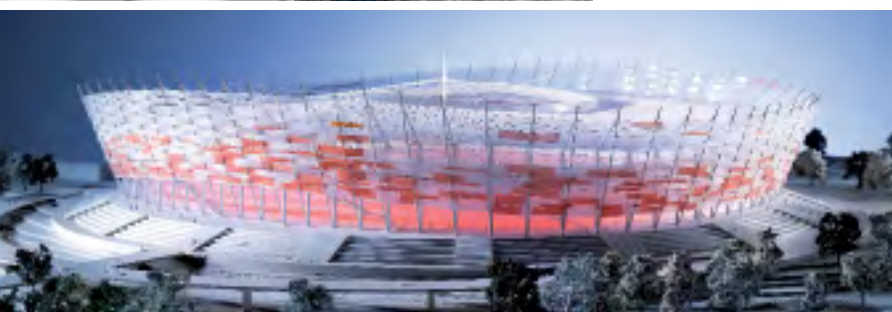
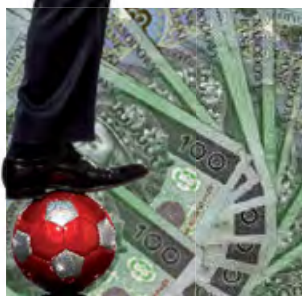
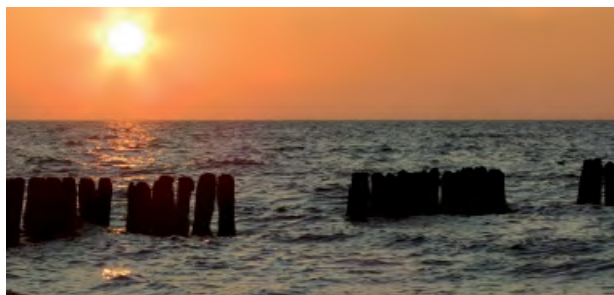


## The Report Poland

# 2012





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## **Publisher & Editor-in-chief**

Milena Golda

## **Executive Editor**

Grzegorz Morawski

## **Country Report Coordinator**

Marta Hac

## **Country Report Associate**

Sonia Stajszczak

## **Country Report Assistant**

Wioletta Golda

## **Country Editor**

Monika Tomala

## **Researchers & Journalists**

Agnieszka Anikin, Kateryna Dyachenko,  
Michał Olejnik

## **Art Director**

Anna Mikielska

## **Photo credits**

Anna Gora-Klauzinska,  
Patrycja Devi Wendorff

## **Productions**

Milena Golda Agency  
CEOWORLD Magazine

[www.ceoworld.biz](http://www.ceoworld.biz)

For orders and more information:

[mgolda@ceoworld.biz](mailto:mgolda@ceoworld.biz)

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# Interview

## with Mr. Waldemar Pawlak

### Mr. Waldemar Pawlak

*Vice Prime Minister, Minister of Economy  
of the Republic of Poland*



While commenting on the 4,3 % Polish GDP growth in 2011, you said that it exceeded your expectations. What was the reason for such a good result?

All parameters, perhaps except increased inflation, which is mainly an effect of external factors, point to sustainable economic growth in Poland. However, the scale of the current economic crisis, its intensity and scope make an accurate forecast of economic developments substantially more difficult. In addition, it is necessary to take account of a risk of exceptional occurrences, which may significantly influence the economy in a short term. Polish economy could grow at a rate close to the potential pace since such unexpected circumstances have not occurred so far.

The fact that Polish companies can adapt to volatile external conditions seems to be crucial in avoiding the crisis. This must be an effect of experience gained during the economic transition. Flexibility of enterprises and good financial standing of the private sector cause that even in case of fiscal tightening it can be expected that the favourable trends in the economy will be maintained.

Latest analyses show that inflows of foreign direct investment into Poland in 2011 increased by 46.7% compared with their growth of 17% worldwide. What is the reason for such a high interest in the Polish market?

A number of factors determine the interest of foreign investors in our market. During the economic crisis, the sustainable economic situation of Poland and the relatively high GDP growth of 4.3% create a

good investment climate. Also, foreign concerns look appreciatively at our hungry internal market, qualified staff, relatively low labour costs and increasing productivity. Our geographical position, which guarantees access to attractive markets of countries from the region of Central and Eastern Europe, and a system of investment incentives, including 14 Special Economic Zones, are also relevant. All these factors strengthen our competitive advantage and are often crucial for choosing Poland as a place for new, attractive investment.

What administrative issues need to be improved in the context of foreign investment and what measures does your government plan to take to enhance attractiveness of Poland in the eyes of worldwide capital?

The mission of the Ministry of Economy is to create in Poland the best conditions for running a business in Europe. However, for the time being we are experiencing such problems as large-scale regulations and too many regulatory burdens.

We listen carefully to the signals sent by entrepreneurs. Overly rigorous criteria for the award of government grants and inflexible zonal authorisations are among their greatest obstacles for investment. We attempt to tackle this issue by offering companies easier access to capital and improving an institutional and organisational environment for business.

An Act on reduction of administrative barriers to citizens and businesses is a key for development of both domestic and foreign entrepreneurs. The Act

reduces regulations on establishing and running a business, significantly diminishes the number of procedures and administrative obligations imposed on entrepreneurs and replaces, where possible, attestations with declarations.

In addition, the Ministry of Economy has drawn up an Act on reduction of some obligations of citizens and businesses, whose provisions came into force on January 1, 2012. The Act continues activities aimed at facilitating a business and creating a friendly legal environment for business transactions. The Ministry is also preparing the third Act on deregulation, which this time will provide for e.g. a shorter process of applying for a building permit, changes in VAT, labour law and public procurement.

It is estimated that Poland has the largest shale gas resources in Europe. Until August 2011, there were 97 concessions granted for the exploration for deposits of unconventional gas. When can the gas from the new sources be placed on the market and do foreign players from the industry still have a chance to invest in Poland?

American experience in this field instils optimism and gives hope that in several years also in Europe, including Poland, the exploration and exploitation of unconventional resources will change the energy market.

However, we have to bide our time, because the process is time-consuming, requires substantial investment outlays and a lot of research. At present, we are at the stage of preliminary exploration. From information of Ministry of Environment we know that until the end of 2011 companies exploring for shale gas deposits in Poland started 22 drilling wells, and 13 of them have been completed by February 2012. According to the plan which is content in exploration licenses the companies will drill additional 14 wells in the end of 2012. It is estimated that before year of 2017 this number will increase to 123 exploration drilling wells. To prepare reliable geological documentation and to estimate the resources, there is a need about 300 wells in total. Thus, we still have a lot of work to do.

Latest geological reports show that Mazowsze, Warmia and Mazury Region and Lublin Region lie on deposits of shale oil. Is it another investment opportunity or is it rather too early to be reasonably optimistic about this news?

Having examined the geological structure of Poland and available archival geological information, it is reasonable to say that Poland has also oil resources from the same kind of geological formations as shale gas. However, to assess cost-effectiveness of extracting oil from shale, a number of exploration and reconnaissance works must be carried out beforehand. This will make it possible to estimate the size of the resources and efficiency of the deposits in Poland. A world market price for crude oil will be an additional criterion, relevant to assess the cost-effectiveness of extracting shale oil. If the price is high, then the extraction will probably be profitable even with an expensive technology.

What do you expect from the sporting event, i.e. Euro 2012? What economic benefits and images can Poles hope for both in a long and short term?

The greatest benefits mainly arise from an influx of tourists, athletes and invited guests. In a short term perspective, it will increase demand. Expenditure incurred on sports and tourist infrastructure in a longer perspective should be beneficial for development of tourism, recreation, and consequently also the economy. The existing infrastructure is currently one of the main barriers to the economic development, productivity and inflows of foreign investment. Therefore, long-term benefits from expansion of transport and sports infrastructure can be much greater in Poland than in other countries.

#### **Ministry of Economy of the Republic of Poland**

Plac Trzech Krzyży 3/5 00-507 Warsaw, Poland

tel: +48 22 693 50 00

fax: + 48 22 693 40 46 do 48

e-mail: mg@mg.gov.pl

<http://www.mg.gov.pl/>



Still catching the wave



**2011 was a busy year for Poland. The country successfully struggled to keep its economy on a growth path and for the first time overtook the Presidency in the Council of European Union. Now Poles are looking forward to one of the greatest challenges in their modern history – the joint organisation of UEFA EURO 2012 with Ukraine. Will the sports event turn into another booster for the booming economy?**

Poland, the nation that fully rejoined the global economy 23 years ago, is often used as an example to be followed. A unique combination of a vast domestic market and valuable human resources simply cannot be ignored by investors looking for serious opportunities.

Nearly 40 million citizens, highly diversified economy and a convenient access both to Eastern and Western European markets – these are the main assets allowing international investors to find a perfect destination for their businesses in Poland.

The country located in Central Europe is not only a steadily growing market, but also an important political player on the “Old Continent”. Within the past two decades it has played a crucial role in the

process of narrowing the gaps between the area of former Communist states and the democratic West.

During the past four years it has maintained its position as the only EU country with a positive GDP ratio. The Polish economy can be characterised as impervious to external turbulence due to vast domestic demand and stable legal conditions for doing business. A constant flow of Foreign Direct Investment and capital transferred from the European structural funds framework secures regular development of infrastructure. Finally, the fact that Polish fiscal debt ratio remains below the EU 27 average demonstrates that the risk of economy undergoing severe problems is limited to a minimum.

## **Common money common profit**

More than 20 years after establishing a Capitalist market, Poland has a huge number of reasons to be proud of the progress in the economic ‘catch up’. The unemployment rate has been cut by half, the inflation - exceeding 600 % in the early 90’s is under control and Polish entrepreneurship is now free to show its best not only locally, but also globally. Poles keep their economy booming and struggle to tackle social inequality.

Systematic achievement in these areas would not however been possible without the financial support granted by the European Union. Poland is the biggest beneficiary of EU aid. For the years 2007 – 2013 the country has been granted 67,3 billion EUR from the financial means of the European structural funds – two times more than Spain, which is second on the list.

Analysts estimate that if it had not been for the financial aid from the EU, Polish GDP in 2011 would have been lower by 3,7 - 5,6 percentage points and the unemployment rate would have been higher by 1,2 - 3,2 percentage points. Forecasts show bright prospects as well. Due to

the EU aid Polish GDP in the next three years may be higher by an additional 5,7-7,4 percentage points and the unemployment is expected to decline by 3 percentage points.

## Looking to the West

Among many factors contributing to the condition of the Polish economy it is also worth mentioning the bilateral trade and investment relations with Germany. German is the world's second largest exporter and one of the strongest and most innovative economies and is Poland's largest trade partner.

In 2010 Polish-German trade revenue rose by 22 % on a yearly basis and reached a record level of 60,7 billion EUR. As much as 26 % of Polish export is directed at German market. Germany's trade with Poland is in turn higher than with Japan, Russia or Spain. These numbers show the extent to which Polish economy is dependent on the condition of its western neighbor. Every time it comes to a change in economic moods in Germany, its effects are perceptible at the other side of the Odra River.

Germany is the second biggest foreign investor in Poland. In 2010 German entities directly invested more than 1, 6 billion EUR in Poland, which accounted for as much as 21, 6 % of the total FDI value in 2010. The first place is taken by Luxemburg, from where there was nearly 2 billion EUR coming to Poland in the form of Foreign Direct Investment (FDI) in 2010. Total inflow of Foreign Direct Investment, as measured by the National Bank of Poland, amounted to 6, 7 billion EUR. Although this was a decline by 32 % in comparison to the previous year, it is only temporary and results from the global economic downturn. According to initial estimates of NBP, during the first 10 months of 2011 investments worth 9 billion EUR were located in Poland, which already exceeds the total value recorded in 2010.



## Currency is dealing cards

The correlation between GDP growth rates of Germany and Poland has been visible for years. However, during the last recession it lost much of its sensitivity. The main difference between changes in both neighbors economic performance was the fact that Poland managed to avoid negative growth rates, when the whole European Union was suffering from global crisis. One of the reasons, which made it possible, was keeping the national currency – Polish zloty. Its decreasing price on the foreign exchange market boosted Polish exports and leveraged purchasing power of the money transferred from European structural funds.

It is, however, worth taking into account, that it was not Poland's conscious decision to stay out of the Eurozone for the time of crisis. This situation

resulted rather from the fact that the country was and in fact still is far from meeting the Maastricht convergence criteria – a list of conditions required to acquire the commonwealth's currency. Out of five rules, Poland fulfills two basic requirements: it has kept its long term interest rates lower than the average of 3 best-performing EU member states and has managed to keep its gross government debt-to-GDP rate below 60%. The country still needs to limit its inflation rate and lower its annual government deficit to GDP rate between 3 percentage points. Afterwards it has to apply for membership in the ERM II mechanism and remained at least two years within the framework. Only then accessing the Eurozone will be possible.

## Monetary sheriffs

Sustaining economic output growth in Poland was also possible due to responsible and efficient monetary policy. The policy pursued by the Monetary Policy Council and the Head of the National Bank of Poland. Mr Marek Belka, who has been in charge of the central bank since 2010, often stressed his positive attitude to the idea of Poland entering the EU zone. Despite his declared commitment to adopting the commonwealth's currency, he remains far from declaring a precise target date.

At a talk to Stanford University Students (cited by Nasdaq.com), Mr Belka said "The Polish economy is in a pretty good shape compared

to the rest of Europe. It's the only country that avoided a recession during the turbulence of the last three year. And the economy is still doing comparatively well. We didn't see any slowdown last year, in quarter-to-quarter terms. We expect some slowdown, but not much".

In 2012, the central bank expects the GDP growth rate to be at 3 %. These forecasts are to a large extent shared by the Organization for Economic Cooperation and Development. In a report released in early April 2012 OECD admitted that it expected Polish economy to grow at a rate of 2,9 %. The institution stresses that however the country is not immune to contagion risks from



its European partners, it has a chance to soften potential shocks by easing monetary conditions.

Stalled European growth and restrictive expenditure regime set by Polish government will, according to the OECD, negatively influence the

growth rate in the following years. On the other hand, fiscal tightening will help meeting the deficit target of 2, 9 % in 2012 and reducing deficit to further 2 % in 2013.

## Labor market

Human resources should be regarded as a very special asset of Polish economy. Despite the difficult Communist heritage in the form of a high unemployment rate, the Polish labour force is considered as well educated and flexible. The structure of employment is different from the European Union average. 13 % of Polish population works in agriculture, the sector service hires another 57 % and 30 % is employed in

industry. The average numbers for the EU are respectively 5 %, 68 % and 26 %. According to OECD data, in 2009 Poles were the world's third longest working nation. Labor market can boast of increasing work efficiency, as well as of one of the lowest rates of trade union membership in the state sector, reaching 14 %. For comparison, this rate is 45 % in Ireland and 80 % in Scotland.





Poland's economy strong fundamentals are gathered around human resources and corporate investment rather than ability of business objects to translate innovation into their everyday operation. Poland pursues the direction of re-establishing country's economy based on

information and knowledge. However, despite the giant technological leap which has been made since the fall of the Communist state 20 years ago, the country remains among the least innovative EU countries.

## President Poland

The year 2011 has strengthened Polish political position on the European arena. For the second half of the year Poland overtook the Presidency of the Council of European Union. These six months have been positively assessed both by international observers and the EU politicians. Polish Prime Minister Donald Tusk declared his intention to re-inject some enthusiasm in Europe and he kept his word.

Joseph Daul, Chairman of the EPP Group during the debate reviewing the Polish Presidency "He(Tusk) delivered his vision of a Europe which is proud of its values, of its successes, an inclusive

Europe, a Europe confident of its capacity to influence the world. I share this vision, as does my Group, and we want to put it into practice"

Polish Policy, based on traditional values of solidarity, has led to a significant improvement of the relations with Eastern and Southern EU neighbors. Despite its coincidence with exceptionally difficult economic circumstances in Europe, Polish Presidency pursued its plans to strengthen economic coordination and support greater unity between the euro zone and the rest of EU countries.

## Football means money

Despite that fact that it is difficult to find an analyst or scholar who wouldn't describe organization of Euro 2012 as an outstanding chance for Polish economy, the net profits resulting from this opportunity remain very hard to be calculated in advance. According to Union of European Football Associations (UEFA) estimates, as many as 670 000 football fans will be taking their seats at stadiums followed by another 1.5 million spectators willing to take part in parties organised in fan zones. The inflow of tourists is enough to talk about EURO 2012 from the perspective of at least indirect benefits.

Organisation of such an event means challenging requirements. Improving transport and road infrastructure, constructing modern stadiums and renovating hotels – according to the observers the total cost of the whole undertaking may reach 10 billion USD. The extra spending of visitors

during the championships (estimated at about half a billion USD) will not compensate for the investment but of course it is not an issue one can consider in terms of simple financial indicators like the return period or even return on investment.

There is however much more than just a traditional profit and loss statement at stake. Poland is playing to strengthen its newly re-established trade mark. While highly developed economies are already well known as holiday and business destinations when hosting such events, emerging ones have benefitted on a much larger scale. This is a chance to present their countries not only as a tourist destination. It is about attracting the attention of foreign investors, people looking for business opportunities. Convincing them about the quality of Poland as an investment destination will be crucial for long term growth perspectives.

## Complaint as a motive

Poland is a nation of generous people, famous for their hospitality. Is it related to the country's current economic performance? To some extent, such statement would be justified. If you greet an American by asking how he was doing, you would hear just 'fine, thanks', although he or she might just have lost their jobs. A typical Pole would always answer with a complaint – about the weather, health or a spouse. Even if they have just bought a second car and their company has made a record

high profit, you are more likely to hear some regrets than positives. Maybe this propensity to complain is something Poles acquired through centuries of difficult history of their country, maybe it has something to do with the climate. No matter the reason, this constant lack of satisfaction in many cases is turned into a motive for action. That is why Poles do not rest on their laurels but keep pursuing further goals. And maybe that is why Polish economy is one of the most resilient in the world.

**Grzegorz Morawski** is a graduate of the Warsaw School of Economics. He works as a business journalist and the Editorial Director of the Regional Reports section of the CEOWORLD Magazine. [gmorawski@ceoworld.biz](mailto:gmorawski@ceoworld.biz).



**Płock** – a city with 130 thousand residents, located in the centre of the Mazovia region. For the last few decades it has been associated mainly with the petrochemical industry. Long tank trains roam the city and head for the biggest Polish company - PKN ORLEN. Nowadays Płock is a multisectoral city with a huge investment potential.

# **PŁOCK**

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fol. PKN Orlen

Yet Płock is not merely the seat of the greatest fuel tycoon in Poland. The city has been opening up and giving way to other businesses connected with the chemical industry, such as: plastic goods production, packaging production, food processing, storage and logistic business, construction (industrial construction in particular) engineering services for industry, including consulting as well as research and development services. Płock is betting on those businesses to change the image of the city as well as stimulate the local economy. New businesses were selected based on a few months of research and analysis commissioned by the Municipal Council and carried out by AGERON POLSKA, international consultancy company. When preparing documents, analysing the economic situation of the city and the region, and forecasting trends for new businesses development, AGERON POLSKA was drawing on the experience gained from the previous projects such as: Polish Economy Brand – commissioned by the Ministry of Economy, Promotion Strategy of Zakopane Brand, Economic Promotion Strategy of the Greater Poland region and the international Programme for Pharmaceutical and Biotechnological Business Promotion.

The strategic document „Płock Economic Development Policy for 2012-2022” suggests basing the local economy not only on the biggest companies from Płock (ORLEN S.A., Basell Orlen, CNH New Holland, BUDMAT, Dr. Oetker), whose developmental potential has been known for a long time. It focuses its attention on new trends that will contribute to a more positive perception of Płock by prospective investors.

