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POLAND

INTRODUCTION

- First CEE Economy to be Upgraded to Developed Market Status 4

GOVERNMENT

- Poland Welcomes New Prime Minister 6

ECONOMY

- An Open and Interconnected Economy 8

BUSSINESS & INVESTMENT OPPORTUNITIES

- Central Location Complemented with Numerous Investment Benefits 10
- Poland's Comprehensive Service for Domestic and Foreign Investors 12
- Special Economic Zones and Industrial Parks for Speeding Up Regional Development 14
- Innovation is Driving the Growth of the Polish Economy 15
- UNIMAX DEVELOPMENT: Poland's Esteemed Real Estate Developers 16
- HM INWEST S.A: Vibrant Polish Developer Offers Functional, Comfortable and Secure Residential Dwellings 16

- Uniting Leaders in Construction Standards and Performance 17
- At the Helm of Poland's Booming Real Estate Market 18
- Platform for Multilateral Business Contacts 19

AGRICULTURE

- Significant Investment Potential in Agriculture 20

TRANSPORT

- Ideal Transport Hub between the East and the West 22

ENERGY

- Green Energy for a Sustainable Future 24

HEALTHCARE

- Healthcare Reforms Underway in One of Europe's Largest Pharmaceutical Markets 26

TOURISM

- Rich Cultural Heritage, Modern Bustling Cities and Astonishing Natural Attractions 28
- PRUDENTIA APARTMENTS: Warsaw's Favourite Comfortable and Budget-Friendly Accommodation set to Conquer the Region 30



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First CEE Economy to be Upgraded to Developed Market Status

Poland is a central European country situated between the Baltic Sea in the north and two mountain ranges (the Sudetes and Carpathian Mountains) in the south. Poland borders Germany to the west, the Czech Republic and Slovakia to the south, Ukraine and Belarus to the east, and the Baltic Sea, the Kaliningrad Oblast and Lithuania to the north. It is the 9th largest country in Europe and 70th largest country in the world, with an area of 312.679 sq km. With a population of over 38.5 million people, Poland is the sixth most populous member of the European Union and the largest economy in Central Europe. Having a strong domestic market, low private debt, flexible currency, and diversified export, Poland is the only European economy to have avoided the recession. Recognised as an economy with significant development potential, the country is pursuing a policy of liberalisation in the economy, following a successful transition from a centrally planned to a market-based economy. The nation's largest exports include machinery, furniture, food products, clothing, shoes and cosmetics.

Poland is a member of various international organizations and unions, including the European Union, NATO, the World Trade Organization, the Organisation for Economic Co-operation and Development (OECD), the European Economic Area, the Council of the Baltic Sea States, the Visegrad Group, the Weimar Triangle and the Schengen Agreement.

Fourth on the list of top 10 emerging economies in 2018

According to MSCI Emerging Markets Index, Poland is one of the most attractive business destinations in the world. It scored number four on the list, and was overhauled only by Mexico, Turkey and the Czech Republic, the latter two also being its European rivals in this aspect.

The analysis conducted by MSCI was based on a range of indexes, including growth, yields, current-account position and asset valuations. It also focused on the competitiveness of exchange rates in comparison with the US dollar and political risks.

Although the report analyses only emerging markets, it is arguable whether Poland is still one of them. A recent update by FTSE Russell in October 2017 classified the Warsaw Stock Exchange as a developed one.

Switching from emerging to developed market

By September 2018, Poland will no longer be ranked by FTSE Russell as an Emerging Market (FTSE Emerging All Cap), but as a Developed Market (FTSE Developed All Cap Ex-US), the first Central and Eastern European economy to be upgraded to such a status. This will place the country

together with 24 other nations including Germany, France, Japan and Australia.

The FTSE Russell upgrade of Poland to Developed Market status represents an acknowledgement of the progress of the Polish economy and capital markets and is a major step in their development. Poland has all the features of a developed market, including secure trading and post-trade services, as well as advanced infrastructure. The dynamic development of the Polish economy represents an opportunity for international investors, and Poland's upgrade to a Developed Market status is a challenge which the country is prepared to face.

Three engines for strong economic growth

Most recent macroeconomic data put Poland's economic growth in the last quarter of 2017 at 5%, and the average for the whole year at 4.6%. As Minister for Investment and Development Jerzy Kwiecinski pointed out while presenting the data, the strong growth is due to three "engines": the rising consumption, the growth of exports, and the most important one, as he described it – investment, which is going strong.

"What is even more important is that our people, the citizens, are getting more and more happy and very positively assess the economic performance of the country," he highlighted when discussing the Polish economic growth for 2017.

Among the 10 most attractive education destinations

Poland is the tenth most attractive country in Europe for international students and the most affordable, according

to the Study.EU Country Ranking. The survey reported that "Brexit" is likely to accelerate Poland's success in drawing international students as they seek alternatives to studying in Britain.

The number of foreign students in Poland has grown from 12.000 to 65.000 in the past ten years, while the number of study programmes in English has doubled since 2014.

Versatile and unique culture

Polish culture is closely connected with its intricate thousand-year history. Its unique character has developed as a result of its geography at the confluence of various European regions. With origins in the culture of the West Slavs, over time Polish culture has been profoundly influenced by its interweaving ties with the Germanic, Latinate and to a lesser extent Byzantine and Ottoman worlds, as well as in continual dialog with the many other ethnic groups and minorities living in Poland. The people of Poland have traditionally been seen as hospitable to artists from abroad and eager to follow cultural trends popular in other countries. In the 19th and 20th centuries the Polish focus on cultural advancement often took precedence over political and economic activity. These factors have contributed to the versatile nature of Polish art, with all its complex nuances. Nowadays, Poland is a highly developed country that retains its traditions, most of which have been well preserved within the major urban centres of Warsaw, Krakow, Gdansk, Poznan, Wroclaw and Sandomierz. Despite the large number of casualties and destruction the country experienced during World War II, Poland has managed to preserve much of its rich cultural wealth, including 14 UNESCO World Heritage Sites, as well as 54 historical monuments, and many other objects of global cultural significance.





Presidential Palace in Warsaw

Poland Welcomes New Prime Minister

Poland is a representative semi-presidential republic, with a Prime Minister as the Head of Government and a President is the Head of State. The country's Constitution was adopted on 2 April 1997, approved by referendum on 25 May 1997, and is in effect since 17 October 1997. The country proclaimed its independence in 1918, and its national holiday is Constitution Day, celebrated on 3 May.

Government organization

Executive branch

Poland's Chief of State is the President, currently Andrzej Sebastian Duda (since 6 August 2015). The Head of the Government is the Prime Minister (President of the Council of Ministers), currently Mateusz Morawiecki (since 11 December 2017). The Prime Minister is assisted by Deputy Prime Ministers from the Council of Ministers.

Legislative branch

Poland's legislative branch is a bicameral legislature consisted of the Senate (Senat) and the Sejm. The Senate currently has 100 seats and its members are directly elected in single-seat constituencies by simple majority vote to serve four year terms. The Sejm currently has 460 seats and its members are directly elected in multi-seat constituencies by proportional representation vote to serve four year terms (the German minority is exempt

from the 5% threshold requirement for seats to the Sejm). The designation National Assembly or Zgromadzenie Narodowe is only used on rare occasions when the two houses meet jointly.

Judicial branch

Poland as a civil law system, and judicial review of legislative, administrative, and other governmental acts; constitutional law rulings of the Constitutional Tribunal are final. At the international level, Poland accepts compulsory ICJ jurisdiction with reservations and accepts ICtJ jurisdiction. The judicial system is headed by the Supreme Court or Sad Najwyzszy, composed of the President of the Supreme Court and 116 judges organized in criminal, civil, labour and social insurance, and military chambers. The President of the Supreme Court is nominated by the General Assembly of the Supreme Court and is selected by the President of Poland. The other judges are nominated by

the 25-member National Judiciary Council, and appointed by the President of Poland. They are appointed until retirement, usually at age 65, with a possibility of extension of their tenure. Other major institutions include the Supreme Administrative Court or Naczelny Sad Administracyjny, the Constitutional Tribunal or Trybunal Konstytucyjny, and the State Tribunal or Trybunal Stanu. Subordinate courts include regional and appellate courts subdivided into military, civil, criminal, labour, and family courts.

Elections

Poland has universal suffrage and all citizens age 18 or older may vote. The President is directly elected by absolute majority popular vote in two rounds if needed for a five year term and is eligible for a second term. The Prime Minister, Deputy Prime Ministers, and Council of Ministers are appointed by the President and are confirmed by the Sejm.

