BUSINESS SPRING IN POLAND

2012

CONTENTS

AN AMBITIOUS PLAN FOR TWO YEARS

by the Ministry of Treasury

Privatisation is not slowing down. Following successful completion of a 4-year Privatisation Plan, the Ministry has prepared a new plan under which 300 companies from 25 industries are to be sold.

Prepared by the Minister of Treasury, Mikołaj Budzanowski, and subsequently adopted by the Council of Ministers on 27 March 2012, "Privatisation Plan for the years 2012-2013" aims to further increase the share of private property (currently about 80 per cent of GDP) and reduce the role of the state in business.

Thanks to successful ownership transformations, which have greatly accelerated in pace over the past four years (more than USD 13 billion of revenue to the state budget, 421 privatisation contracts for 393 companies), the competitiveness and efficiency of Polish economy has strengthened, whereas Warsaw became the regional financial centre of Central and Eastern Europe.

The same objectives steer privatisation activities planned for the next two years. Ownership transformations will cover 300 companies.
Most of them (279) are under the supervision of the Minister of Treasury, others are subject to the Minister of National Defence, the Minister of Economy and the Minister of Transport, Construction and Maritime Economy.
Entities with state majority shareholding constitute more than 50% of companies intended for privatisation.

As in the previous years, also during the period of 2012 – 2013, public offerings of state-owned companies are planned on the Warsaw Stock Exchange.
Currently, the Ministry of Treasury is preparing initial public offerings on Polish market of **Grupa PHN**, a real estate holding group offering attractive real estate properties located throughout Poland, particularly in Warsaw, and of the **Pątnów-Adamów-Konin Power Plant Group**, the second-largest producer of electricity from brown coal, delivering about 8.5% of electricity supplied to the national market.

Sales of shares in **PKO BP** – one of the largest and oldest Polish banks, as well as in **PZU** – Poland's largest insurance company, are intended as well.
Privatisation through the WSE will involve mining sector companies under the supervision of the Minister of Economy, i.e. **Węglokoks, Jastrzębska Spółka Węglowa, Katowicki Holding Węglowy and Kompania Węglowa.**

In addition, following conversion into a joint stock company, initial public offering of the company **Bumar** – a leading Polish supplier and exporter of arms and military equipment – is planned for 2013.
Most companies covered by the Privatisation Plan operate in industries such as transportation, trading companies and service units, as well as engineering and metallurgy.

The biggest privatisations will, however, concern the energy, financial and chemical sectors.

In the energy industry, transformations will involve the biggest Polish companies in the sector: **Energa, Enea and PGE Polska Grupa Energetyczna**. Privatisation through stock exchange will be the preferred mode for projects in this sector.

In the period of 2012-2013, privatisation in the financial sector is assumed to be continued.
In addition to the aforementioned sale of subsequent blocks of shares in PKO BP and PZU, the Treasury plans to sell all of its shares held in **Bank Gospodarki Żywnościowej**, which debuted on the WSE last year, and in National Depository for Securities, a central infrastructure institution responsible for the management and supervision of the depository and settlement system in regard to trading in financial instruments in Poland.

The Ministry of Treasury intends to sell subsequent blocks of shares in companies of the chemical sector listed on the WSE, i.e. Ciech, Zakłady Azotowe Puławy, Zakłady Chemiczne Police, and Zakłady Azotowe in Tarnów Mościce.

The new plan also provides for privatisation of a number of small and medium sized companies.
Car communication enterprises, dealing with bus passenger transport, inspection and repair of vehicles, sale of fuel and spare parts, prevail among companies in the transport sector.

Over the past two years, the Ministry of Treasury has sold 10 health resort companies. Investors showed considerable interest as health resorts enjoy good reputation developed over the years and they are located in attractive regions of Poland.
They have development potential which proved to be very attractive not only to professional investors, but also to financial investors considering long-term investment of their funds.

Following sector's particularly successful privatisation in the recent years, further sale of health resorts is anticipated.
Privatisation Plan covers such companies as **"SOLANKI" Uzdrowisko Inowrocław, Uzdrowisko Horyniec, Uzdrowisko Rabka, Uzdrowisko Wysowa in Wysowa Zdrój, and Uzdrowisko Szczawno-Jedlina.**

Machinery and metal sectors provide for privatisation of 36 entities. Production of machines and tools for various industries constitutes the core activity of companies in this sector.

Ownership transformations of small and medium-sized state-owned companies are carried out with frequent use of public auctions and tenders.
These modes of privatisation occur without the stage of negotiating the share purchase terms. The main investor selection criterion is the price of the shares sold.
The scale of the planned privatisation actions is attested by privatisation revenues anticipated to be obtained in the next two years.

In 2012, the revenues are to amount to USD 3.3 billion, while in 2013 to USD 1.6 billion. Plan for the year 2012 has already been implemented in approximately 27% (as of 12 March 2012, revenues from privatisation amounted to USD 885.4 million), mainly with the resources coming from sale transaction of a 7% block of Polska Grupa Energetyczna S.A. (PGE) carried out in February for USD 805.5 million.

FOREIGN CAPITAL LOVES POLAND

by the
Polish Information and Foreign Investment Agency (PAIiIZ)

**The investment climate in Poland stays warm not only because of upcoming Spring.
Last weeks the new spectacular investments were announced.**

Among numerous foreign companies which have decided to start their business in Poland there are also famous international brands: **Tognum** is to construct new plant in Stargard Szczeciński, **Bayer** opens its financial & accounting centre in Tricity and **International Paper** develops its biomass plantation in Pomerania.

MTU Polska, the part of German concern Tognum specializing in propulsion and power solutions will invest over EUR 90 million in the new site close to the City of Stargard Szczeciński in North-West Poland.
In addition, Tognum is expanding its development capacity.
In Stargard, engineers and designers will develop and test engine components and electronic modules manufactured in the new plant that will be earmarked for engine control and automation systems.
The facility will be equipped with state-of-the-art technologies – innovative and unique not only in Poland but also on the European scale.

From the middle of 2013, production output from the future plant in Stargard Szczeciński will primarily include crankcases, cylinder heads and large-volume parts for Tognum's MTU brand Series 2000 and 4000 engines.
They will be delivered to the assembly lines of the lead plant in Friedrichshafen (Germany) and to the plants in Aiken (USA) and Suzhou (China), where engines, drive and propulsion systems and energy systems are manufactured for the Tognum Group.

The first employees will be involved in preparing the site and constructing the plant. By the time the plant becomes fully operational in 2015 as scheduled, the Tognum Group will have increased its workforce to over 200 employees.
The global leader in pharmaceutical industry, **Bayer**, has decided to locate its new Financial and Accounting Center in Tri-City.
Bayer is planning to employ 200 workers who will be responsible for performing advanced financial and accounting services, such as preparing financial reports for Central Eastern Europe.
Tri-City area had to meet several very strict conditions in order to host the investment. One of the key aspects was the long-term availability of highly qualified and experienced personnel.
Special attention was put on Centers of Excellence that perform advanced processes. An additional advantage of Tri-City was a big number of R&D and Knowledge Process Outsourcing centers. It is the third BPO/SSC investment in Tri-City this year.

International Paper has signed an agreement with **GreenWood Resources** to develop a biomass plantation in Pomerania.
The transaction is the largest of its kind in Europe. The announcement follows a successful pilot project in fast growing, short rotation hybrid poplar plantations that was managed by GreenWood Resources Poland.
The agreement calls for leasing land from local farmers to grow biomass in three and four year rotations.
The approach offers local farmers more crop options and can improve the utilization rate of the land while securing jobs in the farming community by providing a welcomed financial boost to their existing incomes.

Those are only few of the biggest investors who have started their business in Poland this year. This year PAIiIZ has by now closed 13 projects million which will create over 3840 new jobs. The value of these investments (EUR 429 million) already constitutes 36% of the result of whole 2011.

INVEST IN

Lodz Special Economic Zone

Great location, tax incentives, friendly environment, long industrial traditions and assistance in implementing the investment project make Lodz Special Economic Zone a perfect location for companies which intend to enter the European market or expand their activity.

In 2010 Lodz SEZ was recognized as the 1st zone in Central Europe Region and 11th zone from 700 economic zones all over the world.*

Lodz Special Economic Zone:
the highest level of State Aid in Europe,
strategic location in central Poland,
good transport links,
attractive investment areas,
comprehensive servicing of investment processes,
well-qualified employees.

Entrepreneurs who set up new business activity within the Lodz SEZ are entitled to regional State Aid granted in the form of tax exemption up to 70% of eligible investment costs or two-year labour costs.

Lodz SEZ has a wide investment offer including both A-class office spaces, ideal for BPO and IT activity and greenfields for the construction of production plants.
In 44 subzones located in the centre of Poland, Lodz SEZ has interesting investment sites with good communication links.

