

# WHY POLAND?



Photo: Warsaw by night  
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**WHY POLAND?**

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## Poland – en vogue!

Poland has become a relative winner of the global financial crisis and may now, in the post crisis years, offer a product which has lately been in short supply - economic stability. Numerous companies which until lately have not seen Poland as priority investment location started to take serious interest in the Polish market.

The way Poland is perceived on the international scene changed considerably in the last one and a half year. Poland went up in all possible rankings. Firstly, because the country enjoys an uncommon and a very attractive economic stability and secondly because of the one of the most unique Polish values – human capital. The struggle with the recent economic upheaval helped Poles demonstrate their common sense and optimism. According to Deloitte Poland is the leader among Central European countries in terms of the level of optimism. Stable and dynamic economic growth, sensible business decisions and wise management of public finance became strongly associated with the country not only in political context but also in business.

Poland is a trustworthy and reliable partner for international business. Poland's exceptional business and investment opportunities attract investors from Western Europe as well as from the US and Asia. The growing interest of foreign investors can be observed in the number of projects currently supported by the Polish Information and Foreign Investment Agency (PAIiIZ). As of October 2011, the number of serviced project and their value increased by around and over 10% compared to last year. Whereas the declared number of jobs, created by these investments, increased by more than 40%.

The number and variety of FDI projects located in Poland show that foreign investors from a wide range of industries have successfully been running projects in the country. For years the country has been attracting companies active in, among others, the electronics, BPO and R&D domestic appliances, metal, biotechnology, machine and IT sectors. The Polish economy turned out to be especially friendly to sectors developing in areas in which Poland already has or stands a good chance of achieving long-term success on international stage. Among the sectors which have been experiencing dynamic development and enjoying the greatest popularity there are industries which have a long tradition in Poland e.g. the aviation sector, sectors which require qualified people e.g. BPO sector, industries with a well-developed net of suppliers e.g. the automotive industry and those which have a considerable untapped development potential like the renewable energy sectors.

Yes, in the recent years Poland was among the selected few who bucked the trend of a slowing economy and became trendy. The end of the slowdown proved that it was not a mere passing fashion. Do not miss out on the opportunities. The flourishing Poland is trendy and will remain in vogue like Chanel N° 5 - for years to come.

## Chapter 1. About Poland

Poland is located in the centre of Europe, and this factor alone should be enough to demonstrate the great potential of our country. Poland borders Germany to the west (with a long border on the Oder River), the Czech Republic and Slovakia to the south (mountain borders), and Ukraine, Belarus and a bit of Lithuania to the east (romantic landscapes!). A small, separate fragment of Russia known as the Kaliningrad Oblast borders part of Poland to the north. The rest of the northern border comprises of the golden beaches of the Baltic Sea. The capital of Poland is Warsaw (Warszawa), located almost in the centre of the country.

Poland is a country with a well founded system of democratic government. Our republic is a multiparty democracy with a two chamber parliament. The Head of State is the President, elected by a majority of the voters for a five year term. The upper parliamentary chamber is the Senate, with 100 senators; whereas in the lower chamber the Sejm, there are 460 members. Parliament is chosen by a majority of the electorate for a 4 year term. The state's internal and foreign policy is decided by the government, i.e. the Council of Ministers, whose activities are directed by the president of the Council of Ministers, i.e. the Prime Minister. He is designated by the President, as are the ministers upon Prime Minister's recommendation.

There are more than 38 million Polish citizens. The majority lives in cities. According to European standards, it is relatively young society - 50% of citizens are under the age of 35 -, with about half of the population professionally active (with the greatest number, 8 million, in the service sector, followed by industry and construction, 4 million, and agriculture and forestry with 2 million).

Poland is the biggest politically and economically stable country in Central & Eastern Europe, and that creates chances for successful long-term investment. Poles account for 24 % of the region's population, and produce nearly 40 % of its GDP. That is an indicator of the Polish economy's potential.

According to UNCTAD's World Investment Report 2011 Poland is the 6<sup>th</sup> most attractive investment location in the world. And Kraków is the best location in the category of locations for global services. Poland's significant rise in this year's UNCTAD's Investment Report (6 points up from the 12<sup>th</sup> position in 2010) confirms the country's strong position on the international investment scene. Thousands of foreign companies already profit from investments in different sectors on the Polish market. The key reasons why they have decided to do business here are: strategic location, investment potential and human resources. Another important factor that increases the competitiveness of the Polish economy are investment incentives.

No less important, from the investor's point of view, are the aspects of the quality of life and everyday conditions.



Poland is in the group of countries with the highest degree of social development<sup>1</sup> and is the leader among Central European countries in terms of the level of optimism.<sup>2</sup> Poles are also among the most satisfied with their life nations in Europe.<sup>3</sup>



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Poland is a great country full of opportunities. Its rich culture, traditions and lifestyle make Poland a fascinating, interesting and enjoyable country to live in.

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<sup>1</sup> United Nations Development Program, Human Development Report, 2010

<sup>2</sup> Deloitte, Business Sentiment Index, 2011

<sup>3</sup> European Bank of Reconstruction and Development, "Life in transition. After the crisis", 2011

## Chapter 2. Stable and growing economy

In 2010 Poland was one of the fastest growing countries in the EU. While the GDP of all European countries grew at an average pace of 1.8% in 2010, Poland's GDP increased by 3.8%. The forecasted growth rates for the years to come are also optimistic. According to EUROSTAT estimates, GDP growth in Poland will reach 4.0% in 2011 and 3.7% in 2012. Both of these figures are still much above the growth forecasts for the EU as a whole, which in 2011 is expected to grow by only 1.8% and in 2012 by 1.9%. Avoiding the recession and keeping a reasonable growth rate in recent years have also enabled the Polish government to keep the level of public debt within reasonable limits – in 2010 Polish consolidated public debt amounted to 55% of GDP while for EU27 countries it reached 80%. It means that Poland has passed the test all the European economies have been subject to during the economic crisis quite well.

Obviously, passing this test was not an easy task. After a long and painful process of economic transformation which started in the early 1990s, Poland – similar to several other CEE countries – successfully completed the construction of an efficiently operating market economy and joined the EU. The market became liberalised and open to global competition, state-owned companies were privatised while the economic policy acquired features of stability and prudence. Labour productivity and international competitiveness radically improved, trade openness increased and foreign investments started to flow in widely. From the moment of joining the EU in 2004, all these positive trends were further strengthened.

There are several factors explaining the recent positive outcomes in the Polish economy.

Poland enjoys a good competitive position and high attractiveness as a production site. The producers have unlimited access to the whole European market and they enjoy access to improving infrastructure. The cost of labour, although gradually increasing, is still low and represents only a fraction of West European levels, but the quality and consequently productivity of Polish workers is constantly improving, making it one of the most competitive countries in Europe.

High flexibility of the Polish economy is also an important asset. Employers and employees are able to reach compromises which result in cuts in labour costs rather than in increased unemployment. Companies are able to adjust their operation in a way that allows them to survive the times of economic hardship and to develop quickly when the economic environment is more favourable. Also, Polish macroeconomic policy before the crisis, even though sometimes criticised by economists as not optimal, was conservative and prudent. The government deficit and debt were on a moderate level, and the central bank was pursuing a careful monetary policy.

Such a combination of positive structural factors and trustworthy macroeconomic policy led to huge FDI inflows. During a recession, investments went down everywhere, but foreign investors are expected to come back quickly as the shifting of activity is still taking place: multinational companies cut more output in Western Europe than in Poland. As a result, after an initial drop, by autumn 2009 the industrial value added was already topping the pre-crisis levels and in 2010 it increased by an additional 9.3%. At the same time Poland also recorded a 10.1% export growth and the investments practically stopped falling.

Poland's big domestic market is a valuable asset. Although Polish exports are an important engine for economic growth, Poland is less dependent on exports than, for instance, the Czech, Hungarian or Slovak economy.