Three-tier Administrative System

The administrative division of Poland is based on three levels of subdivision. The territory of Poland is divided into voivodeships (provinces); which are further divided into powiats (counties or districts), which are divided into gminas (communes or municipalities). The major cities usually have the status of both gmina and powiat. Poland currently has 16 voivodeships, 379 powiats (including 65 cities with powiat status), and 2.479 gminas. The current local administrative system was introduced in 1999, after a series of reforms.

Council of Ministers

The Council of Ministers of Poland or Rada Ministrow w Polsce, is the collective executive decision-making body of the Polish Government, composed of the Prime Minister, who is also the President of the Council of Ministers, the Deputy Prime Ministers and other ministers.

Mateusz Morawiecki
Prime Minister

Deputy Prime Ministers:

Piotr Glinski (First Deputy Prime Minister)
Minister of Culture and National Heritage

Jaroslav Gowin (Deputy Prime Minister)
Minister of Science and Higher Education

Beata Szydlo (Deputy Prime Minister)

Other ministers:

Teresa Czerwinska
Minister of Finance

Andrzej Adamczyk
Minister of Infrastructure

Witold Banka
Minister of Sport and Tourism

Joachim Brudzinski
Minister of the Interior and Administration

Marek Grobarczyk
Minister of Maritime Economy and Inland Navigation

Krzysztof Jurgiel
Minister of Agriculture and Rural Development

Mariusz Blaszczak
Minister of National Defence

Lukasz Szumowski
Minister of Health

Elzbieta Rafalska
Minister of Family, Labour and Social Policy

Henryk Kowalczyk
Minister of Environment

Krzysztof Tchorzewski
Minister of Energy

Jacek Czaputowicz
Minister of Foreign Affairs

Anna Zalewska
Minister of National Education

Zbigniew Ziobro
Minister of Justice

Jadwiga Emilewicz
Minister of Entrepreneurship and Technology

Jerzy Kwiecinski
Minister of Investment and Economic Development

Mariusz Kaminski
Minister

Beata Kempa
Minister – Member of the Council of Ministers

Mariusz Kaminski
Minister – Member of the Council of Ministers, Special Services Coordinator

* Since 9 January 2018, the Ministry of Digital Affairs is currently under personal supervision of the Prime Minister Mateusz Morawiecki



An Open and Interconnected Economy

As the largest economy in Central and Eastern Europe and sixth strongest market in the European Union, Poland is one of the key markets of EU member countries and part of the Schengen area. With a population of nearly 40 million and a trillion-dollar economy that is already the world's 24th largest, the country is credited with placing the entire Eastern Europe on the global economic map.

Poland is in many respects a development success story, as broad-based productivity growth over the past decade has translated into remarkable progress in poverty reduction and shared prosperity. Structural reforms such as trade liberalization, low corporate taxes, and a business-friendly regulatory environment facilitated the transition to a market-oriented economy. The Polish economy is the only one to have avoided recession during the global downturn of 2009, establishing itself as one of the most reliable in CEE. Domestic demand is driving growth, underpinned by rising social transfers, an increasingly tight labour market and an investment recovery led by faster disbursements of EU structural funds.

EU accession has significantly contributed to the rapid transformation of the region, particularly due to EU Cohesion Funds, the greatest portion of which was awarded to Poland. For the period of 2014 to 2020, the country will have access to a €82.3 billion, which is 20% more than the €67.3 billion of the previous round. Furthermore, the country's deficit and public debt remain manageable. The currency remains stable, exports continue to boom and the trade balance is in surplus.

Tremendous economic growth

Poland has almost doubled its GDP over the last two decades. Since the country completed the transition from communism to democracy in 1991, its economy has been growing at an average annual rate of 4% and, remarkably, has not suffered a single year of negative growth. In the past quarter of a century, Poland's average income has risen to near US\$30,000, from US\$2,300. Between 2008 and 2011, the country registered a cumulative growth of nearly 16%.

Data show that Poland's GDP grew 4.6% in 2017, marking the strongest growth reading in six years. A rebound in fixed investment on the back of recovering inflows of EU funds and a stronger expansion in household spending were the main drivers of growth. The declining unemployment, together with accommodative financing conditions and robustly rising wages, translated into buoyant consumer spending. Furthermore, estimates show that 2018 will also be a strong year for the Polish economy. In January, business sentiment surged to an over nine-year high, as firms grew far more optimistic on current and future production levels. GDP is estimated to grow over 3.9% in 2018, and 3.4% in 2019.

It is predicted that the economy of Poland will join the G-20 list by as soon as 2022.

Substantial capital investments

In the upcoming period, the biggest investment in Poland will continue to be in infrastructure and the environment, smart growth, knowledge, education and digital and technical development. Investment in infrastructure, upgrading transport networks — which includes the introduction of high-speed railways between its largest cities — as well as an update to the inefficient coal-fired power plants for generating electricity is essential. This will lower trade-costs, increase productivity and underpin capital investment in the economy of Poland, while generating a demand for industrial machinery and transport equipment, generating greater ease of transport and thus ease in doing business in Poland and ultimately boosting the already thriving economy.

Another crucial sector for investment in the Poland economy is nuclear energy. In January 2014, the Government announced Polish Energy Group will be sourcing a location for the country's first nuclear plant with building scheduled to start in 2019. It's a €19 billion program that has the support and public acceptance. That means optimum room for growth in the sector, along with the joint R&D, equipment exports and exchange in intelligent electronics, management and control systems.

Furthermore, to optimise the effectiveness and efficiency of the region, public investment will also concentrate on Poland's strengths, namely in BPO & SSC, IT & ICT, along with significant investment in R&D.

Changing the growth model

Offering one of the biggest domestic markets, with an efficient and low-cost workforce, doing business in Poland means working with a leader in both cost-effectiveness

and business friendliness. In addition to that, the economy in Poland has undergone extensive privatisation of state-owned companies since the 90s, while deregulation has developed the private sector significantly.

Nevertheless, the Government is looking to change Poland's growth model, in order to rely less on foreign investment. Poland is already making some headway in reducing its dependence on outside funding, with foreign ownership resulting in annual transfers of about US\$30 billion in dividends and other outflows. As a sign that change is under way, Poland's current-account balance turning positive in 2017 for the first time in 30 years. Other successes include a declining share in foreign holdings of sovereign debt, which has dropped to 50% from near 60% three years ago and boosting budget revenue to finance the deficit instead of using privatization proceeds.

Becoming a global manufacturing power

Poland is working its way up to becoming one of the major manufacturing powers in the world. Export manufacturing process can stabilize a rising economy by generating reliable foreign revenue, allowing countries to invest heavily without running up huge debts, as has happened in Poland. No other sector has as much impact as manufacturing in generating the jobs and productivity gains that can make a nation rich. With its cheap currency and relatively low wages — still one-third those in Germany — Poland is more than competitive with the Asian manufacturing powers. Exports from manufacturing account for 33% of GDP, well above the average for emerging nations of 22%.





Central Location Complemented with Numerous Investment Benefits

Poland has stable economy and well-grounded macro-economic position and unique conditions for running a business are supported by repeatedly confirmed resilience to economic crises. It is one of the most attractive locations for foreign investments, as it is confirmed by numerous international reports which highlight the economic and political stability of the country, the educated and competent human capital and a large domestic market. In times of global economic crisis Poland has strengthened its position, not only in the region of Central and Eastern Europe but also all over the continent. Given all investment advantages, Poland is considered a 'safe haven' for investors, especially in times of economic instability.

Poland fosters a diversified economy, with a wide range of manufacturing, service and agricultural companies, enabling investors to find proper partners in sectors various sectors, such as automotive, aviation, food processing electronics and finance. Furthermore, the country is known for its macroeconomic stability, characterized by healthy public finances and long-term predictability.

Poland is the only country in the EU avoided recession and public finances are in much better condition than the EU average.

There are multiple benefits of establishing operations in Poland including lower costs of land acquisition, reduced labour costs and providing a reliable supply chain to customers without the uncertainty of potential anti-dumping tariffs seen with Far East products. The country's sustainable development has much to do with its solid economic foundations. Assessment of the investment climate improve yearly. The country's advantages, complemented with the international safety and stability guaranteed by Poland's membership in NATO and the EU, make Poland a credible and important business partner for foreign investors.

The country offers a wide range of investment incentives. Investors are invited to locate their projects in 14 Special Economic Zones (SEZ) where economic activity may be run in favourable conditions. Polish SEZs offer attractive



tax exemptions, employment incentives and well-prepared investment lots.

