



Information on Pomorskie Voivodeship
prepared by Pomerania Development Agency Co.



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Pomorskie Voivodeship – Basic Information

Location

Pomorskie Voivodeship (often referred to as Pomerania or Pomerania region) is one of 16 voivodeships in Poland, a country in Central-Eastern Europe, which since the 1st of May 2004 has been a European Union member state. The region is situated in the northern part of the country on the Baltic Sea coast.

Its present shape results from the administrative reforms of 1st of January 1999. The thus established Pomorskie is made up of the whole of the former Gdanskie voivodeship as well as significant parts of three other voivodeships. Due to these changes, a strong centre has been established on 18,293 sq. km, i.e. 5.9% of Poland's territory. Almost 60% of Poland's coastline, i.e. 316 km is within Pomorskie. From the port of Ustka in the west, through Łeba, Władysławowo, the Hel Peninsula, Gdynia, Gdańsk, Krynica Morska on the Vistula Bar up to the border with the Russian Federation, or more specifically, with the Kaliningrad Oblast in the east. It borders on four other voivodeships: Zachodniopomorskie, Wielkopolskie, Kujawsko-Pomorskie and Warmińsko-Mazurskie.

The voivodeship's capital city, Gdańsk, is situated 1893 km from Barcelona in Spain, 1403 km from Nice in France, 981 km from Rotterdam in the Netherlands, 420 km from Helsingor in Denmark, 666 km from Bremen in Germany, 295 km from Kalmar in Sweden, 127 km from Kaliningrad in Russia, 433 km *from Vilnius in Lithuania* and 1223 km from Odessa in Ukraine. However, joint initiatives of the regional self-governments bring the countries and cities of Europe closer and make distances irrelevant.

In 2004 the Regional Pomorskie Office was opened in Brussels, in the Scottish House, an office building located very close to the European Commission.

Population

The Pomeranian population is 2.2 million, which is about 5.8% of Poland's total. A significant majority – 1.5 million – live in cities.

Pomorskie is a region of comparatively dense population. 2007 statistics indicated that there were 120 people per 1 sq. km. The average for Poland was 122 people.

65% of the population is of working age. This is more than Poland's average. This means that the population of Pomerania is young. The region is also on the positive side of the population growth

curve. In 2007 Poland's average is -0.15 per 1000 inhabitants, whereas Pomorskie had the highest population growth in Poland, with the rate of $+2.5$ per 1000 inhabitants.

Cities

There are 42 cities in the region. The biggest are: Gdańsk, Gdynia and Sopot, which, due to their proximity to each other, form the so-called Tricity conurbation, with a population of 755,700, then we have Słupsk with the population of 98,700 people, next the so-called little Tricity made up of Wejherowo, Reda, Rumia with the population of 107,000. Some other large cities are: Tczew (60,100), Starogard Gdański (48,900), Chojnice (39,400), Malbork (40,100), Kwidzyn (37,400), Łębork (36,900), Kościerzyna (23,200) and Pruszcz Gdański (22,800).

Pic. 1 – Map of Pomorskie Voivodeship



History

With its closeness to the sea, the region built its prosperity on natural resources i.e. its fertile soil and the amber. The gothic castle route is evidence of the presence of the Knight Orders of The Teutonic Order and The Joannit Order, while waterworks constructions are the legacy of Mennonite immigrants from the Netherlands.

Merchants from all over Europe used to come to the region. The thousand years old city of Gdańsk has always been a thriving centre, and was once the main Hanza Union port and one of the richest cities in Europe. It was famous for the August Fair organized to commemorate the patron of the Dominican Order, who arrived in Gdańsk in 1227. The August Fair used to be a festival of merchants and craftsmen, an event with 400 ships docking in the port and people making deals in many languages. The fair tradition has survived to this day.

The sixteenth and seventeenth centuries were the period of Gdańsk's greatest glory. During the Reformation the city provided shelter for religious dissidents and became a symbol of tolerance. Gdańsk attracted outstanding architects, painters and sculptors who transformed the city into an important centre of culture and art. The Main City Hall was rebuilt and the Green Gate building was refurbished to provide a residence for Polish Kings during their visits to the city. The Renaissance High Gate was erected as part of the fortifications of the city and the facade of Artus Court was transformed (the place where the richest citizens used to meet).

The city's fell into decline during the time of Poland's partition, when Gdańsk became a Prussian city (in 1871 it became a German city). In 1919, the Treaty of Versailles established the Gdansk 'Free City'. Gdańsk was only returned to Poland after the Second World War.

Today the city is a part of a large conurbation called the Tricity consisting of Gdańsk, Sopot and Gdynia.

As early as in the sixteenth century Sopot had become a popular summer resort for Gdańsk's richest citizens. Over the following years it developed into a famous European spa and in 1901 it received city rights.

Gdynia is a port city which developed between the First and Second World Wars. It received city rights in 1926, and by 1938 it had become the premier port in Europe.

At present, the Tricity is one of major centers of national economic growth. In line with its long tradition of openness, it is also an important centre for the development of co-operation in and around the Baltic Sea area. It is in Gdańsk where the most important participants of Baltic co-operation have their offices: the Union of Baltic Cities Secretariat.

Climate

The climate in Poland is temperate, shifting between maritime and continental. This means that the weather can be very changeable and the seasons may also vary. Pomerania is situated mainly in the maritime climate zone, which in comparison to inland areas has smaller daily temperature ranges, lower temperatures during summer, higher temperatures during winter, and a higher incidence of windy and stormy weather, with local land and sea breezes. In addition, there are more cloudy days than in other regions, and there are fewer snowy or frosty days.

In the warmest months (July, August) the average temperature is 19,6C (67F), and in the coldest (January, February) –1,4C (30F). The most extreme temperatures are 31,7C (89F) in summer and -1,6C (32F) in winter. The total annual rainfall is between 490 mm (Gdańsk) and 746 mm (Łeba). The average wind velocity is 4.4 m/s.

Location – the region's advantage

Pomorskie's basic advantage is its direct access to the sea. As a result, the region has been and still is Poland's window to the outside world. The location has had a natural impact on development of the port environment; there are large sea ports as well as smaller fishing and passenger ports.

Due to its location in Europe the region is criss-crossed by international transport routes and this transit location ensures the region's participation in international cooperation and trade.

The above-mentioned aspects have had an impact on business diversity and have positive effects for the economy.

Yet another advantage is the region's strong potential for agriculture, mainly in the Żuławy area. With its wide geographical variety (rivers, 450 lakes, post-glacial hills, including Wieżyca 329 m above sea level, 36 percent of region's forest cover) Pomorskie is also a region with high tourist attraction potential.

Administrative System

The Polish administrative system operates on three self-government tiers: voivodeship, powiat and gmina. The representatives are elected every four years.

The Pomorskie Voivodeship is divided into 16 rural powiats, 4 urban powiats (powiat cities) and 123 gminas (including 81 rural gminas, 25 urban gminas and 17 mixed gminas). Within the voivodeship there are 42 cities and 2993 villages.

Voivodeship

This is the highest self-government tier. The law-making body is a regional parliament (sejmik) with 33 elected members, including one chairperson. The executive body, The Voivodeship Board, is elected by the regional parliament. The Voivodeship Marshall heads the Board. The voivodeship self-government's remit is to create, co-ordinate and provide a good environment for regional development.

Daily tasks are the co-ordination of public transport, financing a part of the health system and the largest cultural facilities. One of the crucial challenges is co-ordinating activities connected with the absorption and implementation of the European Funds for regions.

The national government is represented by a Voivod, who heads the regional Voivodeship Office. The Voivod is a legal watchdog and may veto the self-government's decisions if they are in conflict with the law or the state's interest.

Poviats

Poviats are the second tier of local self-government. There are rural poviats and poviat cities. The decision making body is a poviat council and a starosta is an executive officer. It is a particular self-government tier as it performs some of its responsibilities on behalf of the state administration. The poviat is in charge of construction supervision, veterinarian supervision, and it is at this level that local police and fire brigade operational activity is co-ordinated.

Gminas

The gminas form the smallest, local self-government tier. Gminas may be rural, urban or mixed. The gmina council is a decision-making body. Gmina's mayor, who may be called a prezydent, burmistrz or wójt – depending on the gmina's size and character – is an executive officer. Gminas make decisions on spatial development, defining what kind of business may be developed at a particular site. Gminas also have tools to create economic policy, such as the introduction of local land and property tax rates exemptions and allowances.

