

Project co-financed from the European Regional Development Fund
within the Operational Programme Development of Eastern Poland 2007-2013



Food industry in Eastern Poland

■ size and structure ■ development centres ■ success story ■ sector potential ■

Food

industry

in Eastern

Poland

1. Potential of Eastern Poland

Eastern Poland is a macroregion that covers 31.7% (99,037 km²) of Poland's area and is home to 21.4% (8,238,200 people) of the country's population. It consists of five voivodeships: Lubelskie, Podkarpackie, Podlaskie, Świętokrzyskie and Warmińsko-Mazurskie. Due to its location along Poland's eastern border, this macroregion is particularly unique and attractive to investors. Actually, it is the most eastern part of the European Union which borders directly with Russia, Belarus and Ukraine. Thanks to the excellent geographical location in the trans-border zone and the long-standing close economic relations between the enterprises and local governments from Eastern Poland and the enterprises and local governments from Russia, Ukraine and Belarus, this macroregion may become the platform for cooperation between companies from the European Union and the former Soviet Union countries.

Eastern Poland is a macroregion of young (more than 29% of its population are under 25 years of age) and educated (there are 76 higher education institutions with over 306 thousand students) people. Considering the fact that wages in Eastern Poland are 15% lower compared with other parts of Poland, it is this region that creates excellent climate for investors to set up businesses and make investments. Eastern Poland's investment potential is additionally strengthened by the business infrastructure. There are five Special Economic Zones in this macroregion, which offer income tax exemptions for potential investors. Science and technology parks help promote cooperation between business and scientific circles. Equally important is a system of investment incentives. Investors can count not only on additional funds from government subsidies (so-called multiannual programmes) but also on support available through national and regional operational programmes, and local tax reliefs. Potential investors can also obtain funds under the Operational Programme 'Development of Eastern Poland', which is specifically aimed at the 5 voivodeships of Eastern Poland.

MAP 1 Eastern Poland Voivodeships



Source: Own compilation on the basis of the administrative division of Poland

Due to the region's location, resources, natural conditions and tradition, the particularly strongly in Eastern Poland: BPO, construction, chemical, wood and furniture, renewable energy sources, logistic, aviation, engineering, metallurgical, clothing, food, and business tourism industries.

TABLE 1 The structure of local government in Eastern Poland

Voivodeship:	Lubelskie Voivodeship	Podkarpackie Voivodeship	Podlaskie Voivodeship	Świętokrzyskie Voivodeship	Warmińsko-Mazurskie Voivodeship
poviats	24	25	17	14	21
rural gmina	171	114	82	71	67
urban gmina	42	45	36	31	49
towns with poviat rights	4	4	3	1	2
biggest towns (by population)	Lublin, Chełm, Zamość	Rzeszów, Przemyśl, Stalowa Wola	Białystok, Łomża, Suwałki	Kielce, Ostrowiec Świętokrzyski, Starachowice	Olsztyn, Elbląg, Ełk

Source: Own compilation on the basis of the administrative division of Poland



2. Food industry in Poland

Poland's accession to the European Union brought about a tremendous boost in the export of Polish agri-food products and revealed a great advantage of their producers. The increase in exports and improvement in trade balance occurred primarily in the trade with other EU members.

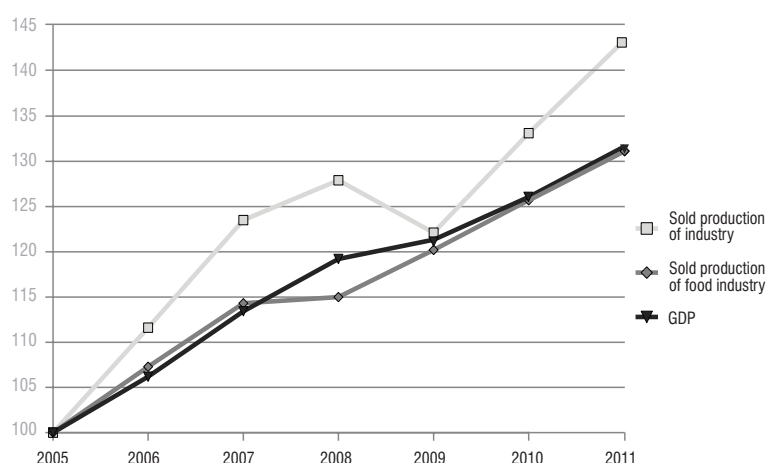
The trade in agri-food products is characterized by a huge internal diversity. The largest exporter is the fruit and vegetables sector, but a considerable

growth in foreign trade has also been reported in the tobacco, dairy, poultry and grain processing sectors. The largest importers, on the other hand, are the feed, grain and plant fat sectors.

As a result of market changes, the structure of Polish food sector has become quite similar to that found in highly developed countries. This is also reflected by the changes in the nutritional pattern and food products demand structure.

According to the Central Statistical Office, sold production of the Polish food sector (including tobacco and beverages) in 2011 amounted to PLN 201,794 million, which accounts for 17.3% of total sold production of industry. Employment in this sector in 2011 was 439.2 thousand people. Average monthly wages in 2011 in food production amounted to PLN 2 679.28

CHART 1. The development of food industry in comparison with the economic development of Poland between 2005–2011 (in fixed prices)



Source: Own compilation based on Central Statistical Office data

The competitive background of food producers consists of:

- quality,
- innovation,
- entrepreneurship,
- knowledge and intellectual potential.

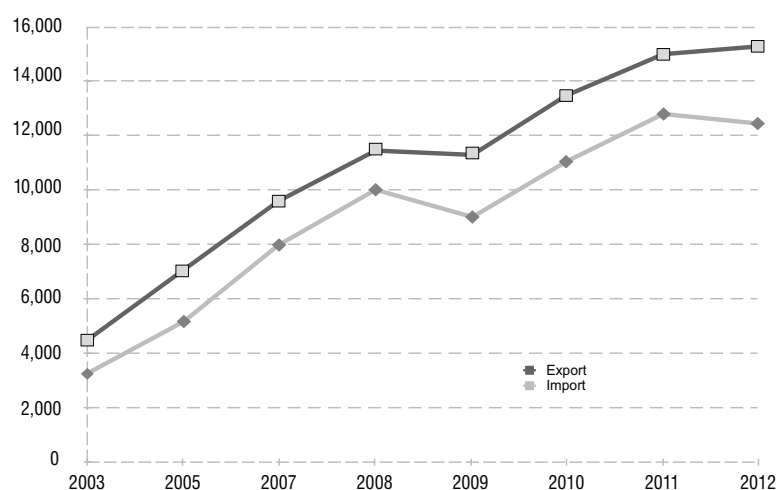
Eastern Poland as Eco-Macroregion

Eastern Poland's resources are a natural base for the development of organic food processing. Over 47% of Poland's organic farms are located in Eastern Poland.

Approximately 65% of the food sector is accounted for by small-sized enterprises which employ up to 9 individuals. The percentage of enterprises employing more than 249 individuals is rising constantly. This tendency is accompanied by an increasing level of sector concentration: more than 54% of the sold production of food and beverages sector is now generated by large companies.

An analysis of the competitiveness of Polish food producers performed on the basis of the results of foreign trade in agri-food products and selected competitiveness indicators (i.e. export share of production, revealed comparative advantage, trade coverage) as well as Poland's position in the EU agri-food export, shows a relatively high level of competitiveness of Polish food producers on the EU and global markets. The most competitive branches of Polish food industry are: meat, dairy, fruit and vegetable, confectionery, secondary grain processing and tobacco products.

CHART 2. Export and import of agri-food products (in EUR billion, 2012 – forecast)



Source: Own compilation on the basis of: "Monitoring and assessment of the competitiveness of Polish food manufacturers (1)" - IERiGŻ-PIB, Series Multiannual Programme 2011-2014, no. 25 Warsaw 2011 and "Foreign trade of agri-food products – current state and perspectives" - IERiGŻ-PIB, Agricultural Market Agency, Ministry of Agriculture and Rural Development, March 2012 no. 35

The sector's main competitive advantage is the cost/price advantage. It is possible mainly due to lower prices of agricultural products, lower labour cost (wages in the food industry are lower than average wages in industry) and other production factors, as well as due to lower processing margins enterprises.

TABLE 2. Export of major commodities by combined nomenclature (current prices in mln PLN)

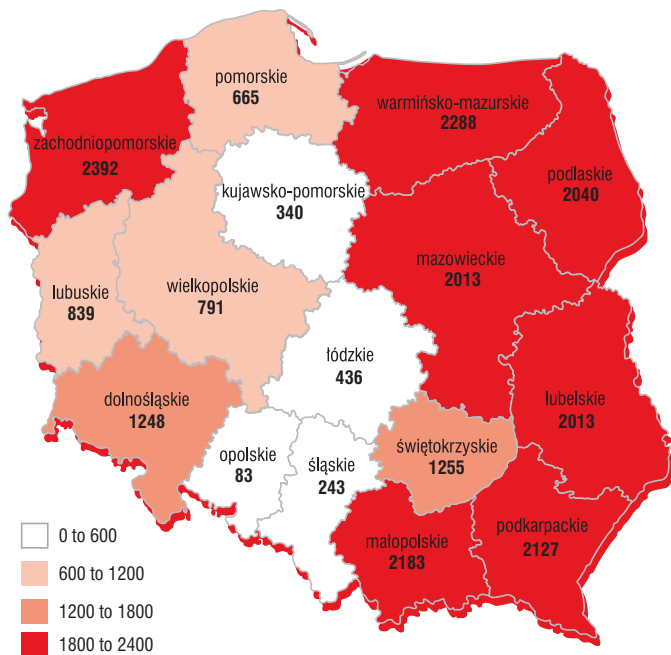
Sectors	2010	2011	2010=100
Meat (excluding poultry) fresh, chilled or frozen	4 804.7	5 928.9	123.4
Meat and edible offal of poultry, fresh, chilled or frozen	2 877.7	3 694.7	128.4
Milk and cream	1 516.8	1 798.9	118.6
Potatoes fresh or chilled	28.3	62.0	219.1
Fresh or chilled vegetables	1 765.9	1 828.0	103.5
Frozen vegetables	818.7	799.8	97.7
Fresh or dried fruit	1 389.4	1 565.6	112.7
Frozen fruit	1 279.0	1 428.8	111.7
Meat products	1 487.7	1 773.4	119.2
Chocolate and other food preparations containing cocoa	2 663.3	3 221.2	120.9
Molasses resulting from the extraction or refining of sugar	80.0	60.4	75.5
Prepared vegetables, fruit and nuts	1 012.4	1 099.8	108.6
Vegetables and fruit preserved by sugar	1 796.5	2 445.6	136.1

Source: Statistical Yearbook of the Republic of Poland 2012

3. Food industry in Eastern Poland

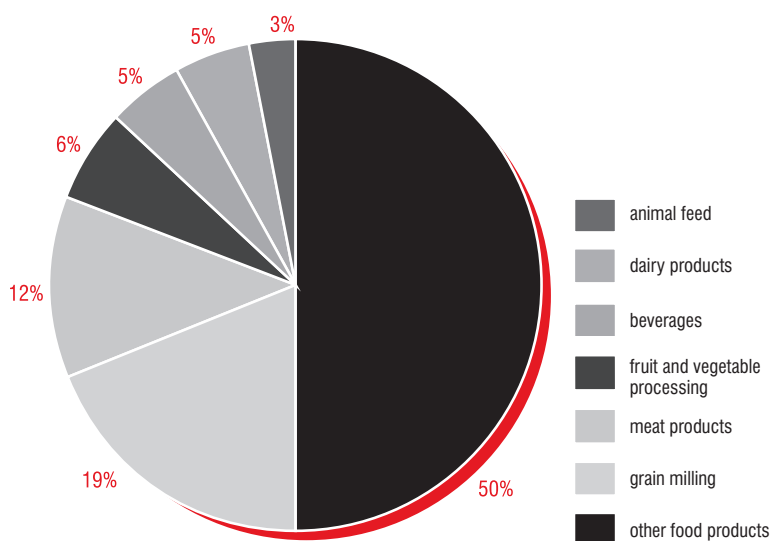
Agricultural and food processing in Eastern Poland develops mainly due to the strong agricultural tradition of the region and unpolluted environment. Favourable conditions exist especially in the Lubelskie Voivodeship because of the fertile soil and mild climate.