Central location offers access to large markets

Poland's 38 million consumer market is one of the biggest in Europe. Furthermore, the country's favourable location, in the centre of Europe, where the main communication routes intersect, makes it possible to export goods to all European countries and thus reach over 500 million consumers, as well as easy access to Eastern European countries. Poland's major trade partners are, among others, Germany, Russia, China, France, the UK, Italy, Hungary, Ukraine and Spain.

Highly-skilled and hard-working workforce

Poland's workforce is composed of highly-skilled and hard-working people, and many say that the main advantage of the country is actually its inhabitants. Well-educated Polish economists, engineers, IT specialists and scientists are highly sought-after and appreciated employees who find employment in IT companies, R&D centres and scientific institutes. Every year, the number of graduates of Polish universities increases, as does the number of faculties useful in high-tech industries.

2017 GDP growth of 4.6% fastest since 2011

Poland's economy expanded 4.6% in 2017, its fastest pace since 2011, which was driven by domestic demand and higher economic activity in the region and the European Union, its main trade partners. The growth was slightly above analysts' forecast of 4.5% and substantially faster than the 2.9% of 2016.

Household consumption expenditure, which accounts for 61% of GDP, grew 4.7% in 2017, its strongest rise in nearly a decade, resulting from generous social spending by the ruling conservatives and higher wages. The growth rate, combined with improved tax collection last year and stable budget situation, boded well for economic growth in 2018. Fixed investment increased by 5.4%, mainly due to an increase in distribution of the European Union funds.

Highest investment volume in CEE

Investment volumes in Poland grew most 9%, from €4.6 billion in 2016 to €5 billion in 2017, which was the highest investment volume recorded in the last ten years, and also the highest investment volume recorded in Central and Eastern Europe in 2017. In 2017, commercial real estate investment activity reached €5 billion. The retail sector recorded the most investment with €1.9 billion, followed by approximately €1.4 billion in the office sector. The warehouse market accounted for almost €900 million, while nearly €850 million was invested in both the hospitality and mixed-use sectors each. Industrial and hospitality yields stood at 6.75% and 6.5%, respectively, with retail and office yields at 5% and 5.25%, respectively.

Estimates show that in Q1 2018, investment volumes are likely to surpass €3 billion, benefiting from deals closed in late 2017, which fuels positive expectations for the entire year.

Among the top 20 most attractive locations for China

Poland is ranked 17th among 67 key locations for Chinese investment. The opening of a railway line between Chengdu and Lodz has contributed to a significant rise in bilateral trade volumes between the two countries, which is estimated to have increased by 30% since 2013. Poland was ranked highly due to the effectiveness of its institutions that allow investors to place capital more easily, a market that is accessible to direct foreign investment, and a rapidly developing infrastructure.

In 2016, China's foreign direct investment in Poland totalled US\$563 million. Poland was the largest recipient of Chinese FDI among the countries in the Visegrad Group and the eighth in the European Union. The importance of Poland is further demonstrated by its standing in the '16+1' group, which collects together the CEE countries that collaborate with China.

Chinese investors are showing a growing interest in Polish real estate. A key investment deal was completed in 2017, when China Invest Corporation acquired the Logisor warehouse portfolio for US\$15 billion, out of which 28 of the 43 locations were properties located in Poland, with a total value of US\$640 million.



Poland's Comprehensive Service for Domestic and Foreign Investors

The Polish Investment and Trade Agency (PAIH) assists the entry of investors in the domestic market by showcasing the most effective ways of utilizing all of the possibilities available to them. It guides investors through all the essential administrative and legal procedures required by different kinds of projects, also lending substantial support to firms that are already active in Poland. In addition to providing rapid access to complex information on legal and business matters, the agency helps investors in finding appropriate partners and suppliers, as well as new locations necessary for the establishment and growth of business operations.

Creating a positive image of Poland across the world by promoting its goods and services is also a part of the agency's mission.

PAIH makes use of its predecessors' (Polish Information and Foreign Investment Agency) "inheritance" as a basis for a substantial upgrade in the quality and scope of its services. The established network of Regional Investor Service Centres across Poland is aimed at the improvement of the quality of investor services across different regions, working as links between the investors and local authorities, as well as ensuring access to the latest information, investment offers and regional micro-economic data.

Support for investors

The agency helps foreign and domestic companies in finding business partners in Poland, with a customised approach in meeting specific criteria, such as location,

production profile and size in terms of headcount and sales. Investors interested in privatisation projects or public-private partnerships, are offered support in arranging contacts with appropriate partners.

As each investor has a unique specificity and expectations, the agency's team models the right approach to the investment process, tailored to the needs of the client.

PAIH provides comprehensive investor support at each stage of the project. It begins by arranging study tours for companies interested in Poland, including on-the-spot visits for investors with specific business plans. The agency's team of experts offers strategic advice in the selection of investment locations and provides reviews of macroeconomic and microeconomic factors, as well as cost drivers at each location. PAIH assists investors in establishing business relations and prepares a selection of potential Polish suppliers and contractors necessary to implement their project in the most efficient way. All of the services provided to the investors are free of charge. They include continuous support of existing investors and incentives for reinvestments in Poland.

To ensure the highest quality of services for its clients, PAIH cooperates closely with regional partners, supporting local governments in the selection of investments which help regional growth and create new jobs. Conducting audits of green-field and brown-field investment locations, PAIH trains local governments to work productively with businesses, in addition to organising investment missions and participating in trade fairs and conferences.



Expanding the portfolio for supporting Polish companies abroad

The Polish Investment and Trade Agency “is the first institution in Poland which is offering complex support for domestic entrepreneurs operating abroad,” says its President, Tomasz Pisula, adding that the agency is now able to provide to both types of its clients, foreign investors and Polish companies, a significantly wider range of business assistance than before.

“We are creating a comprehensive offer to support Polish exports. Introduction of Foreign Trade Offices is one of the most crucial elements of the agency’s new strategy,” explains Wojciech Fedko, Deputy President of PAIH responsible for exports. These offices will be operating in the countries where domestic companies have already been active, as well as in the places with the biggest business opportunities for Polish entrepreneurs.

“Servicing investment projects in Poland remains one of the strategic activities of the agency. We are very experienced in that area,” says Krzysztof Senger, the responsible manager for FDI’s in PAIH. His team of investment experts has supported the largest FDI projects in the country, such as Volkswagen, Daimler and LG Chem.

President of PAIH Tomasz Pisula explains that his organisation has changed not only its name and responsibilities, but also the way in which it works, orienting much more towards pro-business goals. The agency helps clients in overcoming various challenges in their business operations in Poland, offering mediation support, relations management and intermediation in contacts with the central administration and local governments. It conducts on-going monitoring of business barriers and develops comprehensive legislative solutions to minimise business obstacles.

The agency has joined the Polish Development Fund Group, which is a complex system of business support and it has founded the Investor Club (KI), a group of entrepreneurs and central government officials who meet regularly and support the growth of companies, clusters, sectoral and national groups.

Assisting Polish companies in foreign expansion

Polish companies investing abroad are eligible to use local support instruments including financial grants offered by

the Government of the host country. The availability and specificity of instruments in the target host country require a case-by-case review. The “Polish Champion Project” helps Polish private companies to become leaders of international expansion. Project participants learn how to identify barriers in foreign expansion, work with experts to develop good business practice, and use the support of the Polish Government in their foreign investments. In cooperation with PricewaterhouseCoopers, this project provides workshops in financing of international expansion and the associated legal and fiscal aspects.

PAIH helps in the comprehensive preparation of Polish businesses for participation in international trade fairs by providing a range of necessary information about market specificities and consultations on matching the marketing strategy with the local business culture. The agency’s team develops an in-depth analysis of client expectations and business profile to recommend a market entry strategy for each product category, providing a range of necessary information about the characteristics of the local distribution channels.

Business missions organised by the agency provide clients with a range of opportunities: participation in workshops, conferences, trade fairs, as well as dedicated business meetings helping to understand the local market. All events are arranged under the umbrella of Polish public institutions, with frequent participation of top-ranking officials of the central and local administration.

Access to World Bank Group business opportunities

A Private Sector Liaison Officer to the World Bank Group (PSLO) facilitates local companies’ access to World Bank Group business opportunities, services and knowledge. These services include procurement opportunities related to development projects financed by the World Bank, political risk guarantees offered by the Multilateral Investment Guarantee Agency (MIGA), facilitation of contacts between local companies and the bank group and providing information on the bank’s knowledge resources and partnership opportunities.