The Polish banking sector proved to be basically healthy, profitable and resilient to global financial turbulences, while Polish firms and households are only moderately indebted. The praise for this should go partly to the banking supervision in Poland. Further, the stabilising role played by the foreign owners of the banks that control over 70% of the banking assets of Poland should be noted as well. Despite some initial fears, the foreign holding companies were ready to extend additional short-term loans to their Polish subsidiaries at the moment of the global turmoil rather than trying to transfer the liquidity abroad.

The policy of the flexible exchange rate used by Poland proved to be a good protection shield during the financial crisis. Polish exporters are still benefiting from a reasonably weakened currency (the current exchange rate EUR/PLN is about 4.38<sup>4</sup> while before the crisis it was about 3.20). With a weaker currency, Polish exports are more profitable, and imports more costly. Altogether, it improved the financial situation of Polish firms and led to a smaller increase in unemployment.

Poland also benefited from the growing inflow of EU funds that helped in increasing the scale of public investment. As the biggest beneficiary of the EU structural policy, Poland receives a growing amount of EU transfers every year. As of June 2011, Poland was able to spend EUR 14.5 billion from EU structural funds programmes in the frames of the 2007-2013 framework program, where most of the money was spent on infrastructural, technological or human capital investments.

However, the most important factor is the last one. Shortly before joining the EU in 2004, Poland went through a 4-year period of the most painful and deep restructuring of banks and enterprises, caused by a combination of an

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<sup>4</sup> Exchange rates table No. 208/A/NBP/2011 of 2011-10-26, National Bank of Poland

extremely tight macroeconomic policy, very strong currency, and growing external competition. In 2000-2003, unemployment increased from 10% to over 20%, productivity considerably increased, firms underwent the process of drastic cost reductions, and the banks made a huge effort to increase the quality of their asset portfolio. All the economic fundamentals of the country, connected with the macroeconomic equilibrium, safety and stability of the financial sector, and the competitiveness of firms, have been greatly strengthened. As a result, Poland was perfectly able to face the global crisis and withstand both the financial storm and the deep worldwide recession in an astonishingly good shape.

In a nutshell, the test has been passed and expectations for the future are bright. A major slowdown recorded in 2009 was only temporary and the forecasts for the future are optimistic. With the high level of competitiveness, strong economic fundamentals and high flexibility, Poland is perfectly able to benefit from the global recovery over the next years. Despite many problems that may still appear, the Polish economy is stable and set to grow at a high rate.

## Chapter 3. Human capital

Polish intellectual capital is one of the key factors that make Poland an attractive place for FDI. Highly-qualified workers and well-educated specialists are easily available in Poland. This may have much to do with the fact that Poland has almost 500 academic centres with over 2 millions students. University teaching staff accounts for round 100,000 specialists, half of the number holds a PhD degree. Every tenth European student comes from Poland.

The high standards of Polish educational system are reflected in a number of scientific achievements. Enough to remind that Polish scientists are well known for the discovery of the first extra-solar planetary system, the creation of the technology for the production of the blue laser, the production process to make the world's smallest synthetic diamonds and for the isolation of queen cells from bone marrow. Another important achievements is unmanned helicopter or modern prosthetic hand.

Students of the Białystok University of Technology have constructed the Mars rover Magma2 which won at the prestigious international competition University Rover Challenge (URC) in the U.S. Magma2 defeated rover constructed by Americans from the Oregon State University, who had help from NASA. Today Magma2 visits international fairs and exhibitions.



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The quality of Polish scientific and technical thought is confirmed by the fact that the largest global corporations tend to locate their R&D centres in our country. Polish mathematicians and information technology experts are world

leaders in research and development, winning many prestigious international competitions like Microsoft Imagine Cup, European Merrill Lynch Investment Challenge, Google Code Jam, or the IBM-ACM International Collegiate Programming Contest. This year Cellardoor team of the Adam Mickiewicz University in Poznań won first place in the design of online games in the competition's world finals. Cellardoor presented a game for children, "The Book of Elm" which teaches children that everyone can participate in protecting the environment through everyday, simple activities.

Drive 607 km on one litre of fuel? It is possible thanks to the team of young scientists from the Warsaw University of Technology who constructed Kropelka (Droplet), a super-economic car. Kropelka is light (46 kg), comfortable and has a streamline shape. The constructors used the novelties from the aviation and automotive sector. It is so economic that it really seems to drive on a mere droplet of fuel.

Excellent universities and technical schools provide a wealth of academic talent. Polish specialists from the IT sector are highly sought-after, not only by international corporations in Poland, but are often recruited to work abroad. In fact, Poles form a large percentage of managers responsible for R&D departments within the world's largest corporations.

Poland is also an active partner in the Framework Programmes for Research and Development of the EU. Polish research centres have submitted 5 of the 20 winning projects included on the Research Potential competition main ranking list in the 7<sup>th</sup> Framework Programme. Polish projects received total funding in excess of 18 million euros, nearly one-quarter of the total budget of the competition<sup>5</sup>.

One of the milestones of the 7<sup>th</sup> Framework Programme are the Technology Platforms. Currently 34 Technology Platforms operate in Europe and 28 in Poland. Technology Platforms have been created in order to establish development strategies for essential European economy sectors and future technologies. One of the major aims is to settle an effective public and private partnership for the implementation of already prepared strategies.<sup>6</sup>

Needless to say, Polish students have an excellent knowledge of foreign languages. Over half of them speak fluent English and the vast majority of the rest do have a basic understanding of the language. The second most commonly studied language is German, followed by Russian, French and Spanish. Furthermore, according to the 2008-2011 EUROSTUDENT report, more than 70 percent Polish students are self-dependent. The report confirms that the Polish student is almost the busiest one in Europe. Wise, clever, intelligent, open-minded, innovative and creative – this is the staff of companies running business in Poland.

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<sup>5</sup> Source: [www.naukawpolsce.pap.pl](http://www.naukawpolsce.pap.pl)

<sup>6</sup> Source: <http://en.kpk.gov.pl>

## Chapter 4. Strategic location

Poland's convenient location at the junction of the East-West and North-South communication routes, makes the country a perfect investment destination for enterprises targeting both Western and Eastern as well as Northern and Southern part of Europe. From Warsaw it takes only several hours either by car, train or plane to reach a number of Europe's major capital cities e.g. Berlin, Moscow, Vienna, Bratislava, Kiev, Vilnius and Minsk. Poland is a country where the main trade and transport routes leading from the North to the South and from the West to the East of the continent intersect. The country is crossed by 4 out of 10 constantly developed trans-European tracks. The international routes crossing Poland have been constantly developed and modernised. Transport investments are possibly large thanks to the co-operation between national roads' directorates and self-governments of the neighbouring countries and with a substantial help of funds and subsidies from the EU. Communication hubs have become centres where various types of means of transport interlace. Development of the country's road infrastructure is one of the Polish administration's priorities.

According to the European Aviation Safety Agency (EASA), Poland ranks among the fastest growing markets of aviation services in the whole region which is mainly thanks to the increase in the number of air connections from Poland, initiation of numerous low-cost flights and a significant rise in the number of passengers. Both the central government administration and local self-governments have been developing plans envisaging construction and organisation of several new regional airports together with a development of convenient road and train transport infrastructure with the biggest cities in the country.

One of the elements that undoubtedly highlights the convenience of the country's geographical position and benefits resulting from the location is the access to the Baltic Sea. Poland has four major ports, located in Gdańsk, Gdynia, Świnoujście and Szczecin as well as several local ports supporting the freight reloading processes.

The central location of Poland and its importance as a gateway to the European Union is a major incentive in attracting foreign companies which aim at slashing time of order realisation for customers in the markets East of the centre of Europe. The fact that foreign entrepreneurs invest in creating logistic centres in Poland results from dynamic growth in demand, development of trade co-operation within the frame of the extended European Union and also from the ever more attractive domestic suppliers market in Poland. Despite the fact that currently round 75% of modern warehouse space is located in the vicinity of the capital, new office and commercial storage space has been expanding in regional business centres.