Results achieved by Lodz SEZ are the best testimony of its success. During the past fifteen years, 202 business activity permits have been issued.

Investors together have created almost 25.000 workplaces, whereas the value of investments has been estimated at 2 billion Euro.
Our investors represent various branches: manufacturing of cosmetics and pharmaceuticals, household appliances, medical devices, construction materials, food processing, plastic processing, BPO & IT, R&D as well as logistics.

In 2010 and 2011 Lodz Special Economic Zone was recognized as the highest rated Special Economic Zone in Poland by Investors.**

* by „Financial Time” fDi Global Freezones of the Future 2010/11
** KPMG Report “Special Economic Zones” Edition 2010 and 2011

Our investor list includes:
DELL
Procter & Gamble Gillette
Bosch-Siemens
ABB
Amcor

Interview with Tomasz Sadzyński – Chairman of Lodz Special Economic Zone

You manage a company that covers a gigantic area. The aim is to find entrepreneurs willing to purchase a plot and invest. How do you convince your interlocutors to become interested in Lodz SEZ?

Tomasz Sadzyński: Having broadened our area last September, Lodz SEZ has now over 1270 hectares of land in 44 subzones – in voivodeships of Lodz, Wielkopolskie and Mazowieckie.
One of our main assets is the greatest possible state aid in Europe of which we are able to offer our investors up to 70%.
Lodz SEZ is located at an intersection of two highways, which creates excellent conditions for development in the field of logistic or storing investments in our country.
We also benefit from the fact that we are placed in the central part of Poland – on the one hand our employees earn less, but on the other costs of living in our region are lower than, e.g. in Warsaw or Krakow. Every year about 20 thousand graduates complete universities in our region, thus we have abundance of highly educated workers.
Constantly improving co-operation with universities directs us at developing towards BPO and IT sectors, which are typically servicing areas. Not without significance remains the fact that Lodz SEZ has an extremely experienced team that approaches each investor individually.

To sum up, I always include the following in our assets: the highest possible state aid in Europe, excellent investment areas, splendid localization at the intersection of communication routes and professional service on part of our employees.

Lodz SEZ has excellent references. For several years now you have been placed on top of the list of firms managing special economic zones worldwide. How do you achieve such success?

TS: It comes as a priority for us to obtain investors and create new work places.

We are particularly keen on obtaining investors who introduce new and innovative solutions and technologies.

A month ago we started a new investment ourselves – revitalization of the main Lodz SEZ complex, a historic factory of Ludwik Grohman.
This undertaking will enable us to multiply income and introduce new services.
We also focus on maintaining the highest possible standard of service for our entrepreneurs, thanks to the efforts of our professional team.

We have one of the best results in Poland: Lodz SEZ, for 15 years of being in operation, has had over 2 billion Euros invested by its investors, not to mention almost 25 thousand new work places that have been created.

For many years Lodz SEZ has been on top of nearly all prestigious charts. On "Financial Times", Lodz SEZ has been placed as 11th out of 700 economic zones worldwide, and as the 1st among Eastern-European ones.

And what about the so-called Corporate Social Responsibility?

TS: In this field there is also something we can boast about. Since autumn 2011 we have become a partner of Fashion Philosophy Fashion Week Poland for another consecutive three editions.
This is the most prestigious event promoting fashion in the whole country. Thanks to the brand of this festival we shall reach our potential investors even more effectively.
This is not the only area of our activities. I have already mentioned revitalization of the former Grohman's factory. But there is also the building of old booster that has been renovated and became a new cultural centre for Lodz.

Inside, any institution interested may organize exhibitions, performances or seminars.
This year, our Art Zone was rewarded in a prestigious contest "Punkt dla Lodzi". As part of the "Zone for Children" program, Lodz SEZ together with Caritas, investors and business partners, has been organizing events for Christmas for the last 14 years.

Lodz SEZ also joined "Jonatan" action realized by Indesit Company Polska and "Jaś i Małgosia" Foundation.
We also run a project called "Education Zone". So as to improve the situation on the local labour market, we support and promote vocational education in the voivideship.

We do not forget about the Lodz artists; together with Technical University of Lodz, we launched a scholarship programme for the best students, we are partners of "MLodzi w Lodzi" programme or PR Professional. This way we build the brand for the Lodz Zone.

Let me also add that for the first time in the history of LSEZ we have managed to apply and obtain money from UE. I hope that our campaign "Lodz region – business zone made to measure" will not go unnoticed in Poland and in Europe, mainly in Germany where we are planning to run a wide promotional campaign.

Some of our basic factors conditioning our success and placing us on such high position in Europe and worldwide are: the number of business permits s issued (202 already), brands (BSH, Indesit, Dell, ABB or P&G to mention just a few) and industries and investments in the Zone. The 15th LSEZ Anniversary in May will be a good moment for summaries.

According to the managers, the most convincing factor is investors' service and conducive atmosphere in the local government. How is the co-operation going with the towns and communities where the sub-zones are located?

TS: This is a very important issue for investors and it has turned out many times that it is also the key to success.

An entrepreneur values the synergy that occurs in the activities of the zone and local authorities'. When Lodz SEZ workers visit the area with the investor, usually the mayor or the city president – people who are responsible for localization – are present there.

If the investor sees the engagement of every party, then he feels safe whilst making a decision and he knows he can count on the local authorities' support – this factor is frequently considered.

What are the dreams of Lodz SEZ Chairman?

TS: We concentrate on realising our basic aims – we are responsible for the economic development of the region, obtaining new investors both local and foreign ones, issuing permissions and stimulating new work places and investments.
These are crucial areas of our work. In the future, our development will be directed towards stimulating clusters – perhaps the Zone will become a broker responsible for creating a net of clusters.

Currently we have several entities operating in one field and competing with each other, but there are also areas, e.g. research and development, where they could co-operate. And my dream? I wish Lodz Special Economic Zone to become the best one in this hemisphere (laughter).

Certain legal issues related to setting up banking activities in Poland by EU FINANCIAL INSTITUTIONS

by Lukowicz Swierzewski & Partners

Carrying out banking activities by financial institutions domiciled in the EU is allowed on the basis of a notification made by a relevant national financial supervisory body to the Polish Financial Supervision Authority ('KNF').

Financial institutions may choose one of the two forms of activity: they may either carry out cross-border activity or set up a branch.
In the latter instance, the branch has to be registered as a separate unit with the relevant Commercial Court in the National Court Registry.

The cross-border mode of business does not require the creation of any new legal entities.

EU law, applied by the Polish banking law, states that every foreign (EU) bank may carry out activities in Poland within the scope allowed by its banking license in its home country.
However, it is important to note that the legal effects of these activities are governed by the Polish law.
This means that the relevant Polish regulations will govern, for example, current account or loan and collateral agreements.

Understanding this is particularly significant from the perspective of entities which plan to carry out their activities in Poland using their domestic regulatory and contractual templates.

In such case, these templates need to be appropriately customised, i.e. adapted to the Polish regulatory and legal regimes. This is important because Polish civil law, while generally being relatively flexible with regards to contractual agreements, imposes strict requirements related to the phrasing of the terms falling within the scope of the civil procedure and regulations governing collaterals.
Non-compliance with these requirements results with ineffectuality of the proceedings.

Even where the lack of compliance with appropriate requirements does not nullify the desired effect, it can cause significant hurdles.
For example, non-compliance with the appropriate formulas of creating a bank enforcement title would force the bank to follow the standard court procedure which, in turn, might prolong the process of claims recovery by several years.

In the light of the requirement of maintaining bank reserves (affecting the bank's profit) for the duration of the proceedings, this may significantly impact the bank's current financial results.

While the cross-border activity of a foreign bank is carried out directly by the relevant persons in the bank's home country, setting up a branch requires the compliance with certain formalities, and the KNF may control this process.

The key regulation governing the KNF's powers in relation to setting up a foreign bank's branch in Poland is Article 48l. Point 1. of the Banking law act of 29 August 1997.

As set out in that provision, a foreign bank's branch may commence its activities in Poland at the earliest 2 months after the KNF and the parent institution's national financial supervisory body receive information including:

1. **the name and address of the Polish branch, at which it will be possible to obtain documents related to activities,**
2. **an action plan detailing, in particular, the activities the institution intends to carry out and its organisational structure,**
3. **names of the persons who will assume the responsibilities, respectively, of the branch director and his or her deputy,**
4. **the amount of capital of that institution and the level of the capital adequacy ratios.**

Within these two months the KNF may set out the conditions which the bank's branch will have to fulfill while carrying out its activities in Poland.

These conditions should relate to the public interest, and consumer protection, economic security and rule of law in particular.

The imprecision of the concept of the "public interest" should be noted, as it may be interpreted by the KNF in a myriad of different ways.
This lack of certainty is further highlighted by the very wide list of examples (consumer protection, economic security and rule of law should be understood as merely indicatory examples), which may be taken into account by the Authority when interpreting public interest.
This potentially allows the KNF to follow objectives other than upholding the stability of the Polish banking system.