Płock has been opening up to a wider cooperation between the private and public sector. One of such initiatives is developing a chemical cluster that now has the form of a non-structuralized network of connections between companies from the chemical and related industries, as well as research and development centres.

The investment attractiveness of the city is boosted by investment planning. The prospect of creating a railway between Płock and the newly constructed airport in Modlin, and then the capital city, gives way to new possibilities. What is more, the project of building ring roads in Płock is underway. They will make the access to new and attractive investment lands in the city much easier. The continuous development of the Płock Industrial and Technology Park accounts for the crucial element in the city development. PITP has undertaken construction of Central Laboratory, Data Centre – Centre for Data Processing and Centre for Corporate Services.

Another important pillar of the recently carried out Policy is attracting investors who are willing to expand the touristic offer of the city. Płock has many assets, just to name a few: picturesque location, numerous monuments, historical heritage (it is not a common knowledge that Płock used to be the capital of Poland at the end of 11th and beginning of 12th century), strong hospitality and gastronomy base. Tourists are already full of appreciation for the charms that the city offers and thriving music festivals give an additional opportunity for dynamic development of touristic and related businesses.



fol. C. Dzięcielski

Everyone interested in the investment offer and City's targets and principles of the Płock Economic Development Policy for 2012-2022 is welcome to participate in the conference “Płock Investment Attractiveness” on 10th of May 2012 at 12:00 in the Orlen Arena in Płock.

Płock is waiting for you!

# Interview

with **Mr. H.E. Lee Feinstein**



**Mr. H.E. Lee Feinstein**

*United States Ambassador to Poland*



How do you assess economic relations between the USA and Poland?

We have excellent economic relations. That said, for the EU's fastest growing economy and the world's largest one, there is definitely room for us to do more together. People are often surprised at the scope of our economic relationship. Americans were among the first to invest in Poland after the transition, and these companies stayed. This year, several very prominent companies are celebrating the 20<sup>th</sup> anniversary of doing business in Poland. Initially, they made their investments on a little bit on faith, but they have proven to be very good investments and these companies are now being repaid with dividends for their earlier decisions to come to Poland. I've seen several different independent analyses on job creation in Poland due to American investment. The data is impressive, much more so than many people realize. Between 300,000 and 400,000 Poles are employed directly or indirectly by American companies in Poland. We are very pleased about that. Since coming to Warsaw two and a half years ago, I've noticed that American investors' interest in Poland is strongly increasing and broadening across many different sectors. In the beginning it was principally in areas like consumer products and manufacturing. And those sectors are still very attractive. Now we're also seeing significant growth in many different sectors, from very high-tech, cutting-edge R&D to back-office service sectors.

American politicians often describe Poland as a strategic partner in Europe. What are your expectations concerning our bilateral relations?

Poland is a very important ally of the United States and our relationship is changing as Poland's importance is growing in Europe and in the world. That is really what I see as my job description - working with Poles together to develop a relationship and a program of action for our countries today. We have over 200 years of great common history. After the transition our mission was very clear - pushing for Poland's NATO membership, supporting Poland EU membership. Now we must define a relationship for the 21st Century.

What economic projects are the U.S. and Poland cooperating on over the next 2 years?

In the very near term, on June 20, Commerce Secretary John Bryson will lead the U.S. delegation to the U.S.-Poland High Level Business Summit, which will be right here in Warsaw. The roundtable was announced when President Obama and Prime Minister Tusk met in Warsaw in May 2011. In addition to high-level government representatives from both sides, business executives and leaders from the American Chamber of Commerce in Poland; the U.S.-Polish Business Council; the Polish Confederation of Private Employers; the Polish Shale Gas Producers Association; and other key private sector organizations will participate. The goals are to identify new commercial opportunities



for U.S. and Polish companies, promote innovative research and development cooperation, and address obstacles that hinder commercial growth. In general, the private sector is an engine of growth in both countries, and we want to support the economic activity of these companies. All American ambassadors have a mandate from the President double American exports in the countries we serve in over the next five years. We feel like we are on track to achieve this goal. At the same time, we are also interested in attracting Polish investment in the United States. There are some well-known Polish firms that have had success in investing in the US. The best example is in cosmetics area, but energy should also be highlighted as a sector of great potential between Poland and the United States. It also has important political and strategic significance for both of our countries. We think this is an area where our companies and our talented engineers and geologists can work together to the economic benefit of both countries, and also help create greater energy self-sufficiency for Poland and for the entire transatlantic space.

[How will the recent discovery of shale gas in Poland contribute to investment attractiveness of Poland?](#)

As it is still in the exploratory phase, it is not yet known what the companies will find and whether what they do find can be brought to surface in a commercially viable way. In the United States 10 years ago shale gas constituted a very small share of the nation's gas sources barely in the low single digits. Today it accounts for about 35%. This is a remarkable transformation. It is hard to know whether this could be replicated anywhere else but in the US it has a positive impact on prices. It also stimulated economic activity and played a large role in America's economic revitalization after 2008. There are different estimates of job creation that we attribute to shale gas development, but it is quite significant. Today the United States is close to being self-sufficient in gas, something nobody predicted a decade ago. It is still unclear what the impact will be for Poland, but I see our role here as one of sharing our experiences.

Whatever the resource is beneath the surface, it is important to develop it in a responsible way. If it is not done in a transparent way, a way which builds public confidence, it would be difficult to go forward.

[Despite the economic crisis, Poland managed to sustain its GDP growth. What do you think are the most important advantages of Polish economy?](#)

Poland has an excellent location in the center of the Europe and is a stable democratic country. The Polish domestic market of 40 million consumers is very attractive as well, and Poland has a very highly educated, highly trained, and highly motivated workforce.

[Which economic sectors in Poland should be of particular interests to American investors?](#)

There are several interesting sectors, and I've been very impressed with the high degree of interest from American high-tech firms in taking advantage of the brain power here in Poland. Several well-known companies have invested very heavily in building up their R&D capacity. The quality of the work force and culture of the country are very congenial to American firms. We feel very much like at home here. From a cost perspective, Poland competes very favorably with the BRIC countries. This is interesting and not unnoticed by American companies. Poland is very attractive internationally and ranks very high among top FDI destinations.

[What is your opinion about polish culture, design, tourism and wise?](#)

I think that sophisticated Americans who operate in this area are very familiar with Polish culture, design and visual arts, and they are always impressed with what they see. Polish graphic design and film are internationally known and highly regarded. Poland is also very active in fashion world and more broadly in design, and Polish institutions have done a good job promoting this. I am lucky to have some wonderful contemporary Polish art exhibited in my house. That is one of the many benefits of this job which my wife and I really enjoy.



# Interview

with **Mr. H.E. Robin Barnett**



British Embassy  
Warsaw



**Mr. H.E. Robin Barnett**

*British Ambassador to Poland*

Would you describe Poland as an attractive places to invest?

Poland is the largest country in Emerging Europe and the biggest opportunity for UK companies in the region. Our countries enjoy a strong, strategic relationship. Bilateral trade exceeded ?11.4 billion in 2011. It is clearly an attractive destination for foreign investors in a range of sectors.

Could you name some of the British companies who decided to invest in Poland? What were the reasons for their choice?

Two great examples of British investment in Poland are Tesco and GSK. Tesco is one of the leading, innovative retailers in here. They not only appreciated the local market opportunity, but are now also a key driver of Poland's food and drink exports. GSK is the leading innovative R&D based pharmaceutical company in Poland. There is huge demand for modern pharmaceuticals here but GSK is also Poland's leading exporter of innovative medicines. Both companies have identified Poland as a strategic hub for their business in Emerging Europe

How do you assess Poland and Polish people both as business partners and as coworkers?

The UK and Poland share a lot in common. Many Poles live and work in the UK and there are a great many success stories. We work well together. Since

EU accession the relationship has flourished both in terms of culture, education and business. The future of the business relationship is bright.

Do you think that European debt crisis can particularly affect bilateral economic relations between Poland and the United Kingdom?

Not necessarily. The Eurozone crisis has affected all EU countries, whether or not they are Euro members. However, the most recent trade statistics show that despite the unfavourable circumstances in 2011 UK exports to Poland increased by 11.6% from 2010 to 4.3 billion. Over the same period, Polish imports to the UK increased by 14% to ?7.1 billion from 2010. So there is plenty of scope to build on this positive trend, both in trade and investment. This includes greater Polish investment in the UK.

Do you think that entering the EU financial pact will support the results of the economies of the United Kingdom and Poland?

The importance of the fiscal pact relates to strengthening fiscal discipline in Eurozone. Although the UK will not sign it, it supports the ongoing efforts to end the present crisis. Moreover, though the UK has not signed up to the pact, a comprehensive package of reforms to cut the public deficit is being implemented. Equally importantly both Poland and the UK support the EU growth agenda.

# Interview

with **Mr. H.E. Rüdiger Freiherr von Fritsch**



Embassy  
of the Federal Republic of Germany  
Warsaw

**Mr. H.E. Rüdiger  
Freiherr von Fritsch**

*German Ambassador to Poland*



Germany for many years was the world's biggest exporter. How does such a strong economy find Poland as an economic partner?

German companies regard Poland with its dynamic economic development as a premier location for their investments and as a first class trading partner. It's not by chance that Poland is Germany's largest trading partner throughout Central and Eastern Europe including Russia. Trade exchange added up to 66,5 billion Euro in 2010. German companies have invested more than 20 billion Euro in Poland since 1990. There are many reasons for the fact that almost every leading German company has a representation in Poland. In addition to a stable political environment they appreciate the highly qualified and motivated workforce, the presence of reliable sub-contractors and a very competitive productivity.

What opportunities do you find to invest in Poland?

A comprehensive survey of the Polish-German Chamber of Commerce has recently shown that Poland is the most attractive business location in Central and Eastern Europe. German companies find a plethora of opportunities for investments in Poland. Two thirds of German exports to Poland are from those industries that are traditionally strong in Germany – machinery and equipment, electronic products, cars, various commodities and chemical products.

In terms of the value of foreign direct investment in Poland, German companies are in the first place. Are you planning further development on our market? If so, in what areas?

Investment decisions of course are being made by companies – not by governments. Nevertheless – in consideration of the constant and healthy growth rates of Poland's economy – I expect a further increase of investments.

How do political relations support economic cooperation between our countries?

Politics can provide for a stable political framework. Besides the numerous actions undertaken by the EU to foster the common market, the two governments of Poland and Germany work closely together in order to create the best conditions for trade and investment. A big challenge is the improvement of transborder-infrastructure such as railway-tracks and roads. Do you find the EU Financial Pact as a necessary mean to prevent recession?

I would like to stress that there is no crises of the Euro as a currency, but it is the lack of competitiveness in certain member countries that the Euro zone is struggling with. Our united Europe must be able to successfully face global competition. The aim of the fiscal pact therefore is to enhance competitiveness and thus create economic growth. By the way: Let's not forget that the EU – together with the fiscal pact – agreed on measures for "growth-friendly consolidation and job-friendly growth". All this and prior action combined are important steps towards a stability union. They are certainly apt to restore the confidence of markets and the stability of the common currency.

# Interview

## with Prof. Witold Orłowski



**Mr. Witold Orłowski**

*Warsaw University of Technology Business School Director  
member of the Prime minister's Economic Council  
Special Adviser to the EU Commissio*

In 2011, the Polish GDP grew by 4.3 percent. One of the major growth factors was the strong domestic demand. What are your expectations for the year 2012 as far as the economic growth is concerned and what elements may be decisive in this area?

Obviously, the domestic demand can always help, but one should keep in mind that the Polish economy is deeply integrated with the West European markets. Therefore, a possible slowdown – or even a recession – in the eurozone is likely to lead to a serious slowdown of the Poland's GDP growth, as well. I expect, on the one hand, that the exports may temporarily fall or stagnate. On the other hand, a possible slight increase in the unemployment, paired with the persistently increased inflationary pressure (mainly due to international prices of raw materials), is likely to slow down the domestic demand as well. As a consequence, I expect the Poland's GDP to increase by 2.5-3%, compared with a 4.3% increase in 2011. Still, compared to the rest of Europe, the number looks quite OK.

How do you assess the government's efforts to reduce budget deficit? Do you think that increasing tax rate and non-wage labor costs, as well as plans to increase the retirement age may be considered as appropriate methods under today's economic circumstances?

There is hardly any "appropriate" method of reducing the budget deficit. The process is always painful, and always is made at the expense of the economic growth, income level, or the wealth of the citizens. That is a sad truth: once we allowed for too much of the public debt increase in the past, we must accept a bitter pill. Spending cuts hurt the domestic demand, while tax increases hurt the income levels and sometimes competitiveness. Unfortunately, we have to choose among "less bad" therapies rather than looking for a painless cure. The Polish government is trying to find a reasonable compromise and to fulfill the minimum plan of the fiscal adjustment. Some of the moves – like the retirement age increase – are right beyond any doubt, some are more questionable.



Commenting on Poland's fiscal pact you stated that government fulfilled the minimum plan by negotiating the provisions of this document. Do you think that Poland should strive for the early adoption of the euro?

That is a tricky question. Obviously, supporting the eurozone, as well as accepting by Poland more healthy fiscal rules, is a right move. After all, we are all interested in the financial stabilization of Europe and in avoiding debt problems in the future. By the way, Poland belongs to rare EU countries that already introduced the constitutional rule forbidding the excessive public debt many years before the crisis started. Another problem is connected with the fast track of joining the eurozone. Poland is clearly benefiting these days from the skillfully managed flexible exchange rate mechanism, and is not forced to contribute massively to the eurozone bailout programs. It is quite a comfortable position. Therefore, a reasonable behaviour would be to fulfill, as soon as possible, all the entry conditions, but to wait with the final decision until the situation within the eurozone will have clarified.

The financial crisis has indirectly contributed to the weakening of the zloty against the world's strongest currencies. Do you expect the eventual upturn in Europe to strengthen the Polish currency?

Złoty is considered as one of the world's leading emerging market currencies. Such currencies bring higher profits, but are seen as more risky than currencies from the developed markets. The investors buy the emerging market currencies while they fill more comfortable and certain about the global economic growth, sell them once only

they see the global risk growing. Please note, that this reaction may have little to do with what is actually taking place in the country itself. Poland has relatively good prospects of the growth and the financial stability, but the strengthening of the zloty will take place only if the gloomy mood in the global economy improves. I hope it is likely to happen over 2012, together with the possible progress in stabilization of the eurozone.

To what extent fiscal problems of the European Union countries limit the Polish investment attractiveness in the eyes of foreign capital? Do the problems of other countries contribute to Poland's loss of credibility?

The European problems? No, I do not think they have the crucial importance for the Poland's investment attractiveness. The global problems – that is the key issues. Obviously, as far as the global economic prospects are unclear, almost nobody is ready to undertake big investment projects. Poland keeps its image of the attractive place for the investment despite the eurozone crisis, but as far as the global mood is gloomy, we still see less investment made in Poland than before the crisis.

If the European Union cannot stop the excessive indebtedness problems and fails to return to the path of long-term growth, do you think that the existence of eurozone and, consequently, the whole Union, would be threatened?

I am afraid that if your "black scenario" realizes, the existence of the eurozone is the smallest of the possible problems, not only for Europe but for the whole world. But I hope for a much better outcome.

# Polish Business Roundtable Club

Elegant venue with a unique atmosphere

The Club was founded in 1997 by the Polish Business Roundtable – an organization of elite Polish entrepreneurs, created to help consolidate the business community and promote economic growth in Poland.



KLUB POLSKIEJ  
RADY BIZNESU

The Club is located at the elegant Sobański Palace in Aleje Ujazdowskie – one of the most prestigious streets in Warsaw. Club's symbol – the David statue – has been standing in the gardens of the Palace since 1897. The statue is a perfect replica of the original created in 1430 by Donatello, one of the greatest sculptors of the Italian Renaissance. The engravings on the statue „Vincit vim animus” explain that it is a symbol of victory, courage and ingenuity.

The premises of the Club include an award-winning restaurant (Amber Room), brasserie, bar, two terraces and several private meeting rooms. These unique facilities combined with excellent modern Polish cuisine and professional service, make the Sobański Palace an ideal venue for both professional and social gatherings.

## Interesting Events

The Club is a place not only for business and political meetings and lectures, but also social events. Exclusively for members, club evenings, exhibitions, culinary and alcohol degustation and parties are organized regularly. For example: breakfast meetings with Harvard Business Review, fashion shows, Wine Academies and degustation dinners conducted by the owners or representatives of luxury brands (Max Mara, Maurice Hennessy, Denis Roland Billecart).





## International Connection

In 2006, the Polish Business Roundtable Club joined International Associate Clubs (IAC), which is a global network, associating over 200 of the best known private clubs around the world, from purely business "city clubs" to luxury holiday resorts. The aim of the IAC is to create a network of exclusive, private membership clubs. Traveling around the world, our club members can enjoy the privileges offered by these clubs, which are located in over 40 countries. The clubs offer a wide variety of amenities: excellent restaurants, modern conference rooms, and sports facilities.

## Business Networking for Foreigners

There is no better place in Poland to get in touch with local entrepreneurs, kickstart your networking and learn about the peculiarities of doing business in Poland, than the Polish Business Roundtable Club. The Club already enjoys the trust of foreign investors and businessmen and is always open to welcome new members from abroad.



## Polish Business Roundtable Club

Al. Ujazdowskie 13, Warsaw,  
tel. (48 22) 523 66 77  
[www.kprb.pl](http://www.kprb.pl)





# Dressed for success

Interview with Mr. Maxime Gourgouillat



**Mr. Maxime Gourgouillat**

*Manager - Loft Fashion*



**LOFT Fashion, located in one of the best place in Warsaw for shopping experience, is simply a heaven of elegant fashion for businessmen. The shop opens only two years ago and know dresses well-known CEO's, actors and TV presentators in Poland. We met Maxime Gourgouillat, general manager**

[Your showroom is located on second floor of a refurbished industrial building. It is not a standard location for a suit shop.](#)

It is not. The main suit offer is still located in shopping centers, but there is a growing interest, especially among top-managers and CEO's for a personal service. For businessmen, time is an important issue. They can not afford to loose it by searching a parking place, checking different shops to have suit fitted with shirt and shoes. In some cases it happened we delivered suits at offices or opened the shop at 3 am for urgent need. LOFT Fashion personally knows all of its customers and specializes in the best of each country: Portuguese hand-made and painted shoes, Italian shirts with a numerous choice of collars and colors, Polish made-to-measure

shirts, Cuban cigars or French quality suits 100% wool. Everything in the same place. The second important issue is confidentiality. You don't want the others to know what, where, at what price and with who you buy your suits.

[Most CEO's I met do have black plain suit. Is there a place for fashion in the world of CEO?](#)

You can be classic, elegant and fashionable. For suits, we are advising all tailor arrangements. A common mistake is to have too long jacket sleeves. If the jacket sleeves are longer than the ones of your shirt, you were badly adviced. Also, you can choose the color of your shirt or tie according the color of you eyes, skin, company colors or partner's dress if you are going out during evening.

Your price are similar to shopping malls shop but the place and service is very exclusive. How can you do it?

I personally import the goods from France, Italy and Portugal, plus a production in Poland. Brands chosed are from the higghest quality and well-known in the local market, but not in Poland, so they can not be yet priced as the established brands. LOFT Fashion is a good solution for them to enter the Polish market, and CEO's are always looking for novelty. Basically, you don't want to have the same suit than everybody during your board of direction.

You said you had a personal relationship with your client. What does that means exactly?

LOFT Fashion organizes private business events in the showroom. We had for example champagne sampling, presentation of world's best cigar humidors, invitations for teatr premiere, or private test drive of the cars that were used for the royal wedding in Monaco. Clients are invited to those events according their hobbies.