Pomorskie Voivodeship – Economy

Pomorskie Voivodeship generates 4.9 % of Polish GDP (about \$ 27 billion and \$ 12 252 / per capita). Pomeranian industry provides 5.8 % of total value of sold production of industry and 5.4 % of Polish workers are employed here.

In 2007, enterprises employing over 9 people earned PLN 49.3 billion from sold production of manufacturing industry. Sales revenues in construction sector amounted to PLN 5,8 billion and retail sales of goods reached PLN 27 billion.

The economic potential of the region is based on traditional industry sectors, such as shipbuilding, refinery, food processing, machinery, furniture and paper production and tourism but there are also rapidly emerging sectors like ICT, electronics, biotechnology and pharmaceuticals, logistics, which give high hopes for future development and prosperity.

Big companies are driving force behind the best performing industry sectors: shipbuilding – Gdynia Shipyard Group and Gdańsk Shipyard, refinery – LOTOS Group Co., paper production – International Paper Co., electronics – Jabil Circuit Poland Ltd. and Flextronics, pharmaceuticals – Polpharma.

At the end of April 2008, 234 400 enterprises were registered in Pomorskie Voivodeship - 95,8 % of them in private sector. Most of the enterprises operate in: trade and repair (25,9 %); real estate, renting and business activities (18,7 %); manufacturing (12 %) and construction (11,8 %). Most of the enterprises were established in Gdańsk (25,3 %), Gdynia (13,8 %) and Wejherowo County (7,1 %).

Tab. 1 - Net financial result of Pomeranian economy in the years 2002 – 2007

Years	Value in million PLN
2002	632.3
2003	1437
2004	2667.4
2005	2811.0
2006	3172.7
2007	4276.1

The biggest enterprise in the region, and one of the biggest in Poland, is LOTOS Group Co. (www.lotos.pl), an oil refinery formerly known as Gdansk Refinery. After consolidation with three minor refineries from the south of Poland and Petrobaltic Co., a company exploring the Baltic Sea, the LOTOS Group gained a very prominent position on the national market, taking second place after the Polish Oil Group Orlen. At the end of June 2006 the whole Group employed 5547 people. LOTOS Group Co. specializes in petroleum processing, distribution and sale of a wide range of petroleum products, such as lead-free petrols, diesel oils, heating oils, aviation fuel, lubricating oils, asphalts, gases. In 2006 LOTOS holding group consolidated sales revenue of PLN 12,812.7 million, with operating profit of PLN 804.8 million and net profit reaching PLN 715.2 million

The biggest employer in the region is the shipbuilding sector, represented by shipyards specialised in manufacturing and renovation of ships and by all the subcontractors providing their services to other sectors as well. In 2007, all Pomeranian shipyards built 18 sea vessels of total 305,000 deadweight tonnage with order portfolio for 59 ships of total deadweight tonnage of 974,000. At present, Pomorskie Voivodeship is delivering 64% of the national shipbuilding production. The biggest manufacturing shipyards are Gdynia Shipyard Group (*Grupa Stoczni Gdynia S.A.*) (www.stocznia.gda.pl) and the Northern Shipyard (*Stocznia Północna S.A.*) (www.northship.com.pl). The Gdynia Shipyard's special field is manufacturing of container ships, ships to transport vehicles and LPG tankers as well as modern special function ships. The Northern Shipyard manufactures mainly multifunctional container ships, fishing boats and offshore units, passenger and car ferries and towing ships.

The Gdańsk Renovation Shipyard (*Gdańska Stocznia Remontowa S.A.*) (www.remontowa.com.pl), a leader amongst European ship repair yards and a major player on the world market, specializes in ship repairs and conversions, design and construction of new ships, offshore units and steel structures. Every year, over 200 vessels and offshore units from all over the world, are repaired or converted at Remontowa. The Group's slipways and docks allow for the construction of: ferries, container carriers, training and research ships, offshore units, floating docks and steel structures. Remontowa operates 7 floating docks. The yard's quays are fully equipped with the essential infrastructure, including 24 cranes able to lift up to 300 t.

Apart from the largest companies, there are many minor shipyards manufacturing modern yachts and boats (about 4300 businesses operating in maritime industry). The majority (about 95%) of their production is sold on export markets. Main export destinations are: Norway, France,

Germany. This fast growing sector is represented by: Galeon – www.galeon.pl; Conrad Shipyard Co. – www.conradshipyard.com; HTEP Sunreef Yachts Polska – www.sunreef-yachts.com.

In terms of revenues, the *construction sector* is rated third in the region, after the petrochemical and shipyard industries. Local construction companies perform various types of projects, building roads, bridges, production facilities, quays, and also office and residential buildings. Many local companies operate all over Poland and abroad; the biggest ones are: Polnord Co. – www.polnord.pl; GPRD Skanska Gdańsk Co. – www.gprd.pl; Hydrobudowa Gdańsk Co. – www.hydrobudowa.com.pl; Grupa Inwestycyjna HOSSA Co. – www.hossa.gda.pl; Allcon Group Co. – www.allcon.pl; NDI Group Co. – www.ndi.com.pl.

The *food industry* has a traditionally strong position in the region. It is represented by chocolate and sugar confectionary manufacturers (Bałtyk Ltd.), frozen food and food concentrates producers (Dr.Oetker Polska Ltd. – www.oetker.pl), meat products producers (Prime Food Ltd. – www.primefood.com.pl, ZM Nowak- www.zmnowak.pl) and fish products producers. There are 86 fish processing companies in the region, which makes 30% of all registered companies in the sector in Poland, including 68 companies certified for trade within the EU (80%). The biggest fish processing companies are Graal Co. – www.gral.pl, Seko Co. – www.rybki-seko.pl, Łosoś Ltd. – www.lososustka.com.pl, BMC – www.bmc.com.pl, Wilbo Co. – www.wilbo.pl Almar www.almarfish.pl

In the regional development strategy *tourism* plays an important part. Pomorskie offers a continually growing number of hotels, spas with a state-of-the-art tourist base and recreation and sport centres. There are almost 80 000 accommodation objects, which fall into the category of hotel, pension-hotels or vacation resorts. The number of hotels amounts to 181 (in different categories). Additionally, tourists and holidaymakers may find accommodation in agro-tourist farms, which are growing in popularity now. Every year the region is visited by many tourists and their number is growing all the time – in 2007 Pomerania hosted about 4,2 million tourists, including over one million from other countries.

The *hi-tech sector* developing very dynamically, is represented mainly by small and medium-size enterprises. Regional universities provide perfect inflow of well educated personnel to the IT sector, including: Gdańsk University of Technology, University of Gdańsk, Gdynia Maritime University and Polish Navy Academy. Well proven models of knowledge transfer between

universities and industry in the region are technology transfer centres and technology parks supported heavily by local governments. Pomeranian Science and Technology Park in Gdynia (www.ppnt.gdynia.pl) is one of the best examples. PSTP creates and ensures preferential conditions for companies, which want to conduct business based on high-tech fields such as: biotechnology, environment protection, IT and industrial design.

The most famous companies in the IT sector are: Intel Technology Poland Ltd. (www.intel.com) – telecommunications R&D centre of the American Intel; Lufthansa Systems Poland Ltd. (www.lhsystems.pl) – outsourcing services provider; Young Digital Planet Co. (www.ydp.com.pl) – producer of multimedia software highly appreciated in Poland and all over Europe, Compuware (www.compuware.pl) – industry leader in enterprise software and IT services, Zensar (www.zensar.com) – one of the biggest in the world offshore outsourcing provider.

Among the most significant companies representing electronics worth mentioning are: Flextronics International Poland Ltd. (www.flextronics.com) – a worldwide known supplier of EMS (Electronic Manufacturing Services); DGT Ltd. (www.dgt.com.pl) – a supplier of comprehensive telecommunications and IT solutions, including equipment for NATO; Jabil Circuit Poland Ltd. (www.jabil.com) – manufacturer of electronic equipment; Gemalto Co. (www.gemalto.com) – manufacturer of digital card readers; Platan Ltd. (www.platan.pl), which manufactures private branch exchange and integrated radio communication systems; Unimor Radicom Ltd. (www.radicom.pl) and Radmor Co. (www.radmor.com.pl) – producers of professional communication systems for aviation, navy and army; and Satel (www.satel.pl) – a producer of alarm systems well known in Eastern Europe.

