

INVESTING in POLAND 2014

FEATURING

TRENDBOOK
POLAND



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Editor-in-Chief
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Is recovery on its way? That is the question on everyone's lips as *Investing in Poland 2014* goes to press.

To be sure, Poland continues to fare better than many of its European peers, but the extended sovereign debt crisis on the continent has finally taken its toll. In 2012, Poland's gross domestic product grew at a pace of 1.9 percent and in 2013 it will probably grow no faster than about 1 percent – its slowest rise in decades. The slowdown has resulted in high unemployment that has caused dissatisfaction with the government to fester.

But Poland could be turning the corner. The macroeconomic data from the second half of 2013 point to a tentative and slow – but steady – rebound. Unemployment was abating, wages were rising faster than expected, as was retail trade. Poland's foreign trade figures were positive as well, and indicated an export-led recovery was underway. Poland's manufacturers were also showing signs of reviving business.

Foreign investment

When it comes to foreign investment, Poland in 2013 looked set to improve on 2012's dismal numbers. Foreign direct investment in 2012 reached a measly €5 billion, a 63 percent

drop from the €13.6 billion foreign investors pumped into the country in 2011.

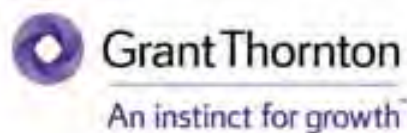
Much of that drop can be put down to the difficulties in Europe in 2012, and Poland is poised to benefit when investors turn their attention back to the continent. The country still presents an attractive combination of incentives for foreign investors. Poland has a large, young, ambitious and well-educated labor force. It boasts both strong technology clusters and agricultural capacity. It offers quality, low-cost manufacturing and a central location from which to ship production.

But on top of that, there is a plethora of tax breaks and direct grants for investors to tap into. Fourteen special economic zones and a myriad of industrial and technology parks mean there are plenty of attractive locations with the right mix of transportation, potential partners, and resources. The government has extended the lifetime of the special economic zones – they will now remain operational and offer tax breaks and other incentives through at least 2026.

So Poland remains one of the most attractive investment locations not only in Europe, but globally. You may feel the same way, which is why you've picked up *Investing in Poland 2014*. This publication is intended to provide all of the resources you, as a potential investor in Poland, may need.

Inside, you'll find profiles of Poland's 16 voivodships (something like provinces), and its major cities, as well as their various resources, investment incentives, major investors, local

Outsourcing to build a competitive advantage



Kinga Lasota-Kielan
Manager,
A&P
Outsourcing
Grant Thornton

The outsourcing services market has been developing rapidly in recent years. The reason for this is the inexhaustible interest in offers directed toward rapidly developing organizations, as well as a growing understanding of the benefits of outsourcing.

Due to changing economic conditions, managers are paying more attention than they had previously to various forms of optimization, which undoubtedly include outsourcing. In terms of the growth of its outsourcing market, Poland ranks second in the world after India. Interest in separating financial and accounting functions from the core business has risen 13 percent compared to last year, as an increasing number of companies say they are willing to work with a provider of outsourcing services. Studies show a significant increase in interest when it comes to outsourcing accounting services, as well as payroll and human resources.

Choosing the right provider allows you to take advantage of higher-

level skills than those in your own firm, while at the same time giving you access to the outsourcing company's exceptional resources. All this allows for the generation of significant cost savings. Among those who have experienced the benefits of outsourcing, more than 70 percent pointed to the cost reduction that is visible in long-term cooperation.

The most important advantage when choosing an outsourcing provider turns out to be a high quality of services, comprehensive service and the ability to cede responsibility to the outsourcing firm. It is also important that a firm can gain access to the most modern technology available, which is reflected by a significant increase in workflow efficiency and e-outsourcing. This is appreciated in particular by foreign companies operating in different time zones, as well as companies that are looking for paperless accounting.

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government leaders, and the contact details to investment offices if you want to learn more. We also profile each of the 14 SEZs and present a listing of all of Poland's major industrial and technology parks.

We have also put together an analysis of various trends that are making a big impact on the Polish economy – find that in the *Trendbook* section. You'll also find legal advice and listings of business organizations and chambers of commerce (the networks you'll need as you begin your investment), as well as listings of office space and consultancies that can help you apply for the abundant EU funding headed Poland's way – nearly €73 billion (zł.300 billion) in the years 2014-2020.

Importantly, all of the information contained in this publication comes from fresh, original research performed by the editorial staff of *Warsaw Business Journal*, Poland's most-trusted English-language newspaper. All of the articles and analyses are also written by the staff of *WBJ* and its partners.

All in all, *Investing in Poland* is a one-stop shop for information on Poland's investment landscape. No other English-language guide can claim the same.

But the *Investing in Poland* publication makes up only a part of Warsaw Business Journal Group's initiative to raise awareness about investment opportunities in Poland. As we do each year, in late 2013 we will hold a conference on investment opportunities in Poland to mark the launch of this publication. And for the second time, we will also be holding a special event where three "Investments of the Year" will be chosen. For more information on that, check our website at WBJ.pl.

WBJ continues to carry out this project each year (this is our fifth) because we believe that Poland is a great place to do business and a fantastic location for investment. Is it the right place for your investment? We hope this publication will help you answer that question. ♦



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AN ENTIRELY DIFFERENT POLAND



Elżbieta Bienkowska,
Minister of Regional Development

In 2020 Poland will be a completely different country than it is now. The €72.9 billion it received for cohesion policy will go a long way towards ensuring that. The funds will be distributed within six national programs and 16 regional ones.

Time and again I hear questions about what will happen to the Polish economy after 2020. The date is not entirely arbitrary because it is two years after European Union's first investment

project will have come to an end. I already said it after the negotiations for the 2007-2013 financial framework had been completed, and I can say it again – no country has ever received as much from EU funds within a single budget framework as Poland did for its development. It is also likely the last time Poland receives such financial support, which, paradoxically, is good news. If we manage to invest the €72.9 billion wisely, we will be too rich to be eligible for EU's financial support, at least to such an extent.

What can we expect in the years 2014-2020? Certainly no revolutionary changes, but a natural continuation of what we have done thus far. Entrepreneurs and local governments will remain the primary beneficiaries of EU funds, but the focus will shift towards entrepreneurship and innovation, as per the Europe 2020 strategy adopted by the European Union. There will still be significant funds earmarked for developing infrastructure. However, scientific research, technological development and innovation will receive equal support. We will make sure this research is useful and applicable to business. Undertakings and investments aimed at improving the competitiveness of SMEs will also receive significant funding, as will ICT projects and those focused on reducing pollution.

In order to Invest EU funds wisely, we are preparing specific support programs. For the 2014-2020 framework we are suggesting that the EU funds be implemented through six national programs, managed by the Ministry of Regional Development and by 16 regional programs, implemented by the marshalls of each voivodship. Additionally, EU funds will still be available through European Territorial Co-operation, which involves projects prepared jointly with other EU members.

Regional programs will be the primary source of EU funds for SMEs. These programs will undergo significant changes. Firstly, encouraged by the results of the current financial perspective, we have decided to allocate even more funds to voivodship marshalls. They will have as much as 40 percent of all EU funds for Poland at their disposal (in the 2007-2013 they managed some 25 percent). More money means more responsibility. We are certain, though, that this "experiment" will prove successful, as over the years we have seen marshalls become highly competent

managers of their regions. They know best how to invest these funds intelligently.

Another matter is the dual nature of regional programs. Voivodships will manage not only investment funds from the European Regional Development Fund, but also the "soft" funds from the European Social Fund, which are earmarked for personnel training, postgraduate courses or combating social exclusion. Until now, these funds have been available through the Human Capital program. Voivodships will now have to find a way to allocate resources from both these funds in a complementary way.

We expect simple investment projects to be subsidized from regional programs. We are planning on a wider application of credit instruments, including low-interest rate loans and bank guarantees, whose major advantage is that they allow money to circulate. Subsidies will be used for undertakings carrying the highest risk, for example involving the cooperation between scientists and entrepreneurs.

Regional programs will also introduce a novel instrument, called Integrated Territorial Investments (ZIT). It will involve cooperation with cities and local governments focused on preparing investment projects for improving public transport, revitalizing the city, improving the state of the natural environment or innovation. These programs will include mostly voivodship capitals and areas surrounding them. The voivodship's marshall will however have the authority to increase their scope and include other, smaller cities.

Entrepreneurs will also have the opportunity to become the beneficiaries or contractors in investments co-financed from national programs. Programs set in motion during the current financial perspective will be continued. The Infrastructure and Environment 2014-2020 program will continue to support mostly large-scale infrastructure investments, including express roads, railways, as well as transport and environmental projects in cities. The Intelligent Development program will focus on fostering innovation and competitiveness. The Development of Eastern Poland program will remain in operation and will provide additional support for the Lubelskie, Podkarpackie, Podlaskie, Świętokrzyskie and Warmińsko-Mazurskie voivodships. The Knowledge, Education and Development program, financed from the European Social Fund, will concentrate on improving the quality, effectiveness and inclusiveness of the higher education system in Poland, which is a key element in building a knowledge-based economy.

The Digital Poland program is an entirely new initiative, whose funds have been earmarked for developing broadband internet networks and e-services and promoting computer literacy among Poles. Finally, the Technical Support program will help institutions involved in implementing EU funds prepare for the next financial framework. We expect the new operational programs to be implemented in the second half of 2014.

However, implementing EU funds is not all. The National Development Strategy adopted in September 2012 expects EU funds to make up some 25 percent of all spending on Poland's development. The remainder will be covered by public and private financing. There is no doubt, though, that it is thanks to EU funds that Poland enjoys stable growth and is an investor-friendly country. ♦

POLAND – READY AND OPEN FOR NEW INVESTMENTS

Poland, with its steady economic growth, remained an attractive market for investment. According to the *Financial Times*, Poland held sixth place in Europe and second in the CEE region (after Russia) in terms of attractiveness for such projects. According to UNCTAD's World Investment Prospects Survey 2013, which polled executives of transnational companies, Poland was placed second in terms of new greenfield projects in the entire European Union. Furthermore, in its annual survey questioning investors about the most attractive countries to invest in during the 2013-2015 period, Poland was ranked fourth in Europe and the fourteenth in the world.

The projections are optimistic as well. According to EY's European Attractiveness Survey, Poland recorded the highest increase of foreign investment in Europe and the highest number of jobs created by investors. According to surveyed investors, it is the most attractive location for investment in Central and Eastern Europe.

The "The FDI Report 2013" report by *Financial Times* also recognizes Poland as a leader of growth – next to Spain, Poland is the only country in Europe which experienced positive growth in Foreign Direct Investments (FDI) last year.

Polish cities, regions and special economic zones (SEZs) also deserve special mention. In the *FT* ranking "Cities and Regions of the Future 2012/2013" the city of Warsaw was ranked the third most attractive city for foreign investment in CEE and fourth most business friendly in Europe. Among the 10 most attractive investment locations in CEE, three are Polish voivodships: Małopolskie comes in first, Opolskie second and Wielkopolskie tenth. What's more, this year's *FT* report "Global Free Zones of the Future" pointed out five Polish SEZs (Katowice, Łódź, Wałbrzych, Pomoranie and Starachowice) among the seven best in Europe and 40 best in the world.

Global FDI projections foresee moderate growth of investment over 2012, speeding up in 2013 and 2014. This will likely have an effect on Poland, since its economy shows strong correlation with global FDI flows.

PAIiZ's projects

A growing economy, a rising number of successful projects, and the fact that currently the Polish Information and Foreign Investment Agency (PAIiZ) has been providing assistance to over 165 projects, are proof that Poland's investment climate is becoming more attractive to foreign investors.

The US and the EU remain the main sources of investment in Poland, followed by investors from Asia such as Japan, China (with Taiwan) and South Korea. Among the completed projects, the majority came from ICT (20 projects), automotive sector (17 projects) and R&D (5 projects).

Automotive

Even in times of global economic turmoil, the automotive industry has significantly contributed to the continuous growth of Poland's economy. Thanks to the flexibility and creativity of Polish workers, healthy cost structures and strong demand for vehicle parts manufactured in Poland, the industry has emerged from the turbulent times largely intact. The Polish automotive industry has managed to attract a good set of foreign investors. For example,

BASF, the German-based manufacturer, has decided to build a new production plant for catalytic converters in the southwestern part of Poland. The initial investment was valued at over €150 million and will be employing more than 400 people. Another example is Solvay, a Belgian company which invested more than €75 million in a new production plant for highly dispersible silica in the city of Włocławek. The plant will give employment to more than 50 workers and its silica will be used to supply the production of so-called "green tires."

The key regions for locating new automotive investment projects are traditionally those areas which are home to vehicle-manufacturing operations, such as Upper Silesia, as well as the Wielkopolskie and Lower Silesia voivodships. An excellent cost-to-quality ratio, Poland offers the biggest pool of highly-qualified workers in the region. Some 1.8 million students spread across numerous university hubs, as well as young professionals accustomed to the highest quality and efficiency standards, provide a strong incentive for new investments. Close proximity to major European markets, an attractive system of incentives, and a stable and predictable economy make Poland a place worth considering as an investment location.

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

Aviation

Poland has 100 years of history of aviation and a tradition of aviation industry dating back more than 80 years. Strong scientific, academic and engineering centers were of key importance to the development of this sector. The development of the aviation sector would not have been possible without qualified workers – over 11,000 engineers graduate from Polish technical universities every year, including 650 graduates in aviation studies.

The Polish aviation industry has a rich export offer of advanced aviation products – virtually every passenger aircraft in the world carries at least one part made in Poland. As much as 90 percent of Poland's aviation production is exported to the US, Venezuela, Indonesia, Italy, Greece, Canada, Spain, Germany, South Korea and Vietnam.

There are over 120 aviation and aviation-related companies with annual sales of €800 million, and over 23,000 employees in total operating in Poland.

Poland's aviation sector is strongly connected with the global industry. The turbulent situation in the global market surprisingly led to growth of demand for aviation parts produced in Poland. The competitive edge of Polish aviation companies is based on the high quality of products (expertise in treatment of materials, casting, mechanical engineering, electronics) and competitive labor costs. Companies which have recently invested in Poland (UTC Aerospace Systems (formerly Hamilton Sundstrand, Goodrich), Hispano-Suiza, EADS, AgustaWestland, Sikorsky, MTU, GE) are

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LEGAL FORMS FOR BUSINESS ACTIVITY IN POLAND



Tomasz Dąbrowski –
Warsaw Managing Partner & CEE Head,
Dentons (formerly Salans), the no. 1 law firm in Poland*

Poland is the only country in the European Union (EU) which did not experience recession during the global economic crisis and which has had the highest economic growth in the region in recent years. Poland's stability and safety are guaranteed by its NATO and EU membership, thus making it a reliable and important business partner for foreign investors from all over the world. Since Poland is a member of the EU, a company established in Poland may pursue activities in other EU member states, under the conditions laid down for its own nationals. In consequence, the establishment of a company in Poland opens the door to the foreign investment market throughout the EU.

Potential foreign investors may consider two ways of establishing a business presence: (a) by creating a new company; or (b) by purchasing an off-the-shelf company. Creating a new company is typically slightly more cost-effective; however it is usually more time-consuming than purchasing an off-the-shelf company. The acquisition of an off-the-shelf company can be effected almost in an instant (one to two days before the company is able to conduct business), however the remuneration of the off-the-shelf company's seller tends to make the process more costly.

Foreign investors have a variety of options to choose from as regards their business format. The main vehicles used by foreign investors are limited liability companies (LLC) and joint-stock companies (JSC), both of which are classified as capital companies (*spółki kapitałowe*). These two vehicles are best suited for large-scale business initiatives. Like partnerships, they have to be registered in the National Court Register, which is a public source of information. Other vehicles, such as partnerships, branches or representative offices, are sometimes uti-

DENTONS

lized (mostly for tax reasons), but they are rarer, and are not accessible for investors from outside of the EU or the European Economic Area (EEA).

The advantages of an LLC as a business vehicle include: (a) the exclusion of shareholder liability (piercing the corporate veil doctrine generally does not apply in Poland); (b) relatively few corporate formalities, and consequently, limited running costs; (c) a high degree of flexibility: LLC statutes may be adapted to shareholders' needs, and an LLC may conduct almost every kind of business (except for, in particular, banking and insurance activities); (d) its minimum share capital must be zł5,000 (c.a. €1,200). Please note that under Polish law, LLC shares cannot be traded publicly, therefore far-sighted investors intending to gain additional financing from public trading often opt for the JSC format. But by contrast to a JSC, a supervisory board in an LLC is a statutory requirement only in certain cases, as listed in the Commercial Companies Code.

A JSC is subject to more restrictive provisions under Polish law such as, but not limited to: (i) reporting obligations (in the event if it is a publicly listed company) and (ii) having its annual financial statements always audited by a chartered accountant. Its minimum share capital must be zł100,000 (about €24,000). This particular vehicle is mostly used by investors who wish to list their shares, or when that form of company is required by Polish law.

A foreign investor may also do business in the form of a partnership (*spółka osobowa*); however this format is quite rare because of the unlimited liability of its partners and not every such partnership is eligible for every kind of business activity.

The Polish regulatory regime is fairly liberal because, unless the law specifically states otherwise, no administrative consent is required to establish a company and do business in Poland. Most manufacturing and non-financial services businesses do not require any general permit to operate. Specifically, in most types of businesses, members of corporate bodies may come from any country, and no specific authorization is required to appoint them. This should be an incentive for foreign investors who would prefer to entrust the control and supervision of their companies to trusted staff members from outside Poland.

Special economic zones are also worth mentioning. There are 14 zones offering foreign investors, among other things, preferential terms and conditions such as tax breaks; however, these opportunities come together with certain conditions that must be fulfilled. Recently the Polish government decided for the special economic zones to be operational until 2026, instead of the previous expiry date set for 2020. ♦

*According to Rzeczpospolita rankings of law firms 2011-2013



continued from page 6

already planning further expansion.

Poland also has a strong base of SMEs constituting a wide chain of suppliers for Boeing, Airbus and Embraer, as well as producers of light aircraft and gliders, which are valued all over the world. Last year many SME investments (by companies such as Vac Aero, MacBraida and Meyer Tool Poland) were carried out, which has contributed to the growth of the aviation sector.

Aviation is one of the most innovative industries in the Polish economy due to companies' large expenditures on R&D, cooperation with research centers, participation in international projects, human potential and strongly developing clusters.

The advanced level of processes used in the Polish aviation sector can be illustrated by the participation of Avio Polska and GE's Engineering Design Center (EDC) Polska in the development of the innovative GENx jet engine, which will be used in the state-of-the-art Boeing 747-8 and 787 Dreamliner. (Avio Polska is the designer and sole producer of the GENx2 turbine blade; while GE EDC Poland is responsible for engineering work).

Polish participation in such projects may increase as a result of strong financial backing from the National Centre for Research and Development (NCBR). The NCBR will invest €75 million in 2013-2017 in scientific research, development and knowledge transfer to the aviation industry.

The future of the Polish aviation sector looks promising even in the light of global economic tensions and is set to see further growth in the next years.

R&D

Poland has achieved an impressive growth rate of investments in research and development. In the period 2002-2010, the cumulative increase was 122.5 percent, and the average growth rate was 10.5 percent year-on-year, while the corresponding figures for the EU are 27.4 percent and 3.1 percent, respectively. The high growth rate is a characteristic feature of the emerging economies of the region, whereby the levels of R&D investment in Poland are still relatively low. Average expenditure on R&D in the EU 27 in 2011 amounted to 2 percent of GDP, while in Poland this ratio was 0.77 percent.

The Polish R&D sector's potential lies in the availability of human resources. It is in fact a talented labor pool that makes our country particularly interesting for this type of work. The total number of students in Poland, a country of 38.5 million, reaches 1.8 million, which puts us in 4th place in the EU. That's only 0.5 million fewer than Germany, the biggest EU country with a population of 82 million! Every 10th European student is Polish. Out of them, 125,000 study sciences and 80,000 information and communication technologies.

It is expected that in the nearest future Poland might witness an "R&D boom" similar to what we saw in business services projects in the late 2000s. Nowadays the most popular areas of R&D activity are: automotive, aviation, electronics, telecommunications, IT/software development, biotech and biochem, medical and pharma.

In the near future, growing interest is expected particularly in engineering, with a strong focus on oil & gas thanks to Polish shale gas resources, including upstream, construction, as well as robotics and nanotechnology. This is possible also thanks to the offer of technology and science parks spread across the country. Their main target is to gather all the R&D units in one place and foster their cooperation with one another and with universities.

In the last three years the Polish Information and Foreign Investment Agency has successfully completed 19 projects. New jobs created in these companies account for more than 2,600 employ-

ees. Major industries were: software development, electronics, aviation, automotive and oil & gas.

Recent trends clearly point to a growing number of R&D projects in the agency's pipeline and more diversified fields of interest. The list of those who have already trusted us is long and impressive: ABB, Adva Optical Networks, Google, Siemens, IBM, Samsung, 3M, GlaxoSmithKline, Telcordia, DeLaval, Whirlpool, Astra Zeneca Pharma Poland, Motorola, Delphi Automotive, Intel, GE, Roche, Capgemini, Nokia-Siemens, Motorola, Bombardier, Pratt & Whitney, Alcatel-Lucent, Irevna, McKinsey, Hamilton Sundstrand and others.

Electronics and white goods

Poland's electronics industry is one of the most significant in Europe. Poland is the largest producer of LCD sets and household appliances in the EU. According to Business Monitor International (BMI), the value of the Polish electronics market will gradually increase, reaching approximately \$7.6 billion in 2013. The increase will be driven mainly by the growing demand for digital products, decreasing prices and increasing public revenues.

There are over 310 companies employing at least 10 people operating in the electronics sector in Poland. They employ over 53,000 workers. Approximately 95 percent of production is generated by medium-sized and large companies.

According to BMI, the electronics market will be one of the fastest-growing segments in Poland by 2014, the retail sales of electronic equipment will increase by 28 percent (to zł.495 billion) compared to 2010, and the electronics market will be one of the fastest-growing segments in Poland. More than 40 percent of the Polish population is 18-44 years old, and it is precisely young people that are more likely to reach for novelties from the world of electronics.

Poland has also become one of the leaders of domestic appliance manufacturing. Statistics confirm the industry's dynamic development. In 2012 there were 18.5 million pieces of different kinds of domestic appliances manufactured in Poland. A spectacular increase applied particularly to washing machines. There were 4.9 million pieces manufactured, which is as much as 23 percent more than the year before.

Poland is an excellent location for domestic appliances manufacturing plants, which the past investments of most of global players from the industry confirm. What's important is that those companies are still expanding their activity in Poland, by opening production facilities and introducing new products to their portfolio. Most of production is intended for export. As for some of the categories of products such as washing machines or dishwashers, as much as 80 percent is destined for foreign markets.

Poland's strong position is a result of foreign investment. Many international companies, such as LG Display Poland, Dell, Sharp, Funai, LG Electronics, Jabil, Toshiba, Alcatel-Lucent, Kimball Electronics Poland, BSH Bosch und Siemens Hausgeräte, Fagor Electrodomesticos Group, Electrolux, Indesit Company and Whirlpool, have decided to establish their manufacturing bases in Poland. The main reasons for this were:

- a favorable location of Poland at the crossroads of main trade and transport routes leading from the north to the south and from the west to the east of the continent,
- access to the single European Union market,
- comparatively low labor costs,
- a highly trained labor force, offering the highest standards of knowledge in their fields,
- increased investments: new investment projects that generate demand for products and services of suppliers from the electronics and white goods industry. ♦

Text: Polish Information and Foreign Investment Agency (PAIIZ)

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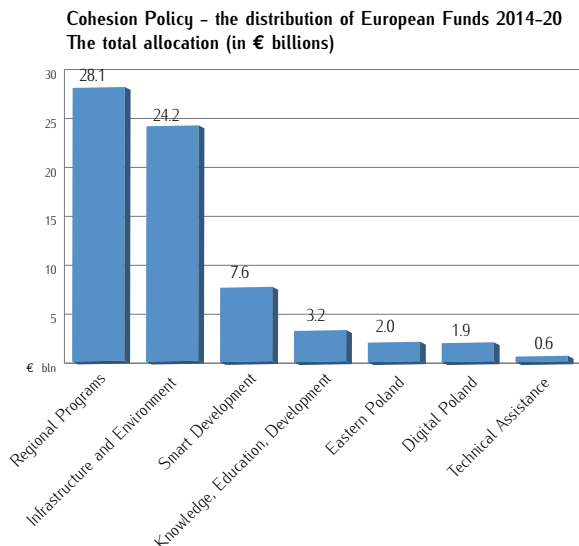
EUROPEAN FUNDS FOR BUSINESS!

Starting in 2014, the Polish economy will receive €72.9 billion from the EU – that's more than zł.300 billion. These funds will be used for the implementation of cohesion policy within six national programs and 16 regional programs. A significant part of the EU funds will go towards strengthening entrepreneurs and investors.

Already, European funds are largely targeted at a wide range of businesses. In the coming years, the emphasis will be put on entrepreneurship and innovation. Major support will go to projects dealing with scientific research and their use in business, technological development and innovation. Projects that strengthen the competitiveness of small and medium-sized enterprises (for example, through investments), as well as those related to information and communication technologies or those which reduce emissions, can also count on funding.



Financial assistance for small and medium-sized enterprises' projects will be available primarily in regional programs. At the same time, EU funds will be used to a much greater extent than in previous years on credit instruments, including low-interest rate loans and bank guarantees, whose major advantage is that they allow money to circulate. However, grants will support projects with a high risk, for example, those involving the cooperation between scientists and entrepreneurs. Businesses can also be beneficiaries or contractors of its investments co-financed by national programs (Infrastructure and Environment, Smart Development, Programme for the Eastern Poland, Knowledge, Education, Development, as well as Digital Poland). The new programs will commence in the second half of 2014.



Thanks to European funds Poland is a steadily growing and investor-friendly country. By 2020, about 25 percent of Poland's development expenditures will be funded by the EU. Public and private investments will complement these expenditures.

Non-grant sources of corporate financing

Prior to launching new programs, entrepreneurs can benefit from EU support in various forms, such as the support offered by:

- incubators, venture capital funds and private equity funds (funds in particular for innovative entrepreneurs, engaged in research and development, as well as entrepreneurs with high potential for development)
- regional loan funds (such as low-interest loans, guarantees or bank guarantees. Loans are granted to SMEs and individuals who are starting a business)
- the community initiative JEREMIE (support for SMEs by way of loans, guarantees, venture financing activity in the areas of construction and expansion, in particular, changes in the manufacturing process, implementation of new technologies, purchase of equipment, etc. In Poland JEREMIE operates in several regions, including: Lower Silesia, Kujawsko-Pomorskie, Łódzkie, Pomorskie, Wielkopolskie and Zachodniopomorskie)
- financial mechanisms (Norwegian and EEA)

The Polish Information and Foreign Investment Agency can provide more information.

Information for the investor

Where should potential investors look for information? A good place is the European Funds Information Point, which works with the Polish Information and Foreign Investment Agency. The range of services is include:

- information on all programs implemented in Poland (in Polish and English)
- consultation on the possibility of co-financing from EU funds (including conditions, criteria and procedures for the grant). Questions can be asked by phone, Skype, e-mail, or directly at the Information Point
- information on whether enterprises can use sources of funding apart from subsidies, such as financial instruments
- open information sessions for potential beneficiaries
- free publications about the programs and projects financed through EU funds
- assistance in cost estimates for projects that have received a grant, including information about further necessary steps, procedures, documents required, deadlines, etc.

The European Fund Information Point is located at ul. Bagatela 12 in Warsaw. Consultants work from Monday to Friday, 9 am to 5 pm. Information can be obtained by calling the helpline, at +48 801-044-180 and at the following e-mail address: info-punkt@paiz.gov.pl

Text: Ministry of Regional Development

POLAND'S COMPARATIVE ATTRACTIVENESS TO EUROPE IN TERMS OF FDI, 2014-2020

With the European economy still suffering from the fallout of the 2011 euro crisis, the question is where to find its bright spots of business opportunity. Poland is one of these. For several years now Poland has known how to attract its fair share of FDI in Europe and in the CEE region in particular.

The factors behind its attractiveness are self-explanatory, and for some the list of advantages may become a bit boring, as much as it is true.

The first, and for us the highest-rated factor is the labour force. Labour costs in the EU increase by approximately 3% annually; but have been growing much more rapidly among the new EU members.

In 2010 in Bulgaria the rate rose by 9.2%, in Romania 5.2% and in Poland by about 1%. In the wealthiest countries of the old EU hourly labour costs amount to €28 to €38 on average, in Poland it's slightly over €7.

The Polish labour force is well-educated, flexible, and relatively young. The work ethic of Polish professionals is commendable. According to the Central Statistical Office (GUS), labour productivity (measured by sold production per paid employee) in industry in 2009 increased by 1.3% year-on-year (0.3% in 2008 and 5.8% in 2007). Technical skills are in good supply from good universities, while wages remain competitive in the region. The labour code may seem rigid to US investors, but on a European scale it is rather flexible.

The economy, although not impervious to the effects of the euro crisis, has held up relatively well due to its proximity to the powerhouse Germany, and a strong internal market.

GDP growth in 2012 was 2%, while the average score in the euro area was -0.6% and -0.3% for the EU27. The average growth of the Polish economy in 2012-2014 is estimated at 2.2-2.3% per year. During the same period, the average for the European Union (EU27) will be 0.6%.

Poland, due to its central location in Europe, has very favourable road, rail and aviation links with all of the EU countries and is well-placed to trade with the EU neighbours in the East. Poland's three main sea ports; Szczecin-Świnoujście, Gdynia and Gdańsk, are connected to the world's most important ports.

All this makes Poland the best location for companies that are active in both the Central and Eastern European markets.

The infrastructure of highways, rail, airports, and harbours is improving fast after a sluggish decade of neglect. The legal system improved significantly in the past decade, ensuring reliability to the business community. The reinforced legal and regulatory system shows improved measures to prevent corruption, due to which Poland is steadily moving up in Transparency International's index.

The quality of life for expats has also improved dramatically in the largest Polish business centres and in Poland as a whole in the past decade. Warsaw is a thriving city, offering a wide range of entertainment.

Last but not least on the list of pluses are a corporate income tax rate of 19% and generous tax incentives and investment grants for capital investments, R&D, and innovation. Poland will be the top beneficiary for structural funds in the EU; it also has the highest absorption rate and good transparency in grant distribution. For the period 2014 to 2020 Poland negotiated some €72.9 billion in Structural Funds from the European Commission and will be leading in structural aid adsorption among entire EU. A good part of this is aimed to support industrial CAPEX. Apart from this, Poland is expanding its special economic zones, which provide tax breaks of up to 70% of the investment value and announced the instrument will be continued through 2026. The Polish government constantly increases local subsidies year by year.

This increase is observed in enlarging both the scope and value of grants to promote investments, innovativeness and local R&D initiatives. Next to local subsidies there are Brussels' funds, which have become more interesting and with help of an experienced consultant easy accessible for Poland-based companies.

However, Poland cannot sit on its hands when it comes to pushing further with structural reforms. One blot on the landscape is the botched implementation of regulations on shale gas exploration and production licensing. Instead of taking the best practices of other European countries with mature oil and gas industries, it tried to reinvent the wheel. It resulted in 2012 in the disinvestment of the infant oil and gas industry, whereas its dependence on Russian gas imports should have put alternative sourcing high on the strategic agenda. The Polish government may get a second chance if it is willing to listen and look over its borders for the best practices.

Also, the country relies too much on its coal reserves for its power and heat production. Still 80% of its power comes from coal fired in old polluting power plants, of which the biggest are still under government control. The easy access to coal makes it complacent to look for alternatives, like an LNG infrastructure to increase the share of gas-fired power plants and gas fired heating, which will immediately and dramatically cut the CO₂ output. Yes, at present natural gas imported from Russia is a more expensive fuel than coal, but the downward trend of global gas prices is an opportunity not to be missed.

On the balance, however, Poland is one of the best-performing economies in the CEE region, with ample business opportunities, and an impressive list of comparable advantages in the region. For the foreseeable future Poland remains an attractive FDI target with a relatively low production cost base, a location close to Western markets, as well as to the vast Russian market, and with one of the strongest internal demands in Europe. This attractiveness is forecast to endure well into the future. ♦



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VOIVODSHIPS



A voivodship is the highest-level administrative subdivision in Poland. Reforms enacted in 1999 carved out 16 new voivodships, which replaced the much smaller 49 that had been in place since 1975.

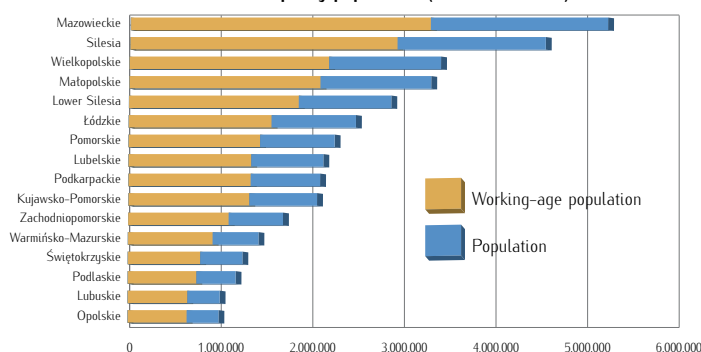
The current units range in area from under 10,000 square kilometers (Opolskie voivodship) to over 35,000 square kilometers (Mazowieckie voivodship) and in population from one million (Opolskie voivodship) to over five million (Mazowieckie voivodship).

Poland's voivodships vary when it comes to their level of development, wages as well as in economic potential. The western side of Poland is better-developed and wealthier and is often referred to as "Poland A" while the eastern, poorer regions are sometimes referred to as "Poland B."

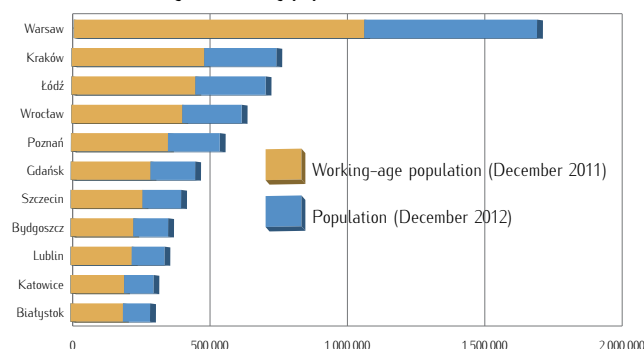
Both sides have their advantages: the western regions have more developed infrastructure and more affluent citizens, while the eastern regions offer low-cost labor and often offer more generous investment incentives than the western voivodships.

Investing in Poland's eastern regions affords investors direct access to foreign markets located to the country's east such as Ukraine and Russia, while investing in the western regions offers access to both the Czech Republic and Germany, Poland's largest trading partner and Europe's strongest economy.

Poland's voivodships by population (December 2012)



Poland's largest cities by population



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project: B2 studio

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6 000 sq m of usable space
project: B2 studio



CONTACT email: i.faron@gremi.pl mob: +48 604 56 11 67

Administrative authority at the voivodship level is shared between a government-appointed governor-type official called a *voivode*, an elected regional assembly called a “*sejmik*” and an executive chosen by that assembly. The leader of that executive is the voivodship marshal. Voivodships are further divided into *powiats* (counties) and *gminas* (municipalities).

Poland has several methods of supporting investment and businesses, but these can vary greatly from voivodship to voivodship. And so the choice of where to locate your business should be considered carefully and all the options weighed.

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

Every effort has been made to obtain the most current information available at the time of publishing, but certain data regarding voivodships are released three years behind national figures – such as GDP, for example. Estimated regional investment numbers are two years behind.

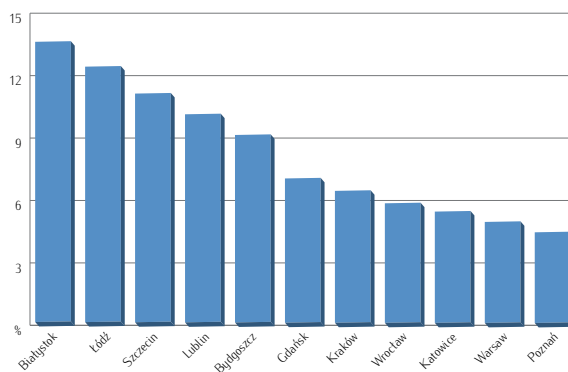
In other words, please be aware that certain data (specifically noted in all cases) will not necessarily reflect the current reality.

The Euro 2012 soccer championship, co-hosted by Poland and Ukraine, served to significantly improve infrastructure in the country in general, particularly in Poland's host cities of Gdańsk, Poznań, Warsaw and Wrocław. For example, Poland's capital Warsaw is now connected to Berlin by the A2 highway.

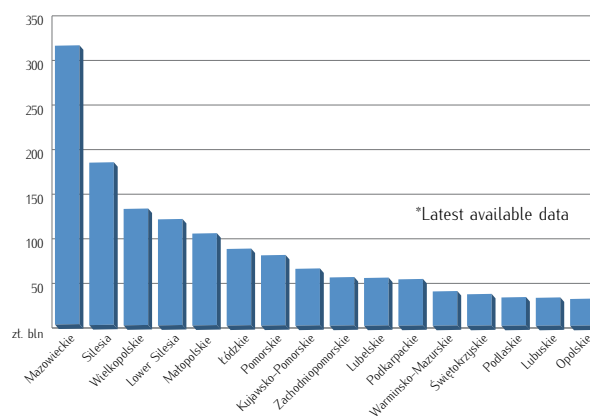
Airports located in or near many of the host cities were also expanded significantly. Poland's high concentration of well-educated, multilingual graduates have given rise to increased investment in business process outsourcing and the technology sector throughout Poland, but particularly in regional cities like Kraków, Wrocław and Gdańsk. Investment authorities in many of Poland's cities and regions have the express aim of attracting more of these types of investment in order to diversify away from traditional industries.

The aim of this chapter is to help you make an informed decision about which area is most suitable for your business and then direct you to those who can be of assistance. ♦

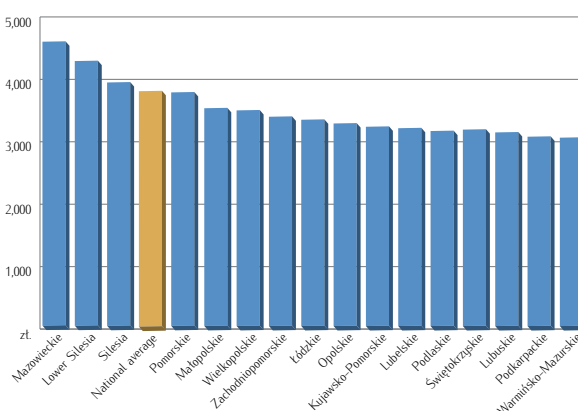
Unemployment rate among Poland's largest cities (June 2013)



GDP (zł. bln, 2010*)



Average monthly private sector wage among voivodships (June 2013)





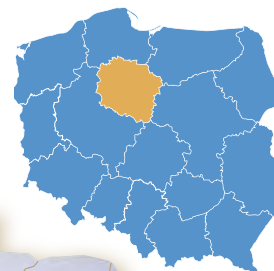
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KUJAWSKO-POMORSKIE



KEY FACTS

Voivode: Ewa Mes

Marshall: Piotr Calbecki

Area: 17,972 sq km

Population (Dec. 2012): 2,096,404

Working-age population (Dec. 2012): 1,343,978

Unemployment rate (June 2013): 17.6%

Average monthly wage (June 2013): zł.3,224.03

GDP (2010): zł.64.38 bln, up 4.2% y/y
(4.5% of national GDP)

Natural resources: brown coal, gravel, limestone, Miocene clay, peat, salt rock, saline water, sand

Number of students of higher education: 81,912

Number of institutions of higher education: 32

Major universities: Kazimierz Wielki University, Nicolaus Copernicus University, University of Technology and Life Sciences

Major airport: Bydgoszcz Airport

Special Economic Zone: Pomeranian Special Economic Zone: 664 ha
(154.2 ha available)



ESTIMATED INVESTMENT

Investment outlays (in 2011): zł.11.31 bln

(private sector: zł.5.63 bln; public sector: zł.5.68 bln)

Of which:

Industry: zł.3.37 bln

Of which: manufacturing: zł.2.16 bln

Construction: zł.223 mln

Real estate activities: zł.1.14 bln

Trade and repair of motor vehicles: zł.1.11 bln

Transportation and storage: zł.3.32 bln

Number of new partnerships and companies registered (2012): 1,174,
down 2.2% y/y

Number of new sole proprietorships registered (2012): 14,865, down
9.4% y/y

Recent major investors: Castorama, Itella Information, Jabil, Livingston,
MMP Neupack, Solvay, Unilever

Sources of major foreign investment: Finland, France, Germany, UK, US

KEY CONTACTS:

Investor Assistance Centre Kujawsko-Pomorskie region

coi.kujawsko-pomorskie.pl

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@ m.rylow@kujawsko-pomorskie.pl

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VOIVODSHIP BUDGET

2012:

Revenues: zł.777 mln

Expenditures: zł.823 mln

Deficit: zł.46 mln

2013 (projected):

Revenues: zł.849 mln

Expenditures: a zł.889 mln

Deficit: zł.40 mln

KUJAWSKO-POMORSKIE VOIVODSHIP

Kujawsko-Pomorskie, located in north-central Poland, enjoys several major transit routes, including the A1 highway, which, together with well-developed rail infrastructure, makes the voivodship a prime location for logistics centers. Currently, two of the voivodship's thoroughfares are being upgraded to express roads: the north-south S5 and the east-west S10, which will provide convenient access to Warsaw, Szczecin, Poznań and Wrocław, as well as links to Western Europe.

Additionally, Kujawsko-Pomorskie hosts several airports, including the international airport in Bydgoszcz. The airport services flights to several European cities in the UK, Spain, Germany, Ireland and the Netherlands, as well as a number of charter flights.

The voivodship houses 32 institutions of higher education, with over 20,000 graduates entering the labor market every year. Combined with low labor costs (average salary in the private sector is 16 percent lower than the national average, and 31 percent lower than in neighboring Mazowieckie voivodship), the region is an attractive destination both for BPO and R&D centers.

Confection production, chemicals, manufacturing, wood/timber and paper still are also some of the strongest industries in Kujawsko-Pomorskie, however the renewable energy production, food processing and tourism industries are increasingly well-represented in the region as well.

The region offers a wide range of locations for investment, complete with well-developed infrastructure. Many of the plots designated for investors are sized at over 100 hectares. Aside from its industrial and technological parks, the voivodship also hosts a subzone of the Pomeranian Special Economic Zone, which attracts investors with significant tax breaks and other financial incentives.

The voivodship also helps potential investors with legal and administrative formalities at the preparation and execution stages of new investments. The local Investor Service Center, a non-profit unit within the Kujawsko-Pomorskie Voivodship Marshall's Office, is the first point of contact for foreign investors interested in investing in the region.



MAJOR CITIES

Bydgoszcz

With a population of over 350,000, Bydgoszcz is the biggest city in the Kujawsko-Pomorskie voivodship and the eighth-largest city in Poland by population. The city is a major administrative center, with the voivode's office located there. It is also one of the fastest-developing centers of business, science, culture and sport in the country.

Bydgoszcz is situated in northern Poland, at the intersection of major national road and rail routes, connecting it to the rest of the country. It is also a part of the E-70 waterway, which runs all the way from Antwerp on the Atlantic, through Berlin, Bydgoszcz, and the Russian city of Kaliningrad to Klaipėda in Lithuania. The city also offers domestic and international flights from its international Bydgoszcz Airport, which officials tout as "modern."

Local authorities provide incentives and support to potential investors with solutions such as a "one-stop-shop" for setting up a business and short waiting times for administrative decisions.

Chemicals, plastic-processing, tool-making, engineering, electronics and telecommunications are the dominant industries in the city and the backbone of the local economy. The region's low labor costs make it an attractive destination for investors. With 19 institutions of higher education supplying the local labor market each year with some 10,000 graduates for sectors such as engineering, medicine and education, Bydgoszcz provides business with local talent.

The city has received several distinctions and awards, such as the Gmina Fair Play award, a title granted by the Institute for Private Enterprise and Democracy. It has also been acknowledged as a city with a lot of potential for a shared services center, including a title of Rising Star for the investment environment it provides for BPO companies.

Mayor: Rafał Bruski

Area code: 52

Area: 176 sq km

Population (Dec. 2012): 361,254

Working-age population (Dec. 2011): 232,327

Unemployment rate (June 2013): 9.1%

Percentage of city covered by zoning plans: 31.97%

Recent major investors: Jabil, Livingston, MMP Neupack, Unilever

Contacts:

Bydgoszcz City Hall

Office of Investor Service and Enterprise

investin.bydgoszcz.eu

ul. Mennica 6

85-112 Bydgoszcz

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Toruń

Toruń, a historic city located in north-central Poland, is one of a few Polish cities that escaped being leveled during World War II. Its Gothic architecture attracts over 1.5 million tourists each year (as many as 1.63 million in 2012), which has helped the city develop a sizable hotel base and commercial services.

Its unique combination of Polish and German history has secured the city a place on UNESCO's list of World Cultural and Natural Heritage sites.

Apart from its allure for tourists and being known as the birthplace of astronomer Nicolaus Copernicus, Toruń is also a modern business and administrative center, serving as the seat of the voivodship's marshal.

It is also home to seven institutions of higher education, including one of Poland's oldest and most prestigious universities, the Nicolaus Copernicus University. Some 40,000 students study in Toruń, which makes it a great place to look for highly qualified employees.

Toruń has recently seen significant investments in infrastructure, receiving upgrades to its roads, as well as its sports and cultural facilities. Its central location, fast pace of development and good connection to Warsaw, Gdańsk, Poznań, Szczecin and other major cities in Poland make Toruń an ideal spot for investment. Apart from attracting a number of BPO/SCC businesses, the city also promotes eco-friendly solutions and technologies.

Toruń offers tax breaks for new investments and for firms that create new jobs. The city is also located near a subzone of the Pomeranian Special Economic Zone. Other incentives aimed at attracting investors to the city include assistance and advice from the local investment authority in choosing the most convenient and advantageous locations and in legal matters.

Mayor: Michał Zaleski

Area code: 56

Area: 115.7 sq km

Population (Dec. 2012): 204,299

Working-age population (Dec. 2011): 134,415

Unemployment rate (June 2013): 10.2%

Percentage of city covered by zoning plans: 44.5%

Recent major investors: Castorama, Plaza Centers (Toruń Plaza shopping center)

Contacts:

Toruń City Hall
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ul. Grudziądzka 126 B
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☎ +48 56 611-8499



OTHER MAJOR CITIES

CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT	ZONED AREA	CONTACT INFO
Włocławek	Andrzej Pałucki	54	84.32 sq km	115,546	75,323	20.1%	22.4%	wloclawek.pl; poczta@um.wloclawek.pl
Grudziądz	Robert Malinowski	56	57.76 sq km	97,971	63,300	22.2%	54%	grudziadz.pl; boi@um.grudziadz.pl
Inowrocław	Ryszard Brejza	52	30.42 sq km	75,517	49,941	23.1%*	92%	inowroclaw.pl; urząd@inowroclaw.pl
Brodnica	Jarosław Radacz	56	23.15 sq km	28,580	18,530	14.6%*	27.5%	brodnica.miasto.biz; umb@brodnica.pl
Świecie	Tadeusz Pogoda	52	11.87 sq km	26,482	17,449	18%*	95%	swiecie.eu; bip.um-swiecie.pl; urząd-miejski@um-swiecie.pl

*LOCAL COUNTY DATA



LOWER SILESIA

KEY FACTS

Voivode: Aleksander Marek Skorupa

Marshall: Rafał Jurkowlanec

Area: 19,947 sq km

Population (Dec. 2012): 2,914,362

Working-age population (Dec. 2012): 1,887,089

Unemployment rate (June 2013): 12.3%

Average monthly wage

(June 2013): zł.4,281.9

GDP (2010): zł.120.12 bln,

up 8.7% y/y (8.5% of national GDP)

Natural resources: ceramics, cobalt rhenium, copper, gems, gold, lignite, mineral water, raw materials for building

Number of students of higher education: 158,261

Number of institutions of higher education: 38

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

Major airport: Wrocław International Airport

Special Economic Zones:

Kamienna Góra Special Economic Zone for Medium Business: 355.76 ha (124.80 ha available)

Legnica Special Economic Zone: 1,042 ha (754.42 ha available)

Wałbrzych Special Economic Zone "INVEST-PARK": 1,532.53 ha (514.42 ha available)

Tarnobrzeg Special Economic Zone "EURO-PARK WISŁOSAN": 410.68 ha (131 ha available)



ESTIMATED INVESTMENT

Total (2011): zł.20.16 bln

(private sector: zł.11.16 bln; public sector: zł.9.01 bln)

Of which:

Industry: zł.8.11 bln

Of which: manufacturing: zł.3.52 bln

Construction: zł.742 mln

Real estate activities: zł.1.69 bln

Trade and repair of motor vehicles: zł.1.14 bln

Transportation and storage: zł.3.71 bln

Number of new partnerships and companies registered

(2012): 3,071, down 0.5% y/y

Number of new sole proprietorships registered (2012): 24,043, down 3.6% y/y

Recent major investors: BASF, Colgate-Palmolive, Daicel Safety Systems Europe, Faurecia, GKN Driveline, Pittsburgh Glass Works, Scania, SRG Global, SteriPack Medical, Vorwerk Dichtungssysteme, Wabco

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

VOIVODSHIP BUDGET

2012:

Revenues: zł.1.674 bln

Expenditures: zł.1.687 bln

Deficit: zł.13 mln

2013 (projected):

Revenues: zł.1.717 bln

Expenditures: zł.1.840 bln

Deficit: zł.123 mln

KEY CONTACTS:

**Lower Silesia Agency for Economic Cooperation
Regional Investor Assistance Center**

dawg.pl

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LOWER SILESIA VOIVODSHIP



Bordering both Germany and the Czech Republic, Lower Silesia's economy is focused on Western Europe, and its geographical location works in its favor. The region is a major transport hub. It is a part of the Central European Transport Corridor and has well-developed road, railway and waterway infrastructure.

