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in Poland

## POLAND – one of the most attractive investment locations in the world

Poland is a country of enterprising people, a „crisis – resistant“ economy and an excellent business partner. With a strong economy, broad range of investment incentives and the comprehensive support of government agencies, Poland has become one of the most attractive investment destination and a place where economic returns on foreign capital are three times more likely than other European Union countries.

For several years, Poland has been proving why it has a leading economic position in Central Eastern Europe. Moreover, Poland has become the undisputed “number-one” investment location in Central and Eastern Europe as stability, consistency and a policy of open doors for foreign capital encourages investors to do business in Poland. Many international surveys show that **in terms of investment attractiveness there is no better place than Poland**. In Recent EY’s “European Attractiveness survey” the country was defined as **the „investment magnet“** of the region by overtaking the Czech Republic, Romania, Hungary, Ukraine and Turkey and leaving all of its neighbours far behind. Also in this year’s AHK - German Chambers of Commerce (AHK) report, Poland maintained its leading position in the CEE region for the second time in a row, **outclassing all countries in Central and Eastern Europe in terms of investment attractiveness again**. The latest “Doing Business” report from the **World Bank**, also confirms its leading position – Poland is considered to be the **best location to invest in Central Europe** and 25th in the world. Poland also competes with major European powers. According to **UNCTAD’s World Investment Report 2015**, the country is eighth in terms of the total value of FDI in the whole of Europe and 20th in the world. Moreover, the sheer number of new jobs (13,862) ranks Poland in third place on the continent after the UK (27,953) and France (14,122). In terms of advanced sectors such as BPO investments, Poland is a leader in the global league. For a few years, Kraków has been placed by Tholon’s among the 10 world’s best outsourcing destinations. Poland has also been defined as „the number one“ destination in CEE in terms of R&D projects, driven essentially by international software companies.

There is no doubt that the position of Poland as one of the European frontrunners of investment attractiveness rankings is long lasting as investors operating in Poland are satisfied with doing business here and are investing here again and as the survey shows, they would also advise other companies from their countries to establish business here. Thus Poland’s image as an investment safe haven is spreading all over Europe.

**96% of German respondents from the AHK survey would invest in Poland again and 88% of the companies surveyed intend to increase or keep the same level of expenditure on investments in Poland.** Poland has one of the highest rates of reinvestments in the EU. Over 35% of FDI projects supported by PAlilZ between 2011 -2015 derive from reinvested capital. Their total value has reached almost € 3.3 billion.

What makes Poland so attractive? The investment attractiveness of Poland is a combination of economic and social factors as well as the well-tailored offer of investment incentives and public assistance. Surveys made among foreign investors who do business in Poland, including the **PAlilZ report on investment climate in Poland, show that** what attracts them is Poland’s central location in Europe, integration and good communication with both the European Union and Eastern Europe markets, competitive prices of freight and materials as well as a large internal market. Poland also has much to offer in terms of investment incentives.

# Poland – attractive



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## Investment incentives for investors

Poland has managed to develop a very attractive system of different types of incentives. There are possibilities to benefit from both tax exemptions and cash grants for new investments and job creation. Special Economic Zones in Poland offer exemption from income tax, which is supplemented with real estate offered by local authorities. Cash grants are available from „Program for the support of investments of considerable importance for the Polish economy for years 2011-2020” for investments in: automotive, aviation, electronics, biotechnology, food processing, R&D and modern services sector. A second source of cash grants are subsidies co-financed with European funds for the years 2014-2020 - new application rounds will start soon.

## Sectors of opportunity for investment and trade

The Polish economy turned out to be especially friendly to sectors developing in areas in which Poland already has or stands a good chance of achieving long-term success on the international stage. The following information highlights key sectors which show particular promise in years to come. Attracted by generous tax incentives and a competitive cost base, the number of investors in these sectors continues to grow steadily.

# investment locations



## Dynamic growth

Poland is the largest and the strongest economy in Central Eastern Europe. Moreover, due to its well-planned economic policy, it has proven to be the most crisis-resistant economy in the European Union. As the only one of the 28 EU countries to maintain positive GDP growth during a down economy, Poland was not affected by the economic recession. Thanks to this it has earned the title of a „green island“. Compared to the rest of Europe, the Polish economy is growing faster than its surroundings and the country has the lowest risk of financial crisis.

A strong economy, a stable financial situation and the inflow of foreign investment make Poland a shining star in terms of economic growth. Poland is one of the fastest growing countries in the EU. According to EUROSTAT, in 2014 Poland's GDP increased by 3.3%. The forecasts regarding the economic growth of Poland for the coming years is also optimistic.

The country is also a fast developing foreign trade player. As the data of the Polish Statistical Office and the Ministry of Development in Poland show that exports increased by 6.5% y/y.

