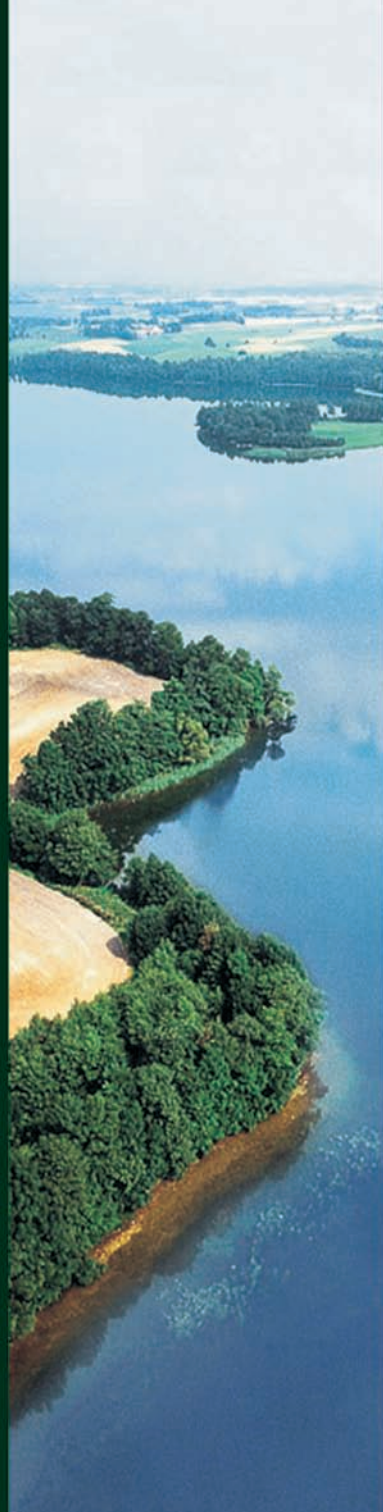




WHY POLAND?



Masurian Lake District

The region
is Polish candidate
in the „New 7 Wonders
of Nature” competition
organized by
the Swiss New
7Wonders Foundation.

The District
got to the final
and is in the stake
of 28 most beautiful
sites in the world!

www.new7wonders.com

Photo: Jan Morek

International
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Warsaw

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WHY Poland?

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Introduction

In the times of economic turmoil, the ship sailing under the Polish flag has remained stable. Poland is the exclusive European country to demonstrate positive economic growth this year and the highest growth among OECD states.

Poland has thus confirmed that its economy and investment appeal have sufficiently strong fundamentals to soothe turbulences of the times of crisis. European Union membership, absorptive internal market, educated labour and investment incentive schemes have been attracting foreign investors to Poland for many years. In the times of downturn, Poland has gained another competitive edge: it remains the exclusive green point on the red map of recession.

Graphs illustrating GDP growth, export and internal demand levels across all European Union states depict red downward arrows. With one exception. Green upwardly moving indices are apparent on the map of Poland. For in the grim year of 2009 Poland provides foreign investors with a product in short supply. This product is called economic stability.

For the very first time in three years, research points out to an improvement in Poland's investment climate. Investors have best assessed political and economic stability, availability of materials and labour as well as levels of fiscal charges.

Investments pursued in Poland feature a declining number of projects focused on simple repeatable activities by the production line to give way to those requiring technical knowledge, fluency in foreign languages and marketing culture. Over one third of the Polish investment portfolio in 2009 accounts for business service centres and R&D projects. Poland boasts enormous educational potential: every tenth European student comes from Poland.

Poland has a higher percentage of households which have boosted their expenditures against last year than those which spend less. Growing demand is only one of many factors which have safeguarded Poland against consequences of the down-turn. In addition, Polish economists point out to such factors as more restrictive than elsewhere banking policy, stable foreign debt level, a decline in prices of natural raw materials and smaller dependence of the economy upon stock exchange performance than, for example, in the US.

Paradoxically, in the year of crisis, set against its European partners, Poland has boosted its appeal. Its charm will become even more intensive, as until 2013 the Polish economy will be reinforced with an injection of EUR 67 billion. In fact, Poland is already the biggest beneficiary of EU funding.

The traditional Polish way of approaching the crisis - material, realistic and conservative has created new prospects not only for Poles. It also created them for foreign investors willing to invest in Poland.

Chapter 1. About Poland

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

Poland is a country with a well founded system of democratic government. Our republic is a multiparty democracy with a two chamber parliament. The Head of State is the President, elected by a majority of the voters for a 5 year term. The upper parliamentary chamber is the Senate, with 100 senators; whereas in the lower chamber the Sejm, there are 460 members. Parliament is chosen by a majority of the electorate for a 4 year term.

The state's internal and foreign policy is decided by the government, i.e. the Council of Ministers, whose activities are directed by the president of the Council of Ministers, i.e. the Prime Minister. The Prime Minister is chosen by the President, as are the ministers upon his recommendation.

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

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

Thousands of foreign companies already profit from investments in different sectors on the Polish market. The key reasons why they have decided to do business here are: strategic location, investment potential and human resources. Another important factor that increases the competitiveness of the Polish economy are investment incentives. Poland is a great country full of opportunities. Rich culture, traditions and lifestyle make Poland a fascinating, interesting and enjoyable country to live in.

Chapter 2. A stable economy

During the whole year 2009 Poland remained a bright spot on the economic map of Europe. While the GDP of all European countries has fallen by an estimated -5% in 2009, Poland's GDP increased by over 1%. When the whole Central and Eastern Europe suffered the most dramatic recession in the world with the huge drop of output, skyrocketing unemployment, a nearly paralyzed banking sector, and several countries facing a prospect of an open bankruptcy, Poland survived the global turmoil in good shape. The increase in unemployment was very limited, after some initial weakening the currency stabilized, the banking sector remained profitable without any governmental assistance, and the public debt, albeit growing, remains well below the threshold of 60% of GDP. Altogether, Poland successfully passed the most serious test of its economic fundamentals, showing an astonishing resilience to the global financial crisis and remaining the oasis of the growth and stability in the region.

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

However, the whole CEE region was painfully hurt by the global financial crisis. Firstly, exports to Western European countries dramatically decreased. Secondly, a serious reduction in global investment flows became a worldwide problem, particularly dangerous for those countries that had been accustomed to large scale of FDI influx in recent years. Thirdly, a growing risk aversion and the “flight to security” on global financial markets caused a drastic reduction in access to private capital for emerging markets. Fourthly and finally, all these factors have led to internal economic problems – rapidly depreciating currency, growing unemployment, problems in the financial sector and deteriorating condition of state budgets affected both companies and consumers. As a result, almost all CEE countries expect their GDP in 2009 to drop. The problem's dimension is the most dramatic in the Baltic States: the International Monetary Fund expects a fall by over -18.0% in Latvia and Lithuania, and by over -14% in Estonia, with the equally bad outlook for Ukraine. The worst situation has occurred in those CEE