A new terminal at the international airport in Wrocław increased its capacity to over 3.5 million passengers a year. With its strong industrial tradition, it is home to many international companies, especially those in the automotive sector (Faurecia, Hoerbriger, Toyota, Volvo), electrical machinery sector (Bosh, Electrolux, Siemens, Whirlpool) and the hi-tech sector (3M, LG, Toshiba).

The region has also ventured into the specialized service sector with many international companies opening BPO centers there, including IBM, Credit Suisse, EY, HP, Mc-Kinsey and Nokia Siemens.

Local authorities recently presented its strategy for the development of the Lower Silesia voivodship. It plans to continue attracting the investors from around the globe, making use of its natural resources (copper), highly-educated specialists and rich industrial history.

According to the strategy, the main pillars behind the region's development are industry, services and tourism. The authorities plan to concentrate on developing its energy security and IT infrastructure.



MAJOR CITIES



Wrocław

Wrocław's history has been heavily influenced by several different nations, including Austria, Germany, Prussia and Poland.

It is quickly becoming one of the CEE's hottest travel destinations. In 2012 it hosted European soccer championship games, and in 2016 it will be a European Capital of Culture. A year later, it will host the World Games.

But sports and culture are not the only reasons to visit the city. Over 50 percent of professionals and managers surveyed by recruitment firm Antal International picked Wrocław as the most attractive destination for a domestic relocation, ahead of Warsaw and Kraków. Wages in the city are the second-highest in Poland (zł.4,500 according to a report by Sedlak & Sedlak). The city recently completed construction of the highest residential building in Poland: Sky Tower, at 212 meters in height.

Institutions in the city dedicated to fostering business and economic growth include the Wrocław Research Centre EIT+, a scientific-research oriented company owned by the city, as well as the Wrocław Agglomeration Development Agency, an investor-support entity, and the Wrocław Academic Hub, an initiative linking academia and government.

According to the Association of Business Service Leaders, the city has the largest number of R&D centers in Poland. While the region is an important manufacturing hub for the automotive, electronics and white goods industries, Wrocław is focusing on high-tech industries and specialized services.

The city, Poland's third-largest academic center, is training a large number of accountants, engineers and IT specialists. They, in turn, produce skilled labor for the city's BPO/SSC, IT, finance and accounting and life science sectors.

Mayor: Rafał Dutkiewicz

Area code: 71

Area: 293 sq km

Population (Dec. 2012): 631,188

Working-age population (Dec. 2011): 411,333

Unemployment rate (June 2013): 5.8%

Percentage of city covered by zoning plans: 61.1%

Recent major investors: BNY Mellon, Credit Suisse, Dolby, IBM, Nokia Siemens Networks, Parker Hannifin, Qatar Airways, Sumika Ceramics, Viessmann

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Wałbrzych

The history of Wałbrzych dates back as far as 1191, when it was a small settlement in which inhabitants used local forests to sustain themselves. Since then, the city has become an important industrial center. In the 19th century the local economy became heavily based on coal mining, but since Poland's transition to capitalism it has focused on the automotive sector, with all the remaining coal mines being closed in the mid-1990s.

Wałbrzych-based manufacturers of car parts and equipment such as airbags, brakes, engines, seats, steering components, transmissions systems and wheels, are making the city an important center for the European automotive industry. Other local industries include chemicals, clothing, consumer and industrial ceramics, as well as mining machinery and equipment. Coking coal plant Wałbrzyskie Zakłady Koksownicze Victoria, textile manufacturer Camela, clothes manufacturer Wałbrzych International Production, ceramics giant Cersanit and mining equipment producer WAMAG are all important local employers.

Local authorities are also aiming to attract more investors in accounting services, new technologies (such as data centers, IT and R&D) and in telecommunications, to the Wałbrzych Special Economic Zone, which has over 200 companies from around the world operating within it.

Mayor: Roman Szelemej

Area code: 74

Area: 84.7 sq km

Population (Dec. 2012): 119,171

Working-age population (Dec. 2011): 77,467

Unemployment rate (June 2013): 16%

Percentage of city covered by zoning plans: 42.9%

Recent major investors: Mando, Ronal

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OTHER MAJOR CITIES

CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT	ZONED AREA	CONTACT INFO
Legnica	Tadeusz Krzakowski	76	56.29 sq km	102,422	67,373	10.5%	36.38%	portal.legnica.eu ; kancelaria@legnica.eu
Jelenia Góra	Marcin Zawita	75	109.22 sq km	82,846	53,520	9.5%	32%	um.jeleniagora.pl ; ratusz@jeleniagora.pl
Lubin	Robert Raczyński	76	40.77 sq km	74,669	49,415	10.8%*	50%	lubin.pl ; kontakt@um.lubin.pl
Świdnica	Wojciech Murdzek	74	21.76 sq km	59,373	38,871	14.2%*	50.8%	um.swidnica.pl ; um@um.swidnica.pl
*LOCAL COUNTY DATA								

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LUBELSKIE

KEY FACTS

Voivode: Jolanta Szolno-Koguc

Marshall: Krzysztof Hetman

Area: 25,122 sq km

Population (Dec. 2012): 2,165,651

Working-age population (Dec. 2012): 1,364,563

Unemployment rate (June 2013): 13.8%

Average monthly wage (June 2013): zł.3,200.77

GDP (2010): zł.54.04 bln, up 5.7% y/y (3.8% of national GDP)

Natural resources: coal, glass sand, limestone, marlstone, mineral waters, shale gas, siliceous earth

Number of students of higher education: 90,140

Number of institutions of higher education: 18

Major universities: College of Enterprise and Administration, John Paul II Catholic University in Lublin, Maria Curie-Skłodowska University in Lublin, Lublin University of Technology, Medical University of Lublin, University of Life Sciences in Lublin

Major airport: Lublin Airport (in Świdnik)

Special Economic Zones:

EURO-PARK MIELEC Special Economic Zone: 194 ha (91 ha available)

Starachowice Special Economic Zone: 99 ha (82 ha available)

Tarnobrzeg Special Economic Zone EURO-PARK WISŁOSAN: 102.79 ha (89.76 ha available)

ESTIMATED INVESTMENT

Investment outlays (in 2011): zł.10.33 bln

(private sector: zł.5.17 bln; public sector: zł.5.16 bln)

Of which:

Industry: zł.3.05 bln

Of which: manufacturing: zł.1.43 bln

Construction: zł.279 mln

Real estate activities: zł.1.54 bln

Trade and repair of motor vehicles: zł.701 mln

Transportation and storage: zł.2.1 bln

Number of new partnerships and companies registered (2012): 1,077, up 19.5% y/y

Number of new sole proprietorships registered (2012): 12,817, down 2.9% y/y

Recent major investors: AugustaWestland, ABM Greiffenberger, Aliplast, Genpact, Jeronimo Martins Holding, Roto Frank

Sources of major foreign investment: China, Germany, Italy, Netherlands, Portugal, Sweden, US



VOIVODSHIP BUDGET

2012:

Revenues: zł.777 mln

Expenditures: zł.841 mln

Deficit: zł.64 mln

2013 (projected):

Revenues: zł.1.413 bln

Expenditures: zł.1.769 bln

Deficit: zł.356 mln

KEY CONTACTS:

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LUBELSKIE VOIVODSHIP



The voivodship's location along the eastern border of Poland provides a number of advantages for the region. Lubelskie voivodship offers direct road connections to and from Eastern European countries, with the Ukrainian border serving as a gateway. There are six transcontinental road and railway routes from Brussels, Berlin and Warsaw to Lviv, Odessa, Kiev, Minsk and Moscow running through the region and six border-crossing points.

The economy of the region is based on agriculture. Thanks to its good soil and climate conditions Lubelskie is a national leader in agriculture and horticulture. Top crops include hops, apples, raspberries, currants and strawberries. In recent years there has been rapid development of production and processing of healthy, certified organic foods. Cultivation of plants for biomass as a renewable energy source is also becoming increasingly popular.

Apart from food processing and production, mining, car manufacturing, engineering, construction and aircraft production

are some of the industries the region's economy relies on.

The region features, among other things, substantial human resources – with around 57 percent of its population under the age of 35, most well-educated, as the voivodship is one of the biggest academic centers in the country – every fourth resident is a student. Numerous state research institutes and research and development centers operate within the universities or are associated with them. The region aspires to become one of the most advanced R&D hubs in Poland.

With eyes set on future investors, the Lubelskie voivodship provides a range of initiatives for future investors, such as property tax exemptions, thanks to the local subzone of the EURO-PARK MIE-LEC special economic zone. In order to fight unemployment, which exceeds 13 percent for the entire voivodship, authorities are focusing their efforts on attracting and supporting investors who can create jobs.



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MAJOR CITIES

Lublin

The historic city of Lublin is the cultural and economic heart of the Lubelskie voivodship. It is the biggest city and the biggest academic center in Eastern Poland.

What sets Lublin apart is its strategic location near the large neighboring markets of Ukraine and Belarus. Another major asset of the city is the high number of graduates each year, which exceeds 20,000. These advantages, further strengthened by continued improvement in the quality of its infrastructure, make Lublin an attractive mid-size city in the CEE region.

The recently adopted Lublin Development Strategy for 2013-2020 emphasizes the role of modern business services (BPO/SSC), IT and food processing in the economic growth of the city. Other sectors with a strong presence in the city include automotive and machinery manufacturing, biotechnology and logistics. Many of their representatives operate within the Lublin subzone of the EURO-PARK MIELEC special economic zone.

In 2013, Lublin was one of the leaders in Poland in terms of budget funds allocated for infrastructure investment, amounting to zł.670 million. Some of the key projects in the city include its northern ring-road, currently under construction, as well as the international Lublin Airport opened in December 2012, which now offers flights to London, Dublin, Oslo, Liverpool, Gdańsk and several holiday resorts.

Mayor: Krzysztof Żuk

Area code: 81

Area: 147.5 sq km

Population (Dec. 2012): 347,678

Working-age population (Dec. 2011): 226,743

Unemployment rate (June 2013): 10.1%

Percentage of city covered by zoning plans: 45.3%

Recent major investors: ABM Greiffenberger, Alior Bank, Proama, Sii

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OTHER MAJOR CITIES

CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT	ZONED AREA	CONTACT INFO
Chełm	Agata Fisz	82	35.28 sq km	65,897	43,969	17.3%	100%	chelm.pl; info@chelm.pl
Zamość	Marcin Zamoyski	84	30.34 sq km	65,612	43,646	15.7%	100%	zamosc.pl; mayor@zamosc.um.gov.pl
Biała Podlaska	Andrzej Czapski	83	49.40 sq km	57,990	39,190	16.3%	65%	bialapodlaska.pl; sekretariat@bialapodlaska.pl
Puławy	Janusz Grobel	81	50.49 sq km	49,456	30,423	11.3%*	41.3%	um.pulawy.pl; um@um.pulawy.pl
Kraśnik	Mirostaw Włodarczyk	81	26.1 sq km	36,038	23,078	15.0%*	95.7%	krasnik.pl; kancelaria@krasnik.um.gov.pl
Świdnik	Waldemar Jakson	81	20.35 sq km	40,373	26,341	15.8%*	100%	swidnik.pl urzad@e-swidnik.pl

*LOCAL COUNTY DATA



KEY FACTS

Voivode: Jerzy Ostrouch

Marshall: Elżbieta Polak

Area: 13,988 sq km

Population (Dec. 2012): 1,023,317

Working-age population (Dec. 2012): 664,362

Unemployment rate (June 2013): 15.3%

Average monthly wage (June 2013): zł.3,132.95

GDP (2010): zł.31.68 bln, up 4.2% y/y (2.2% of national GDP)

Natural resources: copper, gas, gravel, lignite, oil, silver

Number of students of higher education: 21,738

Number of institutions of higher education: 8

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

Major airport: Zielona Góra Airport in Babimost

Special Economic Zones:

Kostrzyn-Słubice Special Economic Zone: 910.97 ha (410.95 ha available)

Wałbrzych Special Economic Zone: 32.57 ha (32.57 ha available)

ESTIMATED INVESTMENT

Investment outlays (in 2011): zł.7.99 bln

(private sector: zł.2.86 bln; public sector: zł.5.16 bln)

Of which:

Industry: zł.2.42 bln

Of which: manufacturing: zł.1.17 bln

Construction: zł.93 mln

Real estate activities: zł.719 mln

Trade and repair of motor vehicles: zł.321 mln

Transportation and storage: zł.3.38 bln

Number of new partnerships and companies registered (2012): 818, up 6.2% y/y

Number of new sole proprietorships registered (2012): 8,569, down 1.9% y/y

Recent major investors: Ahrens Textil, Arctic Paper, Brinkhaus, Gedia, Faurecia, High Tech

Mechatronics, HMP Heidenhain-Microprint, ICT Poland, L&Bee, Podravka, Steihoff, Swedwood

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

VOIVODSHIP BUDGET

2012:

Revenues: zł.439.5 mln

Expenditures: zł.446.8 mln

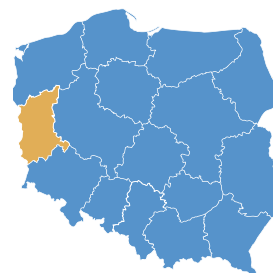
Deficit: zł. 7.3 mln

2013 (projected):

Revenues: zł.507.7 mln

Expenditures: zł.502.4 mln

Surplus: zł.5.3 mln



KEY CONTACTS:

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➤ LUBUSKIE VOIVODSHIP

The Lubuskie voivodship, located in Poland's west, is one of the most-sparsely populated in the country. Despite this, there are currently over 100,000 businesses operating in the region, which puts it in sixth place in Poland in terms of businesses per capita. Over 96 percent of these businesses are SMEs. The automotive, chemical, electronics, food processing and wood processing industries account for much of Lubuskie's business activity.

Lubuskie borders Germany, Poland's largest trade partner. Roughly 70 percent of goods and services exported by firms in the region are destined for Germany. After that comes Italy, which receives 4.1 percent of Lubuskie's exports, followed by the Netherlands (3.5 percent). Germany also accounts for 50 percent of the region's imports, while Italy accounts for 7.4 percent and Denmark for 4.2 percent.

The region has a well-developed transport system with the east-west A2 highway linking Poland's western border with Warsaw.

Meanwhile, roughly half of the Lubuskie voivodship is covered by forests and lakes, making it an attractive tourist destination, as well as providing huge potential for timber pro-



cessing and paper-making. The region's historic Muskau Park, which covers land in both Poland and Germany, was created for Prince Hermann von Pückler-Muskau in the 13th century, and in 2004 was categorized as a UNESCO World Heritage site.

Lubuskie puts great emphasis on education and the eight institutions of higher learning it hosts help to provide a ready pool of highly skilled and relatively cheap workers to businesses.

➤ MAJOR CITIES

Gorzów Wielkopolski

Situated in the northern part of the Lubuskie voivodship, Gorzów Wielkopolski is the most populous city in the region, as well as its administrative seat. Due to its location it serves as a major transport hub connecting east-west and north-south routes, providing an excellent link to other major cities.

In 2011, *Forbes* magazine ranked Gorzów Wielkopolski the second-most attractive city in Poland for investment.

Major players from the textile, pharmaceuticals, chemical, machinery and automotive industries have established investments in the city. Examples include Enea, I.M.C. Engineering and TPV Displays Polska.

Those investing can receive assistance and advice from institutions such as the Lubuska Foundation Western Economic Centre, which offers support for SMEs. Other institutions that can provide advice include the Lubuskie Region Employers' Organization, the Western Chamber of Industry and Commerce and the Lubuskie Metal Cluster.

A subzone of the Kostrzyn-Słubice Special Economic Zone is also located in the city and Gorzów Wielkopolski's authorities offer tax incentives to would-be investors. The city also has a young, well-educated and dynamic workforce.

Mayor: Tadeusz Jędrzejczak

Area code: 95

Area: 85.72 sq km

Population (Dec. 2012): 124,609

Working-age population (Dec. 2011): 81,791

Unemployment rate (June 2013): 9.3%

Percentage of city covered by zoning plans: 39%

Recent major investors: Ahrens Textil, Faurecia, High Tech Mechatronics, HMP Heidenhain-Microprint

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Zielona Góra

Often described as the nation's unofficial "wine capital," Zielona Góra's primary industries are wine and vodka production.

However, apart from Zielona Góra's long tradition of wine-making, the city's local industries also include electronics manufacturing, the automotive sector, as well as engineering and furniture production.

Meanwhile, the Lubuski Industrial and Technology Park, which is nearby, supports the cooperation of business and science in order to promote innovation and foster state-of-the-art technologies. Lubuski Industrial and Technology Park offers support to innovative businesses, which in turn has given the city a boost.

City officials also stress another investment incentive, namely the Economic Activity Zone (SAG), where investors are entitled to tax exemptions depending on their proposed plan. There is a strong focus on investments that will create jobs. Currently the zone covers a total area of 67 hectares, of which 36 ha is occupied by Stelmet, a wooden-accessories firm that has invested zł.440 million in the region. Some of the latest Investors include Lemel, LUG, CEMB and Renault Trucks.

The city is well-connected due to the nearby Zielona Góra-Babimost Airport, which offers direct connections to major cities.

Mayor: Janusz Kubicki

Area code: 68

Area: 58.34 sq km

Population (Dec. 2012): 119,023



Working-age population (Dec. 2011): 77,755

Unemployment rate (June 2013): 7.9%

Percentage of city covered by zoning plans: 59%

Recent major investors: Darstal, ITM, LUG

Contacts:

Zielona Góra City Hall

Entrepreneurship and Municipal Economy Department

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OTHER MAJOR CITIES

CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT	ZONED AREA	CONTACT INFO
Nowa Sól	Wadim Tyszkiewicz	68	21.80 sq km	40,022	25,802	24.1%*	59%	nowasol.pl ; nowasol@nowasol.pl
Żary	Wacław Maciuszonek	68	33.49 sq km	39,066	25,554	16.6%*	22.4%	zary.pl ; miasto@um.zary.pl
Żagań	Daniel Marchewka	68	40.38 sq km	26,653	17,636	24.0%*	24%	umzagan.nazwa.pl ; info@um.zagan.pl
Świebodzin	Dariusz Bekisz	68	16.93 sq km	22,109	14,419	12.1%*	19.6%	bip.swiebodzin.eu ; poczta@um.swiebodzin.pl
Międzyrzecz	Tadeusz Dubicki	95	10.26 sq km	18,610	12,240	21.3%*	20%	międzyrzecz.pl ; um@międzyrzecz.pl

*LOCAL COUNTY DATA



ŁÓDZKIE

KEY FACTS

Voivode: Joanna Chelmińska

Marshall: Witold Stępień

Area: 18,219 sq km

Population (Dec. 2012): 2,524,651

Working-age population (Dec. 2011): 1,588,157

Unemployment rate (June 2013): 14%

Average monthly wage (June 2013): zł.3,337.04

GDP (2010): zł.86.77 bln, up 5.8% y/y (6.1% of national GDP)

Natural resources: clay, foundry sands, gravel, gypsum, kaolin clays, lignite, limestone, marl, quartz, thermal waters

Number of students of higher education: 115,469

Number of institutions of higher education: 30

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

Major airport: Władysław Reymont Airport Łódź

Special Economic Zones:

Łódź Special Economic Zone: 1,115 ha (320 ha available)

"Starachowice" Special Economic Zone: 4.03 ha (none available)



ESTIMATED INVESTMENT

Investment outlays (in 2011): zł.16.85 bln

(private sector: zł.7.75 bln; public sector: zł.9.11 bln)

Of which:

Industry: zł.5.73 bln

Of which: manufacturing: zł.2.69 bln

Construction: zł.784 mln

Real estate activities: zł.1.51 bln

Trade and repair of motor vehicles: zł.936 mln

Transportation and storage: zł.5.549 bln

Number of new partnerships and companies registered (2012): 1,707, up 10% y/y

Number of new sole proprietorships registered (2012): 18,261, down 3.4% y/y

Recent major investors: ABB, BSH Bosh und Siemens Hausgeräte, Citi Handlowy, Clariant Group, Elfa Group, Fuji Seal, Hutchinson, Infosys, MP Production, Rena, Sandoz

Sources of major foreign investment: Austria, China, Denmark, Germany, India, Italy, Japan, Switzerland, Ukraine, US

VOIVODSHIP BUDGET

2012:

Revenues: zł.821.9 mln

Expenditures: zł.902.9 mln

Deficit: zł.81 mln

2013 (projected):

Revenues: zł.854.8 mln

Expenditures: zł.895.9 mln

Deficit: zł.41.1 mln

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ŁÓDZKIE VOIVODSHIP



Situated in the heart of Poland, the Łódzkie voivodship has for centuries been known for its clothing and textile production. Nowadays it also produces energy, foodstuffs, construction materials, medical equipment and pharmaceuticals.

Nearly 70 percent of Poland's ceramic tiles and terracotta production comes from the voivodship.

The region is also a big household appliances production hub. Thanks to some worldwide giants placing their factories there, it has become Europe's largest industrial cluster in the sector.

The local investment authority believes Łódzkie's future development will rely on the following sectors: innovative textile and apparel production, ceramic and construction materials, renewable energy, medicine, pharmaceuticals, cosmetics, food processing, IT and telecommunications.

To help investors in these industries, the voivodship is offering support from the state budget in the form of subsidies, corporate income tax and local real estate tax exemptions. Investors can also benefit from Łódzkie's central location and good transport links.

Indeed, a junction of the A1 and A2 motorways, which facilitates access to both EU markets and those of Russia, Belarus and Ukraine, make it a convenient place for operating logistics enterprises. It also has a train link with China, a unique opportunity for enterprises to import directly from the country and export there as well.

In terms of energy production, the Bełchatów power plant is one of the biggest of its kind in Europe, producing electricity from lignite.

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MAJOR CITIES

Łódź

Łódź is situated within a 300-kilometer radius of all of Poland's major cities. That makes it a perfect transportation hub.

The (north-south) A1 and (east-west) A2 highways interconnect close by. The city's main railway station, Łódź Fabryczna, is currently being redeveloped into a multimodal transportation hub. The investment is scheduled for completion in 2015. Łódź's international airport was recently expanded, giving the facility an annual capacity of 2.5 million passengers.

Łódź is also the third-largest city in the country, with some 730,000 inhabitants and many more in the metropolitan area. It has a highly qualified workforce and wages lower than in many other cities.

The Łódź Special Economic Zone has been a big factor in attracting foreign investors into the city and its surroundings. In *fDi Magazine's* Global Free Zones of the Future (2012/13) report, the Łódź Special Economic Zone was ranked third in Europe. Catering to different industries and covering a variety of fields, approximately 40 trade fairs and exhibitions are held in Łódź every year.

Even though only a small share of the city is covered by zoning plans, local authorities assure that some investments can be expedited "on the basis of the issuance of building and land development conditions." They also stress that work on zoning the city's districts has begun just recently and that the area included in the plans should be expanded gradually.

The city has also been home to some of Poland's most important cultural figures. Pianist Arthur Rubinstein learned to play the piano there while living on ul. Piotrkowska. The city,

dubbed by many as "Holly-Łódź," is a huge cinematography center, with Poland's most famous film school, the Polish National Film, Television and Theatre School, located there. Famous directors Andrzej Wajda, Krzysztof Kieślowski and Roman Polański all graduated from and took their first steps in movie-making at that very university.

Mayor: Hanna Zdanowska

Area code: 42

Area: 293.25 sq km

Population (Dec. 2012): 718,960

Working-age population (Dec. 2011): 458,846

Unemployment rate (June 2013): 12.4%

Percentage of city covered by zoning plans: 5.4%

Recent major investors: Amcor, BSH, Citi Handlowy, Dell, DHL, Ericpol, Fujitsu Global Delivery Centre Łódź, Gillette Poland International Ltd, Hewlett-Packard, Hutchinson Poland, Infosys BPO Poland, Nordea Operation Center, Procter & Gamble, Samsung Poland R&D Center, Tate & Lyle

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OTHER MAJOR CITIES

CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT	ZONED AREA	CONTACT INFO
Piotrków Trybunalski	Krzysztof Chojniak	44	67.24 sq km	76,404	48,680	13%	33%	piotrkow.pl; obsługa.inwestorow@ piotrkow.pl
Pabianice	Zbigniew Dychto	42	32.99 sq km	68,321	43,411	17.1%*	100%	um.pabianice.pl; pop@um.pabianice.pl
Tomaszów Mazowiecki	Rafał Zagozdón	44	41.30 sq km	65,454	41,463	17.5%*	4%	tomaszow-maz.eu; strategia@tomaszow-maz.pl
Bełchatów	Marek Chrzanowski	44	34.64 sq km	60,032	43,321	13%*	59%	belchatow.pl; um@belchatow.pl
Zgierz	Iwona Wieczorek	42	42.33 sq km	57,803	36,757	18.5%*	5.5%	umz.zgierz.pl; e-urząd@umz.zgierz.pl

*LOCAL COUNTY DATA

LODZ SPECIAL ECONOMIC ZONE

YOUR INVESTMENT DESTINATION IN THE HEART OF POLAND

Lodz Special Economic Zone is one of 14 SEZs in Poland. Looking back at the 16 years of your activity, can you say that you have been effective in attracting investors?



Tomasz Sadzyński, president of Lodz Special Economic Zone's management board:

Our most important task is to attract investors who will create new workplaces in the region. Throughout over 16 years of activity, Lodz Special Economic Zone has issued 228 permits for investment projects for a total value of some zł.10 billion. Our investors have created almost 26,000 workplaces. We have attracted some well-known and international brands, includ-

ing Procter & Gamble, Gillette, Amcor, BSH, Indesit, Infosys, ABB, Clariant and Dell. They settled mostly in the Łódzkie voivodship, but also in the Mazowieckie and Wielkopolskie voivodships. Lodz Special Economic Zone has also helped to develop big Polish companies like Ceramika Paradyż, Ericpol, Atlas, Aflofarm or Ceramika Tubądzin.

Ten years ago, no one thought the Łódzkie voivodship would become the manufacturing center of household appliances, ceramic tiles or be the country's leader in the packaging industry. Today, thanks to the joint success of Lodz SEZ, the Ministry of Economy and local authorities, it is.

How is Lodz Special Economic Zone doing in comparison to other SEZs in Poland?

One of our main assets is the highest possible level of state aid – up to 70 percent of the investment costs for small companies and 50 percent for large ones. Our location in the heart of Poland, at the intersection of two highways, offers great opportunities for the development of logistics and warehousing.

We also take advantage of the fact that the costs of living and average salaries in our region are low. Annually, about 20,000 young people graduate from universities in the region, hence we can provide investors with qualified and educated employees. We are now focusing on developing the BPO and IT sectors in our region.

We are proud of the fact that for four years Lodz Special Economic Zone has been rated by investors as one of the best special economic zones in Poland, according to KPMG reports from 2009-2012. According to *fDi Magazine's* "Global Free Zones of the Future 2012/13" ranking, Lodz SEZ ranked 3rd in Europe and 18th among all SEZs in the world.

According to another survey, the "Digital Marketing Awards 2012," conducted by the same prestigious British magazine, Lodz SEZ ranked 1st in Europe and 4th worldwide in the category of special economic zones for its marketing tools used to attract investors to the Łódzkie voivodship. These accolades are the best recommendation for our business partners and proof that Lodz SEZ has a professional and experienced team which approaches each investor individually.

There is a number of state aid programs for companies in EU countries. How do you compete with them?

The slowdown and the large competition on the market (according to an EY report, there are about 3,000 different economic zones worldwide) forces us to take a proactive approach. A few ideas aimed at becoming more visible have already been implemented.



First of all, we develop our investment sites with all necessary utilities. We received EU funds for two investment projects: one in the city of Lodz on ul. Telefoniczna, and the other one in Łuźmierz, near Zgierz. The total value of both projects amounts to almost zł.14 million, with over zł.5 million coming from EU funds.

We also introduced new e-marketing tools such as an interactive map of our investment sites (mapa.sse.lodz.pl) and a real estate agency service. Lodz Special Economic Zone has strengthened its presence in Germany thanks to the EU project "Łódzkie – Business Zone Made to Measure."

Our SEZ is also often dubbed the "Fashion Zone," which stems from our cooperation with the international fashion show "FashionPhilosophy Fashion Week Poland." Since 2011, this event, the biggest of its kind in Poland, has been held within the complex of Lodz Special Economic Zone.

We would like to diversify and increase the income of the company. Hence, in July 2013 we opened a fresh and renovated historical building – a 19th century factory of Ludwik Grohman's turned into modern office spaces to rent (more than 1,400 sqm), conference rooms (for 250 people) and headquarters of Lodz SEZ. The involvement has exceeded our expectations, but we still have some free office space. Thus, we invite new tenants. What is more, we think of implementing in the nearest future new investment projects that will help us to attract even more effectively investors from BPO and IT sector.

Apart from business aspects, we would like to show that Lodz feels like home. In partnership with the University of Łódź, in September 2013 we open a British International School of the University of Łódź. The School provides education in English language based upon the English National Curriculum

At all economic missions and fairs we participate in, we always show that we are more competitive than other locations in the world. Especially now, when the Polish government has made a crucial decision to extend the lifespan of special economic zones in Poland to 2026.

What effects will the extension of SEZs' lifetime until 2026 bring from the point of view of your investors?

The extension was very much anticipated and it was great news for investors. First of all, it significantly extends the time to obtain state aid by investors. Secondly, it will give large companies more time to plan and implement investment projects and fully use the state aid provided by the zone. Thirdly, it may improve Poland's opportunities and ratings compared to other Central European countries, which we often compete with over new investments. In the nearest future, all Polish special economic zones will run a joint promotional campaign connected with the extension. ♦



MAŁOPOLSKIE

KEY FACTS

Voivode: Jerzy Miller

Marshall: Marek Sowa

Area: 15,183 sq km

Population (Dec. 2012): 3,354,077

Working-age population (Dec. 2012): 2,124,925

Unemployment rate (June 2013): 11.5%

Average monthly wage (June 2013): zł.3,522.28

GDP (2010): zł.104.09 bln, up 4.5% y/y
(7.3% of national GDP)

Natural resources: natural aggregate, lead ores,
thermal energy, water, wood resources

Number of students of higher education: 201,649

Number of institutions of higher education: 33

Major universities: AGH University of Science and Technology,
Jagiellonian University, Kraków University of Economics

Major airport: John Paul II International Airport Kraków-Balice

Special Economic Zones:

Kraków Technology Park Special Economic Zone: 614.7 ha
(220 ha available)

Katowice Special Economic Zone: 22.38 ha (5.69 ha available)

EURO-PARK MIELEC Special Economic Zone: 21 ha
(none available)



ESTIMATED INVESTMENT

Investment outlays (in 2011): zł.18.14 bln

(private sector: zł.10.68 bln; public sector: zł.7.47 bln)

Of which:

Industry: zł.5.13 bln

Of which: manufacturing: zł.2.85 bln

Construction: zł.1.19 bln

Real estate activities: zł.2.44 bln

Trade and repair of motor vehicles: zł.1.63 bln

Transportation and storage: zł.3.14 bln

**Number of new partnerships and companies registered
(2012):** 3,758, up 17% y/y

Number of new sole proprietorships registered (2012):
25,606, down 2.4% y/y

Recent major investors: Akamai, Austria Card, Brown Brothers
Harriman, Carestream, Cisco, Dan Cake, Deutsche Bank, Euro-
clear, Heineken, Herbalife, Pharma Cosmetics/Fagron, Premier
Farnell, PerkinElmer, Roma Food, SGL Carbon, Somfy, Valeo,
Woodward

Sources of major foreign investment: Austria, Belgium, Den-
mark, France, Germany, Italy, Netherlands, UK, US

VOIVODSHIP BUDGET

2012:

Revenues: zł.1.232 bln

Expenditures: zł.1.14 bln

Surplus: 92 mln

2013 (projected):

Revenues: zł.1.098 bln

Expenditures: zł.1.201 bln

Deficit: 103 mln

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MAŁOPOLSKIE VOIVODSHIP



Małopolskie, in Poland's south, is the fourth-largest voivodship in Poland by population and has one of the country's largest economies. Despite being one of Poland's smallest voivodships by area, Małopolskie accounts for roughly 7.3 percent of the country's GDP. There are some 330,000 companies currently operating in Małopolskie. The region is also bordered to its west by the country's most densely populated and industrialized voivodship, Silesia, increasing its attractiveness as an area for conducting commercial activity.

In a 2012-2013 ranking, the *Financial Times* ranked Małopolska the best region in Central and Eastern Europe when it came to strategies for attracting foreign investment.

Małopolskie has the third-highest number of students in Poland's voivodships, at 212,000. Roughly 40,000 people graduate from a Małopolskie institution of higher education every year, providing a ready-made pool of highly skilled labor.

This is one of the reasons why the region has emerged as a top IT and BPO service hub in Poland, attracting several international IT firms and others which have located business service centers there. Examples of such companies include Akamai, Amway, Capita, Capgemini, Cisco, Delphi, Electrolux, Google, HSBC, IBM, Lufthansa, Luxoft, Motorola, Philip Morris, Pliwa, Shell, State Street, Tesco, UBS and Valeo.

Additionally, Małopolska has the most significant amounts of oil and natural gas deposits in Poland.

The region also hosts the Kraków Technology Park (KTP), a

special economic zone whose purpose is to develop innovative businesses. Greenfield investments carry considerable tax exemptions. Public aid for small firms amount to 70 percent of their outlays and up to 60 percent in the case of medium-sized companies, while big corporations may receive as much as 50 percent.

Income tax relief may also be obtained by firms running new investment projects that simultaneously meet two criteria: an investment of at least €100,000 within the special economic zone, and conducting business that qualifies for public aid.

The largest foreign company present in the KTP is Amada Group, a Japanese corporation that produces machines for metalworking and is listed on the Tokyo stock exchange.

Meanwhile, the latest company to join the Kraków Technology Park is Dutch Anachron Technology, a leading global supplier of e-documents, listed in the European top three in its sector.

Firms such as Motorola, RR Donnelley, Shell and MAN Truck & Bus are also present in the park. Apart from BPO/SSC/IT, foreign capital also goes to sectors such as construction, electronics, energy, food production, industrial production and telecommunications. The much-awaited A4 highway, which will eventually run through Poland from Germany to Ukraine, will cross the voivodship and is expected to be completed in 2014.

There is an international airport in the region, named after the late Pope John Paul II.

MAJOR CITIES

Kraków

Kraków is not only the cultural and historical capital of Poland but has now firmly established itself as the number-one city in the country when it comes to business process outsourcing, such as shared service centers and research and development centers.

There are currently 72 service centers (BPO, SSC, R&D) in Kraków that operate for foreign firms. The centers employ over 25,000 people.

This means that 25 percent of the employees working in service centers financed by foreign capital in Poland work in Kraków, putting it ahead of Poland's capital city Warsaw, as well as Wrocław in Lower Silesia.

Among the foreign firms present in Kraków are Amway, Alexander Mann, Cisco, Google, HSBC, IBM, Shell, Lufthansa, Motorola, Nokia Siemens Networks and Shell.

The city's 23 institutions of tertiary education prepare its more than 200,000 students to function in an innovative environment, while also playing the role of research centers.

Kraków is also headquarters to several international banks, as well as associations supporting business such as the British-Polish Chamber of Commerce and the American Chamber of Commerce. Warsaw can be reached within 2.5 hours by train from the center of the city. Meanwhile, Vienna, Prague and Berlin are just a few hours away.

Some 760,000 people reside in Kraków permanently while 8 million people live within a 100-kilometer radius of the city. Sixty percent of the population is under the age of 45.

The Kraków Technology Park, a special economic zone focusing on high-tech industries, is also a major attraction for investors.

The SEZ offers tax breaks to investors who spend at least €100,000 on new projects and qualify for public assistance. The KTP also hosts the Kraków Advanced Technologies Center, an R&D center.

Mayor: Jacek Majchrowski

Area code: 12

Area: 326.8 sq km

Population (Dec. 2012): 758,463

Working-age population (Dec. 2011): 491,437

Unemployment rate (June 2013): 6.4%

Percentage of city covered by zoning plans: 42.9%

Recent major investors: Akamai, Amer Sports, Brown Brothers Harriman, EDF, Energy Micro, Epam System, Euroclear, Farnell Element 14, Herbalife, Lumesse, Ocado, PerkinElmer, Rolls-Royce

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OTHER MAJOR CITIES

CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT	ZONED AREA	CONTACT INFO
Tarnów	Ryszard Ścigała	14	72.38 sq km	114,053	73,872	9.1%	33%	tarnow.pl ; umt@umt.tarnow.pl
Nowy Sącz	Ryszard Nowak	18	58 sq km	84,290	54,531	10.3%	44.1%	nowysacz.pl ; urząd@nowysacz.pl
Oświęcim	Janusz Chwierut (Acting) Jacek Grosser (Mayor-elect)	33	30.3 sq km	40,342	24,688	12.2%*	35%	um.oswiecim.pl ; um@um.oswiecim.pl
Chrzanów	Ryszard Kosowski	32	38.32 sq km	38,829	25,339	13.9%*	18%	chrzanow.pl ; promocja@chrzanow.pl
Olkusz	Dariusz Rzepka	32	25.65 sq km	37,319	25,088	15.1%*	99.9%	umig.olkusz.pl ; poczta@umig.olkusz.pl

*LOCAL COUNTY DATA



MAZOWIECKIE

KEY FACTS

Voivode: Jacek Kozłowski

Marshall: Adam Struzik

Area: 35,558 sq km

Population (Dec. 2012): 5,301,760

Working-age population (Dec. 2012): 3,333,922

Unemployment rate (June 2013): 11.1%

Average monthly wage (June 2013): zł.4,593.31

GDP (2010): zł.315.83 bln, up 7.4% y/y (22.3% of national GDP)

Natural resources: loams, natural aggregate, quartz sands

Number of students of higher education: 317,338

Number of institutions of higher education: 106

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

Major airports: Warsaw Chopin Airport, Modlin Airport

Special Economic Zones:

Tarnobrzeg Special Economic Zone "EURO-PARK WISŁOSAN": 322.27 ha (175.85 ha available)

Warmia-Mazury Special Economic Zone: 170 ha (4.80 ha available)

"STARACHOWICE" Special Economic Zone: 18.27 ha (10.24 ha available)

Łódź Special Economic Zone: 59.49 ha (6.08 ha available)

Suwałki Special Economic Zone: 23.92 ha (none available)



ESTIMATED INVESTMENT

Investment outlays (in 2011): zł.45.78 bln

(private sector: zł.31 bln; public sector: zł.14.78 bln)

Of which:

Industry: zł.9.51 bln

Of which: manufacturing: zł.5.28 bln

Construction: zł.2.27 bln

Real estate activities: zł.5.16 bln

Trade and repair of motor vehicles: zł.4.19 bln

Transportation and storage: zł.6.96 bln

Number of new partnerships and companies registered (2012): 11,228, up 17.2% y/y

Number of new sole proprietorships registered (2012): 45,083, down 1.8% y/y

Recent major investors: Faurecia, General Electric, LG Electronics, Skanska, Stora Enso

Sources of major foreign investment: Finland, France, South Korea, Sweden, US

VOIVODSHIP BUDGET

2012:

Revenues: zł.2.489 bln

Expenditures: zł.2.462 bln

Surplus: zł.27 mln

2013 (projected):

Revenues: zł.2.817 bln

Expenditures: zł.2.861 bln

Deficit: zł.44 mln

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MAZOWIECKIE VOIVODSHIP



Mazowieckie is a true dichotomy. It has the country's capital and biggest economic hub in the CEE region, while other parts of the region have a large rural population.

Mazowieckie is by far the wealthiest of Poland's voivodships, with its GDP accounting for nearly one quarter of the country's entire GDP.

However, that data is somewhat misleading, as Warsaw's presence in the voivodship skews the figures significantly. The difference in wages between the capital and the smaller cities such as Radom and Płock can be large. Those smaller cities can offer far lower labor costs than the capital, while still offering access to many of the same transport links and markets.

The region is probably the best-developed when it comes to

transport. It has two airports – Warsaw Chopin Airport and Modlin Airport, with a third in Radom under construction. It has several highways and national roads and an extended rail network.

Hosting some of the best-recognized institutions of higher education in Poland and the largest student population in the country, Mazowieckie also offers investors a large pool of qualified, increasingly multilingual and highly mobile labor.

Mazowieckie's economy is one of the most diverse in Poland, providing a home for firms from the construction, financial, IT, automotive and petrochemical industries. By contrast, the region's rural population (approximately 1.8 million) is one of the largest in the country, and both agriculture and the food processing industry are major employers.



MAJOR CITIES

Warsaw

Poland's capital is the biggest city in the country and one of the biggest financial and economic centers in the CEE region. Its GDP per capita is three times higher than the country's average, providing investors with a substantial consumer market.

The Warsaw Stock Exchange is the region's leading bourse, with one of the biggest numbers of IPOs in Europe.

The city attracts outsourcing, shared-service and IT investments from international firms lured by the city's well-educat-

ed labor force.

Warsaw is also Poland's top academic center and the most important destination for R&D in the country. Its young, motivated and highly skilled workforce boasts international experience and strong foreign-language skills. Other key industries include insurance, telecommunications, pharmaceuticals, construction and food processing.

Warsaw is the leading city in Central Europe in terms of the number of square meters of newly constructed office space (over 400,000 sqm), many of which have LEED and BREEAM

certification. According to local authorities, green areas cover 28 percent of the city.

Warsaw has seen a major acceleration of infrastructure investments in areas such as public transportation and culture. Thanks to the modernization and expansion of the "Czajka" sewage treatment plant, the largest environmental project in Europe, worth zł.4 billion, Warsaw for the first time treats all of its waste water. The construction of the second subway line is another huge investment. It is due to be completed by the end of 2014.

Mayor: Hanna Gronkiewicz-Waltz

Area code: 22

Area: 517.24 sq km

Population (Dec. 2012): 1,715,517

Working-age population (Dec. 2011): 1,075,666

Unemployment rate (June 2013): 4.9%

Percentage of city covered by zoning plans: 30%

Recent major investors: Hochtief, IBM, Industrial and Commercial Bank of China, Nordea Group, Orange, Skanska, T-Mobile

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Radom

With only 100 kilometers separating Radom and Warsaw, the city is close to several major transportation routes. According to the local investment authorities, labor costs in the city are up to 50 percent lower than in Warsaw or Kraków. With some 15,000 students in the city there are many qualified people looking for work there.

City authorities are pushing hard to attract firms in precision-oriented industries, including metals processing, electronics, technology, electromechanics, chemical and cosmetics. Many of Radom's enterprises operate within the local subzone of the Tarnobrzeg Special Economic Zone, which provides financing for investments, as well as property tax exemptions and other incentives.

The city was once the capital of its own voivodship and a thriving production center that exported various equipment to the countries in the Soviet bloc. The transition to the capitalist economy has been tough on the city though, and has led to relatively high unemployment levels. Several state-controlled companies have adjusted well, including firms in the tobacco industry. Additionally, several foreign companies have launched operations in Radom. However, it is small and medium-sized businesses that dominate the city's economy, and they are still flourishing. Radom boasts around one registered individually run enterprise for every 10 inhabitants.

The city is also redeveloping its airport, which as of press time was expected to be operational by the end of 2013.

Mayor: Andrzej Kosztowniak

Area code: 36

Area: 111.80 sq km

Population (Dec. 2012): 219,703

Working-age population (Dec. 2011): 141,714

Unemployment rate (June 2013): 22.7%

Percentage of city covered by zoning plans: 11%

Recent major investors: AIG Lincoln, Aplisens, Imperial Tobacco, ITM, Jadar, Zbyszko, Iron Mountain, DPC Ministry of Finance

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Płock

Home to Poland's largest company, PKN Orlen, Płock is a thriving economic center, the third-biggest city in the voivodship and one of the oldest in the region. It benefits from its central geographical location, as well as its highly skilled and low-cost labor force.

It's home to many factories and firms from sectors such as construction, oil refining, machinery and textiles.

The presence of PKN Orlen and the establishment of the Płock Industrial and Technological Park (PPPT) create various opportunities for companies from the chemical sector to build a cluster there. PPPT itself offers access to modern infrastructure and more than 200 ha of land, including an industrial park, a technological park and an R&D park. Over 12,000 students are educated in the city's institutions of higher education, many of them pursuing technological degrees.

The city is also pushing to attract companies from the automotive, chemical, logistics, paper, pharmaceutical and rubber industries.

Investment expenditures in the city, calculated per capita, are among the highest in Poland. Płock lies close to major national roads, an important train junction and airports, including the new international airport in Modlin, which is located 45 minutes from the city. The under-construction A1 motorway is about 40 km away.

Public-private partnership investments are increasingly becoming a feature of the city's investment profile, with the Vistula River wharf being a prime example. When completed the project will comprise a marina, a water park and housing estates. Tourism is also a surprising draw for Płock. Situated on a steep embankment of the Vistula River and replete with historic buildings, the city once served as the capital of Poland and is the burial place of two Polish kings.

Mayor: Andrzej Nowakowski

Area code: 24

Area: 88 sq km

Population (Dec. 2012): 123,627

Working-age population (Dec. 2011): 80,540

Unemployment rate (June 2013): 13%

Percentage of city covered by zoning plans: 36%

Recent major investors: Basell Orlen Polyolefins, Bilfinger Berger, Budmat, Centromost, CNH, Dr Oetker Dekor, Flexpol, Grupa B4, Levis Strauss Poland, PCC Exol, Pern Przyjaźń, PKN Orlen, Ponzio, Precizo

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OTHER MAJOR CITIES

CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT	ZONED AREA	CONTACT INFO
Siedlce	Wojciech Kudelski	25	31.86 sq km	76,393	49,989	11.2%	37%	siedlce.pl; boi@um.siedlce.pl
Pruszków	Jan Starzyński	22	19.19 sq km	59,025	37,113	8.8%*	65%	pruszkow.pl; prezydent@miaasto.pruszkow.pl
Ostrołęka	Janusz Kotowski	29	28.63 sq km	53,287	35,935	15.3%	65%	ostroleka.pl um@um.ostroleka.pl
Legionowo	Roman Smogorzewski	22	13.54 sq km	54,109	34,329	16%*	100%	legionowo.pl; kancelaria@um.legionowo.pl
Ciechanów	Waldemar Wardziński	23	32.78 sq km	44,974	30,298	17.9%*	25.8%	umciechanow.pl boi@umciechanow.pl

*LOCAL COUNTY DATA



OPOLSKIE

KEY FACTS

Voivode: Ryszard Wilczyński

Marshall: Józef Sebesta

Area: 9,412 sq km

Population (Dec. 2012): 1,010,200

Working-age population (Dec. 2012): 657,955

Unemployment rate (June 2013): 13.8%

Average monthly wage (June 2013): zł.3,276.72

GDP (2010): zł.30.38 bln, up 2.2% y/y (2.1% of national GDP)

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

Number of students of higher education: 34,622

Number of institutions of higher education: 8

Major universities: Academy of Management and Administration, Bogdan Jański Academy, College of Humanities and Economy in Brzeg, Opole University, Opole University of Technology, Public Medical Vocational College in Opole, State Vocational College in Nysa, Wrocław School of Banking (Opole branch)

Major airport: Opole-Kamień Śląski Airport (charter flights for smaller planes)

Special Economic Zones:

Wałbrzych Special Economic Zone: 466.91 ha (270.8 ha available)

Katowice Special Economic Zone: 452.26 ha (364.11 ha available)

"STARACHOWICE" Special Economic Zone: 16.73 ha



ESTIMATED INVESTMENT

Total (in 2011): zł.4.7 bln

(private sector: zł.3.1 bln; public sector: zł.1.6 bln)

Of which:

Industry: zł.2.17 bln

Of which: manufacturing: zł.1.37 bln

Construction: zł.157 mln

Real estate activities: zł.410 mln

Trade and repair of motor vehicles: zł.433 mln

Transportation and storage: zł.547 mln

Number of new partnerships and companies registered

(2012): 511, up 6% y/y

Number of new sole proprietorships registered (2012): 5,609,

down 8% y/y

Recent major investors: Donaldson Company, HeidelbergCement, Heerema Fabrication Group, IFM Ecolink, Kamex, Keiper (Johnson Controls), Mondelēz International, Marcegaglia, Neo Plus Technology, Metsa Tissue, Pasta Food Company, Pearl Stream, Schattdecor, Selt

Sources of major foreign investment: France, Germany, Italy, Netherlands, South Korea, US

VOIVODSHIP BUDGET

2012:

Revenues: zł.414.7 mln

Expenditures: zł.412.1 mln

Surplus: zł.2.6 mln

2013 (projected):

Revenues: zł.472 mln

Expenditures: zł.454 mln

Surplus: zł.18 mln

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OPOLSKIE VOIVODSHIP

Located between the Silesia and Lower Silesia voivodships, and bordering the Czech Republic, Opolskie is Poland's smallest voivodship both in terms of size and population. Its many transit routes allow for fast and convenient connections with many EU countries such as Germany, France, the Netherlands, Belgium, the Czech Republic and Slovakia. Though small in size, it provides investors with plenty of space. The region's special economic zones have as many as 632 hectares of investment land. Opolskie also offers the highest level of public support allowed in the EU. SMEs, for example, can receive up to 70 percent of their investment costs back, while large firms

can receive up to 50 percent. The region is rich in such minerals like clay, limestone, marble and sand.

