POLISH INFORMATION
AND FOREIGN INVESTMENT AGENCY

Investment climate in Poland

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Warsaw, September 17, 2012

Invest in Poland

Poland - Key Facts

Area: **312 700 sq km – 6th in European Union**

Population: **38,12 million – 6th in European Union**

Currency: **Polish Zloty (1 USD ~ 3.3 PLN, 1 EUR ~ 4.1 PLN)**

GDP: **USD 771.658 billion (PPP, 2011) – *IMF data***
USD 802,145 billion (PPP, 2012) – *IMF estimates*

GDP *per capita*: USD 20,334.191 (PPP, 2011) – *IMF data*
USD 21,310.289 (PPP, 2012) – *IMF estimates*

GDP growth: **1.8% (2009), 3.9% (2010), 4.3% (2011),**
2.9% (*World Bank forecast, 2012*)

Membership: **EU, NATO, OECD, WTO, Schengen Zone**

Competitive Advantages

Location & economic fundamentals

- strategic location in continental Europe
- part of trans-European transportation corridor
- fourth fastest growing EU country in 2011
- 38 million consumers

Labor force

- young, well-educated work force
- ca 11% of university students in the EU
- 460 universities & high education schools
- language proficiency
- increasing labour productivity

Investment incentives

- tax exemptions in 14 Special Economic Zones
- grants co-financed from the EU (EUR 90 bn)

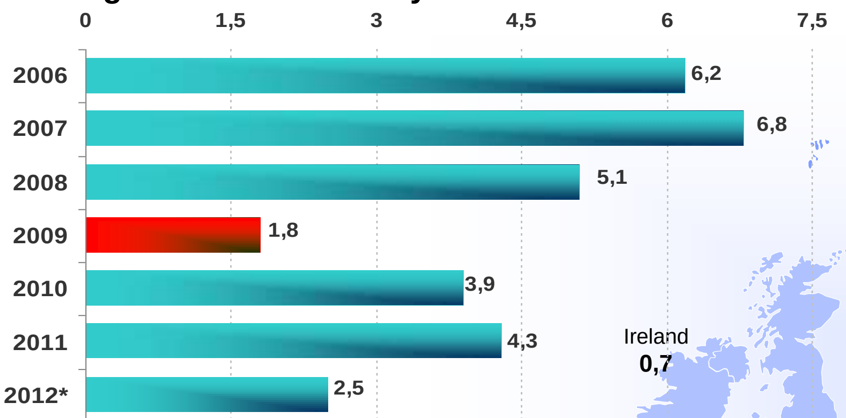
1000 km radius
250 m people

2000 km radius
550 m people

Invest in Poland

GDP changes in recent years in the EU countries

GDP growth in Poland in years 2006-2012



*forecast

in 2009

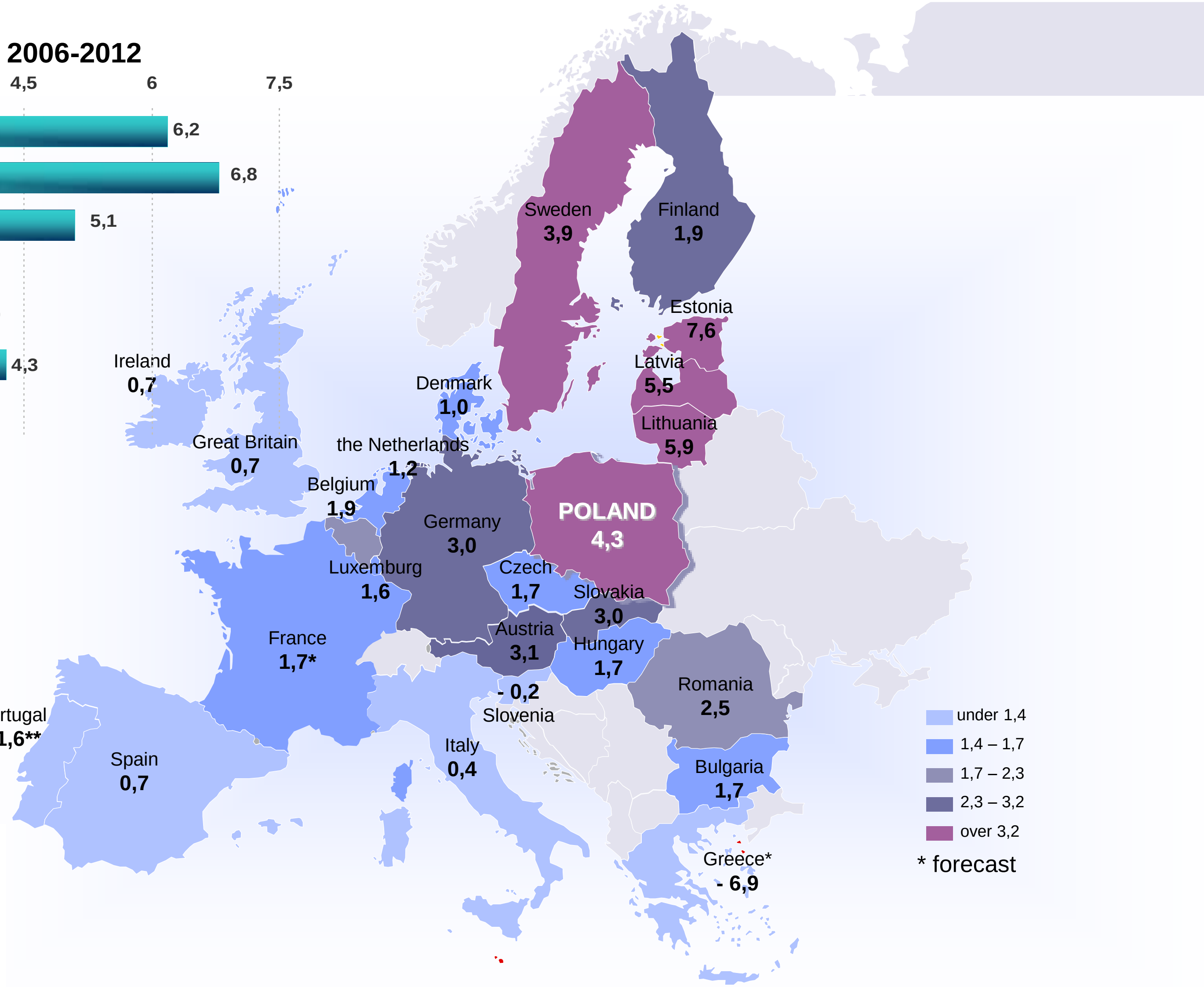
Poland **avoided recession** & experienced the highest GDP growth in Europe

in 2010

Poland developed at **one of the highest paces** in Europe

in 2011

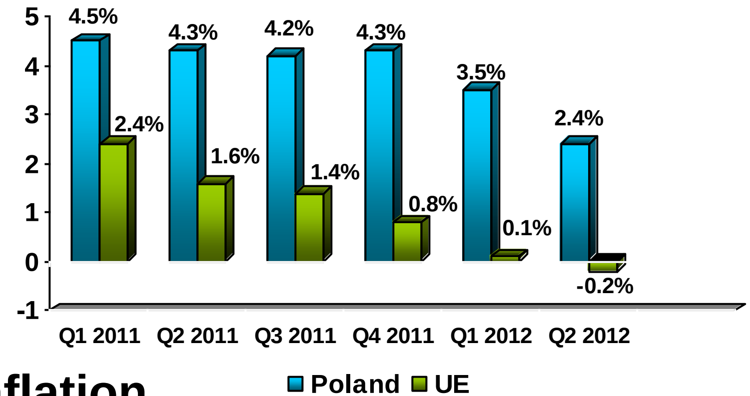
Poland continued to develop at the pace **three** times higher then the EU average



Source: Eurostat, 2012

Stable economic situation

- **GDP growth in 2011: 4.3% in Poland vs. 1.5% in the EU**
- **Quarterly GDP growth in Poland vs. the EU:**



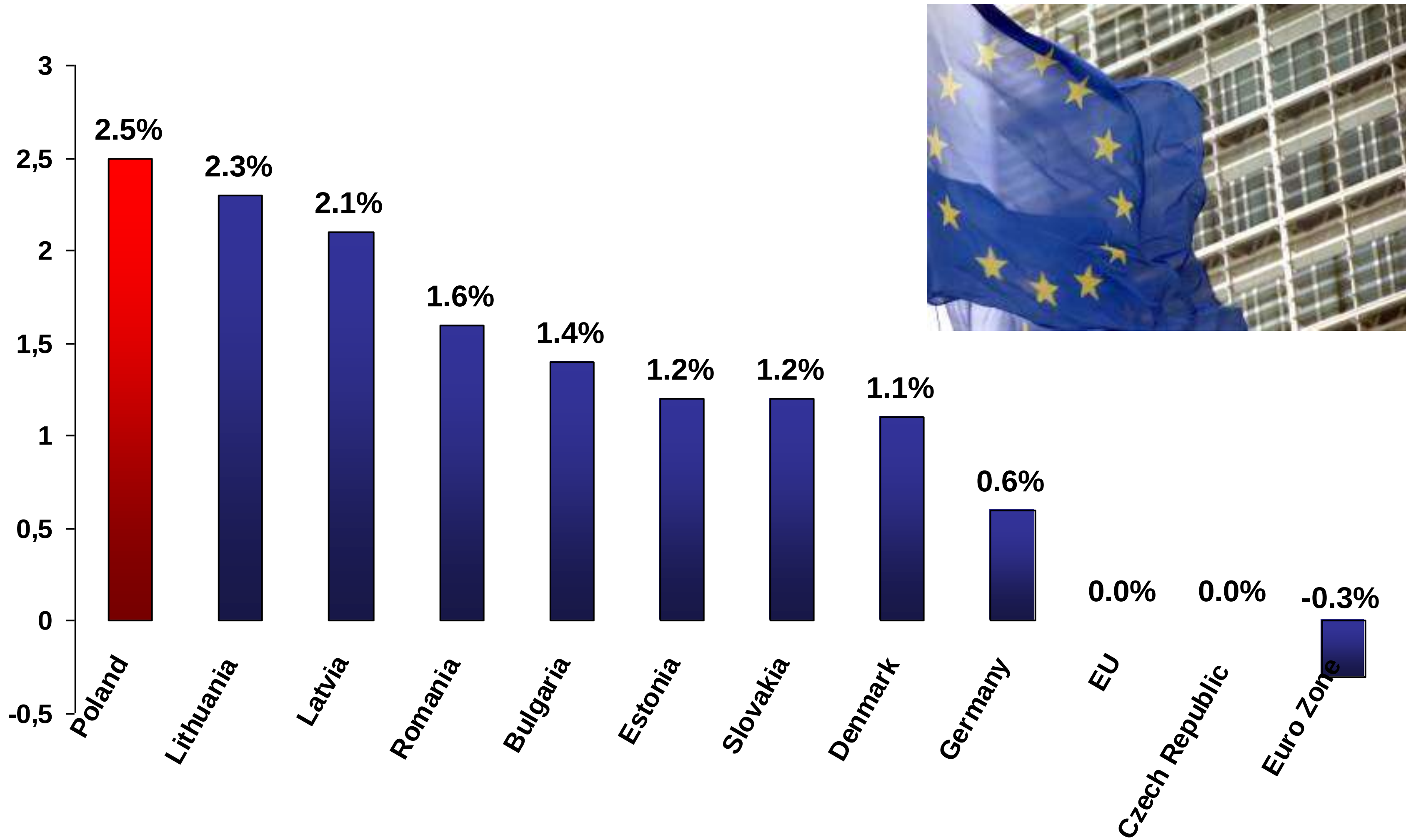
- **Inflation**

  annual (2011): 3.9% vs. 3.1% in the EU
  4.0% in July 2012 (y-o-y) vs. 2.5% in the EU

- **Main drivers of economic growth:**

  - investments
  - domestic demand
  - individual consumption
  - exports

The future seems to be bright –
EC forecasts of GDP change for 2012



Source: Eurostat forecast, February 2012

World Bank GDP growth forecasts for 2012

Comparison of GDP growth in 2011 and 2012/2013 forecast?

	2011	**2012**	**2013**
EU11	3.1	**1.5**	**2.5**
Lithuania	5.9	**2.3**	**3.5**
Poland	4.3	**2,9**	**3.2**
Slovakia	3.3	**2.1**	**3.1**
Estonia	7,6	**1.7**	**3**
Latvia	5.5	**2.3**	**2.9**
Romania	2.5	**1.2**	**2.8**
Bulgaria	1.7	**0.6**	**2.5**
Croatia	0	**-1**	**1.5**
Hungary	1.7	**-0.4**	**1.5**
Czech Republic	1.7	**0**	**1**
Slovenia	-0.2	**-1.2**	**0.6**

EU11: countries that joined EU in 2004 + Croatia

The World Bank **expects the fastest economic growth in the EU11 in Poland**

- forecasting 2.9% GDP growth for the country in 2012 (after 4.3% annual average in 2011)
- The estimate for **2013 is 3.2%**

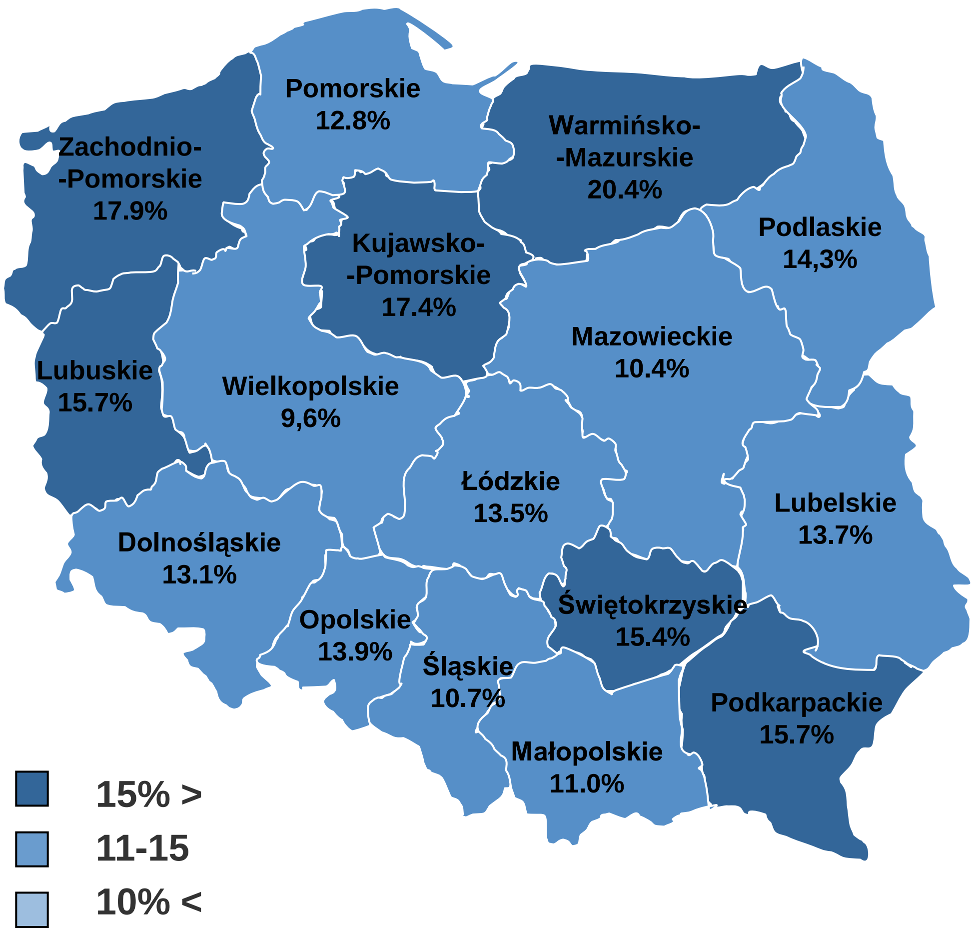
Stagnation is expected in the Czech Republic

Recession is forecasted in:

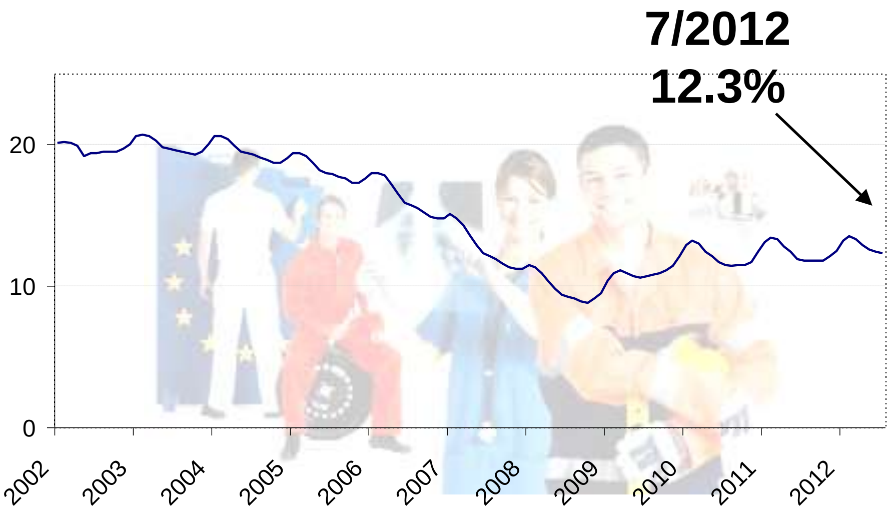
- Hungary
- Slovenia
- and Croatia

Source: World Bank, June 2012

Unemployment rate



as of the end of April 2012

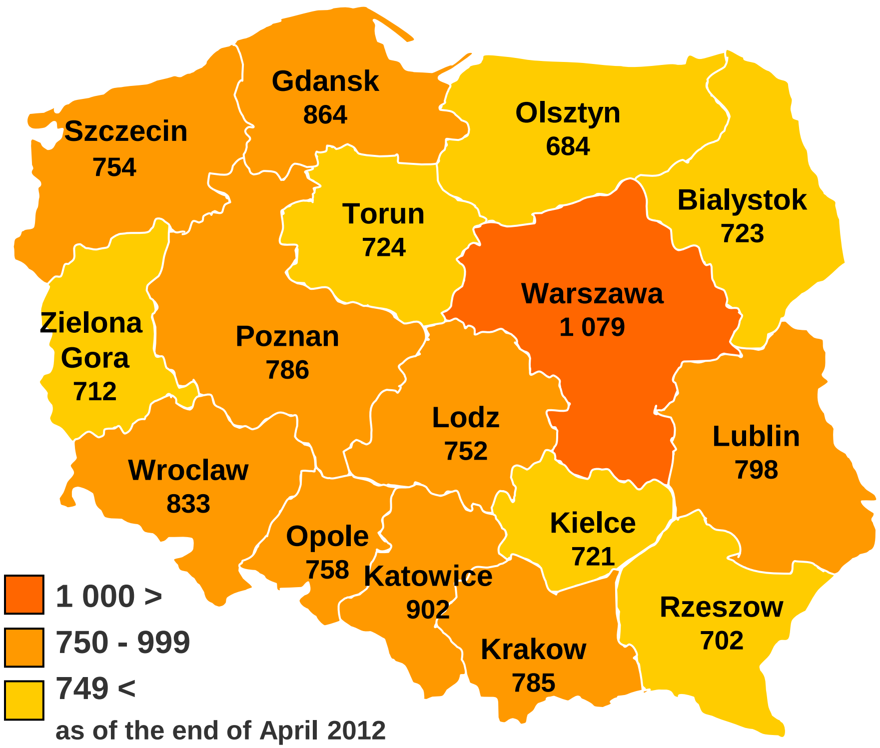


Year	Number of unemployed	Number of unemployed with higher education
2005	3 050 000	145 000
2011	2 100 000	223 500

Source: Central Statistical Office, April 2012

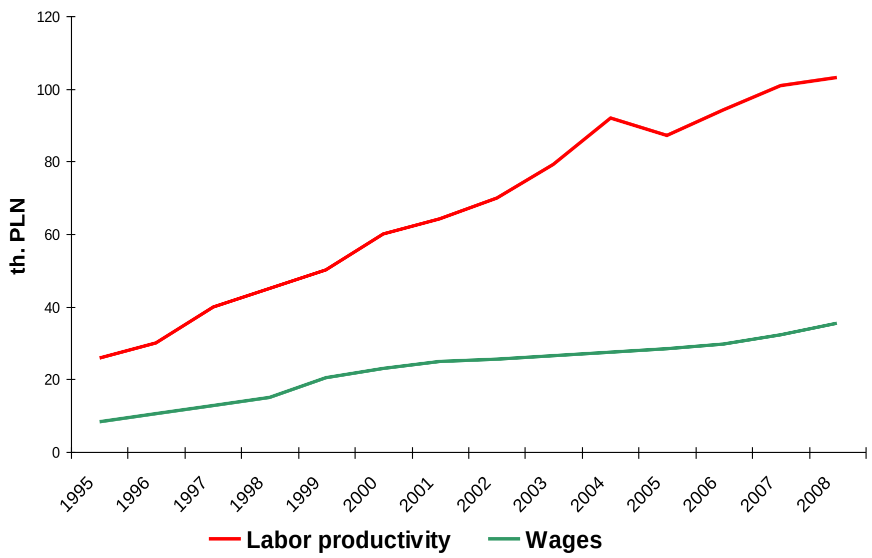
Wages

Gross wages (EUR)



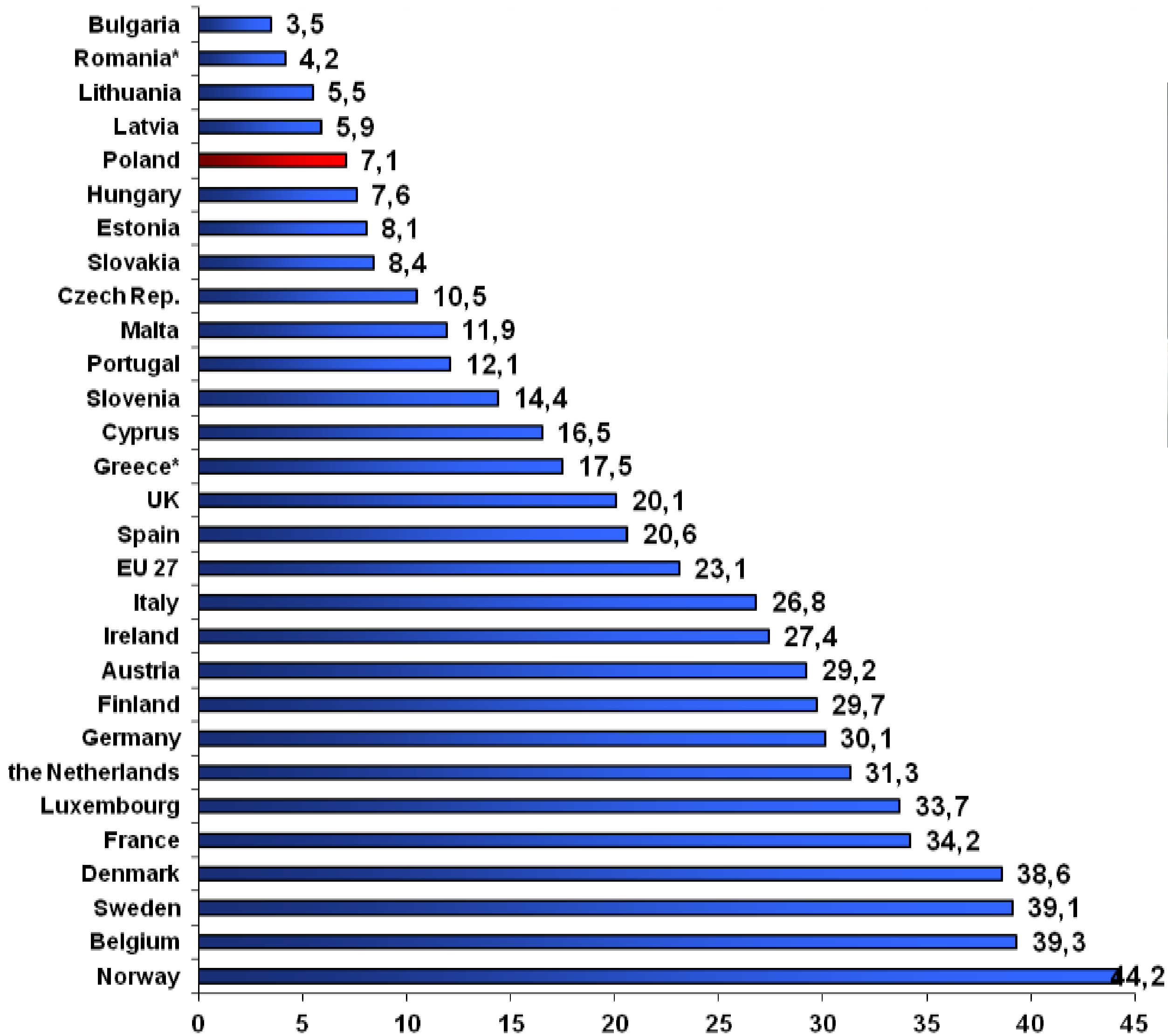
as of the end of April 2012

Productivity and wage growth



Source: Central Statistical Office, June 2012

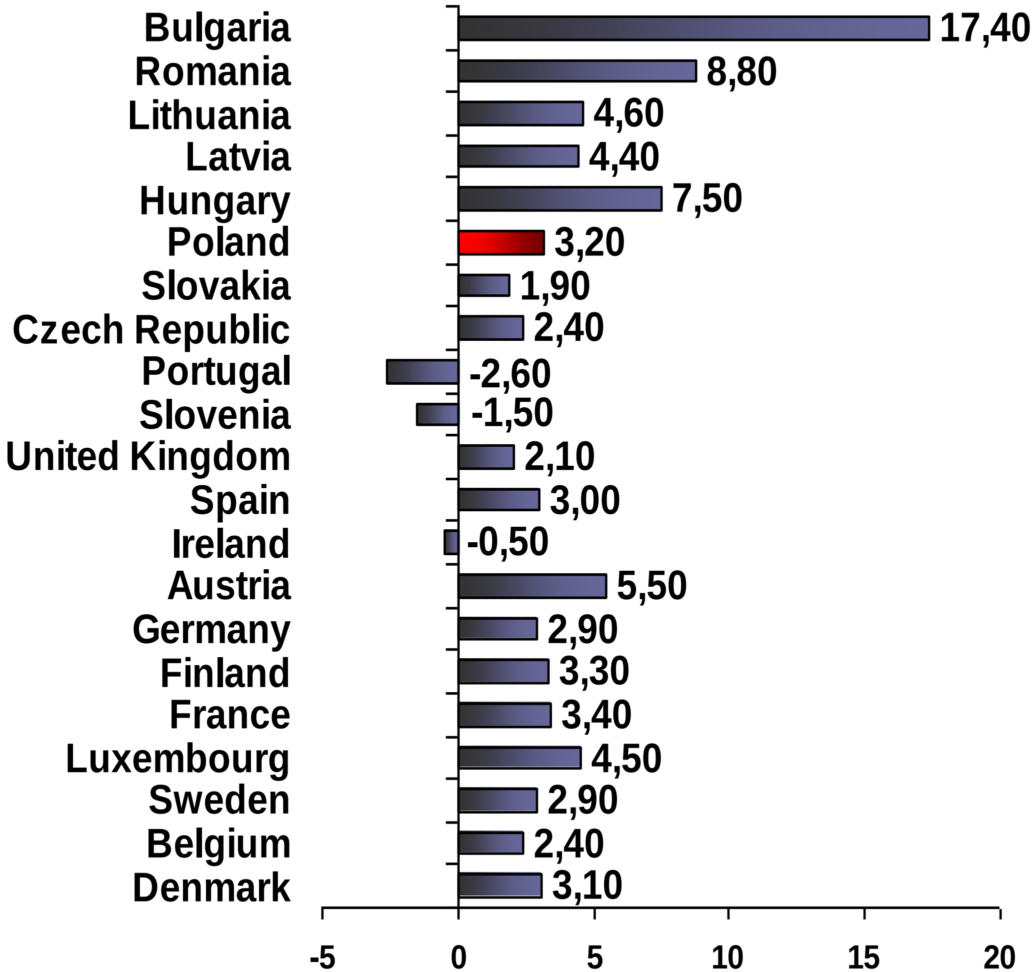
Hourly labour costs in the business economy in 2011 (in EUR)



* data available only for 2010

Source: Eurostat, March 2012

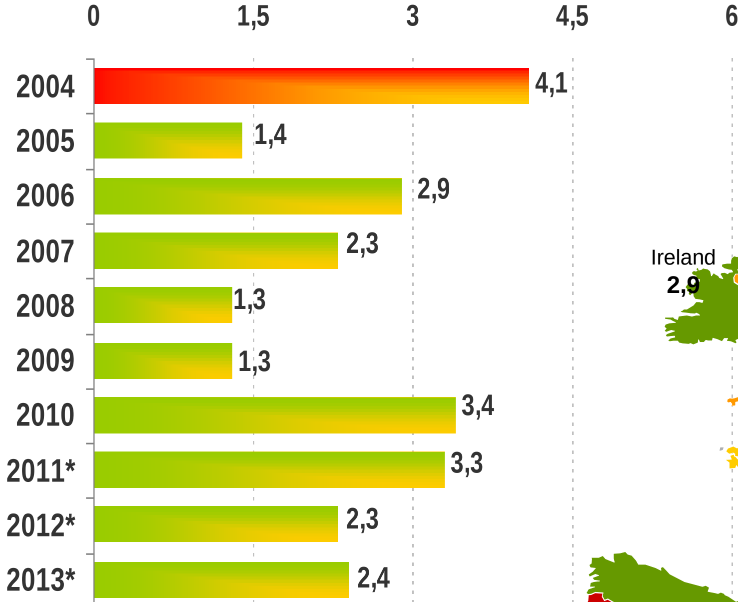
Hourly labour costs growth in 2011 (in %, y-o-y)



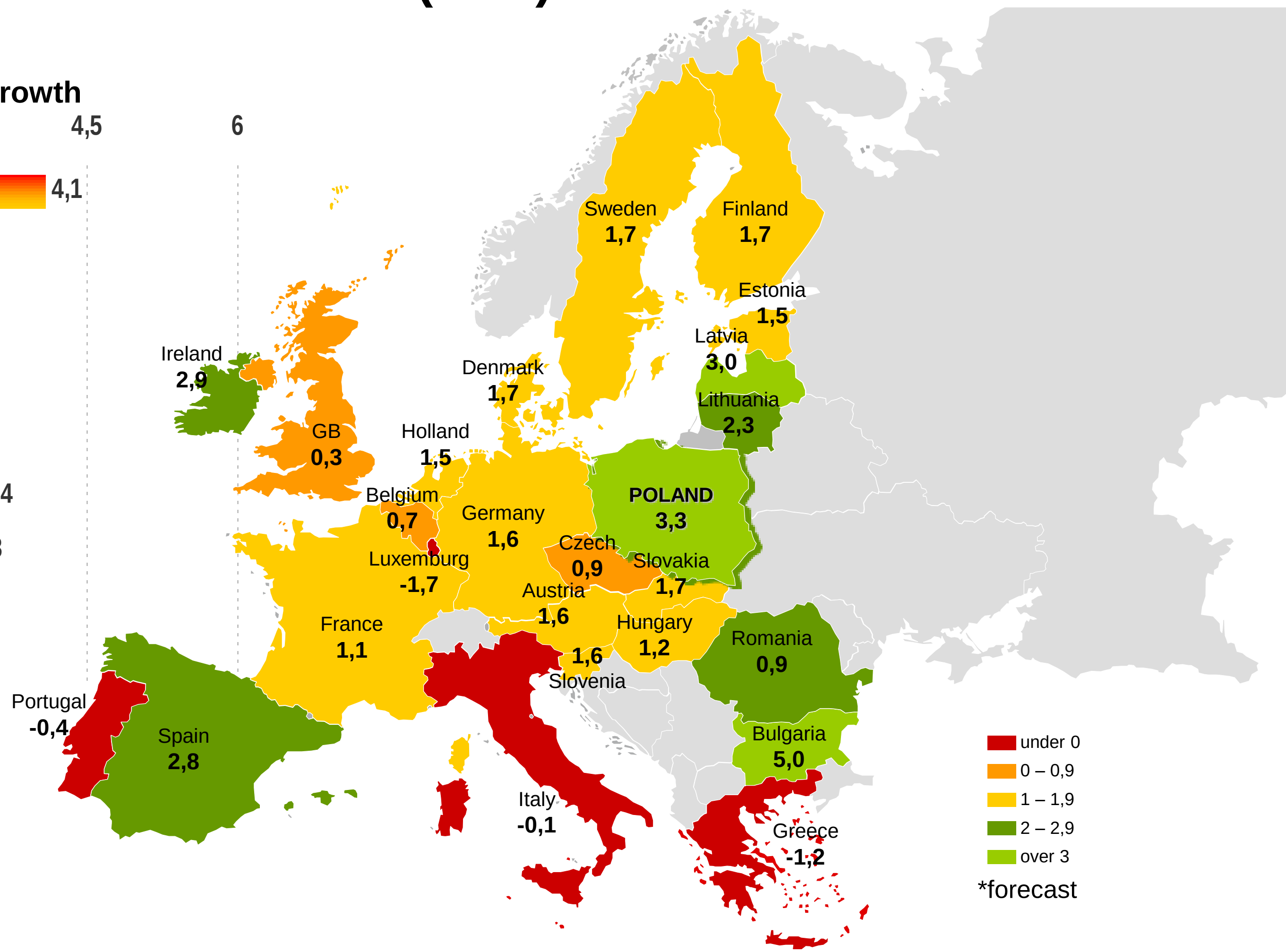
Source: Eurostat, March 2012

Labour productivity in the UE in 2011 (in %)

