

Evaluation by the Members of Związek Pracodawców Shokokai
on the Polish Business Environment and
the Special Economic Zone
(Survey Results)

October 2012
Związek Pracodawców Shokokai
Japan External Trade Organization (JETRO) Warsaw Office
Embassy of Japan in Poland

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- Survey/Questionnaire
- Związek Pracodawców Shokokai member list
- Presentation used in presentation at PAliIZ (Power Point)

Introduction

1 Background and objective of the survey

Związek Pracodawców Shokokai, JETRO Warsaw Office and the Japanese Embassy in Poland and Japanese businesses wish that business in Poland is conducted smoothly and that more Japanese businesses are created.

In 2011, there were nearly 200 Japanese companies investing in Poland, creating nearly 40 thousand jobs. We conducted this survey to find out the current evaluation and views of the Związek Pracodawców Shokokai member on the Polish business environment and to present it along with requests to the Polish Government in hope it will contribute to the improvement of business environment.

Coincidentally, the Polish Government is in the process of consulting the extension of the Special Economic Zones (referred hereafter SEZs). As many of the Japanese businesses in our survey have invested in and have contributed to the SEZs which have spurred Polish economic growth, we have given the SEZs an added focus by making it an independent issue.

2 Method and scope of the survey

The survey was conducted among 98 member companies of the Związek Pracodawców Shokokai (see attachment 1) between June and August 2012 using the attached survey form (see attachment 2).

The purpose of the survey was to collect views on the current business environment in Poland and revisions to the Special Economic Zones Law. There were 54 responses or roughly 60% of the members surveyed (a breakdown by sectors is included in the table below).

Note :

1 In the Związek Pracodawców Shokokai, there are currently 8 non-Japanese businesses, JETRO, and 2 Japanese businesses that do not have bases in Poland, but with the exception of 1 non-Japanese business with Japanese management, we have not received a response.

2 This survey was conducted in Japanese, and this is a tentative translation of the Japanese original. When there are differences in descriptions, the Japanese version is authentic.

	Total	Warsaw	Other Regions
Number of Respondens	54	26	28
Manufacturing (SEZ)	20	4	16
Manufacturing (Non-SEZ)	6	2	4
Non-Manufacturing	28	20	8

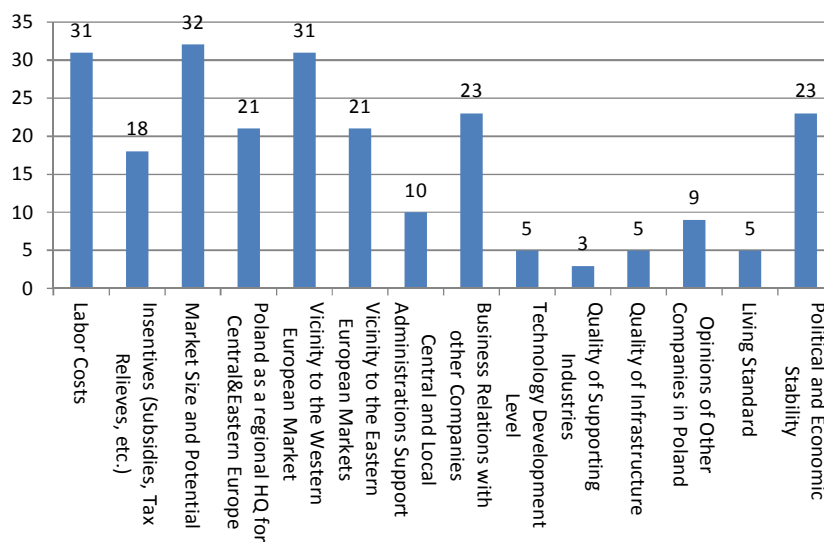
Automobile(Sales)	4
Automobile(Manufacturing)	10
Electronics, IT	9
Other Manufacturing	11
Transportation, Construction	8
Financial, Accounting, Law	2
Service, Trading	10

I Summary

1 Reasons for investing Poland

- Japanese businesses' main reasons behind investing in Poland were the size of the Polish market, its favorable geographical location (proximity to both Western and Eastern European markets) and relatively low labor cost. Many also pointed out customer relations and Polish political and economic stability.
- There was a particularly high percentage of non-manufacturing companies that pointed to Poland's central position in Eastern Europe – roughly 50%.
- Among the manufacturing firms that invested in the SEZ, 75% quoted investment incentives as a reason for their investment, which underscores the importance of such incentives for manufacturing firms' decision to invest.

Reasons for Investing in Poland

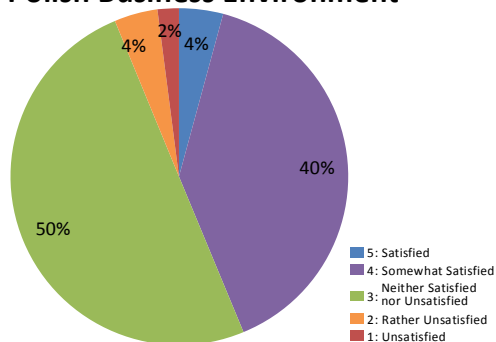


	Labor Costs	Incentives (Subsidies, Tax Relieves, etc.)	Market Size and Potential	Poland as a regional HQ for Central&Eastern Europe	Vicinity to the Western European Market	Vicinity to the Eastern European Markets	Central and Local Administrations Support	Business Relations with other Companies	Technology Development Level	Quality of Supporting Industries	Quality of Infrastructure	Opinions of Other Companies in Poland	Living Standard	Political and Economic Stability	Total
Total	31	18	32	21	31	21	10	23	5	3	5	9	5	23	54
Manufacturing(SEZ)	17	15	9	5	15	5	9	9	1	0	4	4	2	10	20
Manufacturing(Non-SEZ)	5	0	2	2	4	2	0	1	1	0	1	2	1	2	6
Non-Manufacturing	9	3	21	14	12	14	1	13	3	3	0	3	2	11	28
Automobile(Sales)	0	0	4	1	2	2	0	0	0	0	0	1	1	1	4
Automobile(Manufacturing)	10	7	6	2	9	1	4	5	1	0	2	2	2	3	10
Electronics, IT	7	3	4	5	6	6	2	4	3	1	0	0	0	5	9
Other Manufacturing	8	5	5	4	6	4	3	3	1	0	3	4	1	5	11
Transportation, Construction	2	2	5	3	3	2	0	6	0	0	0	1	0	2	8
Financial, Accounting, Law	0	0	1	0	1	1	1	1	0	0	0	0	0	1	2
Service, Trading	4	1	7	6	4	5	0	4	0	2	0	1	1	6	10
Warszawa	10	4	19	11	14	14	3	5	2	2	2	4	3	10	26
Other Region	21	14	13	10	17	7	7	18	3	1	3	5	2	13	28

2 Overall level of satisfaction

- As for the overall level of satisfaction of Japanese firms that have invested in Poland, roughly half of the respondents were somewhat satisfied. Among the remaining, most described their level of satisfaction as 'neither satisfied nor unsatisfied' and there were very few who were not satisfied (3 companies). This shows that overall, Japanese businesses appreciate the Polish business environment.
- From more specific responses we can say that there is a general appreciation of manpower (excellence and diligence in spite of low wages), political and economic stability, economic development as a result of joining the EU, public order and safety as well as SEZ incentives and SEZ promotional institutions' support. The pro-Japan sentiment in Poland seems to be another factor that has elevated satisfaction in both labor-management relations and views of Poland as a market.
- Among expressions of complaints and concern were: underdevelopment of infrastructure (especially road networks), complicated and lengthy administrative procedures, inconsistencies in interpretation and application of laws, tax systems rules and labor laws.

Satisfaction Level of the Polish Business Environment



	5	4	3	2	1	Total
Total	2	19	24	2	1	48
Manufacturing (SEZ)	1	6	9	1	0	17
Manufacturing (Non-SEZ)	0	2	3	0	1	6
Non-Manufacturing	2	11	12	1	0	26
Automobile(Sales)	0	3	1	0	0	4
Automobile(Manufacturing)	0	2	5	1	0	8
Electronics, IT	1	2	5	0	1	9
Other Manufacturing	0	4	5	0	0	9
Transportation, Construction	1	0	5	1	0	7
Financial, Accounting, Law	0	1	0	0	0	1
Service, Trading	0	7	3	0	0	10
Warsaw	0	13	12	0	0	25
Other Regions	2	6	12	2	1	23

< Comments from industry responses >

(Voices of satisfaction)

[Labor]

- While labor costs are low, labor quality is high. Due to pro-Japanese sentiment in Poland, there are little problems as labor-management relations allowing for comfortable daily operations. (General manufacturing, (no affiliation), SEZ)
- In general, workers are diligent (Automotive (sales), (no affiliation))
- With the exception of professional staff we have been able to secure high quality staff compared to companies that invested in other regions. (General manufacturing, Toruń Section Meeting, SEZ)
- Quality of workforce, public order and safety (Automotive (sales), (no affiliation))
- 14 years have passed since the company was established, and most of the present managers involved in company's management have been working with us from the beginning and thoroughly understand the policies and priorities of the top managers. Among our global network, our company has found success in the process of localizing staff. (i.e. replacing Japanese managers with Polish managers). (Automotive (manufacturing) Poznan Branch)
- In comparison to Western European countries we have been able to secure workforce of high quality at low labor costs. (Trading company, service, (no affiliation))

[Economic development]

- We have big expectations for the future development of this country (Automotive (sales), no affiliation)
- Although only inexpensive models sell, our production has reached record levels (General manufacturing, Wrocław Branch, SEZ)

[Infrastructure]

- We have a positive impression of motorways, access to airport, stable political situation, EU membership (Automotive (manufacturing), Wrocław Section Meeting, SEZ)
- Relatively stable infrastructure (electricity, water services, gas, water supply and drainage). Road conditions (extension of motorways) have also improved greatly. (General manufacturing, Krakow Branch, SEZ)
- Transportation is good (Transportation, Logistics, Construction, Krakow Branch)

[Social and living conditions]

- The positive sentiment towards Japan is reassuring to develop business here (Automotive (sales), (no affiliation))
- A pro-Japan sentiment (Transportation, Logistics, Construction (no affiliation))
- Satisfied with social and living environment (Trading company, service industry, (no affiliation))
- Public order and level of education (but not to be confused with the ability in conducting real business) (Other manufacturing, Krakow Branch)

[Other]

- Financial environment in the country is relatively stable. This may be attributed to the effects of control and leadership of the supervisory bodies (Financial, Accounting, Law, (no affiliation))
- The SEZ company is very cooperative with businesses investing in the SEZ and forthcoming, when we need to consult specific issues (Automotive (manufacturing), Wrocław, SEZ)
- From the time of establishment, we have practically experienced no problems (Trading company, service industry, Toruń Branch)
- Not outstanding, but we are satisfied to a certain extent (Automotive (manufacturing), (no affiliation), SEZ)

(Voices of concern)

[Infrastructure: roads etc.]

- Pace of building infrastructure: roads, airports etc. (Automotive (sales), no affiliation)
- Delays in building road infrastructure is causing traffic congestion and traffic accidents. There is an urgent need to improve the infrastructure (Automotive (sales) (no affiliation))
- Overall average, but being a company in the transportation industry, the current road conditions are far from a satisfying level. (Transportation, Logistics, Construction, (no affiliation))
- We would specifically like to ask for improvements in the road networks (Other manufacturing, Toruń Branch, SEZ)
- Delays in developing general roads (Automotive (manufacturing), Wrocław Branch, SEZ)
- Infrastructure (Logistics, public transportation). (Automotive (sales), (no affiliation))
- Infrastructure related areas are far from reaching a satisfactory level (Other manufacturing, (no affiliation))

[Administration]

- Government and other administration procedures take too much time for companies operating on a global scale (Transportation, Logistics, Construction, Wrocław Branch)

- Our company has its business base on acquisition of companies and our local employees handle permits and licenses. This however, is too difficult for Japanese nationals to handle. (General manufacturing, (no affiliation))
- Incessant law revisions, overprotective employee laws (Automotive (manufacturing) Wrocław Branch, SEZ) (General manufacturing, Toruń Branch, SEZ)
- While industrial district is still underdeveloped, too few privileges of investment (incentives) to the extent that there is little merit of having made the investment. (General manufacturing, Toruń Branch, SEZ)
- Procedures take too much time. Work permits/stay permits' validity is too short. We are asked to submit different documents according to different officers on duty. It would help if applying in English was allowed. We wish that various administrative procedures are simplified. A Notary Public's "Attest" is required in every single case, but could this not be simplified? (Trading company, service industry, (no affiliation))
- Responses from administration can sometimes be very rigid, without considering specific circumstances, which from a business management perspective, is sometimes a burden (Financial, Accounting, Law, (no affiliation))
- Bureaucratic behavior (Transportation, Logistics, Construction, (no affiliation))
- Services of administration (Automotive (sales), (no affiliation))
- Tax system/laws are complicated and then interpretation is varied, which sometimes sometimes creates problems for business. (General Manufacturing, Krakow Branch)

[Employment]

- Rising wages (Transportation, Logistics, Construction, Krakow Branch)
- When considering the economic condition of Poland and Europe then it appears that rate of wage increase is too high. (Other manufacturing (no affiliation))
- Staff recruitment is very difficult – we feel that in particular, human resources in supervisory jobs are drying up. (Transportation, Logistics, Construction (no affiliation))

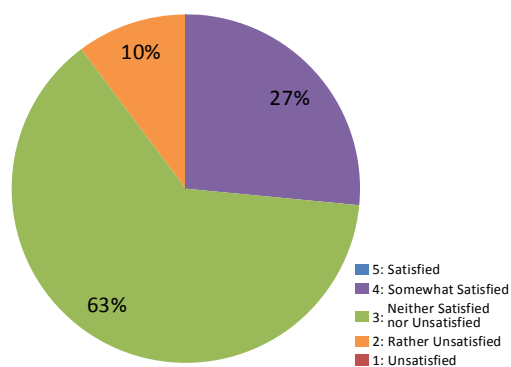
[Others]

- Business performance is greatly influenced by fluctuations in the EUR/PLN exchange rate (Automotive Wrocław Branch, SEZ)
- Due to the worsening of configuration in production volumes, profitability is dropping. The influence of cheap Chinese goods have driven prices down and we are now in the process of implementing radical business restructuring (General manufacturing, Wrocław Branch, SEZ)
- When we invested we were very unsatisfied with the development of the infrastructure but not now. (However, as mentioned above, we are very unsatisfied with not being able to be granted exemption of the fixed assets tax) (General manufacturing, Toruń Branch, SEZ)

3 Overall evaluation of incentives to invest

- In general – most of the respondents evaluated investment incentives as normal, or in general, satisfactory. Few responses gave negative comments.
- Specific comments commended Poland’s favorable geographical location, quality of HR, investment incentives, political and economic stability and assistance from institutions supporting investments. On the other hand, there were voices asking for improvement in infrastructure development, investment incentives and support toward businesses that have already invested in Poland.

Investment Promotion



	5	4	3	2	1	Total
Total	0	13	31	5	0	49
Manufacturing (SEZ)	0	5	11	3	0	19
Manufacturing (Non-SEZ)	0	2	3	0	0	5
Non-Manufacturing	0	6	17	2	0	25
Automobile(Sales)	0	1	3	0	0	4
Automobile(Manufacturing)	0	2	8	0	0	10
Electronics, IT	0	2	4	1	0	7
Other Manufacturing	0	3	3	4	0	10
Transportation, Construction	0	1	6	0	0	7
Financial, Accounting, Law	0	0	1	0	0	1
Service, Trading	0	4	6	0	0	10
Warsaw	0	8	15	2	0	25
Other Regions	0	5	16	3	0	24

< Specific responses >

(Positive comments)

- Favorable geographical position of Poland and its political and economic stability continue to be a plus (Automotive (manufacturing), Wrocław Branch, SEZ)
- Positive elements are its subsidy system, tax relief, stable politics and quality of labor force (General manufacturing, Wrocław Branch, SEZ)
- Overall attractive investment environment including securing personnel, infrastructure, administrative authorities support etc. (General manufacturing (no affiliation), SEZ)
- KSEZ is extremely helpful, and although within its ability, supported us in checking administrative procedures to ensure there were no mistakes (General manufacturing, Krakow Branch, SEZ)
- PALIZ is also supporting us very actively (Trading company, service industry)
- Compared to other Central and Eastern Europe countries, incentives to invest are good (Transportation, Logistics, Construction (no affiliation))

(Complaints/requests/Rooms for improvement)

- The merits that were decisive when making the investment are losing their attractiveness we think there should be incentives not only for new investments but for existing ones to stay here from a longer perspective (Automotive (manufacturing), Wrocław Branch, SEZ)
- The Polish side was eager when attracting us to invest, but we do not feel so now. (Automotive (manufacturing), Wrocław Branch, SEZ)
- While cooperation in the industrial zone is underdeveloped and there are few privileges; we feel almost no merits for having investing here. We would especially like to see improvements in the transportation network (General manufacturing, Toruń Branch, SEZ)

- Infrastructure is not adequate (General manufacturing, Wrocław Branch, SEZ)
- Conditions are not adequate (Automotive (sales), (no affiliation))
- The fixed assets tax relief that was promised at the time of investment is no longer applicable, and hurting our operations. We have been talking with local government and the SEZ, but we have been denied. We strongly wish that this problem is resolved. Infrastructure and public transportation at the time of investment was also a problem (General manufacturing, Toruń Branch, SEZ)
- As far as the Japanese investment is concerned there is still a need for more pronounced action (room for improvement) by the Polish Embassy and Commercial Affairs authorities in Tokyo (Automotive (manufacturing), (no affiliation), SEZ).