Well-developed industries include food processing, metal, machinery, chemicals, furniture production and automotive. The biggest companies include chemical Zakłady Azotowe Kędzierzyn (ZAK SA), construction firm BIS Multiserwis, automotive sector firm Coroplast and ArcelorMittal, which owns a coking plant in the voivodship.

Major infrastructure investments include the planned construction of new blocks at the Opole Power Plant.



MAJOR CITIES

Opole

The voivodship's capital, Opole, is a popular choice among investors. Its close proximity to Germany and the Czech Republic, as well as two international airports in the bordering voivodships, makes it an attractive and convenient place in which to invest. Opole provides a relatively high quality of life with lower-than-average living costs, including rental prices. This has proven attractive for foreign workers and has kept labor costs low. The city hosts multiple universities, and many of its inhabitants are bilingual due to their close associations with nearby Germany and the Czech Republic.

The main industries in Opole include production of foodstuffs, construction, metallurgy and IT, while developing industries include BPO, with consultancy company Capgemini (as well as Future Processing and Opta Data) having recently opened a facility in the city.

Another recent major investment is a zł.30 million manufacturing plant owned by German industrial control systems manufacturer IFM Ecolink. Investors who chose to settle in one of the subzones of Special Economic Zones operating in Opole include mining equipment producer KAMEX, HFG Polska (which produces elements for oil platforms on the North Sea) and American company Polaris, which will produce ATV vehicles.

The city's first class-A office building, Centrum Wysokich Technologii, is scheduled to be completed by the end of 2013. Construction of a new exposition center is also under way. Called DomExpo, it will encompass 15,000 sqm. Besides conference and exhibition space, the center will boast numerous shops and restaurants.

Mayor: Ryszard Zembaczyński

Area code: 77

Area: 96.55 sq km

Population (Dec. 2012): 121,576

Working-age population (Dec. 2011): 80,784

Unemployment rate (June 2013): 7.2%

Percentage of city covered by zoning plans: 38%

Recent major investors: Capgemini, Future Processing, Heerema Fabrication Group, IFM Ecolink, KameX, Opta Data, Pasta Food Company, Polaris, PZ Stelmach, Selt

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OTHER MAJOR CITIES

CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT	ZONED AREA	CONTACT INFO
Kędzierzyn-Koźle	Tomasz Wantuła	77	123.71 sq km	63,635	41,182	14.2%*	100%**	kedzierzynkozle.pl; promocja@kedzierzynkozle.pl
Nysa	Jolanta Barska	77	27.51 sq km	45,232	29,578	19.5%*	25%	nysa.eu; promocja@www.nysa.pl
Brzeg	Wojciech Huczyński	77	14.61 sq km	37,261	23,969	21%*	100%**	brzeg.pl; um@brzeg.pl
Kluczbork	Jarostaw Kielar	77	12.35 sq km	24,707	16,280	14%*	85%	kluczbork.eu; um@kluczbork.pl
Prudnik	Franciszek Fejdych	77	20.05 sq km	21,979	13,968	18.7%*	100%**	prudnik.pl; um@prudnik.pl
*LOCAL COUNTY DATA					**EXCLUDING FOREST AREA			



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PODKARPACKIE

KEY FACTS

Voivode: Małgorzata Chomycz-Śmigiełska

Marshall: Władysław Ortyl

Area: 17,846 sq km

Population (Dec. 2012): 2,129,951

Working-age population (Dec. 2012): 1,359,605

Unemployment rate (June 2013): 15.5%

Average monthly wage (June 2013): zł.3,063.63

GDP (2010): zł.52.51 bln, up 3.5% y/y
(3.7% of national GDP)

Natural resources: gypsum, limestone, mineral water, natural gas, peat, petroleum, sandstone, sulfur

Number of students of higher education: 70,933

Number of institutions of higher education: 16

Major universities: Rzeszów University of Technology, School of Law and Public Administration in Rzeszów, University of Information Technology and Management, University of Rzeszów

Major airport: International Airport Rzeszów-Jasionka

Special Economic Zones:

EURO-PARK MIELEC Special Economic Zone: 958 ha (195 ha available)

Kraków Technology Park Special Economic Zone: 13.79 ha (4.2 ha available)

Tarnobrzeg Special Economic Zone "EURO-PARK WISŁOSAN": 680 ha
(179,75 ha available)



ESTIMATED INVESTMENT

Investment outlays (in 2011): zł.13.42 bln

(private sector: zł.5.81 bln; public sector: zł.7.61 bln)

Of which:

Industry: zł.3.65 bln

Of which: manufacturing: zł.2.27 bln

Construction: zł.286 mln

Real estate activities: zł.1.24 bln

Trade and repair of motor vehicles: zł.743 mln

Transportation and storage: zł.4.96 bln

Number of new partnerships and companies registered (2012): 1,025, up 2.6% y/y

Number of new sole proprietorships registered (2012): 11,643, down 4.9% y/y

Recent major investors: BorgWarner, Guangxi LiuGong Machinery, Heli-one, Husqvarna, Lear, McBride, MTU Aero Engines, Owens Illinois, Pilkington, Pratt & Whitney, Sikorsky Aircraft Corporation, TRI, United Technologies, Valeant Pharmaceuticals International, Zelmer

Sources of major foreign investment: Canada, France, Germany, UK, US

VOIVODSHIP BUDGET

2012:

Revenues: zł.871.6 mln

Expenditures: zł.891 mln

Deficit: zł.19.4 mln

2013 (projected):

Revenues: zł.1.43 bln

Expenditures: zł.1.489 bln

Deficit: zł.59.5 mln

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GREEN ZONE

PRZEMYSŁ SUBZONE OF TARNOBRZEG SPECIAL ECONOMIC ZONE "EURO-PARK WISŁOSAN"

EQUIPMENT MANUFACTURERS FOR THE ENERGY SECTOR

- renewable energy
- solar energy
- power generation units
- wind power plants
- gas power

LEADING COMPANIES WITH FOREIGN CAPITAL

- future technologies
- experience
- know-how
- efficiency

RESEARCH AND DEVELOPMENT CENTRE > TRAINING CENTRE FOR ENERGY SECTOR

- research
- new technologies
- development
- use

ELECTRICITY FOR COMPANIES IN THE GREEN ZONE AT A COMPETITIVE PRICE

- gas power generation unit

PRZEMYSŁ SUBZONE OF TARNOBRZEG SPECIAL ECONOMIC ZONE "EURO-PARK WISŁOSAN" OFFERS A DEVELOPED INVESTMENT AREA OF 37 HA, BY THE CITY RING ROAD IN THE DIRECTION OF THE A4 MOTORWAY (12 KM) AND RZESZÓW-JASIONKA AIRPORT (100 KM), RAILWAY LINE AND HANDLING TERMINALS WITH WIDE TRACKS TO UKRAINE.



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PODKARPACKIE VOIVODSHIP

Situated on the eastern border of the EU, Podkarpackie is a land of contrasts. Despite being one of the poorest regions in the country, the voivodship has come a long way. It boasts some of the most high-tech, dynamic developments in Poland and a geographic advantage with investors seeking trade with Ukraine and Slovakia.

With gross salaries at 40 percent of the EU average, low labor costs are coupled with a highly educated workforce. Investors can draw from a pool of experienced or newly trained workers, mostly from well-regarded institutions such as the University of Rzeszów and the Rzeszów University of Technology. The latter is home to the only specialized civil aviation center in Poland.

EURO-PARK MIELEC and two other special economic zones provide tax exemptions, ready greenfield space, and assistance for

new investments in the region.

The region's aerospace cluster, "Aviation Valley," is home to 80 percent of the nation's aerospace industry and has seen strong foreign investment. Most aerospace investment is located within the Podkarpackie Science and Technology Park Aeropolis, inside the EURO-PARK MIELEC zone. Sikorsky Aircraft Corporation, MTU Aero Engines and Pratt & Whitney are several examples of the big-name aviation investors located in Podkarpackie voivodship.

Besides aerospace, other important sectors in the region include electromechanical engineering, IT, chemicals and food processing. Podkarpackie also offers major opportunities in tourism, especially for nature enthusiasts. The Carpathian Mountain range and the Bieszczady Forest feature some of the country's most ecologically diverse and unspoiled areas.

MAJOR CITIES

Rzeszów

Rzeszów is the business, educational and cultural center for south-eastern Poland, and as such has seen steady population growth in recent years with some 1,500-2,000 new residents each year.

This comes as no surprise given that the city is a major part of the Aviation Valley cluster of aerospace firms, with the Podkarpackie Science and Technology Park Aeropolis combining the knowledge and research capacity of the city's five universities with the commercial capabilities of aviation companies. The list of major investors in the aviation and aerospace sector in the Rzeszów area includes MTU Aero Engines, BorgWarner Turbosystems, UTC Aerospace Systems, McBride and Vac Aero. Appropriately enough, Rzeszów has its own international airport, located just 10 kilometers north of the city.

The city is situated approximately 100 km from Slovakia and Ukraine. Its location, together with the A4 east-west highway, connecting the city with Western Europe and with Ukraine, which is soon to be completed, makes Rzeszów a great hub for logistics operators as well as a good place for retail and wholesale facilities.

The city offers investors significant tax breaks and other incentives, particularly to companies setting up in the nearby sub-zone of the EURO-PARK MIELEC Special Economic Zone.

Mayor: Tadeusz Ferenc

Area code: 17

Area: 116.36 sq km

Population (Dec. 2012): 182,028

Working-age population (Dec. 2011): 119,266

Unemployment rate (June 2013): 8.3%

Percentage of city covered by zoning plans: 12.67%

Recent major investors: BorgWarner, Conres, Heli-One, MTU Aero Engines, Pratt & Whitney, AeroPower Rzeszów, Womak

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Przemyśl

Przemyśl is one of the oldest and most picturesque cities in Poland. The soon-to-be completed A4 highway and the E30 railway line, as well as the city's proximity to the border with Ukraine, fosters exports to eastern markets and facilitates co-operation with Ukrainian companies, making the city an ideal location for logistics and retail centers.

The A4 highway connects Przemyśl with the Rzeszów-Jesionka international airport, which offers regular flights to and from Frankfurt.

Przemyśl is home to a number of businesses, predominantly operating in heavy industry, such as machinery and equipment, timber (fiberboard manufacturing), railway, and construction,

but also in the lighting, textile, cosmetics, manufacturing and food industries.

The city's main competitive advantage lies in its business-friendly environment and a large supply of well-educated labor. Przemyśl is the second-biggest city in the Podkarpackie voivodship, with a working-age population of some 40,000. Its university educates specialists in machine engineering and construction, environmental engineering and chemistry, as well as offers businesses courses tailored to their specific needs. The school is equipped with a modern R&D center.

Mayor: Robert Choma

Area code: 16

RZESZÓW → the excellent choice

→ Dynamic growth

expansion of the city area from 54 sq km (2005) to 116,32 sq km (2013), growth of the population from 159,000 (2005) to over 182,000 (2013)

→ EU funds support

leader in obtaining EU funds with the amount of 1260 EUR per capita;
101 million EUR to improve urban transport in the years 2011 - 2014

→ Modern education

Rzeszów on 1st place among European Union countries in number of students according to Eurostat (European Statistical Office) -
- 353 students per 1,000 inhabitants;

60 thousand of students and more than 60 faculties, including Poland's only specialization for civil pilots aviation at the Rzeszów University of Technology; nine university courses in English including Aviation Management studies in English at the University of Information Technology and Management in Rzeszów, ultramodern laboratory of criminology at the School of Law and Administration and innovative courses at University of Rzeszów: Center of Innovation and Knowledge Transfer of Technology and Nature, and Microelectronics and Nanotechnology Center

→ Good place to live

Rzeszów is one of the best cities to live in Poland - listed at "Human Development Index", research conducted by Ministry of Regional Development. Rzeszów is classified just after Warsaw, Kraków and Poznań, followed by Wrocław, Sopot, Gdynia, Gdańsk and Lublin; Rzeszów's inhabitants can obtain ID card or driving license even on Saturdays at City Service Points operated in shopping galleries and hypermarkets

→ Perfect location

South-East part of Poland, A-4 motorway, S-19 express road, Rzeszów-Jasionka International Airport with flights to Amsterdam, Barcelona Girona, Birmingham, Bristol, Dublin, East Midlands, Frankfurt, Glasgow Prestwick, London (Luton, Stansted), Manchester, Oslo Rygge, Paris Beauvais, Rome Fiumicino, Trapani, Gdańsk, Kraków and Warsaw. Charter flights to Bulgaria, Egypt, Greece, Spain, Tunisia and Turkey. Flights operated by: Eurolot, Lufthansa, PLL LOT and Ryanair

→ Innovative clusters

aviation "Aviation Valley", information technology "Klaster IT", plastic "POLIGEN", renewable energy "PKEO", construction "INNOWATOR", casting "KOM-CAST", moreover: energy, clean energy, oenology and ecological food

→ Facilities for Investors

Special Economic Zone Rzeszów-Dworzysko; Podkarpackie Science and Technology Park AEROPOLIS, Enterprise Preincubator;
tax reduction for job creation; Businesses Service Point

→ Latest investments in Rzeszów

MTU Aero Engines Poland, BorgWarner Turbo Systems Poland, Goodrich Aerospace Poland, Vac Aero International, Hamilton Sundstrand, Raben Group, Heli One, McBride Poland, Software Mind

Area: 46.18 sq km

Population (Dec. 2012): 64,276

Working-age population (Dec. 2011): 41,384

Unemployment rate (June 2013): 16.9%

Percentage of city covered by zoning plans: 30.55%

Recent major investors: IngLOT, Fanina, Fibris, Plasmet, Sanwil, Polna

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OTHER MAJOR CITIES

CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT	ZONED AREA	CONTACT INFO
Stalowa Wola	Andrzej Szlęzak	15	82.52 sq km	64,189	43,311	14.4%*	67%**	stalowawola.pl ; um@stalowawola.pl
Mielec	Janusz Chodorowski	17	46.89 sq km	61,238	40,558	12.1%*	25%	mielec.pl ; sekretariat@um.mielec.pl
Tarnobrzeg	Norbert Mastelerz	15	85.4 sq km	48,558	31,558	14.3%	40%	tarnobrzeg.pl ; um@um.tarnobrzeg.pl
Krosno	Piotr Przytocki	13	43.49 sq km	47,307	30,578	8%	49.8%	krosno.pl ; um@um.krosno.pl
Jarosław	Andrzej Wyczawski	16	34.61 sq km	39,426	25,878	19%*	12.88%	jaroslaw.pl ; um@jaroslaw.pl

*LOCAL COUNTY DATA

** EXCLUDING FOREST AREA

KROSNO
TAKING OFF!

- **Variety of innovative industries, major centre of ultra-light aircraft and aviation subassemblies production**
- **Krosno Subzone of the EURO-PARK MIELEC Special Economic Zone**
 - ✓ 36 ha located close to the trunk road no. 28 (28.5 ha available); 60 km (1h) to A4 motorway; 75 km (1.15 h) to Rzeszów International Airport
 - ✓ Sites with direct access to the local airport in Krosno
 - ✓ Full infrastructure/ public facilities available
 - ✓ Sites covered with the local spatial development plan
 - ✓ No ecological restrictions
- **Low costs of running a business**
 - ✓ Income tax exemptions within the Special Economic Zone
 - ✓ Real property tax exemptions
 - ✓ Attractive property prices
 - ✓ Competitive labour costs
- **Human capital**
 - ✓ The highest level of engineering education, state-of-the-art technological laboratories
 - ✓ Ambitious, creative young people
 - ✓ Skilled, diligent workers

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PODLASKIE

KEY FACTS

Voivode: Maciej Żywno

Marshall: Jarosław Zygmunt Dworżański

Area: 20,187 sq km

Population (Dec. 2012): 1,198,690

Working-age population (Dec. 2012): 763,271

Unemployment rate (June 2013): 14.4%

Average monthly wage (June 2013): zł.3,155.43

GDP (2010): zł.32.09 bln, up 3.7% y/y (2.3% of national GDP)

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

Number of students of higher education: 51,448

Number of institutions of higher education: 18

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

Major airport: none

Special Economic Zones:

Suwałki Special Economic Zone: 157.05 ha (51 ha available)

Tarnobrzeg Special Economic Zone: 11.95 ha (11.95 ha available)

ESTIMATED INVESTMENT

Investment outlays (in 2011): zł.6.52 bln

(private sector: zł.4.01 bln; public sector: zł.2.51 bln)

Of which:

Industry: zł.2.17 bln

Of which: manufacturing: zł.1.5 bln

Construction: zł.168 mln

Real estate activities: zł.876 mln

Trade and repair of motor vehicles: zł.528 mln

Transportation and storage: zł.1.31 bln

Number of new partnerships and companies registered (2012): 694, up 11.9% y/y

Number of new sole proprietorships registered (2012): 7,800, down 1.5% y/y

Recent major investors: Altrad, British American Tobacco, IKEA, Mecom Press, Nibe, Nordstjernan, Pfeleiderer, Pilkington, SABMiller Group, Standard Motor Products

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

VOIVODSHIP BUDGET

2012:

Revenues: zł.468 mln

Expenditures: zł.492 mln

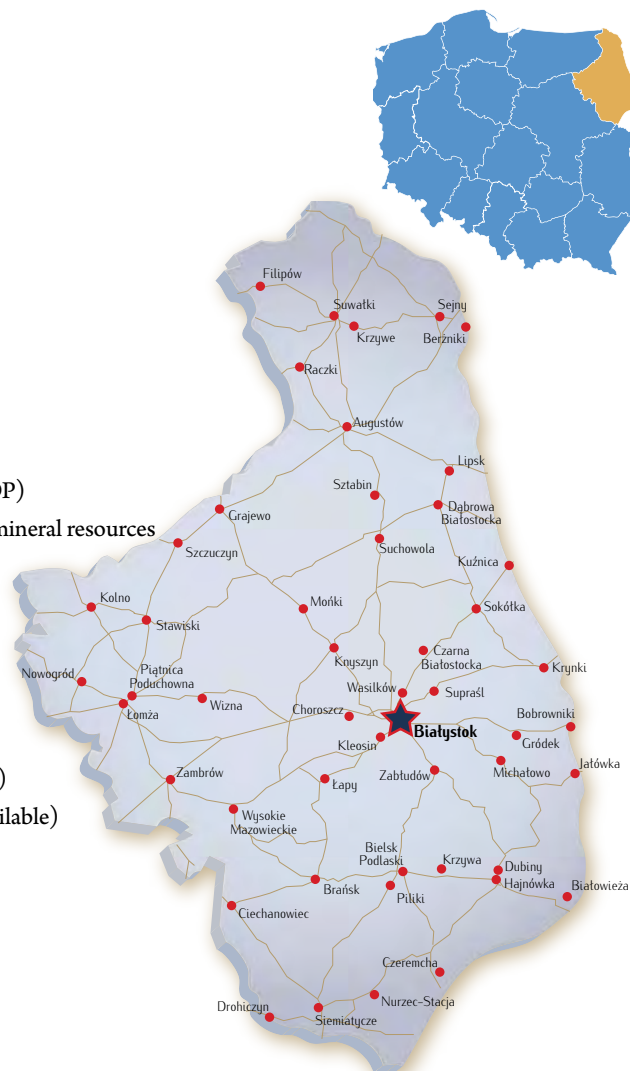
Deficit: zł.24 mln

2013 (projected):

Revenues: zł.583 mln

Expenditures: zł.644 mln

Deficit: zł.61 mln



KEY CONTACTS:

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PODLASKIE VOIVODSHIP

Podlaskie voivodship is located in the northeastern corner of Poland and borders Belarus, Lithuania and Russia's Kaliningrad exclave, three of the country's seven neighbors.

Podlaskie voivodship is well-connected nationally and internationally. Just recently, large sections of the S8 expressway have been completed, which is a major improvement for people traveling to Warsaw, as well as for those transiting between Western Europe and Russia, Lithuania and Belarus. In the future, the S8 expressway will form a part of the "Via Baltica," which will run across Baltic states and Poland and provide a 970-kilometer connection between Tallinn and Warsaw.

The region is known for its development of agriculture, and for its food processing industry. However, recently the investment profile of the voivodship has shifted. Biotechnology, pharmaceuticals, electronics and high-quality chemical production are increasingly present in the region. The voivodship's natural resources, most notably its Białowieża Forest, attract tourists, creating business and job opportunities in the area.

Due to historical and geographical factors, the voivodship is one of the most ethnically and culturally diverse areas in Poland, which local authorities consider the region's major asset, stating that a growing number of investors see it as a big reason for doing business in Podlaskie. The region's 18 institutions of higher education produce some 15,000 graduates each year,



which means that there is an abundance of well-educated labor in the voivodship.

The voivodship's authorities offer plenty of space and initiatives prepared for investors. In the region's special economic zones, there are currently over 60 hectares of land ready for investment.



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FINANCIAL MINUTE

MAJOR CITIES

Białystok

Białystok is the capital city of the Podlaskie voivodship and the economic, educational and cultural hub of northeastern Poland.

Among the city's advantages, local authorities list low labor costs and the presence of 18 institutions of higher education, which produce around 40,000 new graduates every year. Białystok is also a young city – around 51 percent of its citizens are under 35.

The city authorities are proactive when it comes to attracting investment. Investors can count on a number of incentives, including tax breaks and exemptions. There are many business associations in the city – some of the most active include the Economic Forum of Podlaskie, the Podlaskie Regional Development Foundation, and the Chamber of Commerce and Industry.

The city has been able to attract investors from all over the world, touting its location and status as “the Eastern Gate of Europe.” Indeed, the city is less than 300 kilometers from the capital of Lithuania, Vilnius, and some 350 kilometers from the Belarusian capital Minsk, offering potential investors easy access to Eastern European markets.

Białystok is home to a number of industries, such as construction, food processing, spirits production, machinery, textile production, and the timber industry. The IT industry is another sector that is developing fast.

In the midst of trying to improve infrastructure, some of the most significant investments currently under construction include the Białystok Science and Technology Park, a new municipal stadium and University of Białystok campus.

Mayor: Tadeusz Truskolaski

Area code: 85

Area: 102 sq km



Population (Dec. 2012): 294,921

Working-age population (Dec. 2011): 194,535

Unemployment rate (June 2013): 13.6%

Percentage of city covered by zoning plans: 43%

Recent major investors: Mecom Press, Nibe, NSG Group, Nordstjernan, Russian Standard, SABMiller, Standard Motor Products

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OTHER MAJOR CITIES

CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT	ZONED AREA	CONTACT INFO
Suwałki	Czesław Renkiewicz	87	65.51 sq km	69,404	45,965	13.1%	30%	um.suwalki.pl ; org@um.suwalki.pl
Łomża	Mieczysław Czerniawski	86	32.67 sq km	62,812	42,773	16.0%	15.72%	lomza.pl ; ratusz@um.lomza.pl
Augustów	Kazimierz Koźuchowski	87	80.90 sq km	30,809	19,797	18.2%*	29%	augustow.eu ; urzad.miejski@urzad.augustow.pl
Bielsk Podlaski	Eugeniusz Berezowicz	85	27.01 sq km	26,525	17,755	9.4%*	15.2%	www.bielsk-podlaski.pl ; um@bielsk-podlaski.pl
Zambrów	Kazimierz Jan Dąbrowski	86	19.02 sq km	22,643	14,879	16.3%*	11%	zambrow.nazwa.pl ; um@zambrow.pl

*LOCAL COUNTY DATA

WND = WOULD NOT DISCLOSE



POMORSKIE

KEY FACTS

Voivode: Ryszard Stachurski

Marshall: Mieczysław Struk

Area: 18,310 sq km

Population (Dec. 2012): 2,290,070

Working-age population (Dec. 2012): 1,462,174

Unemployment rate (June 2013): 13.2%

Average monthly wage (June 2013): zł.3,777.09

GDP (2010): zł.79.58 bln, up 4.3% y/y
(5.6% of national GDP)

Natural resources: amber, clay and chalks, gravel, marl, natural aggregate, peat, rock salt, sandstone, shale gas deposits

Number of students of higher education: 103,024

Number of institutions of higher education: 28

Major universities: Gdańsk University of Technology, University of Gdańsk

Major airport: Gdańsk Lech Wałęsa Airport

Special Economic Zones:

Pomeranian Special Economic Zone: 486 ha (81.2 ha available)

Ślupsk Special Economic Zone: 308.71 ha (171.78 ha available)



ESTIMATED INVESTMENT

Investment outlays (in 2011): zł.13.94 bln

(private sector: zł.7.01 bln; public sector: zł.6.93 bln)

Of which:

Industry: zł.3.3 bln

Of which: manufacturing: zł.1.68 bln

Construction: zł.623 mln

Real estate activities: zł.2.14 bln

Trade and repair of motor vehicles: zł.949 mln

Transportation and storage: zł.3.28 bln

Number of new partnerships and companies registered (2012): 2,203, up 8.4% y/y

Number of new sole proprietorships registered (2012): 20,765, down 4.6% y/y

Recent major investors: Alteams, Bayer, DB Schenker, International Paper and Green World Resources, Metsa Group, Nation-E, TURAZ, WNS

Sources of major foreign investment: Finland, France, Germany, Sweden, UK, US

VOIVODSHIP BUDGET

2012:

Revenues: zł.928 mln

Expenditures: zł.1.013 bln

Deficit: zł.85 mln

2013 (projected):

Revenues: zł.707.5 mln

Expenditures: zł.703.5 mln

Surplus: zł.4 mln

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➤ POMORSKIE VOIVODSHIP

Accessible by road, rail, air and sea, the Pomorskie voivodship has become one of the most attractive investment destinations in Central and Eastern Europe, offering connections between Eastern, Southern and Western Europe. The region is located at the crossroads of pan-European transport corridors that connect Scandinavia with the Mediterranean region and with the west of the continent.

Pomorskie has 28 institutions of higher education, which provide an abundance of well-educated labor for the region. A recently established BPO Education Center is the first Polish initiative of its kind, and is dedicated to educating future BPO sector employees and managers.

The voivodship's developed office market, coupled with the skilled work force, has allowed the region to see rapid development in its ICT and BPO/SSC sectors.

Pomorskie's economy has always put a lot of emphasis on the maritime industry and on tourism. Gdańsk and Gdynia are home to two of Poland's largest seaports, which serve both European and global shipping lines. Sopot has been a well-known

holiday destination and health resort for over a century, attracting tourists from many European countries with the area's beautiful landscape, combining seaside, lakes and lush forests.

The Tri-city, a conurbation of Gdańsk, Gdynia and Sopot, is an attractive, large market for investors. A number of multinationals – including Thomson Reuters, IBM, First Data, and Sony Pictures Global Business Services have chosen the cities as their business seat.

While preparing for the Euro 2012 soccer championship, Gdańsk acquired a new airport terminal at the Lech Wałęsa Airport and a new stadium that can be used for a variety of events. New projects include the construction of business and retail buildings in Gdańsk and a number of road developments, such as the Malbork ring road.

For investors considering its offer, Pomorskie has incentives such as an investor assistance center, which provides newcomers with information and helps them find office space, plots of land and well-qualified human resources. Moreover, companies register for free and can count on free-of-charge advice when it comes to applying for state and EU funds.



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MAJOR CITIES



Gdańsk

Gdańsk is the largest city in the Pomorskie voivodship and an important economic, cultural and tourist hub in Poland, being home to the largest seaport in the country and counting approximately 460,000 people.

It is the maritime industry – sea transport and shipbuilding – that first comes to mind when thinking of Gdańsk. But the city also has prominent chemical, energy, logistics, IT, financial and tourism sectors.

Gdańsk was the first city in Poland to introduce a scholarship program which provides reimbursements of employee training costs for companies launching investment projects in the city. Other incentives available to investors include property tax exemptions, which vary depending on the value of the investment and on the number of new workplaces created.

The city has proven attractive to large multinationals, with companies such as IBM, Lufthansa, Acxiom and Sony Pictures having invested in Gdańsk in recent years. A variety of organizations coordinate and facilitate investment projects, including Invest in Pomerania, the Pomeranian Development Agency, the Gdańsk Entrepreneurs' Foundation, and the Pomeranian Special Economic Zone.

Gdańsk witnessed rapid infrastructural development as it strove to prepare for the Euro 2012 soccer championships. The recently completed second terminal of the Lech Wałęsa Airport has helped increase passenger traffic to an estimated 2.9 million per year. The PGE Arena and Amber Expo center have in turn improved the city's capacity to host events, fairs and conferences.

Infrastructural developments around the port of Gdańsk are gradually transforming it into a major European sea-transport hub. In addition, Tri-city connections are being improved as

the Pomeranian metropolitan railway line expands. Other projects include the construction of a commercial area around Gdańsk's new stadium, as well as museums and cultural centers.

Mayor: Paweł Adamowicz

Area code: 58

Area: 261.96 sq km

Population (Dec. 2012): 460,427

Working-age population (Dec. 2011): 295,108

Unemployment rate (June 2013): 7%

Percentage of city covered by zoning plans: 75%

Recent major investors: Bayer, IBM, Intel Technology, Geoban (Santander Group), Jeppesen, Kainos, Lufthansa Systems, Metsa Group, Nordea, Sony Pictures, Thomson Reuters, Weyerhaeuser

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Gdynia

As the second-largest city in the Pomorskie voivodship and a major seaport in the Baltic Sea region, Gdynia is a trading hub for the country. Along with Gdańsk and Sopot, the city forms part of the Tri-city conurbation.

Numerous surveys have shown that Gdynia is seen as one of the best places to live and to do business in Poland. Since much of the city is covered by the protected Tri-city Landscape Park, Gdynia has been encouraged to promote sustainable eco-friendly investments.

Much of the industry in Gdynia is based on shipyards which now specialize in ship repair and metallurgy. The financial, trade, transport and construction sectors have also become an important part of Gdynia's economy. The city is in the process of diversifying business options by developing its biotechnology, design and IT sectors which are welcome in the expanded Pomeranian Science and Technology Park.

A highly qualified workforce bolstered by strong academic results in secondary education and a number of higher education institutions in the area have made Gdynia particularly attractive for its labor force. The city boasts Poland's only faculty of oceanography, as well as the army's Naval Academy, which has an education offer for both soldiers and civilians.

Current infrastructure projects include the new Gdynia-Kosakowo Airport built on a former military airfield. Transport links in the Tri-city area, including its urban railway system, are also being expanded and modernized.

The city is actively developing its tourism sector and making a name for itself by organizing major events. It hosts the annual Open'er music festival, as well as a number of other cultural events including the Gdynia Film Festival and the Globaltica World Cultures Festival.

Mayor: Wojciech Szczurek

Area code: 58

Area: 135.14 sq km

Population (Dec. 2012): 248,726

Working-age population (Dec. 2011): 157,659

Unemployment rate (June 2013): 6.6%

Percentage of city covered by zoning plans: 43.4%

Recent major investors: Allcon Investment, Cemex, Invest Komfort, Nordea, Rolls-Royce Marine, Sony Pictures Entertainment

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OTHER MAJOR CITIES

CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT	ZONED AREA	CONTACT INFO
Stupsk	Maciej Kobylński	59	43.15 sq km	94,849	62,083	12%	74%	slupsk.pl ; urząd@um.slupsk.pl
Tczew	Miroslaw Pobłocki	58	22.38 sq km	60,769	38,998	13.6%*	100%	tczew.pl ; info@um.tczew.pl
Wejherowo	Krzysztof Hildebrandt	58	26.99 sq km	50,375	31,729	16.5%*	100%	wejherowo.pl ; sekretariat@wejherowo.pl
Starogard Gdański	Edmund Stachowicz	58	25.28 sq km	48,808	31,346	19.2%*	100%	starogard.pl ; ratusz@starogard.pl
Rumia	Elżbieta Rogala-Kończak	58	30.1 sq km	47,304	31,121	16.5%	66.3%	um.rumia.pl ; urząd@um.rumia.pl
Sopot	Jacek Karnowski	58	17.28 sq km	38,217	23,809	4.8%	94%**	sopot.pl ; ums@sopot.pl
*LOCAL COUNTY DATA					** EXCLUDING FOREST AREA			



SILESIA

KEY FACTS

Voivode: Zygmunt Łukaszczyk

Marshall: Mirosław Sekuła

Area: 12,333 sq km

Population (Dec. 2012): 4,615,870

Working-age population (Dec. 2012): 2,970,023

Unemployment rate (June 2013): 11.2%

Average monthly wage (June 2013): zł.3,937.46

GDP (2010): zł.184.04 bln, up 4.9% y/y (13% of national GDP)

Natural resources: chalkstone, hard coal, lead, marlstone, methane, natural break-stone, natural gas, thermal and mineral waters, zinc

Number of students of higher education: 161,547

Number of institutions of higher education: 45

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

Major airport: Katowice International Airport

Special Economic Zone:

Katowice Special Economic Zone: 1,464.72 ha (479.30 ha available)

ESTIMATED INVESTMENT

Investment outlays (in 2011): zł.30.12 bln

(private sector: zł.16.65 bln; public sector: zł.13.47 bln)

Of which:

Industry: zł.13.5 bln

Of which: manufacturing: zł.7.13 bln

Construction: zł.730 mln

Real estate activities: zł.3.33 bln

Trade and repair of motor vehicles: zł.1.83 bln

Transportation and storage: zł.5.86 mln

Number of new partnerships and companies registered (2012): 4,319, up 11.2% y/y

Number of new sole proprietorships registered (2012): 30,758, down 3.4% y/y

Recent major investors: BMZ, Capgemini, Denso, Foseco, FPG, Fortum, General Motors, IBM, ING, ISD, Mapei, Mecalux, Nexteer, Oracle, PwC, Rockwell Automation, Skanska, SKF, Steria, Stölzle, TPA Horwath, TRW, Vlasenroot, Yamazaki Mazak

Sources of major foreign investment: Austria, Belgium, Finland, France, Germany, Italy, Japan, Spain, US

VOIVODSHIP BUDGET

2012:

Revenues: zł.1.398 bln

Expenditures: zł.1.469 bln

Deficit: zł.71 mln

2013 (projected):

Revenues: zł.2.004 bln

Expenditures: zł.2.227 bln

Deficit: zł.223 mln



KEY CONTACTS:

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SILESIA VOIVODSHIP

Silesia is the most densely-populated voivodship in Poland, as well as one of the most urbanized. Over 4.6 million inhabitants live in 71 cities in the region. Such a large concentration of people offers huge consumer potential as well as a significant labor pool.

In a 2012 report, The Gdańsk Institute for Market Economics ranked Silesia as the most attractive region for investment in Poland. Among its greatest attributes listed were its high-quality labor force, good transport access and a highly-developed economy. Meanwhile, according to the *Financial Times*' 2012 fDi Intelligence ranking, Silesia, in 11th place, was among the 20 regions with the biggest increase (45.5 percent) in FDI for H1 2012 compared to the same period in the previous year.

Most of the recent investments in Silesia have been in the automobile industry, as well as in IT, BPO and R&D. In 2012, machine-tool maker Yamazaki Mazak opened a distribution,

service and R&D center in the Katowice Technological Park. Meanwhile automotive components manufacturer Denso made investments in a factory meant to produce car parts.

Accounting firm TPA Horwath opened an office in Katowice in 2013, whereas Euros Polska invested in a modern factory producing parts for electric windmills. ING Services, meanwhile is investing in R&D centers in the region.

Silesia has various natural resources such as hard coal, natural gas and thermal water. This mineral base helped to create the largest industrial region in the country. The mining and steel industries are very strong in Silesia and the region produces the largest number of cars in Poland, according to authorities.

Six European capitals are within 600 kilometers from Katowice: Warsaw, Prague, Bratislava, Vienna, Budapest and Berlin. Meanwhile, the Katowice Special Economic Zone, located in the region, is one of the largest SEZs in Poland.



MAJOR CITIES

Katowice

Katowice, with its population of 320,000 residents, is situated in the southern part of Silesia at the crossroads of major European transport networks. The city, which was once primarily associated with heavy industry, including mining and steelworks, is now transforming itself into a major destination for the services industry in Poland.

The Silesia Metropolis, which includes Katowice at its heart, was ranked the third-fastest growing region for investments in the sector of business services in Poland over the last two years, according to a 2012 report by the Association of Business Service Leaders in Poland. This one of the reasons why international heavyweights such as IBM, Oracle and Skanska have recently invested in the city.

Katowice also hosts the Katowice Special Economic Zone, the largest Polish economic zone in terms of investment and employment, according to the local investment authority. Companies investing there are offered corporate income tax breaks.

Katowice has an extensive recreational background. It is worth mentioning that 40 percent of the area in Katowice is covered by forests and green areas. The city has two nature reserves.

Meanwhile, postindustrial areas have been subjected to revitalization while deserted factory halls and mine shafts are being transformed into shopping centres, art galleries and museums.

The city is connected to the rapidly developing Katowice-Pyr-

zowice Airport from which flights take off directly to several destinations in Europe.

Mayor: Piotr Uszok

Area code: 32

Area: 164.64 sq km

Population (Dec. 2012): 307,233

Working-age population (Dec. 2011): 198,770

Unemployment rate (June 2013): 5.4%

Percentage of city covered by zoning plans: 20.61%

Recent major investors: IBM, Capgemini, Oracle, Skanska, PwC, Rockwell Automation, Steria

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Gliwice

Located in the western district of the Silesian Metropolis, Gliwice is situated at the junction of the (under-construction) north-south A1 highway and the east-west A4 highway, which means the city is ideally located in terms of access to foreign markets.

During the last 20 years Gliwice has transformed itself from a city based on heavy industry into a leader in new technologies. It is home to the Silesian University of Technology, one of the largest schools of its kind in Poland, as well as the scientific technological park Technopark Gliwice. As a result the city has numerous well-educated technical staff, and a well developed business environment, particularly the science and technology sectors.

The city boasts the largest of the four subzones of the Katowice Special Economic Zone. General Motors is the biggest investor in the subzone, although chemical production firms, construction companies, steel-product makers and other car manufacturers are also based within the city's subzone, which comprises some 678 hectares.

Mayor: Zygmunt Frankiewicz

Area code: 32

Area: 133.88 sq km

Population (Dec. 2012): 186,210

Working-age population (Dec. 2011): 121,774

Unemployment rate (June 2013): 7.8%

Percentage of city covered by zoning plans: 92%

Recent major investors: BMZ, Foseco, FPG, General Motors, Mapei, Mecalux, Nexteer, Vlasenroot

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Częstochowa

Częstochowa's fame in Poland largely stems from it being the country's best-known pilgrimage destination. Its main tourist attraction is the Jasna Góra Monastery, which is the center of Marian devotion where the famous Black Madonna painting is located.

However, although synonymous with tourism and culture in the minds of many, Częstochowa is also the largest economic, cultural and administrative center in the northern part of the Silesia voivodship. City authorities are particularly set on attracting innovative firms from various fields and have done so by incentivizing businesses to invest in its automotive, metallurgy, energy and electronics, glass, textiles and food processing industries.

A large portion of the population is educated in the city's institutions of higher education, which provide a steady source of well-educated workers, many of whom specialize in engineering, marketing, tourism and hospitality. To encourage business investors the city offers tax breaks.

Mayor: Krzysztof Matyjaszczyk

Area code: 34

Area: 159.7 sq km

Population (Dec. 2012): 234,472

Working-age population (Dec. 2011): 152,113

Unemployment rate (June 2013): 13.2%

Percentage of city covered by zoning plans: 12.5%

Recent major investors: Fortum, ISD, Stölzle, TRW

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Dąbrowa Górnicza

Located in the Silesian Highlands, Dąbrowa Górnicza is the largest city in the region, with an area of 1,218 km.

The city is an important industrial center, with the largest investors being ArcelorMittal Poland, the Przyjaźń coking plant, Brembo, Maryland Real Estate Warszawa Cassino Group, Mecaccontrol Group and PRONOX Technology.

The city offers one of the best-developed public transport systems in Poland, as well as comfortable routes to Polish cities due to the A1 and A4 motorways intersection located in the city. It also boasts good transportation links to European capitals thanks to the Katowice International Airport, which is near the city.

The area lies within a subzone of the Katowice Special Economic Zone. Like other cities in the region, Dąbrowa Górnicza has low labor costs and offers large tax breaks and valuable services to investors.

Mayor: Zbigniew Podraza

Area code: 32

Area: 188.73 sq km

Population (Dec. 2012): 124,701

Working-age population (Dec. 2011): 84,228

Unemployment rate (June 2013): 12.8%

Percentage of city covered by zoning plans: 39%

Recent major investors: ArcelorMittal, Brembo, PAGO, PHP Sigro, Saint Gobain Glass

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OTHER MAJOR CITIES

CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT	ZONED AREA	CONTACT INFO
Sosnowiec	Kazimierz Górski	32	91.06 sq km	213,513	142,090	15%	32%	<i>sosnowiec.pl</i> ; <i>um@um.sosnowiec.pl</i>
Zabrze	Małgorzata Mańka-Szulik	32	80.40 sq km	179,452	118,112	13.9%	20%	<i>um.zabrze.pl</i> ; <i>um@um.zabrze.pl</i>
Bytom	Damian Bartyla	32	69.44 sq km	174,724	113,101	20,60%	30.3%	<i>um.bytom.pl</i> ; <i>um@um.bytom.pl</i>
Bielsko-Biała	Jacek Krywult	33	124.51 sq km	174,370	110,996	6.8%	32%	<i>um.bielsko.pl</i> ; <i>informacja@um.bielsko.pl</i>
Ruda Śląska	Grażyna Dziedzic	32	77.73 sq km	142,364	93,240	9.7%	100%	<i>rudaslaska.pl</i> ; <i>urząd@ruda-sl.pl</i>
Rybnik	Adam Fudali	32	148.36 sq km	140,789	92,577	8%	100%	<i>rybnik.eu</i> ; <i>rybnik@um.rybnik.pl</i>
Chorzów	Andrzej Kotala	32	33.24 sq km	111,168	69,689	12.7%	100%	<i>chorzow.eu</i> ; <i>urząd@chorzow.eu</i>



ŚWIĘTOKRZYSKIE

KEY FACTS

Voivode: Bożentyna Palka-Koruba

Marshall: Adam Jarubas

Area: 11,711 sq km

Population (Dec. 2012): 1,273,995

Working-age population (Dec. 2012): 805,238

Unemployment rate (June 2013): 15.4%

Average monthly wage (June 2013): zł.3,178.24

GDP (2010): zł.35.68 bln, up 2.6% y/y (2.5% of national GDP)

Natural resources: gypsum, gravel, lime, mineral water, natural building stone, sand, striped flint, sulfur

Number of students of higher education: 46,585

Number of institutions of higher education: 15

Major universities: Jan Kochanowski University, Kielce University of Technology

Major airport: None

Special Economic Zones:

“STARACHOWICE” Special Economic Zone: 474.24 ha (116.34 ha available)

Tarnobrzeg Special Economic Zone “EURO-PARK WISŁOSAN”: 104.12 ha (7.68 ha available)



ESTIMATED INVESTMENT

Investment outlays (in 2011): zł.6.71 bln

(private sector: zł.3.82 bln; public sector: zł.2.89 bln)

Of which:

Industry: zł.2.52 bln

Of which: manufacturing: zł.926 mln

Construction: zł.234 mln

Real estate activities: zł.821 mln

Trade and repair of motor vehicles: zł.398 mln

Transportation and storage: zł.1.43 bln

Number of new partnerships and companies registered (2012): 527, up 2.7% y/y

Number of new sole proprietorships registered (2012): 7,827, down 3% y/y

Recent major investors: AS Energy, Foster Wheeler, GDF SUEZ

Sources of major foreign investment: France, Switzerland, UK

VOIVODSHIP BUDGET

2012:

Revenues: zł.593 mln

Expenditures: zł.688 mln

Deficit: zł.95 mln

2013 (projected):

Revenues: zł.660 mln

Expenditures: zł.820 mln

Deficit/surplus: zł.160 mln

KEY CONTACTS:

Investors Assistance Center Świętokrzyskie Region

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ŚWIĘTOKRZYSKIE VOIVODSHIP



The Świętokrzyskie voivodship is located at a convenient distance to Poland's four largest cities (Katowice, Kraków, Łódź and Warsaw), and close to Poland's eastern border. It is very accessible, and may be of particular interest to investors interested in other parts of Central and Eastern Europe, or investors from the east seeking easy access to the Polish market. This advantage has helped Kielce, the voivodship's capital and largest city, to become an important destination for trade fairs in the country.

The region's rich resources of building materials like lime, gypsum, sand and gravel have attracted numerous construction companies. The area boasts the world's only deposit of striped flint. Thanks to the abundance of raw materials, Świętokrzyskie has a long history of mining and processing minerals and metals. It also has a highly developed and growing building materials industry, due to the presence of large quantities of natural aggregates. As much as one-third of all cement produced in Poland is made in Świętokrzyskie.

Machine, metallurgy and precision industries are also important for the region, particularly those related to the manufacturing of casts, pipes, fittings, ball bearings and central heating boilers. The region's role as Poland's trade-fair hub offers opportunities for other industries, such as the hospitality sector.

Świętokrzyskie is home to a cheap and educated workforce. Two loan funds, supported by EU funds and available from the Foundation for the Development of the Pierzchnica Region and the Końskie Association for the Promotion of entrepreneurship in Końskie, are offered to investors. The Starachowice and Tarnobrzeg Special Economic Zones provide tax breaks as further incentives for investment.

The region's national park, located in the ancient Świętokrzyskie (Holy Cross) Mountains, offer opportunities for leisure and tourism development. Local attractions include the dinosaur park in Bałtów, one of the most frequently visited sites in Poland.



MAJOR CITIES

Kielce

Kielce is a modern, rapidly developing city that exerts strong administrative, commercial and academic influence on the region. Its 11 higher education institutions, with 41,000 students, provide an abundant labor pool of well-educated specialists.

Kielce's office rent rates, much lower than in the major office markets in Poland, as well as its sizable volumes of office space under construction attract new investors every year. The city was identified as a BPO rising star by Colliers International in its recent report "Rising Stars 2013," and was nominated for "Poland outsourcing awards" in the category "Newcomers" in 2013.

One of the driving forces of the city is Kielce Trade Fairs – the second-largest exhibition center in Poland and third-largest in CEE. Today it covers 90,000 sqm of exhibition area and hosts over 70 fair events, with approximately 6,500 exhibitors annually. According to the local investment center, its share of Poland's trade fair market is around 19 percent. Kielce Trade Fairs is the only facility in Poland that provides specially prepared exhibition space for heavy industry firms that can be used as a military range and building site.

The rise in the significance and size of the trade fairs has led to more regional companies getting involved in the market, as well as a cluster of conference organizers and providers of associated services. The exhibitions also facilitate contacts and relationships with foreign entities, helping building the city's image abroad.

Aside from trade fairs, the city is also home to several major companies in various sectors, including wood flooring producer Barlinek, sanitary ceramics maker Cersanit and developer Echo Investment.

The recently completed Kielce Technology Park was established to support innovative ideas and incubate new

businesses. It is located within the "Starachowice" Special Economic Zone which provides investors with financial incentives such as substantial tax breaks.

Apart from trade fairs and the construction industry, other areas in which the city is developing are: the outsourcing services sector, the steel, machinery and precision industries and the health services sector.

With the Kielce Technology Park offering support for innovative businesses, a plan to upgrade transport infrastructure in the region, and a young, multilingual and well-educated population, Kielce will continue to attract investors.