## Chapter 5. Significant European Market

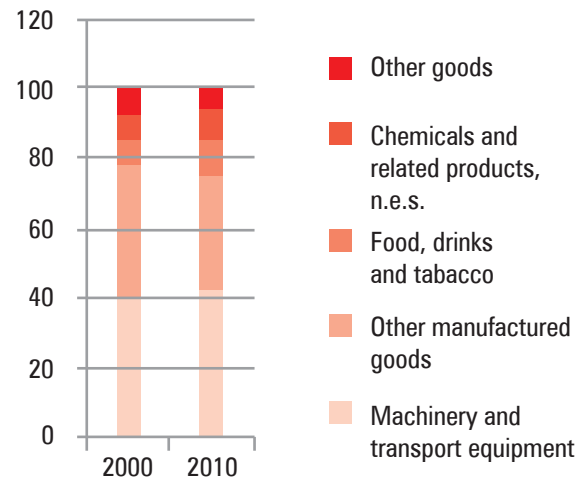
Poland is attractive for investors for many reasons, but top of the list is its 38 million domestic consumer market. Poles form over one third of the citizens of the new EU member countries. Our country is the 30<sup>th</sup> largest market in the world, with its position being strengthened year after year by rapid economic growth and the subsequent increases in rates of pay. According to the official EUROSTAT data the estimated Polish GDP in 2011 will amount to 382,5 billion EUR making Poland the 8<sup>th</sup> largest EU economy. Turbulences on the international financial markets and the slowdown of growth in the EU does not reduce consumption in Poland. The retail sales rate in August 2011 grew by 11.3% comparing to previous year.

Here, in the very centre of Europe, entrepreneurs may establish business activity and not only sell products in Poland but also gain vast export opportunities and export to big markets situated both in the West and East of the continent – but always within easy reach from Poland! Polish trade turnover in January - August 2011 according to the Central Statistical Office amounted to 187,7 billion EUR. It has been constantly increasing for last 10 years with a short break in 2009, where the world economy was most severely hit by economic crisis. During last 10 years (2000-2010) Polish exports increased by 242% and imports by 147%.

The biggest trade partner of Poland is Germany. In January - August 2011 the share of Germany in total exports amounted to 26,2% and in total imports to 22,1%. UK, Czech Republic, France, Italy and Russia were the next destinations, whereas Russia, China, Italy and France were after Germany the most important import partners. The product structure of Polish exports has been seriously changing over the recent years. Between 2000 and 2010 machinery and transport equipment became the main group of products exported by companies located in Poland. As an example, the window panes produced in the new Pilkington Automotive factory will be sold to major world car makers e.g. General Motors, Ford, Volkswagen and Fiat and in the future some 70% of the facility's production will be exported.

According to the survey on investment climate in Poland conducted by PAliz and TNS Pentor, the size of the

**The changing structure of Polish exports 2000–2010**



Source: EUROSTAT, 2011



Polish market constitutes the biggest advantage of the country's investment attractiveness. This factor was evaluated as good or very good by foreign entrepreneurs. Also, the availability of factors of production and human resources were highly evaluated by foreign investors.

This all shows that investments in Poland are profitable, not only from the point of view of the export potential, but also and perhaps primarily due to, the very large domestic market.



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## Chapter 6. Investment incentives

The system of investment incentives in Poland consists of a series of instruments which may be used by foreign investors. For entrepreneurs the most important elements of the system include: financial support for investments projects important for national economy, investment incentives in the special economic zones and real estate tax exemptions.

### **Governmental support system**

Governmental financial support for creation of new jobs and/or investment is granted in a form of earmarked subsidy from the state budget. The support is allocated for the investor on the basis of the Programme of support of investments of considerable importance for Polish economy for years 2011-2020, adopted by the Council of Ministers on July 5, 2011.

The subsidy is granted on the basis of an agreement concluded between the investor and the Minister of Economy. If the company intends to combine government grants with the following other forms of regional aid: CIT exemption in SEZ and / or grants co-financed from the EU, a separate acceptance of the Council of Ministers is required.

The support is paid as a reimbursement of created job places and investment outlays. The newly created jobs and/or investment should be maintained for a period of at least 5 years (for SME 3 years) from the date of completion of the investment.

This kind of support constitutes so called ad hoc state aid (aid not granted within any scheme previously accepted by European Commission). In most cases it requires approval from the European Commission (obligation of notification), consequently no aid may be paid out before obtaining such approval.

The support is offered to companies making new investment in the following sectors:

- automotive,
- aviation,
- biotechnology,
- IT and electronics,
- modern services (business process outsourcing; shared service centers),
- research and development.

The Programme provides support for initial investments under the two following categories:

**Support for creation of new job places (employment grant)**

Sector	New job places and Investment outlays (m PLN)		Maximum support
Priority sectors	50	160	2% to 10.5% of investment outlays
Large investment in other sectors	500	1000	

The amount of employment grant depends, among others, on:

- 1) in case of manufacturing projects:
  - the number of new jobs created,
  - the percentage of employees with higher education,
  - location,
  - investment expenditures,
  - sector,
  - attractiveness of the products on the international markets.
  
- 2) in case of services projects:
  - the number of new jobs created,
  - the percentage of employees with higher education,
  - location,
  - complexity of processes provided by the company.

The amount of investment grant depends, among others, on:

- the number of new jobs created,
- investment outlays per employee,
- location.

### Support for new investment (investment grant)

Sector	New job places and Investment outlays (m PLN)		Maximum support
Priority sectors	50	160	2% to 10.5% of investment outlays
Large investment in other sectors	500	1000	

Under the Programme, aid is provided exclusively for investment projects whose completion in Poland is conditional on receiving a financial grant from the State budget. The operator of the Programme and the authority granting state aid is the Minister of Economy. The Polish Information and Foreign Investment Agency (Polska Agencja Informacji i Inwestycji Zagranicznych S.A. - PAIiZ) is responsible for preparing and providing the Interministerial Committee for Foreign Investment with the dossier of investment projects and for preparing all documents required to carry out the entire procedure of providing financial support.

### The Special Economic Zones

Special Economic Zones (SEZ) are separated areas in selected regions of Poland intended for conducting business activities under preferential conditions. The purpose of creating such privileged areas was to accelerate the economic development of particular regions of the country by enhancing their attractiveness for new investments.

At present there are 14 special economic zones operating in Poland. They differ in respect of area, location, nature, development conditions and technical and telecommunication infrastructure. Each of the zones is managed by management authorities in the form of a commercial company controlled by the State Treasury or provincial local government.

The SEZ were established in 1996-1998 and will operate until 31<sup>st</sup> of December 2020. The principle underlying the zones' operation is the possibility of income tax exemption for entrepreneurs undertaking new investments in SSE areas. Additional encouragement for the entrepreneurs may also be the infrastructure that is prepared for investment purposes in the zones.

The basic condition for tax exemptions in SEZ is that the entrepreneur must make a new investment incurring a specific amount of investment expenditure (at least EUR 100 000) and create new workplaces. The amount of tax

## Special Economic Zones in Poland



exemption is based on the value of the investment expenditure incurred by the entrepreneur or on two-year's labor costs of new work places.

The limit of public support (including the tax exemption) is calculated as a percentage of the investment expenditure (or two-year's labor costs, should the latter be higher). Depending on the region, the limit is 30%, 40% or 50%.

The exemptions are available solely for business activity carried out in the area of the SEZ. If an entrepreneur conducts business activity also outside the SEZ, the business activity within the SEZ has to be organisationally separated and the amount of the exemption is determined on the basis of the data of the organisational unit conducting business activity solely within the SEZ.

The formal basis for tax exemptions is the receipt of a permit to conduct business activities in an SEZ. Such permits are granted by the Minister of Economy through the entities managing a particular SEZ.

### **Real Estate Tax Exemption**

Real Estate Tax Exemption is a form of regional state aid. It is available in communes which adopted resolutions concerning the possibility of exemption from real estate tax.