The PSLO network includes over 100 officers operating in nearly 80 countries. In 2011 the network has become a platform serving other international financial institutions, including the EBRD.



Special Economic Zones and Industrial Parks for Speeding Up Regional Development



Special Economic Zones

The Special Economic Zones in Poland are the result of successful connections of the needs of investors with the needs of the particular regions in the country. They have been set up for the purpose of speeding up development of the Polish regions, developing and utilising new technical and technological solutions in the national economy, increasing the competitiveness of goods and services, developing the potential of industry and the infrastructure, and creating new work places.

Since 1994, when the first SEZ was created in Poland, the country has continued to look to these investment areas to boost its economy. In addition to excellent locations, well developed infrastructure and transportation network, investors benefit from income tax deductions ranging from 25% to 45% – depending on the size of the company, as well as 10-year exemption from land tax. Each SEZ is unique, with its own strengths and particular focus, but regardless of their dominant industries or geographic locations, all of them remain open to a wide range of investments and numerous incentives.

Each zone is an administratively separate part of Polish territory, allocated for the running of businesses on preferential terms. So far, 14 such zones have been created (Kamienna Góra, Katowice, Kostrzyn-Slubice, Kraków, Legnica, Łódź, Mielec, Pomeranian, Słupsk, Starachowice, Suwałki, Tarnobrzeg, Wałbrzych, and Warmia-Mazury), and benefits in the zones have been extended recently to

2026, instead of 2020. Permission to begin trading in an SEZ is granted by the management board of each zone; which also assist in the investment process, e.g. through the easing of contacts with the local authorities, or with central administration and in questions relating to the purchase of land for investments.

Industrial and technology parks

Industrial and technology parks are clusters of separate buildings together with a technical infrastructure, created with the aim of attracting an influx of knowledge and technology for scientific bodies and businesses. They are places which, due to a concentrations of firms from one sector and supporting science and research facilities, are enabled to develop quickly. The goals for industrial and technology parks are providing offers of workspace for commercially viable companies that use new technology, attracting investors, and creating jobs. Entrepreneurs that use new technology are offered services in the form of consultancy in the formation and development of an enterprise, transfer of technology, transfer of results from scientific research and development work, into technological innovation, and creating favourable conditions for businesses. The facilities being offered, are applicable both to Polish and foreign businesses.

Each of the parks in Poland has its own individual character, stemming from regional social, cultural and economic factors, together with the facilities, materials and human resources available. Specific initiatives reflect the differing local environments of: science and business, the economic character and industrial traditions, together with the cultural factors hindering business. There are numerous industrial and technology parks in Poland, including Bydgoszcz Industrial and Technological Park, Białystok Science and Technology Park, AURO Business Park in Gliwice, Gdansk Science and Technology Park, High Technologies Industrial Park in Stargard, Kielce Technology Park, Krakow Lifescience Park, Krakow Technology Park, Lublin Science and Technology Park, Lubuski Industrial and Technology Park, Mielec Industrial Park, Wrocław Industrial Park, Poznan Technology and Industry Park, Szczecin Industrial Park, Silesian Industrial and Technological Park and many others.



Innovation is Driving the Growth of the Polish Economy

Poland's FDI track record shows that the country is an excellent investment destination both for companies which are giants in their fields and those that are seeking conditions for fast and safe development. The highly qualified workforce, renowned for their expertise, knowledge and industriousness, complemented with the already well-developed market and many different firms in a specific sector guarantee the availability of materials and sub-contractors.

The consistent growth in the number of jobs and the broadening of the scope of business of companies with Business Process Outsourcing (BPO), Shared Services Centres (SSC), IT and Research and Development (R&D) centres in Poland help strengthen the country's position among major business services destinations worldwide.

The largest share of jobs in the business service centres sector (35%) is generated by shared services centres (SSC), followed by IT centres (30%), outsourcing centres (21%) and R&D centres (14%). Regarding employment structure by organizational model, there is no dominant single type of entity. The largest number of jobs (40%) was created by commercial service providers or outsourcing centres. Entities operating on behalf of parent companies or shared services centres generated a 37% share in employment structure, while hybrid model companies had a 23% share.

Seven superb business service locations

Companies looking to open their first business services centre in Poland or those seeking to expand their operations are able to carry out projects in various cities, which

is a competitive advantage over other countries in the region. Looking at Poland's business services sector map, the employment level at BPO, SSC, IT and R&D centres exceeds 10,000 people in seven locations. Such major business service locations are: Krakow, Warsaw, Wroclaw, Tri-City, Katowice Agglomeration, Lodz and Poznan, which collectively account for 85% of all jobs in the sector. In nine other locations, service centres employ between 1,000 and 10,000 people. Generally speaking, jobs in the sector were created at 39 locations, of which 15 have at least ten service centres.

Krakow, whose business services centres now have as many as 55,800 employees, remains the clear leader in the number of jobs in the sector. This means that the city has a 23% share in the structure of employment in the sector by business services location. At least 40,000 jobs were created in Warsaw and in Wroclaw. Locations with over ten thousand jobs in the sector are: the Tri-City, the Katowice Agglomeration, Lodz and Poznan.

Among major business services locations, the largest percentage of employment growth in the period from 2016 to 2017 was reported in Poznan, where the number of jobs increased by 19%. The other top three cities in terms of growth were Wroclaw (17%) and Lodz (16%). Lublin and Rzeszow reported the fastest growth in the period in question among smaller business services locations.

In terms of absolute value of employment growth, the largest number of new jobs in the sector was created in Warsaw (5,900), Wroclaw (5,700) and Krakow (5,500).



Unimax Development, Poland's Esteemed Real Estate Developers



Michal Kubicki, President of Unimax Development, is a thriving Polish businessman with 22 years of experience in the real estate sector. Between 2007 and 2012 his company generated €8 million in profits from construction, which were later reinvested in building 700 apartments, with 900 more in the pipeline, mainly in Warsaw and Kielce. "We managed to establish ourselves as stable real estate developers, having as our partner our sister company PB Unimax, with roughly €30 million in turnover, which is also working on other large projects in Warsaw. We reinvest more than 80% of profits back into real estate development" Michal Kubicki says.

Grupa Unimax is a major shareholder in PB Unimax and Unimax Development. As the chief manager within the consortium, Michal Kubicki sees their competitive advantage in the flexibility and speed of decision-making. "We are focused on the return on equity; we make money based on dynamic financial analyses. After so many years in the market, I can do that in a short time. There is trust between my partner, Grzegorz Mazur, who is a majority stakeholder, and me, as we have known each other for 15 years", he explains.

Focused on building high-end apartments in downtown Warsaw, which sell at a price of €2.500 per square meter, clients are trusting the image of the company and buying even at the initial building stages. "Due to the Brexit, a lot of businesses are moving their operations to Poland. They are interested in large office spaces and high-end apartments for their top management" Michal Kubicki points out.

Working towards the goal of building 1.000 apartments per year in the future, Unimax Development is reaping the benefits of Poland's steady growth and attractive business climate. "There is still tremendous potential in Poland's undeveloped real estate market. We need roughly two million more apartments, and there is a large volume of old buildings that need to be demolished" Michal Kubicki concludes, calling for interested investors to join in the expansion of their business.

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HM Inwest S.A.

Vibrant Polish Developer Offers Functional, Comfortable and Secure Residential Dwellings



Established in 2004, HM Inwest S.A. is Poland's dynamic developing company, offering residential dwellings, residential and service buildings and small single family housing estates, renowned for its attractive location, high-standard construction and modern architecture. Working under the prominent Grupa Inwest, the company has instantly reached the leading position in the group. Piotr Hofman, President of the Management Board points out, "HM Inwest is already listed on the Warsaw Stock Exchange for small enterprises, aiming to move towards the main Warsaw Stock Exchange market, until 2019".

Supported by a well-established development policy and highly-experienced qualified staff in the construction field, the company has implemented many investment projects, mainly in Warsaw. HM Inwest has recently entered the market of Krakow and Katowice, and is aiming to further develop on the markets in Poznan and Wroclaw. The company provides developing services for individual clients, construction projects for large investors and the Polish Government, executing four projects of the Apartment Plus Program. The company's annual profit reached over €13 million in 2016.

Discussing company's future plans, Piotr Hofman emphasizes, "We are very open-minded, flexible company, with a significant know-how in the construction field. We are interested to create international partnerships with foreign investors and businesses. We are looking for a partner that will provide financial support of the projects that we are developing and transfer the international know-how in the country".