The local governments support development of the IT sector and offer prospective investors favourable tax exemption options. A good example of such solutions is the city of Gdańsk offering exemption of property tax for service and manufacturing companies operating in the high-tech sector. Similarly, the Pomeranian Special Economic Zone offers a beneficial system of corporate tax allowances and dedicated plots for investment projects in the sector.

In October 2006, Gdańsk pioneered and has so far remained the only municipality in Poland to have launched a special scholarship program for students of university schools preparing to take up jobs in new investor's centre of high technology sector. The scholarship shall be financed from the Gdańsk City budget funds. Maximum financial aid amounts to 100,000 Euro gross. The scholarship is granted for the maximum period of 6 months and covers all or a portion of the costs of: tuition, travel, subsistence and accommodation. This scholarship program can be tailored for the individual needs of the investor.

The high technology sector is also represented by a *cosmetics and pharmaceutical sector*. A good example of such companies, equipped with state-of-the-art laboratories and using the most modern technical equipment, are Ziaja Ltd. (www.ziaja.com.pl) and Oceanic (www.oceanic.com.pl), with their modern pharmaceutical and cosmetic laboratories. The leader in the pharmaceutical market is “Polpharma” Co. (www.polpharma.pl).

There is also a growing number of smaller manufacturing and research enterprises operating in the biotechnology sector. An important development factor in the field of innovative biotechnology projects is the opportunity to use a vast research base and well educated people who graduated from the biotechnology faculty at the Gdańsk University of Technology and the inter-university faculty run jointly by the University of Gdańsk and the Medical Academy of Gdańsk.

Tab. 2 - The biggest companies in Pomorskie Voivodeship, by revenues in million PLN (2006)

	Company	Revenues in million PLN	Gross profit in million PLN	Employers	Sector
1.	Lotos Group Co.	11,631	409,7	5547	fuel processing
2.	Power Concern Energa Co.	5,484	218,4	7719	energy
3.	International Paper Kwidzyn Co.	1,792	215,5	1615	paper
4.	Gdynia Shipyard Group	1,728	-	5032	shipbuilding
5.	Jabil Circuit Poland Ltd.	1,225	94,7	2518	electronics

The Pomeranian companies, equally with companies from other regions in Poland, benefited from access to the European market.

The most important export markets for Pomeranian exporters are: Germany (19,3 % of total Pomeranian export), Norway (9,2 %), Sweden (9,0 %), United Kingdom (7,3 %), Netherlands (6,6 %). The main export products of the region are: transport equipment, machinery, electronic products, petroleum, chemical products, synthetic and paper products, as well as food, timber products and base metals.

Tab. 3 - The biggest Pomeranian export companies in 2006

	Company name	Export revenues (thousand PLN)	Sector
1.	Gdynia Shipyard Group	1 694 706	Ship-building
2.	Jabil Assembly Poland Ltd.	1 004 028	electronics
3.	Gdańsk Renovation Shipyard	946 201	ship-building
4.	Jabil Circuit Poland Ltd.	805 619	electronics
5.	Elnord Co.	122 938	energy

Technological Parks

The Gdansk Science and Technology Park (GSTP)

The venture was initiated by Pomeranian Special Economic Zone Ltd, which manages and administers The Park. The main idea of GSTP is to encourage interaction and the sharing of knowledge between the community of innovative enterprises. It aims to foster innovation and provide flexibility for growing companies by creating unique work environment.

The Park facilities provide industrial, office and conference space with the total area of 27 thousand sq m. The Park facilities were planned to be completed in three stages:

1. In 2006, the space of 3.3 thousand sq m was opened. The first tenant was ThyssenKrupp Krause Ltd. At the same time the Technological Incubator initiated its activities. It houses start up companies set up by the graduates and employees of the Region's schools of tertiary education with the aim to applying research finding into highly innovative and marketable products.
2. In June 2008, the next space of 12.200 sq m was opened and it is fully occupied by tenants;
3. In 2010 two buildings over 9 000 sq m each will be completed; interested businesses are welcome to apply for office space now.

Space allocation in the GSTP:

High- Tech companies (SME sector) -52 %

Research & Development Centres- 25 %

Professional Advisory firms and other services providers – 9 %

Technological Incubator (Start- up and Spin -off Companies)- 8 %

Conference and Training Centre – 6 %

The Park facilities are located in the direct vicinity of the centre of Gdansk the largest universities of Pomerania Region and International Airport in Gdansk.

Pomeranian Science Technology Park in Gdynia

The Park is a thriving community of tenant businesses seeking to exploit the university research base with industrial applications. The Park facilities have a high quality built environment and infrastructure, enabling tenant companies to focus on knowledge-based entrepreneurialism.

The Park provides the area of 9000 of sq m to companies operating in 4 high- tech- i.e. biotechnology and related branches, environment protection, IT, industrial design.

At the moment, the Park houses about 60 companies specializing in the fields.

The Park facilities provide modern offices, laboratories and exhibition – conference space on preferential terms i.e. low rental fees, access to law and accounting counseling, free internet access. They also have the opportunity of close "door to door" co-operation with other companies from PSTP. The laboratories cover the area of 500 sq m, Enterprise Incubator which provide assistance to start up business by providing low cost rental space.

Special Economic Zones

Setting up of SEZ is designed to support domestic and overseas-owned companies considering opening a new facility, or expanding or modernizing an existing facility within SEZ. The main benefit for investors is income tax exemption as well as access to developed infrastructure and assistance in investment procedures.

The level of financial assistance is linked to the number of jobs created and/or safeguarded by the proposed project or the amount of capital investment committed. There are regional variations across Poland in the levels of grant available:

In Pomorskie state aid amounts to 40 % of eligible costs of the investments. For small enterprises the maximum aid intensity is increased by additional 20 % (up to 60%). For medium-sized enterprises the maximum aid intensity is increased by additional 10 % (up to 50%)

Income Tax exemptions – calculated on the basis of capital investment committed:

Capital investment committed i.e. capital expenditure on a new investment, reduced by VAT and by excise duties

on :

1. Purchase of property or the right to its perpetual usufruct
2. Purchase of fixed assets,
3. Modernization or extension of existing fixed assets,
4. Purchase of intellectual property or professional fees for legal services related to the acquisition of patents, operating licenses or patented licenses i.e. know-how or unpatented know how.
5. Purchase of other assets (other than property or buildings) by using lease finance with the obligation to acquire the asset at the end of the lease contract.

Fixed assets acquired by entrepreneurs - that are not for small or medium sized businesses - should be new.

The minimal level of investment cost in SEZ is EUR 100 thousand.

The cost of work of newly employed staff is the gross cost over a two year period, increased by obligatory payments linked with their employment by the employer from their first day of employment.

The maximum level of regional aid which can be granted for the realization of a large investment project is limited in relation to its basic scope and is calculated by the following formula:

$$I = R \times (50 \text{ million EUR} + 0.5 \times B + 0.34 \times C),$$

Where the given symbols are:

I – the maximum amount of aid for a large investment project,

R – intensity of aid- 40%

B – size of the costs qualifying for the allocation of aid, over the equivalent of 50,000,000 EUR – but not exceeding 100,000,000 EUR,

C – size of costs qualifying for the allocation of aid over the amount of 100,000,000 EUR.

A large investment project – is a new investment, undertaken over a period of three years by one or more investors, in the case where fixed assets are linked together, which are economically indivisible and where the qualifying costs for aid are jointly valued at over 50 million EUR, as calculated according to the prices and exchange rates, on the day permission is granted.