Maximum tax rates in 2011 are: 21,05 PLN/sq.m. for buildings, 0,80 PLN/sq.m. for land and 2% of construction value.

In each commune tax rates are set by local authorities within above limits. The exemption usually depends on the number of new workplaces created and/or value of investment.

## Chapter 7. Strategic sectors

We understand that each sector has its specific nature and that investors operating in it have specific needs. In this chapter we concentrate on sectors in which the investors are most interested, that is, aviation, automotive, biotechnology, BPO/SSC, electronics, IT, metal industry, R&D and renewable energy.

Poland has at its disposal a highly qualified workforce. Our workers are well regarded by their employers for their expertise, knowledge and industriousness. In many places there already operate many different firms in a specific sector, as a result of which there is no problem finding sub-contractors.

All this has meant that many firms have already decided to invest in our country, both those that are giants in their fields and those that are seeking conditions for fast and safe development in our country.

We offer private professional help and are able to assist in finding the best locations regarding the needs and plans for a firm's development. Additionally we are able to provide an in depth knowledge regarding specific Polish sectors.



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## Chapter 7.1 Automotive

The automotive sector is one of the largest industrial sectors in Poland. It accounts for 17% of the country's exports. It is the third largest market in CEE, in terms of vehicle production.

In production terms, Poland's automotive market is largely oriented towards exports, with key players selling into Western Europe (Fiat, Ford, VW and Opel), using the Central European country as a low-cost base for manufacturing. The presence of many major parts makers and suppliers (e.g. TRW, Faurecia, Delphi, Goodyear, Michelin and Valeo) has resulted in the formation of a highly integrated segment of suppliers in Poland. Poland is also an important bus producer, and this sector is also driven mainly by export demand. Special Economic Zones have been established in places where OEMs have made large investments over a number of years, attracted by government incentives, the low-cost and highly qualified workforce and Poland's attractive position in Central Europe.

The following are worth mentioning among the largest automotive DIs:

FIAT, General Motors, Volkswagen, Toyota, MAN, Scania, Volvo, TRW, Faurecia, Delphi, Goodyear, Michelin, Bridgestone.

Despite the decrease in auto production in Poland in 2009 and 2010, resulting from weakening international demand, there is a strong market expectation that the industry will restart increasing production in 2011. According to BMI forecasts, the export of cars from Poland will increase from an estimated 1.2 million units in 2010 to 1.9 million in 2014, and the total value of Polish car exports will reach USD 34 million.

The growth of production, however, will not only result from reviving export dynamics, but also due to strong domestic demand, which has not decreased even in the worst crisis periods.

BMI believes that the Polish automotive industry will be able to achieve average annual production growth of 5%<sup>7</sup> until 2015.

Poland's advantages:

- Fiat, Volkswagen and General Motors will stay committed to treating Poland as the major hub for their automotive production.
- Existing car plants result in increasing numbers of well qualified and relatively low-cost workforce.
- Investors from the automotive industry are still encouraged by the proactive policy of central and local gov-

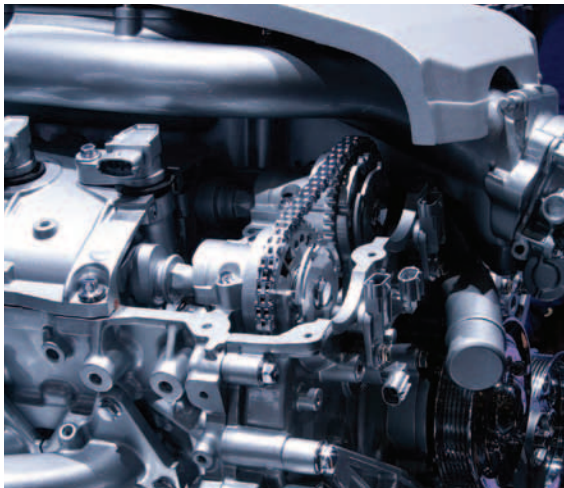
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<sup>7</sup> Poland Autos Report Q3 2011, BMI.



ernment to treat it as one of the priority sectors.

- The last depreciation of zloty resulting from the economic crisis has made production in Poland even more competitive.
- The Polish internal market is relatively big and is expected to grow dynamically.



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### Production and sales in Poland (historical data and forecasts)

	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
<b>Production</b>								
Total production (CBUs)	945,959	893,5	887,241	900,846	951,255	1,001,905	1,052,974	1,104,369
Cars production (CBUs)	842,000	833,314	799,255	817,417	857,936	898,413	939,516	981,204
Commercial vehicle production	103,959	60,186	87,986	83,429	93,320	103,492	113,458	123,166
- LCV Production (CBUs)	92,887	54,864	82,638	78,179	87,771	97,629	107,264	116,661
- HCV production (CBUs)	6,500	500	685	809	971	1,120	1,245	1,394
- Bus production (CBUs)	4,572	4,822	4,663	4,441	4,578	4,743	4,949	5,111
<b>Sales</b>								
Total sale (CBUs)*	401,232	372,142	424,178	445,948	483,772	522,482	561,433	602,209
Cars sales (CBUs)	320,04	320,206	369,838	384,732	415,207	446,158	477,543	510,151
Total commercial vehicle sales (CBUs)	81,192	51,936	54,34	61,216	68,565	76,323	83,891	92,058
- LCV sales (CBUs)	58,787	42,049	41,839	46,144	50,75	55,606	60,155	65,268
- HCV sales (CBUs)	22,405	9,885	12,499	15,069	17,813	20,715	23,733	26,788

**Source:** Samar, Association des Constructeurs Européens d'Automobiles, BMW®.

\* Poland Autos Report Q4 2010.

## Chapter 7.2 Aviation

The Polish aviation industry has a long tradition of more than 70 years. In more recent periods, due to an intensive restructuring process, the industry experienced rapid growth. The sector is currently almost entirely controlled by foreign corporations. Wytwórnia Sprzętu Komunikacyjnego PZL Kalisz is the last state owned company in the sector.

The aviation industry in Poland is highly concentrated: almost 90% of total production is concentrated in the south-eastern part of Poland, in the region of the Aviation Valley Cluster. The cluster is not only a concentration of production plants, but consists also of numerous scientific research centres, as well as educational and training facilities.

It is estimated that more than 80 firms work in the aviation industry in Poland, employing more than 25,000 employees. More than 75 enterprises operate in the Aviation Valley alone, employing approximately 22,000 qualified workers.

Passenger, training and executive aircraft, as well as helicopters, gliders and aircraft accessories, are manufactured in Poland. For example, Sikorsky Aircraft, the global helicopter giant, assembles the latest version of the International Black Hawk helicopter at PZL Mielec.

The science and research base is reasonably well developed. International corporations work with the local authorities and universities, as well as scientific centres, to optimally match an education profile to the needs of the labour market.

The largest education and research centres related to the aviation sector include:

the Warsaw University of Technology, the Technical University of Rzeszów, the Institute of Aviation, the Military University of Technology, the Wrocław University of Technology, the Lublin University of Technology, the Łódź University of Technology, the Silesian University of Technology.

Most of them are members of the "AERONET – Aviation Valley." This is a consortium of Poland's largest scientific units related to the aviation industry. It was founded to run interdisciplinary, collective and long-term research and training programmes, as well as effective implementation and commercialisation of new technologies aimed at the aerospace industry. It is active in designing and testing aviation structures and propulsions, aviation teleinformatics and avionics systems, modern materials and surface engineering processes, and modern production techniques in the aerospace industry.

The largest foreign investors operating in the aviation industry include:

Avio, Pratt & Whitney, Sikorsky Aircraft, MTU Aero Engines, Goodrich, RD Precision, Microtech International, Hispano Suiza.

A further inflow of investments should be expected in the coming years – further foreign corporations are interested in the ability to open new plants in Poland, while those already present are expanding their activities in Poland.

In 2009 the total exports of the Polish aviation industry, according to EUROSTAT, increased by more than 30%, despite the economic crisis. The parts of turbo-jets or turbo-propellers, for use in civil aircraft, are the most important export product of the Polish aviation industry and in 2009 they constituted more than 60% of total exports.