MAP 2. The number of organic farms in Poland 2011



Source: Website of Dolina Ekologicznej Żywności (Organic Food Valley) project

CHART 3. The structure of food industry enterprises on the example of the Lubelskie Voivodeship (as at 31.12.2010)



Preparation: Own compilation based on Central Statistical Office (CSO) data.



However, it should be emphasized that the resources are fairly uniform and distributed evenly in all five voivodeships. Farms with high production potential operate throughout the region, which ensures the availability of components needed by the agri-food processing industry. The dominant branches of the agri-food processing industry in Eastern Poland are: dairy, meat processing, fruit and vegetable processing, grain processing, sugar, soft drinks, brewing and distilling industries.

New opportunities for business cooperation are created by organic farming and of organic food processing. Eastern Poland's resources are a natural base for the development of this branch of agri-food industry. More than 47% of Poland's organic farms are located in this Macroregion. Organic farms must hold special certificates confirming the origin and natural values of their produce.

3.1. Size and structure of the sector

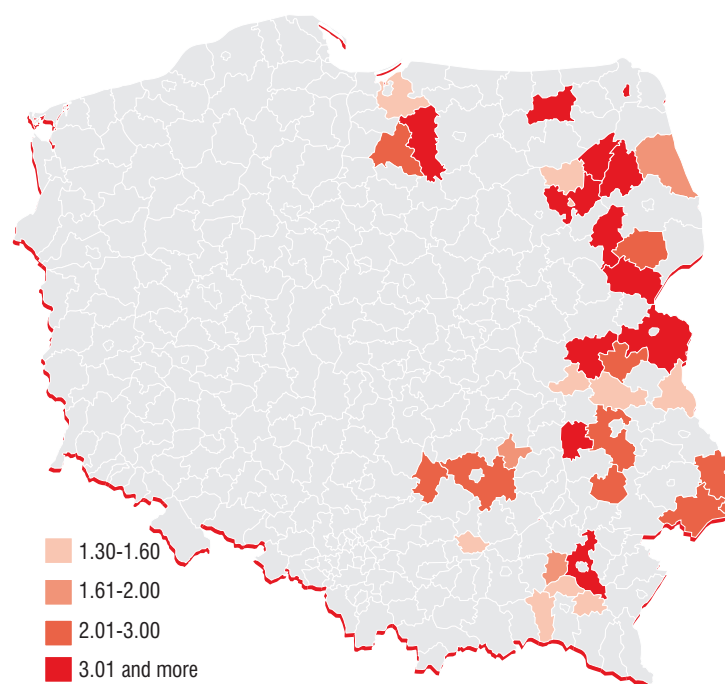
The importance of food industry in Eastern Poland is very high. In 2011 the value of sold food products in Eastern Poland accounts for almost 19% of the sold

TABLE 3. Sold production, average employment and average wages in food industry in Eastern Poland voivodeships.

VOIVODESHIP	2008	2009	2010	2011
Sold production of food products (PLN million)				
Lubelskie	5 377.6	5 375.6	5 781.7	6 594.7
Podkarpackie	2 285.2	2 306.8	2 504.7	2 938.0
Podlaskie	7 177.7	7 894.1	8 367.4	9 792.2
Świętokrzyskie	1 709.7	1 846.7	2 092.9	2 721.4
Warmińsko-Mazurskie	7 333.3	7 709.9	8 552.0	10 229.2
Average employment by food products manufacturers (,000).				
Lubelskie	19.0	18.6	19.1	19.9
Podkarpackie	11.4	11.4	11.9	13.0
Podlaskie	13.1	13.4	13.5	14.0
Świętokrzyskie	7.1	7.2	7.6	8.3
Warmińsko-Mazurskie	19.2	18.0	18.3	18.6
Average monthly salary (gross, PLN)				
Lubelskie	2 291.24	2 388.00	2 501.66	2 591.92
Podkarpackie	2 099.07	2 216.97	2 340.79	2 419.02
Podlaskie	2 590.54	2 589.02	2 812.03	3 028.00
Świętokrzyskie	2 100.01	2 214.54	2 355.61	2 480.49
Warmińsko-Mazurskie	2 271.75	2 376.93	2 529.57	2 684.07

Source: Own compilation based on Central Statistical Office data.

MAP 3. Concentration of agri-food sector enterprises in the territory of Eastern Poland in relation to poviats (Polish Business Activity Code 15).



Source: Report on the development of cluster structures in Eastern Poland, ed. Bogusław Plawgo – report commissioned by the Ministry of Regional Development

production of food industry in the whole country. In the Podlaskie Voivodeship the share of food production in the total sold production of industry reaches over 54%.

3.2. Sector characteristics

Food industry is characterized by great diversity, fragmentation and dependence on the supply of components and sales markets. Eastern Poland is a region where virtually all branches of the food industry can be found. However, by far the most important are the dairy and meat industries.

Food industry in Eastern Poland shows a high sales growth rate. It should be noted that the growth has been steady in the Lubelskie and Podlaskie Voivodeships.

The strong position of the food industry in Eastern Poland is evidenced by the number of food processing firms from this area included in the national ranking of the top 500 Polish companies. The largest number of such firms are based in the Podlaskie Voivodeship, while in the Podkarpackie and Świętokrzyskie Voivodeships there were no food industry companies with such a great potential.

3.3. Sector development centers in Eastern Poland

Due to the rather high fragmentation of the food industry, it is hard to identify the main centres of its development. Moreover, much of the food industry is highly dependent on the resource base and sales markets,

TABLE 4. Changes in the sold production of food processing industry.

VOIVODESHIP	Food processing						
	2006	2007	2008	2009	2010	2011	I-IX 2012
Lubelskie	109.8	104.1	100.3	110.9	111.6	101.4	99.0
Podkarpackie	109.9	100.8	102.4	102.8	112.4	105.7	106.4
Podlaskie	115.2	108.9	88.1	117.0	103.9	107.6	107.8
Świętokrzyskie	90.5	85.5	103.2	116.7	107.3	115.1	89.9
Warmińsko-Mazurskie	115.7	137.9	98.7	111.5	113.6	109.0	101.8

Source: Regional Data Bank

TABLE 5. Ranking of the 500 largest Polish enterprises by the voivodeships of Eastern Poland.

Place in the 500 ranking and location	Name	Sales revenues (in PLN ,000)	Total revenues (in PLN ,000)	Gross profit (in PLN ,000)	Net profit (in PLN ,000)	Employment
Podlaskie						
89	SM Mlekpól, Grajewo	2 946 039	2 990 039	36 367	28 121	2 249
91	Mlekovita Group Wysokie Mazowieckie	2 910 117	N/D	N/D	N/D	2 390
223	British-American Tobacco Polska S.A., Augustów	993 944	N/D	N/D	N/D	721
301	Regional Dairy Co-op from Piątnica	705 818	722 866	6 210	1 748	646
352	Dairy Trade Co-op from Białystok	580 462	581 675	9 863	7 620	370
Warmińsko-Mazurskie						
235	Wipasz S.A., Wadąg	1 050 196	1 054 648	34 519	28 070	812
245	Indykpol S.A., Olsztyn	978 419	984 687	5 348	8 630	1 330
Lubelskie						
425	Spomlek Dairy Co-op from Radzyń Podlaski	460 026	471 037	886	714	642

Source: Ranking of 500 by Polityka weekly. Ranking of the 500 largest Polish companies, in 2011 (as of 24 April 2012)

and therefore the location of agri-food processing plants is often determined by just those factors. Nevertheless, some attempts have been made to consolidate particular branches of the industry, many of them going beyond Eastern Poland.

Nevertheless, cross-sectional consolidation attempts exceeding borders of Eastern Poland can be observed. Such consolidation initiatives are mainly undertaken in the dairy and meat production sectors. Poland's two largest dairy co-ops, Mlekpól and Mlekovita, are based in Eastern Poland. Mlekpól Dairy Cooperative (Spółdzielnia Mleczarska Mlekpól) operates seven processing plants in Eastern Poland, located in Grajewo, Kolno, Mrągowo, Sejny, Augustów, Zambrow

and Dąbrowa Białostocka. Mlekovita operates in the whole country, including Eastern Poland with plants in Wysokie Mazowieckie, Bielsk Podlaski, Morąg, Lubawa, Pilica, Susz, Działdowo, Białystok and Biała Podlaska. Another dairy cooperative, SM Spomlek from Radzyń Podlaski, operates on a much smaller scale. Besides its main plant in Radzyń Podlaski, it also operates plants in Parczew and Elbląg.

An example of the consolidation processes in the meat industry in Eastern Poland is Indykpol Holding Group (Grupa Kapitałowa Indykpol). The core entity of the group is Indykpol company based in Olsztyn. In 2000 it took over the Poultry Company Lubdrob SA based in



Lublin. Moreover, Indykpol Group is also implementing a vertical integration strategy by acquiring poultry farms.

3.4. Success story

Łmeat-Łuków Meat Factory

One Łmeat-Łuków Meat Factory (Zakłady Mięsne Łmeat-Łuków S.A.) is one of the largest and most modern manufacturers of the meat sector in Poland, existing since 1973. At that time the factory was owned by the Voivodeship Meat Industry Company (Wojewódzkie Przedsiębiorstwo Przemysłu Mięsnego) in Lublin.

Meat Industry Enterprise) in Lublin (Lubelskie Voivodeship) at that time. From 1 August 1998 the enterprise operated as a joint-stock company wholly owned by the State, and was privatized in 2003. To ensure high quality and safety of products, the company implemented the HCCAP and ISO 9001 systems. The company also holds other certificates attesting the quality of its goods. These include the Certificate of Compliance with the International Food Standard (IFS), the Certificate of Compliance with the BRC Global Standard for Food Safety (range: slaughtering, meat cutting, processing and storage of meat and meat products), and the Certificate of McDonald's Supplier Quality Management System (for slaughtering and beef cutting). Additionally, the company is currently implementing the Quality Assurance for Food Products system. The company also cares about the environment by building its own sewage treatment and water treatment plants. What is more, Łmeat-Łuków has been awarded twice the Consumer Laurel (Laur Konsumenta) award for canned meat products – an evidence of customers' satisfaction.

In 2008, Łmeat-Łuków factory implemented the "Closer to each other" ("Bliżej siebie") programme, whose aim is to build a base of resources. The programme participants (besides farmers and Łmeat company) are feed manufacturers, piglets suppliers and BGŻ Bank which offers loans to breeders. The programme has secured 65% of the supplies needed by the company.

Despite the difficult economic situation on the world markets, in 2009 the company's revenues grew by 13% and the net profit by 50%. In the same year export accounted for 31.8% of the company's revenues. In the near future the company is planning to spend PLN 12 million on investment. It is going to increase its production capacity and expand the distribution network (two new distribution centers), as well as to increase the number of company stores to almost one hundred (new shops in Białystok and Lubartów). In 2009, Łmeat-Łuków was awarded the title of "Outstanding Exporter of the Year 2009" and received a Grand Prix statuette from the Ministry of Economy. It is now the second largest company of the meat sector in Poland. "Łmeat – Łuków" S.A. meat processing plant won a title of Pillar of Polish Economy 2011 in the 7th edition of the Pillar of Polish Economy ranking 2011.

MAP 4. The main centres of food industry in Eastern Poland (by branches).



Source: Own compilation based on Central Statistical Office data.