(Others)

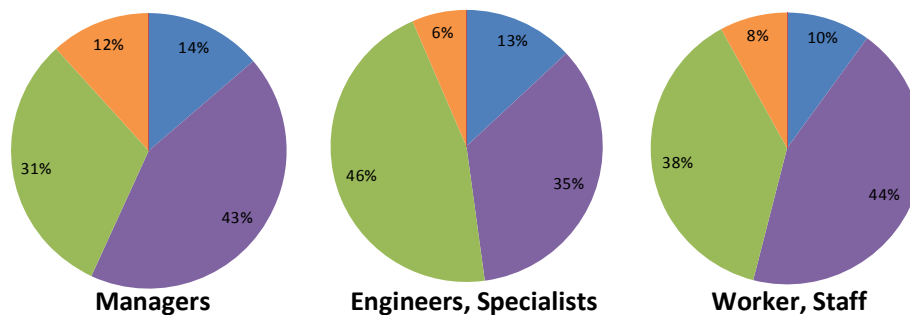
- Generally speaking, incentives to invest are average (General manufacturing, Wrocław Branch, SEZ)
- In our case investment decisions are greatly influenced by the presence of Japanese companies, so we believe Poland is a big market. (Transportation, Logistics, Construction (no affiliation))

I I Human resources

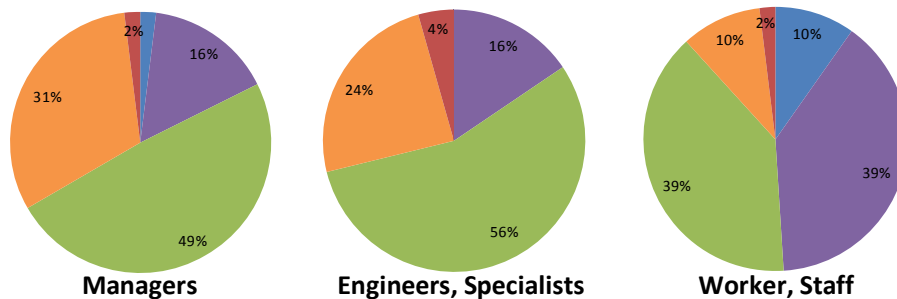
1 Overview

- In terms of quality of employees there were few complaints in each category (about 10%). There is a satisfaction in that with capable and responsible workforce can be secured at a relatively low labor cost. Favorable sentiment towards the Japanese has also helped raise perception among the Japanese businesses
- On the other hand, one in four companies voices securing staff with high managerial skills. Many also point out that it has become increasingly difficult to find employees recently
- As there are concerns about raising labor costs and quality of European specialists, it is necessary to elevate the expertise of managers, engineers, specialists to make their level of experience commensurate to rising wages.

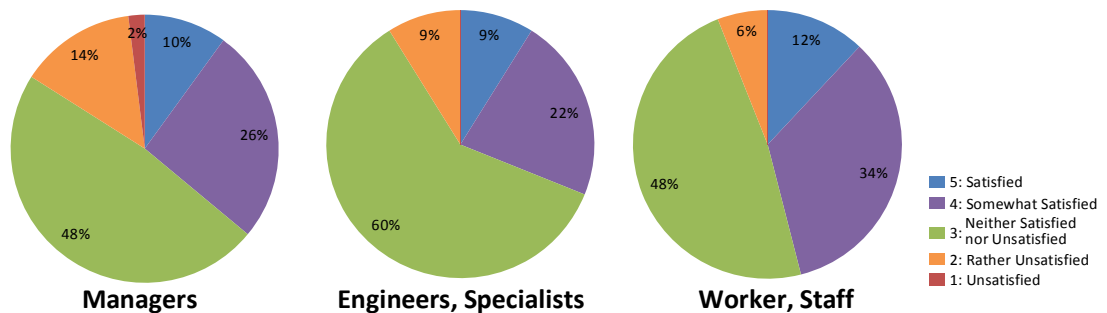
Quality of Human Resources



Availability of Human Resources



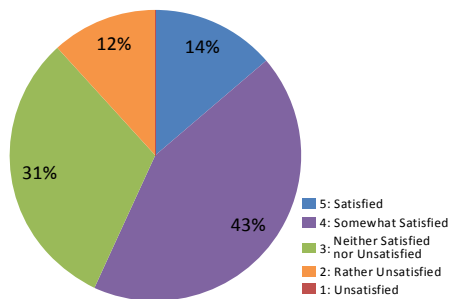
Level of Salaries



2 Specific responses on the level of managers

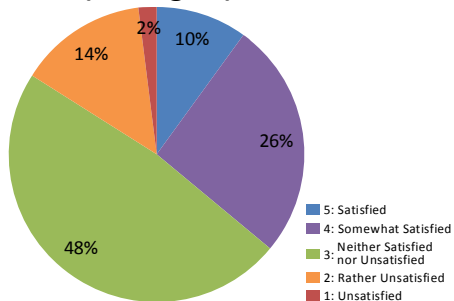
- While there are obvious discrepancies on an individual basis, overall, Japanese companies have found human resources in Poland as being talented, responsible and capable vis a vis labor costs. However, securing such employees has become increasingly difficult, and with rising labor costs, although the overall level of satisfaction is relatively high, a sense of concern is growing.
- Particularly common are the lack of competent managements and talents in conducting business. Those under 45 are highly talented but lack managerial skills.

Quality of Human Resources (Managers)



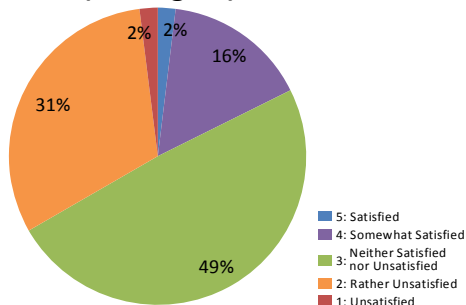
	5	4	3	2	1	Total
Total	7	22	16	6	0	51
Manufacturing (SEZ)	5	6	4	3	0	18
Manufacturing (Non-SEZ)	0	3	3	0	0	6
Non-Manufacturing	2	13	9	3	0	27
Automobile (Sales)	0	2	2	0	0	4
Automobile (Manufacturing)	3	2	2	2	0	9
Electronics, IT	1	3	4	1	0	9
Other Manufacturing	1	6	2	1	0	10
Transportation, Construction	1	2	3	2	0	8
Financial, Accounting, Law	0	1	0	0	0	1
Service, Trading	1	6	3	0	0	10
Warsaw	1	12	7	3	0	23
Other Regions	6	10	9	3	0	28

Availability of Human Resources (Managers)



	5	4	3	2	1	Total
Total	5	13	24	7	1	50
Manufacturing (SEZ)	1	5	12	0	0	18
Manufacturing (Non-SEZ)	1	2	3	0	0	6
Non-Manufacturing	3	6	9	7	1	26
Automobile (Sales)	0	1	2	1	0	4
Automobile (Manufacturing)	1	0	8	0	0	9
Electronics, IT	0	4	5	0	0	9
Other Manufacturing	1	4	4	1	0	10
Transportation, Construction	0	1	1	5	1	8
Financial, Accounting, Law	0	0	1	0	0	1
Service, Trading	3	3	3	0	0	9
Warsaw	3	6	9	3	1	22
Other Regions	2	7	15	4	0	28

Level of Salaries (Managers)



	5	4	3	2	1	Total
Total	1	8	25	16	1	51
Manufacturing (SEZ)	1	3	6	7	1	18
Manufacturing (Non-SEZ)	0	1	3	2	0	6
Non-Manufacturing	0	4	16	7	0	27
Automobile (Sales)	0	0	4	0	0	4
Automobile (Manufacturing)	0	1	2	5	1	9
Electronics, IT	0	1	6	2	0	9
Other Manufacturing	1	2	4	3	0	10
Transportation, Construction	0	1	2	5	0	8
Financial, Accounting, Law	0	0	1	0	0	1
Service, Trading	0	3	6	1	0	10
Warsaw	0	3	16	4	0	23
Other Regions	1	5	9	12	1	28

< Specific Response >

(Positive comments)

- In general, a high sense of responsibility and diligence. Of course, there are obvious exceptions, but overall we are satisfied (General manufacturing, (no affiliation))
- In securing our staff we did not rely on headhunting company but created our own managerial staff by internal promotions. Each staff member has a sense of ownership of our company and is very competent. (General manufacturing, Wrocław Branch, SEZ)
- We succeeded in securing relatively good staff. We do not hire any new employees (General manufacturing, Toruń Branch, SEZ)
- The level of experience of employees are on par with their Western European counterparts, while labor costs are low. (Automotive (sales), (no affiliation))
- We think that low labor costs is an attraction. As Świdnica is close to relatively large Wrocław and Walbrzych, we hope that securing the necessary personnel will not be difficult. (General manufacturing, (no affiliation), SEZ)
- Ambitious, quick in catching up and highly loyal. Eager in learning and raising their skills. (Trading company, service industry, (no affiliation))
- Even in a city such as Toruń, one can find a decent workforce. (Trading company, service industry, Toruń Branch)
- The quality of human resources is relatively high. Whole some are conservative and not quite eager to learn new skills, once accepting the need they will execute tasks without fail. (Financial, Accounting, Law, (no affiliation))
- Motivated in improving their abilities and level of proficiency of their tasks are high (Trading company, service industry, (no affiliation))

(Requests / points of improvement)

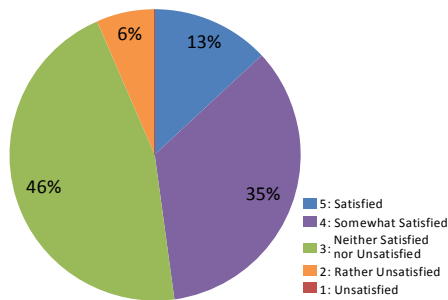
- There is a scarcity of managers over 45 years of age with whom we can entrust leading the whole workforce. On the contrary, those younger than 40 are capable. (Electrical, Electronics, IT, Toruń Branch, SEZ)
- There is a lack of human resources in the so called "middle management". The younger generation is rising in their abilities, but their managerial skills are still low and cost-performance is not good (Automotive (manufacturing), Wrocław Branch, SEZ)
- There is a need to raise the level of the English language skills and deepen understanding and participation in tasks beyond their own duties (Automotive (sales), (no affiliation))
- Quality employees there are, but the wage level is high. (Transportation, Logistics, Construction, Krakow Section Meeting)
- Securing quality personnel is becoming increasingly difficult in recent years. (General manufacturing, Krakow Branch, SEZ)
- Recruiting is becoming increasingly difficult. Struggling to keep abreast with wages of neighboring businesses (Automotive (manufacturing), Wrocław Branch, SEZ)
- Talented people there are but in comparison with general staff their wage level is too high (including perks like company-owned cars) (Automotive (sales), (no affiliation))
- There is a lack of international business experience (Electrical, Electronics, IT, Krakow Branch)
- There is an imbalance between labor quality and wages. (General manufacturing, (no affiliation))
- It is difficult to hire competent managers locally. Although we do nation-wide recruiting, there is an expectation of higher wages, as it will demand the change of residence etc. (Electrical, Electronics, IT, Toruń Branch, SEZ)
- Securing quality personnel is becoming increasingly difficult. (Trading company, service industry, (no affiliation))
- In a small town that we are, hiring quality personnel is difficult. (trading company, service industry, Toruń Branch)

- Hiring quality personnel, especially for marketing positions, is difficult. (Electrical, electronics, IT, (no affiliation)) (and others)
- We feel that quality personnel is drying up. There is also a big gap between what our company can offer in wages and what applicants' expectations are. In many cases, the aptitude of candidates are well below our company's expectations. (Transportation, Logistics, Construction, (no affiliation))
- Wages are rising too fast. There is a sense that business practices are shifting to those of the USA. (Automotive (manufacturing), (no affiliation), SEZ)
- It is difficult to secure quality managers (Transportation, Logistics, Construction, (no affiliation))
- It is very difficult to recruit personnel as managers who have the appropriate mindset and skills and who can adapt to our corporate culture. It seems that there is no other way than to train such personnel over an extended period of time. (Automotive (manufacturing), Wrocław Branch, SEZ)
- Competences among managers are varied (and large differences between successful recruitment and not). It is very difficult to tell at the time of recruitment. (Transportation, Logistics, Construction, Wrocław Branch)
- In a sector as particular as ours, it is difficult to hire a reliable manager. (Transportation, Logistics, Construction, (no affiliation))
- Mindful of our location and the circumstances we are in (close to a venture capital), the level of managerial skills and awareness is far from our expectation. (General manufacturing, Krakow Branch)

3 Specific responses on the level of Engineers and Specialists

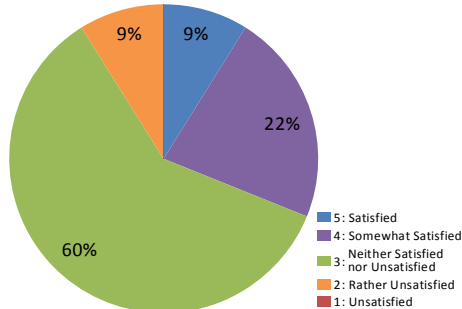
- Very few companies expressed dissatisfaction with the quality of engineers and specialists (6%). The overall level of satisfaction is high
- There is an appreciation for the low labor costs, high personnel quality and positive sentiment towards Japan.
- Some pointed out to the scarcity of talented personnel and growing difficulty in recruitment. It indicates that there are concerns of rising of labor costs in some sectors and regions.

Quality of Human Resources (Engineers, Specialists)



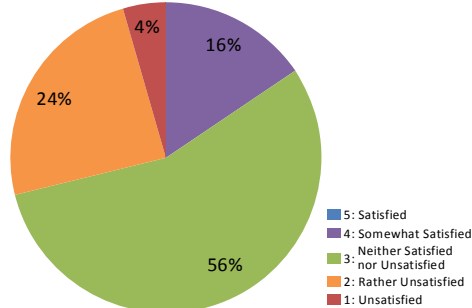
	5	4	3	2	1	Total
Total	6	16	21	3	0	46
Manufacturing (SEZ)	4	6	6	2	0	18
Manufacturing (Non-SEZ)	1	2	3	0	0	6
Non-Manufacturing	1	8	12	1	0	22
Automobile (Sales)	0	1	2	0	0	3
Automobile (Manufacturing)	3	1	5	0	0	9
Electronics, IT	0	3	5	1	0	9
Other Manufacturing	2	6	0	2	0	10
Transportation, Construction	0	3	4	0	0	7
Financial, Accounting, Law	0	0	1	0	0	1
Service, Trading	1	2	4	0	0	7
Warsaw	3	5	11	1	0	20
Other Regions	3	11	10	2	0	26

Availability of Human Resources (Engineers, Specialists)



	5	4	3	2	1	Total
Total	4	10	27	4	0	45
Manufacturing (SEZ)	1	5	11	1	0	18
Manufacturing (Non-SEZ)	1	1	3	1	0	6
Non-Manufacturing	2	4	13	2	0	21
Automobile (Sales)	0	1	2	0	0	3
Automobile (Manufacturing)	1	0	7	1	0	9
Electronics, IT	0	3	6	0	0	9
Other Manufacturing	1	3	4	2	0	10
Transportation, Construction	0	0	5	1	0	6
Financial, Accounting, Law	0	0	1	0	0	1
Service, Trading	2	3	2	0	0	7
Warsaw	2	5	11	1	0	19
Other Regions	2	5	16	3	0	26

Level of Salaries (Engineers, Specialists)



	5	4	3	2	1	Total
Total	0	7	25	11	2	45
Manufacturing (SEZ)	0	4	6	6	2	18
Manufacturing (Non-SEZ)	0	0	4	2	0	6
Non-Manufacturing	0	3	15	3	0	21
Automobile (Sales)	0	0	2	1	0	3
Automobile (Manufacturing)	0	1	2	5	1	9
Electronics, IT	0	2	5	1	1	9
Other Manufacturing	0	2	5	3	0	10
Transportation, Construction	0	2	4	0	0	6
Financial, Accounting, Law	0	0	1	0	0	1
Service, Trading	0	0	6	1	0	7
Warsaw	0	1	16	2	0	19
Other Regions	0	6	9	9	2	26

