

CENTRE FOR REGIONAL AND  
LOCAL ANALYSES

# REGIONAL INVESTMENT ATTRACTIVENESS 2012

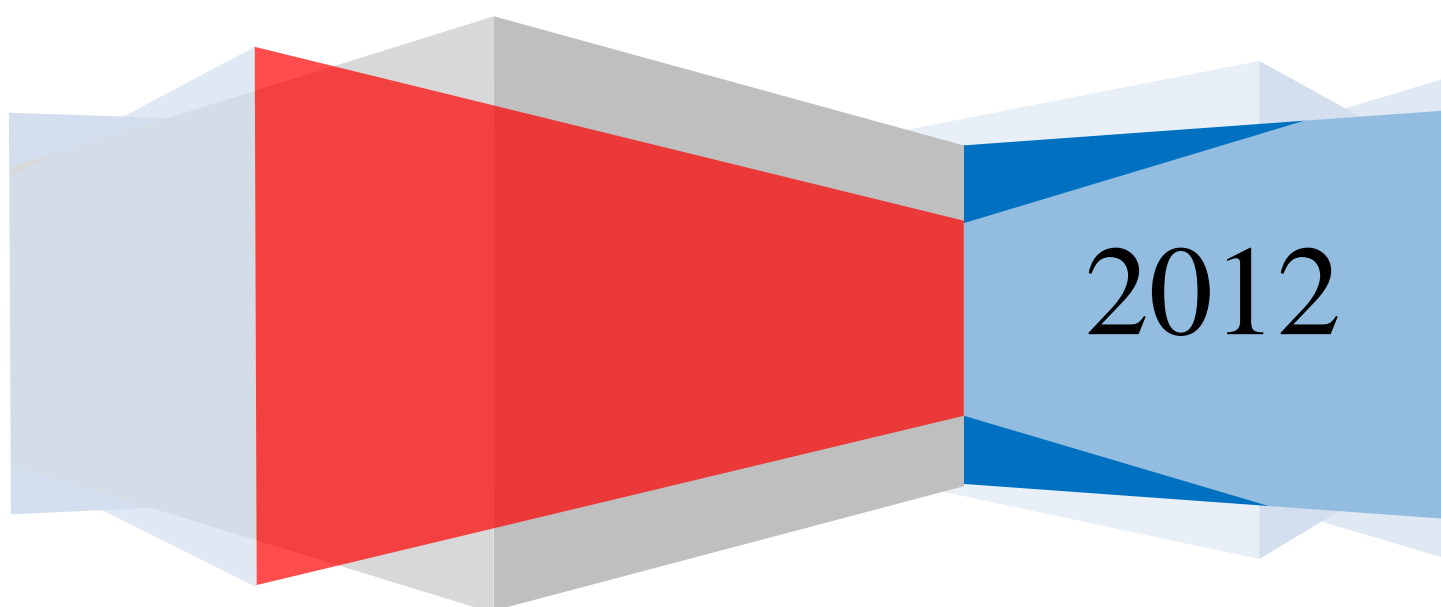
## Lublin voivodship

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## Introduction

This report has been prepared thanks to the application of results of scientific research conducted since 2002 by the Institute of Enterprise, Collegium of Business Administration of the Warsaw School of Economics, under the supervision of Prof. H. Godlewska-Majkowska, Ph.D. All Authors are core members of the team that develops the methodology of calculating regional investment attractiveness in order that important characteristics of regions are captured as closely as possible both in general terms and from a point of view of specificity of a given kind of business activity as well as a size of investment.

Potential investment attractiveness (PAI) indices measure the location-specific advantages of regions. In their simplified version they are calculated for territorial units of various levels of statistical division of the country (gminas/communes, poviats/counties, subregions, voivodships/regions). These are PAI1 indices, which refer to the whole regional/national economy (PAI1\_GN) and selected sections: C – manufacturing industry, G – trade and repair, I – tourism and catering, M – professional, scientific and technical services.

Besides, some indices are only calculated for voidoships on the basis of much more characteristics available on the regional or macroregional level. This allows us to evaluate their investment attractiveness in a much broader context. These are PAI2 indices, which are calculated both from a general point of view and with reference to the above mentioned sections of the economy (PAI2\_C, PAI2\_G, PAI2\_I, PAI2\_M).

What is more, real investment attractiveness ranks are used in this report, which relates to the inflow of capital (in the form of investments) and the effects of investments considered from a point of view of productivity and returns on the outlays previously made.

The measurements in use are subject to annual review thanks to consulting them with foreign investor assistance institutions and direct contact to territorial self-government units as well as organisations of entrepreneurs. A description of methodological approach to measuring investment attractiveness of Polish regions, counties and communes can be found online on the Web site of the Institute of Enterprise : [www.sgh.waw.pl/instituty/ip](http://www.sgh.waw.pl/instituty/ip), on the Web site of the Centre for Regional and Local Analyses, which cooperates with the Institute of Enterprise: [www.caril.edu.pl](http://www.caril.edu.pl), as well as in numerous scientific publications and expert opinions.

## **1. The profile of regional economy of Lublin (lubelskie) voivodship**

Lublin voivodship is situated in central-eastern Poland. It stands out in terms of exceptionally favourable for the development of food industry because of the agricultural character of prevailing part of the voivodship and very high specialisation in growing industrial plant, fruit and vegetables. The purity of natural environment, multiculturalism and tourist monuments (in particular The Old Town in Zamość, a UNESCO World Heritage site, the Polesie and Roztocze National Parks as well as 16 landscape parks) create good conditions for the development of tourism (including agritourism) and regional products manufacturing (including ecological food).

Moreover, the advantages of the voivodship are:

- its favourable location on an international traffic route, i.e. pan-European corridor East-West, which makes foreign market accessible, including the ones of the Ukraine and Belarus,
- relatively low labour costs (remunerations amounting to 87,9% of the national average) and at the same time access to well-qualified human resources in the cities of the region,
- a huge R&D potential thanks to an important role of academic establishments of Lublin in the Polish science and higher education. In 2010 the Ministry of Science and Higher Education ranked in the best scientific establishments in Poland the following ones: Fertilisers Research Institute in Puławy, National Veterinary Research Institute in Puławy, the Faculty of Humanities, the Faculty of Social Sciences and the Faculty of Law, Canon Law and Administration of the John Paul II Catholic University of Lublin, the Faculty of Law and Administration of the Maria Curie-Skłodowska University of Lublin, the Witold Chodźko Institute of Agricultural Institute in Law, the Pharmaceutical Faculty with Medical Analytics Division of the Medical University of Lublin as well as the Institute for Central-Eastern Europe in Lublin,
- industrial traditions, in particular in reference to transport, machine, chemical and food industries,
- predispositions to the development of BPO by virtue of access to well-qualified human resources and their low wage expectations.