# Dynamic



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## Automotive

The Polish automotive sector is one of the largest in Europe. Current and potential investors in this sector are drawn by a productive and cost-effective labour force, proximity to major OEMs and high-end manufacturing quality. In addition to the motor vehicle assembling plants of GM, Fiat and VW, Poland is also home to producers of engines, engine components and a wide range of automotive parts. Over 550 companies with an ISO/TS 16494 certificate strongly contribute to Polish exports. Every tenth EURO out of the 163 billion euros from 2014 Polish exports was generated by the automotive industry. With the latest EUR 800m greenfield investment in a new VW Crafter manufacturing plant in Września even more momentum will be given to the growth of this sector.

## Aerospace

With a century-long tradition of aviation and over 80 years of aerospace industry, Poland stands out as one of the best locations in Europe for the development and fulfilment of aeronautic projects. Industry covers all aspects including aircraft and the production of aircraft parts, maintenance and overhaul, scientific research and pilot training. Thus, it is not a coincidence that a significant number of multinational aerospace corporations are present in Poland and over 90% of their production is exported. Poland also has a strong base of small and medium-sized enterprises constituting a wide chain of suppliers for companies such as Boeing, Airbus and Embraer. Last but not least, Poland is rapidly advancing in the field of space exploration. Two out of six nanosatellites comprising the BRITE Constellation are from Poland - Lem and Heweliusz are on their way to study the brightest stars in the night sky.

## Electronics

Poland's electronics industry has emerged in recent years as one of the most significant in Europe. Poland is home to many renowned producers of electronics and home appliances, including increasingly popular LCD-screen televisions. 50% of Europe's LCD TV production comes from Poland. Foreign investment spans all electronics segments from computers, to telecoms, components and audio video. Dependable employees, excellent universities and a strategic location make Poland the most competitive choice in the region.

# growth



## Land of people

Undoubtedly, the excellent quality of human capital is one of Poland's strongest assets. Surveys carried out among foreign investors who do business in the country show that among the most appreciated characteristic of Polish employees there are: high qualifications, communication skills, proficiency in foreign languages as well as motivation to work and the organizational culture of Polish staff. 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. Investors who opt for Poland will barely encounter any problems finding suitable personnel. Also it is thanks to highly skilled Polish employees that the shift in the profile of incoming investments to Poland towards more sophisticated projects was made.

There are about 430 higher education institutions with approximately 1.4 million students. In addition, Poland has the highest percentage of people with secondary and tertiary educational attainment (68%) in the labour market. Every year Polish students and scientists are winners of the most prestigious international competitions in different fields, proving the high intellect potential of Polish staff. Polish students also have excellent knowledge of foreign languages.

The high standards of the Polish educational system are reflected in a number of scientific achievements. It is worth noting that Polish scientists have been involved in the recent and most ambitious space project of the new century - the Rosetta mission which was the first ever precision comet landing. The touchdown of the Rosetta satellite on Comet 67/PT was successfully completed in November 2014. A Polish team designed a group of temperature sensors integrated to measure the temperature under the comet's surface. Scientists from Poland also gained international fame thanks to 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, the isolation of queen cells from bone marrow and discovering the technology of graphene acquisition. Thanks to this last discovery, graphene will be able to replace silicon in IT processors and make them up to 100 times faster. Wise, clever, intelligent, open-minded, innovative and creative – this is how the staff of companies running their businesses in Poland can be described.

# Land



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## Business Services Centers

International corporations see Poland as an excellent place for locating their global business support operations, such as finance and accounting, HR support, IT (including technical support), supply chain and customer services functions. Poland has already become the European centre of BSS, hiring more than 150 000 skilled employees in the industry. The availability of experienced staff, multilingual capabilities, cultural compatibility and a competitive cost base greatly contribute to the Polish success story in Business Services. Furthermore, the success of BPO/SSC firms and Poland's vast pool of highly skilled labour has resulted in growing investor interest in much more complex operations: Centres of Excellence (CoE) and knowledge process outsourcing (KPO) sector. KPO involves higher-end analytics and analysis, providing organizations with strategic and tactical decision-making tools. Factors usually influencing investors' decisions regarding the location of KPO investments include: the availability of a highly qualified labour force, infrastructure, telecommunications and technological support, as well as intellectual property and data security regulations.

## R&D

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. There are almost 100 research and development centres in Poland, employing several thousand Polish scientists and specialists. Most of them work for the telecommunications, financial, automotive, chemical, aviation, food and IT sectors. These centres are mainly located in large urban areas with extensive academic facilities and a developed infrastructure, therefore creating attractive living conditions for potential employees. Poland is also an active partner in the Framework Programmes for the Research and Development of the EU. Polish research centres have submitted 5 of the 20 winning projects included in the Research Potential competition main ranking list in the 7th Framework Programme. R&D expenditures in the years 2014-2020 will be supported by EU funds of 7.6 billion EUR.