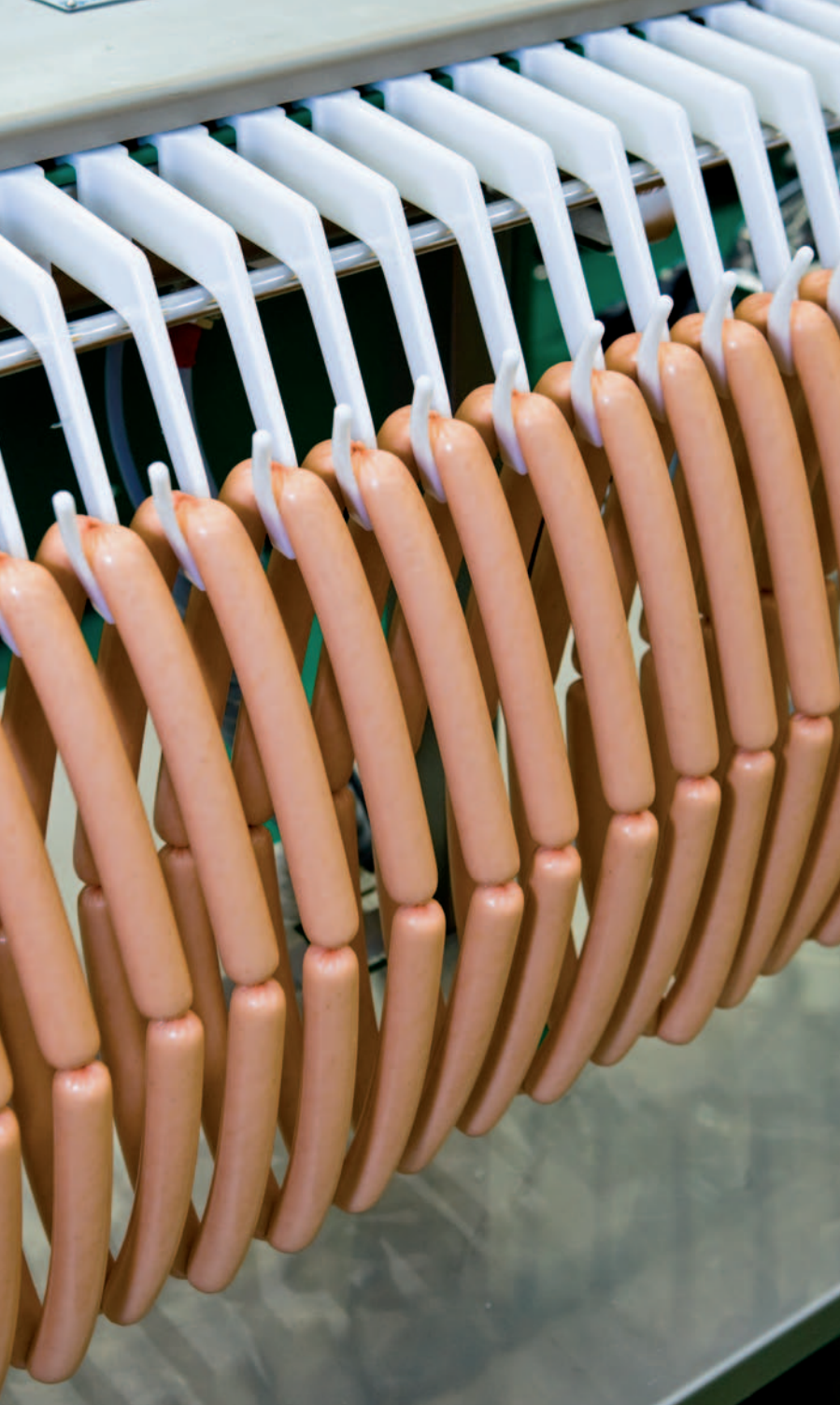
SM Mlekpól, Grajewo

Another example of successful development of a food processing enterprise is Spółdzielnia Mleczarska Mlekpól (Dairy Co-op Mlekpól) based in Grajewo in the Podlaskie Voivodeship. It has been expanding using its own capital, without any foreign investor.

It is the largest dairy co-op in Poland. It operates twelve processing plants and is the largest dairy co-op in Poland. It is the manufacturer of such brands as Łaciate and Milko. The Dairy Plant in Grajewo was established in 1979 and a year later the Regional Dairy Cooperative in Grajewo was established. It has operated under the name of Mlekpól since 1993. The company's share of the domestic UHT milk market is over 40%. A large portion of the company's production is exported to almost all countries of the world. Milk powder produced by Mlekpól accounts for 64% of its exports. The plants are certified under ISO 9001 quality standard.

Foreign investment in Eastern Poland – sector of greatest opportunities

Food industry has been recognized by investors as a sector which offers the best investment opportunities in three voivodeships of Eastern Poland: Lubelskie, Podlaskie and Warmińsko-Mazurskie Voivodeships.



Over years, the company has won many prestigious awards. It received an honourable mention in the consumer goods category in the Business Master (Mistrz Biznesu) competition organized by Businessman.pl magazine. This title is awarded for promoting innovative and ethical standards in business. In 2010, Łaciate brand was awarded the title of a Superbrand, which made it one of the strongest consumer brands on the Polish market.

In 2010 the company also completed the construction of a new production facility, where up to 150 tonnes of cheese is packed each day. The project cost around PLN 30 million. At present, Mlekpól is ranked 332nd in the list of the largest enterprises in Central and Eastern Europe. In 2012 Dairy Co-operative "MLEKPOL" based in Grajewo took the 4th place in "Ranking 500" - a list of the largest food processing companies in Poland and the 1st place among dairy-making companies.

3.5. Foreign Investments

According to 2011 data (PALIIZ database of the largest foreign investors), agri-food sector was the one with the largest number of businesses with foreign capital in Eastern Poland – approx 25% of all such entities. This sector is also considered by investors as the one that offers the best opportunities in three voivodeships of Eastern Poland: the Lubelskie, Podlaskie and Warmińsko-Mazurskie Voivodships.

CEDC, USA

CEDC (Central European Distribution Corporation) from the USA has invested in Polmos Białystok, which is one of the largest producers of spirits in Poland. The company offers a wide range of high quality vodkas (pure, dry, semi-dry and sweet) as well as brandies, liqueurs and low-alcohol beverages. Polmos' products are sold mainly on the domestic market. Since 12 May 2005 the company has been listed on the Warsaw Stock Exchange. On 12 October 2005, the State

TABLE 6. The biggest foreign investors in the food sector.

Company	VOIVODESHIP	Country of origin	Core business
Materne Polska	Lubelskie	Belgium	fruit and vegetable preserves production
Uren Novaberry Sp. z o.o.	Lubelskie	Great Britain	frozen fruit and vegetable
Osmofrost Sp. z o.o.	Lubelskie	Germany	frozen fruit and vegetable
Nałęczowianka Sp. z o.o. (Nestle)	Lubelskie	France / Switzerland	drinks and mineral water
Ambra Biłgoraj Winery Ltd	Lubelskie	Germany	wine making
Stock Polska Sp. z o.o.	Lubelskie	USA	spirits
Alima-Gerber	Podkarpackie	USA	production of juice and formulas for babies
CEDC	Podlaskie	USA	spirits
British-American Tobacco Polska S.A.	Podlaskie	Great Britain	tobacco products
Smithfield Food (Morliny - Elk, Ekodrobie - Iława)	Warmińsko-Mazurskie	USA	meat production
Heineken	Warmińsko-Mazurskie	Netherlands	brewery production

Source: Own compilation based on Central Statistical Office data.

Treasury sold 7 259 000 shares (PLN 146.50 each), that is 61% of the share capital of Polmos Bialystok SA based in Bialystok, to Carey Agri International-Poland LCC (a company from the CEDC group).

This way the liquor tycoon CEDC USA bought a controlling stake in Polmos. The investment was considered the biggest ever in the spirits sector. CEDC is the world's largest spirits producer and distributor with a consolidated profit of USD 205 million in 2011. Due to the acquisition of Polmos, CEDC currently controls 33% of the vodka market in Poland. However, the acquisition of the majority stake was not the only investment of the American company. Pursuant to an earlier agreement, CEDC also invested in the construction of a rectifying plant, which was launched on 27 November 2007.

British American Tobacco Poland SA, an international tobacco company based in London

The company started its operations in Poland in 1991 and in November 1995 it bought 65% of shares of Przedsiębiorstwo Wyrobów Tytoniowych w Augustowie SA (Tobacco Products Company in Augustów). Since January 1, 1997 the company has operated under the name of British American Tobacco Polska SA. Nowadays, the company has a 17% share of the Polish retail market of tobacco products.

In pursuance of its obligations under the share purchase agreement, BAT invested in new facilities and

production lines, improved working conditions, computerized work stations, and implemented a regional tobacco growers support programme. In 1996, a new boiler room was built and in 1998 – a tobacco cutting room. BAT currently employs more than 1 000 people. Up till now, it has invested over USD 200 million in Poland and is going to invest more.

In the coming years the number of foreign investors in the food industry in Eastern Poland voivodeships is expected to rise. It will be encouraged by such factors as i.e. cheap and well-educated workforce (low labour costs), relatively good and cheap resources for production and environmentally friendly agriculture.

3.6. Clusters and supporting organizations and associations

Taking into account the internal growth potential of Eastern Poland, food industry is one of the leading areas of its economy. The importance of food industry in the Macroregion can be evidenced by the number of cluster initiatives undertaken in this sector.

One of such cluster is Dolina Ekologicznej Żywności (Organic Food Valley). Being an open organization focused on large-scale cooperation, it is likely to become a leading organic food cluster in Eastern Poland. More often than not, cluster initiatives concentrate on regional products or local agricultural production of a particular type. The examples of such



organizations are: Epoka Gryczoka, Klaster Cebularz Lubelski (Lublin Onion Cluster), Klaster Kalafiorowo-Brokulowy (Cauliflower and Broccoli Cluster), Klaster Ogrodniczo-Sadowniczy (Gardening and Fruit Growing Cluster). Equally important are undertakings focused on the promotion of regional food products (e.g. "Naturally from Podlasie") or closer cooperation in a specific branch (e.g. Podlasie Baking Cluster).

3.7. Sector's growth potential

Eastern Poland also has sufficient intellectual potential which could contribute to the sector's growth. In all the voivodeships (excluding the Świętokrzyskie Voivodeship) there are institutions of higher education which offer courses in food technology and human nutrition. These are:

- **in the Lubelskie Voivodeship:** University of Life Sciences in Lublin,
- **in the Podkarpackie Voivodeship:** University of Rzeszów in Rzeszów, Higher School of Commerce in Przemyśl,

- **in the Podlaskie Voivodeship:** State Higher School of Computer Science and Business Administration in Łomża

- **in the Warmińsko-Mazurskie Voivodeship:** University of Warmia and Mazury in Olsztyn.

Furthermore, higher education institutions are expanding their educational offer by introducing appropriate specialisations so that future graduates are well prepared to work in the food industry. An example might be the food chemistry course at the University of Białystok, Faculty of Biology and Chemistry. The intellectual potential is also strengthened by expanding the existing scientific and research base. The project entitled "Development of the School's infrastructure including a modern agri-food processing laboratory" implemented by the State Higher School of Computer Science and Business Administration in Łomża can serve as a good example. The project consists of: construction of a new building for the Food Technology Institute along with laboratory and technology facilities designed for educational purposes as well as purchase of necessary equipment, appliances, furniture and computers.

3.8. Prospects of development of food industry in Eastern Poland

- Food industry is considered to be growing, also in Eastern Poland voivodeships, so the development prospects seem to be there.
- The five studied voivodeships have a relatively good scientific and research base (higher schools and universities) and appropriate institutional environment.
- There is also a huge educational potential – a well-developed system of secondary and higher education.
- A separate operational program has been developed specially for this region, which might also benefit food processing enterprises. Cooperation in this area is considered as a priority.
- At present, the level of concentration of the food industry is low, however, the concentration process will continue, leading on one hand to a reduced number of entities, and on the other – to an increase in their market shares.
- The sold production forecast for the food industry suggests that in the coming years this sector will see a steady growth.
- Environmentally friendly farming methods contribute to relatively good and cheap resources for production.
- As the number of private businesses is increasing and entrepreneurs' activity is growing, the cluster initiatives that have been started are likely to be continued and developed in the future.
- The existing infrastructure is favourable for investment in the food industry.



4. Investment incentives – state aid

In accordance with the map of the regional state aid, investors embarking on new ventures in Eastern Poland may count on the highest possible level of support that can be obtained from the European Union. They can receive, from various sources, support equal to 50% of the new project's eligible costs (in the case of SMEs, the support may be increased up to 70% and 60% respectively).

Poland offers an attractive system of investment incentives designed to back up new investments in the regions. It consists primarily of the following:

- income tax exemption in Special Economic Zones;
- property tax exemption;
- targeted subsidies from the state budget;
- financial grants from the EU structural funds.

All these forms of investment incentives are linked, as a rule, with granting state aid in the form of regional investment aid.