**Chart 1. General characteristics of the economy of Lublin voivodship**

Feature	Lublin voivodship	Poland	Share [%]
Market Potential			
GDP per capita (PLN/person) in 2009	23,651	35,210	-
Population (persons) on 31 December 2011	2,171,857	38,538,447	5.6
Human Resources Potential			
Higher education institutions graduates (persons) in 2011	30,087	492,646	6.1
Secondary schools graduates (persons) in 2011	27,934	421,724	6.6
Number of employed persons on 31 December 2011	803,560	13,911,203	5.8%
Structure of employed persons in 2011	agriculture 27.6% industry 21.5% services 50.9%	agriculture 12.7% industry 30.6% services 56.7%	
Investment outlays and capital of companies with foreign capital participation in the voivodship			
Investment outlays (PLN mln) in 2010	521.2	61,600.3	0.8
Capital of companies (PLN mln) in 2010	1,269	188,812.4	0.7
Special economic zones (SEZs) in the voivodship			
<div>- The Tarnobrzeg SEZ, subzones: Horodło, Janów Lubelski, Łuków, Poniatowa, Tomaszów Lubelski, Kraśnik (city), Tomaszów Lubelski (city), Ryki</div> <div>- The Starachowice SEZ, subzone: Puławy (city)</div> <div>- The Mielec SEZ, subzone: Lublin (city), Radzyń Podlaski (city), Zamość (city), Lubartów (city)</div>			
Investment attractiveness			
Potential investment attractiveness (location-specific advantages evaluation)		-	
Real investment attractiveness (economic effects evaluation)		-	
Poviats and gminas distinguished according to the Potential Attractiveness Index for the national economy			
Poviats	Class A	Chełm (city), Zamość(city), .Lublin (city)	
	Class B	Biała Podlaska (city)	
Gminas**	Class A	Świdnik (1), Zamość (1), Lublin (1), Chełm (1), Kraśnik (1), Puławy (1), Lubartów (1), Tomaszów Lubelski (1), Łęczna (3), Włodawa (1), Puchaczów (2), Biłgoraj (1), Radzyń Podlaski (1), Biała Podlaska (1), Łuków (1), Rejowiec Fabryczny (1), Stoczek Łukowski (1), Międzyrzec Podlaski (1), Poniatowa (3)	
	Class B	Janów Lubelski (3), Krasnystaw (1), Hrubieszów (1), Dęblin (1), Wólka (2), Lubartów (2), Terespol (1), Kazimierz Dolny (3), Łukowa (2)	

In 2009 Lublin voivodship made a contribution of 3.8% to the GDP of Poland. Calculated per capita, it amounted to PLN 23,651 PLN with the average for Poland PLN 35,210. With this result the voivodship occupies the sixteenth place in the country. The GDP growth rate in the period 2003-2009 amounted to 149.4% while the national average reached 168.5%.

In comparison with the whole country the structure of employment in the voivodship is characterised by a relatively low share of the service sector (50.9%) whereas a share of the agricultural and industrial sectors is respectively 27.6% and 21.5% (CSO, RDB 2012).

The number of inhabitants of the voivodship amounts to 2,171,857 (as of 2011), which makes up 5.6% of the population of Poland. The age structure of Lublin voivodship in 2010 was as follows: 15.3% of the population at pre-reproductive age, 67% at reproductive age and 17.7% at post-reproductive age (for Poland, respectively, 15.1%, 68.1% and 16.8%). The registered unemployment rate in the voivodship in August 2012 was 13.3%, compared to 12.4% in Poland<sup>1</sup>. The average gross monthly remuneration in enterprises sector in the first six months of 2012 amounted to PLN 3,174.3 PLN, which is 86.1% of average remuneration in Poland.

The main potential for human capital creation in the voivodship is constituted by 18 higher education institutions in which 96,2 thousand students study, which makes up 5.5% of all students Poland-wide. Moreover 5.7 % of pupils of secondary schools attend technikum schools and 4.8% vocational schools.

The voivodship's strategic sectors mentioned in the strategy of regional development include above all: industry (the manufacture of food products, the manufacture of furniture and manufacturing n.e.c., the manufacture of machinery and equipment, the manufacture of non-metallic mineral products, automobile industry, the manufacture of wood and wooden products, chemical industry), construction, market services (an important element of institutional business surroundings is the banking sector reinforced by financial institutions like credit and guarantee funds, leasing companies, credit unions), network services (especially electricity and gas supply), tourism, non-market services, agriculture (one of the most important branches of the economy of Lublin voivodship), education, R&D and the development of information society (knowledge-based economy).

Preferential conditions of conducting business activities are offered in this voivodship i.a. by the following 3 special economic zones (in Polish: Specjalne Strefy Ekonomiczne, hence abbreviation SSE):

- Tarnobrzaska SSE (Tarnobrzeg special economic zone), subzones: Horodło, Janów Lubelski, Łuków, Poniatowa, Tomaszów Lubelski, the city of Kraśnik, the city of Tomaszów Lubelski, Ryki,
- Starachowicka SSE (Starachowice special economic zone), subzone: the city of Puławy,
- Mielecka SSE (Mielec special economic zone), subzones: the city of Lublin, the city of Radzyń Podlaski, the city of Zamość, the city of Lubartów.

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<sup>1</sup> The unemployment rate in voivodships, subregions and poviats in August 2012 is based on the data of Central Statistical Office.

## 2. Region's rank in terms of investment attractiveness in Poland

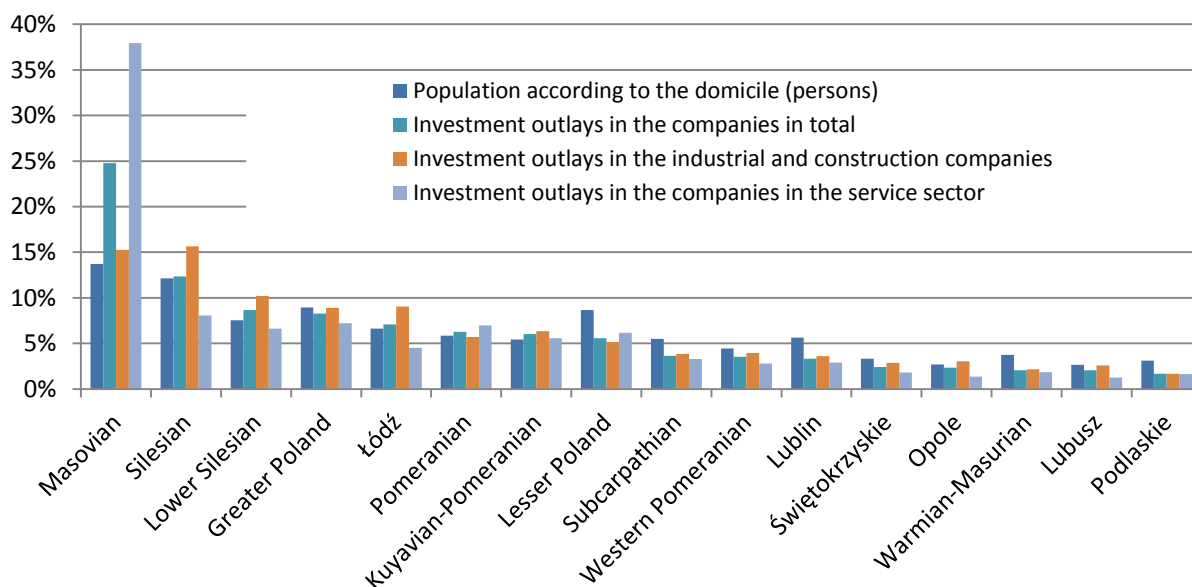
Lublin voivodship is characterised by a very low level of universal investment attractiveness, which demonstrates itself in its rank (Class F) according to the main potential investment attractiveness index for the whole national economy PAI 2\_GN.<sup>2</sup>

Investment attractiveness can also be determined on the basis of indices of real investment attractiveness (RAI), based on such microclimates as: returns on tangible assets, labour productivity, self-financing of self-government territorial units and investment outlays. RAI ranks for this region are very low (Class F for most indices in this group). Its rank for professional, scientific and technical activities as well as hotels and restaurants is slightly higher (Class E).

Potential and real investment attractiveness is reflected in the decisions of investors on business location. This is shown in Exhibit 1.

In 2010 Lublin region took the eleventh place in terms of investments outlays made in the companies (a share of 3.3% in the national investment outlays). It is very scarce given region's share in the national population amounts to 5.6%. It applies to outlays both in industrial and construction companies (3.6%), and in the service sector (2.9%). It means the market potential of the region is undervalued by the investors. However, this concerns mainly Polish entrepreneurs. An analysis of the value of accumulated capital in the companies with foreign capital participation leads to such a conclusion – see Exhibit 2.