Examples of income tax exemptions- calculated on the basis of capital investment committed

Microenterprise and small enterprise 5 mln of eligible costs x 60 % = 3 mln

Medium enterprise 5mln of eligible costs x 50% = 2.5 mln

Big enterprise 5 mln x of eligible costs 40 % = 2 mln

Examples of income tax exemptions – calculated on the basis of the created workplaces (tax exemption is applicable for 2 years)

Big enterprise

A number of workplaces: 300

Monthly Gross Salary: PLN 2.000

$300 \times 2.000 \times 48 \text{ months} = 28.8 \text{ mln PLN}$

Tax exemption:

$14,40 \times 40\% = 11.94 \text{ mln PLN}$

Medium Enterprise

A number of workplaces: 200

Monthly Gross Salary: PLN 2.000

$200 \times 2.000 \times 48 \text{ months} = 19.2 \text{ mln PLN}$

Tax exemption

$19.2 \text{ PLN} \times 50\% = 3.84 \text{ mln PLN}$

Small Enterprise

A number of workplaces: 49

Monthly Gross Salary: PLN 2.000

$49 \times 2.000 \times 48 \text{ months} = 4\,704\,000 \text{ PLN}$

Tax exemption

$4\,704\,000 \text{ PLN} \times 60\% = 2\,822\,400 \text{ PLN}$

Micro Enterprise

A number of workplaces: 9

Monthly Gross Salary: PLN 2.000

$9 \times 2.000 \times 48 \text{ months} = 375\,000 \text{ PLN}$

Tax exemption

$375\,000 \text{ PLN} \times 60\% = 225\,000 \text{ PLN}$

While calculating public aid, an investor chooses from those two options.

Pomerania Region has two SEZs on its territory. Pomeranian Special Economic Zone, Słupsk Special Economic Zone.

Pomeranian Special Economic Zone (PSEZ)

Its headquarters are based in Sopot. The total area of PSEZ covers 1162.7842 ha with various industrial sites located in 3 voivodeships. In 2007 the employment created within PSEZ amounted to 17 493 workplaces in 42 companies. In Pomorskie Voivodeship, PSEZ status has been granted to the following sites:

- Malbork – 8,16 ha
- Sztum – 12,7 ha (still available)
- Starogard Gdański – 59,64 ha (12 ha still available)
- Kwidzyn – 67,79 ha (7,95 still available)
- Zarnowiec – 105,33 ha
- Tczew – 102,66 ha
- Chojnice -15,31
- Człuchów- 15 ha (still available)
- Gdańsk Klukowo- 12,44 ha
- Gdańsk Kokoszy- 46,12 ha (still available)

The main sectors in PSEZ:

Pomeranian SEZ has investors mainly from the following sectors:

- electronics represented by Flextronics, Sharp, Jabil Circuit, Suruga Seiki, Orion Electric
- paper and pulp represented by International Paper Kwidzyn, Mondi Paper, Polpak Papier

- chemicals and pharmaceuticals represented by Polpharma, a leading Polish pharmaceutical company

Slupsk Special Economic Zone

Slupsk Special Economic Zone was established in 1997 by the Decree of the Council of Ministers for a period of 20 years (until 2017).

The Slupsk Special Economic Zone covers an area of more than 376 ha and consists of 6 sections located in the Pomeranian Region.

In Pomerania Voivodeship, SEZ status has been granted to the following sites/commune:

- Słupsk-Włynkowko (100,1647 ha)
- Redzikowo (54,0545 ha) still available
- Debrzno (9,8736 ha) still available

Other investment areas are: Koszalin (90,9324 ha), Szczecinek (95,5117 ha and Wałcz (25,9710 ha).

In 2007 the employment created within SSEZ amounted to 2200 workplaces.

The main sectors in SSEZ

Slupsk SEZ has investors mainly from the following sector:

- manufacture of metal products
- plastics
- logistics and warehousing
- fish processing
- motor industry

Pomorskie Voivodeship – Labour Market and Education

Inhabitants of the Pomorskie Voivodeship make up *a young society* – 64% of the population is at their working age while 22% in pre-working age. Also, in the forecasts for the next twenty years the percentage of the working age population is 61–64%. This means that both foreign investors and domestic entrepreneurs have constant and easy access to human resources.

Potential employers may find here both high class specialists with an academic background and skilled workers. According to The Central Statistical Office, that in Pomorskie Voivodeship the average employment in enterprise sector amounts to 277 628 people.

Average monthly gross wages and salaries in enterprise sector in Pomeranian companies are above the country's average. At the end of April 2008 the average gross salary in enterprise sector was 3,215.48 PLN (approx. 950 Euro) which is 102,5 percent of the national gross wage in the enterprise sector.

Tab. 4 - The average paid employment (in enterprise sector) structure, Pomorskie Voivodeship

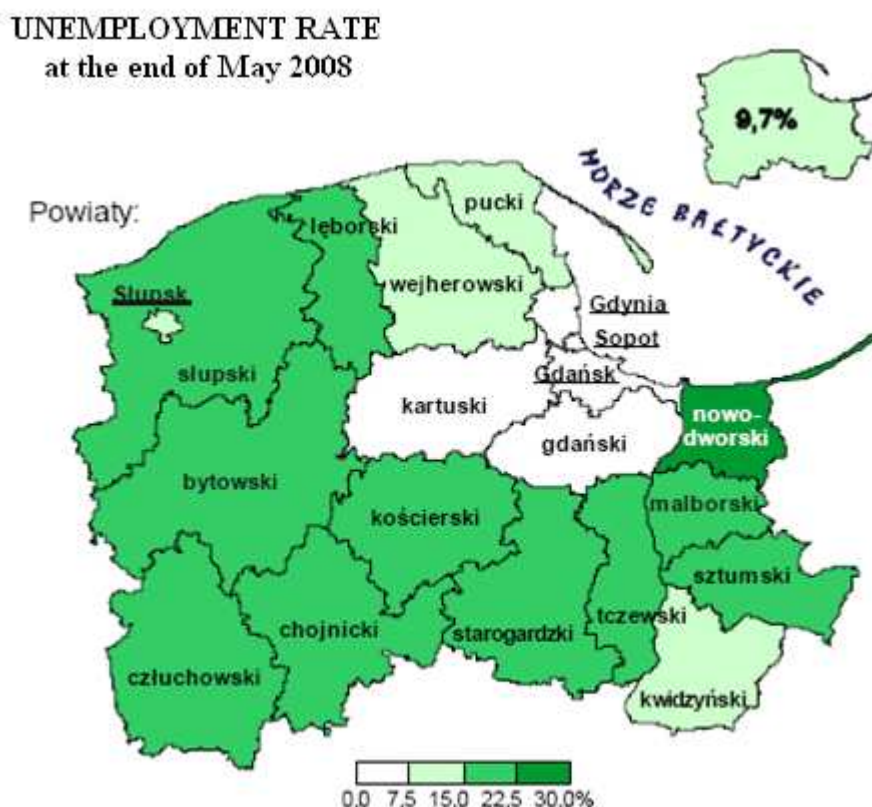
Average paid employment by sector	Totally	(%)
TOTAL	277,628	100
public sector	41,227	14.9
private sector	236,401	85.1
Agriculture, hunting and forestry	6,557	2.4
Fishery	564	0.2
Industry	148,935	53.6
mining and quarrying	764	0.3
manufacturing	131,972	47.5
electricity, gas and water supply	16,199	5.8
Construction	22,815	8.2
Trade and repair	45,164	16.3
Hotels and restaurants	4,029	1.5

Transport, storage and communication	20,266	7.3
Real estate, renting and business activities	26,638	9.6

The sectors which noted the highest growth of employment last year were: real estate, renting and business activities (15,8 % y/y), construction (14,8 %), hotels and restaurants (8,2 %), transport, storage and communication (5,3 %). Employment reduction affected fishery (14,1 %), mining and quarrying (6 %), electricity, gas and water supply (3,1 %).

The unemployment rate in Pomorskie is lower than Poland's average and came to 9,7%, in May 2008. The situation varies greatly inside the region. The lowest unemployment rate is in the Tri-City (Gdańsk – 3 %, Gdynia – 2,1 %, Sopot – 1,9 %). The situation is getting worse in poviats outside the Tri-City, which is well illustrated by the map below.

Pic. 3 – Map of unemployment in Pomorskie Voivodeship



To potential investors one of the main advantages of the region should be a *supply of well-educated and skilled human resources*. According to the latest statistics, 30 higher schools in the

region provided higher education for 99 101 students. In 2006/ 2007 there were 19 491 graduates in the region.

The biggest university in the region is the University of Gdańsk and the second largest and also the oldest in Pomerania is the Gdańsk University of Technology. The steady supply of well-educated workforce is also provided by Maritime University in Gdynia, Polish Navy Academy, Medical Academy of Gdańsk, Academy of Physical Education and Sport in Gdańsk and also private universities in banking, finances and administration.