The development of the aviation industry in Poland is also supported by the expansion of the aviation infrastructure and an increase in the number of passengers using Polish airports. According to the industry representatives, Polish airports are to spend EUR 300 million on investments in 2011, due to construction works related to the EURO 2012 tournament.

The construction of new airports is also justified in the long run, as the air transport market in Poland is expected to grow dynamically over the coming years. According to the forecasts of the Polish Civil Aviation Office, the annual average growth in the number of passengers using Polish airports is expected to be around 9% in 2010–2015; however, already in 2010 the growth was higher, reaching 9.4%.

In view of the above, it appears that the aviation industry in Poland has significant development prospects ahead of it. Foreign corporations are being attracted to Poland primarily by competitive production costs, a continuously developing R&D base, the availability of a qualified workforce, a developed network of sub-suppliers and stable development of air transport.



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## Chapter 7.3. Biotechnology

The Polish biotechnological sector is constantly developing as compared to the US or Western Europe, but growing. Annual revenues of the sector in Poland constitute around US\$ 100 million. The biggest share belongs to the entities dealing with healthcare and bio-fermentations. Some entities are integrated with agricultural production. The pesticides, veterinary products and transgenic products are the main areas for future development.

Polish accession to the EU has opened up new possibilities to apply and compete for European funds available both for general innovation activity, and also dedicated to the sector. Biotechnology is strongly present in European innovation strategy, the Polish innovation strategy, and regional development strategies. It is expected that more than EUR 120 million will be available for the sector by 2013.

Industry experts estimate that there are 70 biotechnology companies in Poland, 30 of which are involved in diagnostics, 20 production firms, and 10 companies engaged in environmental biotechnology. The remaining companies are mainly service providers.



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Some of the biotechnological companies are already present on the Polish stock exchange (on the NewConnect parallel market), and their total capitalisation is above EUR 120 million. The firms are: Mabion, Pharmena, Euroimplant, Read-Gene and Biomaxima.

### Market drivers

Apart from access to EU funds, the number of well qualified specialists in the area is one of the main factors making Poland attractive as a potential investment target for biotechnological companies. Apart from those already in the business, there is a significant number of biotechnology students. There are 21 biotechnological faculties at Polish universities, 7 of which offer PhD studies. More than 1300 people graduate each year in Poland in biotechnology subjects. Since Poland has a small number of firms and many graduates in the field, it should be viewed as one of the important elements supporting the development of biotechnology.

The Polish biotechnological business community is also more and more active on the international level, together with its partners from other countries of Central and Eastern Europe (CEE). During the conference that took place in Lodz in May 2011, the new Association of Central European Biotechnological Companies was founded. The main aim of the new organisation is to promote the sector, consisting of more than 200 companies in the CEE, in the global arena.

In order to increase Poland's attractiveness as a location for research and development (R&D) and clinical trials, Poland has recently developed innovation-friendly policies and incentives. The Polish government has taken steps to improve the overall regulatory climate for R&D:

- In 2008 new legislation removed the 22% value-added tax (VAT) that foreign firms pay on clinical trials,
- Poland enforced a new clinical trial ordinance in April 2005, and the adoption of Directive 2005/28/EC of January 2006 should improve local conditions,
- Introduction of the standard EU tax threshold on R&D of 7% should also be a factor that will influence the market in the future.

Most of the biotechnological sector in Poland is located in the proximity of the biggest Polish cities, offering direct access to human capital, infrastructure and well located premises (see map below).

## Map of the biotechnological sector in Poland



**Source:** PAIiZ

Lists of biotechnological companies are available on the sites:

[www.platformabio.pl](http://www.platformabio.pl)

[www.biotechnolog.pl](http://www.biotechnolog.pl)

[www.bioforum.pl](http://www.bioforum.pl)

[www.biotechnologia.com.pl](http://www.biotechnologia.com.pl)

## Chapter 7.4. BPO/SSC

Poland is one of the best places to locate BPO/SSC services.

It offers a well qualified labour force with extensive foreign language skills and strong working incentives. Prospects are also optimistic with almost 2 million students currently learning at Polish universities.

BPO/SSC investments are also strongly supported by the central and local administration, which results in a number of incentives for potential investors. Cultural and geographical proximity to the rest of Europe guarantees similarity in business values and a low risk level, including the full range of EU standards concerning data protection and ownership rights. The average cost level is low. It is related both to the labour market situation and to still developing real estate business.

It is not strange therefore that over the last 5 years, Poland has become a leading destination for offshoring services. Over 200 companies have decided to choose Poland as their strategic location for the provision of BPO/SSC services. Simultaneously, 40,000 people are currently employed in this relatively new industry.

A number of the biggest world companies have already decided to locate their finance & accounting, research & development and IT centres in Poland. They are located in the proximity of the biggest Polish cities, taking advantage of a well developed local infrastructure, including easy access to airports and the best education and research institutions.

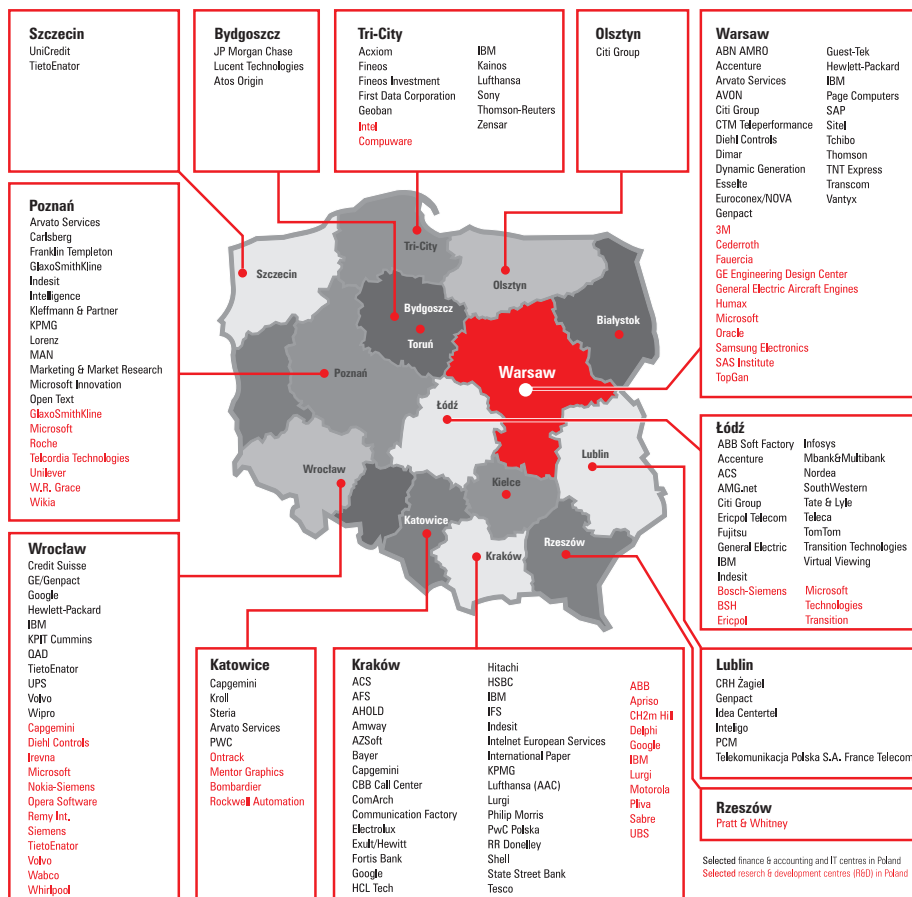


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Most centres are located around: Warsaw (the capital city of Poland), Katowice, Kraków, Gdańsk (Tri-City), Poznań and Wrocław.