**Exhibit 1. Regional structure of investment outlays in the companies in 2010 in comparison with the share in the population (percentage of country's population)**



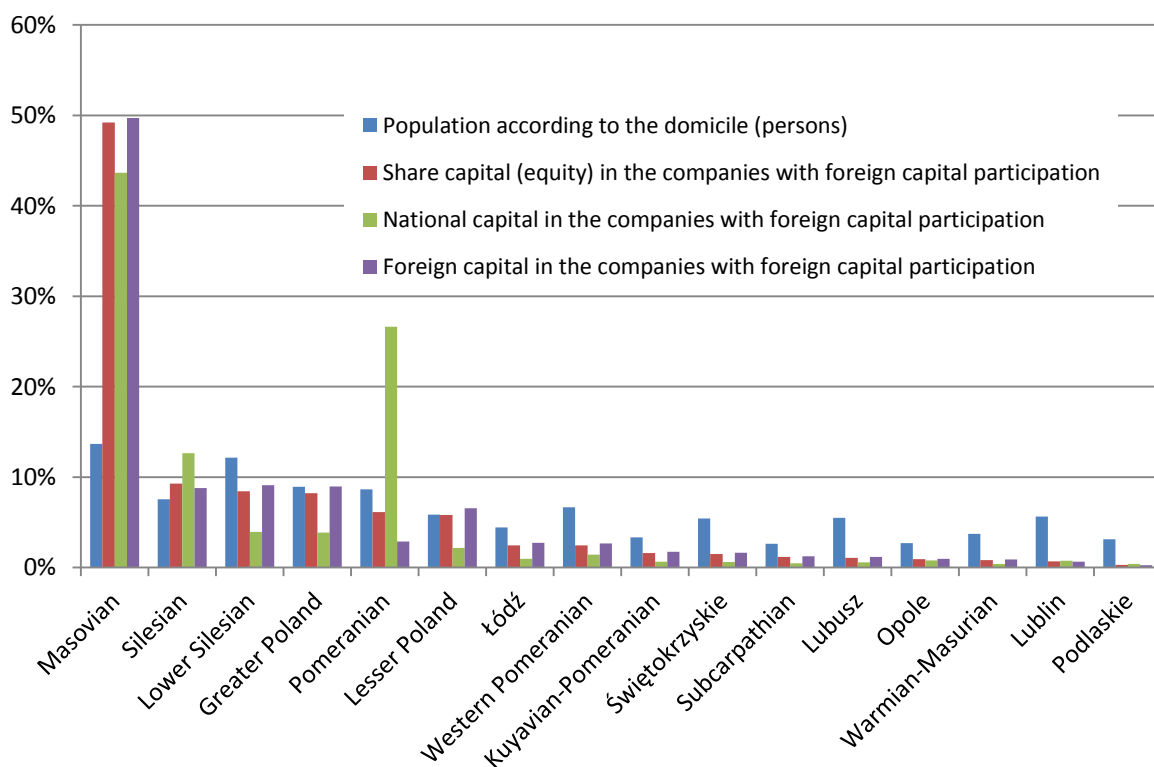
Note: these are the most up-to-date data.

Source: Authors on the basis of the Local Data Bank (downloaded 23.10.2012)

<sup>2</sup>Section C – manufacturing industry, section G – trade and repair, section I – hotels and restaurants, section M – professional, scientific and technical activities. A description of methodological approach to measuring investment attractiveness of Poland's regions, poviats and gminas can be found on the Web site: <http://www.investmazovia.com/metodyka.html>

This means the market potential of the region is undervalued by the investors. An analysis of capital accumulated in the companies with foreign capital participation proves the same – see Exhibit 2. The voivodship took the eleventh place in terms of the value of share capital of entities with foreign capital participation (0.7%), its performance in terms of a share in the workplaces created was slightly better (1.4%).

**Exhibit 2. Regional structure of capital in the companies with foreign capital participation in comparison with a share in population (% national population)**

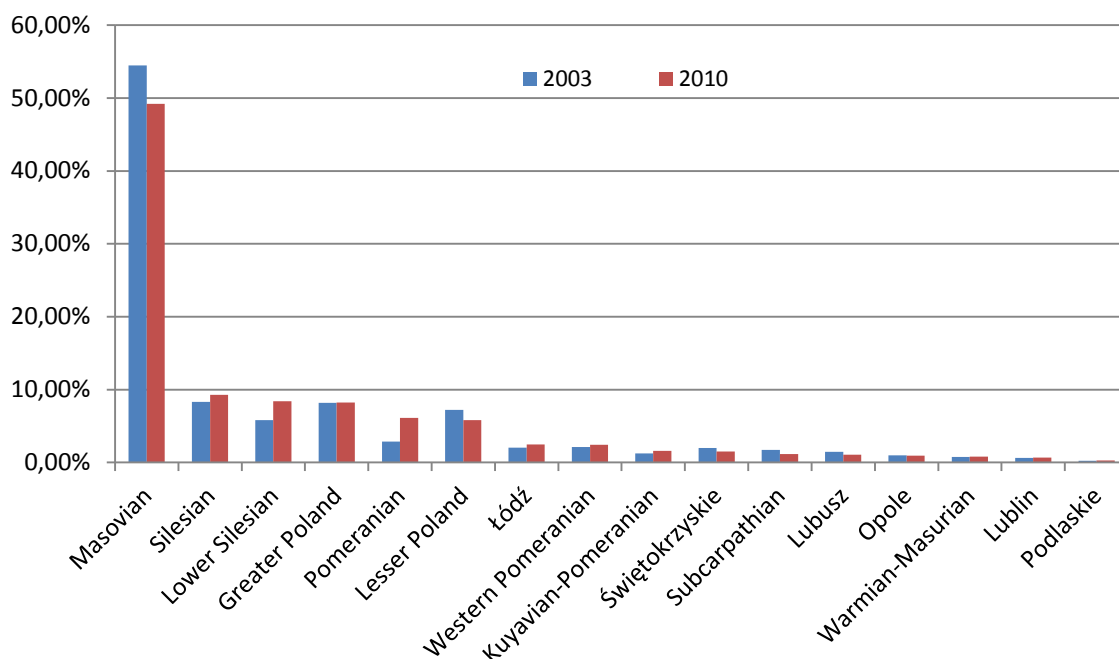


Note: these are the most up-to-date data.

Source: Authors on the basis of the Local Data Bank (downloaded 23.10.2012)

Region's poor performance in attracting foreign investors measured with a share in the value of share capital of entities with foreign capital participation slightly improved and increased from 0,64 to 0,67% - see Exhibit 3. Similarly, Competitive rank measured as a region's share in a number of employees of entities with foreign capital participation increased from 1.33% to 1.37%. This means the region fails to use its cost-driven competitive advantages.

**Exhibit 3. Regional competitive rank in terms of investments with foreign capital participation according to the value of share capital of the companies with foreign capital participation in 2003 and 2010 (percentage of national representation)**



Source: Authors on the basis of the Local Data Bank (downloaded 23.10.2012)

Other regions of Eastern Poland are in a comparable situation as investors tend to consider them little attractive. The graph shows a clear competitive advantage of Masovian voivodship, which absorbs a half of capital in the companies with foreign capital participation. Strong industrialization in Lower Silesian, Silesian voivodship as well as Greater Poland and Lesser also stand out.

An opportunity for Lublin voivodship might be investment areas thoroughly prepared by self-government territorial units which are characterised by high investment attractiveness, in particular for medium-sized companies operating in the industry and service sector.



### 3. Internal diversification of regional investment attractiveness

#### Poviats (counties)

The following poviats are considered most attractive in Lublin voivodship: the city of Biała Podlaska, the city of Chełm, the city of Zamość, the city of Lublin - see Chart 2.