Tab. 5 - University of Gdańsk and Gdańsk University of Technology graduates in the academic year 2006/2007 by faculties

University of Gdańsk	Number of graduates
Economics	866
Finances and Banking	494
International Relations	1
Management and Marketing	567
Law	370
IT	55
IT and Econometrics	187
Biotechnology	71
Environmental Protection	154
English Philology	598
German Philology	214
Roman Philology	35
Scandinavian Philology (Swedish, Danish and Norwegian)	22

Technical University	Number of graduates
Management and Marketing	545
Mathematics	45
IT	192
Electrical and Control Engineering	72
Biotechnology	69

Electronics and Telecommunications	185
Electrical Engineering	132
Applied Physics	17
Mechanical Engineering	199
Ocean Engineering	173
Applied Chemistry	67
Material Engineering	75
Civil Engineering	275
Architecture and Urban Planning	56
Environmental Engineering	54
Environmental Protection	49

There are also many schools in the region which provide training and education to skilled workers in various sectors and qualification profiles (assembly workers, electricians, butchers, mechanics and CNC operators).

A growing number of people have a good command of foreign languages. Foreign language education begins as early as in primary school. The school curriculum includes at least one foreign language, mainly English.

Pomorskie Voivodeship - Infrastructure and logistics position

The character of Pomorskie Voivodeship is determined by its strategic location at the junction of major European communication routes. With fully developed infrastructure, it plays an important role in the international trade between the countries of Northern and Western Europe and Middle and Eastern Europe.

Today Tri-City is the administrative capital and an important communication and transport centre for the whole region. This includes:

- two seaports (Gdańsk and Gdynia) with full infrastructure, well prepared for accommodating large vessels and all types of cargo
- railway connections of significant importance for international transit (three railway links are subjects to AGC and AGTC international agreements),
- Gdansk Lech Walesa Airport providing passenger regular air connections to many European countries and handling shipments of cargoes.

Road and Railway Transport

The area of the Tri-City lies on two international transport corridors of key importance to road transit:

- Corridor IA (Helsinki-Tallinn-Riga-Kaliningrad-Gdańsk), which is a branch of Corridor I (Helsinki-Tallinn-Riga-Kaunas-Warsaw)
- Corridor VI (Gdańsk-Katowice-Żylna) linking Scandinavia with Central and Eastern Europe, and the Mediterranean countries.

A network of international and national roads links the region with Southern Europe via Slovakia (E-75, E-77), Eastern Europe via Kaliningrad (E-22), and Western Europe via Germany (E-28).

The A-1 motorway (the first portion connecting Pruszcz Gdański-Rusocin – Tczew-Swarożyn is in use; the second stage: Tczew- Swarożyn – Grudziądz- Nowe Marzy will be opened till November 2008) is of strategic importance for the development of the region. The A-1, being section of the VI European Transport Corridor, will link the region with southern Poland and Europe. Alongside the motorway, two dual-carriageway projects are now being considered: express road S6 (E28) connecting the cities lying on the southern coast of the Baltic Sea, from Hamburg to Tallinn; express road S7 (E77) connecting agglomerations of Tri-City, Warsaw and Krakow.

In order to increase transport capacity at the crossroads of the most important roads, and mainly in order to provide better access to Polish ports, the local governments make huge road investments in Tri-City. Just in June, the biggest road investment latest years has been delivered in Gdynia. Kwiatkowski Flyover has connected Port of Gdynia and northern districts of Gdynia with Tri-City Ringroad, and in fact with A-1 motorway. Forecasts estimate that Kwiatkowski Flyover's opening will reduce transit time to Tri-City Ringroad by over 50 %. It will have also impact on the cargo handling in the Port of Gdynia – it can grow to 2015 even by 34 %.

At this moment, Gdańsk is waiting for three huge road investments:

- South Ringroad of Tri-City which will connect existing Tri-City Ringroad with express road S7 (E77); first of all, this solution will reduce heavy traffic in Gdańsk-Center and will speed up transport through Tri-City;
- Sucharski Road with tunnel under Martwa Wisła river- it will facilitate access to the Port of Gdańsk;
- The modernization of Słowacki Street – the whole street (which connects one of the main districts in Gdańsk with International Airport in Gdańsk-Rębiechowo) will be dual-carriageway and will reduce transit time to airport.

Pomorskie Voivodeship is the place where 4 major international railway lines, all integrally included in pan-European transport corridors, cross:

- Via Szczecin to the German border,
- Via Warsaw and Kraków to the Czech and Slovakia border,
- Via Bydgoszcz, Łódź and Katowice to the western and southern borders,
- Via Olsztyn to Kaliningrad, or via Białystok to Belarus.

At this moment, the international railway line to Warsaw (E65) is being modernized. After the completion of this huge investment project, trains will drive 200 km per hour, and the transit time from Gdynia to Warsaw will be reduced to 2 hours (now it takes even 5.5 hours).

Also Tri-city has very good configuration of the internal railway network, which ensures direct access to the ports.

Seaports

The ports in Gdynia and Gdańsk are the biggest facilities of this type in this area. Their location makes them natural logistic and distribution centres in the Baltic Sea region and Central and Eastern European countries. The ports are also an important link in the transport chain from Scandinavia to Southern Europe, including those in the Adriatic Sea and the Black Sea. Current or

planned projects of modernization and development of port infrastructure, including container terminals and logistic-distribution centres, are of highest significance for foreign investors.

The Port of Gdańsk (www.portgdansk.pl)

The Port of Gdansk is divided into two areas of naturally diversified operational parameters: the Inner Port situated along the Vistula estuary and the Northern Port with a direct access to the Gulf of Gdansk, which provides conditions conducive to servicing the largest vessels that can enter the Baltic Sea.

The Inner Port consists of a container terminal, a base and a terminal for ferries and Ro/Ro vessels, handling facilities for passenger cars, citrus fruit, liquid and granulated sulphur and phosphorites. The other quays are of universal character and are suited to the handling of conventional general cargo and bulks. The Northern Port is the site of state-of-the-art handling facilities for energetic raw materials: liquefied fuels and coal.

General cargo is handled in the Inner Port, at a number of quays spread along the Port Canal, namely Oliwskie, Wislane, Szczecinskie, Przemyslowe, Weglowe, Rudowe and Obroncow Westerplatte, as well as at the quays of the Port Free Zone (WOC 1 and WOC 2) that also maintains an up-to-date citrus fruit handling terminal. Universal quays of the Port of Gdansk are well-suited to handling every type of general cargo e.g. packed in pallets, bags and big bags, as well as heavy lifts, steel products and hazardous cargoes.

Container handling operations in the Port of Gdansk are performed at the Inner Port-based Szczecinskie Quay where the Gdansk Container Terminal (GCT) is operational, and at the Deepwater Container Terminal Gdansk in the Northern Port. The Gdansk Container Terminal operates mainly feeder and short sea shipping services. It offers a variety of integrated terminal and holder depot operations: a full range of container handling and services, stuffing and stripping, repairs and cleaning, reefer plugs for refrigerated containers. The Deepwater Container Terminal DCT Gdansk has been designed to handle the largest carriers that can enter the Baltic Sea, the so-called Postpanamax type vessels.

The Port of Gdansk provides services to Ro/Ro vessels at the quays of the Port Free Zone (WOC 1 and WOC 2), DCT and at the state-of-the-art Westerplatte Ferry Terminal. A Ro/Ro ramp is also available at the Polish Baltic Shipping Co. Ferry Terminal offering regular ferry connections to Sweden. Situated at a short distance of the entrance to the Inner Port, the Port Free Zone offers handling and storage services of brand new cars from manufacturers from the Far East countries and Europe. The Port Free Zone facilitates storage of imported goods free of customs duty and guarantees, quota, and tax for an unlimited period of time. The removing and customs clearance of

goods in batches is available. Registration of goods that are supplied to and removed from the Port Free Zone is implemented by means of the IT system. The Port Free Zone boasts a direct rail connection with other regions of Poland. Bordering on the eastern bank of the Port Canal, the Westerplatte Ferry Terminal provides docking berths equipped with Ro/Ro ramps, as well as extensive storage and maneuvering yards. The Terminal enjoys convenient transportation links with the national and international road network.