### The selected BPO/SSC locations in Poland



Source: Onshore, Nearshore, Offshore: Unsure? A 2010 Polish Perspective. Report prepared by PAIiZ, Jones Lang LaSalle, Grafton Recruitment, ABSL and Ernst & Young, updated by PAIiZ, September 2011

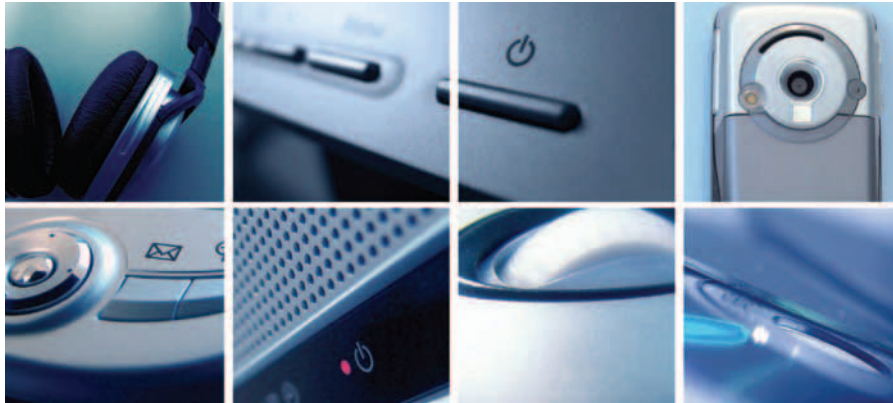
## Chapter 7.5. Electronics

There is no doubt that Poland is a major supplier of electronic equipment to EU markets. The electronics industry in Poland has expanded in recent years and has reached the position of one of the largest in Europe. According to BMI, total production of the electronics industry is estimated to reach US\$ 12 billion in 2011 and should increase to a level of approximately US\$ 20 billion by 2015. Currently the sector constitutes around 2% of GDP, which suggests potential for further dynamic growth.

The Polish market demand for electronic equipment is also expected to grow in the near future. It is currently estimated to be approximately US\$ 7 billion and it is expected to grow at an average annual rate of 7% till 2015. The growth will be driven, among other things, by strongly increasing demand for computer hardware – it will grow at the level of 10% until 2015.

The development of this segment of industry arises from a high level of interest of Asian companies in transferring production to Poland, in order to gain direct access to the European market and to avoid EU's high customs duties. Poland is currently the largest manufacturer of televisions in the EU, with estimated production at a level of approximately 31 million units in 2011.

Despite the low level of computerisation, Poland has a major advantage over other locations for electronics manufacturers. This primarily refers to access to a large number of qualified computer engineers and electronics engineers and the low level of salaries, compared with other EU member states.



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Currently approximately 300 enterprises conduct business in the Polish electronics sector, where the largest players are foreign companies. The main investors in the industry include:

LG Group, Sharp, Siemens, Toshiba, Phillips, Funai, Jabil, Orion, Flextronics.

The biggest investors are still continuing to expand their activities in Poland. In 2010 LG announced planned spending of US\$ 70 million, in order to increase its production capacities in its Wrocław factory.

Further foreign investments are planned as a result of the economic slow-down and the need to transfer production plants to countries which are more attractive in cost terms. For example in 2009 Toshiba moved its TV production from Plymouth (UK) to Wrocław.

#### Electronics Output, 2008-2015

	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
Electronics industry production (US\$bn)	8.6	8.8	9.4	11.9	13.7	15.3	16.8	19.5
Consumer electronics manufacturing output (US\$bn)	4.2	4.4	4.7	6.0	6.9	7.8	8.6	10.1
Electronic parts & components output (US\$mn)	432	442	472	596	683	763	841	973

*ef = BMI estimate/forecast. Source BMI*

## Chapter 7.6 IT

According to the latest projections of Oxford Economics, the Polish IT sector will be one of the fastest growing industries in Poland during the next few years. It will also be one of the growth leaders among CEE IT markets. The market will be driven mainly by the continuation of EU aided modernisation investments, implemented in public and private sectors, and also by the increasing penetration of IT appliances, in particular PCs in Polish households. According to Oxford Economics, the Polish IT market is expected to grow at a level of 10 - 12% per year until 2015. According to Business Monitor International (BMI), it will grow from US\$ 7.8 million in 2010 to more than US \$ 11 million in 2014.

The future condition of the Polish IT market is obviously strictly dependent on the state of the Polish economy, strongly influencing the level of demand for information technology. As the only country in the EU which has not experienced recession due to the recent economic crisis, and as the country with one of the highest projected GDP growth rates in the EU until 2015, Poland looks well positioned to experience dynamic development of the IT sector in the near future.

### Poland's IT industry - historical data and forecasts

	2007	2008	2009e	2010f	2011f	2012f	2013f	2014f
IT market (US \$ mn)	6,318	7,202	7,418	7,789	8,412	9,001	9,991	11,190
IT market as % GDP	1.5	1.5	1.7	1.8	1.8	1.8	1.8	1.6
Hardware (computer market sales) (US \$ mn)	2,653	2,953	2,993	3,092	3,286	3,460	3,779	4,165
Services (US \$ mn)	2,274	2,665	2,819	2,989	3,261	3,524	3,951	4,469
Software (US \$ mn)	1,390	1,584	1,606	1,707	1,865	2,017	2,261	2,556
PCs (including notebooks) (US \$ mn)	2,096	2,362	2,424	2,505	2,668	2,837	3,129	3,448
Servers (US \$ mn)	239	266	269	278	296	311	340	375

*Source: Business Monitor International (BMI)*

The Polish hardware market is expected to grow from US\$ 3 million in 2010 to more than US\$ 4 million in 2014, which gives an average annual growth rate of 7.7%.

The market for services and software will grow even faster, which will result both from increasing market maturity and rising awareness of end-users. It will also be related to the increasing share of legal software sold to private households.

The market for IT services will grow from almost US\$ 3 million in 2010 to US\$ 4.5 million in 2014, reaching an annual growth rate of 10.7%, and the software market will experience a very similar annual growth rate of 10.6% – from US\$ 1.7 million in 2010 to US\$ 2.5 million. These growth forecasts are in accordance with assessments of Polish industry specialists. The “Computerworld TOP 200” report assesses that in 2010 the market grew by 10%.



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One of the most important factors affecting the attractiveness of the Polish IT sector for foreign investment is the quality of human capital in Poland. Polish IT specialists are well known in Europe for their creativity and high level of professional capabilities, with Polish students frequently being given awards at the most important and biggest programming contests (e.g. 2011 ACM ICPC contest in Orlando).

Investing in the IT sector in Poland is also cost effective, not only due to lower labour costs, but also due to low-cost attractive investment fields and strong support foreign investors can obtain both from local and central authorities. The attractiveness of Poland as the host for international investments in the IT sector has been proven by growing interest of the world leading companies in the sector, which have already decided to invest here. These are, among others: **Microsoft, Google, Oracle, IBM and SAP.**

## Chapter 7.7 Metal industry

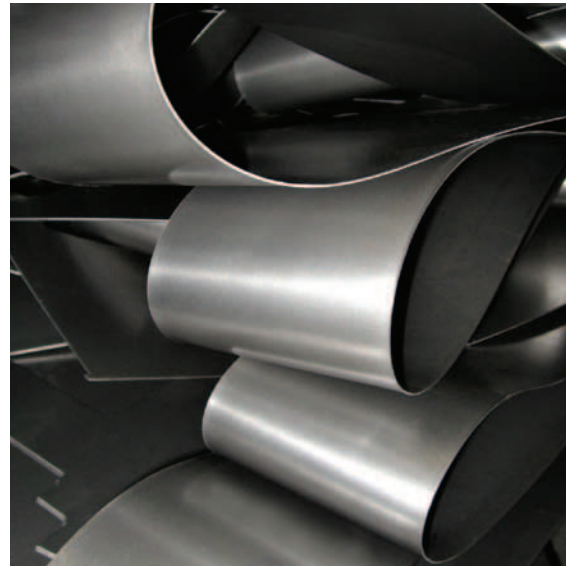
After a decline in demand, mainly because of the difficult situation in the automotive sector and the construction industry, in 2010 the Polish metal industry experienced a dynamic growth of output, reaching 12.3%.