**LOFT Fashion**  
**Burakowska 5/7 street, II floor, Warsaw**  
**Mon-Fri: 13-20, Sat 11-18, or by prior arrangement**  
**[www.loft-fashion.pl](http://www.loft-fashion.pl)**





**Euro 2012**



# EURO 2012

**On April 18, 2007 the UEFA president Michael Platini announced that in 2012 Poland and Ukraine will hold the European Football Championship. Naturally Euro2012 from the beginning was viewed as a huge promotional and economical opportunity, not only for Polish sport, but for Poland as such. Upon all a rise in the GDP level was expected in the years prior and in 2012. Organization of the Championships shall generate a rise of 2,1 per cent of the GDP in the years 2008 – 2020. That accounts for 27, 9 billion PLN for the Polish economy, which comes strictly as a result of the Football Championships.**

Euro2012 became a good opportunity for certain investment fields, upon which construction, marketing and tourism industries will gain the most. Moreover it allowed Poland to improve on these projects which were planned to be realized in a indefinite time. That sport event was expected to accelerate the development of over 600 km of motorways, the renovation of more than 1500 km of railway lines, improvement of the 8 airports and creation of 6 modern sport facilities.

Economically Poland will be faced with two kinds of effects – the direct and indirect ones. Economical results of Euro2012 will be most noticeable in the transport sector which will account for 77,5 per cent of the accumulated GDP growth (of 2008-2020), that is followed by the increase of FDI which accounts for 7,8 per cent. Rise of tourism will contribute 7,3 per cent and the usage of stadiums and leisure centres 6,4 per cent. UEFA Euro2012 will directly influenced the rise of the profits coming from the tourism sector. During the duration of the Championship it is expected that Poland will be visited by 820, 2 thousands tourists, of which 453, 5 thousands will stay in Poland for over a day. That number accounts for almost 36 per cent of the 2008 year – long number of tourists, who visited

the four Polish host – cities (namely Gdańsk, Poznań, Warsaw and Wrocław). Only in June 2012 the income connected to the visit of foreign tourists is expected to reach over 840 million PLN.

Another direct effect is the rise of investments in sports, tourism and transport sectors. Plan created by the government estimated that over 81,3 billion PLN will be invested, of which 69,7 billion PLN was intended for the transport infrastructure which includes roads, public transport and rail. The construction industry value, connected to the organization of the Championships, is estimated to reach approximately 23 billion euro. 7,5 billion of the whole amount is to be invested in building and repairing the Polish roads. Most tourists are expected to use the air transport to get into the country. Nevertheless, the highways remain to have a very high importance. Especially the ones connecting Poland and Ukraine - like the A4. Just like in case of the railways, it is estimated that without Euro2012 Poland would have to wait another 3-5 years for the highway projects to be undertaken. A1 connecting Nowe Marzy – Toruń (62), A2 Świecko – Nowy Tomyśl (105 km) and highway surrounding Wrocław (35 km) are upon the biggest completed projects. However, as far as encouraging it may

seem the reality is worrying – from planned 1000 km of new highways only 400 km were completed and only 440 km from the planned 2000 km of the main roads were finished. Moreover, a number of key investments will not meet the deadline, as stated by the PL.2012 in December 2011 - 75 out of 83 main investments (90 per cent) were or will be completed.

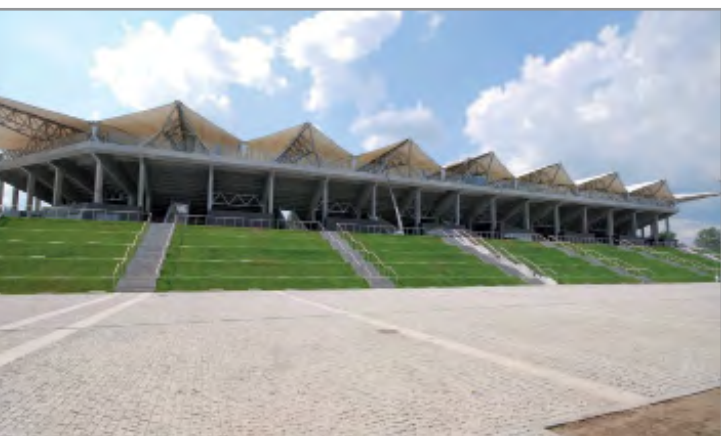
The air transport development has also speed up and few of the the airports were modernized to serve a larger amount of people and to provide them with a better service. The Chopin Airport in Poland after the modernisation process is now ready to operate 42 airport operations per hour and can take on 5000 coming and 3800 leaving passenger per hour (for comparison in 2009 it could operate 36 operations, with 3700 coming and 2300 leaving passengers). Moreover the host cities airports are going to be supported by other small airports, like the Modlin airport in Warsaw.

Moreover, the report IMPACT published by Ministry of Sports and Tourism indicates that the employment level will increase by average 8,2 thousand in the years 2008 – 2020. Whereas it is expected that in 2012 itself it can even reach 20 – 33 thousand people, however that employment will probably be a short term effect and is highly dependant on the duration of stay of the tourists. What will probably happen is that with the beginning of July the labour market created by Euro2012 will revoke quickly.



When it comes to the indirect effects the most notable one is the rise of the tourist attractiveness of Poland and expected long term rise of visiting tourists (the so-called ‚Barcelona effect’). Well organized UEFA Euro 2012 can build a whole new image of Poland abroad. The forecasts given by the Anholt – GfK Roper NBI are that Polish attractiveness as a tourist destination will rise by 0,8 point, which will put Poland together with Hungary. As a result the amount of the tourists coming to Poland throughout an year should rise by almost 500 thousand people. The development of the infrastructure connected to the organization of the Championships might attract an extra 4,2 billion złoty, coming from the tourism sector, in the years 2013 – 2020. However, Poland is not only expected to attract tourists, but also a noticeable amount of FDI and private investment in the country.

It's common to write about the gain of the Polish economy, but how much does actually Euro2012 cost? Andrzej Cudak from the Warsaw's secretariat for the Euro2012 games, states Warsaw, Wrocław, Poznań and Gdańsk will spend all together around 100 million PLN, consisting of 17 million PLN for the transport and communication, 2 million PLN on security and 5 million PLN to provide the medical help for the sports fans. Other cities such as Kraków, Gdynia and Sopot can spend up to 10 million PLN. Since 2007 the PL.2012 budget amounted for over 60 million PLN and that is the number that states the direct cost of the organization



of the Euro2012. One can argue that at some point Poland would have to face these expenses anyway, even if the Championships would not be held in Poland, however Euro2012 has speed up the whole process by few years. As PL.2012 states there are 219 investments taking place and they are worth over 109 million PLN. 83 out of these are the key investments, such as stadiums, airports and highways – these 83 account for 95 million PLN of the budget. What one may ask is how well invested are these money? It is expected that a number of these investments will serve Poles for years, however as the example of the Olympic Games 1976 in Montreal and Summer Games of

in 31 games. There is no doubt that these 23 days became a great opportunity for the development of Poland and its market. The Championships already boosted the improvement of transport, sport and tourism facilities, which in effect created a environment attractive for investments. However, one should not overrate the influence of the Euro2012, since as the example of the Netherlands shows the expectations not always meet the real picture. Organization of an event of such size of course does have a considerable influence on the economy, however it is not the factor of such importance to actually shape the GDP of an country. The rise of GDP levels and



2004 in Athens prove that the expectation are not always met. Olympic stadium in Montreal – the Big O in reality became the Big Owe, Greek facilities faced a similar problem being unable to crowd the stadiums. The facilities in Poland, like the National Stadium are designed as a multi – purpose facilities and hopefully the upcoming years will prove that by organizing concerts and different sports events the Stadium can render.

June 8, 2012 will be the first day of the UEFA Euro2012. At 6pm Poland and Greece will start the first match on the National Stadium. Then for next 23 days, sixteen national representation will play

the Championships itself should not be treated as the target, but the most important thing is how it is going to change the country and what will remain once the Euro012 is finished. As for today it seems that Poles will have the ability to enjoy new roads, airports, stadiums, hotels, sport facilities and an inflow of a larger number of foreign tourists. These investments will last for years and will hopefully encourage a higher FDI inflow. One may hope that the impact of 23 days of Euro2012 will last for at least a few upcoming years and will encourage further development of Poland.

**Agnieszka Anikin** is a recent graduate of University of Surrey. In 2011 she finished an undergraduate course of International Politics. After that she was accepted as an intern at the Embassy of the Republic of Poland in Australia and is soon starting her internship at the Polish Mission to the UN in NYC. [aanikin@ceoworld.biz](mailto:aanikin@ceoworld.biz)



# Cooperation Poland & Ukraine

**Preparations for the Euro 2012 added impetus to the Ukrainian-Polish relationship. Experts predict that after the completion of the championships there will still be a lot of opportunities for cooperation between the two neighbours.**

The organization Euro 2012 is a collaborative Polish-Ukrainian project on which both countries have been working together for over 4 years. According to PL2012 (<http://www.2012.org.pl/>), granting the right to Poland and Ukraine to host Euro Championship – provided a great chance for overall success.

During the Global Forum conference in Barcelona Sport, PL.2012 Operating Director, Wojciech Folejewski, commented that Poland and Ukraine have successfully implemented many projects in preparation for the championship. Both countries have experienced many positive changes, and UEFA appreciates the level of general preparation. ([http://www.ukraine2012.gov.ua/en/news/181/52050/?sphrase\\_id=12898](http://www.ukraine2012.gov.ua/en/news/181/52050/?sphrase_id=12898)).

Mikołaj Piotrowski, Director of Communications at PL.2012 commented “We highly value the quality of cooperation with our Ukrainian partners. All the activities carried out by the two countries over the last 4 years serve to prove that together we are able to efficiently prepare and host the third largest sporting event in the world. With less than three months to the Tournament, we believe that our long-term cooperation will result in the successful organization of the European Football Championship in Poland and Ukraine and bring the two countries a number of tangible benefits”.

In addition, the two states have already signed:

- Memorandum of Cooperation between the State Agency for Investment and National projects of Ukraine (<http://www.ukrproject.gov.ua/>), Polish Information and Foreign Investment Agency (<http://www.paiz.gov.pl/index/>) and the Polish-Ukrainian Chamber of Commerce.
- Roadmap of Ukrainian-Polish cooperation on the 2011 - 2012 years.

Let's go back 50 years. In 1951 in Geneva (Switzerland) the Council of European cities (CEM) was established. In 1984 it was renamed the Council of Europe's Cities and Regions CEMR), whose main task was twinning between the peoples of Europe and municipal co-operation, regardless of existing state borders.



In its turn the EU encourages the partnership of the cities by the awarding the following prizes: „Evrodiplom,” „Medal of Europe”, „Honorary Banner” and the „European Award.”

This has enabled the cooperation of cities in Europe to achieve success in relation to cooperation actions towards “global coexistence”. It often happens in the most successful Partnership Cities that the first steps are within the schools. If the first steps have been taken and the criteria for partnership are defined and implemented – then an official visit to the city authorities is arranged with a reciprocal return visit. The outcome of the Treaty of Partnership is the beginning of relationships.

Facilitating cooperation between the cities of Belarus, Ukraine and Poland, has found a special place in the EU. The European Neighbourhood and Partnership Instrument (ENPI) is the initiative of the European Commission -- Cross-Border Cooperation Programme Poland-Belarus-Ukraine 2007-2013.

According to the information provided on the official website - <http://www.pl-by-ua.eu/>, Cross-Border Cooperation «Programme Poland-Belarus-Ukraine 2007-2013» provides that:

“in measure 2.2 co-financing of strategic projects concerning new border crossings and modernization of existing border crossings is planned. These projects will be selected and agreed at a later stage by the Joint Monitoring Committee. The selection procedures for these projects will be compliant with Practical Guide to Contract Procedures for EC external actions (PRAG) and based on fully documented project proposals”.

The programme also makes a stipulation that support for border crossings will be provided, in



addition to the border infrastructure development projects financed within the External Borders Fund and that any overlapping of financing between the two programmes will be excluded.

Total Programme budget of ENPI is 202.9 million EUR (including 186.2 million EUR of the EU co-financing.). The total budget of the competition projects «Programme Poland-Belarus-Ukraine 2007-2013» is 6.65 million EUR.

If we remember history, on October 13, 1990 Poland and Ukraine agreed to the „Declaration on the foundations and general directions in the development of Polish-Ukrainian relations”. Article 3 of this declaration said that neither country has any territorial claims against the other, and will not bring any in the future. Both countries promised to respect the rights of national minorities on their territories and to improve the situation of minorities in their countries. This declaration re-affirmed the historic and ethnic ties between Poland and Ukraine, containing a reference to „the ethnic and cultural kinship of the Polish and Ukrainian peoples”.

Recently the Fourth session of the Council of Foreign Ministries of Ukraine and Poland took place in Kiev on February 8, 2012 under the

co-chairmanship of Minister for Foreign Affairs of Ukraine, Kostyantyn Gryshchenko and Minister for Foreign Affairs of the Republic of Poland Radoslaw Sikorski (source: <http://www.mfa.gov.ua/mfa/en>).

The parties noted positive dynamic change in bilateral trade, with volumes increased by 30% in 2011. Ukrainian and Polish delegations discussed ways in which to further improve investment cooperation and agreed to exert additional efforts to solve existing problems of Polish investors in Ukraine.

Specific attention was focused on the issues of EURO 2012, particularly in terms of preparation for the next session of intergovernmental Committee on the level of Prime Ministers of Ukraine and Poland.

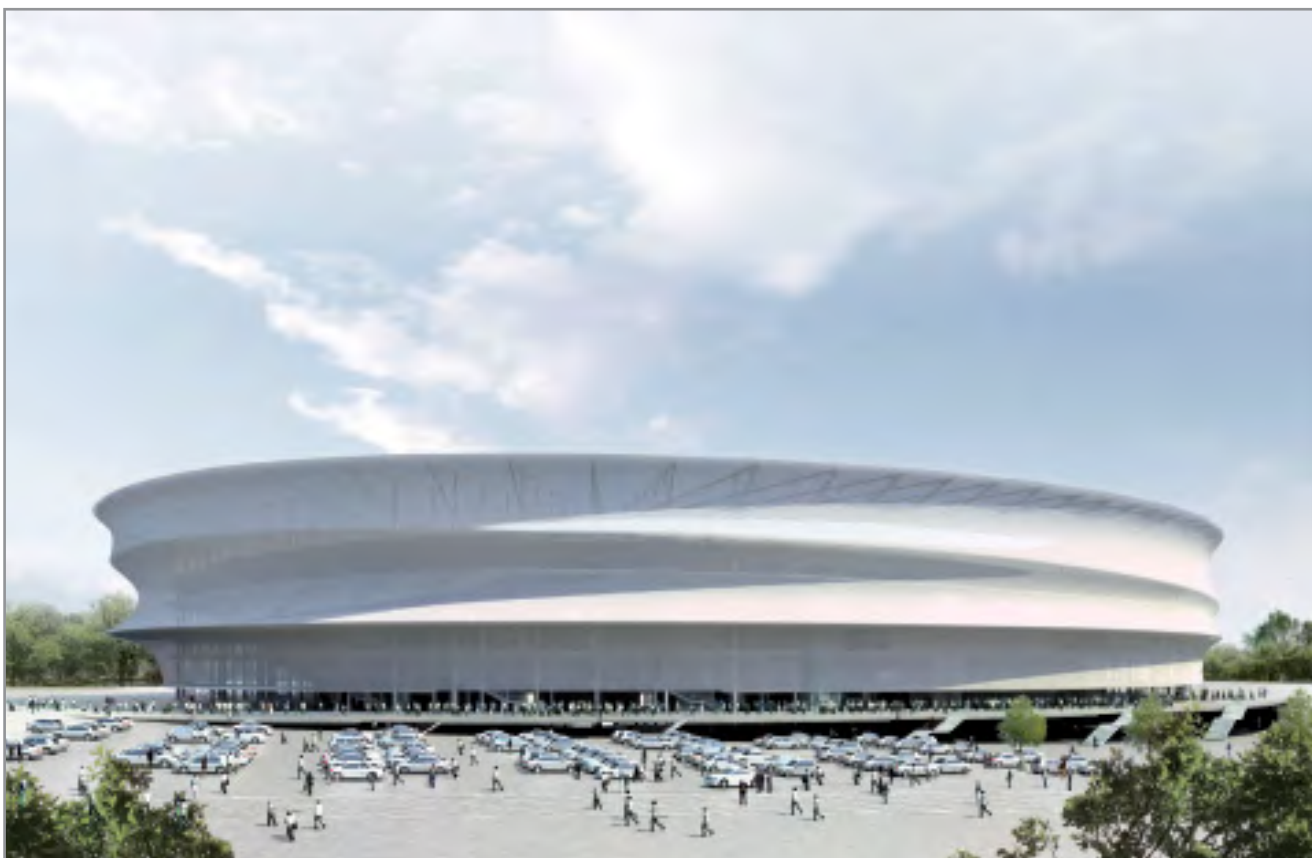
As a result of negotiations, the Parties approved the Action Plan of cooperation between Foreign Ministries of Ukraine and Poland in 2012-2013.

From this preceding evidence, it is possible to make a very positive conclusion about the relationship between the countries. In summary:

- preparing to co-host Euro-2012
- Discussions about sharing oil pipelines
- cooperation in energy projects
- a joint Polish-Ukrainian production of methane
- utilisation of oil on the Odessa-Brody
- renewing the broken economic ties

All activities contributing to an increase trade and investment opportunities and growth for both countries.

**Kateryna Dyachenko** is a graduate of National Technical University of Ukraine Kyiv Polytechnic Institute and CEOWORLD Magazine representative in Ukraine. [kdychenko@ceoworld.biz](mailto:kdychenko@ceoworld.biz)







**HOTEL TWARDOWSKI**  
**POZNAŃ** ul. Głogowska 358a,  
 60-004 POLAND  
 email: [rezerwacja@hotelwardowski.pl](mailto:rezerwacja@hotelwardowski.pl)  
[WWW.HOTELTWARDOWSKI.PL](http://WWW.HOTELTWARDOWSKI.PL)



*Our four-star hotel is situated close to the centre of Poznan, only 1 km from the exit of the Motorway A2 and 6 km from the Poznan International Fair.*

*The Winter Garden with palms, an aquarium with sea fish, the Music pub and Roma Bar are the places which create the atmosphere of warmth and relaxation and enhance the uniqueness of it. The restaurant "Pani Twardowska" invites our guests to taste Polish and international cuisine. We offer also a free access to Spa & Wellness centre with a pool.*

*The hotel offers well equipped conference-banquet rooms at the size of 240m<sup>2</sup> which are situated on the ground floor enabling at the same time to arrange their interior with ease.*

*Twardowski Hotel offers high standard of modern and equipped with air-conditioning 62 rooms. All the rooms are equipped with: a mini-bar, a fridge, an LCD TV, a satellite TV, a radio, a telephone, a hair-dryer, a dressing gown and slippers. The hotel offers a quick and free access to the wireless Internet.*

*The reception is open round the clock and the hotel staff is ready to offer help with organizing a transport and keeping valuable things at the safe deposit box. We also offer our guests the ironing and laundry services. The hotel car park is monitored 24 hours a day.*



# Cities and Regions



The reform introduced in 1998 divided Poland into 16 administrative areas, called voivodeships. Subdivided into powiats and further into gminas, they have large local authority, shared between the government-appointed voivodes (governors) and regionally elected assemblies. Let's take a closer look at their economic potential.

Regional development has been a crucial point of Polish economy since the establishment of the communist system. Despite strong fundamentals, economic disparities remain one of the most vital barriers for the blooming economy. They are visible at three basic levels.

## Paris of the East

The first one is connected to the gap which arose between Warsaw and the rest of the country. The Mazovia Province, where the Polish capital city is situated, is the most populous and largest of all the 16 voivodeships. Mazovia is the leader both in terms of the regional contribution to GDP and in the economic growth dynamics. Its central location in the heart of Europe and a market of 5 million consumers can not be disregarded by any business-oriented person.