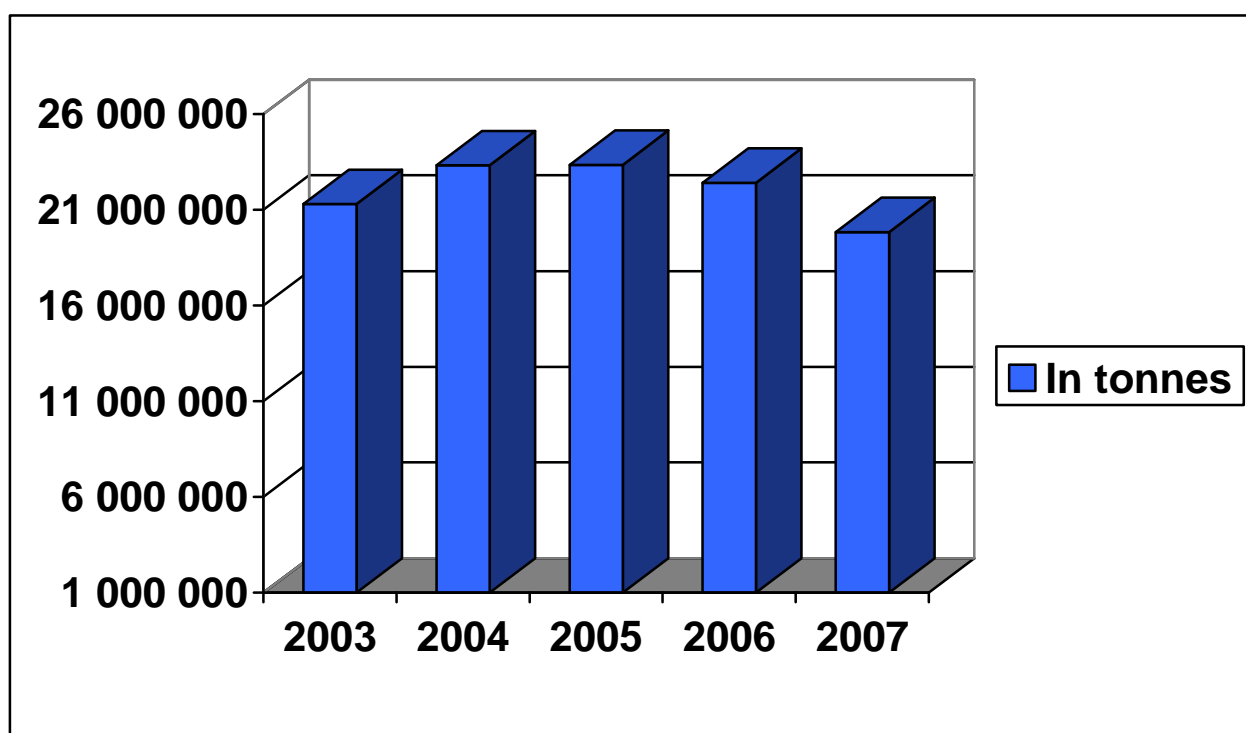
Hard coal exports is handled by a dedicated Coal Terminal, situated in the Northern Port right on the waters of the Gulf of Gdansk, whilst both exports and imports are handled at the quays of the Gorniczny Basin and at the Wislane Quay in the Inner Port. Thoroughly mechanized, the Coal Terminal is tailored to handling coal directly from railcars onto ships, or indirectly with the use of open storage yards. The Terminal offers a comprehensive range of equipment and facilities such as dumping and loading machines, coal bunkers, a system of conveyor belts, an expanded rail siding and car tipplers with tunnels for freight cars defrosting that enable the year round operation of the Terminal.

The Northern Port boasts two state-of-the-art specialist terminals designed for handling liquid fuels and liquefied gas. Additionally, fuel and base oils are handled at the Obroncow Poczty Polskiej Quay located in the Inner Port. Fully automated, the Liquid Fuel Terminal has four berths and can accommodate the largest vessels navigating the Baltic Sea. Individual berths are suited to handling crude oil and oil derivatives, as well as fuel and diesel oils. Handling operations are performed with the use of an environmentally safe "close system" technology. The berths are located in enclosed handling docks equipped with spillage protection barriers, as well as a fire protection system. Transport of fuels in both directions, including transport to refineries and plants in Poland and in the eastern lands of Germany, is carried out through a network of pipelines, handling stations of PERN and the LOTOS Group SA refinery. The throughput capacity of the terminals ensures Poland's energetic safety. The Liquefied Petroleum Gas Terminal is designated for the receiving, storage, partial blending and distribution of liquefied propane-butane gas by means of tank cars and trucks. It is equipped with facilities such as underground tanks, pumps to support receiving gas from vessels, gas heating and transporting system to storage tanks, pumps transporting gas from tanks to reloading berths and a gas blending system.

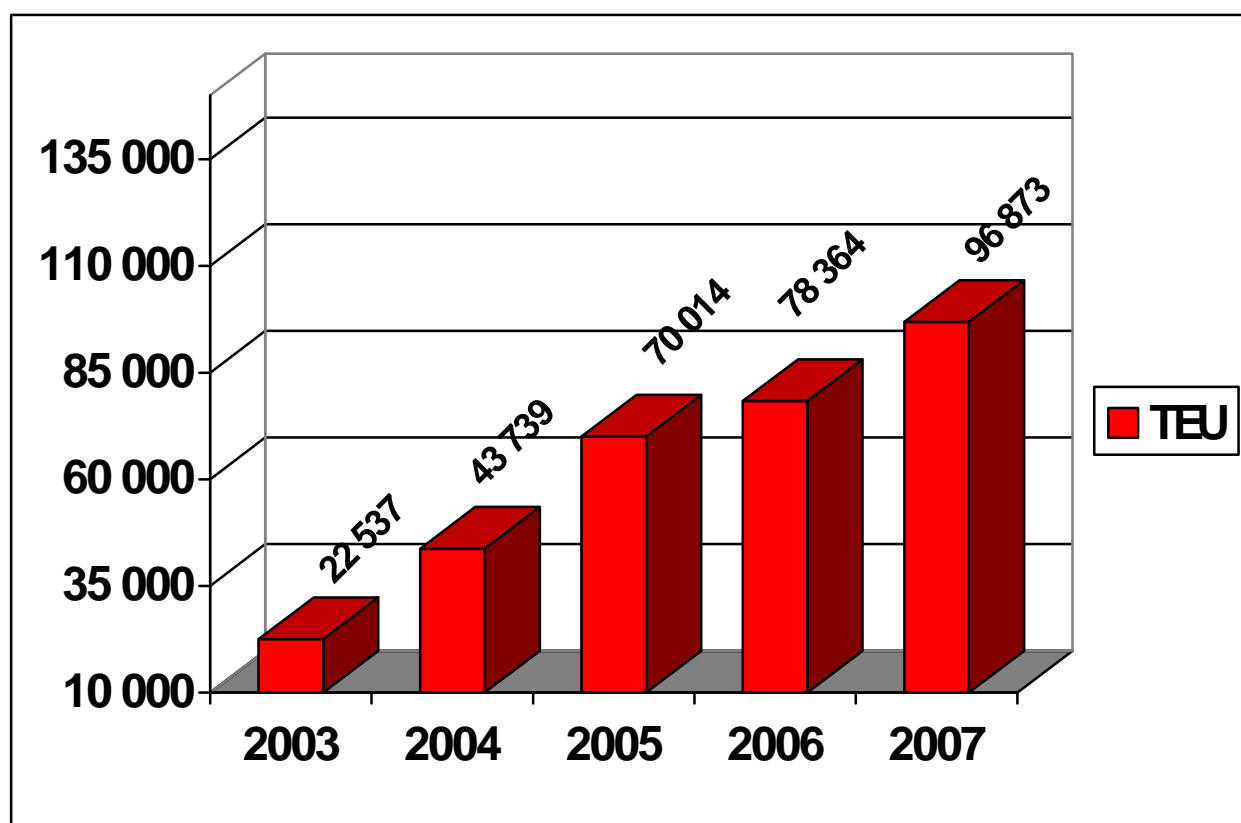
The Port of Gdansk offers a comprehensive range of specific cargo operations that require highly specialist handling and storage technologies. Available in the Port, there is a phosphorites handling base operating on the Chemikow Quay. Along with the adjacent Przemyslowe Quay, it facilitates the handling of cargoes such as fertilizers, liquid chemicals, minerals and molasses. The base is well-equipped with gantry cranes, as well as direct pipelines and conveyor belt connections.