< Specific responses of the level of engineers and specialists >

(Positive comments)

- Highly professional. (General manufacturing, (no affiliation))
- Most engineers have been promoted from production line operators and are highly motivated. Other employees also know their work well and perform their duties with a positive attitude. There are no complaints (General manufacturing, Wrocław Branch, SEZ)
- Quality of employees is on par of Western Europe, while labor costs are competitive (Automotive (sales), (no affiliation))
- Communicating in English is possible and a positive sentiment towards Japan allows for comfortable daily operations. (General manufacturing, (no affiliation), SEZ)
- There are talented employees who may improve greatly by training (Electrical, Electronics, IT, Toruń Branch, SEZ)
- We think that low labor costs is an attraction. As Świdnica is close to relatively large Wrocław and Walbrzych, we hope that securing the necessary personnel will not be difficult. (General manufacturing, (no affiliation), SEZ)
- The level of professional knowledge is high (Electrical, Electronics, IT, Krakow Branch)
- They are ambitious, quick to catch up with professional skills, very loyal. They are very eager to raise their skills and learn. (Trading company, service industry, (no affiliation))
- We managed to secure young and eager staff. (Transportation, Logistics, Construction (no affiliation))
- The level of proficiency is high. (Trading company, service industry, (no affiliation))

(Requests/Rooms for improvement)

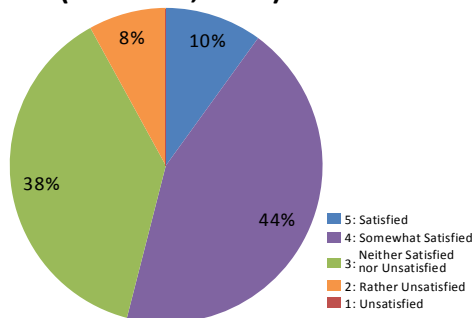
- Difficulty in securing talented people (there is a lack of such staff in absolute terms) (Automotive (sales), (no affiliation))
- There is a shortage of qualified personnel. Recruiting is challenging. (General manufacturing, Toruń Branch, SEZ)
- In places remote from big cities it is difficult to retain engineers. (Automotive (manufacturing), Krakow Branch)
- There is talented personnel, but wage levels are high (Transportation, Logistics, Construction, Krakow Branch)
- As far as hiring is concerned it is quite difficult. We are struggling to compete on wages with neighboring businesses (Automotive (manufacturing), Wrocław Branch, SEZ)
- As mentioned earlier new graduates and other young people are on the rise but they lack experience and their expectations on wages are not correspondent to their abilities (Automotive (manufacturing), Wrocław Branch, SEZ)
- The level of professional jobs (quality) is low. (General manufacturing, (no affiliation))
- We are struggling to secure professional staff in the chemical and engineering positions within commuting distance [from our company] (Automotive (manufacturing), Poznan Branch)
- In the Toruń region finding good engineers, professionals and managers is difficult (Electrical, Electronics, IT, Toruń Branch)
- It is difficult to secure talented people in a small town (Trading company, service industry, Toruń Branch)
- It is particularly difficult to secure talented people for marketing positions (Electrical, Electronics, IT, (no affiliation))
- We think that overall, the level of proficiency individual staff is acceptable, but there is a lack of sense of responsibility. Given our company's location, securing quality personnel is quite difficult (General manufacturing, Krakow Branch)

- Wages are rising too fast. It seems that it is an imitation of the USA's practices. (Automotive (manufacturing), (no affiliation), SEZ)
- It is becoming increasingly difficult to secure quality personnel. (General manufacturing, Krakow Branch, SEZ)
- It takes from 3 to 5 years to train staff to an acceptable level, but as new graduates have a tendency to change jobs, such training often turns out to be a waste of resources. On the other hand, very often newly recruited staff with experience ask for salaries disproportionate to their abilities, and lead to pushing up the wage level of current staff. (Automotive (manufacturing), Wrocław Branch, SEZ)

4 Specific responses on the level of general workers, staff

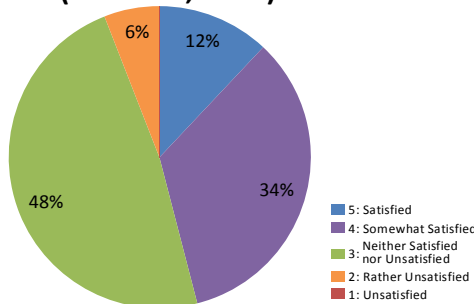
- There is a high level of satisfaction of the high quality and low costs of general staff (diligent and effective) .
- Among worries of companies are: the high rate of people changing jobs, lax use of sick leaves and shortage of staff.

Quality of Human Resources (Workers, Staff)



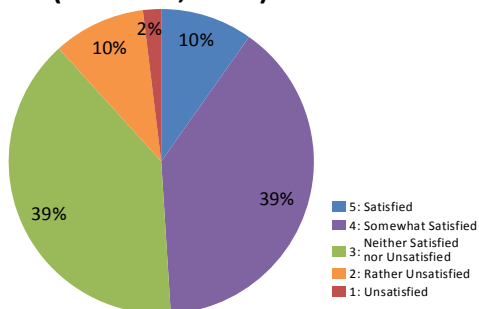
	5	4	3	2	1	Total
Total	5	22	19	4	0	50
Manufacturing (SEZ)	2	9	7	0	0	18
Manufacturing (Non-SEZ)	1	1	3	1	0	6
Non-Manufacturing	2	12	9	3	0	26
Automobile(Sales)	0	4	0	0	0	4
Automobile(Manufacturing)	2	3	3	1	0	9
Electronics, IT	1	3	5	0	0	9
Other Manufacturing	0	6	3	1	0	10
Transportation, Construction	1	2	3	2	0	8
Financial, Accounting, Law	0	0	1	0	0	1
Service, Trading	1	4	4	0	0	9
Warsaw	2	11	7	2	0	22
Other Regions	3	11	12	2	0	28

Availability of Human Resources (Workers, Staff)



	5	4	3	2	1	Total
Total	6	17	24	3	0	50
Manufacturing (SEZ)	1	8	9	0	0	18
Manufacturing (Non-SEZ)	2	1	2	1	0	6
Non-Manufacturing	3	8	13	2	0	26
Automobile(Sales)	0	3	1	0	0	4
Automobile(Manufacturing)	1	0	7	1	0	9
Electronics, IT	1	4	4	0	0	9
Other Manufacturing	1	6	3	0	0	10
Transportation, Construction	0	3	3	2	0	8
Financial, Accounting, Law	0	0	1	0	0	1
Service, Trading	3	1	5	0	0	9
Warsaw	4	7	10	1	0	22
Other Regions	2	10	14	2	0	28

Level of Salaries (Workers, Staff)



	5	4	3	2	1	Total
Total	5	20	20	5	1	51
Manufacturing (SEZ)	1	8	5	3	1	18
Manufacturing (Non-SEZ)	1	3	2	0	0	6
Non-Manufacturing	3	9	13	2	0	27
Automobile(Sales)	0	2	2	0	0	4
Automobile(Manufacturing)	0	3	3	2	1	9
Electronics, IT	1	4	4	0	0	9
Other Manufacturing	1	5	3	1	0	10
Transportation, Construction	2	2	2	2	0	8
Financial, Accounting, Law	0	0	1	0	0	1
Service, Trading	1	4	5	0	0	10
Warsaw	4	6	12	1	0	23
Other Regions	1	14	8	4	1	28

< Specific responses >

(Positive responses)

- Diligent (General manufacturing, (no affiliation))
- Quality of work is high vis-à-vis the low labor costs. Forthcoming and easy to work within conditions (General manufacturing, (no affiliation), SEZ)

- It probably differs by the region but in general eager and talented. (Electric, Electronics, IT, Toruń Branch, SEZ)
- In general diligent (Transportation, Logistics, Construction, (no affiliation))
- Quality of employees is not short of that of the Western Europe; wage conditions are favorable (Automotive (sales), (no affiliation))
- Diligent in comparison with neighboring countries. Execute tasks without fail. (Transportation, Logistics, Construction, Wrocław Branch)
- We think that low labor costs is an attraction. As Świdnica is close to relatively large Wrocław and Walbrzych, we hope that securing the necessary personnel will not be difficult. (General manufacturing, (no affiliation), SEZ)
- We somehow can recruit employees when necessary. (General manufacturing, Toruń Branch, SEZ)
- On average, quality is high (Transportation, Logistics, Construction, Krakow Branch)
- We are able to secure a certain level of staff at relatively reasonable labor costs (Automotive (sales), (no affiliation))
- As a result of an economic downturn after the Lehman Brothers bankruptcy in 2008, recruiting has become relatively easy. (Electrical, Electronics, IT, Toruń Branch, SEZ)
- Because we are a provincial town, recruitment of general staff is relatively easy (Trading company, service industry, Toruń Branch)
- Perhaps because of difficulty for graduates to find jobs there are enough candidates for our offers. (Trading company, service industry, Toruń Branch)
- Quick in catching-up on professional skills. (Trading company, service industry, (no affiliation))
- Executive job instructors are very serious and seldom make mistakes. (Financial, Accounting, Law, (no affiliation))
- We mainly employ women and our experience has proven that they are most serious and diligent. (Automotive (manufacturing), Wrocław Branch, SEZ)

(Requests/points of improvement)

- Job turnover is too high. (Automotive (sales), (no affiliation))
- Many young Polish workers go overseas in search of new jobs so we always end up working with new people, putting safety and quality at constant risk (General manufacturing, Wrocław Branch, SEZ)
- Although very skillful in executing instructions, there is a lack of tendency to be proactive beyond their given instructions. (Transportation, Logistics, Construction, Wrocław Branch) (Others)
- There are many cases of long sick leaves. We feel that the doctors prescribe long sick leaves too easily. (Automotive (manufacturing), Krakow Branch)
- It is difficult to secure good candidates when recruiting. There is also a problem of declining quality of personnel such as newly recruited employees leaving after a short period of time. (Automotive (manufacturing), Krakow Branch, SEZ)
- (Although this may be something that pertains to potential industries) we find difficulty in retaining salespersons. (Trading company, service industry, (no affiliation))
- There are few people that are able to read the situation and be proactive, taking actions (Financial, Accounting, Law (no affiliation))
- It takes a long time to find an employee that is proficient in English and also has professional expertise. (Trading company, service industry, (no affiliation))
- Although not problematic, taking actions by initiative is a rarity. (General manufacturing, Krakow Branch)

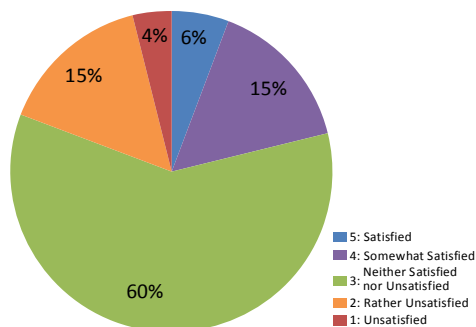
- In the course of time finding talented people is becoming difficult. (General manufacturing, Krakow Branch, SEZ)
- As far as hiring is concerned, it is becoming quite difficult. We are struggling to compete on wages with neighboring businesses. (Automotive (manufacturing), Wrocław Branch, SEZ)
- Although there may be a problem with the working environment, we are experiencing difficulty from the high job turnover rate. While there is a limit to the wage we can offer morals are low and regretfully theft has happened, resulting in added costs to prevent such theft. (Transportation, Logistics, Construction, (no affiliation))
- Much depends on economic conditions as well as rate of minimum wages hikes. (Automotive (manufacturing), (no affiliation), SEZ)
- The number of companies investing in Special Economic Zones has increased and making it more and more difficult to find staff in the vicinity of the area (job turnover is high). (Automotive (manufacturing), Wrocław Branch, SEZ)

I I I Administration and tax

1 Level of support and services of administration

- About 20% of respondents were equally satisfied and unsatisfied, satisfaction in manufacturing industries, dissatisfaction was high in the non-manufacturing industries
- Main aspects: simplification of administrative procedures, reduction of time needed to process the procedures, reduction of room of interpretation, uniform application, allowing the submission of the documents in English
- There are also requests for better services and support for firms investing in Poland (administrative support, etc.)
- Specific problems that are raised: short period of valid work permits; requirement for Notary Public's "Attests" is in all circumstances; length of retaining human resources documents is not clear; notification to construction terms/regulations after construction plan is submitted; lengthy redemption period of medical insurance.

Public Administration & Service



	5	4	3	2	1	Total
Total	3	8	31	8	2	52
Manufacturing (SEZ)	3	1	12	3	0	19
Manufacturing (Non-SEZ)	0	2	4	0	0	6
Non-Manufacturing	0	5	15	5	2	27
Automobile (Sales)	0	0	2	1	1	4
Automobile (Manufacturing)	1	0	8	0	0	9
Electronics, IT	0	3	5	1	0	9
Other Manufacturing	2	0	6	3	0	11
Transportation, Construction	0	1	4	2	1	8
Financial, Accounting, Law	0	1	0	0	0	1
Service, Trading	0	3	6	1	0	10
Warsaw	2	4	14	4	1	25
Other Regions	1	4	17	4	1	27

< Specific responses >

(Positive comments)

- The Świdnica (SEZ) Administrative Authorities have been very forthcoming when we need their help. (General manufacturing, (no affiliation), SEZ)

(Requests/points of improvement)

- It takes a lot of time and too many documents are needed (General manufacturing, (no affiliation))
- We strongly request shortening of the time it takes to complete various procedures and simplification of those procedures (Automotive (sales), (no affiliation))
- There's too great a discrepancy between the time it takes the Government to respond to or to clear various procedures when compared to the speed at which Global businesses operate (Transportation, Logistics, Construction, Wrocław Branch)
- There is no sense of speed. There are differences depending on who is attending to the matter (Transportation, Logistics, Construction, Wrocław Branch)
- There is always a tendency to postpone / delay responses to request and infrastructure related promises/arrangement (Automotive (manufacturing), Wrocław Branch, SEZ)
- Compared to the time of initial investment for the past few years we observe cases of very strict treatment (Automotive (manufacturing), Wrocław Branch, SEZ)

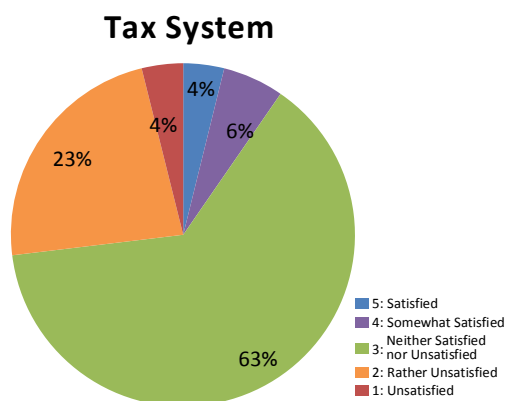
- One cannot feel that the city as a whole is supporting the firm investing in the city. The mere fact that foreigners have to submit administrative documents are not given due consideration. (Automotive (manufacturing), Wrocław Branch, SEZ)
- There is almost no favorable treatment for industrial park businesses (General manufacturing, Toruń Branch, SEZ)
- All procedures take too much time. The validity period of work permits are too short. Required documents differ depending on the official. It would help if submitting documents in English was allowed. We would welcome a simplification of various administrative procedures. A Notary Public's 'Attest' is required in all cases, but there must be a way to simply this requirement. (Trading company, service industry)
- We request that the necessary length of retaining human resources documents be defined. For example, 5 years which applies for documents relating to management could be one option. (Trading company, service industry)
- All procedures are complex and take a long time – we would like to see improvement (General manufacturing, Krakow branch, in SEZ)
- Depending on the person in charge, different documents are required and the levels of requirements are varied. Construction requirements are notified only after application of the project have been submitted. Requests for quick improvements. (Automotive (sales), (no affiliation))
- As for medical care insurance refund, the time needed for approval is too long (General manufacturing, (no affiliation))
- We are currently considering the construction of a new office building. Since the proposed site is within the 'Zoning plan' area, delay in implementing this 'Zoning plan' has forced us to postpone the timing of our investment. (Trading company, service industry, (no affiliation))
- Responses from administration can sometimes be very rigid, without considering specific circumstances, which from a business management perspective, is sometimes a burden (Financial, Accounting, Law, (no affiliation))
- Responses and interpretations of the Local Authorities vary considerably which have led to occasional difficulties (General manufacturing, Krakow branch)
- Election results in even changing of hands at even the department head level, making administration unstable. (Automotive (manufacturing), (no affiliation), in SEZ)
- Big differences in services depending on the person in charge. (Transportation, Logistics, Construction, (no affiliation))

(Others)

- We are in close contact with Local Authorities but not with the Central Government ministries and agencies (Automotive (manufacturing), Wrocław Branch, SEZ)

2 Legal and Tax system

- 1 in 4 responses voiced dissatisfaction with the Tax System. 3 out of 5 companies that expressed satisfaction were those investing in the SEZs, suggesting satisfaction for incentives for investing in SEZs.
- The main reasons behind dissatisfaction with the tax system were: complicated and difficult to rules, frequent changes, implementation varied interpretation among officials, non-conformance with EU standards, etc.
- Other responses entailed: Requests for abolishing system of VAT payments on customs clearance for later refund. In case of vehicle sales, abolishing the system of offsetting end consumer discounts by future whole sale price invoice corrections.