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Uniting Leaders in Construction Standards and Performance

The Polish Association of Construction Industry Employers brings together 86 companies, which perform approximately 70% of the contracts in the country. Celebrating its 25th anniversary this year, it is a country-wide organisation which associates contractors, construction materials manufacturers, specialist design and geodetic companies, developers and other stakeholders related to the industry. “We are an institution expressing the community opinion on negotiations with the Government, the Parliament, Trade Unions and the EU structures”, the Association’s President Jan Styliniski points out.

Jan Styliniski
President of the Polish Association of Construction Industry Employers



European Times: Can you give us a brief introduction of your association and the portfolio of services you provide?

Jan Styliniski: In general, we represent the construction companies. The competitiveness of this sector is very high in Poland, and I believe it is the most competitive market in Europe. Our role is to pinpoint the obstacles in the industry and suggest ways to overcome them. We provide opinions on legal provisions regarding construction and economic activity in the country. Upon a member’s request, we intervene in their issues at state administration bodies and implement legal protection in proceedings regarding public procurement in tenders in which our

members have participated. Our association represents the interests of the Polish construction industry employers before the Trilateral Commission and Sejm Commissions. We also conduct specialised training and seminars for the officers, managers and employees of companies. Vocational education entities and technical colleges are our partners, and we participate in EU projects aiming at their reactivation and popularisation.

European Times: What is the role of Government spending versus the private sector in your industry?

Jan Styliniski: Half of the money for the construction industry comes from the state, and less than 48% originates from the private sector, so one can easily say that the Government is boosting or busting the market.

European Times: In which direction should your sector grow in the future?

Jan Styliniski: Analyses show that digitalisation, automation and innovation can decrease the costs of construction by 20%. Our goal is to achieve faster, cheaper and sustainable building, increasing the productivity of the sector. We would like to support a corporate social responsibility culture that maintains proper relations between the construction industry, workers and the society, including, of course, safety in construction. We are open to all kinds of partnerships with organisations working on these issues abroad so that we can share experiences and advance our joint interest together. They will see that the level of quality of Polish construction companies is among the highest in Europe. Besides basic infrastructure projects, they have built many complex structures and huge buildings. Our experience and flexibility, and especially our highly educated and skilled employees are our biggest advantage.



At the Helm of Poland's Booming Real Estate Market

Investors are uncovering the vast growth potential of Poland's real estate market. Compared to the average number of residential units in the European Union, Poland needs three million more apartments, and only 250.000 are currently built. Konrad Plochocki has been General Director of the Polish Association of Developers in the last four years, leading it to include 150 developers that are responsible for more than 50% of all activities in the market.

Konrad Plochocki
General Director of the Polish Association of Developers



European Times: What are the main activities of your organisation?

Konrad Plochocki: Our main activities concern legislation actions, as we are cooperating with the Government on policies related to real estate: from spatial planning to building, regulations on plots, including agriculture plots and their transfer to building grounds, energetic buildings regulation, mortgage financing, interest rates and tax incentives for investors. Our association organises thematic groups for our members with whom we discuss topics covering marketing, law, finance, and technical regulations. We are sharing our best practices, and we are

having lawyers present to discuss how to cope with new rules, as well as Government officials to present our challenges and to find ways how to solve them.

Our association is the voice of the developer's industry in the country and abroad. Being an active participant in the European Federation of House Builders, we are cooperating with all relevant EU institutions.

European Times: How has the real estate market developed in Poland during the last decades?

Konrad Plochocki: The first apartment made by a developer in Poland was registered in 1993 with three units, shortly after the breakdown of the Soviet-style economy in our country. Since then, there has been a steady growth in this sector, but the opportunities ahead are truly tremendous. Our market is divided among small companies, so the biggest Polish housing developer holds only 3-4% of the market. We have a large number of developers and the number of members of our association in the last four years increased by 50%. We run a map of all the investments of private developers, around 1.000 investments in the country and we are inviting potential clients to choose from our member's offers. The need for apartments is very high, especially for rentals. When it comes to the office space market, the growth is impressive, and it is especially fuelled by the consequences of "Brexit", with many esteemed companies moving their operations here.

European Times: What would you advise investors interested in this market?

Konrad Plochocki: Our market is in high demand for new buildings. The rental segment is growing fast, and an increasing number of investors are buying whole buildings for rental purposes. The last five years witnessed a growth in the number of sales of new residential units, but there is still so much more good business to be done. I would advise investors to follow our activities and join in our endeavours.

A Platform for Multilateral Business Contacts

Jerzy Czuczman, Director of FORUM OKRETOWE



The Association of Polish Maritime Industries FORUM OKRETOWE is an employer's union set in 1993 in Poland in accordance with the Union Act. The union resulted from the efforts undertaken to create a platform for multilateral business contacts among shipyards, their supply chain and other institutions, aiming to share their experience in the shipbuilding, ship repair and maritime technology sector. The initiator of FORUM OKRETOWE was Professor Jerzy Wojciech Doerffer, the first President of the Association and the Nestor of the Polish shipbuilding industry.

FORUM OKRETOWE is a member of the SEA Europe – Shipyards & Maritime Equipment Associations (formerly CESA) an organization grouping the shipyards and ship equipment manufacturers from Europe and from Turkey, as well as the Polish Confederation of Private Employers LEWIATAN (PKPP Lewiatan).

The goal for FORUM OKRETOWE is lobbying for fair conditions in order to enable further development of the Polish shipbuilding industry; creating co-operation platforms for members of the Association; and protecting members' common interests as well as representing them home and abroad.

The companies, members of FORUM OKRETOWE, always maintain outstandingly high professional level and together as a group accumulate an enormous intellectual potential. They include newbuilding and repair shipyards, service and systems providers, ship equipment manufacturers, cooperating companies and other enterprises and/or institutions active in the maritime industries. Among them there are also universities, research and development centres, design offices, classification societies, banks, insurance institutions and legal offices.

FORUM OKRETOWE's members assure jobs for over 10.000 employees, which represents one third of the total employment in the sector, whereas the value of delivered products and services is close to 50% of the total turnover of the sector in Poland. FORUM OKRETOWE is one and the only employers' association in Poland in shipbuilding, ship repair and maritime industries sector, therefore having a privilege to represent the entire Polish sector. As a fully independent organisation, the association operates exclusively on membership fees, without any public or governmental support neither subsidies.

The main fields of activities of FORUM OKRETOWE include: protection of members rights and representation of their interest; creation of an environment for development of ship newbuilding and ship repair industries, cooperating supply chain and research institutions; promotion of co-operation and exchange of services between members; contribution to legislation processes; and representation of Polish shipbuilding industry in international organizations and associations.

President Jerzy Czuczman emphasises that "FORUM OKRETOWE is united by the hope and the conviction that standing together we can reach more, that acting together we can mutually achieve business successes, which shall result in securing stable, interesting and satisfying jobs for thousands of people in an innovative world".

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Significant Investment Potential in Agriculture

Poland's agriculture sector has significant potential and provides numerous investment opportunities. Poland has a total population of 38 million inhabitants, of which more than 12.5 million (33.2%) live in predominantly rural regions. The country is renowned for its considerable natural and environmental diversity. The share of forest areas in the total area of the country exceeds 30%. Over 75% of Poland's territory is located below 200 meters above sea level, and merely 3.1% percent above 500 meters above sea level.

Polish agriculture is characterised by: small farms, since the average size of holdings is 10.1 hectares compared to EU's average of 16.1 hectares; young farmers, since 12.1% of the farmers are under 35, compared to EU's average of 6%; a strong contribution to the economy and to employment, since the primary sector (agriculture, forestry and fishing) accounts for an average of 2.5% of GDP and agriculture accounts for 10.5% of the total employment, which is higher than the EU average both in economic terms (EU average is 1.5%) and employment terms (EU average is 4.3%). In 2017, agriculture's contribution to the country's GDP was 2.6%.

In general, farms utilize traditional production methods,

with limited use of mineral fertilisers and chemical plant protection products, as well as a limited use of industrial fodder in feeding farm animals, especially cattle. Despite all challenges, Poland is an important European and global producer of agricultural and horticultural products, as well as products of animal origin.

Opportunities in the leading sectors

The most important crops are grains, of which the highest yields came from rye, wheat, barley, and oats. Other major crops are potatoes, sugar beets, fodder crops, flax, hops, tobacco, and fruits. Farms all over Poland raise dairy cows, beef cattle, pigs, poultry, and cultivate fruit.

