

# Business Winter in Poland 2012

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# Privatisation not only through the stock market by the Ministry of Treasury

**In the past four years, the Ministry of Treasury has concluded 421 contracts for privatisation of 393 companies. This result was achieved, among other things, with a transparent privatisation policy, legal facilities and a favourable economic situation in Poland.**

**These were years of successful privatisation, which, in addition to big stock market transactions, was dominated by the sale of small and medium sized companies.**

**Private property is the foundation of the modern economy, which is why four years ago the Ministry of Treasury set itself the objective of speeding up the privatisation process.**

Privatisations have been subject to the "Privatisation Plan for the years 2008-2011", prepared by the Minister of Treasury, Aleksander Grad, and then adopted by the Council of Ministers in April 2008 (updated twice in 2009).

This was the first such coherent and comprehensive privatisation program developed after 1990, aimed at completing the process of ownership transformation ongoing in Poland for 20 years.

## Privatisation plan

The implementation of the plan has surpassed all expectations. Over the four years, the Treasury has obtained from privatisation in total almost PLN 45 billion (over USD 13 billion – at the exchange rate as of the beginning of December 2011) of revenues.

A significant portion of these revenues, as much as PLN 31 billion, derived from stock market transactions, but

the scale of privatisation is, however, best shown in figures for OTC transactions.

**Although sectoral privatisation generated c. PLN 13.5 billion in revenue, which constitutes over 30% of all revenues from privatisation, OTC projects represent 84% of all completed projects.**

A total of 412 privatisation contracts for 393 small and medium-sized companies from more than 30 sectors, such as energy, chemical, metal, defence, machinery, electronics, transportation, pharmaceutical, spa tourism, construction, agri-food, clothing, or publishing industries, have been concluded.

Privatisation of spas has significantly accelerated. Over the past two years, the Ministry of Treasury has sold 10 spa companies, which included companies such as Zespół Uzdrawisk Kłodzkich in Polanica Zdrój, Uzdrawisko Cieplice, Uzdrawisko Świeradów-Czerniawa or Solanki Uzdrawisko Inowrocław.

Investors have shown considerable interest as spas have brands built up over years, valuable natural resources and are located in attractive regions of Poland.

They have a potential for development, which proved to be very attractive not only for professional investors, but also financial investors, who think about long-term investment of their funds.

Through privatisation Polish spas are becoming more competitive and better promoted.

Higher standards and better service help attract customers not only through the National Health Fund, but also commercial guests from home and abroad.

The Ministry of Treasury (directly or through the Polish Pharmaceutical Holding) also sold shares of ten companies from the pharmaceutical sector. These were both sales of entire companies, such as Polfa Pabianice or Cefarm Rzeszów, and of minority stakes, for instance GlaxoSmithKline Pharmaceuticals and Cefarm Zielona Góra.

## Meeting investors halfway

The successful privatisation of small and medium-sized companies was possible through amendments to legislation and organisational improvements, which on the one hand, accelerated privatisation procedures and made privatisation more transparent, and on the other hand, allowed it to be adapted to the situation of companies and investors' expectations.

Legislative changes allowed better use to be made of different procedures for the disposal of shares held by the Treasury.

The privatisation procedure used most frequently – 38.6% of all completed privatisation projects – was publicly announced auction, which confirms the effectiveness of legislative changes relating to this procedure.

## Other equally popular privatisation procedures outside the stock market were negotiations undertaken on the basis of a public invitation (20%) and a public tender (19.5%).

The choice of privatisation procedure is subject to a number of factors, such as company size, number of employees, ownership structure, and the importance of the company for the local community.

The success of privatisation was also thanks to favourable macroeconomic conditions in Poland.

## In recent years, the Polish economy has maintained high GDP growth rates.

In 2009, the rate reached 3.9%, while in 2010 the rate was 4%, which meant that Poland has become one of the fastest growing countries in the European Union. Also this year, with 4.2 percent GDP growth rate (data for Q3 2011), Poland is among the European leaders.

## This Year

GDP forecasts for Poland for 2012 are also promising, given the crisis that has engulfed Europe.

## Leading financial institutions estimate that Poland will record GDP growth ranging from 2.5% (OECD) to 3% (International Monetary Fund).

This will allow for further successful privatisation outside the stock market in 2012.

## The Ministry offers companies from more than 20 industries such as:

### Agri-food, e.g.:

**Centrala Nasienna In Warsaw** – trading in seed grain, seed grass, seed potatoes and other agricultural seeds.

**Chłodnia Białystok** – one of the largest Polish producers of frozen vegetables, fruits and food products for domestic and foreign markets; also provides refrigeration services for the food industry, transport, e.g.

**Przedsiębiorstwa Komunikacji Samochodowej (PKS)** – a group of several companies engaged in bus passenger transport, inspection and repair of vehicles, sale of fuel and spare parts.

### Tourist, e.g.:

**Polskie Tatry** – hotel and catering services, recreation and rental of properties, hotels and B&Bs are located in an attractive mountain region.

**Hotele Olsztyn** – hotel and restaurant services in the Masurian Lake District.

### Construction, e.g.:

**Przedsiębiorstwo Budownictwa Elektro-energetycznego Elbud Gdańsk** – construction services in telecommunications, energy and general construction industries; production and sale of concrete poles, prefabricated foundations and other elements for energy, telecommunications and general construction industries.

**Kombinat Budowlany Kołobrzeg** – construction of public, industrial and residential facilities, production of concrete and precast concrete products, production of steel structures, flashings and minor timber joinery.

### Energy, e.g.:

**Elektrownia Chorzów** – supply and trade in electricity and heat supply; also active in water and wastewater management and transport, construction and operation of clean coal-fired boiler houses.

More information on companies intended for privatisation is available at [www.msp.gov.pl/en](http://www.msp.gov.pl/en) and the Investor Relations Centre.

# **Reform of the legislative process and simplification of existing law**

## **by the Ministry of Economy**

**Throughout the economic crisis all the legislative efforts should be focused on restoring economic growth.**

**Bureaucracy is often indicated as one of the main factors hampering businesses.**

**Too complicated and difficult to understand regulations often create a barrier to start up a business.**

**The barriers to be removed should be selected by their capacity to influence business prosperity.**

**Poland follows the path of better regulation/smart regulation by carrying out its own regulatory reform programme. The aim is to create an evidence-based legislation process and**

**to remove barriers affecting businesses.**

At the end of 2011 Ministry of Economy completed its four-year long project "Reform of the legislative process and simplification of existing law", co-financed with the EU funds within the Human Capital Operational Programme, Priority V Good governance.

The aim of the project was to improve the quality of existing and newly created business law in such a way that one year after completion of the project the number of negative opinions about the quality of the law in Poland will have decreased by 20% as compared to 2008.

The idea behind it was that the legislative work of the government should maximise economic, environmental and social targets while minimising additional burdens imposed on entrepreneurs, SMEs in particular, and customers.

To meet this goal operations to implement specific objectives were planned:

- **Establishing an effective system of managing the law-making process,**
- **Using modern tools (RIA database, cost-benefit analysis, risk analysis, public consultation),**
- **Creating an efficient system for measuring and reducing administrative burdens in business law,**
- **Simplifying the existing regulations within commercial law.**

The most visible outcomes of the project were training courses conducted on impact assessment and baseline measurement of administrative burdens, which had an impact on two wide-ranging deregulatory acts of law combining 125 simplification measures which had been imposed.

The training courses were carried out in 2010 and 2011 and were intended for civil servants and officials of central administration institutions.

By the end of the project a total of 2869 employees had acquired theoretical and practical knowledge on the importance and proper preparation of impact assessments.

The aim was to change the mentalities and reshape the approach towards law creation by emphasizing the importance of economic, social and environmental aspects in the process of designing regulatory changes. This, in conjunction with improved legislative procedures, is to lead to better law-making, more dependent on the outcome of analyses rather than political goals, i.e. what is known as evidence-based policy.

In order to ensure much needed support from the top, decision makers, directors and deputy ministers were also included and participated as trainees.

Caring about the creation of better new laws is half of the story. The other half is improvement of existing regulations through simplification.

**The Ministry of Economy has analysed the most important regulations within economic law.**

**The analysis of 482 legal acts revealed 6187 information obligations imposed on**

**entrepreneurs.**

The subsequent base-line measurement was completed in June 2010.

According to the results obtained, the sum of all administrative costs incurred by businesses in Poland accounts for almost 20 bln euro every year, which translates to 6.1% of GDP.

These administrative burdens (which are the administrative costs linked to information that businesses would not collect and provide in the absence of a legal obligation) make up a half of this sum, accounting for 2.9% of Polish of GDP.

The numbers are comparable to the results of other European economies.

On the basis of this measurement the Act reducing certain obligations on individuals and entrepreneurs was prepared and entered into force on 1 January 2012, eliminating 29 of the most burdensome information obligations and barriers affecting businesses and individuals.

It complemented the first deregulatory act, the Act on reducing administrative barriers on individuals and entrepreneurs, which entered into force six months earlier, on 1 July 2011. The latter introduced 96 simplification measures.

Both of the deregulatory acts were designed in close cooperation with social organisations, which also serve as an example of better end user involvement in the legislative process, another principle of better law making.

The reform project and Polish Better Regulation agenda are tightly bound to similar European initiatives.