**Chart 2. Potential investment attractiveness of poviats of Lublin voivodship for the national economy and selected sections**

Powiat	PAI1_GN	PAI1_GN	PAI1_C	PAI1_G	PAI1_I	PAI1_M
The city of Zamość	0,359	A	A	A	A	A
The city of Lublin	0,348	A	A	A	A	A
The city of Chełm	0,331	A	A	A	C	A
The city of Biała Podlaska	0,305	B	B	B	C	B
łęczyński	0,278	C	C	C	D	C
puławski	0,277	C	C	C	C	C

Source: Authors' own materials.

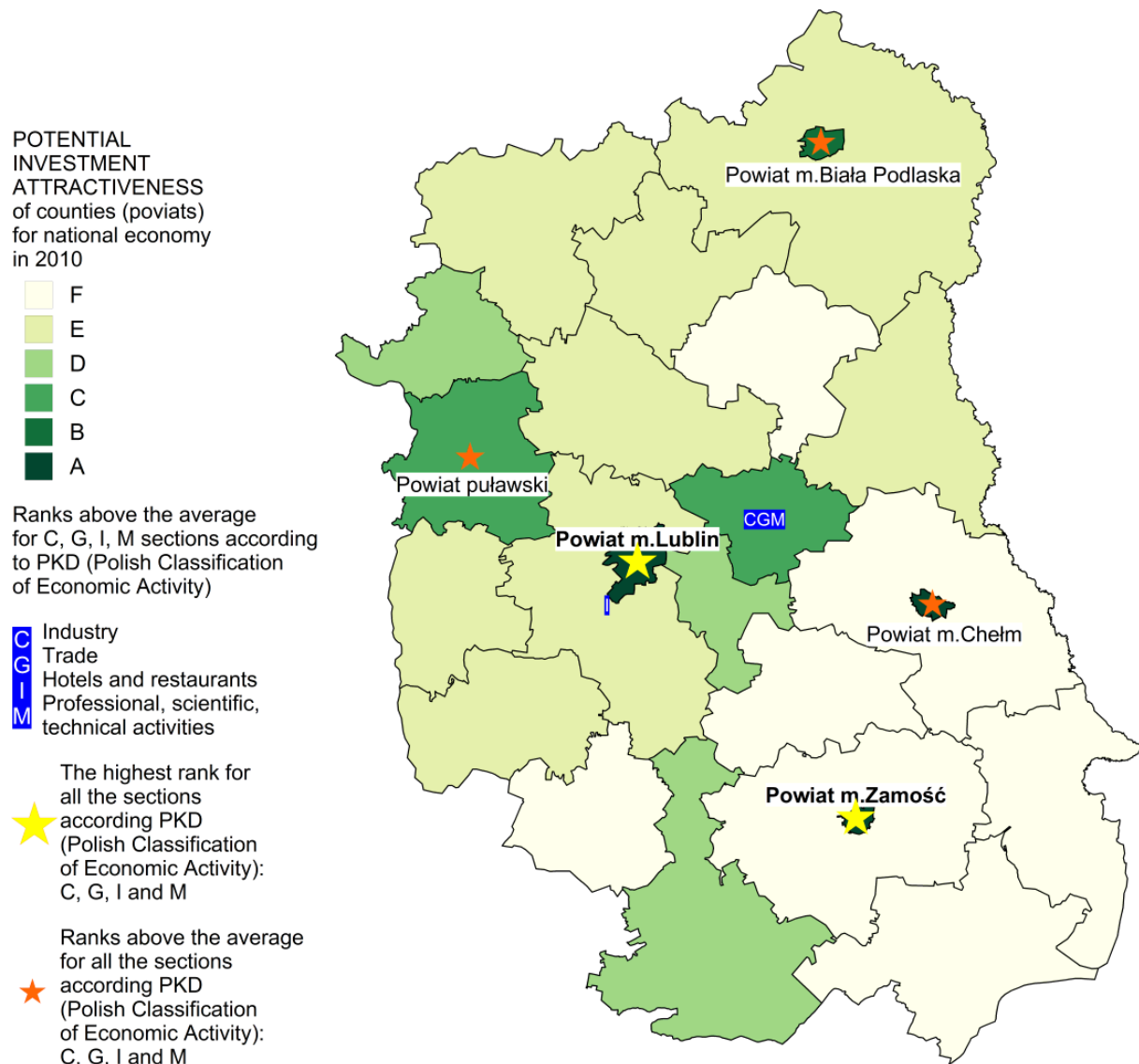
The following poviats should be distinguished: the cities of Zamość and Lublin as these units attained Class A in their potential investment attractiveness for all sections of the national economy under scrutiny in this research.

In reference to the sections mentioned below the following poviats should be additionally distinguished:

- Puławski, łęczyński (Class C) for section C,
- Puławski, łęczyński (Class C) for section G,
- The city of Biała Podlaska, the city of Chełm, lubelski, puławski, puławski (Class C) for section I,
- Puławski, łęczyński (Class C) for section M.

Synthetic evaluation of potential investment attractiveness of poviats of Lublin voivodship is presented in Exhibit 4.

#### Exhibit 4. Spatial diversification of potential investment attractiveness of poviats of Lublin voivodship with consideration of the most attractive sections



Source: Authors' own materials.

**Gminas (communes)**

Like powiats, gminas are also very much diversified in terms of investment attractiveness. The highest ranked gminas are: Świdnik (1), Zamość (1), Lublin (1), Chełm (1), Kraśnik (1), Puławy (1), Lubartów (1), Tomaszów Lubelski (1), Łęczna (3), Włodawa (1), Puchaczów (2), Biłgoraj (1), Radzyń Podlaski (1), Biała Podlaska (1), Łuków (1), Rejowiec Fabryczny (1), Stoczek Łukowski (1), Międzyrzec Podlaski (1), Poniatowa (3). It is also reflected in their high ranks (Class A or B) for all analysed sections – see Chart 3.

**Chart 3. Potential investment attractiveness of gminas of Lublin voivodship for the national economy and selected sections**

Gmina	PAI1_GN	PAI1_GN	PAI1_C	PAI1_G	PAI1_I	PAI1_M
Świdnik (1)	0,278	A	A	A	B	A
Zamość (1)	0,278	A	A	A	A	A
Lublin (1)	0,270	A	A	A	A	A
Chełm (1)	0,266	A	A	A	B	A
Kraśnik (1)	0,263	A	A	A	C	A
Puławy (1)	0,252	A	A	A	B	A
Lubartów (1)	0,251	A	A	A	C	A
Tomaszów Lubelski (1)	0,249	A	A	A	C	A
Łęczna (3)	0,248	A	A	A	C	A
Włodawa (1)	0,247	A	A	A	B	A
Puchaczów (2)	0,244	A	A	A	A	B
Biłgoraj (1)	0,240	A	A	A	C	A
Radzyń Podlaski (1)	0,240	A	A	A	B	A
Biała Podlaska (1)	0,238	A	A	A	B	A
Łuków (1)	0,236	A	A	B	D	A
Rejowiec Fabryczny (1)	0,235	A	A	A	C	A
Stoczek Łukowski (1)	0,224	A	B	A	B	B
Międzyrzec Podlaski (1)	0,223	A	A	A	C	B
Poniatowa (3)	0,222	A	B	B	B	B

(1) – urban commune, (2) – rural commune, (3) – rural-urban commune

Source: Authors' own material.