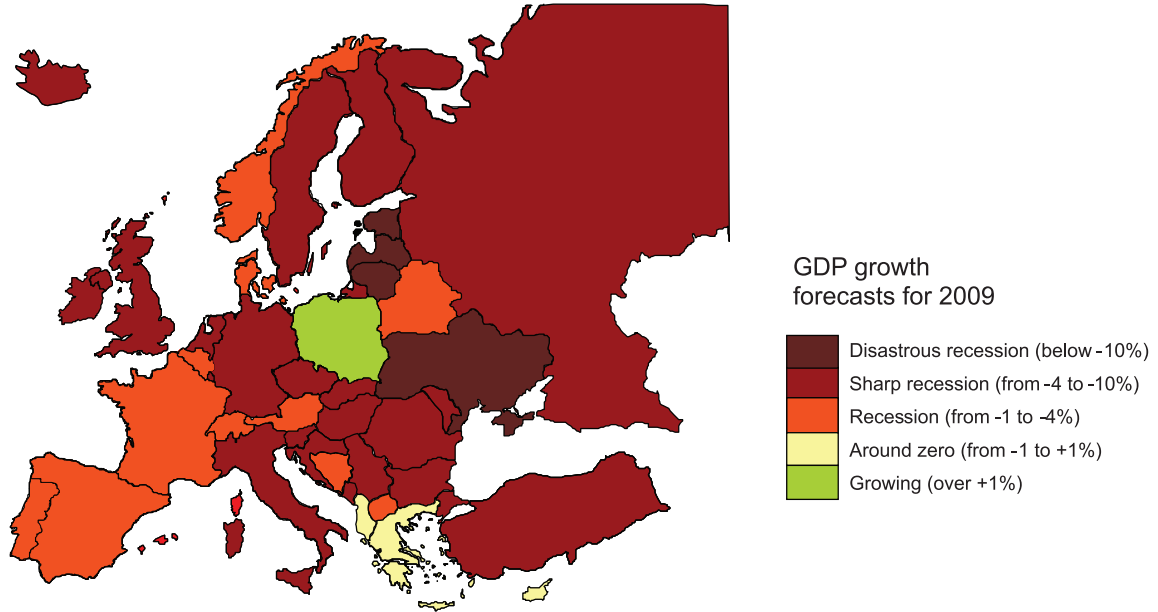
countries which carelessly allowed their domestic demand, fuelled by foreign capital, to grow immensely. This led to an excessively fast growth of the domestic credit, at the expense of deteriorating quality of the banking assets portfolio and built-up of non-performing debts. At the same time, a sudden and unexpected loss of access to the global capital market for developing countries was a serious threat to CEE economies. Unable to find the necessary private financing, as many as 8 countries in the region were forced to request assistance from the IMF, implementing harsh cost-saving programs agreed with the Fund.

Why the situation in Poland differs so significantly from the situation in other countries of the region? One may quote several important reasons. Firstly, Poland still enjoys a good competitive position and a high attractiveness as a production site. On the one hand, the producers have unlimited access to the whole European market, on the other the costs of skilled labour represent a fraction of West European levels. During the pre-crisis boom such a combination of factors led to huge FDI inflows. During a recession, investments go down everywhere, but the shifting of activity is probably still taking place: multinational companies cut more output in Western Europe than in Poland. As a result, after an initial drop, by the autumn 2009 the industrial output of Poland was already topping the pre-crisis levels. Secondly, compared with all those countries of the region which could enjoy the same cost advantage, Poland has much bigger domestic market. Consequently, Poland is less dependent on exports than, for instance, the Czech, Hungarian or Slovak economy. Thirdly, Poland's macroeconomic policy before the crisis, even though sometimes criticized by economists as not optimal, was much more prudent than in many countries of the region, especially in the Baltic and Balkan states. The government deficit and debt were on a moderate level, and the central bank was pursuing a careful monetary policy, not allowing for a built-up of the disequilibrium. Fourthly, the Polish banking sector proved to be basically healthy, profitable and resilient to global financial turbulences, while Polish firms and households are only moderately indebted. The praise for this should go partly to the remarkably prudent banking supervision in Poland. Further, the stabilizing role played by the foreign owners of the banks that control over 70% of the banking assets of Poland should be noted as well. Despite some initial fears, the foreign holding companies were ready to extend additional short-term loans to their Polish subsidiaries at the moment of the global turmoil rather than trying to transfer the liquidity abroad. Fifthly, Poland also benefited from the growing inflow of the EU funds that helped in increasing the scale of the public investment. As the biggest beneficiary of the EU structural policy, Poland receives a growing amount of the EU transfers every year – in 2009 it has been over 2% of GDP already. Sixthly, the policy of the flexible exchange rate used by Poland proved to be a good protection shield during the financial crisis. Once the risk of the instability of the exchange rate evaporated, Polish exporters started benefiting from a reasonably weakened currency. With a weaker zloty, the Polish exports became more profitable, and imports more costly. Altogether, it improved the financial situation of the Polish firms and led to a smaller increase in unemployment.

However, the most important factor is the seventh one. Shortly before joining the EU in 2004, Poland went through a 4-year period of the most painful and deep restructuring of banks and enterprises, caused by a combination of the extremely tight macroeconomic policy, very strong currency, and the growing external competition. In 2000-2003, the unemployment increased from 10% to over 20%, productivity dramatically increased, the firms underwent the process of drastic cost reductions, and the banks made a huge effort to increase the quality of their asset portfolio. All the economic fundamentals of the country, connected with the macroeconomic equilibrium, safety and stability of the financial sector and the competitiveness of firms have been greatly strengthened. As a result, Poland was perfectly able to face the global crisis and withstand both the financial storm and the deep worldwide recession in an astonishingly good shape. One of the key factors that should also be mentioned was the high flexibility of the Polish economy. The employers and employees were able to reach compromises which resulted in the cuts in labour costs rather than in increased unemployment. Companies were able to adjust their operation in a way that allowed to increase the profitability of the enterprise sector in 2009, despite low dynamics of sales. Meanwhile, the banks, even though they suffered reduction of the profitability, were able to avoid losses and any need for a public assistance.

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

Economic Growth in Europe during the Crisis



Source: IMF Economic Outlook, Oct. 2009

Chapter 3. Human potential

Highly-qualified workers and well-educated specialists are easily available in Poland. This may have much to do with the fact that Poland has almost 500 academic centres. University teaching staff accounts for round 100,000 specialists, half of the number holds a PhD degree. Every tenth European student comes from Poland.

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

The quality of Polish scientific and technical thought is confirmed by the fact that the largest global corporations tend to locate their R&D centres in our country. Polish mathematicians and information technology experts are world leaders in research and development, winning many prestigious international competitions like Microsoft Imagine Cup, European Merrill Lynch Investment Challenge, Google Code Jam, or the IBM-ACM International Collegiate Programming Contest. Excellent universities and technical schools provide a wealth of academic talent. Polish specialists from the IT sector are highly sought-after, not only by international corporations in Poland, but are often recruited to work abroad. In fact, Poles form a large percentage of managers responsible for R&D departments within the world's largest corporations.

Needless to say, Polish students have an excellent knowledge of foreign languages. Over half of them speak fluent English and the vast majority of the rest do have a basic understanding of the language. The second most commonly studied language is German, followed by Russian, French and Spanish.