The exchange of best practices among the member states and economic institutions plays a very important role in mutual learning and stimulating economic growth.

The Ministry of Economy closely cooperated in this project with the World Bank and the OECD, jointly looking for the most efficient ways of adapting law to entrepreneurs' needs and facilitating the process of doing business, also for foreign investors.

**Increasingly strong political support, expertise assistance and fresh new ideas are to help reshape the Polish economy to become a leading base for setting up businesses in Europe and strengthen its position in the European single market.**

# Closer to China

by the  
Polish Information and Foreign Investment Agency  
(PAIIZ)

**Poland invites China to discover a European country with strong economic growth and a large domestic market.**

From 18<sup>th</sup> to 22<sup>nd</sup> December 2011, Poland's official delegation with President Bronisław Komorowski visited China with a trade mission.

The aim was to present Poland's investment potential and business opportunities for Chinese entrepreneurs.

**Why China? Because this is the biggest economic player in the world. Why Poland? Because this is the most stable country in Europe offering a large domestic market, unflagging domestic demand and the best staff that an employer could imagine.**

China and Poland have been friends for a long time. The friendship started over 60 years ago and one of its fruits is Chipolbrok, the first Sino-Foreign joint venture established in China.

Over the past 49 years Chipolbrok has grown into a reliable shipping company, enjoying a impressive reputation in China and Poland as well as in many other parts of the world.

This shows that the effects of the China-Polish cooperation can rule the world.

Poland and China have a lot in common. Since the important transformations that took place both in Poland and in China in the early eighties, the economic ties between two countries have been steadily strengthening.

Since the beginning of the crisis, Poland has been at the forefront of the European countries in term of economic growth, while China has become a world economic leader.

**Poland is more and more often the starting point for Chinese expansion into EU markets.**

**China ranks 3rd among the most popular investors, according to the Polish Information and Foreign Investment Agency.**

This is why the Agency has established the Poland-China Competence Centre – the first contact for all Chinese investors. The distance between the two countries is less and less visible and in the near future it will exist only in the geographical meaning.

With its booming economy, China is one of the most important players in the world, while Poland is one of the most crisis-resistant countries in Europe. The great economic potential of both countries can lead to many interesting business projects.

**In appreciating the Chinese business strategy and its economic strength, the Polish government attaches great importance to business relations with China. December's visit is only one of many steps that Polish authorities have undertaken to strengthen the cooperation between these countries.**



# Małopolska for Chinese Investors

## by Business in Małopolska Centre

This naturally attractive region of Poland, bordered on its west by the country's most densely populated and industrialized region of Silesia, is an exceptional area for conducting commercial activity.

A dynamically growing economy combined with large, steadily-increasing foreign capital inflows form the foundation of the Business in Małopolska Centre, an initiative unique on a nationwide scale, formed with the purpose of facilitating and coordinating investor and exporter services, as well as promoting the regional economy.

The Business in Małopolska Centre is creating a modern image for the region. Traditional symbols like Tatra mountain goat's milk cheese, Tartars and the Wawel dragon have always been linked to Małopolska and Kraków, but they should now be associated with regional tourism, and the economy with knowledge and modernity.

The Business in Małopolska Centre – BiMCe – creates a beneficial climate for business, undertaking and supporting a range of initiatives boosting entrepreneurship in Małopolska by such projects as the integrated investor service system (one – stop – shop) as well as expanding the region's largest collection of investment zones and base of local exporters with foreign partners.

**Thanks to cooperation between the three**

**largest institutions in the region – the Małopolska Regional Development Agency, the Małopolska Provincial Marshal's Office and the Kraków Technological Park – it has been possible to gather extensive financial resources, as well as integrate and coordinate operations to improve importer and exporter service while promoting Małopolska more effectively around the world.**

Missions, conferences and other forms of economic promotion are organized. Our region is promoted at fairs in China, India, Japan, the United States, around Europe, and also on television by CNN.

### Still at the top

In 2010, according to the Market Economy Research Institute, the Małopolska region was Poland's fourth in a ranking of investment attractiveness, after Upper Silesia, Lower Silesia and Mazovia.

This is Małopolska's best result since 2005, and undoubtedly cause for satisfaction resulting from our staying power at the top of Poland's provinces.



Our region also boasts outstanding results in worldwide rankings: 2<sup>nd</sup> according to the FT ranking of direct foreign investment strategies in Central and Eastern Europe, while Kraków, the capital of Małopolska, was also at the top of the list for emerging outsourcing locations in the Global

Services and Tholons 2010 ranking as well as in the Top 10 Emerging Cities 2011 (UNCTAD) ranking for BPO investment.

The office plays host nearly every week to new groups of investors from all over the world interested in locating their business in Małopolska.

We are also visited regularly by journalists from Europe and Asia, who have made meetings in Kraków a permanent fixture in their programmes.

## Visible effects

**In the last two years alone Małopolska has become home for a large number of serious investors, international firms locating centres for modern business services alongside IT sector companies, including Amway (USA), Capita (GB), Luxoft (Russia), Akamai (USA), Infusion (USA), Cisco (USA) and many more.**

It is especially pleasing that the region is becoming attractive not only for western companies; the East also appreciates the beneficial location in the centre of Europe. Kraków is not only the choice of the Russian IT giant Luxoft. A few weeks ago, a Chinese producer of bottle and food packaging labels, Haoneng Packing Co. Ltd, decided to locate its business operations here.

## The Chinese dragon at Wawel

**Illochroma Haoneng Poland, the Kraków branch of a Chinese investor, has signed a leasing contract with the Małopolska Regional Development**

## Agency for production and office space at the MARR Business Park.

Modern printing machines will soon be installed, and production is scheduled to begin at 2012.

**The Chinese are planning to employ 60 people. Haoneng Packing Co. Ltd is a Chinese company operating since 1984 in the areas of packaging, printing and labelling for food products, primarily beverages and alcohol. Its largest partner is Heineken.**

Haoneng branches employ over 1000 individuals and serve more than 200 international partners in 30 countries.

Preparations for production should take around 2 months. The selection of the MARR Business Park resulted from its excellent location and the facility's excellent standard.

The dynamic growth of the Central and Eastern European market also played a role, which the company's owners predict will result in its putting down deep roots in Kraków and also in investment in a stand-alone production facility.

The Business in Małopolska Centre is an important, link to the region's economic promotion, and quite possibly the key link, with the solid support of the institutions jointly responsible for its creation. Interest in the project is also growing systematically, both among representatives of the Małopolska business community and foreign investors, who are making increasing use of our support, intermediary services and consulting capacities.

They view us as a trustworthy, stable partner. Our activity, designed with such goals as promoting Małopolska, has already become one of the aspects creating the region's positive image, one that is dynamic, modern and open to innovation.

# Provisioning of payment services in Poland – risks and opportunities

by Lukowicz Swierzewski & Partners

**Until recently payment services around European Union were organized separately by each of the Member States. This meant that rendering payment services across the European Economic Area required interactions with nearly 30 different legal systems.**

Payment services cover all kinds of electronic and non-cash payments, including:

- Credit transfers,
- Direct debits,
- Card payments (including credit card payments) and
- Money remittance
- Mobile and online payments

Since such fragmentation heavily impacted the idea of a EU's Single Market and the free movement of capital, the European Union decided to take actions that would enhance cross-border payments and make them as efficient and secure as 'national' payments within a Member State.

## **European background**

The EU's Payment Services Directive 2007/64/EC (PSD) ensures that the rules on electronic payments

are the same throughout the whole European Economic Area, which includes European Union Member States as well as Iceland, Norway and Liechtenstein.

The PSD provides the legal foundation for the creation of an EU-wide single market for payments. It is worth highlighting that the PSD covers payments in any European currency (not only the euro) as long as the payment service providers for both the payer and the payee are located in one of the EEA countries.

The PSD also seeks to improve competition by opening up payment markets to new entrants, thus fostering greater efficiency and cost-reductions.

After the formal adoption by the Council and the European Parliament, Member States had two years to adopt the national rules implementing the Payment Services Directive into domestic law.

## **Polish background**

**On September 7th, 2011 a new Polish Payment Services Act (PPSA) was signed by the President to implement the PSD.**

Initially, all Member Countries were required to transpose PSD provisions to local law by November 1st 2009.

Poland missed the implementation deadline set out in the PSD by nearly 20 months, which led to official action against Poland in front of the European Court of Justice brought by the European Commission.

Finally, on October 24th 2011 the PPSA entered in force. However, entrepreneurs rendering payment services have been given up to 12 months in order to adjust to new obligations.

Furthermore, by December 2011 most of the secondary legislation (Regulations) had not yet been adopted.

## Who will be affected

There are four main categories of entities that will be directly affected by the PPSA:

- Consumers
- Banks
- Payment Institutions
- Payment Service Offices

From the Consumers' perspective several new rights have been introduced. Above all, the use of payment services has to be transparent.

Consumers must be informed of the terms and conditions of the payment as well as of any potential charges that might occur.

Payments will become significantly faster. From 1 January 2012, when a payment order is received, the payment will have to be made by the end of the next day (instead of three days).

The recipient of the payment will have immediate access to the funds. Also, the new regulations will increase the security of payments by providing EU-wide rules for dealing with cases of unauthorised or incorrect debits from consumers' accounts.

