



Invest
in Poland

POLISH INFORMATION AND
FOREIGN INVESTMENT AGENCY

**british
polish**
chamber
of commerce

**Everything you wanted
to know about POLAND***



***but were afraid to ask...**

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* but were afraid to ask...





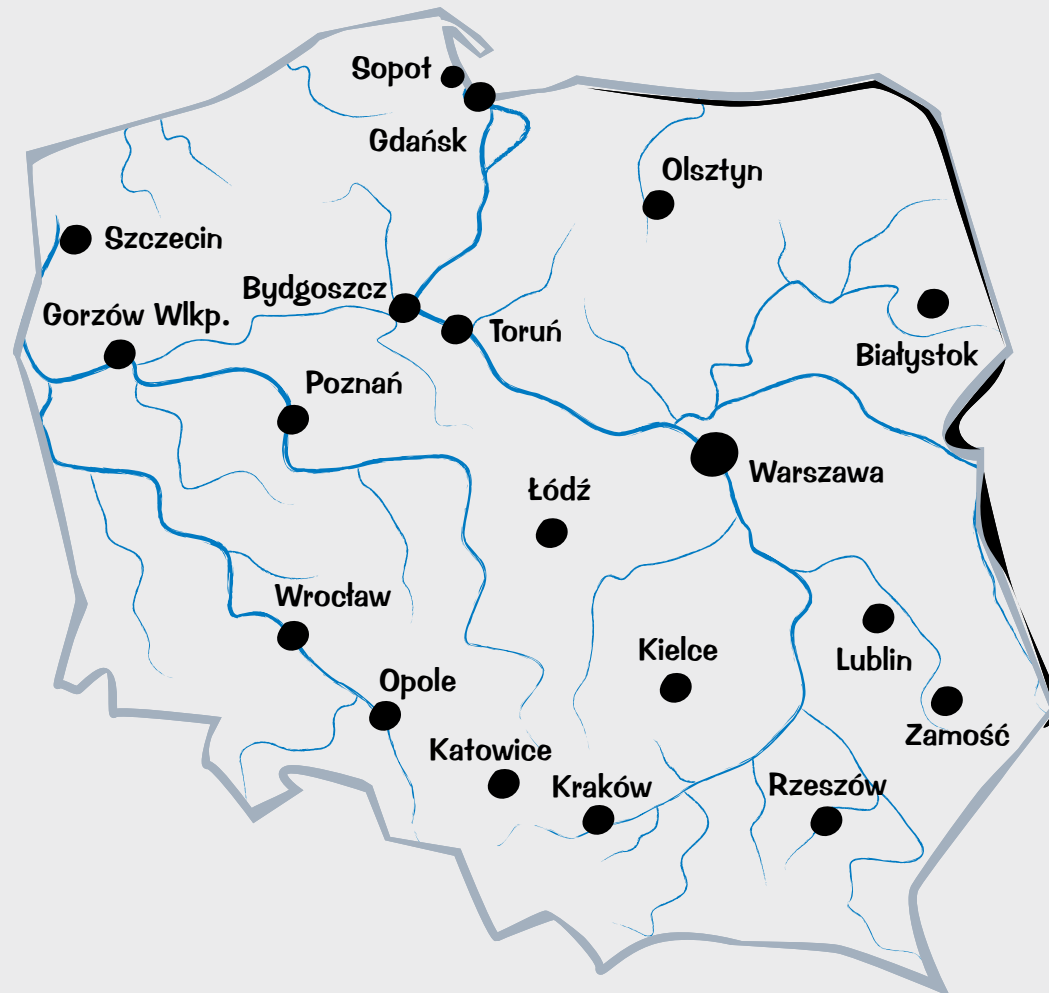
Welcome to Poland!

Poland is one of the best kept secrets in Europe! Surprising really when the country is one of the highest potential growth markets in this part of the world. Poland is a great place to invest. We would like you to get to know our country – not just from a business perspective; we realise that's important but we want you to really appreciate our people and our culture. Poland is a country of friendly, open and hospitable people where you can really feel at home. We want to introduce you to another side of our beautiful country—where to go and what to see.

We look forward to giving you a big, warm welcome in Poland soon.

Please come and see for yourself

POLAND



Chapter 1.

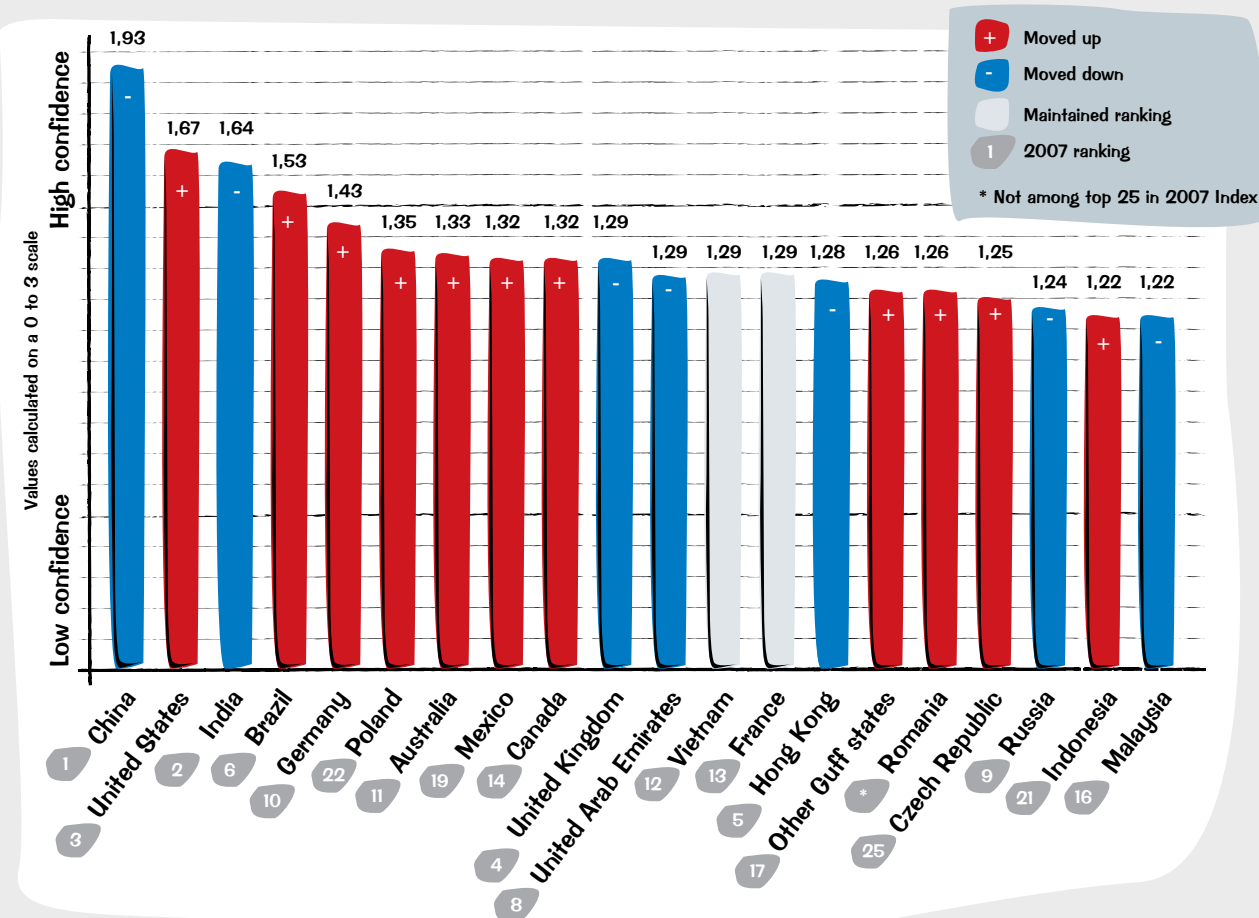
Where we are and what you need to know – Quick Facts