Chapter 4. Strategic Location

Poland's convenient location, in the very centre of Europe, makes the country a perfect investment destination for enterprises targeting both Western and Eastern part of Europe. From Warsaw it takes only several hours either by car, train or plain to reach a number of Europe's major capital cities e.g. Berlin, Moscow, Vienna, Bratislava, Kiev, Vilnius and Minsk. Poland is a country where the main trade and transport routs leading from the North to the South and from the West to the East of the continent intersect. The country is crossed by 4 out of 10 constantly developed trans-European tracks. The international routs crossing Poland have been constantly developed and modernised. Transport investments are possible largely thanks to the co-operation between national roads' directorates and self-governments of the neighbouring countries and with a substantial help of funds and subsidies from the EU.

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

The central location of Poland does result attractive for foreign companies which aim at slashing time of order realisation for customers in the markets East of the centre of Europe. The fact that foreign entrepreneurs invest in creating logistic centres in Poland results from dynamic growth in demand, development of trade co-operation within the frame of the extended European Union and also from the ever more attractive domestic suppliers market in Poland.

The fact that Poland is a gateway to the European Union results attractive for foreign companies which aim at slashing time of order realisation for customers in the markets East of the centre of Europe.

Chapter 5. Significant European Market

Poland is attractive for investors for many reasons, but top of the list is its 38 million domestic consumer market. Poles form over one third of the citizens of the new EU member countries. Our country is the 30th largest market in the world, with its position being strengthened year after year by rapid economic growth and the subsequent increases in rates of pay.

The retail sales rate in September grew by 5.4% comparing to previous year and was the highest in the whole of the European Union.

According to the survey on investment climate in Poland, the size of the Polish market constitutes the biggest advantage of the country's investment attractiveness. This factor was evaluated as good or very good by foreign entrepreneurs.

The report by the Ministry of Economy shows that small and medium-sized enterprises want to develop. More enterprises declare eagerness to start new investments and create jobs. Also a greater number of the enterprises expect their revenues to increase.

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



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Chapter 6. Investment Incentives

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

System of financial support for investment projects important for national economy

Governmental system of financial support for investment projects important for national economy was passed by the Council of Ministers in September 2008 and provides earmarked subsidies from the state budget. The support is allocated to the investor by way of a multi-year programme adopted by the Council of Ministers, pursuant to the Act of June 30, 2005 on Public Finances, Article 117.

The subsidy is granted on the basis of an agreement concluded between the investor and the Minister of Economy. The support is released to the investor only after the creation of new jobs and/or incurring eligible investment costs specified for the given year in the agreement. The newly created jobs and/or eligible investment costs should be maintained for a period of at least 5 years from the date of completion of the investment.

This kind of support constitutes 'ad hoc state aid' (aid not granted within any scheme previously accepted by the European Commission). The state aid has to be notified to the Commission as regional investment aid pursuant to Article 87 (3) (a) of the ECT. Approval from the European Commission is required (obligation of notification), hence no aid may be paid out before obtaining such approval.

The new system focuses on supporting foreign direct investment in sectors **"of particular importance to the national economy"**, which include:

- automotive,
- aviation,
- biotechnology,
- IT and electronics,

- business process outsourcing,
- research and development.

Grants will be awarded by the Ministry of Economy, and will be payable in annual tranches for up to five years.

Support for creation of a new jobs:

- Basically, the minimum value of an eligible investment is PLN 40 million and the minimum number of jobs created is 250. Beyond strategic sectors (but those that are eligible to benefit from regional aid) the criterion is PLN 1 billion and 500 jobs.
- For the investment in modern services (BPO) the criterion is creation of 250 new jobs. For the R&D projects the minimum value of eligible investment is PLN 3 million and the minimum number of jobs created is 35 (for people with higher education).
- Maximum aid will now range from PLN 3,200 per each employee for investments creating up to 250 jobs to PLN 18,700 per employee for those creating over 1,000 jobs.

Support on the basis of eligible cost of new investment projects:

- The minimum value of an eligible investment is PLN 160 million and the minimum number of jobs created is 50. Beyond strategic sectors (but those that are eligible to benefit from regional aid) the criterion is PLN 1 billion and 500 jobs.
- Aid is calculated as a percentage of eligible costs and amounts form 1 to 10 % of them.
- The total value of aid will be capped at 15% of the investment’s value for projects located in Special Economic Zones, and at 30% for others.

The Special Economic Zones

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

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

Special Economic Zones in Poland



The SEZ were established in 1996-1998 for a term of 20 years. Many of the zones recently celebrated their 10th anniversary. SEZ will operate until 31st of December 2020.

The principle underlying the zones' operation is the possibility of income tax exemption for entrepreneurs undertaking new investments in SSE areas. Additional encouragement for the entrepreneurs may also be the infrastructure that is prepared for investment purposes in the zones.

The basic condition for tax exemptions in SEZ is that the entrepreneur must make a new investment incurring a specific amount of investment expenditure (at least EUR 100 000) and create new workplaces. The amount of tax exemption is based on the value of the investment expenditure incurred by the entrepreneur or on two-year's labor costs of the staff employed

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

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

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

Real Estate Tax Exemption

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

Maximum tax rates in 2010 are: 20,51 PLN/sq.m., for buildings, 0,77 PLN/sq.m., for land and 2% of construction value.

In each commune tax rates are set by local authorities.

The exemption usually depends on the amount of new workplaces created.

Chapter 7. Strategic sectors

We understand that each sector has its specific nature and that investors operating in it have specific needs. This is why we prepare our offers based on the needs of our clients and partners.

We concentrate on sectors in which the investors are most interested. Our employees offer private professional help and are able to assist in finding the best locations regarding the needs and plans for a firm's development. Additionally we're able to provide an in depth knowledge regarding specific Polish sectors.

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

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



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7.1. Automotive

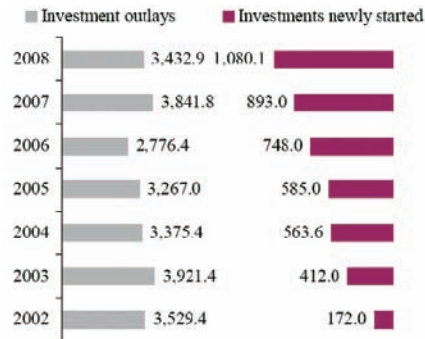
The automotive sector is one of the largest industrial sectors in Poland. It accounts for 16% of the country's exports. It is the third largest market in the CEE in terms of vehicle production.

In production terms, Poland's automotive market is largely oriented towards exports, with key players selling into the Western European arena (Fiat, Ford, VW and Opel) using the Central European country as a low-cost base for manufacturing. The presence of many major parts makers and suppliers (e.g. TRW, Faurecia, Delphi, Goodyear, Michelin and Valeo) has resulted in the formation of a highly integrated segment of suppliers in Poland. Poland is also an important bus producer, the production of which is continuing to rise in 2009, as the sector is driven mainly by export demand. Special Economic Zones have been established in places where OEMs have made large investments over a number of years, attracted by government incentives, the low-cost work force and Poland's attractive position in Central Europe.