This new set of rules will create correlated obligations on the part of banks and the Payment Institutions. In implementing the PSD, the PPSA has introduced a new category of payment service providers – Payment Institutions (e.g. money remitters, retailers, and phone companies). As for Payment Service Offices, this form will be limited to small-scale payment services (up to 500,000 € per month).

It is estimated that PPSA may directly impact over 22,500 entities in Poland.

## Most important changes for payment services providers

Providing payment services will require authorization granted by the Financial Supervision Authority (Komisja Nadzoru Finansowego).

An authorisation shall only be granted to a legal person established in a Member State.

Due to security reasons, several requirements have been set out for Payment Institutions by the PPSA. Payment Institutions must ensure prudent and sound management of operations in the area of the provisioning payment services by having organisational arrangements which are adequate given the type of payment services, their scale and their complexity.

Significant initial capital requirements have been placed on Payment Institutions ranging from 20.000,00 € up to 125.000,00 €.

PPSA also lays out general rules for framework contracts on payment services.

For entities that provided such services before the entry in force of PPSA specific grace periods have been introduced in order to allow adjustment to new regulations.

The Financial Supervision Authority is obliged to establish and update The Register of Domestic Payment Institutions and Other Providers. Moreover, the Financial Supervision Authority will act as a supervisory authority.

## Risks

From the entrepreneur's point of view, important risks should be associated with the lack of a complete regulatory framework.

For example, it has not yet been determined by the regulator what information and which documents should be filed by an entrepreneur who is seeking to obtain authorization from the Financial Supervision Authority.

On the other hand, the regulator has introduced substantial sanctions for not complying with the PPSA, which include both civil and criminal liability. For instance, fines of up to 5.000.000,00 PLN and potential imprisonment have been introduced for engaging in activities in the area of payment services without being an authorized provider.

**PPSA is a major step for the payment services business development. The upcoming years will reveal the practical meaning and implications of the discussed regulations.**

**It is worth noting that due to the consumer-centric approach and innovative nature outlined in both PPSA and PSD, service providers who will act as early adopters of the aforementioned business models may acquire a significant competitive advantage over the rest of the market.**





**Invest in Małopolska  
by the Krakow Technology Park**



## Krakow Technology Park

The company operating under the name Krakowski Park Technologiczny (Kraków Technology Park) was established in 1997 as the result of the efforts of representatives of the city authorities, Małopolska regional authorities, and Kraków's three largest universities: Kraków University of Technology (PK), AGH-UST University of Science and Technology, and the Jagiellonian University.

**Today, the company manages a special economic zone covering 558,71 ha. Moreover, it enjoys the status of a technology park. By mid-2011, 94 businesses had invested within the zone managed by the KTP, including small and medium-size enterprises such as Car Technology and Unipress, and on the other hand, large and very well known companies, most notably Comarch, RP Donnelly, Motorola, Shell, and MAN Trucks.**

## Support for business

One of the most significant forms of operation in Kraków Technology Park is the provision of support to businesses at all stages of their development. Thanks to the projects run by the KTP, the range of services for businesses includes the possibility of financing innovative projects as a part of the KTP Seed Fund.

Companies may count on free-of-charge advisory services, and also training in managing a business and developing the technological aspects of enterprises.

For businesses that have already developed and are ready to implement new investments KTP provides an opportunity to acquire public aid for companies operating within the special economic zone (SEZ), together with a package of related services.

Gathering businesses and services addressed to business at a single location influences perfectly collaboration, at the same time developing a beneficial environment for business networking.

Arriving to operate within the special economic zone, investors of high renown in the market create new jobs, use state-of-the-art infrastructure, and apply modern technologies.

## Caring for the investor

Developing an efficient process of providing investor care is one of the main priorities of the authorities of Małopolska Region, as they focus on the dynamic development of regional economy based on investment by Polish and foreign businesses.

Kraków Technology Park has been very heavily involved in the Business in Małopolska (BiM) project. The idea of running the project originated from the intention to assist businesses in planning their investment in our region.

The Business in Małopolska Centre (CeBiM) itself is the result of collaboration between representatives of Kraków Technology Park, Małopolska Regional Development Agency (MARR) and the Office of the Marshal of Małopolska Region.

This initiative combines experience and best practices of the participating institutions in providing services to investors and exporters, and commercial promotion of the region.

Running an integrated system of investor care, the CeBiM very strongly influences the development of a positive climate for business in our region.

The Centre has Małopolska's largest database of land for development at its disposal, as well as a database of Polish exporters and foreign partners.

## Signposting the way for the region

Eager to build a modern economy based on knowledge and experience, Kraków Technology Park has initiated a research programme known as Technology Perspective Kraków–Małopolska 2020. The local and regional authorities of Małopolska, chambers of commerce, and Kraków universities – the Jagiellonian University, the AGH-UST University of Science and Technology, and Kraków University of Technology (PK) were all invited to collaborate.

The study, conducted using the foresight method popular all over the world, allowed those technologies most important for the development of Małopolska to be pinpointed, as well as the scenarios necessary to implement them.



Moreover, the programme shows the directions that scientific research should take in Małopolska's universities and research institutes.

## **Thinking about the future: MITP**

**Modern infrastructure, laboratories, office space, and plenty of space for training, information, and consulting services – these are the constituent elements of the Małopolska Information Technology Park (MITP).**

Under construction since November 2010 in Pychowice district of Kraków and intended as an investment in the future of the entire region, the centre is to cover 12,000 sq.m (130,000 square feet).

**The MITP is the largest and most important of the investments at Kraków Technology Park (KTP), and is being developed as a part of the project entitled Małopolska Information Technology Park – Innovation Centre of the Kraków Technology Park.**

The centre will become one of the most important instruments in building a modern economy in Małopolska and Poland, and will be Poland's most modern hub gathering and supporting businesses related to information and communications technologies. Besides this, the MITP will provide the locus for cooperation between businesses, research and development centres, and local and regional authorities. Both small and medium-sized businesses from the IT sector will find both a home and support here.

The project will be addressed to businesses operating in the Małopolska Region, but the results of research and effects of work conducted at the MITP will also be implementable outside our region.

It is not a coincidence that Pychowice was selected as the site for the centre, as it is here that one of the most modern business and scientific centres is being developed. The constantly developing university campus in Pychowice is situated in the immediate vicinity of Ericpol, Onet, Motorola and other major businesses. Thanks to the MITP, the Kraków Technology Park will endeavour to build an innovative environment for science, business and administration. The centre will be delivered for use in mid-2012.

The total cost of investment amounts to PLN 108,765,952.13, of which PLN 89,465,489.00 are eligible costs.

The project is financed by the European Regional Development Fund as a part of the Innovation Economy Operational Programme, Measure 5.3.

## **Technology incubator: an opportunity for the young**

The KTP Technology Incubator was delivered for operation in 2008. Its main goals include providing support for innovative businesses in the initial phases of their growth and the fostering academic entrepreneurship.

Since it began operating, the incubator has already produced 13 businesses, of which 12 are successful in the market.

So far, the most successful has been Mijuma, a company that has acquired a capital investor to establish the company Mijusic sp. z o.o.

**June 2011 also marked the highpoint of Berrylife's fame. As Poland's only representative, Berrylife won through to the finals of the prestigious DigiBIC Award 2011 competition organised by European Business & Innovation Centre Network.**

In mid 2011, the Technology Incubator boasted 32 tenants. Every business that becomes a part of the incubator is different and adds something new. This encourages collaboration between the firms, which serves to boost their growth.

## **Clusters: joint actions, better results**

Clusters, i.e. networks of collaboration developed by academia, public administration and business play an increasingly important role in the building of a modern economy at regional level.

Falling back on the knowledge and experience of the most developed countries, KTP has been instrumental in supporting grassroots initiatives of entrepreneurs and scientific institutions.

The KTP has so far initiated the establishment of three clusters: Małopolska Information Technologies Cluster, European Games Centre, and Kraków Design Zone.

Together, these projects gather dozens of representatives of Małopolska businesses, enterprises, institutions and universities. Their mission is to support the development of the given industry in our region.

# MARKET INSIGHTS for Consumer Electronics

## Challenging climate for consumer electronics (Part II)

by GfK

**The consumer electronics (CE) market has registered a significant deterioration in the first half of 2011.**

**In the first six months of the last year, sales in Western Europe declined by a total of 11.3% in comparison with the same period of the prior year.**

**This is attributable to the lack of stimulus from major sporting events, the shutdown of analog TV in some European countries pushing forward purchases, and the financial and economic crisis in the Eurozone. Nevertheless, innovative segments are growing within all product groups.**

### Mobile internet – driver for mobile communications market

The mobile communications market has been experiencing a global upswing. Smartphones, in particular, are appealing to even more consumers. This year, it is anticipated that around 400 million smartphones will be sold around the world. Above all, in Western industrialized nations, this boom is occurring at the expense of feature phones, which do not offer the diverse range of smartphone functions.

The global mobile communications market is currently in a period of transition from standard mobile phones to multimedia devices, which make accessing the internet easy and appealing.

Consequently, it is important that manufacturers position themselves as innovative smartphone providers to avoid being trapped in the stagnant declining feature phones market, which also generates weaker sales on the whole.

In the first half of 2011, the number of smartphones sold noticeably increased in Western industrialized countries and Asia in particular.