	5	4	3	2	1	Total
Total	2	3	33	12	2	52
Manufacturing (SEZ)	2	1	10	4	2	19
Manufacturing (Non-SEZ)	0	1	5	0	0	6
Non-Manufacturing	0	1	18	8	0	27
Automobile (Sales)	0	0	2	2	0	4
Automobile (Manufacturing)	1	0	7	0	1	9
Electronics, IT	0	1	5	3	0	9
Other Manufacturing	1	1	5	3	1	11
Transportation, Construction	0	0	5	3	0	8
Financial, Accounting, Law	0	0	1	0	0	1
Service, Trading	0	1	8	1	0	10
Warsaw	0	3	17	5	0	25
Other Regions	2	0	16	7	2	27

< Specific Responses >

(Requests / Rooms for improvement)

SEZ tax system issues are dealt with at SEZ section

- Complicated legal system and divergences with EU standards (Automotive (sales), (no affiliation))
- Complicated and difficult to understand (Transportation, Logistics, Construction, Wrocław Branch)
- As the system is complicated and changed frequently. Only local staff understand the details and too difficult for Japanese staff to stay abreast and manage (Automotive (manufacturing), Wrocław Branch, in SEZ)
- Ambiguous description in statutes allowing various interpretations and practices making business operations difficult (Automotive (manufacturing), Wrocław Branch, in SEZ)
- Tax can change depending on interpretation (Automotive (manufacturing), Wrocław Branch, SEZ)
- Request for abolition of the system in which you pay at customs clearance and then having your VAT refunded later (General manufacturing, (no affiliation), in SEZ)
- Compared to other European countries, rigid and inflexible (Transportation, Logistics, Construction, Krakow branch)
- In the case of vehicle sales – the system of offsetting end consumer discounts with future whole sale price is inconvenient (Automotive (sales), (no affiliation))
- We are very interested in the future shape of the transfer price tax system (Trading company, service industry, (no affiliation))
- Generally speaking, our first impression is that it is too complicated. There might be a lack of experience on our part, but customs clearance practice, interpretations and procedures are too varied. (General manufacturing, Krakow branch)

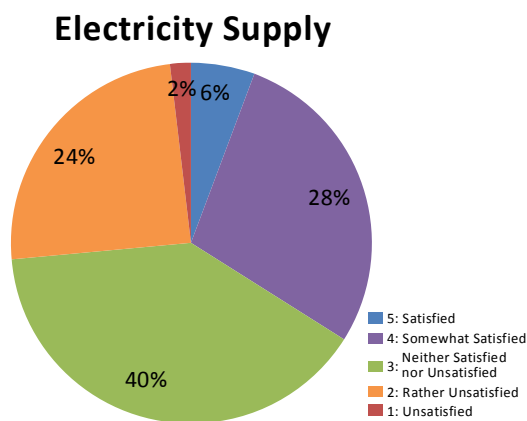
(Others)

- In comparison with other Central European countries, we feel it is neither good nor bad (Automotive (manufacturing), (no affiliation), SEZ)
- Generally speaking, the level of tax is too high. (Transportation, Logistics, Construction, (no affiliation))

V Evaluation of Infrastructure

1 Electricity

- Although 1/3 of respondents were satisfied, 1/4 were also rather unsatisfied.
- Some voiced appreciation and encountered no difficulties. Others voiced concern with the frequent power outages and rising electric costs.
- There were also responses which pointed to the length of time and costs needed to install new electrical and insufficient counter measures as constituting a barriers or obstacles for future investment.



	5	4	3	2	1	Total
Total	3	15	21	13	1	53
Manufacturing (SEZ)	1	4	9	6	0	20
Manufacturing (Non-SEZ)	0	4	2	0	0	6
Non-Manufacturing	2	7	10	7	1	27
Automobile (Sales)	0	2	2	0	0	4
Automobile (Manufacturing)	0	1	4	5	0	10
Electronics, IT	1	4	3	0	1	9
Other Manufacturing	0	5	5	1	0	11
Transportation, Construction	1	1	1	5	0	8
Financial, Accounting, Law	0	0	1	0	0	1
Service, Trading	1	2	5	2	0	10
Warsaw	0	9	10	5	1	25
Other Regions	3	6	11	8	0	28

< Specific Responses >

(Positive responses)

- Our perception of electric power supply is positive. (General manufacturing, (no affiliation), SEZ)
- We have had almost no issues with electric power supply. (General manufacturing, (no affiliation))
- We do not feel any particular inconvenience. (Automotive (sales), (no affiliation))
- Very little problems such as power outages (General manufacturing, Toruń Branch, SEZ)
- Electrical power supply is relatively stable (General manufacturing, Krakow branch, SEZ)

(Requests / Rooms for improvement)

- Occasional power outages are caused by lightning and we would like to see this resolved somehow. (General manufacturing, (no affiliation), SEZ)
- Although the situation is gradually improving, there are still times when we have sporadic power outages (Automotive (manufacturing), Wrocław Branch, SEZ)
- The situation is being improved but still there are power outages and other problems due to lightning (Automotive (manufacturing), Wrocław Branch, SEZ)
- We experience power outages a few times every year. The forecast rise in electricity price is a source of concern. (Automotive (manufacturing), Wrocław Branch, SEZ)
- There are cases of power outages according to whims of the Power supplier. We seek a stable supply of electric power (Automotive (manufacturing), Krakow branch, SEZ)
- It takes many months to install electrical power, which is proving to be an obstacle in realizing investment. (Transportation, Logistics, Construction, Wrocław Branch)

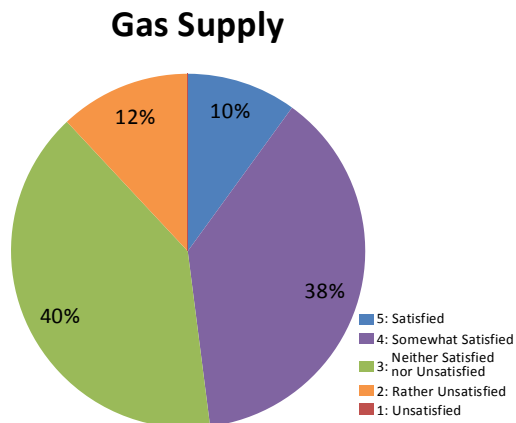
- There is only one electric power transmission company in our region, and when applying for electric supply in connection with the new investment, this company has shown no willingness to meet our investment schedule. (General manufacturing, Wrocław Branch, in SEZ)
- Burden on the company when expanding the plant is too heavy (General manufacturing, Krakow branch, in SEZ)
- Yearly price hikes are too big. It is hard to decide what to expect of future prices. (Automotive (manufacturing), Wrocław Branch, SEZ)
- We are currently considering the construction of a new office building. Although costs are an obvious, we have in the past given up an investment because of the length of time it takes to install electricity.(Trading company, service industry, (no affiliation))
- Infrastructure is fragile. Because of frequent power outages, unexpected additional costs are incurred by such need to install a reserve line. (Transportation, Logistics, Construction, (no affiliation))
- Occasional power outages happen due to weather conditions, but we are resigned to have to accept this. (Automotive (manufacturing), (no affiliation), in SEZ)
- Requests for a power line take too much time because the trunk line infrastructure is too underdeveloped. (Transportation, Logistics, Construction, (no affiliation))
- Power Companies are not forthcoming when expanding plant (Automotive (manufacturing), Wrocław Branch, SEZ)

(Others)

- Recently, we have decided to separate business partners for electrical supply and electrical energy sales. There was a case in which we were invoiced incorrectly by a Power company and had to pay a balance for half a year's value of electricity in 2009 (General manufacturing, Toruń Branch, SEZ)

2 Gas

- As far as gas is concerned, almost a half of the responses expressed satisfaction; The level of dissatisfaction was around 12%, suggesting a high level of satisfaction compared to other public infrastructures (utilities), such as electrical power supply and water supply.
- On the other hand, concerns have been raised with regard to the rising prices.



	5	4	3	2	1	Total
Total	5	19	20	6	0	50
Manufacturing (SEZ)	2	9	7	2	0	20
Manufacturing (Non-SEZ)	0	3	1	0	0	4
Non-Manufacturing	3	7	12	4	0	26
Automobile (Sales)	0	2	2	0	0	4
Automobile (Manufacturing)	1	4	2	2	0	9
Electronics, IT	2	3	3	1	0	9
Other Manufacturing	0	6	4	0	0	10
Transportation, Construction	1	1	2	3	0	7
Financial, Accounting, Law	0	0	1	0	0	1
Service, Trading	1	3	6	0	0	10
Warsaw	0	11	11	2	0	24
Other Regions	5	8	9	4	0	26

< Specific Responses >

(Positive responses)

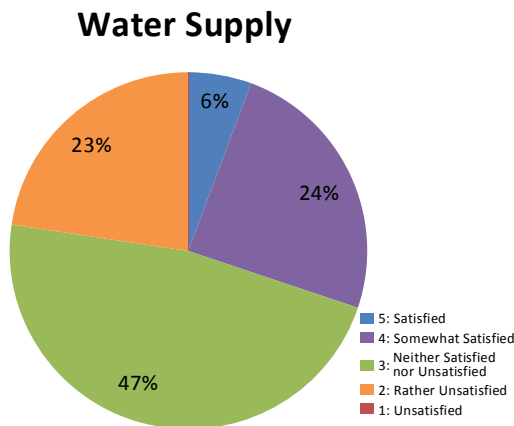
- Our perception of gas supply is positive (General manufacturing, (no affiliation), in SEZ)
- We have never had any issue with gas supply. Price hikes are a worldwide phenomenon and are not specific to Poland. (General manufacturing, (no affiliation))
- We do not feel particularly inconvenienced by gas supply. (Automotive (sales), (no affiliation))
- Have not experienced any particular problems (General manufacturing, Toruń Branch, in SEZ)
- As a result of the long term supply contract with Russia, fears of supply shortages have receded and risk has been reduced (General manufacturing, Krakow branch, in SEZ)
- No particular problems with gas supply until now. Prospects of rising gas prices is a source of concern (Automotive (manufacturing), Wrocław Branch, in SEZ)
- No particular problems until now. (Automotive (manufacturing), Wrocław Branch, in SEZ)
- No particular problems (Transportation, Logistics, Construction, (no affiliation))

(Requests / Rooms for improvement)

- Prospects of price hikes each year in the future is a concern. (General manufacturing, Wrocław Branch, SEZ)
- The fact that the price of gas is forecast to go up is a source of concern (Automotive (manufacturing), Wrocław Branch, SEZ)
- Gas prices are high (Automotive (manufacturing), Wrocław Branch, SEZ)
- Yearly price hikes are big. It is also hard to predict what the future price trends will be. (Automotive (manufacturing), Wrocław Branch, SEZ)

3 Water supply

- Lowest level of satisfaction among public infrastructure.
- While there is no problems with the amount of water supply, responses point to room for improvement in the quality of water supply.
- There are also voices of concerns relating to water stoppages and price hikes without forewarning.



	5	4	3	2	1	Total
Total	3	13	25	12	0	53
Manufacturing (SEZ)	1	5	10	4	0	20
Manufacturing (Non-SEZ)	0	4	2	0	0	6
Non-Manufacturing	2	4	13	8	0	27
Automobile(Sales)	0	1	3	0	0	4
Automobile(Manufacturing)	1	4	3	2	0	10
Electronics, IT	0	2	6	1	0	9
Other Manufacturing	0	3	6	2	0	11
Transportation, Construction	1	1	1	5	0	8
Financial, Accounting, Law	0	0	1	0	0	1
Service, Trading	1	2	5	2	0	10
Warsaw	0	7	12	6	0	25
Other Regions	3	6	13	6	0	28

< Specific Responses >

(Positive responses)

- Our perception of water supply is positive (General manufacturing, (no affiliation), SEZ)
- Our plant is using underground water supply and there are no specific problems. (General manufacturing, (no affiliation))
- No problems as far as supply is concerned (Automotive (manufacturing), Wrocław Branch, in SEZ)

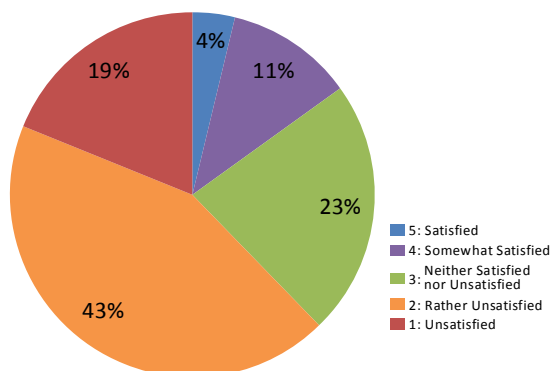
(Requests / Rooms for improvement)

- There are no problems with supply but we have been warned by an equipment supplier that the quality of the water is bad and have thus had to install purification equipment. (General manufacturing, Toruń Branch, in SEZ)
- Notification of water stoppages due to waterworks and other customer relations are poor. (Automotive (manufacturing), Wrocław Branch, in SEZ)
- There are still cases of falling water pressure (water stoppages) without prior notification. The quality of water infrastructure is still low as we witness water contamination after big rainfalls. (General manufacturing, Wrocław Branch, in SEZ)
- Not drinkable, so we have to install mineral water equipment (Transportation, Logistics, Construction, (no affiliation))
- In the past there have been cases of notification of raising water supply charges at very short notice. We would like such price revisions to be notified early enough so that we can factor it in with our business plans (budgets) (General manufacturing, (no affiliation), in SEZ)
- We have experienced supply cuts due to waterworks and accidents, which lead to trouble because information was provided very late (General manufacturing, Krakow branch, in SEZ)
- Yearly price hikes are big. It is also hard to predict what the future price trends will be. (Automotive (manufacturing), Wrocław Branch, in SEZ)
- In our office, we have experienced water supply stoppages a number of times which we believed were caused by damage to pipes at another construction site (Trading company, service industry, (no affiliation))
- Maintenance and other waterworks take too long (Automotive (manufacturing), (no affiliation), in SEZ)

4 Logistics (Motorways, Railways)

- About 60% of responses expressed dissatisfaction, which is particularly high. Level of dissatisfaction was stronger in non-manufacturing businesses such as transportation, logistics, trading companies than in that of the manufacturing sector.
- Appreciation was expressed to the fact that road networks were greatly improved in recent years due to the “EURO 2012” European Football Championship, in particular the A1 and A2 motorway. However, many called for further and quick improvement in road networks.
- There was a particularly high level of dissatisfaction among companies in the metropolitan area, suggesting discontent with the underdevelopment of motorways connecting Warsaw with other cities. Responses suggest that businesses in the Toruń area appreciate the completion of the A1 motorway to Gdansk, the lack of effective motorways towards the south of the country, Warsaw and towards Germany is still a source of discontent.
- Responses also pointed to the poor quality of pavement and concerns of resulting ill effects to transporting goods, as well as the need to reexamining the location of toll gates which are congested.
- There are also calls for improving railway transportation.

Transportation Infrastructure (Motorways, Railways, etc.)