The following are worth mentioning among the largest the automotive DIs:

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

Investment outlays and investments newly started in Automotive Sector (PLNmn)



Source: CEIC/GUS

The industry is set to consolidate its position as a major automotive production base in Eastern Europe, with Fiat and Ford also making long-term commitments to manufacturing in the country. Fiat's plant in Tychy is assured work for at least 10 years with the start of production of the Fiat 500 in 2007 and the new Ford Ka in 2008.¹ These investments clearly demonstrate the country's long-term production potential. Furthermore, the market has remained far more resilient to the downturn, mainly due to the production of smaller cars which purchased more frequently (in Poland and in Western Europe) during times of slumps. However, automotive manufacturers in Poland have begun to downsize production in response to the worsening export demand from the Western European markets. Poland is one of the few countries in Europe where the ratio of 2009/2008 car sales has increased.

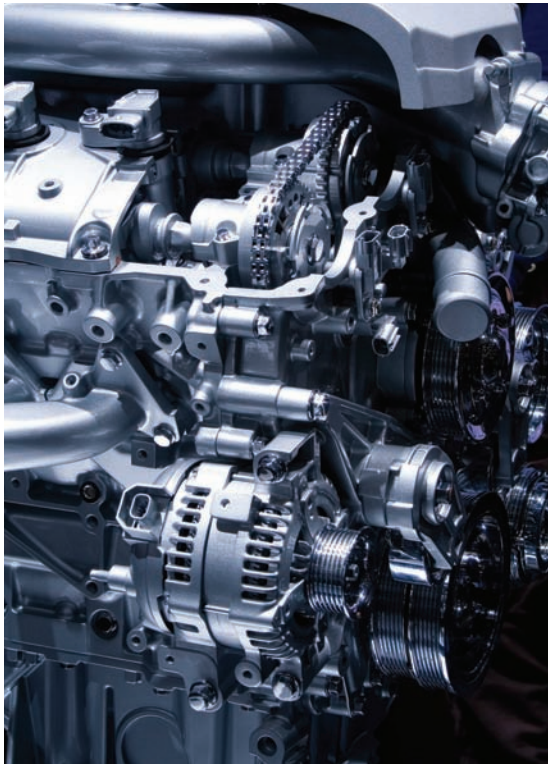
Poland's output performance will depend on the recovery of demand on its key export markets in Western Europe. Nevertheless, the long-term growth potential on the market is very positive for Poland.

Poland's advantages

- Foreign investors should be encouraged by proactive provincial administrations, which have the power, as well as the will, to provide incentives;

¹ Poland Autos Report Q4 2009

- Industry majors such as General Motors (GM), still see Poland as a useful base for their European operations;
- The depreciation of the zloty is resulting in export growth of Polish made cars to markets such as Germany;
- Because of its comparatively low labour costs, Poland offers a strategic entry point to external investors looking to take advantage of its free access to most EU markets
- Local capital markets are deepening, which will provide opportunities for greater financial intermediation and investment;
- Poland is the only country in Europe which recorded GDP growth in 2009.



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Production and Sales in Poland (historical data and forecasts)

	2006	2007	2008e	2009f	2010f	2011f	2012f	2013f
Total vehicle sales (US\$m)	5,100	5,897	6,373	6,072	6,121	7,601	8,440	9,001
Passenger car sales	3,506	3,524	4,230	3,978	3,962	4,859	5,342	5,697
LCV sales	742	801	1008	985	1015	1290	1457	1554
HCV sales	723	766	963	942	971	1233	1393	1485
Bus sales	129	137	172	168	174	220	248	265
Total commercial vehicle market	1,594	1,704	2,143	2,094	2,159	2,742	3,098	3,304
Total vehicle sales (CBUs)	284,605	348,057	372,676	349,122	349,140	432,851	480,198	511,862
Passenger car sales (CBUs)	233,743	293,319	317,934	296,117	294,537	363,130	401,356	427,821
LCV sales (CBUs)	41,221	44,519	44,522	43,110	44,409	56,704	64,455	68,705
HCV sales (CBUs)	8,030	8,512	8,512	8,242	8,491	10,842	11,983	12,773
Bus sales (CBUs)	1,611	1,707	1,707	1,653	1,703	2,174	2,403	2,562
Total sales of commercial vehicles	50,863	54,739	54,742	53,005	54,603	69,721	78,842	84,040
Total automotive production (US\$m)	12,969	14,475	18,457	20,596	21,509	25,079	27,679	30,674
Passenger car production	10,783	11,969	15,183	16,810	17,371	20,031	21842	24205
LCV production	1,867	2,184	2,898	3,387	3,734	4,592	5,348	5,926
HCV production	45	45	52	55	57	65	70	78
Bus production	274	276	325	343	347	392	419	465
Total commercial vehicle production	2,186	2,505	3,275	3,786	4,138	5,049	5,838	6,469
Total production (CBUs)	826,515	923,251	1,158,796	1,275,661	1,318,207	1,527,775	1,680,056	1,858,435
Passenger car production	608,000	797,964	995,854	1,088,148	1,113,876	1,277,913	1,390,316	1,537,932
Production of LCVs	103,704	121,333	158,369	182,749	199,543	244,460	283,964	314,113
Production of HCVs	505	500	578	602	611	696	751	831
Bus production	3,420	3,454	3995	4161	4178	4706	5025	5559
Total commercial vehicle production	107,629	125,287	162,942	187,513	204,331	249,861	289,740	320,503

Source: Samar, Association des Constructeurs Européens d'Automobiles, BMI²

² Poland Autos Report Q4 2009

7.2. Aviation

Poland has a long tradition of aeronautics, of more than 70 years. The aeronautical industry has been rapidly developing in Poland for several years, which is largely a result of the extensive restructuring process. The sector is currently almost entirely controlled by foreign corporations. The privatisation process of Wytwórnia Sprzętu Komunikacyjnego PLZ Kalisz, the last state-owned aeronautical plant, started in December 2009.

The aeronautical industry in Poland is highly concentrated: almost 90% of total production is concentrated in the south-eastern part of Poland in the region of the Aviation Valley Cluster [Klaster Doliny Lotniczej].

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

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

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

The largest educational and research centres related to the aeronautical sector include:

- The Warsaw University of Technology;
- The Technical University of Rzeszów;
- The Institute of Aviation;
- The Military University of Technology;
- The Wrocław University of Technology;
- The Lublin University of Technology;
- The Łódź University of Technology;
- The Silesian Technical University.

In this context, it is worth mentioning the initiative of establishing the Centre of Advanced Technology “AERONET – Aviation Valley”. The centre is a consortium of Poland’s largest scientific units related to the aeronautical industry. Its fundamental objective is to prepare, implement and commercialise new technologies related to aeronautics.

The establishment of further R&D Centres is also planned in such places as Świdnik (it is to be handed over for use at the end of 2010) and in Wielkopolska.

The largest foreign investors operating in the aeronautical industry include:

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

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

Additionally, the Minister of National Defence is planning to purchase 16 new training and fighter aircraft in the near future. The tender is to be held in an offset procedure, in which, apart from price, obligations to invest in Poland will be also important.

The development of the aeronautical industry in Poland is also supported by the expansion of the aviation infrastructure and the increase in the number of passengers using Polish airports.