- **Where** - Poland is right at the heart of Europe and covers an area of 312,685 km² – we are the 6th largest country in the European Union, comparable in size to Great Britain, a little larger than the American states of Nevada and Arizona, or half as big as Texas.
- **Politics** - We have a parliamentary democracy in which executive authority is exercised by the government and the president plays a chiefly ceremonial role.
- **Population** – 38 million people live in Poland mostly in cities. By European standards we are a young society with half our population in their 30's and early 40's who are professionally active (most - around 8 million, in the service sector, followed by industry and construction, 4 million, and agriculture and forestry with 2 million).
- **Neighbours** – We have 7 neighbouring countries. Poland borders on Germany to the west (with a long border on the Oder River), the Czech Republic and Slovakia to the south (mountain borders), and Ukraine, Belarus and a part of Lithuania to the east (romantic landscapes!) A small, separate fragment of Russia known as the Kaliningrad Oblast borders part of Poland to the north. The rest of the northern border is made up of the golden beaches of the Baltic Sea.
- **Rivers** – Our longest river is called the Vistula; over a 1000 km long it flows through Kraków, Warsaw and other important cities on its way to the Baltic sea as does the second-longest river, the Oder on the western side of Poland.
- **Skiing** - Poles go skiing in the south in the panoramic and rugged Tatras, part of the Carpathian Mountains, with the highest peak at 2,499 m.
- **Sports** - It comes as no surprise that one of our most popular sports is ski jumping, alongside basketball and swimming. We are passionate about football – we're working on being good at it.

SOME BORING FACTS

- CIT – 19%
- PIT – 18%, 32%
- VAT – 23%, 8%, 5%, 0%
- GDP per capita (2010): EUR 9,300
- Average monthly wage in 2010: EUR 807
- Distances from Warsaw:
2.5 hours by air to London
9 hours by air to New York

FDI CONFIDENCE INDEX



Chapter 2. Let's talk economy – stability, sustainability and growth!

Crisis? What crisis?

Our economy is only 20 years old; we've grown constantly during that time. As we catch up with our European neighbours our economy is expected to grow sustainably for the next 20 years. Poland is one of the few places in Europe which has done ok during the crisis. We've got an attractive domestic market and we're a great investment destination – a safe haven in a storm. We have done well over the last couple of years and are proud of it.

Poland is a stable and attractive business destination. Thousands of international companies profit from investing in our country and are happy to be here. What is it that makes us so attractive?

A great set of credentials!

Our strengths - investors mention **EU membership** which means access to a single market with no trade barriers as well as access to EU structural funds (over EUR 67 billion), a **highly qualified workforce**, hard-working and ambitious; a **buoyant domestic market** even during the global economic downturn we grew by 4.3% in the 2nd quarter of 2011 (1.9% for the EU 27 in 2010). One characteristic of our resilience to the crisis is that our economy is based on a **solid and rigorous**

monetary policy. Another is **strong domestic demand**. We are pretty good at manufacturing and have high **productivity** levels compared with EU benchmarks. Finally our exporters are becoming increasingly competitive in global markets.

What the Professionals think

Investment in our country not only contributes to the modernization of the economy it has a major influence on our international trade. The value of Foreign Direct Investment (FDI) inflow into Poland is increasing all the time. Poland's significant rise in this year's UNCTAD's Investment Report (6 points up from the 12th position in 2010) confirms the country's strong position on the international investment scene - Poland was preceded only by the world greatest economies of China and the USA and ranked before Germany and the UK. Ernst & Young's 2010 European attractiveness survey fully supports our economic strength. We rank number 3rd in Europe in terms of new jobs created by FDI.

The report says that last year Poland recorded the highest increase in the number of FDI projects across Europe - 40% more than in 2009. AT Kearney also thinks we are a great destination. We've got some great offers for people investing in our country – more about that later.

Chapter 3. Innovation nation

The Poles have always been considered a very enterprising and resourceful nation (sometimes even a bit too much so :-). You can see these characteristics in business as well as science.

Our great people!

Our employees are highly qualified – skills we have gained through a solid education. We are praised by nearly all employers (both at home and abroad). The same can be said for the commitment and creative approach that we bring to our work. After all, these are the characteristics of youth, and it is not surprising to find them in one of the youngest societies in Europe. Nearly half of us is under 35 years old.