During the above mentioned two-month period, there is a possibility for the KNF to conduct a detailed review process aiming to establish whether the bank's branch is prepared for carrying out banking activities.

In particular, this process may encompass the review of procedures, contractual templates and internal rules and regulations to be used by the branch as well as the analysis of its financial and organisational information.
This means that a foreign bank planning to open its branch in Poland should have its procedures, regulations and templates ready at the time of notifying the relevant domestic financial supervision authority of its plans to open a branch. Otherwise, there is a risk that the process will be blocked by the KNF.

SUPPORTING BILATERAL BUSINESS
The Poland–Israel Chamber of Commerce and Industry

The Poland–Israel Chamber of Commerce and Industry was founded in 1995 to promote Polish entrepreneurs on the Israeli market. Our activity facilitates bilateral commercial contracts.

Since 1995 the Poland–Israel Chamber of Commerce and Industry has successfully accomplished several dozen Polish trade missions and bilateral conferences.

In the years of 2010 and 2011, the chamber has organized two economic missions for Polish companies to fairs, seminars and b2b meetings to Israel.

The first mission Israel Gatway 2010 was dedicated to IT, ICT and electronic industry. The second mission Technology 2011 was prepared for companies from the nanotechnology sector.

In our opinion Poland is attractive for Israeli companies because of continuous developments in new technologies available in IT, ICT, transport, biomedical, building sectors- in which Israel is the leader and searches for partners to exchange "new practices".

Recently, the participant of the economic mission organized by The Poland–Israel Chamber of Commerce and Industry – the IT company OPTEAM S.A from Poland – has established cooperation with Israeli company Mashik.

The cooperation aims at creating integrated product offer between Mashik and Opteam. With vast experience deriving from the academic years of its founders, Opteam is a producer and integrator of systems utilizing electronic card technologies.

Their OPTI range includes the following systems: OPTIcamp electronic student`s ID, OPTIpass electronic corporate card, OPTIcard customer loyalty card and OPTIschool electronic school ID.

These applications are implemented within the client`s premises or hosted at OPTeam SA Data Center. Apart from the OPTI systems, the company deals with the design and implementation of POS terminal software as well as back-office systems. They provide the processing service of payment card transactions, loading of pre-paid cell phones, loyalty programs and mass payments.

This project will demonstrate chances to create joint venture entity for bilateral partners.

Currently, the Poland–Israel Chamber of Commerce and Industry is organizing an economic mission to Israel which involves ILSI BIOMED 2012 Fairs and Conference 20th-24th of May.

Key sectors of business activity of Polish companies which can participate in the mission:

Medical Devices
Pharmaceuticals
Laboratory diagnostics
Biomedicine
Nanomedicine
Bio- IT

ILSI BIOMED 2012 is a leading international conference covering the fast-growing fields of innovation in the biomedical, health care and life sciences industries, where industry and academia join hands to learn about the latest and future developments, explore opportunities for new business ventures, meet up with old colleagues and make new contacts.

ILSI-Biomed 2012 follows the success of previous annual conferences: the last year's event drew 6.000 industry players, engineers and scientists, with 1.000 participants from 42 countries and in excess of 3.500 one-on-one meetings.

This year's conference will feature a rich program and supporting events:

- 60 presentations given by Israeli medical device and biopharma companies
- Cutting-edge keynote addresses by prominent industry leaders from Israel and abroad
- A platform where science, technology, academia and industry come together
- Presenting up-to-date issues around the economical and regulatory landscape and the future of healthcare through a variety of panels on industry topics and trends.

WE INVESTED IN POLAND

Aroma Espresso Bar

What is Aroma?

Aroma Espresso Bar is a17-year-old international chain of cafés which owns 140 branches all over the world.
In the past few years, Aroma has begun to expand its activity by opening its cafés in the USA, Canada, Kazakhstan and Ukraine.
At the beginning of this year it began to operate on the Polish market. At present the concept of Israeli brand Aroma is conquering Warsaw.

The new chain has already opened two outlets – on 12 January at Krucza Street, on 10 February at 6 Krakowskie Przedmieście. By the end of this year another five branches will have been opened.
However, the development plans do not end at this point. Aroma Espresso Bar cafés are to be located at high streets of the biggest cities as well as shopping centres.

Why has Aroma chosen Poland?

Poland has been chosen as a state due to the development status of its consumer culture and openness to new things.

Aroma Espresso Bar investigated the market in depth and realized that it will bring a concept different from those available on the market.
Excellent coffee, fresh food prepared just after order and served immediately to the customer, bread baked on the spot, takeaway menu – those are the main distinguishers of Aroma Espresso bar.
The company has great faith in the quality of its new product, its fair price and fresh design as well as innovative buying experience, which will differentiate Aroma from other concepts present on Polish market.

Business perspectives

Aroma Espresso Bar focuses on franchise management in a professional manner. It gives an opportunity to join an international chain and become a business owner. Aroma Espresso Bar is developing its franchising concept and is planning a rapid development in Poland.

Company would like to establish more than 100 branches in Poland, based on its franchising concept.

Aroma - a new concept in Poland

What distinguishes Aroma Espresso Bar on the Polish market of café chains is coffee – brewed with high-quality coffee beans e.g. cappuccino consists of arabica coffee (90%) and a blend of six various beans (10%).
Beans, which are imported from Ethiopia and Columbia, are sent to the roasting plant near Jerusalem in Israel.
From this place ready espresso and cappuccino blends are sent to Poland. What makes the new café chain original is the menu and food preparation.
The meal is prepared on the spot, right after taking an order from a client. Moreover, in the café three kinds of bread and croissants are baked.

That is not all. The menu includes a few specialities – original dishes of Israeli cuisine such as shakshuka or sahlab (sweet milk drink containing dried orchid bulbs).

They are unique and cannot be found in other cafés. Additionally, clients of the café can order their favourite dishes by phone and the takeaway menu is slightly cheaper than the meals ordered in the café.
This is another novelty introduced by Aroma Espresso Bar into the Polish market of coffee chains. What is more, the daily menu includes energising breakfast sets as well as a wide selection of sandwiches with original ingredients such as grilled halloumi cheese or tahini sauce. The offer also includes salads made from vegetables delivered on daily basis.

The interior design of Aroma Espresso Bar is held in bright and pastel colours referring to espresso coffee motive which gave cafés modern and fresh look.

Worsening economic forecasts cause uncertainty among European consumers

Findings of the GfK Consumer Climate Europe survey for the fourth quarter of 2011

by GfK

Nuremberg, February 10, 2012 – New rescue packages, uncertainty about further developments in Greece, Italy and France and the prospects of poorer economic development in 2012 are all heightening the anxiety of European consumers. This is one of the findings from the GfK Consumer Climate Europe survey which provides an overview of the development of economic and income expectations and willingness to buy among consumers in Austria, Bulgaria, the Czech Republic, France, Germany, Greece, Italy, Poland, Portugal, Romania, Spain and the UK. These 12 countries account for around 80% of the total population of the 27 EU member states.

It was a turbulent autumn in Europe. First, speculation about Greek insolvency became increasingly fervent and Greece required a new billion-euro bailout from the European Union in order to reach its budget targets.

At the same time, the decline of the Greek economy was deeper than initially anticipated.

Italy was also drawn into the depths of the debt crisis. As a result, new international rescue packages were drawn up at an ever greater pace to come into effect if the overly indebted countries were to default.

Following lengthy discussions, Greece will be granted a haircut of at least 50% of its debts pertinent to the private sector.

Next, attention was focused on Italy, especially by the financial markets. Following immense international pressure, Prime Minister Silvio Berlusconi resigned and was replaced by Mario Monti and a coalition of Italy's three largest political parties.

Uncertainty in the financial markets, governments and the entire population once again increased when rating agency Standard & Poor's threatened to downgrade Germany and 14 additional European countries at the beginning of December.

Moreover, economists in most countries carried out downward revisions of their growth forecasts for the coming year.

This turbulence did not go unnoticed by consumers throughout the European Union. Quite the opposite, as uncertainty as to whether more countries such as Italy would need to fall back on rescue package and the prediction that economic growth in 2012 would fall well below initial expectations severely affected both the mood and bank accounts of European consumers.

In the course of this development, economic expectations, income expectations and willingness to buy decreased in almost all countries included in the survey.

Economic expectations: Spaniards surprise with slight optimism

Economic expectations markedly fell in most countries of the European Union in the last quarter of 2011.
The escalation of the debt crisis, loss of trust in Berlusconi's Italian government and fears of a Europe wide recession in 2012 have all contributed to major unease among consumers and on the markets. Forecasts for economic growth were revised downwards in almost all EU countries.
Spain was the exception and the only country in which economic expectations actually improved slightly.
The best indicator values are currently in Germany (-0.9 points) and Spain (-3.6 points).
Third, with a considerably lower value, is Bulgaria with -25.5 points. Bringing up the rear are Portugal (-54.7 points), Greece (-58.6 points) and the Czech Republic (-63 points).

