

POLISH INFORMATION AND FOREIGN INVESTMENT AGENCY

WHY POLAND

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Seattle, March 12th 2012





**DEVELOPMENT
OF EASTERN POLAND**
NATIONAL COHESION STRATEGY



EUROPEAN UNION
EUROPEAN REGIONAL
DEVELOPMENT FUND



Agenda

I. Why Poland – Key Facts

II. Foreign Investment - Advantages

III. Why Eastern Poland



Poland - Key Facts



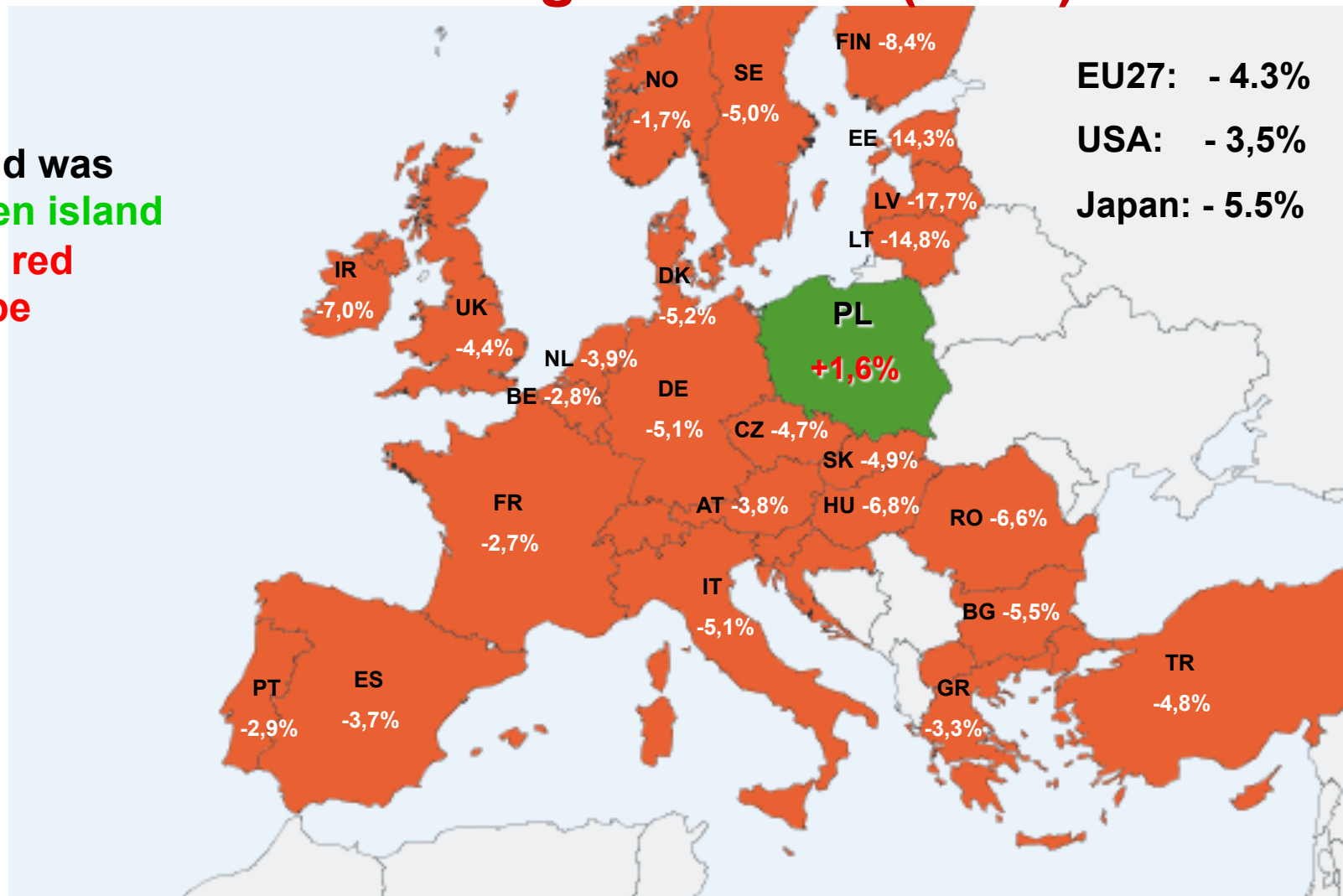
Area:	312 700 sq km – 6th in European Union
Population:	38,12 million – 6th in European Union
Currency:	Polish Zloty (USD 1 ~ 3.10 PLN)
GDP volume:	USD 721 bn (PPP, 2010 6th in the EU)
GDP growth:	1.6% (2009), 3.9% (2010), 4.3% (2011*)
Membership:	EU, NATO, OECD, WTO, Schengen Zone