## IT

The Polish IT market is, following Russia's, the second largest market in Central and Eastern Europe. According to PMR estimates, the revenue of the information technology sector in Poland for the year 2015 amounted to 30.7 billion PLN. The main factors leading to Poland's international recognition in IT are Polish IT specialists, as well as the quality of the services provided and the level of creativity, the availability of a high quality infrastructure and cost effectiveness. According to Euromoney the IT services segment is expected to grow at 8.2% p.a. between 2015 and 2019 while the software segment is expected to grow at 7.4% p.a.. The computer hardware segment is expected to grow 3.2% p.a. between 2015 and 2019.

# of people



## Land of opportunities

Poland is one of the biggest EU member states, the 6th most populated country in the European Union and the biggest market in the region of Central and Eastern Europe. The Polish market is also the most varied and much more dynamic than other markets in the region. A variety of business and trade opportunities are waiting for any kind of foreign company in Poland. Here, in the very centre of Europe, entrepreneurs can not only sell their products in Poland but also gain vast export opportunities to the big markets of both - the West and East of the continent – but always within easy reach from Poland! Furthermore companies can benefit from access to the largest amount of EU funds as Poland is the biggest beneficiary among the member states of the new 2014-2020 budget. In this period, Poland will absorb 23% of the total EU budget (72.9 billion Euros in total). 7.6 billion Euros is being given under the Operational Program “Smart and Inclusive Growth” is waiting for those who operate in smart businesses and R&D. EU Funds for R&D expenditures will support competitive projects focused on future commercialization.

In the meantime, the largest part of the EU Funds under the 2014-2020 EU budget, namely EUR 24.2 bn will support investment expenditures (in Poland) concerning infrastructure and the environment. Therefore the quality of everyday life in Poland which is already defined as good will improve. Now Poland belongs to the group of the most developed countries in the region regarding social development and is the leader among Central European countries in terms of the level of optimism. Poles are also among the most satisfied in Europe concerning their quality of life.

# Land of





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## Domestic appliance market

Poland is in an excellent location for domestic appliance factories and most of the world's firms from this sector have already invested in Poland. The greatest assets of the domestic appliance market in Poland are investment incentives, strong support from local government, sites prepared for investment and highly skilled workers. Another advantage of Poland is its excellent geographical location - at the heart of Europe - which makes Poland a very attractive place for developing production assigned for export. Not to forget the large domestic market which amounts to over 14 million households.



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## Renewable energy

The renewable energy sector offers many investment opportunities. Poland set ambitious targets for 2020 in line with EU regulations: to increase the proportion of energy from renewable sources in final energy consumption to 15.5% in 2020 (19.3% for electricity, 17% for heating and cooling, 10.2% for transportation fuels). Achieving these objectives requires investments in new generation capacities. Involvement of both foreign and Polish capital has resulted in the rapid development of wind energy and the increasing use of biomass for energy purposes. Moreover, Poland is also gradually becoming an attractive destination for investment in the manufacturing of devices used in energy generation.



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## Biotechnology

Modern biotechnology in business and science is becoming more and more important for the economic development of Poland. The dominant branches of this sector is the biotechnology used in medicine, pharmacy, plant growing and animal breeding. The most significant advantage of Poland in this field is high research potential and highly educated scientists with unique qualifications. Increasingly more young people in Poland are opting for a career in biotechnology. Biotechnology is considered a high priority sector in Poland that is why governmental support for new investments is available, as well as funds from the EU.

# opportunities



## Heart of Europe

Poland's convenient location at the junction of the East-West and North-South communication routes, makes the country a perfect investment destination for enterprises targeting – Western and Eastern, as well as Northern and Southern parts of Europe. The central location of Poland and its importance as a gateway to the European Union is a major advantage in attracting foreign companies which aim to slash the time of order realisation for customers in Eastern European markets. The fact that foreign entrepreneurs invest in building logistic and fulfilment centres in Poland results from the dynamic growth in demand, the development of trade co-operation caused by the extension of the European Union and also from the attractive domestic suppliers market in Poland. Poland is the biggest, and most politically and economically stable country in CEE, and thus creates opportunities for successful long-term investment. Poles account for 24% of the region's population and produce nearly 40 percent of its GDP. This is a clear indicator of the potential of the Polish economy.