In **Portugal**, economic performance has fallen noticeably over the past year.
In the third quarter of 2011, it was -0.9% in comparison with the previous year and the decline in the fourth quarter is expected to be even greater.
According to economic experts, growth will deteriorate further in 2012. The Portuguese government has once again cut its budget for this year.
It primarily affects ministry and public authority employees and includes the loss of the 13th and 14th month in the salary packages of all officials and government employees and spending cuts in most ministries.
However, despite, or perhaps in light of, these drastic measures, the population seems to be cautiously optimistic that the country will emerge from the crisis in the medium term.
Although remaining at a low level, economic expectations recovered slightly in the last quarter of 2011, rising from -60.9 points in October to -54.7 points in December.

In **Spain**, over the past year, the economic development fluctuated. The restrained upswing at the start of 2011 gradually shifted to negative growth over the course of the year.
In the third quarter, economic growth still stood at 0.7%, but estimates suggest it fell to between -0.3 and -0.4% in the fourth quarter.
Economic experts predict similar figures for the first half of 2012 and unemployment is also expected to rise further.
In the foreseeable future, it is unlikely that there will be any easing on the labor market, which is Spain's greatest problem. Consumers are assuming that the crisis has not yet reached halfway.
However, the repeated praise from the European Commission for the severe but successful measures has given the Spanish population greater optimism that they will be able to overcome the crisis through their own efforts.
Economic expectations registered the lowest level in September with -14.4 points, and have since risen to -0.6 points, placing Spain second in value of all countries in the survey.

The local and presidential elections were the overriding issue in **Bulgaria** in the last quarter of 2011, influencing not only the political debate, but also economic policy. Two major strikes – train operators and the largest grain producer – dominated the political arena for almost a month and caused considerably greater losses than originally thought.
These events stimulated debate about the future development of some of the country's older economic sectors which have not yet been restructured.
The government has set itself the target of reforming all these sectors in 2012 so that the country will become robust and competitive in these areas too.
However, the population is extremely unsettled about the economic and financial situation in Bulgaria.

Economic growth is primarily driven by export to the European Union, which has suffered significantly under the recent broadening of the debt and financial crisis.
In order to meet the demands for budgetary discipline, the government is trying to keep the budget deficit as low as possible and reduce debt.
In addition, despite huge protests, the government has carried out a pension reform which will raise the retirement age.
Consumers do not believe that the Bulgarian economy can distance itself from European developments and therefore expect growth rates to continue falling in the coming months. Economic expectations currently stand at -25.5 points, which is the lowest value since May 2009.

Income expectations: unemployment and rising taxes cause indicator to drop

Germany has completely set itself apart from developments in other European countries when it comes to income expectations, recording a value of 34 points.
On account of the extremely pleasing economic growth, consumers believe that salaries and wages will also continue to rise markedly in 2012.
Spain once again has the second highest indicator value, at -8.6 points, followed by Austria with -19.7 points. Significant declines in income are still anticipated by Greeks (-65 points), Italians (-60.7 points) and the French (-60.4 points).
In **Greece**, unemployment remained the principal topic in the fourth quarter, as it has continuously risen over the last year and currently stands at around 18%. Economic analysts have predicted that it will climb above 20% in 2012.

The atmosphere amongst the population remains at rock bottom due to the stream of new austerity measures, salary and pension cuts and further tax increases.

Most Greeks only have sufficient money to pay for essentials. In order for consumers' hope of economic recovery to be rebuilt, first there have to be signs of improvement on both the labor market and with wages and salaries.

Currently the chances of this happening are extremely low and consequently, confidence in Greece is also low. The indicator for income expectations stands at -65 points at present.

According to the population, the economic situation in **Austria** has also worsened over the last few months, but this is not mirrored in the figures.

Although unemployment has risen, at 8.2% in December it was actually lower than in the same month of the prior year.

However, the majority of consumers think that more people will lose their jobs over the coming months. Consumer sentiment is also dampened by the ongoing debate concerning euro rescue packages, the decision to anchor a debt brake and the subsequent public budgetary savings that have to be made. In December, income expectations recorded a value of -19.7 points.

In **Spain,** unemployment will also continue to rise in 2012 and is expected to top 25%. The number of individuals making social security contributions has fallen by 2,700 every day since last August.

The new government has announced that a series of direct and indirect taxes will be raised by the middle of this year.

Added to this are stringent saving measures and extensive cuts. The government hopes to boost the economy in the medium term through these reform measures.

Spain has been commended by the European Union on several occasions for the measures it has implemented to overcome the crisis.

This has evidently also had a slight positive impact on the mood of consumers, who are slowly beginning to believe that their efforts will help the country through the crisis.

There is also greater hope that the labor market situation will again begin to improve a little over the next few months. This will certainly be bolstered by the upcoming start of the tourist season. Income expectations increased from -17 points in October to -8.6 points in December.

Willingness to buy: Italians are sitting tight in preparation for harder times

For the first time since September 2008, Germany is in second place in a willingness to buy comparison across all countries in the European Union.

Back then it was Bulgaria that registered a higher value, and now Austria precedes Germany, with indicator values of 35.6 points and 27.4 points respectively.

Purse strings are being held tightest in France (-29.8 points), Portugal (-44.1 points) and the United Kingdom (-54.8 points).

The situation on the labor market in the **United Kingdom** is becoming ever more difficult. In the fourth quarter of 2011, unemployment stood at 8.3%, which is the highest rate since 1996.

The general poor state of the economy, especially high inflation and deep fears of unemployment, are putting a dampener on consumer spending.

The government is trying to lift the mood in the medium term by focusing on growth rather than austerity measures, hoping that an improvement in consumer sentiment will help stimulate the economy again. It remains to be seen in the coming months whether this strategy will bear fruit.

At present, British consumers are certainly keeping a tight hold on their purse strings and are only making major purchases when they are essential. Accordingly, willingness to buy is very low, registering -53.8 points in December, which is the lowest value since November 2008.

Economic figures in the **Czech Republic** are relatively good at present. In December, inflation stood at 2.4% and the average for the year was 1.9%.

The marked increase is primarily attributable to food, drink and energy, as price rises on these products were expected due to an increase in VAT in January 2012. Unemployment has fallen by 0.5 percentage points year-on-year to 6.6%, which is the lowest rate in Europe. However, as a result of the government's austerity measures and tax increases, the reality is that more and more households are barely able to cover the costs of everyday life.

The money for major purchases simply is not there. Furthermore, economic researchers predict a hike in unemployment for 2012, which is impacting consumer spending. Willingness to buy has remained relatively consistent at a low level, registering a value of -13.1 points in December 2011.

As in most European countries, unemployment was also one of the issues dominating in **Italy** in the fourth quarter.

Although 8.6% unemployment in December 2011 is relatively good in comparison with other countries, youth unemployment in Italy is one of the highest in Europe.

At 29%, it has reached a record high. In the third quarter, economic growth year-on-year was 0 and a slightly negative value is expected for the fourth quarter. Economic analysts forecast growth of between -0.3% and -0.5% for the first half-year.

Moreover, there will be additional tough austerity measures introduced by Monti's new government. Italians are still fearful of a complete collapse in Greece and the crash of the euro, which would also clearly have a negative effect on their country.

Until these factors of uncertainty are addressed and the economy develops positively once again, consumers will try to put their money aside in anticipation of harder times rather than spending. Correspondingly, the willingness to buy indicator stood at -27 points in December.

SUMMARY OF THE COMMERCIAL REAL ESTATE IN POLAND IN 2011

by Colliers International

2011 turned out to be a very good period for commercial real estate in Poland. The total supply of office, industrial and retail space has increased, though not in every market a significant increase was observed. Tenants' activity remained at a high level, and in some regional markets, we can even talk about record volumes of transactions. We can expect that 2012 will also be a good year, both in terms of new supply as well as tenants' activity, which should remain stable.