Poland – labour productivity growth



*forecast

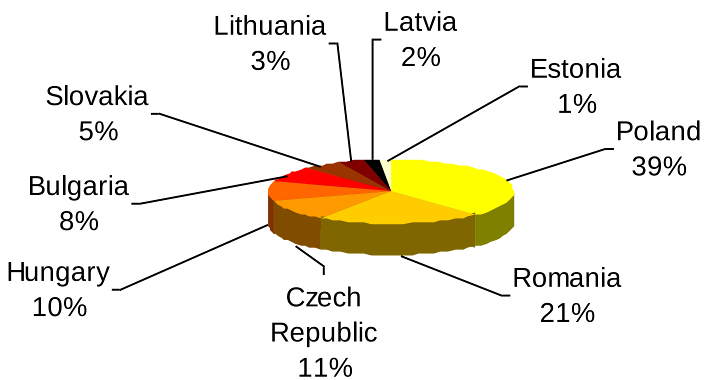


Last two years have been a period of the fastest growth in labour productivity in Poland since the accession to the EU

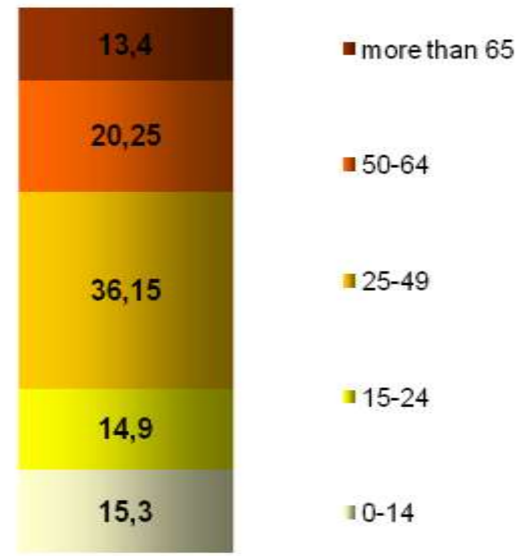
Source: Eurostat, March 2012

Human resources availability

Population of CEE countries (%)

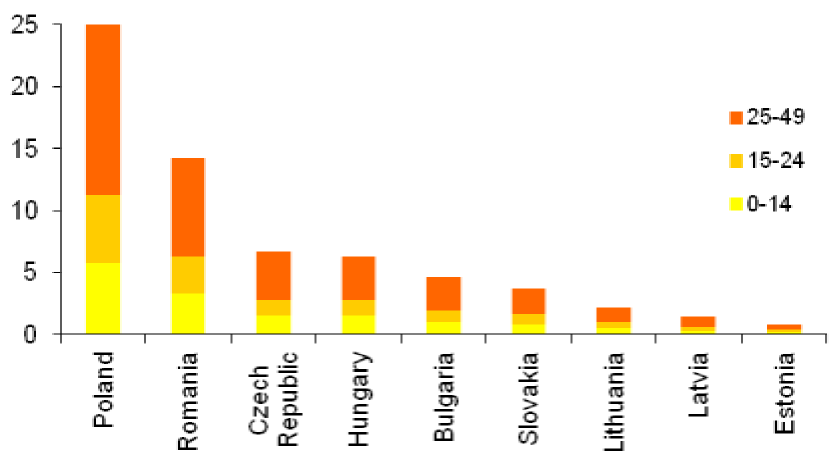


Population by age classes in Poland (%)



Source: Central Statistical Office, 2010

Population by age classes CEE countries (mn)



Source: Eurostat, 2012

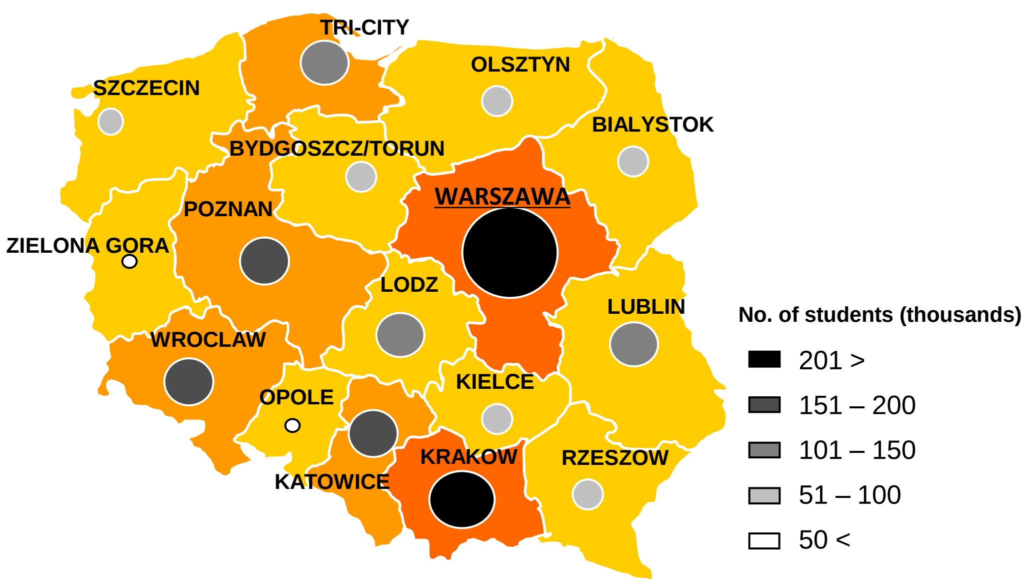
- Poland is the **6th** largest country in the EU in terms of population
- Poland is the biggest country among CEE members of the EU
- More than **66%** of population is younger than 49 years old
- **11,4 m** Poles are less than **25 years old**

Students and graduates

- ➢22,4 m people aged 44 and less (mobility)
- ➢almost 2 m students
- ➢more than 480 thous. graduates in academic year 2010/2011
- ➢more than 90% of students know foreign languages

- ➢460 higher education institutions
  - 19 universities
  - 23 technical universities
  - 79 academies of economics
- ➢ 200 different majors taught
- ➢growing number of science students

Main academic centers



Students in Poland

City	Students	Graduates
Warszawa	276 000	65 300
Krakow	185 000	35 500
Wroclaw	146 000	30 000
Poznan	137 500	33 000
Lodz	120 500	27 500
Katowice	112 000	23 500
Tricity	95 000	20 500

Source: Central Statistical Office

Engineers in Poland - students and graduates

Students from the chosen departments in major cities

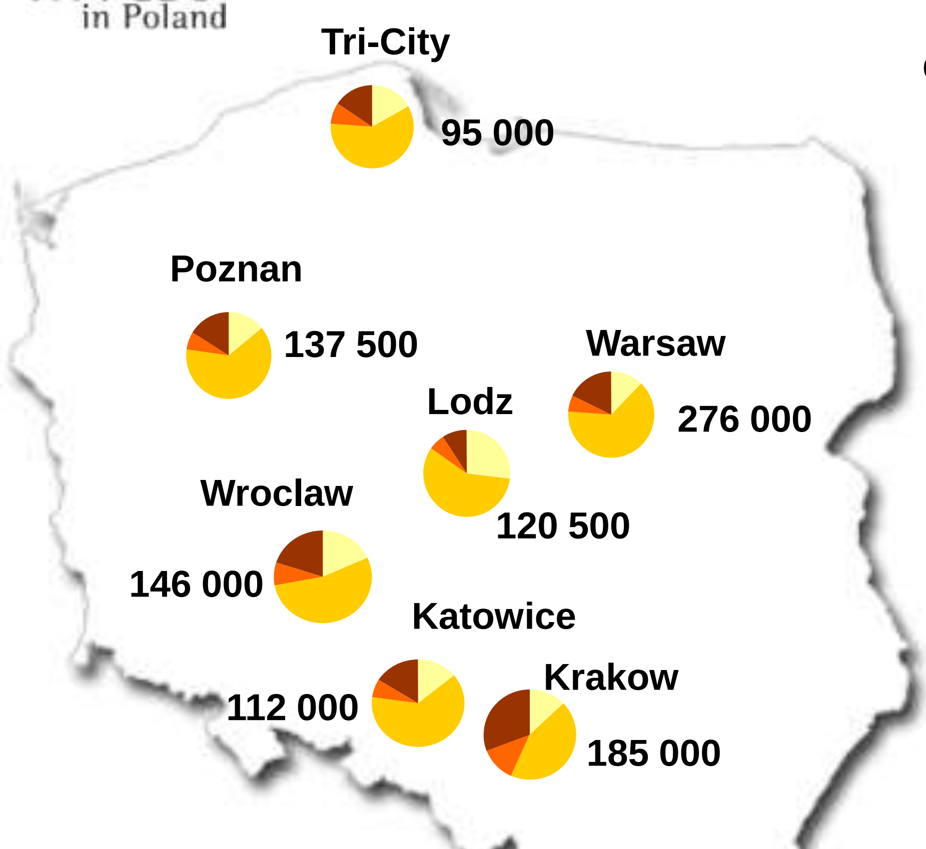
City	ICT	Mathematic and statistics	Engineering and technical	Physics
Warsaw	12 062	2 670	14 177	2 671
Wrocław	7 399	928	14 604	2 939
Krakow	7 382	2 320	17 532	3 960
Poznan	4 694	871	8 639	3 448
Lodz	8 886	1 473	6 357	2 204
Tricity	4 151	1 162	11 386	2 145
Katowice	2 979	667	545	886
Szczecin	2 094	176	4 355	551
Bydgoszcz & Torun	2 175	599	4 319	2 105
Lublin	2 584	514	4 618	1 615
Rzeszow	2 616	970	4 499	50
Olsztyn	1 779	285	1 704	0
Białystok	1 902	344	4 081	361
Radom	701	42	2 499	0
Kielce	1 497	328	2 489	1 316

Graduates from the chosen departments in major cities

City	ICT	Mathematic and statistics	Engineering and technical	Physics
Warsaw	1 770	533	1 977	496
Wrocław	1 086	174	2 247	698
Krakow	1 136	493	2 486	790
Poznan	1 148	131	1 694	616
Lodz	1 974	192	940	450
Tricity	649	184	1 265	569
Katowice	643	88	187	155
Szczecin	401	31	912	84
Bydgoszcz & Torun	356	220	923	665
Lublin	422	143	869	445
Rzeszow	568	275	711	85
Olsztyn	298	49	412	0
Białystok	349	41	503	63
Radom	167	0	685	0
Kielce	206	118	558	396

Source: Central Statistical Office, data as of 2010

Academic centers



Students by major:

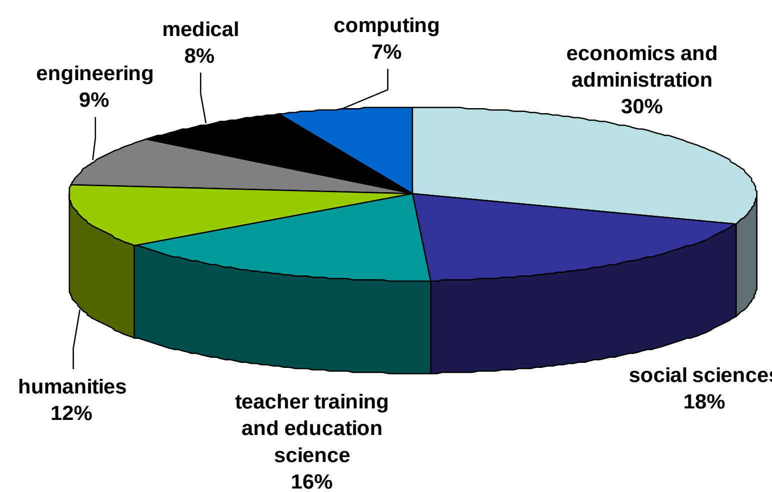
- ICT
- Finances, B&A
- Science
- Engineering

Source: Central Statistical Office, 2012

General number of students from chosen faculties

Economics	434 655
Medical	127 035
Engineering & Technical	125 629
ICT	79 897
Mathematics and statistics	15 178
Law	59 462
Biology	35 637
Physics	27 543

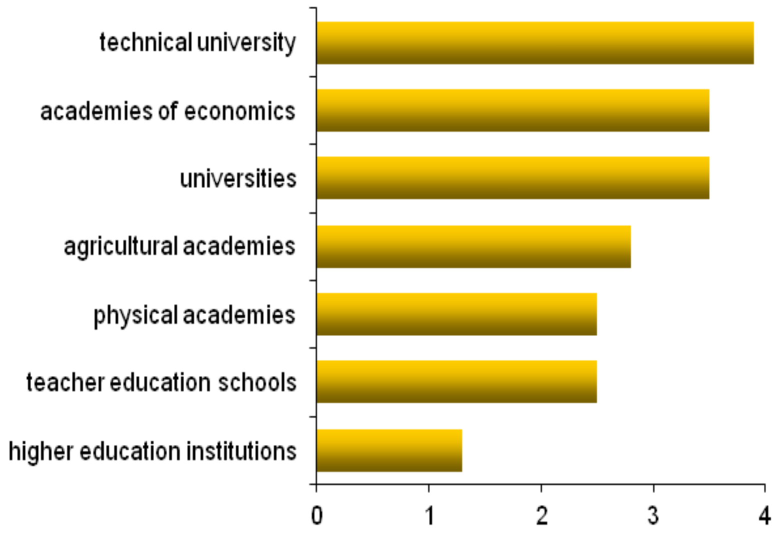
The most popular faculties



Higher education trends

- **Tuition at public schools is free of charge**
- **Ordered majors (e.g. biotechnology, computing, mechatronics) subsidized from the budget**
- **Public schools provide in general best quality of education**
- **Changes in financing model: quality overcomes quantity**
- **Increasing interest in technical studies**
    - 2.8% secondary school graduates applied for technical studies in 2010 (2.0% in 2009)
    - Since 2009 secondary grade exams iclude maths

No. of candidates per seat in 2010 by type of university



Source: MofHE, *2011*

Students and graduates – achievements

ACN International Collegiate Programming Contest is an annual multi-tiered competitive programming competition among the universities of the world. The contest is sponsored by IBM.

2012 held in Poland, Team from Uniwersity of Warsaw took 2nd place beatting 110 teams

Imagine Cup is a global competition focused on finding IT solutions to real world issues

In 2012 students from Technical University in Gdansk and Adam Mickiewicz University in Poznan took the 2nd and 3rd place respectively.

2011: Polish team from University of Silesia is a special winner of Samsung Application Contest

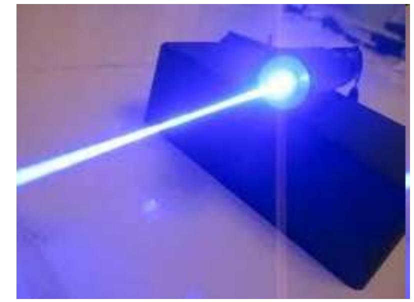
Every third student doing internship in Microsoft HQs in Redmond (USA) comes from Poland

The winners of the International Olympiad in Informatics (IOI) belong to the best young computer scientists in the world

In 2008 Polish team took 1st place ex-aequo with Chinese one. The third place individually was won by Pole, too

Source: www.microsoft.com, www.us.edu.pl

What do these objects have in common?

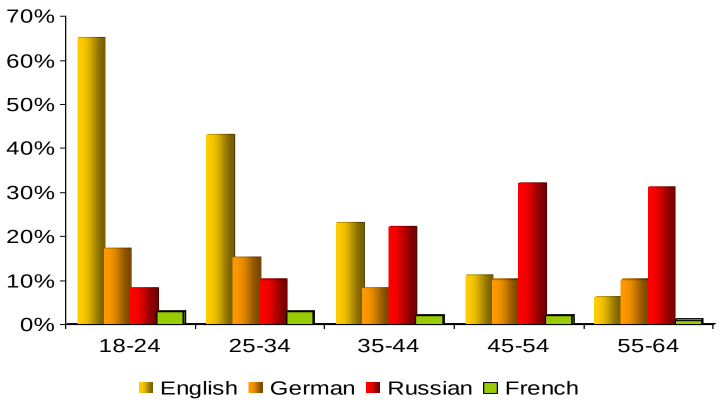


They were all invented by the Poles!