Fertilizers are also handled at the Obroncow Westerplatte Quay. The Obroncow Poczty Polskiej Quay accommodates a dedicated terminal suited to handling liquid and granulated sulphur, as well as other liquid grain and fuel products. Operational in the Port, there are grain elevators situated along the Port Canal at quays such as Wislane, Zbozowe and Oliwskie. Apart from grain corn, other grain products handled in the Port comprise feeds, molasses, malt and edible oils. A malt processing plant is located on the Bytomskie Quay. Malt, barley, as well as medical and technical gases are handled at this quay. The quays of the Gorniczy Basin (Rudowe, Weglowe and Administracyjne) are particularly versatile in character. Besides coal and general cargo, they are suited to handling grain, aggregate, iron ore, fertilizers, timber etc. It additionally boasts the largest in Polish ports scrap handling plant.

Pic. 5 - Cargo handling in the Port of Gdańsk (2003-2007)



Pic. 6 - Container handling in the Port of Gdańsk (2003-2007)



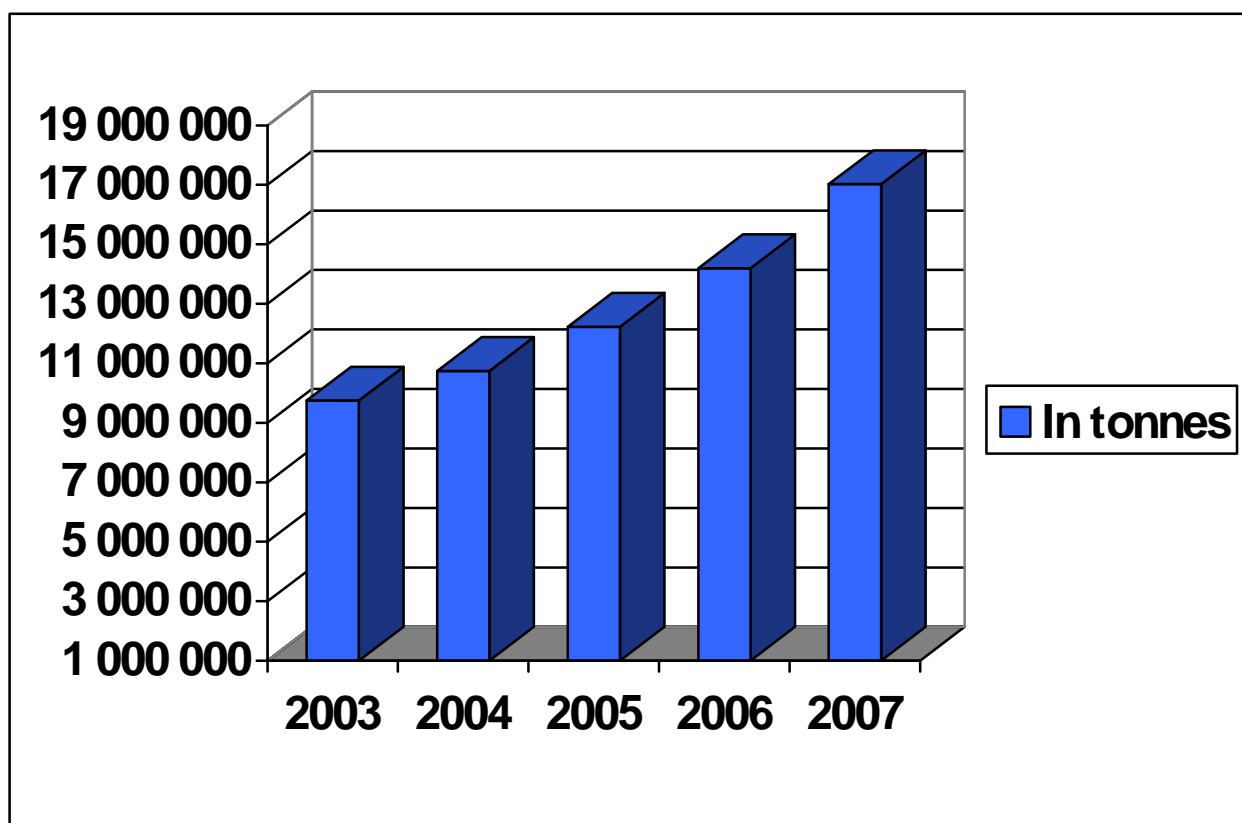
The Port of Gdynia (www.port.gdynia.pl)

Containers are however a domain of the Port of Gdynia. Its total area is smaller than the one in Gdańsk, but it may handle Panamax type vessels. The Port Gdynia is protected by a 2.5 km breakwater and has a total of 17,700 m of quays of which over 11,000 m are for commercial use. The port covers a total of 755.4 hectares including 492.6 hectares of land area.

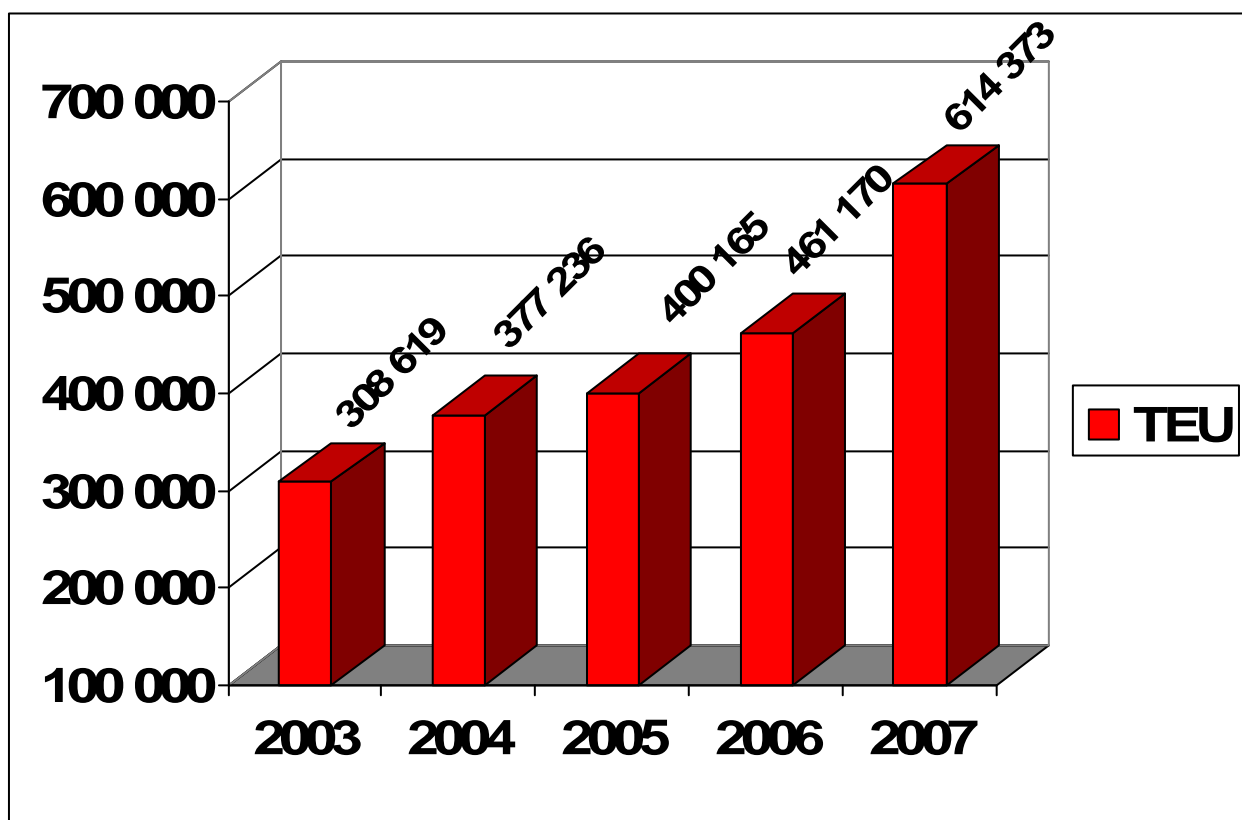
There are two big container terminals in the Port of Gdynia- the Baltic Container Terminal (BTC), which belongs to International Container Terminal Services INC of the Philippines and Gdynia Container Terminal, which is a part of Hutchison Port Holdings (HPH) – the biggest container terminal operator worldwide, which started its operations in Poland in 2006. The Port of Gdynia is also a market leader in handling passenger ships and operates as a ro-ro reloading centre, including ferry transport.