Further development in the Polish steel industry will be mainly led by changing domestic environment being strongly influenced by the situation in the construction industry and in an export-oriented automobile sector. Taking into account serious infrastructural investment needs and general rebounding demand for vehicles, future perspectives for the steel sector in Poland are optimistic. Furthermore, this is an element which is directly related to the investments conducted in connection with the organisation of EURO2012, i.e. the construction of roads and stadiums.

Poland has been a significant exporter of steel structures for years. Its main customers are the countries of the European Union, mainly Germany. Polish companies supply more than 50% of total exports of structures to the German market alone. The exports largely include unprocessed structural elements, which are ready for assembly. Bridges and their parts, towers, masts, metal joinery, roof structures and steel prefabricated buildings account for a propor-



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tion of these exports. It is expected that by 2015 exports of the metal industry in Poland will reach US\$ 10 million, and this will be twice as high as before the crisis.

All of the above makes Poland an attractive place for investments in the metal industry. At first, a long history of metal production guarantees a high competence level of the labour force, the quality of which has been recently strengthened by a large inflow of foreign investments, bringing new technologies and working cultures.

The largest companies, capable of fulfilling large projects as general contractors, are in the best position. Smaller companies should not expect to generate huge profits, although there is an opportunity, resulting from an expected fall of scrap-metal prices in Poland, which may provide a source of cheap material for mini-mills.

The largest investments in the metal industry in recent years have been made by:  
ArcelorMittal, Caterpillar Inc., ISD Donbas, Marcegaglia, Siewierstallat.



**Polish Metals Industry, 2007 -2015 ('000 tonnes unless stated)**

	2007	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
<b>Consumption</b>									
Apparent crude steel use	13,950	12,499	9,772	10,988	11,959	13,408	14,643	15,918	16,236
Apparent finished steel use	12,921	11,642	9,040	10,201	11,461	13,529	15,247	17,100	17,972
<b>Production</b>	10,632	9,727	7,131	8,008	8,393	9,595	10,225	10,925	11,10
Production (US\$m)	10,169	9,852	7,197	8,312	8,869	10,139	10,805	11,545	11,738
Inglots	1,304	339	608	711	825	1,119	1,273	1,444	1,235
Liquid for casting	2.00	2.00	1.18	1.82	2.14	2.98	3.42	3.91	4.27
Hot rolled products	8,222	7,615	5,655	6,549	6,823	7,832	8,165	8,495	8,749
Heavy sections	1,698	1,542	990	1,102	1,362	1,470	1,579	1,687	1,755
Concrete reinforcing bar	1,216	1,290	1,035	1,107	1,175	1,307	1,441	1,574	1,68
Wire rod	872.0	1,042.0	783.4	938.6	987.0	1,095.3	1,205.5	1,314.7	1,406.7
Tube and tube fittings	780.0	685.9	520.7	587.6	621.8	680.6	740.5	799.8	855.8
<b>Exports</b>									
Exports	5,34	5,43	3,35	3,860	4,11	5,05	5,4	5,79	6,08
Exports (GBPmn)	5,065	5,121	3,137	3,716	4,026	4,951	5,292	5,672	5,956
Exports (US\$m)	10,140	9,486	4,862	5,573	6,340	8,170	8,997	9,926	10,422
Exports of semi-finished and finished steel products	4,988	5,429	3,352	3,860	4,108	5,053	5,401	5,789	6,078
Exports of scrap	1,088	1369.0	1407.9	1445.6	1384.7	1323.9	1263.0	1202.1	1178.1

Source: BMI

## Chapter 7.8. R&D

The R&D environment in Poland is dynamically developing. According to EUROSTAT the total R&D spending in Poland in 2009 amounted to EUR 2.1 billion and was 51% higher than in 2005. The share of the business enterprise sector in Poland is around 30% and in 2009 the total business R&D spending amounted to EUR 600 million.

Companies from the R&D, biotechnology, IT, renewable energy, automotive, BPO centres, domestic electronic appliances, mechanical, aeronautics and metallurgical sectors can benefit from various tax and non-tax incentives when investing in Poland. Innovative investments, research and development activities, the establishment or expansion of a BPO centre, investments in renewable energy and employee training can be co-financed with funds from the European Union.

The accessibility of European funds and the increase in understanding for research, development and innovation activities stimulates the development of multifunctional, organisationally-advanced and conceptual types of centres. Currently there are 24 technological parks and 21 technological park initiatives operating in Poland.

According to the most recent data from 2011, more than EUR 250 million has already been spent on projects of the priority 5. of the "Innovative Economy" operational programme (2007–2013), from which the technology parks are financed. Hundreds of millions of euros are being reserved in parallel within the framework of the Regional Operational Programmes (2007–2013) in each of the 16 Polish voivodships (województwo) for new construction and expansion of existing parks and incubators, the growth of which is strictly related to the innovative economic development of the region.

The circle of companies operating in the technology parks includes both Polish firms and large foreign companies. In the latter group, attention should be drawn to the Wrocław Technology Park, which is home to global industry leaders, such as Balluff, Ericsson, Schneider Electric, Texas Instruments and Wincor Nixdorf. Intelwise should be mentioned in the Pomeranian Science and Technology Park. It is also reasonably common for parks to attract companies from a given region and individual companies with a leadership position on the domestic market – Talex S.A. (Toruń Technology Park), Wasko S.A. (Technopark Gliwice) and TP S.A. (Łódź Regional Park of Science and Technology).

In terms of the number of representatives of the given sectors present in the park structures, the greatest interest is from the ICT, biotechnology, chemical, as well as renewable energy and environmental protection sectors. Research is conducted in the innovation centres in the areas of medicine, health protection, medical engineering and e-health, electronics, materials engineering and nanotechnologies.

Polish technology parks are a very good offering for foreign investors. At present, one in nine companies, which create one in three jobs, are based on foreign capital. The benefits for foreign investors primarily include:

- a high quality infrastructure,
- a dynamic business environment, extensive contacts and access to information,
- contacts with scientific and research institutions, technology transfer and access to highly qualified labour resources,
- assistance with the administrative formalities and in the investment process.

Simultaneously, companies with foreign capital are an opportunity to enrich the variety of entities and skills which are key to the crystallisation of the innovative environment.



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## Chapter 7.9. Renewable energy

The attractiveness of the Polish energy market for foreign investors results from two main factors. At first Poland needs major investment in energy generation and transmission, resulting from growing demand and serious underinvestment in the past. Secondly the share of electricity generated from bituminous coal and lignite in Poland is approximately 90% of the total volume of production, which in the light of EU ecology policies calls for serious action to increase the share of renewable sources in total energy production.



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According to estimates of the Energy Regulatory Office (URE), Poland will have to invest more than EUR 20 billion by 2015, in order to meet its energy demand needs, which, apart from investment in nuclear power plants, will also mean serious investment in renewable energy generation.

According to the latest data available, the share of renewable energy generated in Poland was below 5%. Meanwhile, as the latest World Bank report mentions, Poland as an EU member state is subject to EU policies on climate change mitigation. In particular, Poland must comply with the climate and energy package, referred to as “the 20-

20-20 targets”, which was approved in December 2008. The government is committed to low-emissions growth. According to Poland’s energy policy until 2030, adapted in November 2009, the primary aims are to:

- improve energy efficiency,
- enhance the security of fuel and energy supplies,
- diversify electricity generation by introducing nuclear energy,
- develop the use of renewable energy sources, including biofuels,
- develop competitive fuel and energy markets,
- reduce the environmental impact of the power industry.

At present, most of the planned investments into renewable energy generation are in the area of wind farms. The Polish transmission system operator has agreed to the conditions for connection to the grid for investment projects of a total power of 9,500 MW, and applications have been submitted for the preparation of expert studies on the impact of connection of a wind farm to the power grid for a further 60,000 MW. Such a huge number of connection conditions issued and submitted means that the market is full of sales offers of wind farm projects at various levels of progress, which gives potential investors huge opportunities to choose from.