Poland is also considered a leader in the production of berries, such as strawberries, raspberries and currants, as well as outdoor grown vegetables, such as onion, cabbage and cauliflower. The field in which a farm is specialized depends on the soil and climate conditions, as well as the regional traditions.

Poland is an important meat producer in the European Union. In recent years, it ranked 4th in terms of the production of both pork meat and poultry and was ranked as

the 7th largest producer of beef. The production of poultry meat has increased significantly in recent years, growing by several percent each year. Over 93% of the meat within the structure of poultry market comes from broilers and turkeys.

Poland's egg production amounts to 8% of the total quantity produced in the EU, thus making the country EU's 6th largest producer. The domestic production of chicken eggs exceeded 10 billion, of which over 30% was exported.

Strong EU support fostering growth and jobs in rural areas

Between 2007 and 2013, through the Common Agricultural Policy (CAP), more than €25.1 billion were invested in Poland's farming sector and rural areas to stabilise farmers' income, modernise and increase the sustainability of Poland's farms and to secure the supply of safe, affordable and quality food.

CAP envisions nearly €32 billion of investments in Poland's farming sector and rural areas for the 2014-2020 period. Certain key political priorities for which CAP funding should be used have been defined at European level - jobs and growth, sustainability, modernisation, innovation and quality. However, Poland also has the flexibility to adapt both direct payments and its rural development programme to its own specific needs.

Farmers in Poland, same as in other EU member countries, are subject to so-called 'greening' rules, designed to ensure that they farm in a sustainable way and help contribute to

EU's efforts towards tackling climate change, biodiversity loss and soil quality. Under this system, 30% of the direct payment allocation, paid per hectare, is linked to three environmentally-friendly farming practices: crop diversification, maintaining permanent grassland and dedicating 5% of arable land to environmentally friendly measures (so-called 'ecological focus areas').

Through the CAP, the EU also supports producer organisations that can help farmers to organize properly and to market their products more effectively, strengthening their position in the food supply chain.

Through the quality policy of the CAP, the EU provides a number of measures to help producers build on the high-quality reputation of European products, so as to sustain competitiveness and profitability. A key tool is the register of more than 1.300 protected food names, which are classified as a Protected Designation of Origin (PDO), a Protected Geographical Indication (PGI) or a Traditional Speciality Guaranteed (TSG). The production of these registered quality products contributes to diversity, development and growth in the rural areas where they are produced, and also protects local knowledge, skills and jobs. Poland has 37 products registered, including eight PDOs.

In addition to the registered products, the EU also helps highlight food that has been produced in a sustainable way by using a clearly recognisable organic logo. In recent years, Poland has recorded a rapid development of organic farming, which is expected to increase further in the upcoming period.





Ideal Transport Hub between the East and the West

With an advantageous Central European location, growing GDP and resolute economy, Poland is the ideal transport hub. Transport & logistics is a US\$56.9 billion industry in the country, which not only makes Poland the biggest market in Central and Eastern Europe, but also makes Poland's transportation sector the seventh largest in the EU. The country is located at the intersection of routes between major metropolises, such as Los Angeles – Tel Aviv, Vienna – Tokyo, Shanghai – Paris, and New York – Tehran.

Uninhibited connections to international roadways

Road transport is dominant in Poland. Statistics from Poland's Central Statistical Office revealed that road transport operators carried over 1.5 billion tonnes of cargo across 2017. Poland is outfitted with over 3,000 km of roads, including 1,553 km of motorways, and has uninhibited connections to international roadways. The Motorway of Freedom (A2) links Warsaw with Germany, for example, meaning large volumes of freight can travel freely across the country.

Numerous development projects in the rail industry

Polish railways carried almost 304 million passengers last year, the most in 15 years, and an increase of over 11 million passengers when compared to 2016, when 292.5 million passengers were recorded. Passengers are being encouraged to pick rail because of comfortable, new or modernised trains, shorter journey times and new, friendlier stations, according to the Office of Rail Transport.

Freight transport also shot up last year in Poland. The

total mass of cargo transported by rail was the highest in five years, with total tonnage over 230 million in 2017. Rail freight tends to offer cheaper rates than trucking in Poland. Despite this, road cargoes still massively outweigh railway freight volumes.

There are numerous development projects in the rail industry which are being considered. Domestic firms PKP Cargo and CTL Logistics are looking to expand their international operations. Moreover, the EU's Fourth Railway Package proposes all EU member states must open their railways to their fellow Union members – meaning lots more cargo could be travelling on Polish tracks very soon.

Rise in cargo volumes of the ports

Poland's two major ports are Szczecin and Gdansk, both located on the Baltic coast. Cargo volumes at these two facilities rose in 2017, however, and the maritime trade is set to gain more importance in the coming years. Gdansk posted record container volumes in 2017, hitting over 37 million tonnes. Similarly, Szczecin's cargo traffic rose to over 25 million tonnes.

Warsaw Chopin Airport welcomes over 15 million passengers

There are 126 airports in Poland, out of which 87 are with paved runways. The largest and busiest commercial airport in Poland is the Warsaw Chopin Airport, with 15.75 million passengers in 2017. It is also the busiest airport in central and eastern Europe.

Other airports include: John Paul II International Airport Krakow-Balice; Gdansk Lech Walesa Airport; Katowice International Airport; Warsaw-Modlin Airport; Wrocław-

Copernicus Airport; Poznan–Lawica Henryk Wieniawski Airport; Rzeszow-Jasionka Airport; Solidarity Szczecin-Goleniow Airport; Bydgoszcz Ignacy Jan Paderewski Airport; Zielona Gora-Babimost Airport; and Olsztyn-Mazury Regional Airport.

The state-owned airline is LOT, which has grown in recent years. Last year, it launched several new long-haul flights, including to Los Angeles and Astana. Twelve new connections from Warsaw are planned for 2018, including to Singapore.

Plans for building a new hub airport

As traffic at Warsaw Chopin Airport continues to grow, it will meet full capacity in a few years' time. Amid these concerns, the Government plans to replace it with a new, central airport. The Central Transport Hub, as it is called, has become a flagship project. Scheduled to open in 2027, the new airport is hoped to become a regional hub and one of the largest international transfer airports in Europe. The new airport will be built 40 km west of Warsaw, in the municipality of Baranow in central Poland. It will be built on around 3.000 hectares of land, with an initial capacity of 45 million passengers a year, later rising to 100 million. Construction is expected to cost €7.2-8.4 billion, including road and rail infrastructure.

The new airport would be part of a new transport hub, with rapid rail connections to the capital and other cities. The Government says it could be reached by train from the country's main urban agglomerations in 2.5 hours, which would later decrease to two hours. A new town by the airport, with business parks and a congress centre, is also planned.

Multiple freight transportation modes

According to statistics, Polish and international companies working in the country carry over 1.8 billion tonnes of cargo across multiple transport modes annually. Poland has interesting divisions in its transportation mix, with trucking and road transport claiming the lion's share of freight traffic. Within the Polish transport and logistics industry, 75.19% of freight traffic occurs on roads, 14.32% via railways, 3.90% by sea, 6.32% by pipelines, 0.22% by inland waterways, and 0.04% by air.

Multi-modal development underway

Poland's transport and logistics sector is keen to develop its intermodal, rail and maritime trade operations. The country is spending US\$700 million in transport costs by developing inter-modal transport links. This is vital, given that two major transport corridors cross the country: North-South (Baltic-Adriatic route) and the East-West link. Along the Baltic-Adriatic route, which starts in Gdynia on Poland's northern coast, a spate of rail upgrades is underway, including track enhancements and construction of key trunk lines.

Poland's biggest intermodal terminal is Malaszewicze, which handles 40.000 tonnes annually. Established in 1975, the terminal lies on the main transit route from the EU to Russia, which explains its transshipment capacity. At the moment, the terminal accepts not only domestic shipments but also those from Germany and China.

Poznan Franowo, one of the largest intermodal terminals in Poland, was opened at the end of 2013. The terminal handles containerised cargo carried by combined transport, in this case rail and road. Franowo's annual capacity is around 26.000 tonnes a year.





Green Energy for a Sustainable Future

Energy consumption in Poland is strongly dominated by the use of coal. Consuming 77 million tonnes of coal per year, Poland is the 10th largest coal consumer in the world and the 2nd largest in the EU, after Germany. In 2017, 92% of electricity and 89% of heat in Poland was generated from coal, according to the World Energy Council. Coal holds nearly half of the gross inland consumption, followed by petroleum products with nearly a quarter of the share, gas with 14% and renewable energies with nearly 12%.