The share of overall sales of these devices in South-East Asia and China (including Taiwan and Hong Kong) already stands at 22% and 29% respectively.

As a result of lower purchasing power and the focus of infrastructure networks on vocal transmission, the share of sales attributable to smartphones in emerging and developing states is lower, at less than 10% in India and below 15% in sub-Saharan African countries.

The majority of sales in these regions are still generated by feature phones.

### Europe: smartphones ensure growth

Despite restrained consumer sentiment in the eurozone, the European mobile phone market has developed positively, which is primarily attributable to the rising popularity of smartphones. In the first six months of the year, sales of mobile phones in Europe increased by 4%.



Smartphones, in particular, experienced a real boom, with a 79% rise in the number of devices sold, and were therefore able to compensate for the 15% sales decline of feature phones, which are mobile phones that have proprietary operating systems.

Currently, more than one in three mobile phones sold in Europe are smartphones, and this is set to increase further.

Competition in the premium segment is determined by technical innovations, such as faster processors and larger display screens.

Industry and network operators are expanding their range for consumers who are looking for a smartphone in the entry-level segment; this includes offering comparably cheap models, affordable monthly flat rates for mobile internet access and prepaid services.

At the same time, the Android open operating system has further increased its market share, with almost 43% of smartphones sold in June 2011 using this system.

Android has also removed entry barriers for new operators; this has resulted in a rapidly expanding diversity of products and intense competition, which ultimately leads to falling prices.

While one year ago, European customers paid an average EUR 376 for an Android smartphone (handset only, without contract), the average price in June 2011 had dropped to EUR 308.

### **Germany: positive market trend**

Sales of mobile phones in Germany increased by 6% in the first half of 2011 and, at present, every second mobile phone sold is a smartphone.

Germany's mobile phone market sets itself apart from the five major Western European countries; France, Italy, the Netherlands, Spain and the UK.

The comparatively good consumer sentiment in Germany certainly plays a significant role.

Approximately one million operator-specific mobile broadband dongles providing internet access on the move have been sold since the start of this year.

The rapid data transmission offered by dongles is a strong selling point.

Retailers already offer products with download rates of up to 21.6 megabits per second (HSPA+), and in some areas the first dongles offering even more rapid data transmission of up to 50 MBit/s via the 4G network are available. In the future, the smartphone segment will particularly benefit from the fact that consumers want to be able to comfortably use the internet on the move. In comparison to traditional computers, smartphones do not involve significant organizational and administrative effort.

As a result, interest in online data storage, known as "cloud computing", will also rise. Mobile internet access will become increasingly popular due to the modern, high performance 4G network.

### **Major domestic appliances: growth trend continues worldwide**

**The pleasing trend for major domestic appliances has continued in the first half of 2011. In Europe, particularly Eastern Europe, markets are once again showing very positive rates of growth. In Africa and the Middle East, the demand is steadily increasing and Asian countries still have a large share in global developments. North America, on the other hand, has declining tendencies due to the difficult economic situation, whereas South America has still been able to increase sales revenue.**

On the one hand, the positive trend is due to the rising demand in the emerging countries.

On the other hand, the trend for high-quality and energy-efficient products also explains part of the growth. Besides consumers in Europe and North America, the growing middle class in emerging countries is showing a clear interest in premium products, which is partially promoted by government incentive schemes.

### **All the signs point to growth in Europe**

In Central and Eastern European countries, all signs point to growth once again. Sales in Russia have reached their highest level since 2006 due to double-digit growth rates.

There are also clear indications of recovery in Poland, Romania, Slovakia and the Czech Republic.

The Western European markets have continued to develop positively, with the exception of the "PIIGS" countries, Portugal, Italy, Ireland, Greece and Spain.

Despite the persisting trend for higher quality and more energy-efficient appliances, such as more energy efficient no-frost fridges, the average prices for washing machines with load volumes over seven kilograms, heat pump tumble dryers and induction hobs are nevertheless falling in some markets.

Besides the PIIGS countries, they are dropping particularly sharply in France, Poland, Russia and the Czech Republic.

While in the PIIGS countries the general economic situation is probably the main reason for the decrease, the dramatic increase in sales via the internet in other countries is causing prices to tumble.

In the Czech Republic, for example, almost a quarter of white goods are already purchased via the internet.

In most other Eastern European countries, as well as Germany and the United Kingdom, average prices are still rising. In Germany, this development is due to the trend towards higher quality appliances, especially in the areas of refrigeration, drying and the built-in segment. In the UK, the low average price based on a European comparison is rising, which is primarily attributable to higher prices in the areas of refrigeration and cooking.

### **Upward trend in the Middle East and Africa continues**

The strong growth in the Middle East and Africa was also maintained in the first half of 2011.

With a sales increase of over 30% for refrigerators, washing machines, microwaves and ovens, Saudi Arabia is one of the leaders.

Continuously high growth rates are also expected in the near future in Saudi Arabia, which has a comparatively young population.

This trend is also supported by rising household figures (according to estimates from different economic experts, approximately 1.5 million new households are to be created by 2015), the introduction of minimum wages and government subsidy schemes.

Smaller countries in the Middle East, which were shaken by political unrest at the start of the year, are stabilizing. This is mirrored in the demand for domestic appliances, which has slowly recovered – particularly in the last few months. Further growth is expected here with the start of the festive season of Ramadan.

African markets also grew in the first few months of 2011. Refrigerators are especially popular and account for more than half of total sales.

The rising demand for washing machines and solo stoves highlights the trend for more modern kitchens and domestic appliances.

Besides South Africa, which generates a large portion of sales, Western and Eastern Africa are also increasingly gaining in significance.

### **Asia remains sectoral growth engine**

**Asia remains one of the growth engines for the global domestic appliance market.**

**In the first half of 2011, the major markets, China and India, grew somewhat more slowly than in the previous years.**

According to the National Bureau of Statistics of China, the slightly lower growth momentum in China can be explained by the deterioration in consumer sentiment due to higher inflation rates and the government controls on real estate.

In India, prices are rising for technical consumer goods, as manufacturers are passing the higher costs for raw materials on to customers.

Based on a worldwide comparison, markets are nevertheless growing at an above average rate in both India and China and in most other Asian countries.

The trend towards premium products, such as double-door side-by-side fridge freezers, front loader washing machines, and tumble dryers, is being strengthened by the growing middle class.

Energy efficiency is also becoming an increasingly important topic in Asia, which is supported by government subsidies in individual countries.

### **Market for domestic appliances in North America under pressure again**

In North America, the domestic appliance market was in decline in the first half of 2011 due to the ongoing economic uncertainty, the difficult housing market and the shortage of government schemes.

In contrast, Latin American countries posted sales growth in the first half of 2011, although unit sales of appliances have fallen slightly in Brazil.

Tax cuts on certain goods, including domestic appliances, in the period between April 2009 and January 2010, had a positive effect in Brazil, the most important market in the region.

For this reason, sales especially increased in the second half of 2009 and the first half of 2010.

Unit sales in the first half of 2011 were nevertheless still higher in Brazil than in the first half of 2009.

### **Outlook**

#### **Positive prospects for global development**

The market for major domestic appliances is continuing to develop positively worldwide.

The trend towards higher quality and energy-efficient products is a growth driver in both highly developed and emerging countries.

Environmental protection aspects are becoming an increasingly important sales argument.

The growing middle class in the emerging countries will continue to have a positive impact on the development of the domestic appliance market and expand the proportion of consumers that purchases goods via the internet.

#### **Small domestic appliances on upward trend in Europe**

**The European market for small domestic appliances (SDA) has continued to stay on the growth path in the first six months of the year. While Western European markets recorded a sales increase of 5% in comparison to the previous year, Eastern European countries registered a**

## **staggering increase of 25%. For Europe as a whole, this equates to a growth of 8%.**

Russia is the most important growth market in Europe, owing to its market size and the positive developments in the first half of 2011.

However, consumers in Germany, France and the United Kingdom were also eager to spend on SDA products.

In the first quarter in particular, the sector reported business success and increases in all European countries.

Double-digit sales growth was achieved in the Ukraine, Poland, Russia and the Czech Republic, which contributed to the upward trend of the market as a whole.

The economic crisis, which weakened sales of small domestic appliances in 2009, appears to have been overcome.

Which products are making the largest contribution to this success? In the first half of the year, the sales increases in Eastern Europe were primarily attributable to cylinder vacuum cleaners, water kettles, food preparation appliances and steam irons, as well as fully automatic coffee-/espresso machines.

In Western Europe, it is principally sales of fully automatic coffee/espresso machines, robotic vacuum cleaners, food preparation appliances, electric toothbrushes and espresso pump portioned closed systems which are responsible for positive market developments.

There are two reasons for the growth in both Western and Eastern Europe; consumers are purchasing a significantly higher number of appliances than in the previous year and they are also spending more money on the new appliances.

### **Czechs, Germans and Dutch like to buy online**

Both traditional retailers and online sales are contributing to the sales increase for SDA.

The share of online sales increased by 3 percentage points in both Western and Eastern Europe, to 13% and 8% respectively.

Europeans particularly like to purchase high value products such as kitchen machines, fully automatic coffee/espresso machines, and robotic vacuum cleaners over the internet.

