe, Poland interacts directly with a number of important markets, not least of which is Germany, the economic powerhouse of the European Union.

But knowledge of the country's regions, whose diversity is so crucial to Poland's economic strength, is still limited among many foreigners. Preconceptions of backwardness and a lack of information have conspired to mean a large number of Poland's provinces are off the radars of many foreign investors.

The largest administrative division in Poland is the voivodship – *województwo* – essentially the Polish version of a province. There are 16 voivodships in total, ranging in size from 9,412 sq km (Opolskie) to 35,558 sq km (Mazowieckie). These are further subdivided into 314 *powiaty* (*powiaty*), or "counties," including 65 cities with *powiat* status. The smallest administrative division is the *gmina*, or "municipality," of which there are 2,479.

This chapter provides an overview of the nation's voivodships and most important cities. Presented within are facts, statistics and descriptions that will help you learn more about regional strengths and weaknesses.

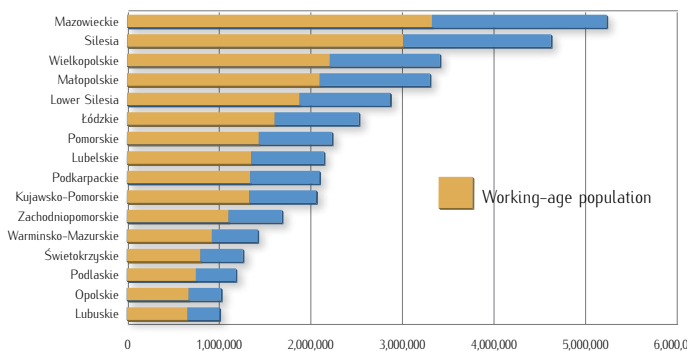
There are a few things to be mindful of concerning the data contained herein. Firstly, some of the politicians occupying the offices of voivode, marshal and mayor could change before the close of 2011, since many are running for higher office in October's parliamentary elections. In cases where elected positions are filled by someone new, it is possible that some of the contact persons listed in this section will have changed. Nevertheless, neither the office addresses nor the contact details are likely to change.

Every effort has been made to obtain the most current information available at the time of publishing, but in certain cases "current" is a relative term. Poland's Central Statistical Office releases regional GDP figures about three years behind national GDP, for example. Estimated regional investment numbers are two years behind.

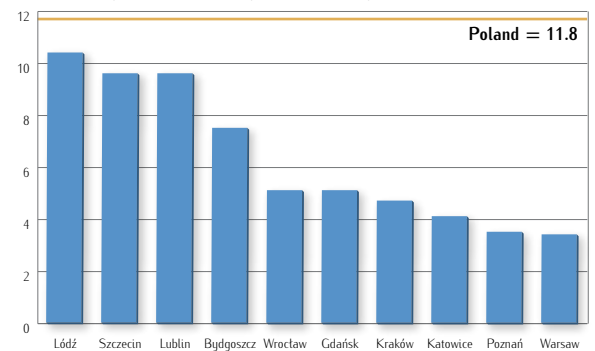
In other words, please be aware that certain data (specifically noted in all cases) will not necessarily reflect the current reality.

In most cases the number of new commercial or civil law partnerships rose year-in-year in 2010 – a major turnaround fol-

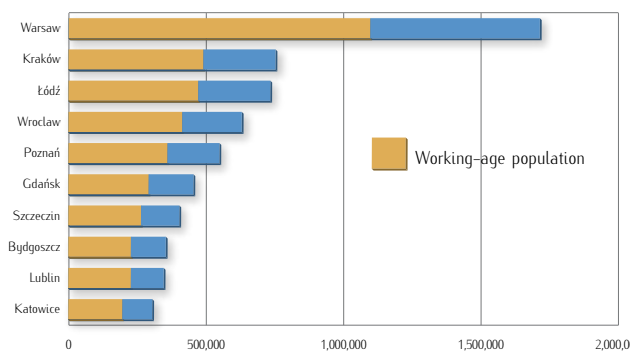
Poland's voivodships by population in 2010



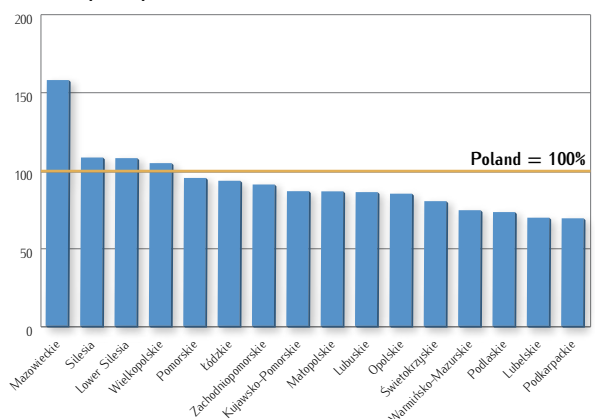
Unemployment rate among Poland's largest cities, June 2011



Poland's largest cities by population in 2010



GDP per capita in 2008



lowing the annualized drops seen in most voivodships during 2009. Clearly, a change in the overall economic climate was a key reason for this, but local authorities have also improved their investment offers. More tax breaks, extended services for investors and improved transport infrastructure all played their part in encouraging commercial enterprises to proliferate once again throughout Poland.

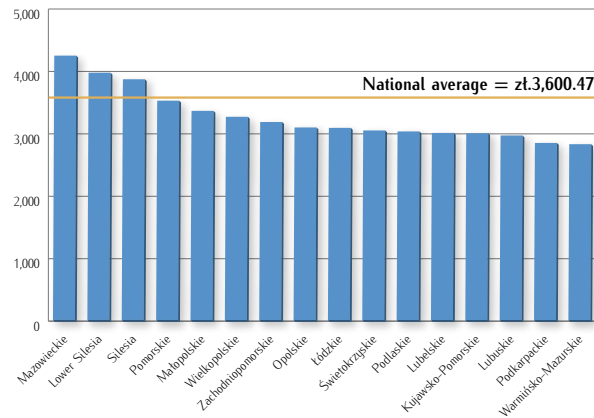
The number of new sole proprietorships registered also rose year-on-year in most voivodships, mirroring the growth of the previous year and perhaps reflecting a preference among employers for contracting sole proprietors to reduce social insurance payment burdens and to make the process of hiring and firing more straightforward.

Poland's long-term drive towards building a knowledge society has created a high concentration of well-educated, multilingual graduates in many of the country's voivodships. This has given rise to increased investment in business process outsourcing and the technology sector throughout Poland, but particularly in regional cities like Kraków, Wrocław and Gdańsk.

Ultimately, the aim of this chapter is to help you make an in-

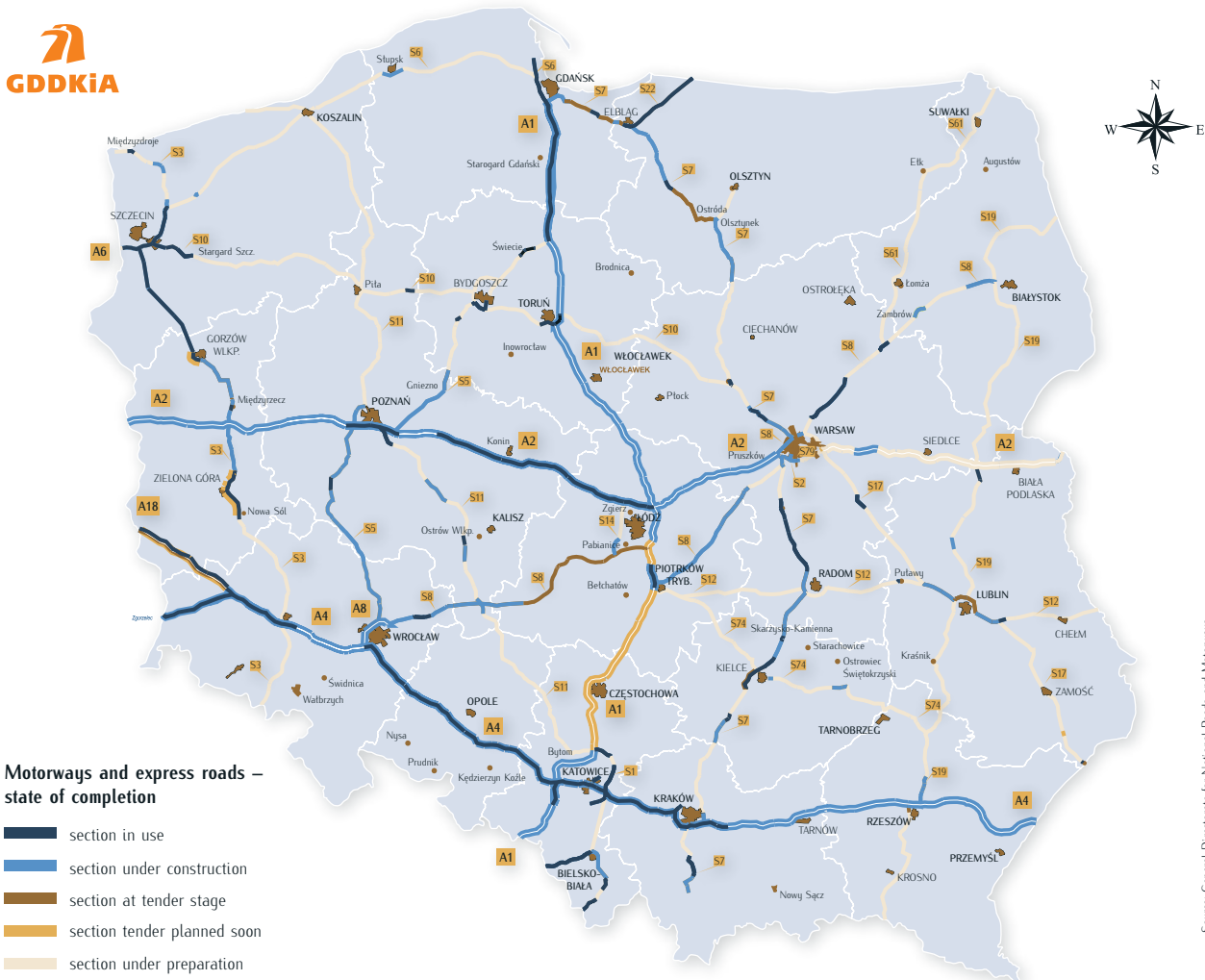
formed decision about which area is most suitable for your business, whether it is your first investment in the country or your latest, and then direct you to those who can help. Above all, the information herein illustrates one simple fact – Poland is diverse enough to support practically any kind of investment. ♦

Average monthly private sector wages among voivodships, June 2011



National Poland Construction Program for 2011–2015

State of completion of investments as of March 21, 2011



Source: General Directorate for National Roads and Motorways

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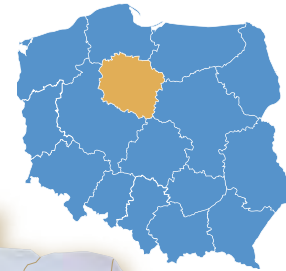
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KUJAWSKO-POMORSKIE



KEY FACTS

Voivode: Ewa Mes

Marshall: Piotr Całbecki

Area: 17,972 sq km

Population (Dec 2010): 2,069,543

Working-age population (Dec 2010): 1,337,211

Unemployment rate (June 2011): 15.8%

Average monthly wage

(private sector, June 2011): zł.3,204.47

GDP (2008): zł.59.77 billion, up 8.0% y/y
(4.7% of national GDP)

Natural resources: brown coal, gravel, limestone, loam, rock salt, sand

Number of students of higher education: 85,133

Number of institutions of higher education: 31

Major universities: Kazimierz Wielki University, Nicholas Copernicus University, University of Technology and Life Sciences in Bydgoszcz

Major airport: Bydgoszcz I.J. Paderewski Airport

Special Economic Zones:

Pomeranian Special Economic Zone: 610.31 ha

ESTIMATED INVESTMENT

Total (2009): zł.11.12 billion

(private sector: zł.7.35 billion; public sector: zł.3.77 billion)

Of which:

Industry: zł.5.02 billion, of which:

Manufacturing: zł.4.02 billion

Transport, storage and communication: zł.1.667 billion

Real estate, renting and business activities: zł.1.232 billion

Trade and repair: zł.804 million

Construction: zł.321 million

Number of new commercial and civil law partnerships registered (2010): 1,063, up 3.9% y/y

Number of new sole proprietorships registered (2010): 17,448, up 5.2% y/y

Recent major investors: Atos Origin IT Services, Elektrownia Połaniec, Mapei, Rossmann Polska, Teleplan Polska

Sources of major foreign investment: Austria, France, Germany, Japan, the Netherlands

VOIVODSHIP BUDGET

2010:

Revenues: zł.821.62 mln

Expenditures: zł.850.82 mln

Deficit: zł.29.20 mln

2011 (projected):

Revenues: zł.1.049 bln

Expenditures: zł.1.109 bln

Deficit: zł.60 mln



KEY CONTACTS:

**Kujawsko-Pomorskie Marshall's Office
Investor Assistance Centre**

www.coi.kujawsko-pomorskie.pl

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Cezar Buczyński, coordinator, German and English speaker:

@ c.buczynski@kujawsko-pomorskie.pl

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➤ KUJAWSKO-POMORSKIE VOIVODSHIP

Kujawsko-Pomorskie occupies a prime location along a number of important transport corridors. The voivodship is working to overhaul its road infrastructure, including regional highways and road networks within its major cities, in order to better capitalize on its advantageous location. The A1 highway, when completed, will link Scandinavia, through Gdańsk and Toruń, with southern Poland and southern Europe.

The regional authorities describe themselves as “investor friendly,” and can boast numerous sites and facilities that have been prepared, in terms of infrastructure, for investment. These include subzones of the Pomeranian Special Economic Zone, four industrial parks and a technology park with a Centre for Technology Transfer.

Low labor costs, a large work force (various fields of medicine are specifically cited) and the quality of local institutions of higher education are also touted by officials.

Confection-production (Kopernik), chemicals (Anwil, Zachem), manufacturing (Aparator, Hydrotor), wood-timber and pa-

per (Mondi Świecie) are among the strongest industries in the voivodship, but it is also developing energy production from renewable energy sources, working to improve its food-processing and tourism industries, and attracting BPO projects.

An example of the latter can be seen in Atos Origin IT Services' decision to invest €1.5 million in a BPO center in Bydgoszcz. Investments in other sectors include Rossmann Polska's storage-distribution center in the Grudziądzki Technology Park and a power plant being developed by Elektrownia Połaniec (a GDF-Suez subsidiary).

Public aid for investors includes tax exemptions for companies in the Pomeranian Special Economic Zone as well as various funds supporting entrepreneurship, innovation and new technologies. Further support includes an investor assistance center, a credit guarantee fund, a loan fund and a regional export center.

On the voivodship level, investors can count on financing from EU funds and co-financing of new work places for the disabled or unemployed.



➤ MAJOR CITIES

Bydgoszcz

Bydgoszcz is the most populous city in Kujawsko-Pomorskie and the eighth-largest in the whole of Poland. Its location makes it an important transport hub and it is also home to the office of Kujawsko-Pomorskie's voivode.

The city is not only an important administrative center for the province but also a major business center. The local economy is dominated by the chemical, plastic-processing, tool-making, engineering, electronics and telecommunications industries.

However, the city is still attractive to new investors thanks to the high quality of life it affords. A 2011 survey conducted by professional services firm PwC ranked Bydgoszcz the top Polish city in terms of quality of life.

The attractiveness of the city is further increased by the region's low labor costs, among the lowest in the country. In the first quarter of 2011, the Kujawsko-Pomorskie region was ranked 15th out of the Poland's 16 voivodships in terms of average gross salary, according to Poland's statistical office.

Bydgoszcz is a city of young people, with the average age being 36. There are 19 institutions of higher education in the city, supplying the local labor market each year with some 10,000 graduates for sectors such as engineering, medicine and education.

Bydgoszcz is oriented towards investment from the BPO sector and the city authorities are keen to create favorable conditions for further investment in this field. They hope to increase the total available office space in the city from 10,000 sqm to 40,000 sqm by the end of 2011.

Another of Bydgoszcz's assets is the level of cooperation between its educational, scientific and research base and the business community. Examples of this cooperation include

the Bydgoszcz Industrial Cluster (www.klaster.bydgoszcz.pl), comprising 35 firms from different industries, and the Regional Centre for Innovation at the University of Technology and Life Sciences in Bydgoszcz (www.utp.edu.pl).

The city is experiencing a flurry of infrastructure development, including the construction of a new tram line, connecting the city center to the district of Fordon. The new line will be 9.6 km long with 13 stops and will be traversed by new rolling stock. The project is expected to be completed in 2014.

Mayor: Rafał Bruski

Area code: 52

Area: 176 sq km

Population (Dec 2010): 356,177

Working-age population (Dec 2010): 229,156

Unemployment rate (June 2011): 7.5%

Percentage of city covered by zoning plans: 23.83% (local zoning plans are in preparation for a further 17.37%)

Recent major investors: Alcatel-Lucent Polska, APV Manufacturing Polska, Asseco Systems, Atos Origin IT Services, Decathlon, JP Morgan Chase, Teleplan Polska, Tyco Electronics Polska

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Toruń

Think of Toruń and the city's Gothic architecture, famous gingerbread and tradition of astronomy may come to mind. Untouched by the ravages of World War II, Toruń is one of Poland's most cherished historical sites, attracting over 1.5 million tourists each year. Its unique mix of German and Polish history and architecture has helped earn it a place among the prestigious UNESCO World Cultural and Natural Heritage sites.

Although synonymous with tourism and culture, Toruń is by no means stuck in the past. It serves as Kujawsko-Pomorskie's second capital and the administrative seat of its marshall. It is considered to be one of the fastest-developing cities in Poland, and for several years it's been placed near the top of investment rankings. A 2011 survey by *Forbes* ranked it as Poland's "third-most attractive large city" (150-300,000 inhabitants) for investment.

One of the reasons for this success is its location in the heart of Poland. The city enjoys good road and train connections with Warsaw, Gdańsk, Poznań and Szczecin. Once completed in mid-2012, the A1 motorway will make Toruń the midway point for the majority of traffic between Łódź and Tri-city.

The city is especially open to new investment in the service, culture, environmentally friendly new technologies and tourism sectors. One significant investor from the latter sector is B&B Hotels, a French network which chose Toruń as the site of its first Polish investment. Another French firm, Accor, has also invested in the construction of two hotels.

Toruń offers tax breaks for new investments or the creation of new jobs, as well as real estate tax exemptions for many public-use sports or recreational investments. A number of local institutions support entrepreneurship and investors.

It's also worth noting the presence of a nearby subzone of the Pomeranian Special Economic Zone, located six kilometers away in Ostaszewo.

Mayor: Michał Zaleski

Area code: 56

Area: 116 sq km

Population (Dec 2010): 205,312

Working-age population (Dec 2010): 142,857

Unemployment rate (June 2011): 7.7%

Percentage of city covered by zoning plans: 35% (50% excluding forests and water)

Recent major investors: Accor, B&B Hotels

Contacts:

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OTHER MAJOR CITIES

CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT (JUNE 2011)	ZONED AREA	CONTACT INFO
Włocławek	Andrzej Patucki	54	84 sq km	116,914	499,338*	18%	WND	www.wloclawek.pl ; poczta@um.wloclawek.pl
Grudziądz	Robert Malinowski	56	52 sq km	98,757	340,974*	21.4%	WND	www.grudziadz.pl ; boi@um.grudziadz.pl
Inowrocław	Ryszard Brejza	52	30 sq km	75,802	50,147	20.8%	90%	www.inowroclaw.pl ; urzad@inowroclaw.pl
Brodnica	Jarosław Radacz	56	23 sq km	27,731	18,353	13.6%*	WND	http://brodnica.miasto.biz ; umb@brodnica.pl
Świecie	Tadeusz Grzegorz Pogoda	52	12 sq km	25,656	21,994	17.4%*	95%	www.um-swiecie.pl ; www.swiecie.eu ; urzad-miejski@um-swiecie.pl

*LOCAL COUNTY DATA

WND = WOULD NOT DISCLOSE



ŁÓDZKIE

KEY FACTS

Voivode: Jolanta Chelmińska

Marshall: Witold Stępień

Area: 18,219 sq km

Population (Dec 2010): 2,534,357

Working-age population (Dec 2010): 1,616,227

Unemployment rate (June 2011): 12.0%

Average monthly wage (private sector, June 2011): zł.3,084.77

GDP (2008): zł.79.46 billion, up 9.4% y/y (6.2% of national GDP)

Natural resources: brown coal, ceramic clay, gypsum, limestone, mineral water, rock salt

Number of students of higher education: 135,000

Number of institutions of higher education: 27

Major universities: Medical University of Łódź, National Film School in Łódź, Technical University of Łódź, University of Łódź

Major airport: Władysław Reymont Airport Łódź

Special Economic Zones:

Łódź Special Economic Zone: 1,198 ha (399 ha available)

“Starachowice” Special Economic Zone: 4.03 ha

ESTIMATED INVESTMENT

Total (2009): zł.13.36 billion

(private sector: zł.7.95 billion; public sector: zł.5.41 billion)

Of which:

Industry: zł.6.23 billion, of which:

Manufacturing: zł.3.33 billion

Transport, storage and communication: zł.1.48 billion

Trade and repair: zł.1.44 billion

Real estate, renting and business activities: zł.1.38 billion

Construction: zł.257 million

Number of new commercial and civil law partnerships registered (2010): 1,585, up 7.7% y/y

Number of new sole proprietorships registered (2010): 22,604, up 11.6% y/y

Recent major investors: ABB, BSH Bosch und Siemens Hausgeräte, BSN Gervais Danone, Business Support Solutions, Citi Handlowy, GE Power Controls, Icopal, Indesit, LG Group, Nibco, Nordea, Saint-Gobain, Philips, Procter & Gamble, SouthWestern BPO, Steijn Design, Sud Wolle, Tate & Lyle, Veka

Sources of major foreign investment: Austria, France, Germany, Ireland, Italy, the UK, the US



VOIVODSHIP BUDGET

2010:

Revenues: zł.730.97 mln

Expenditures: zł.908.11 mln

Deficit: zł.177.14 mln

2011 (projected):

Revenues: zł.896.18 mln

Expenditures: zł.1.05 bln

Deficit: zł.158.81 mln

KEY CONTACTS:

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www.sse.lodz.pl

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ŁÓDZKIE VOIVODSHIP

Located in the heart of Poland, Łódzkie voivodship is a vital transportation crossroads, a fact which has encouraged the growth and development of industry, new technology and culture there. The voivodship is well-known for its industrial heritage, and many of its post-industrial properties have been revitalized to serve modern commercial and residential purposes.

Industry has continued to dominate in the region since Poland's economic transformation, although sometimes this has had unwanted economic effects. The collapse of the voivodship's textile industry in the 1990s, for example, weakened the local economy. Nevertheless, in recent years the voivodship has managed to bounce back and it has enjoyed GDP growth of around 10 percent in each of the last two years for which economic output data is available.

Textiles, coal, ceramics, white goods and agriculture number among the preeminent industries in the voivodship. Authori-

ties note the presence of a "fruit & vegetables cluster" in the region.

Łódzkie's central location has also proved a boon for the road construction and logistics industries. Sections of the A1 (north-south) and A2 (east-west) motorways are under construction, as are stretches of the S8 and S14 express roads. Olechów hosts what it describes as the biggest container terminal in central Europe. The regional capital, Łódź, boasts Władysław Reymont Airport, which has connections to international destinations throughout Europe.

The local authorities also stress Łódzkie's strong human resources and the presence of numerous research centers, including the Centre of Molecular and Macromolecular Studies, the Institute of Security Technology MORATEX and the Nofer Institute of Occupational Medicine.

MAJOR CITIES

Łódź

Łódź occupies the geographical center ground of Poland and lies within 200 km of each of the country's eight other major cities. Construction of a multi-billion-złoty high-speed railway link is due to reduce travel times between Warsaw and Łódź to just 75 minutes. Moreover, the A1 and A2 highways that run north-south and east-west, respectively, will intersect in Łódź, thus enhancing its position as a destination for commerce and investment, especially in the logistics sector.

Other key sectors of the local economy include manufacturing, BPO, IT and white goods, with Accenture, Amcor, BSH Bosch und Siemens Hausgeräte, Fujitsu Services and Infosys having already sited service or research investments in the city. Local authorities are also attempting to attract investments from the biotech, R&D and pharmaceutical sectors.

Only 4.45 percent of the city is covered by zoning plans, but work on zoning the rest of the districts has begun.

There is also a strong film production heritage in the city. "Holly-Łódź" long served as the center of Poland's film-making industry and although it has lost ground to Warsaw and other cities in recent years, it remains home to the Łódź Film School, a well-regarded institution which has produced some of Poland's finest directors, including Andrzej Wajda, Krzysztof Kieślowski and Roman Polanski.

Mayor: Hanna Zdanowska

Area code: 42

Area: 293.25 sq km

Population (Dec 2010): 737,098

Working-age population (Dec 2010): 474,127

Unemployment rate (June 2011): 10.4%

Percentage of city covered by zoning plans: 4.45%

Recent major investors: Accenture, Albéa Poland, Bilex, Bowi-Styl, BPO, BTS, Chemipack, Deante, DHL Express, Eko-Region Kleszczow, Gillette, Hutchinson, Infosys, Isopak Poland, Interprint Polska, L-Correct, MakoLab, Mecalit Poland, Nordea, Nycomed, PKP Energetyka, Procter & Gamble, PRT Radomsko, SWM-Poland, TDW, Vertex, Voxel

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OTHER MAJOR CITIES

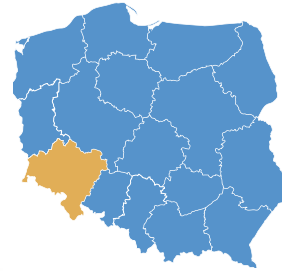
CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT (JUNE 2011)	ZONED AREA	CONTACT INFO
Pabianice	Zbigniew Dychto	42	33 sq km	119,012 *	76,178*	15.5%*	WND	www.um.pabianice.pl ; poczta@um.pabianice.pl
Bełchatów	Marek Chrzanowski	44	35 sq km	113,076 *	77,106*	10.2%*	50%	www.belchatow.pl ; um@belchatow.pl
Zgierz	Iwona Wieczorek	42	42 sq km	162,527*	103,830*	16.3%*	6.6%	cms.miasto.zgierz.pl ; redakcja@umz.zgierz.pl

*LOCAL COUNTY DATA

WND = WOULD NOT DISCLOSE



LOWER SILESIA



KEY FACTS

Voivode: Aleksander Marek Skorupa

Marshall: Rafał Jurkowlaniec

Area: 19,947 sq km

Population (Dec 2010): 2,877,840

Working-age population (Dec 2010): 1,887,848

Unemployment rate (June 2011): 12%

Average monthly wage (private sector, June 2011): zł.3,970.17

GDP (2008): zł.103 billion, up 7.1% y/y (8.1% of national GDP)

Natural resources: barytes, betonite, dolomite, granite, limestone, natural aggregate, nickel ore, sandstone

Number of students of higher education: 168,469

Number of institutions of higher education: 35

Major universities: Wrocław Medical Academy, Wrocław University, Wrocław University of Economics, Wrocław University of Technology

Major airport: Wrocław International Airport

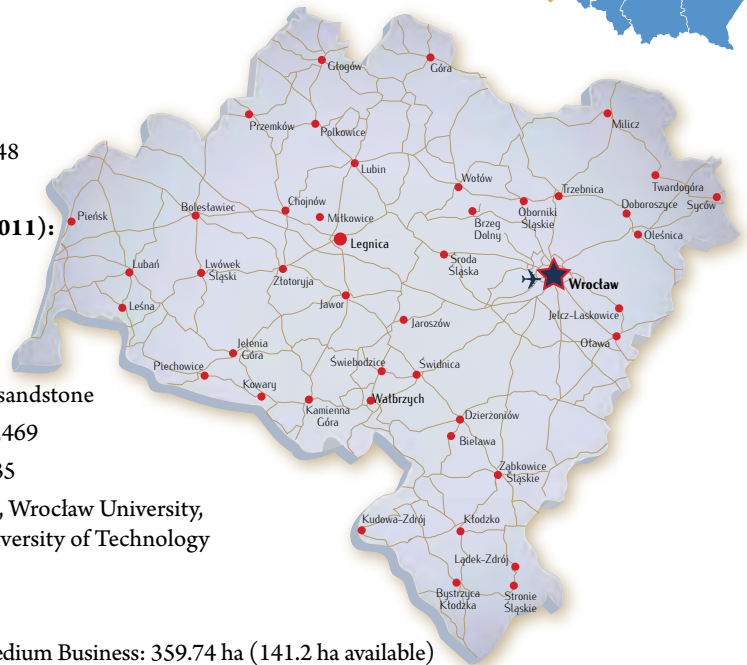
Special Economic Zones:

Kamienna Góra Special Economic Zone for Medium Business: 359.74 ha (141.2 ha available)

Legnica Special Economic Zone: 1,042 ha (754.44 ha available)

Wałbrzych Special Economic Zone "INVEST-PARK": 820.04 ha (261.99 ha available)

Tarnobrzeg Special Economic Zone EURO-PARK WISŁOSAN: 410.7 ha (131.94 ha available)



ESTIMATED INVESTMENT

Total (2009): zł.18.75 billion

(private sector: zł.10.76 billion; public sector: zł.7.99 billion)

Of which:

Industry: zł.7.18 billion, of which:

Manufacturing: zł.3.41 billion

Transport, storage and communication: zł.3.47 billion

Real estate, renting and business activities: zł.2.21 billion

Trade and repair: zł.1.75 billion

Construction: zł.559.9 million

Number of new commercial and civil law

partnerships registered (2010): 2,701, up 17.3% y/y

Number of new sole proprietorships registered (2010): 27,864, up 10.9% y/y

Recent major investors: 3M, Bridgestone, IBM, McKinsey & Company, Pittsburgh Glass Works, Sauer-Danfoss, SKC Eurodisplay, Trelleborg Automotive, Winkelmann

Sources of major foreign investment: Belgium, Canada, Finland, France, Germany, Japan, the Netherlands, Spain, Switzerland, South Korea, the UK, the US

VOIVODSHIP BUDGET

2010:

Revenues: zł.1.21 bln

Expenditures: zł.1.77 bln

Deficit: zł.556.25 mln

2011 (projected):

Revenues: zł.1.41 bln

Expenditures: zł.1.69 bln

Deficit: zł.282.93 mln

KEY CONTACTS:

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➤ LOWER SILESIA VOIVODSHIP

Occupying a commercially strategic corner of Poland, Lower Silesia lies on the border with the Czech Republic and Germany, and the capitals of Austria and Slovakia are not far off, either. This has made it an important logistics hub, with road, rail and air infrastructure vital to the regional economy.

Investor support personnel note that the voivodship already has one of Poland's densest road networks, but is also actively engaged in a number of large, important road infrastructure projects. And the largest airport in Lower Silesia, Wrocław International Airport, is rapidly expanding – it is expected to have an annual passenger capacity of seven million by 2015, up from 1.2 million in 2008.

The biggest foreign investor in the voivodship, and by some accounts the biggest in Poland, is LG, which has a large production facility in Kobierzyce. FDI is also present in other sectors, such as the automotive industry, white goods, outsourcing and R&D, logistics and banking & finance. Accord-

ing to the local authorities, these investors have been drawn by a combination of factors, including rich natural resources, a well-educated workforce and good telecommunications infrastructure.

Lower Silesia's Development Strategy to 2020 stresses a knowledge-based economy, support for SMEs, expansion of tourist and health resorts, and privatization. Meanwhile, the voivodship is now approaching the end of its 2007-2013 Multi-Year Investment Program, which has four main goals: to build and modernize technical infrastructure; to build new and improve existing anti-flood measures; to modernize educational, cultural and health-care institutions; and to increase regional awareness of information society. Several bridges over the Oder River, a new hospital and the purchase of new rolling stock are among the major investments already completed under the aegis of the program.

Around 10 industrial and technology parks in the region support smaller firms in a variety of industries.



➤ MAJOR CITIES

Wrocław

Wrocław has long enjoyed a good reputation among foreign investors, and not without reason. A decade and more ago, when government officials in most regions were afraid to be seen shaking hands with businesspeople, the authorities in Wrocław opened their arms and welcomed the international community. As a result, the city boasts the highest concentration of employees in the Polish R&D sector as well as one of the lowest overall unemployment rates in the country.

Its location on the map hasn't hurt Wrocław's fortunes either. The city lies almost equidistant from Berlin, Vienna and Warsaw, with Prague even closer. Good transport infrastructure has ensured strong investor interest. Major players from the chemicals, banking and finance, white goods and high-tech industries have sited investments in or near the city.

When it comes to support for investors, local authorities talk of a "unique system of institutions which create a business milieu to stimulate economic development." These institutions include: the Wrocław Research Centre EIT+, a scientific-research oriented company owned by the city, its largest universities and the voivodship government; the Wrocław Agglomeration Development Agency, an investor-support entity; and the Wrocław Academic Hub, an initiative linking academia and government.

Arts, culture and sports are also becoming draws for the city. Its new stadium will host several matches during the Euro 2012 soccer championship, for example, and Wrocław has also been selected as European Capital of Culture for 2016, a distinction it shares with San Sebastián, Spain.

Mayor: Rafał Dutkiewicz

Area code: 71

Area: 293 sq km



Population (Dec 2010): 632,996

Working-age population (Dec 2010): 415,905

Unemployment rate (June 2011): 5.1%

Percentage of city covered by zoning plans: 46.1%

Recent major investors: 3M, Capgemini, Ernst & Young, IBM, LG Electronics, McKinsey & Company, Nokia Siemens Networks, Pittsburgh Glass Works

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Wałbrzych

Located just 10 km from the Czech border, Wałbrzych is well-positioned for investors interested both in Poland and in markets to the south. It is the second-most populous city in Lower Silesia voivodship and was once renowned as a coal-mining town.

Today Wałbrzych is arguably best known as an automotive center. During the transformative period when its economy's dependence on coal waned, the city attracted a number of foreign investors from the industry, including Toyota Motor Manufacturing, Faurecia, Takata-Petri, Quin and NSK Steering Systems. The city also has a proud tradition of glass and ceramics production. Polish ceramics giant Cersanit has a subsidiary here, for example, and some of the local manufacturers have been in business for over 150 years. The textile, machinery and chemical industries are also important local employers.

Depending on the project, investors may be eligible for property tax breaks from the city or may benefit from a number of attractive incentives via the local special economic zone.

Wałbrzych has the curious distinction of being the largest city in Poland which is not considered its own county for administrative purposes. In practical terms, this means the local government also bears responsibility for the surrounding area, rather than for just municipal matters, and Wałbrzych's authorities would clearly prefer the case to be otherwise. City officials have been trying to change this for a few years, but the matter requires national-level approval and to date nothing has come of their efforts.

The city's local revitalization program has seen greater success. This zł.40 million program aims to reshape Wałbrzych's downtown area and includes the renovation of more than 40 tenement buildings, the modernization of public space in two city squares and improvements to a number of major traffic arteries. Selected projects are already under way, and work on the overall scheme is expected to last several years.

Mayor: Roman Szelemej

Area code: 74

Area: 85 sq km

Population (Dec 2010): 120,197



Working-age population (Dec 2010): 78,430

Unemployment rate (June 2011): 13.27%

Percentage of city covered by zoning plans: 42.1%

Recent major investors: Cersanit, Faurecia, NSK Steering Systems Europe (Polska), Takata-Petri, Toyota, Trelleborg Automotive

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OTHER MAJOR CITIES

CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT (JUNE 2011)	ZONED AREA	CONTACT INFO
Legnica	Tadeusz Krzakowski	76	56 sq km	103,892	68,599	9.6%	34.14%	www.portal.legnica.eu ; kancelaria@legnica.eu
Jelenia Góra	Marcin Zawita	75	109 sq km	84,023	54,356	9.9%	46%	http://jeleniagora.pl ; inwestor_um@jeleniagora.pl
Lubin	Robert Raczyński	76	41 sq km	74,045	53,612	9.9%*	WND	www.lubin.pl ; kontakt@um.lubin.pl
Świdnica	Wojciech Murdzek	74	22 sq km	59,384	38,485	11.8%	50.8%	www.um.swidnica.pl ; um@um.swidnica.pl

*LOCAL COUNTY DATA

WND = WOULD NOT DISCLOSE



LUBELSKIE

KEY FACTS

Voivode: Genowefa Tokarska

Marshall: Krzysztof Hetman

Area: 25,122 sq km

Population (Dec 2010): 2,151,895

Working-age population (Dec 2010): 1,359,223

Unemployment rate (June 2011): 12.6%

Average monthly wage (private sector, June 2011): zł.3,003.89

GDP (2008): zł.50.23 billion, up 10.7% y/y (3.9% of national GDP)

Natural resources: coal, gas, glass sand, limestone, lignite, marlstone, mineral waters, natural gas, oil, phosphorites, siliceous earth

Number of students of higher education: 105,000

Number of institutions of higher education: 19

Major universities: the Catholic University of Lublin, Maria Curie-Skłodowska University in Lublin, the Lublin University of Technology

Major airport: Port Lotniczy Lublin (in Świdnik), due to open in 2012

Special Economic Zones:

“Starachowice” Special Economic Zone: 99.64 ha (82.09 ha available)

EURO-PARK MIELEC Special Economic Zone: 155 ha (90 ha available)

Tarnobrzeg Special Economic Zone EURO-PARK WISŁOSAN: 85.14 ha (73.31 ha available)



ESTIMATED INVESTMENT

Total (2009): zł.7.93 billion (private sector: zł.4.48 billion; public sector: zł. 3.44 billion)

Of which:

Industry: zł.2.30 billion, of which:

Manufacturing: zł.1.33 billion

Transport, storage and communication: zł.1.53 billion

Real estate, renting and business activities: zł.1.49 billion

Trade and repair: zł.520 million

Construction: zł.195 million

Number of new commercial and civil law partnerships registered (2010): 1,041, up 14% y/y

Number of new sole proprietorships registered (2010): 15,630, up 15.1% y/y

Recent major investors: AgustaWestland, Ball Packaging Europe, B. Braun, Jerónimo Martins Holding, Prestige Poland, Ramatti, Roto Frank, Stock Polska

Sources of major foreign investment: Czech Republic, Denmark, France, Germany, Ireland, Portugal, Sweden, Switzerland, the UK, the US

VOIVODSHIP BUDGET

2010:

Revenues: zł.790 mln

Expenditures: zł.857 mln

Deficit: zł.67 mln

2011 (projected):

Revenues: zł.990 mln

Expenditures: zł.1.217 bln

Deficit: zł.227 mln

KEY CONTACTS:

**Lubelskie Marshall's Office
Investor Assistance Centre**

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LUBELSKIE VOIVODSHIP

Lubelskie's economy may be heavily reliant on agriculture, but the voivodship is growing in other, more modern directions.

The region is actively developing an ecological food industry and a chemical industry, as well as biotechnology production capabilities. The business process outsourcing sector is also growing, aided by the region's sizable, low-cost and well-educated labor pool.

Lubelskie has one of the country's largest concentration of students and a well-developed industrial and scientific base.

Aside from its food production and processing sectors, which help make Lubelskie the nation's leading producer of hops, raspberries and tobacco, well-established industries include

mining, auto manufacturing, engineering, construction and aircraft production.

Infrastructure development is currently taking place throughout the region. Lublin Airport, in Świdnik, is expected to open in 2012 and a number of major roads are being built.

Tourism is a sector with major growth potential for Lubelskie. The voivodship's natural environment creates good conditions for amateur and competitive sports: lakes, forests and parks in the region provide opportunities for yachting, water skiing and horse riding, among other leisure activities.

Lublin, the voivodship's capital, is also a major historical and cultural center in Poland and hosts various cultural events, museums, theaters and galleries.

MAJOR CITIES

Lublin

The city of Lublin is Lubelskie voivodship's economic, cultural and historical capital. While the surrounding region is focused strongly on agriculture, Lublin takes pride in its strong educational traditions and growing business services sector.

There are 14 universities located in the city, which help provide a steady source of well-educated workers for the city's thriving biotechnology, business process outsourcing and R&D sectors.

Food processing and automotive manufacturing are still the city's two main industries, and are both helped by the city's close proximity to Ukraine and Belarus, as well as by the low-cost labor force.

Lublin provides a range of incentives for would-be investors, including corporate-income and property tax exemptions in the local subzone of the EURO-PARK MIELEC special economic zone. The city also offers grants for firms that employ the jobless, as well as property tax exemptions for enterprises that create new jobs.

Major infrastructure projects are also underway, including schemes to develop the local SEZ subzone and a business activation zone in the Bursaki and Rudnik districts of Lublin. A bypass and an access road are also under construction.

Mayor: Krzysztof Żuk

Area code: 81

Area: 147.5 sq km

Population (Dec 2010): 348,450

Working-age population (Dec 2010): 229,105

Unemployment rate (June 2011): 9.6%

Percentage of city covered by zoning plans: 44%

Recent major investors: Aliplast, Baxter Healthcare Corporation, Emperia, Genpact, Herbapol Lublin, Pol-skone

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OTHER MAJOR CITIES

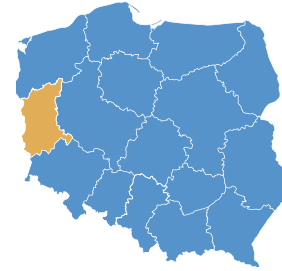
CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT (JUNE 2011)	ZONED AREA	CONTACT INFO
Chelm	Agata Fisz	82	35.28 sq km	67,324	44,957	15.8%	WND	www.chelm.pl ; info@chelm.pl
Zamość	Marcin Zamoyski	84	30 sq km	66,234	44,059	13.8%	WND	www.zamosc.pl ; mayor@zamosc.um.gov.pl
Biała Podlaska	Andrzej Czapski	83	49 sq km	57,984	39,149	15%	WND	www.bialapodlaska.pl ; sekretariat@bialapodlaska.pl
Puławy	Janusz Grobel	81	50.61 sq km	115,584*	70,912*	10.6%	35.3%	um.pulawy.pl ; um@um.pulawy.pl
Kraśnik	Mirostaw Włodarczyk	81	25.52 sq km	98,223*	61,064*	14.9%*	WND	www.krasnik.pl ; kancelaria@krasnik.um.gov.pl

*LOCAL COUNTY DATA

WND = WOULD NOT DISCLOSE



LUBUSKIE



KEY FACTS

Voivode: Helena Hatka

Marshall: Elżbieta Polak

Area: 13,988 sq km

Population (Dec 2010): 1,011,024

Working-age population (Dec 2010): 663,993

Unemployment rate (June 2011): 14.7%

Average monthly wage (private sector, June 2011): zł.2,963.10

GDP (2008): zł. 28.95 billion, up 5% y/y (2.3% of national GDP)

Natural resources: brown coal, chalk, clay, crude oil, gravel, natural gas, sand, timber, water

Number of students of higher education: 28,000

Number of institutions of higher education: 15

Major universities: Collegium Polonicum in Ślubice, University of Zielona Góra, Vocational Higher Education School in Sulechów

Major airport: Zielona Góra Airport in Babimost

Special Economic Zones:

Wałbrzych Special Economic Zone "INVEST PARK": 2.57 ha (fully available)

Kostrzyn-Ślubice Special Economic Zone: 765.87 ha (337.84 ha available)



ESTIMATED INVESTMENT

Total (2009): zł.4.42 billion

(private sector: zł.2.74 billion; public sector: zł.1.67 billion)

Of which:

Industry: zł.1.74 billion, of which:

Manufacturing: zł.1.12 billion

Real estate, renting and business activities: zł.604.3 million

Transport, storage and communication: zł.538.6 million

Trade and repair: zł.399.5 million

Construction: zł.106.7 million

Number of new commercial and civil law partnerships registered (2010): 666, up 3.9% y/y

Number of new sole proprietorships registered (2010): 10,451, up 10.9% y/y

Recent major investors: Arctic Paper Kostrzyn, Gedia, ICT Poland, Seco/Warwick, Steinpol Meble, Swedwood Poland

Sources of major foreign investment: Belgium, Denmark, France, Germany, India, Italy, Spain, Sweden, the Netherlands, the UK, the US

VOIVODSHIP BUDGET

2010:

Revenues: zł.359.56 mln

Expenditures: zł.403.20 mln

Deficit: zł.43.64 mln

2011 (projected):

Revenues: zł.368.81 mln

Expenditures: zł.406.44 mln

Deficit: zł.37.63 mln

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LUBUSKIE VOIVODSHIP

Home to the smallest population among Poland's 16 voivodships, Lubuskie is perhaps not as economically robust as many of its peers.