Mayor: Wojciech Lubawski

Area code: 41

Area: 109.65 sq km

Population (Dec. 2012): 200,938

Working-age population (Dec. 2011): 130,198

Unemployment rate (June 2013): 10.6%

Percentage of city covered by zoning plans: 16.43%

Recent major investors: Nebiolo, Rebond, UCMS

Contacts:

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Investor Assistance Center
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☎ +48 41 367-6552
✉ *coi@um.kielce.pl*



OTHER MAJOR CITIES

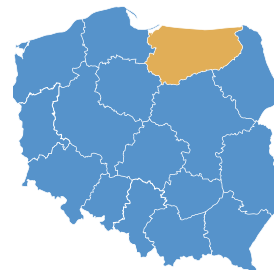
CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT	ZONED AREA	CONTACT INFO
Ostrowiec Świętokrzyski	Jarosław Wilczyński	41	46.43 sq km	72,871	47,712	20.4%*	14%	um.ostrowiec.pl; mnowak@um.ostrowiec.pl
Starachowice	Wojciech Bernatowicz	41	31.82 sq km	51,695	32,990	17.8%*	34%	starachowice.eu; sekretariat@ um.starachowice.pl
Skarżysko-Kamienna	Roman Wojcieszek	41	64.39 sq km	47,987	31,035	25.7%*	11%**	skarzynsko.pl; poczta@um.skarzynsko.pl
Sandomierz	Jerzy Borowski	15	28.69 sq km	24,739	15,756	12.3%*	22.5%	sandomierz.pl; um@um.sandomierz.pl
Końskie	Michał Cichocki	41	17.70 sq km	20,530	13,283	22%*	24%	umkonskie.pl; inwestycje@umkonskie.pl

*LOCAL COUNTY DATA

** EXCLUDING FOREST AREA



WARMIŃSKO-MAZURSKIE



KEY FACTS

Voivode: Marian Podziewski

Marshall: Jacek Protas

Area: 24,173 sq km

Population (Dec. 2012): 1,450,697

Working-age population (Dec. 2012): 942,867

Unemployment rate (June 2013): 20.2%

Average monthly wage (June 2013): zł.3,048.54

GDP (2010): zł.38.87 bln, up 4.6% y/y
(2.7% of national GDP)

Natural resources: construction minerals, lacustrine chalk, peat

Number of students of higher education: 44,478

Number of institutions of higher education: 9

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

Major airport: none

Special Economic Zones:

Suwalki Special Economic Zone: 161.80 ha (32.41 ha available)

Warmia-Mazury Special Economic Zone: 744 ha (280.6 ha available)



ESTIMATED INVESTMENT

Investment outlays (in 2011): zł.7.75 bln

(private sector: zł.3.31 bln; public sector: zł.4.44 bln)

Of which:

Industry: zł.1.84 bln

Of which: manufacturing: zł.995 mln

Construction: zł.98 mln

Real estate activities: zł.833 mln

Trade and repair of motor vehicles: zł.344 mln

Transportation and storage: zł.2.54 bln

Number of new partnerships and companies registered (2012):

685, up 8% y/y

Number of new sole proprietorships registered (2012): 9,641,

down 2.3% y/y

Recent major investors: Alstom, Heinz-Glas, IKEA, Michelin, Philips Lighting, Smithfield Foods

Sources of major foreign investment: France, Germany, Netherlands

VOIVODSHIP BUDGET

2012:

Revenues: zł.665 mln

Expenditures: zł.753 mln

Deficit: zł.88 mln

2013 (projected):

Revenues: zł.1.168 bln

Expenditures: zł.1.261 bln

Deficit: zł.91 mln

KEY CONTACTS

**Investors
and Exporters' Service Centre**
invest.warmia.mazury.pl

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WARMIŃSKO-MAZURSKIE

The northeastern voivodship of Warmińsko-Mazurskie is one of the most picturesque areas in Poland, with agriculture and tourism the two most important sectors in the area. Indeed, the region is one of the most popular tourist destinations for Poles as well as for foreigners, who come to sail, swim and fish in over 2,000 Mazurian lakes.

In addition to its natural assets, Warmińsko-Mazurskie attracts tourists with a number of historic sites – the region features several well-preserved Gothic castles, historical churches and palatial residences. The hotel business is thus one of the main sources of employment for the voivodship's population of nearly 1.5 million. The construction, food production, machinery, rubber goods production, and wood-furniture industries have marked their presence in the voivodship as well.

The north-south S7 expressway, providing the voivodship's major cities with easy and fast connection to Gdańsk, Warsaw, Kielce and Kraków, is currently under construction with large sections and several ring roads already completed.

The region's close proximity to Russia's Kaliningrad exclave is another advantage for investors, as is the the voivodship's hu-

man capital. Over 65 percent of the voivodship's population is between 18 and 64, which is working age in Poland, which together with the lowest average salary and the highest unemployment rate in the country provides investors with an abundant low-cost labor pool.

Considering the region's long agricultural traditions, it is a perfect destination for trade companies and food producers, according to a study by the Entrepreneurship Institute of the Warsaw School of Economics. The voivodship also benefits from two recently completed technology parks: one in Elbląg, operating since 2011, and one in Elk, delivered in late 2012.

Furthermore, investors in Warmińsko-Mazurskie can apply for a number of benefits and incentives. The Warmia-Mazury and Suwałki Special Economic Zones both have subzones here, offering strong support mechanisms for entrepreneurs, including some of the highest tax exemptions in the country (up to 70 percent). Local authorities also offer further reliefs from property tax, as well as government grants, which are set aside for foreign investors to increase the inflow of technologically advanced investments and create highly productive jobs.



MAJOR CITIES

Olsztyn

Olsztyn, the Warmińsko-Mazurskie voivodship's administrative center and its largest city, is the major educational, cultural and business center in the region. The city was established in 1353. Its 14th-century church and castle are considered some of the best examples of Gothic architecture in Poland.

The city's undeniable advantage for potential investors is its proximity to Russia – it is only 87 km from the Polish border with Russia's Kaliningrad exclave.

Several industries have long had a strong presence in the city, including tire production and furniture manufacturing, as well as chemicals, metals, building materials, printing and food processing – especially meats and milk.

Recently, the city has seen a number of large-scale investment projects, including Galeria Warmińska, set to deliver 41,500 sqm of retail space by the end of 2014. The city's science and technology park, which was due to open on September 20, 2013, offers over 11,000 sqm of space designated for offices and laboratories. Companies setting up shop in the park will receive 70 percent discount on rent payments in the first year, 60 percent in the second and 45 percent in the third year of their operations. The investment was financed mostly from the funds of EU's Operational Programme Development of Eastern Poland.

The city is currently expanding its so-far modest office and retail space base, with four major investments in the pipeline, which are to deliver over 24,000 sqm of leasable area. Olsztyn's authorities believe that with the new space and low labor costs, the city could become a major BPO center in Poland, compa-

able to Bydgoszcz, Szczecin or Lublin.

Despite the voivodship's unemployment rate being the highest in Poland (20.2 percent), Olsztyn has a relatively low jobless rate of 8.3 percent, which is a testament to its residents' pro-business and highly entrepreneurial nature.

Mayor: Piotr Grzymowicz

Area code: 89

Area: 88.33 sq km

Population (Dec. 2012): 174,641

Working-age population (Dec. 2011): 116,990

Unemployment rate (June 2013): 8.3%

Percentage of city covered by zoning plans: 60%

Recent major investors: Citibank, Michelin

Contacts:

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Elbląg

The city's main allure is probably its rich and colorful history – it was founded by the Teutonic Knights in the 13th century and is one of the oldest cities in Poland. Its picturesque medieval architecture, including Gothic churches and the remains of city fortifications, as well as its proximity to numerous lakes and canals, make the city a major tourist destination in Poland.

Elbląg was once a prominent port of the Hanseatic League in the southern Baltic Sea region. The city has a water connection with the Baltic Sea via the Vistula Lagoon and is a part of the international waterway E-70 connecting Antwerp, Brussels with Klaipėda, Lithuania.

It is not only the water connection that makes the city attractive for investors. Elbląg is situated at the intersection of two major expressways, the S7 and S22, connecting it to Gdańsk, Warsaw, Kielce and Kraków, as well as to the Kaliningrad exclave, which is just 50 km away. The city is also located only 70 km from the nearest airport, the international Lech Wałęsa Airport in Gdańsk.

Elbląg is an important industrial center which has attracted a number of investors, including Alstom, Grupa Żywiec, Siemens, FLSmidth Maag Gear, JetSystem or Metal Expert. Construction, energy, furniture, IT, foodstuffs, tourist and metal sectors are some of the best-developed industries in the city.

Elbląg's authorities are keen to develop modern technologies and continue to be active in the area of environmental protection. Some of the investments currently under development include a 5,000-seat city stadium and a water park.

The city offers attractive investment locations close to the Elbląg Sea Port as well as near the Elbląg Technology Park, which specializes mostly in advanced chemical analysis, 3D scanning and printing technology, wood and furniture technology and metallurgy. Altogether over 46 hectares of land has been designated for potential investors, most of which within the Warmia and Mazury Special Economic Zone.



Mayor: Jerzy Wilk

Area code: 55

Area: 79.82 sq km

Population (Dec. 2012): 123,659

Working-age population (Dec. 2011): 81,641

Unemployment rate (June 2013): 17.7%

Percentage of city covered by zoning plans: 43%

Recent major investors: Alstom, Siemens

Contacts:

Elbląg City Hall

umelblag.pl

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OTHER MAJOR CITIES

CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT	ZONED AREA	CONTACT INFO
Elk	Tomasz Andrukiewicz	87	21.05 sq km	59,646	39,389	25.1%*	47%	elk.pl ; um@um.elk.pl
Ostróda	Czesław Najmowicz	89	14.15 sq km	34,047	22,121	22.8%*	100%	ostroda2012.pl ; um@um.ostroda.pl
Ława	Włodzimierz Ptasznik	89	21.88 sq km	33,360	21,786	12.7%*	100%	ilawa.pl ; um@umilawa.pl
Giżycko	Jolanta Piotrowska	87	13.72 sq km	30,096	19,586	16.1%*	32%	gizycko.pl ; urząd@gizycko.pl

*LOCAL COUNTY DATA



WIELKOPOLSKIE

KEY FACTS

Voivode: Piotr Florek

Marshall: Marek Woźniak

Area: 29,826 sq km

Population (Dec. 2012): 3,462,196

Working-age population (Dec. 2012): 2,219,016

Unemployment rate (June 2013): 9.7%

Average monthly wage (June 2013): zł.3,487.61

GDP (2010): zł.131.89 bln, up 3.4% y/y (9.3% of national GDP)

Natural resources: forest, lignite, natural gas, oil, peat, water

Number of students of higher education: 165,694

Number of institutions of higher education: 40

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

Major airport: Poznań-Ławica International Airport

Special Economic Zones:

Kamienna Góra Special Economic Zone: 11.38 ha (6.6 ha available)

Kostrzyn-Słubice Special Economic Zone: 247.91 ha (57.87 ha available)

Łódź Special Economic Zone: 121 ha (50 ha available)

Pomeranian Special Economic Zone: 21.88 ha (21.88 ha available)

Wałbrzych Special Economic Zone: 182.11 ha (58.2 ha available)



ESTIMATED INVESTMENT

Investment outlays (in 2011): zł.20.83 bln

(private sector: zł.12.42 bln; public sector: zł.8.41 bln)

Of which:

Industry: zł.7.7 bln

Of which: manufacturing: zł.4.69 bln

Construction: zł.464mln

Real estate activities: zł.2.51 bln

Trade and repair of motor vehicles: zł.1.64 bln

Transportation and storage: zł.4.03 bln

Number of new partnerships and companies registered (2012): 4,115, up 14.5% y/y

Number of new sole proprietorships registered (2012): 28,273, down 2.7% y/y

Recent major investors: Bridgestone, Carl Zeiss, Detica BAE Systems, EXIDE, GlaxoSmithKline, HolidayCheck, Itella, Rule Financial, Samsung, Savvis, Sii, Unilever,

Sources of major foreign investment: Finland, France, Germany, Japan, South Korea, Spain, Sweden, UK, US

VOIVODSHIP BUDGET

2012:

Revenues: zł.1.1 bln

Expenditures: zł.1.136 bln

Deficit: zł.36.4 mln

2013 (projected):

Revenues: zł.1.121 bln

Expenditures: zł.1.387 bln

Deficit: zł.266 mln

KEY CONTACTS:

Wielkopolskie Investor Assistance Centre

investinwielkopolska.pl

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Anna Łohunko, English and Russian speaker:

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WIELKOPOLSKIE VOIVODSHIP



Wielkopolskie, one of Poland's largest and most populous voivodships, is situated in west-central Poland. Officials say that the region is characterized by an openness to commerce and entrepreneurship. The Poznań International Fair, which takes place annually in the voivodship's capital, is one of the largest trade fairs in the CEE region and is evidence of this business-friendly approach.

There are currently over 4,500 companies operating in the voivodship, having invested over \$7 billion there. Most of these firms are in the sectors of food, chemicals, electric equipment production, transport vehicles, and paper production. The largest amount of capital invested in Wielkopolskie comes from German, British, American, Irish, Swedish, Japanese, Dutch and Swiss firms.

Examples of major investors in the region include Bridgestone, GlaxoSmithKline, MAN, Nestle, Phillips, Volkswagen and Wrigley Company.

The A2 motorway, which runs through Poznań, now connects

Poland's capital Warsaw to the border of Poland's largest trading partner, namely Germany. Trains also connect Poznań with Berlin in the west and Warsaw in the east. Meanwhile, Poznań's Ławica International Airport connects the voivodship with European cities such as Dublin, Frankfurt, Liverpool, London, Munich, Paris and Rome.

Further proof of Wielkopolskie's economic dynamism is the fact that in June 2013, the region had the country's lowest unemployment rate, which at 9.7 percent was well under the national average of 13.2 percent.

Wielkopolskie also hosts highly innovative industries, with firms there including hybrid bus manufacturer Solaris, the first Microsoft Innovation Center in Poland, the Poznań Supercomputing and Networking Center, and the DNA Research Center, one of the country's main providers of services in the area of medical genetics for clinics, medical centers, hospitals and operating rooms.



MAJOR CITIES

Poznań

Poznań stands out among other Polish cities for its labor market – the unemployment rate in the Wielkopolskie voivodship's capital and largest city is 4.4 percent (June 2013), one of the lowest in Poland. Officials say the figures are indicative of the city's economic potential and dynamism.

Indeed, people from Poznań are well-known in Poland for their high level of entrepreneurship, education and skills.

Roughly 130,000 students study at the 27 tertiary institutions in the city, with roughly 40,000 of them graduating each year, thus supplying the local labor market with ample well-skilled labor.

In the run-up to the Euro 2012 soccer championships, of which Poznań was one of the hosts, the city underwent an extensive modernization of its infrastructure.

And so the well-developed infrastructure of the city, its business-friendly environment, transport accessibility, particularly regarding international air connections and the A2 motorway, which links Poland with Western Europe's network of motorways, all help make the city attractive for investors.

Poznań's direct transport links to Germany, meanwhile, help explain why roughly 34 percent of FDI flowing into the city comes from Europe's biggest economy.

The city's main industries are currently engineering/machine-building, the automotive industry, the chemical sector and the food industry.

However, Poznań's authorities have currently prioritized developing its prowess in the areas of BPO/SSC, IT, R&D and advanced technology production.

The effects are already visible, as recent major investors from these sectors who have located their businesses in Poznań include Carl Zeiss, Detica BAE Systems, HolidayCheck and Rule Financial, which came to the city in 2013.

Investors can count on the support of local administration au-

thorities when embarking on a project. All investors receive advice from the Investor Relations Department and the assistance of an "investor's pilot" who is responsible for a specific investment project.

Investor incentives include exemption from property tax as well as subsidies aimed at helping to create jobs for the unemployed. Special support programs are in place for those pursuing investments in highly specialized service sectors and innovative investments. The city also has a program financing the internships of young workers working for employers investing in Poznań.

There are also several major business associations in Poznań such as the Polish-German Chamber of Commerce, the Scandinavian-Polish Chamber of Commerce and the Polish-Indian Chamber of Commerce.

Mayor: Ryszard Grobelny

Area code: 61

Area: 261.91 sq km

Population (Dec. 2012): 550,742

Working-age population (Dec. 2011): 359,132

Unemployment rate (June 2013): 4.4%

Percentage of city covered by zoning plans: 35%

Recent major investors: Bridgestone, Carl Zeiss, Detica BAE Systems, EXIDE, GlaxoSmithKline, HolidayCheck, Rule Financial, Savvis, Sii, Unilever

Contacts:

City of Poznań
Investors Relations Department
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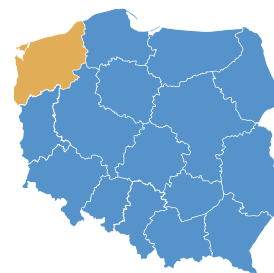
OTHER MAJOR CITIES

CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT	ZONED AREA	CONTACT INFO
Kalisz	Janusz Pęcherz	62	69.42 sq km	104,676	65,816	8.9%	17%	kalisz.pl; umkalisz@um.kalisz.pl
Konin	Józef Nowicki	63	82.2 sq km	77,847	50,364	13.5%	97%	konin.pl; um_konin@konet.pl
Piła	Piotr Głowski	67	102.68 sq km	74,930	49,054	12.9%*	84%	pila.pl; um@um.pila.pl
Ostrów Wielkopolski	Jarosław Urbaniak	62	41.9 sq km	72,933	47,236	10.6%*	36%	www.ostrow-wielkopolski.um.gov.pl; um@ostrow-wielkopolski.um.gov.pl
Gniezno	Jacek Kowalski	61	40.6 sq km	70,141	45,178	15.6%*	30%	gniezno.eu; gniezno@gniezno.eu

*LOCAL COUNTY DATA



ZACHODNIOPOMORSKIE



KEY FACTS

Voivode: Marcin Zydorowicz

Marshall: Olgierd Geblewicz

Area: 22,892 sq km

Population (Dec. 2012): 1,721,405

Working-age population (Dec. 2012): 1,118,413

Unemployment rate (June 2013): 17%

Average monthly wage (June 2013): zł.3,385.34

GDP (2010): zł.54.65 bln, up 4.2% y/y (3.9% of national GDP)

Natural resources: clay, forests, good conditions for renewable energy production, limestone, national and landscape parks, oil, over 300 lakes

Number of students of higher education: 63,917

Number of institutions of higher education: 21

Major universities: Academy of Art in Szczecin, Koszalin University of Technology, Maritime University of Szczecin, Pomeranian Medical University, University of Szczecin, West Pomeranian Business School, West Pomeranian University of Technology

Major airport: Szczecin-Goleniów Airport

Special Economic Zones:

Ślupsk Special Economic Zone: 515,6 ha (412.06 ha available)

Kostrzyn-Słubice Special Economic Zone: 295.59 ha (185 ha available)

Pomeranian Special Economic Zone: 208 ha (34 ha available)

EURO-PARK MIELEC Special Economic Zone: 73 ha (68 ha available)



ESTIMATED INVESTMENT

Investment outlays (in 2011): zł.8.77 bln

(private sector: zł.3.67 bln; public sector: zł.5.1 bln)

Of which:

Industry: zł.2.61 bln

Of which: manufacturing: zł.882 mln

Construction: zł.238 mln

Real estate activities: zł.80 mln

Trade and repair of motor vehicles: zł.663 mln

Transportation and storage: zł.1.61 bln

Number of new partnerships and companies registered (2012): 1,431, up 9.7% y/y

Number of new sole proprietorships registered (2012): 15,557, down 7.4% y/y

Recent major investors: Backer OBR, Bilfinger, Bridgestone, Car-gotec, Coloplast, Espersen, LM Wind Power Blades, Smartguy Group, Tieto, Tognum, Unichains, UniCredit Process & Administration

Sources of major foreign investment: Denmark, Finland, France, Germany, Italy, Spain, Sweden, UK, US

VOIVODSHIP BUDGET

2012:

Revenues: zł.743 mln

Expenditures: zł.853 mln

Deficit: zł.110 mln

2013 (projected):

Revenues: zł.847 mln

Expenditures: zł.929 mln

Deficit: zł.82 mln

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ZACHODNIOPOMORSKIE VOIVODSHIP

As an investment destination, Zachodniopomorskie benefits from its geographic location. The voivodship not only boasts 185 kilometers of Baltic Sea coastline, but it also borders Germany. These factors provide the region with proximity to both Western Europe and Scandinavia, which attracts both trade and FDI.

However, Zachodniopomorskie is not only about business. It has over 3,000 lakes, two national parks, including one on the Wolin Island, and seven landscape parks. All this, together with a number of golf courses, make it a popular destination for holidaymakers who may indulge in windsurfing, kayaking, fishing and many other activities. They can also benefit from the region's numerous spa resorts.

Natural features that could attract investors include a large area covered by forests, which can be a source of wood for processing. The region also offers agricultural opportunities and the soil is suitable for crops.

Major sources of foreign investment include Germany, Sweden, Denmark and other EU countries. The US, China, India, Japan and South Korea also have a presence.

Among major investors in the region are Danish firm LM Wind Power Blades and Swedish furniture giant Swedwood, which is based in Goleniów. A unit of Europe's largest fish processor Royal Greenland Seafood and a logistics hub of Portuguese retailer Jeronimo Martins Dystrybucja are both located in Koszalin. German firm Tognum is building a new engine production



factory in Stargard Szczeciński.

The voivodship is not only well-connected with other areas by land and sea, but also has an internal network of developed public transport connections. It boasts a well-educated workforce and many educational establishments. Investors appreciate the availability of land in special economic zones, of EU funding and local tax exemptions that will facilitate the development of their companies.



MAJOR CITIES

Szczecin

Szczecin, the capital of the Zachodniopomorskie voivodship, is conveniently and attractively located at the mouth of the Oder river, just 12 km from the Polish-German border. As the city is close to the Baltic Sea, it is home to several sea terminals and accounts for a large share of the number of transshipments both to and from Poland. It is also the seat of several sea transportation companies, such as Unity Line and Polska Żegluga Morska, and shipbuilders. The city is well-known as a sailing hub as well, hosting many races and other maritime events.

In terms of business and investment strategy, Szczecin is focused on the BPO and IT sectors. It also supports investment in wind energy.

The city has allocated zł.4 billion for public investments to be carried out in the 2008-2014 period, with zł.1.6 billion of this amount earmarked for infrastructure projects including road building schemes.

Zachodniopomorskie's capital also has a significant population of young, well-educated people with more than 1,700 students per 10,000 citizens – far above the national average of 505.

The city has several industrial parks and subzones of special economic zones, as well as institutions like the West Pomerania Economic Development Association, which provide support for investors. Other incentives include exemption from property tax and credit guarantees for entrepreneurs.

Mayor: Piotr Krzystek

Area code: 91

Area: 300.55 sq km

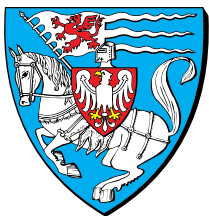
Population (Dec. 2012): 408,913

Working-age population (Dec. 2011): 266,070

Unemployment rate (June 2013): 11.1%

Percentage of city covered by zoning plans: 45.67%

Recent major investors: BLStream, ECE Projectmanagement, Genpact, Kk-Electronic, Kronospan Holdings, LM Wind Power Service & Logistics, Mobica, Nynas, Sonion, Stanley Black & Decker



Koszalin



an attractive place to invest in

Koszalin is a dynamically developing economic center, located in the north-west part of Poland, over one of the biggest lakes in Poland - the **Jamno Lake**, which is connected with the Baltic Sea.

Benefits of investing in Koszalin:

- improved investment lands (starting from 2.000m²) in the „Koszalin” Subzone of the Słupsk Special Economic Zone,
- attractive investment plots of land designated for the construction of hotels and for services, trade, production, recreational, sports and gastronomic purposes,
- presence of the Technological Park,
- developed technical infrastructure,
- tax exemptions and preferences within both the city area and the economic zone,
- constant contact with an investor,
- well qualified future staff and low work costs,
- investment-friendly atmosphere and countless international contacts,
- investment process assistance,
- professional and efficient investors service.



The city of Koszalin offers *attractive investment lands equipped with utilities of approximately 68 hectares* located in the **„Koszalin” Subzone of the Słupsk Special Economic Zone (SSSE)** under attractive conditions. The lands are designated for the building of production plants and logistics centers as well as for BPO investments.

An entrepreneur who has been granted the permit for business activity in the zone is **exempted from the CIT income tax** up to 60%, depending on the size of the company. He is also exempted from the local real estate, lands, buildings and constructions tax by the rule of *de minimis* (up to 200 thousand Euro).



Zródło: www.google.pl

WELCOME TO KOSZALIN

More information is available at www.koszalin.pl and www.inwestycje.koszalin.pl

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„Koszalin Subzone” SłupskSEZ investment assets

- **Perfect location and transport accesibility** in the vicinity of national routes No 6 (Szczecin - Gdańsk) and No 11 (Kołobrzeg – Poznań – Górny Śląsk) near planed motorways no S6 and no S11 junction.
- **Full technical infrastructure:** water, rain, sewage, electrical energy and natural gas (large capacity). In implementation project co-financed from RPO WZ 2007-2013 valued: 79,8 mln zł (EU funds co-financing: 39,9 mln zł)
- **Zoning in local spatial development plan:** industrial production, logistic & arehouse centers. No investment obstacles. Allowed built-up area: up to 75%, max. height up to 25 m.
- **Plots division according to investor's needs** which means large savings. Min. plot area from 0,2 ha.
- **Friendly climate and numerous international contacts** permanent contact with investor till launching plant.
- **Preferences and tax incentives.**
- **Qualified professional staff.**

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**Koszalin**

Koszalin is the second-largest business center in the Zachodniopomorskie voivodship. Its location, just 6 km from the Baltic Sea coast and close to numerous lakes, is attractive to foreign investors. It is well connected both with Baltic harbors and with other cities. The E-28 highway, which connects Berlin with Kaliningrad, provides it with convenient access to both German and Russian markets.

Almost 40 percent of Koszalin is covered by forests and other green spaces, making it an attractive tourist destination.

Major infrastructure projects include the construction of a civilian airport within the area of the military Zegrze Pomorskie Airport. Koszalin is also investing in its tourist infrastructure.

Koszalin's main industries include automotive production, electric machinery, food processing and metalworking. Foreign investments have come from Canada, Denmark, the Netherlands, Norway, Spain, Sweden, Ukraine and the US.

Apart from developing existing industries, the city is also attempting to attract more investments in the BPO and R&D sectors. A Science and Technology Park was opened in 2009.

Major advantages cited by the City Hall, in addition to location and good transport connections, include the city's educated labor force, supported by academic institutions, low labor costs, and tax incentives for foreign investors. These include tax breaks available in the Koszalin subzone of the Słupsk Special Economic Zone, which comprises 115 hectares and offers exemptions on income tax of up to 60 percent.

Mayor: Piotr Jedliński

Area code: 94

Area: 98.34 sq km

Population (Dec. 2012): 109,343

Working-age population (Dec. 2011): 70,858

Unemployment rate (June 2013): 12%

Percentage of city covered by zoning plans: 58%

Recent major investors: Elfa Manufacturing, Espan, Jeronimo Martins, Royal Greenland Seafood

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**OTHER MAJOR CITIES**

CITY	MAYOR	AREA CODE	AREA	POPULATION	WORKING-AGE POPULATION	UNEMPLOYMENT	ZONED AREA	CONTACT INFO
Stargard Szczeciński	Sławomir Pajor	91	48.08 sq km	69,724	46,168	19.4%*	38.4%	stargard.pl ; urząd@um.stargard.pl
Kołobrzeg	Janusz Gromek	94	25.67 sq km	46,951	30,559	10.6%*	41.76%	kolobrzeg.pl ; urząd@um.kolobrzeg.pl
Świnoujście	Janusz Żmurkiewicz	91	197.23 sq km	41,509	27,208	8.9%	97%	swinoujscie.pl ; sekretariat@um.swinoujscie.pl
Szczecinek	Jerzy Hardie-Douglas	94	48.48 sq km	40,723	26,558	25.3%*	78%	szczecinek.pl ; urząd@um.szczecinek.pl

*LOCAL COUNTY DATA

INVESTING IN POLAND – INTERNATIONAL TAXATION



Dr Janusz Fiszer
Partner, PwC
Associate Professor,
University of Warsaw
School of Management

Poland has one of the best-developed networks of double tax treaties (DTT) among the European Union member states and clearly the best among all the CEE countries. Currently Poland boasts DTTs signed with 89 countries, out of which 87 are in force. The Polish DTT network covers all European Union member states, Norway, Switzerland, Iceland, Russia, Ukraine, Belarus and other major non-European countries, including the United States, Canada, Australia, China, Japan, South Korea, South Africa, India, Chile and Israel, just to name the largest business partners.

In recent years the Polish Ministry of Finance has significantly increased its activity related to updating existing DTTs – some of which date from the mid-1970s or 1980s – and concluding new treaties, thus expanding the network of DTTs in accordance with the progressing globalization trends in the world economy.

Cross-border dividends and interest

With respect to cross-border dividend payments between related companies, Poland follows the 1990 EU Parent-Subsidiary Directive, as subsequently amended in 2004. In individual DTTs, the treatment of cross-border dividend payments is diversified and largely depends upon whether the other treaty country is an EU member or, respectively, an European Economic Area (EEA) country.

In the case of DTTs with other EU or EEA member countries, the rule is that the newly signed DTTs provide for an exemption from the withholding tax on dividends (generally levied at a rate of 19 percent), if the beneficial owner of dividends is a company (other than a partnership) which directly holds a block of stock or shares constituting at least 10 percent of the share capital or voting rights in the company paying out the dividends, usually for an uninterrupted period of at least 24 months.

In all other cases, the withholding tax on cross-border dividends payments is usually limited to 10 or 15 percent of the gross amount of dividends, which generally follows the OECD Model Convention standard rule.

With respect to DTTs with non-European countries, Poland usually applies the above-mentioned OECD Model Convention standard rule, which provides for a maximum of 5 percent or 15 percent withholding tax, depending upon the legal status of the beneficial owner of dividends and the respective percentage of share capital or voting stock held in the company paying out the dividends.

With respect to cross-border interest payments, the typical features of Polish DTTs include a 5 percent withholding tax as a general rule, with an exemption granted for interest paid on bank loans or credits, interest paid to the other contracting state, its territorial units or financial institutions owned or controlled by the other contracting state, or paid with respect to a loan or credit guaranteed by such entities. Most recently, such a dual rule has been introduced to a newly signed DTT with the United States, which will replace the existing 1974 US-Poland DTT. Only a few Polish DTTs still provide for a withholding

tax-free cross-border interest payments, including the 1975 DTT with France, the 1979 DTT with Spain and the 2004 DTT with Sweden.

Royalty payments and real estate

In the case of cross-border royalty payments, the typical Polish DTT provides for a 5 percent withholding tax, in some DTTs increased to 10 percent. Imposing a withholding tax on royalties is contrary to the OECD Model Convention, but Poland made a respective reservation regarding this particular provision. One also needs to add that according to longtime Polish treaty policy, but again contrary to the OECD Model Convention, the definition of “royalties” in the typical Polish DTT does include payment “for the use of, or the right to use, industrial, commercial or scientific equipment,” which usually means a cross-border leasing payment, thus for example making the cross-border leasing of fixed assets subject to withholding tax.

In recent years, Poland has also introduced a so-called “real estate-rich company clause” to the newly signed or revised existing DTTs, thus following the revised wording of the OECD Model Convention. According to the modified Article 13 of the OECD Model Convention, such clause allows a state to tax capital gains earned on a sale of shares in companies or other similar rights, the value of which is more than 50 percent derived directly or indirectly from an immovable property located in such state.

Avoidance of double-taxation

In addition to the above characteristics, one should also mention recent changes related to methods of avoiding double taxation. In general, in the Polish DTTs the ordinary (or so-called “proportional”) credit method is being gradually replaced by an exemption with progression, applied as a basic rule. As typical examples of such a change of method one could mention the new 2006 DTT with the United Kingdom or an additional 2008 Protocol to the new 2005 DTT with Austria.

Very recently, a new trend has become visible in this context, namely the introduction of a so-called “switch-over clause,” which allows for a unilateral change of the basic method of double taxation avoidance from an exemption with progression to an ordinary credit, in cases where the application of an exemption would lead to a double non-taxation. Such a “switch-over clause” was introduced in 2012 to the 1995 DTT with Luxembourg and, even more recently, has been adopted in the new 2013 Protocol to the 1994 DTT with Slovakia.

Another recent feature of Polish DTTs relates to the extension of application of ordinary credit as a method of avoidance of double taxation to capital gains, business profits, and sometimes also to dependent personal services and directors’ fees, thus reaching far beyond the dividends, interest and royalty payments traditionally subjected to such methods.

Finally, the wide introduction of anti-avoidance clauses should be mentioned. These are aimed at the limitation of treaty benefits with respect to situations or structures which are solely or mainly tax-driven. Such clauses, with various wordings, have recently been introduced to the newly signed or revised Polish DTTs, including the new 2013 Protocol to the 1989 DTT with India, the above-mentioned new 2012 Protocol to the 1995 DTT with Luxembourg, the new 2011 DTT with Saudi Arabia and the new 2013 DTT with the United States, which includes the famous, and very detailed and complicated, “Limitation on Benefits Clause.” ♦

SPECIAL ECONOMIC ZONES

Since 1994 when the first SEZ was created in Poland, the country has continued to look to these investment areas to boost its economy. So far, 14 such zones have been created, encompassing a total of 16,143.47 hectares. This year, their lifespan has been extended to 2026 (from 2020). Some 200 ha were added to their territory this year alone.

The government explained that extending the time that SEZs will operate was especially important to investors carrying out long-term projects that take several years to break even, for example in the automotive industry. If the zones were to be dissolved in 2020, car manufacturers, for example, would not decide to build their factories in Poland, it said.

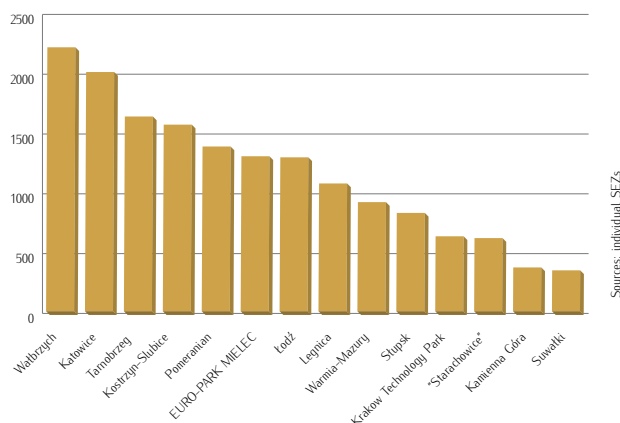
Companies investing in SEZs can count on numerous incentives, including tax breaks. According to the Economy Ministry's calculations, investors in Polish SEZs saved over zł.4.9 billion in tax breaks between 2007 and 2010. From their inception through the end of 2010, companies invested a total of more than zł.73 billion and created over 167,000 jobs in the SEZs.

Each SEZ is unique, with its own strengths, weaknesses and particular focus. For example the Kamienna Góra SEZ for Medium Business specializes in servicing SMEs. The Kraków Technology Park deals with innovative services and technologies. Other SEZs are located in particularly attractive areas in terms of lucrative foreign markets to the east or west, or in the case of the Słupsk and Pomeranian Special Economic Zones, proximity to the Baltic Sea.

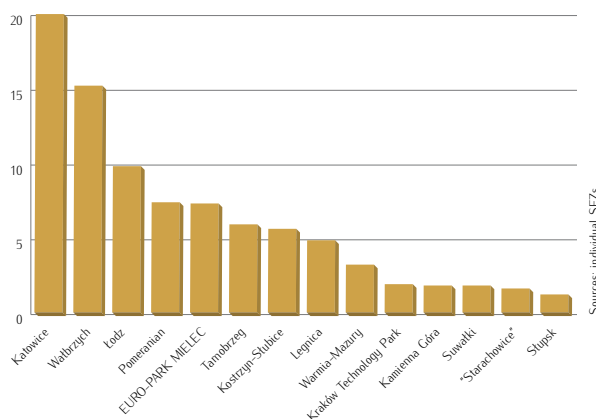
At the same time, regardless of their dominant industries or geographic locations, all of Poland's special economic zones remain open to a wide range of investments.

Investment regulations vary in each SEZ but in general, the investor needs to agree with the specific authorities on how many jobs will be created through the investment and must later fulfill this agreement. The minimum value of an investment to be located in a special economic zone is usually €100,000. Regulations governing investment vary according to each SEZ and the size of the tax breaks available depends on the size of the investing entity and voivodship where the subzone in question resides. For specific details on investment regulations, please see the zones' individual websites, listed in this section. ♦

Polish special economic zones in terms of area (in hectares), latest figures



Polish special economic zones in terms of investment value (in zł. billions), latest figures



Ideal conditions for investment

in one of the cleanest areas in Europe



Suwalki Special Economic Zone guarantees both: well developed land and endless opportunities for relaxation! Investors, check it out yourselves!



This is one of the oldest, and the most beautifully situated economic zone in Poland. Six marked-off areas in the major cities in the region: Suwalki, Elk, Goldap, Grajewo, Malkinia Gorna and Bialystok occupy a total area of 342.7662 hectares, in which businessmen conduct their activities on preferential terms. The relief in income tax amounts to 70 percent of the investment value.

But among the remaining thirteen zones operating in the country, this one is distinguished not only by the lowest labour costs in Poland and attractive tourist sites, but also a strategic location in immediate vicinity of the eastern border of the European Union. The proximity of borders with Kaliningrad Oblast of the Russian Federation and Belarus provides companies with new opportunities and often undiscovered markets.

The businessmen in the SSEZ have already invested €401 million and have created six thousand workplaces. At present, 70 companies conduct their business activities in the zone, including PFLEIDERER "MDF", ROCKWOOL POLSKA, PORTA KMI POLAND S.A., IMPRESS - DECOR POLSKA, MALOW.

Free investment areas in SSEZ

Land offered to investors is prepared for industrial, service and storage investments. It is fully developed. It can be split and merged according to the investor's requirements, and our local governments are always open to cooperating with businessmen.



ELK SUBZONE

- 23 ha,
- direct access to railway infrastructure and national road no. 16 and no. 65



GOLDAP SUBZONE

- 8 ha,
- vicinity of the border crossing with Kaliningrad Oblast



SUWALKI SUBZONE

- 43 ha,
- vicinity of a railway line and the express road Via Baltica, as well as the vicinity of the airport for light planes and helicopters



BIALYSTOK SUBZONE

- 9 ha,
- vicinity of the border crossing with Belarus

THEY EXPAND AND INVEST

MALOW

The manufacturer of metal furniture has launched the most advanced production line worth €6 million. Almost all the activities related to the construction of the cabinet are carried out by robots, and its body is created in just 90 seconds. The company has been operating for over 15 years. During that time, the plant has expanded and invested almost €16 million in the modernization of the machinery resources.

Henryk Owsiejew, Chairman of MALOW:

- When we started, there were 10 people working for us. Today, our company is in an excellent condition. We employ more than half a thousand people and we have just launched one of the most advanced production lines in Europe. And we have plans for further investments.

IMPRESS DECOR POLSKA

An automated production line installed in Impress Decor Polska printing house cost €306 thousands. The entire production, mixing of paints, colour saturation is automatic and computer controlled.

The printing house in Elk is a part of Impress Group, which has plants in Austria, Germany, Spain, Brazil and Russia. In Poland, the company was founded in 1998 in Suwalki Special Economic Zone.

Michal Pacynko, Director of IMPRESS DECOR POLSKA:

- Initially, we employed a dozen workers. Today, 122 people work in three manufacturing halls with five industrial rotogravure machines.

www.ssse.com.pl

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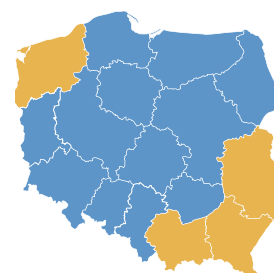
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EURO-PARK MIELEC Special Economic Zone

The first economic zone to be created, the EURO-PARK MIELEC Special Economic Zone is located in both the southeast corner of Poland and in the northwest in Zachodniopomorskie voivodship, meaning it has access to both the German and Eastern European markets.

The maximum amount of corporate tax exemption (based on either investment or job creation) is 50 percent of the total expenditures on new investments for large firms, 60 percent for medium-sized firms and 70 percent for small firms.



Year established: 1995

Total area: 1,299 ha (375 ha available)

Dominant industries: automotive, aviation, metals, wood processing

Total number of investors: 145 (246 permits issued, of which 178 remain valid)

Total value of investments: zł.5.9 bln

Top investors in terms of value:

Polskie Zakłady Lotnicze (US), aviation

MTU Aero Engines Polska (Germany), aviation

BorgWarner Turbo & Emissions Systems (US), automotive

Lear Corporation (US), automotive

Kirchhoff Polska (Germany), automotive

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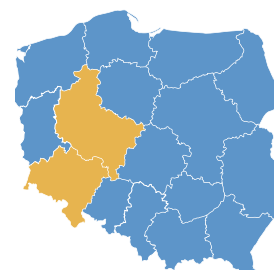
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Kamienna Góra Special Economic Zone for Medium Business

The Kamienna Góra Special Economic Zone for Medium Business is not only aimed at attracting SMEs, offering particularly advantageous conditions for operating their business, but it is also open to larger investors.

The zone is primarily located in the Lower Silesia voivodship, with a small presence in the Wielkopolskie voivodship. Its location near the Czech and German borders is a clear asset, as is the presence of well-developed communication and transportation infrastructure near its subzones.



Year established: 1997

Total area: 367.14 ha (131.40 ha available)

Dominant industries: automotive, metal, paper, printing

Total number of investors: 43 (51 permits issued)

Total value of investments: zł.1.89 bln

Top investors in terms of value:

BDN Sp. z o.o. Sp. K. (Germany), printing

Tbai Poland (Japan), automotive

Takata Parts Polska (Japan), automotive

Polcolorit (Poland), ceramics

Dr Schneider Automotive Polska (Germany), automotive

Wepa Professional Piechowice (Germany), paper

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4th zone in Europe and 22nd in the world*
location in South-Western Poland, close to the Czech Republic
and German border developed communication network:
A2, A4 Motorway, International Airport

* According to a report prepared by the British FDI Magazine of the *Financial Times*.
The study involved more than 600 SEZs.

THE WALBRZYCH SPECIAL ECONOMIC ZONE OFFER:

- tax exemptions **up to 70%**
- **over 870 ha** of green-field investment grounds
- **ca. 3500 m² of office spaces**
for rent in a new INVEST-PARK CENTER building
- **industrial properties:** production halls,
warehouses

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Contact:

Investor Service Department
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+48 74 664 91 54



www.invest-park.com.pl

149
investors

from 17
countries

are
already
with us!



Katowice Special Economic Zone

The Katowice Special Economic Zone describes itself as the leader of Poland's SEZs. The 9 million people living within a 100 km radius of Katowice offer huge labor and consumer markets to investors, while the local area also offers some of the best transport links in Poland, including the A4 east-west and the A1 north-south highways. It is also located close to two international airports – Katowice-Pyrzowice and Kraków-Balice.



Year established: 1996

Total area: 2,005 ha (942 ha available)

Dominant industries: automotive, construction, glass, food processing, steel

Total number of investors: 208 (359 permits issued)

Total value of investments: zł.20 bln

Top investors in terms of value:

General Motors Manufacturing Poland (US), automotive
Fiat GM Powertrain Polska (Italy), automotive
NGK Ceramics Polska (Japan), automotive
Nexteer Automotive Poland (US), automotive
Duda Bis (Poland), food processing
Brembo Poland (Italy), automotive

Isuzu Motors Polska (Japan), automotive

Guardian Częstochowa (US), glass

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Kostrzyn-Słubice Special Economic Zone

Officials from the Kostrzyn-Słubice Special Economic Zone stress that the key advantages of investing there include its well-educated workforce and location close to the German border. The SEZ has at least one subzone within 90 km of Berlin. Low labor costs and high unemployment are other advantages for investors.

Land in the SEZ is ready for investment, with full technical infrastructure already in place. According to officials, certain subzones provide the possibility of a 100 percent exemption from local taxes in addition to income tax or employment cost reliefs.



Year established: 1997

Total area: 1,563.9 ha (841 ha available)

Dominant industries: automotive, electronics, paper, metal and wood processing

Total number of investors: 110 (226 permits issued)

Total value of investments: zł.4.83 bln

Top investors in terms of value:

ICT Poland (Italy), paper
Faurecia Gorzów (France), automotive
TPV Displays Polska (China), electronics
Arctic Paper Kostrzyn (Sweden), paper
Barlinek Inwestycje (Poland), wood
Volkswagen Poznań (Germany), automotive

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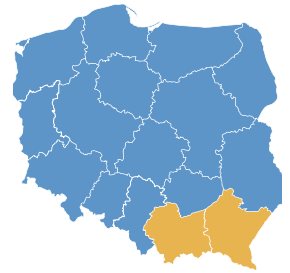
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Kraków Technology Park Special Economic Zone

The Kraków Technology Park Special Economic Zone operates as both an SEZ and a technology park, supporting innovation and new technology, as well as bringing together scientists, entrepreneurs and investors. The city of Kraków provides it with a strong academic base, with several universities located in the vicinity of the technology park, from which qualified staff can be drawn. Officials say public aid for investors in Kraków Technology Park is the highest in Poland.



Year established: 1997

Total area: 628 ha

Dominant industries: automotive, BPO, IT

Total number of investors: 127

Total value of investments: zł.1.80 bln

Top investors in terms of value:

Comarch (Poland), IT

RR Donnelley Europe (US), printing

MAN Truck & Bus (Germany), automotive

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Legnica Special Economic Zone

The Legnica Special Economic Zone is situated in the southwestern part of Poland, in the Lower Silesia voivodship. It describes itself as a place where businesses can improve their competitiveness, technology and know-how. It also allows them to develop national and international business ties. Investing in the Legnica SEZ also gives firms access to exemptions on income and property tax.

The LSEZ describes itself as a high-quality investment area because it is prepared for business activity, equipped with technical infrastructure, subdivided to suit investor requirements and located in well-connected areas, close to major roads such as the A4 and A18 highways.



Year established: 1997

Total area: 1,071 ha (756 ha available), planned 123 ha

Dominant industries: automotive

Total number of investors: 43 (109 permits issued)

Total value of investments: zł.5.6 bln

Top investors in terms of value:

Volkswagen Motor Polska (Germany), automotive

Sitech (Germany), automotive

Winkelman (Germany), metal

BASF (Germany), chemical

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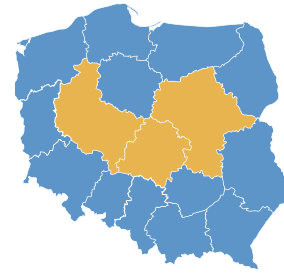
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Łódź Special Economic Zone

The Łódź Special Economic Zone describes itself as a conveniently located SEZ with access to a labor market of some 1.6 million people and a consumer market of 3 million. The city of Łódź itself is also an important academic center, producing students with high levels of vocational, secondary and higher education. It is also located in central Poland, providing access to much of the country via the A1 and A2 motorways which run through the region.



Year established: 1997

Total area: 1,290 ha (345.7 ha available)

Dominant industries: construction materials, packaging, pharmaceuticals, plastics, white goods

Total number of investors: 224 (228 permits issued)

Total value of investments: zł.9.8 bln

Top investors in terms of value:

Dell Products Poland (US), IT

Gillette Poland International (US), consumer goods

Procter & Gamble (US), consumer goods

Indesit (Italy), white goods

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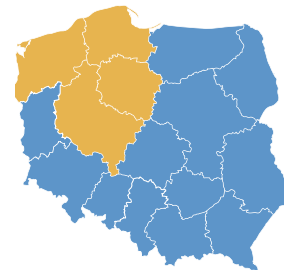
☎ +48 42 275-5051



Pomeranian Special Economic Zone

The Pomeranian Special Economic Zone occupies one of the most beneficial logistics positions in Poland, being located close to Germany and several major Baltic Sea ports. The SEZ cooperates with local authorities, as well as regional economic, scientific and cultural bodies to provide investors with fast, relevant and accurate information, officials say.

The Pomeranian SEZ has delivered two major projects providing laboratory, office, production and warehouse space. The Gdańsk Science and Technology Park was scheduled to be completed in 2013, while the Baltic New Technologies Port in Gdynia opened in January 2013. This space forms part of the SEZ.