	5	4	3	2	1	Total
Total	2	6	12	23	10	53
Manufacturing (SEZ)	1	5	6	6	2	20
Manufacturing (Non-SEZ)	0	1	3	2	0	6
Non-Manufacturing	1	0	3	15	8	27
Automobile(Sales)	0	0	0	4	0	4
Automobile(Manufacturing)	1	2	3	4	0	10
Electronics, IT	0	1	4	3	1	9
Other Manufacturing	0	3	4	3	1	11
Transportation, Construction	1	0	0	2	5	8
Financial, Accounting, Law	0	0	0	0	1	1
Service, Trading	0	0	1	7	2	10
Warsaw	0	2	4	14	5	25
Other Regions	2	4	8	9	5	28

< Specific Responses >

(Positive responses)

- Due to works relating to the Euro 2012, motorway networks have been developed (General manufacturing, Wrocław Branch, SEZ)
- Satisfied with the road network per se (Automotive (manufacturing), Wrocław Branch, SEZ)
- Improving. (Automotive (manufacturing), Wrocław Branch, SEZ)
- We hear that motorways will be completed in the near future, and hold expectations (General manufacturing, (no affiliation), SEZ)
- The completion of the A1 motorway from Gdansk to Toruń is a big improvement, but Toruń is still virtually stranded because other motorways are not completed. (Electrical, electronics, IT, Toruń Branch, SEZ)
- Connection is good, as there are both motorways and railways (Transportation, Logistics, Construction, Krakow branch)
- The completion of the motorway between Warsaw and Berlin have reduced the length of time for transportation (Automotive (manufacturing), Poznan Branch)

(Requests / Rooms for improvement)

[Road network]

- Road conditions and access by the motorway from Warsaw is bad, making travelling by car difficult. The pavement of the road in front of our office is poor, and drainage function during rain is very bad. (Transportation, Logistics, Construction, (no affiliation))
- The A1 motorway to Gdansk is complete, but transportation to the south of Poland, Warsaw or Germany are all poor. Cost of transportation is big liability in hindering competitiveness. (General manufacturing, Toruń Branch, in SEZ)
- As of yet, except for A4, nothing works. Even for the A4, as some parts have become toll roads, thoroughfare is getting difficult. A need for quick improvement (Transportation, Logistics, Construction, Wrocław Branch)
- Quality of pavement including parts of motorways is poor (Automotive (manufacturing), Wrocław Branch, in SEZ)
- Main roads around Walbrzych still have poor pavement (these are sources of concern with regard to ill effects to transported goods) (Automotive (manufacturing), Wrocław Branch, in SEZ)
- Absolute disaster! The development of motorways is too slow. Lorry drivers are not so bad but the driving manners of passenger cars are extremely poor. (Transportation, Logistics, Construction, (no affiliation))
- Inadequate development of infrastructure (road conditions are especially bad) (Automotive (sales), (no affiliation))
- We wish for the early construction of a motorways connecting all of Poland (Automotive (sales), (no affiliation))
- Underdeveloped (General manufacturing, (no affiliation))
- We felt that transportation by road is a hinderance (Automotive (sales), (no affiliation))
- The slow pace of infrastructure development, including road network and airports etc. (Automotive (sales), (no affiliation))
- Delays in developing road networks are causing traffic congestion and accidents. Quick development of road network is in need (Automotive (sales), (no affiliation))
- For a logistics company which we are, the development of road networks, especially motorways is crucial. We understand that completion until the EURO 2012 was the goal, but we are worried of what will happen after EURO 2012. We wish that projects are continued and quickly completed. We would like the Polish Government to put its stake on this development as we believe Poland will lose in its competition with neighboring countries (Transportation, Logistics, Construction, (no affiliation))
- We would like to see a revision of the location of toll booths because there are frequent congestion at toll gates and related road works. (General manufacturing, Krakow branch, in SEZ)
- We are satisfied with the road network itself but in parts of the roads including motorways the quality of the pavement is poor (Automotive (manufacturing), Wrocław Branch, SEZ)
- We call for improvements in logistics (roads) between Wrocław and Warsaw (motorways plans etc.) (General manufacturing, (no affiliation))
- We wish to see further expansion of motorway networks in the Katowice area (Trading company, service industry, (no affiliation))
- At the time of investment, there was a promise to construct a bypass to the National highway, but constructions have yet to start (Electrical, Electronics, IT, Toruń Branch, SEZ)
- As of July 2011, road tolls have started which have driven up the cost of domestic transportation in Poland (Automotive (manufacturing), Wrocław Branch, SEZ)
- We worry of rumors of construction companies' bankruptcies and delays in future road construction investments. We wish that the Polish government will continue to handle these investments as high priority projects (Transportation, Logistics, Construction, Wrocław Branch)
- There is a need for a motorway road networks connecting major cities (Trading company, service industry, Toruń Branch)
- Further infrastructure development is necessary to attract more businesses (Financial,

Accounting, Law, (no affiliation))

- Pavement conditions are poor; construction schedule are obscure (Trading company, service industry, (no affiliation))
- Improvements of main roads in the last 1-2 years is remarkable but we request the development of North-South routes. (General manufacturing, Krakow branch)

[Railways]

- The frequency and quality of rail connections have been below expectations. (Automotive (manufacturing), Wrocław Branch, in SEZ)
- Railway infrastructure is appalling.(Automotive (manufacturing), Wrocław Branch, in SEZ)
- The railway station of Toruń is on the other side of the river, but it is inconvenient because the bridge is always congested. (General manufacturing, Toruń Branch, in SEZ)
- Railway services (timely operation is first and foremost) and improvement of carriages are urgently needed (General manufacturing, Krakow branch)
- Opening of motorway networks is drastically delayed in comparison with the initial plans (General manufacturing, Toruń Branch, SEZ)
- There has been great improvement in the last 3 years. As a logistics company, however, we still are greatly disappointed with the status quo. (Transportation, Logistics, Construction, (no affiliation))
- Situation in this sector is indicative of not being able to keep promises, which is the biggest reason for prospective Japanese businesses avoiding investment in Poland (Automotive (manufacturing), (no affiliation), SEZ)
- Development is too slow (Transportation, Logistics, Construction, (no affiliation))

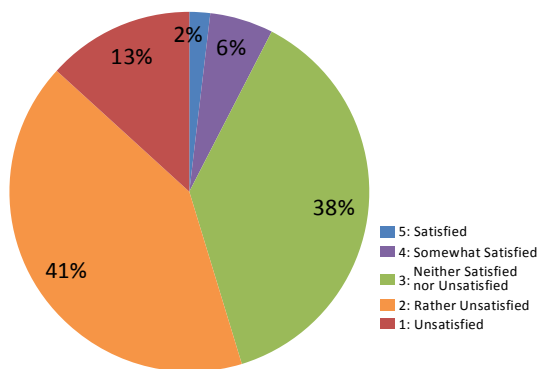
(Others)

- Although there is no railway, and it takes one hour to get to the A4 (Automotive (manufacturing), Wrocław Branch, SEZ)

5 Public transportation (Commuting to work)

- More than half of responses expressed dissatisfaction.
- The underdevelopment of public transportation has forced companies to arrange bus services by themselves or to depend on employees' own means of transportation to commute to work. This has not only incurred additional costs, but has made it difficult to recruit personnel from distant places or the young who tend not to own cars.
- Even in cases in which public transportation is available, there are problems with delays or scarcity of services. In the case of Warsaw, congestion has been singled out as a problem.
- As such, improving railway and bus services and other means of public transportation are also important in improving unemployment rates.

Public Commuter Transportation (Buses, etc.)



	5	4	3	2	1	Total
Total	1	3	20	22	7	53
Manufacturing (SEZ)	1	0	6	8	5	20
Manufacturing (Non-SEZ)	0	1	4	0	1	6
Non-Manufacturing	0	2	10	14	1	27
Automobile(Sales)	0	1	0	3	0	4
Automobile(Manufacturing)	1	0	3	5	1	10
Electronics, IT	0	0	3	3	3	9
Other Manufacturing	0	1	6	2	2	11
Transportation, Construction	0	1	1	5	1	8
Financial, Accounting, Law	0	0	0	1	0	1
Service, Trading	0	0	7	3	0	10
Warsaw	0	2	11	12	0	25
Other Regions	1	1	9	10	7	28

< Specific Responses >

(Positive responses)

- As employees live within a relatively close proximity to each other, we have arranged a bus service which has worked well. (General manufacturing, (no affiliation))
- There are no big problems with commuting to work by bus (Transportation, Logistics, Construction, Krakow branch)

(Requests / Rooms for improvement)

- We have made arrangements for a few bus lines for employees to commute to work at our own expense. Public transportation is unavailable. (General manufacturing, Toruń Branch, in SEZ)
- Too many delays in train and bus services. (General manufacturing, (no affiliation), in SEZ)
- Many cancellations of public bus and train services (Automotive (manufacturing), Wrocław Branch, SEZ)
- Commuting to work by car is not yet the norm, and we burdened with having to provide employees with commuter busses. (Electrical, electronics, IT, Toruń Branch, in SEZ)
- There are few public transportation (bus) services available. As we are using the developer's shuttle buses our working hours are virtually restricted by their time of services. (Transportation, Logistics, Construction, (no affiliation))
- Impossible to commute by using public transport. (Automotive (manufacturing), Wrocław Branch, in SEZ)
- Most our employees commute by private cars (or give each other a lift), as public transportation is underdeveloped. (Automotive (manufacturing), Wrocław Branch, in SEZ)
- Most of our employees commute by private car. (Transportation, Logistics, Construction,

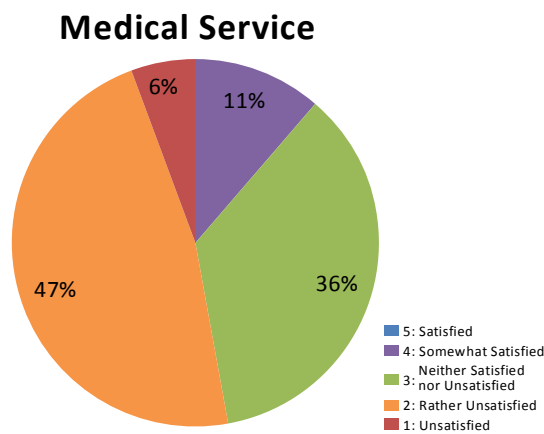
Wrocław Branch)

- Most SEZ locations require commuting by private cars, but there are many young people that do not own private cars, so it would be helpful if there were bus services connecting the SEZ with neighboring towns. (General manufacturing, Wrocław Branch, in SEZ)
- No improvements in congestions. Rather, it seems to be getting even worse (Automotive (sales), (no affiliation))
- Request for the extension of public bus routes (there are no public bus services running close to our factory, and our company is forced to charter bus services for employees) (General manufacturing, Krakow branch, in SEZ)
- Request for alleviating traffic congestion in Warsaw at commuting hours. (Automotive (sales), (no affiliation))
- Although private car ownership is relatively high, there remains a need to arrange for commuter buses arranged by our company. (Automotive (manufacturing), Poznan Branch)
- There are no public bus services. (There are railway services but access is inconvenient) (Electrical, Electronics, IT, Toruń Branch, in SEZ)
- Given the region (Sulejówek), it may be inevitable, but we are forced to allow commuting to work by company owned cars because there is no public transportation available. (Trading company, service industry, (no affiliation))
- Commuting means are limited and we would like to see more frequent bus services. (Automotive (manufacturing), Wrocław Branch, in SEZ)
- Public transportation is scarce so most of our employees use company cars or ride together by private vehicles. (Trading company, service industry, Toruń Branch)
- Public transportation is not available so employees commute by bus services which are funded by each company. (General manufacturing, Toruń Branch, in SEZ)
- At the time of investment, we were told of bus services to the SEZ, which has not to realize. (Transportation, Logistics, Construction, (no affiliation))
- There is a need to extend the public transportation network. (Automotive (manufacturing), (no affiliation), SEZ)
- Very inconvenient (Transportation, Logistics, Construction, (no affiliation))
- Few bus services to the Special Economic Zone, so it is difficult for employees to commute from distant places. (Automotive (manufacturing), Wrocław Branch, SEZ)

V Social and living standards

1 Medical Service

- About half of the responses expressed dissatisfaction; many cited dissatisfaction with having to secure contracts with private health institutions rather than receiving public medical care or not being able to communicate in English at medical institutions.
- Although there were few complaints regarding the level of medical care, many called for improvement in advanced medical services
- There were also requests basic medical facilities to be established within SEZs



	5	4	3	2	1	Total
Total	0	6	19	25	3	53
Manufacturing (SEZ)	0	1	6	11	2	20
Manufacturing (Non-SEZ)	0	0	4	2	0	6
Non-Manufacturing	0	5	9	12	1	27
Automobile(Sales)	0	1	2	1	0	4
Automobile(Manufacturing)	0	1	3	6	0	10
Electronics, IT	0	1	4	3	1	9
Other Manufacturing	0	0	4	5	2	11
Transportation, Construction	0	2	2	4	0	8
Financial, Accounting, Law	0	0	1	0	0	1
Service, Trading	0	1	3	6	0	10
Warsaw	0	3	11	10	1	25
Other Regions	0	3	8	15	2	28

< Specific Responses >

(Positive responses)

- With the growing number of private medical clinics, the level of medical care seems to have been improving. (Automotive (manufacturing), Krakow branch)
- Level of medical care for those who are not Japanese is not a problem. (General manufacturing, Toruń Branch, in SEZ)

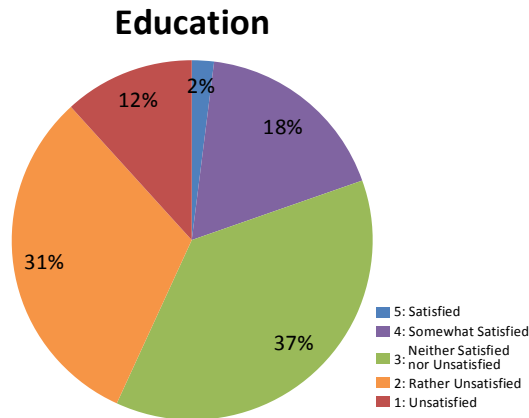
(Complaints, requests)

- There are almost no medical facilities near the SEZ, so we request a clinic within the SEZ to be established for our local employees. (General manufacturing, Wrocław Branch, in SEZ)
- As public medical care is inadequate, we have had to arrange contracts with private medical institutions. (General manufacturing, (no affiliation), in SEZ)
- To receive treatment by medical specialists, regular insurance is inadequate and a special insurance is needed. (Automotive (manufacturing), Wrocław Branch, in SEZ)
- There are cases in which it is even impossible to communicate in English. (Transportation, Logistics, Construction, Toruń Branch)
- Communicating means is much more the issue than the level of medical care. (Electrical, Electronics, IT, Toruń Branch, in SEZ)
- Facilities and medical techniques aside, we believe it is extremely difficult to receive medical examination without an English translator. (Transportation, Logistics, Construction, (no affiliation))
- There is great anxiety towards the possibility of surgery and other medical help, especially due to the language barrier (Automotive (sales), (no affiliation))
- In general, foreigners cannot feel free in receiving medical care. (Automotive (manufacturing), Wrocław Branch, SEZ)

- Although covered by a private MEDICOVER insurance, to receive medical services beyond the scope of MEDICOVER, one is sent to public care facilities where English is not understood. (General manufacturing, (no affiliation))
- As far as Japanese nationals are concerned, there is difficulty in receiving yearly physical check-ups. Anxiety over potential emergency situations. (General manufacturing, Toruń Branch, in SEZ)
- Not only are there few medical institutions in which one can communicate in English, but there is a lack of modern equipment, which makes one feels anxious. (General manufacturing, Krakow branch, in SEZ)
- For Japanese residents, the level and circumstances of medical care is not easy to accept. (It is especially not advisable to have dependent minors) (Automotive (manufacturing), Wrocław Branch, in SEZ)
- In general, foreigners cannot feel free and secure in receiving medical care. (Automotive (manufacturing), Wrocław Branch, in SEZ)
- The quality of medical care is too low. If one has no medical knowledge, one has to rely on medical institutions, but the quality of medical facilities are too low. (General manufacturing, (no affiliation))
- As there are few hospitals that have equipment such as MRIs or even equipment needed for ultrasound examination to the abdomen, appointments are needed for exams and it takes time to receive a diagnosis. (Automotive (manufacturing), Poznan Branch)
- In cases of serious disease or injury we go to Japanese medical services in Hamburg, Germany. (Electrical, Electronics, IT, Toruń Branch, in SEZ)
- Having to receive medical care without being able to communicate in English is difficult to accept. (Trading company, service industry, Toruń Branch)
- Because of long waiting hours, quality of medical care, and other reasons, we have not used our medical insurance. (Trading company, service industry, Toruń Branch)
- I haven't had any personal experience, but I have heard that receiving medical care poses a challenge for Japanese residents. (Trading company, service industry, (no affiliation))
- Perhaps this may apply only to the countryside, but it seems that even from the perspective of a very advanced country, at least the basic level of medical care is practiced. (General manufacturing, Krakow branch)
- The level of public medical care facilities is low. (Automotive (manufacturing), (no affiliation), SEZ)
- Communication poses a big problem. (Transportation, Logistics, Construction, (no affiliation))
- Inconvenient as there is no hospital close to the Special Economic Zone. (Automotive (manufacturing), Wrocław Branch, in SEZ)

2 Education

- More than 40% of the responses expressed dissatisfaction. The level of dissatisfaction was particularly high in the countryside where foreigners' choices to receive education were limited.
- Dissatisfaction was also expressed towards the education level and environment of International Schools.