- Car wiper blades - Józef Hofmann
- Bullet-proof vest - Jan Szczepanik
- Telectroscope - Jan Szczepanik
- Kerosene lamp - Ignacy Łukasiewicz
- ENIGMA cypher machine decrypting code - Marian Rejewski, Henryk Zygalski, Jerzy Różycki
- Hand mine detector - Józef Kosacki
- Oil extracting device - Witold Zglenicki
- Blue laser semiconductor – GaN – Sylwester Porowski

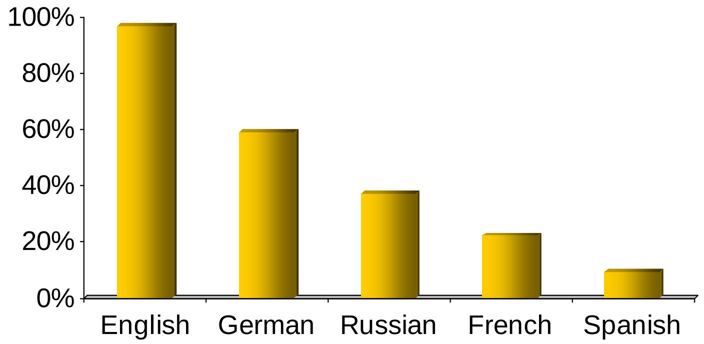
Foreign language capabilities

Foreign language capability by age groups



Source: CBOS Survey 2009

Foreign language capability among students



Source: Hays, 2012

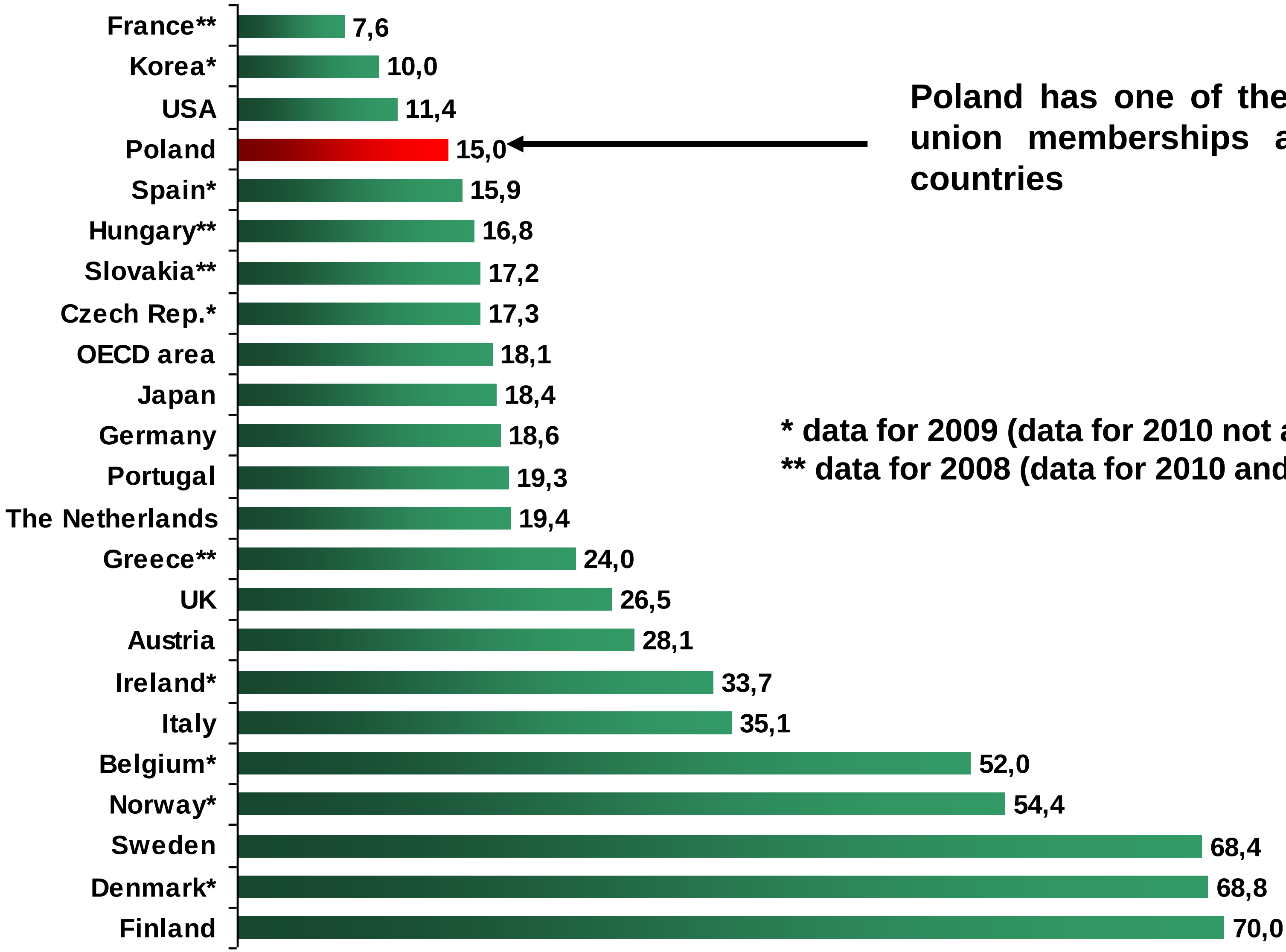
Learning of foreign languages is obligatory in the Polish education system

Children learn foreign languages from the age of 6

Language proficiency is one of the strongest points for Poland as a BSS hub

English is the most popular foreign language in Poland

Trade union density in OECD countries in 2010 (in %)

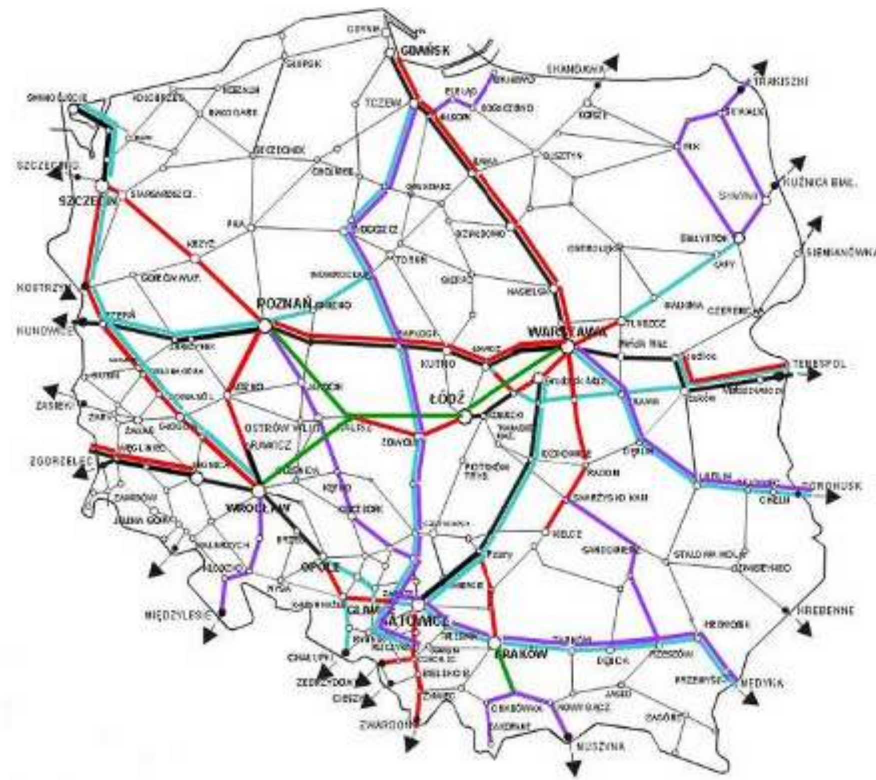


Poland has one of the lowest trade union memberships among OECD countries

*** data for 2009 (data for 2010 not available)**
**** data for 2008 (data for 2010 and 2009 not available)**

Source: OECD, Online OECD Employment database, May 2012

Modernisation of roads and railroads network



Highways and expressways:

- existing
- under construction
- planned

Railroads

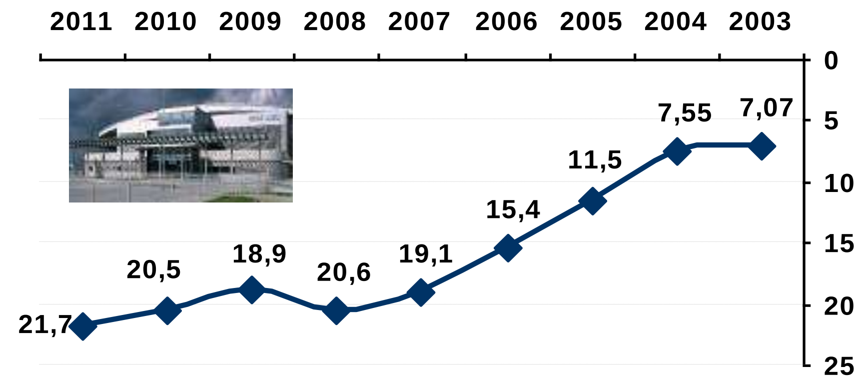
- Till 2006
- 2007-2013
- 2014 – 2020
- New constructions
- After 2020

Source: GDDKiA, MT

Air transport

Location of main Polish airports

Passengers served by Polish airports (in millions)



Direct flights to major European cities

London	Warsaw, Gdańsk, Wrocław, Kraków, Rzeszów, Szczecin, Bydgoszcz, Katowice, Poznan, Łódź
Frankfurt	Warsaw, Gdańsk, Wrocław, Poznań, Kraków, Katowice, Rzeszów
Munich	Warsaw, Gdańsk, Wrocław, Kraków, Poznań
Paris	Warsaw, Katowice, Kraków, Wroclaw, Poznań, Gdańsk
Dublin	Warsaw, Wrocław, Katowice, Kraków, Poznan, Gdansk, Bydgoszcz, Szczecin, Łódź, Rzeszów
Oslo	Warsaw, Katowice, Kraków, Wroclaw, Poznań, Gdańsk, Szczecin
Milan	Warsaw, Katowice, Kraków
Dortmund	Warsaw, Katowice, Wroclaw, Kraków, Poznan, Łódź
Brussels	Warsaw, Katowice, Kraków, Wrocław

Source: The Civil Aviation Office, 2012

Tax rates

Corporate Income Tax (CIT) rate: 19%

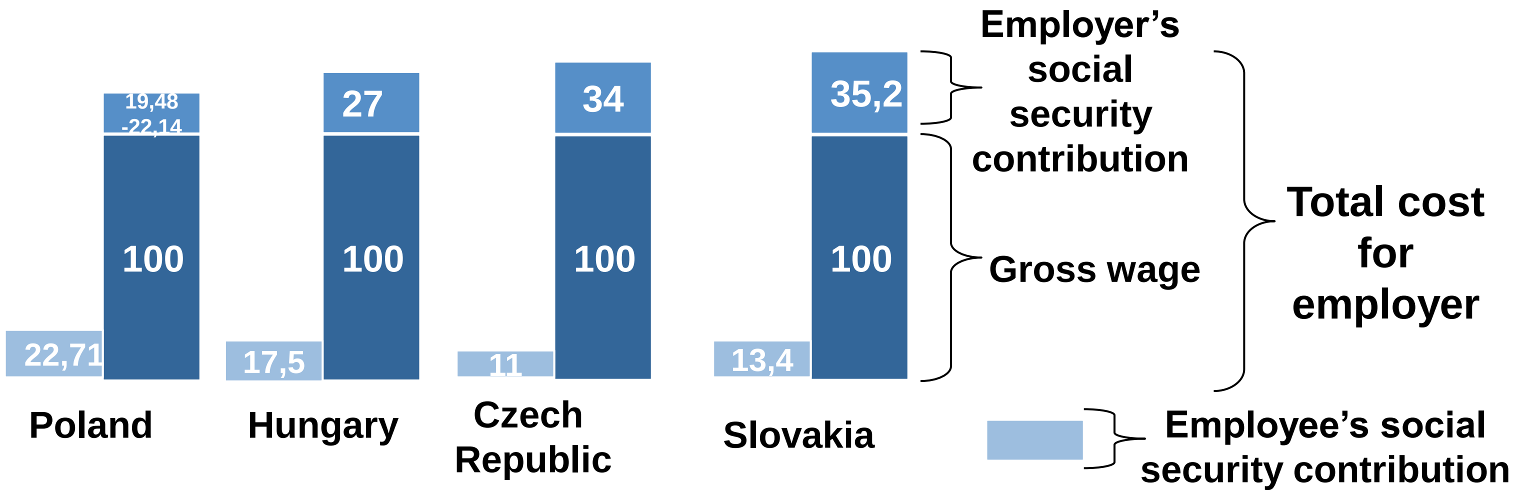
Personal Income Tax (PIT) rate: 18% and 32%

Value added tax (VAT):

- **basic rate: 23%**
- **reduced rates: 8%, 5%**
- **export rate: 0%**

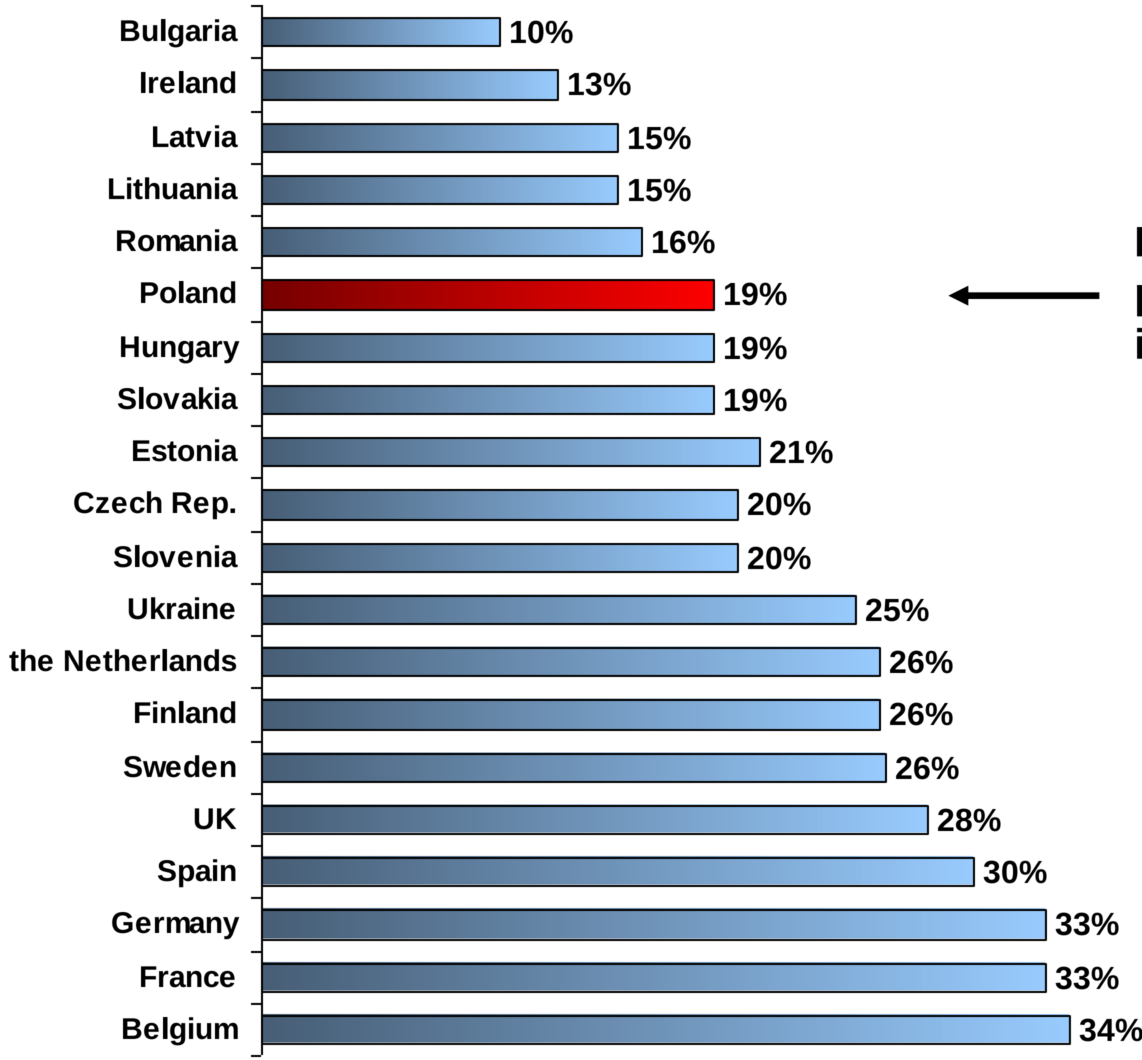
Social Security Tax paid by employer: between 19.48% and 22.14%