Science and research attracts big players

The quality of Polish scientific and technical thought is confirmed by the number of large global corporations which have set up R&D centres in our country. International investors - **General Electric, Samsung, IBM, Motorola, Delphi, Siemens, Oracle, Wabco, ABB, Plisa, IBM, Lufthansa, Maersk, Philips, Accenture, HP, Volvo, GalxoSmithKline, Aircraft Engines Aerospace, AVIO Group and UTC/Pratt & Whitney** have all set up research and development centres in Poland and this number is growing fast. Most are hi tech in a broad range of sectors - IT, automotive, BPO, aviation, chemical, electronic, metal and machine industry and nano-technology.

Highly qualified graduates

Our R&D centres employ thousands of graduates from our technical and business schools Poland prides itself on talented students who often achieve leading positions in prestigious international con-

tests, like: the Microsoft Imagine Cup 2011, European Merrill Lynch Investment Challenge or the IBM-ACM International Collegiate Programming Contest. Human resources and technical competence are the greatest sources of competitive advantage in these competitions.

Polish inventors

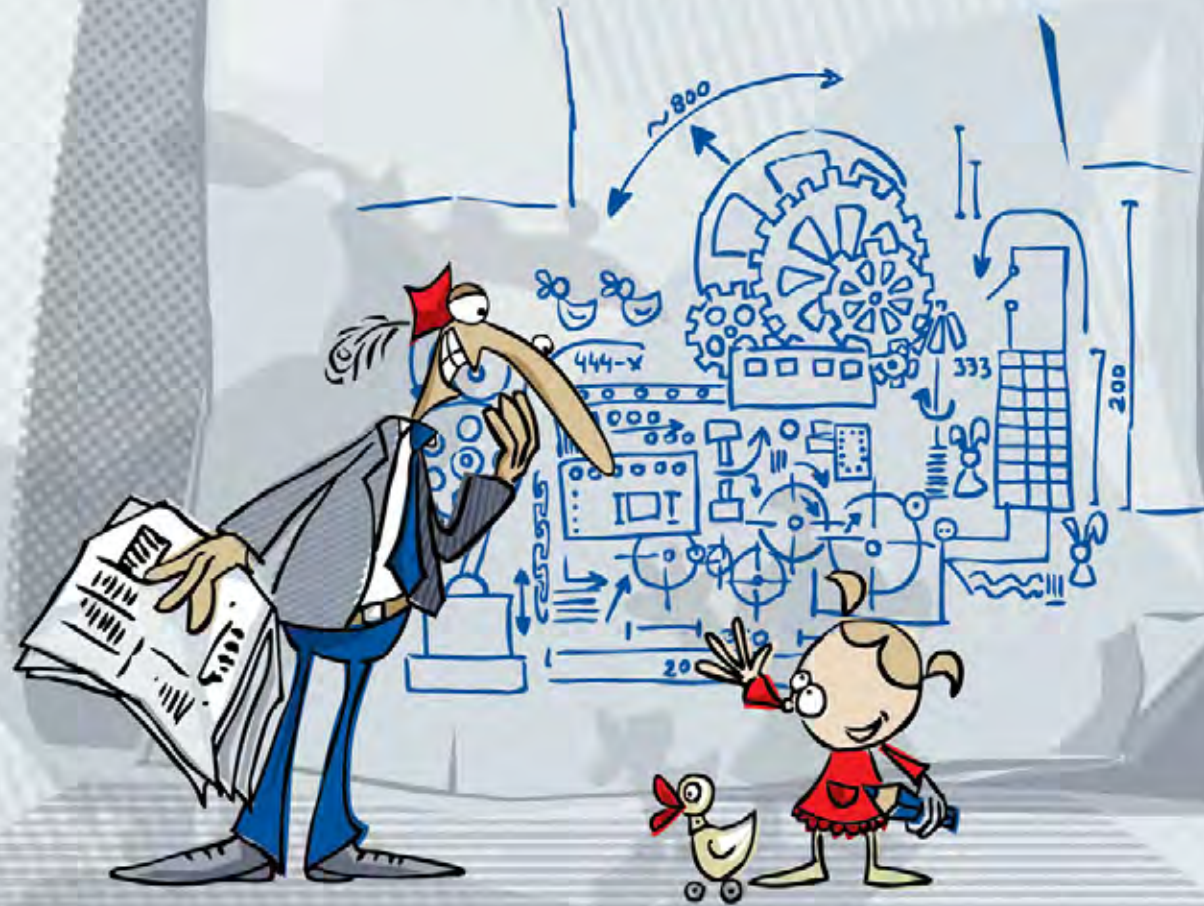
Innovation is an important aspect in the field of science. Poles continue to make a big contribution to the development of technology and many of them are brilliant inventors.

The first walkie-talkie was invented by a Polish engineer, Henryk Magnuski in 1940. Magnuski designed the circuits that were used in the portable FM two-way radios called walkie-talkies. He was also the inventor of PC-to-fax technology.