# Heart



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## Food sector

The food industry, historically one of the most important sectors of the Polish economy, has seen rapid growth in recent years. Accounting for nearly 20.8% of Poland's total manufacturing production, the Polish food sector ranks seventh in the EU. Many international companies like Danone, Mondelez, Mars, Nestle and Unilever have a significant presence in Poland. With the food industry joining the list of priority sectors, investors can apply for governmental cash support.

Poland is an important European and global producer of agricultural and horticultural products, as well as animal products. We are the EU leader in the production of apples, carrots and soft fruit (mainly cherries, raspberries and currants), and one of the leading producers of strawberries. The products of Polish orchards and gardens, as well as processed fruit and vegetables, are greatly appreciated by domestic as well as foreign consumers and are a synonym of tasty, healthy and safe food. Poland also belongs to the biggest producers of red meat in the EU and is the biggest goose supplier in Europe. And last but not least Poland is one of the leading grain producers in the EU.

## Yachting sector

In addition to large fully serviced shipyards, Poland is also home to a number of boatyards where quality yachts and motorboats are produced, most of which are exported. Export constitutes 90% of the production of the yachting sector itself. Attention to detail, excellent craftsmanship and superb engineering have solidified a reputation for fine boats, and Polish-produced models have been gaining an increasing amount of attention at international boat shows and fairs. The range of products of Polish yacht constructors is very wide – several dozen models of length varying from 3 to over 30 m (with over 300 different models of motor boats).

# of Europe



## Designed in Poland

The Polish Information and Foreign Investment Agency (PAIIZ) for many years has been an organizer of the "Designed in Poland" exhibition which aims to promote Polish products and modern industrial design. The first edition of the exposition took place in 2005 in Berlin; next we visited Hamburg, Helsinki, New Delhi, Mumbai, Munich, Geneva, Copenhagen, Madrid, Karlove Vary, Astana, Minsk, Leipzig, Vienna, Budapest, Barcelona, Prague, Lisbon, Brussels, Rome, Zagreb, Sofia, Essen and Milan. By conducting such projects, PAIIZ, according to its mission, has increased interest in Poland, its economy, culture, as well as business tourism and recreational values, at the same time showing the potential of the Polish economy and the creativity of Polish artists who introduce new, unconventional ideas in industrial design.

# Designed

© Designer: Michał Starost, [michal.starost@ufufu.pl](mailto:michal.starost@ufufu.pl)

© Photo: Marcin Kruk © Jewelry: Eva Stone



© Designer: Marcin Nowak © Photo: Marcin Nowak

Industrial design is a medium of aesthetic values, it allows for the promotion of symbols, signs and traditions that create the identity of countries and nations. It helps to identify products with their home country. It also intensifies economic relations and is an important incentive for current and future trade exchange.



© Designer: Roman Modzelewski chair (RM58) by Vzór  
© Photo: Vzór

The exhibition showcases over 450 products designed in Poland by over 100 companies and individual artists. Among the featured products are: jewellery, amber and black oak products, china, furniture, artistic and industrial glass, carpets, fixtures, toys, bicycles, interior design elements and many others.



© Designer: Slav Novosad, © Photo: Miroslaw Wróbel  
(Tchad Shock)

The exhibits are not only of high quality but their design blends modern trends with traditional styles. The exhibition is intended to draw attention to the world of Polish applied art and invite foreign consumers to buy Polish products.

# in Poland

# About the Polish Information and Foreign Investment Agency

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

PAIiZ provides free of charge professional advisory services for investors, including:

- investment site selection in Poland,
- tailor-made investor visits to Poland,
- information on the legal and economic environment,
- information on the available investment incentives,
- facilitating contacts with central and local authorities,
- identification of suppliers and contractors,
- care of existing investors (support of reinvestments in Poland).

PAIiZ also maintains the **OECD National Contact Point**. All of the Agency's activities are supported by **Regional Investor Assistance Centres**. Thanks to training and the ongoing support of the Agency, the Centres provide complex professional services for investors at voivodship level.

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

Since 2011 China – Poland Economic Cooperation Centre operates in PALiZ as a “one-stop shop” providing comprehensive information on investment opportunities in Poland and offering support for Chinese companies during the investment process. The Centre is responsible for: the promotion of Poland as a location for FDI, identifying sources of foreign direct investment, supporting missions and delegations from China, preparing analysis & information, maintaining regular contact with Chinese companies operating in Poland and the Go China Project. More information can find be at: [www.gochina.gov.pl](http://www.gochina.gov.pl)

Also, since 2013 PALiZ has been implementing the “Go Africa” programme. Its aim is to encourage Polish entrepreneurs to enter the African markets and to promote Poland in Africa. Therefore PALiZ is organizing: fact finding missions to African countries, the participation of Polish entrepreneurs in fairs, conferences, seminars and workshops both in Poland and Africa. Furthermore the Agency is preparing publications concerning African markets.

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

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