Social security taxes in CEE



Source: OECD, CzechInvest, HITA, Sario

Corporate income tax rates across Europe

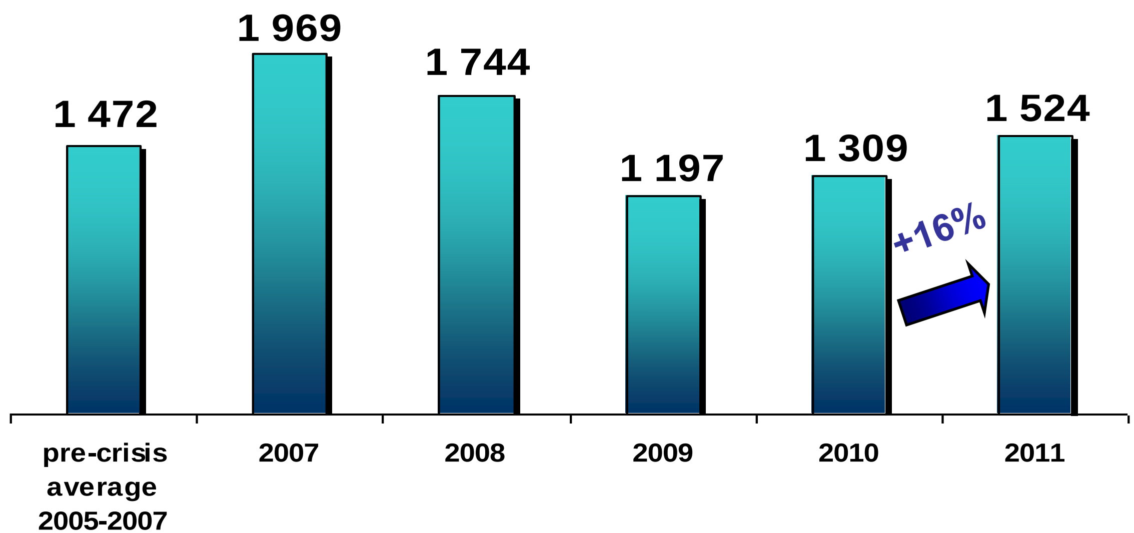


Entrepreneurs in Poland pay one of the lowest CIT in Europe

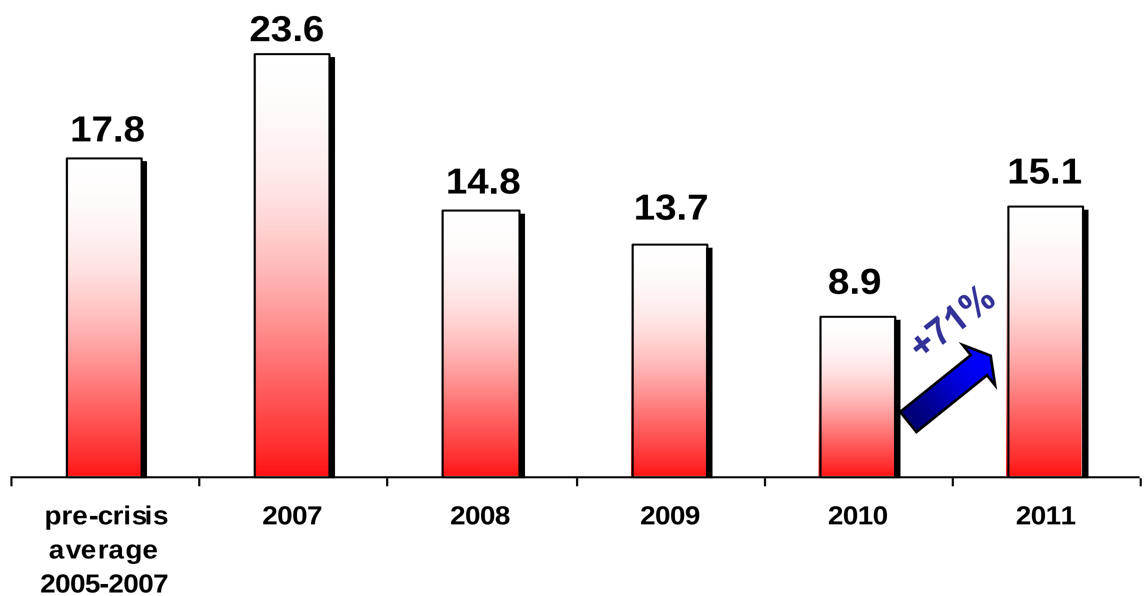
Source: http://www.worldwide-tax.com/

FDI flows worldwide & in Poland in 2011 (in bn USD)

WORLD



POLAND



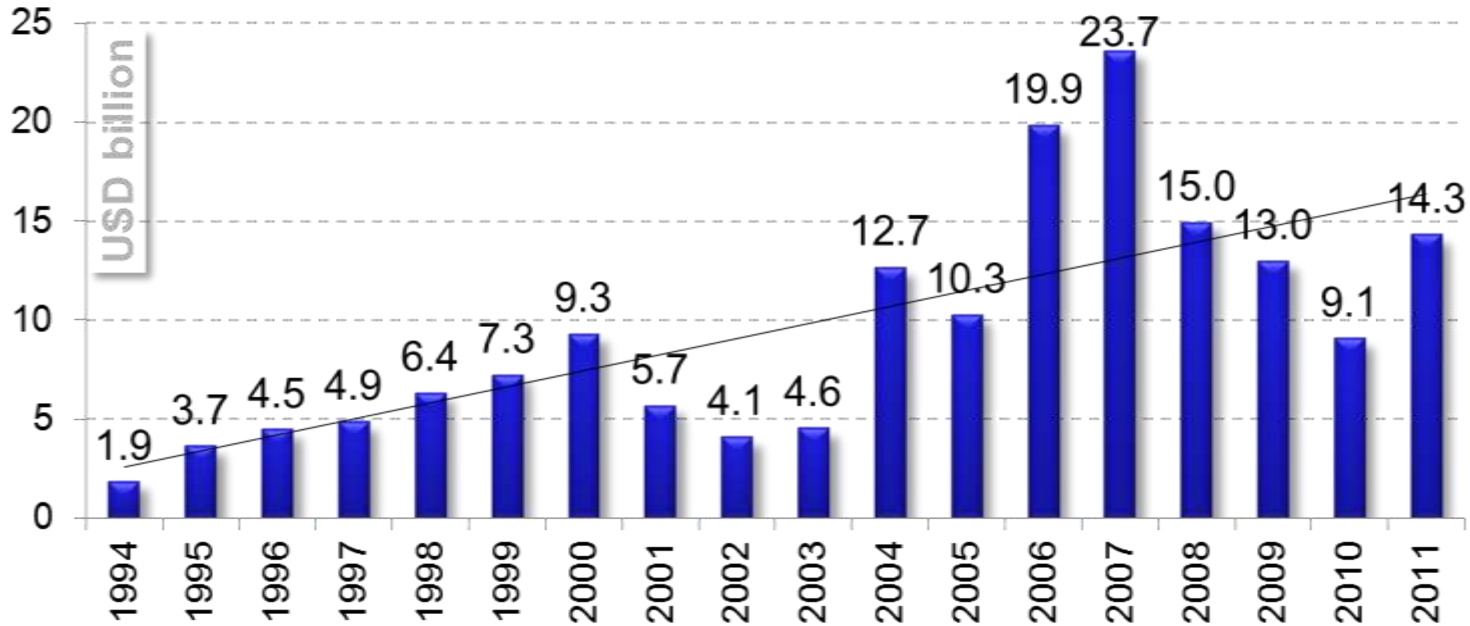
Source: UNCTAD, July, 2012

FDI in Poland

Reinvested profits constituted 2/3 of FDI flows;

85% of FDI inflow comes from the EU, main countries are Luxemburg, Germany, Italy.

At the end of 2010 FDI stock amounted to EUR 150.4 billion



1990-'95:
Vast **internal market**

e.g. shopping malls, privatization

'95-2000:
Significant **labour force stock, low production costs**

e.g. electronics, automotive

>2000:
Favourable **quality/cost ratio**

e.g. outsourcing centres (BPO), infrastructure

Next stage:
top quality advantages…

e.g. *R&D centers*

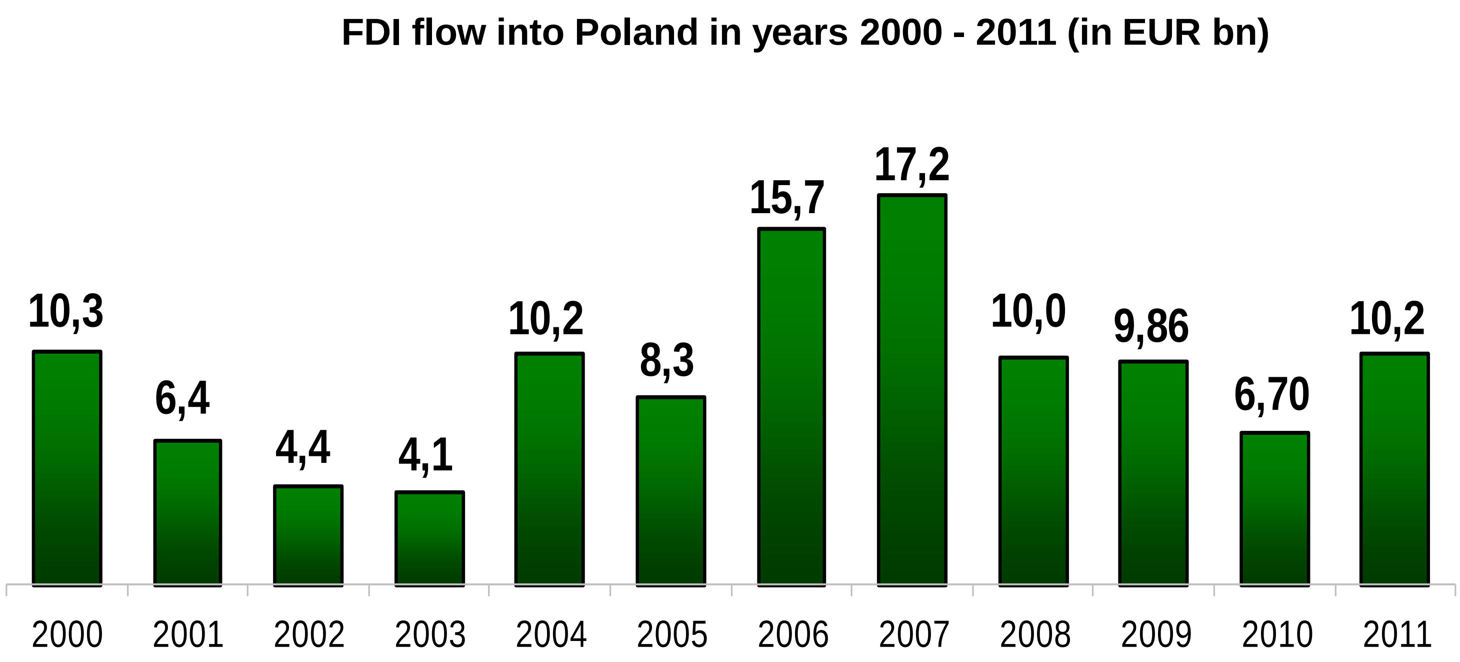
Market *seeking*

Resource *seeking*

Strategic *capabilities*

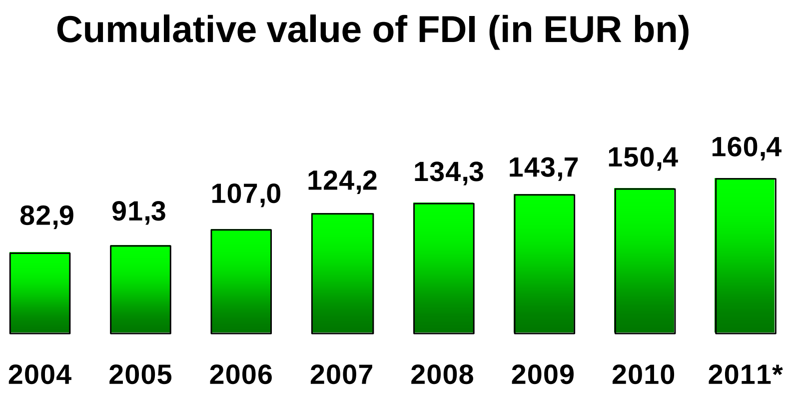
Source: *PAIiIZ, NBP May, 2012*

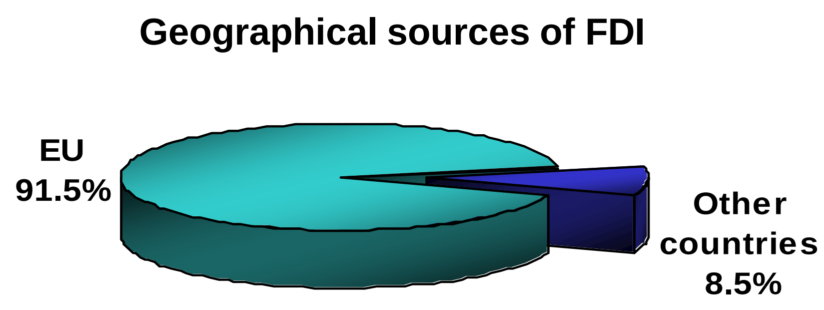
FDI in Poland

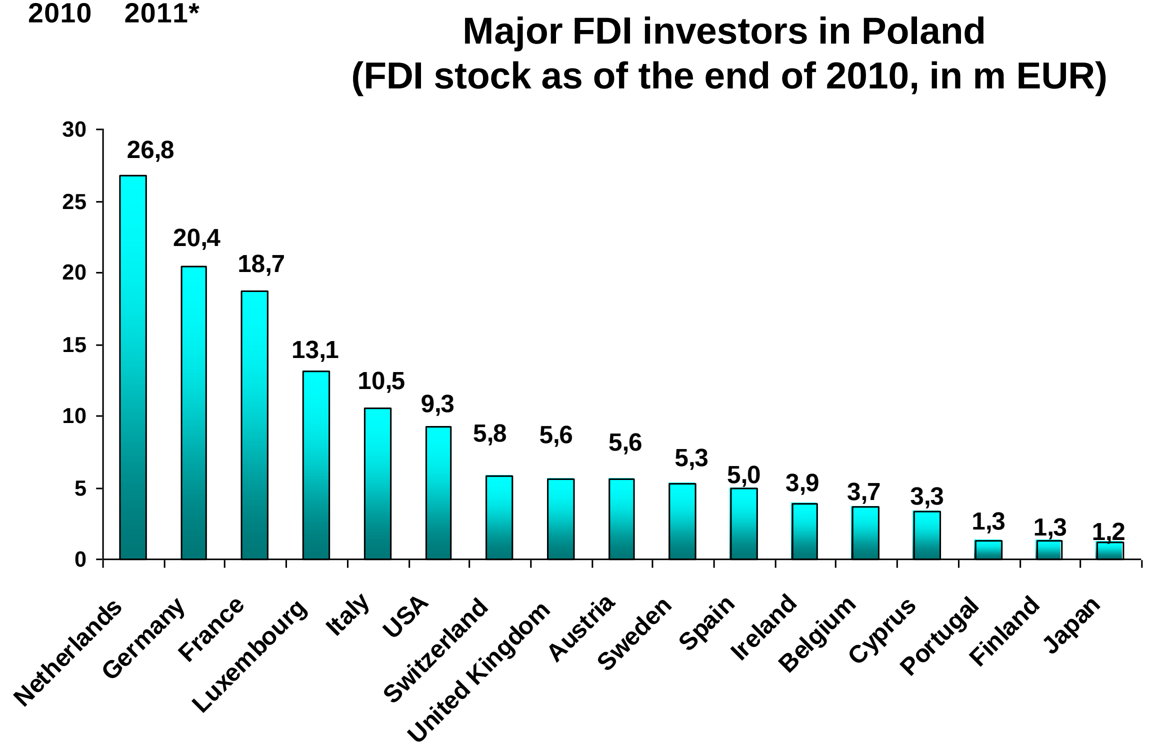


Source: National Bank of Poland, 2012

FDI stock in Poland







Source: National Bank of Poland, 2012

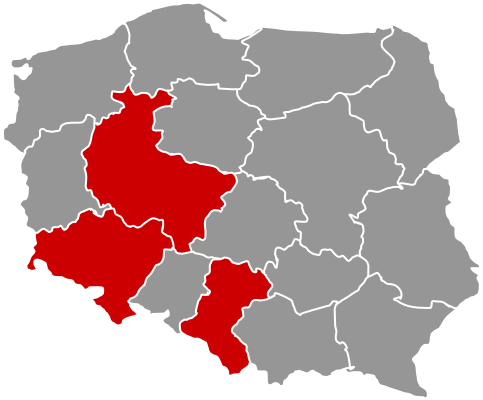
Companies with foreign shareholding in Polish regions

	Number of entities with foreign shareholding	Number of persons employed
Poland	23 078	1 518 398
Mazowieckie	8 576	532 109
Dolnośląskie	2 274	145 807
Śląskie	2 077	167 758
Wielkopolskie	2 062	204 216
Małopolskie	1 471	87 956
Zachodniopomorskie	1 299	48 656
Pomorskie	1 246	57 335
Łódzkie	950	75 794
Lubuskie	777	36 252
Kujawsko-pomorskie	571	38 195
Opolskie	471	24 909
Podkarpackie	345	36 566
Lubelskie	343	20 875
Warmińsko-mazurskie	301	14 091
Świętokrzyskie	174	18 704
Podlaskie	141	9 175

Source: Central Statistical Office, 2011

Services and Manufacturing Hubs in Poland (1)