4.1. Regional investment aid

Regional investment aid is allocated to the so-called **initial investment** consisting in an investment in tangible and intangible assets related to:

- establishment of a new enterprise;
- expansion of an existing enterprise;
- diversification of production through introduction of new, additional products;
- substantial change in the production process of an existing enterprise.

Tangible assets – include land, buildings, structures and equipment.

Intangible assets – assets related to transfer of technologies by way of acquisition of patent rights, licenses, know-how or unpatented technical knowledge. Replacement investment is not considered a new investment.

Regional investment aid is calculated in two ways:

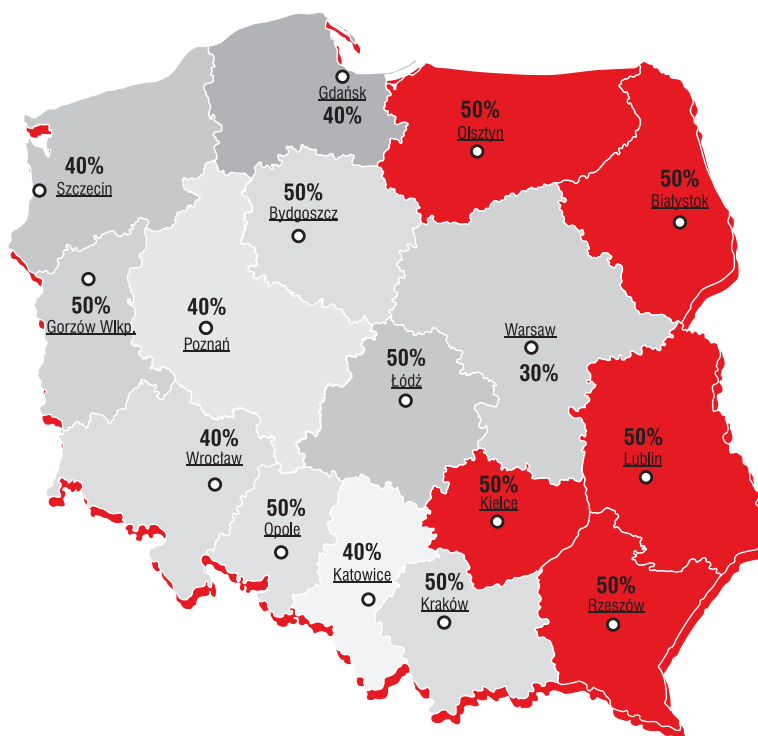
- by reference to capital expenditure incurred
- or by reference to two-year employment costs for newly created jobs (gross salary costs and the costs of social security contributions).

Creation of new jobs – means the net employment growth at the enterprise, compared with the average figure from the previous 12 months.

4.2. Incentive effect

Eligibility of regional aid depends on the so-called **incentive effect**. Aid is considered to have an incentive effect if, before work on the investment project has started, the beneficiary submits an application for the aid and, in the case of aid

MAP 5. Regional aid map for 2007–2013



Source: Own compilation based on the MRD's data, 2010

granted to large enterprises, it must be demonstrated that the aid will result in:

- material increase in the size, scope or the total amount spent by the beneficiary on the project;
- material increase in the speed of completion of the project.

The incentive effect is also fulfilled if, in the absence of the aid, the project would not have been completed in this particular region (e.g. in a country other than Poland).

4.3. Rules on state aid

Maximum eligible regional aid per one investment project is the product of its intensity in the region (see the regional aid map) and eligible costs: capital expenditure or two-year employment costs – if aid is granted for creation of new jobs [map 5].

In the case of large investment projects (if eligible costs exceed EUR 50 million), the mechanism is

applied to limit the maximum eligible regional aid, according to the formula:

$$\text{maximum amount of aid} = R \times (50 + 0.50B + 0.34C),$$

where: **R** – aid intensity in accordance with the regional aid map; **B** – eligible costs between EUR 50 and 100 million; **C** – eligible costs above EUR 100 million.

For the period of 2007–2013, the following are the costs eligible for regional aid:

- expenditure on land, buildings and structures and machinery/equipment;
- in the case of SMEs, the costs of preparatory studies and consultancy services related to the investment (up to 50% of all actually incurred costs);
- costs associated with the acquisition of assets other than land, buildings/structures, covered by rental or lease in the form of a finance lease (for at least 5 or 3 years in the case of SMEs) with the purchase commitment upon the expiry of the lease or rental;
- costs of investments in intangible assets, on the provision that in the case of large enterprises, they are taken into account up to 50% of total eligible expenditure.

In the case of projects implemented by large enterprises, new assets should be acquired.

An entrepreneur receiving regional aid (regardless of its form) must ensure sustainability of the project to which the aid was allocated. This implies an obligation to maintain the investment project for at least 5 years, and in the case of small and medium-sized enterprises (further also referred to as SME's) for at

least 3 years after the project completion. Where the aid is provided in connection with creation of new jobs as a result of a new investment, then such jobs must be maintained for at least 5 years (or 3 years in the case of SME's), from the date of creation. New jobs should be created within 3 years of the investment completion.

4.4. EU structural funds

For the years 2007–2013 Poland has been granted approximately EUR 67.3 billion under the Cohesion Policy of the European Union. In other words, in the above-mentioned programming period, Poland is the biggest beneficiary of all EU member states.

The amount has been distributed among 5 National Operational Programmes:

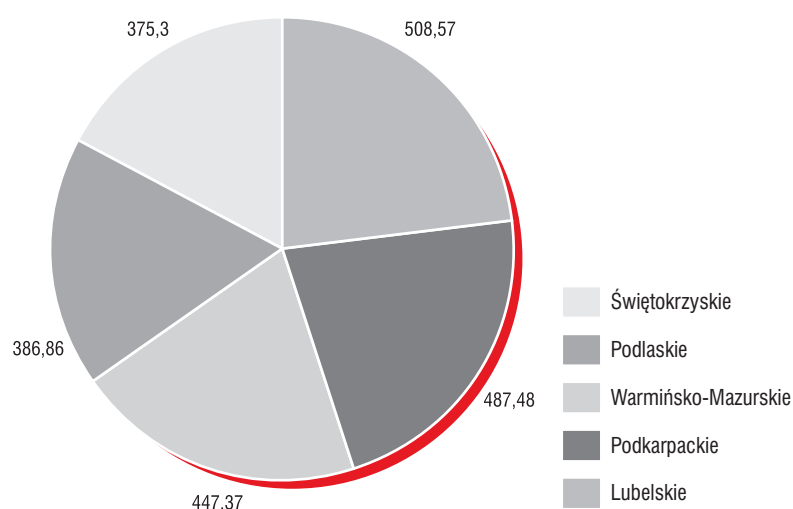
- Infrastructure and Environment – 41.9% of the total funds (EUR 27.9 billion);
- Human Capital – 14.6% of the total funds (EUR 9.7 billion);
- Innovative Economy – 12.4% of the total funds (EUR 8.3 billion);
- Development of Eastern Poland – 3.4% of the total funds (EUR 2.3 billion);
- Technical Assistance – 0.8% of the total funds (EUR 0.5 billion).

The funds granted to Poland under the EU Cohesion Policy have also been distributed among 16 Regional Operational Programmes (ROPs) – 24.9% of the total funds (EUR 16.6 billion) and the Programme of the Objective 'European Territorial Cooperation' (EUR 0.7 billion).

4.5. Programmes targeted exclusively at Eastern Poland

The Development of Eastern Poland Operational Programme (DEP OP) aims at accelerating the pace of social and economic development of 5 voivodeships of Eastern Poland through stimulation of knowledge-based economy, improvement of access to broadband Internet, development of selected metropolitan functions of voivodeship cities, improvement of railway infrastructure and development of tourism [chart 4].

CHART 4. Total amount (in EUR million) broken down by individual voivodeships within the ROP framework



Source: European Commission

5. Structural funds of the European Union for 2007–2013

Within the framework of funds allocated for the implementation of the European Union regional policy in Poland during 2007–2013 (realized by 2015) direct investment aid is available to entrepreneurs under:

1. Innovative Economy Operational Programme (all-Poland programme).
2. Development of Eastern Poland Operational Programme (5 voivodeships of Eastern Poland).
3. Regional Operational Programmes of individual Voivodeships: the Warmińsko-Mazurskie, Podlaskie, Lubelskie, Świętokrzyskie and Podkarpackie.
4. Human Capital Operational Programme (all-Poland and individual voivodeships).
5. Rural Development Programme.

5.1. Innovative Economy Operational Programme (IE OP)

IE OP Measure 1.4 Support for goal-oriented projects

Beneficiaries: businesses planning the research to invent new products (services) or improve the existing ones.

Supported projects: preparation of the documents necessary to market new products (services).

Intensity and amount of support:

For large enterprises:

- grants for industry-related research – up to 50% of eligible expenditure;
- grant for development work – up to 25% of eligible expenditure.

For other enterprises:

- grants for industry-related research – up to 70% of eligible expenditure;
- grant for development work – up to 45% of eligible expenditure;
- amount of co-financing – up to **EUR 5 million**;
- total amount of the project up to **EUR 50 million**.

Institution: Polish Agency for Enterprise Development (www.parp.gov.pl).

IE OP Measure 4.1 Support for the implementation of the outcome of R&D work

Beneficiaries: enterprises continuing R&D work which already received support under Measure 1.4 of the Programme in the form of implementations.

Supported projects: practical application of the outcome of research work at the enterprise so as to im-

prove the existing products or introduce new products (goods or services).

Intensity and amount of support:

- micro-sized and small enterprises – up to 70%;
- medium-sized enterprises – up to 60%;
- large enterprises – up to 50%;
- project amount – up to **EUR 50 million**;
- amount of support – up to **PLN 20 million**.

Institution: Polish Agency for Enterprise Development (www.parp.gov.pl).

IE OP Measure 4.2 Stimulating R&D activities of enterprises and support in the area of industrial design

Beneficiaries: small and medium-sized enterprises which conduct business activity and have their registered location, and – in the case of entrepreneurs being natural persons – the place of residence in the territory of the Republic of Poland.

Supported projects: development of R&D activity of enterprises, support in the area of development of an industrial design or a utility model and implementation thereof in the production process.

Amount of support:

- in the area of design:
 - investment-related part – **PLN 21 million**;
 - training-related part – **PLN 1 million**;
 - consultancy-related part – **PLN 600 000**;
 - entrepreneurs in the road transport sector – **EUR 100 000**.
- in the area of increasing the R&D potential:
 - investment-related part – **PLN 1.4 million**;
 - training-related part – **PLN 100 000**;
 - consultancy-related part – **PLN 100 000**.

Institution: Polish Agency for Enterprise Development (www.parp.gov.pl).

IE OP 4.3 Technology Credit

Beneficiaries: micro-, small and medium-sized enterprises planning the implementation of own or acquired new technology and commencement of production of new or considerably improved goods, processes or services created with the use of this technology.

Supported projects: investments in implementation of new technologies by granting technology credit to the SMEs, with an option of partial repayment from the Technological Credit in the form of technological bonus.

Amount of support:

- technological bonus – max. up to **PLN 4 million**.

Institution: Bank Gospodarstwa Krajowego (www.bgk.com.pl).

IE OP Measure 4.4 New investment of a high innovation potential

Beneficiaries: manufacturing and service enterprises carrying out new investments and necessary related consulting and training projects, including the acquisition of innovative technological solutions.

Amount of support:

- minimum amount of support – **PLN 2.4 million**;
- maximum amount of the project – **EUR 50 million**;
- maximum amount of support:
 - investment-related part – **PLN 40 million**;
 - consultancy-related part – **PLN 1 million**;
 - training-related part – **PLN 1 million**;

Institution: Polish Agency for Enterprise Development (www.parp.gov.pl).

IE OP 4.5 Support for investment of considerable importance to the economy

IE OP 4.5.1 Support for investment in the production sector

Support for: new investments of an innovative nature involving purchase or implementation of a technological solution which has been applied in the world for a period of no more than 3 years or whose sales volume throughout the world as regards products or services based on the technology in a given industry does not exceed 15%, and which meets all the following conditions: eligible expenditure of no less than PLN 160 million, and net increase in jobs of no less than 150 persons.

Intensity of support:

- up to 30% of eligible expenditure.