Over the past several years, Mazovia has reached the limit of 75 % of the average European Union GDP. This means it is now longer capable of applying for its part of the 82 % of 350 billion EUR

waiting for the regions within the Cohesion Policy. The real status quo in this case is unfortunately blurred by the fact that it is Warsaw which contributes the most to the economic output of the whole region. If the capital city was excluded from the region, its position in the European economic rankings would be significantly diminished. That is why Mazovia tries to pursue the idea of the so called 'transition regions', a concept, which would take into account the situation of other European regions finding themselves in a similar situation. It seems however that the we are going to wait a long time to observe the result of these talks, as they are at a very early early stage.

## Rural vs urban

Another disparity type is to be noticed at a similar level, however it is particularly visible between rural areas and the urban ones. Again, this maybe perfectly observed in Mazovia and Warsaw, but also in such regions as Greater Poland with Poznań and Lesser Poland with Cracow.

Greater Poland, going also under the name of Wielkopolska Province is one of the richest regions in west-central Poland. However it is to a large extent due to its capital city – Poznań, which belongs to the top business destinations in the country. It is here were approximately 9.3 % of all



Polish business enterprises are to be found. The variety of industries and diversified economy of the region make it a perfect place for investing capital. Out of 500 largest companies operating in Poland, approximately 40 are based in Wielkopolska.

Małopolska Province in turn, situated in southern Poland, is one of the most strongly developed economic and tourism regions in Poland. A large part of its economic potential is generated by Cracow, a historical city which does not need to be introduced neither to investors nor to tourists. According to a recent report by Global Services and Tholons, Kraków takes 11th place in the top emerging outsourcing cities in the world ranking. There are almost 210 thousand economic entities operating in the voivodeship. These are mostly small and medium-sized companies, many of which belong to the state-owned sector.



## Struggle to narrow the gaps

The real task to be concerned in terms of counteracting regional disparities is linked to the need for narrowing the gap between Western and Eastern Poland. This informal economic division has its roots in the time of the Partitions of Poland, which took place at the end of the 18th century. The partitions, carried out by the Russian Empire, Kingdom of Prussia and Habsburg Austria, who divided up the territory of Polish-Lithuanian Commonwealth among themselves, left a serious scare in the mentality of the whole Polish nation, but also determined economic potential of particular regions. The land remaining under the German and Austrian partition is characterised by better developed transport and industrial infrastructure. The regions that had remained

under the Russian rule, on the contrary, dispose of rather weaker developed agricultural areas.

That is why the European Regional Development Fund finances the Operational Programme Development of Eastern Poland (OP DEP). The total value of financial support granted within the Programme will reach 2,2 billion EUR. The funding was awarded for the five most disadvantaged regions: Lubelskie, Podkarpackie, Podcasts, Świętokrzyskie and Warmińsko-Mazurskie Regions that still show insufficient growth factors, but possess large economic potential and highly qualified labour force.

Świętokrzyskie Province has a significant potential due to its south-central location between

economically strong Mazovia and Lesser Poland. Its main assets are connected to a highly qualified personnel for industry and other economy sectors, supported by a low labour cost. Natural resources favour cement and gypsum production. Products from Świętokrzyskie and from its capital – Kielce - are highly respected both on a domestic and international market. The region will be granted 375 million euros.

Lublin, a city of 350 thousand inhabitants, is the capital of the Lubelskie Province and one of the largest cities in the eastern Poland. This research and development center with 100 thousand students is a perfect destination for all sectors connected with technology transfer. Entrepreneurs willing to develop their business activity here may take advantage of The Science and Technology Park of Lublin and the Special Economic Zone

Euro-Park Mielec Subzone Lublin, offering wide opportunities especially for companies operating in IT. As much as 508 million EUR will be directed at this region.

Podlaskie, a region situated in the north-eastern Poland has its capital in Białystok. Although its agriculture functions in rather harsh natural conditions, there are over 100 thousand rural farms located at a surface of about 13 ha. The economic branches that have been highly developed in Podlaskie are linked to food processing, light industry, wood industry and machine production. Local machinery industry produces various equipment, parts and machine components, while the building industry provides ceramics, cobblestones and silicates. Podlaskie will take advantage of financial support amounting to 387 million EUR.



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Podkarpackie Province, which will be granted 487 million EUR, borders with Ukraine and Slovakia. It is well known for its rich fossil deposits, such as sulphur, crude oil and natural gas. Apart from the sectors developed on the basis of natural resources (agriculture, industry and mining), the voivodeship is strong at food industry, pharmaceuticals, aerospace and information technology. The region has a population of 2 million and its capital city is Rzeszów.

Warmia-Masuria Province is one of the strongest tourism regions in Poland. This traditionally agricultural area is by many described as the 'Green Lungs of Poland'. The region is devoted to the ecological food production and development,

however such industry branches as wood and furniture production are also present here. Clean environment delivers a high potential for business activity related to tourism and agritourism. Warmia-Masuria will get as much as 447 million EUR from the OP DEP.

The Objective of Operational Programme Development of Eastern Poland is: "Hastening the pace of social and economic development in Eastern Poland pursuant to the sustainable development principle". The main ways to achieve this goal are linked with stimulating development of knowledge, improving the Internet access, enhancing the role of sustainable tourism and improving the transport standards.

## Heading West

Western regions offer a historically better developed road and industry infrastructure. There is however one more aspect which supports the organic growth of the Lubusz, West Pomeranian and Lower Silesia Provinces. It is the proximity of the German market, which is always able to animate the neighbouring regions with its high demand level.

The functions of the capital of the Lubuskie Province are shared between two cities: Gorzów Wielkopolski and Zielona Góra. This region is a perfect place for economic cooperation with the bordering German market. Considered moderately industrialized, it has good road, railway, air and water communication routes. The regional economic centres are to be found in the capital cities, as well as in Żary, Żagań and Nowa Sól.

West Pomerania Province with capital in Szczecin borders with Germany in the west and to the

Baltic Sea in the North. Because of its geographic location, the region has been traditionally associated with shipbuilding industry. Today it is refocusing in the direction of the economic sectors connected to new technologies. Regional economy also tries to take advantage of renewable energy sources, such as wind and geothermal energy.

Lower Silesia Province's largest city and capital is Wrocław, on the middle Odra River. Lower Silesia is one of Poland's richest regions. In the period of 2005-2009 this voivodeship has recorded the highest economic growth rate in the country (10 %). The region's leading sectors include electrical machinery, electronics, engine production, power, construction, chemical and food-processing. Traditional industries include coal, copper ore and mineral resources mining and the production of clothes, fabrics and china.

**Grzegorz Morawski** is a graduate of the Warsaw School of Economics. He works as a business journalist and the Editorial Director of the Regional Reports section of the CEOWORLD Magazine. [gmorawski@ceoworld.biz](mailto:gmorawski@ceoworld.biz)





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# Between Warsaw and Krakow



**Mr. Adam Jarubas**

*Marshall of Świętokrzyskie Voivodeship*



*Świętokrzyskie voivodeship will for the first time need to take a loan of 150 million PLN. What is the purpose behind it?*

Indeed it is the first time that our region is going to take a loan. This year we plan to implement major investments with the support of EU funds and therefore we need money for our so-called own contribution. Generally, Świętokrzyskie Voivodeship budget for 2012 assumes many investments, and most of the money will be devoted to road construction. One of these investments is worth more than 250 million PLN, the reconstruction of the provincial road No. 761, Kielce – Czestochowa.

*Świętokrzyskie voivodeship is located on the Warsaw-Krakow route. Is such a position between the two urban centers an asset of the region, or rather an obstacle which causes an outflow of the best specialists and capital?*

Well, this central position is undoubtedly our strength, but it also creates some negative effects. The location between large urban areas is conducive to the cooperative linking of firms, facilitates communication and allows for access to the research of large academic centers. But

what is an asset can also be a threat, such as migration of the best-educated, mobile workers or investments. This, unfortunately, was the case in terms of the transport infrastructure. Highways bypass us and the difficulties with the construction of the regional airport have occurred due to the fact that within a radius of 120-180 km we have several airports.

*How do you assess the use of funds from the Regional Operational Programme for 2007-2013? Is Świętokrzyskie voivodeship properly taking the opportunity to gain additional resources for development?*

Implementation of the Regional Operational Program has taken a very good course so far. I have repeatedly stressed that the EU funds have given an impetus to the economy of Świętokrzyskie, and may become a new „Marshall Plan”. Świętokrzyskie has received a good chance to develop and it is seizing this opportunity. This has been confirmed by additional funds obtained from the National Performance Reserve. Our region has received over 33.5 million. We plan to spend this money on innovation-related activities, for supporting university research and creation

of complex investment areas. Innovation, new technologies and well-prepared investment sites are the basic elements of stimulating economic development. The remaining amount of the National Performance Reserve will be spent on projects related to modernization of regional roads (12.2 million), and environmental projects, mainly those concerning renewable energy sources (8.9).

*Are the local business people interested in EU grants and do they know how to properly use the opportunities which they bring?*

Each successive contest for entrepreneurs under the 1.1 Regional Operational Program of Świętokrzyskie voivodeship showed that the desire to obtain EU subsidies for the development of companies is very high. The number of applications always exceeds the available pool of money. The competition received 369 applications. Entrepreneurs applied for over 649 million PLN, while the amount available reached only 58.5 million. This specification clearly shows the scale of interest, but also the fact that there was not enough money for all the companies which applied.

Seven competitions were conducted. Applications for funding consisted of various types of projects executed on the domestic market, from hotels and gastronomy services to innovative solutions for manufacturing companies. What is most



important is that all of these projects were related to new job creation. The implementation of the action 1.1. „Direct support to micro, small and medium enterprises,” Board of Świętokrzyskie voivodeship for 2007-2013 has allocated a total of 105 million euros which is about 420 million PLN. We already see that these grants have significantly strengthened Świętokrzyskie companies not only on the regional market but also all over the country.

*In our previous interview, you mentioned that income of the region is decreasing. Have you got an idea how to reverse this disturbing trend? Theoretically, it would be easiest to achieve by putting emphasis on the development of local entrepreneurship, but is it feasible in times of recession?*

The only solution to this problem is economic development, both in the region and country. If the economy grows, new companies are expanding production. Then people have a job and opportunity for better wages. That drives consumption and consequently increasing production. It's a self-perpetuating circle. In recent years, EU funds have helped us to boost local businesses including those intended for businesses and for investment. These funds have helped us to get through the years of economic crisis. It applies to both the country and region.





# Interview

## with Mr. Leszek Wojtasiak



**Mr. Leszek Wojtasiak**

*Deputy Marshall of Wielkopolska Region*

Have you ever thought about Poznan as a World Capital of Design? The title belongs to Helsinki this year but maybe in 2014 it will be within your range?

I am convinced that we can be chosen, although I do not know if it is possible in such a short time.

All our activities, starting from 2008, are aimed at the development of the region by means of investing in the area of design. It is not just a matter of fashion or a marketing gimmick but a real tool for increasing competitiveness, helping to shape the market, and bringing the awareness to people and the public space. The success of modern economies depends, inter alia, on the level of knowledge, social awareness, openness to change and an ability to learn from the heritage of other regions and countries. We cooperate with the best – The Design Centre in Berlin, Barcelona Design Centre, The Design Academy in Eindhoven and we take advantage of their experience. Also, our regional universities such as The University of Art and Poznan University of Technology are a good source of knowledge and inspiration for our work.

Do you think that citizens of the Wielkopolska Region, who are considered to be rather conservative, can be convinced into accepting innovative projects?

We want to break the existing stereotype about the residents of our region. Although they are committed to tradition and show respect to the past, they are also willing to reach for new technologies and develop a passion for creating the future. We are talking to our residents about design, taking the message to the streets. We would like to associate it with creativity, aimed at exploring new solutions to improve the physical and mental reality of modern man. We are creating aesthetic sensitivity by educating citizens of Wielkopolska Region and establishing a dialogue with them throughout many projects such as “Wola. Innovations and Creations”. A few years of intense work from many actors involved in the innovative development of the region has already given us tangible results, mainly such as those related to a change of image. Wielkopolska Region has been seen through

a prism of such features as reliability and diligence, but also a kind of conservatism. It is now perceived as a region of very creative and open people. We have taken the initiatives to build a new brand for our region – the brand that combines a message of achievement, potential and aspiration with the story of identity, values and culture.

### Are you drawing inspirations from these achievements?

What we want to do is to turn Wielkopolska Region into the design center of Poland, such as the Italian Lombardy. We have all the needed assets, from a well-educated scientific staff to companies using the latest manufacturing technologies. In addition, our designers, entrepreneurs, scientists have an unusual ability to learn from traditional achievements and to use them in modern ways. By not cultivating the cultural heritage of local communities, this deprives them of their individuality. This, in turn, might lead to the domination of a society deprived of its own roots. The relationship with the region is very important and it is a source of identification and affiliation.

This is how the idea for an international competition „Design by ...”, for a product inspired by regional identity was born. Its object is to develop innovative products using modern production technologies and design which are of course inspired by the cultural richness of the region. An interesting example of traditional revival is the New Folk Design project which involves construction of the identity of Polish design by means of traditional crafts and folk art, education and knowledge transfer from the representatives of vanishing professions to upcoming designers. We are also presenting our design abroad – in Milan, during

world's most important and prestigious furniture fair – Salone Internazionale del Mobile. Realization of the exhibition “DESIGN FROM WIELKOPOLSKA REGION” is not only a comprehensive presentation of our potential, but a vindication for the region's development policy undertaken on the basis of the strongest sectors of the economy.

Design can be a force for innovation and a springboard for the success of companies in the small and medium enterprise sector. From this point of view, Wielkopolska Region is one of the most important regions in the country.

First of all our very well developed furniture, agri-food and IT sectors should focus on innovation. We are facilitating the establishment of contacts with leading figures and experts in the field of modern technologies and design, which allows us to transfer the experience gained by entrepreneurs on their native soil. Enterprises in Wielkopolska Region, including those from the SME sector, are opening up to our actions, realizing that their economic success will be to a large extent dependent on industrial design. Our region provides very well-educated professionals and we want to give these people the skills and tools to develop their own businesses. Thanks to such events as the World Innovation Days which will take place in the second half of September 2012, we will be promoting an entrepreneurial attitude and showing the best regional and international examples in the culture of innovation. Our experience shows that innovation can be learned. It requires commitment, cooperation, creativity, and a healthy criticism of the limitations arising from our vision of the world. It also needs a spirit of cooperation with people whose professional and life experience is different from ours.

# Interview

## with Mr. Paweł Adamowicz

**Mr. Paweł Adamowicz**

*Mayor of Gdansk*



What are the main factors that distinguish Gdańsk on the investment map of Tricity?

Gdańsk does not compete for investment with other cities of the Gdańsk Metropolitan Area. On the contrary, we try to show that our strength on the global investment market is based on unity and cooperation within the metropolitan area stretching from the Wejherowo county in the north to Tczew and Malbork district in the south. The strength of the metropolitan area is 1.3 million inhabitants, over half of which are potential employees. It is also about 100 thousand students at local universities, a rapidly growing residential and commercial space and a convenient location for conducting global business from Gdansk and the metropolis. This is the image that we are trying to create, e.g. during MIPIM trade fair in Cannes.

Pomeranian Special Economic Zone (PSSE) has signed an agreement with deputy mayor of Zhuhai city in Guangdong Province for the development of cooperation between the pomeranian ports and the Port of Gaolan. For what kind of investments in maritime infrastructure is Gdańsk striving? Can sea ports of Tricity become a „gateway to Europe”, as the media often describe it?

The Chinese market is extremely important for Gdańsk. Especially in the context of the rapidly growing transport and logistics services segments. Thanks to ocean connections supported by the world's largest containers in just two years we have become a new gateway for exports and imports of goods between the Baltic and Central Europe countries and the Far East. Closer cooperation between Poland and China is a prospect to develop.





Although the investment agreement between the Enterprise Oil Pipeline Operation Friendship (PERN) and the German company Oiltanking has expired, PERN wants to build own fuel base in Gdańsk. What does the construction of such a unit mean for the city and region, and how do you assess the chances of its implementation?

For our city it is not important who (invests) but when and to what extent new investments will be implemented. For us it is crucial how many new jobs can be created and how the planned expansion of the fuel base in Gdańsk will affect the increase of property taxes. Development of fuel base is a project of strategic importance. I expect that decisions concerning commencement of construction will be taken very soon.

Due to the implementation of many investment projects Gdańsk is perceived as the building site. Ergo Arena, Southern ring road and the second terminal of the airport are flagship investments related to EURO 2012. What infrastructural upgrades the city wants to implement in the coming years?

The plan of priority infrastructure projects after 2012 mainly includes further work on the modernization and expansion of the city road system. One of the biggest challenges is to build a tunnel under the Martwa Vistula river, which is the last link of so called transport framework of Gdańsk and it will connect Słowackiego route with Sucharski's route. In addition to this investment we plan to continue expansion of the road system in the region's fastest growing residential South Gdańsk district. In the coming years we intend to develop a new line of the existing tram network. We also take part in the construction of the Tri-City Metropolitan Railway. I hope that in the

new EU funding period we will get the funds for further investment in cultural, educational and sports facilities and to continue neighborhood's revitalization.

What are the city's plans for the development of the tourism and infrastructure potential, which will be erected on the occasion of EURO 2012?

Developing new transport and tourism infrastructure means investing in the future of the city. It reaches far beyond the hot period of football championship. New roads and hotels will serve for many years to our residents, tourists and potential investors. EURO 2012 is a perfect opportunity to promote Gdańsk and the region as an attractive location, not only during football games. We expect that the guests coming to Gdańsk will perceive the city and its surroundings as worth a longer stay or a visit in the future. If we want that to happen, we need to show them Gdańsk as a modern city which offers attractive leisure facilities.



# Interview

## with Mr. Rafał Dutkiewicz

**Mr. Rafał Dutkiewicz**

*Mayor of Wrocław*



Many times Wrocław has taken top position in the rankings for the friendliest city for business in Poland. What decides about such a strong position of the capital of the Lower Silesia (Dolny Śląsk) according to investors?

I am very happy that our efforts to create the best climate for business has been appreciated and that our top position in rankings has become a tradition. We have also received some positive feedback from the very investors which proves that we are on the right track.

I think that one of the most important factors here is the institutional support – companies in the investment process are supported by the Agency of Development of the Wrocław metropolitan area (using a brand 'Invest in Wrocław'). Therefore, they do not have to worry about finding a location for their businesses and according to many complicated processes related to setting up a company in Poland.

Last year 43 talks about new investment projects were held and as a result 17 investors have already decided to choose Wrocław and its surroundings for their businesses. How would you assess, Mr. President, the year 2011 in comparison to

the previous years and what hopes do you hold for the year 2012?

I consider the year 2011 as very successful. It is visible that foreign companies managed to protect their businesses against the crises and that they continue working on their investment projects. In my opinion it is important that we have managed to maintain the balance between investments in production and investments in highly specialized lines of business, for example R&D.

It is crucial that sectors mentioned above provide work places requiring different qualifications for the inhabitants of the agglomeration. This year we announced two investments and ARAW is holding talks with a few further companies.

*In what way will the building of the metropolitan railway network attract investors to Wrocław?*

The metropolitan railway network is a project of development of the communication in Wrocław in such a way so as to integrate it into one organism. It is also significant for investors that it will allow potential workers to commute quickly between surrounding dwellings and the capital of the region.

It is known that some institutions such as main offices and universities will always have a seat in Wrocław. On the other hand, surrounding towns provide attractive living spaces connected by developing infrastructure. When the metropolitan railway network connects these areas it will allow a few or a dozen- minute journey from place to place (as we know the railway infrastructure in Dolny Śląsk is well developed) and as a result all region will benefit.