Among Western European consumers, online shopping is especially popular in Germany and the Netherlands, with 18% and 19% of sales respectively attributable to online purchases.

In Eastern Europe, internet shopping is most popular in the Czech Republic, where one out of every five euros was spent online.

### **Energy efficient vacuum cleaners more popular in the West**

A closer look at individual product groups shows that vacuum cleaners continue to be the driving force in the SDA sector and make a significant contribution to its

growth.

Food preparation appliances, fully automatic coffee/espresso machines, espresso pump portioned closed systems, water kettles, irons and electric toothbrushes have demonstrated similar performances. Two thirds of overall vacuum cleaner sales in Europe continue to be generated by cylinder vacuum cleaners.

A large part of growth in this segment is attributable to energy efficient appliances, though consumers in Western Europe are more interested in these environmentally friendly products than those in the Eastern countries.

Some smaller segments are the most dynamic ones. Wet and dry vacuum cleaners and battery operated rechargeable handsticks recorded double-digit growth. The top performers were robotic vacuum cleaners, which increased sales twofold and have now attained a market share of almost 5%.

At the moment, the popularity of robots is extremely different around Europe; in Southern Europe, especially Italy and Spain, there is a high demand for these products.

### **Coffee and espresso machines favored by consumers**

When it comes to the daily cup of coffee, fully automatic coffee/espresso machines and espresso pump portioned closed systems are currently the most successful products achieving double-digit growth.

In contrast, sales of filter coffee and coffee pad machines have experienced slight declines.

Last year's downward trend for fully automatic coffee/espresso machines sales therefore seems to have been overcome. However, 80% of total sales in this segment in Western Europe are attributable to Germany. Consequently, the impact of increased purchasing by German consumers is important when analyzing the overall market.

Sales also increased at a double-digit rate in Russia and Poland.

### **Body care segment booming in Eastern Europe**

The body care segment, which includes electric toothbrushes, hairdryers, hairstyling appliances, epilators, men's shavers, hair clippers and trimmers, recorded an increase of 7% for the first half of the year in a year-on-year comparison.

Sales growth is significantly higher in Eastern Europe than Western European countries, with almost 18% and 5% respectively.

The main growth drivers in this region are the Russian and Ukrainian markets. Electric toothbrushes, hairstyling appliances, men's shavers and laser/IPL-based devices for hair removal have been selling particularly well, although laser/IPL devices are primarily available in Western Europe. The men's shaver segment has maintained the upward trend of the previous year. Russian consumers, in particular, are switching to electrical shavers and trimmers, generating a rise in sales for the segment.

# General Overview of the Retail Market in Poland

## by Colliers International

**2011 can be considered as an optimistic year for the Polish retail market, especially in terms of developers' activity.**

**At the moment there are more than 380 modern shopping centres in Poland.**

**Developers have returned to the market with retail projects, not only in the eight major Polish agglomerations, but especially in smaller cities.**

**Significant developer activity translates into higher interest of tenants in expanding retail chains.**

In 2011 nearly 620,000 m<sup>2</sup> of modern retail space was delivered to the market, which is an increase of almost 25% on the previous year.

The main retail schemes opened in 2011 are Millenium Hall in Rzeszów, Galeria Słoneczna in Radom, Galeria Kaskada in Szczecin, Galeria Ostrovia in Ostrów Wielkopolski, Plaza in Toruń and extensions of Galeria Echo in Kielce and Silesia City Center in Katowice. The pipeline supply for 2012 is slightly lower and is estimated at nearly 600,000 m<sup>2</sup>.

An increase in tenant activity was also observed during the course of 2011. Big international retail chains, such

as H&M or TK Maxx, are seeking new opportunities in small and medium-sized cities, which is possible thanks to developers' activity in these locations.

New international brands have entered the Polish market, e.g. the American fashion brand GAP and Scandinavian DIY shop Jula.

The vacancy rate in the best locations stands at a low level, below 1%. Some increases in this indicator could be observed in older shopping centres, whose standard renders them unable to compete with new schemes.

The uncertain situation on the global financial markets may result in more cautious approach of market players in 2012. Supply will be slightly lower than this year's results. Tenants may also revise their expansion plans and analyse in depth any potential new locations.

**Nevertheless, the Polish market is still considered attractive and far from saturated both in terms of the amount of modern retail space as well as available brands. This is confirmed by the great interest of international retail chains in entering the Poland. Therefore the situation on the Polish retail market in 2012 should remain stable.**

# Recruitment – is it important for you?

## by Trio Management & Trinity Recruitment

**Is successful recruitment one of the key factors that can make you a leader on the market?**

**Can you achieve your success alone?  
How crucial for your business is it to have the right people on board?**

Whatever you plan to achieve, whatever your profession or specialty is, your success depends on the quality of the people who follow you and how strong your leadership skills are.

These are quite simple and obvious factors, however, when you are exploring new markets how can you know who is the best expert there and how can you contact him or her?

Certainly, you must have had some knowledge about the new market if you made a decision to enter this country/region but its people's skills and mentality are different from those of the regions you have already been present in.

Another issue is how much money people in this new market are worth. What are the real financial expectations of such individuals and how much should you pay for the set of skills and experience you are looking for?

It is definitely a good idea to use a recent salary benchmark (e.g. Production Sector by Trio Management, or Banking Sector by Towers Watson).

A good benchmark may help you to set recruitment guidelines that will allow the company to attract the right people and keep them in the organization.

This benchmark should be very useful while managing regional salary differences.

According to a Trio Management salary survey for the production sector, the range of average salaries on selected positions between regions can reach 70% or sometimes more.

Offering over salaries over the market salary to a few selected specialists is usually not a problem. But in the

case of positions held by many people (e.g. production handling), it can significantly affect labor costs.

**Let's see the situation from the other side.**

**You are a new player on the local market,  
and being a kind of start-up company,  
why good people should join you?**

**Why you?**

The best professionals are very well paid and most of the employers already present on the market want them to work with their organizations.

They receive job offers from multinational companies on a regular basis. So why should they join your organization?

Professional recruitment consultants have highly specialized knowledge of a given sector and of the scope of positions on the local market and when asked they will immediately respond to your needs and will indicate a few superstars you should approach.

The recruiter's role is not only to indicate the right people, but also to attract them to join your company. Usually, recruiters are well-known and trusted in the society.

Certainly, you are the person who to make the decision who is the best candidate for your company and what kind of role you see for a particular person.

It is always based on your own judgment and intuition, although having some strong individuals and experts on the shortlist makes your task much simpler.

**How much quicker and easier is the recruitment in the situation when your role is to choose from among a few great people instead of searching alone for candidates in an unknown market?**



## **Bad recruitment decisions cost time and money and we are certain every manager has made some recruitment mistakes.**

You never can be sure the potential employee is the right one before the new person spends some months with your organization.

**It could be a good idea to request a guarantee for individuals recruited through a recruitment agency. On the Polish market it is possible to obtain such a guarantee for 12 months in Executive Search, 6 months for middle management and 3 to 6 months for specialists.**

One of the biggest mistakes we can observe the companies making worldwide is ignoring the local mentality.

Some general rules and models simply will not work in the same way in every market. For example, recruitment of telesales staff for distribution of IT equipment would work in the UK.

In Poland, however, it would probably be a better idea to recruit sales people with a different skill set – better for face-to-face sales.

Having the respect for local business culture will definitely help you and your organization to develop the right strategy to gain clients and business partners in a relatively short time.

Even before you make the decision to invest in a new market, you can rely on your local recruitment partner to present the market situation from the appropriate point of view.

**Is the competition currently recruiting or planning to do so in the near future? What kind of professionals can you easily approach and which competences and skills are scarce? What is the real market condition?**

These and many other aspects that you usually consider before you make a decision to invest or not, where and when, and some other important issues concerning the local situation that are crucial for your business activities now and in the future can be easily answered by your local recruitment advisor.

This is because recruiters are close to the people due to their being on this market on a daily basis.

There is a challenge to attract and to choose the right people. But subsequently the challenge is to keep them motivated and highly effective to be able to meet your expectations.

This issue becomes crucial but sometimes is strongly affected by decisions taken during the recruitment process. It can be very difficult to change remuneration parameters such as variable to basic salary ratios, bonus schemes, and benefit policies.

This is why being very well prepared is strongly recommended. Decisions in this area may have a long-term influence on business factors like labor cost and labor flexibility, which is why it is strongly recommended to prepare the whole staffing model with adequate knowledge and experience.

At a time when the global tendency is towards a separation of the financial view of the region/company and the real economy, when the financial markets are becoming highly speculative and when the media tend to stoke up the atmosphere instead of presenting the real situation, which very often is much more stable than that shown by the speculative news programmes, a trusted local business advisor becomes a very important person in helping you to make the right decisions at the right time.

Whilst ominous news and opinions continue to come at us via the media, the majority of companies in Poland, both international and those with local capital, are recruiting currently and declare an intention to continue recruiting in the near future.

The sectors that are booming currently are mainly IT, insurance and FMCG. According to Trio Management's "HR satisfaction index", over 60% of production companies plan to increase their employment.

In the services and distribution sector, it looks optimistic, too. The number of companies declaring recruitment is still significantly higher than companies that are preparing to make employees redundant.