* Central Statistical Office of Poland, forecast 2012



Real GDP growth rate (2009)

Poland was
a green island
in the red
Europe





GDP changes in 2010

2009:

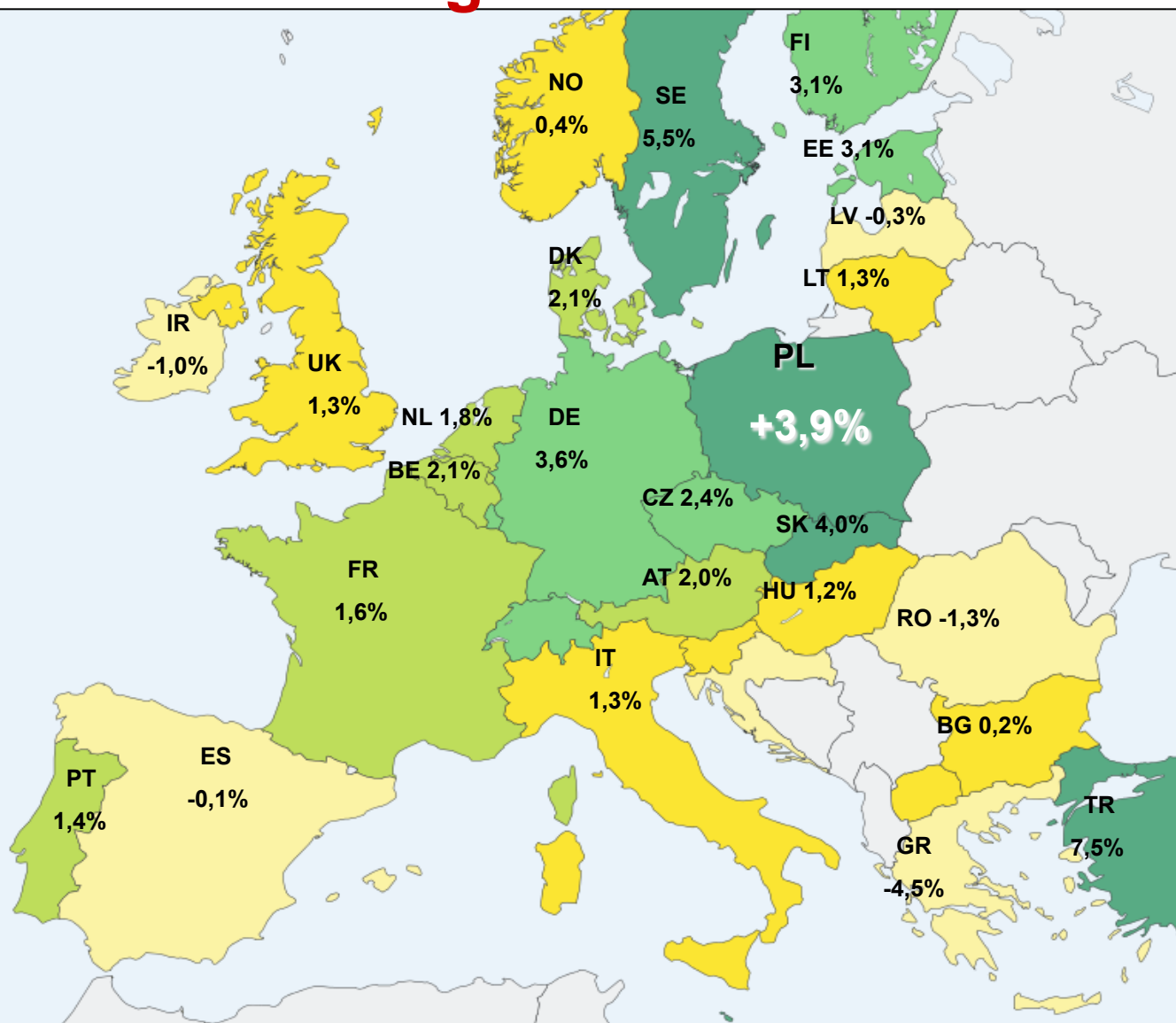
Poland **avoided recession** & experienced the highest GDP growth in Europe