*An initiative of the Technical University in Wrocław, the University in Wrocław and Polish Academy of Sciences is going to lead to a creation of the Center of Chemistry and Biotechnology in Wrocław. What hopes do you have concerning this institution?*

We are very happy having initiatives that favor development of science and new technologies in our region because our priority is economical development based on knowledge. The city is also engaged in a project of the Research Center in Wrocław- EIT plus, which has been created to support cooperation between universities and investors appearing in Wrocław with main focus on new technologies.

*What measureable economical benefits for the Poznań metropolitan area do you, Mr. President, anticipate in relation to the coming Championships EURO 2012?*

EURO 2012 has different economical aspects. The most obvious one is that the football supporters and other guests who will come to Wrocław are going to, using colloquial language, leave their money here. We have also received some signals about the Russian supporters that their travel agencies offer a few- day trips and we hope that the Russian visitors will split their time in such a way to see both Wrocław and its surroundings. We hope that they are not only going to get some good impressions but also promote Wrocław back home and as a result come to Wrocław once more with some business in mind. This effect has been named the 'Barcelona effect' after one of the most recognizable cities in Spain. We hope for 'the Wrocław effect' – and in the context of our region – 'the Lower Silesia (Dolny Śląsk) effect'.





# Interview

## with Mr. Ryszard Grobelny, Mayor of Poznan

Last year Samsung opened in Poznań the Research& Development Center and Siemens started the European Production Center which makes 'tailored' hearing aids. Are new technologies going to beckon foreign investors?

Technically advanced production, modern services centers (mutual services centers and BPO) as well as R&D centers (Research & Development) have been defined as priority sectors already in 2006 in Strategy for obtaining investors for the Poznań metropolitan area. One of the aims of these type of investments is creating attractive positions for highly qualified graduates of universities and colleges in Poznań.

The promotion of this kind of investments fits perfectly the idea of the City presented in currently in force the Strategy of development for the city of Poznań up to the year 2030: 'Poznań as a metropolitan city with strong economy, high living

standard and with its development based on knowledge.'

As a result of actions in 2011 investors based in Poznań undertook the following investments:

### Production:

- **Siemens** – European Production Center (EMC) of hearing aids, planned employment of 100 workers
- **GlaxoSmithKline** in their plant in Poznań opened the Soft Jelly Capsules Department. The new line will initially be serviced by 45 employees which number is going to grow by another several dozen

### Currently developed:

- **Exide** – a new production plant for new types of car batteries
- Unilever** – development of the plant
- Bridgestone** - development of the plant



### Services centers:

- **IKEA** – an opening of a new finance-accountancy center
- **McKinsey&Company** – an opening of Support Services Center
- **Bridgestone EBS** – finance-accountancy, employment of 115
- **Jeronimo Martins** – finance-accountancy, employment of 100
- **Samsung** – R&D, initially it will work on a development of software for digital television receiving devices and mobile phone applications, employment of 30
- **Holiday Check** – R&D center

A decision about the construction of NanoBioMedical Center in Poznań was made not later than in 2010. When are you going to finalize the works and how will the activities of this entity make the city more attractive for investors?

The Inter-university NanoBioMedical Center (CNBM) is believed to be a priority project in the frame of 13.1 action: higher education infrastructure of XIII Priority of the Operational Program Infrastructure and Environment. Four universities from Poznań are involved in the project and it is the Adam Mickiewicz's University that is responsible for the realization of this undertaking. <http://www.cnbm.amu.edu.pl/>

Poznań is a well known academic center in Poland and an the academic character of the city is a significant factor in decision making about the location of new investments, especially in modern services, advanced technologies and R&D sectors. These specific investments show high potential of the academic environment in Poznań and is going to assure the best standards in higher education



on the level of MA and Phd studies. The center will provide a unique academic- didactic offer part of which is going to be planned on a grand scale e-learning.

As we mention some significant projects realized by the universities in Poznań one cannot forget about the Wielkopolski Center of Advanced Technologies. The center is going to be an interdisciplinary hub which will gather the best specialists of the exact sciences: natural and technological.

Owing to the cooperation and integration of the academic environment a place of the first international rank will be created. The Adam Mickiewicz's University in Poznań is going to coordinate the undertaking. A construction and equipment WCZT has been founded by the European Fund for Regional Development in the frame of the Operational Program of Innovative Economy for 2007- 20013. A celebration of signing the Erection Act and the setting of the corner stone under the construction of Wielkopolski Advanced Technologies Center was held on 1 June 2011.



As part of Private-Public Partnership a gynecologic-obstetric hospital is going to be built. The city is willing to allocate 0,5 billion zlotys to this investment. Does Poznań have any other investment plans of such a financial scale that could be realized in coming years?

This is probably a project of the Marshals Office. About the investments of the city we write in the answer to question 5.

One of the standard development investments in Poznań in 2012 is going to be a construction of a modern office building named Malta House. How would Mr. President assess a whole developmental sector?

Poznań with its modern office space ranging up to 240 000 m<sup>2</sup> is thought to be one of the seven biggest office markets in Poland. From 2000 we can observe a dynamic growth of supply of modern office space in the capital of Wielkopolska. In last few years (since 2007) many modern office buildings have been created, becoming a part of the city landscape and significantly reinforcing an offer of commercial space of the high standard. These are among the others Andersia Tower, Nowe Garbary, Omega, Szyperska Office Center,

Malta Office Park, Murawa Office Park, Skalar and a few smaller buildings.

At the end of 2011 approximately 50 000 m<sup>2</sup> of office space were created, among the others the last phase of the construction of Malta Office construction was finalized and Andersia Business Center (another building in a complex in the Ander's Square), Rotunda (Okraślak) and Pixel (the new seat of Allegro) were constructed.

Some office space will be also offered by Galeria MM being currently created on the crossing of St Mathiew's Street (Św Marcin) and Marcinkowski's Avenue.

An undertaking of a city company the Wielkopolski Center for the Support of the investments of the Technological-Industrial Park in Poznań together with the technological incubator is also going to contribute to the growth of supply of the modern office space. Moreover, developers use existing buildings which after some modernization can serve as the office space of the highest standard (e.g. Victoria Center).

Developers have far-reaching plans concerning Poznań. Among the biggest constructions Wilson Office Park (investor GTC S.A) and Business Garden Poznań are mentioned. The latter is an office park consisting of nine buildings which together give 80 000 m<sup>2</sup> of the office space. The finalization of the first stage of works and making it accessible for the public use is planned for 2013.

Currently the Integrated Communication Center in Poznań is under construction which will also offer some commercial spaces. However, the office and the commercial buildings will be built in the second stage after the finalization of the construction of the first- communication part of the station.



Football supporters coming to participate in the events of the Football Championships are going to use a modern and functional station of space of 5,7 thousand m<sup>2</sup>. A corner stone under the construction of the Integrated Communication Center at the main station in Poznań (Poznań Główny) and accompanying it commercial gallery was set at the end of last year. What other investments concerning EURO 2012 are being realized in Poznań?

Poznań is doing its best to assure the highest standard of organization of Euro 2012. Many investments related to the European Championships have already been finalized. Apart from the mentioned PKP station, Ławica Airport is being developed. In the frame of this project a new departures lounge is going to be developed, along with a new terminal and an additional circuit for planes.

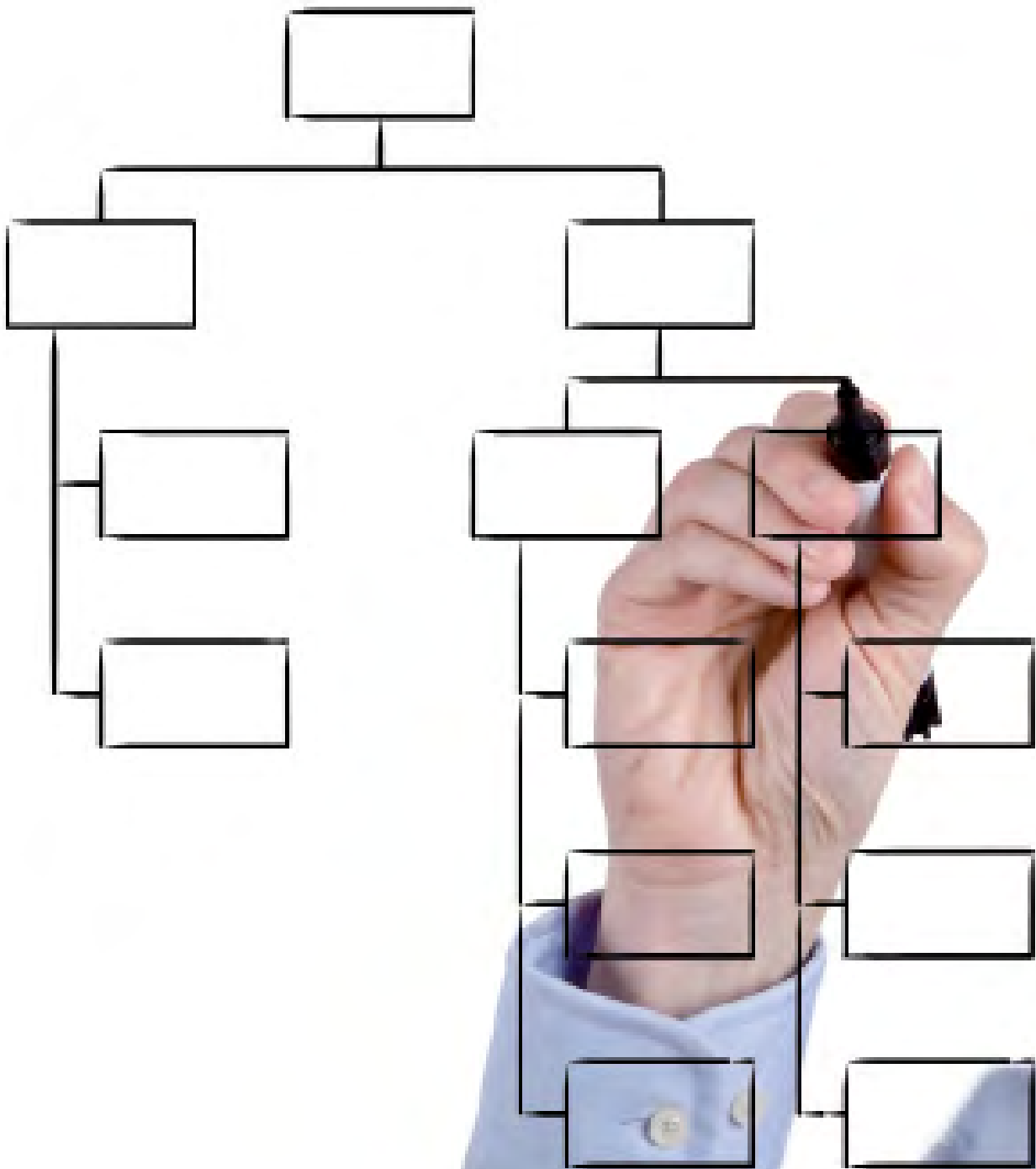
Moreover, the city is investing in modernization of roads in Poznań. Among the others surfaces of

Bułgarska and Bukowska St have been replaced and widened. Also, the roundabouts in Poznań are going to be modernized, the biggest located in the center- Kaponiera Roundabout and Jan Nowak Jeziorański's Roundabout.

One of the most important investments is also a construction of a new tram line to Franowo. The line is going to be 2,5 km long. The platforms at the stops are going to be between 45 and 60 m long and they will meet the needs of the handicapped. The investment will involve the expense of 200 million zloty and will be partially financed by the European Union.

Another investment which is not strictly connected with Euro 2012 but coincides with the championships is a construction of Termy Maltańskie - a modern sports and leisure complex. The investment has been already finished and it will be an attraction not only for the citizens of Poznań but also for the visitors and football supporters during the Championships.





# Special Economic Zones

# Special Economic Zones beyond 2020

Analysis of current activities and outlook for their existence

**Mr. Paweł Tynel**

*Director of the Grants and Incentives Advisory  
Services Department at Ernst & Young*



More than 15 years have already passed since the establishment of Special Economic Zones (SEZ) in Poland. During this period, the zones have become a part of the landscape of business for good and it is difficult to find a large investment project today which is not located in one of them.

The popularity of the zones is based on the simplicity and effectiveness of the tool being the corporate income tax exemption for businesses. When looking for a site for a new project, investors currently search dozens of countries and hundreds of sites with a view to specifying the optimal place for doing business from their point of view.

At present, Polish SEZs are already beginning to lose their appeal – despite the perspective of their existence for over 8 more years, until the end of 2020.

Tax relief is very widely used in the industrial policy of many countries as a means of promoting new investments. It is not only granted by developing countries competing for the inflow of foreign investments, but also developed countries. Therefore, it appears that abandoning this instrument of support in Poland could jeopardize the maintenance of the high assessment of our country among foreign investors in the future. Therefore, Polish governmental administration has already

performed activities related to solving this issue.

Empirical studies clearly indicate a positive correlation between the amount of state aid (including in the form of tax relief) and the level of investment in the country.

In discussions with investors, however, we have been observing the noticeable trend that the tax exemption within the SEZ is getting less important in the process of selecting sites. This has arisen from the fact that, given the high investment costs, investment projects lasting several years and market pressure reducing profitability in many industries, the effective time for taking advantage of the exemption sometimes becomes shortened to 3 years before 2020, namely the current expiry date of SEZs.

In view of the above, we decided to prepare a document – Special Economic Zones beyond 2020 – which would constitute material for conducting a substantive evaluation of the activities to date in the zones in Poland. It should also constitute the foundation of a substantive discussion on the outlook for their existence.

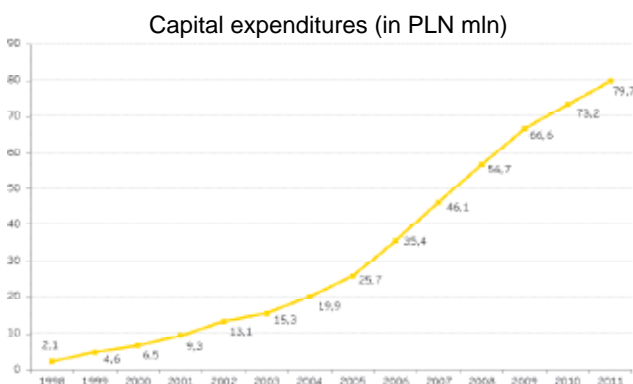
Special economic zones have been operating in Poland since 1995 and, so far, have contributed to the achievement of the following results (as of 31 December 2011):



Value of investments made in PLN million	New jobs	Retained jobs
79 700	183 000	59 000

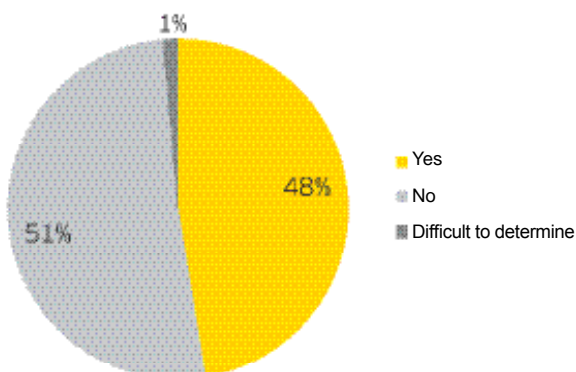
In the Report we conducted an econometric analysis on the impact of SEZs in Poland on business results, which confirms the consequences known intuitively. Wherever zones exist, there is a higher level of investment, lower unemployment and higher levels of GDP per capita than in regions where the zones do not exist.

- The rate of unemployment in regions where zones operate is an average of 1.5 to 2.8 percentage points lower in the case of sub-regions and 2.3 to 2.9 percentage points lower in the case of counties.
- The level of GDP per capita is an average of approximately PLN 1300 to 2500 higher in the sub-regions in which zones operate than in other sub-regions. This means that the sub-region where the zone is located has a 3.9% to 7.5% higher GDP per capita (in 2008) than the average GDP per capita in Poland in other sub-regions.

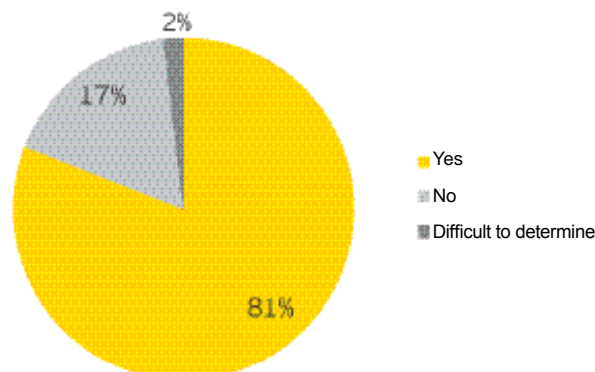


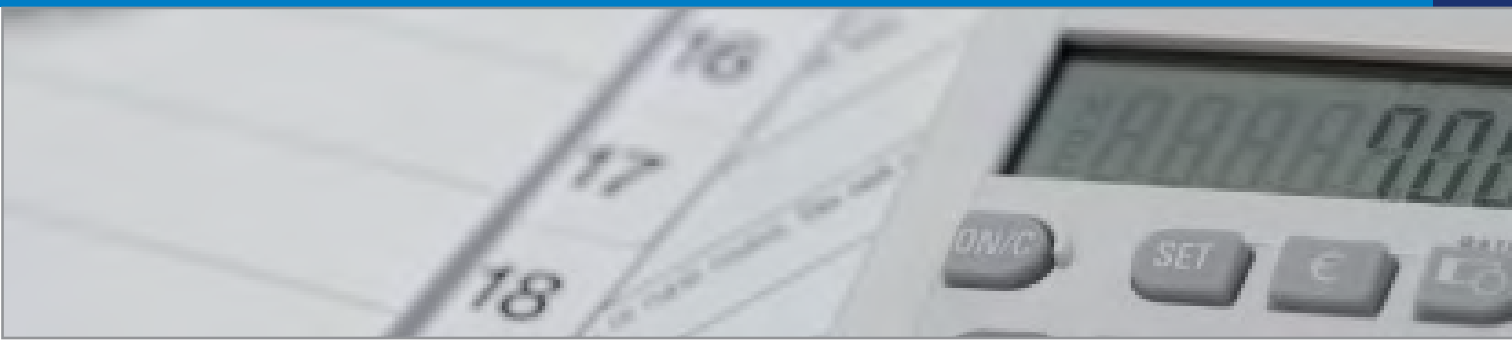
For the purposes of the Report we conducted also a comprehensive survey among investors in zones, which gives a clear signal that without the extension of the lifetime of the zones, reinvestment by more than half the companies operating in SEZs cannot be expected. The picture changes dramatically if the perspective of the existence of SEZs is extended – in such a case, as many as more than 81% of investors declare a willingness to re-invest in Poland.

Taking into consideration the fact that SEZ will exist until 2020, do you plan a new investment in your zone?



Would you consider a new investment in SEZ, if it turns out that SEZ will exist beyond 2020?





The initial assumption regarding the establishment of the SEZs was the increase in investments and economic recovery in selected locations. Over time, zones arose throughout Poland, the result of which was the adjustment of the regulations to the needs of the investors.

In a way, apart from their main activity, zones became a natural platform for the creation of connections with contractors, which, in the long term, could take on the form of clusters, creating a completely new role for the SEZs in the economy. However, this requires time, but also funds to support the development of such connections.

Very many aspects are considered in the process of choosing the site for an investment. State aid is one of these and it is natural that the most desirable form of aid will always be a cash grant, although an exemption from corporate income tax is a very concrete alternative.

The existence of zones and the ability to obtain tax exemptions do not constitute the sole criterion for the location of an investment. Their absence or inability to actually take advantage of tax exemptions significantly obstructs the attraction of new investors. It could also be the reason for the reduction in the level of reinvestment of entities currently operating in the zones, which, in turn, could result in Poland giving away its leading position in the region in the area of investment attractiveness.