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# Expansion to Malaysia

## by Polish-Indian Chamber of Commerce

**The Polish-Indian Chamber of Commerce has now extended its operations to Malaysia, a decision based on Polish firms' growing interest in this market and in South-East Asia as a whole.**

**Malaysia is among the most dynamically developing states in the ASEAN group.**

**This growth is underpinned by the principles of Malaysia's 10<sup>th</sup> Economic Plan for 2011-2015, which places the emphasis on strengthening the financial sector, human resources and lifting price control subsidies.**

**The principal sectors of the economy are mining (tin, natural gas, bauxite), the electronics and electrotechnological industries, tourism, health tourism, agriculture (palm oil production), financial services and healthcare.**

However, the Polish-Malaysian trade exchange still remains at a low level. The 2010 trade figures stood at \$850million, with exports to Poland accounting for \$168.7 million and imports from Poland \$680million. Poland's main exports to Malaysia in 2010 were: defence equipment, products from base metals, mechanical and electrical devices and chemicals, while Polish companies imported electrical goods, rubber and rubber products, vegetable fats and oils (palm oil) and textiles and textile products.

Polish enterprises enjoy opportunities from cooperation with the following sectors of the economy:

- Medical infrastructure – construction of almost 200 clinics offers possibilities for Polish producers of furniture for medical purposes,
- The railways sector – with the growth of the metropolis and expansion of the public transport

network, there is demand for rail tracks and rolling stock: carriages, rolling stock repairs and rail equipment

- The defence industry,
- The chemicals industry (fertilizers, medicines)
- The steel industry (steel, reinforced steel)

Filip Litewka, who introduced the company NOVOL to the Malaysian market, emphasises that when planning to enter the Malaysian market (and other South-East Asian markets) it is essential to identify and have a reliable local business partner who can offer support in the following areas:

**business activities (customs regulations, reaching clients, existing distribution models, models and payment, customer support and developing a business relationship with clients), current regulations in the law and bureaucracy, and who also informs us of significant differences in business culture.**

Finding the right business partner is a time-consuming activity: it involves numerous visits and meetings with potential partners, and systematically building both business relationships and trust.

It is of course important to exercise caution when seeking a partner – one may utilise the services of firms which advise both international corporations and smaller regional entities, and to verify their credibility by cooperating with the Embassy of the Republic of Poland and other business institutions (chambers of commerce, business associations).

When building awareness of a company or brand, it is important to participate in business meetings, trade fair events, and also to keep up with changes on the Malaysian market, particularly in the field of foreign investment, the implementation of new technologies, models of cooperation and legislative changes.

Making oneself aware of domestic social and political situation of this diverse country is also advisable.



# IBM Reveals Five Innovations That Will Change Our Lives within Five Years by IBM

**IBM formally unveiled the sixth annual „IBM 5 in 5” – a list of innovations that have the potential to change the way people work, live and interact during the next five years:**

**People power will come to life  
You will never need a password again  
Mind reading is not longer science fiction  
The digital divide will cease to exist  
Junk mail will become priority mail**

The next IBM 5 in 5 is based on market and societal trends as well as emerging technologies from IBM's research labs around the world that can make these transformations possible.

At IBM, we're bridging the gap between science fiction and science fact on a daily basis. Here are how five technologies will define the future:

## **People power will come to life**

Anything that moves or produces heat has the potential to create energy that can be captured. Walking. Jogging. Bicycling. The heat from your computer. Even the water flowing through your pipes.

Advances in renewable energy technology will allow individuals to collect this kinetic energy, which now goes to waste, and use it to help power our homes, offices and cities. Imagine attaching small devices to the spokes on your bicycle wheels that recharge batteries as you pedal along.

You will have the satisfaction of not only getting to where you want to go, but at the same time powering some of the lights in your home.

Created energy comes in all shapes and forms and from anything around us.

IBM scientists in Ireland are looking at ways to understand and minimize the environmental impact of converting ocean wave energy into electricity.

## **You will never need a password again**

Your biological makeup is the key to your individual identity, and soon, it will become the key to safeguarding it.

You will no longer need to create, track or remember multiple passwords for various log-ins.

Imagine you will be able to walk up to an ATM machine to securely withdraw money by simply speaking your name or looking into a tiny sensor that can recognize the unique patterns in the retina of your eye.

Or by doing the same, you can check your account balance on your mobile phone or tablet.

Each person has a unique biological identity and behind all that is data.

Biometric data – facial definitions, retinal scans and voice files – will be composited through software to build your DNA unique online password.

Referred to as multi-factor biometrics, smarter systems will be able to use this information in real-time to make sure whenever someone is attempting to access your information, it matches your unique biometric profile and the attempt is authorized.

To be trusted, such systems should enable you to opt in or out of whatever information you choose to provide.

## **Mind reading is not longer science fiction**

From Houdini to Skywalker to X-Men, mind reading has merely been "wishful thinking" for science fiction fans for decades, but their wish may soon come true.

**IBM scientists are among those researching how to link your brain to your devices, such as a computer or a smartphone.**

**If you just need to think about calling someone, it happens.**

**Or you can control the cursor on a computer screen just by thinking about where you want to move it.**

Scientists in the field of bioinformatics have designed headsets with advanced sensors to read electrical brain activity that can recognize facial expressions, excitement and concentration levels, and thoughts of a person without them physically taking any actions.

Within 5 years, we will begin to see early applications of this technology in the gaming and entertainment industry.

Furthermore, doctors could use the technology to test brain patterns, possibly even assist in rehabilitation from strokes and to help in understanding brain disorders, such as autism.

## **The digital divide will cease to exist**

In our global society, growth and wealth of economies are increasingly decided by the level of access to information.

And in five years, the gap between information haves and have-nots will narrow considerably due to advances in mobile technology.

**There are 7 billion people inhabiting the world today. In five years there will be 5.6 billion mobile devices sold – which means 80% of the current global population would each have a mobile device.**

As it becomes cheaper to own a mobile phone, people without a lot of spending power will be able to do much more than they can today.

For example, in India, using speech technology and mobile devices, IBM enabled rural villagers who were illiterate to pass along information through recorded messages on their phones.

With access to information that was not there before, villagers could check weather reports for help them decide when to fertilize crops, know when doctors were coming into town, and find the best prices for their crops or merchandise.

Growing communities will be able to use mobile technology to provide access to essential information and better serve people with new solutions and business models such as mobile commerce and remote healthcare.

## **Junk mail will become priority mail**

Think about how often we're flooded with advertisements we consider to be irrelevant or unwanted. It may not be that way for long.

In five years, unsolicited advertisements may feel so personalized and relevant it may seem spam is dead.

At the same time, spam filters will be so precise you'll never be bothered by unwanted sales pitches again.

Imagine if tickets to your favorite band are put on hold for you the moment they became available, and for the one night of the week that is free on your calendar. Through alerts direct to you, you'll be able to purchase tickets instantly from your mobile device.

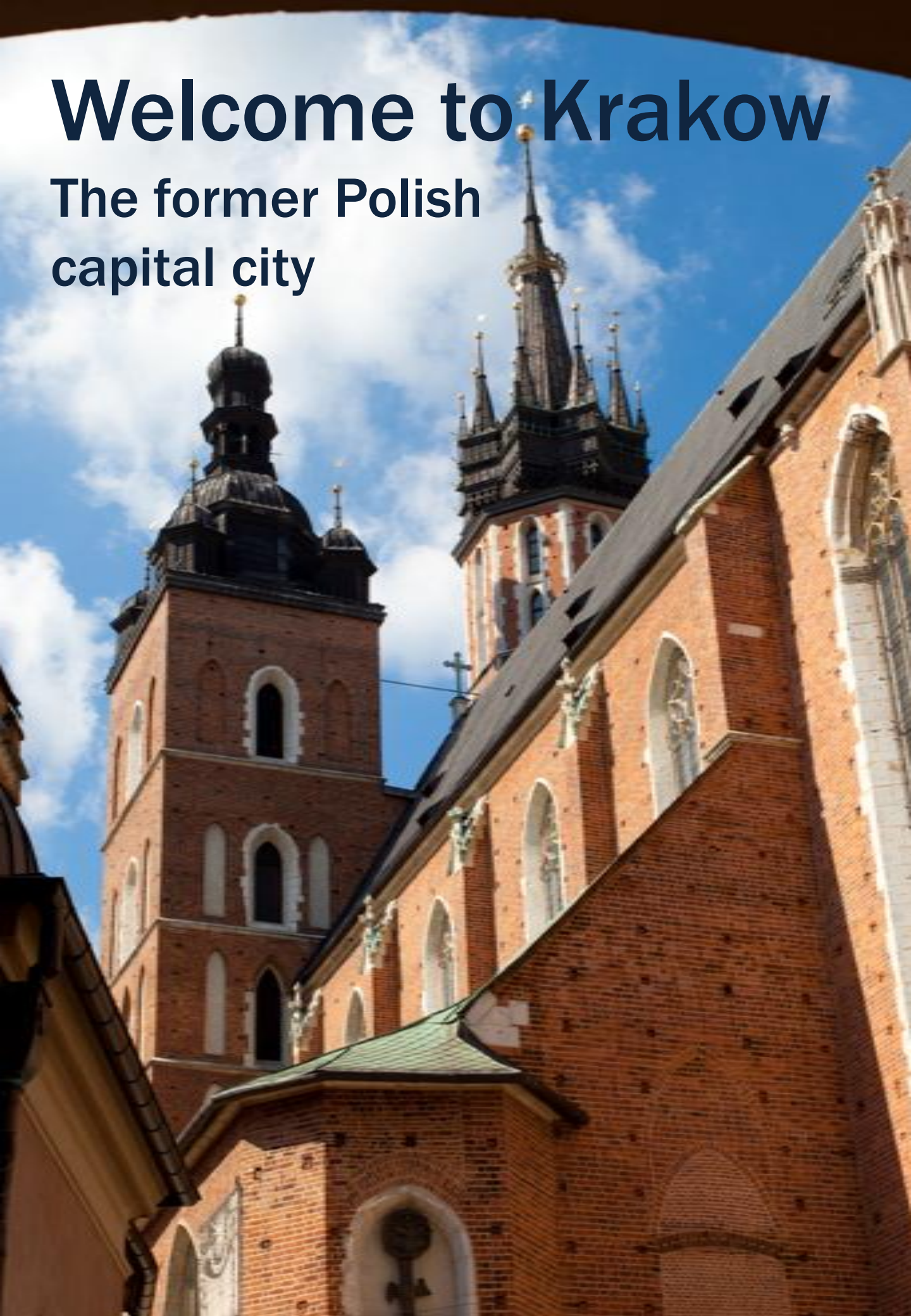
Or imagine being notified that a snow storm is about to affect your travel plans and you might want to re-route your flight?