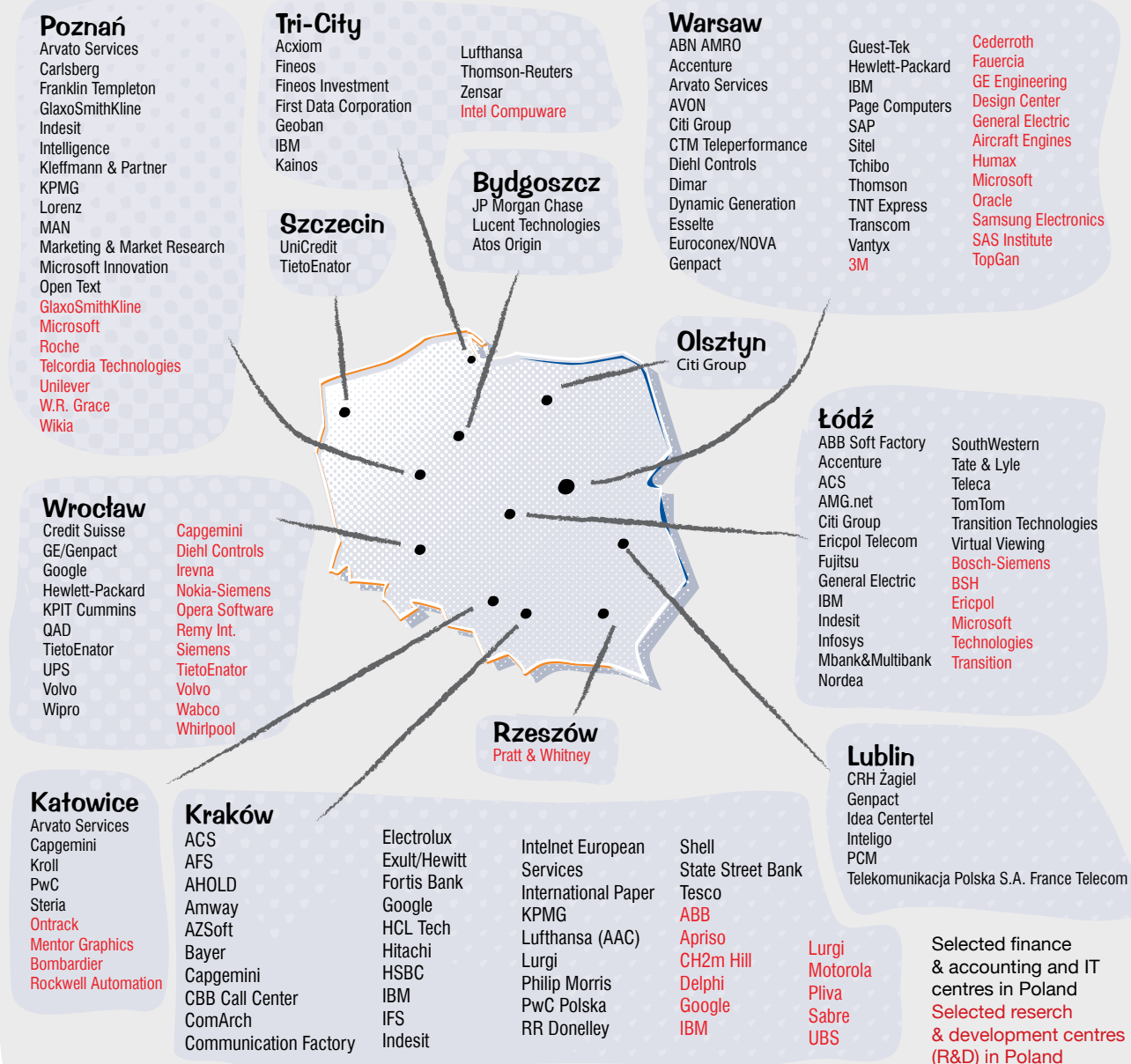
The bulletproof vest was invented by Kazimierz Żegleń and Jan Szczepanik. They developed a bulletproof vest made of silk fabric. It could stop the relatively slow rounds from black powder handguns.

The common paper clip, windscreen wiper or pneumatic shock absorber for cars and aircraft were the works of a Polish artist, virtuoso and composer, Józef Hofmann.

The latest discoveries of scientists from Warsaw may revolutionise the computer market. Graphene, an allotrope of carbon, discovered by a group of British-Russian scientists was too small to find application in commercial solutions. This barrier was overcome by Polish scientists who found the way to transfer grapheme production from laboratories to factories. It can now be used in touch screens and space vehicles.



BPO AND R&D CENTRES IN POLAND – WHERE THEY ARE



Our students

50% of our people between the age of 19 and 24 are studying. We have 461 higher education facilities some of which have a tradition of excellence built up over hundreds of years. We are one of the most competitive education markets in Europe. More than 1100 research facilities in Poland which employ over 119,000 R&D specialists conduct globally important research. Many centres are affiliated with academic centres. Harnessing the wealth of this potential to use in the business world is a challenge and opportunity for investors.

Our most attractive sectors

Business Process Offshoring (BPO), the aviation, the automotive, the electronics and IT industries are considered to be the most favourable sectors for investment in Poland. We offer a favourable investment climate, an excellent location at the centre of Europe and well-educated specialists.

Attractive BPO destinations

The most successful BPO destinations in Poland are Kraków, Warsaw and Wrocław. Over the last five years, these 3 cities have developed dynamically in this field. Kraków's 1st position in the category of Locations for global services - Top 10 emerging cities shows that Polish cities have increasingly been perceived as the best destinations for BPO projects. Today, in Kraków 4,000 people work in this sector employed by such companies as: Philip Morris, Shell, IBM and Lufthansa. A good example of companies which have grown dynamically through knowledge are Motorola hiring over 900

workers at its research centre and Hewlett Packard with 1000 employees in its Wrocław-based R&D centre.

The dominant part of the IT market in 2008 was the computer hardware segment, with 60% share - computers, monitors and supplementary equipment. The 2nd largest segment was IT services with a 28% share and the 3rd was the programming market (software), with a 13% share of the market.

Finding ways to develop technology, and thereby obtain more and more competitive advantages, is a condition for being a leader in the competitive economy. Poland's long aviation history have attracted many investments in the form of privatization as well as in greenfield projects. The majority of multinational corporations are present in our country and over 90 percent of the production is exported.

The automotive sector also has a long tradition. Poland has largely benefited from Western European subsidies which fueled particularly the sales of small and medium-sized vehicles. The key regions for locating new automotive investment projects are traditionally those areas which are home to vehicle manufacturing operations, such as Upper Silesia, as well as the Wielkopolskie and Lower Silesia voivodships.

A little secret

What makes us so attractive is the combination (nota bene!) of the efficiency of our capital-intensive production requiring highly qualified personnel and the cost competitiveness of our physical labour. To put it simply: two-in-one... and we're in the EU.



Chapter 4. Trade winds

Unsurprisingly the profile of Polish exports largely coincides with that of foreign direct investment (FDI). Poland is a large market in its own right and is often seen as a convenient export platform both for Europe and Eastern Europe. 82% of Polish exports currently go to highly industrialized countries (OECD).

Notwithstanding the outdated stereotype of a peasant on a cart as the typical Polish producer, still popular in the Western press, technologically advanced equipment actually makes up almost 50% of Polish exports.