The further functioning of SEZs after 2020 should not give rise to doubts on the part of the European Commission, under the assumption that the zones

still fit into the framework of the Community regional policy, while the zonal regulations are consistent with the Community rules on regional aid.

Given the fact that the European Commission is not involved in the process of extending the period of operation of SEZs in Poland and that we shall have to wait for funding from the new EU budget, it is very reasonable to conduct a legislative procedure extending the lifetime of the SEZs as soon as possible.

The recommendation given in our report was to consider an indefinite extension of the period of operation of the SEZs in Poland. Certainly with permits to operate in a given SEZ for a limited period of time (e.g. 15 or 20 years depending on the location). At present the idea of the Ministry of Economy is to extend the lifetime of SEZs until the end of 2026 – i.e. next budgetary perspective of EU. Such an amendment may be a good temporary solution. It would extend the perspective of investors as of now, give them another 6 years to compute CIT exemption and make it count in their site selection process. At the same time, it would not solve the issue entirely, but rather postpone – by couple of years – the need for further amendments. And such time would be a perfect occasion to elaborate more comprehensive solution. As a result, Poland shall have a tool which could realistically and specifically attract new investments to Poland. After all, we have concrete evidence of the benefits of this process.

For more go to:

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# Industrial brown & green-field sites

INVEST-PARK DEVELOPMENT sp z o. o. is an innovative project on the national scale, which is primarily intended to boost the activities aimed at attracting new investment to the region.

We are a Polish company operating in the Lower Silesia (dolnośląskie) region. It is highly-developed region of the south-western Poland, having a favorable geographic location. Good communication links with the Czech Republic and Germany is its great advantage, what helps in strengthening cooperation and commercial contacts.

Company name reflects the company's offer, which complements and expands the operation area of the Wałbrzych Special Economic Zone "INVEST-PARK" sp. z o. o.

The activities of our company mainly focus on modernization, construction and provision of modern production and storage halls, situated in the industrial parks. Currently we manage real estates located in the following cities: Dzierżoniów, Wałbrzych, Swidnica and Świebodzice.

The industrial parks in Wałbrzych and Swidnica are included in the borders of the Wałbrzych Special Economic Zone „INVEST-PARK“. Location of the investment within the special economic zone gives entrepreneurs an opportunity to benefit from income tax exemptions. All halls are prepared in such a way as to flexibly suit them to the needs and requirements of an entrepreneur in terms of both a space and a layout.

Our company offers various forms of providing a production and storage space, such as: sale, leasing (financial or operating) or rent. Our offer also includes the sale of industrial green-field sites. All sites offered by us have full access to the technical infrastructure needed for an operation of industrial plant (electricity, gas, water, sewage).

The offered sites are located on the outskirts of cities and have access to the national road network. The offered sites can be subdivided in a manner that best meets the needs of investors.

In addition, to meet your expectations, we are ready to take orders for a construction of halls on our investment sites. With this comprehensive solution, a completed hall will be ideally suited to your needs. We are convinced that providing adequate housing conditions and attractive investment conditions is an incentive to invest and settle in our region.

Therefore, we also invest in construction of residential buildings with a high standard in Wałbrzych, Swidnica and Dzierżoniów. We cordially invite you to contact us in order to present you more detailed offer and help you in development of your investment.

**Witkowski Jarosław**  
**President of the Management Board**

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# Interview

## with Mr. Tomasz Sadzyński

**Mr. Tomasz Sadzyński**

*President of the Łódź Special Economic Zone*



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

Tomasz Sadzyński, Chairman of Łódź Special Economic Zone: – Having broadened our area last September, Łódź SEZ has now over 1270 acres of land in 44 subzones – in voivodeships of Łódź, Wielkopolskie and Mazowieckie. One of our main assets is the greatest possible state aid in Europe of which we are able to offer our

investors up to 70%. Łódź SEZ location in a place where two highways cross, creates excellent conditions for development in the field of logistic or storing investments in our country. We also take advantage of the fact that we are placed in the central part of Poland – on the one hand our employees earn less, but on the other costs of living in our region are lower than, e.g. in Warsaw or Krakow. Every year about 20 thousand graduates complete universities in our region, thus we have abundance of highly educated workers. Constantly improving co-operation with universities directs us at developing towards BPO and IT sectors, which are typically servicing areas. Not without significance remains the fact that Łódź SEZ has an extremely experienced team that approaches each investor individually. This is confirmed by KPMG report according to which Łódź SEZ is the best zone in Poland. Second time running.

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



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

It comes as a priority for us to obtain investors and create new work places. We are particularly keen on obtaining investors who introduce new and innovative solutions and technologies. A month ago we started a new investment ourselves – revitalization of the main Lodz SEZ complex, a historic factory of Ludwik Grohman. This undertaking will enable us to multiply income and introduce new services. We also focus on maintaining the highest possible standard of service for our entrepreneurs, thanks to the efforts of our professional team. We have one of the best results in Poland: Lodz SEZ, for over 14 years of being in operation, had over 2 billion Euros invested by its investors, not to mention the 24 thousand new work places that have been created. For many years Lodz SEZ has been on top of nearly all prestigious charts. On “Financial Times” list, Lodz SEZ has been placed as 11th out of 700 economic zones worldwide, and as the 1st among Eastern-European ones.

And what about the so-called Corporate Social Responsibility?

In this field there is also something we can boast about. Since autumn 2011 we have become a partner of FashionPhilosophy Fashion Week Poland for another consecutive three editions. This is the most prestigious event promoting fashion in the whole country. Thanks to the brand of this festival we shall reach our potential investors even more effectively.

This is not the only area of our activities. I have already mentioned revitalization of the former Grohman’s factory. But there is also the building

of old booster that has been renovated and became a new cultural centre for Lodz. Inside, any institution interested, may organize exhibitions, performances or seminars. Or Art Zone was this year rewarded in a prestigious contest “Punkt dla Łodzi”. As part of “Zone for Children” program, Lodz SEZ together with Caritas, investors and business partners, has been organizing events for Children’s Day and Christmas for the last 14 years. Lodz SEZ also joined “Jonatan” action realized by Indesit Company Polska and “Jaś i Małgosia” Foundation. We also run a project called “Education Zone”. So as to improve the



situation in local labour market, we support and promote vocational education in the voivodeship. We do not forget about the Lodz artists; together with Technical University of Lodz, we launched a scholarship programme for the best students, we are partners of “Młodzi w Łodzi” programme or PR Professional. In this way we build the brand for the Lodz Zone. Let me also add, that for the first time in the history of LSEZ we have managed to apply and obtain money from UE. I hope that our campaign “Lodz region – Business zone tailored to your needs” will not go unnoticed in Poland and in Europe, mainly in Germany where we are planning



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

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

This is a very important issue for investors and it has turned out many times that it is also a key to success. An entrepreneur values the synergy that occurs in the Zones and local authorities' operating activities. When Lodz SEZ workers visit the area with the investor, usually the mayor or the city president – people who are responsible for localization – are present there. If the investor sees the engagement of every party, then he feels safe whilst making a decision and he knows he can count on the local authorities' support – this factor is frequently considered.



#### What the dreams of the Lodz SEZ Chairman?

We concentrate on realising our basic aims – we are responsible for the economic development of the region, obtaining new investors both local and foreign ones, issuing permissions and stimulating new work places and investments. These are crucial areas of our work. In the future, our development will be directed towards stimulating clusters – perhaps the Zone will become a broker responsible for creating a net of clusters. Currently we have several entities operating in one field and competing with each other, but there are also areas, e.g. research and development, where they could co-operate. And my dream? I wish the Lodz Special Economic Zone be the best one on this hemisphere (laughter).





LODZ  
SPECIAL  
ECONOMIC  
ZONE

# FASHION ZONE



## FOR INVESTORS

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We have issued more than 200 business permits for operating within Lodz Special Economic Zone. We attracted well-known multinational companies: Dell, ABB, P&G, Gillette, BSH, Amcor. We guarantee professional assistance of our team.

## FOR EXPERTS

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We are appreciated in various rankings:

KPMG – special economic zone best evaluated among investors in 2010 and 2011

Financial Times, Global Free Zones of the Future 2010/2011 – 11th place among 700 worldwide zones

Point for Lodz 2011 – our Art Zone programme received a distinction for exemplary activities and initiatives that have positive influence on the city

Quality of the Year 2011 – title in the greatest pro-quality competition in Poland

Gala Biznesu 2011 – Lodz Special Economic Zone as an institution promoting entrepreneurship

## FOR THE REGION

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So far, Lodz SEZ's investors have generated more than 24 thousand of workplaces and invested more than 8,5 billion PLN.

## FOR CULTURE

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Our Art Zone programme inspires and supports local cultural initiatives.

## FOR EDUCATION

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Education Zone programme supports higher and vocational education in the Region.



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**Real estate  
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## Housing market suffers from weak sales, commercial real estate is blooming and the whole sector is nourished by the vision of the UEFA European Football Championships held in Poland and Ukraine in 2012.

In the wake of global crisis it became clear that tenants will be no longer able to pay rents which grew as a result of the weakening Polish currency, the zloty. Soon it turned out that the more expensive Swiss franc and the euro will deal serious damage also to the loan holders, who borrowed money in foreign currencies. The year 2008 brought a severe revision of economic fundamentals. Luckily, the healthy economy of Poland has born this burden with a significant success. Its real estate sector has naturally suffered because of the external factor, however now it is gathering strength to grow again. And it seems that foreign capital is willing to boost this growth.

## Mortgage loans getting cheaper

While the Monetary Policy Council is put under pressure by the raising menace of inflation, the mortgage loan holders' moods are far from good. Expected interest rate increases have a natural impact on the Warsaw Interbank Offered Rate WIBOR, which indirectly decides about the loan prices. The 3 month WIBOR rose from 4.08 % to 4.15 % between January and March this year. This means that for every 100 thousand PLN of loan the monthly instalment grows by about 4 PLN. No wonder that the housing market is far from getting back to the growth observed before the crisis.

The banks however do all they can in order to keep the price of mortgage loans on a relatively low level. The beginning of 2010 brought a significant wave of margin reductions. 10 out of 28 banks decided to reduce margins, which resulted in serious declines of average margin, falling from 2.0 % to 1.5 % (loans denominated



in PLN) and from 3.0 % to 2.1 % (EUR) on a yearly basis. Margins for loans in Swiss francs remain unchanged (3.9 %).

A significant decline is also to be observed in terms of the average interest on mortgage loans. At the beginning of 2010 the price of loans in zlotys was slightly higher than 6.5 %. At the end of the 1st quarter of 2011 it dropped to 5.5 %. During the same period the euro loans' price declined from 4.0 % to 3.2 %. Again, the average interest on loans denominated in francs remained at the same level of 4 %.

## Margins impact on the market prices of houses and flats

The early months of 2011 brought rather inconsiderable price movements. According to the data provided by the Open Finance advisory and the Oferty.net portal the bids rose on a yearly basis in 9 out of 18 major Polish cities. The most powerful growth rates have been observed in Kielce (8.7 %) and Rzeszów (5.2 %). The most significant declines – in Gorzów Wielkopolski (-6.7 %) and Wrocław (-5.7 %). The bids in the capital city, Warsaw, remain on an unchanged level.

The value of mortgage loans granted in 2010 reached 48.6 billion PLN, which means it increased by more than 25.6 %. According to the data provided by AMRON and The Polish Bank Association this number is however not expected to be rising further. Specialists claim that most probably the value of loans will remain at the same level. Possible increases will not exceed 50

billion PLN. Last year the share of mortgages in euros rose from 9.2 % to 20.2 %. The share of loans denominated in franks declined from 17.2 % to 5.0 %. The leading role is still played by the mortgages in zlotys. Their share reached 74.6 % last year.



## Supervision never sleeps

Why is it hard to expect further increases in the value of granted loans? One of the most important reasons is the introduction of the T Recommendation promoted by the Polish Financial Supervision Authority. This regulation set of rules aimed at banks, management and assessment of risk associated with granted loans. Its origin is to be found in a difficult situation, in which many bank customers found themselves after the sub-prime mortgage crisis emerged. Swiss francs and euro denominated credits turned out to be risky instruments when the price

of Polish currency began to decline in time of the global economic turmoil. The idea behind the new recommendation is to limit the access to foreign currency loans to the group of customers who really can afford to pay more even if the zloty is weaker. In practice, the customers are required to lodge their own contribution. The value of this security reaches 10% when the loan is granted for 5 years and 20% for longer periods. This new regulation came into force in August 2010 and will surely affect the mortgage market in the future.

## Investment is rising

In 2010 there were 135.715 homes put into service – by 15.2 % less than in 2009. The situation looks much better as far as the commercial real estate market is concerned. In 2010 the investment in this segment totalled 1.9 million – 2.4 times more than a year before!

After a significant decline between 2006 and 2009 the recovery curve seems to be regaining its power. The investment is expected to increase by further 800 million EUR in the coming months. In 2010 the major investment inflow (53 %) was generated inside the retail sector. One third of the whole invested amount was put into office sector and 14 % into the logistics sector. The most active players in the market are still the closed-ended funds and institutional investors.

According to the data provided by DTZ consulting firm, the retail projects initiated in 2010 allowed to deliver about 550.000 sq m – by 57 % less than in the previous year. However DTZ analysts forecast

that the supply will regain its strength and reach approximately 770.000 m in 2011. The total supply of modern retail stock in Poland totalled 10.1 million sq m in 2010. The great majority – 73% is located in shopping centres. It seems that the market will have to wait for another supply boom until 2013. This is when another peak of over 1 million sq m is expected.

The above average economic performance of Polish economy within the previous two years attracted many international franchisors, who decided to enter this market. This move was in favour of new tenants that took advantage of empty spaces emerging after former ones closed their business. Many of them decided to start cooperation with such new players in the Polish market, as 3 Suisses, Carolina Herrera, Diva, Dune, Digel, G-Star Raw, iBlues, Muji, Oddji, Peacock's, Petit Bateau, Phenome, Red Valentino and Rubbabu.

## Tenants vs prices

Retailers need to stick to the requirements both of the anchor tenants, who demand quality and contribution in the first place, as well as the smaller ones, who are more focused on achieving attractive rents. Prime properties however keep obtaining high interest, while the prime rents in shopping centres remain stable. In the largest cities they fluctuate between 40 – 50 EUR per sqm, except Warsaw, where the average prime rent reaches 90 EUR.

The DTZ company experts believe that returning weight of capital in the commercial sector will continue to drive yields down in the short and mid-term. At present, prime office and retail yields are oscillating between 6.50 % and 6.75 %. Prime yields in the logistic sector are stable at the level of 8.25%. Depending on the continuing improvement on the commercial real estate investments market yields in all sectors are expected to decrease slightly in the coming year.

**Grzegorz Morawski** is a graduate of the Warsaw School of Economics. He works as a business journalist and the Editorial Director of the Regional Reports section of the CEOWORLD Magazine. [gmorawski@ceoworld.biz](mailto:gmorawski@ceoworld.biz).





# Human resources and business education in Poland

## The secret of human resources

What made the Polish economy cope so well during a difficult period for global financial markets? Some indicate a favorable situation on the currency market, others talk about the capital inflow from the European Union. Without a doubt however, none of these helpful factors would have played a major role, if it had not been for the valuable human resources of Poland.

The number of Polish population in recent years has stabilized at close to 38.1 million. A slight downward trend results from the negative migration balance related to permanent residence.

This phenomenon intensified after 2004, when Poland joined the European Union. The number of emigrants was rising along with the number of European labor markets ready to welcome foreign workers. The largest increase occurred in 2006 when the country went from 47 thousand Poles (compared with 1920-1925 thousand a year before). Now, however, the migration scale is declining. People who previously decided to move to such countries as Ireland and Great Britain are now coming back, ready to strengthen the inner potential of Poland.

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## Struggle against the unemployment

Unemployment is a major problem of the Polish economy. Since the fall of the communist state it has been a burdensome heritage of the society, widening the gap between the ones who took advantage of capitalist reality and the large number of those, who were not as successful. In the past 20 years the unemployment rate remained well above 10 percent. After reaching its historical high of 20.7 % in February 2003 it began to decline until 2008, when the global crisis seriously

weakened the downward trend. In January 2011 the unemployment rate was reported at 13 %. The scale of the problem is most significant in the Zachodniopomorskie and Warmińsko-Mazurskie Voivodeships. The strongest labor markets is to be found in Mazowsze, Małopolska, Wielkopolska and Silesia. The unemployment rate has been falling since 2003 . The main reason is the growing employment level, the fact that the supply of jobs declined has a smaller impact.

## Pay to play

When talking about the potential of Polish labour market it is worth taking into account the remuneration matters, especially as far as the highly skilled workers are concerned. The average wage increases for specialists in 2010 amounted to the level of 4.63 %. A year before pay rises dynamics was slower and reached 3.38%. According to the data presented by the Polish Agency of Information and Foreign Investment the entrepreneurs are planning to raise wages by 3.57 % in 2011.

The earnings of highly qualified workers vary across the economic branches and regions of the country. The costs of hiring specialists are the highest in such agglomerations as Warsaw,

Kraków and Katowice. Average monthly salary of a customer service specialist reaches 3 463 PLN. An independent accountant earns as much as about 3 923 PLN. The earnings of a production process engineer amount to 5 298 PLN, while a logistics specialist earns 3 491 PLN.

The remuneration of specialists varies also depending on whether the company is managed by foreign or by Polish capital. As a rule, the earnings are higher in foreign companies but their growth seems to be faster in Polish ones. Pay rises offered in 2010 by Polish firms amounted to 5.22 %, whereas in foreign companies they reached 4.47 %.

**Grzegorz Morawski** is a graduate of the Warsaw School of Economics. He works as a business journalist and the Editorial Director of the Regional Reports section of the CEOWORLD Magazine. [gmorawski@ceoworld.biz](mailto:gmorawski@ceoworld.biz).





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# Interview

## with Prof. Krzysztof Rybiński



**Prof. Krzysztof Rybiński**

*Dean of Vistula University*



Last year in Perspektywy ranking Vistula University took 18-th place in the category of non- public MA universities and was awarded with a special prize “Awans 2011”. What factors according to you decided about these results?

We leaped forward 20 positions. Perspektywy is a very complex ranking, the most prestigious one in Poland, it takes into account many factors so it is difficult to say that one or two improvements did the trick. Our mission states “we aim to provide quality business education to the international community of students”, and we are very serious about this mission. We have students from more than 30 countries and we cooperate very closely with business. For example according to our strategy at least 50% of diploma projects completed at Vistula University will be implementation of real business projects. We invite practitioners to teach students, we provide research assistance to the private sector. We have excellent facilities and good and friendly study atmosphere.

In what way should Vistula University differ from other non-public universities in Poland to stay popular both among Polish and foreign students?

We do have a differentiation strategy. Students at Vistula do study in a truly international environment, so you learn various topics and the same time

learn about different cultures, make friends from around the world. We also attach great importance to equipping our student with right skills to achieve professional success. Every student has to take a course on setting up and running her or his own company, or on project management. These soft skills will pay off in the future. We also offer rare languages, such as Chinese and Indonesian, we are the only University in Warsaw that has set up a Confucius classroom, which hopefully will soon be transformed in the first Confucius Institute in Warsaw. We have established Indo-European Centre and have signed agreements with six prestigious universities in India. We have already recruited students from India, and have research cooperation with Indian partners. All this was achieved just within last 12 months, and we are just warming up.

May research conducted at the University stand for a base for working out the documents which could be specific signposts giving suggestions to politicians about economic matters?