Year established: 1997

Total area: 1380.6 ha (294.3 ha)

Dominant industries: automotive, biopharmaceuticals, construction components, electronics, high-tech electronics assembly, machinery, packaging, paper production

Total number of investors: 85 (100 permits issued)

Total value of investments: zł.7.38 bln

Top investors in terms of value:

Bridgestone Stargard (Japan), automotive

Cargotec Poland (Finland), metals

Flextronics International Poland (Singapore), electronics

International Paper (US), paper

Jabil Circuit Poland (US), electronics

Lafarge Cement (France), construction

Mondi Świecie (Poland), paper

Solvay Advanced Silicas Poland (Belgium), paper

Weyerhaeuser Poland (US), timber

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LODZ
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Polska

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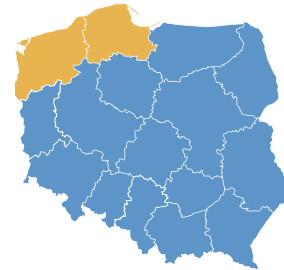
OR ASK US

INFO@SSE.LODZ.PL

Slupsk Special Economic Zone

Located in the north of Poland, the Slupsk Special Economic Zone's proximity to the Baltic Sea provides investors with easy access to local ports, shipyards and shipping lanes. An additional bonus is that subzones in the Zachodniopomorskie voivodship border Germany.

In addition to the standard investment incentives, the SEZ has subzones located in industrial parks and boasts partial or total property exemptions. Officials from the SEZ also stress that average construction and labor costs in the region are relatively low.



Year established: 1997

Total area: 824 ha (580 ha available)

Dominant industries: automotive, construction materials, fish and food processing, glass manufacturing, metals, plastic, transport and logistics, warehousing, wood processing

Total number of investors: 50 (91 permits issued)

Total value of investments: zł.1.2 bln

Top investors in terms of value:

Kronospan Polska (Austria), wood manufacturing
 Paula-Trans (Poland), logistics, warehousing
 Nordglass II (Poland), glass
 Q4Glass, ABJ Investors (Poland), glass manufacturing
 Kapena (Italy), automotive
 Jeronimo Martins Polska (Portugal), logistics, warehousing
 Ozen Plus (Poland), charcoal and production of eco-

logical heat

Przetwórstwo Rybne "Łosoś" (Poland), fish processing

Albatros Aluminium (Poland), metals

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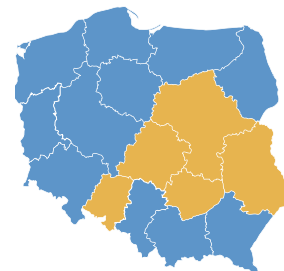
📠 +48 604-450-206



"Starachowice" Special Economic Zone

Spread across five different voivodships, the "Starachowice" Special Economic Zone offers investors perhaps the most variety among SEZs in terms of location. Moreover it was ranked as one of the top free zones of the future, according to *fDi Magazine's* 2012/2013 report on global economic zones.

The regions' industrial traditions, fully developed technical infrastructure and the generally low labor costs are added advantages for investing in this SEZ.



Year established: 1997

Total area: 613 ha (208 ha available)

Dominant industries: automotive, ceramics, chemicals and construction chemicals, construction materials, metal and machinery, printing industry

Total number of investors: 59 (68 permits issued)

Total value of investments: zł.1.6 bln

Top investors in terms of value:

RR Donnelley Starachowice (US), printing
 MAN Truck & Bus (Germany), automotive
 Air Liquide Polska (France), chemicals

Grupa Azoty (Poland), chemicals

Kaye Aluminium Opole (Spain), metals

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Marketing

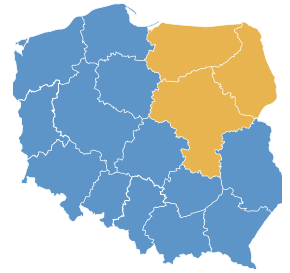
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Suwałki Special Economic Zone

With locations in the Podlaskie, Warmińsko-Mazurskie and Mazowieckie voivodships, the Suwałki Special Economic Zone is particularly well-suited for those interested in investing in the Belarusian, Russian or Lithuanian markets.

To date, firms in the zone have created almost 6,000 workplaces and invested almost zł.1.8 billion in new production plants. Northeastern Poland's low labor costs and the availability of qualified workers coupled with a helpful local government providing "competitive consulting" add to the incentives for investors. Located in one of Europe's cleanest environments and within close proximity to three major scientific-technology parks, the SEZ also provides investors with significant tax exemptions.



Year established: 1996

Total area: 342.8 ha (83 ha available)

Dominant industries: construction materials, clothing, electronics, food processing, machinery, metals, plastic, precision mechanics, printing, wood processing

Total number of investors: 70 (179 permits issued)

Total value of investments: zł.1.8 bln

Top investors in terms of value:

Pfleiderer (Germany), wood and construction materials

Rockwool Polska (Denmark), construction materials

Porta KMI (Poland), construction materials

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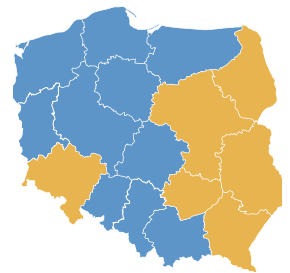
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Tarnobrzeg Special Economic Zone "EURO-PARK WISŁOSAN"

"EURO-PARK WISŁOSAN" is situated mainly in eastern Poland, offering ample opportunities for investors interested in Belarus, Ukraine, Russia, as well as Poland's own fast-developing eastern markets. At the same time, the zone offers land in the Lower Silesia voivodship, which sits on the Czech and German borders and is home to Wrocław, a major foreign investment hub.

This SEZ provides investors with public aid in the form of tax exemptions covering up to 70 percent of total investment outlays, while it also offers prices which are one of the lowest in Poland, according to officials.



Year established: 1997

Total area: 1,632.3 ha (596.9 ha available)

Dominant industries: automotive, aluminum, construction, electronics, metal, paper and timber, printing, chemicals

Total number of investors: 236

Total value of investments: zł.7.3 bln

Top investors in terms of value:

LG Philips LCD (South Korea), electronics

LG Electronics (South Korea), electronics

Heesung Electronics Poland (South Korea), electronics

Uniwhheels Production Poland (Germany), automotive

UPM Raflatac Polska (Finland), paper and timber

Pilkington Automotive Poland (UK), automotive

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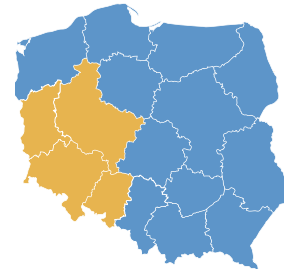
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Wałbrzych Special Economic Zone “INVEST-PARK”

Located mainly in the western part of Poland, Wałbrzych SEZ “INVEST-PARK” consists of 41 subzones in the Lower Silesia, as well as in Wielkopolskie, Opolskie and Lubuskie voivodships. It provides investors with easy access to the Austrian, Czech, German and Slovak markets. The A4 highway and airports in Wrocław and Poznań offer a wide range of domestic and international connections. Tax exemptions of up to 70 percent on labor costs are available to investors.



Year established: 1997

Total area: 2,212.23 ha (870 ha available)

Dominant industries: automotive, electronics, engineering, food, white goods

Total number of investors: 149 (198 permits issued)

Total value of investments: zł.15.2 bln

Top investors in terms of value:

Electrolux Poland (Sweden), white goods

Toyota Motor Manufacturing Poland (Japan), automotive

Mondelez Polska Production (US), food

3M (US), plastic

Mando Corporation Poland (South Korea), automotive

Polaris Poland (US), automotive

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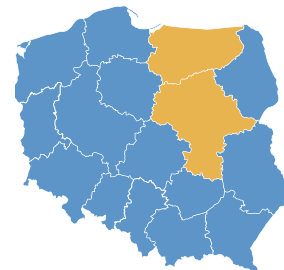
☎ +48 74 664-9169



Warmia-Mazury Special Economic Zone

The Warmia-Mazury SEZ offers some of the highest levels of aid in Poland, according to officials. Located in the Mazowieckie and Warmińsko-Mazurskie voivodships, it provides easy access to the Baltic Sea, as well as to Lithuania and the markets of Eastern Europe.

As well as attracting major firms such as Michelin and LG, many small and medium-sized companies from the furniture and construction sectors have also invested in Warmia-Mazury SEZ.



Year established: 1997

Total area: 914.5 ha (287.3 ha available)

Dominant industries: construction, furniture, electronics, tire manufacturing, wood processing

Total number of investors: 77 (137 permits issued)

Total value of investments: zł.3.2 bln

Top investors in terms of value:

Michelin (France), tire manufacturing

LG Electronics (South Korea), electronics

Swedwood Poland (Sweden), wood processing

Bauer (Germany), printing

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SPECIAL ECONOMIC ZONES IN 2014

– WINDS OF CHANGE



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Special Economic Zones (SEZs) are designated areas within Poland established to create a more favorable business environment for investors. There are currently 14 SEZs located all over the country, offering tax incentives and a well-developed infrastructure.

According to current regulations, a new investment may be located in an existing SEZ area (in this case only application for SEZ permit is required) or on an entrepreneur's private land, which can be incorporated into SEZ as a result of the SEZ extension procedure). This means that the SEZs' borders are flexible and that, after fulfilling certain – however demanding – conditions concerning the scale and nature of an investment, they may be extended on the investor's private land. However, the Polish government is considering implementing restrictions for investors planning to expand the SEZ borders on their private land. According to draft project of new SEZ regulations, such a possibility might even be wholly excluded or be limited for regions with relatively high unemployment rate (at least 130% national average).

The process of application for a SEZ permit may last 2-3 months and requires negotiations with particular SEZ management and preparation of specific investment offer. While in the case of the SEZ extension the process of obtaining the SEZ permit is much more time consuming and connected with preparation of the additional set of documents. In order to be granted with SEZ permit, it is required to incur at least €100 k of capex.

The income from business operations conducted within a SEZ may enjoy a corporate income tax (CIT) exemption. The exemption is generally available from the month the entrepreneur incurs its first investment expenditure until the end of 2026 (which is the current closure date for all Polish SEZs) or until the individual exemption limit (tax credit) is fully utilized.

The exemption covers income obtained from business activity conducted within the SEZ and specified in the permit. In general, the tax exemption allows the investor avoid paying tax up to a certain limit calculated as a percentage (30-50% for large entrepreneurs) of either:

- the expenditures on fixed and intangible assets related to the new investment, or

- the employment costs of newly hired staff directly related to the new investment,

whichever is higher. This percentage is determined by project location and cannot exceed the level of state aid set for the particular region of Poland (as the CIT exemption in SEZ follows the EU state aid regulations).

The level of state aid for each region results from regional state aid map for Poland. Currently, the new map for 2014-2020 is being prepared. According to the draft project, the intensity of state aid available for investors will be decreased in most regions of Poland and will vary from 15-50% for large entrepreneurs.

Example: A large entrepreneur carrying out an investment of €10 m of capex in the region with a state aid level of 50% (e.g. Lublin Region), will be entitled to a CIT credit of €5 m. The amount of tax exempt income, taking into account the 19%, CIT rate in Poland, will be then €26.3 m.

The new regional state aid map for Poland will most probably come into force as of July 1, 2014 (to be agreed by the Polish authorities with European Commission). As the SEZ permit date decides about the intensity, entrepreneurs who will obtain the permit before that date could benefit from the higher level of intensity.

An investor may enjoy a CIT exemption on condition that the state aid granted constitutes an incentive. Without proving a so-called 'incentive effect' no SEZ permit shall be issued. According to the provisions of the new guidelines on regional state aid for 2014-2020, CIT exemption in SEZ may only be granted if the aid results in the investor's engagement in additional activity contributing to the development and this engagement would not have happened/been restricted/been of a different manner or in another location without granting the aid. The incentive effect can be proven if the CIT exemption gives an incentive to:

- adopt a positive investment decision because an investment would otherwise not be sufficiently profitable to take place in the area concerned; or
- opt to locate a planned investment in the relevant area comparing to other alternative locations because it compensates for the net disadvantages and costs linked to a location in the area concerned.

Additionally, the SEZ entrepreneurs will have to perform their business activity according to the amended rules that should be introduced by Polish government by the end of 2013. In particular, the main changes include:

- the possibility for all SEZ entrepreneurs to reduce the level of the originally declared number of new jobs by max 20%;
- the obligation to archive tax documents related to CIT exemption in SEZ for 10 years from the end of last year in which the entrepreneur has utilized tax credit.

Having the above in mind, although the general mechanism of CIT exemption in SEZs remains the same and the possibility of benefiting from CIT credit has been prolonged until 2026, significant changes resulting from the amendment of Polish SEZ regulations as well as the new EU regional state aid rules for 2014-2020 will be introduced in 2014. However, the final assessment of these changes will be given in practice. ♦

INDUSTRIAL AND TECHNOLOGY PARKS

With some 60 fit-for-purpose locations, Poland offers a wide range of places for investments. These parks are best suited for SMEs, with special economic zones considered better locations for bigger companies. In such parks, companies from the same sector can form clusters and share their knowledge and ideas.

Below you'll find a list of industrial and technology parks, however they do vary greatly in terms of size, scope and function.

Some of the smaller and less well-connected sites in terms of logistics are not as developed as their larger, more central peers. At the same time, certain parks focus on one particular industry, while others may be open to almost any business proposition.

Nevertheless, all of these parks exist for the same reason: to support entrepreneurship and innovation. One particular theme that runs throughout many of these locations is their support for innovative technologies. Most of the facilities be-

ing developed in Poland today offer locations already able to support foreign businesses engaged in a host of forward-looking industries.

Homegrown innovation is also being nurtured through a growing number of incubators and cooperation with local institutions of higher education. Some parks also include terrain which has been incorporated into a special economic zone, increasing incentives that much more.

Please note that the list of industrial and technology parks presented in this section is not exhaustive and will possibly be subject to change over the coming year. Most of them have their own websites, but English-language service is limited or nonexistent in many cases. With many tech parks being developed in recent years and with such processes taking a considerable amount of time, some of the listed projects may still be in the development stage at the time *Investing in Poland 2014* was published. ♦



AURO Business Park Gliwice

Dominant sectors: logistics, production, warehousing

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☎ +48 691-372-206

Bełchatów Kleszczów Industrial and Technological Park

Dominant sectors: innovative technologies, production

Contact:

ppt.belchatow.pl
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97-400 Bełchatów
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Białogard Investment Park "Invest-Park"

Dominant sectors: production, services

Contact:

investpoland.info
ul. Kołobrzaska 58
78-200 Białogard
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☎ +48 94 311-8688
☎ +48 600-899-138

Białystok Science and Technology Park

Dominant sectors: IT, BPO, biotechnology, pharmaceuticals, electronics

Contact:

bpnt.bialystok.pl
ul. J.K. Branickiego 9
15-085 Białystok
☎ +48 85 869-6542
☎ / ☎ +48 85 869-6543
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Bielsko Technology Park of Aviation, Enterprise and Innovation

Dominant sectors: aviation, innovative technologies

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43-512 Kaniów
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Boruta Zgierz Industrial Park

Dominant sectors: electricity and heat production, energy, natural gas, telecommunications, water and sewage disposal

Contact:

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Bukowice Industrial Park

Dominant sectors: chemicals

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Bydgoszcz Industrial and Technological Park

Dominant sectors: chemicals, metals, water and sewage treatment

Contact:

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Częstochowa Industrial Park

Dominant sectors: IT, production

Contact:

czpp.com.pl

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Elbląg Technology Park

Dominant sectors: eco-friendly technologies, furniture, IT, metals, wood processing

Contact:

ept.umelblag.pl
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Eureka Technology Park

Dominant sectors: innovative technologies, IT

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Euro-Center Science and Technology Park

Dominant sectors: energy, renewable energy technologies

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Gdańsk Science and Technology Park

Dominant sectors: biotechnology, energy, IT

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Goleniów Industrial Park

Dominant sectors: food production, logistics and transport, wood and paper products

Contact:
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Grudziądz Industrial Park

Dominant sectors: various industrial

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Industrial and Technological Park “EkoPark” in Piekary Śląskie

Dominant sectors: environmental protection technologies, waste disposal and recycling

Contact:
ekopark.piekary.pl
 ul. Walentego Roździeńskiego 38
 41-946 Piekary Śląskie
 ☎ +48 32 289-0484
 ☎ +48 32 289-0478
 @ biuro@ekopark.piekary.pl

Industrial Park in Solec Kujawski

Dominant sectors: computer graphics, IT

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rcp.soleckujawski.pl
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 86-050 Solec Kujawski
 Piotr Kubiak, president
 @ inkubator@rcp.soleckujawski.pl

☎ +48 52 387-0200

Kalisz Technological Incubator

Dominant sectors: innovative technologies SMEs

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kip.kalisz.pl
 ul. Częstochowska 25
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 ☎ +48 62 764-1242
 ☎ / ☎ +48 62 764-5016
 @ sekretariat@kip.kalisz.pl

KGHM LETIA Legnica Technology Park

Dominant sectors: automotive, electrical machinery, environmental protection, IT, metallurgy, mining, nanotechnology

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kghm.letia.pl
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 59-220 Legnica
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Kielce Technology Park

Dominant sectors: innovative technologies, IT

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technopark.kielce.pl
 ul. Olszewskiego 6
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 @ technopark@um.kielce.pl

Kraków Life Science Park

Dominant sectors: biotechnology, life sciences

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Kraków Technology Park

Dominant sectors: automotive, IT

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Kutno Agro-Industry Park

Dominant sectors: construction, food processing, machinery for agriculture, materials, packaging, pharmaceuticals, transport and logistics, waste disposal

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Łódź Regional Science and Technology Park

Dominant sectors: biotechnology, innovative technologies, nanotechnology, R&D

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☎ +48 42 684-5000
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Kwidzyn Industrial-Technological Park

Dominant sectors: innovative technologies, R&D

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kppt.pl
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☎ +48 55 279-7079
☎ +48 55 261-6847
☎ +48 55 625-0808
@ kppt@kppt.pl

Mielec Industrial Park

Dominant sectors: automotive, aviation, innovative technologies, IT, SMEs

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☎ +48 17 788-1864
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@ ireneusz_drzewiecki@marr.com.pl
☎ +48 17 788-1861

Lower Silesian Technology Park “T-Park”

Dominant sectors: innovative technologies (knowledge transfer), IT, production

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t-park.eu
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☎ +48 74 648-0450
☎ +48 74 648-0451
@ info@t-park.pl

MMC Brainville

Dominant sectors: games design, IT, mobile technologies, new media

Contact:

brainville.pl
ul. Myśliwska 2
33-300 Nowy Sącz
☎ +48 18 449-9463
☎ +48 18 449-9461
@ biuro@brainville.pl

Lubuski Industrial and Technology Park

Dominant sectors: innovative technologies, R&D

Nickel Technology Park Poznań

Dominant sectors: biotechnology, construction, environmental protection, IT

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 ul. Krzemowa 1, Złotniki
 62-002 Suchy Las
 ☎ +48 61 658-5499
 📠 +48 61 658-5498
 @ *biuro@ntpp.pl*

Nowa Ruda Industrial Park

Dominant sectors: industrial

Contact:

Regional Development Agency "AGROREG"
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 ul. Kłodzka 27
 57-402 Nowa Ruda
 ☎ / 📠 +48 74 872-5025
 @ *e-mail: arr@agroreg.com.pl*

Opole Science and Technology Park

Dominant sectors: advertising, consulting, education, engineering, IT, real estate

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 Jan Klimkiewicz, president:
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Płock Industrial and Technological Park

Dominant sectors: automotive, chemicals, logistics, paper, pharmaceuticals, plastics, textiles

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Podkarpackie Science and Technology Park AEROPOLIS

Dominant sector: aerospace, aviation, R&D

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 ul. Szopena 51
 35-959 Rzeszów
 ☎ +48 17 85 24 376
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Podlaski Industrial Park

Dominant sector: industrial

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Pommeranian Science and Technology Park

Dominant sector: biotechnology, environmental protection, electronics, IT, industrial design, telecommunications

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 Al. Zwycięstwa 96/98
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 ☎ +48 58 698-2170
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 ☎ +48 58 698-2190

Poznań Science and Technology Park (PPNT)

Dominant sector: archeology, chemistry, chemical technology, geology, IT, physics

Contact:

ppnt.poznan.pl
 ul. Rubież 46
 61-612 Poznań
 ☎ +48 61 827-9700
 📠 +48 61 827-9701
 @ *ppnt@ppnt.poznan.pl*

Puławy Science-Technology Park

Dominant sector: archeology, chemistry, chemical technology, geology, IT, physics

Contact:

ppnt.pulawy.pl
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24-110 Puławy
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Ruda Śląska Business Incubator

Dominant sectors: innovative technologies, SMEs

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Dominant sectors: innovative technologies, SMEs

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Science and Technology Park “Technopark Gliwice”

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Science-Technology Park Poland-East in Suwałki

Dominant sector: biotechnology, electronics, innovative technologies, IT, precision mechanics, renewable energy

technology

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Silesian Industrial and Technological Park

Dominant sector: innovative technologies (technology transfer)

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Sosnowiec Science and Technology Park

Dominant sector: innovative technologies (technology transfer), IT, pharmaceuticals

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Techno-Park in Elk

Dominant sector: innovative technologies (technology transfer)

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Toruń Technology Park

Dominant sector: innovative technologies (technology transfer)

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Upper Silesian Industrial Park

Dominant sectors: BPO, sustainable SMEs

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Industrial and Technological Park

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Wrocław Industrial Park

Dominant sectors: construction, electrical, electronics, IT, metallurgy, metals, transport and logistics

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Andrew Kureth,
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Warsaw Business Journal's

TRENDBOOK

POLAND

Only one country in the European Union has avoided falling into recession since the onset of the global economic crisis in 2008: Poland. Instead its economy continues to transform and modernize itself and become more integrated with the global economy. And while the country is facing a slowdown this year, Q2 2013 macroeconomic data has given cause for optimism and points to a rebound by the end of this year.

In this year's edition of Trendbook, we've chosen 10 themes that show the direction in which the Polish economy is headed.

We look at the Polish government's ambitious "Go Africa" program created to boost trade ties with five of Sub-Saharan Africa's booming economies. Prime Minister Donald Tusk visited Nigeria in April 2013 and is scheduled to make a trip to the country with the continent's biggest economy, South Africa, in the autumn. So what exactly can Poland offer Africa and vice-versa? (pp. 94-95)

We also take a look at Poland's banking sector and which direction it is headed (pp. 96-100). Three major M&A deals in as many years and promises of more point to a significant trend.

Meanwhile, Poland's IT sector is evolving. The country has always been attractive to foreign firms because of its low-cost and highly-skilled labor force, but now Polish IT companies are making forays of their own abroad. Read who, why and where (pp. 104-106).

After several years of Poland saying it wanted to diversify its energy sources, the government of Prime Minister Donald Tusk has now done an about-face and says the country is going to focus on what has been its main source of energy up till now: coal. What prompted the change? (pp. 101-103)

For the past decade or so, Poland has been an attractive location for outsourcing. However, today regional and city authorities are

making efforts to attract not only call-centers and SSCs but also innovative and hi-tech investments. What are the results of these efforts? (pp. 109-111)

The pharmaceutical industry in Poland has witnessed revolutionary change after the country's prescription-drugs laws were overhauled last year. Generics, now more than ever, continue to dominate the market but biopharmaceuticals might also play a growing role (pp. 112-114).



Much has been said of the need for Poland to increase its outlays on R&D to make the country a more innovative economy. And indeed, more money is being invested in R&D both by the public and private sectors today. What is the money being spent on and where is it coming from? (pp. 117-119)

Poland has joined the Europe-wide campaign of trying to build sustainable or so-called smart cities. Warsaw, Szczecin and Bydgoszcz are some of the cities leading these efforts. What exactly are they doing? (pp. 127-128)

Meanwhile, there are some significant trends shaping Poland's real estate market (pp. 120-122). Among them: an increasing number of historic buildings are being transformed into offices.

In late 2012, Prime Minister Donald Tusk announced the creation of a program called Polish Investments, which is meant to help boost the investment gap after the government reduces spending. A year later, it is worth asking what the program has achieved and in which projects it has invested (pp. 115-116).

These key trends show how Poland's economy is moving forward, becoming more modern, more specialized, and more integrated with the global economy. Understanding them will be essential in order for you to make the best-informed decisions about your business in Poland. Get started here. ✱



POLAND LOOKS TO AFRICA

By Remi Adekoya

With EU economies stagnant, the Polish government has decided to embark on an ambitious program to increase business ties with booming African nations

As Europe gasps for growth and with even the once-reliable BRICS now showing clear signs of an economic slowdown, the Polish government is reaching out in a concerted effort to boost business ties with Africa's fast-growing economies.

In the first decade of the 21st century (2001-2010), six out of the 10 fastest-growing economies in the world were in Africa.

Sub-Saharan Africa is now the second-fastest growing region in the world behind emerging Asia, according to the International Monetary Fund. The IMF also forecasts that Sub-Saharan Africa will grow at a rate of 5.4 percent this year, about 50 percent faster than Latin America, and significantly more than Europe, which is expected to stagnate or even contract.

Moreover, according to data compiled by *The Economist* and the IMF, seven of the fastest growing economies in the world in the years 2011-2015 will be located in Africa. The ranking excluded countries with fewer than 10 million people, as well as Afghanistan and Iraq, which are experiencing a significant but unsustainable post-war economic boom.

And it is worth noting that Africa's growth is no longer from a small base. Today it is a \$2 trillion economy, roughly the same size as India's, which has a bigger population. Africa of course is not one country and its many individual nations mean the growth, risks and opportunities vary widely.

This is why the Polish government's "Go-Africa" program, meant to provide information to Polish businesses about investing in the continent and facilitate business ties between Polish entrepreneurs and their African counterparts, has selected five countries in Sub-Saharan Africa to focus on. These include Nigeria, Angola, Mozambique, Kenya and South Africa.

FIRST STOP: NIGERIA

In April of 2013, Prime Minister Donald Tusk took the first step in realizing the "Go Africa" program by visiting Nigeria, Africa's most populous country and its second-largest economy. Nigeria is expected to grow by 7.2 percent this year and 7 percent in 2014, according to the IMF.

"Nigeria is one of the most important partners of Poland on the African continent and the potential for the development of bilateral economic cooperation is huge," said Mr Tusk while in the country's capital, Abuja.

"It is time for a major change that would reflect the potential of our countries and nations. Polish and Nigerian entrepreneurs must face up to the task of creating serious joint ventures and joint investment projects. It is time for the presence of Polish firms in Nigeria," he added.

There is a lot of work to do when it comes to improving bilateral trade: According to statistics provided by the Ministry of Economy, Polish exports to Nigeria amounted to €74.7 million in 2012, just 0.005 percent of Poland's total export value. Imports from Nigeria stood at €14.6 million, 0.001 percent of total import value.

Mr Tusk was accompanied to Nigeria by a delegation of Polish businesspeople from some of the country's largest companies.

At a special Nigerian-Polish business forum, representatives of Polish companies like PKN Orlen, Lotos, Bumar, Łucznik, H. Cegielski, Kulczyk Holding, Ursus, Solaris, Dawtona and BGK met with their Nigerian counterparts. The firms mainly represented the energy, defense, transport, food and financial branches.

ENERGY, NUMBER ONE

Energy was a major topic on the agenda during the meeting between the Polish prime minister and Nigeria's President Goodluck Jonathan. Nigeria is Africa's biggest oil exporter.

As the Polish government states on its Go Africa website, "in connection with our strategy of diversifying our energy sources, one of the biggest potentials for imports from Africa are energy resources and rare minerals."

Poland also sees Africa as a potentially lucrative export destination. "Poland can become an important partner for Africa as a leader in the CEE region and one of the six largest countries in the European Union. The competitive advantage of Polish firms is on the one hand high-quality goods and services and on the other lower prices than in some of our Western European partner countries," the government website reads.

During Mr Tusk's visit to Nigeria, an agreement was reached whereby Nigerian investment agencies would help Polish firms access the Nigerian market and establish trade ties. Nigeria, with its population of 170 million people, offers huge opportunities for Polish firms willing to sell their products and services there.

The investment agency will provide information about investment conditions and eventual public help. The two countries also agreed to hold yearly ministerial consultations on investment issues. Furthermore, the Polish and Nigerian foreign ministries signed an agreement for strategic partnership.

FOCUS ON THE PRIVATE SECTOR

But while Mr Tusk attempts to get the bilateral-trade ball rolling at an inter-governmental level, in an interview with *WBJ* in July 2013, Samuel Jimba, Nigeria's ambassador to Poland, said commercial ties between both nations would be driven through the private sector.

"We are more interested in private-sector participation ... government-to-government cooperation and government involvement in the private sector are usually not that effective," Mr Jimba said.

"We in Nigeria want to transform our private sector and reduce government involvement in our economy. Thus, there will be no issue of a government changing and then the new authorities introducing new policies," Mr Jimba stated.

"That only breeds uncertainty and investors don't like uncertainty," he added.

The ambassador mentioned though that he did see a further role for government, stating that Nigeria could offer Polish investors a five-year, tax-free period for investment.

Also, he said, firms can recover as much as 100 percent of investment costs incurred if they meet certain requirements regarding amount invested and number of workers employed.

CONTINUING THE AFRICA PUSH

In other government efforts to boost ties with Africa, Beata Stelmach, an undersecretary of state in Poland's Foreign Ministry, visited Angola, the continent's second-largest oil exporter. Angola's economy grew by some 8 percent last year.

Ms Stelmach was likewise accompanied by a delegation of Polish businesspeople.

"There are no accidental firms here. We always want the delegations to be made up of firms which have a concrete idea for entering a market, who have well thought-out offers, a strategy," said Ms Stelmach.

"This is not an exploratory visit," she added.

"Also in this case we are taking business representatives who have concrete ideas and very concrete proposals they want to make. We will have representatives from the machine, mining, construction, exploratory and sea sector," said Ms Stelmach.

Ms Stelmach said she also saw opportunities for Polish luxury goods such as jewelry, cosmetics and leather products on the Angolan market.

She added that Angola is "not a completely new market for Poland," pointing to Navimor, a maritime firm which has been on the Angolan market for 20 years now.

Indeed, Navimor International is currently carrying out a contract for the Ministry of Fisheries of Angola to co-establish the Namibe

Fishery Academy, which will be a public high school educating specialists on four-year courses in fishery, fishing processing and aquatic exploration. The Gdynia Maritime University is also a partner in the project.

During Ms Stelmach's visit, agreements were also signed for co-operation between the two countries. The Polish delegation was met by Angolan ministers of mining, agriculture and maritime economy.

Angolans remember that Poland was one of the first countries which recognized it as an independent nation and Ms Stelmach said she felt the goodwill during her visit there.

"Every step of the way I see how great the potential is for the development of economic relations and that is why I will strongly encourage Polish entrepreneurs to fully engage in preparing complex offers for our Angolan partners," Ms Stelmach said in an interview on Angolan radio.

NEXT STOP: SOUTH AFRICA

Mr Tusk is now supposed to visit South Africa, currently Africa's biggest and best-developed economy in autumn of this year, according to the Polish foreign ministry. The Polish PM will also be accompanied by a business delegation to the 50-million strong nation.

It is doubtless a wise move by the Polish government to try and expand Poland's trade ties with countries that are experiencing dynamic growth, especially as the developed world seems stuck in an economic rut, save maybe the United States.

Mr Jimba told *WBJ* that Mr Tusk's visit to Nigeria this year was a "masterstroke" and helped to "open a lot of doors."

It is now up to Polish, Nigerian and other African entrepreneurs to do their part. As the Nigerian ambassador pointed out, the private sector must drive this new business partnership. It will take a few years to see the fruits of the Go Africa program. But Poland has taken the right first steps. ✱



Nigeria-Poland trade to be driven by private sector



The following is an excerpt from an interview conducted by *Warsaw Business Journal* in July 2013 with Nigerian Ambassador to Poland Samuel Jimba

As you know, Prime Minister Donald Tusk visited Nigeria in April and I have to say that his visit was a master stroke on his part. He is a very impressive man and I can tell you that our President Good-

luck Jonathan was very impressed with him. I think that visit helped to open a lot of doors when it comes to Polish-Nigerian cooperation.

Having said that, we are driving this new commercial process through the private sector and not through the government. We are more interested in private-sector participation, so what we want is a situation whereby if there is a farmer that wants to go to Nigeria to set up any type of farm, he can feel free to do so after establishing

contacts with private entrepreneurs he will deal with in Nigeria.

Government-to-government cooperation and government involvement in the private sector are usually not that effective. We in Nigeria want to transform our private sector and reduce government involvement in our economy. Up till now, we have been too reliant on our public sector and the public sector is usually inefficient. Now it is the private sector we will focus on. So there will be no issue of the government changing or introducing new policies. That only breeds uncertainty and investors don't like uncertainty.

There is a role for the government here, though. The state can offer a Polish investor a five-year, tax-free period for investment. There is also a law in Nigeria which states that if you invest a particular amount of money and employ a particular number of people, you are allowed to recover 100 percent of the costs you incurred to start the project before you start paying tax. ✱



BANK ON CONSOLIDATION

Poland has a healthy banking system – but expect a significant amount of consolidation in the sector in the near future

By **Remi Adekoya**

One of the reasons Poland was not hit as hard as its European contemporaries by the 2008-09 financial crisis was because it had a healthy banking system that did not require any public aid.

Conservative business models meant Polish banks largely kept their distance from the complicated financial derivatives that eventually wreaked havoc in the Western world's banking system.

Meanwhile, strong banking oversight from Poland's Financial Supervision Authority (KNF) helped keep risky foreign-currency denominated mortgage loans under control during the pre-crisis boom years.

And although it was feared that overseas parent banks (over 70 percent of Poland's banking system is in foreign hands) would withdraw funds from their subsidiaries in order to bolster lending activities in their domestic markets, this ultimately did not happen.

RECORD PROFITS

Poland's banks are in healthy shape today as well. Last year, they recorded a record-high aggregate net profit of zł.16.2 billion, a 4 percent year-on-year increase, according to data from the National Bank of Poland. This despite a marked slowdown in the Polish economy,

continued on page 98

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Project finance

The project finance formula is one of the most popular types of implementation of investment transactions. A given venture is implemented by a separate legal entity – a special purpose vehicle (SPV) to which the project sponsor has contributed its own funds, whereas financial institutions ensure debt financing.

Such transactions require detailed analyses and developing a proper project structure which will address all the risks and will be acceptable to the bank. It is also necessary to coordinate the works of all entities involved in the given project (e.g. in case of financing arranged in the form of consortium of banks).

This type of financing is most frequently used in the case of big infrastructural investments, such as construction of a production plant, power plant or motorway. Its advantages include the fact that the sponsor's balance sheet is not burdened and it is possible to obtain long tenors of financing and high leverage.

Good examples of recent Bank Pekao project finance transactions are Sita Zielona Energia Sp. z o.o. – financing of building a waste incineration plant in Poznań, provided in the formula of public-private partnership (PPP) (owned by the group of Suez Environment companies and the Marguerite Fund) and a gas-fired power plant in Stalowa Wola where sponsors are Tauron and PGNiG.

Financing of mergers and acquisitions

In practice, there are two general models employed to finance acquisitions. In the first model the role of an entity being taken over is played by the enterprise running its own operational activity and the transaction is executed with recourse to the acquiring company.

In the other model of financing the acquisitions, assessment of creditworthiness is based on assessment of financial standing of the entity which is taken over. In this case, the acquiring company (transaction sponsor) sets up a special purpose vehicle to which financing is provided.

Pekao has closed numerous M&A transactions such as the recent financing of the AmRest Group's investment program and

the transaction of acquisition of shares in the Spanish Restauravia Grupo Empresarial SL, as well as the Bachleda Hotel Sp. z o.o. financing package, consisting of an acquisition loan for the purchase of the Mercure Kasprowy Hotel in Zakopane and a working capital line for financing the hotel's current needs.

Financing of material capex program

Pekao has been supporting the activity of enterprises for many years – also by providing comprehensive financing of investment programs of companies (both development and replacement investments). The investment loans can be used for financing tangible, intangible and financial investments, based not only on establishing/purchasing new fixed assets but also on replacement or modernization of the applicant's existing fixed assets and providing him with the first current assets (necessary to start business activity). Bank Pekao also offers loans for refinancing of the above-mentioned expenditures and repayment of the investment loan drawn for this purpose from another bank.

Although the private equity industry is still young in Poland, Bank Pekao has proven successful in many transactions. It's not just participation and copying other banks' transactions, but rather "creating and shaping" financing structures. A team of financing experts in Pekao is a group of educated people with a great deal of passion for structuring tailor-made financing for clients. It is their ambition to provide individual solutions that meet clients' needs. ✱



Financing solutions for the most demanding clients.
Selected transactions in 2012/2013.

Largest LBO private equity
transaction in Poland in H1 2013



zt.940 mln
MidEuropa Partners
MLA & Bookrunner
Coordinator

Biggest syndicated loan in CEE
in H1 2013



zt.7.95 bln
Senior MLA,
Coordinator

1st waste-to-energy DBFO
in Poland



Undisclosed amount
Sita Zielona Energia
Sita Polska,
Marguerite Fund
Advisor & MLA

1st capital structure advisory



€800 mln
Dalkia Polska
Advisor

continued from page 96

which grew by just 1.9 percent in 2012 compared to 4.5 percent in 2011.

And although the first half of 2013 offered slower growth rates for banks, with aggregate net profit at zł8.2 billion, a 0.6 percent increase on the same period in 2012, the figure was still the best result the industry in Poland has ever recorded.

Meanwhile, in the opinion of ratings agency Fitch, the 2013 outlook for the Polish banking sector remains "stable, despite weaker than expected growth and profitability."

According to Deloitte, Poland's banking sector still has room to increase its market penetration.

"Due to the size of its population, Poland is in a league of its own within [Central Europe]," Deloitte's analysts wrote in a 2013 report that focused on the banking sector in eight Central European countries: Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, Serbia and Slovakia.

Deloitte described Poland's banking sector as the biggest in Central Europe, with assets of €314 billion (as of 2011), making up over 35.1 percent of the aggregated assets of banks in the eight countries surveyed.

It also stated that the Polish market is far from saturated. "The banking market penetration in Poland has much room for an increase. Of the addressable group, 20.4 million Poles are already customers of at least one bank, so the penetration ratio stands at 67 percent, putting Poland in the middle of the CE countries group analyzed," wrote Deloitte.

According to the advisory, the penetration ratio in Poland will increase in the years to come and will reach 73 percent in 2015, 78 percent in 2020 and 82 percent in 2025.

TIME TO CONSOLIDATE

This increase in penetration will likely be accompanied by systematic consolidation in the sector. The last couple of years have seen three major M&A deals in Poland's banking industry. In 2010, Spanish Banco Santander paid Allied Irish Banks €2.9 billion for its 70 percent stake in Bank Zachodni WBK (then Poland's fifth-largest bank by assets). Then in 2012, Banco Santander reached a deal to merge its Polish Bank Zachodni WBK unit with Kredyt Bank, the Polish arm of the Belgian financial group KBC.

This created the third-largest bank in Poland by deposits, loans, branches and profit, according to Santander. The merged entity has

The big banks. The 10 largest banks in Poland by assets as of end-2012

PKO BP (excluding Nordea assets)	zł193.5 billion
Bank Pekao	zł151 billion
BRE Bank	zł102.3 billion
ING Bank Śląski	zł78.3 billion
Bank Zachodni WBK	zł60 billion
Raiffeisen Bank Polska	zł54.7 billion
Bank Millennium	zł52.7 billion
Bank Gospodarstwa Krajowego	zł48.7 billion
Bank Handlowy	zł42.9 billion
BGŻ	zł37.2 billion

Source: Warsaw Business Journal

roughly 3.5 million clients in Poland.

"Thanks to this merger, Banco Santander will significantly strengthen its presence in Poland, one of the most dynamically growing economies in Europe," Emilio Botin, executive chairman of Banco Santander, said in a statement at the time.

In 2011, Raiffeisen Bank acquired a 70 percent majority share in Polbank EFG for €490 million. "With its clear focus on retail banking, Polbank is an ideal complement to Raiffeisen Bank Polska. We are creating a broad basis to develop successfully in one of the most solid and most strongly growing economies in Central and Eastern Europe," said RBI CEO Herbert Stepic when the deal was announced.

Commenting on the deals, Deloitte wrote that "These transactions are proving the need for scale in the Polish domestic market."

And then in June of 2013, Poland's biggest lender, the state-controlled PKO Bank Polski, announced it was buying Nordea Bank's Polish assets for zł2.83 billion, marking its first-ever takeover. PKO BP and Nordea Bank Polska's total assets now amount to zł230.9 billion, with UniCredit-owned Bank Pekao in second position at zł150.9 billion. This has led analysts to forecast that Pekao may now be interested in strengthening its own position in Poland as well.

Indeed, in August of this year, business daily *Parkiet* reported that Pekao had made an offer to Rabobank for its BGŻ Polish subsidiary,



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valued at zł.3.5-4 billion. Pekao has however not yet officially confirmed that report.

There still appears to be room for consolidation in Poland as the 10 largest banks hold 60 percent of the sector's assets, compared with the 76 percent average for the Central European countries surveyed by Deloitte.

Consolidations are all the more attractive in Poland as "organic growth rates are in a downward trend which might be accelerated by the looming cyclical slowdown," the advisory wrote.

By consolidating smaller banks, market leaders in Poland's banking system could realize significant economies of scale and benefit from cost-reductions as a way to offset stagnating revenues and the continued slowdown in most of their domestic countries.

After the announcement of the PKO BP-Nordea Bank merger, Mateusz Morawiecki, CEO of Bank Zachodni WBK said "further consolidation of the Polish banking sector is unavoidable."

"Taking into account the level of concentration ... I believe there will be another consolidation wave," he added.

Getin Noble Bank, the seventh-largest bank in Poland, with deposits amounting to zł.53.5 billion in 2012, has already announced through its CEO Krzysztof Rosiński that it will be active in the consolidation process in the banking sector. "I keep repeating that we are carefully looking at the market and, if an opportunity appears, we will try to make use of it," he said.

NOT SO FAST

But the KNF might have other ideas. In June this year, the institution's head Andrzej Jakubiak told the Polish Press Agency that "In the case of the largest banks – meaning the top 10, perhaps 15 – we expect that changes in the shareholder structure will take place by seeking a new investor and not through consolidation."

"In particular, we don't want to allow Poland's three biggest banks control some 70 percent of the market, as that leads to limiting com-

petition," he added.

Mr Jakubiak's words echoed a statement issued by the KNF on June 13, following the PKO BP-Nordea announcement, in which the watchdog said it thinks that in terms of market concentration, the Polish banking sector is "close to optimum."

Mr Jakubiak said that the KNF would carefully examine any future takeover bids from banks, warning against a situation in which the top banks hold more than 50 percent of the market. It could be dangerous for the whole system when a bank this big gets in trouble. Other things that need to be considered are the competition within the banking market and the manner in which bank owners sell their investments, Mr Jakubiak said.

He added that only one bank is for sale in Poland now. It ranks among the second 10 largest banks in the country and is a stock-exchange-listed entity, he revealed. However, despite the KNF's skepticism regarding future consolidation in Poland's banking sector, the trend seems clear. And inevitable.

CONSOLIDATION IS INEVITABLE

The volatility and dynamism of the post-crisis global banking environment has altered the ways in which the industry functions. Constant streamlining is now the order of the day.

Polish banks, like all others, must sustain their profitability and meet the expectations of their shareholders in order to survive.

M&As are now being used globally to implement the restructuring of banks, many of which have taken a battering in recent years and have no choice but to grow leaner. Polish banks will also need to become more competitive through economies of scale and to increase their market share by tapping into the potential client base that still exists in Poland. If they do this, they have every chance of remaining a success story in the region and indeed the whole continent. The best-case scenario, of course, would be if not only their shareholders benefit from this process, but their clients as well. ✱



COAL IS STILL KING

Despite pressure from the EU to limit its carbon emissions, Poland is “going back” to cheap, polluting coal as its main source of energy

By **Jacek Ciesnowski**

“Poland is going back to coal as an energy source,” said Polish Prime Minister Donald Tusk when commenting on the expansion of the Opole power plant in July of 2013. Taken at face value, the statement seems shocking. After all, the European Union is trying to curb carbon emissions and has set a target of cutting them from 1990 levels by 20 percent by 2020. But after a closer look at Poland’s energy mix, it shouldn’t surprise anyone that Poland is looking to coal to meet its energy needs.

Until recently Poland had hoped that shale gas would be a relatively clean and cheap energy source the country could turn to. However, exploration for shale gas has faced a number of challenges, from the lack of a legal framework to hugely varied estimates of how much shale gas actually lies beneath Poland’s surface. For these and other reasons, not a single company has yet begun extracting shale gas commercially and a few (Exxon Mobil, Marathon Oil and Talisman Energy) have quit Poland altogether.

There has been a notable lack of progress when it comes to nuclear energy in Poland as well. The planned date for the first of two Polish nuclear power plants to become operational has been set for 2024, but neither the location nor the partner responsible for supplying technology for the plant and con-

structing the facility has been chosen.

And renewables? In 2012 only 4,400 MW of energy came from renewable energy sources such as wind and solar power – 10.55 percent of Poland’s total energy use.

CHEAP AND PLENTIFUL

No wonder then that in order to meet its growing energy needs, Poland is turning to much-cheaper coal and especially its cheapest form, lignite. With Poland boasting lignite deposits estimated at 13 billion metric tons, only 14 percent of which are being mined, and some 90 percent of Polish energy derived from coal, it’s a match made in heaven.

According to Central Statistics Office data, in 2011 80 percent of Poland’s energy came from coal (hard coal – 62 percent, lignite – 18 percent). Energy derived from gas amounted to 6 percent of the country’s energy mix, while oil was used to produce 1 percent. The remaining 13 percent came from other (mostly renewable) energy sources.

According to the *Statistical Review of World Energy 2012*, published by British Petroleum, Poland produces nearly 140 million metric tons of coal (including both lignite and hard coal) a year, making it the second-biggest producer in the EU, behind Germany (188.6 million tons).

Coal – a lifeline for state-owned firms

There is another key reason why Poland's government wants to continue its involvement with coal. Most state-owned mining companies, such as Kompania Węglowa (KW), are facing tough times. Even though coal is used in the majority of Poland's power plants, demand for it has been declining. As a result, prices have fallen (by over 10 percent in H1 of 2013) and the unsold coal has begun piling up. After the first five months of 2013, KW had 6 million metric tons of unsold coal and was forced to export it at low prices. During the period the company recorded a loss of about zł.130 million.

The power plant extension projects are therefore a lifeline for Kompania Węglowa and other miners. KW has recently signed a letter of intent with PGE to help expand the power plant in Opole and plans to build its own coal-based energy plant in Silesia. These three investments would guarantee the company the sale of some 7.5-10.5 million tons of coal a year – and would easily keep it profitable. ☼

NOT ENOUGH?

With all those factors in place – cheap, easily available deposits and already-established power facilities, the demand for coal is expected to rise in Poland, with many power plants currently being expanded or built from scratch. This trend is expected to continue, especially after a recent report from the Economy Ministry stating that Poland faces a risk of power supply deficits in 2016-2017. The ministry said that Poland's power capacity deficit in peak periods could amount to as much as 1,100 MW in the winter of 2017.

According to the report, the lack of significant growth in power generation capacity in Poland, combined with growth in demand for power means that in real terms the capacity is falling. The ministry also points out that 4.4 GW of existing capacity will have to be shut down by the end of 2017.

State power grid operator PSE plans to use measures such as raising the amount of available reserve capacity, speeding up unit maintenance and boosting imports to raise the power available in the transmission system by 1,500 MW. Despite that, the risk of shortages is still realistic, the ministry said.

To prevent those predictions from becoming reality, there are several investments being carried out in Poland. The Opole power plant expansion mentioned above will see two new coal-fired power generation units installed, each with the capacity of 900 MW. Two new steam-gas powered blocks are being built in Stalowa Wola (450 MW) and Włocławek (460 MW). Enea is developing a coal-fired block in Koźienice, which will have a capacity of 1,075 MW. There are also power plants either already being constructed or in the development phase in Puławy (steam-gas, 840 MW) and Jaworzno (coal-fired, 910 MW).

Whether these investments will be enough to solve the future power shortage issue is a different matter. Still, experts say, Poland will need more power to quench its increasing thirst for energy. Estimates have found that when a country's GDP grows by 1 percent, the demand for electricity rises by 0.7 percent.

With the Polish economy slowing down in recent years, the

New planned and ongoing investments for 2011-2025

Fuel Source	Planned output in MW
Biogas	18.5
Biomass	470.2
Natural gas	8,222.4
Nuclear	4,600
Lignite	1,318
Hard Coal	10,601.4
Wind	4,217.15
Water	75.1
Biomass and hard-coal hybrids	1,318
Others	1,158.5

Source: Energy Regulatory Office (URE)

Poland's energy production by source (% of total produced)

Source	2010	2011
Hard coal	55.8%	53.4%
Lignite	30.9%	32.1%
Natural gas	3.0%	3.6%
Biomass and biogas	4.0%	4.6%
Others (oils, liquid gas)	3.0%	2.9%
Water	2.2%	1.4%
Wind	1.1%	2.0%

Source: The Energy Market Agency ARE SA

need for cheap energy is on the rise. One gigajoule (GJ) of lignite costs some zł.6.50, while the same amount of hard-coal energy can amount to zł.10-11. Therefore, according to data collected by PSE, power production in lignite plants rose by 3.7 percent in 2012 over the previous year, while hard coal-fired plants lowered their output by nearly 7 percent.