The coal mining industry is facing significant challenges, with most recent data showing 81,700 employees in the sector for 2017, which is only 0.5% of total employment in Poland. Furthermore, the sector has registered a steady decrease in revenues, aging capacities and an urgent need for replacement of these generation capacities to deal with future emission trends. In November 2016, the European Commission has assessed the notified governmental support of €1.85 billion to the Polish hard coal mining sector to cover production losses and exceptional costs under the closure plan for the period 2015–2018. So far, only around 10% of the EU funds for the transformation of the Polish power sector, mainly from free CO₂ emission allowances, have been spent on investments related to renewable energy sources (RES), while over 70% of investments were related to improving coal – burning infrastructure.

One of the key laws governing the energy market and future power capacities is the Capacity Market Act instituted in 2016. The purpose of the Act is to prevent generation capacity deficits by creating economic incentives encouraging the construction, maintenance and modernisation of generating units and energy demand management on the end users' side. The mechanism is expected to help build and modernise coal infrastructure instead of expanding renewable energy provision for Poland.

Ambitious future plans and projects

For the Polish Government, coal will remain a strategic fuel guaranteeing Polish energy security. It perceives effective management and efficient coal mining as being in Polish national interest. The key arguments for continuation of mining are the domestic availability of coal in Poland and the existing power plants remain the cheapest energy source. The coal – based power sector is strongly connected to the Polish GDP since the funds invested in mining and the whole coal-based power sector are spent in Poland and received by Polish companies. Consequently, Poland plans to construct a capacity of 11,300 MW of coal power by 2020 with new coal plants planned in Kozienice, Opole and Jaworzno, with a further two being considered in Ostrołęka and Puławy. These will be the last coal investments in the Polish energy sector. Three new lignite

open-cast mines are planned by the Polish Energy Group.

With the Government's new energy policy until 2050 with a main focus on 2030, the coal and lignite would still hold a share of around 60% in the energy mix in 2030 and slightly drop to 50% in 2050. A major role in the policy would also be played by offshore wind farms, development of gas-based power generation, as well as other renewable sources.

Constructing nuclear power capacity is currently considered as one option for the future development of the Polish energy sector. The Government's plan for energy policy until 2030 assumes nuclear energy would appear in the energy mix already in 2020 and reach a 6.5% share of primary energy. Poland is considering building three nuclear power plant units in five-year intervals at a predicted cost of €6 billion, with the first one to be completed by 2029. Estimates show that the cost of a nuclear power plant producing 1.000 MWh per year is nearly €3.7 billion. The Government is exploring possibilities of cooperating with China, South Korea, the US and France for the construction of new nuclear units. Two possible locations have been shortlisted.

On the right track towards meeting renewable energy targets

The Renewable Energy Directive (RED) sets a binding target for Poland to reach a share of renewable energy of 15% in final energy consumption in 2020. According to its National Renewable Action Plan, Poland will reach a share of 15.5% in 2020. Renewable energy had the largest share in the heating and cooling sector (14%), renewables contributed with 13% in the electricity sector and 6% in the transport sector in which all EU Member States are committed to increase the share to 10% by 2020. Poland's Prime Minister Mateusz Morawiecki recently confirmed

that the country is on the right track to meet the 15% renewable energy target by 2020.

Particularly, wind energy has experienced growth in recent years with an almost 70-fold increase between 2005 and 2016. In Poland, the installed capacity in wind farms amounts to 5.8 GW at the end of 2016 with a share of 69% in total RES capacity, putting Poland in 7th place in the European Union in terms of wind capacity.

Poland co-fires biomass with coal and the Polish Government supported co-firing between 2005 and 2012 with €1.7 billion. In recent renewable legislation, subsidies for co-firing are maintained.

According to recent reports, total solar photovoltaic (PV) installations reached 199 MW in 2016 which is only 2.3% of total renewable capacity. The country plans to add to the grid about 200 MW-250 MW from new PV plants this and next year. It is expected that, by mid-2019, the cumulative solar capacity in Poland will be around 700 MW and soar to 1 GW by 2020. Investors are eager to explore the exponential potential of the sector, as auctions for distribution of renewable energy capacities held in 2017 show.

Geothermal energy is considered as a way to help Poland cope with both CO₂ restrictions as well as with air pollution, and it is accented as one of the priorities in the resources policy of the country. The total amount of financial resources directed towards development of geothermal energy will be a round €233 million.

Nearly 2.730 MW of additional renewable capacities will be auctioned in 2018, including 150 MW hydro, 1.120 MW wind, 700 MW biomass and biogas, and 750 MW solar PV. The Government is planning policy changes that would allow wind projects over 1 MW, including offshore wind, to bid in RES auctions this year.





Healthcare Reforms Underway in One of Europe's Largest Pharmaceutical Markets

Poland has one of the most developed and evolved healthcare systems in the Commonwealth of Independent States region, as the population receives mandatory universal healthcare coverage, and reimbursement is a major factor in increasing compliance and access to medicines. Drug prices are typically lower than in other EU member countries, which enhances affordability and boosts growth in the sector. Polish clinics and hospitals meet all international standards. The number of hospital beds per 100,000 people has remained fairly stable since 2005, at a level well above the EU average. At the same time, a growing number of small private hospitals are providing publicly funded services under contract with the National Health Fund NHF, especially in the more financially attractive specialties such as cardiac surgery. Poland has a proper level of support from regulatory agencies that are open to discussing new research plans, as well as an effective ethics committee review process.

Poland's Government is committed to improving the country's healthcare sector and will significantly increase spending on health care. The Government plans to gradually increase spending in the health sector, which

now amount to less than 8% of GDP by 2025. The gradual funding increase would provide an extra €27.6 billion for health care by 2025, while preserving the country's financial stability. The Government has proposed a set of structural health system reforms to address some of the challenges within the sector. Poland will also receive almost €3 billion of funding earmarked for health-related activities through the European Structural and Investment Funds scheme between 2014 and 2020. The scope of the investments targeting health and health care include emergency medical infrastructure, prevention programmes, long-term care and eHealth solutions.

Structural reforms for improvement

Reforms over the last 10 years have led to a more mature and transparent environment in healthcare. The Government is continuing the process of implementing structural reforms of the health system, aimed at improving access and coordination and improving allocative and technical efficiency. The reforms include fundamental changes to health care financing and planning, health promotion and care coordination. Sound governance, accountability and



oversight are needed to ensure these reforms do indeed result in better outcomes for the Polish people. This includes a commitment to increase public expenditure on health by about 35% over the next seven years.

The creation of health care teams composed of doctors, nurses, school nurses, midwives and dieticians aim to strengthen the primary care. To address health workforce shortages, the Government is proposing to increase salaries for medical staff. Some medium-term strategies also include addressing the shortage of health workers and restoring a better balance between specialists and generalists; addressing the dual nature of physician employment; and increasing capacities in the long-term care sector.

Several projects, partly funded by European Structural and Investment Funds, to digitalize the health care system and help Poland catch up in the spread and adoption of ICT are currently underway.

Pharma market to reach €9 billion by 2021

Poland is the largest pharma market in Central and Eastern Europe and the sixth largest in Europe. In 2017, the sector recorded a 5.4% growth compared to 2016, reaching nearly €9 billion. Largest growth was recorded in the demand for medicine available over the counter, €3.3 billion registered in 2017, which is over €190 million more than 2016.

The Polish pharmaceutical industry is set to rise to around €9 billion by 2021, mainly due to the increasingly elderly population and its associated disease burden, the increasing availability of affordable medicines, and transparent regulatory guidelines.

Poland offers pharma companies a highly skilled workforce, low labour costs, manufacturing cost-effectiveness, significant know-how, and a growing experience.

Innovative pharmaceutical companies are consistently developing their operations in Poland, for example by transferring the manufacturing branch of their business to Poland. National firms are also continuously developing their industrial operations.

A growing biotechnology sector

Poland's biotechnology sector has been developing steadily in recent years. Biotechnology is an economic priority for the Polish Government, which supports new investments. Annual sector revenue amounts to US\$100 million, with a major share accounted for by entities dealing with healthcare and biofermentation. As one of the fastest-growing sectors in Poland, biotech has easy access to government grants, EU funds, and tax incentives.