In the neighbourhood of the 2 container terminals and a ferry terminal, on the area of 30 ha, a new Logistics Distribution Centre with access to main railway connection is planned. Its aim is to offer a full range of logistics services related to international transport of cargoes and additionally to the domestic trade.

Pic. 7 - Cargo handling in the Port of Gdynia (2003-2007)



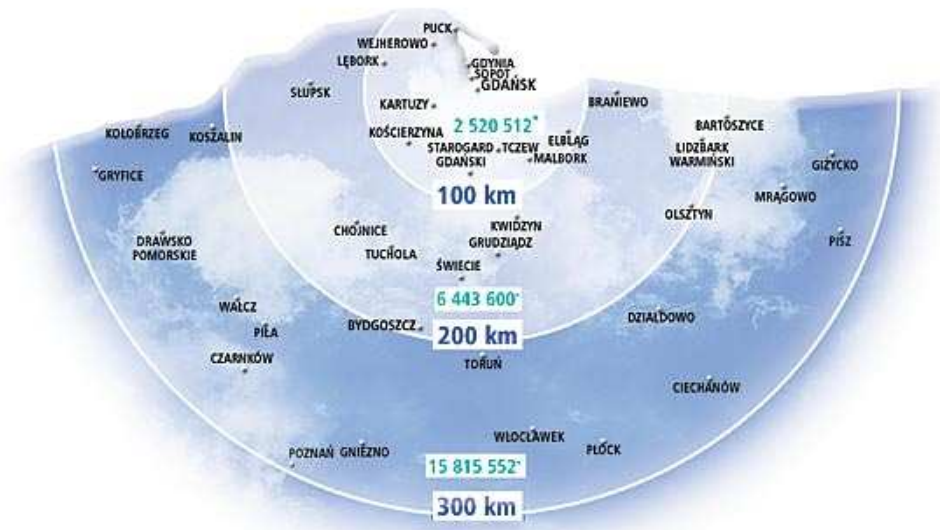
Pic. 8 - Container handling in the Port of Gdynia (2003-2007)



Airport

The Gdańsk airport is rated second Polish airport behind Okęcie in Warsaw, which holds all certificates necessary to receive the largest passenger and cargo craft. The Lech Wałęsa Airport is one of the most important and quickest developing airports in Poland. National carriers, low-cost liners and charter carriers offer flights to 36 domestic and international destinations. The airport's location and its accessibility contributes to steady growth of the cargo transport. Cargo is taken by passenger liners, and dealt with by domestic and international operators, including: LOT Cargo, Lufthansa Cargo, British Airways, SAS, DHL, and TNT. The arrangements allow for swift forwarding of cargo and valuable mail to any place in the world.

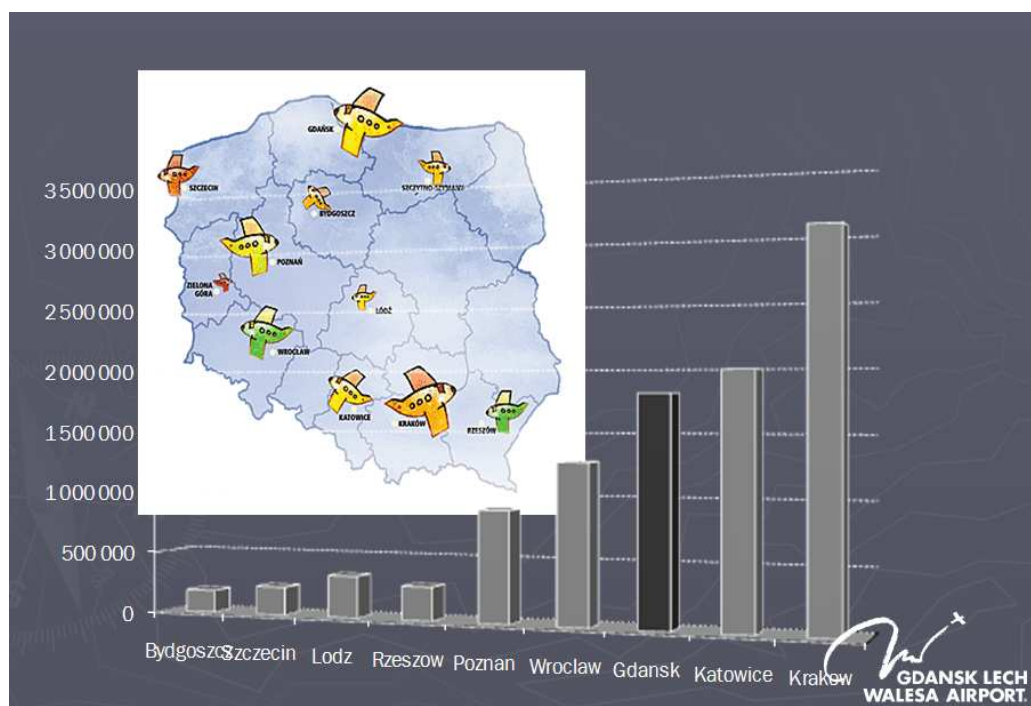
Pic. 9 – Catchment area of Lech Walesa International Airport in Gdańsk



Pic. 10 – Routes from Lech Walesa International Airport in Gdańsk



Pic. 11- Passenger traffic at main airports in Poland, 2007



Logistics and real estate market

Last year turned out to be another record year for the warehouse market in Poland. According to market research, by the end of the third quarter of 2007 the Polish warehouse market grew by 30 percent, adding more than 800 000 m² to last year's figure of 2,7 mln m².

The development of regional cities and improvements to the infrastructure are leading the relocation of the logistics business from Warsaw to other locations with greater investment potential such as Poznań, Wrocław, Upper Silesia Agglomeration, Łódź, the Tri-City and Kraków. The last two cities entered the Polish warehouse map only last year. In the case of Tri-City the process has been mostly driven by further development of port facilities as well as the A1 motorway investment.

Multinational companies such as ProLogis, Panattoni, Segro, Goodman, AIG/Lincoln, Menard Doswell and Apollo-Rida are dominating the Polish warehouse market.

Rental rates for regional cities (in Tri-City area also) are at the level of EUR 3-4 per m²/ month for modern warehouse stock and even half of that rate at EUR 1,5-2,5 per m²/ month for storage buildings of lower standard

Market trends:

- A strong investment demand is expected in the following years;
- Competition among developers for the best available plots offered at reasonable prices in regional markets will toughen;
- Rental growth is envisaged by landlords;
- Planned infrastructure investments especially in the light of the EURO 2012 tournament should stimulate further warehouse developments along new roads (in Tri-City area it's A-1 Motorway);
- Demand for modern warehouse areas will rise along with higher foreign investment in production sectors.

Logistics parks and warehouses in Pomorskie Voivodeship:

ProLogis Park Gdańsk- is located in Gdańsk at Bysewska St., adjacent to Tricity Ringroad (S-6), approx. 14 km West from Gdańsk city center. It is modern warehouse park designed for middle and big size tenants. It will consist of 5 buildings, approx. 86.000 m² of total space. Tenants: Lekkerland,

C.HartwigGdynia, Marcopol, Iron, Mountain, DSV, DHL/Exel, Schenker, Marcopol, Solid Logistics.

Logistic Center Pruszcz Gdański (Biuro Inwestycji Kapitałowych S.A)- is located on Zastawna Street, in industrial zone of Pruszcz Gdański- 500 meters from the ring road of Trójmiasto and the beginning of A1 highway. Total area for lease is 10,000 m² of warehouse space and 1,100 m² of office space.

Main tenant: LPP S.A.

Warehouse Center Hutnicza in Gdynia- total area for lease is 11,931 m² of warehouse space and 1,653 m². Tenants: WKT-Polska, Techcom, DROP S.A., Heads & All Threads, JBMJ Machines.