DIRTY, BUT CHEAP

All this sounds logical: Poland has resources and facilities for coal-powered energy. And since coal is cheap, it can be produced in larger quantities. Everyone is happy – everyone, that is, except those concerned about the environment.

Coal-based energy (especially that derived from lignite) is the dirtiest kind. The huge Bełchatów lignite power plant in central Poland was named the biggest carbon polluter in the European Union by the Sandbag Climate Campaign in 2009.

And though the European Union has tried to force members to curb carbon emissions, it has not been particularly successful. EU carbon permits have lost over half their value during the past year and have fallen below €3 per ton.

Under current EU regulations, energy producers have to buy a permit for each ton of carbon dioxide they emit. But these permits

would have to cost around €45 to make burning natural gas more profitable for them than hard coal. Lignite coal sourced domestically would require an even higher carbon price.

The EU has tried to force through the so-called “backloading” scheme, which would delay the auction of 900 million emissions permits and as a result raise their price. After huge amount of lobbying by the EU’s biggest polluters, including Poland, the first attempt to pass the regulations failed in the European Parliament. However, a second attempt was successful. Still, the measure lacks sufficient support to become law, since it has to be accepted by the governments of all EU states, a highly unlikely scenario given the current political and economic situation, especially in Poland.

Still, moves have been made to at least curb Poland’s “dirty” energy production. According to Eurostat, Poland reduced its

CO2 emissions by 5 percent last year. In February, PGE and Energa purchased wind farms operations in Poland from Spain’s Iberdrola and Denmark’s Dong Energy for nearly zł.2 billion combined.

Renewable energy firm Polish Energy Partners has a portfolio of wind farm projects and wind farms under construction with a total capacity of 1,000 MW. They are scheduled to be completed in 2013-2016.

Also, Poland’s energy policy is currently being adjusted by the government. The new policy will extend to 2050 and is currently being re-developed. It is expected to be published at the end of 2013. But the process of expanding the role of clean energy in the country’s energy mix is still a long and rocky road. And for the foreseeable future, coal will remain king in Poland’s energy mix. ✱



PARTNER FEATURE: CHANGES IN NATURAL GAS LAWS – SLOWLY BUT SURELY



Jacek Ciborski,
Senior Manager,
Oil & Gas Advisory
PwC

The goal of the European Union in the field of natural gas is to create a common, coherent market within the member states. In this model, gas customers have the possibility to choose and change a supplier and providers

exercise the freedom of negotiating the provisions for their services. At the same time, gas prices are formed on the basis of market conditions. For Poland, as a member state of the European Union, this means a necessity for major changes aimed at the liberalization of the domestic natural gas market and its opening up to competition.

In recent years, there have been numerous declarations indicating the desire for a quick change of the current gas-market model. However, the current actions indicate that the character of the introduced changes is rather evolutionary. With the introduction of a gas-release program, the liberalization process could significantly speed up in the next few months.

Last year brought significant changes, long-expected by market players. However, those changes concerned mainly the area of organization of the natural gas market. Among them one should mention the commissioning of a gas exchange and the approval (by the president of the Energy Regulatory Office) of the Transmission Network Code, which defines a virtual point in the gas network where natural gas trading is allowed. These changes lay the foundations for the liberalization of the market and the development of wholesale trading of the “blue fuel.”

However, regulatory changes in the market are progressing slower than indicated in policymakers’ declarations. The long-awaited “energy triple-pack,” comprising a set of laws regulating the energy mar-

ket, including the Natural Gas Law, has still not been introduced. The goal of this law was to comprehensively regulate Poland’s natural gas sector by providing a stable basis for its operation.

Instead of the triple-pack, the so-called “small triple-pack” has been introduced. It is mainly aimed at addressing allegations made by the European Commission that Poland has not implemented some EU directives. As part of this solution, the introduction of the gas-release program has been proposed. The gas-release program will oblige natural gas trading companies to conduct gradually 30 percent, 40 percent and 55 percent of its sales through the gas exchange. The requirements will come into effect after the act enters into force, and further steps will follow from the beginning of 2014 and 2015.

This solution aims to stimulate the development of the wholesale market and competition and to enable the president of the Energy Regulatory Office to grant exemptions from setting gas tariffs for major customers. The introduction of the gas-release program and the related changes in the wholesale market will be one of the key processes in the gas sector in the coming year. At the same time, without the introduction of additional significant regulatory changes, such as the price release for end-users, or the allowance of the change of gas supplier without the need to terminate the contract with the current provider, the effects of market liberalization may be smaller than expected.

It is uncertain whether the preparation of the new natural gas law will be completed in the next 12 months, as the schedule of work on the bill has been postponed again. As a consequence, the market is operating in the absence of a stable regulatory environment. For companies operating in the market, such a situation increases the risk in the regulatory environment and may reduce the willingness of new companies to enter the market. ✱

This article was prepared on the basis of legislation in place as of August 19, 2013

PROGRAMMED FOR GROWTH



Despite the economic downturn, Poland's IT sector is proving resilient and continues to grow

By Jacek Ciesnowski

Polish IT personnel are known around the world as a cheap yet efficient and highly skilled workforce. But Poland is not only a source of cheap labor for global IT giants. Polish companies are more often going toe-to-toe with the big players.

The IT sector is also a vital part of the Polish economy. In 2011 (latest data available), the value of the market grew by 8 percent and reached zł.31.3 billion, which amounts to almost 2 percent of the country's GDP, according to research company IDC.

ADMINISTRATION, TRANSPORTATION AND BANKS

The big bucks for Polish IT companies are still in public administration. According to the Computerworld Top200 report, 22.6 percent of the largest IT companies' incomes come from that sector. Poland's institutions have still not entered the digital age. With help

of EU funds, they're eager to make the move, and with the bloc's budget for 2014-2020 secured, this sector is expected to continue its growth with many big tenders still to come.

But administration is not the only public sector that needs to heavily invest in IT. State-owned companies in the utilities and transport sectors are also in need of upgrading their systems. In 2011, expenses on IT services in transport and utilities grew by 53 and 44 percent respectively.

When it comes to utilities, there is much more IT work that will have to be done. With the liberalization of Poland's energy market coming soon, companies are looking for ways to increase their efficiency, like online billing processes and grid monitoring systems, among other solutions. The growing role of renewable energy sources and the development of so-called "intelligent energy networks," such as smart cities, will also increase the need for IT solutions within the sector.

Hardware, services, software

The Polish IT sector can be divided into three categories: hardware, software and IT services. Most of the income (57 percent, according to the Computerworld Top200 2012 report) comes from hardware sales. Some 14 percent of the income was generated by software sales and 29 percent by sales of IT services, including implementation, integration, technical service, consultancy, training and outsourcing.

Sector research firm Pierre Audion Consultants predicts that in 2015 Poland will become the second-largest IT market in the region (behind Russia) in terms of software and service sales. The growth in the sector for the 2011-2015 period is estimated at 7.2 percent per year.

The transport sector is also in need of IT investment. Polish railways are way behind their Western European counterparts and are in dire need of modernization. Intelligent transport systems (monitoring and management of urban traffic, public transport) are being implemented, all thanks to more EU funds coming Poland's way. The Polish government has also recently announced a plan to implement a unified toll-payment system for Polish highways. It's earmarked for 2014, but details have not yet been released.

Banks and telecoms are also important clients for IT firms. With the banking sector witnessing several mergers and acquisitions in recent years, and with more expected in the near future, banks will need solutions integrating systems from newly acquired entities into their own. Pan-European financial firms that take over Polish banks will also need to centralize their communication processes among all of the branches they own.

The latest trend in banking (and in telecommunications) is mobile payments. In July PKO Bank Polski released its IKO application, which allows its clients to pay for goods and services with their mobile phones. Other banks are also working on similar solutions, and even some retailers are interested (discount retail chain Biedronka is working on such a product).

FOREIGN INVESTMENTS

According to estimates by the Polish Information and Foreign Investment Agency (PAIiIZ), about 70 percent of the major IT companies in Poland belong to foreign-based firms. All of the biggest IT

giants, including Microsoft, HP, Google, Oracle and IBM are present in the country.

However, after the 2009 financial crisis, the CEE region lost its image as an attractive investment location, mostly because major companies had already established a stronghold here, so there was no need for acquisitions. For other firms, the economic downturn simply put a lid on their expansion plans.

This situation, however, is changing. According to a Computerworld report, the estimated value of mergers and takeovers of IT companies in the region for 2012-2014 will reach €500 million. Currently, investors are a more cautious than they were previously, and are looking for smaller companies with an already-established base of operations. This way the investment risk for them is low. Smaller companies cost less, and the turnover can be high in some cases.

But it's not only foreign companies that invest in Poland. It's the other way around as well. Poland's largest IT services provider Asseco Poland recently acquired majority stakes in Russian market peer R-Style Softlab and in Georgian firm Onyx Consulting. It also wants to invest in Ethiopia and open up a hub there for its projects in Africa.

REACH FOR THE CLOUDS

Cloud computing, put simply, is a service that provides customers a virtual space for bandwidth or storage. It can have many uses, such as running software or routing internet traffic, or even hosting whole websites on outside servers called "clouds." And since data and traffic consumption is increasing rapidly, some companies might choose to outsource their web services instead of upgrading their infrastructure.

In a study conducted by Parallels, the market for cloud services among small and medium-sized businesses in Poland was worth zł1.15 billion in the spring of 2012. Over the next three years it should reach zł2.4 billion, with 67 percent of companies planning to outsource their IT tasks.

The Polish cloud-computing market is expected to grow by 28 percent year-on-year and reach zł300 million by the end of 2013, according to a report released by market research firm PMR. "The estimated growth is smaller than the growth we observed in 2012 [by 5 percent], but that's not caused by less interest in the service from the clients. It's because the base had grown rapidly," the report said.

Cloud computing is also sector ripe for Polish companies to compete with global giants. Polish firm Oktawave is one of the leaders in such services and uses its location as an advantage. "All of the firm's servers are

People power

The IT sector is one of the few in Poland that has continued to increase employment. According to the Monstropolis.pl data for June 2013, 71 percent of job postings were from the IT sector, even though employers have a lot to choose from.

According to the Polish Information and Foreign Investment Agency (PAIiIZ), 15,000 IT graduates enter the market annually, while 99,500 high school students attend IT-specialized courses.

They can count on good earnings, too. According to report by Sedlak & Sedlak, the average monthly salary in the sector is zł5,494 while the overall average salary in Poland is zł3,740.

IT market growth and market value of various Central European countries to 2015

Country	Average market growth 2011-2015	Estimated market value in 2015 (in € billions)
Russia	11.3%	10.8
Poland	7.2%	4.1
Czech Republic	6.7%	2.4
Romania	8.8%	1.1
Slovakia	6.2%	0.975
Hungary	1.8%	0.957

Source: Computerworld Top200 2012

located in Poland, so all the data will be stored and regulated according to Polish and EU law,” said Maciej Kuźniar, the company’s CEO. The company plans to reach profitability in Q3 or Q4 of 2013, and also plans to expand to other countries, including Germany, France, Spain and the Czech Republic.

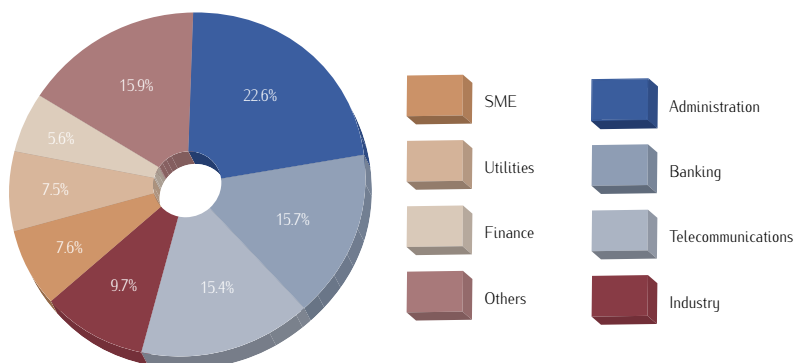
But the global giants are in Poland too. US e-commerce titan Amazon has also leased space in Warsaw for its servers and plans to provide cloud computing services.

Still, when it comes to cloud computing, the biggest consumers are big companies (employing more than 250 people), but that trend is about to change, as more and more SMEs are seeing the advantages of going to the cloud. According to a study conducted by market research firm Ipsos MORI for Microsoft, 48 percent of small business owners see cloud computing as a key element to their company’s success.

“For many smaller companies, cloud computing is the only way to get access to the newest technologies,” said Wojciech Życzyński, a director at Microsoft, responsible for the SME segment. Small firms can use and provide many data-hungry services, such as video-streaming, without having to use their own hardware and software. All this can be done virtually.

“Smaller companies usually start with one cloud IT service, like e-

Sectors with highest shares in major IT companies’ sales



Source: Computerworld Top200 2012

mail, and if they see it can cut their costs, they come back for more,” said Mr Życzyński, adding that 67 percent of SMEs that have already implemented cloud computing in their operations think that other companies in their sector will have to follow their lead in order to continue developing. ✱



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TIME FOR STRATEGIC ACTIONS

TRENDS IN EMPLOYMENT AND HUMAN RESOURCES



Leszek Kurcyn,
Randstad Professionals Operations Director

In the last decade or so Poland was consistently becoming more and more attractive for investors to recently confirm its place among world-class players as a country with the greatest potential for foreign and domestic investments. With a stable economy and geopolitical situation as well as intensive infrastructure development made possible by the European Cohesion Fund, Poland features human resources availability above average. However, one has to remember that a situation evaluated on a macro scale does not simply translate to the micro scale. This rule is of key importance in the case of an investment project feasibility assessment, where uncertain access to and long-term provision of required qualifications may determine the success of a project. However, it is necessary not to limit an investment's employment plan to carry out a thorough

analysis of the local labour market, but to combine it together with forecasts concerning changes that can potentially take place and, above all, to plan strategic actions that will be taken in the future as part of the investment project.

UNDERSTANDING THE MARKET, PRIORITIZING KNOWLEDGE

Randstad Polska's many years of experience in cooperating with companies investing in Poland show that provision of reliable information on personnel availability is merely an initial stage of cooperation with a HR consultant. Why is it so? Even an excellent employment plan does not guarantee project success if a significant change in the labour market takes place during its execution. It can be either human resources draining or a dynamic increase in pay expectations, or another phenomenon that disrupts the recruitment process. Many times such a change on the labour market is provoked by another local project – a frequent scenario during the economic boom. Therefore, it is necessary not only to carry out regular labour market analyses, but also to track any changes that take place, to draw correct conclusions and to determine current trends. Access to such knowledge is of key importance during the organization and implementation stages of an investment project and, later, it allows building a long-term strategy of personnel recruitment and retention within the organization.

"It is necessary not to limit an investment's employment plan to carry out a thorough analysis of the local labour market, but to combine it together with forecasts concerning changes that can potentially take place and, above all, to plan strategic actions that will be taken in the future as part of the investment project"

Why is it so important? For most entrepreneurs human resources still mean operating expenses, and are not treated as an investment. If we assume that the average employee turnover in a shared services centre of 400 employees is 10%, the mere recruitment cost may amount to a few hundred thousand PLN, excluding the so called cost of vacancy, which is the cost of lost profits due to non-performed work. By applying an investment approach we not only contribute to a change in company's culture in terms of perceiving employees and their role in the organization but it becomes easier to implement the investment assessment model: determine the return on investment (ROI) or specify how much exactly one should invest in employees to improve their efficiency.

NEW ROLE OF EMPLOYER BRAND

The results of a survey of employers carried out in 2013 by Randstad Professionals consultants demonstrate the shape of future relations between new investors and the labour market as well as the kind of problems that employers will encounter. It can be concluded from in-depth observations that the main trend among potential candidates is their increasing awareness and independence when it comes to assessing the employer brand as well as their greater professional mobility. In other words, companies will become more and more dependent on the quality of their image created in the business environment in which they operate. It will also be relatively simpler to recruit employees from the candidate pool outside the local labour market, but of course only if companies satisfy more and more individualized needs and expectations of the candidates. The above requirements are even more important in the case of greenfield investments, where sometimes there is little knowledge of a given employer in the local market. In such cases conscious support is fundamental. The important role of employer branding initiatives is supported by the results of the above mentioned survey, where as much as 57% of respondents named fierce competition in the recruitment of candidates available in the labour market as the main barrier to employ top talents. The role of competition and the significance of company image are even greater in the era of social media, where currently most discussions are held and which are increasingly opinion-forming. Social networking sites have become an interactive communication channel between companies and employees.

FLEXIBLE ATTITUDE, HANDLING DIFFERENT GENERATIONS

Another aspect of relationships with potential employees is the increasing generation gap regarding the candidates' needs and expectations. While generation X (born between 1965–1981) highlights the need to have different forms of benefits and home office opportunities, generation Y (born between 1981–1999) expects the assignment of different tasks and wants to be offered flexible working hours. For the youngest generation, their job is no longer a value in itself but rather, like in the case of their private life, active leisure, sports and hobbies, becomes one of many elements that make up their life. Awareness of these different expectations and the ability to respond to them is becoming an important element of an investor's strategic actions.

MOTIVATION AND TALENT RETENTION

Taking into account the above conclusions, it is possible to outline the challenges that investors will have to face in the near future. The survey results demonstrate that 62% of respondents perceive the improvement of personnel efficiency and productivity as the greatest challenge. The second challenge is to keep the companies'

"The changing availability of competent candidates, dynamic development of local markets, different expectations of employees and the necessity of long-term planning are increasingly affecting the success of an investment project. These factors make the analysis of existing conditions and determination of action strategies that are appropriate to a given initiative in the field of human resources an urgent challenge to investors."

top performers motivated (56%), while the third is to avoid losing top talents to competitors (45%). This leads to a conclusion that the success of an investment project in terms of recruitment depends to the greatest extent on the ability to combine the candidate recruitment and selection process with a long-term employee retention plan.

However, even the most outstanding and complex programs stimulating people's efficiency and motivation are expected to undergo dynamic changes in terms of employee expectations. Regardless of differences between generations and social media importance, in the last years we have observed a new tendency consisting in the stronger expression of one's individualism. Both candidates and employees expect custom-made training, motivation or development programs adjusted to their individual needs. It poses a great challenge to employers who often highly value integration, team work and identification with a company. Is the change in attitude of the new generation going to rock corporate foundations? The probable answer is "no" but employers will certainly need to reassess their current strategies and develop tools which conform to employee expectations and match the surrounding reality, both virtual and social one.

The changing availability of competent candidates, dynamic development of local markets, different expectations of employees and the necessity of long-term planning are increasingly affecting the success of an investment project. These factors make the analysis of existing conditions and determination of action strategies that are appropriate to a given initiative in the field of human resources an urgent challenge to investors. ✱

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OUTSOURCING – OPPORTUNITY IN CRISIS

With a harsh economic climate lingering all over Europe, Poland is reaping benefits from its cost-cutting potential, including in high-tech industries

By **Beata Socha**

In recent years Poland has become one of Europe's primary outsourcing destinations, partly due to the harsh economic climate in Europe forcing companies to cut costs wherever possible. Poland offers them an army of highly qualified specialists at much lower cost, not only accountants and payroll specialists, but also IT consultants and scientists.

As early as in 2010 Poland ranked second in the world, just behind India, in terms of the availability of specialists and experts from the business service sector, in a survey conducted by Everest Group.

"There is no other country in the world that offers the business service sector such versatile solutions. We are able to handle virtually any process in one of several dozen foreign languages," said Marek Grodziński, vice president of the Association of Business Service Leaders in Poland, an organization representing 70 foreign and Polish investors from the business service sector.

COST-CUTTING 101

One of Poland's key competitive advantages lies in its still-underpriced labor. Admittedly, there are cheaper destinations than Poland, such

as Vietnam or India, where a programmer's average salary is between \$10,100 and \$11,300 a year, as compared to \$17,000-\$18,000 in a Polish IT firm, according to Economist Intelligence Unit data for 2011.

"Labor costs in Poland are still 50 percent lower than in Western Europe and in the US. Such cost advantage placed Poland third in the world behind China and India in a ranking of the best outsourcing locations, according to Hackett Group," Marcin Piątkowski, director at the Invest in Pomerania agency told sector magazine *Outsourcing & More*.

Despite stiff cost competition from well-established BPO heavyweights such as China or India, Poland remains the number-one destination for Western European firms, mainly due to its cultural compatibility and linguistic competence, particularly among Polish students. Over 90 percent of all students in Poland claim to speak English. The second-most popular foreign language is German, with some 43 percent of students saying they can speak it. Russian is the third-most spoken foreign language with nearly 14 percent, followed by French (9.6 percent), Spanish (6.3 percent) and Italian (3.2 percent).

Poland is also experiencing a steady growth of interest in learning so-

Where is the money coming from?

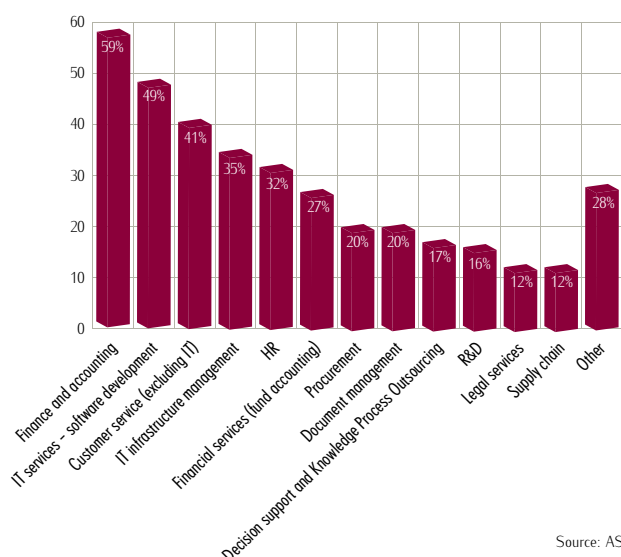
The countries most interested in outsourcing their business processes in Poland are the US, which accounted for some 30 percent of the number of investments implemented in 2012. Japan and Germany came in second with six new projects each, and the UK and France were responsible for four new investments each. However, in terms of value, Japan was the uncontested leader, with €329.5 mil-

lion invested in Poland. German investment amounted to €253.3 million, while American investment was €30.9 million.

Analysts expect American and German companies to remain the key players in the Polish BPO sector, but also see a lot of potential investment coming from Scandinavian countries, according to Marcin Piątkowski from Invest in Pomerania. ✱

What can we help you with?

Business processes served in SSCs in Poland (% of all centers)



Source: ASBL

called “niche languages,” with Hungarian, Romanian and Scandinavian languages being the most popular of this group. Also, Far Eastern languages, such as Mandarin Chinese, Korean, Vietnamese and Thai are gaining ground, particularly in the western Polish city of Poznań, while Warsaw attracts those interested in Hungarian, Arabic or Turkish.

EUROPE'S GO-TO OUTSOURCING DESTINATION

Its high level of foreign-language competence combined with the common cultural background makes Poland an ideal “nearshoring” destination. In fact, Poland has been Europe's number-one outsourcing center for years, particularly in advisory and consulting services, customer service, delivery-chain management, car-fleet management, finance and accounting, financial audit, as well as human resources management, but also increasingly in IT services, marketing, research and development and tax services. The number of all outsourcing centers in Poland exceeded 400 in mid-2013, while the number of employees in such centers reached some 100,000.

Out of 51 investment projects completed in 2012 with the help of the Polish Information and Foreign Investment Agency (PAIIFZ), 20 were carried out in the BSS sector, making it the leader among all outsourcing sectors. The automotive industry came in a close second, with 14 projects, while R&D, including software development, attracted five new investments. Altogether, nearly 5,000 new workplaces were created in the BPO sector, over half of all the new jobs created through FDI.

Among business processes provided by Polish outsourcing centers, finance and accounting is the most common, with nearly 60 percent of all BPO centers offering these services, followed by software development and application management (nearly 50 percent), customer services (over 40 percent), and IT infrastructure services (approximately 35 percent). Document management, including archiving, is a developing trend, with an increasing number (currently 20 percent) of outsourcing centers offering such services. R&D and legal services are also considered emerging trends, with less than 20 percent of all BPO centers rendering such services.

IT SOLUTIONS AND CLOUD COMPUTING

Among other major trends business experts mention an increase in the outsourcing of finance and banking services, as well as IT solutions, particularly due to the “cloud computing” revolution. A recent investment from IBM, which decided to locate its second Poland-based service center in Katowice, seems to validate these projections.

“This year alone, 400 people will be hired there, overall until 2015, 2,000 employees in total should be working in the center when it becomes fully operational,” said Jakub Jarzabek, a spokesperson for Katowice city authorities. The Katowice center will be IBM's second such facility in Poland. The first is located in Wrocław, in southwestern Poland. IBM has been present in Poland for over 20 years and has centers and laboratories in Gdańsk and Poznań as well.

SOUTHERN STRENGTH, NORTHERN POTENTIAL

For years now the most popular destinations for BPO/SSC investments have been major cities in Poland's south, including Wrocław and Kraków, which secured the majority of investments in 2012. In Kraków, the share of SSC companies in occupied office stock is at 40 percent.

The Lower Silesia voivodship, with its capital Wrocław, attracted 18 new investments worth €500 million, which created 4,100 new jobs. Kraków and the entire Małopolskie voivodship secured six major investments worth €7.9 million in total, while Pomorskie attracted five new projects valued at €17 million. Almost a third of all investors located their facilities in special economic zones offering various tax and administrative incentives.

However, the Tri-City area in the north and Szczecin in the northwest are gaining momentum. Other cities of interest for foreign companies looking to relocate their business processes were Poznań, Białystok, Bydgoszcz and Rzeszów.

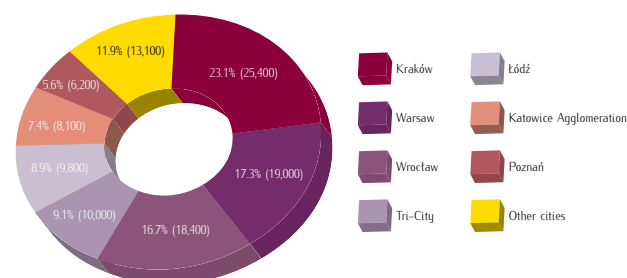
During the first few months of 2013, foreign investors opened 14 new service centers in Poland and many also expanded their existing ones. Some of the major investment projects carried out in 2013 include Cisco in Kraków, Bayer in the Tri-City area, Goldman Sachs in Warsaw and Carl Zeiss in Poznań.

EMERGING CITIES

PwC analyst Paul Jasniach expects emerging cities such as Bydgoszcz, Toruń, Lublin or Radom to attract new SSCs, which will

Poland's major outsourcing cities

Employment in foreign capital SSCs in 2013



Source: ASBL

mean a lot of promotion from local governments. Mr Jasniach also anticipates many companies will look to grow their shared services capabilities.

"This will mean new processes, new functions and a move up the services value chain toward knowledge process services," he said in an interview with *Outsourcing & More* magazine.

The Polish government has recently decided to extend the lifetime of Special Economic Zones to 2026 to increase the attractiveness of Poland as an outsourcing destination. Still, there are other challenges Poland will have to face, particularly increased competi-

tion from Romania and Bulgaria, as well as somewhat rigid labor laws stunting the development of BPO companies.

When asked if the continued slowdown will harm the development of the outsourcing business in Poland, experts seem to agree that the prolonged recession of European economies is nothing if not a great opportunity for the BPO sector.

"Outsourcing means cost reduction. Crisis means cost reduction. Hence, crisis is an opportunity for outsourcing, and outsourcing is a solution to overcoming crisis," Mieszko Czarnecki, regional director at Colliers, told the magazine. ✱



PARTNER FEATURE: POLAND'S BUSINESS SERVICES SECTOR POISED FOR GROWTH



Bartosz Brak
Senior Associate
SSC Centre of Excellence Team
PwC

The business services sector in Poland – made up of IT, shared service (SSC) and business process outsourcing centers (BPO) – is continuing to grow. Thanks to a maturing market and accessibility to a large pool of experienced staff, Poland is becoming a destination for KPO (Knowledge Process Outsourcing) and R&D (Research and Development) centers.

At the end of 2012 it was confirmed that the number of people employed in Poland by foreign companies in this industry exceeded 110,000 and should reach 125,000 individuals in 2014. During the first few months of 2013, over 14 new service centers opened in Poland. It is also predicted that numerous SSCs and BPO companies already operating in the market will significantly increase their headcounts.

There are three main reasons why this industry will continue to grow in Poland in the future. Firstly, the nature of services provided in SSCs and BPOs is evolving. No longer is it just simple transactions that are being undertaken in service centers, but rather more advanced tasks requiring advanced knowledge, skills and experience from the employee. Various types of business service centers are implementing more complex processes or even opening centers of excellence to service their business in such tasks.

Thanks to a strong education system and a large pool of already-experienced specialists, Poland has been able to demonstrate the ability to host KPO and R&D centers, which require more advanced competencies. The number of these centers has been growing over the last few years and it is forecast to continue to grow.

Secondly, there will be growth in business service centers for financial services. The global regulatory environment has tightened

and regulators have become more demanding in recent years, leading to higher service costs for financial service firms. Within Poland many firms such as State Street, Credit Suisse and UBS already operate successful centers and, given the regulatory climate, there is potential to see further growth from this sector. The Association of Business Service Leaders (ABSL), which represents firms in the industry, has forecast that as many as 100,000 jobs could be created in Poland in business service centers for financial services clients.

With a domestic workforce of 27,000 already working in financial services throughout the country, the knowledge and experience is there and ready for the growth of business service centers for financial services.

Thirdly, smaller Polish cities have realized the substantial positive impact of the business services industry. Smaller Polish cities have worked to enter the market, by differentiating themselves from the larger, already-established Polish SSC cities. The smaller Polish cities are able to offer an educated workforce at competitive costs together with a promise of improvements in infrastructure supporting the investments and future growth. Due to large competition between cities to attract investment not only in Poland but throughout the whole of the CEE region, cities have worked hard to develop their own unique selling point – a strategy underlining specific local advantages important for particular group of investors – for example using the city's geographic location to attract investors from a certain region, for example, Scandinavian investments into Tri-city or German companies investing in Szczecin.

The business services sector is already deeply rooted in the Polish business environment and through strong business leaders it is continuously developing. This is witnessed through the presence and strength of the associations in Poland supporting the sector and the interest shown by local and national government representatives. With the level of growth that has been and will continue to be generated in the sector, Poland continues to be the undisputed leader in terms of employment in the business services sector in Central and Eastern Europe and a significant business services location on the global map. ✱



POLAND'S PHARMA REVOLUTION

After the government introduced legislation that hamstrung the industry, firms are adjusting to the new reality

By Joanna Irzabek

The Reimbursement Act, which came into force in January 2012, has revolutionized the Polish pharmaceutical market. It has affected everyone involved in the market, including patients, doctors, producers, wholesalers and pharmacies. Its intended and unintended consequences will shape the market for years to come.

REIMBURSEMENT REFORM

Arguably, the law's main aim was to lower the price limits for reimbursed drugs so that savings could be used for the introduction of innovative drugs into the system. So far, the zł.2 billion saved in 2012 have been used to patch a hole in Poland's health care budget.

However, it is true that some drugs have now become cheaper at the counter, proving that some prices had been artificially inflated. The Ministry of Health has also introduced several "drug programs" that cover the most expensive therapies, benefiting patients with serious diseases. The government's expenditure on chemotherapy, for example, is expected to grow by 27 percent this year, according to Monika Stefańczyk, chief pharmaceutical analyst at research firm PMR.

But as with any revolution, the new law has also created many victims, causing bankruptcies and lay-offs. "Many pharmacies, especially those with large shares of reimbursed drugs in their turn-

over, have felt the pain," said Tomasz Dzitko, chairman of the pharmaceutical committee at the Business Centre Club, Poland's largest employer organization. Prices of a number of innovative, reimbursed drugs were cut to levels that made sales hardly profitable, said Ms Stefańczyk. Some drugs were completely removed from the outpatient sector's reimbursement lists.

It is therefore unsurprising that Poland's entire pharma market has shrunk. The number of employees fell by more than 9 percent, said Dr Dariusz Nowicki, director of the Polish Chamber of Pharmaceutical Industries and Medical Devices Polfarmed. The net profits for the whole sector dropped by almost half in 2012 – from more than zł.1.5 billion in 2010 to just over zł.820 million. Investment outlays decreased by more than 30 percent same year, compared with two years back.

The repercussions continue to be felt. Total wholesale margins are expected to drop further in 2014 from 9.8 percent in 2012 to just 5 percent this year, representing a nominal depletion of margins of over zł.600 million, according to Mr Dzitko.

LIFE AFTER REVOLUTION

By now, however, most companies have adjusted to the new reality. The cost-reduction phase is over, according to Michał Pilkiewicz, country manager at the Polish branch of IMS, a health care informa-

The OTC factor

According to IMS, a 7.1 percent slump in the 2012 volume of sales of OTC drugs was followed by a 6.9 percent increase in the first half of 2013, compared with the same period last year, due mainly to the flu season.

“The surge in OTC, dietary supplements and ‘lifestyle’ drugs is taking place precisely because they are not subject to the regulator’s restrictions,” said Mr Pilkievicz. “Price, margin and discount management has remained firmly in the companies’ hands.”

Up for grabs

That means that distributors with a significant OTC share in their portfolios will gain the upper hand, while players depending on reimbursed drugs will struggle to survive. The latest purchase of ACP’s wholesale arm by Neuca is a forerunner of an expected trend of consolidation, experts said.

The pharmaceutical wholesale market however is already highly consolidated and stable. The dominant three full-profile wholesalers control more than 70 percent of the market, Mr Dzitko of BCC pointed out, while the consolidation of the pharmacy segment is progressing at a slower rate: most pharmacies still operate as independent entities.

Mr Pilkievicz of IMS says acquisitions of small, local pharmaceutical wholesalers are possible but this will not alter the balance of power between the top ranking wholesalers in the country.

The impact of the new law will also be felt by domestic drug producers. The government’s slashing of the reimbursement expenditure may even threaten their very existence.

“Polish domestic drug production quantitatively makes up more than 50 percent of overall drug sales,” said Dr Nowicki. That keeps prices low. But as distributors adapt to the new economic conditions and focus on products that generate big, quick returns, the market will witness a progressive dilapidation of drug offer at pharmacies, he predicts. This deteriorating condition of domestic producers must lead to continuing replacement of domestic production with imports. If that indeed happens, the result could be a twofold hike in prices – up to the current European level, he predicts.

Levied additionally with very high administrative fees that exceed the European average five- to six-fold, domestic producers have already begun switching to the production of dietary supplements, cosmetics and even non-healthcare businesses, he says. ✱

tion company. Looking ahead, companies will now seek to diversify their product portfolios by entering into new therapeutic areas and new market segments. Some will choose to remove their products from reimbursement lists. Others will seek profit in the inpatient market by entering into high-cost drug programs and chemotherapy. Generally, companies will increase the share of non-reimbursed medicines and over-the-counter (OTC) drugs in their portfolios, Mr Dzitko said.

Poland’s aging population, with better access to cheap generics, is going to be a powerful driver behind the increased consumption of non-reimbursed drugs. That trend has only been accelerated by the reimbursement reform.

EXPORTS AND INNOVATION

According to IMS data, import sales volumes rose by a staggering 40 percent in the first half of 2013, compared with the same period last year. “It’s a rapidly growing phenomenon,” says Mr Dzitko. “So-called ‘parallel imports’ now include more than 350 product lines, with total sales of over zł.230 million.”

Paradoxically, exports are also rising, as low prices at home force wholesalers to look abroad for more revenue.

“The drop in the real prices of many drugs in Poland, coupled with the erosion of wholesale margins by nearly five percent over three years, has made wholesalers look for ways to improve their economic performance through exports,” said Mr Dzitko.

This has caused concerns about possible excessive exports. Mr Dzitko however dismissed the specter of drug shortages. “There has been no reliable data so far on the extent of the problem. Similar initiatives in Spain have resulted in temporary bans on exports of only four drugs out of over 15,000 registered items.”

MORE CATHOLIC THAN THE POPE

Nevertheless, provisions for export controls have been included in the amendment to the Reimbursement Act that will probably go into force in 2014. Such measures might not be welcomed by the

European Union.

“The European Commission may want to look very carefully at our future regulations,” said attorney Łukasz Ślawaćyniec, managing associate and head of the pharmaceutical practice at Deloitte Legal. “If the national authorities reserve the right to block exports to other EU member states, the commissioners might decide it undermines the principle of the free movement of goods.”

Most Polish regulations in the sector reflect the EU’s legal framework, however. We have common rules for clinical trials or advertising, for instance. It’s where the member states are free to determine their own rules that Poland’s requirements are unparalleled – reimbursements being one such area.

“The European Union’s regulations are already strict, but Poland is more Catholic than the Pope,” said Prof. Tadeusz Pietrucha, CEO of Bio-Tech Consulting, a firm that specializes in valuation and assessment of biotechnology R&D projects. “This regulatory zeal reduces our competitiveness not only against such powers as the US but also against Asian countries.”

INNOVATE OR DIE

Prof. Pietrucha was unequivocal about the restrictiveness of Polish law, which he said stifles the innovative potential of the domestic pharma industry. “Polish companies need to increase investment in R&D, otherwise they’ll face marginalization or even go out of business altogether.” Authorities, on the other hand, including tax officials, should stop treating innovative companies as potential crooks, he added.

Experts agree that with a few noble exceptions, Polish companies rarely invest in truly innovative medicines. “Their R&D activities are mostly limited to generics, said Michael Turczyk, senior manager of research and development and government incentives at Deloitte. “Though they’ve had some visible successes, it has not spurred development of innovative drugs.”

“Poland is not very attractive for manufacturers of innovative drugs,” Ms Stefańczyk confirmed. New, innovative molecules are an

extremely rare addition to the reimbursement lists and government grants are just enough to fund the development of cheap generics. "Generally, the help is insignificant and the companies too weak," she added.

But though they may not exactly be world-class, Poland's innovative drug manufacturers do have potential for growth. Available

technologies enable them to work on upgraded formulations of the existing drugs and – a new thing on the market – biosimilars.

Not to be confused with traditional small-molecule generics that make up 90 percent of the present market, these bioequivalents of original biotech drugs for which patent protection has expired, will play a growing role, Prof. Pietrucha predicted. ✱

Domestic producers

Experts spot innovative potential among domestic players. Celon Pharma, Mabion, Adamed, and Polpharma are among the favorites. Polpharma Biologics' modern R&D center in Gdańsk Science and Technology Park are good examples. Another local innovative firm, Adamed, has allocated zł.200 million for research and development activities over the past five years.

But the country's generic industry can face tough competition from the Far East, warned Ms Stefańczyk. Some Polish drug companies may even relocate manufacturing there. "A different question is

whether this can only be seen as an unfavorable development in the globalized world," she added.

Michał Pilkiewicz of IMS Poland believes the price advantage will keep pharma production at home. Its cost-competitiveness, coupled with investments in new modern facilities and qualified personnel, have made Poland one of the leading exporters of innovative medicines to the Nordic countries, Benelux and Germany. Unintentionally, the new reimbursement law may only deepen this trend. ✱



PARTNER FEATURE: THE PHARMACEUTICAL INDUSTRY – RETURNING TO NORMAL



Maciej Nowicki
Manager
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After a tumultuous 2012 for the pharmaceutical industry in Poland, 2013 was viewed by many as the first year of "going back to normal." The change in reimbursement regulations and prohibition of pharmacies' promotion resulted in a steep decline in value of the Polish pharmaceutical market. According to market analyses, the medicinal products' market dropped in value terms by almost zł.900 million (nearly 4 percent).

The drop was mainly caused by lower sales on reimbursed medicinal products, where expenses on reimbursement financed from the National Healthcare Fund's budget dropped by zł.1.9 billion (almost 17 percent). Cost-cutting planned by the government hit the reimbursed-medicines producers exceptionally hard. On the wholesale level, the amount of margin set by the legislation (5 percent) resulted in Polish wholesalers selling reimbursed medicinal products at a loss.

The retail sector – experiencing lower sales of medicines and an ad-

ditional ban on advertising of their business – was also hard-pressed for effectiveness in operations. Although the drop in the volume of pharmacies was not as significant as expected, a tendency to consolidate within the market (pharmacy chains) – due mainly to declining financial situation of pharmacies – was observed.

On the other hand, there were also sectors in 2012/2013 in Poland's pharmaceutical market where predictions are less grim. Specifically, the slow but ongoing process of commercialization of the Polish health care sector might be an opportunity for medical-device distributors to increase the size of the market for their products. Similarly, medicinal-products manufacturers who concentrated on dietary supplements/OTC products have been doing exceptionally well lately, with their turnover rising steadily.

In summary, although the business environment outlook for specific categories of pharmaceutical activity (such as introducing new reimbursed medicines in Poland, pharmaceutical retail) is still unfavorable, there are branches in the pharmaceutical industry which have been doing exceptionally well recently and have favorable economic outlook and big potential for growth.

Poland, with the sixth-largest pharmaceutical market in the EU and second-lowest health care spending as a percent of GDP in 2011 according to the OECD Health Data report, has a lot of potential and, with the planned changes in private health insurance, should be regarded as a very interesting market for expansion. ✱



POLISH INVESTMENTS – A VEHICLE FOR GROWTH?

To keep public investments going, the government has set up a special program that will invest billions of złoty in various projects

By **Remi Adekoya,**
Jacek Ciesnowski

In October of 2012, Prime Minister Donald Tusk announced the creation of the Polish Investments (Inwestycje Polskie) program. The plan aims to boost the economy, which at that time was experiencing a sharp downturn. Unemployment was fast approaching 14 percent, and domestic demand, which accounts for 62 percent of Poland's GDP, was tanking. Now, nearly a year later, the economy may be recovering somewhat – but only tentatively, and at a snail's pace.

The sectors in which the program will be involved include energy (production and distribution), gas and shale gas (storage, extraction), transport, heavy industry and telecommunications, as well as

local government projects. Such investments, according to the government's plans, will create jobs and boost the economy.

"This will be possible without affecting the safety of the state's finances, meaning without increasing the budget deficit or public debt. It will be possible thanks to the active use of capital, which today is frozen," said Mr Tusk in his speech to parliament on the project.

All of the program's investments will be conducted by two entities: the only fully state-controlled bank in Poland, Bank Gospodarstwa Krajowego (BGK), and a special-purpose vehicle called Polish Development Investments (PIR).

BGK FUNDING

The Treasury aims to recapitalize BGK with zł.40 billion by 2015 (so far zł.6 billion has been put in the bank's coffers). The money is to be used to extend guarantees to SMEs that have problems raising financing in the private sector. The funds will come from the liquidation of state assets, mostly in companies where the State Treasury still has a stake. For example, the Treasury recently sold a stake in PKO BP, raising zł.4.4 billion for the first phase of the program.

The plan is to make BGK capable of guaranteeing up to 60 percent of such loans. The move has widely been seen as positive by economists. Przemysław Kwiecień, chief economist at X-Trade Brokers, a large Warsaw-based brokerage, is optimistic about the program's future, mainly due to BGK's involvement in the process.

"It is better that a bank will be making decisions and not some government agency. Maybe this will ensure the decisions made will be based on economic principles," he said.

Stanisław Gomułka, chief economist at the Business Centre Club, a business advocacy group, believes the guarantees will be "useful" to businesses, as they could really help out some cash-starved SMEs.

SPECIAL-PURPOSE VEHICLE

The other entity, PIR, plans to take up shares in investments that it will be involved in along with other strategic investors. The value of investments will amount to between zł.50 million and zł.750 million, and will be short term – meaning that the Treasury wants to withdraw from the investments as soon as they have been completed. Overall, the Treasury plans to provide PIR with about zł.10 billion to manage the program. After having played the role of a private equity fund, the SPV will withdraw from the newly formed company, letting private entrepreneurs take over control.

"SPVs are not a new idea. ... Their economic value is rather positive if they adhere to the rules of transparency," said Jan Filip Stańko, an analyst at the Sobieski Institute, a think tank.

The government plans to list PIR on the Warsaw Stock Exchange within a few years. The SPV has been registered, and the government has appointed a board of directors and a CEO – Mariusz Grendowicz, the former CEO of BRE Bank. However, only zł.15.3 million in capital has been pumped into it from the Treasury and BGK.

Poland's Treasury Ministry is also talking to the European Bank for Reconstruction and Development (EBRD) on a possible investment in PIR. According to sources cited in Polish media, the EBRD could be interested in a 10 percent stake in the SPV.

The EBRD has supported the development of market economies in the countries undergoing post-communist transformation by providing financing for business and infrastructure development.

The talks have been described by the Treasury Ministry as "ongoing."

SLOW START

PIR has not gone on a spending spree yet, with its only activity so far being the signing a letter of intent with the China-CEE Investment Cooperation Fund (ICF). The fund, created by the Export-Import Bank of China, plans to invest \$0.5 billion in the CEE region, at least half of which will be spent in Hungary and Poland.

"Being a so-called 'fund of funds' is part of our strategy, along with investing in new projects and modernization of existing ones. The ICF offer is at-

tractive for us, as it assumes that each dollar invested by us will translate to 3-5 dollars invested in Polish infrastructure," said Mr Grendowicz. According to the letter of intent, PIR will invest between \$30 million and \$50 million in the fund. There is much speculation that the planned extension of the Opole power plant, in southern Poland, could be one of the first projects in which PIR invests, but no deal to that effect has materialized yet.

BGK has so far been more active within the program. It has already signed an agreement to provide zł.170 million in financing for a rail link connecting the Gdańsk city center with the city's Lech Wałęsa Airport. BGK will raise the funds by issuing bonds. The bank has also signed a deal with energy producer Tauron to issue and guarantee bonds worth zł.1 billion. Funds raised by the sale of the bonds will be spent on financing Tauron's investment plans.

POLITICAL STATEMENT

Mr Gomułka said the SPV is an alternative way for the government to continue public investments after reducing on-budget expenditures. Mr Gomułka, who for a time served as deputy finance minister in the current coalition government, said the state would reduce public investments from 5.8 percent of GDP in 2011 to 3.8 percent in 2015.

That would mean the government spending roughly zł.53 billion on public investments in 2015, compared to the zł.88 billion it spent in 2011, Mr Gomułka said. The government is now trying to bridge that gap, he added.

But Mr Gomułka also thinks the Polish Investments SPV will be of little help to Poland's troubled SME sector. "The projects are for big companies, because the SPV will be involved in projects worth zł.250 to zł.600 million," he said. Moreover, he called the amount that Polish Investments is supposed to invest over the next three to four years – zł.40 billion – "insignificant."

"That is not enough to fill the gap resulting from the drop in public investment. The prime minister was just trying to make a political statement that his government is doing something to keep investments going," Mr Gomułka said.

With the program still in its infancy, it will take some time to see if it's a success. ❀



Polish Investments Program		
Entities managing funds	BGK	PIR
Character	State-controlled bank	Special-purpose vehicle
Planned capital for use in program	zł.40 bln (after leveraging)	zł.10 bln
Investments	Gdańsk rail link, Tauron bonds	China-CEE ICF (letter of intent signed), Opole power plant extension? (rumored)

Source: Warsaw Business Journal



MAKING HEADWAY

In order to catch up with global innovation leaders, Poland is pouring billions into programs aimed at fostering research and development

By **Beata Socha**

Poland is not immediately recognized as an innovative economy. To the outside world, Poland, with its 38-million population, is primarily an important consumer market and a supply of relatively cheap workforce.

It merits a second look, however, to discover the well of potential for innovation and development in Poland. With its economic stability, highly qualified workforce, scientific potential and financial support, Poland is an ideal partner and destination for R&D centers.

Polish R&D has to face stiff competition from Western countries, but despite limited resources it can boast some pretty significant accomplishments that have put Poland on the scientific map. In 2011, for example, researchers from Warsaw University made a breakthrough in developing the technology to create large pieces of graphene at the highest quality so far achieved. The breakthrough may soon find a variety of applications in electronics and nanotechnology. With the support of the Ministry of Economy, the scientists have begun applying for patent protection all over the world.

R&D IS 'IN'

The Polish government is very active in promoting innovation in Poland. A remarkably high share of all R&D funding comes from state coffers – over 50 percent as compared to some 30 percent of funding from business. R&D's share in the investment incentives mix, both domestic and those financed from EU funds, is on the increase. In fact, R&D is the only area of investment for which large corporations may receive financing from EU funds, according to research conducted by business services organization ABSL.

Science grants are most frequently awarded by government institutions like the National Centre for Research and Development (NCBR), academic organizations like the Polish Academy of Sciences, or from the EU Innovative Economy program awarded by the Polish Agency for Enterprise Development (PARP).

An example is the Programme of Applied Research run by the

NCBR, which allows beneficiaries to receive reimbursements of up to 65 percent of the total R&D investment expenditure. Some of the funding has also been assigned to R&D projects for financial institutions, focusing on risk analysis, electronic services, as well as to IT firms for researching novel technologies in software design, web technologies or data management systems.