Gross domestic product, according to the latest figures, is the tenth-highest out of all the voivodships, while the average wage in Lubuskie is the third-lowest in the whole of Poland. Unemployment, meanwhile, hovers a few percentage points above the national average. There is an abundance of low-cost labor.

Moreover, Lubuskie is described by its local investment authority as a "region of the young" that puts great emphasis on education. The number of inhabitants who are under 25 exceeds the national average, while the number of over-65s is the lowest out of any voivodship in Poland, meaning those available for work are young and large in number.

The voivodship's greatest asset is its location on Germany's eastern border, along which 14 border crossings facilitate movement between the two nations. Local transport infrastructure, meanwhile, is being modernized and expanded. With the A18 highway now complete and the A2 and S3 expressways soon to follow, trade with Western Europe is growing more efficient.

Roughly 49 percent of Lubuskie's territory is forested, the highest percentage in Poland. Investment authorities describe timber processing – and furniture processing and paper-mak-



ing, by extension – as a well-developed industry with "huge potential" in the region.

Lubuskie also boasts Muskauer Park, a UNESCO World Heritage site, and a number of large lakes, all of which are conducive to the development of tourism.



MAJOR CITIES

Gorzów Wielkopolski

Gorzów Wielkopolski, one of Lubuskie's twin capitals, is the region's largest city in terms of both area and population. It also serves as the administrative seat of the voivodship.

The city is a major transport hub, where east-west and north-south routes connect. The city's youthful workforce and its capable investor service office are two of the city's other major assets.

The textile, pharmaceuticals, chemical, machinery and automotive industries all play prominent roles in Gorzów Wielkopolski's economy.

For several years the "Lubuski Metal Cluster" has been present in Gorzów. Comprising over 20 firms from the region, the LMC was set up to increase local industry players' competitiveness.

The city has also successfully lured high-technology investment. It is now, for example, home to a manufacturing facility which produces LCD screens.

A number of local business organizations are present in the city, such as the Lubuska Foundation Western Economic Centre, an institution established to support SMEs and to cope with unemployment.

The city offers two major types of incentives for investment – allowances offered by City Hall and spots in the local subzone of the Kostrzyn-Słubice Special Economic Zone. Specialists are currently working on eight new plans to enlarge this area.

Once they are passed by the City Council, the total coverage will be around 50 percent of Gorzów's territory.

Mayor: Tadeusz Jędrzejczak

Area code: 95

Area: 85.73 sq km

Population (Dec 2010): 125,394

Working-age population (Dec 2010): 83,339

Unemployment rate (June 2011): 7.9%

Percentage of city covered by zoning plans: 33%

Recent major investors: BriVictory Display Technology, Caelum Development, Faurecia Gorzów, TPV Displays Polska

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Zielona Góra

Rendered in English as 'green mountain,' the name of Lubuskie's second capital aptly reflects the city's unofficial status as Poland's wine-production capital.

Zielona Góra has a long tradition of winemaking – a number of private wineries are strewn around the city, and September always hosts the annual Winobranie wine festival. Vodka too has its place, with Luksusowa brand vodka distilled in the city.

Despite the global economic uncertainty, Zielona Góra has done well in recent years, with the number of new businesses investing in the city growing consistently. Zielona Góra is also the educational center of the region, meaning it has a very well-educated pool of graduates in both the humanities and sciences. Local industries include electronics manufacturing, precision engineering, furniture and steel production, as well as HVAC and automotive components production.

For qualifying investments – primarily those that create new jobs – city authorities offer incentives such as real estate tax exemptions.

Moreover, in the first half of 2010, an agreement was signed by Lubuskie voivodship, Zielona Góra, the University of Zielona Góra and other organizations to create the Lubuski Industrial and Technology Park in the city. Billed by the authorities as a place where science meets business, the project is intended to facilitate new, innovative investments and aid in the transfer of technology.

Zielona Góra is also home to the voivodship marshal's office and local parliament (*Sejmik*).



Mayor: Janusz Krzysztof Kubicki

Area code: 68

Area: 58.34 sq km

Population (Dec 2010): 117,699

Working-age population (Dec 2010): 77,116

Unemployment rate (June 2011): 8%

Percentage of city covered by zoning plans: 48%

Recent major investors: Advanced Digital Broadcast, Apator Rector, Leroy Merlin, Lug, Lumel, Nordis Polska, Research & Engineering Center, V&S Luksusowa

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OTHER MAJOR CITIES

CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT (JUNE 2011)	ZONED AREA	CONTACT INFO
Nowa Sól	Wadim Tyszkiewicz	68	21.80 sq km	39,800	25,590	23.9*	WND	www.nowasol.pl ; nowasol@nowasol.pl
Żary	Wacław Maciuszonek	68	33.49 sq km	39,004	64,338*	17%*	22.24%	www.zary.pl ; miasto@um.zary.pl
Żagań	Sławomir Kowal	68	40.38 sq km	26,670	53,163*	24.3%*	60%	umzagan.nazwa.pl ; info@um.zagan.pl
Świebodzin	Dariusz Bekisz	68	10.54 sq km	21,650	36,404*	8.6%*	19%	www.swiebodzin.pl ; poczta@um.swiebodzin.pl
Międzyrzecz	Tadeusz Dubicki	95	10.26 sq km	18,490	9,730	20%*	24.7%	www.miedzyrzecz.pl ; um@miedzyrzecz.pl

*LOCAL COUNTY DATA

WND = WOULD NOT DISCLOSE



MAŁOPOLSKIE



KEY FACTS

- Voivode:** Stanisław Kracik
- Marshall:** Marek Sowa
- Area:** 15,183 sq km
- Population (Dec 2010):** 3,310,094
- Working-age population (Dec 2010):** 2,108,035
- Unemployment rate (June 2011):** 9.9%
- Average monthly wage (private sector, June 2011):** zł.3,357.63
- GDP (2008):** zł.94.79 billion, up 9.4% y/y (7.43% of national GDP)
- Natural resources:** coal, construction ceramics, curative and thermal waters, dolomite, lead ores, limestone, loam, natural gas, peat, rock salt, sandstone, zinc
- Number of students of higher education:** 211,938
- Number of institutions of higher education:** 34
- Major universities:** AGH University of Science and Technology, Jagiellonian University, Kraków University of Economics
- Major airport:** John Paul II International Airport Kraków-Balice
- Special Economic Zones:**
 - Katowice Special Economic Zone: 15 ha
 - Kraków Technology Park Special Economic Zone: 462.98 ha
 - Euro-Park Mielec Special Economic Zone: 21 ha (none available)



ESTIMATED INVESTMENT

- Total (2009):** zł.14.9 billion (private sector: zł.8.95 billion; public sector: zł.5.95 billion)
- Of which:
 - Industry: zł.3.79 billion, of which:
 - Manufacturing: zł.2.08 billion
 - Transport, storage and communication: zł.2.63 billion
 - Real estate, renting and business activities: zł.2.29 billion
 - Construction: zł.613 million
 - Trade and repair: zł.1.68 billion
- Number of new commercial and civil law partnerships registered (2010):** 3,148, up 15% y/y
- Number of new sole proprietorships registered (2010):** 31,656, up 14.4% y/y
- Recent major investors:** ArcelorMittal, Capgemini, Electricite de France, Ericpol Telecom, Google, IBM, iLoop Mobile, Infusion, Intelnet, Lufthansa, Luxoft, MAN Trucks, Motorola, Nidec, Nokia, Philip Morris, Sabre Holding, Shell, TriGranit
- Sources of major foreign investment:** China, Germany, India, Spain, the UK, the US

VOIVODSHIP BUDGET

2010:	2011 (projected):
Revenues: zł.1.07 bln	Revenues: zł.1.17 bln
Expenditures: zł.1.19 bln	Expenditures: zł.1.36 bln
Deficit: zł.121.6 mln	Deficit: zł.196.65 mln

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MAŁOPOLSKIE VOIVODSHIP



Kraków's Main Market Square

While one of Poland's smallest voivodships by area, Małopolskie is the second-most densely populated and has one of the country's largest regional economies. Małopolskie was recently ranked by the Gdańsk Institute for Market Economics as Poland's fourth-most attractive region for investment in 2010, while *The Financial Times* ranked it second-best in Central and Eastern Europe when it came to strategies for attracting business last year.

The region is one of the richest in natural resources, with substantial oil and gas deposits as well as deposits of rock salt, zinc, lead, limestone and sandstone.

Małopolskie is also home to many institutions of higher education, attended by over 210,000 students. As a consequence it has a well-educated workforce and has been able to attract firms looking to outsource business process activities. International corporations such as Electrolux, Google, IBM, Philip Morris, Tesco and Lufthansa all have BPO centers in the region.

Apart from BPO/SSC/IT, foreign capital also goes to sectors such as industrial production, construction, electronics, food production and energy. The local and regional authorities offer

attractive incentives for investors, including a zł.27 million capital investment fund offered through the Małopolska Regional Development Agency for new companies that implement innovative solutions.

Małopolskie is also home to the Kraków Technology Park, a special economic zone whose purpose is to develop innovative businesses. Today investors such as Motorola Polska Electronics, RR Donnelley Europe, Shell Polska and ArcelorMittal are all present in the park.

Other industries including food, rubber and steel production are also well-established in the region, while many, including the telecommunications, computer and pharmaceutical industries, are gaining in prominence.

Małopolskie boasts well-developed transport infrastructure. The A4 highway, which will eventually run the length of Poland from Germany to Ukraine, will cross the voivodship. There is also John Paul II International Airport Kraków-Balice, which serves the entire region.

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MAJOR CITIES

Kraków

The city of Kraków is known as one of Poland's major cultural, historical and educational centers, with its academic strength forming the basis of its success as an investment destination. The city's 23 institutions of higher education prepare their students to enter a knowledge-based economy, while also acting as centers of research.

Due to its academic pedigree, Kraków has seen substantial BPO and high-tech investments. The biggest investments in the BPO sector are Capgemini's IT service and outsourcing center, IBM's accounting center as well as centers operated by Philip Morris and Fortis Bank.

The Kraków Technology Park, a special economic zone focusing on high-tech industries, is also a major draw for investors. The zone offers tax breaks to investors who spend at least €100,000 on new projects and qualify for public assistance. The KTP also hosts the Kraków Advanced Technologies Center, an R&D center.

With 60 percent of its population below the age of 45 and eight million people living within a radius of 100 km, Kraków offers a large and well-qualified labor force for investors to draw on. At the end of 2010 there were 2,670 firms with foreign capital registered in Kraków. The largest firms to have invested in the city recently include Google, Electrolux, UBS and Mitsubishi Electric Europe. Moreover, global audit and consulting companies such as PwC and KPMG have also opened offices in the city.

According to City Hall, Kraków focuses on developing new technologies and innovative solutions that do not harm the local natural and cultural environment. Moreover, major infrastructure investments currently underway include road renovation, as well as the construction of a modern conference center (Kraków Congress Center) and a new headquarters for the local investor service center.

Mayor: Jacek Majchrowski

Area code: 12

Area: 327 sq km

Population (Dec 2010): 756,183

Working-age population (Dec 2010): 492,857

Unemployment rate (June 2011): 4.7%

Percentage of city covered by zoning plans: 34.3%

Recent major investors: Amway, Antenna Volantis, Electrolux, FoodCare, Google, Grupa Onet, Hitachi Data Systems, HSBC, iLoop Mobile, Lufthansa, Mitsubishi, Orco Group, Philip Morris, Tesco, UBS

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OTHER MAJOR CITIES

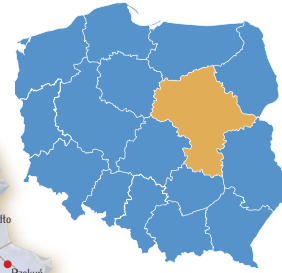
CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT (JUNE 2011)	ZONED AREA	CONTACT INFO
Tarnów	Ryszard Ściagała	14	72.38 sq km	114,635	73872	8.7%*	29.33%	www.tarnow.pl ; umt@umt.tarnow.pl
Nowy Sącz	Ryszard Nowak	18	58 sq km	84,537	54531	9.8%*	40.05%	www.nowysacz.pl ; urzad@nowysacz.pl
Oświęcim	Janusz Chwierut	33	30.3 sq km	39,885	24688	11.4%*	35.00%	www.um.oswiecim.pl ; um@um.oswiecim.pl
Chrzanów	Ryszard Kosowski	32	38.32 sq km	39,049	25339	12.3%*	18.00%	www.chrzanow.pl ; promocja@chrzanow.pl
Olkusz	Dariusz Rzepka	32	25.65 sq km	49,869	25088	13.8%*	100.00%	www.umig.olkusz.pl ; poczta@umig.olkusz.pl

*LOCAL COUNTY DATA

WND = WOULD NOT DISCLOSE



MAZOWIECKIE



KEY FACTS

Voivode: Jacek Kozłowski

Marshall: Adam Struzik

Area: 35,558 sq km

Population (Dec 2010): 5,242,911

Working-age population (Dec 2010): 3,334,386

Unemployment rate (June 2011): 9.3%

Average monthly wage (private sector, June 2011): zł.4,316.85

GDP (2008): zł.274.14 billion, up 6.8% y/y (21.5% of national GDP)

Natural resources: agricultural resources, geothermal sources, good wind conditions for renewable energy, gravel, lumber, sand and stone, shale gas

Number of students of higher education: 334,000

Number of institutions of higher education: 95 (85 private, 10 public)

Major universities: University of Warsaw, Warsaw School of Economics, Warsaw University of Technology

Major airport: Warsaw Frederic Chopin Airport

Special Economic Zones:

“Starachowice” Special Economic Zone: 22.7 ha (14.65 ha available)

Łódź Special Economic Zone: 49.54 ha (none available)

Warmia-Mazury Special Economic Zone: 166 ha (3.6 ha available)



ESTIMATED INVESTMENT

Total (2009): zł.45.47 bln

(private sector: zł.29.7 billion; public sector: zł.15.7 billion)

Of which:

Industry: zł.9.2 billion, of which:

Manufacturing: zł.4.4 billion

Transport, storage and communication: zł.7.6 billion

Real estate, renting and business activities: zł.6.4 billion

Trade and repair: zł.4.3 billion

Construction: zł.1.8 billion

Number of new commercial and civil law partnerships registered (2010): 9,227 up 21.4% y/y

Number of new sole proprietorships registered (2010): 54,761, up 28.8% y/y

Recent major investors: 20:20 Lotte Group, Astra Zeneca, Eckerts & Ziegler Strahlen und Medizintechnik, HR Reavis, Jeronimo Martins, Mobile Group, PepsiCo, Regeneris, Stora Enso, Tous

Sources of major foreign investment: Austria, China, France, Germany, Italy, Netherlands, South Korea, Sweden, the UK, the US

VOIVODSHIP BUDGET

2010:

Revenues: zł.2.45 bln

Expenditures: zł.2.5 bln

Deficit: zł.55 mln

2011 (projected):

Revenues: zł.2.7 bln

Expenditures: zł.3.1 bln

Deficit: zł.366 mln

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MAZOWIECKIE VOIVODSHIP

Mazowieckie voivodship is home to Poland's capital and the growth-engine of its economy. It is the largest and most populous of the country's voivodships, boasts the highest GDP per capita (158 percent of the national average in 2008), is the largest contributor to national GDP and hosts the highest number of foreign companies.

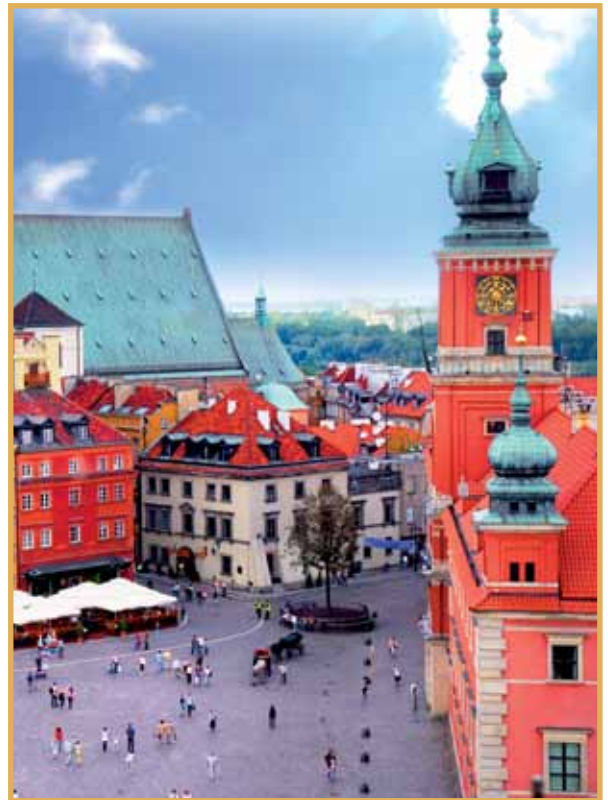
Mazowieckie is the most dynamically growing region in Poland and its GDP per capita has already reached 85 percent of the EU average. There are roughly two million people employed in the region.

Located in east-central Poland, Mazowieckie sits at the confluence of trans-European transport corridors. The Warsaw Frederic Chopin International Airport receives the bulk of Poland's international and domestic traffic (80 percent of incoming international flights land in the capital city's airport), and the region possesses a sprawling railway network, which is slowly undergoing modernization.

Major infrastructure projects such as the A2 motorway, the S2, S7 and S8 expressways, the construction of the North Bridge in Warsaw as well as the ongoing repair of national roads, will increasingly facilitate transport to and through the voivodship. There is also the ongoing modernization of the E65 train line from Warsaw to the northern city of Gdynia.

With the highest number of students in the country and some of the best-recognized institutions of higher education, the region offers a large pool of qualified, increasingly multilingual and highly mobile labor. Inhabitants of the region boast salaries more than 30 percent higher than the national average, which affords them strong purchasing power.

The region's economy is arguably the most diverse in the coun-



try. The retail, telecommunications, financial and IT services, construction, automotive and petrochemical industry all thrive in Mazowieckie's biggest cities.

On the other hand, the region's rural population (about 1.8 million) is also the largest in the country, and both agriculture and the food industry are major employers.



MAJOR CITIES

Warsaw

Warsaw is Poland's capital and the center of most of the nation's political, administrative, financial, and educational institutions. It's where the most important decisions are made.

As the country's wealthiest city, Warsaw is also the most important consumer market in the country. The capital is responsible for 13.2 percent of national GDP and 61.6 percent of Mazowieckie's GDP. The city's per capita GDP is three times the national average.

In a 2010 Ernst & Young ranking of the most attractive European cities in which to do business, Warsaw placed seventh, beating out cities such as Munich, Madrid, Milan, Geneva and Prague.

Also, in a 2010 CER-Banque Populaire ranking, Warsaw was named entrepreneurs' third-favorite European city, jumping 10 places from the previous year.

In today's climate of anxiety over public debt, it is worth noting

that in 2010, Warsaw received a rating of A2 with a stable outlook from the ratings agency Moody's for its foreign currency debt. This was the highest-possible rating the capital could receive, since cities' ratings cannot be higher than their countries'. Poland was also rated A2 as of August 2011.

Warsaw also remains a relatively cheap place to site a business – it ranked 50th in CB Richard Ellis' 2010 list of the most expensive office locations in the world.

The city is home to the Warsaw Stock Exchange, the largest bourse in the CEE region, which saw the debut of Europe's largest coking coal producer, Jastrzębia Spółka Węglowa (JSW), as well as that of BGŻ Bank in 2011.

Local officials are engaged in ongoing efforts to modernize infrastructure in and around Warsaw. The city intends to spend zł.8 billion on infrastructure projects by 2014, including the construction of a ring road, a second subway line on which construction started in 2011 and a new National Stadium, which will host matches of the Euro 2012 soccer championships.

Close to Warsaw, the new Modlin Airport, Mazowieckie's first regional airport, should be ready by 2012. It is intended as a regional complement to the Warsaw Fryderyk Chopin Airport, which is Poland's busiest – it handled just over 8.7 million passengers in 2010, roughly half of the country's air passenger traffic. City officials emphasize high levels of state aid for investors, Warsaw's efficient infrastructure for business and its large base of students, numbering over 350,000. Plans to revitalize the city center are expected to give Warsaw a modern look, bringing new office and service space to the market at the same time.

Mayor: Hanna Gronkiewicz-Waltz

Area code: 22

Area: 517 sq km

Population (Dec 2010): 1,719,196

Working-age population (Dec 2010): 1,100,839

Unemployment rate (June 2011): 3.4%

Percentage of city covered by zoning plans: 25%

Recent major investors: Arcelor, Avon Cosmetics, Bank of Tokyo, BMW, BNP Paribas, Carlsberg Breweries, Coca-Cola, GlaxoSmithKline, General Motors, Hochtief, IBM, IKEA, L'Oreal, Procter & Gamble, Société Générale, Toyota, Uni-Credit, Unilever

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➤ Radom

Situated in the south of the Mazowieckie voivodship, the city of Radom lies at the intersection of major national and transnational routes, both east-west and north-south.

The nation's capital and business center, Warsaw, is less than 100 km to the north of Radom, and, with the completion of the S7 express road as well as the ongoing modernization of Railway Line 8 (due for completion in 2013), transportation routes between the two cities is getting a big upgrade.

Another planned express road, the S12, will provide an excellent link to other major cities, such as Lublin and Piotrków Trybunalski.

There is also a zł.400 million project currently underway to develop a civil airport using infrastructure present at the Sadków military airfield near the city.

City authorities are actively developing municipal infrastructure to benefit both local residents and investors in Radom. Convenient location and good infrastructure, together with an educated and comparatively inexpensive workforce, has made Radom an attractive location for many investors.

The city is the second only to Warsaw in the Mazowieckie region when it comes to the number of students in institutions of higher education, with about 30,000. It is also home to nearly 25,000 businesses. City authorities stress that there are support institutions for investors, including business organizations and banks, as well as insurance and leasing companies.

Once a major manufacturer of goods for communist Poland and the Soviet Union, Radom has undergone a successful transition and the strong growth of the SME sector offers evidence of how the city has survived the decay of the inefficient communist-era public sector.

Food, leather and metal processing are the best-developed industries, but the city is actively making efforts to develop the BPO and logistics sectors.

Incentives for investors include real estate tax breaks (dependent on the number of jobs created), as well as a special economic zone that offers up to 60 percent corporate income tax reimbursement for investment outlays.

Mayor: Andrzej Kosztowniak

Area code: 48

Area: 111.80 sq km

Population (Dec 2010): 222,496

Working-age population (Dec 2010): 145,391

Unemployment rate (June 2011): 21.1%

Percentage of city covered by zoning plans: 4-5%

Recent major investors: AIG/Lincoln, Durr, GGG, PGNiG

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Płock

Płock is one of the oldest cities in Mazowieckie voivodship and is the region's third-largest urban center.

It is also home to major industrial plants and companies from the construction, oil, machinery and textile sectors. Poland's oil-refining giant, PKN Orlen, general contractor Mostostal Płock and pipeline operator PERN "Przyjaźń" are all major firms which have their headquarters in the city.

Local authorities list its favorable location in central Poland, competitive property prices and access to a skilled, relatively cheap labor force as the city's major competitive advantages.

Investors are incentivized with real estate tax allowances, co-operation with universities, municipal assistance in the recruitment of technical personnel and a "maximum" acceleration of administrative procedures.

Those investing in Płock can also benefit from the Płock Industrial and Technological Park, which offers over 200 ha of land complete with access to modern infrastructure.

Construction on a number of new sports infrastructure projects is underway, while some have been completed in recent years. For example, the Orlen Arena sports and exhibition center, with a 5,500-seat hall and multi-storey parking structure, was officially opened in November 2010. The city's Wisła Płock soccer stadium, meanwhile, is undergoing modernization.

The city is also trying to develop its automotive, chemical, logistics, paper, pharmaceutical and rubber industries, among others.

Mayor: Andrzej Nowakowski

Area code: 24

Area: 88 sq km

Population (Dec 2010): 126,061

Labor force (Dec 2010): 82,467

Unemployment rate (June 2011): 11%

Percentage of city covered by zoning plans: 35%

Recent major investors: Dr. Oetker Dekor, Flexpol, Grupa B4 Mazpak, Neo-Tec, PaChemTech, PCC Rokita SA

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OTHER MAJOR CITIES

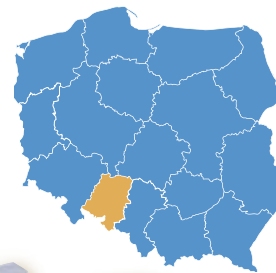
CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT (JUNE 2011)	ZONED AREA	CONTACT INFO
Siedlce	Wojciech Kudelski	25	32 sq km	77,392	51,002	9.4%	15%	www.siedlce.pl; info@um.siedlce.pl
Pruszków	Jan Starzyński	22	19 sq km	56,929	97,103*	6.4%*	80%	www.pruszkow.pl; prezydent@miaasto.pruszkow.pl
Ostrołęka	Janusz Kotowski	29	29 sq km	53,710	36,227	15.3%	62.98%	www.ostroleka.pl; um@um.ostroleka.pl
Legionowo	Roman Smogorzewski	22	14 sq km	52,400	69,278*	12.4%*	100%	www.legionowo.pl; kancelaria@um.legionowo.pl
Ciechanów	Waldemar Wardziński	23	33 sq km	44,963	58,147*	15.2%*	38.8%	www.um.ciechanow.pl; bot@umciechanow.pl

*LOCAL COUNTY DATA

WND = WOULD NOT DISCLOSE



OPOLSKIE



KEY FACTS

Voivode: Ryszard Wilczyński

Marshall: Józef Sebesta

Area: 9,412 sq km

Population (Dec 2010): 1,028,585

Working-age population (Dec 2010): 676,427

Unemployment rate (June 2011): 12.2%

Average monthly wage (private sector, June 2011): zł.3,091.60

GDP (2008): zł.29.36 billion up 10.31% y/y
(2.3% of national GDP)

Natural resources: agricultural land, clay, limestone, marble stone, sand

Number of students of higher education: 39,861

Number of institutions of higher education: 8

Major universities: Bogdan Jański Academy, Opole School of Management and Administration, Opole University, Opole University of Technology, Public Higher Medical Professional School in Opole

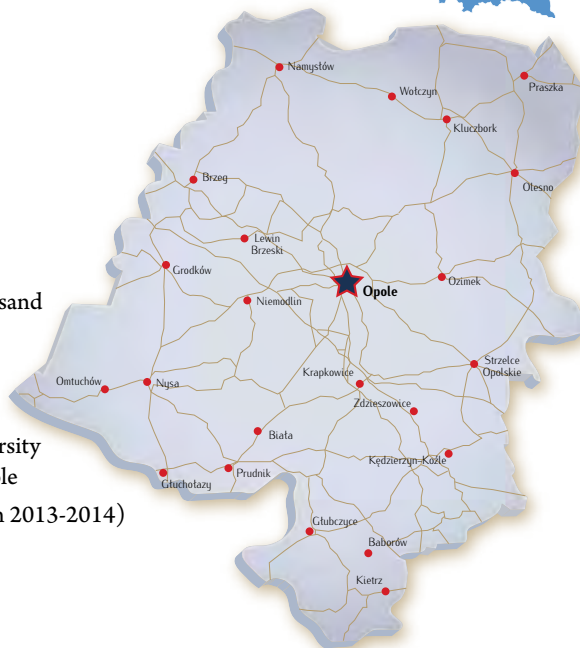
Major airport: Opole-Kamień Śląski Airport (under construction 2013-2014)

Special Economic Zones:

Katowice Special Economic Zone: 438 ha

“Starachowice” Special Economic Zone: 16.73 ha

Wałbrzych Special Economic Zone “INVEST-PARK”: 267.49 ha (120.52 ha available)



ESTIMATED INVESTMENT

Total (2009): zł.4.5 billion

(private sector: zł.2.8 billion; public sector: zł.1.7 billion)

Of which:

Industry: zł.2.0 billion, of which:

Manufacturing: zł.1.46 billion

Transport, storage and communication: zł.543.2 million

Trade and repair: zł.468.2 million

Real estate, renting and business activities: zł.417.4 million

Construction: zł.129.1 million

Number of new commercial and civil law partnerships registered (2010): 486, down 4.5% y/y

Number of new sole proprietorships registered (2010): 7,611, up 10% y/y

Recent major investors: Cadbury/Kraft, Hana Elecom, Heerema Fabrication Group, Jeronimo Martins, Keiper Polska, Marcegaglia

Sources of major foreign investment: France, Germany, Italy, Spain, the US

VOIVODSHIP BUDGET

2010:

Revenues: zł.478 mln

Expenditures: zł.556 mln

Deficit: zł.78 mln

2011 (projected):

Revenues: zł.481 mln

Expenditures: zł.511 mln

Deficit: zł.30 mln

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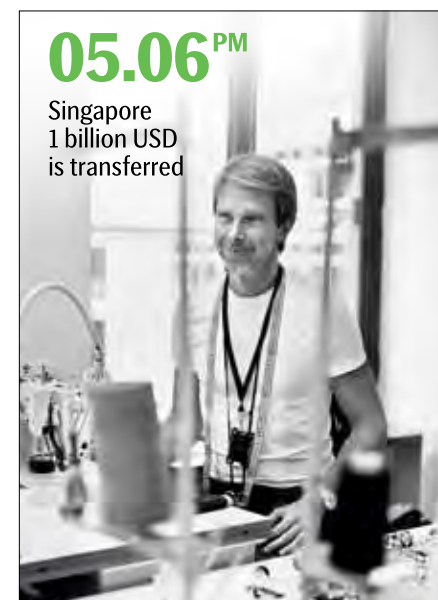
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OPOLSKIE VOIVODSHIP

Nestled between Wrocław, Częstochowa and Katowice, and adjacent to the Czech border, Opolskie voivodship is one of Poland's smallest regions both in terms of size and population.

Its strategic position in the southwestern part of Poland means it hosts a number of major transport routes that connect the country to the rest of Europe. Transit routes link Opolskie to France, Germany, the Benelux countries, and to the Czech Republic, Slovakia and Hungary. The voivodship also has six border crossings and hosts a section of the A4 highway, which links its capital Opole with Wrocław, Kraków and Katowice.

Direct rail connections join Opolskie to all major cities in Poland as well as to international destinations including Frankfurt, Munich,

Berlin, Budapest and Kiev. A former military airport in Kamień Śląski is being developed into a regional airport and is due to be completed by 2014.

The Opolskie voivodship is rich in cement and lime deposits, as well as other mineral resources.

As in many other parts of the country, exploration companies are also searching for shale gas in the ground beneath the region. Well-developed industries present in Opolskie include food processing, engineering, fuel and power generation, automotive manufacturing, chemicals, and furniture production.

Approximately 50 percent of the voivodship's area is devoted to farm land.

MAJOR CITIES

Opole

Opole has a stable, growing economy where investors continue to explore a range of opportunities. It has a rich cultural history, due in part to strong Czech and German influences, and many of the Opolskie voivodship's major universities are located there. Close to three quarters of the city's population can speak a foreign language, making Opole an attractive place for investors that require a multilingual workforce.

According to city authorities, some of the strongest industries include construction materials production, the food industry and chemical and machinery production. Recently, the country's largest utility, PGE, announced that two coal-burning electricity blocks will be built at PGE's Elektrownia Opole power plant, with some reports suggesting the project could cost in the region of zł.11 billion.

Investors interested in the city can count on several support networks offered by the local government. Tax exemptions of up to 70 percent on income and real estate are offered by city authorities, while funding from the European Union and government grants are also available to investors.

A subzone of the Wałbrzych Special Economic Zone "INVEST-PARK" is also located in the city, with Toyota, Electrolux, Whirlpool, IBM, Colgate and Cadbury some of the largest businesses to have invested there.

Mayor: Ryszard Zembaczyński

Area code: 77

Area: 96.2 sq km

Population (Dec 2010): 125,710

Working-age population (Dec 2010): 83,780

Unemployment rate (June 2011): 5.9%

Percentage of city covered by zoning plans: 35%

Recent major investors: IFM Electronics, PGE

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OTHER MAJOR CITIES

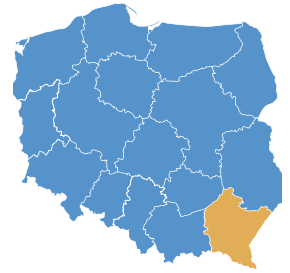
CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT (JUNE 2011)	ZONED AREA	CONTACT INFO
Kędzierzyn-Koźle	Tomasz Wantuła	77	123.4 sq km	64,594	41,560	11.7%*	100%	www.kedzierzynkozle.pl ; promocja@kedzierzynkozle.pl
Nysa	Jolanta Barska	77	28 sq km	46,046	93,864*	17.3%*	50%	um.nysa.pl ; nysa@www.nysa.pl
Brzeg	Wojciech Huczyński	77	15 sq km	37,346	59,854*	18.6%*	100%	www.brzeg.pl ; um@brzeg.pl
Kluczbork	Jarostaw Kietlar	77	12 sq km	25,141	45,078*	14.1%*	100%	www.kluczbork.pl ; um@kluczbork.pl
Prudnik	Franciszek Fejdych	77	20 sq km	22,514	37,415*	16.2%*	WND	www.prudnik.pl ; um@prudnik.pl

*LOCAL COUNTY DATA

WND = WOULD NOT DISCLOSE



PODKARPACKIE



KEY FACTS

Voivode: Małgorzata Chomycz

Marshall: Mirosław Karapyta

Area: 17,845 sq km

Population (Dec 2010): 2,103,505

Working-age population (Dec 2010): 1,347,651

Unemployment rate (June 2011): 15%

Average monthly wage (private sector, June 2011): zł.2,843.04

GDP (2008): zł.48.45 billion, up 10.9% y/y (3.8% of national GDP)

Natural resources: brown coal, gravel, limestone, mineral water, oil, peat, sandstone, sulphur

Number of students of higher education: approx. 75,000

Number of institutions of higher education: 15

Major universities: Rzeszów University of Technology, University of Rzeszów

Major airport: Rzeszów International Airport

Special Economic Zones:

EURO-PARK MIELEC Special Economic Zone:
806 ha (157.2 ha available)

Kraków Technology Park Special Economic Zone: 5.74 ha

Tarnobrzeg Special Economic Zone EURO-PARK WISŁOSAN:
654.86 ha (130.93 ha available)



ESTIMATED INVESTMENT

Total (2009): zł.8.53 billion

(private sector: zł.4.85 billion; public sector: zł.3.68 billion)

Of which:

Trade and repair: zł.2.85 billion

Industry: zł.2.69 billion, of which:

Manufacturing: zł.1.67 billion

Transport, storage and communication: zł.1.85 billion

Real estate, renting and business activities: zł.1.23 billion

Construction: zł.267.5 million

Number of new commercial and civil law partnerships registered (2010): 891, up 10.3% y/y

Number of new sole proprietorships registered (2010): 14,157, up 9.5% y/y

Recent major investors: BorgWarner, Goodyear, MTU Aero Engines, Pratt & Whitney, Sikorsky Aircraft Corporation

Sources of major foreign investment: Austria, France, Germany, the US

VOIVODSHIP BUDGET

2010:

Revenues: zł.887.02 bln

Expenditures: zł.1.03 bln

Deficit: zł.148.69 mln

2011 (projected):

Revenues: zł.1.08 bln

Expenditures: zł.1.18 bln

Deficit: zł.106.06 mln

KEY CONTACTS:

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PODKARPACKIE VOIVODSHIP

Located on the easternmost border of the EU, Podkarpackie is a land of contrasts. It is one of the country's poorest regions, with the lowest GDP per capita in 2008 (most recent data available). On the other hand, this figure has improved steadily over the past several years.

Moreover, the voivodship hosts a number of high-tech, innovative companies. For instance, the region's aerospace cluster, "Aviation Valley," is home to 80 percent of the nation's aerospace industry and has seen strong foreign investment. Most aerospace investment is located within the Podkarpackie Science and Technology Park Aeropolis, which has been incorporated into the EURO-PARK MIELEC Special Economic Zone. BorgWarner Turbo & Emissions Systems, MTU Aero Engines and Goodrich Aerospace Poland are just a few of the big-name aviation investors located in the cluster.

EURO-PARK MIELEC, together with the region's two other SEZs, provides tax exemptions, already-prepared greenfield space and assistance in setting up investments. Investors looking for low labor costs can draw on a pool of both experienced and newly trained workers, many of whom have graduated

from well-regarded institutions such as the University of Rzeszów and the Rzeszów University of Technology. The latter is home to Poland's only specialized civil aviation center.

Podkarpackie isn't limited to aerospace, however. The region also has a number of investors from the automotive and IT industries, and hosts rubber production facilities, pharmaceuticals producers and food-processing plants. Investors located in the voivodship also have easy access to the markets of Ukraine and Slovakia.

Podkarpackie also offers major opportunities in tourism and green-minded sectors, as the region is home to pristine swathes of land, some of which belongs to the Bieszczady Forest and Carpathian Mountains.

Transport infrastructure has long been a bugbear in Podkarpackie, but the local and regional authorities are working to improve the situation. Major infrastructural investments are underway, including construction of sections of the A4 motorway (running from the western to eastern boarder) and an expansion of Rzeszów-Jasionka International Airport.



MAJOR CITIES

Rzeszów

Perhaps moreso than any other regional city in Poland, Rzeszów is synonymous with its main industry, which in its case is aviation. The city sits in the heart of Aviation Valley, a vital aerospace cluster, and the vast majority of the aerospace companies in Poland are located in or around it.

BorgWarner Turbosystems and MTU Aero Engines are among the major companies already ensconced in Rzeszów, while Goodrich is currently working on a new production facility, its second in Poland, to support its already operational landing-gear factory in Krosno. And one of the latest firms to enter Aviation Valley is Hamilton Sundstrand, which makes aircraft systems. Its investment comprises a factory for aircraft engine parts as well as an engineering R&D center; the latter was lauded by the Polish Information and Foreign Investment Agency at the end of 2010 as the biggest new technologies investment of the year.

The city's relationship with the aerospace industry is rather appropriate, given that the transport infrastructure in its voivodship is notoriously bad. Flying isn't just the fastest way to get to Rzeszów – sometimes it seems like it's the only way.

That said, road and rail infrastructure within the city itself is fairly well-developed and efforts are underway on the regional scale to improve links to the rest of Poland, Slovakia and Ukraine.

It should be noted that Rzeszów is also home to companies of many industries other than aerospace. One notable example is Asseco Poland, the country's largest IT company, which has its headquarters in the city. Other major employers include pharmaceutical producers and automotive manufacturers. The

city's proximity to foreign markets has also helped it become a regional center for retail, wholesale and logistics firms.

Rzeszów's authorities are active in courting investors, offering significant tax breaks. The presence of the EURO-PARK MIELEC Special Economic Zone, within which many aerospace firms have invested, also offers a number of attractive incentives.

Mayor: Tadeusz Ferenc

Area code: 17

Area: 115.8 sq km

Population (Dec 2010): 613,486

Working-age population (Dec 2010): 117,984

Unemployment rate (June 2011): 7.6%

Percentage of city covered by zoning plans: WND

Recent major investors: BorgWarner, Conres, Hamilton Sundstrand, MTU Aero Engines, Womak

Local government contacts:

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Mielec

The city of Mielec, with its population of over 60,000, is home to a wide variety of businesses, including many in the aerospace, automotive, chemical and metals industries. It is also the home-town and namesake of aerospace firm PZL Mielec.

The city offers numerous tax exemptions for investors, particularly regarding land and infrastructure taxes. Further incentives are available within the EURO-PARK MIELEC Special Economic Zone, which offers land ready for investment as well as investor assistance and financial benefits. Mielec also boasts the Mielec Industrial Park (Mielecki Park Przemysłowy), an entity created to foster an environment in which small and medium-sized enterprises can grow and prosper.

The park has been undergoing expansion work over the past few years and includes an incubator for entrepreneurship. Covering several hectares, the IN-Tech incubator is designed for investors involved in modern businesses and making use of new technologies. Industrial and office space is available, as well as general support for business start-ups.

The Mielec Industrial Park is managed by the Agency of Regional Development (www.marr.com.pl), which supports entrepreneurial development through the arrangement of investment grants, training and consulting. The agency also functions as a regional financing institution in Podkarpackie voivodship.

Surrounded by rich farm land, Mielec is also an important center of agricultural services.

Mayor: Janusz Chodorowski

Area code: 17



Area: 47.36 sq km

Population (Dec 2010): 61,653

Working-age population (Dec 2010): 40,200

Unemployment rate (county data, June 2011): 13.2%

Percentage of city covered by zoning plans: 30%

Recent major investors: BRW, Husqvarna, Kirchoff, Sikorsky Aircraft Corporation

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Krzysztof Urbański, spokesperson:

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OTHER MAJOR CITIES

CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT (JUNE 2011)	ZONED AREA	CONTACT INFO
Przemysł	Robert Choma	16	46 sq km	67,847	42,563	18.5	26.20%	www.przemysl.pl ; mail@um.przemysl.pl
Stalowa Wola	Andrzej Szlęzak	15	82.52 sq km	63,371	70,704*	14*	WND	www.stalowawola.pl ; um@stalowawola.pl
Tarnobrzeg	Norbert Mastelerz	15	85.4 sq km	48,837	32,352	14	WND	www.tarnobrzeg.pl ; um@um.tarnobrzeg.pl
Krosno	Piotr Przytocki	13	43.48 sq km	47,534	30,978	7.2	WND	www.krosno.pl ; um@um.krosno.pl

*LOCAL COUNTY DATA

WND = WOULD NOT DISCLOSE



DEVELOPED INVESTMENT AREA IN PRZEMYSŁ

Sub-zone of Tarnobrzeg Special Economic Zone "EURO-PARK WISŁOSAN"

www.przemysl.pl/gospodarka
wspolpraca@um.przemysl.pl





PODLASKIE

KEY FACTS

Voivode: Maciej Żywno

Marshall: Jarosław Zygmunt Dworzański

Area: 20,187 sq km

Population (Dec 2010): 1,188,329

Working-age population (Dec 2010): 755,651

Unemployment rate (June 2011): 12.6%

Average monthly wage (private sector, June 2011): zł.2,865.00

GDP (2008): zł.29.124 billion, up 6.5% y/y
(2.3% of national GDP)

Natural resources: gravel, iron ore, large forested area,
rock and mineral resources

Number of students of higher education: 60,000

Number of institutions of higher education: 22

Major universities: Białystok Technical University,
the Medical University of Białystok, University of Białystok

Major airport: None

Special Economic Zones:

Suwałki Special Economic Zone: 70.71 ha available

ESTIMATED INVESTMENT

Total (2009): zł.4.63 billion

(private sector: zł.2.77 billion; public sector: zł.1.86 billion)

Of which:

Industry: zł.1.07 billion, of which:

Manufacturing: zł.632.45 million

Transportation, storage and communication: zł.1.01 billion

Real estate, renting and business activities: zł.670.56 million

Trade and repair: zł.418.39 million

Construction: zł.176.65 million

Number of new commercial and civil law partnerships registered (2010):

534, up 4.5% y/y

Number of new sole proprietorships registered (2010): 9,068,

up 11.8% y/y

Recent major investors: British American Tobacco, IKEA, Kampania
Piwowska, Mlekwita, Mlekpól, Pfeiderer, Philips, Pilkington, Polmos,
Suempol

Sources of major foreign investment: Belgium, France,
Germany, Sweden

VOIVODSHIP BUDGET

2010:

Revenues: zł.359.33 mln

Expenditures: zł.396.59 mln

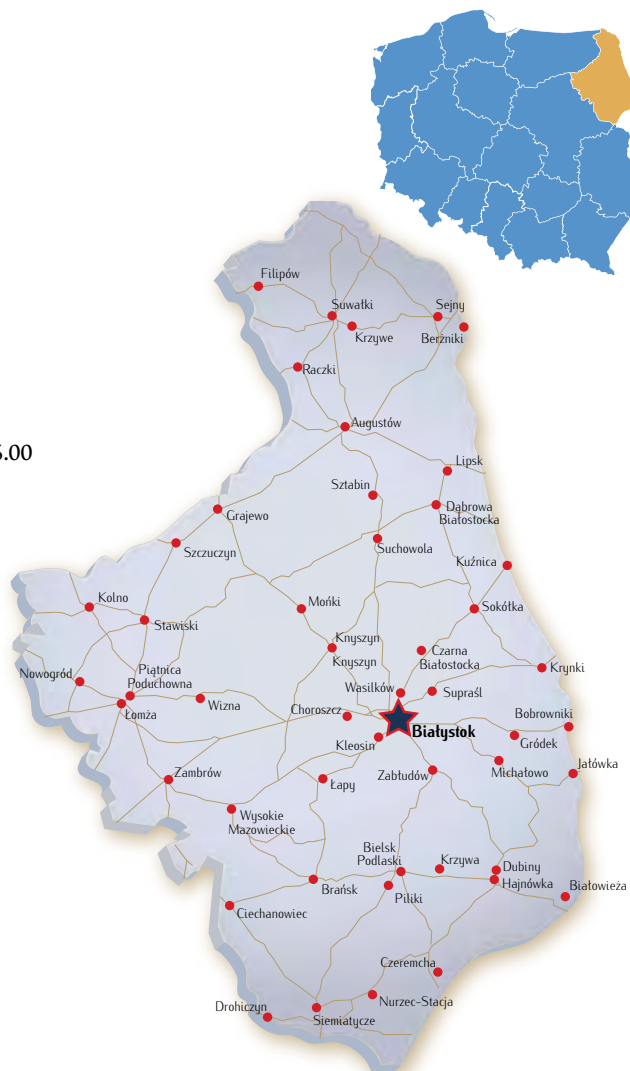
Deficit: zł.37.25 mln

2011 (projected):

Revenues: zł.426.97 mln.