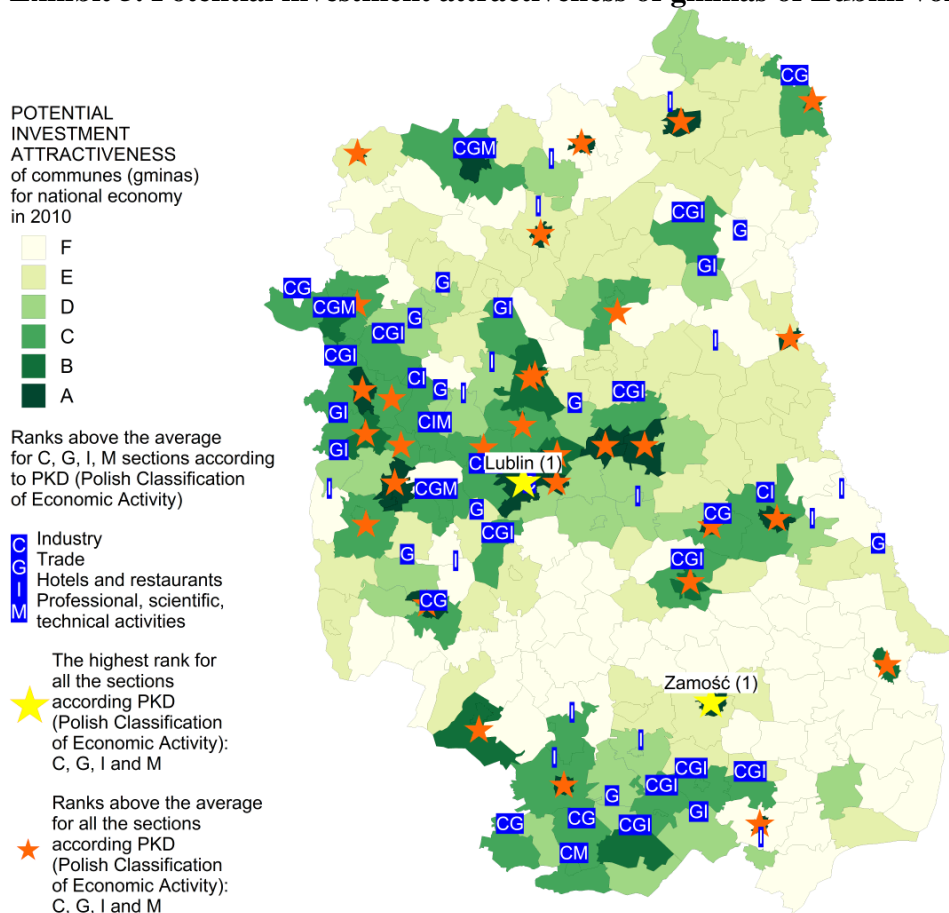
Attractive are also such gminas which belong to Class B according to the PAI1\_GN index as: Janów Lubelski (3), Krasnystaw (1), Hrubieszów (1), Dęblin (1), Wólka (2), Lubartów (2), Terespol (1), Kazimierz Dolny (3), Łukowa (2). The location-specific advantages are also universal in these gminas, which makes them attractiveness for all kinds of business activity in question.

This characteristic is not found in all gminas belonging to Class C. This condition is only fulfilled by the following gminas: Tuszyn (3), Stryków (3), Opoczno (3) – see Chart 3 in the Appendix.

In reference to the sections mentioned below the following gminas of Class C should be distinguished:

- Kraśnik (2), Opole Lubelskie (3), Końskowola (2), Kurów (2), Nałęczów (3), Puławy (2), Wąwolnica (2), Żyrzyn (2), Ryki (3), Stężyca (2), Terespol (2), Wisznice (2), Parczew (3), Józefów (3), Księżpol (2), Łukowa (2), Potok Górny (2), Tarnogród (3), Chełm (2), Rejowiec (2), Krasnystaw (2), Tarnawatka (2), Krasnobród (3), Bełżyce (3), Głusk (2), Konopnica (2), Niemce (2), Strzyżewice (2), Ludwin (2) – for section C,
- Kraśnik (2), Urzędów (2), Opole Lubelskie (3), Wilków (2), Baranów (2), Janowiec (2), Końskowola (2), Markuszów (2), Puławy (2), Żyrzyn (2), Ryki (3), Stężyca (2), Sosnówka (2), Terespol (2), Wisznice (2), Parczew (3), Podedwórze (2), Aleksandrów (2), Józefów (3), Księżpol (2), Dubienka (2), Rejowiec (2), Krasnystaw (2), Susiec (2), Tarnawatka (2), Krasnobród (3), Firlej (2), Jeziorzany (2), Bełżyce (3), Jastków (2), Niedrzwica Duża (2), Niemce (2), Strzyżewice (2), Spiczyn (2) - for section G,
- Trawniki (2), Kraśnik (1), Wilkołaz (2), Łaziska (2), Opole Lubelskie (3), Końskowola (2), Kurów (2), Puławy (2), Wąwolnica (2), Żyrzyn (2), Ryki (3), Międzyrzec Podlaski (1), Wisznice (2), Parczew (3), Podedwórze (2), Kąkolewnica Wschodnia (2), Biłgoraj (1), Biłgoraj (2), Frampol (3), Józefów (3), Rejowiec Fabryczny (1), Hrubieszów (1), Krasnystaw (2), Tomaszów Lubelski (1), Bełżec (2), Susiec (2), Tarnawatka (2), Krasnobród (3), Zwierzyniec (3), Lubartów (1), Firlej (2), Kamionka (2), Niemce (2), Wólka (2), Ludwin (2), Łęczna (3), - dla sekcji I,
- Opole Lubelskie (3), Kazimierz Dolny (3), Końskowola (2), Wąwolnica (2), Ryki (3), Terespol (1), Parczew (3), Tarnogród (3), Lubartów (2), Bełżyce (3), Jastków (2), Konopnica (2), Niemce (2) – for section M.

Synthetic evaluation of potential investment attractiveness of gminas of Lower Silesian voivodship is presented in Exhibit 5.

**Exhibit 5. Potential investment attractiveness of gminas of Lublin voivodship**

Source: Authors' own materials.

#### 4. Voivodship's institutional support for investors and entrepreneurs

The development of business surrounding in a region is a vital component of its investment attractiveness. The institutions that support entrepreneurship, pro-investment solutions, research commercialization and innovativeness are of special importance. Among the voivodship's business-supporting institutions one should mention: Lubelski Park Naukowo-Technologiczny and Centrum Innowacji i Transferu Technologii LPNT Sp. z o. o., Puławski Park Naukowo-Technologiczny, Lubelska Fundacja Rozwoju, Stowarzyszenie Lubelski Klub Biznesu, Lubelska Agencja Wspierania Przedsiębiorczości in Lublin, Regionalna Izba Gospodarcza (chamber of commerce) in Lublin, Lubelska Izba Rzemieśnicza in Lublin, Izba Rzemiosła i Przedsiębiorczości in Lublin, Lubelska Okręgowa Izba Inżynierów Budownictwa in Lublin, Puławska Izba Gospodarcza, Białkopodlaska Izba Gospodarcza, Fundacja Rozwoju Lubelszczyzny, Lubelski Związek Pracodawców, Związek Prywatnych Pracodawców Lubelszczyzny „LEWIATAN”, Biłgorajska Agencja Rozwoju Regionalnego S.A., Fundacja Puławskie Centrum Przedsiębiorczości, Lubelskie Forum Pracodawców, Akademicki Inkubator Przedsiębiorczości (business incubator) at UMCS (Maria Curie-Skłodowska University) in Lublin, Lubelski Inkubator Przedsiębiorczości Politechniki Lubelskiej, Akademicki Inkubator Przedsiębiorczości of Wyższa Szkoła Ekonomii i Innowacji, Polska Fundacja Ośrodków Wspomagania Rozwoju Gospodarczego „OIC” Poland, Fundacja Inicjatyw Menedżerskich, Business Centre Club Łoża Lubelska, Izba

Przemysłowo-Handlowa in Lublin, Rada Przedsiębiorczości Lubelszczyzny, Polski Fundusz Gwarancyjny Sp. z o.o., Lubelskie Centrum Transferu Technologii of the Technical University of Lublin.