Industrial market – 2011 in comparison with 2010 turned out to be a very good period for the Polish industrial market.
During the year, almost 380,000 m² of modern warehouse space was delivered to the market, which constitutes a 40% growth in comparison to 2010.
The largest amount of **new projects** was added to the Upper Silesia market – 109 thousand m². The total supply of warehouse space in Poland currently amounts to 6.8 million m².
In terms of transaction volume, 2011 represented an increase in comparison to 2010. Almost 1.8 million m² of modern warehouse space was leased, resulting in a 20% increase from the previous year.
Demand throughout the year was fairly steady, however during the third quarter the highest volume of transactions was reached (nearly 30% of transactions in total).
Most **lease agreements** were signed in Warsaw (Zone II) and in Upper Silesia – over 540,000 m² and 360,000m² respectively.
Significant increase in tenants' interest was also observed in Kraków and Gdańsk.
During the 12 month period the volume of transactions exceeded 54,000 m² and 55,500 m² respectively, which was a record since the beginning of those industrial markets.
A decrease in available space was observed in most markets. Rents remained basically stable and an upward trend was observed only in regions where the vacancy rate was low.
It is estimated that new supply in 2012 will reach a similar level to that of 2011. In the coming quarters, we can expect a further decrease in vacancy rates, while rents will grow slightly in selected markets.
2011 was also a continuation of positive trends recorded on the office market in the second half of 2010.
High demand for office space encouraged developers to start construction of their projects.
As a result, by the end of the year nearly 1 mln m² of office space was under active construction.
During the year the total resources of office space in Poland increased by 260,000 m2, which constituted a 36% decline as compared to 2010.

The Warsaw market saw delivery of ca. 120,000 m2 of modern office space. The biggest schemes that entered the market during the discussed period were Mokotów Nova (25,000 m2, Warsaw) and Equator II (21,000 m2, Warsaw).
In case of the regional cities the feeble supply dynamics was reflected not only in the lower amount of delivered space (138,000 m2), but also in the scale of completed schemes as over half of the new projects offered less than 5,000 m2 of leasable area.
In turn, 2011 was a record year in terms of tenants' activity, which recorded a 11.4% growth in comparison with 2010.
Favourable market conditions encouraged tenants to sign pre-let agreements, which accounted to ca. 20% of take-up (against 12% in 2010).

The total transaction volume registered in **Warsaw** exceeded 573,000 m2. Nearly 70% of leased space was rented in two districts: City Centre and Mokotów.

The major transactions concluded were: TP S.A. in Miasteczko Orange (pre-let, 43,700 m²), Ernst & Young in Rondo 1 (renewal, 11,000 m²), Mostostal in Adgar Business Centre (new deal, 7,800 m²).

With over 82,000 m2 of leased space **Kraków** remained a leader among the regional markets.
Increasing tenants' activity in Poznań, TriCity and Katowice confirmed a growing interest in these locations.
The biggest transactions recorded in regional cities were signed by companies from BPO/SSC sector. These were:

Shell in Kraków Business Park (16,000 m2, Kraków), Infosys BPO Poland in Green Horizon (11,500 m2, Łódź) and Allegro in Pixel (14,600 m2, Poznań).

Limited new supply combined with boosting leasing activity resulted in a drop in vacancy in majority of office markets.
Despite a strong demand the vacancy rate in Warsaw registered a moderate drop and stood at 6.7%. Among the regional markets the most significant decreases were recorded in Katowice (to 13,7%) and Tricity (to 10.8%).
In 2011 an upward trend in rental rates for prime office space was recorded.
After a slight increase in Q1 2011, rents in Warsaw, both in CBD and non-central locations, remained stable throughout the second half of the year.

2012 will bring a substantial rise in total modern office stock as new supply will double the level recorded in 2011.

The Warsaw market will experience the largest growth of ca. 250,000 m². In case of the regional cities the greatest increases will be recorded in Wrocław and Kraków.
Demand for office space should maintain its strong dynamics, however, the second half of the year may bring slightly weaker results.
The overall vacancy rate should remain stable, yet the regional cities may witness temporary increases. Asking rents are expected to stabilize across all office markets.

Positive trends were also observed on the **retail market** in Poland. The total stock of modern retail space reached 8.8 million m².
Nearly 625,000 m² of new retail space was delivered to the market in 2011, which is a 27% increase in comparison with the previous year. Developers' activities were mainly concentrated on medium-sized and small cities, where 52% of the new supply was delivered.

Major new retail schemes completed in 2011 were Galeria Kaskada in Szczecin, Futura Park in Kraków, Galeria Słoneczna in Radom, Plaza Toruń in Toruń, Millenium Hall in Rzeszów, Turawa Park in Opole.

Nearly 17% of the new supply was an extension of the existing retail schemes, the biggest were Galeria Echo in Kielce and Silesia City Center in Katowice.
The highest modern retail supply at the end of 2011 was recorded in the Warsaw Agglomeration and amounted to 1.3 million m². However, in terms of retail space saturation the highest indicators were recorded in Wrocław and Poznań, both are above the level of 600 m² per 1,000 inhabitants.

In terms of demand more than 30 international brands entered the Polish market. The most significant were American brands GAP and Toys"R"Us, British fashion brand Dorothy Perkins and Scandinavian DIY/household store Jula.

At the end of 2011 nearly 750,000 m² of modern retail space was under construction. The pipeline supply in 2012 will be slightly lower than previous year's results and is estimated at nearly 550,000 m².

In 2012 tenants will present more careful attitude to the market situation and revise their expansion plans. Due to lower costs the increasing trend of traditional shopping retailers entering retail parks may be expected. Rental levels in 2012 should remain stable, as demand versus supply continues to be relatively well matched.

Following the Evolution of Email in Social Business by IBM

You can't ignore it.
The concept of social networking has arrived in business. Employees are more informed than ever, sharing ideas, finding information and expertise, and making connections with colleagues, partners and suppliers all around the world.

Thanks to social technologies, business processes are changing. Every day collaboration tools like email and instant messaging are evolving as well. And they must change.
When consumer social networking emerged a few years ago, employees began wondering why they couldn't use similar tools at work. They realized that by using social networking, they could find people and information almost instantly. Because of this speed, the use of collaboration tools has expanded beyond just using email.
We know that "a world without email" simply isn't feasible, because email provides the critical connective link to both internal and external communications. Email does one-to-one communication really well.

Yet in today's social business, this one-to-one form of communicating can be limiting. For example, employees today inadvertently opt into email threads that may not be relevant or meaningful to them, which of course adds unneeded volume or “noise” to the inbox. Employees then find it very difficult and very time consuming to discern the most meaningful or urgent information.

So what does this all mean?

Precious time is wasted – skimming messages, deleting irrelevant notes, replying back to copy other colleagues, and so on. Through all this, reaction times are slowed in finding the meaningful information in their overflowing inboxes. Business process is slowed, opportunities are missed, productivity is forever lost, and expertise is under utilized, which we know doesn't bode well for the success of an organization.
Yet, innovative and forward thinking organizations have realized they need to move their employees' center of gravity from their inbox, to more useful forms of collaborating and getting real work done.

Social Mail is the New Email

Social technologies are enabling employees to collaborate and communicate across boundaries, and find and share information with a simple click of a mouse. Work environments are completely revolutionized.

Because of this, organizations realize that email *has* to become social. It cannot survive if it continues to be a one-to-one communication tool.

We know that collaboration has evolved and today takes many different forms. It’s not just email, but also includes instant messaging chats, meetings, bookmarks, blog entries, files, and so forth. As a result, the systems of the next era of collaboration need to provide some type of aggregation service that links together all collaboration tools.

Enter social mail

Social mail provides users with one integrated platform in an activity stream form, which integrates wikis, blogs, email, calendaring and more, and flags relevant data for action. It allows for instant collaboration with one simple click and provides the ability to build social communities both inside and outside the organization to increase customer loyalty and speed business results.

Social mail connects employees to conversations and contents that are relevant to them, rather than them wasting time finding it. Instead of a process-oriented inbox, users of social mail can enjoy an activity-oriented inbox – one that becomes the central hub to all activities at work.
We know that aggregation is not enough in and of itself, otherwise you’re just adding more to the volume of information already overwhelming users.

According to IDC,* digital information will grow 48% in 2012 to approximately 2.7 zettabytes. Because of this, intelligent filtering and the ability to surface relevant content becomes a business imperative.
For example, an employee’s social mail platform ‘remembers them,’ and can provide suggestions of content to follow, conversations to join, and blog posts to read, all based on previous activities and email streams. Content that is specifically relevant to them is pushed to the top of the stream.

Social mail provides users with an intuitive experience as well. Employees can now click and drag activities previously conducted in a traditional email inbox to a more appropriate platform (like a social mail platform) that enable richer and more productive conversations.
Employees can invite other colleagues into the conversation to quickly come to an agreement on a project, thus helping to reach business goals more quickly. And, relationships across the company are deepened as well.

With social mail, employees don't need to choose between email or social networking. They can now be in an environment where they can access both information and applications, as well as join conversations directly from their social mail platform.