Vistula University takes active role in the public debate about the future of Poland. For example last year we published a report on the Innovativeness of the Polish Economy. This report was presented in June 2011 as the opening presentation of the

II Innovation Congress to president and several key ministers, it received great publicity and was very warmly welcomed by business circles. Government did not like it, because it showed that government is poorly targeting innovation development funds. This year we have finished a report "Influence of groups of interest in the Polish lawmaking", we analyzed 1366 laws passed in the past 22 years and have unique and very strong results. This report will make many recommendation about the necessary changes to the lawmaking process in Poland. We will present the report in public in late March. There are more projects in the pipeline. We do not produce irrelevant academic writing, as many other universities do, our research has to have practical and powerful meaning.

In your writings and speeches you are often very critical about the government policy, especially of departments related to economy. Meanwhile, the budget deficit has been limited and we are still the leaders in Europe on account of the economic growth. Moreover, the head of the Ministry of Finance and the head of the Central Bank are highly appreciated against the politicians from other countries. Is the international opinion wrong?

I am happy that Polish public sector figures are highly rated abroad. The ratings are created such that Jacek Rostowski gets points for the strength of the Polish economy, and because economy was strong compared to other countries, he scored very well. I was very critical about Tusk government because there were no real reforms in the past four years, just "green island PR". This has changed after last year elections, better later than never. The real test for Tusk government will come in 2013, when EU funds "steroids" will be taken away and Rostowski will have to continue fiscal tightening after four years of fiscal extravaganza. I predict that we will slide into recession, it will be a price that Poland will pay for lack of reforms.

What economic trump-cards according to you Poland can offer foreign investors?

Above all well-educated labor force and location in the center of Europe. When you hire a young Pole, she or he will work 16 hours a day to achieve success, will speak foreign languages and will learn fast. You cannot find such attitudes in Western Europe, no way. But it is high time for Poland to stop thinking about "being attractive" to FDI, we need to start expansions ourselves. Some Polish companies have already started going global, think about KGHM acquisition of QUDRA or about the "Witcher", famous game played around the world.

You have recently announced that you were going to manage the Eurogeddon Fund the aim of which would be to generate profits in case of the bankruptcy of Greece and the debt crisis escalation in Europe. What arguments speak for the realization of such economic scenario and how would the fund under your management make profit?

European leaders and ECB think that if they print enough money, they will stop the crisis. In fact they are making thing more dangerous, they delayed bankruptcy of Greece, and now the cost is twice of what it was two years ago. This year PIGS countries will suffer recession, so in early 2013 the situation will be more dangerous than today, with all PIGS countries facing large financial troubles or even bankruptcy. I expect that many banks in the Eurozone will go belly up. In such case stock markets will tank massively, prices of Italian bonds will tank as well, and euro will sink against the dollar. In Eurogeddon we are shorting the euro, Italian bonds and stocks and going long dollar and gold. Going back to the beginning of our interview, we want to keep our students close to business. I teach financial markets at Vistula University, so I will be able to show students how to apply the financial knowledge into practice.

# Polish brands Polish export



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**Poland is one of the most rapidly growing economies among the European Union countries. It is the only country in the European Union to avoid a recession through the 2008 – 2009 economic downturn, although the GDP per capita is still much below the EU average.**

In 2010, the country's GDP grew by 3.8 percent, in 2011 that number increased to over 4,3 percent. The growth in 2012 is expected to slow down, due to the turmoil in the "Eurozone". However, a forecast by the Polish Government indicates it should continue with a steady growth of 2.5 percent.

## Transition

After 1989, Poland went through a process of socioeconomic transition moving towards a western economy, with free market and private ownership.

Poland has experienced fundamental change throughout the entire infrastructure of the country. It had to replace the old soviet economic structure and integrate into the world market. High unemployment, soaring inflation, a budgetary deficit, foreign debt were amongst the biggest difficulties Poland had to face at that time.

In January of 1990, Poland was hit with a deep economic crisis, this was manifested in a 20 percent decline in GDP, hyperinflation reaching 700 percent and with industrial output falling by 30 percent in between 1989–91. However Poland was the first post-communist country to experience a positive growth of 2 percent in 1992, and 4 percent in 1993 with inflation down to 12 percent.

In 1996 Poland became the 28th member of Organisation for Economic Cooperation and Development (OECD) and the share of OECD countries in Polish sales has reached 80 percent in 2001, of which 70 percent were the EU states.

Since the year 2000 significant changes have occurred in the geographical structure of the Polish export market, mostly due to the fact that in 2004 Poland has joined EU and its single market. Adoption of EU legislation allowed Poland to reform the way in which its economy is regulated and reduce government intervention in the private sector. Economic growth and a better environment for business were created by changes in areas such as financial markets, company and competition law, accounting, and intellectual property rights. Despite the difficulties of the transition process Poland had managed to successfully join the European single market in just 15 years.

# Exports and imports

Since 2004 there has been a steady growth in the Polish economy. Despite the unfavourable conditions prevailing in the Global and European economy in 2011, Poland's economy has developed at a stable pace. The gross domestic product (GDP) increased in 2011, in real terms, by 4,3 percent. Poland's strong economic performance was fuelled by high export output, increased business investment and rise of individual consumption.

In the years 2000- 2010 Poland's exports value increased nearly 3,5 times. According to the CIA fact book data, Polish exports in 2011 reached the amount of 197.1 billion USD. The dominating role in the structure of Polish exports is played by:

- machinery and transport equipment amounting to 37.8 percent
- intermediate manufactured goods 23.7 percent
- miscellaneous manufactured goods 17.1 percent
- food and live animals 7.6 percent

Up to 78 percent of goods are exported to the EU27. The biggest trade partner in the EU is Germany, which accounts for 26,2 percent of the total value of the Polish exports. Other major EU export partners are:

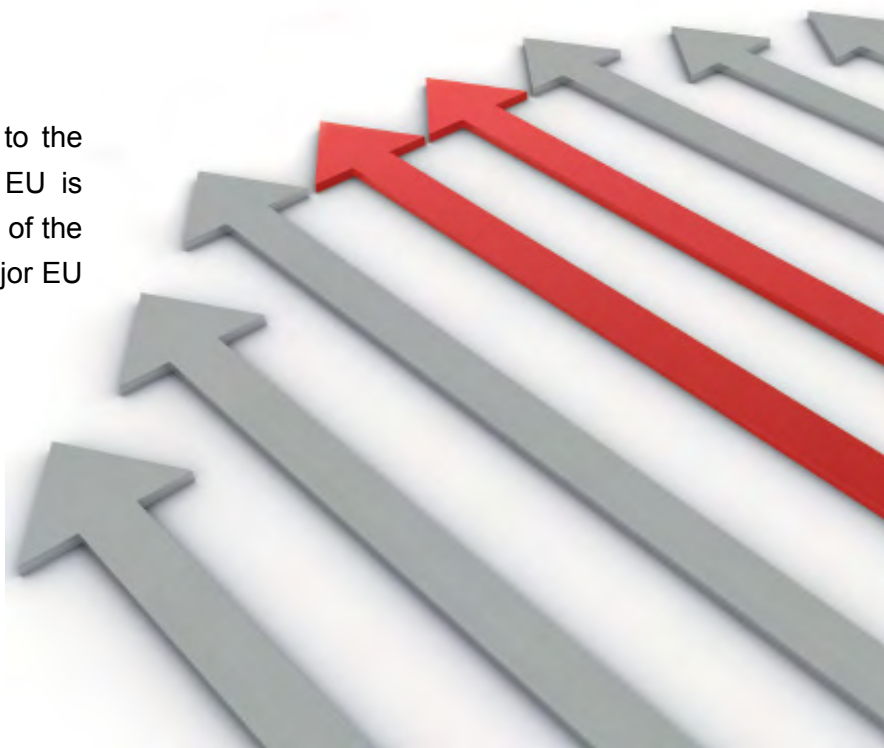
- France with 7.1 percent
- UK 6.4 percent
- Italy 6.3 percent
- Czech Republic 6.2 percent
- Netherlands 4.3 percent

Russia is the major recipient of the Polish goods outside the EU, with just over 4 percent.

In 2011 the commodity turnover in foreign trade grew slightly faster on the exports side than on imports. Last year imports reached the level of 217.9 billion USD. Most purchased goods were:

- machinery and transport equipment 38 percent
- intermediate manufactured goods 21 percent
- chemicals 15 percent
- minerals, fuels, lubricants
- related materials 9 percent.

Polish main import partners were Germany 29.1 percent, Russia 8.8 percent, Netherlands 6 percent, Italy 5.8 percent, China 5.6 percent, France 4.5 percent, Czech Republic 4.2 percent.





## Investments

Since 1989 foreign investment has been at the centre of Poland's economic transition. Since 1990 over 180 billion USD was attracted by Poland in FDI, most from Western Europe and

United States. According to the estimate of NBP in the first 10 months of 2011 foreign direct investment to Poland amounted to EUR 9 billion, which is already over 2 billion more than the FDI of 2010.

In recent years Poland has become a competitive market, attracting a growing number of foreign investments. With a talented and well educated, young labour force, strategic geographic location, sizeable market and wage rates among the lowest in U, Poland attracted a significant number of new private investment.

Poland also proved to be resistant to external shocks – mainly due to the country's significant internal market and diversified export structure. The risk of financial crisis also held steady on a low level (public sector debt amounts to 55.0 percent GDP while the EU27 average equals 80.0 percent GDP).

The sectors which are most attractive for investors include power generation, environmental technologies, defence equipment, IT products and services, gas related and medical equipment. Moreover the European Football Championships of 2012 being organised by Poland and Ukraine has proved to be major stimulating factor for the development of construction, service and tourism sectors.

Euro 2012 enhanced the demand for the wireless technology products and improvement of athletic facilities. Moreover foreigners are encouraged by the Polish government to invest in medical equipment, the value of which is estimated at almost 6 billion PLN. About 70 percent of all medical equipment is imported, since Polish manufacturers are not very competitive, lack the latest technologies and investment capital. Nevertheless the FDI may decrease in 2012 due to the uncertainty of the European markets, which account for almost 80 percent of all foreign investments in Poland.



## Polish brands

In just slightly over 20 years ago the transition process to market economy began and in this short time Polish brands have already managed to compete head to head with some of the world's most recognised brands. Throughout this time these Polish companies have gained more experience and developed their products to be suitable for foreign markets. The membership in OECD and EU has allowed Polish companies to enter more and more foreign markets with their competitive products, both in terms of price and quality. Especially in time of crisis Polish firms proved to be able to well manage their products and gained recognition in different markets. But what does Poland actually export ?

Poland is usually associated with historical figures such as Pope John Paul II, or Chopin rather than certain products. While France is associated with its perfume, fashion and wine, Russia vodka, and Belgium chocolates, Poland lacks an image that brings a particular product to mind. Nevertheless

there are a number of Polish brands which have proved to be highly successful abroad – Polpharma(pharmaceuticals), Dr Irena Eris (cosmetics), Bumar (defense), Solaris (automotive), Inglot (comsetics), Sunreef Yachts (watercraft), Wedel (sweets) to name just a few.

Moreover Poland became a major exporter of sectors such as cosmetics, IT, transportation, machines, boats, goods made of glass, furniture. Apart from that many Polish products are exported under foreign names, usually when it is too expensive to promote a new product abroad. However, it is anticipated that despite the insufficient funds to promote some of the brands abroad, their high quality products will become the best advertisement. As a result of the globalisation process, the market has been flooded by cheap, low quality products creating a niche for good quality, traditional products. That is where Polish brands come in.

**Agnieszka Anikin** is a recent graduate of University of Surrey. In 2011 she finished an undergraduate course of International Politics. After that she was accepted as an intern at the Embassy of the Republic of Poland in Australia and is soon starting her internship at the Polish Mission to the UN in NYC. [aanikin@ceoworld.biz](mailto:aanikin@ceoworld.biz)



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# Interview

## with Mr. Krzysztof Przybył



### Mr. Krzysztof Przybył

*President of the Board of Directors,  
Polish Promotional Program Foundation*



**What are the main objectives of the Polish Promotional Program Foundation?**

The Foundation focuses on the three main objectives. First one is the promotion of products and services of superior quality, mainly in the country but also abroad. Another important point is to pursue activities for strengthening positive image of the winners of the “Poland:Now” Emblem and the whole environment around the economic promotion of Poland. We also try to make the emblem recognizable as a symbol of Polish economy by strengthening its importance for both consumers and businesses, the winners of the Polish emblem.

**How does the Foundation promote Poland and Polish brands?**

The main tool for promotion is the “Poland:Now” Emblem itself. It symbolizes the highest quality. Manufacturers and service providers who win the award, automatically promote themselves and Poland by using this sign. We also try to participate in many types of projects associated with promotion of Poland. Therefore we work with major institutions responsible for creating the image of our country, including Polish Information

and Foreign Investment Agency, Polish Agency for Enterprise Development, the Adam Mickiewicz Institute and Market Agency.

**This year, the Foundation celebrates 20th anniversary of its existence. Which of the Foundation’s achievements are you most proud of?**

First of all, we are proud that in these 20 years we have become one of the best known and most respected brand. We were able to achieve this through hard work. We already have over 500 winners – such a number of companies can boast about being honored the emblem. Many of them still use it in their advertising campaigns. This fact gives us a special satisfaction.

**Deadline for registration of participation in the XXII edition of the „Poland: Now” contest was set for January, but later on it was extended. Is it because of the record number of people interested in participating this year’s competition?**

Yes, the competition is very popular. We wanted to make the access to the competition easier for companies, which are usually delaying the delivery of application to the last moment and it often happens that correcting and supplementing the documents requires additional time.

What are the main objectives of the „Polish Success” program?

„Polish Success” was established in 2007. Based on practical experience of rewarded entrepreneurs shows and teaches how to achieve success in business. We invited many of great personalities from the world of science, which explain this information at the seminars and conferences in a scientific manner. „Polish Success” develops very fast and the number of projects within this program is growing.

Do you plan to create new programs in the future?

We want to pay more attention to sports projects. We will implement them in cooperation with the Polish Information and Foreign Investment and the Ministry of Economy.

Foundation's newest initiative is the Polish Promotional Emblem Contest „Outstanding Pole.”

Until now, the competition “Poland: Now” was dedicated to products and services but we decided to reward outstanding people as well. For this purpose we cooperate with the Polish communities abroad. It is a well-developed environment which has many successes. The first winner of the „Outstanding Pole” award was prof. Hilary Koprowski, who invented the vaccine for polio, the virus that causes poliomyelitis. This discovery gained him great reputation as a scientist, but also let him earn a lot of money for which he bought many vaccines. He gave it to Polish hospitals and saved a lot of children. This is a great achievement but many people in Poland don't even know about it. Last year, the global winner of the contest was Mrs. Dr. Maria Siemionow, a Polish surgeon, who was first doctor in USA who transplanted a human face. Mrs. Siemionow still teaches a group of Polish scientists in the United States and often comes to Poland to support research in this area. She also engages in charity work. There is a lot of such outstanding Poles abroad.

Which winners of the Polish emblem prefer to invest in marketing abroad?

One of the strongest Polish „brands” of export is the construction industry, particularly furniture. Besides - chemicals, clothing and footwear, as well as Polish yachts, which are of great reputation abroad.

Does economic crisis affect global and local awareness of Polish brands?

Despite expectations, the crisis has affected them rather positively. In times of recession the strongest brands are still prospering well and we do not see complaints about the crisis among our winners. This makes us very pleased and proud.

How can domestic brands promote themselves in the context of the forthcoming EURO 2012?

This is a very difficult question to answer, because apart from companies that have signed the contract and put an appropriate efforts to promote themselves, there are not many possibilities to promote domestic brands directly at the Euro2012. From the organization of this event the tourism and gastronomy will benefit in the first place.

What are the plans of the Foundation for the coming years?

For sure we will strive to maintain the position of promotion leaders. We hope that we can perform actions integrating different environments and industries. We regularly organize conferences and meetings during which various institutions and companies exchange their views on the concept of promoting Poland abroad. We also try to focus more at the local governments issues, which can independently perform all promotional activities. We also support the „Local Government of Sustainable Development” program, in which we try to talk about the ways of developing management methods at the local government level.



# Interview

## with Mrs. Dr. Irena Eris

### Mrs. Dr. Irena Eris

*Science and Research Director, Co-owner and Founder  
of Cosmetic Laboratories Dr Irena Eris*



#### How did Dr Irena Eris brand come into existence?

The beginnings were very difficult. In 1983 Poland was still under the communist rule. We all have dreamed of a better world, but no one really believed that anything will change. That time I worked in Warsaw's Polfa. I was very creative, I wanted to explore and discover, but my work did not meet those expectations, so I began to feel frustrated. With a help of family capital I set up a small laboratory where I could produce cosmetics. They have always been very important for me. During my studies I started to make creams to solve my own dermatological problems to help my friends as well. I decided to start my own business so I would be able to make independent decisions and do what I want and what I like. I did not dream about building a brand, I just wanted to have satisfaction from what I do. At the beginning the brand was built intuitively. I signed my products for which I wanted to take full responsibility – they could not be anonymous. I had no awareness that the brand is the greatest value of company. I started with the production of one cream and modest facilities that were substitutes of what I wished for. My husband helped me with administrative matters and later on took care of distribution. Polish women have already had a high awareness that skin needs to be nurtured and cared for themselves – there was no need to develop this consciousness.

#### Did the market prove to be receptive at sight?

Not really. Despite the shortage of care cosmetics in the contemporary market, it was not easy to sale this cream. Most of the stores were state-owned and they were not interested - in the contemporary reality – in contacts with private entrepreneurs even though

they had nearly empty shelves then. However, the cream was of good quality, so the information about it has spread quickly by word of mouth and the ladies started to buy it willingly. I reinvested money in new products. I wanted to create an entire line of cosmetics, from which every woman could choose the products suitable for her skin. I dreamed about the development of my laboratory and new machines with which I would be able to produce more high-quality cosmetics. We started to run business in 1983 years and few years later, in 1987, people stood in long queues under laboratory.

#### Did you have an impression that a dream was coming true?

I wanted to create a place where I could work without pressure and strict guidelines. I wanted to manage it my own way. In 1989 I employed about 12 people and still could not meet the demand. Then it all turned around - the capitalism came. I became a businesswoman, a private entrepreneur, who turned out to be not as bad as he was seen in the PRL. It was noted that I invest my own resources, employ people, pay taxes and entrepreneurship proved to be the driving force of our economy.

#### The company was already known then.

Yes. Me and my husband decided to create a real factory with appropriate modern technological facilities. Value of the Polish zloty against foreign currencies changed. Finally I was able to import modern, specialized machinery from the West. We bought a land in Piaseczno near Warsaw and began to build a proper factory provided with the modern process lines.



We could hire more people, productivity increased, and then for the first time we were able to meet and balance the demand. This was the time when our firm began to evolve into a mature company. Modern laboratories of Technology - Implementation, Quality Control and still unique Center for Science and Research were found. I started to think about a holistic vision of beauty. It is not enough to use best cosmetics for home care to be beautiful. They need to be applied in a professional way, be matched to individual needs and followed by a dermatologist support. This idea led to creation of the Skin Care Institute Dr Irena Eris network, which today includes 23 institutes.

[And in 1997 the first Hotel Spa Dr Irena Eris was built.](#)

It was the first such hotel in Poland. Spa services were not known yet, now we can see them flourishing. It was our experience, everything we did was based on our intuition, we did not want to use the advice of external consultants. We wanted to do it in our way. In 2007 another hotel was built, this time in a different way - based on previous experiences. Both of our hotels were a great success and continue to determine the standards of spa-type services in Poland.

[So can we say that the Dr Irena Eris brand has many faces?](#)

Our brand is based on four pillars at the moment. The first three are: cosmetics, SPA Hotels and Skin Care Institutes. The fourth is our Center for Science and Research, which I'm very proud of.