**Lubelski Park Naukowo-Technologiczny** (Lublin Park of Science and Technology) offers the lease of office space, training space, laboratory space and means of correspondence. The Park facilitates establishment of contacts between the research and business societies by providing a database of research staff. The commercialization of research is supported by the Centre for Innovativeness and Technology Transfer LPNT LCC. The Park houses laboratories of Lublin universities and technology centres. The Centre supports the cluster initiatives as well. (<http://www.pntwl.lublin.pl/>, 01.10.2012.).

**Puławski Park Naukowo-Technologiczny** (Puławy Research and Technology Park) offers a combination of training and research services as well as services concerning the transfer of technology and business creation. It offers office and production-laboratory space for developing companies and can support the management of investment areas for expanding technology firms. (<http://www.ppnt.pulawy.pl/>, 01.10.2012.).

**Lubelska Fundacja Rozwoju** (Lublin Development Foundation) offers financial services (credit collaterals, loans, capital investments), consulting services (an Enterprise Europe Network Centre functioning with the Lublin Development Foundation offers advice related to business management and expanding to foreign markets), training services, innovations and technology transfer projects (The Lublin and Eastern Business Angels Network and Business & Innovation Centre in Lublin – BIC). BIC offers services for entrepreneurs interested in financing innovations, establishing contacts with research institutions, seeking partners. It also facilitates access to specialised consulting services and trainings concerning new technologies in firms as well facilitates access to free databases of national and international institutions (inter alia European Society for Transfer of Technology, Innovations and Industrial Information). (<http://www.lfr.lublin.pl/>, 01.10.2012.).

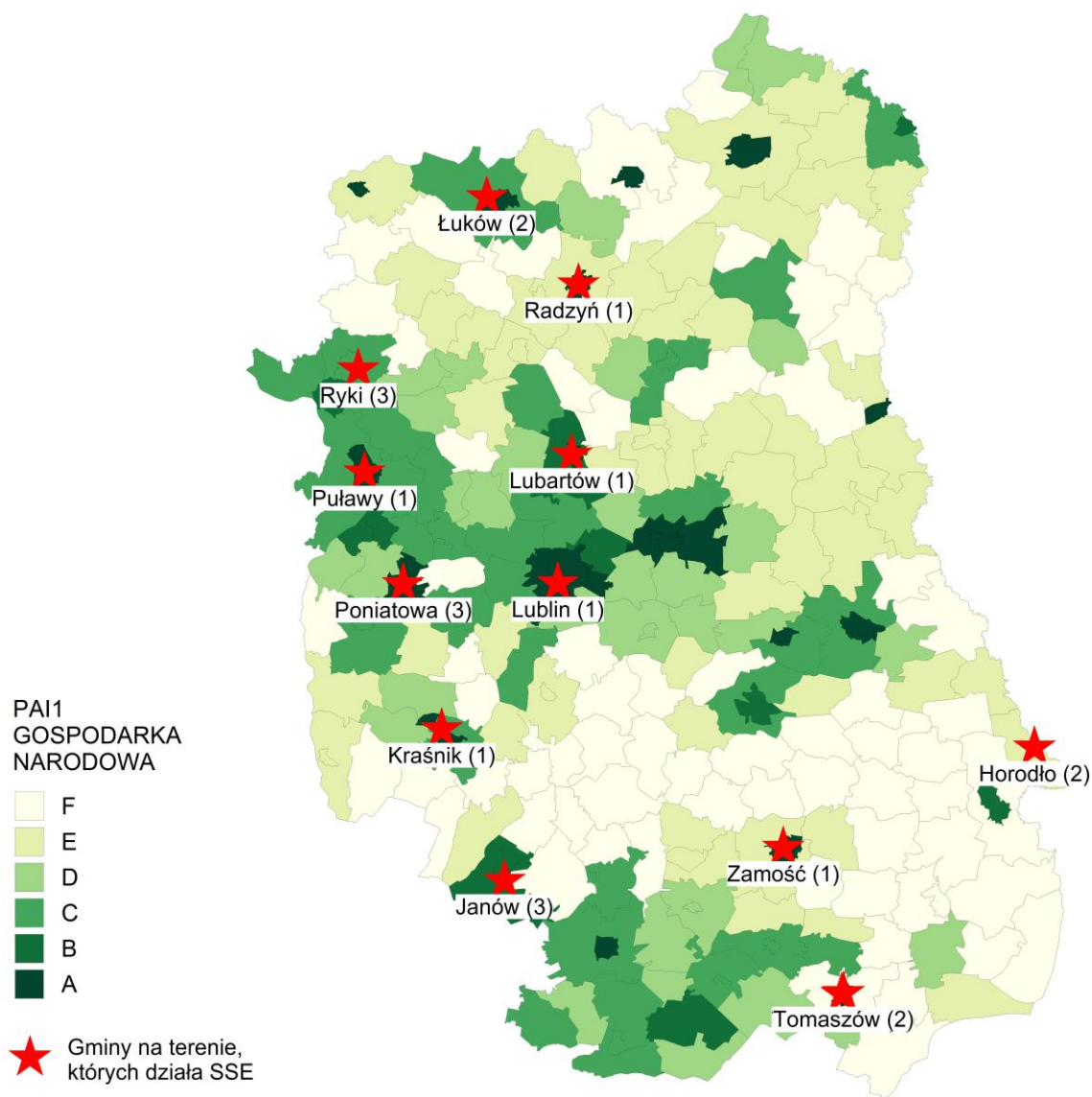
**Stowarzyszenie Lubelski Klub Biznesu** (Lublin Business Club Society). The club offers training services, consulting and promotion services. It gathers and publicises the cooperation offers of domestic and external partners. New opportunities for promotion are offered by the Centre for the Service of Eastern Markets, which aims to support entrepreneurship in the Lublin voivodeship by developing direct economic contacts between Poland and Ukraine. The centre offers advice on markets specifics, trade missions to Ukraine, organisation of meetings aimed at establishing contacts with eastern partners and exchange of cooperation offers between exporters. The Club has started the Program of Mutual Purchases for its members, which lowers their operating costs. The program contains e.g. capital insurance, life insurance, fuel and mineral water purchases as well as mobile phone services. (<http://www.lkb.lublin.pl/>, 01.10.2012.).



## Special economic zones in Lubelskie voivodeship - effects

There are three special economic zones (SSE) in Lubelskie voivodeship: Mielecka SSE, Starachowicka SSE and Tarnobrzenska SSE. At the end of 2011 the areas of SSE were part of 7 cities and 6 gminas (counties). (Exhibit 6).

**Exhibit 6. The location of SSE in Lubelskie voivodeship**



Source: Author's own calculations.

First SSE was established in 2001 in Poniatowa and it was only in 2007 that next ones were created. The enterprises operating in the zones have until 2011 invested 666 million PLN which constitutes 1% of all economic zone capital expenditure in Poland. In the same period the enterprises have created 179 jobs, which constitutes 4% of all new jobs created in economic zones cf. Chart 4.

**Chart 4. Effects of special economic zone functioning at the end of 2011.**

SSE/ Gmina	Leading industries (capital expenditure larger than 20% of overall capital expenditure in the subzone)	New jobs created	Cumulated capital expenditure in million PLN
Tarnobrzaska SSE, Horodło (2)	No investors		
Tarnobrzaska SSE, Janów Lubelski (3)	No investors		
Tarnobrzaska SSE, Kraśnik (1)	No investors		
Mielecka SSE, Lubartów (1)	Data unavailable		
Mielecka SSE, Lublin (1)	Final metal products	155	314,5
Tarnobrzaska SSE, Łuków (2)	Steel constructions	0	1,5
Tarnobrzaska SSE, Poniatowa (3)	Data unavailable		
Starachowicka SSE, Puławy (1)	Chemicals	24	350,0
Mielecka SSE, Radzyń Podlaski (1)	Data unavailable		
Tarnobrzaska SSE, Ryki (3)	No investors		
Tarnobrzaska SSE, Tomaszów Lubelski (1)	No investors		
Tarnobrzaska SSE, Tomaszów Lubelski (2)	Data unavailable		
Mielecka SSE, Zamość (1)	Data unavailable		

Source: Authors' own calculations based on PAIIZ data.