	5	4	3	2	1	Total
Total	1	9	19	16	6	51
Manufacturing (SEZ)	1	1	7	7	3	19
Manufacturing (Non-SEZ)	0	1	2	2	1	6
Non-Manufacturing	0	7	10	7	2	26
Automobile(Sales)	0	2	2	0	0	4
Automobile(Manufacturing)	1	1	3	4	1	10
Electronics, IT	0	2	2	2	2	8
Other Manufacturing	0	1	4	5	1	11
Transportation, Construction	0	1	1	3	2	7
Financial, Accounting, Law	0	0	1	0	0	1
Service, Trading	0	2	6	2	0	10
Warsaw	0	5	14	5	0	24
Other Regions	1	4	5	11	6	27

< Specific Responses >

(Positive responses)

- Apart from Japanese nationals, there are no particular problems with educational environment. (General manufacturing, Toruń Branch, in SEZ)

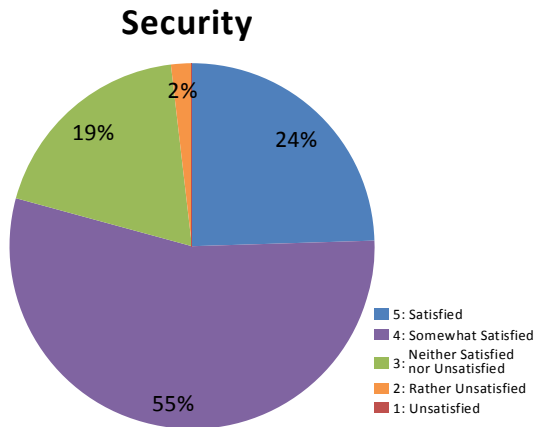
(Complaints, requests)

- As for the Japanese, there are no Japanese schools so one has to return to Japan before their child reaches prep school age(6 years of age) or may send their child to attend the Japanese school in Warsaw, which will mean that the family will have to live separately in Toruń and Warsaw. (General manufacturing, Toruń Branch, in SEZ)
- Schools for children of foreign nationals are limited. No tangible administrative support in this regard. (Automotive (manufacturing), Wrocław Branch, in SEZ)
- Education in English is underdeveloped near here. (Transportation, Logistics, Construction, Toruń Branch)
- From a Japanese perspective, the educational standard provided by the International School is not high. (General manufacturing, Wrocław Branch, in SEZ)
- There are many requests for improvements in Japanese Language supplementary lessons in Wrocław. There are also some specific cases in which, although rare, tensions among Japanese and Korean students exist in the International School in Wrocław making it difficult for students to focus on their studies (Automotive (manufacturing), Wrocław Branch, in SEZ)
- I feel that the higher age groups in primary schools are the limit for acceptable education provided here in Poland. There are no appropriate schools available for Japanese parents above the senior high school level. (General manufacturing, (no affiliation))
- Because there are no Japanese Schools outside of Warsaw, receiving Japanese language education is very difficult. (General manufacturing, Krakow branch, in SEZ)
- The choices of education are unacceptable for Japanese expatriates with children going to school. (It is not advisable for Japanese residents to come with children of school age children) (Automotive (manufacturing), Wrocław Branch, in SEZ)
- An International School does exist, but we are not satisfied with the level of educational such

- as its curriculum. (Automotive (manufacturing), Poznan Branch)
- In Toruń, there are no International School nor Japanese schools, so families with children are forced to living apart in Warsaw and Toruń (Electrical, Electronics, IT, Toruń Branch, in SEZ)
 - When children attend primary school and above, there are no supplementary schools in Japanese and at an disadvantage when compared to neighboring Germany. (Trading company, service industry, Toruń Branch)
 - There is no good International School (Trading company, service industry, Toruń Branch)
 - For a Japanese resident with children, working in the countryside with is very difficult. I have been fortunate to gain my company's understanding to residence in Warsaw to send my child to school while I spend most of my week working in the countryside on a business trip basis. It is very difficult for Japanese residents to accompany their family and work in the countryside. (Transportation, Logistics, Construction, (no affiliation))
 - In comparison to the Socialist times, the sense of morality among the young has gone down. I think that there are problems with basic compulsory education. (Automotive (manufacturing), (no affiliation), in SEZ)
 - I have heard that there are lots of problems in areas outside of Warsaw. (Transportation, Logistics, Construction, (no affiliation))
 - There are no educational facilities (including kindergartens) near the Special Economic Zones which is inconvenient. (Automotive (manufacturing), Wrocław Branch, in SEZ)

3 Public order

- Almost all responses voiced no complaints, or that they had not experienced danger, indicating an extremely high level of satisfaction in this area.



	5	4	3	2	1	Total
Total	13	29	10	1	0	53
Manufacturing (SEZ)	8	9	3	0	0	20
Manufacturing (Non-SEZ)	0	4	2	0	0	6
Non-Manufacturing	5	16	5	1	0	27
Automobile (Sales)	1	2	1	0	0	4
Automobile (Manufacturing)	4	4	2	0	0	10
Electronics, IT	2	5	1	1	0	9
Other Manufacturing	3	5	3	0	0	11
Transportation, Construction	1	5	2	0	0	8
Financial, Accounting, Law	1	0	0	0	0	1
Service, Trading	1	8	1	0	0	10
Warsaw	3	14	7	1	0	25
Other Regions	10	15	3	0	0	28

< Specific Responses >

(Positive responses)

- Good (Automotive (sales), (no affiliation))
- Relatively good (Automotive (sales), (no affiliation))
- Relatively safe (General manufacturing, Toruń Branch, in SEZ)
- Perhaps my area of activity is relatively safe, I have never felt insecurity. (General manufacturing, (no affiliation))
- It probably depends on the district, but I have not experienced feeling danger. (Electrical, Electronics, IT, Toruń Branch, in SEZ)
- Until now, I haven't experienced feeling threat or danger. (Transportation, Logistics, Construction, (no affiliation))
- Public order is good and until now I haven't come across any cases of harm to Japanese residents. And as far as public order is concerned, Japanese residents have nothing to worry about in bringing their families. (Automotive (manufacturing), Wrocław Branch, in SEZ)
- With a little common sense, there is nothing to worry about in terms of personal safety. (General manufacturing, Wrocław Branch, in SEZ)
- I think that over the last couple of years the situation is quickly improving. (Automotive (manufacturing), Krakow branch)
- There are no safety issues in this area. (General manufacturing, Krakow branch, in SEZ)
- Public order is good in the residential area. (Automotive (manufacturing), Wrocław Branch, in SEZ)
- Relatively good (Electrical, Electronics, IT, Toruń Branch, in SEZ)
- Relatively stable compared to other European countries. (Trading company, service industry, Toruń Branch)
- Serious crime seems to be on low levels. (Trading company, service industry, Toruń Branch)
- Fortunately, I and my family cannot recall a single dangerous incident. We are very thankful. (Transportation, Logistics, Construction, (no affiliation))
- We appreciate this aspect as being relatively good. (Automotive (manufacturing), (no affiliation), in SEZ)
- No particular problems (Transportation, Logistics, Construction, (no affiliation))

(Complaints, requests, improvement points)

- Public order is good, but what about the practices of the Police force? (Automotive (manufacturing), Wrocław Branch, in SEZ)

VI General Requests to the Polish Government and Local Authorities (excluding those relating to Special Economic Zones)

The requests and proposals among the responses were the following:

- In the realm of employer-employees relations, many companies voiced the following concerns:
 - Sick leave is accepted too easily. What is more, the medical certificate obligates the patient to refrain from work regardless of the person's will to return to work.
 - Legal protections for work-related injuries are too lax.
 - There are too many restrictions with regard to work hours, overtime and holidays
 - There is no possibility to set working conditions due/according to labor-management contract
 - Difficulty in making employment adjustments according to the production output.
- There is a sense of unfairness between investing businesses on application of tax relief to fixed assets tax and agricultural land diversion tax by self-government (mainly, large firms are accepted while supplier firms are not).
- Many voices call for the simplification, reduction of time for procedures, uniform interpretation and application in government procedures, as well as clarification of tax and customs procedures.
- Among specific requests are: Reduction of time needed for customs inspection; Continuing temporary customs measures for importing LCD modules; Information dissemination of extension of items eligible for ITA; and more activities by local governments to broaden the base for prospective job offers.

< Specific Responses >

[Preferential taxation / Subsidies]

- Relief of the fixed assets tax and agricultural land diversion tax (The major client firm in the same area is exempted.) Based on a MOU concluded between this major client and the PSEZ / local government, we are considering launching a lawsuit to have such tax exemptions equally applied to us, who are a supplier firm to this client firm.
- There is unfair treatment between investing firms with regard to the exemption of fixed assets taxation. This should have been made clear at the time of investing in Special Economic Zones (General manufacturing, Toruń Branch, in SEZ)
- Fixed assets tax exemption or its reduction is subject to (closed) negotiations with local self-governments. As a result, although being in that same SEZ, one company enjoys tax exemption for a number of years while we cannot receive any such privileges despite the fact that we invested only a few years later. The SEZ Public Corporation does nothing about it. Even if there is little they can do under the existing law, what is the point of the company if they take no leadership? We have been in an argument over exemption of fixed assets tax with the local self-government for more than 3 years now, but have only experienced delaying tactics and a final refusal without any legal explanation. We believe such arbitrary decisions of local self-government is a example of poor standard of the rule of law in this country. We have in mind filing a lawsuit as a last resort, but we would not like to when considering the required time and money involved. (Electrical, Electronics, IT, Toruń Branch, in SEZ)
- We have received exemption from agricultural land diversion tax until 2010 but that has been rescinded from 2011 by the Local Government. (General manufacturing, Toruń Branch, in SEZ)
- Relaxation of conditions to receive EU Grants. Required size of investment and retention of certain number of employees for 5 years are too risky. Currently, the economic environment changes in even 2 or 3 years, so retaining a fixed number of employees for 5 years is not realistic. (General manufacturing, Wrocław Branch, in SEZ)

- Currently, the NIK has demanded that we pay the SEZ tax exemption (fixed assets tax) we had previously enjoyed based on a difference of views. Other Japanese businesses may find themselves in the similar situations, so we wish the Embassy of Japan to take action and negotiate with the Government of Poland. (Automotive (manufacturing), Wrocław Branch, in SEZ)

[Employment / Labor]

- We do understand the need to protect the rights of workers, but there are too many restrictions regarding working hours and holidays. This is probably detrimental for business development in the longer term. Legal protection pertaining to work-related injuries are also too lax. For example, it was unbelievable that one can take immediate legal sick leave for more than 10 days for lightly injuring one's toe at work. (Electrical, Electronics, IT, Toruń Branch, in SEZ)
- As for sick leave – if the physician prescribes a one week sick leave certificate, one can use the whole leave even this person recovers in one day. This may be because there are few physicians and patients cannot be diagnosed of their recovery immediately. We would like to call for a review of rules that would allow a patient to return to work at will in cases of relatively common illness like flu, regardless of the period of time stipulated in the sick leave certificate. Currently there are many cases of abuse of this system so that our HR rep has to visit or call their homes, consuming time and making management difficult. (General manufacturing, Toruń Branch, in SEZ)
- Firms investing in Special Economic Zones are in the manufacturing sector, but the current labor law does not take into account characteristics of the manufacturing industry, which makes it difficult to react flexibly to changes in volume orders. Many manufacturers have found a way around this by employing part-time engineering dispatched by Human resource companies, but this is less beneficial even for such employees. There seems to be a need to revise the Labor Law so that flexible arrangements of full-time employees could be made when production levels are reduced. (Automotive (manufacturing), Wrocław Branch, in SEZ)
- Relaxation of working hours (relaxation of rules regarding settlement period for overtime and total working hours: 4 months → 1 year; relaxation of the upper limit of daily working time etc.) (Automotive (manufacturing), Wrocław Branch, in SEZ)
- Allowing to define labor conditions based on Labor-management agreements (Automotive (manufacturing), Wrocław Branch, in SEZ)
- We call for improvements in the Labor Law (Revision of sick leave provisions, issues regarding maternity leave, prohibition of dismissing workers ahead of retirement age etc.) (Automotive (sales), (no affiliation))
- There are many laws protecting the rights of workers and unions which make our plant operations difficult. This is especially true in terms of overtime, absence from work due to illness and labor union rights (General manufacturing, Krakow branch, in SEZ)
- Request to abolish legal restrictions when personnel of managerial position change hands. (Automotive (sales), (no affiliation))
- Revision of the Labor Law (Automotive (manufacturing), Wrocław Branch, in SEZ)
- Review of the Labor Law (Transportation, Logistics, Construction, Wrocław Branch)

[Administration]

- Simplification of various administrative procedures (reduction of time necessary for procedures, improvements in the vertically segmented administrative system which does not have very much information sharing or consultation with other divisions. (Automotive (sales), (no affiliation))
- Simplification of various procedures (reduction of time needed for financial procedures, revision of vertically segmented administration. (Automotive (sales), (no affiliation))
- It takes a very long time to obtain permits and licenses. Would it not be possible to have a special desk for dealing with businesses to shorten required time? (Automotive (manufacturing), Wrocław Branch, in SEZ)

- Elimination of differences in law interpretations depending on the person in charge (Automotive (sales), (no affiliation))
- Reform of the legislative system and elimination of its ambiguities (Automotive (sales), (no affiliation))
- We call for speeding up the development of infrastructure and all sorts of services by administration. (Transportation, Logistics, Construction, Wrocław Branch)
- For personnel sent from Japan for an extended period of time (over one month) to start up the investment, visas are required, but procedures are not only complex and obtaining permits take a very long time - we would like to see improvement in this area. (General manufacturing, Krakow branch, in SEZ)
- Regarding mail from Japan: personal as well as business mail (including private courier shipments, etc.) are often held at Warsaw Customs. In spite of the fact that the sales tax were paid in Japan, VAT and other payments are demanded. Refusal of such payment results in the mail remains in/at Customs. Occasionally it even gets returned to Japan and we are invoiced for costs. Sometimes it does come through easily, but it depends on the mailing company. It is too unclear and unpredictable. (General manufacturing, (no affiliation))
- Calls for making English translations for related documents a norm. (Automotive (sales), (no affiliation))
- Would it not be possible for local governments to raise public awareness of the manufacturing industry? (Adjustments do happen along with economic fluctuations but stable employment is our basic approach, so we would appreciate broadening the base for prospective employees) (Automotive (manufacturing), Wrocław Branch, in SEZ)

[Tax system]

- Clarification of TAX regulations (Automotive (manufacturing), Wrocław Branch, in SEZ)
- Clarification of the Tax System (Automotive (manufacturing), Wrocław Branch, SEZ)
- Request to consider merits of awarding tax breaks and other incentives for ecologically friendly vehicles.

[Tariffs / Custom Office]

- Our company is a moving firm, and we handle the import and export of Japanese residents. However, there are numerous rules regarding import/export, and many regulated items subject to taxation, rigid controls that take a long time in order to obtain permission and certificates. It would be helpful if there were privileges for Japanese residents investing in Poland to move personal goods in and out of the country. (Of course, it would be even better if companies like ours that are outside of SEZ could receive such treatment) (Transportation, Logistics, Construction, (no affiliation))
- We would like to ask for an extension of temporary tariffs measures on LCD modules. (Electrical, Electronics, IT, Wrocław Branch)
- We would like to ask for the latest information regarding broadening of the ITA items.

[Others]

- Environmental regulations (CO₂ emissions, dust) are only strictly applied to private businesses, and are even asked to reduce growing emissions from general households. Plans for extension of our plant is overburdened with investments related to meet such regulations and we would like to request a reexamination of emissions burden sharing. (General manufacturing, Krakow branch, in SEZ)
- Medical Care insurance refund takes too much time from application to approval so we would like to have it shortened. If the auditing is taking time, this is understandable, but we feel this is not always the case. (Required documents are quite simple) (General manufacturing, (no affiliation))
- Although not immediately related to our business, we hear of high expectations for Polish ports to develop capacity to accept large cargo carriers directly rather than having to reload them at

Germany. High expectations for direct flight connections with Japan. (Trading company, service industry, (no affiliation))

- Uniform application and interpretation of law (General manufacturing, Krakow branch)
- Improvements and strengthening of the public transportation networks (rail, roads) (General manufacturing, Krakow branch)
- Simplification of the tax system and labor laws (especially revision of overprotective measures for workers) (General manufacturing, Krakow branch)
- Protection of small and medium-sized businesses; promoting investment of SMEs. (General manufacturing, Krakow branch)
- Improving local education/training programs (to secure workers) (General manufacturing, Krakow branch)
- At the time of investing, we were told that the fixed assets tax would be exempted but that has now been abolished, impacting our operations. We are raising this issue with the Local self-government but to no avail. We would like to have that exemption somehow reinstated. (General manufacturing, Toruń Branch, in SEZ)
- We ask to eliminate unfairness among firms of levels and types of investment privileges, such as cash grants, depending on the time of investment. (Automotive (manufacturing), (no affiliation), in SEZ)
- Too many documents are required. The time for procedures is too long and priorities vary according to the person in charge resulting in a sense of unfairness. This should be changed (Transportation, Logistics, Construction, (no affiliation))
- Same as above (Automotive (manufacturing) Wrocław Branch, in SEZ)
- Companies dealing with infrastructure are uncooperative – we would like to see improvements in their bureaucratic approach. (Transportation, Logistics, Construction, (no affiliation))

VII Requests to the Polish Government and Local Authorities pertaining to Special Economic Zones

1. Revision of Special Economic Zone Laws (legal items)

The following are the main points of requests expressed in responses:

- To extend the SEZ and to extend existing the expiry dates of the licenses and (corporation tax exemption applicable period) accordingly.
- Relax conditions to retain licenses (required level and years of investment, retention of work force, length of validity, allowing rent to be considered as part of investment etc.). As the manufacturing sector is directly influenced by changes in the economic cycle, revisions of laws allowing for flexible operations in the longer term, such as relaxing investment obligations (investment sum, number of employees etc.) or increase of items subject to tax exemptions is particularly important for the manufacturing sector. Furthermore, to allow the 20% employee fluctuation rate for companies that started SEZ operations after 2008 also be made applicable to companies that started before 2008.
- As no profit is made in the initial period of operations, we call for a profit and loss accounting system whereby initial losses could be forwarded to the next annual accounting year.
- Increase the scope of corporation tax exemption to firms outside of the SEZ. Make it possible to apply corporate tax exemption to profits made in areas where it is difficult to differentiate them being generated in or outside the Special Economic Zone.
- In view of the trend that more and more investments are becoming capital intensive, to introduce a new benchmark in SEZ application other than that of the traditional minimum number of employees, and one that reflects the sophistication of the industrial structure.
- To promote reinvestment by granting additional permits and extending validity date of licenses of businesses that reinvest.