Expenditures: zł.546.60 mln

Deficit: zł.119.63 mln



KEY CONTACTS:

Podlaskie Investor Assistance Center

www.coi.wrotapodlasia.pl

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15-888 Białystok

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PODLASKIE VOIVODSHIP

Podlaskie voivodship is located in Poland's extreme north-east and neighbours Belarus, Lithuania and Russia's Kaliningrad Oblast. The region has long been one of the most culturally diverse in Poland, home to people of many nationalities and religions.

Today Podlaskie's proximity to a number of Eastern Europe's major markets is cited by its authorities as a major asset.

Podlaskie also offers other advantages, such as relatively low labor costs, a sizeable pool of young educated people and the presence of a special economic zone. The large forested area in the voivodship was key to Swedish furniture group IKEA's decision to site a factory in Orla in 2010. This was the single largest investment in Poland in 2010.

Agriculture is also a significant part of the economy of Podlaskie, with the dairy industry a particularly strong area. However, the region is ambitiously pursuing modern industries as well. Biotechnology, pharmaceuticals, electronics and high-quality chemical products are all being developed.

Tourism has also been growing in importance in Podlaskie of late. The voivodship boasts numerous natural assets, including lakes and preservation areas with wetlands and primeval forests. It is one of the only places in Europe where bison roam in the wild.

Among the most important examples of infrastructure investment in the region are the strategic Via Baltica road project, which will extend from the Baltic states to southern Europe, and its rail equivalent, Rail Baltica. Additionally, there are plans for the establishment of a regional airport.



MAJOR CITIES

Białystok

Białystok is the main center of economic, education and cultural activity in northeastern Poland, and it has seen a substantial increase in public and private investment in the past few years, benefiting from the strategic emphasis placed on the development of eastern Poland under European Union programs.

As well as its large-scale education system, with around 45,000 students studying at 20 institutions of higher education, Białystok is concentrating on developing its IT and business process outsourcing sectors, along with the pharmaceuticals, biotechnology and nanotechnology industries. To this end, the city authorities are creating a new science and technology park, to which they intend to attract local, national and international companies.

Offering significant incentives to investors, Białystok is likely to benefit from its forward-looking approach as much as from its convenient location, giving investors opportunities to pursue interests in emerging markets to the east of Poland.

Additionally, the city's proximity to some of the most spectacular natural areas in Europe mean that its tourism and hospitality sectors are developing rapidly.

Mayor: Tadeusz Truskolaski

Area code: 85

Area: 102 sq km

Population (Dec 2010): 295,198

Working-age population (Dec 2010): 196,207

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The Church of the Holy Spirit, Białystok – the largest Orthodox church in Poland

Unemployment rate (June 2011): 11.9%

Percentage of city covered by zoning plans: 31.8%

Recent major investors: DBK, Masterpress, Standard Motor Products, Transition Technologies

Contacts:

Białystok City Hall, Department of Strategy and Development, Investor Service Office

ul. Słonimska 1, 15-950 Białystok

☎ (+48) 85 869 61 19, 📠 (+48) 85 869 62 11

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Tomasz Buczek, department director, English speaker:

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OTHER MAJOR CITIES

CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT (JUNE 2011)	ZONED AREA	CONTACT INFO
Suwałki	Czesław Renkiewicz	87	65.24 sq km	69,499	46,280	11.6%	22.62%	www.um.suwalki.pl ; org@um.suwalki.pl
Łomża	Mieczysław Czerniawski	86	32.72 sq km	63,221	42,598	14.8%	37.2%	www.lomza.pl ; ratusz@um.lomza.pl
Augustów	Kazimierz Kożuchowski	87	80.90 sq km	30,384	19,641	15%*	29%	www.augustow.pl ; aot@poczta.onet.eu
Bielsk Podlaski	Eugeniusz Berezowicz	85	26.88 sq km	26,381	17,534	8%*	15%	www.bielsk-podlaski.pl ; um@bielsk-podlaski.pl
Zambrów	Kazimierz Jan Dąbrowski	86	19.02 sq km	22,891	14,531	13.5%*	9%	www.zambrow.nazwa.pl ; um@zambrow.pl

*LOCAL COUNTY DATA

WND = WOULD NOT DISCLOSE



POMORSKIE

KEY FACTS

Voivode: Roman Zaborowski

Marshal: Mieczysław Struk

Area: 18,293 sq km

Population (Dec 2010): 2,240,319

Working-age population (Dec 2010): 1,442,598

Unemployment rate (June 2011): 11.6%

Average monthly wage (private sectors, June 2011):
zł.3,521.07

GDP (2008): zł.70.33 billion, up 4.9% y/y
(5.5% of national GDP)

Natural resources: amber, clay and chalks, gravel,
rock salt, sand

Number of students of higher education: over 100,000

Number of institutions of higher education: 28

Major universities: the Gdańsk University of Technology,
the University of Gdańsk,

Major airport: Gdańsk Lech Wałęsa Airport

Special Economic Zones:

Pomeranian Special Economic Zone: 96.99 ha available

Słupsk Special Economic Zone: 45 ha available



ESTIMATED INVESTMENT

Total (2009): zł.17.58 billion

(private sector: zł.9.45 billion; public sector: zł.8.13 billion)

Of which:

Industry: zł.6.11 billion, of which:

Manufacturing: zł.4.70 billion

Real estate, renting and business activities: zł.2.64 billion

Transport, storage and communication: zł.1.77 billion

Trade and repair: zł.1.12 billion

Construction: zł.692 million

Number of new commercial and civil law partnerships registered (2010): 1,907, up 10% y/y

Number of new sole proprietorships registered (2010): 24,445,
up 9.5% y/y

Recent major investors: Acxiom, Arla Foods, Compuware, First Data,
Geoban, IBM, Macquarie Group, Sony Pictures, Thomson Reuters,
Zensar Technologies Limited

Sources of major foreign investment: Germany, Scandinavian
countries, Spain, the UK, the US

VOIVODSHIP BUDGET

2010:

Revenues: zł.724.58 mln

Expenditures: zł.872 mln

Deficit: zł.147.42 mln

2011 (projected):

Revenues: zł.791 mln

Expenditures: zł.921 mln

Deficit: zł.130 mln

KEY CONTACTS:

**Pomerania Development Agency
Investor Assistance Centre**

www.arp.gda.pl

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ADVERTORIAL FEATURE

METROPOLISES ARE THE FUTURE OF THE WORLD

Paweł Adamowicz, Mayor of the City of Gdańsk, talks to *Investing in Poland*

What is your vision of Gdańsk Metropolitan Area?

A metropolis is a necessity. Only a strong metropolis is able to improve our chances in the world competition. The experts claim that the metropolises are the future of the world.

We have been discussing the need of a metropolis for years. But nothing happens. Even the metropolitan act is still in a phase of a project. I decided then to take the matters into my own hands. And I suggested establishing an association, which will help to coordinate projects, share knowledge and experience. Only by acting together we can achieve something.

A metropolis is not a whim. A metropolis is a need. It's an advantage we have to take.

The key ventures implemented by the city are the road and communication investments: W-Z, Sucharskiego and Słowackiego routes, Southern Ring Road, the Metropolitan Railway, a tunnel under the Dead Vistula. Improvement of the airport. What is a deadline of finishing the communication frame of agglomeration and does it cover all tasks of the city in this field?

Those projects are the tasks of a metropolitan character. The end is expected in 2015. Obviously, they don't solve all problems of Gdańsk. Another challenges include construction of the Green Road, starting from the western ring road through a tunnel under Pachotek to Hallera street. A challenge for the forthcoming years is also the Red Road and improvement of tram lines towards Gdańsk Południe.

Isn't it so that such efforts influence other fields and their development? I mean revitalisation of particular districts for instance – including The Granary Island or Downtown which may be delayed?

Managing the city involves making constant choices. Revitalisation of Downtown will begin in this term. For many revitalisation projects we try to build models of public and private partnership. We hope on financial support from the European Union. We are implementing revitalisation of Letnica, Nowy Port and Wrzeszcz. These tasks mean constant investing of the public side in infrastructure, but also private partners (housing associations and developers) in their own properties. These processes require time and trust.

Considering revitalisation, it is worth mentioning Let-



nica with PGE Arena stadium. Is the pride of the city also your pride, are you pleased with the final shape of the construction and what are your hopes concerning it?

Contentment is not enough, pride is a better term. PGE Arena and the other complexes like Ergo Arena, Amber Expo, ECS and the new investments of private companies – office buildings, factory logistic centre, are the proof that Gdańsk is a metropolis.

What is the meaning of Science and Technology Park or Business Incubator to development of Gdańsk?

Science and Technology Park is an example of a spirit of modernity in our metropolis. An example of revitalisation of de-capitalised industrial area of the city, whereas, its businessmen are a flower of innovation and highest quality of services. Developing Gdańsk universities and Business Incubator proves that Gdańsk is a city of business, especially the one of the middle and small size. This is the sector that proved to be flexible and allows to smoothly overcome the crisis. ♦

ADVERTORIAL FEATURE

TIME FOR METROPOLIS

The modern world is a world of complicated network connections, linking the stakeholders from the fields of science, business and administration. The machine of institutions, office buildings, factories or universities hides people. They create the intellectual potential of the world. Non-material factor of success is time. Its pressure makes us produce more, better and more efficiently in the shortest time to allow our companies and institutions to be competitive. Paradoxically, development of tools, instruments and technologies only intensifies the process. Such a situation forces people to on one hand want and on the other feel the need to live in integrated environments. It creates a sort of self-driving spiral. For better and more efficient cooperation people live in groups. The more intellectual capital gathered within one geographically and functionally coherent area, the more institutions, companies, enterprises will be present at the area. Their specialization forced by the market competition makes people

working there constantly improve their skills, or the potential from outside is used. Using various instruments, mainly the salary ones, it usually brings positive results. Such situation however makes people be more aware and improve their needs towards better quality of life. This evokes a pressure on development of services. Especially the high level: high culture, amusement that is specialised and directed to selected circle, but it is also reflected in

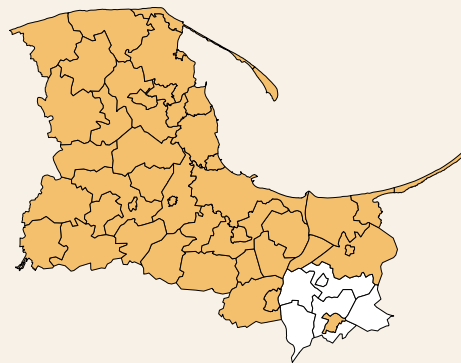
better taking care of health, thus, better and faster access to medical care and specialists. Improving the quality of life is also forced by developing awareness in the simplest fields of life like access to education, developed and efficient public transport, integrated transport, a network of specialised shops. As a consequence, cities with highly varied services attract new inhabitants and people from more distant regions that come to use the services offered: education, work, shopping, business, entertainment, etc.

On the other hand, to have "a bit of calm" and take a breath we use resources from the areas surrounding our cities, by going to have a rest there. Those mutual connections create relations, called by the experts the functioning relations. The multitude of those relations and their specificity are more and more varied and sophisticated services result in a situation that together with the increase in number of inhabitants of the city we deal with rank-and-file creating of and building a metropolis, whereas, the actual influence of a metropolis on the region determines the borders of the metropolitan area. It is easily to be seen then that metropolisation is a process, which is also proved by Gdańsk. If it is so, which is confirmed by research made by various institutions of science and research, that we should think about a sense of creating a metropolis by administration and quoting some

opponents of the idea we should think what for does Gdańsk need a metropolitan association. The answer is obvious and simple – we want competition and we want to win further development of our cities and what follows, we want to meet the growing expectations of our inhabitants and constantly improve the quality of life. Only in such a way we can be competitive. And the competitiveness of a metropolis includes keeping the current investors and attracting new ones. Whereas, supply on the market of work decides about keeping the inhabitants, especially specialists who know the languages, are educated and mobile. Thus, a role and task of the association that will be established on 15th September, under the name of Gdańsk Metropolitan Area isn't proving the border line of a metropolis or its construction either, but what is going on rank-and-file. It's a fact, there's nothing to discuss. The role of the association is creating a so-called metropolis of cooperation, a cooperation that we invited almost

50 administration units to, a cooperation that is intended to improve the quality of life of the inhabitants. Thanks to the association, it will be possible to coordinate and provide the same solutions and standards which from the point of view of the inhabitants of the city and the metropolitan area is highly recommended. An important task of the association will be also taking care of the quality of life. On 10th and 11th of August 2011 together with a team of experts from IBM, within a

project "smarter cities", we conducted the workshop Gdańsk – innovation Discovery, whose aim was creating recommendations and solutions for a metropolis that will contribute to its successful development, and also improvement of the quality of municipal services and increasing the social involvement of the inhabitants. The project was at the same time the first one implemented by Gdańsk for municipalities and districts of Gdańsk Metropolitan Area before the official establishment of the association. And although we have to wait until September for the final report, today we are able to present the possible areas of cooperation and discuss the need of implementation of the particular projects. And why an association, because it's the best, the less obliging and the most open form of cooperation, having at the same time legal status, thanks to which will can apply exterior mean for the metropolis. Because it an institution "know-how", being a "think tank" of knowledge. An institution with one phone number that you can call from every place of the metropolis, an institution that will coordinate actions of every units included in the association and which will gradually work, not only with a single initiative. ♦



Suggested range of the Gdańsk Metropolitan Area

Tomasz Drozdowski
*Representative of Mayor of the City of Gdańsk for
 Development Strategy of Gdańsk*

➤ POMORSKIE VOIVODSHIP

Pomorskie's access to the Baltic Sea has helped it develop into one of the most important voivodships for the Polish economy as a whole. The country's two largest seaports – in Gdańsk and Gdynia – are located there and numerous sea, air, train and road connections link the region, making it an important logistics center.

The port in Gdańsk is gradually being turned into a major European transport hub. The Deepwater Container Terminal, built by Macquarie Group, has increased the transshipment potential of Tri-city's (the conurbation comprising Gdańsk, Gdynia and Sopot) ports and provides a direct container line to Asia.

The region's 28 institutions of higher education produce almost 23,000 graduates each year, meaning there is an abundance of well-educated labor available in Pomorskie.

The tourism and services sectors employ around 60 percent of the workforce in the region, although chemicals, shipbuilding, logistics, electronics and food processing are also major industries there.

Voivodship authorities want to grow the region's high-tech sector, with Tri-city aiming to become a major IT cluster. A number of multinationals – including Thomson Reuters, IBM, First Data, Acxiom, Geoban and Sony Pictures Global Business Services – have sited major investments in the area.

Government grants (especially in priority sectors such as automotive, electronic, aviation, R&D or biotech), tax exemptions in special economic zones, as well as EU funds, are some of the main incentives offered to investors.

The Euro 2012 soccer championship has given the voivodship a boost. Gdańsk now sports a new soccer stadium, the PGE Gdańsk Arena, as well as a second terminal at its Gdańsk Lech Wałęsa Airport, which will undergo further development in the coming years. Infrastructural investments are also made easier by the region's natural resources, which include sand, gravel, clay and chalk.



➤ MAJOR CITIES

Gdańsk

The maritime sector is at the heart of the economy of the city of Gdańsk, where Poland's largest seaport is located. However, the city also plays host to a range of other industries, including oil and chemicals, pharmaceuticals and cosmetics, food production and processing, IT, machinery, tourism, finance and insurance services, as well as amber and jewelry.

The city is also aiming to overtake Wrocław as Poland's IT capital by actively trying to develop services, high-tech and logistics industries. The city's authorities offer tax exemptions for investors, a scholarship program for technology students and access to the services of a wide range of investment organizations. These organizations include the Pomeranian Special Economic Zone and the Gdańsk Science and Technology Park, the Gdańsk Economic Development Agency, the Gdańsk Entrepreneurship Foundation and the Pomeranian Loan Fund.

The city's strategy for attracting more advanced investments seems to be paying off. A 2011 survey by *Forbes* ranked Gdańsk sixth in its list of the most attractive Polish cities (of over 300,000 inhabitants) for business. Acxiom, Zensar Technologies and Lufthansa Systems Poland have all set up shop in Gdańsk.

The Euro 2012 soccer championship, moreover, is helping to bring further investment into the area. After a series of delays, its new soccer stadium – the PGE Gdańsk Arena – has opened and will soon thrill capacity crowds. The most costly of the Euro 2012-related developments, at an estimated zł.1.3 billion,

is the so called "Sucharski Route" which includes a tunnel under the Vistula River. A second terminal at the Gdańsk Lech Wałęsa Airport will also be ready for the tournament, giving the city one of the most modern airports in Poland. Further expansion of the airport over the next two years will see it able to handle three times as many planes as before.

Mayor: Paweł Adamowicz

Area code: 58

Area: 262 sq km

Population (Dec 2010): 456,967

Working-age population (Dec 2010): 293,747

Unemployment rate (June 2011): 5.1%

Percentage of city covered by zoning plans: WND

Recent major investors: Desotec, Fineos, IBM, Sii, Sony Pictures, Weyerhaeuser

Contacts:

Gdańsk Economic Development Agency
80-832 Gdańsk,
ul. 5 Beniowskiego

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Alan Aleksandrowicz, President of the board

@ ceo@investgda.pl

Gdynia

Gdynia, perhaps even moreso than Gdańsk, earns its living from the sea. Its port is experiencing an investment boom and major projects in the coming years include the construction of new ferry-handling infrastructure, as well as the redevelopment of the port canal and facilities for roll-on/roll-off vessels.

In recent years, however, Gdynia has also become a hotbed of new investments in sectors unconnected with the maritime industry. A 2011 survey by *Forbes* ranked it as the "most attractive large city" (150-300,000 inhabitants) for doing business in Poland.

Construction, electronics and IT are key industries and City Hall is working to attract new investments in ICT, biotech, environmental protection, industrial design, logistics and transport (the city plans to develop its own airport) as well as business process outsourcing.

The city's youthful population is one of the main attractions for investors. Gdynia is home to numerous schools and attracts young people in search of education and work.

Gdynia's specific investment incentives include the Pomeranian Science and Technology Park (www.ppnt.gdynia.pl), which lies within the city's borders, and offers access to data and a knowledge base, as well as training sessions, workshops and conferences.

The Gdynia Business Support Center (www.gcwp.gdynia.pl), meanwhile, provides advisory services and helps firms navigate the formalities of launching an investment in Gdynia. The Gdynia Development Agency (www.arg.gdynia.pl) offers marketing

research, strategies and business plans for a number of sectors.

The city is actively developing tourism and making a name for itself by organizing major events. The Heineken Open'er Festival, Poland's largest open-air music and performing arts festival, and the international design fair Gdynia Design Days, are still going strong.

Mayor: Wojciech Szczurek

Area code: 58

Area: 135 sq km

Population (Dec 2010): 247,324

Working-age population (Dec 2010): 157,654

Unemployment rate (June 2011): 5%

Percentage of city covered by zoning plans: WND

Recent major investors: Det Norske Veritas, Grupa Allcon, Grupa Inwestycyjna Hossa, Inter Ikea, Inwest Komfort, Mayland Real Estate

Contacts:

Gdynia City Hall

Deputy Mayor Marek Stepa (town-planning, zoning plans, city investments): @ m.stepa@gdynia.pl,

☎ (+48) 58 668 80 12

Deputy Mayor Bogusław Stasiak (real estate, roads):

@ b.stasiak@gdynia.pl, ☎ (+48) 58 668 80 13

Deputy Mayor Michał Guć (architecture, construction permits): ☎ (+48) 58 668 80 14



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Sopot

Sopot relies less on the maritime industry than its larger Tri-city neighbors, but the sea still dominates its economy. The city is popular among Poland's rich, who come for its sandy beaches, fresh air, casinos and fashionable shopping areas.

The city was designated as an official health resort town in 1999, meaning industrial developments are kept to a minimum. Market services, especially connected to tourism and the hotel industry are, however, welcomed. Other industries actively developed by local authorities include insurance, financial, legal, economic, marketing, consulting and auditing services, as well as IT.

The city can be reached by land, sea and air, and recent investments have made it even more accessible, especially for the affluent. In July 2011, President Bronisław Komorowski opened a new marina able to accommodate 103 yachts.

The city is also preparing for a series of public-private partnership investments, with the central train station due to get a makeover as part of an ambitious PPP investment. The plan is to build a modern shopping and office complex on a 17-ha site adjoining the train station, together with a hotel, underground parking facilities and access roads. The project is estimated to cost around €100 million.

City Hall stresses that it is particularly open to knowledge-based investments. To this end, the city says it has a "no-standing-in-line" approach to dealing with businesspeople, while foreign investors are assigned a "strategic investment assistant" to advise them regarding Polish regulations.

Mayor: Jacek Karnowski

Area code: 58



Area: 17.31 sq km

Population (Dec 2010): 38,141

Working-age population (Dec 2010): 23,818

Unemployment rate (June 2011): 3.4%

Percentage of city covered by zoning plans: WND

Recent major investors: Hydrobudowa, NDI, Sopot Spa, Warbud

Contacts:

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OTHER MAJOR CITIES

CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT (JUNE 2011)	ZONED AREA	CONTACT INFO
Słupsk	Maciej Kobylński	59	43 sq km	96,655	64,078	18%*	70%	www.slupsk.pl; urząd@um.slupsk.pl
Tczew	Mirostlaw Pobłocki	58	22 sq km	60,152	73,315*	13%*	WND	www.tczew.pl; info@um.tczew.pl
Starogard Gdański	Edmund Stachowicz	58	25 sq km	48,185	30,653	18.3%*	100%	www.starogard.pl; ratusz@starogard.pl
Wejherowo	Krzysztof Hildebrandt	58	25 sq km	47,794	29,735	14.2%*	100%	www.wejherowo.pl; miasto@wejherowo.pl
Rumia	Elżbieta Rogala-Kończak	58	30 sq km	46,107	30,333	14.2%*	46%	www.um.rumia.pl; urząd@um.rumia.pl

*LOCAL COUNTY DATA

WND = WOULD NOT DISCLOSE



SILESIA

KEY FACTS

Voivode: Zygmunt Łukaszczyk

Marshall: Adam Matusiewicz

Area: 12,334 sq km

Population (Dec 2010): 4,635,000

Working-age population (Dec 2010): 3,020,585

Unemployment rate (June 2011): 9.7%

Average monthly wage (private sector, June 2011): zł.3,864.71

GDP (2008): zł.167.948 billion, up 10% y/y
(13.2% of national GDP)

Natural resources: coal, lead, zinc

Number of students of higher education: 190,000

Number of institutions of higher education: 45

Major universities: Academy of Fine Arts in Katowice, Academy of Physical Education in Katowice, Częstochowa University of Technology, Medical University of Silesia, Silesian University, Silesian University of Technology in Gliwice

Major airport: Katowice International Airport in Pyrzowice

Special Economic Zones:

Katowice Special Economic Zone: 1,500 ha

ESTIMATED INVESTMENT

Total (2009): zł.16.20 billion

(private sector: zł.10.61 billion; public sector: zł.5.59 billion)

Of which:

Industry: zł.10.93 billion, of which:

Manufacturing: zł.5.71 billion

Trade and repair: zł.1.92 billion

Transport, storage and communication: zł.981.6 million

Construction: zł.614.3 million

Real estate, renting and business activities: zł.290.3 million

Number of new commercial and civil law partnerships registered (2010): 3,753, up 14.5% y/y

Number of new sole proprietorships registered (2010): 40,681, up 15.4% y/y

Recent major investors: Electrolux Poland, HansGlas, Lear Corporation Poland II, Magneti Marelli, Saint-Gobain Sekurit

Sources of major foreign investment: France, Germany, Italy, the US

VOIVODSHIP BUDGET

2010:

Revenues: zł.1.42 bln

Expenditures: zł.1.82 bln

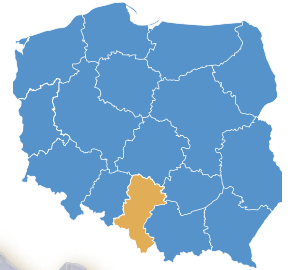
Deficit: zł.400 mln

2011 (projected):

Revenues: zł.1.31 bln

Expenditures: zł.1.51 bln

Deficit: zł.200 mln



KEY CONTACTS:

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invest.slaskie.pl

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➤ SILESIA VOIVODSHIP

Silesia is an attractive investment location for a number of reasons. The region is situated within 600 km of six European capitals: Berlin, Bratislava, Budapest, Prague, Warsaw and Vienna. Transport between them is becoming increasingly easy given the rapid development of road and railway networks, as well as improved air connections.

Silesia is the most densely populated region of Poland and is second only to Mazowieckie in terms of total population, with 4.6 million inhabitants. The voivodship also boasts the second-highest GDP per capita in the country. Partly as a result of the considerable level of industrialization that has taken place in the region, Silesia also enjoys one of the lowest unemployment rates.

The region is known for its heavy industry, and particularly for coal mining, but in recent years the focus has shifted, following downsizing in the mining and metals industries. Now, IT, energy supply, machining and automotive production are being devel-

oped in the region. The automotive industry is of particular importance these days, with car manufacturers Fiat and GM Opel sustaining thousands of jobs.

Silesia is also developing its potential in research and development activities and has quickly become one of Poland's most important centers for R&D. The activities of Silesia's R&D centers are mainly geared towards environmental protection, energy supply, automation and construction. Many companies have implemented BPO/SSC operations in the region.

Silesia also has well-developed internal transport links, with the largest railway network concentration in the country, an international airport and some of the most modern roads in Poland. Important transit corridors, both existing and under-construction, include the intersection of the A1 and A4 highways and the Drogowa Trasa Średnicowa, a motorway which will link the major cities of the region.

➤ MAJOR CITIES

Katowice

Heavy industry remains important for Katowice, with coal mining, metals production, energy production, chemicals and machine manufacturing currently the dominant industries there.

Nevertheless, developments in the high-tech and shared services sectors are now rising in prominence, with City Hall focusing on developing IT, R&D, clean coal technologies and environmentally friendly power generation.

A major revitalization project, funded by public and private investments worth over zł.1 billion, is currently under way the city. New public buildings, including an international conference center and a modern "science zone," are due to be built as part of the scheme. A new road system will also connect a number of museums and attractions within the new "cultural district."

The scheme will also see a number of major streets, as well as the city's main railway station, completely revamped. Property developers and investors are expected to be drawn to the railway station scheme, as new commercial and retail space is being constructed as part of the development.

Katowice is a well-connected city. It lies next to major trans-European routes, including the A4 highway and the north-south A1 highway, currently under construction. Three international airports lie within 100 km of the city, which also has a well-developed transport and logistics sector and a high density of road and railway infrastructure.



Mayor: Piotr Uszok

Area code: 32

Area: 164.5 sq km

Population (Dec 2010): 306,826

Working-age population (Dec 2010): 197,892

Unemployment rate (June 2011): 4.1%

Percentage of city covered by zoning plans: 18%

Recent major investors: Capgemini, Rockwell Automation, Steria

Contacts:

Mayor's Plenipotentiary for Contact with Strategic Investors
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40-006 Katowice
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Gliwice

Located in the western district of the Upper Silesian Metropolitan Union, Gliwice is known for being one of Silesia's biggest centers of learning. Major academic institutions include the Silesian University of Technology, one of the largest schools of its kind in Poland, and the Gliwice College of Entrepreneurship.

Gliwice is also one of the greenest areas in the Upper Silesian Industrial Region, but is still located conveniently near modern transport infrastructure (including the east-west A4 highway).

The city boasts the largest of the four subzones of the Katowice Special Economic Zone. Currently the subzone covers a total area of 678 ha, of which over 380 ha have already been taken by firms

from both Poland and abroad. General Motors is the biggest investor in the subzone, and is joined by a range of other companies from the automotive sector including Autorobot-Strefa, Plastal, and HP Polska.

Construction companies, steel-product makers and chemical production firms have all also located factories within the subzone.

Mayor: Zygmunt Frankiewicz

Area code: 32

Area: 134.2 sq km

Population (Dec 2010): 195,472

Working-age population (Dec 2010): 129,011

Unemployment rate (June 2011): 6.7%

Percentage of city covered by zoning plans: 66%

Recent major investors: BMZ Poland, Mapei, Vesuvius Poland, Vlassenroot Poland

Contacts:

Gliwice City Hall

Department of Investments and Renovations

ul. Zwycięstwa 21

44-100 Gliwice

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@ ir@um.gliwice.pl



Częstochowa

Częstochowa is the 13th-largest city in Poland and is well connected to other parts of the country and to the rest of Europe. It is also located along the route of the under-construction A1 highway.

Its natural environment boasts many attractive features, including 8,000 hectares of green space and some of the best drinking water in the country, thanks to the rich calcium and magnesium deposits found in the area's Jurassic beds.

The city is well-regarded by investors, as evidenced by the large number of foreign companies that operate there. Its young and well-educated labor force is a strong incentive for future investors: 65.5 percent of the people in the area are of working age, and 38 percent are below the age of 30.

The city also offers tax breaks as an incentive for businesses.

Mayor: Krzysztof Matyjaszczyk

Area code: 34



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KAZDĘBIE – undeveloped property

- Area: 10, 35 23 h divided into 3 plots
- Within the Katowice Special Economic Zone
- Valid Local Master Plan

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ZAGŁĘBIANKA – developed property

- Area: 8,5458 ha
- Estimated price: 7 218 900 PLN
- Valid Local Master Plan

City Dąbrowa Górnicza

- A member of the SILESIA Metropolis, the biggest conglomeration in this part of Europe, 1218 sq km is inhabited by 2 million people.
- The city is conveniently located 20 km from Katowice Airport and 70 km from Kraków - Balice Airport.
- It offers plenty of attractive land for development with lots ranging from 0,5 to 259 hectares for production, services, housing and hotel development.
- More than 187 ha of the city areas lie within the Katowice Special Economic Zone, the most effective zone in Poland.
- New investors are eligible for real estate tax breaks.
- A total of 120 foreign companies have already invested here.

Join them

Area: 160 sq km
Population (Dec 2010): 238,042
Working-age population (Dec 2010): 156,870
Unemployment rate (June 2011): 11.2%
Percentage of city covered by zoning plans: 4.6%
Recent major investors: Guardian Częstochowa, IKEA, PGE, Polimex-Mostostal, Stolzle, TRW Automotive

Contacts:
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 42-217 Częstochowa
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Dąbrowa Górnicza

Located between Katowice and Kraków, Dąbrowa Górnicza lies 11 km away from Katowice International Airport, the third-largest airport in Poland.

There are over 100 businesses with foreign capital there and plenty of opportunities for further investment. Approximately 187 ha of the city is located within a subzone of the Katowice Special Economic Zone, which offers tax breaks for investors until 2013. Moreover, nearly 70 percent of the population falls within the working-age bracket, offering businesses a strong and skilled labor force.

While the area is still predominantly focused on heavy industry, efforts are being implemented to diversify the city's economy.

The local natural landscape, with four lakes and the natural Błędowska Desert (covering 20 sq km) located nearby, also attracts tourists and provides the opportunity for people working in the city to engage in active pastimes including sailing, fishing and windsurfing.

Mayor: Zbigniew Podraza
Area code: 32
Area: 189 sq km
Population (Dec 2010): 127,431
Working-age population (Dec 2010): 86,606
Unemployment rate (June 2011): 10.6%
Percentage of city covered by zoning plans: 35%
Recent major investors: Brembo, Guhring, HHLA, HO-BAS, Johnson Electric, Mayland Real Estate, PAGO, Saint-Gobain Glass Polska
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 Dąbrowa Górnicza City Hall
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OTHER MAJOR CITIES

CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT (JUNE 2011)	ZONED AREA	CONTACT INFO
Sosnowiec	Kazimierz Górski	32	91.26 sq km	217,638	148,143	13.2%	51.00%	www.sosnowiec.pl ; um@um.sosnowiec.pl
Zabrze	Małgorzata Mańka-Szulik	32	80.47 sq km	186,913	123,915	12.3%	20%	www.um.zabrze.pl ; umz@um.zabrze.pl
Bytom	Piotr Koj	32	69.43 sq km	181,617	117,551	18.1%	WND	www.um.bytom.pl ; um@um.bytom.pl
Bielsko-Biała	Jacek Krywult	33	125.66 sq km	175,008	113,490	5.9%	22%	www.um.bielsko.pl ; um@bielsko-biala.pl
Ruda Śląska	Grażyna Dziedzic	32	77.73 sq km	142,950	93,825	7.7%	100%	www.ruda-sl.pl ; urzad@rudaslaska.pl
Rybnik	Adam Fudali	32	148.36 sq km	141,410	93,381	7.0%	WND	www.rybnik.eu ; rybnik@um.rybnik.pl
Chorzów	Andrzej Kotala	32	33.5 sq km	112,697	70,976	10.9%	WND	www.chorzow.eu ; urzad@chorzow.eu

WND = WOULD NOT DISCLOSE



ŚWIĘTOKRZYSKIE



KEY FACTS

Voivode: Bożentyna Pałka-Koruba

Marshall: Adam Jarubas

Area: 11,711 sq km

Population (Dec 2010): 1,266,014

Working-age population (Dec 2010): 804,676

Unemployment rate (June 2011): 14.2%

Average monthly wage (private sector, June 2011): zł.3,043,40

GDP (2008): zł.34.08 billion, up 12.4% y/y (2.7% of national GDP)

Natural resources: mineral water, natural building stone, sulphur

Number of students of higher education: 45,732

Number of institutions of higher education: 18

Major universities: the Jan Kochanowski University of Humanities and Sciences, the Kielce University of Technology

Major airport: none

Special Economic Zones:

“Starachowice” Special Economic Zone: 437.51 has (131.65 ha available)

“Tarnobrzeg” Special Economic Zone EURO-PARK WISŁOSAN: 104.1 ha (7.68 ha available)



ESTIMATED INVESTMENT

Total (2009): zł.6.17 billion

(private sector: zł.2.40 billion; public sector: zł.3.77 billion)

Of which:

Industry: zł.2.95 billion, of which:

Manufacturing: zł.2.36 billion

Transport, storage and communication: zł.1.24 billion

Real estate, renting and business activities: zł.575.9 million

Trade and repair: zł.424 million

Construction: zł.133.4 million

Number of new commercial and civil law partnerships registered (2010): 481, up 18.8% y/y

Number of new sole proprietorships registered (2010): 9,625, up 14.8% y/y

Recent major investors: Celsa Huta Ostrowiec, MAN Truck & Bus, Pilkington Sandoglass, SUEZ Electrabell

Sources of major foreign investment: France, Germany, Italy, the UK, Ukraine

VOIVODSHIP BUDGET

2010:

Revenues: zł.481.58 mln

Expenditures: zł.579.93 mln

Deficit: zł.98.35 mln

2011 (projected):

Revenues: zł.677.90 mln

Expenditures: zł.814.76 mln

Deficit: zł.136.85 mln

KEY CONTACTS:

Świętokrzyskie Marshall's Office

Investor Assistance Center

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ŚWIĘTOKRZYSKIE VOIVODSHIP

One of Świętokrzyskie voivodship's greatest advantages is its highly strategic location, as it is situated at a convenient distance from four of the largest cities in Poland (Warsaw, Łódź, Kraków and Katowice) and from neighbouring countries to the east.

Świętokrzyskie's prime location has enabled it to develop what has become an important element of its economy – the trade fairs in the regional capital, Kielce.

The region's young, well-educated workforce has also been crucial in allowing the region to become Poland's trade-fair hub. Knock-on effects of the region's role as Poland's trade-fair capital have included growth in the hospitality sector.

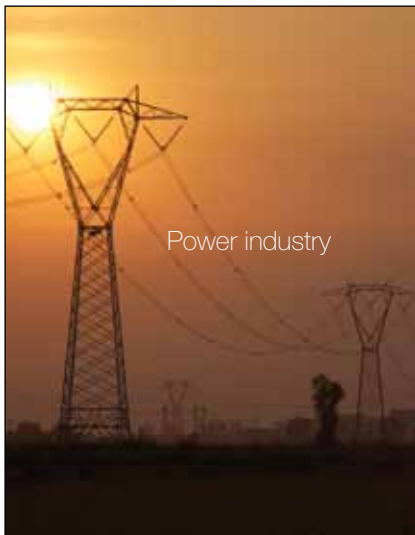
Świętokrzyskie also has a highly developed and growing building materials industry, thanks to the large number of natural resources available nearby. As much as one-third of all cement produced in Poland is made in Świętokrzyskie. French building materials group Lafarge also has a strong presence in the region.

Among other important sectors are the food industry (US firm Smithfield Foods is present in the region) and metallurgy, with Japan's NSK, a leading maker of bearings, also present. Other important growth areas include rest and recuperation health services and organic food production.

Relatively low labour costs and a number of attractive incentives for investors are among other factors that stand in the region's favour. A highly improved road connection to Warsaw has improved transportation infrastructure.

Nevertheless, plans for a regional airport have stalled, with Krakow's Balice still the closest international airport.

The region's national park, located in the ancient Świętokrzyskie (Holy Cross) Mountains, is also worthy of note, as is the development of tourist attractions such as the dinosaur park in Białtów, one of the most frequently visited attractions in the whole of Poland.



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MAJOR CITIES

Kielce

Kielce, the capital of the Świętokrzyskie voivodship, is home to the Targi Kielce trade fairs which have developed rapidly in recent years, thanks in part to the city's relative proximity to Poland's other major cities and its young, multilingual and well-educated population. Kielce's other main advantages are its rich industrial tradition and relatively low labor and living costs.

Thanks to an abundance of natural mineral resources in the region, the ceramics industry is strongly represented, with ceramic tiles producer Opczno and sanitary ceramics maker Cersanit both headquartered there. Other firms which have decided to base their operations in Kielce include press distribution and courier services company Kolporter and wood flooring producer Barlinek.

The city's authorities are keen to develop the automotive machinery industry, as well as business services, such as business process outsourcing, in addition to health-care services. They point out that companies investing in this region are able to take advantage of substantial European Union structural funds, as well as reimbursement of some of the costs of hiring interns and new employees.

Since the 2008 opening of the Kielce Technology Park, which offers support for innovative businesses, transport infrastructure in the region has seen considerable improvement. European Union funds have already given the centre of Kielce a face-lift, creating an attractive and impressive central shopping and leisure area. Two new shopping malls are set to join the existing Galeria Echo, which itself is undergoing a major extension. The establishment of an international airport in the region remains a long-term objective.

Mayor: Wojciech Lubawski

Area code: 41

Area: 110 sq km

Population (Dec 2010): 203,804

Working-age population (Dec 2010): 133,678

Unemployment rate (June 2011): 10%

Percentage of city covered by zoning plans: 9.21%

Recent major investors: Barlinek, Cersanit, Echo Investment, Kolporter, Lafarge Nida Gips, Targi Kielce

Contacts:

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OTHER MAJOR CITIES

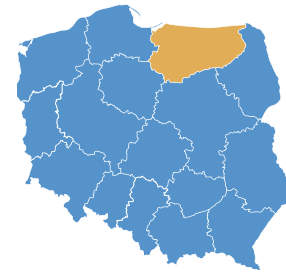
CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT (JUNE 2011)	ZONED AREA	CONTACT INFO
Ostrowiec Świętokrzyski	Jarostaw Wilczyński	41	46.43 sq km	114,025*	73,082*	18.5*	10.4%	www.um.ostrowiec.pl ; um@um.ostrowiec.pl
Starachowice	Wojciech Bernatowicz	41	31.85 sq km	92,982*	58,151*	15.7%*	WND	www.um.starachowice.pl ; sekretariat@um.starachowice.pl
Skarżysko-Kamienna	Roman Wojcieszek	41	64.16 sq km	77,876*	49,885*	24.2%*	6.2%	www.skarzysko.pl ; www.skarzysko.pl
Sandomierz	Jerzy Borowski	15	28.80 sq km	80,147*	50,079*	11%*	WND	www.sandomierz.pl ; um@um.sandomierz.pl
Końskie	Krzysztof Obratański	41	17.70 sq km	82,679*	52,060*	20.1*	WND	www.umkonskie.pl ; inwestycje@umkonskie.pl

*LOCAL COUNTY DATA

WND = WOULD NOT DISCLOSE



WARMIŃSKO-MAZURSKIE



KEY FACTS

Voivode: Marian Podziewski

Marshall: Jacek Protas

Area: 24,173 sq km

Population (Dec 2010): 1,427,241

Working-age population (Dec 2010):
930,282

Unemployment rate (June 2011): 18.6%

Average monthly wage (private sector, June 2011): zł.2,823.06

GDP (2008): zł.35.39 billion, up 8.1% y/y
(2.77% of national GDP)

Natural resources: natural aggregates,
peat, quartz, raw clay, sand

Number of students of higher education:
49,982

Number of institutions of higher education: 16

Major universities: University of Computer Science
and Economics, University of Warmia and Mazury

Major airport: None

Special Economic Zones:

Suwałki Special Economic Zone: 161.8 (35.45 ha available)

Warmia-Mazury Special Economic Zone: 616 ha (233.4 available)



ESTIMATED INVESTMENT

Total (2009): zł.5.85 billion

(private sector: zł.3.07 billion; public sector: zł.2.77 billion)

Of which:

Industry: zł.1.88 billion, of which:

Manufacturing: zł.883.6 million

Transport, storage and communication: zł.1.11 billion

Real estate, renting and business activities: zł.833.4 million

Trade and repair: zł.511.1 million

Construction: zł.175.9 million

Number of new commercial and civil law partnerships registered (2010):

603, up 2.7% y/y

Number of new sole proprietorships registered (2010): 12,190, up 6.6% y/y

Recent major investors: Iberdrola, Inpro Michelin

Sources of major foreign investment: France, Germany, the Netherlands,
Switzerland, the US

VOIVODSHIP BUDGET

2010:

Revenues: zł.520.38 mln

Expenditures: zł.541.4 mln

Deficit: zł.21.03 mln

2011 (projected):

Revenues: zł.641.85 mln

Expenditures: zł.712.02 mln

Deficit: zł.70.17 mln

KEY CONTACTS

Warmia and Mazury

Regional Development Agency

Investor Assistance Center

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WARMIŃSKO-MAZURSKIE VOIVODSHIP

The Warmińsko-Mazurskie region is renowned for its natural landscape, abundant lakes and hospitable climate. It is home to the Masurian Lake District, a mecca for those who enjoy sailing, swimming and fishing, and constitutes a major part of the “green lungs of Poland.” Tourism is a major industry, with visitors flocking to the region’s 2,000-plus lakes throughout the year in search of peace and quiet. Investors should take into account this steady flow of traffic.

Favorable natural conditions form the core of the voivodship’s economy: major industries include food production, timber processing and eco-tourism, with luxury-yacht and boat manufacturing quickly growing in importance. The hospitality industry is also a significant local employer.

Smithfield Foods, IKEA, Michelin, Alstom Power, Heinz-Glas and Philips Lighting are among the multinational firms which have already invested in the voivodship.

As part of its socioeconomic development strategy, the regional authorities envision further growth for its most dominant industries (including ecologically friendly industrial pro-

duction). To this end the regional authorities expect to spend around €182 million over the next few years, part of which will come from EU funding.