The leading investments in Lublin voivodeship economic zones are located in Puławy in the subzone located at Zakłady Azotowe (Nitrogen Works) PUŁAWY SA. The new chemical projects have been started by ZA PUŁAWY and Air Liquide Investments, a producer of industrial and medical materials. In the Lublin zone the leading investments include metalworks production (ALIPLAST Sp. z o.o., Ball Packaging Europe Lublin Sp. z o.o.) and in Łuków – steel constructions (STOK-ROL Sp. J.).

According to the plan of economic zones development of the voivodeship, the zones are to attract:

- Investors that would make use of areas left by the state agricultural enterprises by utilising the local resource pool for ceramic, wood and construction material industries - in Tarnobrzaska SSE and Starachowicka SSE.
- Investors from the ceramic and construction industries, which would make use of the working force and capital of the closed automobile industry (thanks to the common resource pool) and investors of biotechnology and hi-tech services thanks to an important academic centre – in Mielecka SSE.



## 'A' Commune

Student Scientific Organisation for Entrepreneurship and Regional Analyses affiliated to the Institute of Enterprise of the Warsaw School of Economics, has again published the results of its research into the quality of investor assistance given by the communal authorities. The subject of this study of investment attractiveness is: an audit of Web sites and audit of e-contact in Polish and English with communal authorities. The effect of this study is a ranking 'A' Commune, which is thought to distinguish best performing self-government territorial units in terms of the use of means of electronic communication in their assistance. The research is carried out using the mystery client method. In this year's edition all gminas belonging to Class A according to the PAI 2010 index were subject to query.

As a result 70 gminas have been distinguished; this includes 2 gminas situated in Lublin voivodship.

**Chart 5. Gminas in Lublin voivodship distinguished as 'A' Communes**

Gmina	Powiat	Audit of Web sites	Audit of e-contact in Polish	Audit of e-contact in English	Sum
Lublin (1)	Lublin	8,5	3	3	<b>14,5</b>
Łęczna (3)	łęczyński	7,5	5	0	<b>12,5</b>

Source: Authors' own materials.

Lublin's high place is due to its positive evaluation of the content of its Web site which is also available in the Ukrainian, Belarussian and Spanish languages. Lublin stood out among other communes in the voivodship as it was the only one to have given an answer to an e-mail in English. Łęczna offers a unique system of SMS communication which allows the gmina to maintain a permanent contact with its inhabitants and investors. What is more, in its reply Łęczna gave extensive answer regarding the preferential treatment of investments in this commune and stated in which resolution of the city council real estate tax exemptions had been passed.

## 5. Region's strengths and weaknesses

Lublin voivodship has its unique character and clear specificity which influences its strengths and weaknesses. If divided according to the main factors of location and location conditions classified into microclimates composing potential and real investment attractiveness, they can be grouped into strengths (microclimates ranking A, B or C) and weaknesses (microclimates ranking D, E or F) – see Chart 6.

**Chart 6. Strengths and weaknesses of Lublin voivodship**

<b>Strengths of the region according to the microclimates by IP SGH</b>	<b>Weaknesses of the region according to the microclimates by IP SGH</b>
<b>National economy</b>	
Microclimate Social Capital Class B	Microclimate Human Resources Class E Microclimate Technical Infrastructure Class F Microclimate Social Infrastructure Class D Microclimate Market Class F Microclimate Administration/Governance Class D Microclimate Innovativeness Class E Labour productivity in enterprises Class F Returns on tangible assets Class D Profitability of enterprises Class F Self-financing of self-government units Class F Investment outlays Class F
<b>Capital intensive industry</b>	
Microclimate Social Capital Class B Microclimate Administration/Governance Class C	Microclimate Human Resources Class D Microclimate Technical Infrastructure Class F Microclimate Social Infrastructure Class D Microclimate Market Class F Microclimate Innovativeness Class E Returns on tangible assets Class D Labour productivity in enterprises Class F Self-financing of self-government units Class F Investment outlays Class F
<b>Labour intensive industry</b>	
Microclimate Social Capital Class B Microclimate Administration/Governance Class B	Microclimate Human Resources Class F Microclimate Technical Infrastructure Class F Microclimate Social Infrastructure Class D Microclimate Market Class F Returns on tangible assets Class D Labour productivity in enterprises Class F Self-financing of self-government units class F Investment outlays Class F
<b>Trade</b>	
Microclimate Social Capital Class B Microclimate Administration/Governance Class C	Microclimate Human Resources Class F Microclimate Technical Infrastructure Class F Microclimate Social Infrastructure Class D

	Microclimate Market Class F Returns on tangible assets Class D Labour productivity in enterprises Class E Self-financing of self-government units Class F Investment outlays Class E
<b>Tourism</b>	
Microclimate Social Capital Class C Returns on tangible assets Class B Labour productivity in enterprises Class C	Microclimate Human Resources Class E Microclimate Technical Infrastructure Class F Microclimate Social Infrastructure Class F Microclimate Market Class E Microclimate Administration/Governance Class E Self-financing of self-government units Class F Investment outlays Class E
<b>Professional, scientific and technical activities</b>	
Microclimate Social Capital Class B Microclimate Administration/Governance Class C	Microclimate Human Resources Class D Microclimate Technical Infrastructure Class F Microclimate Social Infrastructure Class D Microclimate Market Class F Microclimate Innovativeness Class E Returns on tangible assets Class D Labour productivity in enterprises Class D Self-financing of self-government units Class F Investment outlays Class D

Source: Authors on the basis of the results of research of the Institute of Enterprise of the Warsaw School of Economics (IP SGH).

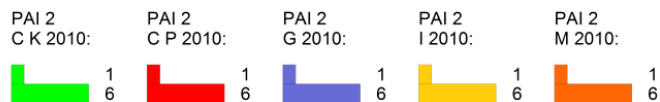
## APPENDIX

**Exhibit 1. Potential investment attractiveness of Polish voivodship broken down by basic sections of the national economy**

Potential investment  
attractiveness for national economy in 2010

- Class F
- Class E
- Class D
- Class C
- Class B
- Class A

Potential investment attractiveness  
Sections C, G and M according to PKD  
(Polish Classification of Economic Activity)