Poland boasts a network of more than 110 scientific insti-

tutions with almost 3.000 researchers working in the field of biotechnology and molecular biology. Companies' R&D expenditures in Poland have risen by several hundred percent over the last couple of years. Further growth of the domestic biotechnology market is expected, stimulated by innovative research projects conducted by Polish biotechnology companies and research units as well as by the flow of foreign investment projects into this sector.

Leader in modernising drug assessment systems

Poland has been hailed as a leader in modernising its assessment systems in establishing whether new drugs represent good value for money and merit significant public investment. Findings suggest that the Polish Agency for Health Technology Assessment has reached the 'gold' transparency standard set by the National Institute for Health and Care Excellence (NICE) in England. The Polish Agency has even exceeded NICE in certain ways, such as providing details of the timing of assessment processes.

Largest clinical trials market in CEE

Poland is the largest clinical trials market in Central and Eastern Europe and the Commonwealth of Independent States, accounting for roughly 20% of clinical trials in Eastern Europe. More than 500 studies are registered every year, with more than 55.000 participants overall, reflecting global trends in clinical trial research. The key driving force for the domestic clinical trials' market is the population size, which at 38 million makes it the world's 34th largest country in terms of population.

Premiere medical tourism destination

Poland has slowly emerged as a premiere medical tourism destination in Europe. Poland's accession to the EU has resulted in an increase in Europe's awareness of Poland's ability to provide excellent healthcare at very affordable cost. Medical tourism is on the rise, growing 12-15% annually. In 2016, 488.000 foreign patients came to Poland for treatment, according to the Polish Association of Medical Tourism.

In addition to the state-of-the-art clinics which offer world-class services at affordable prices, the medical tourism is also boosted by the balneotherapy sector. Geothermal waters from springs and wells are currently used in numerous spas and water centres around the country. These resorts have a long and interesting history, being an important part among all the health spas in the country. The demand for geothermal curative and recreation services offered in spas constantly increases. Given their significant potential, balneotherapy and bathing using natural warm waters are also attracting a growing number of investors.



Rich Cultural Heritage, Modern Bustling Cities and Astonishing Natural Attractions

Poland is one of the most attractive tourist destinations in Europe, offering a wide array of attractions for every type of visitor. Its rich cultural and historical heritage and mesmerizing nature, paired with the urban spirit of Poland's cities, continue to attract a growing number of visitors. The Polish travel industry continued to perform well in 2017, enjoying increasing inbound, domestic and outbound flows. Sporting and cultural events, which took place in Poland in 2016 and 2017, helped to boost inbound and domestic tourism. Wrocław, one of the most active cities, was a 2016 European Capital of Culture and hosted The World Games 2017 and was recently named as the best European destination of 2018.

With an increasing share in the global tourism market, Poland continues to register a consecutive growth in the number of visitors and the tourism sector contribution to the country's overall economy expands yearly. The direct contribution of the tourism sector to Poland's GDP is nearly

2%, with US\$10 billion, a 6.3% in 2017 in comparison to 2016. It is expected that the sector will rise to US\$13.5 billion by 2027, or 2.2% of total GDP. The total contribution in 2017 was over US\$22.5 billion, 4.1% compared to 2016. It is expected that the sector's total contribution will rise by 3.9% annually, comprising 5.2% of GDP in 2027. In 2017, tourism directly supported more than 320,000 jobs, which is expected to rise to over 400,000 jobs by 2027, or 2.5% of the total employment in the country.

The Polish travel industry is expected to perform positively in the upcoming period, with the number of arrivals, departures and domestic trips expected to continue to increase. The main incentives for this will be an expected economic growth, continuation of child benefit programme Family 500 Plus and promotion of Poland as a tourist destination in domestic and foreign markets. Improvements in Poland's accommodation, transport and conference infrastructure is likely to help attract a rising number of inbound arrivals.

Numerous attractions and beautiful nature

Poland is a budget traveller's paradise, with beautiful cities all over and prices around half of what you'd expect to pay in Europe. The main tourist offers consist of sightseeing within cities and out-of-town historical monuments, business trips, qualified tourism, agritourism, mountain hiking, climbing etc.

The most popular cities are Krakow, Warsaw, Wroclaw, Gdansk, Poznan, Szczecin, Lublin, Torun, Zakopane, the Salt Mine in Wieliczka and the historic site of Auschwitz. Leading the top tourist attractions, the old town of Krakow is a UNESCO World Heritage Site, with many buildings dating back hundreds of years, including the major sites – St. Mary's Basilica, Cloth Hall on the main town square, and Wawel Castle up on the hill. Situated on the outskirts of Krakow, the Wieliczka Salt Mine is an underground city all craved out of rock salt. While High-tech museums are a rage in Poland, the capital-Warsaw possess arguably the best of the lot, and the Warsaw Uprising Museum has been wowing visitors with its array of sound, light, and video portraying the tragic Warsaw Uprising of 1944. Located on the Baltic coast, the city of Gdansk is known for its architecture. It's star attraction is St. Mary's Church which is the largest brick Gothic church in the world.

The best recreational destinations include Poland's Masurian Lake District, Baltic Sea coast, Tatra Mountains (the highest mountain range of Carpathians), Sudetes and Bialowieza Forest. With 23 national parks and a number of landscape parks spread all over the country, natural attractions attract numerous visitors each year. The Bialowieza National Park, a UNESCO World Heritage Site, contains the last remains of the primeval forest that once covered most

of Europe and is the only place where European bison still live in the wild. The two national parks on Poland's coast are also quite popular: Wolin National Park located on an island in the north-west, and Slowinski National Park which holds some of the largest sand dunes in Europe. The Polish coastline is stunningly attractive because of its diverse landscape—dunes alternating with cliffs. Those who seek adventure can enjoy kilometres of ski slopes, horse riding trails, kayak trips down the rivers, tourist trails, bicycle trails and much more.

Wroclaw voted the best European destination of 2018

Wroclaw was awarded the title of European Best Destination 2018. The beautiful city, called the 'Polish Venice', is surrounded with canals and is dotted with more than 120 bridges that link 12 wonderful islands. The city's charm draws from many attractions, including the Market Square 'Rynek', its two Town Halls, the Salt Market Square, the Flower Market, the beautiful University, the covered market, the fine architecture of the Centennial Hall, the botanical garden, as well as the numerous restaurants and cafes, including the 'Piwnica Swidnicka', recognized as the oldest restaurant in the world.

Strong growth of online travel programs

Online travel saw strong value growth in 2017 due to the increasing awareness and experience among Poles and other tourists with online bookings. Online travel intermediaries have already gained a well-established position on the tourist market, constituting an essential channel for accommodation, flights, hotels or other travel products' sales.



Niedzica Castle



Warsaw's Favourite Comfortable and Budget-Friendly Accommodation set to Conquer the Region

Since their first business operations at the beginning of 2015, Prudentia Apartments has quickly grown into a remarkable Warsaw success story. The company's efficient staff, reinforced by specialist subcontractors, which now manages a whole chain of apartments in Warsaw, will enlarge their business portfolio by at least 30 new units in 2017, while the first quarter of 2018 will see their expansion to other cities in Poland.

"We feel our product and perception of clients' expectations is better than many hotels, as we may offer competitive prices for a large, comfortable accommodation, averaging 40 sq m. The well-equipped apartments with their kitchens, TV's and superb Wi-Fi Internet cater to all of the guest's needs. Apart from accommodation, we offer transportation, sightseeing and concierge services", Chairman of the Board Marcin Zak says.

Although the primary targets of the company's market strategy are businesspeople and corporate clients, there is a visible rise in the number of stays by tourists from all over the world who come to explore all that thriving Warsaw has to offer.

Situated in different areas of Warsaw, the apartments can cater to various client needs, whether they want to be in the proximity of important financial areas, the city centre

or the main hospitals, as families of patients ask to be accommodated close to their loved ones.

Polish businesspeople, as the company's primary customers have shown their loyalty and satisfaction with a return stay rate of over 60%. "We are looking for partnerships with companies who would send their trainees and employees on a long-term basis, with year-long bookings, and benefit from our exclusive discounts. Such deals provide peace of mind for the companies, knowing that their staff enjoys prime accommodation while ensuring substantial savings for the corporate budgets" Marcin Zak points out. Marcin Zak is confident that their business will expand to other countries in Central and Eastern Europe, riding on top of the wave of demands by thousands of people across the region that are searching for a "home away from home" experience. "We have international investors who have recognised the vast potential of this market segment", he explains, adding that "new investors are welcomed to get in touch with us to jointly explore further possibilities for growth and profit".

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