GRANTS, LOANS AND OTHER INCENTIVES

The European Investment Bank (EIB) has also recently granted two loans, worth some €970 million for financing R&D projects carried out by Polish R&D centers, universities and companies. Both are earmarked for the 2013-2014 period.

The first loan of €490 million went to the NCBR, which will use it to finance research grants which will be awarded to established scientists and PhD candidates. The second loan will go to state universities and public research institutes and is to contribute to expanding Poland's science and research base.

"[T]hese projects will support the country's strategic science and innovation policy. They will strengthen basic research, promote efficiency and competition for grants, and leverage more private investment for applied development and innovation activities in Poland," said EIB vice president Anton Rop at the signing ceremony.

The EIB has granted nearly €5 billion in loans to Poland since 2004. In 2012 it provided €24 million for the construction of a Science and Technology Park in Białystok, in northeastern Poland, and an additional €16 million to create an ultra-fast broadband network in the Świętokrzyskie voivodship.

CLUSTERING YIELDS RESULTS

Despite being still relatively underfunded, Polish local authorities are striving to create a nurturing environment for technology and

innovation. There are about 50 technology parks currently operating in Poland, whose main goal is to create favorable conditions for technology transfer and to stimulate innovation, a goal best achieved by clustering various tech-savvy firms near each other.

For example, the city of Olsztyn will open a new science and technology park in late September 2013. Initially, it will house some 40 companies from the field of machine engineering, biotechnology, geodesy and financial services. A further 16 firms are awaiting approval from city authorities. The complex offers preferential rent rates to its tenants for office space and laboratories, at prices as much as 70 percent below what can be found in the market.

Some technology clusters are associated with universities or institutes, like one of the oldest technology parks in Poland – the Poznań Science and Technology Park, part of the Adam Mickiewicz University Foundation, which has been investing in cutting-edge technologies since 1995. Some of these parks are however entirely private businesses, like the Nickel Technology Park, also located in Poznań, which offers a variety of services, from data centers and intellectual property advice, to a private kindergarten.

MORE PRIVATE FUNDING

Indeed, recent trends show increasing involvement of businesses in doing research, which might indicate a gradual shift towards R&D becoming more privately funded. In 2010, as much as 61 percent of all R&D funding came from government institutions, whereas private companies were the source of 24.4 percent of all financing. A year later, the share of government money fell to 55.8 percent, meanwhile funds earmarked by private businesses for research made up 28.1 percent of the entire money pool.

Regardless of the source, the money awarded to science and technology is certainly increasing. Between 2007 and 2011 a 75.1 percent increase in R&D spending was noted, as compared to 21.3 percent growth in the 2001-2006 period. In 2011 as much as zł.11.7 billion was spent on scientific research and innovation.

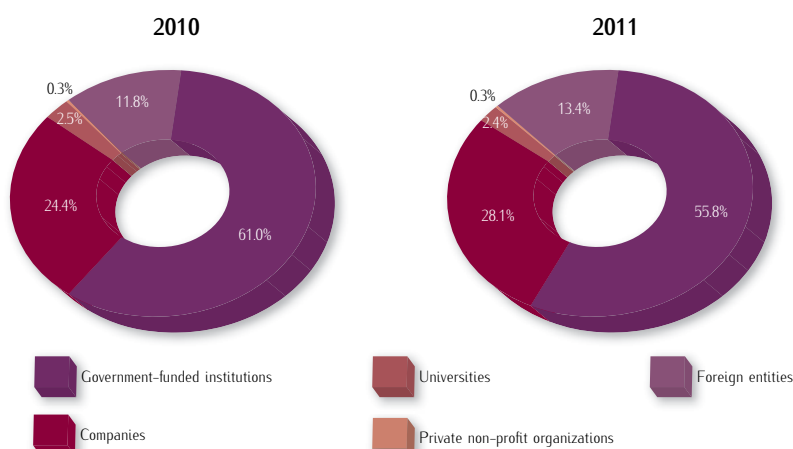
Some industries are naturally more innovative than others, and the chemical and pharmaceutical sectors have always been in the lead in terms of R&D expenditures. The biggest players in the chemical industry are investing billions in innovation. The chemicals giant Grupa Azoty is touting its latest investments in a new, state-of-the-art research center specializing in plastics and chemical compounds.

The Polish pharmaceutical business is also dedicating a lot of cash toward boosting innovation, and they have something to show for it, too. Drugs producer Adamed allocated zł.40 million to R&D programs, while Poland's largest pharmaceutical producer, Polpharma, was ranked first in the "List of 500 Most Innovative Enterprises in Poland" drawn up by the Institute of Economic Sciences of the Polish Academy of Sciences.

Even though not a cutting-edge sector itself, Poland's mining industry has been successfully investing in innovation for years, with millions spent on high-tech tools for training miners and improving safety in the harsh and volatile working environment.

Less public domain?

Sources of R&D spending



Source: Central Statistical Office

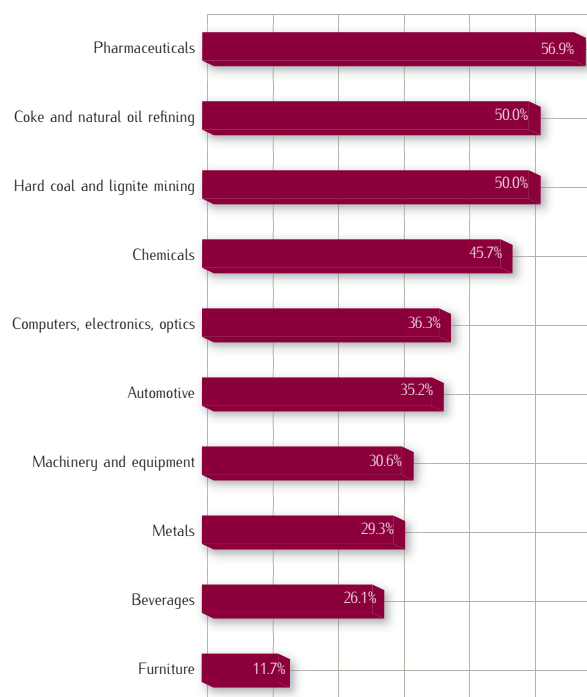
HUMAN FACTOR

Genius is one percent inspiration and ninety-nine percent perspiration, as Thomas Edison said. As far as perspiration goes, Poles are known as some of the most hardworking employees in the world. A typical Polish worker spent 1,937 hours working in 2011, which makes Poles the seventh-hardest-working people in the world, way ahead of the OECD average of 1,776 hours.

Poland also boasts the highest number of highly educated special-

Pharma and mining lead the way to innovation

Companies implementing innovations by industry (in % of total number of companies)



Source: Central Statistical Office

Polish 'nerdvana'

Companies on the cutting-edge of innovation hardly seem affected by the prolonged slowdown and, despite growing unemployment overall, continue recruiting more staff. In the first half of 2013, the top 100 most innovative companies increased employment by 3.61 percent year-on-year. In the second quarter alone, the increase was of 3.84 percent y/y, according to a report by outsourcing firm ADP Polska.

Among the 100 most innovative firms, the highest employment increase, of as much as 7.12 percent, was noted by large production companies. Experts say the most innovative businesses will increase employment by over 5 percent in the whole 2013.

Top-tier software engineers remain the most sought-after profession in Poland, with average salaries several times the average remuneration in the area. Unemployment in the IT market is virtually non-existent, some recruiters will even go as far as post job ads on billboards to find a competent Java or C# programmer.

"The increasingly innovation-oriented business and widespread application of computer technologies and IT solutions for business processes management directly translate to increasing employment," Dariusz Tarlecki, sales and marketing director at ADP Polska said.

ists in the CEE region. It is one of four EU countries, next to Germany, the UK and France, with over 2 million students – one out of every 10 students in the EU is a Pole. Poland offers 460 higher education facilities and 1,000,000 R&D specialists working in over 200 R&D centers.

Scientific advancements require first and foremost technical expertise, which Poland also has in spades. Polish technical universities have always been ranked very high in Europe and in the world. Every year the University of Warsaw's computer science department wins numer-

ous awards and distinctions in world programming contests, such as the ACM International Collegiate Programming Contest World Finals, Google Code Jam, or International Mathematics Competition.

The high quality of Polish higher education is evidenced by the fact that there are about 23,000 foreign students studying at Polish universities. According to Slawomir Majman, president of the Polish Information and Foreign Investment Agency, "Poland is no longer a supplier of cheap labor, but increasingly often of highly qualified specialists." ✿



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CITY CENTERS MORE ATTRACTIVE THAN EVER

Prestige office locations are increasingly sought-after in the Polish capital, while retailers are also looking to move back to the cities

By **Karolina Kowalska**

An increasing number of renowned international companies are seeking to rent space in the most prestigious locations in Warsaw. The Polish capital recently ranked 61st in the world in terms of office space prices, according to the semi-annual “Prime Office Occupancy Costs” survey by CBRE. Its current place is a three-spot increase in comparison with the previous 2012 ranking.

However, it is not the glass-layered skyscrapers that are attracting the most attention among companies looking for suitable office space. Their eyes are increasingly turning to historic buildings, which are being renovated and turned into class-A office space under the supervision of the curator of historic buildings. Not only are these buildings situated in the city center, but their architecture and rich history make the location even more prestigious.

In Warsaw, one of the most sought-after addresses among companies that wish to be perceived as well-established and wealthy, was Warimpex’s recently completed Le Palais project. It is located on ul. Próżna 9 near Plac Grzybowski, in the heart of Warsaw’s pre-war Jewish neighborhood. The two historic tenement houses dating back to the 19th century are listed in every Warsaw tourist guide as the witnesses of the tragic history of Warsaw’s Jewish population.

After extensive renovation, Le Palais became one of the most picturesque historic buildings in the Polish capital. Its tenants seem to share this opinion, as the scheme was leased extremely quickly.

Warimpex also had no problem selling the development to the IVG Warsaw Fund. The value of the transaction was not disclosed.

Several other historic buildings in Warsaw are being turned into office schemes. Hochtief Development Poland is working on its mixed-use Plac Małachowskiego project near the Royal Tract in the center of Warsaw, which will deliver 14,000 sqm of office and retail space in front of the Zachęta art gallery.

Another historic building currently being transformed into an office project is Mała Pasta, located on ul. Piękna 19 in the vicinity of Plac Konstytucji square. The scheme, constructed between 1935 and 1938, belonged to a Polish telephone operator from the inter-war era. The building played an important role in the Warsaw Uprising in 1944 but was later partially destroyed in a bombing. Its renovation was scheduled to be completed in late August 2013.

BUSTLING WITH LIFE

Along with historic buildings, new boutique office schemes in Warsaw’s high streets are becoming increasingly popular. The 9,300-sqm Nowy Świat BIS office center, which will be erected not far from the Warsaw Stock Exchange building, on ul. Nowy Świat, near Plac Trzech Krzyży, will be the only modern building in one of the most prestigious locations in Warsaw. The building, developed in accordance with the BREEAM sustainability standards, will be one of the

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most sought-after office locations in Warsaw, once it is completed in 2015.

"The center of Warsaw, especially Plac Trzech Krzyży, is the top office location for the companies which seek prestigious spots for their offices. ... The Royal Route is an area bustling with life, filled with restaurants and bars that offer a multitude of meeting places attracting the capital's affluent professional population," said Piotr Krawczyński, managing director and board member at Kulczyk Silverstein Properties.

The most upscale locations in the city center have not been influenced by the general trends in the Polish office market. The increasing supply of office space and rising vacancies, which are driving rent rates down in most modern office schemes, haven't discouraged tenants from pursuing the most expensive and prestigious locations. "High-end companies and brands will always be seeking locations associated with prestige and luxury," Mr. Krawczyński believes.

RETAIL CENTERS MOVE BACK TO BIG CITIES

The year 2013 has seen winds of change in the retail market as well. After an increase in the number of shopping centers with leasable area under 5,000 sqm located in smaller cities, such as those developed by Czerwona Torebka, Dekada or Budrem, the retail market is now once again concentrating on big cities.

Despite an unprecedented volume of retail space currently under construction in Europe – some 11.9 mln sqm – which represents a 50 percent increase year-on-year to 2012 (750,467 sqm of that space is located in Poland), retail center owners seem to be much more interested in rearranging the existing facilities than building new ones.

"The boom for shopping centers in smaller cities seems to be over, as the niche has been saturated," commented Joanna Mroczek, director and head of research and consultancy at CBRE Poland. Ms Mroczek says that instead of building new facilities, the owners of first-generation shopping centers, which consist of an anchor supermarket and a small shopping gallery, are trying to revamp the existing space to make it more attractive for the customers. "Recently, an increasing number of our clients are seeking advice on changing their tenant mix and rearranging their facilities," Ms Mroczek added.

EASTERN NEIGHBORHOOD

After a period of stagnation in the first years of the crisis, the Polish outlet center business is picking up in 2013, with Neinver's Factory Outlet Annapol in Warsaw having opened in March. The majority of outlet projects, however, seem to gravitate towards the east. Major eastern cities such as Białystok and Lublin are experiencing an increasing number of foreign customers from Poland's eastern neighbors and are currently expanding their offer to meet demand.

City Outlet Lublin, scheduled for completion in Q1 2014, will comprise 11,000 sqm and is expected to attract both Polish and Ukrainian visitors. Similarly, a 13,000-sqm outlet center currently being constructed in Białystok, in northeastern Poland, is expected to attract Belarusian and Russian customers.

There are currently 11 outlet centers in Poland and according to retail market insiders, several developers and investors plan to build more. A new facility could be opened in Rzeszów in southeastern Poland, near the Slovakian and Ukrainian borders, experts say.

"There are rules to opening new outlet centers though," Ms Mroczek stressed. "The retailer has to have at least 40 sqm of retail

space leased in the regular shopping center in the city or in the area to be able to sell the remaining merchandise in the outlet center. It is simply a question of merchandise quantity," Ms Mroczek explained.

Out of the entire Polish retail stock consisting of 420 projects and over 9.3 mln sqm of GLA, over half is located in leading Polish agglomerations: Warsaw (1.4 million sqm in 42 projects), Katowice (1.03 million sqm), Tri-city (almost 620,000 sqm), Wrocław (540,000 sqm), Łódź and Poznań (510,000 sqm each) and Kraków (495,000 sqm).

Despite the highest volume, the Warsaw retail market remains one of the least-saturated among Polish agglomerations, with 443 sqm per 1,000 inhabitants. In the first half of 2013, thanks to three new deliveries, the retail supply grew by almost 40,000 sqm and a further 15,300 sqm will be added in October when the Plac Unii development is completed. ✱

Green solutions bloom

Sustainable construction, which has been the standard in Scandinavian and Western European countries for decades, is also gaining ground in Poland, across all real estate sectors. Experts believe that restrictive European Union regulations and tenant expectations will further increase the significance of green certifications for the buildings constructed in Poland.

Almost all of the modern office stock is BREEAM or LEED certified and there seems to be a contest among the biggest developers to build the most energy-efficient buildings in Poland.

Currently Skanska Property Poland, with its "deep green" office investment Atrium 1, located on Al. Jana Pawła II, near the Rondo ONZ roundabout in the center of Warsaw, seems to be taking the lead. The project features solutions such as triple glass panes, which will significantly reduce energy consumption for heating the building in the summer and cooling it in the winter. The building's geothermal heating and cooling systems, with probes reaching a depth of 200 meters below ground level, will cut operating costs by 20 percent.

But it is not only office developers who are seeking green solutions. Residential buyers are also increasingly interested in sustainability and energy efficiency of their homes. With Poland's apartment market suffering from oversupply and buyers having plenty of units to choose from, sustainable architecture is becoming an important factor in deciding how successful a given project is.

Employing costlier solutions such as the installation of heat pumps are also increasingly popular in newly-constructed private houses. Energy-efficient technologies, including highly efficient insulation materials, have already become standard in the luxury and upmarket segments and are now becoming commonplace in mid-market units as well.

According to Krzysztof Duszczczyk, professor of engineering at the Warsaw University of Technology, "Advanced technologies used in intelligent buildings can be almost as smart as the occupants themselves and the sky is the limit to what these homes can do." The most advanced intelligent buildings, called "passive houses," don't take any energy from electrical grids and, instead, generate it from alternative sources, such as the sun, wind and water from geothermal pumps. ✱

REAL ESTATE GUIDE POLAND BY CBRE

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Below we have collected some useful information regarding the Polish real estate market, including tips and tricks that will help you make the most of your property decisions in Poland.

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WHERE INVESTORS CAN LOOK FOR OFFICE SPACE ?

In early 2013 there was around 6.4 million sq m of modern office space located in Warsaw and the seven major regional cities. Warsaw is the largest and the most established market in the country, although other cities are quickly achieving the required level of quality and adjust to the market expectations. After the period of a slowdown, the construction activity has again accelerated. Nowadays there is over 1 million sq m under construction with 45% being developed in the regions. Apart from Warsaw, where there is almost 340,000 sq m vacant and another 465,000 sq m under construction speculatively, the highest availability has been registered in Poznan, Wroclaw, Lodz and Tri-City. There is over 30,000 sq m vacant in each city. However such statistics do not show the true picture, as in practice, larger tenants can choose from only 2 – 3 immediate offers.

Once the constructions are delivered, the vacancy rates are expected to increase in majority of the locations. Having considered the space available within the next 18 months, the situation improves and in all major cities large companies should be able to find a suitable office. However, they have no other choice but to opt for a pre-lease transaction. There are also new players that might turn out to be interesting option for investors. These are Szczecin, Lublin, Bydgoszcz, Olsztyn or Rzeszow.

Those cities have already attracted some foreign corporations and soon will be able to offer a good quality accommodation for the new entrants. Obviously, it is much easier to set up a new office in an experienced city, where universities, local authorities and developers know the investors' expectations. However the new locations can offer lower operation costs, highly qualified staff and more involvement in the cooperation with investors. In many cases, developers have already some experience in other cities and, supported by consultants, are able to meet the investors' requirements. In the future, other cities such as Radom, Kielce, Bialystok or Opole might also be considered as alternative locations for service centres, subject to property availability, that at the moment is scarce.

Currently the prime asking rents for the highest quality office space in Poland range from EUR 12 – 16 /sq m/month in the best buildings in the regional cities as well as in non-central Warsaw and up to EUR 24 - 26 /sq m/month in Warsaw Business District. The average rates however, are much lower, particularly in the most developed areas. Tenants may also count on many incentives, lowering the effective rent even by 15 - 25%. With growing vacancy rates, we expect the downward pressure on rents in the second half of 2013. Many locations, however, should retain a stable trend.

Office headline rents in Polish cities (EUR/sq m/month)

City	Prime headline rent (sq m/month)	Prime effective rent (sq m/month)	Average headline rent (sq m/month)	Average tenant incentives (rent free months)	Services charges (sq m/month)
Warsaw City Centre	EUR 26.00	EUR 24.00	EUR 22.00	5	PLN 25 – 27
Warsaw Non-Central	EUR 15.00	EUR 12.00	EUR 14.50	6	PLN 15 – 17
Warsaw City Centre	EUR 16.00	EUR 13.00	EUR 14.00	5	PLN 13 – 15
Wroclaw	EUR 15.50	EUR 13.00	EUR 13.00	5	PLN 15 – 18
Tri-City	EUR 14.00	EUR 11.50	EUR 12.50	5	PLN 15 - 19
Poznan	EUR 15.00	EUR 12.50	EUR 13.00	5	PLN 15 - 20
Lodz	EUR 13.50	EUR 12.00	EUR 11.00	6	PLN 12 - 16
Lublin	EUR 12.00	EUR 10.00	EUR 9.00	5	PLN 12 - 13
Szczecin	EUR 12.00	EUR 10.00	EUR 12.00	5	PLN 12 - 20
Katowice	EUR 12.00	EUR 10.00	EUR 11.00	5	PLN 12 - 15
Bydgoszcz	EUR 12.00	EUR 8.00	EUR 10.00	5	PLN 12 - 16
Rzeszow	EUR 12.00	EUR 8.00	EUR 10.00	5	PLN 12 - 15








HOW TO ACQUIRE INDUSTRIAL SPACE IN POLAND?

The market for modern industrial and warehouse properties in Poland started to develop in the mid-1990s. The development of highways has boosted the expansion of the modern warehouse hubs located mostly next to the major road junctions in the main regions of the country such as Warsaw area, Central Poland, Silesia, Wrocław and Poznań. Other locations such as Tri-City, Kraków, Szczecin, Bydgoszcz - Toruń or Eastern Poland have recently started to expand along with the new road connections.

Investors can search among 7.45 million sq m of existing modern industrial space for lease. However, as developers currently avoid construction of speculative projects, despite the increased tenant activity, 2013 has resulted in the decline of vacancy rate in the majority of regions, taking the overall rate down to 10.3% (in some very popular regions like Silesia or Poznań with vacancy rate around 4%).

STEP 1

Investors have different alternative options of acquiring industrial space in Poland.

Leasehold			Leasing	Freehold		
						
SCENARIO 1	SCENARIO 2	SCENARIO 3	SCENARIO 4	SCENARIO 5	SCENARIO 6	SCENARIO 7
Lease of vacant (existing) space in an existing park location	Pre-lease of desired space in an existing park location	Build to Suit with developer in a new location - chosen by the investor - "BTS"	Financial Leasing of a new Build to Suit or an existing facility	Acquisition of an existing facility to be adopted for investors' future needs	Acquisition of a serviced land and development of the facility with an Industrial Developer - "Fee development"	Acquisition of a serviced land and development of the facility with a General Contractor or subcontractors

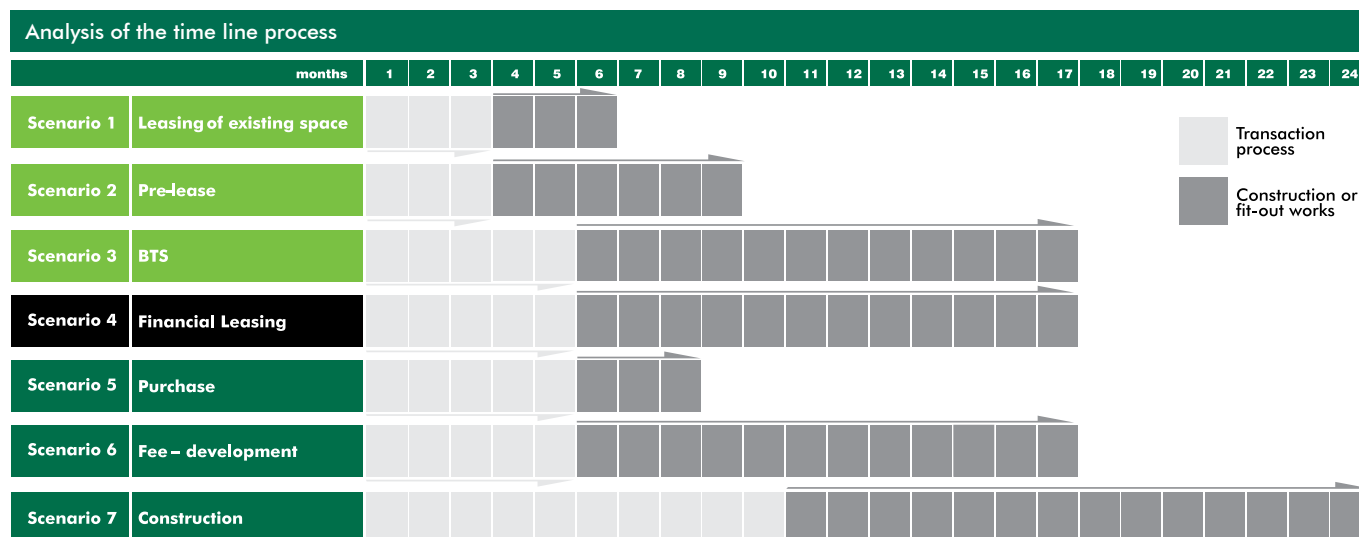
STEP 2

At the beginning of the process each investor should investigate available public aid and analyse if any investment incentives are applicable for the particular activity. The main objective of the investment incentives is to boost the innovation and productivity of the Polish economy by increasing the inflow of technologically advanced investments and creating highly productive jobs.

The most popular incentives among investors is corporate income tax exemption, which is available only in Special Economic Zones, however under certain conditions. This determines location which needs to be chosen for a new facility.

STEP 3

Market analysis is a very important element of the process. Depending on the character of the business sector, many aspects need to be analysed - economic situation of the region, labour market, unemployment, transport, education etc. Additionally real estate market needs to be investigated in details and the process scenario should be set.



STEP 4

Depending on a chosen scenario, a proper process needs to be determined. Finding suitable real estate greenfield, brownfield or developing a new facility require market knowledge and professional support provided by specialists.

Structured tender process offered by CBRE specialists and experts includes:

- Acquiring a proper database of greenfields and brownfields
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- Offer analysis & advisory
- Financing for the development
- Negotiations & recommendations
- Transaction
- Development & project monitoring

OCCUPIER GUIDE – OFFICE AND INDUSTRIAL

LEASE LENGTH

New lease

- A lease agreement can have a fixed or indefinite term.
- The most common type of lease agreement for domestic and international tenants is a standard fixed-term one. In new office buildings it usually ranges from 3–7 years. The maximum office lease length for companies under Polish law is 30 years. A tenant can remain in a space beyond 30 years by signing a new agreement for a fixed or indefinite term.
- Standard lease lengths for warehouse tenants - 3 years in existing buildings; 5 years for newly constructed buildings in established parks, 10 years for build to suit (BTS) projects.
- After a fixed term ends, the lease automatically becomes a lease for an indefinite term.
- Leases entered into for an indefinite period of time may be terminated by either party upon an agreed termination notice, or, in the absence of the respective contractual provision, upon statutory notice (usually three months). Leases entered into for a definite period of time may be terminated only for reasons specified in the agreement or in law from landlord or tenant site.

Renewal

- Fixed term leases may incorporate an automatic renewal clause that requires 6–12 months' notice for termination.

Termination

- Options to terminate are more common in fixed-term leases over 10 years, although shorter leases sometimes include a break option, which allows the tenant to end the lease with a cancellation penalty.

SPACE MEASUREMENT

Gross rentable area

- The landlord usually quotes the gross lettable area, which includes the usable internal area plus a share of the common area (elevator lobby, main reception), according to the Polish standards.

Efficiency

- Thus the ratio of net rentable area to gross rentable area for a Class A building in Warsaw is 90–95%.

OCCUPANCY COSTS

- Rent is usually quoted net in EUR or in some cases in PLN and payable in PLN in advance with 23% VAT. Rents are subject to annual indexation to the Euro - Zone CPI.
- Rent Payable: Rent is payable in advance monthly or very rarely, quarterly. VAT of 23% is payable on rents and sales in transactions between companies.
- Free Rent: Rent-free periods range from 3–9 months, depending on lease length, on the landlord's contribution to fit-out and on other capital costs.
- The landlord pays for structural repairs, repairs to common parts, building insurance, local taxes and sewerage charges.

SERVICE CHARGES

- Service charges - include water, electricity, security, heating, air-conditioning, service, cleaning of common areas, taxes, insurance and all other maintenance and operational costs of the building and common areas. Service charges are more often in PLN, net plus 23% VAT.

TAXES

- Property taxes are paid by property owner.

UTILITIES

- The tenant pays for electricity consumption separately from service charges.
- The tenant usually arranges with and pays telecommunications suppliers directly.
- Water fee is usually included in service charge.

FIT-OUT

- The landlord gives a tenant a budget for fit-out and finishes space up to the amount of the budget. The tenant covers any expenses above the budget. Standard fit-out costs for Class A or Prime buildings in major cities normally range from EUR 180–250/sq m, including construction, furniture, wiring, design fees, etc.

RESTORATION

- The landlord usually accepts the premises with normal wear and tear and without restoration. Tenants usually have no reinstatement obligations related to its premises. The landlord usually accepts the normal wear and tear of the leased area.

SECURITY DEPOSIT AND GUARANTEES

- Three to six months' rent or a bank guarantee for six months' rent is typical.

CAR PARKING

- The tenant pays extra for parking. The fee for a parking space can be EUR 50–200 per month. Parking spaces are allocated according to a parking ratio, usually: one space per 90–100 sq m in the central business district; one space per 70 sq m in the City Centre, and one space per 25–30 sq m in non-central areas (with one per 50 sq m acceptable depending on local public transportation).

OTHER OCCUPANCY COSTS

- Insurance: The tenant pays for third-party insurance and insurance of rented premises. In addition to rent and service charges, tenants are obliged to pay 23% Value Added Tax (VAT).

TRANSACTION COSTS

Agency fees

- New lease: between 12–25% of annual rent paid by landlord or tenant
- Renewal: 8.33%–15% paid by tenant
- Sublease: 8.33% paid by tenant or subtenant (depending on which party is represented by agent)

Other transaction costs

- Legal fee: The landlord's lawyers usually prepare the lease agreement. Each party pays its own lawyers.
- Notary fees: optional cost, applies to acquisition of property
- Registration duty: optional cost, applies to acquisition of property

OTHER LEASE PROVISIONS

Standard lease contract

- Standard leases are triple net leases (operational costs, insurance and taxes paid by a tenant).

Right to sublet

- Subleasing is subject to the landlord's written consent and sometimes restricted.

Option to expand

- Negotiable

Late delivery by landlord

- The landlord usually quotes the gross lettable area, which includes the usable internal area plus a share of the common area (elevator lobby, main reception).

Holdover by tenant

- The tenant pays a penalty, negotiated and stipulated in the contract, typically 100–200% of rent for every day of a delay.

Signage and naming of building

- Signage costs depend on the landlord's policy, and can be free of charge.

IS THERE STILL PLACE FOR NEW RETAIL TENANTS IN POLAND ?

The Polish retail market is entering its third decade of continuous and dynamic development. After twenty years of demand-driven growth of the shopping centre offer in the major urban centres is well developed nearly everywhere, although market niches persist. While we currently observe significant activity in shopping centre construction across the country, this is mainly in the regional cities, where quality space is already available, and in the smaller towns, aspiring for their first modern retail schemes.

With tenant's demand clearly easing, and overall vacancy rates on the increase, the Polish shopping centre market enters the challenging times of a tenants' market, when landlords are forced to fight actively in order to attract new retailers.

The market is increasingly discriminating between prime and non-prime schemes as the flight to safety for both retailers and investors continues and a number of less successful schemes are struggling. The need for market intelligence, catchment potential understanding and proper client targeting becomes ever more important for shopping centres in order to emerge as a winner from the looming downturn.

With around 250 sq m of GLA per 1,000 residents and gradually improving high streets, the modern retail network in Poland has become increasingly mature while it still offers further, albeit increasingly selective, development potential. Total retail stock in Poland consists of 420 projects with over 9.5 million sq m of leasable space. Over half is located in the leading Polish agglomerations: Warsaw (1.4 million sq m in 42 projects), Katowice (1.03 million sq m), Tri-City (almost 620,000 sq m), Wrocław (540,000 sq m), Łódź and Poznań (510,000 sq m each) and Kraków (495,000 sq m).

Modern retail space consists primarily of regular shopping centres but also of retail parks and outlet centres. Tri-City boasts the highest saturation of retail space with over 500 sq m of retail per 1,000 inhabitants. Among large cities, the lowest ratio is in Kraków – 250 sq m/1,000 inhabitants.

The average density for all eight agglomerations is 413 sq m/1,000 inhabitants, and taking into account premises currently under construction, it is 444 sq m/1,000 inhabitants. Poland has around 1 million sq m of shopping centre space under construction and this is one of the highest levels in the whole Europe.

With increasing provision and moderate demand, the retail market is clearly turning in tenant's favour, although Warsaw remains the most expensive retail location in Poland with prime rents at about EUR 75 - 90/sq m/month (for the best unit of approximately 100 sq m and located in a prime shopping centre or high street) with upwards pressure continuing. Prime rents in other large cities of Poland are more moderate and reach up to EUR 45 – 50/sq m/month. Rental easing is increasingly pronounced in other major retail hubs of Poland, as provision is in balance or is higher than demand, particularly for lower quality premises.

Strong pressure on incentives, such as capital contributions towards shop fitting and rent-free periods, as well as turnover rents instead of set (or combined with lower) monthly payments, exacerbates the situation. Several key fashion anchor retailers are notorious for obtaining incentive packages that are considerably higher than their cumulative lease payments.

RETAIL OCCUPIER GUIDE

RENT PAYMENT

Rent is payable monthly in advance, quoted in EUR, paid in PLN, with 23% VAT. Rents are typically the subject to annual indexation by the European Eurostat Index.

TENANTS' COVENANT

Covenant strength is very important within the Polish market. Rental deposit, bank or parent company's guarantee equivalent to 3-6 months' rent, service charges, marketing costs and VAT is expected from all tenants.

Notarial Deed – securing up to 12 months' rent, service charges, marketing costs and VAT

SERVICE CHARGE

Within shopping centres service charge payments are common and will include costs of non-structural repairs, cleaning, security, common areas media consumption fees, property management, property taxes (perpetual usufruct (if applicable) fees).

PROPERTY TAXES AND OTHER COSTS

Tax on sales: Revenues generated on the sale of real estate are subject to the standard taxation rules of Polish corporate income tax. Effectively, only the



"capital gain" is taxed at 19%. The revenue from the sale of real estate must be valued at the price set in the sale contract. Costs incurred by the buyer for the acquisition of real estate, such as the purchase price, transaction costs including advisory fees, civil law transaction tax (if applicable), form the initial value of the real estate and are recognized as tax deductible costs through depreciation write-offs or upon sale. The assets of the business or part sold will be subject to civil law transaction tax payable by the buyer at the rate appropriate for a particular item (2% for land, buildings and other tangible properties).

Operating tax: Real estate tax is charged to the owner of the land or buildings and infrastructure that are used for business activities. The local authorities set the real estate tax rates and collect the revenues. However, local authorities are bound by the following maximum PLN yearly tax rates: for land, PLN 0.84 per sq m of land; for buildings, PLN 21.94, per sq m of the usable surface of a building. The local authorities may grant exemptions for certain types of real estate.

AGENTS FEES

10-15% of annual rent

INCENTIVES

Incentives include capital contributions toward shop-fitting and rent free periods, negotiated between the parties. Anchor tenants can expect fit-out contribution.

LEASE LENGTH AND TERMS

Typical lease contract period is 5 to 10 years with an option to extend. Most rents are denominated in EUR and paid in zlotys, but service charges and other payments (e.g. marketing fees) are often denominated in the local currency. Triple net lease structure.

REPAIRING LIABILITY

These are the tenant's liability within leased premises. The landlord is liable for the building and its common parts.

ALTERATIONS TO SHOP INTERIOR AND EXTERIOR

Interiors' alterations are the tenant's responsibility. Façade/exterior alterations are subject to agreement but are the landlord's responsibility.

LEARNING HOW TO BE SMART



Polish cities are adopting European sustainability solutions, but the country as a whole is still far from being “green”

By **Katarzyna Rybnik,**
Beata Socha

Poland isn't immediately associated with sustainability and environmental protection. In fact, with its heavy reliance on industry and coal as a primary energy source, Poland has had an uneasy task in meeting European standards for environmental protection and energy efficiency. Still, as the country's economy strives to shift from industry-based to an innovation-driven one, officials at all levels, including local government authorities, are beginning to realize that environment plays an important role in the country's future and are looking to adopt a more sustainable approach towards development.

The rapid expansion of the main metropolitan areas in Poland has put a lot of strain on city authorities, who are faced with issues such as insufficient housing, traffic congestion, growing energy consumption, which, unresolved, may lead to deterioration of living standards.

In order to prevent that and to promote development and innovation, Polish cities are under increasing pressure to implement more efficient and “intelligent” solutions that will provide their citizens with tools for further development but will also allow them to enjoy a high quality of life.

QUALITY OF LIFE

So what exactly makes a city “smart?” Definitions vary, but all include a prevalence of sustainable solutions, such as a strong reliance on efficient public transport and green solutions in construction. Smart cities also focus on providing high-quality education, promoting civic involvement, diversity and equality, fostering innovation in business, and maintaining environmental friendliness. Lukas Stockinger from TINA VIENNA Urban Technologies & Strategies, said a smart city “uses a holistic approach focusing on energy systems, mobility, buildings and infrastructure resulting in radical protection

of resources, a high, socially fair quality of life and productive use of innovations and new technology.”

In European smart city rankings, Polish cities usually place in the middle of the pack. Still, despite having significantly less experience in implementing sustainable solutions than, say, Copenhagen, Stockholm or Vienna, they are putting a lot of effort into closing the gap.

In 2013, the French Embassy, in cooperation with the National Fund for Environmental Protection and Water Management and Renault, held a competition and a series of seminars called “Eco-Miasto” (“Eco-City”), which aimed to promote sustainable transport and energy-efficient construction among Polish cities. In the fall of 2013 the jury will announce the most sustainable cities from among the 23 contenders. Two of those contenders, Warsaw and Bydgoszcz, have been implementing sustainable solutions for years and are some of the “smartest” cities in Poland.

WARSAW – CLEAN BUT CONGESTED

As the capital city of Poland and its business center, Warsaw is the leader among Polish cities in terms of modern architecture and transportation solutions. In fact, Warsaw's extensive public transport network rivals that of even the most developed European cities. As much as 70 percent of the city's population uses public transport, or cycles or walks to work, according to the Green City Index, compiled by Siemens. By comparison, in Amsterdam, the percentage is only 62, and in London it is 63. This high score is the result of high density of public transport routes (57 percent more dense than the European average).

What drags Warsaw's score down in this area is the lack of an effec-

tive strategy for reducing congestion, as well as municipal promotion of environmentally friendly transport. However, Warsaw has been improving on both these counts in recent years. It established a citywide public bicycle sharing system in 2012 called *Veturilo*, which allows access to a bike at 128 stations around the capital. It has also constructed several park-and-ride stations allowing commuters from city suburbs easy access to public transport. Warsaw's subway system is under development too, with the second line currently under construction and scheduled to be delivered in 2014. Both these solutions are aimed at reducing traffic congestion and consequently CO₂ emissions, making the city greener and more convenient to live in.

Interestingly, it was Warsaw's effective management of environmental issues that pushed the city up to 16th place among the 30 European major cities included in the Green City Index. It ranked 5th in the environmental governance category and was surpassed only by Brussels, Copenhagen, Helsinki and Stockholm.

The Polish capital also outperforms most European medium-sized cities in categories such as energy, building and air quality. The average energy consumption in Warsaw stood at 49.81 gigajoules (GJ), which is significantly less than the 80.87 GJ average among main European cities. Varsovians, however, consume 71.5 percent more water than an average European city dweller.

LIFELONG LEARNING

One of the most important impulses for Warsaw's development in recent years was the 2012 UEFA European Football Championship, which was co-hosted by Poland. The event brought significant investments to the capital and left it with a first-class stadium and an improved road network, which are stepping stones to other investments that should lead to more modern and innovative projects that will be at Varsovians' disposal for years to come.

Becoming a smart city does not only mean more construction sites, but also a more efficient way of managing its growing population and simultaneously improving people's living standards. By opening facilities such as the Copernicus Science Centre, or expanding the network of universities of the third age, Warsaw is facilitating its citizens access to education and implementing EU's initiative of lifelong learning. It also supports entrepreneurship, particularly among young people with its extensive academic business incubator programs.

Being a smart city also means learning from the best. In May 2013 Warsaw hosted a conference titled "Europolis. Smart city of tomorrow" organized by the Robert Schuman Foundation. The conference brought together experts from Austria, Germany, Finland, France and Spain who discussed how cities can be smart, sustainable and inclusive at the same time and how they can develop to cater to the growing needs of their residents.

Warsaw is also a member of Eurocities, a European organization of 140 members, established in 1986, which facilitates the exchange of eco-friendly, innovative and sustainable solutions on problems connected with transport, development and quality of life.

BYDGOSZCZ – BECOMING GREENER

The Eurocities organization currently has 10 Polish members, including Bydgoszcz, a city located in north-central Poland which has been a full member of the association since 2005.

Despite having almost 60 percent of its area covered by forests, Byd-

goszcz is not considered an exceptionally green city. Throughout its 650-year history, it has been an important industrial and trade center, particularly due to its convenient location, with waterways E40 and E70 linking the city to both Western and Eastern Europe. Its authorities have, however, adopted a very proactive approach to innovation, sustainable development and ecology. The city has participated in a number of national and international conferences and contests and has gained recognition as one of the most progressive and environmentally-aware mid-sized European cities.

In 2011, the city won Eurocities' cooperation award for its revitalization project of its Mill Island. The Eurocities association recognized Bydgoszcz's collaboration with various stakeholders on the project of transforming a post-industrial island into a cultural, leisure and business center. The same project also made it to the top five finalists of European Commission's 2013 "RegioStar" competition in the "CityStar" category, which distinguishes integrated approaches to sustainable urban development.

Bydgoszcz is all about becoming green these days. In 2011 the city took part in the Local Accountability for Kyoto Goals (LAKS) project, organized by the AERIS Futuro Foundation, which promotes sustainable development of local communities. "As part of the LAKS project, Bydgoszcz has developed its first Climate Adaptation and Mitigation Plan and adopted a goal of reducing greenhouse gas emissions by 18.7 percent by 2020," said Anna Rok, project officer at the Eurocities association.

SZCZECIN – VIRTUAL REVOLUTION

Situated in northwestern Poland, on the Polish-German border and on the Baltic Sea, Szczecin's location plays an important role in making it a gateway for foreign investors and tourists. The city's main focus in becoming "smart" is making the life of its residents easier.

To that end, city authorities created a website providing real-time information about traffic conditions in the city. Data is collected through a network of cameras monitoring city roads. The website informs drivers and cyclists of currently conducted and planned roadworks, changes in traffic organization and estimated travel time.

In its efforts to become a smart city, Szczecin has begun implementing a project creating a widespread network of free wi-fi hotspots. "Thanks to EU funding which financially supported 75 percent of the wi-fi project, we have been able to set up free wi-fi spots in most cultural institutions, hospitals and schools," said Tomasz Klek, a city hall representative.

The city is not only trying to make living in Szczecin convenient, but also promotes environmental awareness among its residents. It is in the process of setting up so-called "ecoports" – places where people can leave unused electronic equipment such as batteries, TVs, computers, radios, and chemical products.