The international civil airports which currently operate in Poland are Warsaw Okęcie, Kraków-Balice, Gdańsk-Rębiechowo, Katowice-Pyrzowice, Poznań-Ławica, Wrocław-Starachowice, Szczecin-Goleniów, Rzeszów-Jasionka, Bydgoszcz-Szwederowo, Łódź-Lublinek, Zielona Góra-Babimost and Szczytno-Szymany. In addition, the opening of further civil airports is planned in Kielce, Białystok, Gdynia, Lublin and Zegrze Pomorskie.

The construction of new airports is all the more justified that the air transport market in Poland is expected to experience stable growth over the coming years. According to the forecasts of the Polish Civil Aviation Office, the annual average growth in the number of passengers using Polish airports is expected to oscillate around 9% in the years 2010–2015.

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



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7.3. Biotechnology

Market overview

Compared with the US and the rest of the EU, **Poland's biotech sector is underdeveloped, but growing.** Considerable investments are required in science parks, platforms for closer cooperation between industry and academia, as well as the practical knowledge of how to take advantage of EU funding to a greater extent (PLN 500 million of EU funds should be available for biotechnology projects up to the end of 2013) to achieve the further development of biotechnology sector in Poland.

Industry experts estimate that there are 70 biotechnology companies in Poland with a combined turnover of PLN 600 million. There are only three main full spectrum (involved in R&D, production and sales & marketing) players in the sector. Apart from these leading indigenous players, there are a further 30 companies involved in diagnostics, 20 production firms and 10 companies engaged in environmental biotechnology. The remaining companies are mainly service providers.

Although official statistics do not show an increase in the number of biotechnology companies in Poland, this number has, in fact, grown in recent years. 3 Polish biotech companies were established in the past two years: Celther, Mabion (established by 4 Polish companies – Celon Pharma, Polpharmex, Biomed Kraków, Gnexo) and Selvita.

Market drivers

Access to high risk financing is crucial for biotechnology projects. The **availability of EU funds in Poland** has made it possible to support the development of investment firms interested in investing in biotechnology projects. Moreover, because of the appropriate use of EU funds, it is, currently, easier for companies operating in Poland to fund investments in research and implementation of innovative technologies.

The Ministry of the Economy predicts that, between 2007 and 2013, the **companies and scientific institutions in the medical, pharmaceutical and biotechnological industries will implement projects worth around PLN 662 million with the help of EU funds.** Around 20% of this amount will be allocated to projects associated with medical equipment and technologies market, as well as dietary supplements.

The table below presents the companies in the biopharmaceutical and related industries which have received the largest amount of funding from the Innovative Economy Operational Programme in Poland, together with the project values based on the List of Beneficiaries, June 2009.

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

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

The availability of well-qualified human resources is one of the key conditions for the development of the biotechnology sector. Increasingly more young people in Poland are opting for a career in biotechnology. More than 1300 people graduate each year in Poland in biotechnology subjects. Biotechnology is a sector which gives jobs to a small number of people who have unique qualifications. Countries in which a large number of biotechnology firms arise have a shortage of staff. Poland has a small number of firms but many graduates and this should be viewed as one of the important elements supporting the development of biotechnology.



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Companies in biopharmaceuticals and related industries which have received the most significant funding from the Innovative Economy Operational Programme, along with project value in Poland, 2009

Beneficiary	Project	Total project value
Wroclawskie Centrum EIT + Sp. z o.o.	Biotechnology and advanced medical technologies	PLN 105,678,073
Biotechnology and Antibiotics Institute	Biotechnology Centre devoted to medical products. Package of innovative biopharmaceuticals for therapy and prophylactic care in humans and animals	PLN 89,739,098
University of Lodz	Role of transporters of multidrug resistance in pharmacokinetics and toxicology - in-vitro tests in pharmaceutical and clinical practice	PLN 62,344,740
Jagiellonian University	Jagiellonian Centre for Drug Development	PLN 48,131,033
Lodz University of Technology, International Education Centre	Biodegradable fibrous products	PLN 35,962,041
Institute of Pharmacology at the Polish Academy of Sciences	Modernisation of building and research infrastructure of the Institute of Pharmacology at the Polish Academy of Sciences in Krakow with a view to setting up innovative scientific workshops for brain research	PLN 29,518,373
Jagiellonian University	Molecular biotechnology for health	PLN 28,830,757
ICHEM Research and Production Centre at the Lodz University of Technology	Implementation of innovative technology for the production of dietary supplements and functional foods	PLN 25,841,502
Institute of Basic Technology Problems at the Polish Academy of Sciences	Diagnostic ultrasound apparatus - new methods of diagnosis and imaging of tissue structure of human organs	PLN 22,640,000
Pharmaceutical Research Institute	Development of innovative technologies for ophthalmic drugs of special therapeutic and social importance	PLN 21,875,560

Source: *PMR Publications*

The lists of biotechnological companies are available on the sites:

- <http://www.platformabio.pl/>
- www.biotechnolog.pl
- www.bioforum.pl

7.4. BPO

Leveraging of outsourcing has become an increasingly popular strategy for businesses seeking to reduce costs further, transform internal processes and improve the quality of service. Outsourcing to an offshore location or *offshoring*, as it is commonly known, is essentially the offshoring of a business function to a third party supplier, or the establishment of a captive facility to provide services internally (shared service centre).

Poland is a regional market leader in BPO/SSC. Over the last 5 years, Poland has become a leading destination for offshoring services. Over 200 companies have decided to choose Poland as their strategic location for the provision of BPO / SSC services. Simultaneously, **40** thousand people are currently employed in this relatively new industry. In order to attract new investors, Poland offers a number of competitive advantages among which the following can be listed:

- Skilled labour force and cost savings;
- Extensive foreign language skills among the young generation (in addition to English);
- Incentives – several forms of incentives are available for new investors entering the Polish market;
- The implementation of EU Directives into Polish law and direct application of the Regulations;
- A positive attitude of the state and local authorities to the development of offshoring opportunities in Poland.

However, a great deal of work is still required in order to utilise all of Poland's potential as a BPO / SSC destination. The areas which need a greater amount of state attention include:

- Excessive bureaucracy;
- An inefficient court system;
- Language barriers in dealings with state or local administration.

Why is Poland the right destination for offshoring? Poland is the largest country in the CEE region with a population of 38 million people, being almost 4 times largest than the other countries in this region (Hungary 10 million, Czech Rep. 10 million). In addition, the Polish educational system creates approx. 400 thousand graduates every year. This pool of young and dynamic workers is a perfect target for the organisation of BPO. The icing on this cake

is the fact that Polish society is young compared with the European average (56 % of Poles are under the age of 40).

This can guarantee the availability of resources for at least a decade while simultaneously maintaining the advantage of relatively low costs.



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7.5. Electronics

There is no doubt that Poland is a major supplier of electronic equipment to the EU markets. The electronics industry in Poland expanded in recent years and reached the position of one of the largest in Europe. Total production of the electronics industry is estimated at approx. USD 9 billion and should increase to a level of approx. USD 13 billion by 2013.