** IDC Predictions 2012: Competing for 2020, IDC # 231720.*

Welcome to LODZ

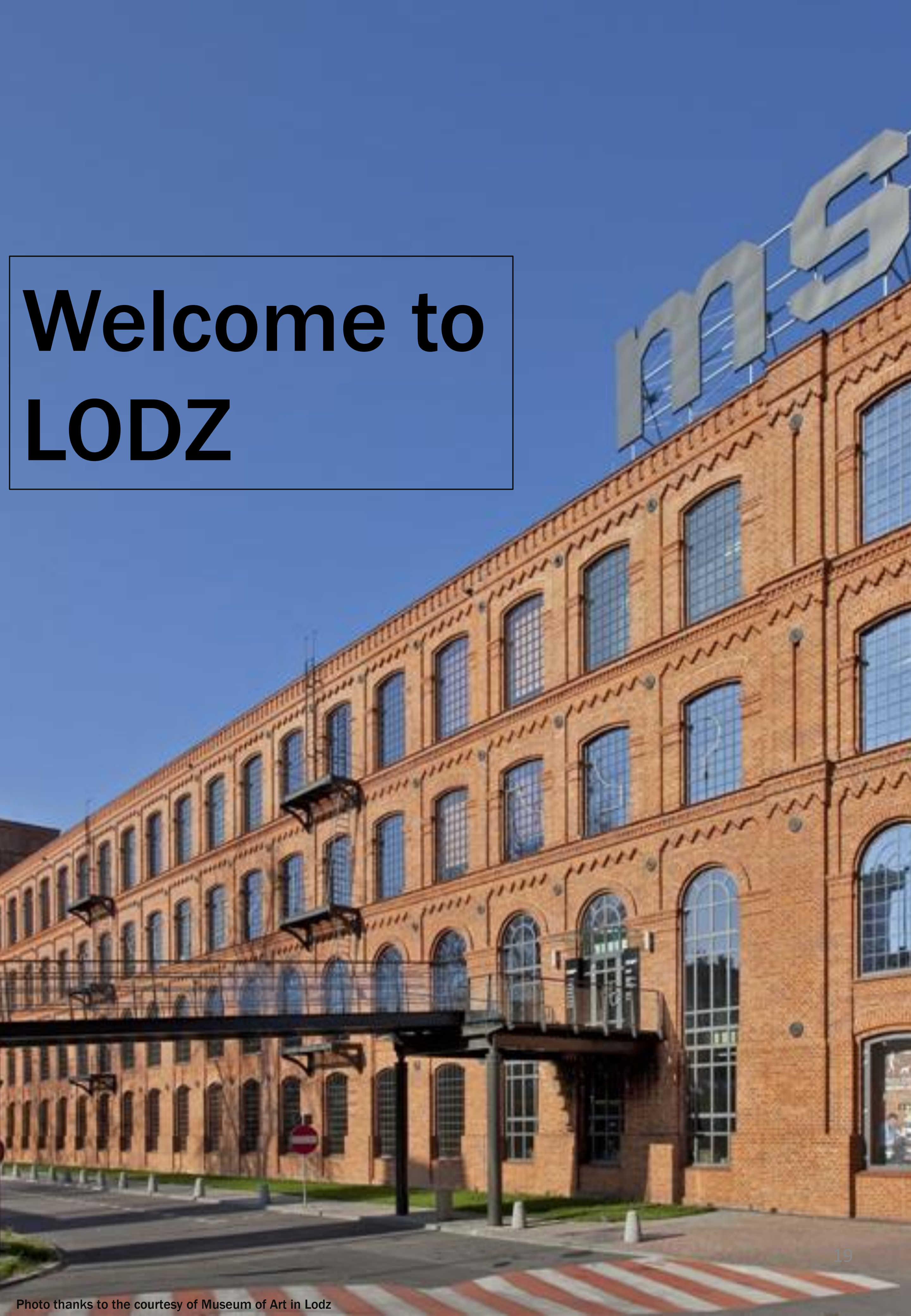

Photo thanks to the courtesy of Museum of Art in Lodz

LODZ Region for investments

by the Marshal Office of Lodz

The dynamically developing Lodz Region is an attractive partner for both domestic and foreign investors.
The economic, scientific and cultural potential and multibrand industry are the very significant elements of competitive supremacy of the region.

Highly qualified specialists and location in the central part of the country, at the intersection of the most important Polish and European communication routes, additionally increase the region attractiveness for investors.

Both traditional sectors such as textile and clothes manufacturing, power, fruit and vegetables as well as those with high development potential – mechatronics, IT/ICT develop dynamically in the region.
The Lodz region is one of the three Polish regions predestined to be named a bio-region due to the promising prospects of biotechnology and nanotechnology sector development.

The Lodz region is situated in the geometrical centre of Poland and in the centre of Central–Eastern Europe.
The location of the region has always been of great importance for its economic development.
Over 200 years ago, this was the place where industrialists from all over Europe – within just two generations – had created a powerful industrial district, and the small town of Lodz became the third largest Polish agglomeration.

The capital of the region – the city of Lodz, is a place of remarkable charm. Although its city landscape has been dominated by buildings resembling "The Promised Land" (a novel by the Polish writer Władysław Reymont), with its chimneys, factories and palaces erected in the 19th century – today's Lodz is a place where new technologies, industries and modern financial institutions are developed, as well as a regional center of art and culture.

Piotrków Trybunalski, Sieradz, Skierniewice, Tomaszów Mazowiecki, Bełchatów, Zduńska Wola, Radomsko, Kutno and Wieluń should be included among the most important cities that influence the region's development with their own economic and cultural heritage.

Besides the strategic location and industrial traditions, another significant factor influencing the economic development of the Lodz region is its agricultural and resource potential.
Brown coal determines the development of the Bełchatów Coal Basin in the south, and the northern part of the voivodship relies upon the abundant resources of **geothermal waters**.
The districts of Kutno, Łęczyca and Łowicz, situated in the northern part of the voivodship, have also specialised in agricultural and food production, and the district of Sieradz in the west – in **timber and furniture industry.**

There are approximately 230 thousand business entities located in the Lodz region. The majority of them are companies from the MSE sector. Over 97.8% of these companies are private.

Nearly half of these companies are located in Lodz – the capital of the region.
The number of companies managed by the self–employed and partnerships is a proof of the high entrepreneurial spirit in the region's community.
Over 1/3 of the companies operating in the region are trading firms, 13.5% are manufacturing companies, and over 13.5% of all firms provide real estate services.
These three sectors account for over 59% of all companies registered in the region. The production plants and workshops in the region of Lodz manufacture primarily garments, fabrics, foodstuff, beverages, furniture, metal finished products, and there are also companies that tan and dye leather.

Pharmaceutical industry and wholesales of pharmaceutical products also show an extraordinary development dynamics in the region of Lodz.
In these fields the following leaders should be mentioned: **Polfa Pabianice, Teva Kutno, Polfa Lodz and Medana Pharma Terpol Group S.A.**, and also pharmaceutical enterprises situated in Pabianice, Kutno and Ksawerów, as well as manufacturers of herbal drugs: Herbapol Lodz and Agropharm S.A.. A significant share of this industry belongs to LEK S.A. in Stryków, a generic part of Novartis consortium.

Another line of business resiliently developing in the Lodz region is the production of construction materials.

The leading manufacturer is Atlas Group, a potentate on the domestic market which holds the third position among the European manufacturers of construction chemicals.
The districts of Tomaszów and Opoczno are a developing basin for the output and processing of construction materials.

The Lodz region is the largest supplier of ceramic tiles in Poland.

Ceramika Opoczno, Ceramika Paradyż, and Ceramika Tubądzin are situated here. Such concentration of those enterprises remains in tight connection with large assets of kaolin in the region.

The Piotrkowsko–Bełchatowski Industrial District plays an important role in the economy of the region. It includes the Bełchatów Brown Cole Mine and the Bełchatów Power Plant.

Next to the mine, a power station has been erected, which delivers 20% of all electric energy produced in Poland every year. Electrical power engineering and most important transmission grids are concentrated in the region of Lodz.

A lot of companies from the white goods industry are located in the Lodz region. Bosch Siemens Hausgeräte GmbH, manufacturing automatic washing machines and dishwashers, as well as Indesit Company, manufacturing cookers, refrigerators and automatic washing machines have their plants here.
Such concentration is beneficial mainly due to the presence of qualified staff and the availability of specialised subcontractors.

The Lodz region is distinguished with well–developed tourist and hotel infrastructure, which helps in building an image of the voivodship open to tourists from Poland and from abroad.
The biggest concentration of accommodation in hotels and motels is observed in Lodz and the districts of Piotrków (including the town of Piotrków Trybunalski), Bełchatów and Radomsko.

Lodz is an important research and academic centre in Poland. The large number of universities, research institutes and departments offer young people a possibility to gain professional qualifications and a chance for development of scientific personnel.
Nearly 135 thousand students study at 36 universities and colleges. This also creates a chance for growth of the city and the entire region in various domains.
The University of Lodz, the Technical University of Lodz, as well as the Medical University are one of Poland's largest universities.

There are many scientific and research institutes as well as research and development units and facilities such as the Centre of Molecular and Macromolecular Studies at the Polish Academy of Sciences, the Institute of Occupational Medicine, the Institute of Technical Textiles "MORATEX" and the European Institute.