IBM is developing technology that uses real-time analytics to make sense and integrate data from across all the facets of your life such as your social networks and online preferences to present and recommend information that is only useful to you.

**From news, to sports, to politics, you'll trust the technology will know what you want, so you can decide what to do with it.**

# Welcome to Krakow

The former Polish  
capital city





# Krakow – Much more than history

## by the City Hall of Krakow

**Krakow is famous for its rich history,  
world-class monuments, the Wawel  
Dragon, and pretzels.**

**But it isn't worth limiting a visit to  
Krakow to just the legendary bugle call  
and sightseeing at the Wawel Royal  
Castle. Besides its historic heritage,  
Krakow also means festivals of  
international renown, innovative  
museums in which modernity combines  
with tradition, and dozens of places  
connected with Pope John Paul II.**

Krakow is a city of a thousand-year-long tradition and which used to play an important role as the capital of Poland and the seat of kings.

Today, Krakow is the capital of the Malopolska Region and a significant metropolis. It is the most recognisable Polish city and one of the most popular tourist destinations in Europe – it is visited by more than 8 million tourists annually.

Everybody can find something here for themselves, not only history enthusiasts but also pilgrims, and lovers of music, dance and art.

### **From the Middle Ages to the present**

It is impossible to enumerate all the things that make Krakow a masterpiece of its kind, but undoubtedly one of them is the Old Town, which is an exquisite treasury of art works.

**It boasts a unique accumulation of  
historical sites: over 100 sacral  
buildings and several dozen historic  
residences and palaces.**

**In fact, Krakow has 1,150 sites on the  
historical monument register,  
representing nearly every architectural  
epoch and style, from the Middle Ages  
to the present day.**

The Market Square, the central point of the city, is also unique. With its impressive 200x200 m dimensions, it is Europe's largest medieval square and has been preserved in a shape unchanged since 1257.

In 1978, Krakow's Market Square, together with the surrounding streets with their distinctive chess-board

pattern, was entered into the UNESCO World Heritage List. In 2005 it took first place in a ranking of the Best Market Squares of the World, the first global ranking of the Project for Public Space.

Today, the Market Square is home to about 400 clubs, cafés, pubs and restaurants.

### Face to face with history

Four metres beneath the surface of the Market Square, the exhibition “In the footsteps of the European identity of Krakow” was created to present the rediscovered remains of the original medieval settlement dating from the times of two famous Polish Kings, Boleslaw the Chaste and Kazimierz the Great, with about 700 everyday medieval items.

Occupying a space of about 4,000 m<sup>2</sup>, the exhibition was prepared on the basis of historical artefacts unearthed during archaeological work conducted in the area between 2005 and 2010.

Thanks to the employment of multimedia techniques, seeing the exhibition in the underground of the Market Square offers a trip into vibrant, medieval Krakow, where visitors can stand face to face with history.

The presentation technologies employed, including water screens and multimedia installations enabling extensive interaction with visitors, make the exhibition one of the most high-tech in Poland and Europe.

### Thirteenth-century trade centre

Krakow is also the only city in Europe where a thirteenth-century trade centre still continues to operate.

The Cloth Hall, one of Poland's most recognisable historical buildings, is located in the middle of Krakow's Market Square and in the very heart of the city. Its history dates back to the 13<sup>th</sup> century, when it was built during the reign of Duke Boleslaw the Chaste.

In the Middle Ages it served as a kind of shopping centre, where merchants sold various goods, ranging from food and everyday items to luxurious goods like expensive fabrics, gold and jewellery.

Even today the Cloth Hall is the most popular shopping centre in Krakow. What is more, on the first floor visitors can explore the Gallery of 19<sup>th</sup>-century Polish Art, the largest permanent exhibition of 19<sup>th</sup>-century Polish paintings and sculptures in Poland.

### Four quarters of the globe

Only in Krakow will visitors hear a bugle call that has been played by a trumpeter to the four corners of the globe every hour, on the hour, for over six hundred years.

A trumpeter plays it from The Bugle Tower (81 metres high), the highest tower of St. Mary's Church, which is the most famous Gothic church in Krakow.

St. Mary's also houses one of the largest Gothic wooden altarpieces in Europe. Created by Veit Stoss, the piece stands 13 metres high and is 11 metres wide.

**Close to St. Mary's Church, a historic path often used by the Polish monarch in the past, known as The Royal Route, connects the city's main entrance, St. Florian's Gate, with the Wawel Royal Castle, which was the seat of Polish kings until the end of the 16th century. In this time, 37 coronation ceremonies were held in Wawel Cathedral. It is also the resting place of rulers, as well as national heroes and the most eminent Polish poets and writers.**

Krakow also boasts the oldest university in Poland and one of the most prestigious and oldest universities in Europe – the Jagiellonian University. Established in 1364 by King Casimir the Great, it is the “alma mater” of such outstanding Poles as **Nicolaus Copernicus, Jan Kochanowski** (a Polish Renaissance poet) and **Pope John Paul II**.

Another interesting district of Krakow is Kazimierz, where Christianity has coexisted with Jewish culture for centuries. It is an area teeming with Judaic monuments of global importance and nowadays is also known as the beating heart of Krakow's cultural and night life.

### 6 senses and night sightseeing

Krakow is not only a city of history, but is also a place rich in cultural events.

In the year 2000, Krakow received the title of European Capital of Culture and every year the city hosts over 100 cultural events, including over 40 festivals, many of which have gained international renown.

**In Krakow there are also about 60 museums, more than 30 theatres, 70 galleries and countless other cultural institutions. Unique cultural events, including new productions and festivals that have been on the Polish cultural map for years, are all part of the 6 Senses programme.**

This includes twelve festivals, such famous events as the *Misteria Paschalia*, *Sacrum Profanum*, the Divine Comedy Theatre Festival, the Film Music Festival and,

starting this year, the Czeslaw Milosz Literary Festival and the Unsound Festival.

**Other well-known Krakow's festivals include the Jewish Culture Festival, International Street Theatre Festival, and the Krakow Nights series, which itself features the Night of Museums, Theatre Night, Cracovia Sacra Night, Jazz Night and, also starting this year, Poetry Night. Each month from May to September, for one night, the city's squares are turned into theatrical or musical stages for Krakow's theatres.**

Though its monasteries' treasures and gardens are usually closed to the public, on these occasions they are open and free for everybody until the early hours.

### **History and modernity**

The best proof of the fact that linking history with modernity is possible are the three new, hugely popular exhibitions open here since 2010: the "In the footsteps of the European identity of Krakow" tourist route underneath the Market Square (mentioned above); the restored Oskar Schindler's Emalia Factory, and the Museum of Contemporary Art in Krakow (MOCAK). Oskar Schindler's Emalia Factory hosts a permanent exhibition, "Krakow Under Nazi Occupation 1939-1945", which includes 45 exhibition spaces arranged in such a way as to allow visitors to literally touch history and feel the atmosphere of Krakow under the Nazi occupation. The exhibition is additionally enriched with state-of-the-art multimedia that lends itself to creating the uniqueness of this place: it offers a combination of historical messages with modern technologies.

The goal of this unique exhibition is to present visitors with the history of Krakow during wartime and the difficult plight of its Polish and Jewish inhabitants.

But Krakow is not only home to historical sites. The fact that it is also fashionable and modern is evidenced by this year's launch of the Museum of Contemporary Art, the first institution of this type to be established from scratch in Poland.

The building was erected on part of the premises of the old Oskar Schindler Emalia Factory in the post-industrial Zablocie district, which has undergone rapid regeneration in recent years.

The design was created by Claudio Nardi, an Italian architect and interior designer, who draws upon the neo-

Modernist trend. MOCAK assembles an international collection of art presenting the output of the last twenty years, and referencing everything from the latest artistic phenomena to the traditions of conceptual art.

The institution's programme also covers educational measures, research and publishing projects.