< Specific Comments >

- Continuation of the SEZ (Automotive(Production),Wrocław Branch, in SEZ)
- We have invested in the Special Economic Zone, created employment and would like the appropriate tax exemptions to continue. (General manufacturing [centers] Toruń Branch, in SEZ)
- As it is difficult to post profit at the beginning of investment, investment in the SEZ would be made more attractive if it was allowed to calculate total corporate tax relative by combining earnings both in and outside of the SEZ or other means of tax benefits. (General manufacturing (no affiliation), in SEZ)
- We wish that corporate tax exemptions are extended to activities beyond the Special Economic Zones. (General manufacturing centers, Toruń Branch, in SEZ)
- Request for favorable tax reliefs for businesses outside of the SEZ. (Transportation, Logistics, Construction, Toruń Branch)
- Requests for relaxing conditions to retain licenses (in the case of our company, we pay considerable rent for the buildings we are in within the SEZ, but our license was cancelled as rent was construed as not being part of investment.(Transportation, Logistics, Construction, Toruń Branch)
- From the beginning, we have not received any special SEZ benefits because it was difficult to forecast future economic conditions and the company's future position. This true in both regard to the investment levels and numbers of hired personnel. In hindsight, we have benefitted from our decision. But conversely, this means that investing in SEZs could sometimes result in only restrictions with little or no benefits. Such incentives may be large for major automotive or electrical industries employing a work force on the order of thousand employees, but for most small or mid-sized companies which have a hard time predicting future prospects, the current requirements of SEZs are too severe and difficult to accept. Corporate tax exemptions are

generally appreciated, but in times of the continued loss, benefits are virtually negligible. (Electrical, Electronics, IT, Toruń Branch, in SEZ)

- We understand that revisions of the Special Economic Zones law is facing an impasse due to differences of opinion between the Ministry of Finance and the Ministry of Economy. We must, however, bear in mind the big differences of circumstances surrounding the manufacturing sector since the Special Economic Zones Law was created in the mid 1990s. At that time, after the Transformation, that major aim of the SEZ law was to resolve unemployment in areas where socialist era industrial bases had collapsed and to bring about change to the industrial structure of Poland; Now, however, with intensive foreign investment in both manufacturing and non-manufacturing industries, increasing firms that are capital intensive and labor-saving are becoming prevalent in the Special Economic Zones. Taking into account of such new trends, the idea of requiring a certain level retention of jobs is in itself an outdated way of thinking. We would like the Polish government to consider a new benchmark to attract new domestic and foreign investments that would bring about further modernization of the Polish industry. (Finance, Accounting, Law (no affiliation))
- As we have applied and have received an approval for a license in 2011, we would like to effectively use the SEZ, if the SEZ is extended from 2020 to 2026. (General manufacturing, Krakow branch, in SEZ)
- Since manufacturing firms are influenced directly by economic fluctuations, rather than pursuing temporary counter-measures to mitigate problems created by the Bankruptcy of the Lehman Brothers, the revision of the SEZ law should focus on constant revisions which will allow for flexible business operations in the longer term. In this respect, measures lower business' burden in the longer run, such as relieving conditions for firms investing in the SEZ, or increasing items eligible for corporate tax exemptions is preferable. Especially, given the rising labor costs, and low labor costs losing their attractiveness, unless there is a continued effort to present favorable investment terms, it is difficult to foresee companies staying in Poland permanently even if SEZs are extended indefinitely.
- Currently, 30% of our company's initial capital investment is exempted from tax (I would assume others companies are probably enjoying the same conditions). Under the current SEZ law, the SEZ will exist until 2016 and our company can enjoy that benefit until then. For our company, the most important point in the revision of the SEZ law is whether this 30% rule will remain when the SEZ's existence is extended to 2020. (Automotive (Manufacturing), Krakow branch, in SEZ)
- For a small scale IT firm, the conditions set to obtain a SEZ license were too demanding and we did not invest in the SEZ. (Electrical, Electronics, IT, Krakow branch)
- For companies that invested in the SEZ after 2008, reducing up to 20% of the registered workforce is allowed. However, for our company which invested in the SEZ before 2008, such fluctuations of registered workforce is not permitted. We ask for a revision of the SEZ law so the same permissible fluctuation rates apply to companies that entered the SEZ before 2008. (Electrical, Electronics, IT, Toruń Branch, in SEZ)
- I have heard that in the Czech Republic, those eligible for investment incentives have been changed from manufacturing sectors to that of the IT sector even before the Bankruptcy of the Lehman Brothers took place, and I understand that such tendencies will also become prevalent in Poland as well. However, I believe, that for Poland which has a larger population and an more abundant workforce than the Czech Republic, it is not appropriate to completely follow this trend in the way the Czech Republic has. I would ask that due consideration is given to the manufacturing industry when the SEZ law revision is considered. (Transportation, Logistics, Construction, Wrocław Branch)

[Others]

- We agree to the extent that revision of the Special Economic Zone Law is needed. (Automotive (Manufacturing), Wrocław Branch, SEZ)
- As we are a non-manufacturing company, we have no plans to utilize the Special Economic

Zones. However, bearing in mind the current economic environment, we agree that conditions to obtain licenses should be made more flexible. (Automotive (sales), (no affiliation))

- Special Economic Zones were not an element for consideration when we acquired our current company so we are not in a position to offer any assertive proposals. However, we do believe that given the fact that the law was enacted 17 years ago, and in view of the recent changes of Poland's economy, revising the law comes across as a obvious necessity. (General manufacturing, Krakow branch)
- We would like to be invited to meetings and briefings whilst the revision of the SEZ law is being considered. (General manufacturing, Toruń Branch, in SEZ)
- The SEZ law should be changed to allow for more flexibility, such as changing the requirements on investment according to the changing economic conditions. (Automotive (manufacturing), (no affiliation), in SEZ)
- As a general rule, we agree that businesses investing in the SEZ should receive privileged conditions. As for activities outside the SEZ, however, more discussions should be held to consider the matter cautiously. (We may not completely be aware of the main points of the argument of revising the SEZ law, and we ask for understanding in this regard.). (Transportation, Logistics, Construction, (no affiliation))
- At the beginning of our operations, we could not generate profit and therefore could not benefit from corporation tax exemption at all. We strongly request the extension of the expiration date of our license. We believe that if Special Economic Zones could issue new permits or extend the expiry date of current licenses, this would induce further investment, employment and the further benefit the Polish economy. We request that such arrangement be created when revising the SEZ law. (Automotive (manufacturing), Wrocław Branch, in SEZ)

2. Other requests pertaining to the Special Economic Zones

With regard to Special Economic Zones, firms have also expressed the further requests.

- When companies operating in the SEZ need to secure infrastructure relating to electrical power supply, water or gas supplies, we would like the SEZ proprietary company to negotiate and coordinate on behalf of companies with the infrastructure company.
- Since public transportation for employees of SEZs are not adequate, SEZ companies should actively develop bus services.
- Requests for SEZ companies to organize seminars for firms investing in SEZs (eg. briefings on changes to the law etc.), meetings with potential employees, improving intra-SEZ management (traffic control, equipments, plowing snow off the roads etc.), improving the infrastructure (including surrounding roads, electricity, gas, water, providing basic medical facilities, etc.)

< Specific requests >

[Role of proprietary companies]

(Negotiations)

- Engaging in individual negotiations to secure electrical power, water and gas are not only very difficult but is too demanding and resource-sapping for the investor. We would like to request the SEZ company to negotiate on behalf of the investors and make the necessary arrangements. Currently, businesses in the industrial park are gathering to negotiate. (General manufacturing, Toruń Branch, in SEZ)
- We would like to have the SEZ propriety companies to feel ownership in the issue of securing infrastructure, in particular electric supply, for the investors at the initial stage of investments. (Currently, companies are negotiate directly with power companies) (General manufacturing, Wrocław Branch, in SEZ)

(Hosting seminars etc.)

- Currently, each investor is on its own in gathering information on EU subsidies, law revisions,

tax system reforms and even related seminar information. We request the SEZ to think of a system by which the SEZ can represent their investor and seek improvement for the investors' environment. (General manufacturing, Toruń Branch, in SEZ)

(Securing labor force)

- We would like to ask for proactive involvement on the part of the SEZ company, for example organizing meetings with the local government to recruit outstanding students. Just being obliged to retain employment levels raises questions. (General manufacturing, Toruń Branch, in SEZ)

(Zone control / administration)

- Responses to requests are slow. (Automotive (manufacturing) Wrocław Branch, in SEZ)
- Overall control and management of SEZs does not go very far (inadequate maintenance of roads in the premise, inadequate plowing of snow, underdeveloped public bus services etc.) (Automotive (manufacturing) Wrocław Branch, in SEZ)
- Traffic controls and regulations within the Zones is left ambiguous. There are repeated instances of large containers left on roads, acts of reckless driving etc. Our requests to the SEZ company to rectify the situation has not led to improvement of the situation. We also feel uneasy with security. (Transportation, Logistics, Construction, Toruń Branch)
- Repairing damaged street lamps, water piping etc. is very slow. The explanation provided is lack of funding, but we would like to obtain some kind of answer on the prospects of repair. (Transportation, Logistics, Construction, (no affiliation))
- There are long severances of communication several times a year. Repairs needed on sewer piping are not making any progress, and services for the foundations of economic activity are not being taken care of. (Transportation, Logistics, Construction, Toruń Branch)
- Requests for establishing basic medical care facilities in the Special Economic Zones (In general, there are no big cities near the SEZs, and therefore no medical institution where employees can go when they do not feel well from a cold, or a fever). (General manufacturing, Wrocław Branch, in SEZ)
- The overall control and management of the Special Economic Zones as a whole seems to be inadequate (inadequate maintenance of premises roads, removal of snow, underdeveloped public bus routes etc.)

[Infrastructure]

(Securing public transportation for commuting to work)

- There is no public transportation for commuting to work, and means of getting to work is an issue. (Transportation, Logistics, Construction, Toruń Branch)
- When recruiting new employees it is difficult to recruit a young candidate who does not own a car or other means of getting to work. (Companies that employ on the scale of 100 employees, have contracts with a bus company for commuting services, but for a small scale company like ours, this would incur big additional costs, and therefore impossible). (General manufacturing, Wrocław Branch, in SEZ)
- We are located in a remote place, so employees must commute by bus or car. If we subsidize our employees, this would be regarded as additional income for our employees, raising their PIT. Mindful that public transportation is not readily available, a fixed rate of subsidies for this issue should be exempt from tax as it is in Japan. (General manufacturing, Toruń Branch, in SEZ)

(Roads)

- Surrounding roads are underdeveloped, and transportation times to markets in Warsaw or Germany takes a long time. (Transportation, Logistics, Construction, Toruń Branch)
- Continued improvement of roads and other infrastructure. (Especially strong requests for improvements of main roads linking Walbrzych and the Czech Republic). (Automotive

- (manufacturing), Wrocław Branch, in SEZ)
- Requests to improve transportation facilities between major cities and SEZ locations. (General manufacturing (no affiliation))

(Tax system)

- Corporation tax exemption should be granted in case of “touring”. Losses should be allowed to be carried forward for activities both with the SEZ and outside. With regard to the so called common profit (profits whose source of activities are difficult to distinguish between those in the SEZ and outside, such as profits made from foreign exchange earnings), part of it should be made eligible for corporate tax exemption at the very least part. (Finance, Accounting, Law, (no affiliation))
- By SEZ corporate tax law, profits made on foreign exchange earnings in non-SEZ activity is subject to taxation. The problem begins when even for revenues generated mainly by SEZ activity, it is deemed subject to taxation if a clear divergence is not made between revenues generated by SEZ activity and those that were not.

When it comes to handling losses, however, deductible losses are only recognized in cases that such losses can be divided between SEZ activity and non-SEZ activity and are then factored in only proportionate to losses (from non-SEZ activity). Because non-SEZ activity accounts for a very small proportion of such losses, most of the financial losses are not recognized as deductible losses. We would like to have this unfair practice corrected and a uniform understanding of taxable SEZ activity and non-SEZ activity applied to both revenues and losses. (Automotive (manufacturing), Wrocław Branch, in SEZ)

(Others)

- Responses to requests are slow. (Automotive (manufacturing) Wrocław Branch, in SEZ)
- When enlarging factories, it often takes long procedures, time to install necessary infrastructure, especially electric power, burdening the investor heavily. Mitigation and relief measures for reducing this burden are needed. (General manufacturing, Krakow branch, in SEZ)
- We call for more consistency in practices between various ministries, government offices and agencies, and those of local governments. (Electrical, Electronics, IT, (no affiliation))
- We would like to request PAIIZ to post information on new sub-zones and enlargement of existing SEZs on the Japanese pages of PAIIZ. (Transportation, Logistics, Construction, Wrocław Branch)
- We are not fully aware of existing laws or the current proposals for reform, but in general, we understand the need not only for enlisting further favorable measures for investments but a need to improve facilitation on entering the SEZ, and support after investment (to help secure workforce and retaining it). (General manufacturing, Krakow branch)
- At the beginning of investment we could not generate profit so we could not benefit from tax exemptions. (General manufacturing, Wrocław Branch, in SEZ)
- Normally, it is difficult for a new business to generate profit in the initial investment stages and we feel disadvantaged from not being able to combine profits and losses from revenues originating from activities from both inside and outside the SEZ. (General manufacturing, (no affiliation), in SEZ)
- While we highly regard investment incentives of the SEZ, application procedures are becoming increasingly difficult and the divergences of views between the Ministry of Economy and the Ministry of Finance is not only confusing but creates anxiety. (General manufacturing, Krakow branch, in SEZ)
- We ask for the development of public transportation. (General manufacturing, Toruń Branch, in SEZ)
- We have experienced a case in which licenses for Special Economic Zones and public assistance including that pertaining to corporation taxes which were initially promised were unilaterally rescinded. An investor, therefore must bear in mind that demands and requests may not be secure unless they totally fall within the mandate of the Polish government.

- (Automotive (manufacturing), (no affiliation), in SEZ)
- There are SEZs whose infrastructure is underdeveloped. There are also cases of initial plans not being followed through (for example, a verbal presentation was made to attract us to invest, but the plan has not been realized). (Transportation, Logistics, Construction, (no affiliation))
 - Our company conducts business in the Special Economic Zone and profits earned from manufacture and sales are exempted from corporation taxation. Profits, however, that are earned from outside of the license zone (i.e. outside of the Special Economic Zone) are subject to corporation tax. There would be no problem if it was easy to differentiate revenues originating from activities within the SEZ and those outside, but in reality, it is difficult to distinguish such activities in cases as revenues gained from foreign exchange profits. On the other hand, if we handle profits and losses as originating from both inside and outside the SEZ, losses will be allocated proportionately while profits can be construed as totally originating from outside of the SEZ. This puts us at a risk of having to post profits originating outside of the SEZ in sums larger than they actually are and risking a large corporate levy. As such, we are now refraining from doing business outside of the SEZ, but this has straight jacketed our activities. We thus request for a tax system in which an disproportionate level of corporate tax is not levied on activities outside of the SEZ. (Automotive (manufacturing), Wrocław Branch, in SEZ)

VIII Conclusion and Proposals

1. General assessment

Japanese businesses have been investing in Poland mainly because of the scale of the Polish market, its growth potential, geographical location (proximity to both West European and East European markets) and low labor costs. There are also many businesses that cite their personal business connections, and the political and economic stability of Poland. Among manufacturing firms, many companies – about half of which are based in Poland have made their establishments as central bases for Central and Eastern Europe. Among manufacturing firms investing in the SEZs, 3 out of 4 companies cited investment incentives as reasons for their investment, underlining the importance of such incentives.