IE OP 4.5.2 Support for investment in the modern services sector

Supported projects: new investments involving purchase of fixed assets and intangible assets and net increase in jobs of no less than 100 persons, leading to an establishment or expansion of:

- shared service centres (e.g. finance, accounting, HR management, administration, banking and insurance resources, market research);
- IT centres (e.g. software development, application testing, network design and implementation, product optimization, database management).

Intensity of support:

- up to 30% of eligible expenditure.

IE OP 4.5.2 Support for investment in the modern services sector (R&D projects)

Supported projects: new investments related to a commencement or development of R&D activity by organisational units or organisationally separated units starting or developing their activity, involving purchase of fixed assets and intangible assets, and net increase in jobs of no less than 10 persons of R&D staff, leading to an establishment or expansion of R&D centres (e.g. engineering services centres, quality centres)

Intensity and amount of support:

- minimum amount of eligible expenditure – **from PLN 2 million**;
- investment-related part – max. 70% of eligible expenditure;
- training-related part – up to 45% of eligible expenditure, but no more than **PLN 1 million**;
- consultancy-related part – up to 50% of eligible expenditure, but no more than **PLN 600 000**.

Institution: Ministry of Economy (www.mg.gov.pl).

IE OP 5.1 Support for development of co-operative relations of supra-regional importance

Beneficiaries: legal persons managing a co-operative relation.

Supported projects: joint ventures of groups of entities aimed at preparation of a joint product or service of an innovative nature and their marketing.

Amount of support:

- investment-related part – **PLN 20 million**;
- consultancy-related part – **PLN 400 000**;
- training-related part – **PLN 1 million**;
- market expansion – **PLN 600 000**.

Institution: Polish Agency for Enterprise Development (www.parp.gov.pl).

IE OP 5.3 Support for innovation centres

Beneficiaries: Highly specialized business environment institutions providing services with a high market and technology potential, including entities managing science and technology parks, technology incubators, advanced technology centres, productivity centres and other centres providing specialist services for entrepreneurs, in particular for SMEs.

Supported projects: consultancy related to the preparation of the centre's development strategy considering specific needs of entrepreneurs; consultancy and promotion brought about by the centre's development strategy; investments relating to the centre's development strategy in terms of extension or modernization of existing technical infrastructure; promotional activities resulting from the centre's development strategy aimed at promotion of services provided by pro-innovation business environment institutions locally, regionally and internationally.

Minimum amount of the project: PLN 40 million.

Institution: Polish Agency for Enterprise Development (www.parp.gov.pl).

IE OP 5.4 Management of intellectual property

Beneficiaries: SMEs (for projects 1 and 2); business environment institutions (project 3).

Supported projects:

- covering the costs incurred to obtain industrial property protection;
- support for entrepreneurs covering the costs of the proceedings related to invalidation of a patent,

protection right on a utility design or a registration right or a decision on expiration of a patent, protection right on a utility design or a registration right;

- projects related to dissemination of knowledge about profits resulting from protection of intellectual property in enterprises.

Amount of support:

- obtainment of industrial property protection – from **PLN 2 000 to PLN 400 000**;
- enforcement of the protection of an industrial property right – from **PLN 2 000 to PLN 400 000**;
- dissemination of intellectual property knowledge – from **PLN 200 000 to PLN 2 million**.

Institution: Polish Agency for Enterprise Development (www.parp.gov.pl).

IE OP 6.1 Passport to Export

Beneficiaries: small and medium-sized enterprises (SMEs).

Supported projects: a package of services for entrepreneurs consisting of: consultancy services, search for and selection of business partners on the target market, participation in trade fairs and exhibition events as an exhibitor, participation in business missions, obtainment of documents necessary to export products.

Amount and intensity of support:

- elaboration of Export Development Plan – up to **PLN 10 000**;
- implementation of Export Development Plan – up to **PLN 200 000** and up to **50%** of total eligible expenditure.

Institution: Polish Agency for Enterprise Development (www.parp.gov.pl).

IE OP 8.1 Support for business activity in the field of electronic commerce

Beneficiaries: micro-sized and small enterprises conducting business activity for no longer than 1 year since the day of registration and share-holding companies in the process of formation.

Supported projects: implementation of individual projects of the beneficiaries intended to provide services in the electronic form and, possibly, create digital products necessary for the provision of such services; the services will be co-financed for a period of 24 months from the project start date specified in the agreement on the co-financing.

Amount of support:

- support for business activity in the area of electronic commerce – up to 80% of the project's eligible expenditure – from **PLN 20 000 to PLN 1 million**.

Institution: Polish Agency for Enterprise Development (www.parp.gov.pl).

IE OP 8.2 Support for the implementation of electronic business of the B2B type

Supported projects: projects of technical (IT) and organizational nature, leading to implementation of business processes in the electronic form, involving three or



more co-operating enterprises; the project will be provided with co-financing for a maximum period of 24 months

Amount of support: from **PLN 20 000 to PLN 2 million**.

IE OP 8.4 Providing access to the Internet at the “last mile” stage

Beneficiaries: micro-, small and medium-sized enterprises, non-governmental non-profit organizations.

Supported projects: development and maintenance of a dedicated data communications infrastructure, created between the nearest or the most effective Internet distribution point and the target group (on the area of a single commune more than one project of this type may be implemented).

Minimum amount of support: PLN 30 000 .

Institution: Implementing Authority for European Programmes (www.wwpe.gov.pl).

5.2. Development of Eastern Poland Operational Programme

DEP OP 1.3 Support for innovations

Beneficiaries: higher education establishments, research units, territorial self-government units, unions and associations, institutions supporting innovation development in the region, entrepreneurs, regional/local development agencies and foundations, non-governmental organizations.

Supported projects:

- construction and other construction works and equipment for research institutions along with employment of qualified research staff;
- construction and other construction works and putting into operation of industrial parks, technology parks and incubators (e.g. technological) along with equipment for their laboratories and employment of qualified research staff;
- construction and other construction works and putting into operation excellence centres and technology transfer centres;

- developing infrastructure for research and development units at enterprises along with employment of qualified research staff;
- preparation of investment sites so as to enable setting up of production and modern service zones (e.g. logistic centres, machinery parks, technology parks, incubators, etc.) – comprehensive preparation of land for investment along with construction of internal roads, connecting such roads with the existing communications system and providing utilities.

Eligible costs: minimum PLN 4 million.

Intensity of support: up to 90%.

Institution: Polish Agency for Enterprise Development (www.parp.gov.pl).

5.3. Regional Operational Programmes of Eastern Poland Voivodeships

Regional Operational Programme of the Warmińsko-Mazurskie Voivodeship

WM ROP 1.1.6 Support for new investments for large enterprises

Beneficiaries: large enterprises employing more than 250 employees.

Supported projects: support for new investments as regards:

- **process innovation** – using production methods that are innovative in the region;
- **product innovation** – delivering new or considerably improved goods and services;
- **organisational innovation** – changes in the enterprise's organization.

Innovative solutions are being promoted, i.e. the ones that have not been used in the region before.

Amount of support:

- from PLN 300 000 to PLN 4 million (up to 50% of eligible costs);
- amount of the project: up to PLN 8 million.

Institution: Warmińsko-Mazurska Agencja Rozwoju Regionalnego S.A. in Olsztyn (www.wmarr.olsztyn.pl).

WM ROP 1.1.7 Investment subsidies for micro-enterprises and the SME sector in the field of innovation and new technologies

Beneficiaries: micro-, small and medium-sized enterprises.

Supported projects: implementation of state-of-the-art solutions into production and distribution processes, and into the enterprise organization; creation of new and modern products by the enterprise; construction or reconstruction of infrastructure, as well as purchase of equipment that will enable to use modern technologies and machinery in the production process.

Intensity and amount of support:

- subsidy of to **50%** of the project's eligible costs;
- amount of the project: up to **PLN 8 million**;
- amount of support: from **PLN 20 000** to **PLN 2 million**.

Institution: Warmińsko-Mazurska Agencja Rozwoju Regionalnego S.A. in Olsztyn (www.wmarr.olsztyn.pl).

WM ROP 1.1.9 Other investments in enterprises

Beneficiaries: micro-, small and medium-sized enterprises.

Supported projects: projects stimulating growth of enterprise competitiveness; subsidies for development investments; investments resulting in creation of new jobs or contributing to the retention of existing ones.

Intensity and amount of support:

- amount of support – from **PLN 10 000** to **PLN 1.5 million**;
- amount of co-financing – **up to 50%**.

Institution: Warmińsko-Mazurska Agencja Rozwoju Regionalnego S.A. in Olsztyn (www.wmarr.olsztyn.pl).

Regional Operational Programme of the Podlaskie Voivodeship

PV ROP 1.4.1 Micro-enterprises

ROP 1.4.2 Small and medium-sized enterprises

Beneficiaries: priority will be given to solutions that foster savings on raw materials and energy and reduce emissions of harmful substances into the environment. The funds can be used to purchase machinery and equipment or licenses, patents, etc. Aid can be granted only to a new investment (in fixed and intangible assets) in connection with: establishment of a new enterprise, expansion of the existing enterprise, diversification of the enterprise's production by introduction of new, additional products or substantial change in the production process of the existing enterprise.

Intensity and amount of support:

maximum level of co-financing:

- up to **70%** for micro-sized and small enterprises;



- up to **60%** for medium-sized enterprises;
- up to **50%** for enterprises operating in the transport sector;
- up to **50%** for enterprises in the case of de minimis aid.

Maximum amount of co-financing:

- for small and medium-sized enterprises – **PLN 4 million**;
- micro-enterprises – **PLN 500 000**.

Minimum/maximum amount of support:

- micro-enterprises – min. amount of the project **PLN 30 000**;
- small and medium-sized enterprises – min. amount of the project – **PLN 100 000**.

Maximum amount of eligible expenditure – no limitation.

Institution: Office of the Marshal of the Podlaskie Voivodeship (www.wrotapodlasia.pl).

Regional Operational Programme of the Lubelskie Voivodeship

LV ROP 1.1 Subsidies for start-up micro-enterprises

Beneficiaries: the objective is to increase the investment capacity of start-up micro-enterprises implementing projects in the Lubelskie Voivodeship.

Intensity and amount of support: maximum share of EU funds in the project's eligible expenditure is 70%. Minimum amount of the project – **PLN 143 000**. Maximum amount of the project – **PLN 8 million**.

Minimum amount of support – **PLN 21.5 thousand**. Maximum amount of support – **PLN 310 000**.

For projects with eligible expenditure exceeding **PLN 1 million**, the maximum amount of aid is **PLN 500 000**.

Institution: Office of the Marshal of the Lubelskie Voivodeship (www.lubelskie.pl).

LVRP Measure: 1.2 Investment subsidies for micro-enterprises

Beneficiaries: the measure's objective is to improve the competitiveness of micro-enterprises pursuing business activity for more than 2 years and implementing innovative investment projects in the Lubelskie Voivodeship. The objective will be achieved through the support of investment projects related to modernization of micro-enterprises' product portfolio and technologie.

Intensity and amount of support: maximum share of EU funds in the project's eligible expenditure is 70%. Minimum amount of the project – **PLN 42.5 thousand**. Minimum amount of support – **PLN 30 000**. Maximum amount of support – **PLN 700 000**.

For projects with eligible expenditure exceeding **PLN 2 million**, the maximum amount of support is **PLN 1 million**.

Institution: Office of the Marshal of the Lubelskie Voivodeship (www.lubelskie.pl).

LV ROP Measure: 1.3 Investment subsidies for small and medium-sized enterprises

Beneficiaries: Funds may be obtained for projects related to introduction of new or modernization of existing products, implementation of innovative technologies as well as improving organizational and marketing solutions in small and medium-sized enterprises.

Form of support:

The maximum share of EU funds in the project's eligible expenditure:

- for small enterprises – **70%**;
- or medium-sized enterprises – **60%**;

Minimum project value – **PLN 143 000**. Maximum project value – **PLN 8 million**. Minimum amount of aid – **PLN 85 000**. Maximum amount of aid – **PLN 1 million**. For projects with eligible expenditure exceeding **PLN 4 million**, the maximum amount of aid is **PLN 2 million**.

Institution: Office of the Marshal of the Lubelskie Voivodeship (www.lubelskie.pl).