As in most other voivodships, investors in Warmińsko-Mazurskie can apply for a number of benefits and incentives. The Warmia-Mazury and Suwalki special economic zones both have subzones here, offering strong support mechanisms for entrepreneurs, including some of the highest tax exemptions in the country (up to 70 percent). In addition, investors can apply for additional tax breaks offered by local governments, as well as other refunds from EU operational programs.

Another advantage for investors is Warmińsko-Mazurskie’s close proximity to the Kaliningrad Oblast (Russia), Lithuania and Belarus, which allows businesses easy reach to important eastern markets. The authorities are also in the process of modernizing the regional railway network along with improving local and state roadways. And an overhaul of the regional airport in Szymany is expected to be completed in the coming years.



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MAJOR CITIES

Olsztyn

Olsztyn, capital of Warmińsko-Mazurskie, is the voivodship's most populous city and in many respects stands in sharp contrast to its surroundings. While the region traditionally has the highest unemployment rate in the country, joblessness in Olsztyn usually stands at about a third of that figure. Indeed, the city has long held a reputation as a center of knowledge and industry.

That said, Olsztyn is a green city that prides itself on its natural beauty. With its large forested area (covering approximately 20 percent of the city), 11 lakes, three rivers and a wealth of fauna, the city affords its many residents a comfortable lifestyle and is welcoming for tourists.

The city is also home to a number of important industries, including furniture manufacturing and other wood-processing units, tire production, machinery production for the food sector, metals, chemicals and food processing (of meat and dairy, for example). Local authorities are also keen to develop a host of other modern sectors, such as offshoring and clean technologies.

Mayor: Piotr Grzymowicz

Area code: 89

Area: 88 sq km

Population (Dec 2010): 176,463

Working-age population (Dec 2010): 118,544

Unemployment rate (June 2011): 6.6%

Percentage of city covered by zoning plans: 50%

Recent major investors: Michelin

Contacts:

Olsztyn City Hall

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Elbląg

Elbląg is a city with a long history and great natural beauty. Founded by the Teutonic Knights in the 13th century, it sits at the head of a river of the same name.

With easy trade access to the Baltic and inland routes, the city thrived for centuries. Today these assets continue to serve Elbląg, although these days they are used as much for tourism as for trade. Every year the neighboring lakes and canals, not to mention architectural and historical attractions, bring many visitors to the city.

Trade and industry remain important though – Elbląg is today highly industrialized, with a large number of production plants. Alstom Power has a factory here and Grupa Żywiec has a brewery, while Dutch firm ABB Zamech Marine, a manufacturer of parts for the shipbuilding industry, is also located in the area. Other industries notably present in the city include metals, energy, furniture, leather, clothing, IT and food production.

Mayor: Grzegorz Nowaczyk

Area code: 55

Area: 80 sq km

Population (Dec 2010): 126,049

Working-age population (Dec 2010): 83,527

Unemployment rate (June 2011): 15.9%

Percentage of city covered by zoning plans: 62.2%

Recent major investors: ACT Advanced Cosmetic Technologies, Asseco Poland, Aluko, CNS Solutions, Lira, Metal Expert, Przedsiębiorstwo Wdrażania Postępu Technicznego Posteor, Technika Okienna

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OTHER MAJOR CITIES

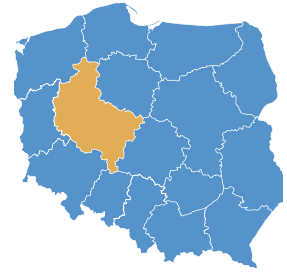
CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT (JUNE 2011)	ZONED AREA	CONTACT INFO
Elk	Tomasz Andrukiewicz	87	21 sq km	57,897	38,674	23.3%*	33.00%	www.elk.pl ; um@um.elk.pl
Ostróda	Olgierd Dąbrowski	89	14 sq km	33,187	21,504	20.6%*	100.00%	www.ostroda.pl ; um@um.ostroda.pl
Iława	Włodzimierz Ptasznik	89	22 sq km	32,343	22,309	11.0%*	100.00%	www.ilawa.pl ; info@umilawa.pl
Gizycko	Jolanta Piotrowska	87	14 sq km	29,304	18,766	14.6%*	26.00%	www.gizycko.pl ; urząd@gizycko.pl

*LOCAL COUNTY DATA

WND = WOULD NOT DISCLOSE



WIELKOPOLSKIE



KEY FACTS

Voivode: Piotr Florek

Marshall: Marek Woźniak

Area: 29,826 sq km

Population (Dec 2010): 3,419,426

Working-age population (Dec 2010): 2,218,442

Unemployment rate (June 2011): 8.6%

Average monthly wage (private sector, June 2011): zł.3,262.82

GDP (2008): zł.118.47 million, up 8.55% y/y
(9.3% of national GDP)

Natural resources: lignite, natural gas, oil, peat

Number of students of higher education: 176,674

Number of institutions of higher education: 39

Major universities: Adam Mickiewicz University in Poznań, Poznań University of Economics, Poznań University of Life Sciences, Poznań University of Medical Sciences, Poznań University of Technology

Major airport: Poznań-Ławica International Airport

Special Economic Zones:

Kamienna Góra Special Economic Zone for Medium Business: 7.4 ha available

Wałbrzych Special Economic Zone "INVEST-PARK": 33.48 ha available

Kostrzyn-Słubice Special Economic Zone: 175.13 ha (104.41 ha available)

Łódź Special Economic Zone: 23.8 ha available



ESTIMATED INVESTMENT

Total (2009): zł.18.34 billion

(private sector: zł.12.28 billion; public sector: zł.6.06 billion)

Of which:

Industry: zł.7.15 billion, of which:

Manufacturing: zł.5.18 billion

Real estate, renting and business activities: zł.3.10 billion

Transport, storage and communication: zł.2.62 billion

Trade and repair: zł.2.57 billion

Construction: zł.650.1 million

Number of new commercial and civil law partnerships registered (2010): 3,375, up 18.1% y/y

Number of new sole proprietorships registered (2010): 32,985, up 11.8% y/y

Recent major investors: Beiersdorf, Bridgestone, Exide, GlaxoSmithKline, MAN Truck & Bus, Nestle, Philips, Wrigley, Volkswagen

Sources of major foreign investment: France, Germany, Japan, South Korea, the Netherlands, the UK, the US

VOIVODSHIP BUDGET

2010:

Revenues: zł.737.8 mln

Expenditures: zł.973.4 mln

Deficit: zł.235.6 mln

2011 (projected):

Revenues: zł.971.7 mln

Expenditures: zł.1.22 bln

Deficit: zł.248.9 mln

KEY CONTACTS:

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WIELKOPOLSKIE VOIVODSHIP

Located near Germany, the economic powerhouse of the European Union, Wielkopolskie is in a strong position to attract investment. The region is also helped by a large labor force, as it has the third-largest population of all the voivodships. By area, meanwhile, Wielkopolskie is the second-largest voivodship in Poland.

Local authorities place particular emphasis on their pro-investment policies. It hosts some of the country's most developed innovation centers and is located close to Germany.

The Wielkopolskie economy is generally characterized by the presence of small and medium-sized businesses which are mobile and flexible when it comes to adjusting to market trends.

The most dynamic industries in the voivodship include the automotive industry and related activities, business process outsourcing and the logistics sector. The development of the BPO sector is a particular priority of the local authorities at present. Its rapid development is based on modern technologies and is

supplemented by cooperation with higher education institutes and research & development centers.

Other major employers include the pharmaceutical, furniture, lighting, home appliance, ceramic and glass, and textile and clothing industries. The Konin basin – which includes two of the Wielkopolskie voivodship's major cities, Konin and Kolo, as well as the smaller city of Turek – is rich in black coal, hence metallurgy and energy production also play a significant role in the voivodship's economy. Furthermore, as-yet unexploited natural gas and oil deposits are located in the west of the region.

Local governments offer incentives for investors, including exemptions from taxes and fees. They also offer financial assistance for given investments and sometimes provide the infrastructure to support them.



MAJOR CITIES

Poznań

The city of Poznań has a young and well-educated population, with more than 150,000 citizens who are aged 20-29. This group has access to 27 institutions of higher education and a significant percentage of the population is fluent in at least one foreign language.

Thus, one of the city's strengths is its large, qualified labor force. However, this means unemployment in the city is generally quite low and labor costs stand above the national average. Higher wages do, however, mean that local purchasing power is strong.

Located halfway between Berlin and Warsaw, Poznań is a popular transport hub. Road and rail links also connect the city with a number of other Polish and foreign cities. The international Poznań-Ławica airport and city's main railway terminal are currently undergoing expansion to accommodate the increase in passenger traffic. Moreover, the 150-km section of the A2 motorway will ultimately connect the city with the German border, facilitating access to thousands of sports fans that will visit Poznań in 2012 and open the way for future visitors and investors. This stretch is due for completion by the end of 2011.

The presence of the Poznań International Fair, the country's largest trade-fair organizer, means that the city hosts many premier industry events each year. The city, which is also known for its cultural life, hosts events like the Malta International Theatre Festival which has over the years evolved into an internationally recognized celebration of music, dance and theater.

For the European soccer championship in 2012, the Poznań Municipal Stadium has been renovated and its status upgraded so that it can host sporting and cultural events during and after the event. This has created numerous investment opportunities for road builders and for those in the hospitality sector.

Mayor: Ryszard Grobelny

Area code: 61

Area: 261.9 sq km

Population (Dec 2010): 551,627

Working-age population (Dec 2010): 362,113

Unemployment rate (June 2011): 3.5%

Percentage of city covered by zoning plans: 28.3%

Recent major investors: Bridgestone, Ciber, IKEA, Kennametal, McKinsey & Company, Roche, Sii, Unilever

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POZnan*

* Eastern energy, Western style





Old Market Square, Poznań

OTHER MAJOR CITIES

CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT (JUNE 2011)	ZONED AREA	CONTACT INFO
Kalisz	Janusz Pęcherz	62	69.42 sq km	103,729	68,225	7.9%	28%	www.kalisz.pl; umkalisz@um.kalisz.pl
Konin	Józef Nowicki	63	82.2 sq km	77,612	51,857	12.6%	96%	www.konin.pl; um_konin@konet.pl
Piła	Piotr Głowski	67	102.72 sq km	74,638	49,343	10.8%*	WND	www.pila.pl; um@um.pila.pl
Ostrów Wielkopolski	Jarostaw Urbaniak	62	41.9 sq km	72,382	47,772	9.9%*	33%	www.ostrow-wielkopolski.um.gov.pl; um@ostrow-wielkopolski.um.gov.pl
Gniezno	Jacek Kowalski	61	40.6 sq km	69,600	45,175	12.6%*	WND	www.gniezno.eu; gniezno@gniezno.eu

*LOCAL COUNTY DATA

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ZACHODNIOPOMORSKIE



KEY FACTS

- Voivode:** Marcin Zydorowicz
- Marshall:** Olgierd Geblewicz
- Area:** 22,892 sq km
- Population (Dec 2010):** 1,693,072
- Working-age population (Dec 2010):** 1,112,013
- Unemployment rate (June 2011):** 16.4%
- Average monthly wage (private sector, June 2011):** zł.3,178.80
- GDP (2008):** zł.51.37 billion, up 9.5% y/y (4.0% of national GDP)
- Natural resources:** 185 km of coastline, clay, forests, good conditions for renewable energies, limestone, national and landscape parks, oil, over 3,000 lakes
- Number of students of higher education:** 85,000
- Number of institutions of higher education:** 22
- Major universities:** Academy of Art in Szczecin, Koszalin University of Technology, Maritime University of Szczecin, Pomeranian Medical University, University of Szczecin, West Pomeranian Business School, West Pomeranian University of Technology
- Major airport:** Szczecin-Goleniów Airport
- Special Economic Zones:**
 - Kostrzyn-Slubice Special Economic Zone: 194.5 ha (129.08 ha available)
 - Pomeranian Special Economic Zone: 170 ha
 - Ślupsk Special Economic Zone: 212.41 ha (111 ha available)
 - Euro-Park Mielec Special Economic Zone: 73 ha (fully available)



ESTIMATED INVESTMENT

- Total (2009):** zł.8.5 billion (private sector: zł. 3.9 billion; public sector: zł.4.6 billion)
- Of which:
 - Industry: zł.2.29 billion, of which:
 - Manufacturing: zł.858 million
 - Transport, storage and communication: zł.2.01 billion
 - Trade and repair: zł.721 million
 - Construction: zł.201 million
 - Real estate, renting and business activities: zł.135 million
- Number of new commercial and civil law partnerships registered (2010):** 1,239, up 4.6% y/y
- Number of new sole proprietorships registered (2010):** 18,402, up 3.5% y/y
- Recent major investors:** Coloplast Shared Services, Dunster Polska, Foresight Plastics & Engineering, InCom Polska, Jeronimo Martins Dystrybucja, Kunstwerk, LM Wind Power Services (Poland), PMC Group AB
- Sources of major foreign investment:** Denmark, Finland, France, Germany, India, Spain, Sweden, the UK, the US

VOIVODSHIP BUDGET

2010:	2011 (projected):
Revenues: zł.736.8 mln	Revenues: zł.792.3 mln
Expenditures: zł.786.3 mln	Expenditures: zł.1 bln
Deficit: zł.49.5 mln	Deficit: zł.208 mln

KEY CONTACTS:

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➤ ZACHODNIOPOMORSKIE VOIVODSHIP

One of Zachodniopomorskie's greatest advantages is its coastal location in the northwest corner of Poland, lending it proximity to both continental Europe and to Scandinavia. Situated only 140 km from Berlin, it is Poland's fifth-largest region.

The voivodship's 185 km of Baltic coastline has had a major influence on industry in the region, both in terms of commerce and tourism. A new liquefied natural gas terminal in Świnoujście, due for completion in June 2014, will likely significantly increase the many local ports' competitiveness, as well as improve Poland's overall energy security.

This picturesque region boasts over 3,000 lakes, numerous beaches, two national parks and seven landscape parks. It is also home to three golf courses, one of which is ranked among the top 100 in Europe. Combined, these attractions make Zachodniopomorskie one of Poland's most attractive tourist destinations.

Authorities cite the voivodship's main industries as chemical

production, timber products, metal and food processing, agriculture and maritime commerce. Sectors such as BPO, logistics, and automotive, as well as offshore and renewable energy, are currently being strategically developed. Wind-energy producers are particularly well-served, as over 49 percent of the region's terrain is suitable for siting wind farms.

Regional agencies emphasize the value of the voivodship's well-developed infrastructure and the strength of its industry. Major infrastructural projects currently underway include reconstruction of the A6 and S6 highways, as well as the construction of a waste incinerator plant in Koszalin and concert and sports halls in Szczecin.

Authorities also draw attention to the region's hard-working and well-educated labor force, as well as the fact that skilled German and English speakers can be found without great difficulty. The presence of special economic zones, local tax exemptions and EU funds are also all incentives for investing in the region.



➤ MAJOR CITIES



Szczecin

The capital of the Zachodniopomorskie voivodship, Szczecin lies just 12 km from the German border. It is also located within two hours' driving distance of three international airports and at the crossroads of various major road, railway and sea

routes, making it an important trans-European transport hub.

Forty-seven percent of transshipments in and out of Poland occur in Szczecin, which is home to the largest group of seaports in the country and thus also the seat of some of the largest Pol-

ish and international shipowners, such as Unity Line and Polska Żegluga Morska.

The city is currently focused on developing the BPO, logistics and renewable-energy sectors. In regards to the latter, authorities say the city offers “the best wind conditions in Poland” and easy availability of land for the erection of wind turbines. Major sources of FDI include Germany, Luxembourg, the Netherlands and Sweden.

City authorities also stress Szczecin’s intellectual potential, boasting of the city’s high-class engineers and architects. Szczecin is also a city of young people, with more than 1,700 students per 10,000 citizens – far above the national average of 505.

Szczecin has set aside zł.4 billion in investment money to be spent over the period of 2008-2014, thanks to which there are currently numerous road infrastructure projects ongoing. Public projects to be realized in the future include a philharmonic hall, museum of modern art, and a 7,000-capacity sports & exhibition hall.

The city hosts a number of industrial parks and subzones of special economic zones, as well as institutions such as the West Pomerania Economic Development Association, which provides support for innovation. Investment incentives include exemption from property tax and credit guarantees for entrepreneurs.

In 2010, PwC ranked Szczecin among the top Polish cities with regards to quality of life.

Mayor: Piotr Krzystek

Area code: 91

Area: 301 sq km

Population (Dec 2010): 405,606

Working-age population (Dec 2010): 265,976

Unemployment rate (June 2011): 9.6%

Percentage of city covered by zoning plans: 40.84%

Recent major investors: Coloplast Shared Services, ECE Project management Polska, Echo Investment, SwedeCenter, UniCredit Business Partner

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Koszalin

Koszalin is the second-biggest economic and cultural center in the Zachoniopomorskie voivodship, after Szczecin. Located on Lake Jamno, and only 6 km from the Baltic coast, the city touts itself as a unique tourist destination and an “oasis of nature” – almost 40 percent of the city’s total area is covered with parks and forest.

According to City Hall, there are currently around 18,800 businesses active in Koszalin. Foreign investment has come from Germany, Portugal and Scandinavian countries, among others. The local economy is centered around the electromechanical, metal, construction, food, and automotive parts industries.

Local officials stress City Hall’s pro-investment and pro-entrepreneur policies. To this end there is a Centre for Innovations and Entrepreneurship Foundation, which provides support for entrepreneurs, as well as a Regional Development Agency. Local authorities are particularly keen to attract investors interested in the tourism and entertainment sectors, as well as those which produce electronic devices and household appliances. Firms which use environmentally friendly methods of production are especially welcome.

The city is currently focused on developing the business sector and attracting BPO investors, in order to take advantage of Koszalin’s academic potential. Authorities emphasize that the number of university graduates in the city is well above the national average, while salaries are approximately 30 percent lower than in other parts of Poland.

Another investment incentive is a subzone of the Slupsk Special Economic Zone, located in the western part of Koszalin, which allows for income tax exemption of up to 60 percent. There is also a technological park, open since 2009.

There are currently plans to open a public airport in Zegrze Pomorskie, approximately 25 km from Koszalin.

Mayor: Piotr Jedliński

Area code: 94

Area: 98 sq km

Population (Dec 2010): 107,948

Working-age population (Dec 2010): 386,239 (Koszalin county data)

Unemployment rate (June 2011): 10.7%

Percentage of city covered by zoning plans: 58%

Recent major investors: Jeronimo Martins Dystrybucja, Royal Greenland Seafood

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OTHER MAJOR CITIES

CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT (JUNE 2011)	ZONED AREA	CONTACT INFO
Stargard Szczeciński	Stawomir Pajor	91	48 sq km	81,543	48,033	8.5%	35%	www.stargard.pl ; urzad@um.stargard.pl
Kotobrzeg	Janusz Gromek	94	26 sq km	54,816	30,015	9.6%	41.88%	www.miasto.kolobrzeg.eu ; urzad@um.kolobrzeg.pl
Świnoujście	Janusz Żmurkiewicz	91	197 sq km	40,765	25,617	8.5%	93.37%	www.swinoujscie.pl ; sekretariat@um.swinoujscie.pl
Szczecinek	Jerzy Hardie-Douglas	94	48 sq km	39,081	24,870	24.6%*	100%	www.szczecinek.pl ; urzad@um.szczecinek.pl

*LOCAL COUNTY DATA

WND = WOULD NOT DISCLOSE

INCENTIVES FOR INWARD INVESTORS IN POLAND

**Rafał Pulsakowski, Senior Manager
State Aid Team, PwC**



Poland offers investors ready access to a market of over 450 million people in the European Union. PwC state aid experts highlight the central location of the country, its young and well-educated society, competitive labor costs and investment incentives as elements which make Poland a prime location in Europe where overseas investors can enjoy profitable business and improve their business performance.

Incentives available to inward investors in Poland consist of tax incentives and direct financial assistance. Bearing in mind that Poland is a member of the EU, incentives must be in line with EU state-aid regulations. Generally, various combinations of state aid on the territory of Poland cannot exceed 50 percent of investment value for large investors.

Tax incentives

Tax incentives are the most frequently offered incentives in Poland. The two most popular forms of such incentives include corporate income tax exemption in special economic zones and real estate tax exemption.

Corporate income tax incentives in special economic zones

Special economic zones (SEZs) are designated areas within Poland established to create a more favorable business environment for investors. There are currently 14 SEZs, with a considerable number of subzones located all over the country, offering tax incentives and well developed infrastructure.

A new investment may be located in an already existing SEZ or on an entrepreneur's private land, which can be incorporated into the zone after the submission of an application (as part of the procedure of extending the SEZ's territory). This means that the SEZs' borders are flexible and that, after fulfilling certain conditions concerning the scale and character of an investment, they may be extended to cover an area where the entrepreneur is already conducting business operations or plans to launch activity.

Income from business operations conducted within an SEZ may enjoy a corporate income tax (CIT) exemption. The exemption is generally available at the start of the month that the entrepreneur incurs its first investment expenditure until the end of 2020 (which is the current closure date for all Polish SEZs) or until the individual exemption limit expires.

The amount of the available exemption limit is calculated on the basis of either the cost of expenditures on fixed and intan-

gible assets related to the new investment, or the employment costs of newly hired staff directly related to the new investment project. It is up to the investor to choose which of these methods is applied.

A CIT exemption is a form of regional aid for new investments. Rules for using tax reliefs in SEZs are therefore in accordance with EU state aid regulations. For these reasons, the intensity of aid in SEZs varies from 30-50 percent of investment expenditures or labor costs for large entrepreneurs, depending on the region where the investment is located.

Real estate tax exemptions

Councils of municipalities are empowered to pass resolutions which exempt new investors from real estate tax. State aid granted in this form falls mostly under the regional state aid regime, which means that the upper limit of exemption is also calculated at 30-50 percent of the qualified investment cost.

It should also be noted that all forms of regional state aid (e.g. CIT exemption in SEZ and real estate tax exemption) are subject to cumulation, which means that for each investment there is a single limit of available regional state aid which cannot be exceeded regardless of the sources of aid.

Direct financial assistance

Investors in Poland can apply for cash grants from both EU-funded programs and domestic aid schemes.

EU grants framework

EU funds in Poland are managed and distributed according to rules set in special programs agreed with the European Commission. These programs documents define, among other things, the following issues:

- type of projects for which assistance can be granted (e.g. training, infrastructure development, investment);
- entities which are eligible for this assistance (e.g. public, private, SMEs, large enterprises, universities, R&D units);
- application procedures, criteria and timing;
- level of co-financing (depending on the type of program, size of the company and the location of the investment, the range of co-financing can usually reach 30-70 percent of total qualified expenditures).

EU grants in the 2007-2013

Centrally managed **Operational Programmes**, administered by the Ministry of Regional Development, are one source of EU funding. These, in which money is spent at the national

level, include:

- OP Infrastructure and Environment – grants for transportation- and environment-related investments;
- OP Human Capital – grants for human resource development;
- OP Innovative Economy – grants for innovative investments and for environmental or infrastructure investments;
- OP Development of Eastern Poland;
- OP Rural Areas Development – grants for agriculture-related investments;

There are also locally managed **Regional Operational Programs (ROPs)** administered by the Marshall's Offices, one for each of Poland's 16 voivodships. For the 2007-2013 period these ROPs have placed particular focus on small and medium-sized enterprises. Applications for support are assessed at the regional level.

Beneficiaries are chosen from companies within the region in question, which helps to direct support to smaller and innovative projects. The main aim is to increase the degree of competitiveness in regions and to develop small and medium-sized local enterprises applying high-tech solutions. The ROP measures are intended to support projects implementing the newest machinery, devices and technologies, including those developed as a result of research and development activity.

EU Funds still available

In the 2007-2013 financial perspective, businesses have been given access to a large portion of the €67 billion worth of EU funds directed to Poland. With the current financial period coming to an end, most of this money has already been spent or at least assigned to specific projects. As stated by the Ministry of Regional Development, by the end of June 2011 grant agreements signed with beneficiaries had exhausted 64.8 percent of the total allocation for 2007-2013. Moreover, most of the EU funds earmarked for entrepreneurs have already been distributed.

Despite this, there are still some areas in which foreign investors can count on EU aid. Below, find further details on the operation programs which are most appealing to entrepreneurs:

OP Innovative Economy – cash grants for investment projects

- Cash grants still available for investment projects include the following:
- support for entrepreneurs undertaking R&D;
- implementation and commercial use of R&D;
- support for large investments with high innovative potential and significance for the economy (with expenditures of more than zł.160 million (~€40 mln) and over 150 new jobs);
- support for projects consisting in creation or development of Shared Service, IT or R&D center.

Support is delivered mainly by way of cash refunds for a portion of the investment expenditure. The amount of cash grant awarded depends on the type of project, the size of the enterprise, and may reach a **maximum of 50 percent of the eligible costs** for large companies.

OP Human Capital – cash grants for training schemes

OP Human Capital is aimed at improving individuals' professional qualifications. The aid is granted for specialist and general training schemes as well as for postgraduate studies programs. Funding can be obtained by entrepreneurs for internal training projects and by specialized training companies.

The maximum level of aid depends on the size of the enterprise and the type of activities undertaken:

- general training schemes:
 1. 80 percent for micro and small enterprises;
 2. 70 percent for medium-sized enterprises;
 3. 60 percent for large enterprises;
- specialist training schemes:
 4. 45 percent for micro and small enterprises;
 5. 35 percent for medium-sized enterprises;
 6. 25 percent for large enterprises.

Although grants at the central level are drying out, many of the voivodships still offer training incentives at the local level.

OP Infrastructure and Environment – cash grants for eco-friendly investments

In the financial perspective for 2007-2013, Infrastructure and Environment was the largest Operational Programme, offering both entrepreneurs and public bodies the possibility of co-founding eco-friendly investments in areas such as:

- production of energy from renewable sources;
- waste treatment and management;
- development of intermodal transport;
- modernization of old and environmentally harmful production lines.

Unfortunately, most of the sources from OP Infrastructure and Environment have been exhausted and therefore, currently, this OP does not offer any significant support for new projects carried out by private investors. This source could however be re-opened if additional funds are reallocated from other measures with the OP Infrastructure and Environment.

In addition, it is possible to apply for financing for eco-friendly projects from national funds (e.g. by the National Fund for Environmental Protection and Water Management).

Other opportunities for EU funding

EU funds are not only available at the national and regional lev-

els, but are also awarded at the community level based on specific programmes. The 2007-2013 7th Framework Programme is one such example, constituting potential sources of funding for investments involving international cooperation with a strong emphasis on R&D.

During the 2007-2013 period, the programme is being implemented through five “specific programmes” – Cooperation, Ideas, People, Joint Research Centre and Capacities.

The Cooperation component is the core of the 7th Framework Programme. It focuses on cross-border projects involving entrepreneurs in the field of R&D, among other things. Within this specific programme, entrepreneurs from all over the EU have been given access to a total of €32.41 billion. This money is meant to enable co-financing of projects implemented in such domains as health, agriculture, biotechnology, IT, communication, nanotechnologies, material engineering, power industry, environment, transport, space and security. As some of the funds have already been exhausted, each project should be carefully examined in order to determine if it has any chances of obtaining funding.

Domestic incentives for investments in environmental protection

There are different priorities and funding methods for these environmental protection grants, including:

- Preferential loans financed by the National Fund for Environmental Protection and Water Management (NFOŚiGW) are allocated to objectives set out in the Environmental Law in accordance with priorities established by the National Fund on the basis of the state’s environmental policy. Lists of priority undertakings are developed by regional National Fund offices in accordance.
- The priorities for 2011 include: water protection, water management, Earth surface protection, mining and geology, climate protection, protection of natural environment, education, research and development works.
- Possible methods of preferential funding available from the National Fund include soft loans, guarantees and cash grants, among others.

NFOŚiGW is also the Polish operator of the Green Investment Scheme (GIS) – a newly developed mechanism in the framework of the Kyoto Protocol. The idea behind GIS is that any proceeds from inter-country trading of the unused Kyoto emission limits, should be allocated to eco-friendly investments.

In Poland, proceeds from such trade are administered by NFOŚiGW and are used for providing grants and preferential loans to investment in areas such as: energy efficiency of public buildings, rural bio-gas plants, heat and power station plants, building electricity networks linking wind turbines to the grid, and energy.

Multi-annual program sponsored by the Polish government

It is also possible to obtain public aid for significant foreign investments from sources other than EU funds. These “multi-annual programs” are means of granting ad hoc financial aid from the national

budget to key foreign investors.

After a long break in awarding this type of aid in the first half of 2011, in July, the Council of Ministers has finally accepted an amended version of the document “Scheme for supporting investments significant for the Polish economy between 2011-2020,” which lays down the rules on which governmental aid to foreign investors can be awarded.

State aid awarded within the governmental program can be calculated with reference to:

- labor costs of newly employed staff,
- and/or
- the value of eligible investment costs.

The criteria for awarding state aid with regard to creation of new jobs are the following:

SECTOR	NEW WORKPLACES	INVESTMENT EXPENDITURES
Priority sectors (automotive, electronics, aviation, bio-tech)	250	zt.40 million
Modern services sector (e.g. Shared Service Centers, IT Centers)	250	zt.2 million
R&D sector (in this case the amount of grant is calculated only with reference to remuneration costs of new employees with higher education)	35	zt.3 million
Other sectors	500	zt.1 billion

The amount of aid granted for the creation of new jobs is expressed in zloty per each created workplace and varies between zł.3,200 and zł.15,600 (depending on the parameters of particular projects).

As regards state aid granted for investment costs, it can be awarded only to investments which meet the following criteria:

SECTOR	NEW WORKPLACES	INVESTMENT EXPENDITURES
Priority sectors (automotive, electronics, aviation, bio-tech)	50	zt.160 million
Other sectors	500	zt.1 billion

Depending on project parameters, a successful applicant may receive aid ranging from 2 percent to 7.5 percent of total eligible costs.

In case of entrepreneurs wishing to combine governmental grants with other forms of regional state aid (e.g. a CIT exemption in SEZ or an EU grant) special permission from the Council of Ministers will be required. ♦

SPECIAL ECONOMIC ZONES

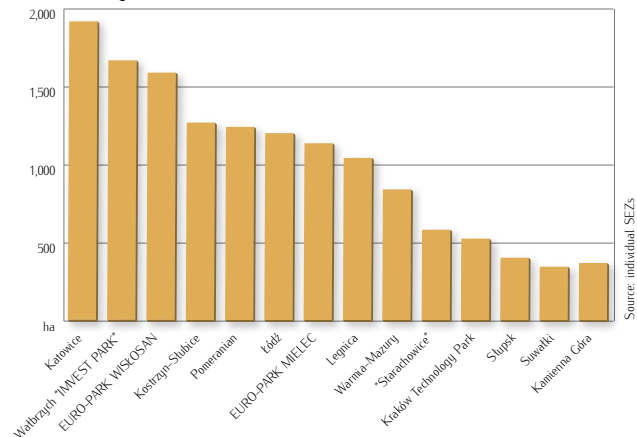
There are currently 14 special economic zones in Poland, providing investors with a variety of attractive incentives including tax exemptions, good geographical location with close proximity to suppliers or customers, and investment sites already developed with infrastructure and utilities. All zones can remain open until December 31, 2020, which means that for the rest of the decade they will remain excellent places to do business in Poland.

Each SEZ is unique, with its own strengths, weaknesses and particular focus. For example, Kamienna Góra SEZ for Medium Business specializes in servicing SMEs. Kraków Technology Park deals with innovative services and technologies. Other SEZs are located in particularly attractive areas in terms of lucrative foreign markets to the east or west, or in the case of the Słupsk and Pomeranian Special Economic Zones, proximity to the Baltic Sea.

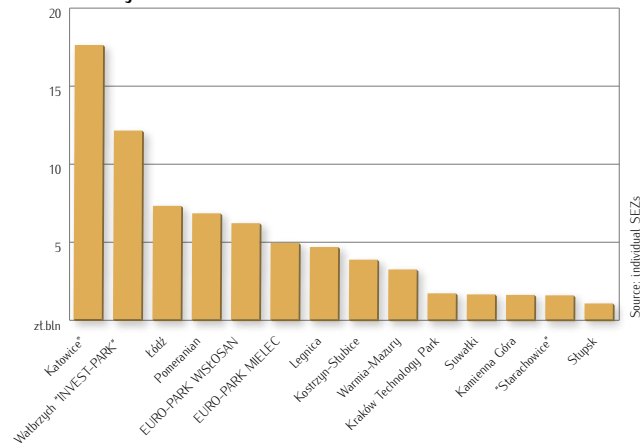
At the same time, regardless of their dominant industries or geographic locations, all of Poland's special economic zones remain open to a wide range of investments.

Investment regulations vary in each SEZ but in general, the investor needs to agree with the specific authorities on how many jobs will be created through the investment and must later fulfill this agreement. The minimum value of an investment to be located in a special economic zone is usually €100,000. Regulations governing investment vary according to each SEZ and the size of the tax breaks available depends on the size of the investing entity and voivodship where the subzone in question resides. For specific details on investment regulations, please see the zones' individual websites, listed below. ♦

Polish special economic zones in terms of area (in hectares), latest figures



Polish special economic zones in terms of value (in zł. billions), latest figures



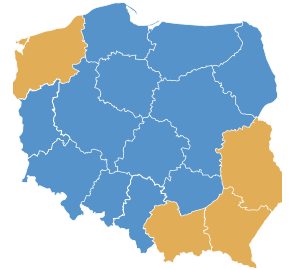
*Katowice figure given as €4.25 billion on SEZ website, zł.17.6 billion was the zloty figure according to the exchange rate at the time of publishing



EURO-PARK MIELEC Special Economic Zone

The first economic zone to be created, EURO-PARK MIELEC Special Economic Zone is located in both the southeast corner of Poland and in the northwest in Zachodniopomorskie voivodship, meaning it has access to both the German and Eastern European markets.

The maximum amount of corporate tax exemption (based on either investment or job creation) is 50 percent of the total expenditures on new investments for large firms, 60 percent for medium-sized firms and 70 percent for small firms.



Year established: 1995

Total area: 1,135 ha (300 ha available); expansion by 50 ha expected

Dominant industries: automotive, aviation, metal working, wood processing

Total number of investors: 153 (207 permits issued)

Total value of investments: zł.4.9 million

Top investors:

MTU Aero Engines (Germany), aviation

BorgWarner Turbo & Emissions Systems (US), automotive

Lear Corporation (US), automotive

Goodrich Aerospace (US), aviation

Hamilton Sundstrand (US), aviation

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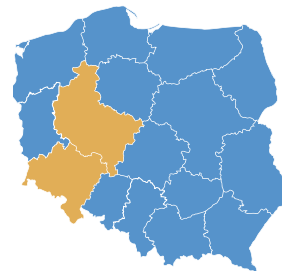
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Kamienna Góra Special Economic Zone for Medium Business

As its name suggests, the Kamienna Góra Special Economic Zone for Medium Business is squarely aimed at SMEs, offering “particularly advantageous conditions for operating their business,” according to authorities. It is, however, also open to larger investors.

The zone is primarily located in the Lower Silesia voivodship, with a small presence in the Wielkopolskie voivodship. Its location near the Czech and German borders is a clear asset, as is the presence of well-developed transport infrastructure near many of its subzones.



Year established: 1997

Total area: 367.14 ha (148.6 ha available)

Dominant industries: No specialization, but SME focus

Total number of investors: 49

Total value of investments: zł.1.57 billion

Top investors in terms of value:

BDN (Germany), printing

TBAI Poland (Japan), automotive

POLCOLORIT (Poland), ceramics

Takata Petri Parts Polska (Japan), automotive

Bo-Wa-De-2 (Poland), furniture

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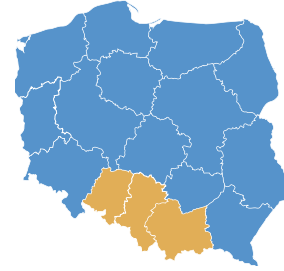
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➤ Katowice Special Economic Zone

The Katowice Special Economic Zone describes itself as the leader of Poland's SEZs, and indeed it is the largest SEZ in terms of area. In terms of logistics it can take advantage of one of the highest densities of road and railway networks in Poland, with both the A4 and A1 motorways, which will run north-south and east-west respectively, currently under construction. It is also ideally located close to two international airports – Katowice-Pyrzowice and Kraków-Balice.



Year established: 1996

Total area: 1,917 ha (1,019 ha available)

Dominant industries: automotive (60%), glass, steel

Total number of investors: 187 (302 permits issued)

Total value of investments: €4.25 billion (about zł.17.6 billion)

Top investors in terms of value:

- General Motors Manufacturing Poland (US), automotive
- Fiat Powertrain Polska (Italy), automotive
- NGK Ceramics Polska (Japan), automotive
- Isuzu Motors Polska (Japan), automotive

Guardian Częstochowa (US), automotive

Nexteer Automotive Poland (US), automotive

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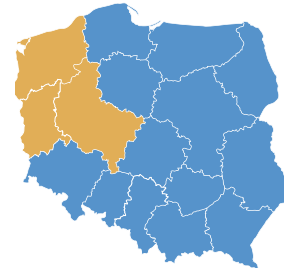
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➤ Kostrzyn-Słubice Special Economic Zone

Officials from the Kostrzyn-Słubice Special Economic Zone stress that the main advantages of investing there include its well-educated workforce and location close to the German border. The SEZ has at least one subzone within 90 km of Berlin. Low labor costs and high unemployment are other advantages for investors.

Land in the SEZ is ready for investment, with full technical infrastructure already in place. According to officials, certain subzones provide the possibility of a 100 percent exemption from local taxes in addition to income tax or employment cost reliefs.



Year established: 1997

Total area: 1,267.49 ha (606.79 ha available)

Dominant industries: automotive, wood, paper and electronics

Total number of investors: 99 (199 permits issued)

Total value of investments: zł.3.83 billion

Top investors in terms of value:

- Volkswagen Poznań (Germany), automotive
- Barlinek Inwestycje (Poland), wood
- ICT Poland (Italy), paper
- Arctic Paper (Poland), paper

TPV Displays (Taiwan), electronics

Homaint (Germany), wood

R.Twining and Company (UK), tea

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Kraków Technology Park Special Economic Zone

The Kraków Technology Park Special Economic Zone is unique in that it functions as both an SEZ and a technology park. It aims to support innovation and new technology, bringing together scientists and entrepreneurs from the technology sector, venture capitalists and other groups supporting the same goals.

In addition, the city of Kraków has a strong academic base, with several universities located in the vicinity of the technology park, from which qualified staff can be drawn.



Year established: 1997

Total area: 523.39 ha (201 ha available); expansion to 558 ha planned

Dominant industries: services (IT, BPO) and automotive

Total number of investors: 58 (92 permits issued)

Total value of investments: zł.1.67 billion

Top investors in terms of value:

MAN Trucks (Germany), automotive

Luxoft Poland (Russia), IT

Motorola Polska Electronics (US), R&D and IT

Shell (UK,Holland), oil

RR Donnelly Poland (US), printing

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Legnica Special Economic Zone

The Legnica Special Economic Zone describes itself as being “perfectly located,” with the A4 and A18 motorways, and the E65 and E95 highways running through its territory. It is also located close to the international airport in Wrocław, as well as the German and Czech borders.

Conditions for investing in the zone include: obtaining a permit granted by the zone; investing a minimum of €100,00; and conducting business while maintaining an agreed-upon employment level for a five-year period (three for SMEs).



Year established: 1997

Total area: 1,041 ha (760 ha available), expected to expand by 30 ha

Dominant industries: automotive, metals and plastics

Total number of investors: 51 (97 permits issued)

Total value of investments: zł.4.64 billion

Top investors in terms of value:

Volkswagen Motor Polska (Germany), automotive – zł.1.5 billion

Sitech (Germany), automotive – zł.705 million

Winkelmann (Germany), metal – zł.530 million

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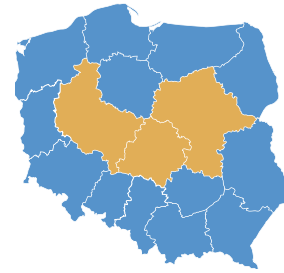
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Łódź Special Economic Zone

The Łódź Special Economic Zone describes itself as having the most beneficial logistics position in Poland with two main transportation arteries, the A1 and A2, running through the region, and a new high speed railway linking Łódź with Warsaw and Berlin, currently under construction.

In “Global Free Zones of the future 2010/2011,” a report from *fDi Magazine*, the zone came in 11th of 25 overall and was one of only two Polish SEZs to gain a place in the ranking. Added to this are the benefits of an industrial tradition and a strong academic base of well-educated potential employees.



Year established: 1997

Total area: 1,200 ha (364 ha available)

Dominant industries: construction materials, packaging, pharmaceuticals, plastics, white goods

Total number of investors: 185

Total value of investments: zł.7.28 billion

Top investors in terms of value:

Euroglas Polska (Germany), glass

Gillette Poland International (the Netherlands), personal hygiene

Dell Products Poland (the Netherlands), IT

Indesit (Italy), white goods

ATM (Poland), IT

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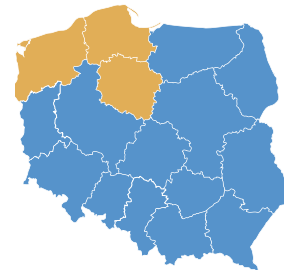
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Pomeranian Special Economic Zone

The Pomeranian Special Economic Zone is the only SEZ with locations in Kujawsko-Pomorskie, as well as having investment areas in the coastal voivodships of Zachodniopomorskie and Pomorskie. Some subzones are within close proximity to Gdańsk International Airport and, given its coastal location, the area as a whole is well-connected to sea ports making it attractive to investors looking for advantageous conditions along the Baltic.

The SEZ runs Gdansk Science and Technology Park and owns the Baltic Industrial Park, which is currently under construction and promises to be the first new-generation industrial park in Poland. Authorities provide consultation throughout the investment process, from negotiation to investment completion, and emphasize their ability to turn greenfields into investment areas within six months, in keeping with global standards.



Year established: 2001

Total area: 1,240 ha (282 ha available), possible expansion of 36 ha

Dominant industries: Electronics, metal industry, paper production, pharmaceutical, tire production

Total number of investors: 72 (79 permits issued)

Total value of investments: zł.6.8 billion

Top investors in terms of value:

Mondi Świecie (Poland), paper

Bridgestone Stargard (Japan), automotive

Sharp Manufacturing Poland (Japan), LCD panels

International Paper Kwidzyn (US), paper

Polpharma pharmaceutical company (Poland), pharmaceuticals

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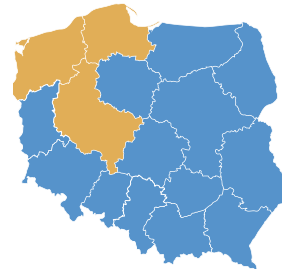
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Słupsk Special Economic Zone

Located in the north of Poland, Słupsk Special Economic Zone's proximity to the Baltic Sea provides investors with easy access to local ports, shipyards and shipping lanes. An additional bonus is that subzones in the Zachodniopomorskie voivodship border Germany.

In addition to the standard investment incentives, the SEZ has subzones located in industrial parks and boasts partial or total property exemptions. Officials from the SEZ also stress that average construction and labor costs in the region are relatively low.



Year established: 1997

Total area: 401 ha (125 ha available)

Dominant industries: automotive, fish processing, metallurgy, transport and logistics, warehousing, wood processing

Total number of investors: 50

Total value of investments: zł.1.02 billion

Top investors in terms of value:

Kronospan Polska (Cyprus), paneling – zł.382.5 million
 Nordglass II (Poland), automotive – zł.100 million
 "PAULA-TRANS" (Poland), logistics – zł.82.5 million
 Jeronimo Martins Dystrybucja (Portugal), logistics, warehousing – zł.72.6 million

Przetwórstwo Rybne "ŁOSOŚ" (Poland), food – zł.45 million

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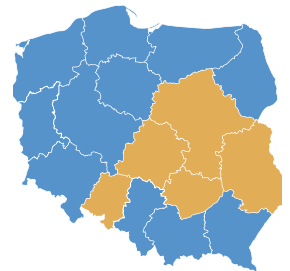
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"Starachowice" Special Economic Zone

Spread across five different voivodships, the "Starachowice" Special Economic Zone offers investors perhaps the most variety among SEZs in terms of location. Moreover it was ranked among the top special economic zones in the world in terms of cost effectiveness, according to *fDi Magazine's* 2010/11 report on global economic zones. Meanwhile, almost 92 percent of investors "highly appreciated" the service provided by the SEZ, according to a 2010 KPMG report.