The research centres of Lodz enjoy a good reputation in the world due to their research in the areas of chemistry, physics, as well as polymer technology and its application in the production of plastics and synthetic fibers. The city is an important international research cooperation centre.

The Lodz region takes a significant position on the Polish and European map of culture. With its outstanding opera and ballet artists and internationally recognisable brand, the Great Theatre of Lodz attracts prominent international artists of opera to make guest appearances.
The city's drama theatres offer repertoires of both the premiere shows of the world's distinguished contemporary authors, as well as classical dramas.
The Stefan Jaracz Theatre boasts a group of actors who have won a number of awards at national contests and festivals. Just recently the Philharmonic Orchestra of Lodz moved to a modern building with two concert halls.

An important part in the cultural picture of the region is played by three art academies of Lodz: the Music Academy, the Academy of Fine Arts, and the world–famous National Film, Television and Theatre School, with renowned names associated with it, such as **Andrzej Wajda, Wojciech Jerzy Has, Jerzy Skolimowski, Krzysztof Zanussi, Krzysztof Kieślowski, Roman Polański, Witold Sobociński and many others.**

Since 1994, the Polish Film School Lodz has been holding the International Festival of Film and Television Schools "Mediaschool".
This festival enables a confrontation of the achievements of young artists from all over the world. Culture is a meaningful element of regional identity.

In the region of Lodz there survive the deeply rooted traditions and cultural diversity of whole subregions, e.g. those of Sieradz, Łęczyca, Łowicz, or Opoczno.
Folk art traditions of Łęczyca, Rawicz and Sieradz regions are continuously cultivated. Numerous folk art groups, mainly folk music bands, take every opportunity to present the authentic folklore of their regions.

About 200 genuine folk artists work in the region, including sculptors, embroiderers, paper cut–outs and bouquet makers, as well as makers of ritual accessories.
Many cultural centres hold educational activities pertaining to folk art.

Thanks to those initiatives young people are able to preserve regional traditions. Looking at the historical and cultural map of Poland, it is clear that the Lodz region is an area of unique values.

LODZ Region

Friendly and innovative

by the Marshal Office of Lodz

In the centre of Poland

The Lodz Region can be visited by car, but it would be better to watch it sailing, walking, cycling or (...) riding a horse.
In the region, there were almost 100 bicycle marked paths, leading through the most beautiful corners of the region.
Four rivers: Warta, Pilica, Bzura and Rawka and two artificial basins: Sulejowski Reservoir and the Jeziorsko Reservoir await amateurs of water sports, sailors and fishermen.
Another great tourist attraction is the longest horse track in Europe with the length of 1,8 thous. km.

Across the route of five cultural trails, i.e. amber, Roman, Cistercian, Warsaw-Vienna railway and Grunwald, one can admire monumental towns, castles, palaces and churches.

Pearls of architecture include the arch-collegiate in Tum, the monastery in Sulejów and the church in Inowłódź.

The Lodz Region is a paradise for history fans. In summer, in Konopnica there is European Day of Amber organized, over the Warta river, where ancient Romans, Vikings and Slavic warriors meet, and in Łęczyca and Uniejów there is a meeting place for knight tournaments.

Every year in June near Bolimów, there are performances organized: battles from the period of the World War I and on an anniversary of the World War II outbreak, the performances of the Bzura battle from 1939.

The Lodz Region was established from a merger of many regions, diversified in geographical terms. Until now, former customs and traditions are present here.
A hungry and thirsty tourist may taste local dishes and drinks everywhere as well as attractions intended not only for fans of folklore.
The Lodz Region is an investor-friendly area. It offers low prices of investment areas, educated workforce, industrial traditions and strategic location.
Transport and business infrastructure, as well as airport and logistics centers give a possibility to invest and increase competitiveness.
The access to markets of the European Union member states and other countries of the Central-Eastern Europe is of importance.

Strategic industries in the region include: energetic, logistics, textile industry, agricultural-foodstuffs, construction, chemical, mechanical electronics, IT.

According to the report of the Gdańsk Institute for Market Economics, the Lodz Region was ranked second nationwide with reference to the development of investments in the sector of services, third with reference to investing in industry and fourth in the field of modern technologies.
Advantages of our region include skilled employees and graduates of higher education institutions, high level of economic activity, transport availability and purchasing power of households and enterprises.

Activities of self-government authorities cover, inter alia: cluster policy, trilateral business, science, administration cooperation, transfer of technologies, foreign investments, international business cooperation and minimizing barriers for entrepreneurs.
Clerks put special emphasis on the promotion of the region and strategic industries as well as particular companies.

A flag project, aiming at supporting entrepreneurship, is the construction of a unique research centre – bionanopark – within the area of the LodzRegional Park of Science and Technology.

Road construction site

The length of regional roads in the Lodz Region amounts to 1152 km. They constitute important supplementation of the network of national roads and highways.
In 2007 the self-government of the region decided to implement the plan of upgrading regional roads, especially those which are connected with international transport corridors or constitute an alternative for interregional traffic.
It also involved increasing the investment attractiveness of the region and its socio-economic development.
The upgrading plan for 100 km of regional roads is realized per annum (repairs and investments).
Within the last years, there have been nearly 590 km of roads upgraded. The acceleration of the investment processes in transport infrastructure was affected by the support of the resources from the European Regional Development Fund.

Thanks to the EU funds for the years 2007-2013, three large road projects are being realized: the extension of the regional road no. 708 on sections from Ozorków to Niesułków (with a bypass to Stryków) and from Niesułków to Brzeziny as well as the extension of the regional road no. 725 from Rawa Mazowiecka to the borders of the region.

Another EU project being implemented is an innovative security system on regional roads and system of protection against overloaded vehicles, called "Intelligent transport systems – road overload monitoring".
The range of the road investments realized in the region, involving the modernization of regional routes, construction of A1 and A2 highways by the General Directorate for National Roads and Motorways, construction of express roads S-8 and S-14, caused that the area of the region changed into a large construction site.
Due to these investments as well as the development of an airport and railways, the Lodz Region will soon become one of the best communicated regions of Poland.

Fertile land of Lodz

The Lodz Region takes the leading place nationwide with reference to agricultural production.
It is the leader in the production of milk, slaughter pork and potatoes growing. Agricultural production is followed by processing industry.

The region possesses a well-developed milk processing base, producing world-quality products as well as meat processing plants, including the largest slaughter house in Poland of the „Pini Polonia" company opened recently.

Specifics of the agricultural households of the region and environmental conditions facilitate the development of eco-agriculture and farm tourism.

The whole Poland knows the Gardening Institute of Skierniewice (under this name since 1 January 2011) and its historical achievements, whereas few people know that our region is famous for onion growing; there are even local varieties of this vegetable which has its own festivity in the capital of the "onion growing region", namely in Grabów.

The agriculture of the Lodz Region is characterized by vast fragmentation.
The solution to increase profitability of production is to associate farmers in producers' groups.

In our region there are 29 groups of producers, including 15 groups of agricultural producers (assembling farmers growing cereals and oil plants, breeders of swine and poultry) and 14 initially recognized groups of producers of fruit and vegetables.

Joint actions allow the farmers to achieve higher quality and higher prices of goods and associations allow to apply for EU funds within the Rural Development Programme 2007-2013.

What is associated with culture in the Lodz Region?

In Lodz the following elements cross one's mind: film school and its famous graduates, post-industrial, heavily destroyed architecture, Władysław Strzemiński and Katarzyna Kobro, whose works are displayed in the Museum of Art in Lodz and ms^2 with International Collection of Modern Art of the „a.r." group.

In addition, the Piotrkowska Street with its unique secession climate, Uszatek and Colargol bears from the Se-ma-for studio, and recently Fashion Week, Lodz Design and Cartoon Festival.

At the same time, we associate the Lodz Region with the following: Łowicz cut-outs and colorful folklore outfits, flowery carpets in Spycimierz on the Corpus Christi, Cistercians monastery in Sulejów-Podklasztorze, palaces in Walewice and Nieborów.

Fans of blues will mention the Blues Night in Rawa Mazowiecka, hairdressers the Open Hair in Sieradz – the largest festival of hairdressing art in this part of Europe and everybody else – the resident of the Łęczyca castle – the Boruta devil.
During the trip across the region, it is worth visiting the following antique building museums of the Łowicz village in Maurzyce and the Pilica river in Tomaszów Mazowiecki.

Museum of Art in Lodz

The largest collection of the 20th and 21st century art in Poland

Photo thanks to the courtesy of Museum of Art in Lodz

Paintings, sculpture and spatial objects, drawings, graphics, photography and visual arts

The primary value of the collection, for the most part experimental, is its attitude of constant openness to contemporary times, which are a derivative of the tradition of the past.
This tradition is also the source of the idea to ignore boundaries between different art domains, an idea to integrate all forms of art into one "living" art organism.