Regional Operational Programme of the Świętokrzyskie Voivodeship

ŚV ROP 1.1 Direct support for the sector of micro-, small and medium-sized enterprises

Beneficiaries: only innovative projects will be supported or projects that will significantly contribute to the growth of employment. The projects must result in increasing the enterprise's competitiveness in the local or regional market.

Intensity and amount of support: maximum subsidy of 50% of the project's eligible costs. In the case of micro-enterprises (with an exception of businesses operating in the transport sector), it is possible to increase the maximum percentage of the subsidy by 20%.

Minimum eligible expenditure – **PLN 20 000** and maximum – **PLN 8 million**. Minimum subsidy – **PLN 10 000**, and maximum subsidy: for micro-enterprises – **PLN 1.5 million**; or small enterprises – **PLN 2.4 million**; for medium-sized enterprises – **PLN 3.999 million**.

Institution: Office of the Marshal of the Świętokrzyskie Voivodeship (www.sejmik.kielce.pl).

Regional Operational Programme of the Podkarpackie Voivodeship

PV ROP 1.1 Scheme B: Direct investment subsidies

Beneficiaries: the funds received can be used for all investments that will improve operations, production and management processes at an enterprise. Possible uses: purchase of patents and new technologies that will increase the enterprise's productivity and competitiveness, also as an accompanying element

of the project – installation of systems and devices to prevent environmental pollution.

Amount of support: minimum amount of support – **PLN 10 000**. Maximum amount of support: micro-sized and small enterprises – **PLN 800 000**; medium-sized enterprises – **PLN 1.2 million**.

The maximum amount of support to SMEs for projects having a higher level of innovation:

- innovative projects using solutions that are used in the country for no longer than 4 years – **PLN 2 million**;
- projects of a high innovation potential using solutions that are used worldwide for no longer than 3 years – up to **PLN 5.6 million**.

Institution: Office of the Marshal of the Podkarpackie Voivodeship (www.si.podkarpackie.pl).

PV ROP 1.3 Regional system of innovation

Beneficiaries: the objective is to create conditions conducive to economic growth and stimulating the region's innovation potential and knowledge transfer. As part of the Programme investors may establish or improve their R&D facilities (e.g. laboratories) or create a network for cooperation between their enterprise(s) and one or more research units in the region.

Amount of support: subsidy of up to 70% of the project's eligible costs.

Maximum amount of support: up to **PLN 30 million**. Maximum amount of the project:

- up to **PLN 400 000** for projects involving purchase of fixed assets for R&D purpose;
- up to **PLN 4 million** for investment projects in the field of R&D infrastructure;
- up to **PLN 40 million** for projects supporting technology parks.

Institution: Office of the Marshal of the Podkarpackie Voivodeship (www.si.podkarpackie.pl).

5.4. Human Capital Operational Programme (all-Poland and individual voivodeships)

HC OP 2.1.1 Development of human capital in enterprises

Beneficiaries: enterprises

Sample projects:

- supra-regional closed projects involving training and consultancy for entrepreneurs based on the enterprises' individual development strategies;
- countrywide open projects involving training and consultancy for entrepreneurs and enterprise staff;
- post-graduate studies for entrepreneurs and enterprise staff.

Minimum amount of the project – PLN 50 000.

Institution: Polish Agency for Enterprise Development (www.parp.gov.pl).

HC OP 4.2 Development of skills of the R&D system staff and increasing awareness of the importance of research to economic growth

Institution: Ministry of Science and Higher Education, Department of Implementation and Innovation.

Beneficiaries: all entities – except for natural persons (not applicable to those conducting business or educational activity under separate regulations).

Sample projects:

- improvement of skills of the R&D system's staff in the area of management of research and development work, and putting the outcome of research into business use, projects related to increasing awareness of the importance of and rules governing research and development work for the economy, as well as of the needs of the R&D sector and the economy in this respect;
- popularization of scientific findings at the tertiary education level.

Minimum amount of the project – PLN 50 000.

HC OP 8.1 Development of staff and enterprises in regions

HC OP 8.1.1 Support for development of professional skills and consultancy services for enterprises

HC OP 8.1.2 Support for adaptation and modernisation processes in regions

Beneficiaries: all entities – except for natural persons.

Sample projects:

Sub-measure 8.1.1

- training and consultancy for managerial staff and employees (in the area of, e.g., management, identification of needs with regard to employees' skills, work organization, management of health and safety at work, flexible forms of work, implementation of environment-friendly production technologies, application of IT and communication technologies in the activity conducted);
- consultancy services for micro-, small and medium-sized enterprises, including self-employed persons, in particular with regard to economics, finance, HR management or accounting;
- training, courses and job counselling addressed to adult working persons who, at their own initiative, are interested in gaining new qualifications or improving the ones they have, and in particular to employed persons having low or obsolete qualifications.

Sub-measure 8.1.2

- assistance in the establishment of local partnerships intended to develop and implement strategies for the forecasting and management of economic changes at the local and voivodeship levels;

- support for employers and employees in the enterprises undergoing adaptation and modernization processes;
- retraining courses and career counselling, with focus on facilitating the choice of a new career and acquisition of new professional skills;
- studies and analyses of development trends and forecasting of economic changes in the region.

Minimum amount of the project – PLN 50 000.

Institution: Regional institutions designated by the voivodeship self-government.

5.5. Rural Development Programme for 2007–2013

Axis 1 Improvement of the competitiveness of the agricultural and forestry sector

Measure 1.2.3 – Increasing the added value of basic agricultural and forestry production

Beneficiaries: the aim of the measure is to increase competitiveness of enterprises in the sector of processing and marketing of agricultural products, conditioned by the increase in added value, production quality, reduction of costs and development of new products, production processes and technologies, as well as improvement of the production conditions taking into account existing or newly introduced standards. The measure is also aimed at strengthening the position of agricultural producer groups in the channel of product sales, as well as ensuring their wider participation in generating added value of agricultural production by supporting investments in the processing of agricultural products.

Amount of support: maximum amount of aid granted during the RDP period to one beneficiary is **PLN 20 million**. The amount of aid granted for the implementation of one project may not be less than **PLN 100 000**.

The maximum level of aid is:

- **25%** of costs of an eligible investment carried out by an enterprise other than SME;
- **40%** of costs of an eligible investment carried out by a SME;
- **50%** of costs of an eligible investment carried out by a SME
 - which procures raw materials under long-term contracts concluded with groups of agricultural producers, fruit and vegetable producer groups granted preliminary recognition or recognized fruit and vegetable producer organizations;
 - which is registered as a group of agricultural producers or their union, a fruit and vegetable producer group granted preliminary recognition or a recognized fruit and vegetable producer organization;
 - which carries out a project on the processing of agricultural products for energy purposes.

Institution: Agency for Restructuring and Modernisation of Agriculture (www.arimr.gov.pl).

Axis 3 Quality of life in rural areas

Measure 3.1.2 – Establishment and development of micro-enterprises

The objective of the measure is to increase economic competitiveness of rural areas, and develop entrepreneurship and the labour market, and consequently, increase employment in rural areas.

The amount of aid granted to the operation may not exceed:

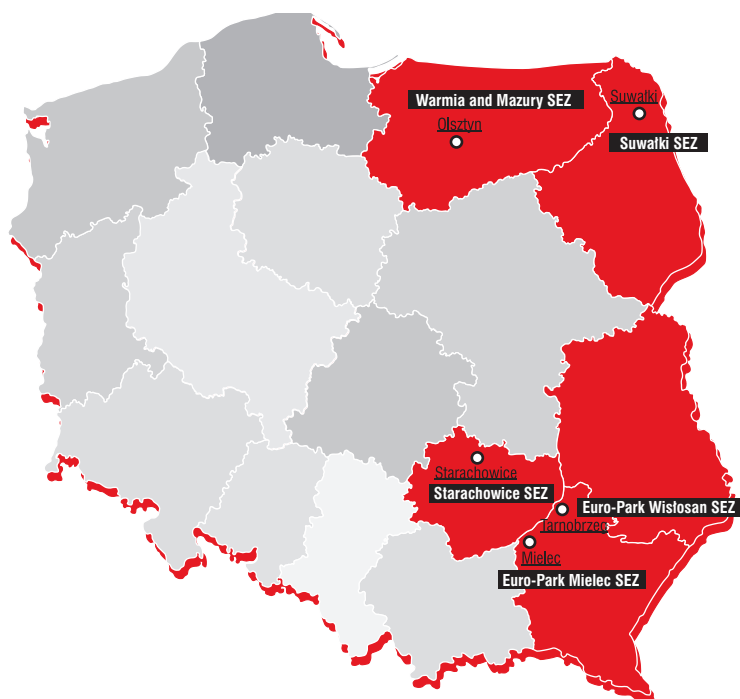
- **PLN 100 000** – if the business plan provides for creation of at least one and less than two jobs (FTE, annual average), which is justified by the material scope of the operation;
- **PLN 200 000** – if the business plan provides for creation of at least two and less than three jobs (FTE, annual average), which is justified by the material scope of the operation;
- **PLN 300 000** – if the business plan provides for creation of at least three jobs (FTE, annual average), which is justified by the material scope of the operation.

Maximum amount of aid granted during the Programme period to one beneficiary may not exceed **PLN 300 000**. Maximum financial aid – **50%** of the operation's eligible costs.



6. Special Economic Zones (SEZs) in Eastern Poland

MAP 6. Special Economic Zones (SEZs) in Eastern Poland



Source: Own compilation based on SEZs websites, June 2010

There are 14 Special Economic Zones in Poland, 5 of which are located in Eastern Poland: Mielec, Tarnobrzeg, Warmia and Mazury, Suwałki and Starachowice (actually, the first zone established in Poland in 1995 was located in the Macroregion Eastern Poland – Euro-Park Mielec). The idea behind the creation of the zones was to accelerate regional economic development, to use of post-industrial assets and infrastructure, to create new jobs – especially in regions threatened by structural unemployment and to attract foreign investors to Poland. Based on Poland's arrangements with the European Commission, the zones will operate in the present shape until 2020. The main tool for attracting investors – and a very effective one in the opinion of investors themselves – are tax incentives in the form of CIT exemptions as per the regional aid map, which specifies the maximum amount of support for projects implemented in individual voivodeships in Poland (for Eastern Poland it is 50%, but the SME sector businesses are entitled to recover 70% and 60% of their capital expenditure respectively). The exemption continues in subsequent years, until the entrepreneur recovers 70% and 60% of their capital expenditure respectively). The exemption continues in subsequent years, until the entrepreneur recovers 50% (or 70% or 60%, depending on the size of an investing company) of its capital expenditure. Each zone is divided into sub-zones, so potential investors have an array of locations to choose from. Apart from tax exemptions, investors willing to invest in the zones can expect that they will be offered a site ready for investment purposes, with all necessary utilities in place, and they also can count on assistance in starting the investment project [Map 6].

All special economic zones in Poland taken together occupy the area of 13 336.3 ha, of which 5 zones located in the Macroregion Eastern Poland, stretch over 3 925.51 ha (over 37% of the total land occupied by Polish SEZs). So it is Eastern Poland that offers the largest territorial potential for investors. Most of the zones' investment areas lie within the territory of 5 voivodeships of Eastern Poland (except for approx. 655 ha located in macroregions other than Eastern Poland).

Capital expenditure incurred by investors in all 5 zones of Eastern Poland exceeded PLN 15.75 billion, and created almost 49 000 new jobs. The biggest number of jobs was created by investors in Tarnobrzeg and Mielec zone (23 335 and 11 953 respectively). Due to very attractive investment conditions, the zones attract both Polish and foreign businesses, while the latter actually predominate in the Eastern Poland Macroregion's special economic zones.



6.1. Warmia and Mazury Special Economic Zone

Situated in the north-eastern region of Poland, it covers the total area of **914.5 ha**, of which 302.3 ha available for investment. The area consists of **24 sub-zones** located within the following towns and communes: Barczewo, Bartoszyce, Ciechanów, Dobrze Miasto, Elbląg, Iława, Iłowo, Lidzbark Warmiński, Mława, Morąg, Mrągowo, Nidzica, Nowe Miasto Lubawskie, Olecko, Olsztyn, Olsztynek,

Orzysz, Ostrołęka, Ostróda, Pasłęk, Pisz, Piecki, Szczętyrno and Wielbark.