NO LONGER A SECONDARY ISSUE

Despite these hopeful examples, Poland as a whole is still a long way from becoming sustainable. Eurocities' Anna Rok believes that the main obstacle preventing Poland from becoming a "smart" country is "the low priority of sustainable development issues in Polish administration, particularly at the national level. Most of our political leaders still consider sustainable development a secondary issue, something to be dealt with when all other problems are solved." ❀

CHAMBERS OF COMMERCE

(listed alphabetically)

Name	Address	Tel. Fax	E-mail Web page	Top executive Title
American Chamber of Commerce in Poland	ul. E. Plater 53, 00-113 Warsaw	(+48) 22 520 59 99 (+48) 22 520 59 98	office@amcham.com.pl www.amcham.com.pl	Dorota Dabrowski <i>Director</i>
Belgian Business Chamber	Al. Jerozolimskie 92, 00-807 Warsaw	(+48) 22 456 40 09 N/A	bbc@belgium.pl www.belgium.pl	Bruno Lambrecht <i>Chairman</i>
British Polish Chamber of Commerce	Al. Szucha 3/14, 00-580 Warsaw	(+48) 22 622 20 56 (+48) 22 622 20 56	info@bpcc.org.pl www.bpcc.org.pl	Antoni F. Reczek <i>Chairman</i>
Chamber of Commerce and Industry Republic of Azerbaijan	ul. Św. Jana 55, 42-200 Częstochowa	(+48) 34 366 46 51 (+48) 34 366 46 51	paig@bigduo.pl www.paig.bigduo.pl	Witold Piecuch <i>President</i>
Czech-Polish Chamber of Commerce	ul. Janáčkova 10, 702 00, Ostrava, Czech Republic	(+42) 596 612 230 (+42) 596 612 231	cpok@opolsku.cz www.opolsku.cz	Jiří Cíenciala <i>Chairman</i>
French Chamber of Commerce and Industry in Poland	ul. Widok 8, 00-023, Warsaw	(+48) 22 696 75 80 (+48) 22 696 75 90	ccifp@ccifp.pl www.ccifp.pl	Maciej Witucki <i>President</i>
Irish Chamber of Commerce	ul. Mysia 5, 00-496, Warsaw	(+48) 22 583 12 07 N/A	N/A www.icc.org.pl	Kenny Morgan <i>President</i>
Italian Chamber of Commerce and Industries	ul. Kredytowa 8/26, 00-062, Warsaw	(+48) 22 828 20 08 (+48) 22 826 09 36	sekretariat@ccip.pl www.ccip.pl	Donato Di Gilio <i>President</i>
Netherlands-Polish Chamber of Commerce	ul. Bielańska 12, 00-085, Warsaw	(+48) 22 279 46 47 (+48) 22 279 46 00	office@nlchamber.com.pl www.nlchamber.com.pl	Geert Embrechts <i>Chairman</i>
Polish-Belarus Chamber of Commerce and Industry	ul. Kopernika 30, 00-336, Warsaw	(+48) 22 828 51 02 (+48) 22 828 51 01	info@pbihp.pl www.pbihp.pl	Józef Łochowski <i>President</i>
Polish-Bulgarian Chamber of Commerce	ul. Bobrowiecka 4A, lok. 54, 00-728 Warsaw	(+48) 22 642 69 60 (+48) 22 642 69 60	biuro@pbih.com.pl www.pbih.com.pl	Yordan Draganchev <i>President</i>
Polish-Canadian Chamber of Commerce	ul. Nowogrodzka 11, 00-513, Warsaw	(+48) 609 370 759 N/A	e.gricuk@pccc.pl www.pccc.pl	Tomasz Lisiecki <i>President</i>
Polish-Chinese Chamber of Commerce	ul. Polna 47, 81-740, Sopot	(+48) 535 308 085 (+48) 58 550 1883	pchig@pchig.pl www.pchig.pl	Adam Błędzi <i>President</i>
Polish-German Chamber of Commerce and Industry	ul. Miodowa 14, 00-246, Warsaw	(+48) 22 531 05 00 (+48) 22 531 06 00	imakowiecka@ahk.pl www.ahk.pl	Peter Baudrex <i>President</i>
Polish-Indian Chamber of Commerce	ul. Bukowska 12, 60-810, Poznań	(+48) 61 865 38 23 (+48) 61 624 21 14	biuro@piig-poland.org www.piig-poland.org	Anna Kobierska <i>Director</i>
Polish-Portuguese Chamber of Commerce	Al. Niepodległości 69, 02-626, Warsaw	(+48) 22 322 76 67 (+48) 22 322 76 67	info@ppcc.pl www.ppcc.pl	Pedro Pereira da Silva <i>Chairman</i>
Polish-Romanian Chamber of Commerce	ul. Grzybowska 5a, 01-132, Warsaw	(+48) 22 630 96 64 (+48) 22 630 96 54	office@prcc.org.pl www.prcc.org.pl	Radosław Czarnecki <i>President</i>
Polish-Russian Chamber of Commerce and Industry	ul. Zimna 2/2, 00-138, Warsaw	(+48) 22 654 73 73 (+48) 22 654 73 88	prihp@prihp.pl www.prihp.com.pl	Hanna Wielgosz <i>President</i>
Polish-Spanish Chamber of Commerce	ul. Arabska 9, 03-977, Warsaw	(+48) 22 511 15 70 (+48) 22 511 15 71	phig@phig.pl www.phig.pl	Stefan Bekir Assanowicz <i>President</i>
Polish-Swedish Chamber of Industry and Commerce	ul. Chmielna 101/102, 80-748, Gdańsk	(+48) 58 763 14 69 (+48) 58 763 14 80	psig@psig.com.pl www.psig.com.pl	Tadeusz Iwanowski <i>President</i>
Polish-Swiss Chamber of Commerce	Al. Niepodległości 69, 02-626, Warsaw	(+48) 22 322 76 25 (+48) 22 322 76 26	swisschamber@swisschamber.pl www.swisschamber.pl	Marek Kondrat <i>President</i>
Polish-Turkish Chamber of Commerce	ul. Trębacka 4, 00-074, Warsaw	(+48) 22 630 97 83 (+48) 22 828 41 99	office@ptcoc.eu www.ptcoc.eu	Marek Nowakowski <i>President</i>
Polish-Ukrainian Chamber of Commerce	ul. Szpitalna 1/28, 00-020, Warsaw	(+48) 22 827 00 81 (+48) 22 827 10 79	info@pol-ukr.com www.pol-ukr.com	Jacek Piechota <i>President</i>
Scandinavian-Polish Chamber of Commerce	ul. Wiśniowa 40B/9 02-520, Warsaw	(+48) 22 849 74 14 (+48) 22 646 49 30	spcc@spcc.pl www.spcc.pl	Carsten Nilsen <i>President</i>

MAJOR OFFICE SPACE IN POLAND

(listed by office gross building area)

Building name Address	GBA (sqm)		Major tenants	Total number of floors / Number of underground floors	Number of underground parking spaces / Number of outside parking spaces	Amenities: Structural cabling / Fiber-optic link	Year completed	Leasing agent / Building manager	Architect / Developer
	Office space / Total	Commercial / Warehouse							
WARSAW									
Rondo 1 Rondo ONZ 1, 00-124 Warsaw	60,000 103,000	5,400 600	EY; Frontex; Domański Zakrzewski Palinka; Baker McKenzie; Volk- swagen Bank	42 2	485 -	✓ ✓	2006	CBRE: 608-641-116 Hochtief Development Poland	Skidmore, Owings & Merrill, AZO, Epstein Hochtief Development Polska
Warsaw Financial Center ul. Emilii Plater 53, 00-113 Warsaw	48,200 49,783	1,583 WND	Bloomberg; CMS Cameron McKenna; Chandbourne & Parke; DLA Piper; Google; Kompania Piwowarska; Wyborowa Pernod Ricard Polska	33 2	333 -	✓ ✓	1998	Tristan Capital Partners: 22 540-7000 Colliers International REMS: Małgorzata Wiśniewska, 22 540-7000	A. Epstein & Sons; Kohn Pedersen Fox Associates Golub & Company
Marynarska Business Park ul. Taśmowa 7, 02-677 Warsaw	43,000 86,000	WND	Netia; Play; Colgate; Palmolive	10 3	1,286 110	✓ ✓	2008	Jones Lang LaSalle: Marzena Zielonka, 22 318-0400 Jones Lang LaSalle	WND Ghelamco
Warsaw Trade Tower ul. Chłodna 51, 00-867 Warsaw	42,300 44,900	- -	WND	46 3	305 245	✓ ✓	1999	Jones Lang LaSalle: Grzegorz Boczek, 501-532-555 WND	WND WND
Mokotów Nova ul. Wotowska 22, 02-675 Warsaw	40,755 WND	WND WND	Ghelamco Poland; Cargill; Hyundai Motor Poland; Medicover; BMW; LG Electronics Polska; Reckitt Benck- iser; CBG International	15 3	972 90	WND ✓	2011	WND DTZ: 22 222-3000	Pracownia Architektoniczna Jaspers & Eyer Partners Ghelamco Poland
Lipowy Office Park ul. Żwirki i Wigury 31, 02-091 Warsaw	38,722 39,373	400 252	Bank Pekao	12 2	461 19	✓ -	2008	CA Immo Real Estate Management Poland: Kamila Wierusińska, 22 540-6540 Cushman & Wakefield	AMC-Andrzej M. Chłodziński Hochtief Development Poland
Poleczki Business Park I ul. Poleczki 33-35, 02-822 Warsaw	37,255 45,000	WND WND	WND	5 1	WND WND	WND ✓	2010	Jones Lang LaSalle: Grzegorz Boczek WND	WND UBM Polska
Park Postępu ul. Postępu 21, 02-822 Warsaw	34,300 36,000	WND WND	WND	6 2	686 128	✓ ✓	2009	ImmoFinanz: Hubert Majda, 665-165-158; Małgorzata Karczewska, 607-015-305 Echo Investment Property Management	APA Wojciechowski Echo Investment
Trinity Park III ul. Domaniewska 49, 02-672 Warsaw	33,000 33,000	- 1,914	WND	10 3	834 65	WND ✓	2009	Knight Frank: Paweł Lot- hammer, 22 596-5050 Knight Frank	WND Ghelamco Group
Horizon Plaza ul. Domaniewska 39A, 02-672 Warsaw	31,344 34,470	3,126 2,004	Nokia Siemens Networks; Getin Noble Bank; Polski Bank Przedsiębiorczości	13 2	532 46	✓ ✓	2009	Colliers International: Olga Winiarska, olga.winiarska@ colliers.com, 664-920-152 Colliers International	JSK Dipl. Ing. Architekten Curtis Development/IVG Poland
ŁÓDŹ									
Green Horizon ul. Pomorska 106, 90-233 Łódź	28,891 31,360	2,470 -	Infosys BPO Poland; Skanska	9 2	WND 18	✓ ✓	2013	Amelia Krauszyk: amelia. krauszyk@skanska.pl, 797-019-741 WND	Medusa Group Skanska Property
University Business Park ul. Wólczańska 178, 90-530 Łódź	18,426 18,426	- -	Accenture; HP; Samsung; Warta; Citibank; Intergraph; Kredyt Bank; Hermann Kirchner; Bankruptcy Management Solutions; Tax Care; Pharmena	7 1	600 WND	✓ WND	2010	GTC: Katarzyna Pankiewicz, 606-286-677 WND	NOW Biuro Architektoniczne Globe Trade Center

MAJOR OFFICE SPACE IN POLAND

(listed by office gross building area)

Building name Address	GBA (sqm)		Major tenants	Total number of floors / Number of underground floors	Number of underground parking spaces / Number of outside parking spaces	Amenities: Structural cabling / Fiber-optic link	Year completed	Leasing agent / Building manager	Architect / Developer
	Office space / Total	Commercial / Warehouse							
Sterlinga Business Center ul. Sterlinga 8A, 91-425 Łódź	12,804 13,423	1,000 100	WND	11 2	170 8	✓ ✓	2010	Cusham & Wakefield: Igor Yankilevich WND	WSP Hines
POZNAŃ									
Malta Office Park ul. Abpa Antoniego Baraniaka 88, 61-131 Poznań	26,000 28,000	- 2,000	Carl Zeiss; McKinsey; Grant Thornton; Samsung Electronics Polska; Ikea; Nextira- One; Altom Akademia; Data System Group	6 1	200 400	✓ ✓	2012	Echo Investment: 41 333-3333 Echo Investment Property Management	Litoborski & Marciniak Echo Investment
Globis Poznań ul. Roosvelta 18, 60-829 Poznań	13,947 13,947	- -	Comarch; BZ WBK; KPMG; Luxmed; PKO; Arvato Polska; GPD Advertising; PTK Centertel	11 2	225 WND	✓ WND	2003	GTC: Katarzyna Pankiewicz, 606-286-677 Globe Trade Centre	Pentagram Architekci Globe Trade Centre
Malta House ul. Abpa Antoniego Baraniaka 1/17, 00-054 Poznań	12,520 15,451	2,195 400	Skanska	7 2	275 -	✓ ✓	2013	Justyna Płonka: justyna. plonka@skanska.pl, 797-229-079 WND	Pentagram Architekci Skanska Property Poland
WROCŁAW									
Grunwaldzki Center Pl. Grunwaldzki 23-27, 50-365 Wrocław	24,001 WND	2,338 WND	Global e-Business Op- erations; Credit Suisse; Skanska; McKinsey; Amrest	16 2	391 -	WND WND	2008	WND Colliers International REMS: Anna Sienkiewicz	WND Skanska Property Poland
Bema Plaza Pl. Bema 2, 50-265 Wrocław	23,512 28,351	4,419 420	Google; NSN; UPS; Ghelamco	9 2	397 -	✓ ✓	2008	Knight Frank: 71 790-2710 Knight Frank: 71 790-2710	Ghelamco Ghelamco
Globis Wrocław ul. Powstańców Śląskich 7A, 53-332 Wrocław	15,476 15,476	- -	HP; Bank Citi Hand- lowy; Raiffeisen Bank; HDF; Medicovert	12 1	200 WND	✓ WND	2008	GTC: Katarzyna Pankiewicz, 606-286-677 Globe Trade Centre	Studio EL GTC
KRAKÓW									
Buma Square ul. Wadowicka 6, 30-415 Kraków	22,903 28,229	4,445 135	Sabre; Tesco; Ericpol; Eniro; BBH	7 -	- 540	- ✓	2005	Piotr Kiliński Colliers International Poland: Magdalena Suder, 666-819-254	WND Buma; Bumatech
Galeria Kazimierz Biurowiec ul. Podgórska 34, 31-536 Kraków	15,666 15,666	- -	State Street	5 2	25 -	✓ WND	2008	GTC: Katarzyna Pankiewicz, 606-286-677 Globe Trade Centre	IMB Asymetria Globe Trade Centre
Enterprise Park Al. Powstańców Wielkopolskich 13C, 30-707 Kraków	15,165 WND	- -	Cisco; Delphi	4 1	297 25	✓ ✓	2012	Avestus Real Estate: 22 520-6000 Avestus Real Estate: 22 520-6000	DDJM Avestus Real Estate
TRI-CITY									
Łużycka Office Park - zespół 5 budynków ul. Łużycka 6, 81-512 Gdynia	22,500 33,000	- -	Nordea; Geoban; Sony Pictures; Misys; WNS; Allcon	6 1	429 271	✓ ✓	2010	Łużycka Investment: Halina Gniadecka, 58 660-1998 Łużycka Investment: 58 660-1900	Aedas Polska Allcon Investment
Arkońska Business Park I (kompleks 2 budynków biurowych) ul. Arkońska 6, 80-387 Gdańsk	11,302 15,824	- -	BZ WBK; First Data	6 1	130 25	✓ ✓	2008	Knight Frank: Paweł Lot- hammer; 22 596-5050 Knight Frank: Wojciech Wandałowski; 58 303-6076	APA Wojciechowski Torus

MAJOR OFFICE SPACE IN POLAND


(listed by office gross building area)

Building name Address	GBA (sqm)		Major tenants	Total number of floors / Number of underground floors	Number of underground parking spaces / Number of outside parking spaces	Amenities: Structural cabling / Fiber-optic link	Year completed	Leasing agent / Building manager	Architect / Developer
	Office space / Total	Commercial / Warehouse							
ALLCON@park 1, 2 ul. Stowackiego 171, 173, 80-298 Gdańsk	10,000 10,730	WND WND	Intel Technology Poland	7 -	- 301	✓ ✓	2005	Stowackiego Investment: Halina Gniadecka, 58 660-1998 Stowackiego Investment	Eugeniusz Nester Stowackiego Investment
KATOWICE									
Centrum Biurowe Francuska ul. Francuska 34, 40-028 Katowice	21,504 21,504	WND WND	Vattenfall; Ruch; Rockwell; Oracle; Bank Millennium; Nordea Bank; KPMG; Philips Lighting; American Heart of Poland; Arpid; Berlitz	9 2	370 24	✓ WND	2010	GTC: Katarzyna Pankiewicz, 606-286-677 GTC	APA Wojciechowski Globe Trade Centre
Katowice Business Point ul. Ściegiennego 3, 40-114 Katowice	16,200 17,500	WND WND	Tauron PE; PwC; Grupa Żywiec; PTWP; Northgate Arinso	13 3	200 30	WND ✓	2010	Jones Lang LaSalle: Kamil Krępa, 503-120-823 Cushman & Wakefield: Piotr Przyżycki, 22 820-2020	WND Ghelamco Poland
Altus ul. Uniwersytecka 13, 40-007 Katowice	15,220 65,361	4,427 WND	Capgemini; Steria Polska; Deloitte	34 3	550 -	✓ ✓	2003	Knight Frank: Grzegorz Pytlarz Knight Frank: Magdalena Nawrat	Biuro Architektoniczne ARKAT mgr inż. Dieter Paleta Business Centre 2000

Notes: GBA = Gross Building Area, WND = Would Not Disclose. Research for the list was conducted in May 2013. All information pertains to the companies' activities in Poland.
The entire list is available at: www.bookoflists.pl

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BUSINESS ORGANIZATIONS

(listed alphabetically)

Company name Address Tel./Fax E-mail Web page	Number of members	Membership fee (zł.)	Registration fee (zł.)	Market sectors	Services	Year founded	President of organization
Business Centre Club Pl. Żelaznej Bramy 10, 00-136 Warsaw 22 625-3037/22 621-8420 biuro@bcc.org.pl www.bcc.org.pl	2,500	Varied	None	All sectors	Providing economic law information (Polish and EU); promotion and advertising; mediating crisis situations; advice and consulting on economic law, tax, manager training, EU funds, legal transformation of companies, cost reduction, recruitment and selection, restructuring; representing companies' interests; partner and contractor acquisition intermediation; posting and dissemination of information and companies' offers	1991	Marek Gólszewski
Employers of Poland ul. Brukselska 7, 03-973 Warsaw 22 518-8700/22 828-8437 sekretariat@pracodawcyrp.pl www.pracodawcyrp.pl	Over 7,500	Varied	The amount of monthly membership fee	Banks; construction; chemicals; advisory; education; power engineering; pharmaceuticals; finance; mining industry; steel mills; IT; infrastructure; media; automotive; clothing; mail; law; health services; shipyards; telecom; transport; tobacco; insurance; gas; consulting; property development; fuel industry; mineral industry; arms industry; waste management; logistics; food industries	Members' rights and interests representation; social relations management; support for Polish employers and entrepreneurs acquiring EU funds; economic consultancy; legislative applications; market research; legal advice; expertise; representation of Polish entrepreneurs in EU institutions; trainings	1989	Andrzej Małinowski
Krakowska Kongregacja Kupiecka ul. Garbarska 14, 31-131 Kraków 12 421-2442/12 430-0481 kongregacja@kongregacja.pl www.kongregacja.pl	WND	WND	WND	Trade; gastronomy; services	Legislative initiatives; tax and law consulting; training; member services	1410	Wiesław Jopek
Polish Business and Innovation Centers Association ul. Baśniowa 3/312, 02-349 Warsaw 22 465-8416 biuro@sooipp.org.pl www.sooipp.org.pl	Over 250	WND	None	Institutions supporting economic development-enterprise incubators; technology parks; technology transfer centers; training-consulting centers; loan and security funds; non-profit institutions; public-private partnership; academic entrepreneurs	Meetings; lectures; trainings; consulting; conference and symposium organization; publishing of information and training papers; building information systems; enterprise; innovations; regional and local development research	1992	Marzena Mażewska
Polish Business Club Association Public Benefit Organization ul. Rzeźbiarska 80, 04-620 Warsaw 22 813-9797/22 870-0705 pkb@pkb.org.pl www.pkb.org.pl	200	2,000	2,000	SMEs; transport; insurance; automotive; service-retail companies; medical services	Support for Polish enterprise development; business representation of members in Poland and abroad; maintaining relations with local authorities and government	1990	Ryszard Konwinski
Polish Chamber of Commerce ul. Trębacka 4, 00-074 Warsaw 22 630-9600/22 827-4673 kig@kig.pl www.kig.pl	151	2,400/per year	100	Industrial and commercial sectors	Export support; training; contact facilitating; fairs and conferences organization; promotion; public relations	1990	Andrzej Arendarski
Polish Chamber of Commerce of Importers, Exporters and Cooperation ul. Św. Marcin 80/82, 61-809 Poznań 61 851-7848/61 851-7828 izba@pcc.org.pl www.pcc.org.pl	500	100-350	200	Food, metal industry; plastics; furniture; trade; renewable energy; automotive	Advisory; information; training; documents legalization; electronic signature	1995	Henryk Judkowiak
Polish Chamber of Exhibition Industry ul. Cłogowska 26, 60-734 Poznań 61 866-1532/61 866-1053 info@polfair.com.pl www.polfair.com.pl	WND	WND	WND	Trade fairs and exhibitions; construction; architecture; transportation and forwarding exhibition; advertising; marketing; media; business catering and hotel industry	Lobbying efforts on integration of trade fair, fair promotion, publishing; education in the field of trade fair marketing and promotion of ethical business behavior	1993	Andrzej Byrt

BUSINESS ORGANIZATIONS

(listed alphabetically)

Company name Address Tel./Fax E-mail Web page	Number of members	Membership fee (zł.)	Registration fee (zł.)	Market sectors	Services	Year founded	President of organization
Polish Chamber of Power Industry and Environment Protection ul. Krucza 6/14, 00-950 Warsaw 22 621-6572/22 628-7838 sekretariat@igeos.pl www.igeos.pl	108	WND	WND	Power engineering	Conferences; training; consulting; promotion	1993	Dariusz Lubera
Polish Chamber of Security Alarm Systems ul. Próźna 12A, 00-107 Warsaw 22 620-4557/22 654-5732 pisa@pisa.org.pl www.pisa.org.pl	99	100	1,000	All sectors which require technical security and support	Consultancy on security; expertise; vocational and special training	1994	Mirosław Krasnowski
Confederation Lewiatan ul. Z. Cybulskiego 3, 00-725 Warsaw 22 559-9900/22 559-9910 lewiatan@konfederacjalewiatan.pl www.konfederacjalewiatan.pl	3,750	WND	None	Banks; financial institutions; insurance; automotive; media; food industry; chemicals; pharmaceuticals; cosmetics; aviation	Economic law lobbying; giving opinions about legal acts projects and budget; representation for Tripartite Commission; negotiations with trade unions; representation of Polish entrepreneurs in European institutions; support of day-to-day activities of members; workshops; trainings; conferences; contact with Polish and foreign experts	1999	Henryka Bochniarz
Polish Craft Association ul. Miodowa 14, 00-246 Warsaw 22 504-4200/22 504-4220 zrp@zrp.pl www.zrp.pl	Around 300,000	Varied	None	Micro-enterprises, small and medium-sized businesses	Public services	1933	Jerzy Bartnik

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



EUROPEAN UNION FUNDS CONSULTING COMPANIES

Ranked by funds procured (2007-2013 programs) till January 31, 2013

Rank	Company name Address Tel./Fax E-mail Website	General classification			Total amount of subsidies (mln zł) for: Public administration / SMEs / Large enterprises	Number of qualified projects for: Public administration / SMEs / Large enterprises	Selected clients	Total number of employees / Year founded in Poland	Top local executive / Title
		Total amount of subsidies (mln zł) / Number of qualified projects	Programs and activities	Sample projects					
1	DGA SA ul. Towarowa 35, 61-896 Poznań 61 859-5900/61 859-5901 dgasa@dga.pl www.dga.pl	2,972.4 91	POKL (2.1.1; 3.3.4; 4.2; 5.2.1; 7.2.1; 8.1.1; 8.1.2; 9.1.2; 9.2; 9.3); POIG (1.4; 2.1; 2.2; 4.1; 4.4; 6.1; 7.8.1; 8.2); POIS (4.3; 11.2; 11.3; 12.2; 13.1); RPO WŚ (1.1; 1.2.2; 1.3); RPO WM (1.1; 1.5); RPO WŁ (1.1; 2.7; 3.6; 4.1; 5.4); WRPO (1.2; 2.2; 2.7; 6.1; 6.2); MRPO (1.2); RPO WZ (1.3; 6.2); RPO WK-P (4.1; 7.2); RPO WiM (1.1); PROW (3.1.3; 3.2.2; 3.2.3); RPO WP (1.2; 5.1)	"Towards a new job - outplacement program in Łódzkie voivodship"; "Energy efficiency in practice"; creation of Chorzów Information and Communication Technologies Park; construction of a new manufacturing plant and purchase of innovative technology by Curtis Healthcare; modernization of alternative power infrastructure in Polish Mother's Memorial Hospital- Research Institute in Łódź	2,605.0 100.7 265.1	46 26 17	WND	19 1990	Andrzej Glowacki President
2	Polinvest Sp. z o.o. ul. Jana Brozka 3, 30-347 Kraków 12 263-7002/12 263-7001 polinvest@polinvest.pl www.polinvest.pl	2,440.0 32	POIS (1.2; 2.1; 9.1; 9.2; 10.1; 10.2; 12.1)	Construction of Regasification Terminal for Liquefied Natural Gas in Swinoujście; Wierchowice Underground Gas Storage; Waste Incineration Plant in Kraków; opening and equipping a trauma center at University Hospital in Kraków; Elk and Olecko adjustment from propane-butane gas to E gas using LNG technology	147.0 - 2,293.0	4 - 28	PGNiG; Gaz System; KHK; Warsaw City Hall; Marshall's Office of Małopolskie Voivodship	20 1989	Wiesław Samitowski President
3	Crido Taxand Sp. z o.o.⁽¹⁾ ul. Grzybowska 5A, 00-132 Warsaw 22 324-5900/22 324-5901 crido@taxand.pl www.taxand.pl	2,285.1 98	POIG (1.4-4.1; 4.2; 4.3; 4.4; 4.5.1; 4.5.2; 6.1; 8.1; 8.2); POKL (2.1.2; 8.1.1; 9.2); PROW (1.2.3); PO RPW (1.3); JESSICA	Construction of car windows production plant; construction of innovative tires production plant; logistics center for clothing industry; construction of innovative paper production plant; extension of innovative rail vehicles production plant	50.3 408.7 1,825.3	2 35 53	WND	74 2005	Michał Cwizda; Andrzej Punciewicz; Paweł Toński Board Members
4	EGC Consulting Group T. Chmielecki, T. Kępcerski, P. Mazurek Sp.j. ul. Żeligowskiego 3/5, 90-752 Łódź 42 250-5358/42 250-5371 biuro@egc.pl www.egc.pl	2,039.7 525	POIG (1.4-4.1; 4.2; 4.3; 4.4; 4.5.1; 4.5.2; 4.6; 5.4.1; 6.1; 8.1; 8.2); POIS (12.1); PROW (1.2.3); POKL (2.1.1; 6.1.1; 8.1.1); RPO WD (1.1); RPO WŁ (3.1; 3.2; 3.3; 3.4; 3.5; 3.6; 4.3; 5.1; 5.3); MRPO (2.1; 2.2B); RPO WM (1.5); RPO WO (1.3.2; 1.4.1); RPO WP (1.4.2; 3.2); RPO WŚ (1.2.2; 1.2.4); RPO WiM (1.1.9); WRPO (1.2); RPO WZ (1.1.2; 1.1.3)	Implementation of innovative technology of hydrothermal liquefaction of biomass using microwave radiation; development of R&D infrastructure conducting research in the field of food quality and health safety; starting the production of two-layer nano-copper paving based on innovative technology; implementation of innovative technology of cushioning packaging production; pioneering method of producing electricity and heat in the thermal waste treatment	138 1,804.5 221.4	5 505 15	Instytut Chirurgii Cybernetycznej; Odlewnia Białystok; CBR EPAR; Zakład Mechaniczno-Odlenniczy Józef Brzeziński; Przedsiębiorstwo Produkcji Spożywczej Zelpol	16 2004	Tomasz Chmielecki; Tomasz Kępcerski; Przemysław Mazurek Managing Partners
5	KPPM Doradztwo Sp. z o.o. ul. Św. Wawrzyńca 15/35, 31-060 Kraków 12 430-0114/12 430-0114 biuro@kppmd.pl www.kppmd.pl	1,386.0 82	POIG (1.1; 1.3; 1.4-4.1; 2.1; 2.2; 2.3; 4.4; 5.4.1; 6.4); RPO WM (1.1; 1.2; 1.4; 2.1; 2.2; 6.1; 6.2; 7.1; 7.2); POIS (2; 11; 12; 13); RPO WD (6.4); MRPO (1; 2; 3; 4; 5; 6; 7; 8); RPO WŚ (4.1); POKL (4.1.1; 4.1.2; 8.1.1)	Construction of building for Center for Advanced Systems Studies in Military University of Technology; improving the functionality of the Grand Theatre-National Opera in Warsaw; "Ochota" Center of New Technologies for University of Warsaw; building of the Faculty of Engineering and Environment - Water Centre for Warsaw University of Life Sciences; "The new adventure paths" in the Wieliczka Salt Mine	1,300.0 62.0 24.0	58 24 2	Warsaw University; Military University of Technology; Institute of Electronic Materials Technology; Uzdrawisko Krynica-Żegiestów; Grand Theatre-National Opera in Warsaw	11 2004	Krzysztof Dadej President

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		Total amount of subsidies (mln zł) / Number of qualified projects	Programs and activities	Sample projects					
6	PNO Consultants Sp. z o.o. ul. Ostrobramska 75C, 04-175 Warsaw 22 611-7320/22 611-7321 info.pl@pnocee.com www.pnocee.com	1,150.0 110	POIG (1.4-4.1; 4.2; 4.4; 4.5.1; 4.5.1); POIS (4.5; 5.1.3; 9.4; 10.2); POKL (2.1.1; 8.1.1); RPO; PROW; Marco Polo; Life+; Eco-Innovation	Creation of Research and Development Center for airline industry; construction of Glass Recycling Center; creation of Ceramic Materials Research and Development Center; implementation of production technology of innovative profiles and panels for sectional doors	9.0 315.0 826.0	3 41 66	Soda Polska Ciech; Alkat; Gerda Hydomat; Wobi-Stal; Airbus Military Eads PZL Warszawa-Okęcie	30 2005	Tomasz Hoffmann President
7	PWB Sp. z o.o., Sp.k. ul. Garbary 56/12, 61-758 Poznań 61 850-1151/61 850-1151 info@pwb.com.pl www.pwb.com.pl	1,026.0 181	POIS (4.6; 9.4; 10.3); POG (4.4; 4.5.1; 8.2); RPO Wł (2.9); RPO WM (4.3); RPO WP (5.2); RPO WO (1.3.2); POKL	Use of innovative solutions in order to start production of container glass; starting production of converters for wind turbines; QR Shoper – e-services supporting the sale of products and services with access via QR code	9.0 922.9 95.1	3 174 4	WND	10 2002	Przemysław Kowalski Managing Partner
8	METROPOLIS Doradztwo Gospodarcze Sp. z o.o. ul. Zakopiańska 197, 60-467 Poznań 61 820-5444/61 820-1351 info@metropolisdg.pl www.metropolisdg.pl	780.6 182	POIG (1.4-4.1; 4.3; 4.4; 8.1; 8.2); POIS (4.2; 4.3; 4.5; 4.6; 7.4; 9.1; 9.2; 9.4; 10.2); POKL (2.2.1; 5.2; 8.1.1); PO RPW (III.2); PROW (1.2.1; 1.2.3; 3.1.2); LRPO (2.2); WRPO (1.1; 1.2; 1.4; 6.2); RPO WK-P (5.2.2); RPO WL (1.7); RPO Wł (III.6); RPO WM (1.5); RPO WP (1.2); RPO WZ (1.1.2; 2.2.2; 4.1); Program Priorytetowy NFOŚiGW System Zielonych Inwestycji (GIS)	Construction of denitrification installation for boiler K7 and K8 in Rybnik Power Plant; conversion of OP 140 for a biomass fueled CFB boiler in Dalkia Poznań ZEC; construction of biogas plant in Dziatyl; implementation of the patented technology of nano-copper production; construction of denitrification installation in Gdańsk Power Plant	0.2 454.5 325.9	2 157 25	Elektrownia Rybnik; Elektrociepłownie Wybrzeże; Dalkia Poznań Zespół Elektrociepłowni; Krono Port; Bartex-Bartol	20 2005	Bartosz Janc, Wojciech Nawrocki, Łukasz Bartkiewicz President; Board Members
9	Europejskie Centrum Przedsiębiorczości Sp. z o.o. ul. Kopernika 34, 00-336 Warsaw 22 826-3700/22 826-3533 eucp@eucp.pl www.eucp.pl	753.9 WND	RPO WM (1.5; 6.1; 6.2; 7.3); RPO WiM (1.1.7); MRPO (3.1); POIG (1.4-4.1; 4.4; 6.5.2; 8.2); POKL (2.1.1; 6.2); PO RPW (1.3); POIS (1.1)	"Start Your Own Business"; "General Motors Academy"; Improving the skills and competences of Deutsche Bank PBC's staff; House of Senior Musician in Kąty; Innovative production of synthetic fuel from bioethanol	668.6 143.1 4.5	3 5 1	Deutsche Bank PBC; General Motors; Businessman Fun Club; Fundacja Dom Muzyka Seniora; Ekobenz	16 2003	Piotr Stefaniak President
10	A1 Europe Sp. z o.o. ul. Wadowicka 8A, 30-519 Kraków 12 259-8070/12 398-2188 biuro@a1europe.pl www.a1europe.pl	510.2 150	POIG (1.4-4.1; 3.3.2; 4.3; 4.4; 6.1; 8.1; 8.2; 8.4); PROW (1.2.3; 3.1.2); POKL (8.1.1); POIS (4.6; 11.2); MRPO (2.1A; 2.1B; 2.2B; 3.1C; 3.3B; 7.2); RPO WSL (1.2.3; 1.2.4); RPO WP (1.1; 1.2); RPO Wł (III.2); EOG	Diversification of production for Lakma; implementation of innovative technologies for data security and processing in Polcom Data Center; film studio and movie set for Alvernia Studios in Nieporaz; modern dental implant center; B2B platform for sharing remote work; IT services outsourcing	237.1 270.6 2.5	9 140 1	WND	16 2003	Przemysław Sulich President

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		Total amount of subsidies (mln zł) / Number of qualified projects	Programs and activities	Sample projects					
11	Business Mobility International Sp. z o.o. ul. Lutostawskiego 18, 76-200 Słupsk 59 845-6301/59 845-6301 office@bm-intl.2com.pl www.bm-intl.2com.pl	219.7 70	RPO WiM (5.1; 6.1.2; 6.2.1); RPO WP (2.2; 3.1.1; 4.1; 5.4.1; 5.5.1; 8.2.1; 9.1; 9.1.4); RPO WZP (1.2.2; 2.1.2; 4.3; 5.1.1; 5.2; 5.2.2; 6.6.1); RPO WD (2.1; 3.1; 4.2; 4.3; 6.2; 6.4; 6.5; 9.1); RPO WM (4.1; 6.2; 7.1); WRPO (2.2; 3.4; 5.3; 5.5; 6.1); RPO Wł (3.4); RPO WP (9.2.1); POIS (12.1)	Construction of sewage system in Nowe Miasto Lubawskie; construction of sports and entertainment hall in Koszalin; purchase of equipment and devices for passenger terminal and airport maintenance; "Sunny Kościerzyna - building solar installations as a chance to use renewable energy sources for sustainable improvement in air quality"; modernization of IT infrastructure along with creation and sharing of databases of cultural events performed by the Sudecka Philharmonic in Wąbrzych	219.7 - -	70 - -	Gmina Nowe Miasto Lubawskie; Gmina Miasto Rzeszów; Powiat Słupski; Gmina Dolsk; University of Technology in Koszalin	5 2001	Joanna Urbańska President
12	PM Doradztwo Gospodarcze Sp. z o.o. ul. Grochowska 39A, 31-516 Kraków 12 292-7632/12 292-7632 biuro@pmdg.pl www.pmdg.pl	146.3 78	POKL (8.1.1); MRPO (2.1A; 3.2A); POIG (8.2); RPO WŚ (9.1)	"New qualifications - new job. Outplacement program in Małopolskie voivodship"; "Improving the competitiveness of WG System by using WG Spider technology for manufacturing mounting tools for glass in production of rotule"; "Improving the quality of medical services through the purchase of paging systems and modernization of Sanatorium Złocień facilities in order to adapt it to rehabilitation pool function"; restoration of Bractwo Strzeleckie's building and its surroundings and adaptation for the City Gallery; "Increasing the competences of workers in the food processing industry by providing training and consultancy in the field of HACCP"	104.0 33.6 8.7	23 49 6	Przedsiębiorstwo Energetyki Ciepłej TERMOWAD; Assecco Poland; Gmina Miasta Tarnów; Grupa Polska Składy Budowlane; Ecolab	41 1997	Jakub Stupński President
13	EUROSTO Michał Szymczak, osoba fizyczna prowadząca działalność gospodarczą ul. Dworcowa 4, 85-009 Bydgoszcz 52 582-1173/52 552-9479 biuro@eurosto.pl www.eurosto.pl	101.2 26	RPO WD (6.4; 9.1); RPO WK-P (5.2.1); PROW (3.1.2); POKL (6.1.1); RPO WiM (7.1); PO RYBY (4.1.1)	"Desirable qualifications for the residents of Lipno region - fighting unemployment over 50"; "Development of municipal broadband network in Elbląg"; "Construction of the small tourist infrastructure and renovation of the pedestrian and cycling lane by Stawno - Nowe Grodzisko road"; "Renovation of the front and back elevation along with thermal insulation of a building on PL Powstańców Wielkopolskich 1 in Wrocław"; "Digitization of Jerzy Szaniawski Drama Theatre in Wąbrzych"	98.4 28 -	12 14 -	Elbląg City Hall; Środa Śląska City Hall; Gmina Milicz; Jerzy Szaniawski Drama Theatre in Wąbrzych	7 2007	Michał Szymczak Executive Director

EUROPEAN UNION FUNDS CONSULTING COMPANIES

Ranked by funds procured (2007-2013 programs) till January 31, 2013

Rank	Company name Address Tel./Fax E-mail Website	General classification			Total amount of subsidies (mln zł) for: Public administration / SMEs / Large enterprises	Number of qualified projects for: Public administration / SMEs / Large enterprises	Selected clients	Total number of employees / Year founded in Poland	Top local executive / Title
		Total amount of subsidies (mln zł) / Number of qualified projects	Programs and activities	Sample projects					
14	HRP Group Sp. z o.o. Al. T. Kościuszki 39, 90-418 Łódź 42 637-9030/42 637-9031 biuro@hrpgroup.com.pl www.hrpgroup.com.pl	84.2 104	POKL (1.1; 2.1.1; 6.1; 8.1; 9.1.1); POIG (8.1); NGO Block Grant Fund Swiss-Polish Cooperation Programme	*Pl: Dialogue between generations – effective management of generations in your company; *Remote education II; *Silver business	6.2 55.5 22.5	6 73 25	WND	50 2006	Konrad Jaszczyński; Monika Chwaszcz-Bogusiewicz President; Board Member
15	Grupa Gumulka – Euroedukacja Sp. z o.o. ul. Jana Matejki 4/5, 40-077 Katowice 32 790-2297/32 203-5829 euroedukacja@gumulka.pl www.gumulka.pl	57.0 18	POIG (8.2); RPO WSL (1.2.4; 1.3; 2.2; 3.2; 4.1; 5.3; 6.2.1; 7.1); POKL (8.1; 8.2)	Modernization of IT system of the Provincial Hospital in Bielsko-Biała, in order to introduce eZdrowie electronic services and modernize management processes; *Development of infrastructure for economic development; construction of a road connecting ul. Serdeczna and ul. Oświęcimska in Tychy; construction of a skate park with accompanying facilities and rebuilding of infrastructure for active forms of tourism in Jacek Kuroń Park in Sosnowiec	53.2 2.1 1.7	11 4 3	Gmina Miasta Knurów; TECHNOPARK GLIWICE Science and Technology Park; Gmina Kuźnia Raciborska; Gmina Miasta Sosnowiec; Skotan	14 2004	Jacek Szulcer President
16	Kancelaria Doradztwa Gospodarczego Cieślak & Kordasiewicz Sp.j. ul. Piłicka 26, 02-613 Warsaw 22 499-5180/22 349-9753 kdg@kdg.waw.pl www.kdg.waw.pl	28.7 56	RPO WM (1.2; 1.5; 1.7; 2.3); POIG (1.3.2; 3.3.2; 4.3; 6.1); POKL (9.1.1); RPO WL (1.2)	Acquisition of industrial property for quick estimation methods for aero-elastic properties of the aircraft during flutter flight tests; Increasing PKP Intercity's competitiveness and innovation by establishing R&D cooperation with research unit; Development of medical center Kardiomed Ursus through the purchase of specialized medical equipment and implementing innovative services in health-care sector	2.0 25.5 1.2	15 40 1	WND	WND 2004	Rafał Cieślak; Jan Kordasiewicz
17	EuroSpektrum Katarzyna Świder, Grzegorz Bratek Sp.c. ul. Drobnera 36/19, 50-257 Wrocław 71 733-6995/71 733-6992 biuro@eurospektrum.pl www.eurospektrum.pl	18.2 37	POIG (6.1; 8.1; 8.2); POKL (6.1; 6.3; 7.3; 7.4; 8.1; 9.1; 9.5); RPO WD (1.1)	*Competence in Sales and Marketing; *The road to employment for people with disabilities; *Academy of Female Managers; Implementation of modern and innovative trading platform supporting a unique on-line transactions process for marketing services; Creation of an internet platform integrated with mobile platform allowing the creation of shopping lists, pricing reviews and ordering of FMCG products from on-line stores cooperating with the platform	1.7 16.5 -	7 30 -	Mediaverse; Dolnośląska Organizacja Turystyczna; DZPN; Plasticman TR Invest	15 2007	Katarzyna Świder, Grzegorz Bratek Owners

Notes: WND = Would Not Disclose. Research for the list was conducted in February 2013. Number of employees is as of February 2013. All information pertains to the companies' activities in Poland. Companies not responding to our survey are not listed. POKL – Operational Program "Human Capital", POIG – Operational Program "Innovative Economy", POIS – Operational Program "Infrastructure and Environment", PO RPW – Operational Program "Development of Polish Eastern", OPPT – Operational Program "Technical Assistance", RPO – Regional Operational Programs.

Footnotes: (1) Until March 2013 under the name: Accreo Taxand.

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✉ @pwcpoland@pl.pwc.com



The Polish Information and Foreign Investment Agency (PAIIZ) has been servicing investors for over 20 years. Its mission is to create a positive image of Poland in the world and increase the inflow of foreign direct investment by encouraging international companies to invest in Poland. The Agency offers foreign entrepreneurs: quick access to information regarding the economic and legal investment environment, assistance in finding a convenient investment location, help in obtaining investment incentives, guidance through all of the necessary

administrative and legal procedures and advice in each phase of the investment process.

Contact:

paiz.gov.pl
ul. Bagatela 12, 00-585 Warsaw
☎ +48 22 334-9875
☎ +48 22 334-9889
✉ @post@paiz.gov.pl or @invest@paiz.gov.pl

INDUSTRY PARTNERS



Bank Pekao has operated for more than 80 years and is one of the largest financial institutions in Central and Eastern Europe. In terms of assets it is the second-largest bank in Poland. The bank operates the second-largest network of branches (1,003) in Poland and more than 5,500 ATMs in Poland and nearly 20,000 in Europe. It belongs to one of the biggest Pan-European financial groups, UniCredit, which operates in 22 European countries with a network of 9,300 branches and around 156,000 employees.

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☎ +48 22 656-0000
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CBRE Group, Inc., a Fortune 500 and S&P 500 company headquartered in Los Angeles, is the world's largest commercial real estate services and investment firm (in terms of 2012 revenue). The Company has approximately 37,000 employees (excluding affiliates), and serves real estate owners, investors and occupiers through more than 300 offices (excluding affiliates) worldwide. CBRE has over 400 professionals and 11 service lines across 3 offices in Poland. CBRE offers fully integrated real estate services, including building consultancy, capital markets, corporate outsourcing, development consultancy, industrial and logistics, office agency, portfolio management, property and asset management, research and consultancy, retail and valuation. Please visit our website at www.cbre.pl.

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 @ firma@pl.randstad.com

CHAMBERS OF COMMERCE PARTNERS



The American Chamber of Commerce in Poland (AmCham) is a leading business organization that strives to serve and promote over 330 companies as an important voice of business in Poland; to foster a positive relationship with the government and promote the free market spirit for the benefit of the Polish business environment. AmCham achieves its goals through a number of activities, including monthly meetings and business mixers. At present there are 19 committees that represent all aspects of the economy, from employee & labor relations, to IT, outsourcing, taxation, real estate and unconventional gas. And to promote its values and know-how AmCham runs its own magazine, *American Investor*.

amcham.pl
 @ office@amcham.com.pl



The Belgian Business Chamber (BBC) is an employers' union which brings together Belgians who exercise an economic activity in Poland and Poles who have a strong interest or link with Belgium. For its members, the BBC organizes different networking events such as business mixers, business breakfasts, seminars conferences and trainings. The BBC is also a forum for exchanging valuable knowledge and experience on how to successfully do business in Poland. Currently the BBC brings together over 80 companies.

belgium.pl
 @ bbc@belgium.pl



The British Polish Chamber of Commerce (BPCC) is an independent, not-for-profit organization, which assists in the development of British-Polish business links. The current membership represents the broadest range of industrial and commercial sector. The BPCC holds around 75 events annually and partners in over 200 across the UK and Polish regions. The BPCC has established Policy Groups to promote best business practice – often transferring knowledge and experience from the UK – and to encourage structural and regulatory reforms in Poland. The BPCC has promoted business, trade and cultural relations between Poland and the UK since 1992.

bpcc.org.pl
 @ info@bpcc.org.pl



The Polish – Chinese Chamber of Commerce (PCHIG) is the only bilateral chamber which supports Polish companies in the Chinese market. Through our offices in China, we provide advice in areas such as finding reliable suppliers from China, entering the Chinese market, as well as brand and company registration in China. If you want to begin importing from China, or want to begin trading with China, or if you have difficulties in trading with China, our experts are ready to help.

pchig.pl
 @ pchig@pchig.pl

CHAMBERS OF COMMERCE PARTNERS



The French Chamber of Commerce and Industry in Poland (CCIFP) is an employers' association bringing together over 400 French and Polish firms. For 19 years CCIFP has been working for the interests of Polish and French investors by acting as a platform for networking and for the exchange of business experiences and best practices between companies. In 2012 CCIFP organized around 100 events such as business mixers, conferences, seminars, meetings with influential politicians and economists, bringing together nearly 6,000 participants.

ccifp.pl
@ccifp@ccifp.pl



The Polish-Indian Chamber of Commerce is a business organization which assists in the development of Polish-Indian business links. It has been working for the interest of Polish and Indian employers by acting as a platform for networking and for the exchange of business experiences and best practices between companies from both countries. The Chamber achieves its goal through a number of activities including conferences on doing business in India and business missions. It also assists its members and non-members in searching for business partners and in providing business information and consulting services.

piig-poland.org
@biuro@piig-poland.org



The Scandinavian-Polish Chamber of Commerce (SPCC) is one of the biggest bilateral chambers in Poland; currently it has more than 350 members. It was established in 2004 as a merger of Danish, Finnish, Swedish and Norwegian business organizations. These are all now National Sections of the SPCC. The main office is located in Warsaw and regional representatives are active in Poznań, Tri-city, Kraków, Szczecin and Wrocław. SPCC offers its members a wide range of activities, such as networking business mixers, seminars, thematic branch committees, conferences and breakfast meetings with renowned personalities from the political and economic worlds. Membership of SPCC offers not only networking opportunities with an elite group of high-performing managers of Nordic companies, but is also a way of finding inspiration for everyone who would like to expand their own business.

spcc.pl
@spcc@spcc.pl



The German-Polish Chamber of Industry and Commerce (AHK Poland) is the largest bilateral organization of economic self-governance in Poland and one of the most influential German chambers of industry and commerce (AHKs) in the world. It represents around 1,000 member companies and has been working to develop German-Polish relations for 18 years. The organization's offer includes professional consulting for German and Polish companies, facilitation of contacts between them and finding of trustworthy business partners, as well as market analysis and help in setting up new companies abroad.

ahk.pl
@info@ahk.pl



The Netherlands-Polish Chamber of Commerce's mission is to promote business contacts between our members and between the Netherlands and Poland through events, networking meetings, our magazine, *Bulletin*, and our website. The chamber's main activities are monthly business drinks, educational services, business breakfasts and lunches and regular meetings with ministers and senior government officials. An interest in the Netherlands is all that is required to join.

nlchamber.com.pl
@office@nlchamber.com.pl



The Polish-Spanish Chamber of Commerce (PHIG) was created in 2000 on the initiative of Polish and Spanish companies. Its key aim is to encourage cooperation between enterprises from the two countries, as well as to help protect and represent their interests. PHIG assists its members in searching for business partners, and in providing business information and consulting services. It also offers translation services and helps firms find qualified staff.

phig.pl
@phig@phig.pl



GLOSSARY

***Burmistrz, Prezydent, Sołtys* – Mayor**

While the English word “mayor” describes the elected head of any city or town, regardless of its size, Polish makes a distinction. A mayor of an urban area like Warsaw or Kraków has a *prezydent*, while a mid-sized town will have a *burmistrz*. Villages are headed by a *sołtys*.

***Dzielnica* – District**

Cities are divided into districts (*dzielnice*) and neighborhoods (*osiedla*). In major cities like Warsaw, each district has its own administrative entities which deal with certain administrative and bureaucratic matters.

***Gmina* – Municipality**

The municipality is the smallest administrative division in Poland. There are three types of municipalities: urban municipalities (*gmina miejska*), which consist of one city or town; urban-rural municipalities (*gmina miejsko-wiejska*), which consist of a town and its surrounding villages; and rural municipalities (*gmina wiejska*), which consist of just villages. A municipality can be headed by a *prezydent*, *burmistrz* or *wójt* (head of a rural municipality).

***Kodeks pracy* – Labor Code**

The Labor Code is the legislation that regulates employment conditions in Poland and is a key document for employers in Poland. It dates from 1974, but has been amended many times in the post-communist period.

***Kodeks spółek handlowych* – Commercial Companies Code**

The Commercial Companies Code is the legislation that regulates the legal forms in which entities may conduct economic activities. It also regulates the manner of the day-to-day functioning, restructuring and the liquidation of companies.

***Krajowy Rejestr Sądowy (KRS)* – National Court Register**

The KRS is a public register run by the Ministry of Justice. It comprises three different registers: a register of entrepreneurs; a register of associations, voluntary and professional organizations, foundations and public institutions of social service; and a bankruptcy register. All new businesses must register with the KRS.

***Marszałek województwa* – Voivodship Marshall**

The voivodship marshall is one of the two heads of a voivodship. He or she heads the executive board of the voivodship and is elected by the Voivodship Council (*Sejmik Województwa*). Among other things, the voivodship marshall has the power to act in individual matters and within matters of public administration.

***Monitor Sądowy i Gospodarczy* – Court and Economic Monitor**

The Court and Economic Monitor is a public journal issued by the Ministry of Justice in which entries in the companies business register must be announced.

***Numer Identyfikacji Podatkowej (NIP)* – Tax Identification Number**

A NIP is a 10-digit identifier which allows tax to be paid. All economic entities must possess one. It is assigned by the Tax Office.

***Państwowa Inspekcja Pracy* – National Labor Inspectorate**

The National Labor Inspectorate supervises and inspects the observance of labor law in Poland. It is subordinate to Parliament. Among other powers, the Inspectorate has the right to conduct inspections of all employers and of entrepreneurs who are not technically employers but “have natural persons perform work for their benefit.”

***Powszechny Elektroniczny System Ewidencji Ludności (PESEL)* – Universal Electronic System for Registration of the Population**

A PESEL number is the equivalent of a REGON number for physical persons. It is an 11-digit statistical identifier which conveys four pieces of information: birth date, personal identification number, gender and a “control digit.”

***Powiat* – County**

Counties (*powiaty*) are the second largest administrative division in Poland, smaller than voivodships and larger than gminas. Important towns and cities function as separate counties and are not subdivided into gminas. These are informally called city counties (*powiaty grodzkie*) or formally called “towns with the rights of a county” (*miasta na prawach powiatu*). Other counties are called land counties (*powiaty ziemskie*).

Each county has a popularly elected council (*rada powiatu*) which handles legislation. In turn, the county council elects a county president (*starosta*), who holds local executive power. The county president heads the county offices (*starostwo*). In city counties, however, the aforementioned offices do not exist on their own. Their authority is instead held by the city council (*rada miasta*), the mayor and the city authorities (*urząd miasta*).

***Rejestr Gospodarki Narodowej (REGON)* – Register of the National Economy**

A REGON number is a nine-digit statistical identifier for businesses issued by the Central Statistical Office (*Główny Urząd*

Statystyczny, GUS). A 14-digit REGON number is issued to local entities whose main branches are located elsewhere in Poland.

Sejm

The lower house of Poland's Parliament. It generally holds more power than the upper house, the Senate (*Senat*).

Umowa o dzieło – Contract for specific work

A contract for specific work is primarily attractive for employers because the tax and insurance contributions are lower than with an employment contract. The key difference between this and an *umowa zlecenia* is that it is usually for the performance of one specific task, such as that of a craftsman.

Umowa o pracę – Employment Contract

The "standard" type of a contract for the performance of work in Poland is an employment contract. All types of employment contracts require the employer to bear significant tax and social security contributions.

Umowa zlecenia – Contract of mandate

This is a popular form of independent contractor (non-employment) agreement. Whether an *umowa zlecenia* is suitable depends on the type of project or work, but it may serve for a longer period of time and involve repetition.

Wojewoda – Voivod

The voivod is one of the two heads of a voivodship. He or she is appointed by the Council of Ministers and acts as its (and the Treasury's) representative in the voivodship. Among other things, the voivod has the power to act in matters of legal oversight concerning local government authorities.

Województwo – Voivodship

Voivodships are the largest administrative divisions in Poland. Each voivodship has a popularly elected Voivodship Council (*sejmik województwa*) which holds four-year terms. The number of councilors on each voivodship council varies by voivodship. There are 16 voivodships in Poland today, the outcome of a 1999 reform. Between 1975 and 1998 Poland comprised 49 voivodships.

Zakład Ubezpieczeń Społecznych (ZUS) – the Social Insurance Institution

ZUS, which is controlled by the Ministry of Labor, runs Poland's social security system. Its responsibilities include pension and disability payments, as well as collecting and accounting for contributions to the National Health Fund, the Labor Fund and the Guaranteed Employee Benefit Fund. Employers whose workers are employed under full employment contracts are required to make ZUS contributions.



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