The region's long industrial tradition, fully developed technical infrastructure and the generally low labor costs are added advantages of investing in this SEZ.



Year established: 1997

Total area: 580.6 ha (228.29 ha available)

Dominant industries: automotive, building materials, ceramics, machinery, metallurgy

Total number of investors: 134

Total value of investments: zł.1.38 billion

Top investors in terms of value:

Air Liquide Polska (France), chemical
 MAN (Germany), automotive

RR Donnelly Starachowice (US), printing
 Zakłady Azotowe "Puławy", chemical

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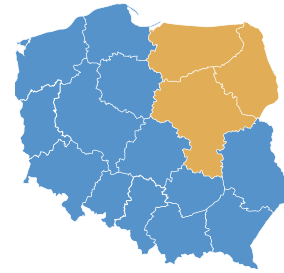
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➤ Suwałki Special Economic Zone

Suwałki Special Economic Zone is Podlaskie voivodship's only SEZ and with locations in Warmińsko-Mazurskie as well as Mazowieckie, it is particularly well-suited for those interested in investing in the Belarusian, Russian or Lithuanian markets.

To date, the investments in the zone have created over 5,600 workplaces and invested over zł.1.6 billion in new production plants. Authorities stress ease of access to a qualified workforce, with a strong academic base coupled with relatively high unemployment making it easy to find competent, qualified staff. The zone's officials also stress the helpful local government which offers "competent consulting," as well as the low cost of land and the presence of industrial areas with full technical infrastructure. Tax exemptions of up to 70 percent of investment value, as well as the short waiting period for permits, are added incentives to invest in the zone.



Year established: 1996

Total area: 342.76 ha (107.2 ha available for investment with expansion planned)

Dominant industries: construction materials, electronics, metal, plastic, wood processing

Total number of investors: 64 (166 permits issued)

Total value of investments: zł.1.6 billion

Top investors in terms of value:

Pfleiderer (Germany), wood and construction materials – zł.390 million

Rockwool Polska (Denmark), construction materials –

zł.250 million

Porta KMI (Poland), building materials – zł.163 million

Cezar (Poland), plastics – zł.80 million

Aquael (Poland) aquaristics – zł.67 million

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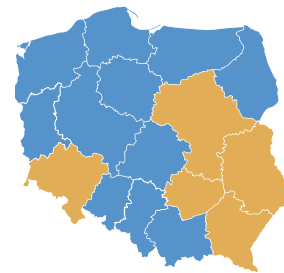
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➤ Tarnobrzeg Special Economic Zone "EURO-PARK WISŁOSAN"

"EURO-PARK WISŁOSAN" is situated mainly in the east of Poland offering ample opportunities for investors interested in Belarus, Ukraine, Russia, as well as Poland's fast-developing eastern markets. At the same time, the zone offers land in Lower Silesia voivodship, which sits on the Czech and German borders and is home to Wrocław, a major foreign investment hub.

This SEZ provides investors public aid in the form of tax exemptions covering up to 70 percent of total investment outlays, while it also offers prices which are the lowest in Poland, according to officials.



Year established: 1997

Total area: 1,588 ha (517.65 ha available for investment)

Dominant industries: Chemicals, construction, electronics, metals, pharmaceuticals, plastics

Total number of permits: 204

Total value of investments: zł.6.1 billion

Top investors in terms of value:

LG Philips LCD Poland (South Korea), electronics

ATS Stahlschmidt & Maiworm (Germany), automotive

Sanfarm (Poland), pharmaceuticals

LG Electronics Wrocław (Poland), electronics

Heesung Electronics Poland (South Korea), electronics

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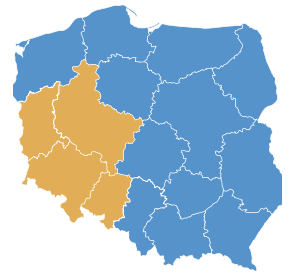
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Wałbrzych Special Economic Zone “INVEST-PARK”

Located mostly along Poland’s western voivodships, Wałbrzych Special Economic Zone provides investors with access to the Austrian, Czech, German and Slovak markets. In term of logistics the A4 highway runs through the SEZ connecting it directly with Germany, while it also has the benefit of Wrocław airport for both domestic and international travel needs.

Other major advantages include the rich industrial traditions of the region and the large, well-educated local work force. Incentives include 40 to 70 percent relief on labor and investment costs, depending on the voivodship and the size of the investor.



Year established: 1997

Total area: 1,667.2 ha (417.8 ha available)

Dominant industries: automotive, electronics, engineering, food, white goods production

Total number of investors: 159 permits issued

Total value of investments: zł.12.11 billion

Top investors in terms of value:

Toyota Motor Manufacturing Poland (Japan), automotive

Toyota Motor Industries Poland (Japan), automotive

Electrolux Poland (Sweden), white goods

Faurecia Wałbrzych (France), automotive

Cadbury Polska (UK), food

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Warmia-Mazury Special Economic Zone

Compared to other SEZs, the Warmia-Mazury Special Economic Zone is more or less in the middle in terms of size and value of investment. Located in the Mazowieckie and Warmińsko-Mazurskie voivodships, it provides easy access to the Baltic, as well as to Lithuania and the markets of Eastern Europe.

In addition to its good geographical location it offers reasonable land prices and rates highly on a number of investor satisfaction surveys.



Year established: 1997

Total area: 893 ha (239 ha available for investment), expected to expand by 91 ha

Dominant industries: building materials, electronics, food products, furniture, tires

Total number of investors: 68 permits issued

Total value of investments: zł.3.2 billion

Top investors in terms of value:

Michelin (France), tire manufacturing

LG Electronics (South Korea), electronics

Swedwood Poland (Sweden), furniture

Stora Enso Poland (Sweden), paper

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EUROPEAN UNION FUNDS CONSULTING COMPANIES

Ranked by funds gained from 2007-2013 programs (as of Nov. 30, 2010)

Rank	Company name Address Tel./Fax E-mail Website	General classification		Total amount of subsidies for: Public administration / SMEs / Large enterprises	Number of qualified projects for: Public Administration / SMEs / Large enterprises	Selected clients 2008- 2009	Total number of employees in Poland / Year founded	Top local executive / Title	
		Total amount of subsidies (mln zł) / Number of projects qualified	Programs and activities						Selected projects
1	DGA SA ul. Towarowa 35, 61-896 Poznań 61 859-5900/61 859-5901 dgasa@dga.pl www.dga.pl	1,467.8 75 (7)	POiŚ (13.1; 12.2; 11.2; 4.3; 11.3); POIG (2.2; 2.1; 4.4; 6.1; 8.2; 8.1; 1.4; 4.1); PO RPW (1.1); RPO WM (1.5); WRPO (1.2; 6.2; 2.2; 2.7; 6.1; 6.2); RPO WŁ (1.1; 5.4; 4.1); RPO WK-P (4.1); RPO WŚ (1.2.2; 1.1); RPO WZ (6.2; 1.3)	The Raczyński Library in Poznań extension; increasing the availability and quality of health services by providing equipment for the Center of Cancer Prevention at the Oncology Center in Warsaw	1,129.3 88.1 248.5	39 19 15	WND	52 1990	Andrzej Głowacki <i>President</i>
2	Accreo Taxand Sp. z o.o. ul. Grzybowska 5A, 00-132 Warsaw 22 324-5900/22 324-5901 accreo@taxand.pl www.taxand.pl	13,18.0 55 (13)	POIG (1.4-4.1; 4.2; 4.4; 4.5.1; 6.1); POiŚ (1.1; 4.2; 4.6; 9.2; 9.4); POKL (8.1.1; 9.2)	Shared service center in logistics; creation of a new wind tower manufacturing plant; creation of a production plant of regrid and fertilizer from municipal waste	51.0 172.0 1,132.0	4 15 36	EDF Polska; H&M; NG2; SII; GPEC	68 2005	Jarostaw Antosik; Radosław Czarnecki; Michał Gwizda; Andrzej Puncewicz <i>Board members</i>
3	EGC Consulting Group T. Chmielecki, T. Kępcski, P. Mazurek Sp. j. Al. Politechniki 22/24, 93-590 Łódź 42 250-5358 /42 250-5371 biuro@egc.pl www.egc.pl	1,302.6 228 (1)	POIG (1.4-4.1; 4.2; 4.3; 4.4; 4.5.1; 8.1; 8.1); POiŚ (12.1); PROW (1.2.3); POKL (2.1.1; 6.1.1; 8.1.1); RPO WD (1.1); RPO WŁ (3.2; 3.3; 3.5; 4.3; 5.1; 5.3); MRPO (2.1); RPO WM (1.5); RPO WO (1.3.2; 1.4.1); RPO WP (1.4.2; 3.2)	Implementation of the conceptual production technology in the manufacture of glass; production of high-performance photovoltaic cells for the technology to shape crystallographic structures with laser	11.7 1,099.3 191.6	3 212 13	Polfa Łódź; Budvar Centrum; Europoles; Kolporter Info; Zakłady Płytek Ceramicznych "Przysucha"	15 2004	Tomasz Chmielecki; Tomasz Kecerski; Przemysław Mazurek <i>Managing Partners</i>
4	Faber Consulting Sp. z o.o. ul. Sienna 72/8, 00-833 Warsaw 56 662-4560/56 652-2582 biuro@faberconsulting.com www.faberconsulting.com	1260.1 175 (2)	POiŚ (4.5; 9.1; 11.2); POIG (1.4-4.1; 4.4; 6.1; 8.1); RPO WM (1.5); RPO WK-P (5.2.2; 2.2); RPO WP (1.1.2)	Modernization of the power unit to reduce NOx emissions by PGE Power Plant Opole	760.2 316.4 183.5	93 62 20	Energa Obrót; Creaton Polska; Gdańsk City Hall; Nokia Siemens; Herbapol Lublin	29 1999	Robert Łapacz <i>President</i>
5	Polinvest Sp. z o.o. ul. Jana Brozka 3, 30-347 Kraków 12 263-7002/12 263-7001 polinvest@polinvest.pl www.polinvest.pl	1,257.0 12 (22)	POiŚ (1.1; 9.1; 10.1; 10.2); MRPO (7.1)	Underground gas storage Wierzychowice; chalcedon underground gas storage Kosakowo; construction of pipeline Jeleniów - Dziwiszów	106.1 - 1,151.3	2 - 10	PGNiG; PKP Energetyka; SPEC; GAZ-System; Ministry of the Treasury; Industrial Development Agency	21 1989	Wiesław Samitowski; Artur Sadowski <i>President; Vice-President</i>
6	KPPM Doradztwo Sp. z o.o. pl. Wolnica 13/14, 31-060 Kraków 12 430-0114 biuro@kppmd.pl www.kppmd.pl	1,010.0 59 (12)	POIG (2.1; 2.2; 5.4.1; 1.4-4.1; 4.4; 1.1.2; 1.3.1; 1.3.2); RPO WM (7.2; 1.1); POiŚ (13.1; 12.1); RPO WD (6.4); MRPO (6.2; 1.1; 1.2); RPO WŚ (4.1); POKL (4.1.1; 4.1.2; 8.1.1)	"Ochota" Center for New Technologies for University of Warsaw; implementation of active substance production for Docetaxel anticancer drug in IFOTAM Przedsiębiorstwo Produkcyjno-Wdrożeniowe	955.7 21.3 43.0	38 19 2	IFOTAM Przedsiębiorstwo Produkcyjno- Wdrożeniowe; PolTree & Crop Technologies; "Wieliczka" Salt Mine	11 2004	Krzysztof Dadej <i>President</i>
7	PNO Consultants Sp. z o.o. Al. Jerozolimskie 81, 02-001 Warsaw 22 695-0410/22 695-0411 thoffmann@pno.com.pl www.pno.com.pl	907.0 77 (5)	POIG (1.4-4.1; 4.2; 4.4; 4.5; 8.1); POiŚ (4.1-4.5; 7.4; 9.4); POKL (2.2.1; 8.1); Marco Polo; RPO	Design and implementation of innovative stove burners and refrigerators; development of comprehensive technology for producing and assembling aircraft parts	- 260.0 647.0	- 30 47	Electrolux Poland; Unlimit; Bolsius Polska; Baumit	31 2005	Tomasz Hoffmann <i>Managing Director</i>
8	Europejskie Centrum Przedsiębiorczości Sp. z o.o. ul. Kopernika 34, 00-336 Warsaw 22 826-3700/22 826-3533 eucp@eucp.pl www.eucp.pl	821.0 31 (18)	RPO WM (1.5; 6.1; 6.2; 7.3); RPO WiM (1.1.7); MRPO (3.1); POIG (1.4-4.1; 4.4; 8.2); POKL (2.1.1; 6.2); PO RPW (1.3); POiŚ (1.1)	Masovian tourist attraction "Businessman Fun Club" hotel and recreational center; creation of the House for Senior Musicians in Katy	599.5 221.6 4.5	3 28 1	WND	16 2004	Piotr Stefański <i>President</i>

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		Total amount of subsidies (mln zł) / Number of projects qualified	Programs and activities	Selected projects					
9	ABBEYS Europejskie Doradztwo Finansowe Sp. z o.o., Sp.k. ul. Grzybowska 2/35, 00-131 Warszawa 22 406-3715/22 406-3716 biuro@abbey.com.pl www.abbey.com.pl	511.5 32 (17)	POIG (4.4; 4.5.1; 4.5.2); POKL (2.1.1; 8.1.1)	Creation of a research and development center for genetic study of cancer; "Professional Beauty" - investments in comprehensive development for DR Irena Eris SPA Hotels' employees	- 157.6 353.9	- 17	Dr Irena Eris SPA Hotels; SCANIA Polska; Read- Gene; Polkomtel; Union Investment TFI	18 2004	Anna Misiotek <i>President</i>
10	METROPOLIS Doradztwo Gospodarcze Sp. z o.o. ul. Zakopiańska 197, 60-467 Poznań 61 820-5444/61 820-1351 wojciech.nawrocki@metropolisdg.pl www.metropolisdg.pl	450.2 122 (3)	POIG (1.4-4.1; 4.4; 8.1); POIS (4.2; 4.3; 4.5; 4.6; 9.1; 9.2; 9.4; 10.2); POKL (8.1.1; 5.2); PO RPW (3.2); PROW (1.2.1; 1.2.3; 3.1.2); WRPO (1.1; 1.2; 1.4); RPO WZ (1.1.2; 2.2.2)	Biogas power plant construction in Szarlej; 4 wind turbines in Błaski municipality; modernization of district heating duct and heating central station in Torun	- 301.0 149.2	- 108 14	Toruńska Ener- getyka CERGA; Elektrociepłownie Wybrzeże; Bioelektrownia Szarlej	13 2005	Bartosz Janc; Wojciech Nawrocki; Łukasz Bartkiewicz <i>President;</i> <i>Board members</i>
11	Grupa Doradcza ALTIMA Sp. z o.o. ul. Ligocka 103/7, 40-568 Katowice 535-500-570/32 750-8684 biuroaltima@biuroaltima.pl www.biuroaltima.pl	413.1 102 (4)	RPO WŚ (1.1.2; 2.2; 3.2.2; 3.4; 4.1; 4.2; 4.3; 5.1; 5.2; 5.3; 5.4; 6.2.1; 7.1.1; 7.1.2; 8.1; 8.3; 9.1; 9.2; 9.3); PORW (3.2; 3.3)	Construction of ul. 1 Maja - DTS N-S route section with two-level junction in Ruda Śląska; DW 933 - A1 highway junction in Mszana of the Main South Road construction	409.0 4.1 -	91 11 -	Ruda Śląska City Hall; Bieńczyk municipality; Pi- lica municipality; Świętochłowice City Hall	4 2005	Małgorzata Grabowska <i>President</i>
12	PWB Sp. z o.o. ul. Garbary 56/12, 61-758 Poznań 61 850-1151/61 850-1151 wew. 24 biuro@pwb.com.pl www.pwb.com.pl	317.7 74 (8)	POIS (9.4; 10.3; 4.6); WRPO (1.2); POIG (4.5.1; 8.2; 4.4); RPO WŁ (2.9); RPO WM (4.3); RPO WP (5.2); RPO WO (1.3.2); POKL	Application of innovative solutions in order to start production of light gauges - WIKa Polska; ATS development through the creation of Service Center; construction of Eureka Technology Park science and technology park	9.0 213.6 95.1	3 67 4	WIKa Polska; Eolos Polska; Grant Thornton Frąckowiak; Krzemień i Wspólnicy	15 2002	Przemysław Kowalski <i>President</i>
13	A1 Europe Sp. z o.o. ul. Wadłowicka 8A, 30-519 Kraków 12 259-8070/12 398-2188 biuro@a1europe.pl www.a1europe.pl	316.9 74 (8)	RPO WZ; RPO WK-P; RPO WW; RPO WM; RPO WO; RPO WP; RPO WŁ; RPO WSL; RPO WŚ; MRPO; POIS; PROW; POIG	Improving the competitiveness of enterprises through the acquisition of innovative machines for paper manufacturing; development and implementation of data processing and archiving for an outsourcing services center	26.4 4.4 22.5	4 72 2	Drukarnia Nar- odowa; Polcom; Polish Security Printing Works; Lakma Sat; Goliard	10 1998	Przemysław Sulich <i>President</i>
14	Business Mobility International Sp. z o.o. ul. 3-go Maja 11, 76-200 Słupsk 59 845-6301/59 845-6303 office@bmi-intl2.com.pl www.bmiintl.com	205.0 44 (15)	RPO WP (2.2.2; 8.2; 8.1.1; 6.3.1; 3.1.1; 5.1.1; 9.1.4; 9.1.3; 9.1; 5.5.1; 2.1; 5.5; 2.2); RPO WiM (6.1.2); RPO WD (4.2; 6.4; 3.1)	E-government - the development of information society services in the district of Słupsk; joint program to install solar panels in Tuchomie municipality; renovation of City Hall building in Kotobrzeg	200.9 4.2 -	42 2 -	Kościężyna municipality; Trzcirsko Zdrój municipality; Procorol	5 2001	Joanna Urbańska <i>President</i>
15	INFOR Training Sp. z o.o. ul. Okopowa 58/72, 01-042 Warsaw 12 428-4820/12 422-3224 doradztwo@eurodirect.pl www.doradztwo-dotecje.pl	197.8 76 (6)	POKL (8.2.1; 6.3; 9.5; 9.1.2); PROW (3.1.3; 3.2.2; 3.2.3); POIS (1.2.1; 1.2.2); POIG (6.1); MRPO (1.1; 3.2; 2.1; 4.1; 6.1; 6.2; 6.3; 7.1)	Rebuilding and expansion of Pulmonology and Cystic Fibrosis Clinic at the Institute of Tuberculosis and Lung Diseases in Rabka-Zdrój	177.0 20.5 0.4	49 27 1	Krakservis; Bielenda; PE- GAS; Fotiograf	37 2007	Jolanta Adamczyk <i>President</i>

Notes: NR = Not Ranked, WND = Would Not Disclose. Research for the List was done in December 2010. Number of employees and ownership structure are as of November 2010. All information pertains to the companies' activities in Poland. Companies not responding to our survey are not listed. PO KL - Operational Program Human Capital, POIG - Innovative Economy Operational Program, POIS - Operational Program Infrastructure and Environment, PO RPW - Operational Program Development of Eastern Poland, OP PT - Operational Program Technical Assistance, ROP - Regional Operational Programs; PROW - Program for Development of Rural Area; * The numbers in brackets indicate the companies' ranking position by number of qualified projects.

TAX SYSTEM IN POLAND



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PwC

Corporate tax in Poland

The only tax levied on corporate income in Poland is corporate income tax (CIT), which is charged at the national level. Poland operates a classical system of company taxation. Under this system, tax payable on corporate dividends is independent of tax paid by the company paying the dividend.

Shareholders are not entitled to credit for tax paid at the corporate level. An exception relates to the so-called “underlying tax credit,” which is available on a number of conditions to Polish companies holding at least 75 percent of shares in non-EU companies (with certain exceptions; see section on avoidance of double taxation).

Corporate income tax (CIT) rate

Polish corporate income tax (CIT) is collected at the flat rate of 19 percent. The 19 percent rate has been applicable since 2004 and is not likely to be changed in the forthcoming years. Thus Poland ranks among the most competitive (inexpensive) countries in the EU as regards taxation of business profits. In comparison, the corporate tax rate in the United Kingdom stands at 26 percent, in Italy it's 31.4 percent, while in France it stands at 33.33 percent.

The scope of Polish corporate income tax

Entities covered

Corporate income tax (CIT) applies to all legal entities, including companies, companies under organization, as well as “organized entities with no corporate status” (with the exception of partnerships) which conduct business activities. Also, foreign entities with no corporate status, if taxed in Poland for any reason, are subject to CIT provided that they are taxed in their home countries as corporate entities.

Taxation of residents

Polish tax residents are subject to CIT on their worldwide in-

come. A company is considered to be a Polish resident for CIT purposes if its registered office or management is located in Poland. Thus Polish subsidiaries of foreign companies are regarded as residents of Poland for corporate tax purposes.

Taxation of non-residents

A non-resident company is subject to Polish CIT only on income generated in Poland. Corporate income taxation of non-residents may be further limited if the non-resident's home country has concluded a double-tax treaty with Poland. If this is the case, Poland is only entitled to tax the part of the income which is derived through a “permanent establishment” located in Poland. A permanent establishment is generally defined as a fixed place of business, the most typical example of which is a branch office.

Poland has concluded double-tax treaties with almost 90 countries, including nearly all developed nations. Non-resident businesses dealing in Poland are, therefore, in the majority of cases protected by a double-tax treaty between Poland and their respective home country.

Branch income

In addition to subsidiaries, foreign businesses may establish branch offices in Poland. A branch office is allowed to conduct business activity exclusively within the scope of the activity of the foreign mother entity.

A branch office nearly always has the status of a permanent establishment in Poland. Once a branch is established, the foreign company pays the standard 19 percent CIT from income attributable to the operations of the Polish branch.

Tax year, reporting and payments

The annual CIT return should be submitted to the tax office within three months of the end of the tax year. The annual CIT liability should be settled within the same period. In financial terms, the final settlement is often not significant, as most of the liability is paid in monthly advance payments over the entire tax year. These advance payments are payable until the 20th day of the following month.



The tax year generally corresponds to the calendar year. Taxpayers may, however, opt for a different tax year, on condition that it lasts 12 calendar months (with the exception of the first/transitional year after the change and, possibly, the last tax year).

Tax base in Poland

The tax base is the overall income, which is the difference between aggregated taxable revenues and aggregated tax-deductible costs. The tax base generally includes all sources of income (with a number of exemptions). Consequently, there is no special treatment for income such as capital gains or interest.

In practice, the taxable income is calculated by adjusting the profit reported for accounting purposes. The relevant adjustments are necessary due to differences between the tax and accounting treatment of numerous revenue and cost items. As a result, the taxable base may differ significantly from the accounting profit.

Tax deductible and non-deductible costs

A tax deductible cost is defined as any expense incurred in order to generate taxable revenues or to protect a source of revenues. However, there is a long list of exceptions, i.e. expenses which cannot be treated as tax deductible even if they meet the general condition of being incurred in order to generate revenues or to protect a source of revenues.

Example categories of non-tax-deductible costs include:

- accounting provisions,
- depreciation write-off from cars the value of which exceeds €20,000 in the part exceeding this value,

- donations,
- entertainment expenses,
- income taxes paid in Poland and abroad,
- tax penalties and penalty interest,
- expenses related to non-taxable revenue or no revenue.

Interest and thin capitalization

Interest paid on debt is generally tax deductible for the borrower when paid or capitalized. At the same moment such interest should be included in taxable revenues of the lender.

Interest on a loan drawn for financing investments in fixed and intangible assets is, however, not deductible directly if paid or accrued within the investment period. Instead, such interest increases the initial value of the fixed or intangible assets which are subsequently depreciated for tax purposes.

The CIT Law also limits the possibility of treating interest paid on loans drawn from certain qualified lenders as tax deductible. Such qualified lenders include generally parent and sister entities with the shareholding level of 25 percent.

Thin capitalization restrictions apply if a loan or credit is drawn from a qualified lender and the ratio of debt to equity (as defined in the CIT Law) reported by the Polish borrower exceeds 3:1. The restrictions apply to interest on loans and credits drawn both from Polish and foreign tax residents.

Tax depreciation of fixed assets

Capital expenditures are not tax deductible directly. Instead,

the relevant fixed and intangible assets are depreciated for tax purposes and the depreciation write-offs are included in tax deductible items.

Tax losses

If the aggregated annual tax deductible costs exceed taxable revenues, the taxpayer reports a tax loss. Tax losses may be carried forward and utilized over five consecutive tax years, with the maximum of 50 percent of a loss incurred in one year to be offset against taxable income reported in a given year of the five-year period. Consequently, the minimum period in which tax losses carried forward may be utilized is two years.

Transfer pricing

Transactions between related parties should be conducted in accordance with the arm's-length principle. Tax authorities may increase the taxable base if the pricing used between related parties differs from that which would have occurred between unrelated parties in a similar business transaction and if the difference results in income being shifted from a Polish taxpayer to another entity (whether a Polish resident or not). Poland's CIT law also provides for specific detailed requirements for transfer pricing documentation.

Withholding tax

Specified payments, if made by a Polish resident to a non-resident beneficiary, are subject to withholding tax in Poland. Such payments include dividends, royalties, interest and remuneration for intangible supplies.

The general withholding tax rate for dividends is 19 percent. The same rate applies to some other types of income, such as income from investment in companies, including income from the redemption of shares and income resulting from the liquidation of a company.

The general withholding tax rate for interest and royalties paid to non-residents is 20 percent.

These withholding tax rates may be reduced by specific provisions of double-tax treaties concluded by Poland and the respective countries in which beneficiaries of the payments are based. Also, dividends, royalties and interest paid by Polish residents to numerous European countries receive special beneficial treatment based on regulations which implement various EU directives.

Payments made by Polish residents to foreign entities (non-residents) as a consideration for intangible supplies (such as, for example, consulting services) are subject to 20 percent withholding tax. However, if the payment is made to a resident of a country which has concluded a double-tax treaty with Poland, this tax can be avoided if certain minimal administrative formalities are completed.



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Avoidance of double taxation

Poland has concluded treaties on the avoidance of double taxation, commonly referred to as double-tax treaties, with most developed countries. In total, Poland has concluded nearly 90 double-tax treaties.

Regardless of the specific provisions of these treaties, the Polish CIT law also includes rules for avoiding double taxation. As a result, if a Polish resident earns income from sources situated in a country which has not concluded a double-tax treaty with Poland, double taxation is avoided based on a credit method provided in the Polish CIT law. Based on this method the Polish resident is liable for income tax calculated on their worldwide income, but this tax is proportionally reduced by the income tax paid abroad. The above rules apply to all sorts of foreign income (if not covered by a double-tax treaty) such as dividends, royalties, interest, business profits, etc.

As to dividends received by Polish residents from foreign sources, the CIT law also provides for the so-called “underlying tax credit,” which concerns corporate income tax paid by a foreign subsidiary of a Polish entity under a foreign tax jurisdiction. An underlying tax credit can be applied subject to specific conditions, which include a presence of a double-tax treaty between Poland and the subsidiary’s country of residence and the Polish company holding at least 75 percent shares in the foreign subsidiary.

The underlying tax credit does not apply if the foreign subsidiary (which pays the dividend) is based in the EU, Iceland, Liechtenstein, Norway or Switzerland. This is because dividends received from such subsidiaries can benefit from the “participation exemption,” which is even more favorable. Under this exemption, dividends received from subsidiaries based in the aforementioned countries are exempt from CIT provided that the Polish recipient holds at least 10 percent of the shares in the paying company for at least two years (for Swiss subsidiaries, the minimum shareholding is 25 percent).

Other corporate taxes

Employee taxes

The most important employee taxes include social security contributions and personal income tax (PIT).

Social security

Both employer and employee are obliged to contribute to the Polish social security system. The contributions are calculated on the employee’s gross revenue. In 2011, the social security burden was split as shown below:

SOCIAL INSURANCE IN POLAND IN 2011 DIVISION OF THE CONTRIBUTIONS (APPLICABLE FOR 2011)			
TYPE OF INSURANCE	TOTAL PERCENTAGE RATE	EMPLOYER'S CONTRIBUTION	EMPLOYEE'S CONTRIBUTION
Pension ¹⁾	19.52%	9.76%	9.76%
Disability ¹⁾	6.00%	4.50%	1.50%
Sickness	2.45%	-	2.45%
Accident	1.67% ²⁾ , or from 0.67% to 3.33% ³⁾	1.67% ²⁾ , or from 0.67% to 3.33% ³⁾	-
Labor fund	2.45%	2.45%	-
Employee guaranteed benefits fund	0.10%	0.10%	-
Total	32.19%²⁾, or from 31.19% to 33.85%³⁾	13.71%	13.71%

1) CONTRIBUTIONS PAID ON GROSS EARNINGS UP TO ANNUAL CAP OF ZŁ100,770 (APPROX. €24,000); CAP ESTABLISHED FOR 2011.
2) EMPLOYERS WHICH EMPLOY UP TO 9 EMPLOYEES.
3) EMPLOYERS WHICH EMPLOY MORE THAN 9 EMPLOYEES – PERCENTAGE RATE DEPENDS ON TYPE OF ECONOMIC ACTIVITY.

Footnote 1 in the table above implies that the social security burden, levied both on the employer and the employee, drops substantially when the gross salary exceeds the annual cap of zł.100,770 (approximately €24,000). No pension or disability contributions are paid over this amount. Thus, the employer’s overall burden is then reduced by 14.26 percentage points and the employee’s overall burden is reduced by 11.26 percentage points.

From an administrative point of view, it is the employer who is obliged to pay its own share of the social security contribution as well as to withhold and remit the employee’s share. Payments are made each month to the Social Insurance Institution (ZUS).

It is important to note that expatriates from EU countries may be entitled to exemptions from social security contributions in Poland under EU regulations. The basic condition is that a relevant E101 certificate has to be obtained in the expatriate’s home country, confirming that the expatriate should remain subject to social security regulations in the home country.

Apart from social security contributions, employees are also subject to health insurance. Health insurance is calculated on the gross income reduced by social security contributions, amounting in total to nine percent of this amount. It is partly deducted from advance payments for personal income tax (7.75 percent), with the remaining amount (1.25 percent) effectively decreasing the employee’s gross remuneration.

Note that the above rules apply to an employment relationship. Individual businesses are subject to specific rules.

Personal income tax (PIT)

Tax rate

Poland has a progressive personal income tax system. Currently (starting from 2009) it provides for two PIT rates: 18 and 32



percent. When calculating the income, the so-called **tax-free amount** is taken into account: zł.3,091 in 2011. The tax is calculated based on the following formulas:

INCOME BRACKETS FOR 2011 (IN PLN)	INCOME TAX (IN Zł)
up to 85,528	18% minus the amount exempt from tax 556.02
above 85,528	14,839.02 + 32% of a surplus over 85,528

Individuals conducting business activities as sole traders or partners in partnerships can, subject to certain conditions, opt for a flat 19 percent personal income tax rate. Taking into account the flat rate and other rules applicable to this type of income, taxation of individual (non-corporate) businesses is based on similar provisions as described in the previous section on corporate income tax.

Please note that the rates listed above (including the flat 19 percent rate for individual businesses) are effectively increased by 1.25 percentage points due to health insurance contributions (as discussed in the social security section).

Tax collection

Though in principle PIT (including tax on salaries) is calculated on annual income, its collection is based on monthly advance payments, i.e. a “pay as you earn” (PAYE) tax system.

Tax base

The tax base is defined as aggregated income from all taxable sources. In turn, income from a particular source is the difference between taxable revenue from such a source and the corresponding tax deductible cost.

In the case of numerous sources of income, tax deductible costs are recognized in the amount of a standard deduction. For example, in 2010 income from using copyrights is subject to a standard deduction at 50 percent of revenue; service contracts (with no copyrights involved) are subject to a standard deduction at 20 percent; employment contracts are, as a rule, subject to the standard deduction of zł.111.25 (approximately €28) per month.

Tax residency and its implications

The Polish PIT law defines a Polish PIT resident as a person who: 1) has a center of personal or business interests, or 2) spends more than 183 days in Poland in a year. It is enough to

satisfy one of these conditions to become a Polish tax resident. When determining tax residency, the regulations of relevant double-tax treaties should also be taken into account.

Polish tax residents pay Polish personal income tax on their worldwide income. Double-taxation issues are resolved based on the relevant double-tax treaty; if no treaty applies to a particular case, double taxation is avoided based on domestic provisions (generally, income tax paid abroad can be proportionally credited against Polish PIT liability).

Non-residents are subject to Polish tax on their Polish-sourced income only.

Furthermore, in numerous cases, non-residents can benefit from a 20 percent flat tax rate calculated on their revenues (i.e. with no deduction of costs). This flat tax applies to various sources of income, including management fees (but not to employment contracts).

Value-added tax (VAT)

In common with other EU countries, Poland operates a consumption tax known as the value-added tax (VAT) which is levied on supplies of most goods and services. Businesses that conduct activities subject to VAT are obliged to register as VAT taxpayers. Generally, the VAT reporting period is a month but taxpayers can also opt for a quarterly reporting period.

As a rule, VAT is not a cost for most businesses as the tax burden can be passed on to customers. Since business customers can pass this burden further, the ultimate cost rests with a non-business user of goods or services. This is achieved through the mechanism of VAT calculation, which allows business entities registered as VAT taxpayers, subject to some exceptions, to recover input VAT (included in the price of the supplies purchased). Detailed rules regarding the Polish VAT system are outlined below.

VAT scope

Polish VAT applies to the following activities:

- supply of goods and services within the territory of Poland;
- export of goods outside the territory of the EU;
- import of goods from non-EU countries;
- intra-community supply of goods (i.e. “export” of goods to EU member states);
- intra-community acquisition of goods (i.e. “import” of goods from EU member states).

The Polish VAT law also regulates supplies made to call-off stock located in Poland.

VAT rates

As of January 1, 2011, the VAT rates are 23 percent (standard rate), 8 percent, 5 percent, 0 percent and exemption. The standard 23 percent VAT rate generally applies to the supplies of all goods and services, except for those which are covered by special VAT

provisions specifying other rates or treatments.

Supplies covered by a reduced rate of 8 percent include, among other things, pharmaceutical products and passenger transport services. Supplies of certain agricultural, meat and dairy products are subject to the 5 percent VAT rate.

Zero-rated supplies include, among other things, exports of goods to countries outside the EU and international transport of goods (i.e. transport to or from non-EU countries). Supplies exempt from VAT include certain financial services (such as certain banking services), as well as insurance, medical and educational services (under certain conditions).

Place of supply of cross-border services

As of January 1, 2010, according to the Polish VAT law, the place of supply (and taxation) of cross-border services depends on whether these services constitute a business-to-business (B2B) or a business-to-consumer (B2C) transaction.

Subject to certain conditions, cross-border services rendered to foreign businesses (B2B) are generally not subject to VAT in Poland, and the Polish service provider is entitled to deduct input VAT paid in connection with rendering such services. Cross-border services rendered to foreign consumers (B2C) are, in principle, subject to VAT in Poland based on general rules.

If a foreign business renders cross-border services to a Polish VAT taxpayer (B2B), such services are generally subject to VAT in Poland and the Polish service recipient is obliged to account for VAT based on the “reverse charge” mechanism.

However, there are a number of exceptions to these rules with respect to certain services (e.g. services on immovable property, transport services, short-term hiring of means of transport).

Mandatory reverse-charge mechanism in transactions with non-residents

Supply of goods

As of April 1, 2011, the obligatory reverse-charge mechanism applies to a domestic supply of goods performed by a taxpayer who does not have a seat or a fixed place of business in Poland to a purchaser who is a taxpayer with a seat or a fixed place of business in Poland, or is a legal entity (and is not a taxpayer) with a seat in Poland.

Supply of services

As of April 1, 2011, when services are supplied by a taxpayer who does not have a seat or a fixed place of business in Poland and the place of taxation is in Poland, the purchaser has to apply the reverse-charge mechanism (even when the purchaser does not have a seat or a fixed place of business in Poland).

E-invoicing and e-archiving

As of January 1, 2011, Polish regulations concerning e-invoicing and e-archiving have been significantly liberalized. In particular, invoices may be sent and archived electronically provided that “authenticity of origin” and “integrity of the content” records or



assurances are kept. (Authenticity of origin means assurance towards the identity of a goods supplier / services provider / issuer of the invoice; integrity of the content means no changes to the content of the invoice.)

VAT calculation

Based on the fundamental VAT rule, the VAT due (payable to the tax office) equals the VAT on the output less the VAT already paid on the inputs. Input VAT can be generally deducted from output VAT when a taxpayer receives an invoice for goods or services purchased, or in one of the two subsequent VAT reporting periods.

However, input VAT cannot be deducted unless the purchased supply is linked to activities of the VAT taxpayer which are subject to VAT. Furthermore, the deductibility of input VAT is restricted with respect to purchasing certain goods and services. For example, only 60 percent of input VAT on a passenger car purchase can be deducted, and the deduction cannot exceed zł.6,000 (approximately €1,500) per car.

Subject to certain conditions, the supplier's output VAT can also be reduced when receivables resulting from VAT-able sales turn out to be uncollectable (the "bad debt relief" mechanism).

Refunds

The Polish VAT law allows direct refunds when input VAT (available for deduction) exceeds output VAT. The standard refund period for entities registered for VAT in Poland is 60 days (180 days if no deductible VAT sale is reported in a given settlement period).

There are also provisions concerning VAT refunds for foreign businesses purchasing goods and services from Polish VAT payers, as well as VAT refunds for foreign tourists. In both cases, a number of conditions have to be met in order to obtain a refund. Specifically, refunds are only available for residents of countries that have VAT, and where Polish residents are eligible for VAT refunds (the reciprocity rule).

A foreign business can obtain a refund only if input VAT incurred on the purchases of goods and services could be, according to Polish VAT law, recovered by Polish VAT taxpayers. The refund application should be submitted not later than on September 30 of the year following the tax year to which it relates. If the tax authorities fail to make a refund within the statutory deadline, foreign businesses have the right to receive interest on late payments. From January 1, 2010, businesses established in other EU member states may benefit from a new simplified electronic procedure for the submission and processing of refund applications.

Other duties and taxes

Excise duties

Excise duties are levied on the production, sale, import and intra-community acquisition of "excise goods" which are listed in the excise duty law and include (among other things) alcohol, cigarettes, energy products (in particular: petrol, gas, oils, etc.), passenger cars and electricity.

A new excise act came into force on March 1, 2009. It abolished excise duty on certain products like cosmetics and gambling

devices. In addition, excise rates on alcohol and some types of passenger cars were raised.

Depending on the kind of excise goods, one of the four types of excise rate may be applicable: 1) a percentage of the taxable base; 2) an amount per unit; 3) a percentage of the maximum retail price; 4) an amount per unit and a percentage of the maximum retail price. For example, the excise rate for car petrol is zł.1,565 (approximately €390) per 1,000 liters.

Passenger cars are subject to the following excise rates:

- 3.1 percent for cars whose engine capacity is under 2,000 cm³;
- 18.6 percent for cars whose engine capacity exceeds 2,000 cm³.

Customs duties

Poland is subject to the Community Customs Code and other EU customs provisions including a customs duty tariff. Customs duties are collected and administered by customs authorities in various member states and partially (75 percent) transferred to the EU budget (with the rest remaining in the budget of a country of importation).

Customs duty is payable on the importation into Poland or other EU country of goods from outside the EU. Once the applicable customs duty is paid in any of the member states, the imported goods can freely circulate within the whole EU with no further customs restrictions.

This is due to the fundamental rules of the single market and the customs union of the EU member states, according to which no customs duties are levied on goods transferred between member states and there are no intra-EU border customs controls, provided that the goods originate in the EU or have been released for free circulation (i.e. the customs duty was paid on their importation into the EU).

Based on the EU customs duty tariff, the standard customs duty rates vary and depend on the classification of the imported goods. Selected goods may be subject to higher rates. Furthermore, specified goods originating from specified countries can be subject to reduced customs rates or total exemption due to free-trade agreements concluded between the EU and these countries.

Tax on civil law transactions

Tax on civil law transactions (TCLTs) applies to various transactions made by entities that do not have VAT-payer status and are not involved in professional commerce.

However, TCLTs may also be imposed on businesses. Among the things subject to TCLTs are the incorporation of a company and the increase of share capital (both subject to a flat TCLT rate of 0.5 percent calculated on the increased/created share capital value). Also, additional payments contributed to a company's supplementary capital are subject to 0.5 percent TCLT rate. In each of these cases, the company receiving the capital injection is an entity which is obliged to pay the TCLT.

Businesses are also obliged to pay a TCLT on other common transactions, such as the transfer of shares (at 1 percent TCLT rate). The TCLT is payable by the purchaser.

Based on the general rule provided in the TCLT law, transactions which are subject to VAT generally fall outside the scope of TCLTs. However, certain transactions, such as the sale of real estate, are outside the scope of TCLTs only if they are taxed with VAT (i.e. property transactions exempt from VAT are effectively subject to TCLTs). This may relate, among other things, to the transfer of real estate which qualifies as a "used good," where a seller was not entitled to deduct input VAT while purchasing such property, or to the transfer of residential buildings or apartments unless they are being sold for the first time. Both of these kinds of transactions are generally VAT exempt and will be subject to two percent TCLT.

Real estate and land tax

Real estate tax rates are fixed by municipalities within limits set by the Law on Local Taxes and Fees. In 2011, land used for business purposes is subject to a rate limit of zł.0.80 (approx. €0.2) per square meter, while buildings used for business purposes is subject to a rate limit of zł.21.05 (approx. €5) per square meter of usable area.

Selected structures / constructions used for business purposes are also subject to real estate tax. As a rule, that tax is calculated at 2 percent of their value.

Product fees

Businesses that introduce specified types of products (e.g. IT equipment and batteries), as well as products with specific types of packaging, are obliged to achieve a legally prescribed level of recycling or recovery. If the required level is not achieved, the business is obliged to pay a product fee which is calculated annually. The basis for the calculation is the difference between the required level of recycling or recovery and the quantity of products that were actually recycled or recovered. ♦



ACCOUNTING AND AUDITING



Lukasz Strycharczuk
**Tax Management &
Accounting Services**
PwC

Companies operating in Poland or having their seats in Poland are obliged to apply the regulations of the Polish Accounting Act (PAA). One of the requirements arising from the PAA is maintaining accounting books. Entities have a choice of keeping their accounts according to simplified principles based mainly on tax provisions – in the form of tax revenue and cost register, for instance – or in full compliance with the PAA. However PwC advisors put emphasis on some cases in which compliance with the PAA is mandatory, including:

- when the entity is a commercial company;
- when the entity is a natural person, civil partnership, registered partnership or professional partnership, provided that the net revenues from the sale of goods, products and financial operations for the preceding accounting year amounted to at least the equivalent in Polish currency of €1,200,000;
- when the entity is a business unit operating under Poland's banking law, regulations on trading in securities, regulations on investment funds and/or regulations on the organization and operation of pension funds, irrespective of their level of revenues;
- when the entity is a foreign person, branch and representative office of foreign businesses, as defined by the regulations on the freedom of enterprise.

The entity is to keep and maintain its books of account in the Polish language and in the Polish currency.

In 2010, Polish legislation was amended to reflect regulations in the EU's directive on services on the internal market. According to the new law, accounting books may be kept not only in the seat of an entity or its head office but also in the branch, representative office, permanent establishment, plant or any entity's office, even outside of the EU.

Gradually, the removal of barriers to the free distribution of services in the EU market allows companies to outsource their accounting books to authorized providers from other member states. According to the PAA, authorized providers are:

- entrepreneurs that are natural persons holding an accounting

certificate issued by the Ministry of Finance,

- certified registered auditors,
- certified registered tax consultants,
- or other enterprises, provided that the accounting activities are performed by the above-mentioned persons.

In other words, two conditions must be fulfilled to outsource the keeping of accounting books:

1. services must be performed by an authorized entity;
2. activities must be performed in the area of an EU member state.

Nevertheless, in the case of keeping accounting books outside the seat of an entity or its head office, as well as outsourcing accounting processes, the head of the entity is obliged to:

- notify the relevant tax office of the place where books of account are kept, within 15 days of the date on which the books of account are removed from the entity's premises (or its branch or plant);
- ensure access to the books of account in the seat of an entity or its head office in the case of an audit by authorized external audit bodies.