The Polish market of electronic equipment has a low level of penetration. The AV market is estimated at approximately USD 2 billion. Sales of electronic goods, including televisions and DVD players, declined significantly in the first half of 2009. However, sales of flat screen televisions are still rising, despite the economic slow-down.

The development of this segment of industry arises from the high level of interest of Asian companies in transferring production to Poland in order to gain direct access to the European market and to avoid the EU's high customs duties. Poland is currently the largest manufacturer of televisions in the EU, with estimated production at a level of approx. 20 million units in 2008.

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



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Poland's accession to the EU was of decided significance to the development of the electronic equipment manufacturing sector. This resulted in the attraction of a large number of foreign direct investments. Up to the end of 2007, approx. 300 enterprises conducted business in the Polish electronics sector where the largest players were foreign companies. The main investors in the industry included:

- LG Group
- Siemens
- Toshiba
- Daewoo Electronics
- Funai
- Jabil
- Orion
- Flextronics

The production of AV electronics is developing most rapidly. The value of production in this segment is estimated at approx. USD 4 billion in 2008. The main element is the production of television sets. 9.5 million were manufactured in 2007 and approx. 20 million in 2007.

This is a key area of foreign investments – mainly Asian manufacturers of LCD television sets, such as LG, Sharp, Toshiba, Samsung and Orion. It is estimated that, by 2010, approximately half the television sets sold in Europe will originate from Polish factories.

Further foreign investments are planned as a result of the economic slow-down and the need to transfer production plants to countries which are more attractive in cost terms.

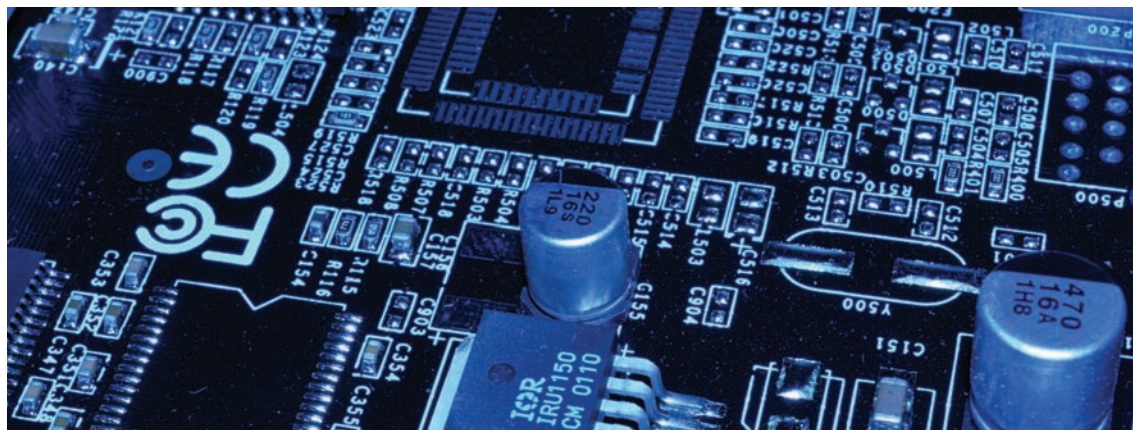
AV Production And Output, 2006-2013

	2006e	2007e	2008e	2009f	2010f	2011f	2012f	2013f
TV set production ('000)	9,500	20,200	23,555	29,206	30,412	30,794	32,393	34,997
Computer production ('000)	317	370	431	535	557	564	593	641
Telecons equipment output (US\$m)	870	723	880	1,081	1,110	1,102	1,131	1,185

Source: BMI

Electronics Output

	2006e	2007e	2008e	2009f	2010f	2011f	2012f	2013f
Electronics industry production (US\$m)	5,6	7,2	8,7	6,9	7,7	10,1	11,3	13,3
Consumer electronics manufacturing output (US\$m)	2,8	3,5	4,3	3,4	3,8	5,1	5,7	6,8
Electronic parts & components output (US\$m)	517,0	403,0	435,4	346,9	384,9	503,7	565,5	666,5



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7.6. IT

The latest projections indicate that the Polish IT market will maintain its status as one of the CEE's fastest growing IT markets over the 2009-2013 forecast period. Among specific factors, which can be defined as market drivers, are especially the support of EU funding and new public sector IT initiatives. Government IT spending will continue, even if some projects are delayed into 2010.

According to BUSINESS MONITOR INTERNATIONAL (BMI) the Polish IT market is expected to increase from PLN 23 billion (EUR 5.3 billion) in 2009 to around PLN 32 billion (EUR 8.8 billion) in 2013, at a CAGR of 9% between 2009 and 2013.

The future condition of the Polish IT market depends on the state of the Polish economy, which determines total demand for information technology. The current global economic situation reflects slower growth in 2009–2010 compared with the level of the previous trend, however, Poland looks well positioned to be one of the region's markets less affected by current economic trends.

Hardware

- Poland's computer hardware sales are forecast at PLN 9.3 billion in 2009 and PLN 12.3 billion in 2013.
- Business hardware spending will continue to be higher in Poland than in the more established markets, partly because of the amount of older legacy technology still in place.
- Smaller companies are likely to have implemented some kind of network.
- Competition is fierce in Poland's PC market, with foreign suppliers such as HP, Toshiba and Acer dominating the notebook and higher end computer market segments. Sales of major global brands such as Dell, HP, IBM and Fujitsu and local brands like Optimus, NTT Systems and Vobis have been increasing their share.

Software

- The software market is likely to grow to PLN 7.2 billion by 2013.
- Even before the economic slowdown there were signs that the large company market for basic enterprise resource planning (ERP) software was becoming saturated. The procurement of basic software packages,

such as ERP, still accounts for about half of enterprise software spending, particularly in the manufacturing sector.

- Vendors are increasingly focusing on applications, such as customer relationship management (CRM) and business intelligence.
- SAP is the leader in a market, where the other top players are Oracle, Comarch and Asseco. The foreign direct investors, such as Motorola, Intel and others, have located production facilities in Poland, attracted by low production costs and access to regional markets.

IT Services

- Spending on IT services is the fastest growing sector of the IT market and is expected to rise to PLN 13 billion by 2013.
- Apart from the public sector, banks and telecoms companies are still the main spenders on IT solutions, but the power sector is emerging as a fast growth sector.
- The top-20 major players account for two-thirds of the market, with major players including IBM, HP, Asseco, Sygnity, Accenture and SAP Polska. While local companies have a large share of the market, they are generally willing to cooperate with foreign companies on tenders.

Market drivers

The investments in Poland, supported by **huge EU fund inflows, are likely to be sustained** over our forecast period, although most probably not at the previous rates.

Poland's government is facing major challenges in developing infrastructure and increasing technology penetration, but a stream of EU and locally funded projects is now starting to take effect. EU funds are still available for the purchase of computers for schools. EU funds supported tenders for education software in 2008.

Despite recent advances in household **PC penetration there is still potential for further market development.** Poland accounts for less than 2% of EU IT spending and is also lagging behind fellow EU newcomers, Hungary and Slovakia, in per capita IT spending.