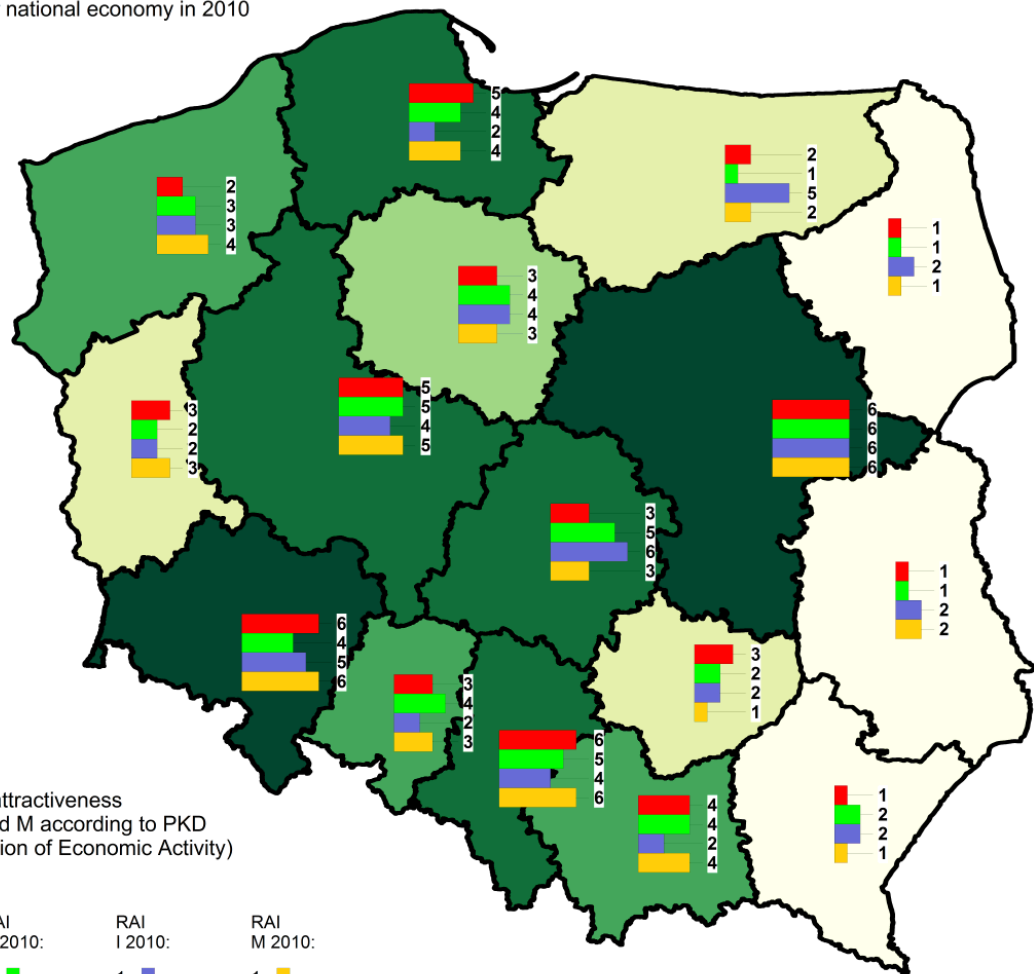


Source: Authors' own materials.

## Exhibit 2. Real investment attractiveness of Polish voivodship broken down by basic sections of the national economy

Real investment attractiveness for national economy in 2010

- Class F
- Class E
- Class D
- Class C
- Class B
- Class A



Source: Authors' own materials.

**Chart 1. List of investment attractiveness indices for voivodships**

Voivodship	LOWER SILESIAN KUYAVIAN-POMERANIAN		LUBLIN	LUBUSZ		ŁÓDŹ	LESSER POLAND		MASOVIAN	OPOLE	SUBCARPATHIAN	PODLASKIE	POMERANIAN	SILESIAN	ŚWIĘTOKRZYSKIE	WARMIAN-MASURIAN	GREATER POLAND	WESTERN POMERANIAN
PAI1 GN	A	E	F	C	D	C	A	E	D	E	B	A	F	D	B	C		
PAI2 GN	A	E	F	D	C	B	A	D	D	E	C	A	F	E	C	D		
RAI GN	A	D	F	E	B	C	A	C	F	F	B	B	E	E	B	C		
PAI1 C	A	D	F	C	C	C	A	D	E	E	B	A	F	E	C	C		
PAI2 C KAPITAŁ	A	E	F	D	D	B	A	D	D	E	B	A	F	F	C	E		
PAI2 C PRACA	B	D	F	D	C	B	A	E	E	F	C	A	E	E	C	D		
RAI C	A	D	F	D	D	C	A	D	F	F	B	A	D	E	B	E		
PAI1 G	A	E	F	C	D	B	A	D	E	F	B	A	F	C	C	C		
PAI2 G	B	C	F	E	C	B	A	D	E	E	C	A	F	E	B	D		
RAI G	C	C	F	E	B	C	A	C	E	F	C	B	E	F	B	D		
PAI1 I	B	E	F	B	E	B	A	E	D	E	B	D	F	B	C	A		
PAI2 I	A	E	F	C	E	B	A	E	E	E	B	D	F	C	C	A		
RAI I	B	C	E	E	A	E	A	E	E	E	E	C	E	B	C	D		
PAI1 M	A	E	F	C	D	C	A	D	D	F	B	B	F	D	B	C		
PAI2 M	A	E	E	D	D	C	A	D	D	E	C	B	F	E	C	D		
RAI M	A	D	E	D	D	C	A	D	F	F	C	A	F	E	B	C		

Source: Authors on the basis of the results of statutory research carried out in the Collegium of Business Administration under the guidance of H. Godlewska-Majkowska.

**Chart 2. Potential investment attractiveness of poviats of Lublin voivodship for the national economy and selected sections**

Poviats (counties)	PAI1_GN	PAI1_GN_ Classes	PAI1_C_ Classes	PAI1_G_ Classes	PAI1_I_ Classes	PAI1_M_ Classes
The city of Zamość	0,359	A	A	A	A	A
The city of Lublin	0,348	A	A	A	A	A
The city of Chełm	0,331	A	A	A	C	A
The city of Biała Podlaska	0,305	B	B	B	C	B
łęczyński	0,278	C	C	C	D	C
puławski	0,277	C	C	C	C	C
świdnicki	0,255	D	D	D	E	D
rycki	0,245	D	D	D	E	E
biłgorajski	0,244	D	D	D	D	E
kraśnicki	0,234	E	E	D	D	E
lukowski	0,229	E	E	F	F	E
lubartowski	0,228	E	E	E	E	E
opolski	0,224	E	E	E	D	E
włodawski	0,224	E	E	E	F	E
lubelski	0,222	E	E	E	C	E

Source: See Chart 1.

**Chart 3. Potential investment attractiveness of gminas of Lublin voivodship for the national economy and selected sections**

Gmina (commune)	PAI1_GN	PAI1_GN_classes	PAI1_C_ classes	PAI1_G_ classes	PAI1_I_ classes	PAI1_M_ classes
Świdnik (1)	0,278	A	A	A	B	A
Zamość (1)	0,278	A	A	A	A	A
Lublin (1)	0,270	A	A	A	A	A
Chełm (1)	0,266	A	A	A	B	A
Kraśnik (1)	0,263	A	A	A	C	A
Puławy (1)	0,252	A	A	A	B	A
Lubartów (1)	0,251	A	A	A	C	A
Tomaszów Lubelski (1)	0,249	A	A	A	C	A
Łęczna (3)	0,248	A	A	A	C	A
Włodawa (1)	0,247	A	A	A	B	A
Puchaczów (2)	0,244	A	A	A	A	B
Biłgoraj (1)	0,240	A	A	A	C	A
Radzyń Podlaski (1)	0,240	A	A	A	B	A
Biała Podlaska (1)	0,238	A	A	A	B	A
Łuków (1)	0,236	A	A	B	D	A
Rejowiec Fabryczny (1)	0,235	A	A	A	C	A
Stoczek Łukowski (1)	0,224	A	B	A	B	B
Międzyrzec Podlaski (1)	0,223	A	A	A	C	B

Poniatowa (3)	0,222	A	B	B	B	B
Janów Lubelski (3)	0,219	B	A	B	B	B
Krasnystaw (1)	0,216	B	B	B	B	A
Hrubieszów (1)	0,213	B	B	B	C	B
Dęblin (1)	0,213	B	B	B	D	B
Wólka (2)	0,212	B	B	B	C	B
Lubartów (2)	0,212	B	B	B	B	C
Terespol (1)	0,211	B	B	B	B	C
Kazimierz Dolny (3)	0,206	B	B	B	A	C
Łukowa (2)	0,203	B	C	B	B	D

Source: See Chart 1.

Note: all indices in this report have been computed on the basis of the most up-to-date data from the Local Data Bank (2012).