Recently, due to management requirements and pressure to reduce IT costs, there is an observable trend to consolidate an ERP platform for many foreign subsidiaries of the same capital group. As result, ERP platform servers may likely be located outside Poland. Therefore, it should be acknowledged that simply transferring the data outside the company's office for the purpose of recording and processing is equivalent to keeping these books outside this office. However, if the company records documents into the ERP system using its own resources but these records are processed on a server located abroad, the statutory requirements are considered fulfilled.

The Ministry of Finance approves this approach, provided that the following requirements are fulfilled:

- the entity monitors the accounting records;
- the entity demonstrates the identicalness of the accounts with copies of reports received via wired or wireless connection;
- the accounts are conducted fairly and accurately;
- the system of keeping accounts ensures clear links between book entries and accounting documents;
- the accounts are effectively protected from unauthorized



changes, unauthorized access, damage or destruction;

- the books are available at the place where the entity maintains them;
- the entity has a printout of accounts for closed periods or stores the content of its books on a data carrier which is available and possible to read-out.

In Poland, except for banks, there is no uniform chart of accounts to be used for registering operations. Each entity has the right to define its chart of accounts in a manner facilitating the fulfillment of all statutory and reporting requirements.

Responsibility for fulfilling the obligations set forth by the PAA is borne by the head of the entity. Where the head of the entity is a multi-person authority and the person responsible has not been appointed, the responsibility shall be borne by all members of said authority.

Keeping account books in a manner violating the provisions of the PAA is liable to a fine or punishable by imprisonment for up to two years, or by both these punishments jointly. In addition, in compliance with the provisions of the Polish penal fiscal code, faulty bookkeeping is subject to a fine. Another negative consequence of incorrect accounting can be the risk that, pursuant to the provisions of the Tax Law, improperly kept account books will not be acknowledged as evidence in fiscal proceedings.

International financial reporting standards (IFRS)

In Poland it is allowed – and in some cases even required – that IFRS be used as the reporting framework. The obligation to prepare consolidated financial statements in compliance with IFRS has been imposed on banks and entities allowed to trade in the regulated markets of European Economic Area countries. The following entities, in turn, have the possibility of drawing up standards compliant with the IFRS:

- issuers applying for admission into public trade in Poland or in one of the regulated markets of the EEA countries (in terms of drawing up consolidated financial statements);
- issuers of securities admitted into public trade in Poland or in one of the regulated markets of the EEA countries, issuers applying for admission into public trade in Poland or on one of the regulated markets of the EEA countries or entities belonging to a capital group (subsidiaries and co-subsidiaries) in which consolidated financial statements are drawn up by a dominant entity in compliance with the IFRS (all in terms of preparing individual financial statements);
- subsidiaries of a foreign entity may also prepare financial statements in accordance with IFRS, if this entity compiles financial statements based on IFRS.

Financial statement/auditing

According to the PAA, financial statements are drawn up as of the date when the books of account are closed, in the Polish language and in the Polish currency. The financial statements consist of:

- a statement of financial position;
- a statement of comprehensive income;
- notes to the financial statement.

Statutory financial statements which are subject to annual audits shall also include a statement of cash flows (excluding an open-end investment fund and of a specialized open-end investment fund), and statement of changes in equity or – in the case of investment funds – a statement of changes in net assets.

The financial statements of the entities (going concerns) listed below have to be audited and published:

- banks and insurance undertakings;
- entities operating under the regulations on trading in securities and on investment funds;
- entities operating under the regulations on the organization and functioning of pension funds;
- joint-stock companies, except for companies in the course of formation as of the balance sheet date;
- other entities which, in the financial year prior to the year for which financial statements are prepared, met at least two of the following conditions:
 1. the average annual number of employees, by full-time

equivalents, reached or exceeded 50 people;

2. total assets as at the end of the financial year reached or exceeded the Polish currency equivalent of €2,500,000;
3. net sales of products and goods for resale, plus income on financial transactions for the financial year reached or exceeded the Polish currency equivalent of €5,000,000.

Financial statements prepared in accordance with IFRS are subject to mandatory audit. Audited financial statements, together with the statutory auditor's report, the resolution on the approval of the annual financial statement and distribution of profit or coverage of loss, are submitted to the appropriate court register and to the head of the entity for publication.

The audit of statutory financial statements is conducted in compliance with the auditing norms issued by the National Assembly of Statutory Auditors (KIBR). Audits of special purpose financial information for the consolidation of parent entities are conducted not only in compliance with these norms, but also in compliance with international financial reporting standards.

In Poland, lists of statutory auditors authorized to sign auditor's reports as well as subjects authorized to conduct these audits are kept by the KIBR. As of the end of June 2011, 7,600 people in Poland were authorized to act as statutory auditors and around 1,800 subjects were allowed to conduct audits, but the list is open.

The auditor's report has a standardized layout and content. This is determined by the aforementioned norms and allows for the comparability of reports issued. Such a report, besides being submitted to the court register, is then published together with the financial statements. ♦



INDUSTRIAL AND TECHNOLOGY PARKS

For firms wanting to invest in a fit-for-purpose location in Poland, the country's many industrial and technology parks offer attractive options. These areas may be especially good alternatives for small and medium-sized companies, although large firms are welcome in many parks as well. But despite all of the institutions listed in this section describing themselves as industrial and/or technology parks, they do vary greatly in terms of size, scope and function.

Some of the smaller and less well-connected sites in logistics terms are not as developed as their larger, more central peers. At the same time, certain parks focus on one particular industry, while others may be open to almost any business proposition.

Nevertheless, all of these parks exist for the same reason: to support entrepreneurship and innovation. One particular theme that runs throughout many of these locations is their support

for innovative technologies. Most of the facilities being developed in Poland today offer locations already able to support foreign businesses engaged in a host of forward-looking industries. Homegrown innovation is also being nurtured through a growing number of incubators and cooperation with local institutions of higher education. Some parks also include terrain which has been incorporated into a special economic zone, increasing incentives that much more.

Please note that this list of industrial and technology parks is not exhaustive and will possibly be subject to change over the coming year. Nearly all have their own websites, but English-language service is limited or nonexistent in many cases. All of the parks mentioned herein were engaged in business activity at the time *Investing in Poland 2012* was published, but a number of new initiatives are currently in the pipeline and existing facilities could conceivably disappear. ♦



Bełchatów Kleszczów Industrial and Technological Park

Dominant sectors: innovative technologies, production

Contact info:

www.ppt.belchatow.pl
 ul. Przemysłowa 4, 97-400 Bełchatów
 ☎ / 📠 (+48) 44 733 11 65
 @ bkppt@ppt.belchatow.pl
 Ewa Grudzińska, training facility director:
 @ e.grudzinska@ppt.belchatow.pl

Boruta Zgierz Industrial Park

Dominant sectors: electricity and heat production, energy, natural gas, telecommunications, water and sewage disposal.

Interested parties may not be based in Zgierz

Contact info:

Anna Kwiecień, park manager, Russian speaker:
 @ boruta@umz.zgierz.pl, 📠 (+48) 500 160 915
 Józef Dziemdziała, vice president of MPGK (managing entity of Boruta Zgierz Industrial Park):
 @ mpgkzgierz@poczta.onet.pl, ☎ (+48) 42 716 22 97,
 📠 (+48) 42 716 44 65

Bukowice Industrial Park

Dominant sector: chemicals

Contact info:

www.bukowiceip.com
 ul. Zagłoby 22, 54-514 Wrocław

📠 (+48) 71 723 21 50

Leszek Adam Boroński, English and Russian speaker:

@ boronski@bukowiceip.com, 📠 (+48) 602 788 163

Bydgoszcz Industrial Park

Dominant sectors: chemicals, furniture, metals, logistics

Contact info:

www.bpp.bydgoszcz.pl
 ul. Wojska Polskiego 65, 85-825 Bydgoszcz
 ☎ (+48) 52 365 33 10, 📠 (+48) 52 365 33 17
 Ryszard Chodyna, president, English speaker:
 @ office@bpp.bydgoszcz.pl

Częstochowski Industrial Park

Dominant sectors: IT, production

Contact info:

www.czpp.com.pl
 ul. Nowowiejskiego 26, 42-217 Częstochowa
 ☎ (+48) 34 324 81 46, 📠 (+48) 34 360 57 47
 @ arr@arr.czystochowa.pl

Gdansk Science and Technology Park

Dominant sectors: biotech, environment protection, food, functional materials and nanotechnologies, IT, pharmaceutical chemistry, telecommunications

Contact info:

www.gpnt.pl
 ul. Trzy Lipy 3, 80-172 Gdańsk

☎ (+48) 58 739 61 17, 📠 (+48) 58 739 61 18
 @office@gpnt.pl
 Martyna Czarnobaj, English speaker:
 @m.czarnobaj@strefa.gda.pl

Goleniów Industrial Park

Dominant sectors: food production, logistics and transport, wood and paper products

Contact info:

www.goleniow.pl
 Goleniów Municipality and City Hall
 Pl. Lotników 1, 72-100 Goleniów
 ☎ (+48) 91 469 82 00, 📠 (+48) 91 469 82 98
 @ugim@goleniow.pl
 Krzysztof Zajko, deputy mayor of Goleniów, English speaker: @burmistrz@goleniow.pl,
 Józef Kazaniecki, PR inspector, German speaker:
 @promocja@goleniow.pl, ☎ (+48) 91 469 82 06

Grudziądz Industrial Park

Dominant sectors: various industrial

Contact info:

www.gpp.grudziadz.pl
 ul. Budowlanych 7, 86-300 Grudziądz
 ☎ (+48) 56 45 06 118, 📠 (+48) 56 45 06 103
 @gpp@gpp.grudziadz.pl
 Joanna Błażyńska, president, English speaker:
 @j.blazynska@gpp.grudziadz.pl, ☎ (+48) 56 450 61 13

Industrial Park of Stargard

Dominant sectors: various production

Contact info:

www.sarl.pl
 Stargard Local Development Agency
 ul. Pierwsza Brygada 35, 73-110 Stargard Szczeciński
 ☎ (+48) 91 834 90 88, 📠 (+48) 91 834 90 98
 @sarl@sarl.pl

Jaworzno Industrial Park

Dominant sectors: none

Contact info:

www.jpp.jaworzno.pl
 Local Development Agency
 ul. Grunwaldzka 275, 43-600 Jaworzno
 ☎ (+48) 32 614 21 00, 📠 (+48) 32 614 21 03
 @biuro@jpp.jaworzno.pl

Kalisz Technological Incubator

Dominant sectors: innovative technologies, SME

Contact info:

www.kip.kalisz.pl
 Fundacja Kaliski Inkubator Przedsiębiorczości
 ul. Częstochowska 25, 62-800 Kalisz
 ☎ (+48) 62 764 12 42, 📠 (+48) 62 764 50 16
 @fundacja@kip.kalisz.pl

Piotr Sadowski, president, English speaker:
 @piotr.sadowski@kip.kalisz.pl

Kędzierzyn-Koźle Industrial Park

Dominant sectors: none

Contact info:

www.kkpp.pl
 ul. Szkolna 15, 47-225 Kędzierzyn-Koźle
 ☎ (+48) 77 488 62 15, 📠 (+48) 77 488 69 28
 @office@kkpp.pl
 Marek Gogołowicz, president of the board, English and French speaker: @mggl@poczta.onet.pl

KGHM Legnica Technology Park

Dominant sectors: automotive, electrical machinery, environmental protection, IT, metallurgical, mining, nanotechnology

Contact info:

www.kghm.letia.pl
 ul. Złotoryjska 194, 59-220 Legnica
 ☎ (+48) 76 747 54 40, 📠 (+48) 76 746 54 44
 @sekretariat@kghm.letia.pl
 Magdalena Monteiro, English speaker:
 @m.monteiro@kghm.letia.pl, ☎ (+48) 76 747 54 43,
 ☎ (+48) 697 890 426

Lower Silesian Technology Park (“T-Park”)

Dominant sector: innovative technologies (knowledge transfer)

Contact info:

www.t-park.pl
 Lower Silesian Regional Development Agency
 ul. Szczawieńska 2, 58-310 Szczawno-Zdrój
 ☎ (+48) 74 648 04 50, 📠 (+48) 74 648 04 51
 @info@t-park.pl

Mielec Industrial Park

Dominant sector: automotive, aviation, innovative technologies, IT, SME

Contact info:

www.marr.com.pl
 Regional Development Agency MARR
 ul. Chopina 18, 39-300 Mielec
 ☎ (+48) 17 788 18 50, 📠 (+48) 17 788 18 64
 @marr@marr.com.pl
 Ireneusz Drzewiecki, vice president of MARR, English and German speaker: @idrzewiecki@marr.com.pl,
 ☎ (+48) 17 788 18 61

Nickel Technology Park Poznań

Dominant sectors: IT, outsourcing, service

Contact info:

www.ntpp.pl
 ul. Krzemowa 1, Złotniki
 62-002 Suchy Las

☎ (+48) 61 658 54 99, 📠 (+48) 61 658 54 98
 @ biuro@ntpp.pl

Opole Science and Technology Park

Dominant sectors: advertising, consulting, education, engineering, IT real estate

Contact info:

www.opnt.pl
 ul. Prószkowska 76, 45-710 Opole
 ☎ (+48) 77 400 05 18, 📠 (+48) 77 400 05 53
 @ info@opnt.pl

Dr Bogdan Tomaszek, president of the board:

@ btomaszek@opnt.pl, ☎ (+48) 602 734 217

Katarzyna Brandys, project manager, English speaker:

@ kbrandys@opnt.pl, ☎ (+48) 694 455 474

Płock Industrial and Technological Park

Dominant sectors: automotive, chemicals, logistics, paper, pharmaceuticals, plastics, textiles

Contact info:

www.pppt.pl
 ul. Zglenickiego 42, 09-411 Płock
 ☎ (+48) 24 364 03 50, 📠 (+48) 24 364 03 52
 @ sekretariat@pppt.pl

Michał Dzierzawski, Investor service and marketing department: @ michal.dzierzawski@pppt.pl

Podkarpackie Science and Technology Park Aeropolis

Dominant sector: aerospace (R&D)

Contact info:

www.aeropolis.com.pl
 ul. Szopena 51, 35-959 Rzeszów
 ☎ (+48) 17 867 62 06
 📠 (+48) 17 852 06 11
 @ aeropolis@rarr.rzeszow.pl

Police Industrial Park – INFRAPARK Police

Dominant sector: chemicals

Contact info:

www.infrapark.pl
 ul. Kuźnicka 1, 72-010 Police
 ☎ (+48) 91 317 22 00, 📠 (+48) 91 317 21 50
 @ zarzad@infrapark.pl
 Przemysław Kowalewski, director of development,
 English speaker:
 @ pkowalewski@zhpolice.com, ☎ (+48) 91 317 42 46

Pomeranian Science and Technology Park

Dominant sectors: biotech, environmental protection, computer science, electronics and telecommunications, industrial design

Contact info:

www.ppnt.gdynia.pl
 Al. Zwycięstwa 96/98, 81-451 Gdynia
 ☎ (+48) 58 735 11 40/41, 📠 (+48) 58 622 55 88
 @ ppnt@ppnt.gdynia.pl
 Maciej Warszawski, manager of investment department:
 @ m.warszakowski@gci.gdynia.pl, ☎ (+48) 58 735 11 90

Poznań Science and Technology Park (PPNT)

Dominant sectors: archeology, chemistry, chemical technology, geology, IT, physics

Contact info:

www.ppnt.poznan.pl
 ul. Rubież 46, 61-612 Poznań
 ☎ (+48) 61 827 97 42, 📠 (+48) 61 827 97 41
 @ ppnt@ppnt.poznan.pl

Ruda Śląska Business Incubator

Dominant sectors: innovative technologies, SMEs

Contact info:

www.inkubatorrudzki.pl
 ul. Karola Goduli 36, 41-703 Ruda Śląska
 ☎ / 📠 (+48) 32 342 22 30
 @ info@inkubatorrudzki.pl
 Wojciech Zamorski, promotion specialist, English speaker:
 @ w.zamorski@inkubatorrudzki.pl, ☎ (+48) 32 342 22 30 ext. 112

Science and Technology Park “Technopark Gliwice”

Dominant sectors: innovative technologies (technology transfer), SMEs

Contact info:

www.technopark.gliwice.pl
 ul. Konarskiego 18C, 44-100 Gliwice
 ☎ / 📠 (+48) 32 335 85 00
 @ info@technopark.gliwice.pl

Science-Technology Park Poland-East in Suwałki

Dominant sector: innovative technologies

Contact info:

www.park.suwalki.pl
 ul. Noniewiczza 10, 16-400 Suwałki
 ☎ (+48) 87 562 84 77, 📠 (+48) 87 562 84 78
 @ park@park.suwalki.pl
 Stanisław Kurak, director of development, Russian speaker:
 ☎ (+48) 87 562 84 77

Silesian Industrial and Technological Park Ltd.

Dominant sector: innovative technologies (technology transfer)

Contact info:

www.sppt.pl
 ul. Szyb Walenty 32, 41-700 Ruda Śląska
 ☎ (+48) 32 789 51 01, 📠 (+48) 32 789 51 14
 @ sekretariat@sppt.pl
 Justyna Dziadak, promotions and marketing, English speaker:
 @ justyna.dziadak@sppt.pl, (+48) 32 789 51 04

Sosnowiec Science and Technology Park

Dominant sector: innovative technologies (technology transfer)

Contact info:

www.spnt.sosnowiec.pl
 Sosnowiec Town Hall
 Department of Development and International Cooperation
 Al. Zwycięstwa 20, 41-200 Sosnowiec
 ☎ (+48) 32 296 04 67
 @ wrz.parktech@um.sosnowiec.pl

“Stare Miasto-Park” Industrial Park

Dominant sectors: environmental protection, SME

Contact info:

www.sm-park.pl
 Wierzawice 874, 37-300 Leżajsk
 ☎ / 📠 (+48) 17 242 60 94
 @ zk@sm-park.pl

Szczecin Science and Technology Park

Dominant sectors: innovative technologies (technology transfer), SMEs

Contact info:

www.spnt.pl
 ul. Niemierzyńska 17a, 71-441 Szczecin
 ☎ (+48) 91 85 22 911, 📠 +48 91 433 60 53
 @ biuro@spnt.pl

Świdnik Regional Industrial Park

Dominant sectors: logistics, various industrial

Contact info:

www.park.swidnik.pl
 Al. Lotników Polskich 1, 21-045 Świdnik
 ☎ (+48) 81 722 60 22, 📠 (+48) 81 722 66 52
 @ biuro@park.swidnik.pl
 Eugeniusz Hyz, park president, English and Russian speaker:
 @ ehyz@park.swidnik.pl, ☎ (+48) 81 468 09 17, 📠 (+48) 694 433 432

Toruński Park Technologiczny

Dominant sectors: financial services, innovative technologies,

logistics, manufacturing

Contact info:

www.technopark.org.pl
 ul. Włocławska 167, 87-100 Toruń
 ☎ (+48) 56 621 04 21, 📠 (+48) 56 654 88 24
 @ tpt@tarr.org.pl

Upper Silesian Industrial Park

Dominant sector: SMEs conducting “innovative, quiet activities”

Contact info:

www.gppkatowice.pl
 ul. Konduktorska 39A, 40-155 Katowice
 ☎ (+48) 32 781 20 00, 📠 (+48) 32 781 20 32
 @ gpp@gppkatowice.pl
 Justyna Bartecka, marketing and development director, English speaker:
 @ justyna.bartecka@gppkatowice.pl, ☎ (+48) 32 781 20 38, 📠 (+48) 503 135 663

Vistula Park

Dominant sectors: none

Contact info:

www.swiecie.eu
 Świecie Town Hall
 ul. Wojska Polskiego 124, 86-100 Świecie
 ☎ (+48) 52 333 30 50
 @ urzad-miejski@um-swiecie.pl
 Justyna Brzozkowska, chief executive officer, English speaker:
 @ brzoz@swiecie.eu, ☎ (+48) 52 333 30 50

Warsaw Industrial Park

Dominant sectors: various commercial, production

Contact info:

www.wpp.com.pl
 ul. Przeclawska 5, 03-879 Warsaw
 ☎ (+48) 22 679 09 78
 @ wpp@wpp.com.pl

Wrocław Technology Park

Dominant sectors: innovative technologies (technology transfer)

Contact info:

www.technologypark.pl
 ul. Muchoborska 18, 54-424 Wrocław
 ☎ (+48) 71 798 58 00, 📠 (+48) 71 780 40 34
 @ wpt@technologypark.pl



CHAMBERS OF COMMERCE

(listed alphabetically)

Name	Address	Tel. Fax	E-mail Website	Top executive Title
American Chamber of Commerce in Poland	ul. E.Plater 53 00-113 Warsaw	(+48) 22 520 59 99 (+48) 22 520 59 98	office@amcham.com.pl www.amcham.com.pl	Joseph Wancer <i>Chairman</i>
British Polish Chamber of Commerce	ul. Fabryczna 16/22 00-446 Warsaw	(+48) 22 320 01 00 (+48) 22 320 01 42	info@bpcc.org.pl www.bpcc.org.pl	Alan Jarman <i>CEO</i>
Czech-Polish Chamber of Commerce	ul. Janáčkova 10 702 00 Ostrava, Czech Republic	(+420) 596 612 230 (+420) 596 612 231	cpok@opolsku.cz www.opolsku.cz	Magdalena Holeksová <i>Director</i>
French Chamber of Commerce and Industry in Poland	ul. Widok 8 00-023 Warsaw	(+48) 22 690 68 80 (+48) 22 696 75 90	ccifp@ccifp.pl www.ccifp.pl	Maciej Witucki <i>President</i>
German-Polish Chamber of Industry and Commerce	ul. Miodowa 14 00-246 warsaw	(+48) 22 531 05 00 (+48) 22 531 05 00	www.ihk.pl	Michael Kern <i>President</i>
Irish Chamber of Commerce	ul. Mysia 5 00-496 Warsaw	(+48) 22 583 12 07	WND www.icc.org.pl	Kenny Morgan <i>President</i>
Netherlands-Polish Chamber of Commerce	Al. Jana Pawła II 29 00-867 Warsaw	(+48) 22 653 78 85 (+48) 22 653 78 74	office@nlchamber.com.pl www.nlchamber.pl	Eric Drok <i>Chairman</i>
Polish-Belarusian Chamber of Commerce and Industry	ul. Kopernika 30 00-336 Warsaw	(+48) 22 828 51 02 (+48) 22 828 51 01	info@pbihp.pl www.pbihp.pl	Józef Łochowski <i>President</i>
Polish-Bulgarian Chamber of Commerce	ul. Bobrowiecka 4A, lok. 54 00-728 Warsaw	(+48) 22 642 69 60 (+48) 22 642 69 60	biuro@pbih.com.pl www.pbih.com.pl	Vladislav Angelov <i>President</i>
Polish-Canadian Chamber of Commerce	ul. Nowogrodzka 11 00-513 Warsaw	(+48) 22 447 43 01 (+48) 22 447 43 01	e.gricuk@pccc.pl www.pccc.pl	Michael Miasek <i>President</i>
Polish-Indian Chamber of Commerce	ul. Bukowska 12 60-810 Poznań	(+48) 61 865 38 23 (+48) 61 624 21 14	biuro@piig-poland.org www.piig-poland.org	Anna Kobierska <i>Director</i>
Polish-Italian Chamber of Commerce	ul. Kredytowa 8/26 39 00-062 Warsaw	(+48) 22 828 20 80 (+48) 22 826 09 36	sekretariat@cciiip.pl www.cciiip.pl	Donato Di Gilio <i>President</i>
Polish-Portuguese Chamber of Commerce	Al. Niepodległości 69 02-626 Warsaw	(+48) 22 322 76 67 (+48) 22 322 76 67	info@ppcc.pl www.ppcc.pl	Pedro Pereira da Silva <i>Chairman</i>
Polish-Romanian Chamber of Commerce	ul. Trębacka 4 00-074 Warsaw	(+48) 22 531 882 555 WND	WND www.prcc.org.pl	Jan Ziemecki <i>President</i>
Polish-Russian Chamber of Commerce and Industry	ul. Zimna 2/2 00-102 Warsaw	(+48) 22 654 73 73 (+48) 22 654 73 80	prihp@prihp.pl www.prihp.com.pl	Hanna Wielgosz <i>President</i>
Polish-Spanish Chamber of Commerce	ul. Arabska 9 03-977 Warsaw	(+48) 22 511 15 70 (+48) 22 511 15 71	phig@phig.pl www.phig.pl	Stefan Bekir Assanowicz <i>President</i>
Polish-Swedish Chamber of Industry and Commerce	ul. Chmielna 101/102 80-748 Gdańsk	(+48) 58 763 14 69 (+48) 58 763 14 80	psig@psig.com.pl www.psig.com.pl	Tadeusz Iwanowski <i>President</i>
Polish-Swiss Chamber of Commerce	Al. Niepodległości 69 02-626 Warsaw	(+48) 22 322 76 25 (+48) 22 322 76 26	swisschamber@swisschamber.pl www.swisschamber.pl	Marek Kondrat <i>President</i>
Polish-Turkish Chamber of Commerce	ul. Trębacka 4 00-074 Warsaw	(+48) 22 630 97 83 (+48) 22 828 41 99	office@ptcoc.eu www.ptcoc.eu/pol/index_pol.php#strona_glowna	Marek Nowakowski <i>President</i>
Polish-Ukrainian Chamber of Commerce	ul. Szpitalna 1/28 00-020 Warsaw	(+48) 22 827 00 81 (+48) 22 827 10 79	puig@puizba.pl www.puizba.pl	Jacek Ptechota <i>President</i>
Scandinavian-Polish Chamber of Commerce	ul. Wiśniowa 40B/9 02-520 Warsaw	(+48) 22 849 74 14 (+48) 22 646 49 30	spcc@spcc.pl www.spcc.pl	Carsten Nilsen <i>President</i>

Warsaw Business Journal's

TRENDBOOK

P O L A N D

If there is one overarching theme that unites all of the issues we examine in this edition of *Trendbook*, it is that Poland is modernizing – and rapidly.

Though still widely grouped together with “emerging” economies, there are voices that say that Poland has already “emerged.” While that may be premature, what is clear is that Poland is heading down the path of a modern, Western, liberal capitalist economy. A desire to catch up to the rest of Europe and politicians with a business-friendly mindset are important drivers behind this trend, but more than anything, globalization and technology are the main catalysts.

While many in the West still imagine horse-drawn carts and breadlines when mention of Poland is made, there is plenty of hi-tech innovation going on. In one amazing project, Polish scientists developed a way to efficiently layer graphene. Stronger than steel and a better conductor than silicon, thanks to these scientists graphene may be in most of our computer chips in the near future.

The Warsaw Stock Exchange, for its part, is modernizing in the face of a more competitive global market for bourses. So far, it has stepped up to the challenge, becoming a regional leader. Its market capitalization is higher than that of the other big player in Central Europe, the Vienna Stock Exchange. Though the WSE's indices are not immune to global market turbulence, the exchange plans to face the challenges ahead through modernization and attracting new capital. It recently launched a new index devoted to Ukrainian firms, for example, the first of its kind in Europe.

Then there is Poland's pharmaceutical sector: the challenges it faces are a result of increasingly complex (and expensive) technology, as well as growing competition from global players. Despite this, Polish producers are competing successfully with

global leaders and expanding into promising markets to the east, even into China. Many are also shaking off the legacy of the communist era and are attempting to develop new, innovative drugs that can compete on the international market.

When it comes to outsourcing, Poland maintains its status as a major destination for shared service center (SSC) and business process outsourcing (BPO) investments, for which it is in competition with other, lower-cost locations. But as its skilled and educated workforce has gained more recognition, the country has also been able to offer more complex outsourcing activities, such as knowledge process outsourcing (KPO), research & development and health-care process outsourcing.

Investment practices are modernizing as well. Angel investing, a form of start-up investment that is popular in the West, is gaining momentum in Poland as well. Some of the most successful firms in Poland over the past few years, in sectors as varied as organic food, restaurants and online retail, have succeeded with the help of angel investors.

Poland also boasts a surprisingly modern banking sector, a retail real estate sector that is tapping into the consumer demand in Poland's smaller cities and could soon see shale gas extraction revolutionize its energy market.

Naturally, any investor active in Poland will know there are areas where progress has not been as swift as it could, or should, have been. Aging infrastructure, slow and dangerous transportation routes and cumbersome bureaucracy are problems which still bedevil the Polish economy, despite a large influx of EU structural funding.

There is no denying that there is still plenty of work to be done before Poland can be considered a modern, “emerged” economy. But if these leading sectors and businesses are any indication – and we believe they are – then Poland is definitely heading in that direction with increasing speed. ✱





ANGEL INVESTORS TAKE WING IN POLAND

By **Katarzyna Piasecka**
& **E. Blake Berry**

Awareness of angel investing remains low and obstacles abound, but it is nevertheless growing in popularity in Poland

Google. Amazon. Facebook. All are modern success stories and billion-dollar businesses. The oldest among them, Amazon, has only been around for 17 years. These companies, and others like them, have much in common, such as market dominance, a dependence on computers and the internet, and plenty of fancy algorithms.

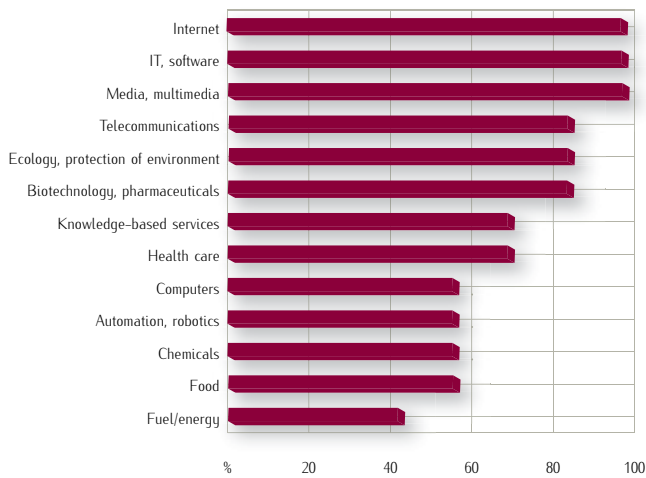
And none of these firms would exist today if they hadn't gotten a lift from an angel investor.

A FLEDGLING SECTOR

Although it has not seen anything quite as spectacular, Poland too is home to angel-supported success stories. Health-food retailer Organic Farma Zdrowia, coffee shop chain W Biegu Café and book retailer Merlin.pl are all examples of businesses that have succeeded with the help of angel investors (also known as business angels).

Where the angels go

Business angels' preferred investment sectors



Source: K.B. Matusiak (red), "Ośrodki innowacji i przedsiębiorczości w Polsce", Raport 2010, SOIIPP/PARP, Warsaw 2010

Angel investing isn't quite as well known or understood in Poland as it is in the United States, for example, but the infrastructure to facilitate it is developing. There are at least eight regional or international networks in the country at present, along with several independent initiatives, and the largest include PolBAN and Lewiatan Business Angels (LBA), both in Warsaw.

The average membership among these Polish networks is 30 investors. Meanwhile, the number of angel investors in the United States, the most mature market for business angels, is estimated at three million. In the second half of 2009 there were 303 angel investor networks in the European Union.

"The Polish market for business angels is developing dynamically. We are seeing an increased awareness among investors and authors of projects," said Adrian Fester, a project specialist at

one PolBAN.

Currently, five networks of Polish angel investors are members of the European Business Angels Network (EBAN), an independent and non-profit association for business angels established under the auspices of the European Commission: Business Angel Seedfund, Polish Investment Fund, AMBER BAN – Polish Entrepreneurs Foundation, Lewiatan Business Angels and Secus Wsparcie Biznesu.

For its part, the Łódź Regional Development Agency has formed the Guild of Business Angels (GAB), an initiative which matches innovative ideas for business or companies in the early stages of development with their own business angels. GAB also organizes conferences and training for small firms and start-ups in Łódź, Warsaw and Gdańsk.

Like their counterparts in the United States and Western Europe, Polish business angels invest in sectors which give the best possibilities for innovation: biotechnology, multimedia, internet, electronics, medicine, services and ecology, but they also support traditional ventures.

SUCCESSFUL INVESTMENTS AND ANGELS

The aforementioned W Biegu Café is an example of a successful angel investment in Poland. The chain dates back to 2005, when its founder Maciej Adamaszek invested zł.400,000 in two coffee points in Warsaw and in Kraków. To expand his business, Mr Adamaszek turned to banks, but after several fruitless attempts to get support, he presented his project to the Lewiatan Business Angels network. The project attracted the interest of Piotr Pośnik, a private investor and co-founder of Wittchen, a producer of leather accessories. He invested zł.1.5 million in exchange for a 50 percent stake in W Biegu Café. As a result, the chain has so far expanded to 16 coffee shops in seven Polish cities.

Another example of a venture supported by a Polish angel in-

What is an angel investor?

The practice of angel investing has been around for a long time, but it has only been studied seriously for the last 30 or so years.

According to many sources, the term "angel investor" originated in the early 1900s on (and probably off) Broadway in New York. Other authors, however, claim it originated in the UK. In either setting, the term was employed to describe a wealthy individual willing to finance a theatrical show.

William Wetzel, founder of the Center for Venture Research at the University of New Hampshire's Whittemore School of Business and Economics, is credited with popularizing the term in the context of general business practices. He published seminal research on informal venture capital in 1978 and this, in turn, led to funding for a broader study whose findings were summarized in the oft-cited 1983 article "Angels and Informal Risk Capital," published in *Sloan Management Review*.

Today there is no single definition of an angel investor; each

angel group – and sometimes each investor – is likely to use different words to describe their activity. One example, from the Angel Capital Association, an umbrella group which unites around 150 angel groups in the United States, is as follows:

"An 'angel' is a high net worth individual who invests directly into promising entrepreneurial businesses in return for stock in the companies. Many are entrepreneurs themselves, as well as corporate leaders and business professionals."

Other organizations add that angels often make their own skills, experience and contacts available to the company.

There is one more thing which could be added to the definition. Although it's seldom written large on angel groups' websites, the investors themselves are straightforward in admitting that there's nothing particularly "angelic" in their activities. Angel investors are businesspeople, not philanthropists, and they expect a return on their investment. ☼

ADVERTORIAL FEATURE

NOT ALL CAPITAL IS CREATED EQUAL

Piotr Gębala
President of the Board, National Capital Fund

There is a saying that compares debt to a millstone: though useful, when it is tied to your neck it can drag you to the bottom of the sea.

Recent years have proven that this cautionary tale has been forgotten and that the entire global economic system suffers as a result of excessive debt. Millions of enterprises from all over the world need equity, and this need is especially evident in the case of small and medium-sized enterprises that plan fast growth.

These companies should look for smart capital – investors who not only can provide financial resources, but who also have the intellectual capital to help a company’s development. In the coming years, Poland will become a country where this type of capital will be much easier to acquire than ever before. It may also be even easier to acquire capital than it is in some more developed countries. The trend will be driven in part by the National Capital Fund (KFK), which, together with its private partners, will invest approximately zł.1.5 billion through the end of 2016.

The KFK’s mission is to facilitate access to capital for Polish SMEs. It achieves this mission through investing in venture capital funds. These funds are financed together by the KFK and private investors. The investors are carefully vetted to ensure the highest quality of financial capital.

Intellectual capital is provided by a team of professionals who manage these funds. Their task is not only to select enterprises that receive investment, but also to actively support the development of these companies.

The KFK’s deciding factor when choosing to invest in a particular fund is the quality of its management team, so entrepreneurs seeking capital from a KFK fund can be certain that their partner will be active and reliable, with extensive business experience, especially in finance.

Fund management teams are strongly motivated to get the best possible return on their investment. First, they participate in the receipt of profits from each fund (usually around 20 percent). Second, successful management of the fund will increase their chances of raising another one.

The KFK is an evergreen fund, meaning that all returns gained from one investment are subsequently invested into another venture capital fund. Moreover, the KFK will entrust its resources again to those who have proven effective.

So far, (as of August 2011) the KFK has signed investment agreements to create 10 funds, which will have a total of zł.700 million at their disposal. Six of these run operational activities and

have so far invested in 14 small and medium-sized enterprises. Until the end of 2012, the KFK’s portfolio will comprise approximately 20 funds worth a total of zł.1.5 billion. These resources will be devoted to 200 companies.

The resources KFK has allocated for investment come from the Innovative Economy Operational Programme for 2007-13, the Swiss-Polish Cooperation Programme and from the Ministry of Economy.

In the search for ways in which capital can be used to create value in a business, the best point of reference is the famous American hotbed of new technologies – Silicon Valley.

Here, the key to development and the building of a competitive advantage lies in the successful transfer of technological advances

directly to businesses. In Poland, the KFK actively supports processes that merge science and business through integrating entities from both fields.

In Warsaw, from October 26-28, 2011, leaders from several industries related to the venture capital market, to entrepreneurship and to new technologies will have an opportunity to participate in the first Polish forum organized and prepared according to a formula set forth by The Global Technology Symposium – the most prestigious event in the Silicon Valley. The special guest in Poland will be Franklin “Pitch” Johnson, the legendary investor and venture capital industry forerunner from Silicon Valley.

In summary, for the coming years Poland will be a good place to start a business or for accelerating the development of existing small and medium-sized, companies. Obtaining equity will be easier.

The most important element then will be in choosing a credible capital provider whose role will not be limited to the transfer of money into a company’s bank account. A high-quality VC fund is one that provides money for both development and business support. As long as there’s a choice, it’s better to choose the smart capital, even if it is more expensive. ♦

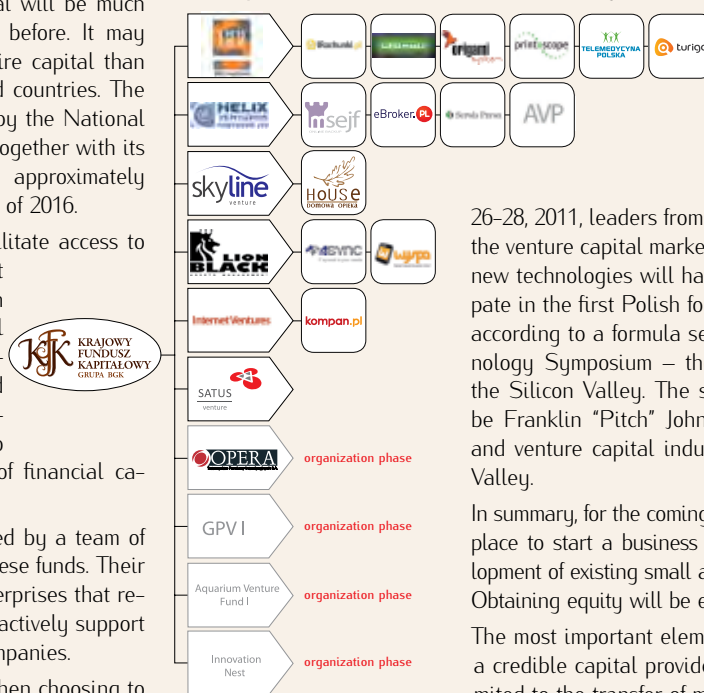
The Swiss-Polish Cooperation Programme (SPCP) is a support program started in 2008 by the Swiss government which grants financial aid to Poland. Within the framework of the SPCP, the KFK will use the Swiss grants to invest in VC funds. The SPCP-backed VC funds will invest in Polish SMEs until 2016.

See: www.programszwajcarski.gov.pl (English-language version available)

Project supported by a grant from Switzerland through the Swiss contribution to the enlarged European Union

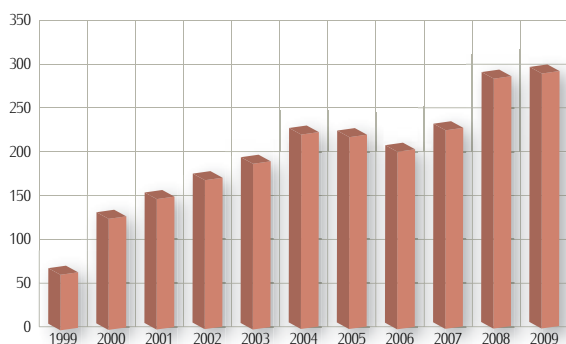


KFK portfolio funds and their investments, as of August 2011



Angels take flight

Growth of angel investor organizations in Europe



Source: European Business Angels Network – Activity report 2009

Lewiatan Business Angels

Warsaw-based, created in September 2005. At present, LBA cooperates with 68 individual investors. The network has so far supported the realization of nine investments, examples of which are film producing company Ozumi Films, ANT Industrial Software Programs, editorial company Flashbook and chemicals producer Apeiron Synthesis. Receives some 200 projects per year.

Managed by Polska Konfederacja Pracodawców Prywatnych Lewiatan.

Website: www.lba.pl

investor is online book shop Merlin.pl, which was founded in 1999 by Zbigniew Sykulski. When the company needed more money for development, it turned to investor Piotr Wilam. Today Merlin.pl fills around 100,000 orders per month.

Mr Wilam is one of the most active angel investors in Poland, having started his career as an investor in 2004. Early in his career he co-founded publisher Pascal, popular web portal Onet.pl and Optimus Pascal Multimedia, a producer of multimedia software. Apart from Merlin.pl and a community portal Grono.net, he has invested in TV channel Kino Polska (which debuted on the Warsaw Stock Exchange in April 2011) and Krzysztof Kucharczyk Techniki Elektroforetyczne, a producer of equipment used in the medical and biotechnology sectors.

According to Adrian Fester, the amount of money Polish angel investors put into individual projects is comparable to that seen

in the British or American markets. These are sums ranging from zł.100,000 to a maximum of zł.1-2 million. In Western Europe, meanwhile, the average amount of money put into each investment generally ranges from €20,000 to €250,000, although some sources suggest it could even be as high as €400,000.

Business angel investments are usually long-term. Jacek Błoński, chairman of Lewiatan Business Angels, estimates that the average time to a return on investment in Poland amounts to four to six years.

Mr Fester said the average return rate for this type of investment is higher than traditional market returns.

“Generally, investors expect to earn a minimum of five times as much money as they invested,” he said.

Mr Błoński explained that most angels expect an internal rate of return of about 30 percent after this time.

Under Polish angels' wings

Examples of Polish ventures supported by angel investors

Investment	Business activity	Angel
100lat.pl	Internet portal	unknown
Alumast	Producer of flags and flagpoles	Adam Guz
Cama Soft	Software for banking and logistics	Andrzej Belczak, Łukasz Żeligowski
Ceneo.pl	Internet portal	Zbigniew Chwałik
GoAdvisers	Advisory	Adam Guz
Grono.net	Internet community network	Piotr Wilam
House of Skills	Consulting and training company	Piotr Pośnik
Kino Polska	TV channel	Piotr Wilam
Merlin.pl	Internet shop	Piotr Wilam
Onet.pl	Internet portal	Piotr Wilam
Optel	Ultrasound techniques	unknown
Organic Farma Zdrowia	Organic food supermarkets	Sławomir Chtóń
Polidea	Mobile services provider	Tomasz Grzybowski, Krzysztof Gawrysiak
W Biegu Cafe	Chain of coffee shops	Piotr Pośnik
Wittchen	Producer of leather accessories	Piotr Pośnik

Source: Gildia Aniołów Biznesu: “Raport na temat działalności aniołów biznesu w Polsce,” Łódź, 2010

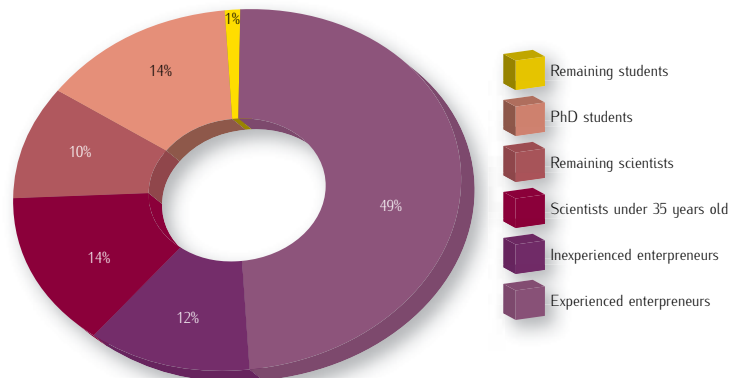
PolBAN

Warsaw-based, created in 2003. First Polish business angels network to join EBAN, which it then left in 2009. Brings together about 80 business angels and has so far supported six projects. Examples: internet travel search engine and intermediary Qtravel.pl, business services provider Holicon and Orcan Software, company associating FOREX market specialists. Receives about 200-300 project proposals per year.