As for the business environment, almost half of responses expressed satisfaction, while the remaining half evaluated it is being regular while only a few (three companies) expressed dissatisfaction, suggesting the high level of satisfaction among Japanese companies with the Polish business environment. Specific responses included appreciation of the work force (excellence and diligent vis-à-vis the low labor costs), political and economical stability, economic growth after accession to the EU, good public order, SEZ incentives and support from the SEZ companies. The favorable sentiment towards Japan in Poland seems to have further enhanced satisfaction in the level of workforce and appreciation of the Polish market.

On the other hand, there is a high level of dissatisfaction with delays in infrastructural development (especially road network); complex and long administrative procedures; inconsistencies in the interpretation and application of law and tax systems rules and complaints towards the labor law.

2. Human resources

As for the quality of employment, regardless of type of occupation, there is a low level of dissatisfaction (around 10%). Ability to secure excellent, able and responsible work force at a relatively low labor cost is appreciated. Again, this level of satisfaction is enhanced by the favorable sentiment towards Japan.

On the other hand, 1 out of 4 companies reported dissatisfaction with the ease of acquiring employees and many were of the view that it was increasingly difficult to secure capable employees. There were also those who pointed to rising labor costs, low (skill) level of engineers and professionals, and a need to provide training for more 'value added' employees commensurate to rising costs.

3. Administrative services

While roughly 20% of respondents expressed satisfaction, the same proportion of respondents voiced dissatisfaction. Manufacturing firms tended to be more satisfied, while non-manufacturing firms tended to be more dissatisfied. The main requests were: simplification of procedures, reduction of time necessary for procedures, unified application of law (elimination of discretionary judgment) and allowing for applications to be made in English. There were also request for more proactive and forthcoming support towards businesses already in the SEZ (administrative support, incentives etc.).

A quarter of Japanese business who responded were unsatisfied with the tax system. The main reason for that is complexity, difficulty to understand it, frequent changes, changing application that is based on unclear interpretations; there are many inconsistencies with EU standards.

4. Infrastructure

(1) Public Utilities (electricity, gas, water)

With regards to electricity, gas and water, there were more satisfied companies than those that were not, indicating a certain level of satisfaction. In particular, with regard to gas supply, although some voiced concern with high costs, satisfaction was the norm. On electricity supply, some commended its stable supply, while there were also concerns with power outages (especially caused by lightning) and rising costs. The relatively high costs and lengthy time required to install electrical substations has been pointed out as an obstacle in expanding plants, creating a big problem for

investment promotion.

Conditions of water supply was least appreciated, and although the matter of supply itself was not a source of concern, responses signaled room for improvement in water quality and the way with which water outages and price hikes happen without prior notice.

(2) Transportation Infrastructure

① Logistics (Motorways, Railroads)

Responses we received showed a very high level of dissatisfaction, or 60% of total responses. Non-manufacturing firms such as those in transportation, logistics, and trading tended to express a stronger dismay compared to manufacturing firms. There was general appreciation of the rapid development and improvement of the motorways (especially motorways A1 and A2) due to Poland hosting the EURO 2012 championships but many called for further and quick improvements in this area. Concerns were raised with the poor conditions of the pavement, and its adverse impact on delivering goods. Proposals were made to reexamine the method of installing tollgates, which are experiencing congestion. Many also called for improvements in railroad services.

② Public Transportation (as a means for employees to commute to work)

More than half of the Japanese companies reported the situation as being unsatisfactory. The underdevelopment of public transportation has worked companies to provide bus services on their own or have employees commute by their own car. This situation has also made recruiting more difficult for workers living in distant locations or younger people who have a lower rate of car possession.

It was also pointed out that even in cases that public transportation was available, there are problems with frequency of service, delays etc. As for Warsaw, congestion was a concern. To expand public transportation such as bus and rail networks would also be beneficial for improving the situation of unemployment.

5. Social and Living conditions

(1) Medical Service

Roughly half of responses voiced dissatisfaction. Many pointed out that contracts with private medical institutions were needed and a difficulty in communicating due to lack of English proficiency in medical institutions. On the other hand, there were little complaints with the level of medical care. There were calls for improvement in referral medical care.

(2) Education

40% expressed dissatisfaction. Dissatisfaction was especially high in the countryside where there are very few educational institutions fit for accepting foreign children. The low educational standard of international schools and the general educational environment was also a source of concern.

(3) Public Order

Very few cited dissatisfaction. In fact, most reported favorable views and reported no harmful experiences. The level of satisfaction towards public order was extremely high.

6. General Requests and proposals to the Polish Government and Local Authorities (excluding those relating to Special Economic Zones)

In the area of the protection of workers, the main concerns were the following:

- Sick leave is granted too easily. There is also a problem of the patient having to refrain from work precisely as it is stated in the sick leave certificate regardless of his or her inclination.
- Legal protection for work-related injuries is too lax.
- Too many restrictions on working hours, overtime and holidays.
- Inability to set working conditions by labor-management agreements.
- Difficult to make employment adjustments according to production levels.

Among others, a major source of discontent was a sense of unfairness in the varied treatment among companies in the application of fixed assets tax or agricultural land diversion tax by local governments. (While major clients have tax reliefs recognized, smaller supplier businesses are not. Levels of privileges differ according to time of investment, etc.).

7. Requests and proposals to the Polish Government and Local Authorities pertaining to Special Economic Zones

The main requests from responding companies with regard to the Special Economic Zones Law revision were the following:

- Extend the duration of the SEZ and extend issued licenses (corporation tax exemption applicable period) accordingly.
- Relax requirements to retain SEZ licenses (relaxing level of investment and required years of retaining workforce, permitting rent to be regarded as part of investment.). In particular, as manufacturing firms are directly influenced by economic fluctuations, revisions to the SEZ law should be made to allow for a more flexible management (relaxing obligatory investment levels, number of employees, and increasing number of eligible items for tax exemption.). The permission to reduce workforce by maximum 20% of the obligatory level should not only be granted to businesses that invested in SEZs after 2008 but also should be extended to companies that invested before 2008.
- To recognize a system of balance to forward loss because in the initial period of operation there is usually no profit.
- Expand the scope of corporation tax exemption to revenues generated by activities outside the SEZ. To allow profits to be regarded as eligible for corporate tax exemption in cases that they are difficult to classify as generated from activities inside or outside of the Special Economic Zone.
- Establish a new benchmark for obtaining a SEZ license other than current requirement of retaining a minimum workforce in view of shifting trends among businesses in the SEZ towards a more capital intensive and labor saving business model and to promote a more sophisticated industrial structure.
- Promote reinvestment by granting additional licenses and to grant extensions for businesses reinvesting in the SEZ.

Main requests pertaining to other issues were:

- The SEZ proprietary company negotiates and conducts coordination on behalf of a company operating in the SEZ, when it needs to install infrastructure such as electrical power, water or gas supplies.
- To proactively develop bus services on behalf of companies operating in the SEZ as public transportation for employees of SEZs are inadequate.
- Organize seminars for the benefit of operating companies (on such subjects as revision of law etc.), meetings with potential employees and strengthen internal SEZ management (traffic control, installation of equipment, plowing snow, etc.), improving infrastructure (including surrounding roads, electricity, gas, water, basic medical facilities)

8. Proposals

This survey has revealed that Japanese businesses generally evaluate the Polish business environment favorably. The favorable views of the labor market, good public order, and stable political and economic management, can all be construed as Japanese businesses appreciating the quality of human capital of Poland. In addition, Poland's geographically advantage of being in proximity with both Western and East-European markets, exceptional growth within the EU, relatively large market within Central and Eastern Europe are sources of attraction to Japanese businesses.

Prospects and potential of the Polish market is strong, but further competitiveness is needed for Poland to prosper in international competition. Mindful that the shortest route to promote new investment is always improving the business environment for existing businesses by learning their needs and requests, we would like the Polish government to thoroughly consider the following issues.

- ① Improving infrastructure - not only motorways but also bus, rail and other means of public transportation for employees to commute to work.
- ② Facilitating the process of installing electric power when businesses are making new investments to expand.
- ③ Simply administrative procedures, shortening required time, and practice uniform application (elimination of discretionary powers). Simplify and clarify the tax system and practice uniform application. Ensure conformity with EU standards.
- ④ Revise labor law where excessive worker protection hinders smooth business operations.
- ⑤ To promote future investments of global firms, allow applications to be made in English as a norm, expand and raise the level of medical care and education for foreigners.

Furthermore, as is stated in 7 above, SEZs need to be improved. We understand that the Government of Poland is currently considering legal revisions to extend the duration and allow flexibility of the SEZs. We welcome the initiative by the Ministry of Economy to improve the business environment in this regard. On the other hand, we are also well aware that there is a divergence of views due to a need to ensure fiscal discipline. We equally understand this need, especially when considering the fact that Poland's sound financial management has been raising its credibility in the international market.

With the unfolding slowdown of the economy, however, we believe that now is the time to spur direct investment to promote growth, and particularly so because Poland's economic development to date has largely been buttressed by investment by foreign businesses. Promoting investment is an international competition, and we believe that Poland would be at a great disadvantage without the SEZs. Regardless of the industry, whether it be manufacturing or others, investment incentives are crucial. In particular, this survey shows that 3 out of 4 companies that have invested in the SEZs have pointed to investment incentives a reason for their decisions. The reality is that businesses choose investment destinations from global choices, and for Poland to continue being chosen as a priority destination, constant efforts to improve investment climate, including incentives, is absolutely essential.

(end)

SHOKOKAI Member Companies (As of the end of June 2012)

ACCUROMM Central Europe Sp.zo.o
AJINOMOTO POLAND Sp. z o. o.
AKS Precision Ball Polska Sp. z o. o.
Aries Motor Sp. z o. o.
Bank of Tokyo–Mitsubishi UFJ (Polska) S.A.
Bridgestone Diversified Products Poland Sp. z o. o.
BRIDGESTONE POZNAN Sp. z o. o.
Bridgestone Stargard Sp.z o.o.
CMS Cameron McKenna
COLOR TRADING Sp. z o. o.
Daicel Safety Systems Europe Sp. z o. o.
Danfoss Saginomiya Sp. z o. o.
Deloitte Doradztwo podatkowe Sp z o.o.
Domański Zakrzewski Palinka sp. k.
EMORI & Co., Ltd. S.A. Oddział w Polsce
ERNST & YOUNG Sp. z o. o.
Finnair S.A.
FQS POLAND Sp. z o. o.
FUNAI ELECTRIC (POLSKA) Sp. z o. o.
Hitachi Europe Ltd.
Honda Poland Sp. z o. o.
INABATA POLAND Sp.z o. o.
ISUZU MOTORS POLSKA Sp. z o. o.
ITOCHU CORPORATION (Spółka Akcyjna) Oddział w Polsce
Japan External Trade Organization (JETRO) Warsaw Office
JTI Polska Sp. z o. o.
JUKI CENTRAL EUROPE Sp. z o. o.
Kajima Poland Sp. z o.o.
KDDI Deutschland GmbH Warsaw Representative Office
KOMATSU POLAND Sp. z o.o.
KPMG Tax M. Michna sp.k.
Kuroda Electric Czech Sp. z o. o. Oddział w Polsce
LOTTE Wedel Sp. z o. o.
MAKITA Sp. z o. o.
Marubeni Corporation S. A.
Marubeni Machinery Distribution Poland Sp. z o. o.
Marubeni Motors Poland Sp. z o. o.

Maruboshi Central & Eastern Europe Sp. z o. o.
Meiko Trans Polska Sp. z o. o.
Miller–Fukuda Real Estate Agency
Mitsubishi Corporation S. A. Oddział w Polsce
Mitsubishi Electric Europe B.V.Polish Branch
MITSUBOSHI POLAND Sp. z o. o.
Mitsui & Co. Deutschland GmbH Sp. z o.o., Oddział w Polsce
Mitsui–Soko (Europe) B. V. Sp. z o. o. Poland Branch
MMC Car Poland Sp. z o. o.
NET TRAVEL SERVICE CZECH, s.r.o.
NGK Ceramics Polska Sp. z o. o.
Nichirei Holding Holland B.V. Warszawa Office
Nifco Poland Sp. z o. o.
Nippon Express (Deutschland) GmbH Sp. z o. o. Oddzial w Polsce
Nissin Logistics Poland Sp. z o. o.
Nittan Euro Tech Sp. z o. o.
NSK Europe Ltd. Warsaw Liason Office
NSK Polska Sp. z o. o.
NSK Steering System Europe (Polska) Sp. z o. o.
NTT Europe Ltd. Sp. z o. o. Oddział w Polsce
OPTEX SECURITY SP. Z O.O.
Optopol Technology S.A.
Orion Electric (Poland) Sp. z o. o.
ORIX Polska S.A.
Panasonic Energy Poland S.A.
Panasonic Marketing Europe
PENTEL POLAND Sp. z o. o.
POLAND TOKAI OKAYA MANUFACTURING Sp. z o. o.
PricewaterhouseCoopers Sp. z o. o.
RECRUIT EUROPE(HR, Recruit Service)
Saginomiya Europe Sp. z o. o.
SANDEN MANUFACTURING POLAND Sp. z o. o.
Sanritsu Chemicals Poland Sp. z o. o.
Sharp Manufacturing Poland Sp. z o. o.
Shimizu Corporation
Sohbi Craft Poland Sp. z o. o.
Sojitz Europe plc
Sony Europe Ltd. Poland Branch office
Sumika Electronic Materials Poland Sp. z o. o.
Sumitomo Corporation Europe Limited Sp. z o. o.

Sumitomo Mitsui Banking Corporation Dusseldorf Branch
Summit Motors Poland Sp. z o. o.
Suruga Polska Sp. z o. o.
Suzuki Motor Poland Sp. z o. o.
TAKENAKA EUROPE GMBH Sp. z o. o. Oddział w Polsce
TBMECA Poland Sp. z o. o.
Tensho Poland Corporation Sp. z o. o.
TOSHIBA Television Central Europe Sp. z o. o.
Toyota Motor Industries Poland Sp. z o. o.
TOYOTA MOTOR MANUFACTURING POLAND Sp. z o. o.
TOYOTA MOTOR POLAND CO., LTD. Sp. z o. o.
Toyota Tsusho Europe S.A. Poland Branch
TRI (POLAND) Sp. z o. o.
UNIVERSAL EXPRESS(GERMANY) GmbH Sp. z o. o.
U-TEC Poland Sp. z o. o.
WILLIS Polska S. A.
YAGI POLAND FACTORY Sp. z o. o.
YAMAHA MUSIC EUROPE GmbH Sp. z o. o.
Yamazen Europe GmbH Warsaw Branch
YKK POLAND Sp. z o. o.
Yusen Logistics (Polska) Sp. z o. o.

SEZ & BUSINESS ENVIRONMENT QUESTIONNAIRE

2012/6/5

Company name		
Company name in Japan		
Contact person		
Position		
e-mail		
tel.		
-		
-		
Company type		
Year of establishment/take-over		
Number of employees		
1. What changes would be desirable in the SEZ law ? (Comments)		
Suggestions:		
Possibility to employ fewer workers than declared between 2005 and 2007		
Postponing the time the investor starts to use the tax relief		
Tax relieves should also be allowed when a part of the company's operations is conducted outside the zone.		
Allowing the companies to create clusters and participate in other such initiatives		
No job creation/maintenance criteria in the case of R&D centers		
SEZ operations for an indefinite time period		
15-year-permits (20-year-permits in the case of the Eastern Poland)		
2. What else could be changed in the SEZ operations ?		
3. Other proposals or requests for the central and local governments		
4. Proposals for other entities		

Business environment			
Satisfaction with the business environment	rating (5-1)		
satisfied	comments		
unsatisfied	comments		
qualifications of employees (rating(5-1))	managers		
	engineers and specialists		
	workers & other staff		
staff recruitment (rating(5-1))	managers		
	engineers and specialists		
	workers & other staff		
salary level (rating(5-1))	managers		
	engineers and specialists		
	workers & other staff		
Comments regarding	managers		
	engineers and specialists		
	workers & other staff		
Public administration attitude	rating (5-1)		
	comments		
Tax system	rating (5-1)		
	comments		
Infrastructure			
electricity	rating (5-1)		
	comments		
gas	rating (5-1)		
	comments		
water	rating (5-1)		
	comments		
transportation (motorways, railways, etc.)	rating (5-1)		
	comments		
commuter transportation (buses, etc.)	rating (5-1)		
	comments		
Living conditions			
health care	rating (5-1)		
	comments		
education	rating (5-1)		
	comments		
security	rating (5-1)		
	comments		
investment promotion	rating (5-1)		
	comments		
Reasons for choosing to do business in Poland			
Labor costs			
Incentives (subsidies, tax relieves, etc.)			
Market size and potential			
Poland as a regional HQ for Central&Eastern Europe			
Vicinity to the Western European markets			
Vicinity to the Eastern European markets			
Central and local administration support			
Business relations with other companies			
Technological development			
Quality of supporting industries			
Quality of infrastructure			
Opinions of other companies			
Living standards			
Political and economic stability			