As of 30 September 2012, **57 entrepreneurs**, had valid business licenses to conduct business in the zone; capital expenditure amounted to **PLN 3 billion** and **12 067 work places** were created. Two largest enterprises running business activities in the zone are Michelin Polska S.A. and LG Electronics Mława Sp. z o.o.

MAP 7. Warmia and Mazury Special Economic Zone



Warmia and Mazury Special Economic Zone

Registered location: Olsztyn

Voivodeships: Warmińsko-Mazurskie and Mazowieckie

TABLE 7. Major investors in the Warmia and Mazury SEZ

Investor	Country of origin	Sector
Michelin Polska S.A.	France	automotive
LG Electronics Mława Sp. z o.o.	South Korea	electronics
Swedwood Poland Sp. z o.o.	Sweden	wood
Wydawnictwo Bauer Sp. z o.o.	Germany	printing
Wójcik Fabryka Mebli Sp. z o.o.	Poland	furniture
Cetco Poland Sp. z o.o.	Netherlands	construction materials
Fabryka Mebli Szynaka Sp. z o.o.	Poland	furniture
Bruss Polska Sp. z o.o.	Germany	metal
DFM Sp. z o.o.	Poland	furniture
Fabryka Mebli Taranko Aleksander Taranko	Poland	furniture

Source: Own calculations based on PAliIZ databases

6.2. Suwałki Special Economic Zone

It is located in the Voivodeships: Podlaskie, Warmińsko-Mazurskie and Mazowieckie. It covers the total area of **342.7662 ha**, of which 106.16 ha available for development, in six sub-zones: Suwałki, Elk, Goldap, Białystok, Grajewo and Małkinia Góra.

As of the end of 2012 there were **69 enterprises** operating in the zone, both Polish and foreign, which created more than **5 700 new jobs** and made capital expenditure of more than **PLN 1.7 billion**.

MAP 8. Suwałki Special Economic Zone



Suwałki Special Economic Zone

Registered location: Suwałki

Voivodeships: Podlaskie, Warmińsko-Mazurskie and Mazowieckie

TABLE 8. Major investors in the Suwałki SEZ

Investor	Country of origin	Sector
Pfleiderer MDF Sp. z o.o.	Germany	wood
Rockwool Polska Sp. z o.o.	Denmark	construction
Porta KMI Polska Sp. z o.o.	Poland	wood
Impress Decor Polska Sp. z o.o.	Austria	printing
Malow Sp. z o. o.	Poland	metal
Mispol S.A.	Poland	food
Iryd Sp. z o.o.	Poland	metal, wood
Aquael Sp. z o.o.	Poland	precision engineering
Cezar D. Niewiński	Poland	plastics
Reckman Sp.j.	Poland	clothing

Source: Own calculations based on PAIiZ databases

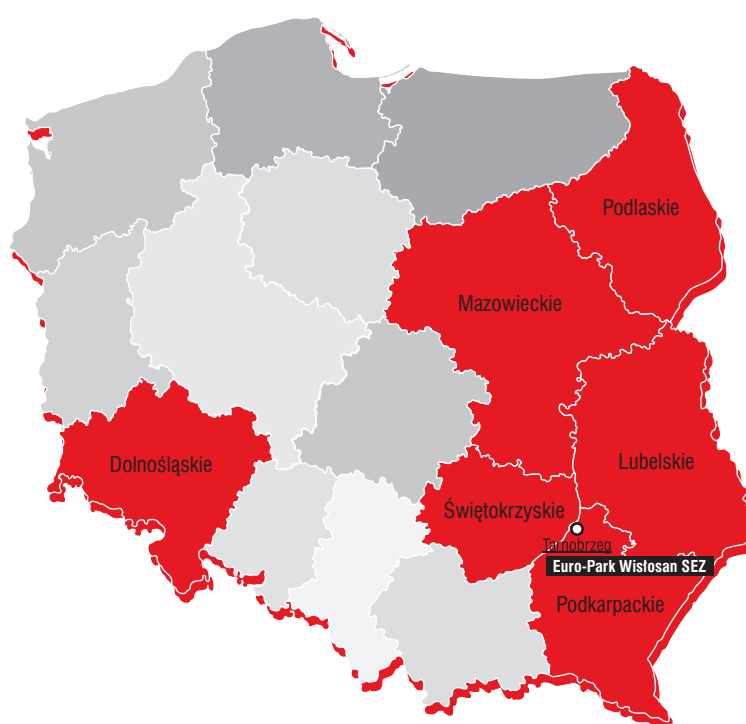
6.3. Tarnobrzeg Special Economic Zone Euro-Park Wisłosan

It has sub-zones in as many as 6 voivodeships, including 4 in Eastern Poland (Podlaskie, Podkarpackie, Świętokrzyskie and Lubelskie) and in Mazowieckie and Dolnośląskie. The total zone area is **1632.31 ha**, of which 535.7 ha available for development in 19 subzones: Tarnobrzeg (149.91 ha), Stalowa Wola (277.35 ha), Nowa Dęba (113.60 ha), Radom (151.55 ha), Staszów (104.12 ha), Jasło (58.06 ha), Wrocław-Kobierzycze (410.68 ha), Przemyśl (81.49 ha), Janów

Lubelski (18.51 ha), Siedlce (65.40 ha), Łuków (40.49 ha), Tomaszów Lubelski (10.56 ha), Węgrów (29.33 ha), Nowe Miasto nad Pilicą (15.13 ha), Kraśnik (23.48 ha), Przasnysz (55.07 ha), Horodło (5.3 ha), Ryki (4.45 ha), Łapy (11.95 ha), Mińsk Mazowiecki (5.78 ha)

As of 30 June 2012, **224 permits** were issued, of which 34 for companies with the foreign capital participation, **28 448 new jobs** were created and capital expenditure exceeded **PLN 7.0 billion**.

MAP 9. Tarnobrzeg Special Economic Zone Euro-Park Wisłosan



Tarnobrzeg Special Economic Zone Euro-Park Wisłosan

Registered location: Tarnobrzeg

Voivodeships: Podkarpackie, Podlaskie, Świętokrzyskie, Lubelskie, Mazowieckie and Dolnośląskie

TABLE 9. Major investors in the Tarnobrzeg SEZ Euro-Park Wisłosan

Investor	Country of origin	Sector
LG Philips LCD Poland Sp. z o.o.	Republic of Korea	production of TVs and LCD monitors
ATS Stahlschmidt&Maiworm Sp. z o.o.	Germany	production of aluminium wheel rims
Sanfarm Sp. z o.o.	Poland	production of pharmaceuticals
LG Electronics Wrocław Sp. z o.o.	Poland	electronics
Heesung Electronics Poland Sp. z o.o.	Republic of Korea	electronics
QuadWinkowski Sp. z o.o.	Poland	printing house, printing services
Toshiba Television Central Europe Sp. z o.o.	Japan	electronics
Alumetal Gorzyce Sp. z o.o.	Poland	metal
Jadar Techmatik S.A.	Poland	production of paving blocks
Zakłady Metalowe Dezamet S.A.	Poland	defence industry

Source: Own calculations based on PAIIIZ databases

6.4. Euro-Park Mielec Special Economic Zone

It is located mainly in south-eastern Poland, and covers the total area of **1 246 ha** in 20 subzones, of which 396.5 ha available for development, located in the sub-zones within the following cities/towns and communes: Mielec, Rzeszów, Głogów Małopolski, Trzebownisko, Lublin, Ropczyce, Ostrów, Zamość,

Leżajsk, Jarosław, Laszki, Sanok and Zagórz, Lubaczów, Kolbuszowa, Szczecin, Lubartów and Krosno.

As of 31 December 2012, **231 permits** had been issued to conduct a business activity in the zone, while investors made **capital expenditure of PLN 5.4 billion** and created **over 20 000 new jobs**.

MAP 10. Euro-Park Mielec Special Economic Zone



Euro-Park Mielec Special Economic Zone

Registered location: Mielec

Voivodeships: Podkarpackie, Lubelskie, Małopolskie and Zachodniopomorskie

TABLE 10. Major investors in the Euro-Park Mielec SEZ

Investor	Country of origin	Sector
Polskie Zakłady Lotnicze Mielec Sp. z o.o.	USA	aviation
MTU Aero Engines Polska Sp. z o.o.	Germany	aviation
Borgwarner Turbo Systems Poland Sp. z o.o.	USA	automotive
Lear Corporation Sp. z o.o.	USA	automotive
Kirchhoff Polska Sp. z o.o.	Germany	automotive
Firma Oponiarska Dębica S.A.	USA	automotive
Kronospan Mielec Sp. z o.o.	Austria	wood processing
Ball Packaging Europe Lublin Sp. z o.o.	USA	packaging
Bury Sp. z o.o.	Poland	electronics
BRW Sp. z o.o.	Poland	furniture
Goodrich Aerospace Poland Sp. z o.o.	USA	aviation

Source: Own calculations based on PAIIIZ databases

6.5. Starachowice Special Economic Zone

It is located within the Świętokrzyskie Voivodeship, while it also has subzones in the Lubelskie, Mazowieckie, Łódzkie and Opolskie Voivodeship. The zone covers the total area of **612.9 ha**, of which 225.38 ha remaining for development (as at the end of January 2011) in the following sub-zones: Starachowice, Ostrowiec Świętokrzyski, Skarżysko-Kamienna, Końskie, Stąporków, Suchedniów, Morawica, Szydłowiec, Puławy, Ilża, Tułowice, Mniszków, Sędziszów and Kielce.

At the end of Q3 2012, **there were 71 active business licences in the zone, 7 228 new jobs were created**, while investors' capital expenditure amounted to **PLN 1.6 billion**.

MAP 11. Starachowice Special Economic Zone



Starachowice Special Economic Zone
Registered location: Starachowice
Voivodeships: Świętokrzyskie, Lubelskie, Mazowieckie, Łódzkie and Opolskie

TABLE 11. Major investors in the Starachowice SEZ

Investor	Country of origin	Sector
Biella Szydłowiec Sp. z o.o./Biella-Neher AG	Switzerland	office supplies
Cerrad Sp. z o.o.	Poland	ceramic
Cersanit II S.A.	Poland	sanitary ceramic ware
Gerda 2 Sp. z o.o.	Poland	metal
Gerda 3 Sp. z o.o.	Poland	metal
MAN Bus Sp. z o.o./MAN Nutzfahrzeuge Gruppe	Germany	automotive
Orizzonte Polska Sp. z o.o.	International	metal
RR Donnelley Starachowice Sp. z o.o./RR Donnelley	USA	printing
Starpol II Sp. z o.o.	Poland	electrotechnical
Star-Dust Sp. z o.o.	Poland	ceramic
Ceramika Nowa Gala II Sp. z o.o.	Poland	ceramic
Star-Gres Sp. z o.o.	Poland	ceramic
Alpol Gips Sp. z o.o.	Poland	construction materials
Nova Ceramika Sp. z o.o.	Poland	ceramic
Ceramika Końskie Sp. z o.o.	Italy	ceramic
Kaye Aluminium Opole Sp. z o.o.	Spain	metal
Valdi Ceramika Sp. z o.o.	Poland	ceramic
Zakłady Azotowe Puławy S.A.	Poland	chemical
Air Liquide Polska Sp. z o.o.	France	chemical
Fabryka Kotłów Sefako S.A.	Poland	metal

Source: Own calculations based on PAIIIZ databases

7. Science and Technology and Industrial Parks

There are more than 36 technology parks in Poland – either already operating or at an advanced stage of development. The most resilient group comprises 20 parks. In total they host 523 institutions and 18 science and research units. The parks employ more than 16.5 thousand people. The twenty most dynamic parks cover the area of almost 1.3 thousand ha, of which developed areas account for almost 550 000 m². This figure represents just above 3% of their total area. The largest parks are technology parks located in Kraków, Bełchatów and Płock, and 'Aeropolis' park in the Podkarpacie Region. Their areas equal respectively to: 416 ha, 384 ha, 200.4 ha and 118 ha. They represent 88% of the total area occupied by the twenty most resilient parks. Apart from 'Aeropolis', the group of the 20 largest parks also includes one more park located in the Macroregion Eastern Poland, namely 'Poland- East' Science and Technology Park in Suwałki. It is not as big as 'Aeropolis' though: the park in Podkarpacie covers the area of 118 ha (of which just under 2% is used), and the park in Suwałki covers the area of 8.6 ha (of which 0.55% is used). The park in Podkarpacie is also the biggest in terms of employment: 618 persons compared to 80 persons in the Suwałki Park.