Website: www.polban.pl

Who goes to the angels?

Groups which send their projects to angel investors



Source: K.B. Matusiak (red.), "Ośrodki innowacji i przedsiębiorczości w Polsce", Raport 2010, SOOIPP/PARP, Warsaw 2010

HINDRANCES

According to the experts, angel investing in Poland is hampered by a lack of awareness, low level of mutual trust and a lack of external support for this kind of business activity. Other issues include legal obstructions and a lack of clear regulations concerning the knowledge and technology transfer, the reluctance of scientists to commercialize breakthroughs and poor cooperation between regional institutions.

In 2009 only 24 percent of Polish entrepreneurs had heard about angel investors, but they did not know any details about their role or how they function according to a study conducted by Pentor Research International. Only eight percent indicated knowledge of how angel investors function in the Polish market.

This does not mean that new companies which are already aware of the existence of business angels are uninterested in this type of financing. However, not all the projects they propose are feasible or sufficiently professional.

Mr Błoński said that at present the LBA attracts some 200 projects per year.

"The quality of these projects and their substantive value show that there is interest in starting companies with business angels, but few of them are really prepared enough to be an attractive target for such investors," he said.

According to Mr Błoński, the immaturity of the market is but one of many obstacles.

"The Polish market provides no facilitation nor a specific impediment for business angels. Unlike Western European countries or the US, we do not have tax allowances for such investors. Data from the UK shows that such allowances considerably support angel financing," he added.

Many Polish investors still fear the risks inherent in this type of financing. According to Mr Fester's estimates, many of the investments financed by Polish business angels end in failure. Four companies in 10 go bankrupt. And only one in 10 gives a return of between 300 percent and 500 percent.

MONEY AWAITS

Will angel investing continue to grow in popularity in Poland? Based on the trends seen in other markets, the answer is yes.

Mr Błoński from LBA was cautiously optimistic.

"There is no reason to think that angel financing will not develop in Poland in the future."

This view was supported by Mr Fester.


"Alternative forms of investment are becoming increasingly popular in Poland nowadays," he said. "In our country there are also more young millionaires who retire from business at the age of 30-40, but do not want to give up business activity. This group will look for inspiration and invest capital in interesting projects."

However, to be made as accessible to entrepreneurs in Poland as it is today in Western countries, angel investing needs stimuli for expansion and awareness of it needs to grow. Moreover, much still needs to be done in terms of producing attractive propositions for business angels.

"It is commonly noted that there is more money in our market for this type of investments from private sources than good ideas for business," said the LBA's Błoński.

With a little more publicity and guidance for entrepreneurs, that money could find itself well invested. ✿





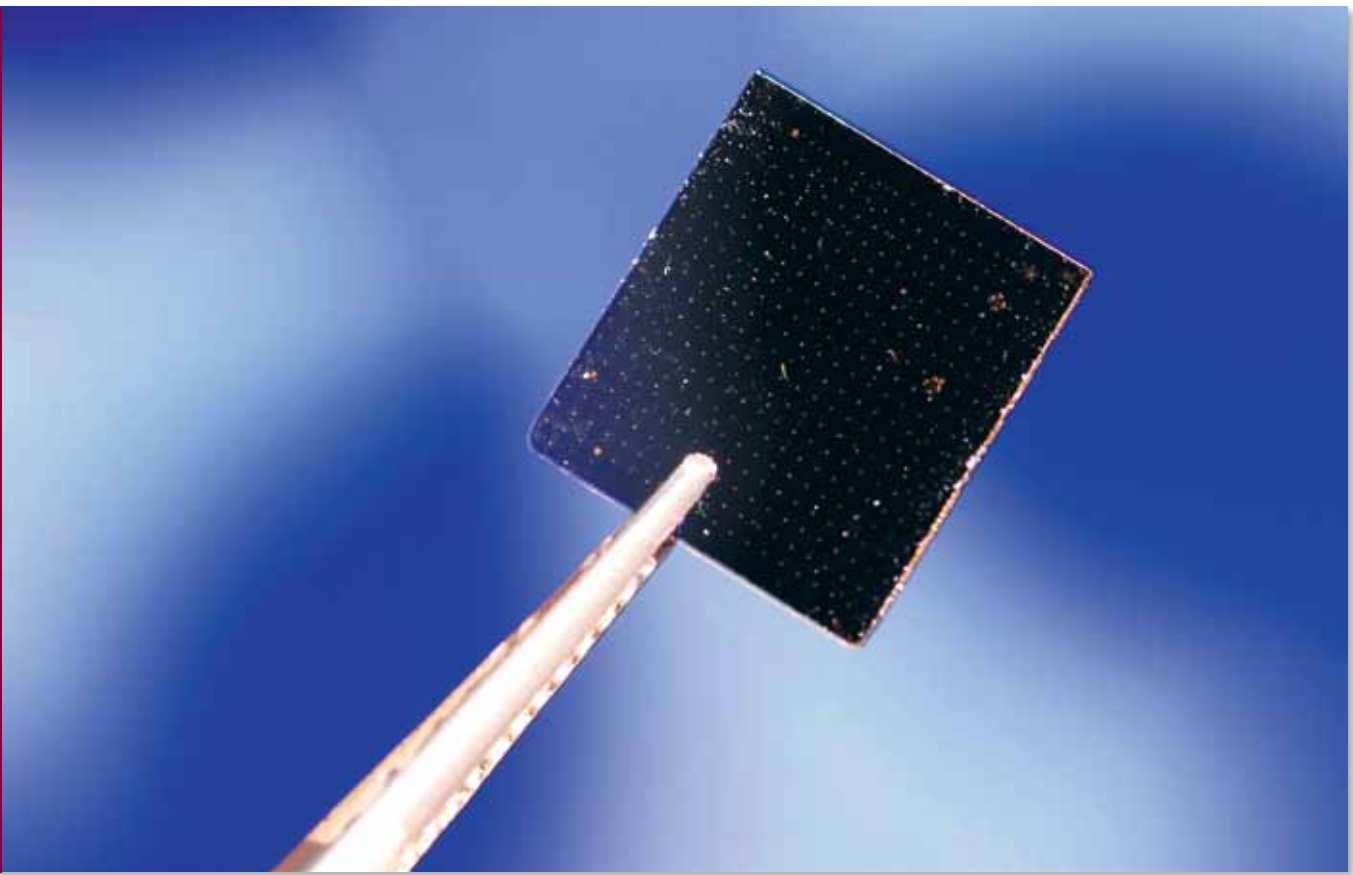
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A TECHNOLOGY-FUELED ECONOMY

By **E. Blake Berry**

The way business is done in Poland is being shaped by technology. But Poland is also shaping tomorrow's tech

Thriving, modern and, most importantly, *innovative*. Who among us 20-odd years ago would have guessed we'd be using those words to describe the Polish economy today? A handful of visionaries perhaps, but few others.

That time of economic transformation is now behind us and the Poland of today is a fully functioning free market. It still lags in many areas, such as per capita GDP, but its economy is competitive.

How has the country reached this point so quickly? In a word: technology.

Not alone, of course. EU funding, significant foreign investment and the hard work and ingenuity of the domestic work force has made all the difference. But Poland was a *tabula rasa* of sorts 20 years ago, at a time when the internet revolution was just kicking off, and by importing – and often creating – new solu-

tions, it has leapfrogged ahead in many sectors.

ANACHRONISMS APLENTY

While it is all well and good to describe Poland as modern and innovative, the country is still clearly not ready to topple places like South Korea, Japan or California from their technological thrones.

Poland still suffers from an embarrassing number of anachronisms. Do business in the center of any major city and you may find yourself in creaky, albeit charming tenement buildings or aging business parks. Hotspots are too few and far between.

In terms of adequate transport infrastructure, Poland still trails far behind most of its EU counterparts, particularly when it comes to modern highways. The majority of Poland's road infrastructure is single-lane and pothole-strewn, while highway construction is plagued by contested tenders and broken contracts. This means it is often impossible to guarantee the fast transportation of goods because of possible delays.

Alongside transport infrastructure, bureaucracy is commonly cited by entrepreneurs as the largest barrier to doing business in Poland. Local governments have been slow to modernize – both in terms of technology and administrative processes – so dealing with bureaucratic encumbrances still occupies an unnecessarily large portion of the average businessperson's time.

MONEY AND MODERNITY

The main problems in Poland are, for the most part, structural in nature. They are slow to change, sources of continuing frustration, but they haven't kept progress at bay. Despite the country's many quirks and annoyances, a number of industries have quietly undergone technological revolutions.

Banking is a good example. Janusz Grobicki, deputy editor at financial monthly *Bank* and an expert on the economy at the Adam Smith Center, a think tank, describes the Polish banking sector as "one of the most modern in the world."

"I think it's one of the best in Europe, maybe in the world. We built up our system over the last 20 years using the latest technology," he says.

Unlike other nations, he notes, Poland never built up a market for checking services. It has therefore not had to deal with the costs of maintaining such a legacy system, as has the United States, for instance.

Mr Grobicki also points out that the Polish banking sector was one of the first in Europe to embrace online services, citing the success of mBank (owned by BRE Bank) and Inteligo (PKO BP).

His view was echoed by Marek Borzestowski, a co-founder of popular web portal Wirtualna Polska, chairman of web communications firm Inteliwise and a venture capitalist, who describes Poland as "a swift follower of new trends" when it comes to technology.

"In the internet banking sector, I know that Polish banks are quite ahead of Western European or even US banks because we had to build everything from scratch from the very beginning, so from the beginning it was very advanced," he comments.

Another advanced firm is Alior, a greenfield banking investment which opened its doors in November 2008 with around 82,000 clients and zł.500,000 in deposits. The company, which has been recognized for its open-style management and modern technology, built all of its systems on middleware (software that provides a link between separate software applications), allowing for flexibility and expansion capacity. As of March 2011 it

Strength in gallium nitride

Ever heard of gallium nitride (GaN)? Could you explain what it is? Unless you're a scientist, materials engineer or the odd duck who's simply into wide bandgap semiconductors, the answer is probably no.

Even so, you've almost certainly come into contact with it at some point. Gallium nitride has been used in light-emitting diodes (LEDs) for over a decade and is present in blue-range lasers, such as those found in Blu-ray players. It has potential applications in high-power, high-frequency transistors and serious research is currently being conducted around the world on green-range diode lasers (which include GaN-based products) in order to create a full range of RGB display technology. Practical applications for green lasers include laser-TVs.

GaN is also a scientific niche in which Poland has around 30 years of experience, according to Konstanty Donimirski, an expert in new technologies at the Sobieski Institute, a think tank, and a junior partner at SEEN Distribution, a B2B supplier of electronic components.

"Poland has a few laboratories, five to 10 around the country, which are working with this material and many of them have

their own successes. So I decided to set up my own business to cooperate between all the laboratories and we try to prepare a competitive offer that actually combines the mutual efforts of a few labs," he said.

Advanced Technologies, the division of SEEN Distribution which is charged with this task, was only set up in January 2011. The idea is to coordinate work between different labs and commercialize it. One lab might prepare a high-quality semiconductor substrate, for example, and another would create semiconductor structures on it.

"This is a niche market so far, mainly directed at laboratories or corporations that are working on the latest R&D projects," Mr Donimirski says, emphasizing that the labs are not engaged in mass production. "Our buyers are from high-technology countries, such as Japan, Germany and France so far, and we are expecting to expand to the United States."

In his view, Poland not only makes some of the best gallium nitride substrate in the world, but its product could form the foundation for future technologies. "This is for R&D, and very often R&D guys are hoping to open new frontiers," Mr Donimirski posits. ✿



“Polish banks are ahead of Western European or even US banks”

had 680,000 clients and deposits worth zł.7.7 billion.

Mr Grobicki also points out that around 40 percent of the populace doesn't even have a bank account. Most of these people are older and highly conservative, so a natural generational shift will soon reduce their numbers.

“The situation will change extremely fast,” he says, noting that the banking sector will grow at the same time.

ONLINE AND OUT FRONT

E-commerce is another area where Poland is strong, technologically speaking, and on par with most major markets in terms of the latest trends (although admittedly not in terms of market value).

Major e-commerce trends originating from abroad tend to appear in Poland within a year to a year and a half. Group buying, which has exploded since it was introduced to the Polish market in April 2010, is one example. By November the most popular service, Groupon.pl, already had the third-highest number of users among e-commerce sites in Poland, according to research by Megapanel PBI/Gemius.

But not all technology arrives through what Mr Borzestowski calls the “copy-paste” model, whereby Poland imports anything that becomes popular on bigger markets. After thinking for a moment, he cited www.filestube.com, a search engine for file-

sharing and uploading sites, as an example of a Polish initiative finding international success.

Styled somewhere between YouTube and Google, the site is owned by Szczecin-based firm Red Sky and is “very popular,” according to Mr Borzestowski. Web traffic tracker Alexa Internet ranks it 145th globally.

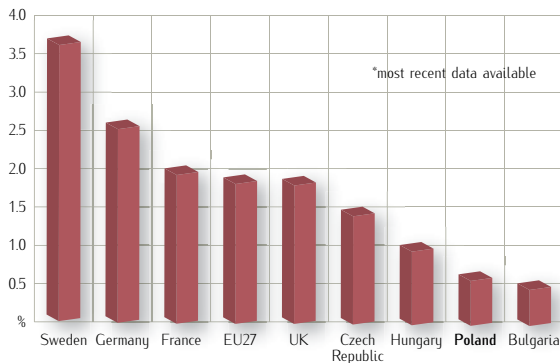
It's also worth noting that technology is changing the “how” of Polish e-commerce in addition to the “what.” One example of this, according to Jakub Połęcz, an e-commerce expert and president of online comparison site Peryskop.pl, is that the path between vendors, e-tailers and their customers has been shortened significantly. Books purchased on Amazon UK, for example, are speedily processed and can arrive almost next-day in Warsaw.

Also, new software has given online retailers a better grasp on customer buying preferences than ever. Conversely, Mr Połęcz notes, customers have more tools to aid them in the purchase process than ever. He pointed to online comparison sites and product indices which allow buyers to choose wisely on price and delivery of goods.

BETS FOR THE FUTURE

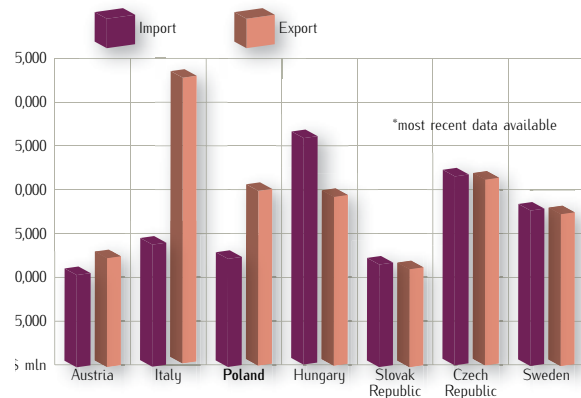
Those are a handful of the technologies, companies and trends shaping the market today, but what should we expect in the future?

Expenditure on R&D (% of GDP) in selected EU countries, 2008*



Source: Eurostat

Trade in ICT goods (\$ millions) in selected OECD countries, 2008*



Source: OECD

According to Mr Borzestowski, we can expect to see “more intelligent, more personalized and very niche services” entering the online market, as has been the case in Germany and elsewhere. These will vary greatly, he says, offering the example of sites dedicated to goods for diabetics.

Janusz Grobicki of the Adam Smith Center says that new mobile telecommunications solutions being rolled out globally over the next few years will definitely shape the Polish market. He also touted a coming wave of comprehensive business intelligence systems, which he describes as “the next step beyond cloud computing.”

For his part, e-commerce expert Jakub Połęcz foresees a number

of changes coming to the market. For one thing, he says, voice recognition may finally start to find serious commercial applications over the next few years. Another possibility is a proliferation of LCD paper, which could revolutionize advertising and even newspapers.

Finally, he suggests that universities in Poland could abandon print textbooks in favor of e-books.

“It’s a question of price,” he says, noting that the cost of Amazon’s Kindle is about the same as a year’s worth of textbooks. If the device were used for four years, it would amount to a significant savings. “I think in four years we’ll see that,” Mr Połęcz says. ✿



Poland’s big nano success

“Polish team claims leap for wonder material graphene” and “Great nano-success for Poles” proclaimed headlines in early April.

The news concerned a breakthrough in the layering of graphene, a nanomaterial currently touted as the next big thing in semiconductors. Graphene is one of the hottest subjects in materials science these days, with lots of money being channeled into bringing it to market. The material is a significantly faster conductor than silicon and generates less heat, and is estimated at 100-200 times stronger than steel. But despite its potential, a means of producing graphene in large amounts while maintaining purity – via the aforementioned layering – has proven elusive, which has kept it from being employed in

large-scale manufacturing.

That’s what makes the Institute of Electronic Materials Technology’s (ITME) breakthrough so interesting. Using a technique called epitaxy, scientists at the Warsaw-based institution have grown graphene on a silicon carbide substrate within a pressurized, gas-filled environment. Details of the process have been published by American scientific journal *Nano Letters*.

It remains to be seen whether ITME’s technique proves to be the breakthrough the industry has been waiting for. But even if it’s not, this research could prove a vital stepping stone for the next big advance. ✿

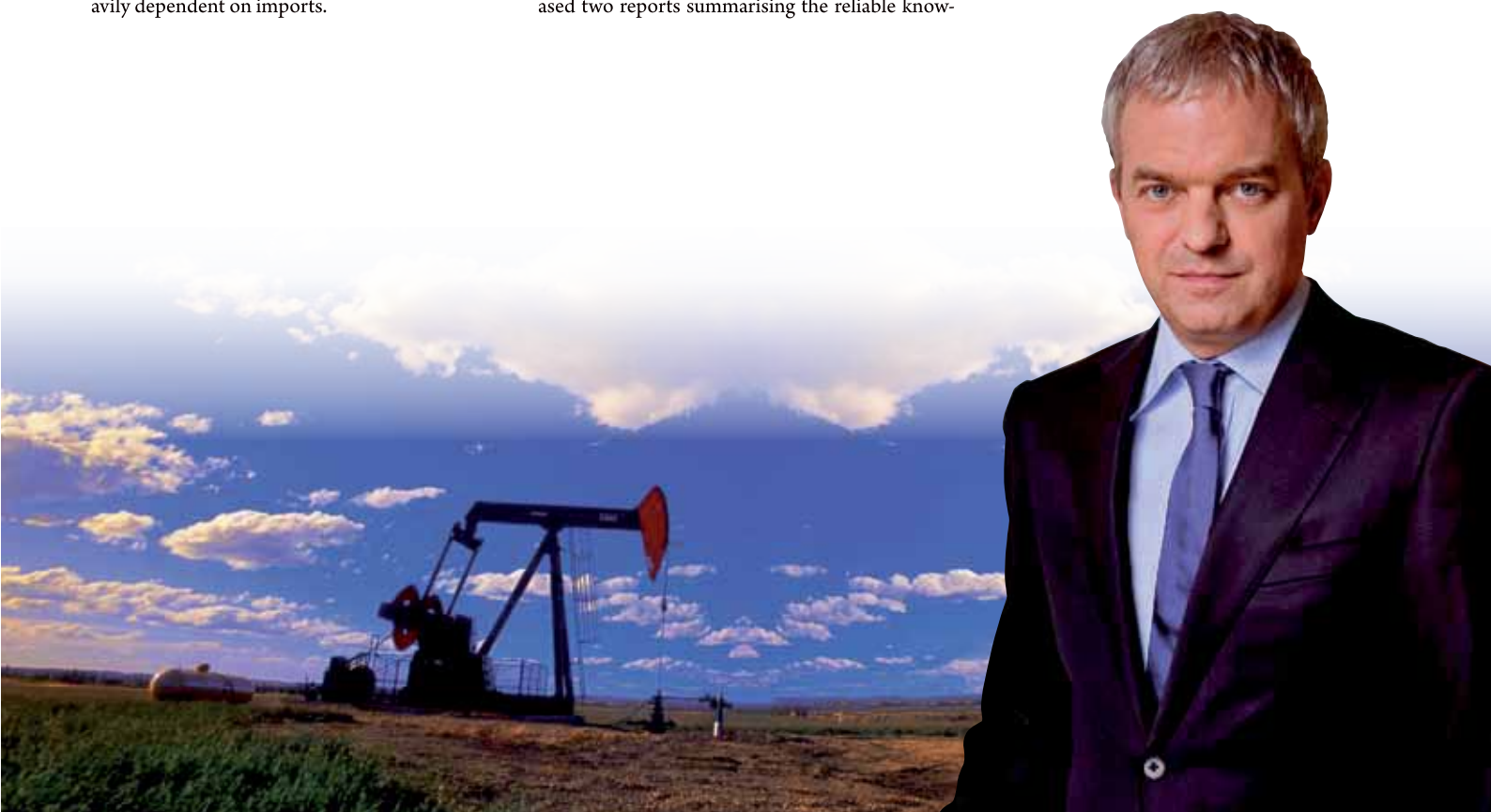
For many months now, speculations about Poland's unconventional gas potential have stirred the imagination of scientists, economists, journalists and politicians alike. Not without reason. According to various estimates by reputed research centres and institutions such as the US Energy Information Administration (EIA), Poland's shale gas resources may amount to 5 billion cubic metres. Experts reckon that our shale gas may be a major game changer both on the Polish and European gas markets. The need to extract gas from shale reservoirs is all the more pressing given an expected increase in gas consumption on the Old Continent by 90 billion cubic metres over the next few years, with a concurrent decrease in gas production by more than 100 billion cubic metres. The conclusion is that Europe's failure to unlock its shale gas potential will make it even more heavily dependent on imports.

PKN ORLEN is actively involved in shale gas exploration, and hence our largely practical approach to the issue. Seeking to become a leader of shale gas exploration projects in Poland, we do not lose sight of the risks incidental to the production process. First of all, we are aware of the environmental challenges associated with the whole upstream process, from exploration to extraction of unconventional gas. That is why we consider the possible environmental impacts at every stage of the process. We make sure to comply with the stringent requirements of the Polish and EU laws and meet all the environmental standards the compliance with which has been declared in our licence applications. In addition, we were the first in Poland to attempt to systematise the available knowledge and information relating to shale gas exploration and production, as we've already released two reports summarising the reliable know-

ledge accumulated by the industry through years of hands-on experience working on projects in various parts of the world.

In Poland, the exploration for and appraisal of unconventional gas deposits have only started. We still have a long way to go before shale gas production can be launched on a commercial scale. Will the discovery of shale gas in Poland prove such a watershed for the European gas market as the launch of oil production from the Ekofisk field on the North Sea did in 1971? The next five years should provide a conclusive answer to the question whether Poland stands a real chance of becoming Europe's gas tiger.

Jacek Krawiec
President of PKN ORLEN



ORLEN Upstream Sp. z o.o. is owned by PKN ORLEN S.A., a leading oil corporation in Central and Eastern Europe, and the largest one in Poland. The core business of ORLEN Upstream includes: exploration for and appraisal of hydrocarbon deposits, production of crude oil and natural gas and provision of oil and gas field services. Currently, the company holds six licences under which it may explore for unconventional gas in Poland. Some of them have entered the third stage of exploration and appraisal work, which includes the design of appraisal wells. By the end of 2012, the company plans to drill six exploration wells targeting shale gas plays.

BROUGHT TO YOU BY PKN ORLEN

POLAND'S SHALE-GAS GOLD RUSH

Investment in shale gas in Poland will ramp up in the coming years – but whether production will be commercially viable remains to be seen

International companies have been flooding in to Poland in hopes of striking shale gas – a type of natural gas trapped in shale deposits deep underground. It's little wonder. Poland's shale gas reserves have been estimated at between 1.5 and 5.3 trillion cubic meters (tcm) – that's enough to fulfill Poland's domestic gas needs for over 300 years, at current consumption levels. So instead of importing much of its natural gas from places like Russia or Central Asia, Poland could actually become a net exporter.

"The geological perspectives are excellent in Poland," said Parker Snyder, executive director at Cleantech Poland, a consultancy company that aims to play a role in decreasing Poland's dependency on coal.

"There are large continuous seams from around Gdańsk in the northwest to the Lublin area in the southeast, most of them of good quality. The key issue is making the exploration and excavation commercially viable," he added. In Mr Snyder's estimation, that could happen in five to 10 years.

Plenty of international firms, as well as Poland's domestic oil and gas giants, intend to do just that. British firm 3Legs Resources announced in June 2011 that it had discovered high concentrations of shale gas in Łebień, in northern Poland. It was the first reported successful endeavor since drilling activity had begun in Poland a year earlier. Deposits of shale gas were discovered soon after by Poland's natural-gas monopolist PGNiG near Kutno, in central Poland. PGNiG was also expected to start test-drilling shale gas formations in Pomerania in August 2011.

Other multinationals working in Poland's shale basins include Chevron, ConocoPhillips, ExxonMobil and Marathon Oil from the US, San Leon Energy from Ireland and Realm Energy International from Canada. The main service companies involved in the drilling and exploration at present are Haliburton and Schlumberger, working with operators such as PGNiG and Lane Energy.

ROAD BLOCKS

The key issue for shale gas production in Poland is how to get that gas to other markets, Gregorz Pytel, European Commission Advisor and Senior Expert at Poland's Sobieski Institute, said in a speech on the topic in Vienna.

Mr Pytel pointed to the fragmented demand for natural gas in Central and Eastern Europe, with Poland at 15 bcm per year, Finland at 9 bcm, the Czech Republic at 9 bcm, Slovakia at 6 bcm, Lithuania at 4 bcm, and Sweden at only 1 bcm.

"The problem is the market fragmentation," he said. "Europe has no route to transport significantly from north to south."

Then there is the actual amount of shale gas available. Stanisław Rychlicki, chairman of the supervisory board at PGNiG, told the

Natural Gas for Europe web site that it was difficult to estimate the company's recoverable resources, emphasizing that the numbers being thrown around these days are "just estimates." Indeed, as *Trendbook* went to print, the Polish Geological Institute had yet to release its own official estimate on the amount of shale gas in Poland.

"Risks include the unrecognized geology of gas shales, [as well as] urbanization of the area on which occurrence of unconventional gas is expected. We have more than 40 percent of environmentally protected areas in Poland, which is a problem for exploration and production," Mr Rychlicki added.

There is also limited access to sufficient water in Poland, which means "having 10,000-20,000 cubic meters of water could be a problem," he said.

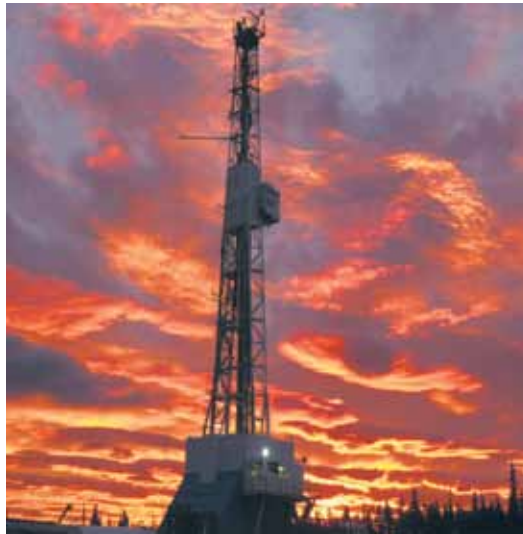
High capital costs, lack of proper technologies and uncertainty concerning gas prices are all additional dangers, according to Mr Rychlicki, who said that, despite all of these risks, PGNiG hopes to be an exporter to other countries of the EU.

Indeed, despite the unknowns and the hills to climb, the payoff could be huge. As energy use worldwide grows and alternative energy sources are sought, companies are banking on increased demand for natural gas. If they want to find out if they can make shale gas extraction from Poland profitable, they will have to continue exploring – and investing – over the next several years.

Ernest Wyciskiewicz, energy security expert at the Polish Institute of International Affairs (PISM), sees a long road ahead.

"Finding shale gas is only the first step. That whole story has just begun."

Jo Harper





Warsaw Stock Exchange president Ludwik Sobolewski celebrates the WSE's debut, November 2010

THE WSE LOOKS TOWARDS THE FUTURE

By **Remi Adekoya**

The Warsaw Stock Exchange is one of Eastern Europe's biggest success stories, but what are its plans for future development in an uncertain global environment?

In April, the Warsaw Stock Exchange (WSE) celebrated its 20th anniversary after registering 45 initial public offerings during the first quarter of 2011, the highest number of any European bourse.

The exchange accounted for 47 percent of all European listings in Q1, according to PwC's "IPO Watch Europe" report. True, in terms of value, the WSE accounted for just four percent of the total amount. With half the number of IPOs, the London Stock Exchange was responsible for 61 percent of the value of all European debuts. But the dynamic observed in the first three months of the year is indicative of how far the WSE has come in the last 20 years and how much growth it still has on its side.

Regionally, Poland's bourse has become the undisputed leader. The WSE now has a market capitalization of €144.6 billion, while former CEE powerhouse, the CEESEG exchange in Vienna, is

valued at €86.6 billion and the Prague Exchange at €35 billion, according to figures from a July 2011 Federation of European Securities Exchanges (FESE) report. The WSE currently lists over 400 firms and is without a doubt one of Eastern Europe's biggest success stories, not the least for its own successful IPO last year, which attracted 320,000 individual investors.

CHANGING TIMES

Things have changed since the exchange held its first trading session in 1991. Back then the bourse had five listed companies, all of which were formerly state-owned firms that had been privatized. The privatization of hundreds of state-owned firms has indeed helped fuel the growth of the exchange over the past two decades, but the number of firms left to privatize is now rapidly dwindling.

Another factor which has been important to the WSE's growth was the 1999 reform of the pension system, which placed 7.3 percent of workers' salaries in the hands of private pension funds (OFEs). They, in turn, invested heavily on the WSE. But the present government's decision to slash the amount of salaries' going into the OFEs from 7.3 to 2.3 percent will reduce this investment channel as well.

So what does the future hold for the Polish exchange? The 20th anniversary celebrations proved a good occasion for soul searching. Ludwik Sobolewski and Wiesław Rozłucki, respectively the WSE's current and founding presidents, gave the question some thought during a debate on the occasion.

EMBRACING THE EAST

One important element that surfaced was that the exchange should broaden its geographic horizons, with a particular focus on the east.

"We have to expand the activities of the exchange and not only service the Polish economy, as national exchanges have now become anachronistic," said Mr Sobolewski. "We need to increase our strength in the region and gradually move the market eastwards towards countries like Ukraine and Belarus," he added.

The WSE's efforts to attract Ukrainian firms have already started to bring concrete results. In August 2011, 10 Ukrainian companies were listed on the exchange. Most were firms dealing in agricultural and food products but the list also includes Coal Energy and Sadovaya, both coal mining companies based in Ukraine.

According to analysts there is potential for many more Ukrainian firms to join the WSE. Evidence of this expected increase is a special index which was launched on May 4, solely for Ukrainian firms. Called the WiG Ukraina, it is the first of its kind in Europe, listing Ukrainian firms which have their headquarters in Ukraine or which do most of their business there. A minimum 10 percent free-float is required from firms in order to be listed on the index.

Also in March this year, food company Kernel Holdings became the first Ukrainian firm to be listed on the WIG20, the index reserved for the largest and most liquid firms on the bourse. It joined Polish banking giants PKO BP and Pekao, miner KGHM, refiner PKN Orlen, insurer PZU, utility PGE and telecom Telekomunikacja Polska, among others. Kernel Holding had a capitalization of zł.1.5 billion when it launched its IPO on the WSE in 2007. That figure now stands at zł.5.1 billion. Analysts are optimistic regarding the bourse's involvement with Ukrainian companies. "The Ukrainian market is underdeveloped and is not business-conducive," said Przemysław Kwiecień, chief economist at X-Trade Brokers. "As long as this lasts, the WSE will continue to be a very interesting option for them."

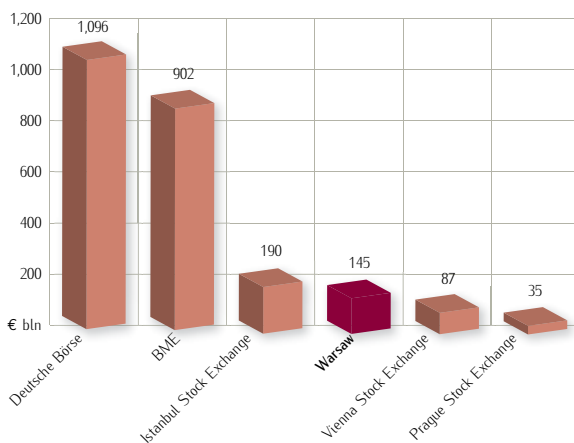
Cezary Nowosad, an expert on capital markets at the Business Center Club (BCC) made a distinction between the different eastern markets.

"I don't believe in cooperation with companies from Belarus, but I believe there are good opportunities with Ukrainian companies and maybe Romanian companies," he said.

The WSE president, however, said that although he wasn't excluding the option, another country-based index was likely not on the cards in the near future, but that a region-based index was "tempting," although certain material conditions had to be

Capital leaders

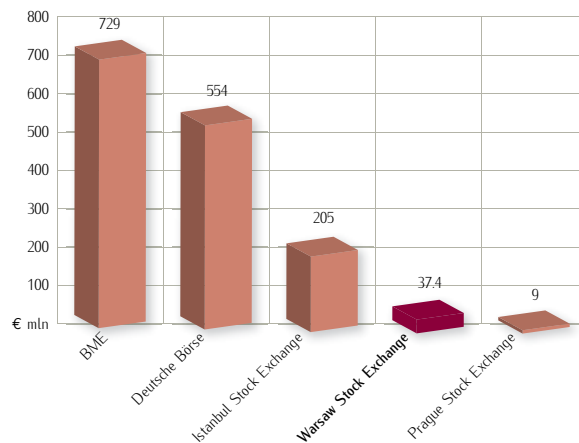
Market capitalization of selected European stock markets (€ billions, July 2011)



Source: FESE

Equity values

Value of equity trading year to end of July 2011 (€ millions)



Source: FESE

fulfilled first.

LURING WESTERN SMEs

The WSE has also been working hard to attract large CEE firms, which Mr Sobolewski termed as “medium-sized” by Western European standards, pointing to Slovenia’s second-largest bank Nova KBM, which had its debut on May 6, as an example. Small and medium-sized companies from Western Europe constitute another untapped and potentially profitable segment for the bourse.

While Mr Sobolewski admitted he did not believe the WSE would be able to list big firms from say, France or Germany, he did think it might have a chance to attract smaller firms from those countries.

“With the consolidation going on between the biggest bourses, I don’t believe smaller German firms, for instance, will be getting the kind of visibility they would like, so I think we have a chance there,” Mr Sobolewski said.

But analysts do not share this enthusiasm, and seemed more skeptical regarding the WSE’s capacity to attract small and medium-sized Western European firms.

“The global picture is unclear. A few years ago, people predicted that mega-exchanges would have appeared by now, but they haven’t. Rather, smaller alternative exchanges have popped up,” said X-Trade Brokers’ Kwiecień.

“I don’t believe in such a rapid merging process, I think investors will prefer to stay local, in markets that they know.”

He added that the Polish market was poor in equity, which makes it less interesting for bigger foreign firms from a capital point of view.

“But they might be interested in being on the WSE just to have a recognizable presence in this region,” he conceded.

The BCC’s Cezary Nowosad also thinks the WSE’s chances of attracting SMEs from the West are slight. He pointed to the fact that they have investors in their own markets and that even if they were to choose alternative exchanges, they would more likely opt for the LSE’s alternative AIM exchange.

“The growth potential of the WSE is strictly connected with its stakeholders. It has no stakeholders who are big players, so it will have to fight hard for its place on the market,” he said.

LOCAL DIFFICULTIES

Decisions at the national level also impact the WSE, not least the changes to the pension system. In assessing the reform’s impact on the financial market however, the exchange’s Mr Rozlucki was cautious. He said that while the move has not been positive for the exchange, the market was aware of what was going to happen at least a few months beforehand and as a result had prepared itself for the blow.

“However, it will take some time before we see the real effects of these changes,” he added.

“National exchanges have now become anachronistic”

Another element that could be holding the exchange back from exploiting its full potential is regulation that experts says is still too burdensome and too complicated.

“Due to over-regulation, there are many financial transactions that just don’t happen in Poland,” stated Wojciech Sadowski, managing director of CAIB Poland at a conference on the WSE’s future potential as a regional financial hub.

Mr Sadowski mentioned short-selling as an important example. Although theoretically possible in Poland for many years, “due to all the rules surrounding it, it has been a very unpopular transaction,” he said. According to him, supervision on the part of regulators needs to be reduced, and he hoped a recent relaxation in the short-selling regulations would encourage investors.

The need for a friendlier climate for investors was also a crucial point for Jacek Mierzejewski, chairman of the Custodian Banks Board in Poland, who agreed that a different regulatory atmosphere has to be created.

“If we really want to be a regional financial center, we must create the climate for innovative and competitive regulations,” he said. “Instead, we usually just adjust our laws to conform to those of other [countries] rather than improving the ones we have.”

THE PATH FORWARD

In today’s volatile environment, it is difficult for anyone to predict the future of financial markets. Mr Sobolewski therefore said that the WSE’s strategy should be “flexible” so that it can adjust to unexpected changes in the market.

But one thing is clear: markets today are increasingly globalized, and technological solutions are being standardized, as are regulations and procedures, especially in the wake of the recent global financial crisis.

The WSE has come a long way and is in a good position to weather future turmoil. But to thrive it must continue to grow and modernize ❁



BANKS FACE SLOW CONSOLIDATION

Expect slow but steady consolidation in Poland's banking market

The banking sector in Poland has something to shout about – its customers are the happiest in Europe.

At least that's the finding of a study by Ernst & Young published in 2011, in which 73 percent of retail customers in Poland would give their bank a mark of four or five out of five.

This is excellent news for an industry which, as Marcin Materna, director of the analysis department at Millennium Dom Maklerski said, is driving hard to attract new customers by offering competitive rates.

The risk is that existing customers can feel let down if only newcomers get the best deals. When those customers do switch to a new bank, it's usually because there is a significantly better offer elsewhere, said Iwona Kozera, managing partner, financial markets group at Ernst & Young Poland. She put the positive outlook of Poles down to the banks' ability to steer a relatively clear path through the global economic storm.

Ms Kozera said this was mainly due to the fact that the banks were less affected by the crisis than their parent companies and other global financial brands.

Other analysts have broadly agreed with this. Lower exposure to high risks, and a perception that there is room for growth in the Polish banking market continue, in the opinion of Mr Materna, to make it attractive.

FOREIGN DOMINATION

The banking sector in Poland, although dominated by state-owned PKO BP, is in fact a huge market for foreign investment. PKO's main competitor Pekao, as well as Millennium, BZ WBK, Citi Handlowy, ING, Kredyt Bank, Raiffeisen Bank Polska and BRE Bank, are all in the hands of non-Polish firms. In fact, around 70 percent of the asset value of the industry in Poland is foreign-owned, according to PKO's president, Zbigniew Jagiello.

Maciej Barański, an analyst with Dom Maklerski BZ WBK, said that while foreign parent companies of Polish banks had suffered in the recession, they were in general satisfied with the results of their Polish operations, and they are not likely to be leaving the market any time soon.

Consolidation of the sector is likely – but Mr Barański was among those who either believed the time frame for this was still very open or that it would be a very slow process.

"With the situation in the banking sector generally stabilizing, it is less likely we'll see other foreign banks being forced to sell in the near term," he said.

PKO MOVES FORWARD

As market leader, PKO has been actively looking for new acquisitions. It lost the battle to Spain's Santander for BZ WBK, and decided after initial consideration that DZ Bank's Polish assets did not constitute a large enough proposition to be attractive.

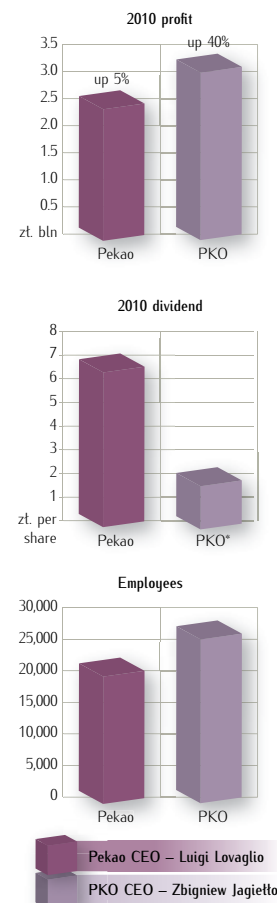
The bank's strategy to 2012 aims to apply the "enormous potential" of the PKO Bank Polski Capital Group to bring about "significant asset base growth while maintaining indicators of profitability at levels aligned with shareholder expectations."

The bank also plans to enhance its portfolio in retail, corporate and investment banking. Whether that enhancement and growth will come directly from new acquisitions is uncertain. Mr Barański said PKO was growing its business at a fast pace, but that he didn't expect it to attempt any takeovers in the near future.

"In Poland PKO has enough critical mass to generate good growth and returns, and [takeovers] abroad do not make much sense given the lack of skill and experience of foreign banking in the management team."

Anthony Casey

The Big Two – PKO vs Pekao



* based on the bank's decision to repeat its 2009 payout of 40 percent of net profit





PHARMA FIRMS IN SEARCH OF REMEDIES

By **Brian Davies**

Polish pharmaceutical companies have proved resilient to change, but must now face new obstacles

Poland's pharmaceutical sector has managed to successfully overcome the transformation from communism and to adapt to the rules of a new market after the country's entry to the European Union in 2004. Pharmaceutical sales have boomed in recent years, benefiting both domestic and international players in Poland. However, challenges lie ahead. As competition heats up domestically and globally, how will Polish companies continue to grow and compete? And how will planned changes to market regulation affect the sector?

Wiedza, która wyjdzie Ci na zdrowie

Produkujemy leki, szczepionki, suplementy diety, ale to nie wszystko. Promujemy wiedzę dotyczącą zdrowego trybu życia i zdrowej diety. Przywiązujemy ogromną wagę do działań upowszechniających profilaktykę zdrowotną. Prowadzone przez nas badania są źródłem cennej wiedzy. Dzielimy się nią chętnie z lekarzami i pacjentami. Dlaczego? Bo lekarz i świadomy swego organizmu pacjent stają się dla siebie partnerami, a proces leczenia przebiega szybciej i skuteczniej.

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PROSPEROUS TIMES

As in the case of drug makers in other ex-Soviet bloc countries, Polish producers have been almost exclusively focused on generics – copies of existing medicines that are generally cheaper than the originals. Today Polish pharmaceutical companies are facing intensifying competition in the generics market, with subsidiaries of large international companies and producers from lower-cost production countries, such as India, gaining a greater share of the Polish market.

In recent years, large international companies have gained significant portions of the Polish market, many of them through sales of high-cost innovative treatments, which have recently begun to be reimbursed by Poland’s National Health Fund (NFZ) in greater numbers. Several manufacturers, such as the UK’s GlaxoSmithKline, Swiss Novartis and French Sanofi-Aventis, have major production facilities in Poland.

Much consolidation has already taken place in the Polish pharmaceutical sector, with many of the former state-owned pharmaceutical factories merged into larger international players. Among them, Polfa Kraków is now part of Israel-based Teva, a leading global generic drug manufacturer. Polfa Grodzisk has been part of Hungarian generics major Gedeon Richter since 2007.

Sales of pharmaceuticals have grown rapidly in Poland in recent years, encompassing all segments of the market – prescription drugs, high-cost hospital medicines and over-the-counter (OTC) products. In 2009, according to figures from the Polish National Health Care System (OSOZ), medicine sales via pharmacies increased by 8.9 percent year-on-year to zł.26.1 billion, in end-user prices. This followed an increase of 11.6 percent year-on-year in 2008.

However, 2010 saw a considerable slowdown in the market’s growth, with total sales of medicines from pharmacies estimated to have grown by only 2.8 percent year-on-year, to zł.26.8 billion. And most analysts are not predicting growth to return to pre-2010 levels soon. The situation is surprising considering the context of an aging population increasingly in need of medication.

TOUGH REGULATIONS

Polish-owned innovative pharmaceutical companies are rare,

and Polish authorities might have a role to play in this. Poland has a reputation for being tightfisted when it comes to reimbursing high-cost innovative medicines. Those are often used in hospitals for the treatment of serious or chronic diseases. As a result Poland is a challenging market for innovative producers, who rely on government subsidies for drugs that few ordinary citizens are able to afford.