Despite low levels of computerisation, Poland is drawing **strength from a strong IT knowledge** pool, with an abundance of skilled computer engineers, whose salaries are still relatively low compared with those in established EU countries. Intel and Motorola are among the multinationals to have established R&D centres.

In terms of the type of client structure, the Polish IT market still has a traditional structure, with the large company sector dominating with as much as 60% of sales, and the public sector nearly 20%. Apart from public sector, the main sectors which have contributed to the high level of Polish IT growth are banking, telecoms, mining and the power sector, as well as retailing.



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7.7. Metals Industry

The Polish metallurgy industry is experiencing a decline in demand mainly because of the difficult situation in the automotive sector and the construction industries. However, it is expected that there will be an improvement in 2010 and an increase in the number of orders arising from the large number of infrastructure projects, as well as the turnaround in the automotive industry. Simultaneously, enterprises from the metallurgy sector need to contend with the high electricity costs. This is contributing to the decline in competitiveness of the Polish manufacturers in the EU and an increase in the risk of growth of steel imports onto the European markets. The financial crisis and the related slow-down in the area of consumer and investment loans has resulted in reductions in demand for steel, especially with the strongly related automotive and construction sectors.

The largest investments in the steel industry have been made by:

- ArcelorMittal
- Caterpillar Inc.
- ISD Donbas
- Marcegaglia
- Siewierstallat

The crisis did not significantly affect the steel structure manufacturing sector, including as a result of the large share of exports in the sales structure of enterprises. Furthermore, this is an element which is directly related to the investments conducted in connection with the organisation of Euro 2012, i.e. the construction of roads and stadiums.

Poland has been a significant exporter of steel structures for years. Its main customers are the countries of the European Union, mainly Germany. Polish companies supply more than 50 percent of total exports of structures to the German market alone. Exports largely include unprocessed structural elements, which are ready for assembly. Bridges and their parts, towers, masts, metal joinery, roof structures and steel prefabricated buildings account for a proportion of exports. The prospects for the steel structures sector appear optimistic. Numerous road, rail and infrastructure investments are planned, as are investments in the energy sector.

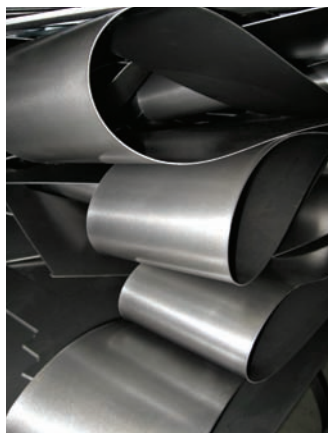
Overall, the prospects for the sector are not bad. The largest companies, capable of fulfilling large projects as general contractors, are in the best position. Smaller companies should not expect to generate huge profits.

However, the metallurgy industry, affected by the crisis, needs to cut expenditures, of which personnel expenses account for a large proportion. The crisis means that employers are downsizing or shortening working hours. They offer severance pay to the employees being made redundant. Production in Poland declined by the order of approx. 40%, whereas the decline in Europe was more than 60%. Steel consumption dropped by 30%, while employee redundancies in European steel mills amounted to over 17%. In the opinion of representatives of the distribution sector, the crisis or just a slow-down also has its good sides.

Polish Metals Industry, 2006-2013

	2006	2007	2008	2009f	2010f	2011f	2012f	2013f
Production ('000 tonnes)	10,019	10,632	9,685	5,954	6,576	7,399	7,950	8,492
Production (US\$m)	8,643	10,169	9,852	6,012	6,820	7,804	8,386	8,957
Exports ('000 tonnes)	4,179	5,335	5,429	3,308	3,565	3,904	4,171	4,454
Exports (GBPmn)	3,516	5,065	5,121	3,097	3,428	3,818	4,080	4,357
Exports (US\$m)	6,455	10,140	9,486	4,242	5,141	6,014	6,731	7,407
Imports ('000 tonnes) (000t)	6,447	8,039	7,206	4,333	4,879	5,543	5,990	6,481
Imports (GBPmn)	6,493	8,962	7,865	4,694	5,428	6,273	6,779	7,334
Imports (US\$m)	11,921	17,941	14,568	6,431	8,142	9,880	11,186	12,468
Primary aluminium ('000 tonnes)	55	54	36	0	0	0	0	0

Source: BMI



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7.8. R&D

The R&D environment in Poland is well developed. In 2007, the market was estimated at around USD 285 million. The Polish government has taken steps to improve the overall regulatory climate for R&D.

The companies from R&D, Biotechnology, IT, Renewable Energy, Automotive, BPO centres, Domestic Electronic Appliances, Mechanical, Aeronautics and Metallurgical sectors can benefit from various tax and non-tax incentives when investing in Poland. Innovative investments, research and development activities, the establishment or expansion of a BPO centre, investments in renewable energy and employee training can be co-financed with funds from the European Union.

The accessibility of European funds and the increase in understanding for research, development and innovation activities stimulates the development of multifunctional, organisationally-advanced and conceptual types of centres. The number of technology parks is increasing fastest – a total of 46 park initiatives were identified in 2009 whereas this number should be expected to double in the coming 2–3 years. EUR 150 million has been reserved for key investments in technology parks under priority V of the “Innovative Economy” operational programme (2007–2013) “Diffusion of Innovations”. Hundred of millions of euros are being reserved in parallel within the framework of the Regional Operational Programmes (2007–2013) in each of the (16) Polish provinces (*województwa*) for new construction and expansion of existing parks and incubators, the growth of which is strictly related to the innovative economic development of the region.

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

In terms of the number of representatives of the given sectors present in the park structures, the greatest interest is from ICT, biotechnology, chemical, as well as renewable energy and environmental protection sectors. Research

is conducted in the innovation centres in the areas of medicine, health protection, medical engineering and e-health, electronics, materials engineering and nanotechnologies.

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

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

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



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7.9. Renewable energy

The current share of energy from renewable energy sources (RES) in Poland is around 7%. The 2001/77/EC Directive obliges Poland to increase this level to 7,5% by 2010 and to 15% by 2020. Energy vendors have to prove certain percentage of electricity from RES in the total volume they sell (8,7% in 2009, 10,4% during the years 2010-2011, 10,9% in 2012, 11,4% in 2014, 11,9% in 2015 and 12,4% in 2016). Moreover producers of energy from RES have also priority access to a transmission network and a reduced fee for grid connection. The necessity to reduce CO2 emission and improve energy efficiency is an additional challenge Poland will shortly face. The abovementioned environmental targets combined with general conditions for doing business make Poland a healthy and a very attractive destination for investments in renewable energy.