### **City of the Pope**

In Krakow you can find places connected with the life and times of Pope John Paul II. Some of them bore witness to Karol Wojtyla as a Polish philology student, worker or actor.

There are also those places he visited as a seminarian, where he celebrated his first masses, and those with which he was strongly connected as a lecturer or Metropolitan Archbishop of Krakow.

Finally, Krakow is a city full of places which the Polish Pope loved and to which he returned as head of the Catholic church every time he visited his homeland.

It is a city with the most famous window in the world – the "papal window" (above the entrance to the Bishop's Palace), where the Pope used to greet young people and pilgrims congregating at number 3 Franciszkanska Street during his pilgrimages to Poland.

Besides this, it is also the city with a 48-hectare meadow in its centre (the Blonia Field), where hundreds of thousands of people congregated to participate in masses celebrated by Pope John Paul II during his pilgrimages to his homeland.

Krakow is also one of the most popular pilgrim destinations, because of The Divine Mercy Sanctuary in Krakow-Lagiewniki, which was consecrated in 2002 by Pope John Paul II and in which the Pope solemnly entrusted the world to the Divine Mercy.

Now the Sanctuary is a world centre of veneration of the Image of the Divine Mercy.

### **Krakow and amber**

In the Middle Ages, Krakow lay at the intersection of important trade routes leading West to Wroclaw and Nuremberg, East to Kiev, North to Gdansk and South to Hungary.

The city was visited by merchants travelling from the south of Europe to find amber, the extraordinary treasure of the Baltic Sea.

Nowadays, amber is available in nearly every jewellery shop in Krakow – the most beautiful pieces can be found in the Cloth Hall.

What's more, 2010 saw Krakow join the "Amber Passport" programme, the aim of which is to introduce good market practices connected with the sale of amber jewellery and provide guarantees of the quality of amber products in the form of certificates.

# Visit MOCAK

A new museum of Polish and international contemporary art in Krakow



MOCAK Museum of Contemporary Art in Krakow  
Photo: R. Sosin



**The Museum of Contemporary Art in Krakow is the first such museum in Poland to be constructed from scratch. The building was erected on the site of Schindler's former factory, in the post-industrial district of Zabłocie, which in recent years has undergone a vigorous renaissance.**

The building was designed by the Italian architect and interior designer Claudio Nardi. The Museum opened its doors to visitors on 19<sup>th</sup> May 2011.

### **History of the Creation of the Museum of Contemporary Art in Krakow**

The project of the creation of the Museum of Contemporary Art in Krakow goes back to 1983 when correspondence was first exchanged with the City Council referring to the creation of such an institution. Consultations followed for another two years, but they did not venture beyond general declarations of good will. In 1993, the City Council proposed to create a Branch of Modern Art as part of the Historical Museum of Krakow, with the preferred location being the former 'Lenin's House' in Królowej Jadwigi Street.

However, the lack of any prospect of willingness by the City Council to provide suitable finance put paid to the matter.

In 2004, Waldemar Dąbrowski, the minister of culture at the time, announced the programme Signs of the Times in order to organise regional collections and centres of contemporary art.

During the same year, the Municipality of Krakow reposessed Schindler's former factory for non-payment of debts. In 2007, an 11-strong jury, under the presidency of Professor Konrad Kucz-Kuczyński, chose the works of Claudio Nardi and Leonard Maria Proli as winners of the competition for the Museum building.

The design submitted by the firm Claudio Nardi Architetture proposed erecting a new building on the site of Schindler's former factory and adaptation of the six existing buildings.

The brick wall has been preserved as an authentic part of the original building of "Emalia", Schindler's former factory.

Building works began in December 2009. On the 16th November 2010, the building of MOC AK was officially inaugurated. The Museum opened its doors to visitors on the 19th May 2011.

The Museum presented at that time six inaugural exhibitions. These were: *History in Art*, the MOC AK

Collection, an exhibition of photographs from the *Bibliophilia* series, by Maurycy Gomulicki, an exhibition of the competition for young Polish artists organised in collaboration with the Swiss Foundation Vordemberge-Gildewart, *Mieczysław Porębski's Library*, and a presentation of one of the projects of the Photomonth in Krakow, entitled: *ALIAS: Madeleine Sante*.

The project 'Creation of the Museum of Contemporary Art in Krakow' is co-financed by the European Union as part of the 'European Funds for Małopolska ' 2007–2013 Operational Programme for the Małopolska Region.

### **MOC AK's AIMS**

**MOC AK's two most important aims are presenting the art of the two last decades in the context of post-war avant-garde and conceptual art as well as clarifying the rationale of creating art by highlighting its cognitive and ethical value and its relationship with everyday reality.**

The Museum offers a broad spectrum of activities. MOC AK is in the process of compiling an international collection of art, presenting the art of the last 20 years and relating the most recent artistic phenomena to the tradition of conceptual art.

Apart from organising exhibitions, MOC AK also engages in publishing and research as well as in conservation and in archival and educational activity.

One of the publishing projects is the *MOC AK Forum* magazine, which develops further the themes dealt with in the exhibitions, placing them in the broader context of academic discourse.

All the projects are undertaken by the Museum with diverse audiences in mind.

They provide information explaining the origin and significance of the works and events presented and placing them in context.

The institution considers it an important challenge to reduce prejudice against very recent art.

At MOC AK there is also the **library of Professor Mieczysław Porębski**, the most prominent Polish art historian, who has donated to the Museum a part of his valuable book collection as well as paintings by artists from the Krakow Group.

Students and academics have access to the library, in spite of it being essentially an exhibition.

Visitors can also see a presentation of dozens of works - the foundation of **MOC AK's permanent Collection**, which aims to present the great variety of approaches, media and interpretations manifested in contemporary art.

# Exhibitions this winter

## MOCAK

### **EVA & ADELE**

#### ***The Artist = A Work of Art***

**The place of the exhibition:** MOCAK

**Opening:** 16th February 2012

**The exhibition will run from:** 17th

February till 29th April 2012

Curators: Maria Anna Potocka,  
Delfina Piekarska

EVA & ADELE are a couple of German artists who live and create ABOVE GENDER BOUNDARIES.

Their guiding principle is:

WHEREVER WE ARE IS MUSEUM!

They want to impose on the world their vision of FUTURING.

EVA & ADELE function in public space as an art work.

The artists treat their own bodies as living sculpture, streets – as galleries and grand artistic events as a museum.

At the MOCAK exhibition, we shall be presenting photographic documentation, costumes and video.

### **Marek Chlanda**

#### ***Transit***

**The place of the exhibition:** MOCAK

**Opening:** 16th February 2012

**The exhibition will run from:** 17th

February till 29th April 2012

Curator: Katarzyna Wąs

*Transit*, the exhibition of the work of Marek Chlanda, a Polish sculptor and graphic artist, presents over a hundred of his works – paintings and sculptures which combine into four well-meshed sequences.

Dark visions create a cycle without a consistent narrative, creating a feeling of disquiet and loss in the viewer.

Figurative and abstract scenes; real and unreal and dream-like sequences all intermingle.

### ***Comics: Urban Myths***

**The place of the exhibition:** MOCAK

**Opening:** 16th February 2012

**The exhibition will run from:** 17th

February till 29th April 2012

Curator: Monika Koziol

Urban myths are stories circulated by the Internet and other media as well as spread within social groups. The works shown at the exhibition are somehow related to the phenomenon of urban myths – the artists create brand new myths or

transform existing ones.

Urban myths describe disturbing and incredible events, which stem from common fears, and some of them are cautionary tales. All the works employ the technique of the comic strip, with its characteristic strong narrative quality.

### **Lynn Hershman Leeson**

#### ***Me as Roberta***

**The place of the exhibition:** MOCAK

**Opening:** 16th February 2012

**The exhibition will run from:** 17th

February till 29th April 2012

Curator: Delfina Piekarska

An individual exhibition of an American artist, showing photographs from the series *Roberta Breitmore*, taken over the period of 1974–1978.

They are a record of the project during which the artist created her own *alter ego*, the 30-year old Roberta Breitmore.

The artist not only changed her appearance, but she went as far as to flesh out the character of Roberta Breitmore – treated by those around her as a real person.

*"Creating a contemporary collection is a declaration of the role and social sense of art simultaneously. The scope of this declaration depends on the world view of the creators of the collection. There are at least several reasons for assembling a collection. One may amass works of art for aesthetic delight, or for the pleasure of possessing and showing beautiful paintings. A radically different reason is collecting works that can be used with the intention of fighting for a cause. Collecting art may also result from the desire to invest money well."*







*Aesthetic preferences are decisive in the first case, a sense of mission in the second, and a feel for the market in the third. However, one can also create a collection by seeing art from the inside.*

*The most frequent practice in such a case is to collect artists regarded as important to a city, a country, or the world—the geographical scope depends on ambition and opportunity. Another option, the "internal" one, is to relate the concept of the collection to the structure of art and to discover moments, problems, and formal solutions that are important to the period to which the collection refers. The Collection of the Museum of Contemporary Art in Krakow has accepted the latter, structural variant.\**

*\*Maria Anna Potocka, fragment of „In Praise of Diversity” from the catalogue The MOCAK Collection.*



EU Textiles, MOCAK Museum of Contemporary Art in Krakow  
Photo: R. Sosin

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