It is separate and not included in the laboratory and technological base of our company's organization. People with academic titles work in the Center. We are the only company in Poland and one of the few in the world that conducts advanced research methods as in vivo, in vitro and ex vivo. We examine various active substances, which are a base in the process of creating new, innovative products. In our Center we are also working on new substances that were never used in cosmetology yet. Thus we were the first in Europe to introduce the K vitamin for cosmetics. We were also the first company in the world to introduce folic acid. We have 5 patent applications, which I think is a big achievement. We cooperate with many research centers, Polish and foreign - such as, inter alia the University Hospital of Schleswig-Holstein, Polish

Academy of Sciences, Medical Universities. We publish our findings in the Polish and foreign scientific journals - including those from the prestigious Philadelphia list.

[You reached a great success in Poland. How and when did you start introducing your brand to foreign markets?](#)

The brand is very well known today and can boast of the Superbrand title. This year, much to our delight and surprise, we were the strongest Polish brand in all industries available on our market and in the cosmetics category even ahead of Chanel. It is a real success! As for exports, it began a very long time ago, before 1989. Currently we pursue this activity, because we believe that it is a necessary element of development of the company. We send our products to 27 countries. At this time, exports reaches around 10% of our turnover and we want it to grow steadily.

[In what way is the exports network organized?](#)

It depends on the country. In Ukraine, we have our own sales subsidiary - Lirene Ukraine. Sometimes we work through local distributors, as for example in Germany. In Hong Kong we have a strong position in professional cosmetics sector, we are also generating interest in our products in China and the sales level is satisfying also in Taiwan and some Middle Eastern countries like Kuwait and Saudi Arabia. In the U.S. we have a distributor who sells mainly to beauty salons, which does not require marketing support, because in practice it is the beauticians role to sell our products. In Lithuania, we can boast of more than 3% market share. Our cosmetics can also be purchased at pharmacies in Brazil and in Tasmania. It is still difficult to define us as a global player, but we have a lot of good opinions from customers in different countries. Our creams are of really very high quality and are able to compete with the best brands in the world. The occurrence in any market requires marketing support and we take this into account while expanding our distribution network.

[What are your plans for the next year?](#)

In the near future we will focus on strengthening the four mentioned pillars of our activity because together they constitute our brand and its position. We plan to build a third hotel - in Polanica Zdroj. We already bought land and applied for various types of permits. I hope that next year we will begin construction and the hotel will be ready in two years.

# Interview

## with Mr. Jarosław Zych



**Mr. Jarosław Zych**

*President of Colway*



**Mr. Maurycy Turek**

*President of Colway*

*When was the idea of Colway born? Can you tell us about the beginnings of the company?*

The story began when we first heard about probably the biggest contemporary Polish biochemical invention, unique and so far inimitable anywhere in the world – effective extraction of collagen molecules from fish skins. My visionary business partner, Maurycy Turek, said that the opportunity to organise a distribution network based on a genuine elixir of youth would never knock to our door again. Without the millions of dollars necessary to credit wholesalers to stock their warehouses and then the shops with our Natural Collagen, without further millions of dollars to finance media advertising campaigns to direct the thousands of people interested in keeping their faces wrinkle free to these shops, and finally without the means for the whole logistics required to create the market for our product, we took the chance to build from scratch a direct sales network of consumer recommendation to create a demand for Natural Collagen without engaging traditional trade channels – shops. Such projects are possible only when an enormous recruitment

effort is made, the people who take up the difficult task of network marketing are able to make truly decent money, and all of these is based on a sensational, amazing product which gives spectacular results. Because all these factors merged the success has proved to be inevitable. We are about to sell the two-millionth bottle of Natural Collagen. We have managed to create a stable distributor's network structure and acquire hundreds of thousands of committed users. The turnover is steadily increasing and there are stunning prospects for the future not only for us, but also for all those who will propagate the idea of Polish collagen in the world.

*Natural Collagen is a spectacular invention. What makes the products so innovative?*

The unique specificity of the invention means that the youth protein – collagen - is extracted from fish skins in its living helical form and is packed into a glass jar as a collagen hydrate and it retains its biological activity for up to a year. After Natural Collagen is applied on human skin, biologically active protein spirals break into free amino-acids and peptides which penetrate the

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## HIGH BIOTECHNOLOGY



epidermis to reach the fibroblasts – our body's collagen factories. The effect is unbelievable – it slows down the wrinkling processes for years by stimulating the skin's own collagen production. This unique Polish product – collagen obtained from fish skins - is a ready cosmetic, and contains only four simple ingredients. Unlike other creams, even the most expensive ones which often contain chemical additives especially parabens, Natural Collagen does not contain anything which would be alien to a human body. It contains no fragrances, colourings, or other harmful chemicals and more importantly, it is reasonably priced and gives truly spectacular results.

#### How would you summarise the year 2011?

It was a great year. We stabilized the increasing trends of turnover in Poland and Eastern Europe. We also managed to enter the world's key markets in the UK and the USA. Our amazing product has given us an incredible marketing potential. New prospects are now appearing. It was last year when we felt the world opened wide for us.

#### What projects are Colway going to put into practice in 2012?

We would like to launch new products to complement our series of cosmetics based on Polish biologically active fish collagen. We want to introduce new marketing tools which will control and maintain the increasing trends in our region. Finally, we would also like to share the profits from Natural Collagen with other brave and visionary people from other countries who would be able to implement our elixir of youth into their business projects.

#### Colway Company is facing a fast development. Which markets would you like to tackle in the nearest future?

Obviously, we have very ambitious plans. First of all, we would like to see our newest agencies – in the UK and in Florida – grow significantly. Secondly, we want to draw the attention of all English speaking tradespeople there to understand what huge marketing potential is hidden in a pure, natural and transdermal collagen. Our agencies in the UK and the USA – in the countries which are the gateway to a global wellness market - will play a leading role and they will be the apple in our eye. However, much depends on visionary people coming to Colway and making their own fortunes with Polish fish collagen – a genuine youth elixir.

**Jarosław Zych – President of Colway**

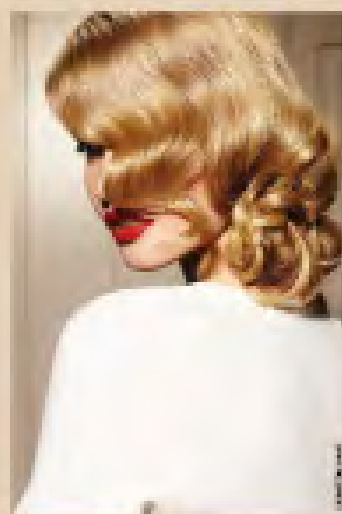


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# Interview

with Mrs. Czesława Listwan



This year SAMANTA celebrates its twentieth anniversary. Where does the idea for this business come from and how did the beginnings of the company look like?

Samanta is a Polish company set in 1992 as an initiative of some befriended women who had one thing in common – the passion for creating extraordinary things. In the 90-ies it was the time of many unfulfilled consumers' needs. Both home and local market in a small village like Maków Podhalański were giving many opportunities for ambitious, enterprising and determined women.

While talking to owners of clothes shops and looking for underwear on a local market I discovered the lack of underwear for women which would emphasize women's unique build. I recognized the need that was also mine. I took the talent for constructing and sewing after my mum but the sense of beauty and esthetics have been always a part of me. The subject seemed to be inspiring enough to go deeper. My sister and I made a quick decision to fulfill this need and to develop a recognizable brand of women's underwear- Samanta.

What were the main breakthrough moments in the development of the SAMANTA company?

Moments like these happen every day. Each task that has been realized stands for a breakthrough moment, a step ahead. If we want to talk about milestones there were a few of them. First was definitely spreading from a local market into the home market. The fair in Poznań in 1999 let us achieve this goal. During this time the whole sale was done through a network of warehouses.

This form of sale lasted for a few years but for us the most important has always been a customer and their needs and wholesale did not allow us to stay in touch with these needs. It was when we made another important decision about selling our products directly from the shops with branded underwear. I would like to underline that it was a pioneering decision on the Polish market. We were the first company to make such decision and put it into practice. It was a difficult time demanding many changes and a reorganization of the whole company from production through delivery to sales.

One of the last breakthrough moments was dividing our brand into sub-brands -Samanta Young, Samanta Pret – a – Porter and Samanta Glamour. A series of research had showed a potential to diversify our offer and address bigger target group. Each sub-

brand has its own target group of customers, individual style but it is still consistent with the main brand.

What makes SAMANTA company so different in comparison to other underwear sellers?

The clients of Samanta company are active women who can appreciate the pleasures of life, optimistic who like to feel attractive – for themselves, for their partners and the others. Well chosen high quality brand bras let them feel confident in every situation. We would like our products to meet the needs of as large group of women as possible so we could stay competitive. For our clients we have combined comfort with beauty which makes our brand so exceptional.

What are your target markets apart from Poland and to which markets are you going to spread?

For last few years our company has been continuously developing its brand on the foreign markets cooperating with distributors from Russia, Ukraine, Israel and United Arab Emirates as well as some luxury boutiques in the European Union and Mongolia. In 2012 we are going to enter the markets in North America: the USA, Canada and continue spreading into the markets of Eastern and Southern Europe.

Could you present the plans of the company SAMANTA for the coming year?

We have got a very ambitious plan to promote the Academy of Underwear, a portal owing to which we would be able to get even closer to our customers. Our stylists share the knowledge with the shops owners about how to advise on one's underwear choice.

The knowledge supported by research on how to select the right underwear for somebody's build, time of the day or an occasion is our main strength. We take part in an undertaking "The Cinema on High Hills" where we pass the knowledge about the underwear, styles and trends on our potential clients. The underwear is not only used to cover one's body- it helps to express oneself- that is our motto.

The underwear women choose shows their interest in fashion, comfort and sexuality. During the meetings we talk, listen to suggestions and we draw some conclusions. This way we can continuously develop and make women's life more feminine, comfortable and fulfilled. An image of a woman today is very important for us and our underwear is part of it.





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Samanta Listwan i Adamek Sp.j

Białka 556a

34-220 Maków Podhalański

tel. + 48 33 874 90 00

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# Polish Design

Design by Patrycja Devi Wendorff, ARCHIteria Patrycja Wendorff [patiwen@tlen.pl](mailto:patiwen@tlen.pl)





# Polish Design

Polish design is appreciated all over the world, due to its most typical characteristics. This part of Polish art is not only universal, functional and economical but also traditional and modern. Polish projects are presented on one of the most prestigious european design events – Milan Design Week. In 2012 there are four dominating trends: colour, folk, style of 50's and 60's and ecology.

## Power of the Colour

In 2012 Tangerine Tango becomes the 'it' colour. Tangerine Tango is an optimistic, energetic and vivid colour. It will brighten up any interior and every person for whom the appearance has a meaning. Apart from the Tangerine Tango this year a significant role will be played also by other rich colours such as yellow, green or blue. These colours will leaven the elegant, well designed interiors and will surely make them more interesting. This year we can

notice a trend of employing intense elements which transform the artistic exposition into an useful house. This kind of colourful detail can be found in products of CablePower™. This company was awarded with the 'MUST HAVE' during the Łódź Design Festival 2011. Maja Zalewska and Marek Kostykievicz changed ugly, boring cables into an interesting ornament. Their work can be defined as a elegant minimalism.

## Folk Still Alive

In 2012 Polish folk culture remains an inspiration for Polish designers. Polish folk is full of tradition, magic and patterns. Using it in the modern style is not only a great way of promoting Polish culture, but it also enriches the applied art. This year intense colours and folk patterns unite. Folk is appears both in interior decoration and in fashion.

We can notice the comeback of traditional HAFTY, bedspreads, pillows and carpets with the folk patterns. Apart from that jewellery, clothes and accessories are also being decorated in this fashion. An interesting example of the folk and modern blend

is an colourful carpet, which refers in its style to the handcrafted folk cut – outs, of the MOHO DESIGN. This company is created by three designers Ross Lovegrove, Michał Biernacki oraz Michał Kopaniszyn. MOHO DESIGN is the first Polish company, which has been awarded the prestigious Red Dot Design Award in 2008, indicating that their designs are of the highest quality. Lately the projects of Małgorzata Kotlonek, who together with her sister Agnieszka Kotlonek-Wójcik found the company GOSHICO, became fashionable. Małgorzata Kotlonek designs bags with folk patterns made out of felt.

## The comeback of 50's, 60's Design

The modernity of 50's is starting to become the modernity of today's Polish design. Only in 1956 the attitude towards the design changes. Old, simple, realistic form has been replaced by experiments, abstraction, slanting lines and vivid colouring. In 2012 it all returns. The famous organic armchair made from resin by Roman Modzelewski is going through its own renaissance as it becomes an inspiration for the modern furniture designers. Moreover plywood comes back as a material which enables shaping the furniture into organic forms – which were so fashionable in 50's and which become so once again in 2012. Apart from that PIKASY become popular – ceramic statuettes, which simply perform an ornamental function. Ceramic accessories are a perfect way to complete an interior by adding some soul to it. It is worth mentioning here a gallery of hand made statuettes from the Porcelain Factory AS Ćmielów. The new



collection of professor Lubomir Tomaszewski can definitely be defined as a collection of porcelain art pieces. The products of the Factory are appreciated in a number of countries, just to name Russia, Japan and England. Surely the fact that these products merge tradition, unique style, high quality became the main reason for their popularity.

## Ecologically Conscious Design

Poland is often described as a clean and ecological state. Polish designers and Polish manufacturers are highly involved in saving the environment. The ecological crisis demanded design to create an ecologically aware human being and popularization of a life style compatible with nature. Environment degradation is a serious danger for our planet, and a danger created directly as a consequence of human activity. Thankfully the society decided to take the responsibility and the idea of ecology

was created. One of the ecology oriented Polish companies is Barlinek Group – the leading manufacturer of wooden floors. This company produces high quality, fashionable, ecological floors, which are neutral for the environment. Moreover they initiate a number of projects which support the protection of environment. An interesting design idea is the ecological furniture made of cardboard produced by Kartooni. Their projects are manufactured from the waste paper.



AS Cmielow  
Porcelain Manufactory



Mazowsze, M. Naruszewicz, 1957



Stork, M. Naruszewicz, 1959

# BEST POLISH DESIGN

luxury business gifts



Hussars cup red, E. Penderecka, 2008



"Futboll cat", K. Czuba, 2002



Bison, M. Naruszewicz, 1957

excellent quality,  
handmade porcelain

Girl in flares, L. Tomaszewski, 1961



Sitting girl, H. Jędrasiński, 1958

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AS Cmielow Porcelain Manufactory  
ul. Sandomierska 243  
27-440 Cmielow, Poland  
tel./fax: +48 15 861 20 21  
e-mail: [biuro@cmielow.com.pl](mailto:biuro@cmielow.com.pl)

Brand and product strategy construction is tied to the knowledge of the current trends in design. Every company which wants to develop should carefully observe the upcoming tendencies. Trends in design are a result of creative approach towards life and self development. Best designers simply play with their imagination, and by such they fulfil the need of making their ideas true. The idea should be original, useful, environmental friendly and easy to produce – these are the

ingredients for success. Design allows people to put their thoughts into something real – to create something out of an idea, it raises the quality of the product and allows one to feel that he is in possession of something unique. A mature entrepreneur, for whom the future of his company is of great importance, builds the strategy of the company development by observing the tendencies in design.

**Marta Magdalena Hac**, MA graduate in Journalism and Social Communication, Faculty of Journalism and Political Science, Warsaw University, Project Coordinator of „The Report Poland 2012” and culture journalist of CEOWORLD Magazine.

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# Hospitality & Cuisine

Photo by Anna Gora-Klauzinska [www.kadeskaart.com.pl](http://www.kadeskaart.com.pl) [kadeska@kadeskaart.com.pl](mailto:kadeska@kadeskaart.com.pl)

# Polish hospitality

**Tourism is the strongest and the most efficient of the six key marketing communication channels available to our country. It is a major dimension of the national brand. Poland is a competitive travel destination through its rich history and location in Europe. Direct competition for our country are the Czech Republic and Hungary.**

In tourism, we dispose of a significant competitive advantage, which is based on a huge, diverse and attractive capital of hospitality and innate power of attraction of Poles and the country itself. And we have something to boast of.

Despite the world crisis, Poland is holding up quite well in the tourism industry. Although in the last year the number of overnight stays in the European Union has decreased, Poland recorded an increase of 4.7%. Better performance was only noticed in Slovakia. These two countries have in practice saved the sector.

The main purpose of visits to Poland is tourism and recreation. The number of this kind of visits is forecast to increase. Tourists also visit our country on business, transit, often choose to go shopping and to visit relatives or friends.

Consumers increasingly use the 4 and 5 star hotels. The increase in demand for services in such facilities is noticeable mainly among foreign visitors in major Polish cities. Growing number of hotels in economic class is dominated by domestic customers. Hotels are formed in the neighbourhood of major airports. Increasingly willing to invest in this branch are large networks, such as Hilton or Marriott. Of course, not without

significance is the increasing value of the Polish market for travel services. The dominant position in terms of visits by foreign guests is taken by Warsaw and Cracow, providing an excellent base for hiking trips. Katowice, Poznan, Lodz, Szczecin are mainly visited for business purposes.

In contrast to global trends, where 80% of tourist accommodation opportunities are focused in hotels, Polish base is different. 40% of such facilities are to be found within seasonal accommodation. Pricing in our country is also different from the overall global trend, as the price elasticity is quite limited.

Poland offers a fairly wide range of accommodation in historic buildings. Numerous castles, palaces and ancient manor houses are willing to host the most demanding customers. These facilities often extend their range of accommodation for additional conference services, events or SPA.

Growing number of investments in apartments is also observed. Foreign customers are willing to purchase short-term apartments for rent. The high standard of finishing flats and apartments is a competition for hotel rooms. Interest in this type of investment is growing especially in Pomerania and Warsaw.

## The grass is greener on the other side of the fence

For the last several years the food service market in Europe has been booming, together with the popularity of the regional cuisines. This is a great chance for traditional Polish tastes. Everyone has heard of spaghetti, sushi or a camembert. Now it's time for a renaissance of Polish historical dishes, which are served by more and more restaurants. We look at the rules of our grandmothers in old books and recipes for Polish best delicacies. Zurek, beetroot soup, crayfish, dumplings with mushrooms are just a few examples of most frequently ordered dishes in catering premises. Each of the 16 Polish regions has to offer its own specialties. 'Cebularz' in Lublin, 'gzik' in Poznan, famous flounder and herring in Gdansk are just a sample. The use of organic products is growing and their availability is widespread. The number of 'take&go' venues, branded with names of Polish chefs and taste designers is increasing. The main factors affecting the popularity of Polish gastronomy are the improving consumer sentiment, favorable weather conditions and increasing representative budgets of business clients.

Foreign customers, especially the British, are eager to organize their hen and stag parties in Poland, as well as weddings. Attractive price and high competitiveness puts Poland at the forefront of this industry. Poland is also an excellent base for the organization of national and international conferences, congresses and training courses. Constantly expanding and growing accommodation

favor the development of quality services in this branch of tourism. Business customers account for a large percentage of visitors using this type of service.

The development of tourism industry is accompanied by economic growth of the country. Investment in transport, especially the expansion of air connections, improving road conditions and investment in national arenas and stadiums are just a few of the projects co-funded by the European Union. Cyclic events of international concern such as the Ludwig van Beethoven Easter Festival, the Tour de Pologne, Dominican Fair and numerous film festivals and trade fairs attract connoisseurs, fans and exhibitors to our country. Poland is famous around the globe with its warmth and openness to people. Perhaps this is why it is so often chosen by the tourists.



**Michał Olejnik** is an MA graduate of State Higher School of Film, Television and Theatre. L. Schiller in Łódź. He works as an Executive Production Manager of TV series „M jak Miłosc”. Owner of Hotel Wenus in Kazimierz Dolny <http://www.hotelwenus.pl/>. He is a journalist in tourism industry and Executive Production Manager of International Reports for CEOWORLD Magazine.

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