7.1. Kielce Technology Park

The Kielce Technology Park was created based on the Kielce Technology Incubator established in 2008. Since its inception, the incubator has worked with small and medium-sized enterprises as well as the local self-government. In July 2009, by way of resolution of the Kielce City Council, the entity changed its name to the Kielce Technology Park. The park was created, among others, in order to support newly created in-

novative companies. It is focused on the development of academic enterprise, supporting relationships between science and economy as well as pre-incubation and incubation of enterprises which originate at universities. The park concept assumes operation of two separate organizational units: Technology Incubator (for start-up businesses) and Technological Centre (for companies leaving the Technology Incubator at the expansion stage or for third-party enterprises intending to start business in Kielce).

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7.2. Lublin Science and Technology Park

Lublin Science and Technology Park was established in May 2005. The Park shareholders are: the self-government of Lubelskie Voivodeship and University of Life Sciences in Lublin. The Park with related infrastructure cover the total area of more than 10 000 m².

The mission of Lublin Science and Technology Park is to support the development of Lubelskie Voivodeship through the creation of an institutionalized platform enabling the cooperation of Lublin universities with the business community. The main goal of the establishment is to support projects in which research findings are put into business use so as to improve innovativeness of enterprises in the Lublin region. In 2009, an official opening of the first Park facilities took place. Current tenants include: **Laboratorium Badań Genetycznych Sp. z o.o.** (research on human chromosomes in reproductive failures, detection of genetic defects and susceptibility to various genetic diseases), **Central Apparatus Laboratory of the University of Life Sciences** (conducting certified research and measuring work, including a broad spectrum of physical and chemical measurements, training in lab analysis), **Lubelskie Centrum Konsultingu Sp. z o.o.** (consulting services, business services for SMEs, international trade support, training activities), **VADO Sp. z o.o.** (production of software and specialized data communications systems, development and production of electronic devices, specialist advice), **KTI Konsulting** (consulting and training services in the field of raising third-party financing, in particular grants from the EU structural funds), **Centrum Innowacji i Transferu Technologii Lubelskiego Parku Technologicznego Sp. z o.o.** (post-production, animation and visual effects services for advertising, TV, film and new media projects, production of commercials, music videos and feature-length films).



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7.3. Podkarpackie Science and Technology Park "Aeropolis"

The Park was meant as one of the instruments to improve competitiveness of the economy in the Podkarpackie region by implementing modern technological solutions and management of knowledge and capital resources. The Park (located in Rzeszów on the area of 118 ha), was supposed to provide a platform where innovative scientific ideas are transformed into modern technological solutions to be implemented by economic entities. In May 2003, the self-government of Podkarpackie Voivodeship, the city of Rzeszów, Rzeszowski Powiat, Rzeszów University of Technology and the University of Rzeszów signed an agreement on the establishment of the Podkarpackie Science and Technology Park 'Aeropolis'. The PSTP 'Aeropolis' management was entrusted to Rzeszowska Agencja Rozwoju Regionalnego S.A.

The Park's strategic aims are: activation of brown-fields, creation of investment infrastructure and attracting investors, effective development of available facilities and areas and provision of auxiliary services – mostly for PSTP 'Aeropolis' businesses, increasing competitiveness and innovation of enterprises operating in the voivodeship, development of infrastructure to activate local and regional enterprise, exploiting the potential of the Park's tenants and business engaged in manufacturing of complementary products. Besides, the Park seeks to increase the number of university graduates taking up self-employment (academic pre-incubator), develop technologies and stimulate research activities.

So far, the following companies have invested in the Park: **Opatem S.A.** – a manufacturer and integrator of systems using e-card technologies, **Borg Warner Turbo Systems** – a manufacturer of turbo-compressors, **Ultratech Sp. z o.o.** – a manufacturer of parts and components for the aircraft and automotive industry, **Yanko Sp. z o.o.** – a packaging manufacturer or **MasterProfi Sp. z o.o.** – a manufacturer of professional vacuum cleaners. The largest and the most important investment is the plant of German **MTU Aero Engines**, opened in May 2009 within the Park premises in Jasionka near Rzeszów. The company invested EUR 50 million euro. The plant produces components for aircraft engine turbines. So far the company has employed as many as 200 local inhabitants and ultimately this number is supposed to reach 400.

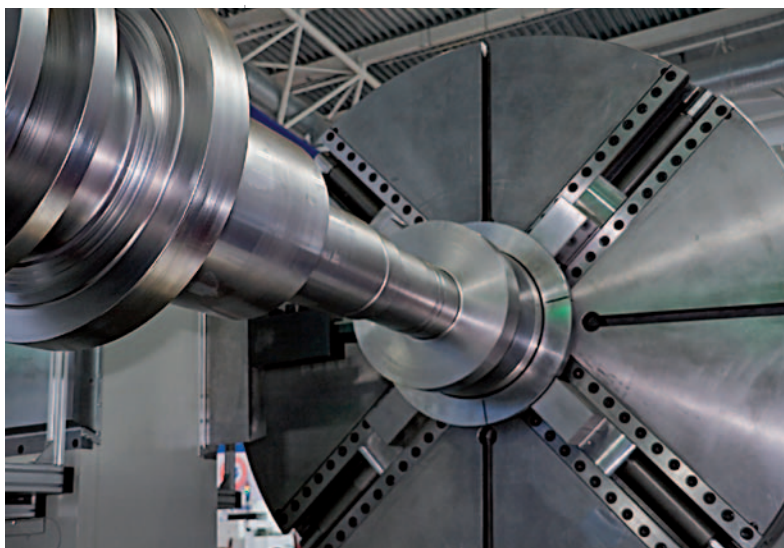


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7.4. Stare Miasto Industrial Park

In August 2005, the Council of the Commune of Leżajsk adopted a resolution on the establishment of the Industrial Park under the name of Stare Miasto – Park. One year later it signed a contract with the Industry Development Agency (Agencja Rozwoju Przemysłu S.A.) in Warsaw for completion of the comprehensive infrastructure within the Industrial Park and construction of 3 production halls. In 2007, in accordance with the regulation of the Council of Ministers, part of the Park land was granted the status of Special Economic Zone Euro-Park Mielec. Stare Miasto Industrial Park is located within the Commune of Leżajsk, in Stare Miasto (Zone A) and Wierzawice (Zone B) of the total area over 35 ha (the ultimate Park area is planned at 200 ha). Until now, the Park's investors have been mainly Polish companies such as SGS Eko-Projekt Sp. z o.o., Emka Mirosław Klosowski, Iglobud Leżajsk Jerzy Szostak.

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7.5. Mielec Industrial Park

Mielec Industrial Park is an investment area established in March 2005 by the Mielec City Council in order to use the post-restructuring assets of WSK-PZL Mielec. The management of Mielec Industrial Park was entrusted to Agencja Rozwoju Regionalnego "MARR" S.A. based on the agreement with the city of Mielec. About 100 ha of the Park, with complete service infrastructure and ready for new project launches, is located within a special zone, authorizing the willing investors to apply for investment tax credits of Euro-Park Mielec Special Economic Zone in Mielec. Current investors include: **Husqvarna** – a Swedish manufacturer of electrotechnical equipment, **Regom Polska** – a manufacturer of elements for the plumbing, automotive and aircraft industry, **First Company** from Germany – a manufacturer of women's wear, mainly for the German market and **RD Precision** – a manufacturer of aircraft parts and components.

Mielecki Park Technologiczny

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7.6. Puławy Science and Technology Park

The project of Puławy Industrial Park (PIP) was formed in January 2003 as a joint initiative of Zakłady Azotowe Puławy S.A. and the Municipal Commune of Puławy. In April 2003, the Puławy City Council adopted a resolution on joint actions and exemptions from property tax for the PIP investors. Today, the Park's

area equals to 700 ha. About 570 ha is owned directly by Zakłady Azotowe Puławy S.A.; another 99 hectares is a sub-zone of the Special Economic Zone – Starachowice (the area within the competence of the Management Board of SSE Starachowice S.A. and the Management Board of Zakłady Azotowe Puławy S.A.). 130 ha come under administration of the City of Puławy. In 2008, Zakłady Azotowe Puławy S.A., the City of Puławy, Fertilizer Research Institute, Institute of Soil Science and Plant Cultivation, Puławy Enterprise Centre Foundation and representatives of self-government authorities signed a letter of intent concerning transformation of the existing park into the Puławy Science and Technology Park. Current Park investors include: Kozap – railway forwarding and transport, Elza – power engineering lines and machinery, Medical – comprehensive medical services and PIA-ZAP – authorization of production processes.

Puławski Park Przemysłowy

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7.7. "Poland-East" Science and Technology Park

The mission of "Poland-East" Science and Technology Park in Suwałki is to increase the socio-economic cohesion and improve the economic development of the North-Eastern Poland Macroregion and – as a result – of Podlaskie Voivodeship by promoting entrepreneurship fostering technology-based knowledge and by making best use of opportunities for international cooperation. The Park, covering the area of 8.6 ha, opened in 2004. In 2005–2008, parallel to the preparation of infrastructure, the Park managed projects related to the development of new technologies in the region, such as: "Poland-East Science and Technology Park as the loadstar for new innovation technologies for the economic development of the Podlasie region", "Innovative potential of the Suwałki sub-region for the development of new technologies infrastructure and information society" or E-cluster "Healthy Life Valley". In 2012 the Park expanded and a Technology Incubator was created with 4 scientific and research laboratories (located in one building), a hall for logistic and technological processes. There are also plans to create an International Eastern Centre for Innovation.

Partners of the Park include: Warsaw University of Technology, the City of Suwałki, University of Warmia and Mazury, University of Białystok, National Institute of Telecommunications and the State Higher Vocational School in Suwałki.

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7.8. Świdnik Regional Industrial Park

The industrial park was created as a result of property restructuring and business reengineering of PZL-Świdnik S.A. Some of the park area (approx. 50 ha) is located on the company area. The Park is based on the existing production and technology infrastructure, which was separated and excluded from the manufacturing process of PZL-Świdnik S.A. The Industrial Park is meant to attract to Świdnik both large and small investors that would like to start business in this region. The majority of real estate and industrial facilities are already used by newly established businesses or enterprises that simply transferred their activity to the Park area.

Shareholders include: Zakłady PZL-Świdnik S.A., the City of Świdnik, Zakład Narzędziowy in Świdnik, State Treasury and the Powiat of Świdnik. At the moment, 41 companies have based their operations in the Park, employing approx. 1000 people, to mention only a few: SMF Poland – plastic industry, Advanced Technology Centre OBR – construction of machinery and equipment, pneumatic drive control, automation of production processes, Elto – electrical systems in the power engineering sector, ISK Engineering – a supplier of paints, plasters and insulation systems, Arctica BB – insulating materials, composite panels and cold storage doors. The Industrial Park has a very good internal and external communication infrastructure (the road system allowing for access by TIR lorries of unlimited load capacity; the railway siding with unloading ramps plus close proximity to the Świdnik airport, which is going to be modernized and expanded in the future – data based on the development plans of the Lublin region). The company "Port Lotniczy Lublin w Świdniku" may also be joined by the enterprises starting their business in the Park.

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7.9. Industrial Park in Zambrów

Industrial Park in Zambrów opened in January 2006. It was created on the basis of the former Zakłady Przemysłu Bawełnianego Zamtex (Cotton Industry Plant Zamtex), taken over by the State Treasury, and then transferred to the municipal authority of the Town of Zambrów. The project was completed directly by a municipal company – Zarząd Nieruchomościami Sp. z o.o. Once the application for funding from the European Regional Development Fund under the ICE SOP was accepted, the City of Zambrów contributed the real estate to the Company, which was considered as the local authorities' contribution to the project.

The Park is located on the plot of 40 577 m². Its managing authority is Zarząd Nieruchomościami w Zambrowie Sp. z o.o.

Zambrowski Park Przemysłowy – Zarząd Nieruchomościami w Zambrowie Sp. z o.o.

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