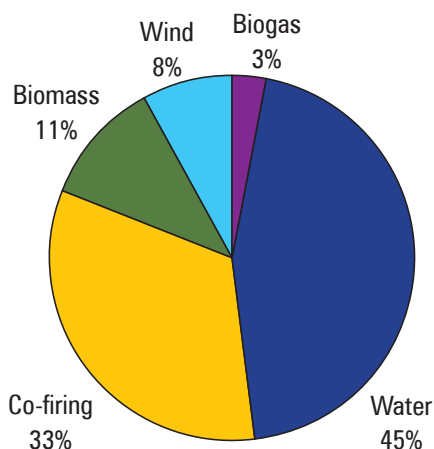
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The principal and the oldest source of clean energy in Poland is hydro energy. Out of total hydro energy the larger portion comes from large-scale hydro energy installations, however it is expected that the future of Polish hydro-power engineering will be determined by the development of small power stations. Biomass and wind are believed to be the most promising renewable energy resources to be developed in Poland. Biomass is considered to be the main source of renewable energy in Poland used for electricity and heat production. Moreover the Polish government has announced an ambitious program of constructing 2,500 biogas plants in Poland by 2020. Poland also has some of the best documented wind resources in Central and Eastern Europe hence the boom in wind sector is continuing. Solar and biofuel sectors are also attracting more and more foreign investors appreciating this huge potential.

**Electricity produced from RES
(according to Certificates of Origin issued before February 8, 2008)**



Source: Polish Economic Chamber of Renewable Energy (PIGEO) & Energy Regulatory Office (URE)

Potential and power installed (according to data provided by PIGEO, URE and GUS):

Hydropower:

- Potential of 18 PJ (5 TW/year) utilized in 41%
- Power installed (21.09.2009) 944, 020 MW

Biomass:

- Potential of 600 PJ (solid biomass 166 PJ, biogas 123 PJ, wood 24 PJ, energy crops 287 PJ)
- Power installed (21.09.2009) 233,790 MW – installations using biomass; 69,205 MW – installations using biogas

Wind:

- Potential of 445 PJ (onshore: 337, offshore: 67)
- Power installed (21.09.2009) 582,597 MW

Solar energy:

- Potential of 83 PJ (used in 0,2%)

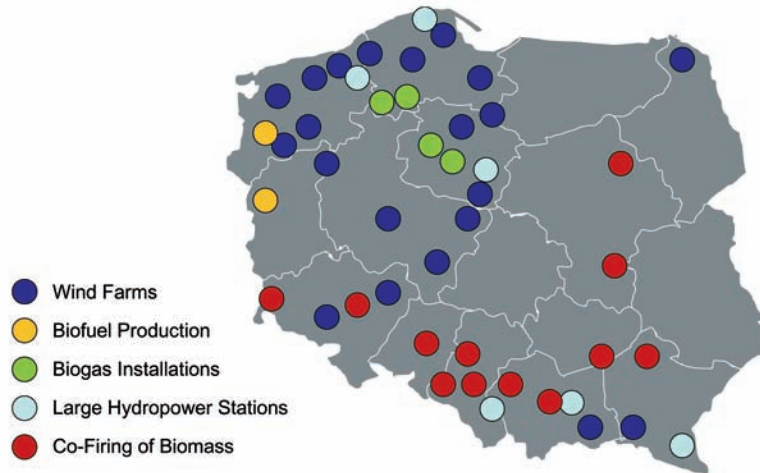
Waste:

- Generation of 320 kg communal waste per capita annually
- 98% of municipal waste in Poland is stored in landfills without any treatment. By 2020 this percentage must be reduced to 35%

Biofuels:

- 2 million tones of rapeseed harvest, 8 - 9 million tones of wheat harvest, 12 million tones of white beet harvest annually
- Network of 1000 distilleries
- Obligatory share growth of biocomponents in liquid fuels from 4,6% in 2009 to 7,10% in 2013

Renewable Energy on the Map of Poland



Source: PAliIZ

And why in Poland?

- Population of 38 million and a booming economy determine rising demand for clean technologies and energy
- Poland is aiming at reduction of dependence on import of oil and gas as well as coal share in domestic energy production
- Poland set up ambitious targets for 2020 in line with EU regulations: 15% share of energy from RES compared to 7% currently; obligatory reduction of biodegradable waste deposited on landfills to 35%, construction of biogas plants in each Polish commune
- Poland has still more than 80% of untapped potential in renewable energy production
- Poland has favorable wind conditions at the Baltic seashore
- Poland has large potential for biomass, biogas and biofuels due to agricultural traditions and huge arable area

- Poland can supply 12% of European biomass energy capacity
- Poland offers investment incentives for renewable energy producers

Companies that invested in Poland:

RWE, Iberdrola, Vestas Wind Systems, RP Global, Vattenfall, LM Glasfiber, Greensource, Poldanor, Prio (Martifer Group)

Useful links:

- The Polish Wind Energy Association (www.psew.pl/en)
- The Polish Chamber of Biomass (www.biomasa.org.pl)
- The Polish National Chamber of Biofuels (www.kib.pl/?i=biopaliwa&page=biodiesel)
- Polish Chamber of Waste Management (www.pigo.org.pl/index.php?p=111)
- The Polish Economic Chamber of Renewable Energy (www.pigeo.org.pl/index.php?lang=EN)
- Energy Regulatory Office (www.ure.gov.pl/portal/en)



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Chapter 8. How can we help?

The Polish Information and Foreign Investment Agency (PAIiZ), the government agency responsible for promotion of Poland as a business partner abroad, assists foreign companies considering direct investment in Poland, firms trading with Poland and Polish exporters.

If you are considering an investment in Poland, we will support you by:

- offering assistance in finding a convenient investment location,
- locating business partners and suppliers,
- offering advice on obtaining investment incentives,
- providing advice at every stage of the investment process.

For those who want to trade with Poland, we offer:

- assistance in finding the best business contacts,
- a comprehensive database of potential contractors,
- quick access to information on the Polish economy,
- facilitation of contacts with Polish trade organizations.

www.exporter.gov.pl

Agency's mission is also to create a positive image of Poland across the world, to promote Polish goods and services abroad by organizing conferences, seminars, exhibitions, workshops and study tours for foreign journalists.

PricewaterhouseCoopers (www.pwc.com/pl) provides industry-focused assurance, tax and advisory services to build public trust and enhance value for our clients and their stakeholders. More than 163,000 people in 151 countries across our network share their thinking, experience and solutions to develop fresh perspectives and practical advice.

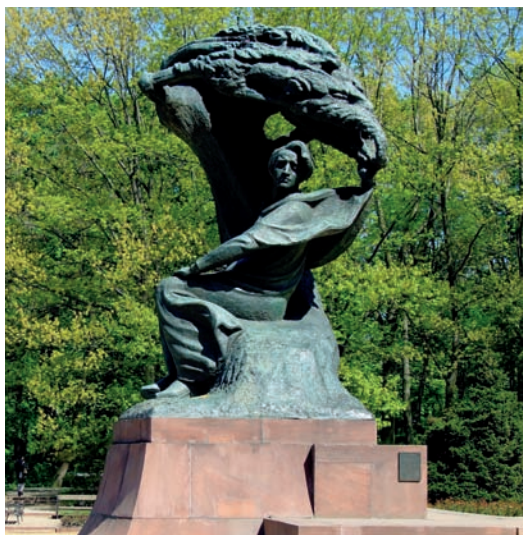
To meet the needs and requirements of foreign investors, we have established a professional operating team of English, German, Japanese, French and Korean speaking experts. We put at your disposal experts qualified in advisory services in respect of locating investments (i.e. shared service centres), managing projects and obtaining funds for investments in progress. The Team are creative, flexible and resourceful in their approach to solving issues and obstacles.



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