The second interesting sector of the renewable energy market, after wind power generation, is biogas power generation, especially agricultural biogas stations. The Polish government is also showing an interest in stimulating investments in this area. The introduction of a new system of certificates of origin is planned for the energy generated by agricultural biogas stations, together with certain simplifications regarding connection to the gas network and power grid. According to the document named “Innovative Power Industry. Energy agriculture”, (Innowacyjna Energetyka. Rolnictwo energetyczne) prepared under the patronage of the Ministry of the Economy, the potential for market growth is as high as 5,000 MW of installed power by 2020.

At present, the owners of most of the installed power in renewable generation assets are Polish entities, although foreign investors are also demonstrating greater interest. Plans for entry onto the Polish market are being announced not only by energy firms, but also by Western investment funds. So far, the following foreign firms are among those which have invested in the renewable energy industry in Poland:

- RWE,
- EDP Renewables,
- LM Glasfiber Poland Sp. z o.o.,
- Green Source,
- Jabil Assembly Poland,

- Iberdrola,
- Poldanor.

The renewable energy sector in Poland is potentially a huge market, giving major development opportunities for both Polish and foreign investors. The strengths of Polish firms are the knowledge of local conditions and experience in operating on the Polish market, although, compared with the foreign players, they have less experience and know-how. Therefore, cooperation could prove advantageous for both parties (e.g. in the form of a joint venture). Foreign investors can also decide to acquire skills from the market by recruiting Polish specialists or by using advisory firms which know the peculiarities of the local market.

However, the key success factors will be quick decision making and a fast start to operations.



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## Chapter 8. About the authors



### PwC

How can PwC help your company?

Having developed various investment 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 modelling, 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 optimise state aid. Our help encompasses drawing up all essential applications with required attachments. We also provide support in the negotiation process.

At PwC, we measure our success by yours. Every day our more than 162,000 people in 154 countries go to work to help our clients succeed. PwC in Poland has a successful record of cooperation with the largest local and international businesses and government institutions. We are committed to serving as a force for integrity, good sense and wise solutions to the problems facing businesses and the capital markets today. Transparency and good standards of corporate governance - both in our clients' businesses and in our own - are central to our ability to achieve those objectives. And we aim to continue to achieve them from our position of strength and professional leadership.

PwC

Al. Armii Ludowej 14

00-638 Warsaw, Poland

tel.: (+48) 22 523 40 00, fax: (+48) 22 508 40 40

e-mail: [pwcpoland@pl.pwc.com](mailto:pwcpoland@pl.pwc.com)



### **Polish Information and Foreign Investment Agency**

The Polish Information and Foreign Investment Agency (PAIIZ) has been servicing investors since 1992. Its mission is to create a positive image of Poland in the world and increase the inflow of foreign direct investments by encouraging international companies to invest in Poland. PAIIZ is a useful partner for foreign entrepreneurs entering the Polish market. The Agency guides investors through all the essential administrative and legal procedures that involve a project. It also provides rapid access to complex information relating to legal and business matters regarding investments. Moreover, it helps with finding the appropriate partners and suppliers together with new locations.

The Polish Information and Foreign Investment Agency provides professional advisory services for new investors in Poland, including:

- assistance and support for finding the best location for investment,
- finding the potential cooperation partners and suppliers,
- support concerning the investment incentives,
- assistance for the entrepreneurs during the whole investment process.

In order to ensure the best quality of service, the Agency is divided into departments and bureaus with defined responsibilities.

- The Foreign Investment Department is responsible for winning foreign investors and ensuring the best quality of services. The employees of this department advise the companies in scope of the best location and take part in the negotiations. The Foreign Investment Department assists the companies at the investment and also supports the firms which have already invested in Poland.



- One of the most important departments is the Economic Promotion Department. Promotional activities of the department include annual organization of exhibitions both in Poland and abroad, seminars, conferences as well as economic forums for investors. It is also responsible for organizing study tours for foreign journalists, thanks to whom the public opinion and foreign entrepreneurs may learn about the Polish economic situation. The Economic Promotion Department is in constant contact with both the domestic and foreign media, providing them with up-to-date information on foreign investments in Poland, through TV, radio and press (promotional spots, articles, adverts). It is also responsible for publishing publications and promotion materials, guidebooks, sectoral reports, information leaflets and multimedia presentations on Poland and its economy. The Economic Promotion Department issues every week a newsletter, both in Polish and English, that reaches over 10 thousand recipients.
- The Regional Development Department is responsible for preparing investment offers for potential investors. The Regional Development Department manages and actualises the database of investment offers (brownfield and greenfield). Therefore the RDD cooperates with Special Economic Zones, local authorities and Regional Investor Assistance Centres, which work on promotion and increasing the FDI inflow into regions.
- The Economic Information Department collects and analyses economical data, which can be used by the Agency or interested companies. The scope of duties also includes monitoring foreign investment in Poland and Polish investment abroad, establishing cooperation with domestic and international business partners and research institutions. The Economic Information Department is also responsible for maintaining Poland's OECD National Contact Point and managing the Agency's website.
- Bureau for Eastern Poland Economic Promotion Programme is mainly responsible for realization of tasks within the scope of Eastern Poland Macroregion promotion in compliance with the Eastern Poland Economic Promotion Programme (Measure I.4 Promotion and Co-operation, component Promotion, Development of Eastern Poland Operational Programme). The Bureau is responsible for the organization and participation of Eastern Poland entrepreneurs in fairs/exhibitions in Poland and abroad, complex realization of outgoing and incoming economic missions, organization of national/foreign theme conferences, seminars and economic forums, preparation and complex service of study visits of foreign journalists in Poland and study visits of the representatives of Eastern Poland, preparation of information/ promotion materials and distribution of thereof during the organized events, supervision of the promotional campaign process in national and foreign media; coordination of PR activities which inform about stage of realization of the Programme, supervision and carrying out of the contest procedures for the entrepreneurs and regional authorities in connection with the organized promotional events.

- Accountancy, financial, administrative and IT tasks belong to the Bureau for Finance and Logistics. The employees of this department are responsible for the organising of financial documents and monitoring of the financial condition of the Agency.
- The Bureau for Organisation and Human Resources is responsible for organisational and HR issues as well as trainings.
- The Audit and Control Department is responsible for the internal auditing of the Agency.

Besides the OECD National Contact Point, the Agency also maintains an Information Point for companies which are interested in European Funds. All of the Agency's activities are supported by the aforementioned Regional Investor Assistance Centres. Thanks to training and ongoing support by the Agency, the Centres provide complex professional services for investors at voivodship level.

Polish Information and Foreign Investment Agency is the best source of knowledge, not only for foreign entrepreneurs but also for domestic companies.

On the website [www.paiz.gov.pl](http://www.paiz.gov.pl) an investor can find all the necessary information concerning key facts about Poland, the Polish economy, legal regulations in Poland and all detailed information which could be useful for any company wanting to set up a business in Poland.

Contact us to learn more about how your company can profit from the unique business potential of Poland.

Contact details:

The Polish Information and Foreign Investment Agency  
Foreign Investment Department  
ul. Bagatela 12, 00-585 Warsaw, Poland  
tel.: (+48) 22 334 98 75, fax: (+48) 22 334 99 99  
e-mail: [post@paiz.gov.pl](mailto:post@paiz.gov.pl), [invest@paiz.gov.pl](mailto:invest@paiz.gov.pl)





Polish Information and Foreign Investment Agency  
00-585 Warsaw, ul. Bagatela 12  
Tel.: (48 22) 334 98 00, Fax: (48 22) 334 98 89  
[www.paiz.gov.pl](http://www.paiz.gov.pl)



00-638 Warsaw, Al. Armii Ludowej 14  
Tel.: (48 22) 523 40 00, Fax: (48 22) 508 40 40  
[www.pwc.pl](http://www.pwc.pl)