Invest in Poland



AUTOMOTIVE

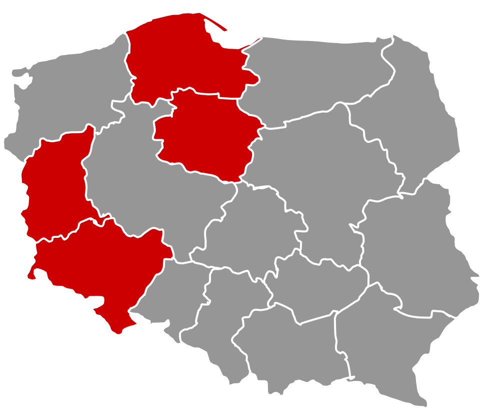
Gliwice, Tychy	Wrocław, Jelcz Laskowice, Wałbrzych	Poznań
Opel, NGK, FIAT	Volvo, Toyota, Autoliv, Ronal, Mando	VW, Bridgestone, MAN, Solaris

Other Manufactures: DELPHI, CSA Cooper Standard, Pilkington ✱, Scania, Gedia ✱, Exide Technologies

HOUSEHOLD APPLIANCES

Łódź, Radomsko	Wronki	Wrocław, Kobierzyce
Siemens Bosch, Indesit	Samsung	Fagor, Whirlpool, LG

Other Manufactures: Philips, Electrolux, Teka



ELECTRONICS

Gorzów Wielkopolski	Tczew, Kwidzyn
AUO AU Optronics, TPV, Funai	Flextronics, Jabil

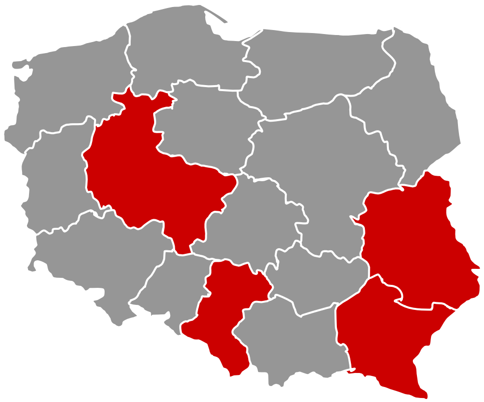
Other Manufactures: Toshiba Leading Innovation, Sharp, Orion, Dell, LG

✱ - TOP 2011

Source: PAIiIZ compilation, 2012

Services and Manufacturing Hubs in Poland (2)

Invest in Poland



AEROSPACE

Rzeszów, Mielec, Świdnik

GOODRICH · MTU Aero Engines · Sikorsky A United Technologies Company · AgustaWestland A Finmeccanica Company

Kalisz

Pratt & Whitney A United Technologies Company

Other Manufactures

Hamilton Sundstrand A United Technologies Company * · AvioPolska

BSS

Kraków

Airline Accounting Center · STATE STREET * · CAPITA

Wrocław

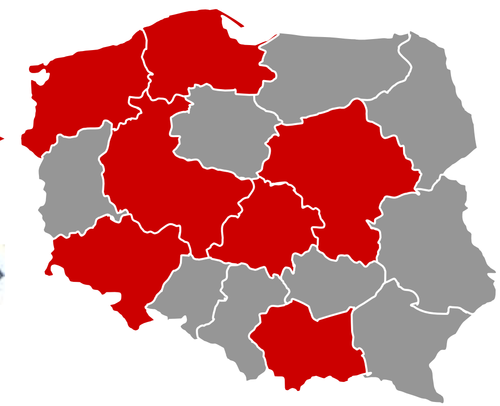
hp · ups · IBM

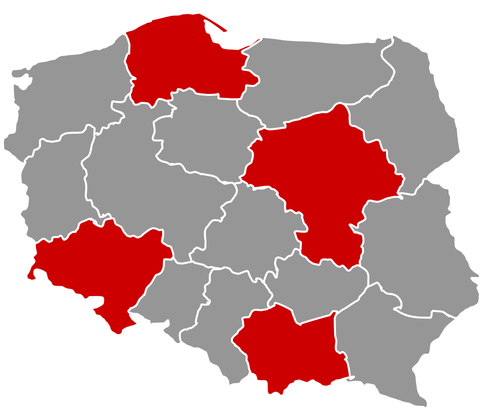
Łódź

FUJITSU · Nordea *

Other Centers

Atos · SONY · citi · FRANKLIN TEMPLETON INVESTMENTS · UniCredit · Roche





R&D

Wrocław

Nokia Siemens Networks · 3M · WABCO · McKinsey&Company

Warszawa

GE · SAMSUNG

Other Centers

ABB · MOTOROLA · intel * · TRW · PÖYRY *

* - TOP 2011

Source: PAIiIZ compilation, 2012

Invest in Poland

Map of Japanese Companies in Poland

NGK (other non-metal goods)
Location: Gliwice

Suruga Seiki (precision parts)
Location:

CRYSTAL PARK:
Sharp (LCD module)
Orion Electric (LCD TV)
Sumika, Tokai Okaya, Sohbi Craft, U-Tec, Tensho Denki, Kimoto, Toppan
Location: Łysomice

Kotani (fabricated metal products)
Location:Gliwice

Fuji Seal (label, package)
Location:Kutno

J-Power (windfarm)
Location:Słupsk

Panasonic Batteries
Location: Gniezno

Ajinomoto (noodle)
Location:Małkinia

BTM UFJ, ORIX(trading companies, construction companies)
Location: Warszawa

Calsonic (car air conditioner)
Location:Ostrów Wlkp.

Bridgestone (tire)
Location:Stargard Szczeciński / Poznań

SEWS (wiring harness)
Location:Leszno

MCTI Warehouse management
Location: Błonie

MOI Tech (engine belt)
Location: Błonie

Funai Electric (LCD TV)
Location:Nowa Sól

Danfoss Saginomiya (air conditioner)
Location:Błonie

Sanden (car air conditioner)
Location:Polkowice

YKK (fastener)
Location:Mszczonów

TBMECA (intake manifold)
Location:Legnica

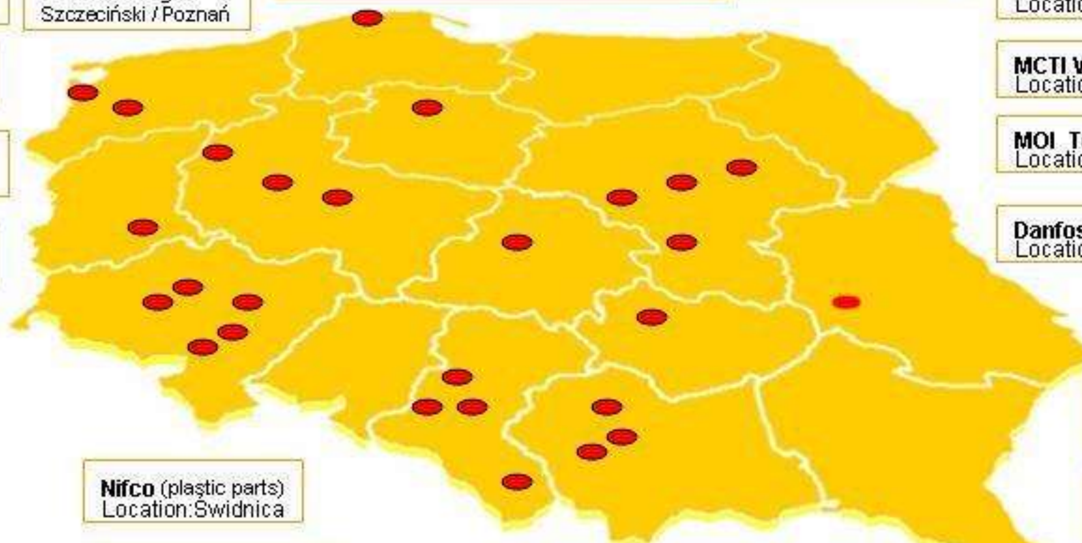
Toho Kogyo (bearing parts)
Location:Radom

AKS (precision bearing ball)
Location:Żarów

Nifco (plastic parts)
Location:Świdnica

YAGI (hub bearing)
Location:Żarów

Tsubaki Hoover (bearing)
Location:Kraśnik



TAKATA Petri (airbag, handle)
Location:Wałbrzych

TMMP (gasoline engine)
Location:Wałbrzych

Nidec (power steering)
Location:Niepołomice

NYK Logistics
Location: Kraków

NSK ISKRA (bearing)
Location:Kielce

Toyota Tsushou (aluminium molding)
Location:Wałbrzych

Daicel Safety Systems (airbag inflator)
Location:Żarów

Euro comfort (feather)
Location:Kraków

NTK (ceramic tools)
Location:Jelcz Laskowice

TRI (car anti-vibration devices)
Location:Wolbrom

NSK Power Steering
Location:Wałbrzych

SEWS (wiring harness)
Location:Żywiec

Sumitomo Corp. (trading)
Location:Kraków

Fujitsu Kyushyu (software)
Location:Kraków

NSK (Needle bearing)
Location:Katowice

Bridgestone (caterpillar)
Location:Żarów

ISUZU Motors
Location:Tychy

Toyo Seal Industries
Location:Tychy

TMIP (diesel engine)
Location:Jelcz Laskowice

Fuji Seiko (manufacturing tools)
Location:Jelcz Laskowice

World Investment Report 2011

World's most attractive destinations for Foreign Direct Investments

Rank 2011 (2010)	Country
1	China
2	USA
3	India
4	Brazil
5	Russia
6 (12)	**Poland**
:	:
9	Germany
13	UK
14	Singapore

According to UNCTAD the key factors attracting FDI to Poland are:

- rapidly expanding domestic market
- size of the domestic market
- flexible & skilled labour force
- high quality/cost ratio

FDI flows – 2010 – 2013 in USD bn

2010	2011	2012	2013
1,24	**1,5**	**1,7**	**1,9**

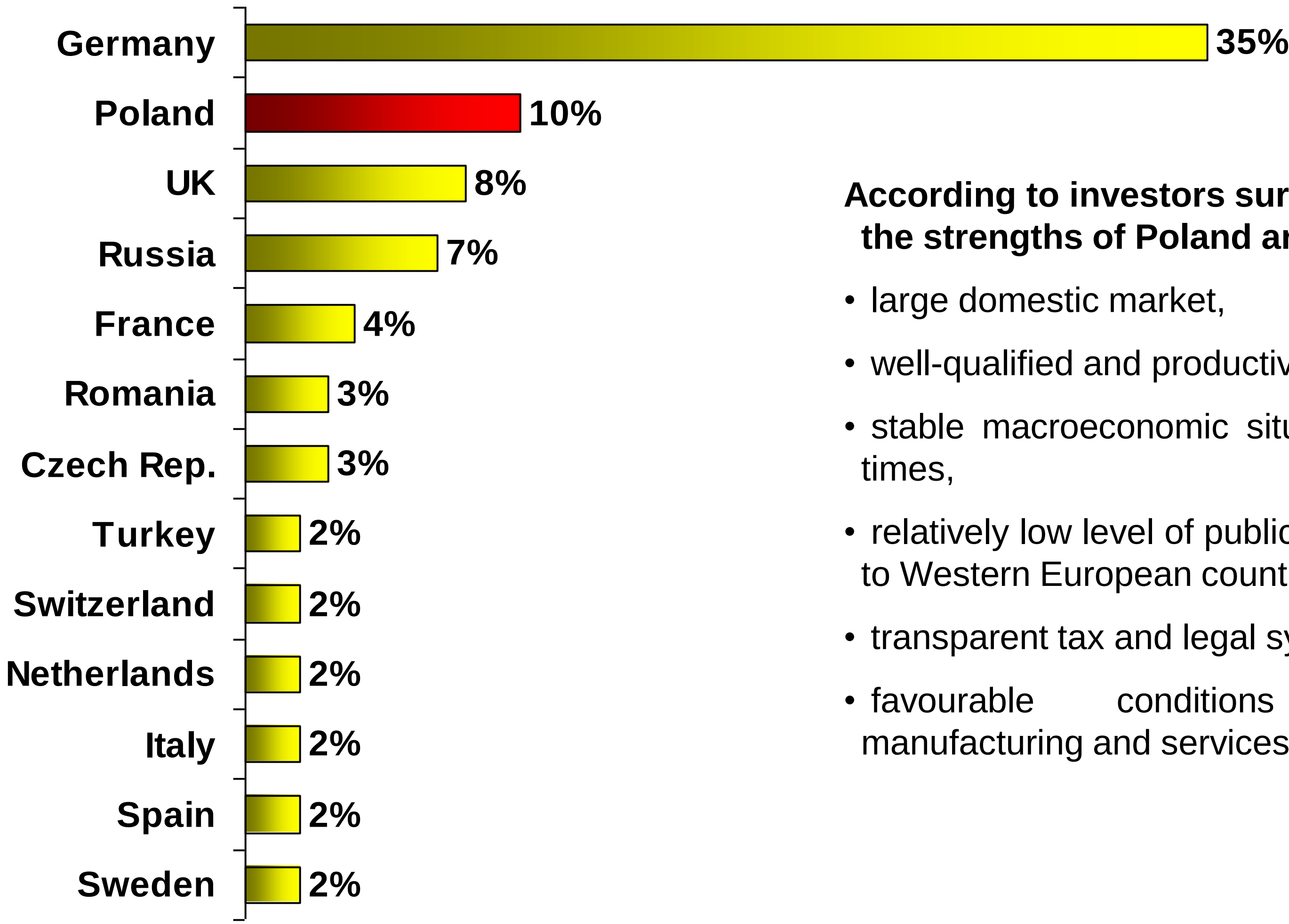
Growth reasons:

1. **Cash reserves of MNCs**
2. **Restructurization / Delocation**
3. **Undervalued companies**

Source: World Investment Report, 2011

E&Y 2012 European Attractiveness Survey

What are the most attractive countries for FDI in the next 3 years?



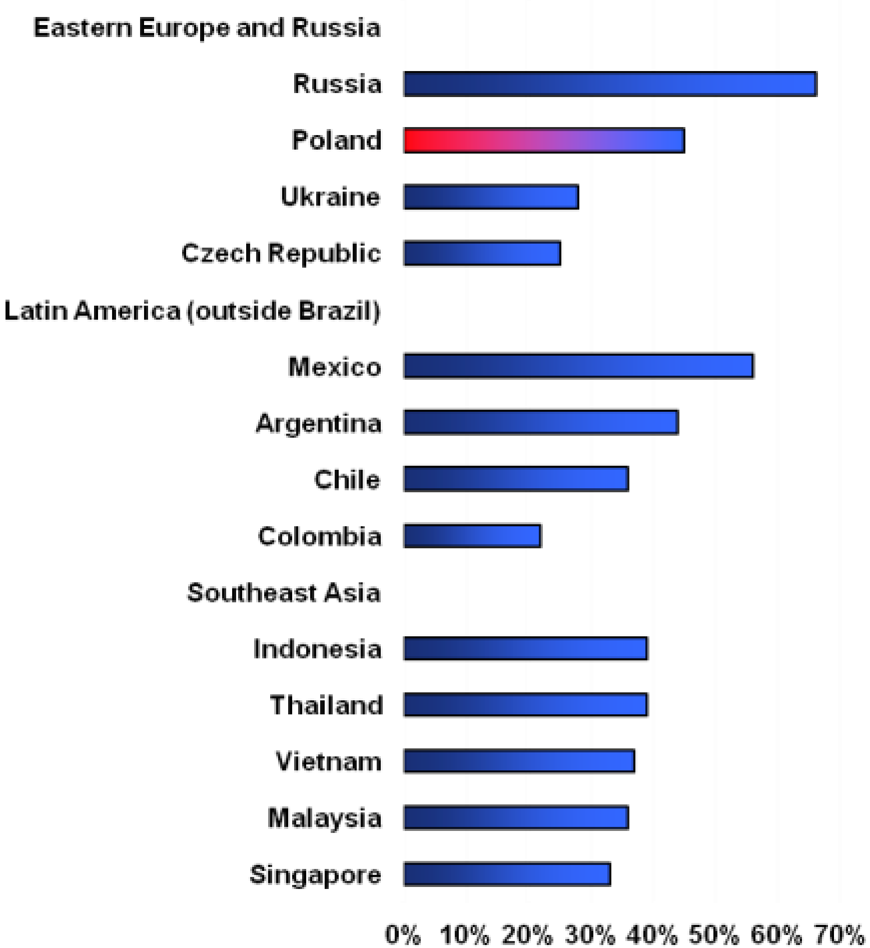
According to investors surveyed by E&Y the strengths of Poland are:

- large domestic market,
- well-qualified and productive workforce,
- stable macroeconomic situation in difficult times,
- relatively low level of public debt comparing to Western European countries,
- transparent tax and legal systems,
- favourable conditions both for manufacturing and services investments

Source: Ernst & Young, 2012 European Attractiveness Survey, 2012

Deloitte's survey 2012

Location in each region offering the greatest revenue opportunities over next three years



- Poland was ranked second after Russia among regional emerging market countries in terms of revenue opportunities for investors in the next three years.
- In Eastern Europe and Russia, executives and companies with existing market revenues said the greatest revenue opportunities were in Russia (66 percent) and Poland (45 percent).
- Emerging markets are projected to account for a majority of the growth in global gross domestic product (GDP) over the next several years.
- The companies surveyed found that the key ingredient in success was to understand the special requirements of customers in each market and design offerings to meet their particular needs at appropriate prices.