Exports double

Data from the Central Statistical Office (GUS) show that during the period 2000-2010, the value of Polish exports has grown significantly, from EUR 34.4 billion to EUR 120.4 billion.

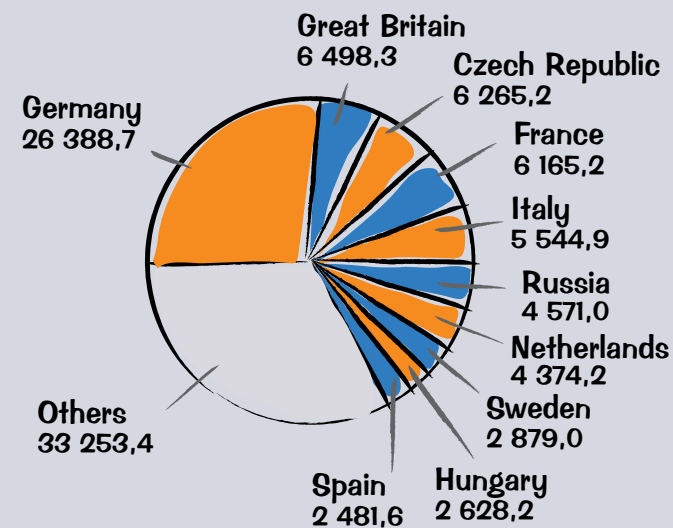
Polish exports are growing steadily – from 2000 to 2010 the export grew 3.5-fold in that time, despite the strength of the national currency, the zloty (PLN), creating a healthy foundation for stable economic growth. Our foreign trade deficit is steadily being reduced along with the overall increase in the volume of trade.

Key sectors for international trade

Our top export products are: electronic, mechanical and transport equipment, steel and base metals, plastics, rubber and chemical products.

We have also seen exponential growth in our **services sector**, largely driven by FDI. These are chiefly finance centres or shared-services centres, servicing activity in other countries. Unlike the older generation, **young Poles are multilingual**, so this sector is blossoming, enjoying growing popularity among European SME's. The global giants are already here.

EXPORT IN I-IX 2011
(EUR million)



Source: Central Statistical Office of Poland (GUS)



Chapter 5. Foreign Direct Investment (FDI)

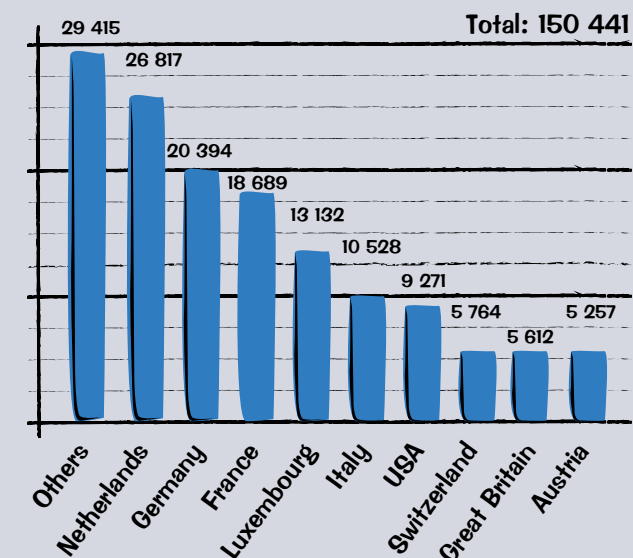
Poland is an increasingly attractive destination for FDI. We offer an excellent entrypoint for global companies looking to access the single EU market. There are many greenfield and brownfield investments. In 2010, FDI to Poland was EUR 6,7 billion. The countries investing most intensively in Poland include Germany, France, Luxembourg and the USA. China, India and other countries in the Far East are taking a serious look at Poland.

Poland is the largest magnet for FDI in Central Europe. Our large and rapidly developing domestic market is an attractive feature however the country is increasingly being targeted as a trade hub for the region. Large companies think very carefully where to place strategic investment. IBM, Volkswagen, LG, Procter&Gamble, France Telecom, Siemens, Cadbury and Sharp have all expanded their activity in Poland recently.

In addition to our well qualified workforce and optimistic economic indicators, the 'traditional' pluses of Poland which are mentioned by investors are:

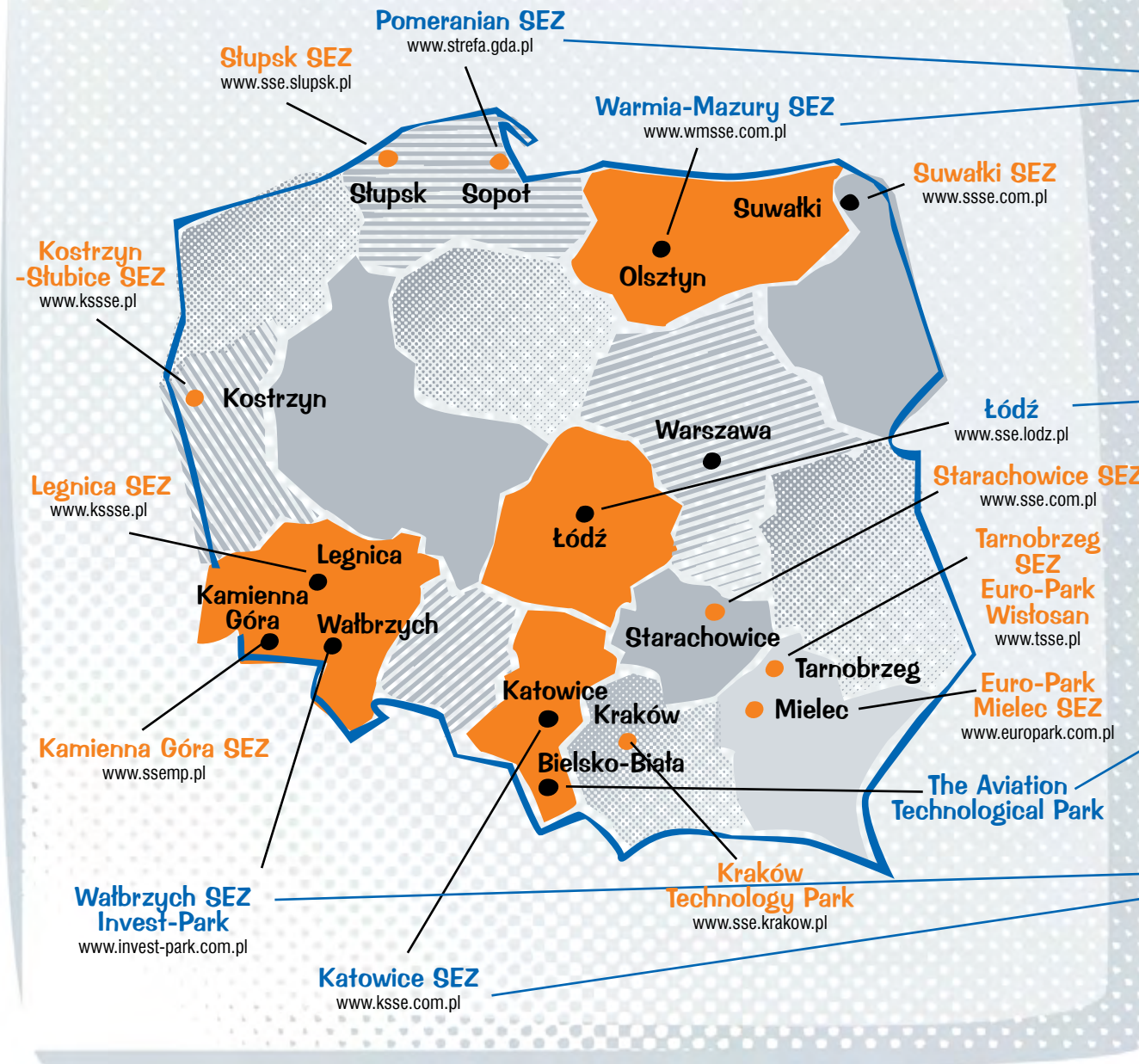
- competitive labour costs,
- strategic location on transit routes, and
- a large internal market.

**FDI INFLOW IN 2010
(EUR million)**



Source: National Bank of Poland, 2011

Chapter 6. Special Economic Zones



Ship ahoy!

There are over 2000 firms in Poland who build and service boats and ships. The leading field is for small and medium-sized yachts, most of which are sold to buyers in Western Europe. They are known for high-quality laminates, precision fittings and modern construction.

Something for the Home

Łódź is the largest production centre in Europe of white consumer goods. There are 440 firms active in this sector! True, refrigerators and stoves are not vehicles, but people can be creative...

Flying high

The long tradition of Polish aviation is visible in the activity of over 60 producers of aircraft and parts for leading global brands. The new park will specialize in the production of light aircraft.

Cars, Cars & more Cars

As a centre for the automotive industry and a location for major manufacturers in the sector, Poland offers a huge base of suppliers (about 700 firms), top quality and productivity. Engines are a local specialty.

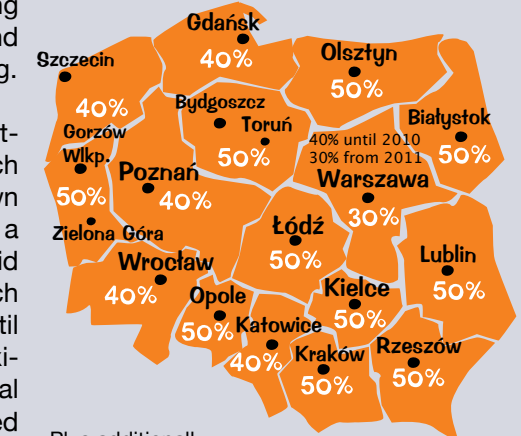
The Special Economic Zones (SEZ's) are 14 separately administered areas which offer favourable terms for doing business. Altogether they cover an area of 13 000 hectares; there is still potential to grow to a maximum area of 20 000 hectares. According to PAIiZ over 225 000 are employed in companies in our Special Economic Zones.

Since 2005, investments in SEZ's in the modern service sector have been eligible to receive public aid – including service centres and manufacturing. Interestingly, Poland is specialising more and more in the production of transport vehicles – land, water and air.

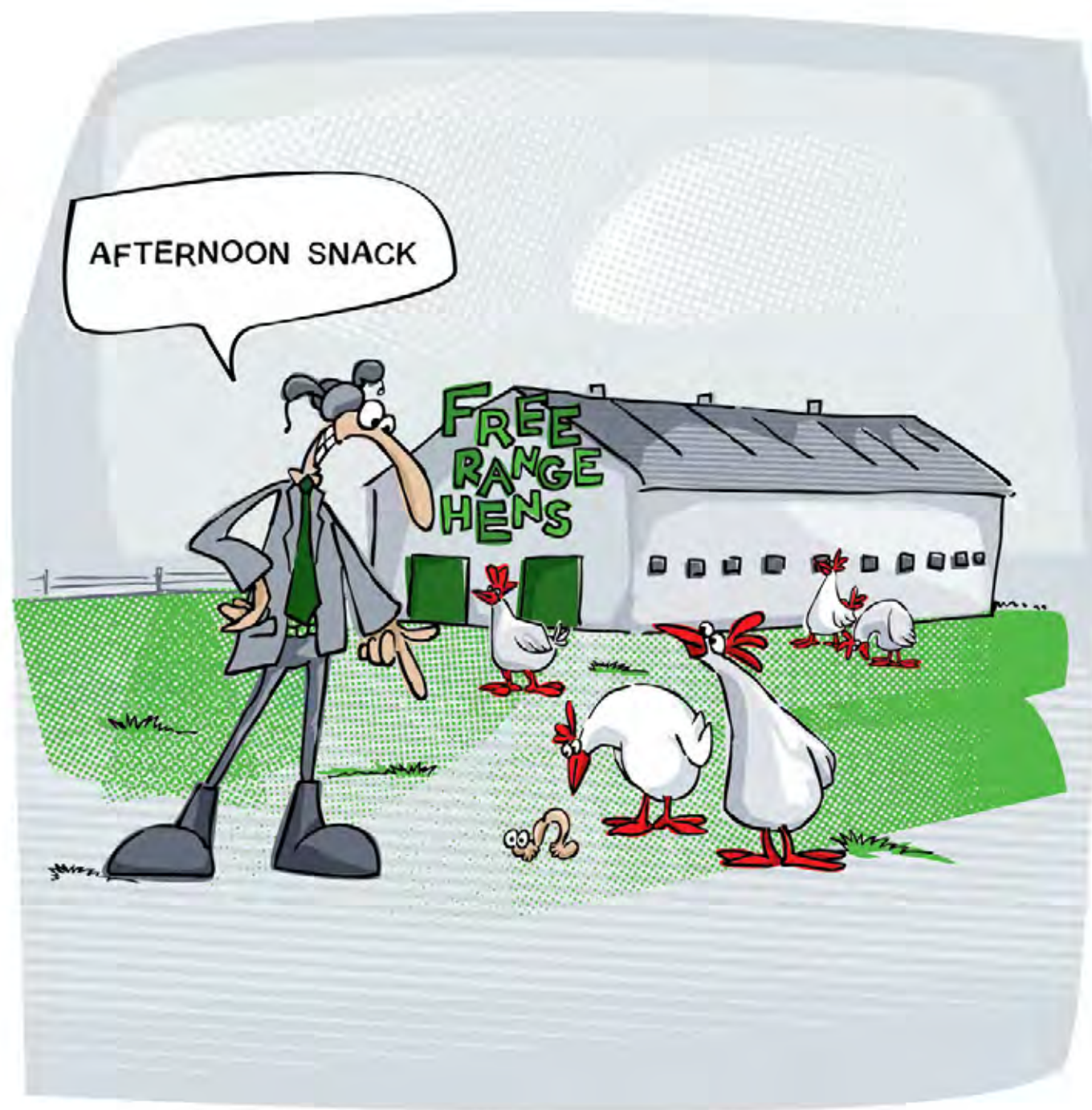
The SEZ's offer:

- exemption from income tax on income earned from doing business in the zone (CIT or PIT),
- plots of land fully prepared for investment at competitive rates,
- free assistance in arranging investment formalities,
- exemption from real estate tax,
- subsidies for hiring the unemployed and for employee training.

The maximum permitted level of aid in each Polish region is shown below. On 1st January a new map of regional aid was introduced which remains in force until 2013. The basic maximum level of regional public aid is expressed in percentages of the amount of aid which qualifies for the receipt of assistance.



Plus additionally
20% for small entrepreneurs
10% for medium entrepreneurs
up to 70% of investment outlays



Chapter 7. Eco farming

At the other end of the economic spectrum, and luckily far away from the industrial parks, there are farms producing high-quality natural foods. More and more farmers realize there is a growing demand for bio-products and are seeking the relevant certifications

Foreign importers, for their part, correctly conclude from the taste of milk or fruit produced on small farms in ecologically clean regions of Poland that the quality is high.

Exports of agricultural and food products from Poland grew by 74 % between 2006 and 2009 (to EUR 10 billion¹). Buyers are primarily from EU countries, chiefly Germany, the Netherlands, Great Britain, Italy and the Czech Republic, and outside the EU, Russia.

NUMBER OF ECOLOGICAL FOOD MANUFACTURERS IN POLAND

Year	Number of producers
2005	7182
2006	9194
2007	11870
2008	15206
2009	17423
2010	20956

Source: IJHAR-S

Key Products

Our biggest ecology exports are meat, bread and pastries, sweets, fruit, dairy products and chocolate. The fastest-growing exports are butter, eggs and confectionery.

Poland is Europe's largest producer of apples and also specialises in soft fruits. Local producers of these fragrant treats are growing strongly in Europe's established markets. Meanwhile, fans of traditional grills and roasts hold succulent Polish beef and pork in high regard.

Many ecologically aware farms also offer agro-tourism – more about this on the next page.

¹ Source: Central Statistical Office, 2009



Chapter 8. Tourism – the ultimate green space

More and more international visitors are deciding to explore our fascinating country in the heart of Europe. We hope they have a pleasant time and good weather!

A superb tourist destination

There are virgin lakes, mountains with many faces, the sea (cool but oh so lovely) and some excellent landmarks. We boast 24 golf courses near major cities.

Back to nature

Taking advantage of the growing popularity of going 'back to nature,' agro-tourism infrastructure has grown by leaps and bounds in Poland. Instead of staying in a luxury hotel in a large tourist centre it has become fashionable to head for a pretty lakeshore (in Mazuria or Pomerania), or the mountains, and rent a room at a farm that has been adapted for agro-tourism. Abundant food is available, home-cooked by a friendly hostess. The silence is appealing, and the day may be spent hiking or biking on trails, swimming or fishing.

Explore traditional Polish cuisine

After a short period of fascination with foreign cuisine, traditional Polish cooking has returned in great style. Restaurants serve noble feasts (wild game!) as well as treats from the country oven,

using natural, healthy ingredients that taste the way Mother Nature intended.

Health tourism

Another hit among European tourists is the plethora of Polish spa resorts - cosmetic and treatment clinics located in attractive natural regions with a healthy microclimate. Over half a million visitors come each year for health-related holidays from all over the world.

Our vital statistics

In addition to our natural attributes what is it that attracts visitors to Poland for a health-related rest?

- High standard of services and professionalism,
- Low prices, about 40% of the cost of a similar vacation at home and the possibility to have some treatments in Polish spas subsidized by the national health service,
- Numerous low-cost airline connections,
- Poland's membership in the EU – ease of border crossing.



Chapter 9. Did you know that...