Over the last few years, subsidies for these drugs have skyrocketed. Spending by the National Health Fund (NFZ) on cancer drugs increased by 96 percent year-on-year in 2009. But this short prosperous period is coming to an end, as the Polish government sets to rein in the NFZ’s growing spending. This will be achieved through a major new piece of legislation amending the law on health care, which should mark a return to greater drug-budget austerity.

Among the most contested measures that the amendment aims to introduce is a limit on the proportion of overall health-care spending on drug reimbursement (set at 17 percent), and a rule by which producers will have to pay back the NFZ for anything it spends in excess of this limit.

Professional organizations expect this to have an important impact on their operations and have condemned the measure.

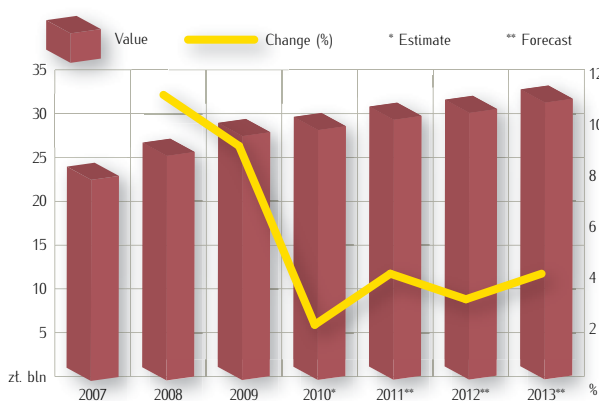
The Employers’ Union of Innovative Pharmaceutical Companies (INFARMA), whose members include some of the largest players in the Polish market, such as Sanofi-Aventis, Novartis, and Merck, expressed its concern about the consequences of placing a strict limit on expenditure on pharmaceutical reimbursement.

“We understand the intentions of the Ministry of Health regarding the rationalization of expenditure on medicines,” INFARMA general director Paweł Sztwiertnia said. “But the Ministry should also not make the situation worse for Polish patients, who already pay the highest co-payments in the European Union, which means that they have restricted access to medicines, and in particular new generation medicines,” he added.

“[The new law] foresees freezing expenditure on drug reimbursement at 17 percent [of total health-care spending] as a consequence of which Polish patients will suffer additional financial pressure, which has been shown in studies by independent

Slow growth in sight

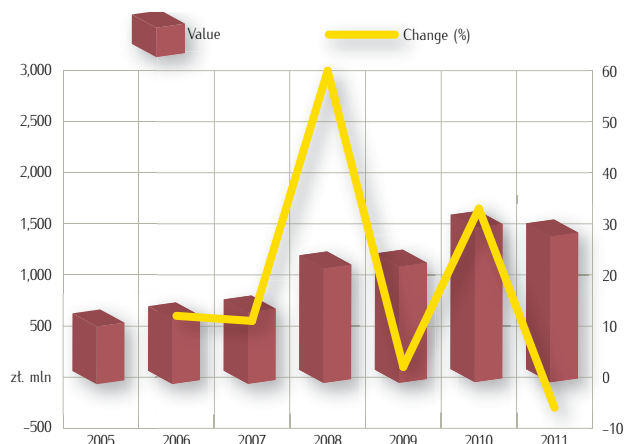
Value (in zł. billions) and growth of Poland’s pharmaceutical market, 2007–2013



Source: PMR ‘Pharmaceutical and healthcare market in Poland 2011’

Short-lived opulence

NFZ spending on drug therapy programs in Poland (in zł. millions) and year-on-year change, 2005–2011



Source: PMR ‘Pharmaceutical and healthcare market in Poland 2011’

research companies IMS and PharmaExpert,” Mr Sztwiertnia explained.

The Polish Association of Pharmaceutical Industry Employers (PZPPF) argued that other “payback” systems in place in Europe are calculated based on annual negotiations and agreements, usually involving pharmaceutical associations, and taking into account the number of patients treated with particular drugs. Crucially, if the limit is exceeded, then these systems allow for a sharing of the risk between producers and payers, explained the association in its newsletter.

“In Poland, however, a ‘guillotine’ payback system is planned for producers – a hundred-percent payback of spending over the limit, and without negotiations.”

With demand for medicines – particularly new innovative ones – growing due to an aging population, as well as increasing expectations from Poles, putting a ceiling on expenditure will have an effect on the Polish pharmaceutical sector’s prospects for future growth. The new measures are expected to hit the margins of both generics and innovative drug producers, but might be harder on the latter.

“The legislation introduces one of the strictest reimbursement systems in the world and it will negatively influence sales of all players on the Polish pharmaceutical market, including Polish companies,” predicted Monika Stefańczyk, head pharmaceutical market analyst at research firm PMR. “But innovative manufacturers will probably lose more, as we do not expect many innovative drugs to be added to the reimbursement lists in the near future,” she added.

CONQUERING NEW MARKETS

With intensifying competition and a tighter regulatory system on its way at home, Polish pharmaceutical companies are placing increasing emphasis on external markets. Expansion plans target mostly other Central and Eastern European countries, but also the Russian Federation and China. High growth rates predicted for these markets give Polish producers – and their potential investors, too – an opportunity to balance out the negative impacts of more intense competition and tighter regulations in Poland.

Polfa Warszawa, one of Poland’s largest drug makers, and currently going through its privatization process, is one example of this trend. “We have a very strong position in the Russian market, where we have been present for many years,” explained Karolina Pokorowska, Head of PR at Polfa Warszawa. Improvements in the company’s results from 2009 to 2010 testify to the success of this strategy.

This activity has led to much greater interest in Polfa Warszawa’s second attempt at privatization. As *Trendbook* went to press, major Icelandic generics producer Actavis was the stand-out bidder. Other bidders included leading Polish pharmaceutical producers Polpharma and Adamed.

Asked whether the company might be planning to expand its presence in Russia through the acquisition of a local factory, Ms Pokorowska hinted that this was a possibility.

“Maybe our new investor will decide on the purchase of a factory beyond our eastern borders – we will see.”

But international expansion has not always been an easy ride for Polish pharmaceutical companies. Polish insulin manufacturer Bioton, for one, has been making a fairly successful

“Poland has a reputation for being tightfisted when it comes to reimbursing high-cost innovative medicines”

retrenchment from overly-ambitious foreign expansion plans. These left the company overstretched, having acquired numerous foreign subsidiaries.

Bioton’s new model for foreign expansion relies instead on tie-ups with major companies in foreign markets. In the past two years Bioton has signed deals with German giant Bayer Healthcare and with GlaxoSmithKline for the distribution of insulin in China and the Russian Federation, respectively. The company has also agreed terms on a joint venture with Actavis for the distribution of its insulin in European Union countries, Japan and China. The deal is likely to further improve the profile of Bioton in the eyes of investors. Its share price took quite a knocking from the disappointments of its previous foreign expansion attempt.

INNOVATIVE HOPE?

Meanwhile, a number of Polish pharmaceutical companies have attempted to buck the trend of focusing exclusively on the production of generics. Attempts to develop innovative drugs and biosimilar drugs – copies of more technically complex and expensive biotech drugs – are emerging.

These are led by companies such as Adamed, a leading investor in research and development in the Polish pharmaceutical sector, which is dedicating considerable resources to developing new innovative medicines. Other examples include market leader Polpharma as well as Mabion, a joint venture of four Polish pharmaceutical firms. The latter is trying its hand at the development of biosimilar oncology drugs, as well as a new innovative biotech oncology medicine, with the help of European Union funding.

PMR’s Monika Stefańczyk was skeptical, however, of the potential for Polish companies to realize their innovative ambitions in the foreseeable future.

“Polish companies try to be innovative, but companies such as Mabion, Adamed and Polpharma are exceptions,” she said. In her opinion, “in the short to medium term, there is little chance to change the fact that innovation is only a very minor part of the Polish pharmaceutical industry.”

That leaves a mixed picture for Poland’s pharmaceutical industry going forward. The hope is that foreign expansion and greater innovation will add up to a prescription for growth. ✱



OUTSOURCING GOES HIGH-END

By **Gareth Price**

To keep outsourcing capital flowing in, Poland needs to attract more advanced investments

While Poland is widely considered to be one of Central and Eastern Europe's preeminent destinations for outsourcing, many within the industry worry that other European countries with lower costs could soon pose a real threat to its ability to win outsourcing contracts.

Cross-border outsourcing, or offshoring, involves corporates transferring business processes to a third-party supplier in order to streamline operations and reduce expenditure. The ability of third parties to carry out the required services at the lowest possible cost is therefore of critical importance.

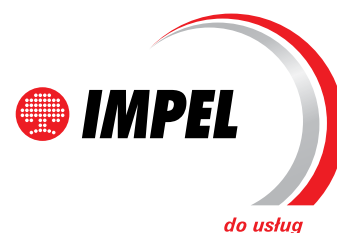
Poland's economy is developing at a relatively fast tick, and wages are rising – albeit slowly recently – meaning the costs borne by outsourcing investors are growing. This has got industry insiders spooked. If costs rise too high and too fast, so the thinking goes, multinationals could choose to bypass Poland in

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favor of other, cheaper destinations, when they come to make outsourcing investment choices.

But thankfully for Poland there are different levels to the outsourcing game. The country's experience and know-how mean it is in a strong position to attract more advanced offshoring contracts, for which investors focus less on the cost of a labor force and more on its capabilities.

COMPETITIVE ADVANTAGES

Poland's track-record for attracting outsourcing investments is impressive. A large number of major Western multinationals, including IBM, HP and UBS have already opened Shared Service Centers (SSC) or Business Process Outsourcing (BPO) sites in the country.

In total, over 200 companies have chosen to locate BPO and SSC services in Poland and more than 40,000 jobs have been created as a result, according to a 2010 report by PwC.

But why did these firms choose Poland? The country has a number of key competitive advantages when it comes to attracting outsourcing contracts. Experts and investors alike often tout Poland's skilled, well-educated and multilingual workforce as being a major incentive for large multinationals.

Poland also offers significant advantages in other key areas: it is located in the heart of CEE, its population is the largest in the region and its average age is far below that of the EU.

THE FUTURE

According to experts, Poland's solid fundamentals and its experiences as a BPO destination are likely to give it an edge in the next few years. Simply put, the country has matured as an

outsourcing destination and increasingly finds itself able to accommodate more advanced outsourcing services.

"It is a natural progression that Poland would move on to higher-end processing, in the areas of knowledge process outsourcing (KPO), research & development and other areas such as leasing, legal and health-care process outsourcing," said Paul Jasniach, senior manager at PwC.

"Poland does not need to sell itself like Romania or the Far East – it's a proven location," he added.

Jacek Levernes, vice president GBS EMEA & managing director GeBO at technology company Hewlett-Packard (HP), agreed, saying that Poland will likely develop a number of new advantages as an outsourcing hub.

"[Poland will] focus on the value of more complex transactional and administrative services as the largest nearshoring destination in Europe," he said.

The country will also be able to increasingly host the "fast-growing advanced business services segment including, for example, decision support, KPO and process improvement," he added.

Poland also still offers investors a number of winning attributes in the BPO and SSC sectors, where it is in direct competition with lower-cost destinations.

"Poland is still very competitive in the BPO/SSC space, and although it may have higher costs than Romania, the premium is there for a reason, as companies are paying for better infrastructure and a more experienced labor force," said Mr Jasniach.

Polish universities, meanwhile, are now more able to provide the intellectual input needed for the country to move up the outsourcing chain.

"The large number of academic cities will diversify [their] activities in BPO centers," said Paweł Panczyj, an advisor at Ernst & Young Business Advisory.

Poland also offers a "much higher-than-expected level of skills and education," he said.

He added that 80 percent of outsourcing companies in Poland redefine and enlarge the scope of their outsourced activities after their first year of operations, enabling them to grow and offer new services. This has created a complex and deeply-entrenched outsourcing network within the country.

WAGE PRESSURES

But all this comes at a price. Wages, which are generally considered to lag behind GDP growth, are growing in Poland. For now, the critical mass of companies in a large number of cities will keep them under control for at least three years, Mr Panczyj said.

"Later it may be a different story," he added.

If wages do rise significantly, experts say Poland is likely to lose out on contracts for the more basic outsourcing operations to other, lower-cost locations. However, the country's ability to accommodate more advanced outsourcing contracts, which require highly-qualified staff to do high-value work, means Poland may well have the tools to compensate.

"To 'root' the presence of companies in Poland it is necessary to show to them that Polish people do not only have skilled hands but also heads," said Mr Panczyj.

"If we get more complex activities centers we will be safe, as it is much easier to close a factory than an R&D center, where skilled minds are much more difficult to relocate than just skilled

hands.”

In addition, wages in Poland are, and will for a long time be, much lower than in Western Europe. Some industry players even say that wage levels in Poland will not rise much above those in countries seen as posing a threat.

“The difference in wages might come down to 60 percent for Poland and 70 percent for other locations in CEE [versus Western Europe],” said Aleksandra Bigda, from the Economic Promotion Department at the Polish Information and Foreign Investment Agency (PAIiZ).

“This slight difference in favor of new EU member states – from the perspective of corporate HQs – might easily be counterbalanced by the quality and experience of Polish human resources,” she added.

However, according to HP’s Mr Levernes, Poland will still find it difficult to remain competitive on wages, particularly as its economy continues to expand and its workforce becomes more skilled and more valuable across the board. Poland, he said, will somehow need to provide a steady supply of increasingly educated workers “while ensuring that costs do not go up too quickly.”

The development of shared-services centers, which limit costs and increase efficiency by consolidating operations used by a range of different divisions within a single center, is one increasingly common strategy used by firms to keep costs down. Ernst & Young, for example, recently opened a new shared-services center in Wrocław.

THE A.T. KEARNEY GLOBAL SERVICES LOCATION INDEX, 2011 (SELECTED EUROPEAN COUNTRIES)	
COUNTRY	TOTAL SCORE
Estonia	5.51
Latvia	5.46
Lithuania	5.43
UK	5.41
Bulgaria	5.37
Poland	5.23
Romania	5.21
Germany	5.20
Hungary	5.11
Czech Republic	4.98
Ukraine	4.95
Slovakia	4.91

Source: AT. Kearney

CASE STUDY – BROUGHT TO YOU BY SWEDECENTER

THE CONCEPT OF ECOLOGY IN OFFICE PARKS – BUSINESS GARDEN PROJECT

In addition to social responsibility of developers whose industry emits approximately one third of the total CO₂ emissions to the atmosphere, the use of pro-environmental solutions also brings financial benefits for the buildings’ users. They are often unnoticeable since they result from a number of co-dependent factors and are measurable only in a long-term perspective.

Ecology is now one of the trends whose widespread nature is not harmful. Just the opposite – it constitutes a development trend not opposed to but cooperating with the natural environment. One of the barriers is the need to make savings. Wishing to realize truly sustainable and balanced development ideas, developers use high-budget solutions often featuring the state-of-the-art and by the same not cheap technologies.

A supreme goal and value added of such projects is, however, the development of a facility in which the technological regimes and the operation policy will guarantee that with the lapse of time the building will not require unexpected maintenance work and the more effective energy consumption will result in lower operating costs. To this end, certain protocols are used which describe in detail the requirements imposed on investors with respect to the use of materials and the buildings consumption of energy resources.

There are several most-popular programs for green office buildings which are simultaneously used in the world. They all have a common goal – to be granted a recognized certificate confirming that they meet certain environmental norms. The most popular types of such certification include: British BREEAM, US LEED, Australian Green Star and French HQE.

In Poland the most common certification is the US LEED, considered by many investors as the most transparent. The LEED certification consti-

tutes a multiple-criteria system of evaluation of development projects in view of the use of pro-environmental solutions. Among the criteria subject to evaluation the following may be distinguished: treating of the project site as a balanced development zone, water, energy and air efficiency, materials and resources being used and quality of the internal environment. Studies conducted in the US demonstrated that savings stemming from the so-called “green buildings” reach 25–30% of recovered energy. They offer better ventilation, temperature control and illumination systems as well as reduced air contamination levels.

Solutions compliant with the LEED certification thus confirm savings possible to be achieved in the longer perspective, hence they are more frequently used by long-term investors such as SwedeCenter, forming part of the Inter IKEA group which is currently developing several environment friendly projects in key locations in Poland. Unlike most developers SwedeCenter often keeps the projects developed in their ownership for a long period, therefore long term tenant friendly solutions need to be applied.

One of SwedeCenter’s most prominent projects is an ecological office park concept called Business Garden, being developed in Warsaw, Poznań and Wrocław. Ultimately, such complexes are to offer approximately 300,000 square meters of office space characterized by the top environmental standards. The developer is also developing an ecological downtown office project in Szczecin, called Brama Portowa.

When caring about the natural environment developers thus have a chance to improve their financial condition and simultaneously contribute to the creation of healthy working environment for future occupiers of their offices. ♦

LOCATIONS

Wrocław itself is seen by many as Poland's second city when it comes to outsourcing. It is Kraków which is still Poland's number-one outsourcing destination. Poland's cultural capital hosts some of the world's largest corporations, including Capgemini, HCL, Hewitt, LogicaCMG and Philip Morris International.

Crucially, the city is able to provide a steady stream of well-qualified, multilingual graduates from the AGH University of Science & Technology and the Kraków University of Technology.

Nevertheless, the predominance of Kraków and Wrocław in Poland's outsourcing constellation is not necessarily to be lauded. If Poland is to increase its overall competitiveness as an outsourcing destination, the country's secondary cities will need to get in on the act by improving their investment environments.

"I think as an industry matures and improves, the expectation will be that service quality improves, but costs fall. This can mean companies look further east [of Poland]," said Mr Jasniach.

He also mentioned, however, that outsourcing firms and therefore those looking to outsource could potentially choose Poland's secondary cities instead.

Locations such as Lubin, Katowice and the Tri-city conurbation, which comprises Gdańsk, Gdynia and Sopot, have all managed to attract foreign outsourcing investments, although some have been more successful than others.

Tri-city, in particular, has become an important Polish outsourcing destination. Initiatives such as the Thomson Reuters financial-banking program at the University of Gdańsk, and the University Competence Center created by IBM and the Technical University of Gdańsk, have helped the city to capitalize on both its higher education system and the willingness of its universities to adjust their curricula to the needs of the market.

The city's transport infrastructure and office facilities, meanwhile, are both being modernized apace.

"The high quality office space market is growing nearly every month. That means that the office-space offer should be wider and much more attractive than in other destinations," said Alan Aleksandrowicz, president of the Gdansk Economic Develop-

ment Agency.

"Gdańsk is in a great process of improving its infrastructure," Mr Aleksandrowicz said.

The under-construction A1 highway, which will link Gdańsk in the north with the Czech Republic in the south via Warsaw, and the ongoing expansion of the Gdańsk Lech Wałęsa Airport, are just two examples of this.

Costs, meanwhile, are lower than in some of Poland's best-known outsourcing destinations, while value for money is high, according to Mr Aleksandrowicz.

"Wages are still on a very competitive level while the quality of human resources is at the top level. The labor force is inexhaustible," he said, referring to the 100,000 students and 750,000 inhabitants of the Tri-city conurbation.

"Gdańsk is considered a fresh market – able to eagerly welcome new investors," he added.

Whether other Polish cities will follow Gdańsk's lead in making up on ground lost to Wrocław and Kraków remains to be seen. That they do, say experts, will be crucial in ensuring Poland keeps winning BPO contracts.

POLE POSITION

While Poland will, in the long-term, remain an important destination on multinationals' outsourcing map, it could become significantly less attractive than at present if wages rise too high, too quickly.

"I think the risk of losing already-established investments is smaller than the risk of new investments selecting Romania over Poland purely from a cost perspective," said Mr Jasniach.

But although some corporates may decide to bypass Poland on some projects, Polish experience and skill in sectors prized by outsourcing firms should increasingly give it a strong competitive advantage. Wages are still low in Poland compared to the West, while skill levels and know-how place it high in comparison to many of its European emerging market competitors.

So for the immediate future, Poland looks set to remain an attractive proposition for outside investment. ❁



RETAIL INVESTMENT'S SECOND WAVE

Secondary cities are set to see a surge in mall construction and retail real estate investment in the coming months

The Polish retail property market will see a wave of fresh investment over the next year, with real estate developers and investors having launched or announced the start of a bevy new investments across the country. The bulk of these developments will be located in regional urban centers, many of which are still plagued by a serious shortage of modern retail space.

After a slowdown in development activity caused by the outbreak of the global financial crisis in 2008, an increasing number of projects are obtaining financing and entering the construction phase. As a result, the volume of new annual supply is set to increase significantly within the next few years.

According to Colliers International data, by mid-2011 construction was under way on more than one million sqm of retail space in Poland, 700,000 sqm of which was scheduled to be completed by the end of the year. That would make for a huge increase over 2010, when developers delivered some 460,000 sqm of modern retail space to the Polish market.

REGIONAL BIAS

New projects are now mostly located in mid-sized regional cities, many of which have, until recently, remained empty spots on Poland's retail property map. In the country's main urban centers, relative market saturation now means increased risk in terms of project commercialization, said Przemysław Błaszkiwicz from the valuation department of Colliers International Poland.

The numbers show the trend clearly. In the second quarter of 2011, no major retail project was completed in any of the eight largest cities in Poland. On the other hand, deliveries in the smaller, regional cities in 2011 included Opolé's Turawa Park, Radom's Galeria Słoneczna, Leszno's Galeria Leszno, Słupsk's Galeria pod Wiatrakami and Zamość's Galeria Twierdza.

Other cities with populations of less than 400,000 are expected to see new openings in the near future. Major retail projects located in regional markets in the third quarter of 2011 included Galeria Ostrovia in Ostrów Wielkopolski (37,000 sqm of space), Toruń Plaza in Toruń (33,000 sqm), Focus Mall in Jelenia Góra (17,500 sqm) and Galeria Tęcza in Kalisz (17,500 sqm).

"The current increased activity of developers marks a second wave of supply targeted at regional cities and its dynamics allows us to forecast that the retail property market may prove to be the most active sector of the whole real estate market in the upcoming year," Colliers International Poland's Błaszkiwicz said.

He added that the majority of under-construction and planned retail projects are traditional shopping centers. Ongoing or recently completed retail park schemes account for some 110,000 sqm of space while outlet centers, which until recently constituted just 1 percent of modern retail space in Poland, are now increasing their share of the market.

In the face of continued economic turmoil, developers will certainly continue to turn to outlet center schemes, which have fared well in times of decreased shopping activity, Mr Błaszkiwicz said. He pointed to Factory Outlet in Kraków (21,320 sqm) and Outlet Park Szczecin in Szczecin (23,000 sqm) as some of the planned investments of this kind.

INVESTOR INTEREST

Growing development activity has largely been driven by considerable investor interest in retail facilities, Mr Błaszkiwicz pointed out. With their large nominal revenues and relatively long lease deals, shopping centers prove a very good purchase option for funds and other financial institutions seeking safe cash flow, he said.

According to Cushman & Wakefield, the first half of 2011 showed that real estate investment activity in Central and Eastern Europe (CEE) was gaining momentum and could come in at a total of €4.8 billion by the end of the year. Although investors favored offices during that period, retail space was expected to come to the fore.

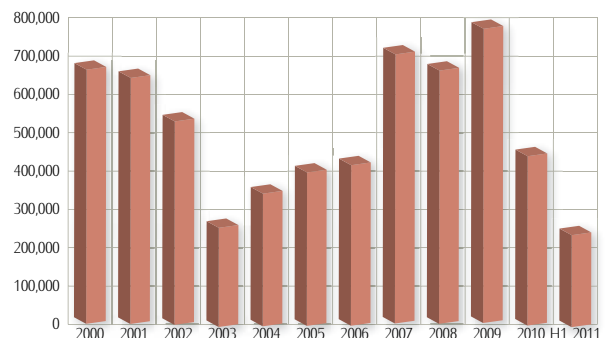
"Investor's sector preferences saw a move to the office sector in H1 2011. We expect this to be short-lived, however, as a significant increase in retail investment activity in recent months will see retail volumes accelerate in Q3 and Q4 as these deals are finalized," the company said in a report.

Direct investment in retail real estate in Europe as a whole amounted to €4.9 billion in Q2 2011, with Poland among the markets that saw increased activity in the period, according to a report by Jones Lang LaSalle. The country's investment volume of €332 million was boosted by several key deals, such as the €171 million acquisition of Warsaw's Promenada mall by Atrium.

"Current investor demand remains focused on the core European markets of France and Germany but we also expect Poland and CEE to witness significant investment volumes by the year end," Jeremy Eddy, head of EMEA retail capital markets at Jones Lang LaSalle, said in a statement.

Adam Zdrodowski

Annual supply of retail space in Poland



Source: Colliers International

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Contact:

www.amcham.com.pl

ul. Emilii Plater 53, 00-113 Warsaw

☎ (+48) 22 520 59 99

@ office@amcham.com.pl



The Belgian Business Chamber (BBC) is an employers' union which brings together Belgians who exercise an economic activity in Poland and Poles who have a strong interest or link with Belgium. For its members, the BBC organizes different networking events such as business mixers, business breakfasts, seminars, conferences and trainings. The BBC is also a forum for exchanging valuable knowledge and experience on how to successfully do business in Poland. Currently the BBC brings together over 80 companies.

Contact:

www.belgium.pl

Al. Jerozolimskie 92, 00-807 Warszawa

☎ (+48) 22 334 98 00

☎ (+48) 22 334 99 99

@ bbc@belgium.pl



The British Polish Chamber of Commerce (BPCC) is an independent, non-for-profit organization which assists in the development of British-Polish business links. The current membership represents the broadest range of industrial and commercial sector firms. The BPCC holds around 75 events annually and partners in over 200 across the UK and Polish regions. The BPCC has established Policy Groups to promote best business practice – often transferring knowledge and experience from the UK – and to encourage structural and regulatory reforms in Poland. The BPCC has promoted business, trade and cultural relations between Poland and the UK since 1992.

Contact:

www.bpcc.org.pl
 ul. Fabryczna 16/22, 00-446 Warsaw
 ☎ (+48) 22 320 01 00
 @ membership@bpcc.org.pl



The German-Polish Chamber of Industry and Commerce (AHK Poland) is the largest

bilateral organization of economic self-governance in Poland and one of the most influential German chambers of industry and commerce (AHKs) in the world. It represents around 1,000 member companies and has been working to develop German-Polish relations for 15 years. The organization's offer includes professional consulting for German and Polish companies, facilitation of contacts between them and finding of trustworthy business partners, as well as market analysis and help in setting up new companies abroad.

Contact:

www.ahk.pl
 ul. Miodowa 14, 00-246 Warsaw
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 @ info@ahk.pl



The Polish-Portuguese Chamber of Commerce (PPCC) is an independent, non-profit organization that

sets out to promote the interests of its membership in respect to the commercial links between businesses in Poland and Portugal. The PPCC engages in activities that promote the development of economic relations between both countries, working to attract investors from Portugal to Poland and vice-versa, encouraging a continuous improvement of competitiveness and facilitating access to new markets for Portuguese and Polish entrepreneurs.

Contact:

www.ppcc.pl
 Al. Niepodległości 69, 02-626 Warszawa
 ☎ (+48) 22 322 76 67
 @ info@ppcc.pl



The French Chamber of Industry and Commerce in Poland (CCIFP) is an employers' association bringing together over 340 French and Polish firms. For 17 years CCIFP has been working for the interests of Polish and French investors by acting as a platform for networking and for the exchange of business experiences and best practices between companies.

Last year CCIFP organized around 100 events such as business mixers, conferences, seminars, meetings with influential politicians and economists, attracting nearly 6,000 participants.

Contact:

www.ccifp.pl
 ul. Widok 8, 00-023 Warsaw
 ☎ (+48) 22 696 75 80
 ☎ (+48) 22 696 75 90
 @ ccifp@ccifp.pl



The Netherlands-Polish Chamber of Commerce's mission is to promote business contacts between our members and between the Netherlands and Poland through events, networking meetings, our magazine, *Bulletin*, and our website.

The chamber's main activities are monthly business drinks, educational services, business breakfasts and lunches and regular meetings with ministers and senior government officials. An interest in the Netherlands is all that is required to join.

Contact:

www.nlchamber.com.pl
 Al. Jana Pawła II 29, 00-867 Warsaw
 ☎ (+48) 22 653 78 85
 ☎ (+48) 22 653 78 74
 ☎ (+48) 501 720 225
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The Scandinavian-Polish Chamber of Commerce (SPCC) is one of the biggest

bilateral chambers in Poland. It was established in 2004 as a merger of Danish, Finnish, Swedish and Norwegian business organizations. These are all now national sections of the SPCC. The main office is located in Warsaw, and regional representatives are present in Kraków, Poznań, Wrocław, Szczecin, Tricity and in Öresund region (Sweden). Membership of SPCC offers not only networking opportunities with an elite group of high-performing managers of Nordic companies, but is also a way of finding inspiration for everyone who would like to expand their own business. At present SPCC has 340 members.

Contact:

www.spcc.pl
 ul. Wiśniowa 40B lok. 9, 02-520 Warsaw
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 @ spcc@spcc.pl



pwc IN POLAND



PwC provides industry-focused assurance, tax, legal and advisory services for public and private clients. We assist clients from various sectors, representing medium-sized and large businesses as well as public sector entities engaging experts from Poland and abroad.

More than 1,500 employees work in our Polish offices in Gdańsk, Katowice, Kraków, Poznań, Warsaw and Wrocław.

Our services include:

- Audit and assurance services
- Accounting and payroll services
- Business restructuring services
- Dispute analysis and investigations
- Human Resource services
- Consulting
- Tax services
- Transactions
- Legal services

We serve as advisors to many business sectors, we also offer specialized services to Dutch, French, German, Korean, Japanese, Russian and Scandinavian speaking clients.

How can help your company?

One of the main issues to be considered when deciding on starting an investment project is to find and evaluate an appropriate investment site. This process may be incidental or intuitive; it can, however, be based on gathered experience, practical knowledge of location success factors, appropriate analysis of essential conditions (various for different industries) or on a combination of all those factors. In order to avoid unnecessary risk related to the process, PwC has developed a unique methodology of choosing an investment site. The methodology is practical and includes, among other things, visiting chosen locations and negotiating with local authorities.

Growing pressure to control costs has encouraged more and more businesses to look for new, more economically viable locations for their manufacturing plants in the east, especially in the new EU member states.

One factor that should not be forgotten in such considerations is the state aid provided to companies. Your company may qualify for such aid as well. Applicants from such sectors as new technologies, strategic services and scientific and research centers which meet certain requirements are offered a range of investment incentives. Your company could gain financial aid amounting even to 50 percent of its value.

Investing abroad includes at least three main stages:

- The pre-investment process
- Investment
- Post-investment care

PwC offers complex services in the entire process.

Having developed various projects, we have gathered practical experience in the process of choosing an investment. Hence we are able to answer such questions as: why, where, when and how to set up a production plant. We know how to find credible information and how to evaluate it and apply it in a project. We understand the entire investment process and we facilitate contacts with local authorities. Such knowledge is essential when considering a particular location. We offer our clients various services: from choosing a location, to cost modeling, compiling and supporting business justification, planning an investment, supporting the recruitment process, assisting with the transfer of processes and overall project management.

Moreover, we help optimize state aid. Our help encompasses the drawing up of all essential applications with required attachments. We also provide support in the negotiation process.

Teams

PwC Legal

PricewaterhouseCoopers Legal Szurminska-Jaworska sp. k. (PwC Legal Services) operates within the global network of firms, uniting 1,900 lawyers working in 75 countries worldwide. Close cooperation between lawyers within the PwC global legal services network enables us to render legal services to our clients on an international scale. PwC Legal Services offers wide-ranging legal support, vital for conducting business successfully. M&A transactions, contracts, employment law, litigation, intellectual property, competition and consumer protection are just a few of the many aspects of business that require appropriate consideration of the legal issues involved. Lawyers from PwC Legal Services combine their knowledge with a practical business approach. We know how important it is to understand the industry specifics. Our lawyers specialize in legal issues related to particular industry sectors, e.g. banking and finance, real estate, public sector and infrastructure, etc. Close cooperation with PwC experts from audit, tax, and business advisory enables us to offer a wide range of services to businesses. All of this is provided under the brand of PwC – a leading provider of complex professional advisory services to entities from both the public and private sector.

State Aid Team

The PwC State Aid Team consists of experienced specialists with knowledge of Polish and EU state aid law. Members of our team specialize in the area of investment incentives, including: direct subsidies co-financed from EU Structural Funds as well as domestic sources, various tax exemptions, soft loans, etc. We maintain a close eye on current developments in the area of state aid at both the European and national levels. Our excellence has been confirmed by a number of press publications, in which our employees express their views on state aid matters.

We offer services with respect to the following forms of state aid: Initial investment incentives; support for employment; tax exemptions in special economic zones; employee training aid; research & development incentives; support for small and medium-sized enterprises; real estate tax exemptions; technology loans; restructuring aid; environmental aid.

Chemicals, Oil and Gas Team

We are able to identify problems which appear at every stage of a company's development and help solve them. As part of our services we have undertaken comprehensive projects for clients representing the following sub-sectors: petrochemicals, agrochemicals, rubber and plastics, paints and coatings, household products and cosmetics, technical gases.

Energy, Utilities and Mining Team

The Team comprises professionals from various disciplines, including financial, accounting and tax. We offer professional services including: mergers and acquisitions, valuation and strategy, transaction services, audit and assurance, financial risk management, tax, performance improvement, business recovery, dispute analysis and investigations.

Financial Services Team

The Financial Services industry group is one of the leading providers of integrated professional services to the world's major financial services institutions, encompassing all sectors of the industry – banking, capital markets, insurance, investment management and real estate.

Pharmaceutical Team

PwC is a global leader in providing professional services to the pharmaceutical industry. Our commitment to the industry is broad-based and includes serving the needs of its key segments, including: proprietary and generic drug manufacturers, wholesalers and distributors, medical device suppliers, pharmacy benefit managers, contract research organizations, and all managed-care organizations.

Real Estate Team

The value of global investment in Central and Eastern Europe is increasing and Poland remains one of the key target countries in the region. Our clients include private and public real estate companies, property funds, banks, investment managers, as well as other businesses servicing the sector and indirectly involved in real estate issues.

Retail & Consumer Team

We are advisors to the largest companies in the retail and wholesale sectors, as well as their suppliers. Our service range comprises financial and operating advice. Our services are consistent with the Accounting Act, International Financial Reporting Standards, and the UK GAAP, the US GAAP, the German GAAP and the regulations applicable in other countries.

Technology, Information, Communications and Entertainment Team

This team combines strategic consulting, change management, information technology and accounting, finance and tax capabilities for global clients. The group offers expertise in such areas as regulatory compliance, deregulation, privatization, financial control, customer care, globalization and market entry.

Transport Infrastructure and Public Sector Team

Our experts from the Team have experience working with ma-

ior public and private organizations, for example in the transportation and logistics industry. Our clients include global and national operators of rail, aviation, roads, ports and shipping services as well as public sector entities.

Maritime Desk

For our maritime sector clients, we have created a Maritime Desk team. Its strength is built by auditors and advisors with specific knowledge and experience in cooperating with global and national deliverers of water transport services, shipyards and ports and providing strategic, financial, and logistics, trade, economic and tax advisory services.

Investigations Team

The Dispute Analysis and Investigations team of PwC has the knowledge and experience necessary to conduct comprehensive fraud investigations. We have performed investigations on behalf of shareholders, management boards, regulatory bodies and other interested parties (e.g. banks or other creditors).

Construction Industry and Construction Materials Team

Our team dealing with the construction industry and construction materials sector has acquired considerable practical experience due to the execution of numerous projects and close cooperation with leading companies in the Polish market. The team includes representatives of various specialties, e.g. financial advisors, accounting advisors and chartered auditors, as well as tax advisors.

Japanese Business Practice

In connection with investments of Japanese and Korean companies in Poland, especially in the Lower Silesia region, we have created teams of experts providing services for Japanese and Korean clients – Japanese Business Practice and Korean Desk.

German Business Group

For our clients from German-speaking countries, we have established a professional operating team of German-speaking experts called the German Desk. The German Desk specialists – experienced Polish and German auditors and tax advisors – speak fluent German and possess an in-depth knowledge of Polish and German regulations. They also have a good command of business culture in German-speaking countries.

Scandinavian Desk

In order to meet the requirements of our clients from the Scandinavian-language area, we have created a team of experts called the Scandinavian Desk, providing audit and advisory services. Its members – experienced Polish auditors and tax advisors – have a wide knowledge of Scandinavian business culture and cooperate closely with PwC experts from Denmark, Finland and Sweden. We help our clients from different sectors – companies with medium and large capital, using the potential of our Polish and foreign experts. ♦

PwC

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GLOSSARY

Burmistrz, Prezydent, Sołtys – Mayor

While the English word “mayor” describes the elected head of any city or town, regardless of its size, Polish makes a distinction. A major of an urban area like Warsaw or Kraków has a *prezydent*, while a mid-sized town will have a *burmistrz*. Villages are headed by a *sołtys*.

Dzielnica – District

Cities are divided into districts (*dzielnice*) and neighborhoods (*osiedla*). In major cities like Warsaw, each district has its own administrative entities which deal with certain administrative and bureaucratic matters.

Gmina – Municipality

The municipality is the smallest administrative division in Poland. There are three types of municipalities: urban municipalities (*gmina miejska*), which consist of one city or town; urban-rural municipalities (*gmina miejsko-wiejska*), which consist of a town and its surrounding villages; and rural municipalities (*gmina wiejska*), which consist of just villages. A municipality can be headed by a *prezydent*, *burmistrz* or *wójt* (head of a rural municipality).

Kodeks pracy – Labor Code

The Labor Code is the legislation that regulates employment conditions in Poland and is a key document for employers in Poland. It dates from 1974, but has been amended many times in the post-communist period.

Kodeks spółek handlowych – Commercial Companies Code

The Commercial Companies Code is the legislation that regulates the legal forms in which entities may conduct economic activities. It also regulates the manner of the day-to-day functioning, restructuring and the liquidation of companies.

Krajowy Rejestr Sądowy (KRS) – National Court Register

The KRS is a public register run by the Ministry of Justice. It comprises three different registers: a register of entrepreneurs; a register of associations, voluntary and professional organizations, foundations and public institutions of social service; and a bankruptcy register. All new businesses must register with the KRS.

Marszałek województwa – Voivodship Marshall

The voivodship marshall is one of the two heads of a voivodship. He or she heads the executive board of the voivodship and is elected by the Voivodship Council (*Sejmik Województwa*). Among other things, the voivodship marshall has the power to act in individual matters and within matters of public administration.

Monitor Sądowy i Gospodarczy –

Court and Economic Monitor

The Court and Economic Monitor is a public journal issued by the Ministry of Justice in which entries in the companies business register must be announced.

Numer Identyfikacji Podatkowej (NIP) – Tax Identification Number

A NIP is a 10-digit identifier which allows tax to be paid. All individuals and economic entities must possess one. It is assigned by the Tax Office.

Państwowa Inspekcja Pracy – National Labor Inspectorate

The National Labor Inspectorate supervises and inspects the observance of labor law in Poland. It is subordinate to Parliament. Among other powers, the Inspectorate has the right to conduct inspections of all employers and of entrepreneurs who are not technically employers but “have natural persons perform work for their benefit.”

Powszechny Elektroniczny System Ewidencji Ludności (PESEL) – Universal Electronic System for Registration of the Population

A PESEL number is the equivalent of a REGON number for physical persons. It is an 11-digit statistical identifier which conveys four pieces of information: birth date, personal identifier number, gender and a “control digit.”

Powiat – County

Counties (*powiaty*) are the second-largest administrative division in Poland, smaller than voivodships and larger than gminas. Important towns and cities function as separate counties and are not subdivided into gminas. These are informally called city counties (*powiaty grodzkie*) or formally called “towns with the rights of a county” (*miasta na prawach powiatu*). Other counties are called land counties (*powiaty ziemskie*).

Each county has a popularly elected council (*rada powiatu*) which handles legislation. In turn, the county council elects a county president (*starosta*), who holds local executive power. The county president heads the county offices (*starostwo*). In city counties, however, the aforementioned offices do not exist on their own. Their authority is instead held by the city council (*rada miasta*), the mayor and the city authorities (*urząd miasta*).

Rejestr Gospodarki Narodowej (REGON) – Register of the National Economy

A REGON number is a nine-digit statistical identifier for businesses issued by the Central Statistical Office (Główny Urząd Statystyczny, GUS). A 14-digit REGON number is issued to local entities whose main branches are located elsewhere in Poland.

Sejm

The lower house of Poland's Parliament. It generally holds more power than the upper house, the Senate (Senat).

Umowa o dzieło – Contract for specific task

A contract for specific task relates to the performance of a specific task/work and is primarily attractive for employers because the tax and insurance contributions are lower than with an employment contract.

Umowa o pracę – Employment Contract

The "standard" type of a contract for the performance of work in Poland is an employment contract. All types of employment contracts require the employer to bear significant tax and social security contributions.

Umowa zlecenia – Contract of mandate

This is a popular form of independent contractor (non-employment) agreement. The key difference between this and an *umowa o dzieło* is that it is usually for the performance of one specific task, such as that of a craftsman. Whether an *umowa zlecenia* is suitable depends on the type of project or work, but it may serve for a longer period of time and involve repetition.

Wojewoda – Voivode

The voivode is one of the two heads of a voivodship. He or she is appointed by the Council of Ministers and acts as its (and the Treasury's) representative in the voivodship. Among other things, the voivode has the power to act in matters of legal oversight concerning local government authorities.

Województwo – Voivodship

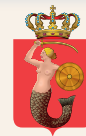
Voivodships are the largest administrative divisions in Poland. Each voivodship also has a popularly elected Voivodship Council (*sejmik województwa*) which holds four-year terms. The number of councilors on each voivodship council varies by voivodship. There are 16 voivodships in Poland today, the outcome of a 1999 reform. Between 1975 and 1998 Poland comprised 49 voivodships.

Zakład Ubezpieczeń Społecznych (ZUS) – the Social Insurance Institution

ZUS, which is controlled by the Ministry of Labor, runs Poland's social security system. Its responsibilities include pension and disability payments, as well as collecting and accounting for contributions to the National Health Fund, the Labor Fund and the Guaranteed Employee Benefit Fund. Employers whose workers are employed under full employment contracts are required to make ZUS contributions.

ADVERTORIAL FEATURE

PUBLIC-PRIVATE PARTNERSHIP PROJECTS IN WARSAW



CITY
OF WARSAW

Underground and multi-level car parks, bus-stop shelters, and the construction of council houses – these are just some of the projects prepared and recommended for realisation as part of public-private partnerships in Warsaw. The capital city's authorities actively use new opportunities for the city's development.

In Poland, only since February 2009 have public bodies been able to realise enterprises in combination with business. In Warsaw, work and analyses on various ideas that might be realised as PPP is being constantly carried out. As some models show, preparatory work may take up to 2-3 years. This work is key to the success of the entire project. Looking at the experience of other European cities, this stage often proves to be the longest one, and, if neglected or omitted, problems appear as early as during the procedure of choosing a private partner.

Currently, the City of Warsaw is preparing several investment projects for implementation together with a private partner. The most advanced project concerns the **replacement of bus-stop shelters in Warsaw** by a private partner. Economic, legal and technical counselling has already been carried out, and negotiations are under way. The first stage of the advisory process has been completed and the market testing procedure, conducted by Ernst & Young, has just started. The advisory process will be finalized by

December 2011 and the tender procedure is due to start by spring 2012. The selected private partner will have to replace over 1,500 bus stops in the capital, and then, for a fixed period, will profit from the sale of advertising space.

The reactivation of certain forms of public transportation on the Vistula River is also planned within the framework of PPP. Work with a consultant on the **adaptation of the historical "Lubecki" paddle steamer** and on capitalising on the Vistula's huge touristic potential has been concluded and, currently, the process of choosing a private party is under way. After the vessel's renovation, the private partner will be able to continuously operate it and make a profit from it.

Another 2 projects are also in progress – the construction of **multi-level underground car parks** situated on city property and the **construction of council houses** in Warsaw. In the case of the latter project, preparatory work is under way and, at the turn of 2011 and 2012, the process of economic, legal and technical consultation should start. Consultation for the construction of underground car parks is continuing.

The next project that will enter the consultation phase will be the extension of 2 hospitals in Warsaw. Also, other projects are being prepared which are to be realised with a private partner, including the construction of school buildings in the Białotężka district. ♦

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