Source: Fortresses and Footholds: Emerging market growth strategies, practices and outlook, Deloitte, January 2012

FDI Attractiveness

MANUFACTURING BY COUNTRY, FDI ATTRACTIVENESS (COST AND QUALITY)

COUNTRY	QUALITY 80%, COST 20%
China	451.46
US	279.73
India	257.65
Vietnam	254.18
Poland	225
Slovakia	220.71
Brazil	209.73
Indonesia	197.9
Russia	184.53
Romania	168.25
Germany	167.56
Thailand	166.16
Malaysia	162.75
France	149.91
Czech Republic	146.15
Hungary	145.64
Canada	142.15
UK	142.02
Spain	132.86
Mexico	115.19

Source: fDi Benchmark

MANUFACTURING BY COUNTRY, FDI ATTRACTIVENESS (QUALITY)

COUNTRY	QUALITY 100%
China	509.35
US	334.91
Poland	241
Slovakia	239.62
Brazil	227.33
India	210
Germany	201.1
Russia	187.21
France	176.75
Canada	165.28
UK	162.15
Indonesia	153.74
Czech Republic	153.26
Spain	151.92
Hungary	147.01
Vietnam	145.53
Romania	142.14
Malaysia	140.04
Thailand	126.94
Mexico	84.15

Source: fDi Benchmark

Source: FDI Intelligence Report, September 2011

Media about Poland

DER SPIEGEL

„Poland is one of the world's few success stories since the fall of the Soviet bloc, a development that is particularly noticeable in comparison with other countries in Eastern Europe.

Statistics show that hardly anyone in Europe works as much per year as the Poles, and that they are also happier on average than other Europeans."

Der Spiegel, (May 2012) *The Miracle Next Door. Poland Emerges as a Central European Powerhouse*

FINANCIAL TIMES

„Poland is the most striking recent economic success story in the EU. It is the only country not to have fallen into recession in 2009 and is pegged to have the fastest GDP growth in the union this year, while the government of premier Donald Tusk enjoys a rare political stability, embarking on its second term of office."

Financial Times (June 2012) *Euro 2012 to highlight Poland's success*

Media about Poland

LE FIGARO

„Poland is already the champion of Europe - in terms of economic growth. An estimated GDP growth for 2011 was revised upwards by Brussels (to 4.3%) and is nearly three times bigger than the average of 27 (1.5 %).

What saved the Polish growth during the 2009 crisis is that it is driven by strong domestic demand (population of 38 million)."

Le Figaro (March 2012) La Pologne, championne européenne de la croissance

la Repubblica

„Poland is the South Korea of Europe – its economy moves faster than the German locomotive."

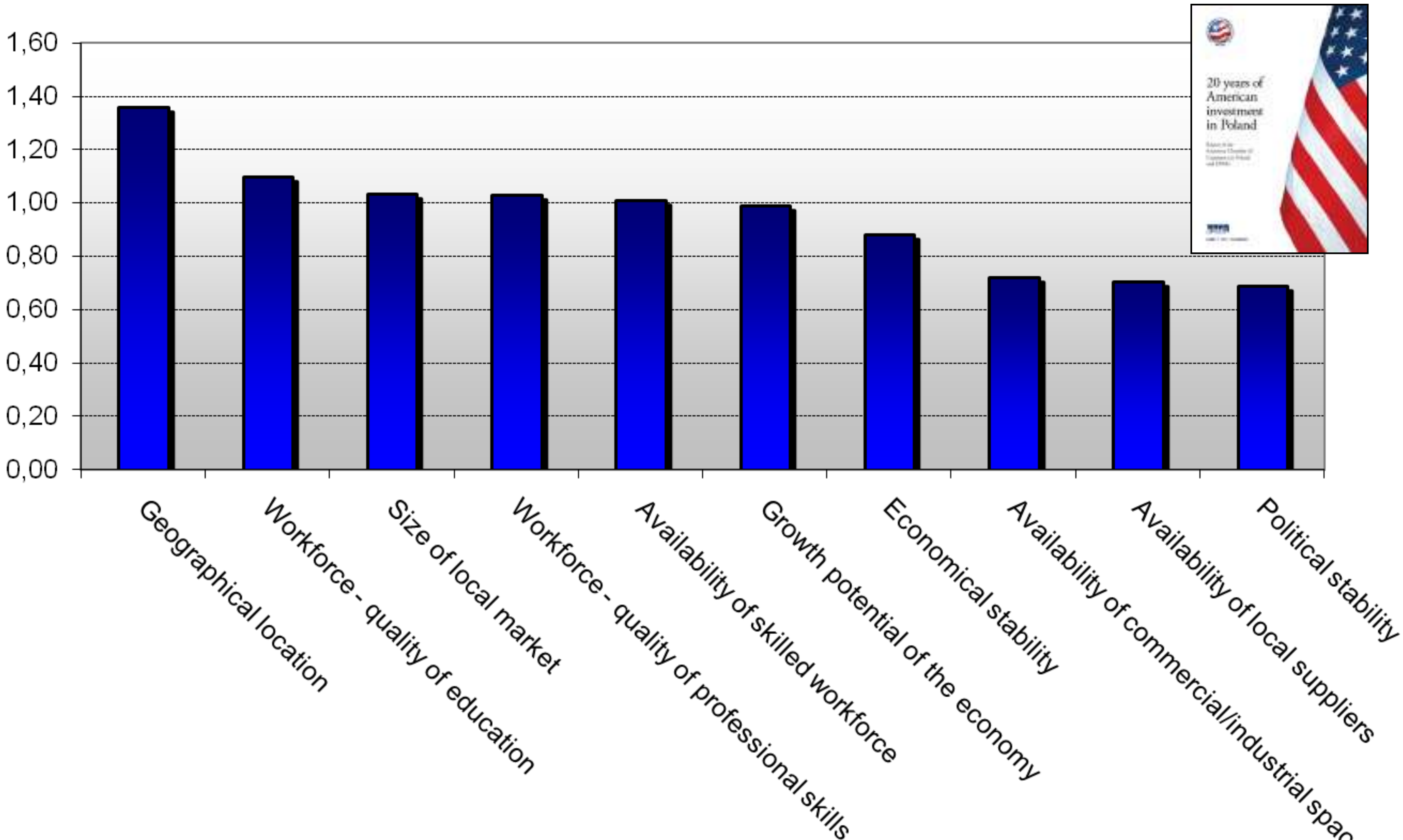
La Repubblica (June 2012)

DIE WELT

„Poland remains, despite the crisis, the champion of economic growth. The state budget has doubled in the last decade, the country was well governed."

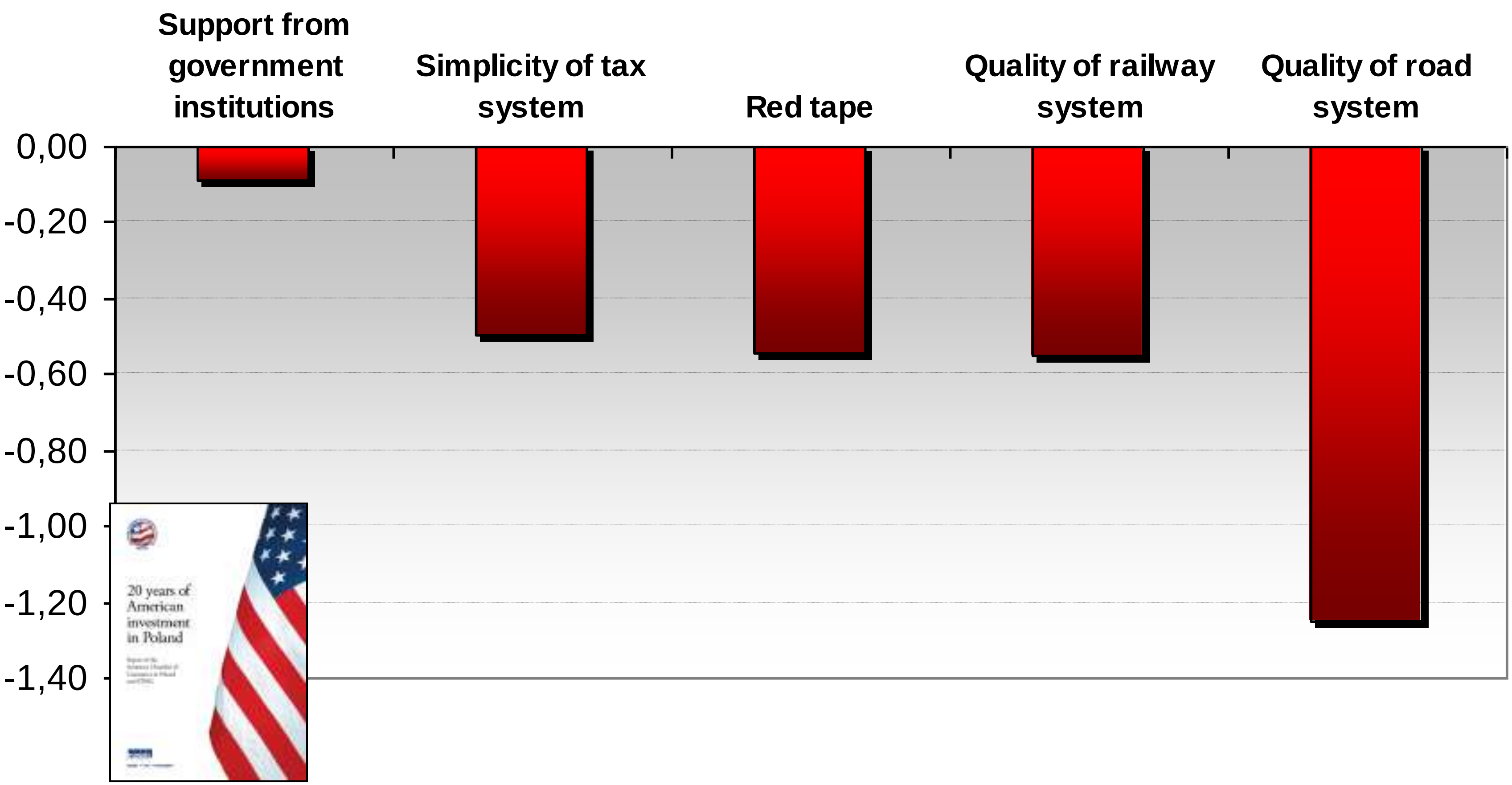
Die Welt (June 2012), *Wunderkind Polen*

Investment attractiveness of Poland – strengths



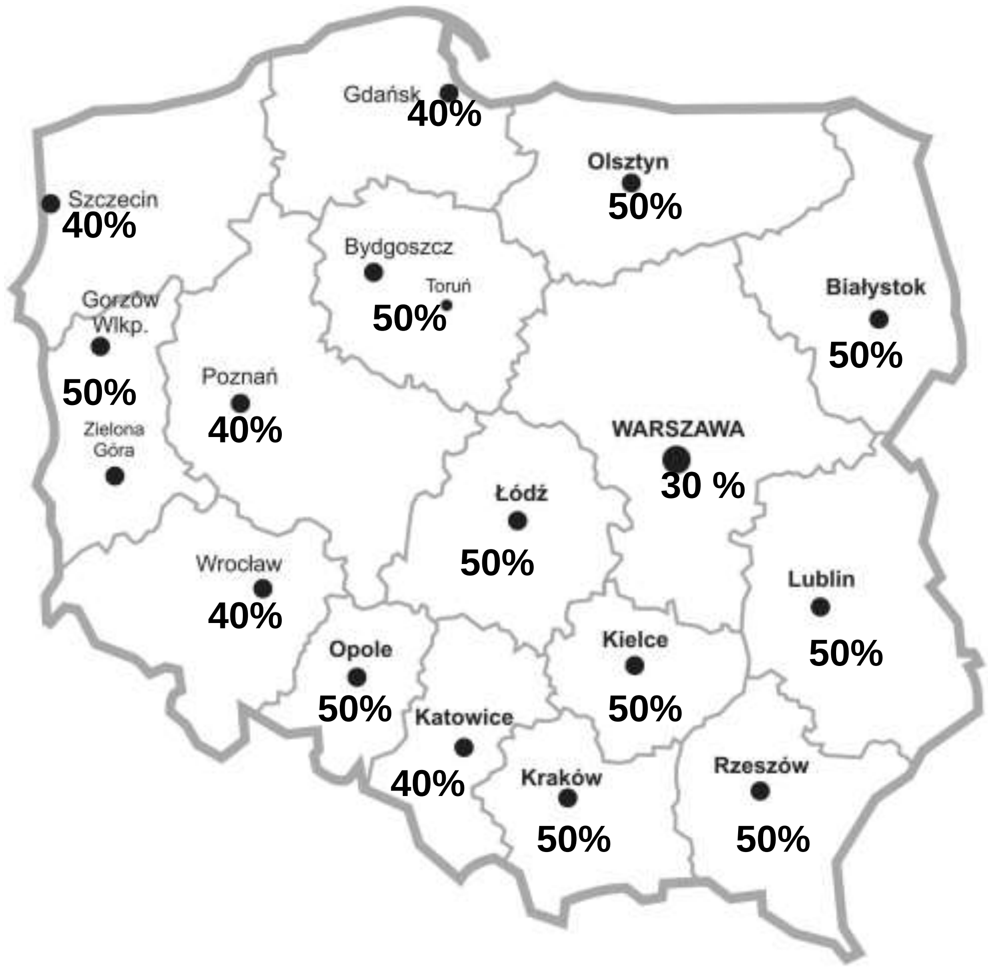
Source: AmCham, KPMG 2010

Investment attractiveness of Poland – weaknesses



Source: AmCham, KPMG 2010

Regional Aid Map in Poland 2007-2013



Small enterprises can enjoy maximum intensity limits increased by 20 percentage point, medium-sized companies by 10%

Forms of regional aid

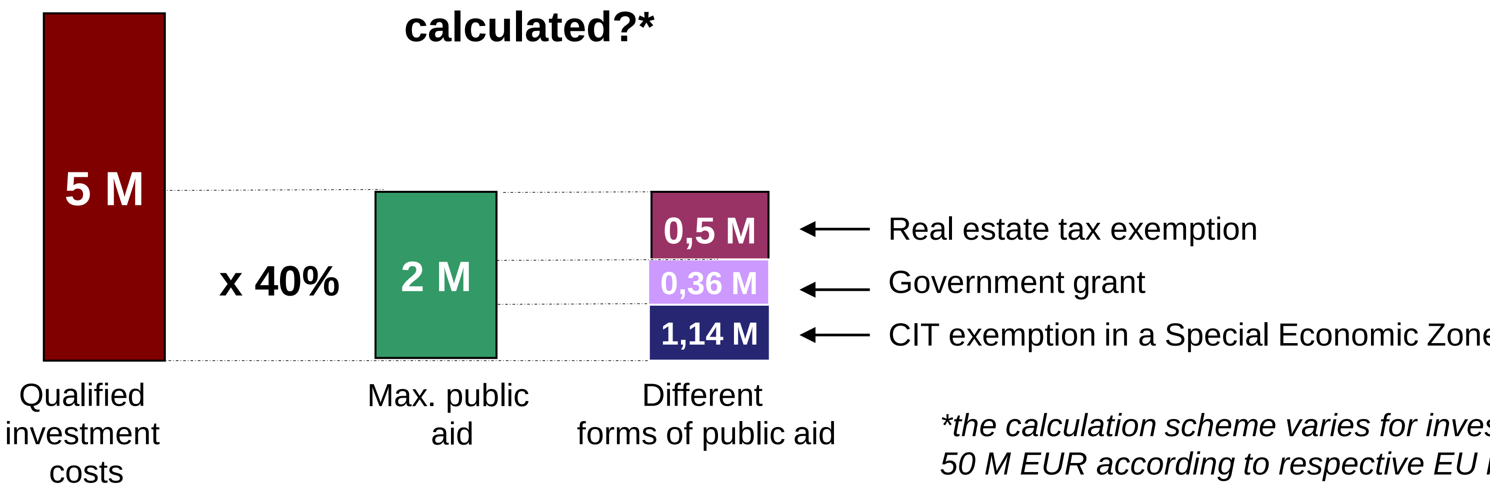
✓ ***Tax breaks***

- **CIT exemption in Special Economic Zone**
- **Real estate tax exemption**

✓ ***Cash support***

- **Government grants through individual negotiations**
- **Cash grants co-financed from the EU Funds**

How the maximum level of public aid is calculated?*



**the calculation scheme varies for investments above 50 M EUR according to respective EU rules*

Special Economic Zones

Definition

- **a special economic zone (SEZ) is a designated area in which manufacturing or distribution activities can be conducted on preferential terms**
- **14 SEZ in Poland, with several subzones**