- The **Mazurian Lake District** reached the final of the "7 New Wonders of the World" competition
- **Błędów Desert** is the **only natural desert in Europe** and the largest area of sand in Poland suitable for gliding (32 km²). It is prized by gliders because of the hills rising above it and the favourable winds.
- **28%** of the area of Poland (8 mln hectares) is **forest**.
- **Białowieża National Park**, on the UNESCO World Cultural and Natural Heritage List, is the **only natural wilderness on the continent of Europe**, a remnant of many such areas which once covered Europe.
- In this wilderness you will meet **European bison**, cousin of the American bison, the largest mammal in Europe, which lives **only in Poland**. The wild bison became extinct in 1918, but was successfully returned to the wild thanks to the efforts of Polish zoologists.
- **The largest wetland in Europe** – the Biebrza Swamp, which covers an area of 100,000 hectares – is a paradise for aquatic and wetland birds. Ornithologists from all over the world come here to see **270 species of birds**, of which 180 are nesting species.
- **The unique Ostróda-Elbląg Canal** is a landmark of hydraulic engineering. Along a stretch of 23 km, in order to make up a **100 m difference in levels**, ships are also transported on land and on tracks.
- **The Wieliczka Salt Mine**, near Kraków, is the **only salt mine in the world in use from the Middle Ages until the present time**. 1.1 million tourists visit the mine every year.
- They also stay for treatment of asthma and allergies.
- In Poland there are **23 national parks** and **1407 nature reserves** (protected areas of 100,000 km² make up almost a third of the territory of Poland).
- Hundreds of picturesque rivers around the country are a **paradise for kayakers**.



Chapter 10.

And how to entertain body and soul?

What does a country which has always championed its own (somewhat hermetic) culture have to offer international visitors today?

- **First and foremost**, numerous music festivals and reviews – most of them during the summer – both classical and popular. Jazz in the broadest sense is one of the most active musical fields in Poland. During such events as Jazz on the Oder (in Wrocław) or the Warsaw Summer Jazz Days, world-famous performers appear alongside younger musicians. Lovers of classical music from all over the world enjoy the oratory festival Vratislavia Cantans, the Mozart Festival, Warsaw Autumn and many others. The Chopin International Piano Competition is held in Warsaw every 5 years and enjoys a reputation as one of the most prestigious music competitions in the world. Fans of more energetic music arrive in hordes for summer festivals like the annual Open'er Festival at the seaside to hear international rock and hip-hop stars, and for the Woodstock Stop (Przystanek Woodstock) on the Polish-German border, whose guests in 2009 included more than 400,000 people. Mrągowo in the Mazuria lake district hosts the annual Country Picnic festival of country music.
- **Of great interest** are the annual events related to the Jewish heritage in Poland, including the Festival of Dialogue of Four Cultures (Polish, Jewish, German and Russian) in Łódź and the Jewish Culture Festival in Kraków.
- **As for the visual arts**, Warsaw is notable for such institutions as the Poster Museum in Wilanów (the Polish School of poster art has been a worldwide success since the 1960's), as well as modern art galleries (run on a shoestring) featuring the work of daring younger artists. Traditionalists favour museums with works of the Old Masters, such as Leonardo's Lady with an Ermine (in Kraków) or The Last Judgment by Hans Memling (in Gdańsk).
- **Many cultural landmarks** in Poland are included in the UNESCO World Heritage List. Chief among these are the historic town centres of Kraków, Zamość and Toruń, the castle of the Teutonic Knights in Malbork, and numerous churches, both stone and wood, in southern Poland.
- **Those who prefer low-brow entertainment** over high culture may observe or participate in numerous summer contests in small towns all over Poland, such as the World Championship in Throwing a Hammer at a Television Set (held in Jonkowo near Olsztyn) or the wacky regatta of miscellaneous impromptu craft on Lake Necko in Mazuria whose name could be roughly translated as **'Whatever Floats Yours Boat'** (motto: 'If it doesn't sink, it was meant to sail').

About PAIIZ



The Polish Information and Foreign Investment Agency

The Polish Information and Foreign Investment Agency (PAIIZ) 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 involve a project. It also provides rapid access to complex information relating to legal and business matters regarding investments. Moreover, it helps with finding the appropriate partners and suppliers together with new locations.

PAIIZ provides professional advisory services for new investors in Poland, including:

- assistance and support for finding the best location for investment,
- finding the potential cooperation partners and suppliers,
- support concerning the investment incentives,
- assistance for the entrepreneurs during the whole investment process.

Besides the OECD National Contact Point, PAIIZ also maintains an Information Point for companies which are interested in European Funds. All of the Agency's activities are supported by the Regional Investor Assistance Centres. Thanks to the training and ongoing support of the Agency, the Centres provide complex professional services for investors at voivodship level.

On the website 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.

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

Contact details:

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About BPCC



The BPCC – the pre-eminent British-Polish business network; join a winning team and empower us to network your business

Introducing the BPCC

Who we are

We've been networking business relationships in Poland since the early days of the market economy. Today we reach out across Poland and the UK promoting the best of each country. Our executive team works with you to support your business growth. Partnership and networking is at the very heart of what we do. Whether you are a large global corporate or a small company employing a few people – if you're doing business between Poland and the UK – we want to speak with you. In recent years we have been recognised as the best British chamber in continental Europe no fewer than four times by COBCOE, a network of over 10,000 businesses in over 30 European countries. Joining us enables you to network and grow your business in Poland, one of Europe's highest growth potential economies.

Our offer

Join us and we will make sure you get the best out of your membership:

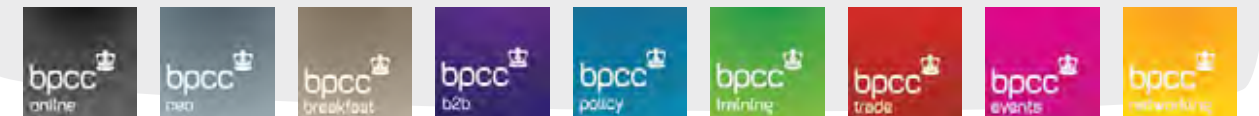
- Direct access to 500 member companies and 200,000 business contacts

- Investor advice and business data from market experts and sector specialists
- Innovative B2B media: Contact magazine and www.bpcc.org.pl Portal
- Access to director-level commercial and government decision makers
- First-class networking, certified training and VIP events
- Support for importers and exporters from the UK and Poland
- Up-to-the minute economic information and market sector intelligence
- Customised products, on-demand services and individual offerings

Membership is corporate therefore, when your company joins, every employee is entitled to make use of the benefits offered by all the regional offices across Poland and the UK.

Ask our relationship management team about how we can promote your business.

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