The heart of the collection, setting its historical and aesthetic roots, is the International Collection of Modern Art of the "a.r." group.
It is a phenomenon on a global scale as it was initiated and called to life by the artists themselves; it assumed its shape as a result of solidary effort to act above and against boundaries.

The core of the collection was shown to the public for the first time in February 1931 in the first seat of the Museum, in the Town Hall at Plac Wolności 1, in the Hall of Modern Art.

The collection of the "a.r." group was put together between 1929 and 1932 and supplemented until 1938, both in Poland and abroad.
The initiator and driving force of the movement was Władysław Strzemiński, a painter and art theorist, with active support from the sculptor Katarzyna Kobro, the painter Henryk Stażewski, and the poets – Jan Brzękowski and Julian Przyboś.

The Collection in its ideological construct reflects the artistic preferences of Władysław Strzemiński, although it is a resultant of many people's efforts, Stażewski, Brzękowski, Hans Arp and Michel Seuphor to name a few.
It is a cross-section of the **avant-garde** trends and tendencies of the late 1920's, with a unique presentation of abstractionists such as Hans Art and Sophie Taeuber-Arp, Theo Van Doesburg, Jean Gorin, Jean Helion, Vilmos Huszar, Henryk Stażewski or Georges Vantongerloo.
However, it also exhibits **Cubism** (Fernard Léger, Louis Marcoussis), **Futurism** (Enrico Prampolini), **Dadaism** (Kurt Schwitters), **Surrealism** (Max Ernst, Kurt Seligmann), **Formism** (Leon Chwistek, Tytus Czyżweski), **"Pure Form"** (Stanisław Ingacy Witkiewicz), **Constructivism** (Aleksander Rafałowski, Andrzej Pronaszka) or **Unism** (Władysław Strzemiński).
By 1939 the Collection had at least 112 works of art, mainly paintings, but also sculptures (works of Aleksander Calder, Katarzyna Kobro) and a novelty at that time – photomontage (works of Mieczysław Szczuka).

Appointing in 1935 dr Marian Minich to the position of Museum Director, which he held until 1965 (with the exception of the war years), resulted in the first period with an expansion of the Collection with works that complemented the picture of the Polish Modern art of the time, namely the Polish Formists, Artes – a group of Lwow surrealists as well as some representative works of Jankiel Adler and Karol Hiller.

The launch of the De Stijl Room (Sala Neoplastyczna designed by Strzemiński), devised in 1948 on the occasion of moving the Museum into the former Poznanski Palace, turned out to be an act integrating the modern art collection with the formula of a museum exhibition.

The idea to exhibit De Stijl and geometric abstract paintings from the Collection of "a.r." group along with Kobro's Spatial Compositions yielded an imperishable value.
Intended as the continuation of the "a.r." group's collection, Marian Minich with the help of the painter Jerzy Kujawski made efforts to build up a set of post-war international abstract art.
They did not manage to match the rank of the original Collection, however, the Museum was donated works from artists such as Serge Charchoune (represented in the "a.r." Collection), Jerzy Kujawski, Roberto Matta, Richard Mortensen or Victor Vasarely.
Bold and unprecedented growth of the international exhibition of modern art the Museum is the result of efforts of its second director, Ryszard Stanisławski, who managed the institution in the years 1966-1991.

The idea of "the museum as an instrument of criticism", applied as a guiding light in selection of works, led him to concentrate on phenomen a perceived as open, creative and authentic.

Such attitude enabled him to obtain the first (and subsequent) works from the numbered series by Roman Opałka, early works of Krzysztof Wodiczko, Mirosław Bałka and a set of works by Czech artists (such as Jiri Kolar), bought at the end of Prague Spring.
During this period classic avant-garde works of the first part of the century were also purchased or otherwise obtained. Buying the works of Andre Masson and a painting by Leger was an unparalleled event in Polish conditions at the time.

At that time the Museum was endowed with entire collections with very strong traits of style and idealism.

Photo thanks to the courtesy of Museum of Art in Lodz

ms^1 | Więckowskiego 36

In the ms^1 space the current phenomena of art are presented and commented on and audiences are invited to participate in a **joint experiment**. ms^1 is also the historical main site of Museum of Art in Lodz, a place that has housed the collection for the past 50 years. Today, the historic space constitutes a permanent reference point for contemporary artists who are invited to create works that enter a dialogue with Strzemiński's work as a part of the "Neoplactic Room. Open Composition" project.

ms² | Ogrodowa 19

ms² is a branch of Muzeum of Art in Lodz open to the public in 2008. The Collection of the 20th and 21st Century Art is exhibited here. The way in which the collection is presented as well as the programme of activities referring to it, open for visitors, proves that modern art can still be topical and important for a contemporary recipient. Temporary exhibitions organized at ms² interpret the tradition of the 20th century art anew in a constant confrontation with manifestations of the newest art.

Photo thanks to the courtesy of Museum of Art in Lodz

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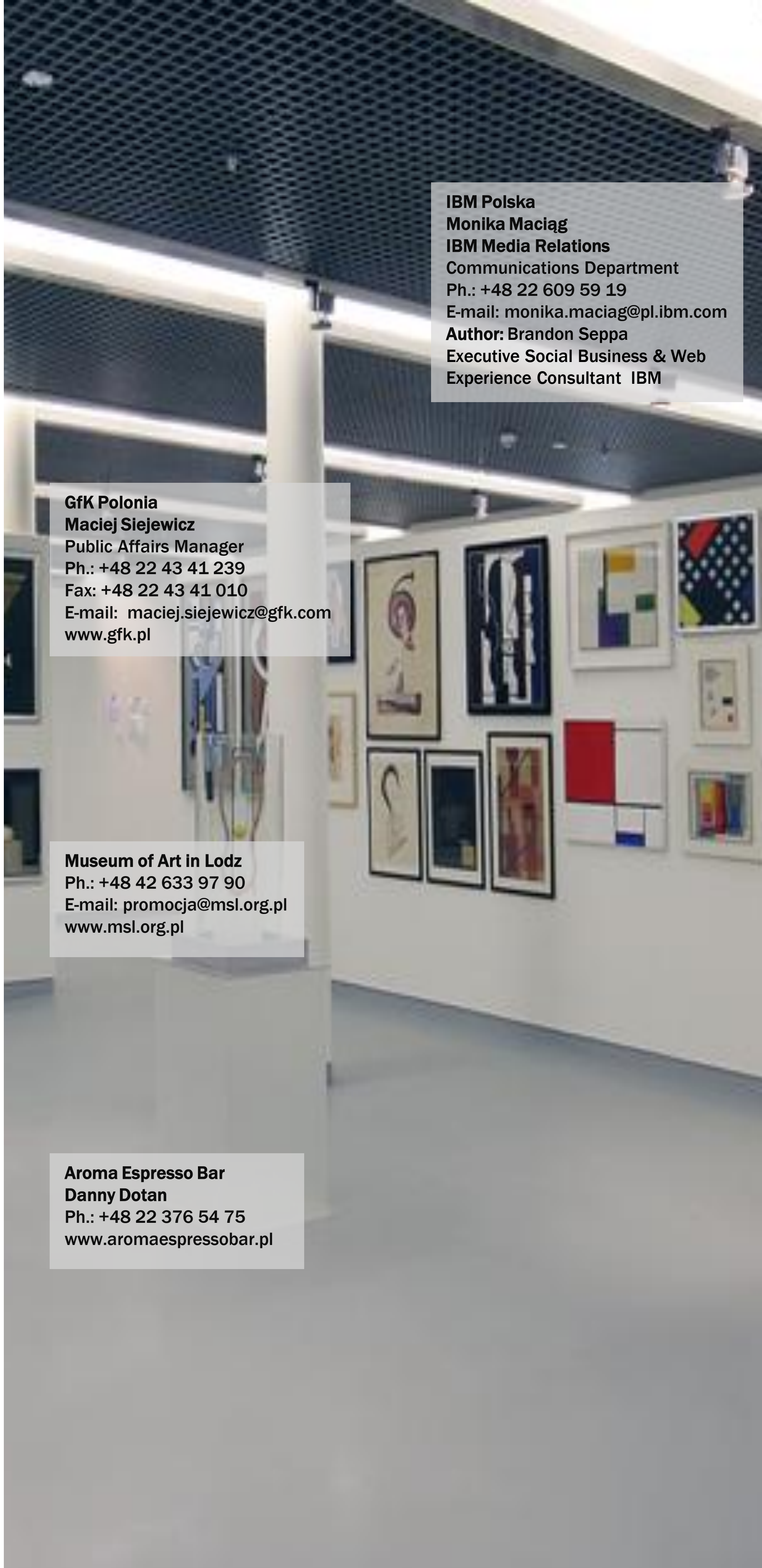

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