The purpose

- **support regional development**

Total area

- **up to 20 000 hectares**

Time of operation

- **31st December 2020**

Permits to conduct activities in SEZ

- **issued by the authorities of each SEZ**

Benefits from obtaining a permit to conduct activities in SEZ :

- eligibility for income tax exemption
- plot of land prepared for an investment project
- free assistance in dealing with formalities relating to the investment project

Exemption from real estate tax

- a form of regional state aid

- available in communes which adopted resolutions concerning the possibility of exemption from real estate tax

- maximum tax limits in 2012 are: 21.94 PLN/sq.m. for buildings, 0.84 PLN/sq.m. for land and 2% of construction value. In each commune tax rates are set by local authorities

- the exemption usually depends on the amount of new workplaces created

Example:
Grudziądz, Kujawsko - Pomorskie province
Investment in the Pomorska SEZ by entrepreneur other than small or medium-sized

Jobs created	Full exemption
Investment of at least EUR 100 000	
50	**3 years**
70	**5 years**
90	**7 years**
For every EUR 500 000 – additional 6 month of exemption no more than 1 year	

Government grants

Program of support of investments of considerable importance for Polish economy

Production

- **automotive**
- **electronics**
- **aerospace**
- **biotechnology**
- **„large investment” in other sectors**

Modern services

- **ICT**
- **SSC**
- **BPO**

R&D activity

Purpose of support

- **development of innovativeness and competitiveness of Polish economy**

Result of support

- **50 programmes of total amount 13,5 bn PLN (since 2004)**
- **33,7 thous. new jobs**

Source: PAIiIZ, Ministry of Economy

Government grants

Sector	New work places	and	Investment costs	Max. amount of support
Employment grant				
Production	250		PLN 40 m	from PLN 3200 to PLN 15 600/per job
Modern services	250		PLN 2 m	
R&D	35		PLN 3 m	
Big investment in other sector	500		PLN 1 bn	

Sector	New work places	and	Investment costs	Max. amount of support
Investment grant				
Production	50		PLN 160 m	2% to 10,5% of investment costs
Big investment in other sector	500		PLN 1 bn	

Government grant - procedure

Max.
8 months

Step 1: Investor submits „Information about the project” and „Incentive effect” to PAIiIZ

Step 2: PAIiIZ prepares and submits to the Ministry of Economy (MoE) a dossier of the project together with the proposed amount of support (max. 2 weeks)

Step 3: MoE calls for the Interministerial Team (3-4 times per year) which accepts/rejects recommendation for the project (max. 14 weeks)

Step 4: PAIiIZ informs the company of the result and asks it to accept the offer within 1 month (max. 5 weeks)

Step 5: The company applies to the MoE for the Letter of intent – a „go-ahead” for the project (incur costs, hire people) (max. 3 weeks)

Step 6: The draft of agreement on granting support between the investor and the MoE is agreed (max. 10 weeks)

Step 7: The agreement on granting support between the investor and MoE is concluded

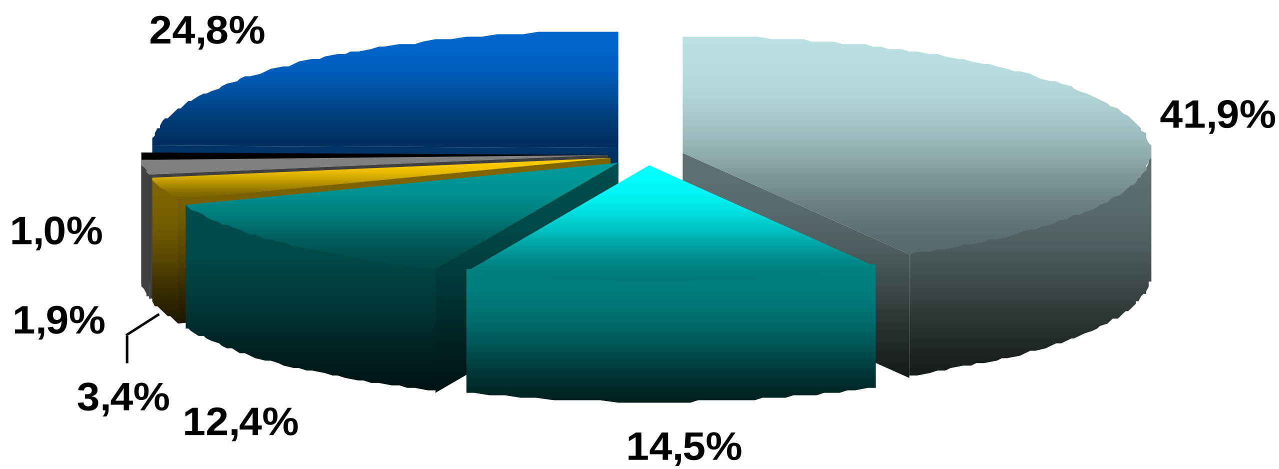
! In time constraint case Step 5 can take place together with Step 1

! Formalities related to notification process in the European Commission start at Step 5 and go paralelly.

! Should Step 3 taking too long, recommendation is distributed in circular way (max. 4 weeks)

More than EUR 87 billion in 2007-2013

Operational Programmes will be financed from the EU Funds (more than EUR 67 bn) and Polish contribution (over EUR 20 bn)



- Infrastructure and Environment
- Human Capital
- Innovative Economy (IE)
- Eastern Poland Development
- Programmes of the European Territorial Cooperation Objective
- Technical Assistance
- Regional Operational Programmes

Impact of the European funds

Completed projects - examples

Transport

- **779 km** built/reconstructed **expressways**
- **4 236 km** built/reconstructed **national and local roads**
- **635 km** built/reconstructed **railways**

Environmental protection

- **13 000 km** built/reconstructed **sewage systems**,
- **5 700 km** built/reconstructed **water supply pipelines**
- **275** built/reconstructed city **water pipelines**
- **1 729** built/reconstructed home **wastewater treatment plants**

Development of human capital

- **2.7 m people** (incl. 1.6 women) has received support from European Social Fund

Entrepreneurship and innovations

- **2 799 of SMEs** received support for implementation of new investment projects
- **17 science parks** have been developed

Incentives available for BSS projects

Available instruments?	Minimum requirements: Investment expenditures	Minimum requirements: New job places	How much?
Employment grant	---	250	3,200 – 15,600 PLN/work place
EU grant	---	100	max. 30% of investment expenditure
CIT exemption (SEZ)	EUR 100,000	subject to negotiations	To the maximum level of public aid for the project or to the end of existence of SEZ

MINISTERSTWO GOSPODARKI

INNOWACYJNA GOSPODARKA
NARODOWA STRATEGIA SPÓJNOŚCI

Measure 4.5, sub-measure 4.5.2

Incentives available for R&D projects

Available instruments	Minimum requirements		How much?
	Investment expenditures	New job places	
Employment grant	PLN 3 m	35	3,200 – 15,600 PLN/work place
EU grant	PLN 2 m	10	Maximum regional intensity
CIT exemption (SEZ)	EUR 100,000	subject to negotiations	To the maximum level of public aid for the project or to the end of existence of SEZ

MINISTERSTWO GOSPODARKI

INNOWACYJNA GOSPODARKA
NARODOWA STRATEGIA SPÓJNOŚCI

Measure 4.5, sub-measure 4.5.2

Incentives available for manufacturing projects

Available instruments?	Minimum requirements		How much?
	Investment expenditures	New job places	
Investment grant	PLN 160 m	50	2-10.5% of investment outlays
Employment grant	PLN 40 m	250	3,200 – 15,600 PLN/work place
EU grants	PLN 160 m	150	max. 30% of investment expenditure
CIT exemption (SEZ)	EUR 100,000	subject to negotiations	To the maximum level of public aid for the project or to the end of existence of SEZ
RET exemption	depends on the location		

MINISTERSTWO GOSPODARKI

INNOWACYJNA GOSPODARKA
NARODOWA STRATEGIA SPÓJNOŚCI

Measure 4.5, sub-measure 4.5.1

Subsidies for staff development

OP Human Capital EUR 11,5 bn (EUR 9.7 bn – EU)

Increasing employment and adaptability of enterprises and their employees, as well as upgrading the general level of education, reducing areas of social exclusion and supporting the development of administrative structures of the state.

Example:

- Measure 8.1. Development of staff and enterprises in regions (general and specialist training and consultancy services related to training for managing officers and enterprises staff)

Beneficiaries:

- Entrepreneurs,
- Training institutions,
- Labour Market institutions,
- NGO's and others

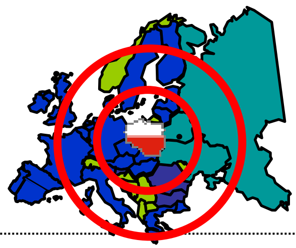
	Priority	Community contribution (in million EUR)
I	Employment and social integration	430.3
II	Development of human resources, adaptability of enterprises and improvement of the health condition of employed persons	661.3
III	High quality of the education system	855.3
IV	Higher education and science	816.3
V	Good governance	519.3
VI	Labour market open for all	1 918.4
VII	Promotion of social integration	1 320.0
VIII	Regional economy staff	1 350.2
IX	Development of education and competence in regions	1 447.9
X	Technical assistance	388.3

Source: EU Structural Funds in Poland, Ministry of Regional Development

General conditions for benefiting from regional aid

- The application for aid has to be submitted before work on the project starts
- The beneficiary of aid must provide a financial contribution of at least 25% of the eligible costs
- The investment has to be maintained for at least 5 years from the date of its completion (3 years in case of SMEs)
- Each newly created job has to be maintained for a period of at least 5 years from the date of its creation (3 years in case of SMEs)

Why Poland? Summary



Strategic location – gateway to the EU

Economic and political stability

Availability of skilled human resources

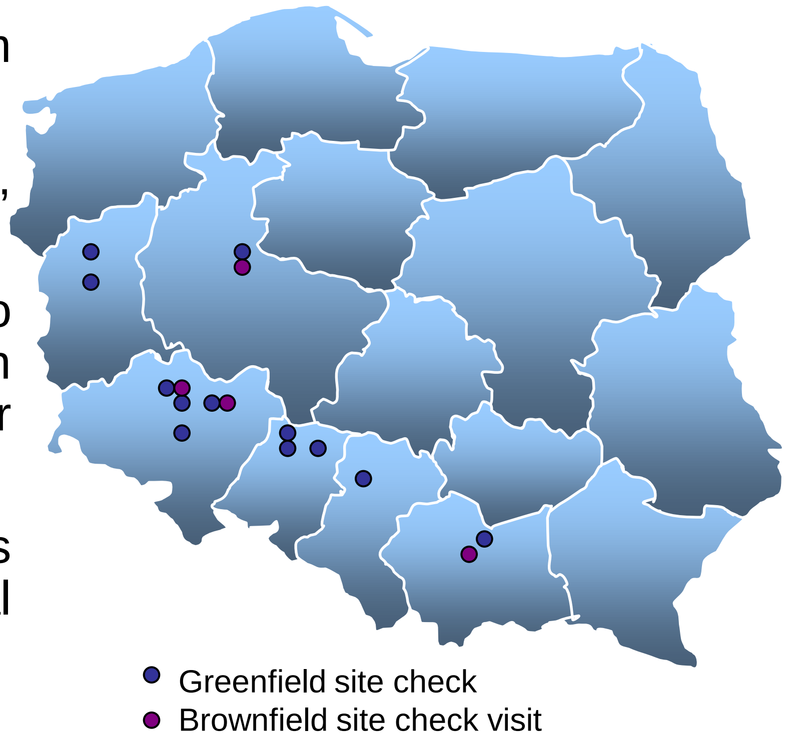
Effective incentives system including the EU-Funds

Agency's offer

Investment process	Agency's offer
Considering of investment	• marketing campaigns, investment seminars, work-shops, study tours • co-operation with Polish Embassies abroad
Long list of countries	• PM assistance • site visits • macroeconomic and sectoral data, information on financial incentives, SEZ and EU funds
Short list	• assistance in obtaining financial support from the state government • co-operation with SEZ • date base of suppliers and business partners and real estate data base
Investment decision	• after-care services • ombudsman for foreign investors

Case study - PGW

- Investment project of an American premium glass manufacturing company
- Over 40 green- and brownfield offers provided, 20 sites directly visited
- 6 trips lasting a few days to Poland with up to 10 participants; 8 meetings with foreign investors acting in Poland in search for testimonials
- 3 meetings with HR companies, 4 meetings with developers, support given from 4 real estate agents
- 8 meetings with utility providers
- 4 Special Economic Zones involved
- 3 high level meetings within the Ministry of Economy
- Final investment destination – Sroda Slaska near Wroclaw



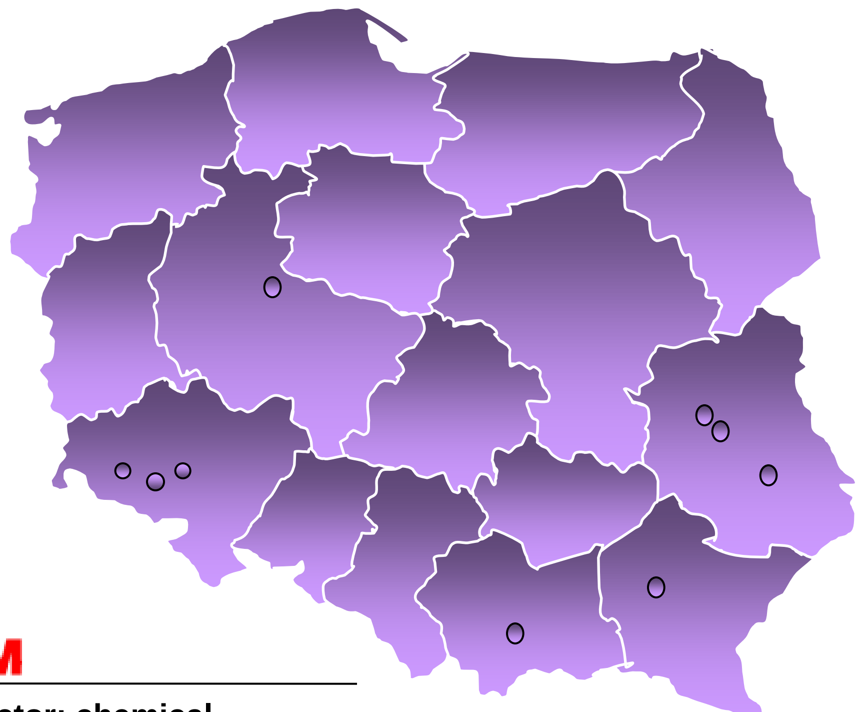
1 project (approx.150 new work places; > EUR 50 m of capital expenditures)

Completed investment projects in manufacturing sector as of the end of 2011

Sector: automotive
Investment outlays: EUR 20 m
Employment: 40
Location: Nowa Sól

Sector: plastics processing
Investment outlays: EUR 9 m
Employment: 250
Location: Olszyna

Sector: packaging
Investment outlays: EUR 65 m
Employment: 151
Location: Września



Sector: chemical
Investment outlays: EUR 42 m
Employment: 250
Location: Wrocław

Sector: automotive
Investment outlays: EUR 40 m
Employment: 295
Location: Bielsko Biała, Czechowice Dziedzice

Sector: food-processing
Investment outlays: EUR 8 m
Employment: 200
Location: Lublin, Krasnystaw

Sector: aviation
Investment outlays:
EUR 9 m
Employment: 107
Location: Świdnik

Sector: automotive
Investment outlays:
EUR 96 m
Employment: 500
Location Chmielów

Invest in Poland

Completed investment projects in services sector as of the end of 2011

CREDIT SUISSE

Sector: Centre of excellence
Investment outlays:
EUR 0.5 m
Employment: 250
Location: Wrocław

PRICEWATERHOUSECOOPERS

Sector: SSC
Investment outlays: EUR 0.5 m
Employment: 260
Location: Katowice

STATE STREET

Sector: SSC
Investment outlays: EUR 2 m
Employment: 600
Location: Kraków

TATE & LYLE

Sector: SSC
Investment outlays: EUR 1 m
Employment: 200
Location: Łódź

LUXOFT Engineering Business Performance

Sector: IT center
Investment outlays: EUR 0.18 m
Employment: 200
Location: Kraków

BNP PARIBAS

Sector: SSC
Investment outlays: EUR 3 m
Employment: 300
Location: Warsaw

Nordea

Sector: SSC
Investment outlays: EUR 1.8 m
Employment: 250
Location: Łódź

Invest in Poland

Active projects serviced by PAIIIZ (as of the end of July 2012)

As of the end of July 2012, PAIIIZ had in the project pipeline 144 potential investments

- Value of investment: **EUR 5 424 m**
- Number of new job places: **34 658**
- Main sectors:
    - **modern services (36)**
    - **automotive (30)**
    - **R&D (10)**
    - **machinery (9)**
- Major countries-investors:
    - **USA (34)**
    - **Germany (17)**
    - **Great Britain (15)**
    - **China (10)**

Thank you for your attention

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