2010:

developed at **one of the highest pace** in Europe

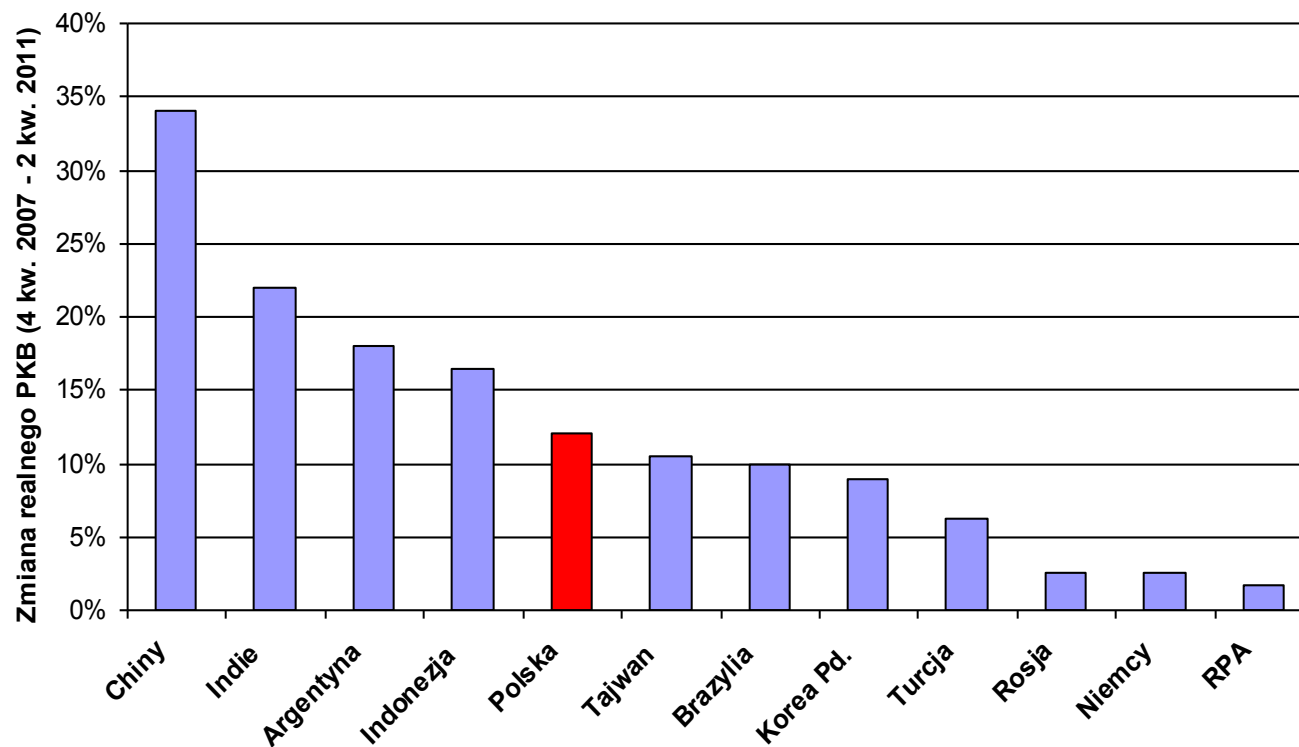
2011:

Polish economy grows **two times faster** than all EU





Poland leads in GDP growth

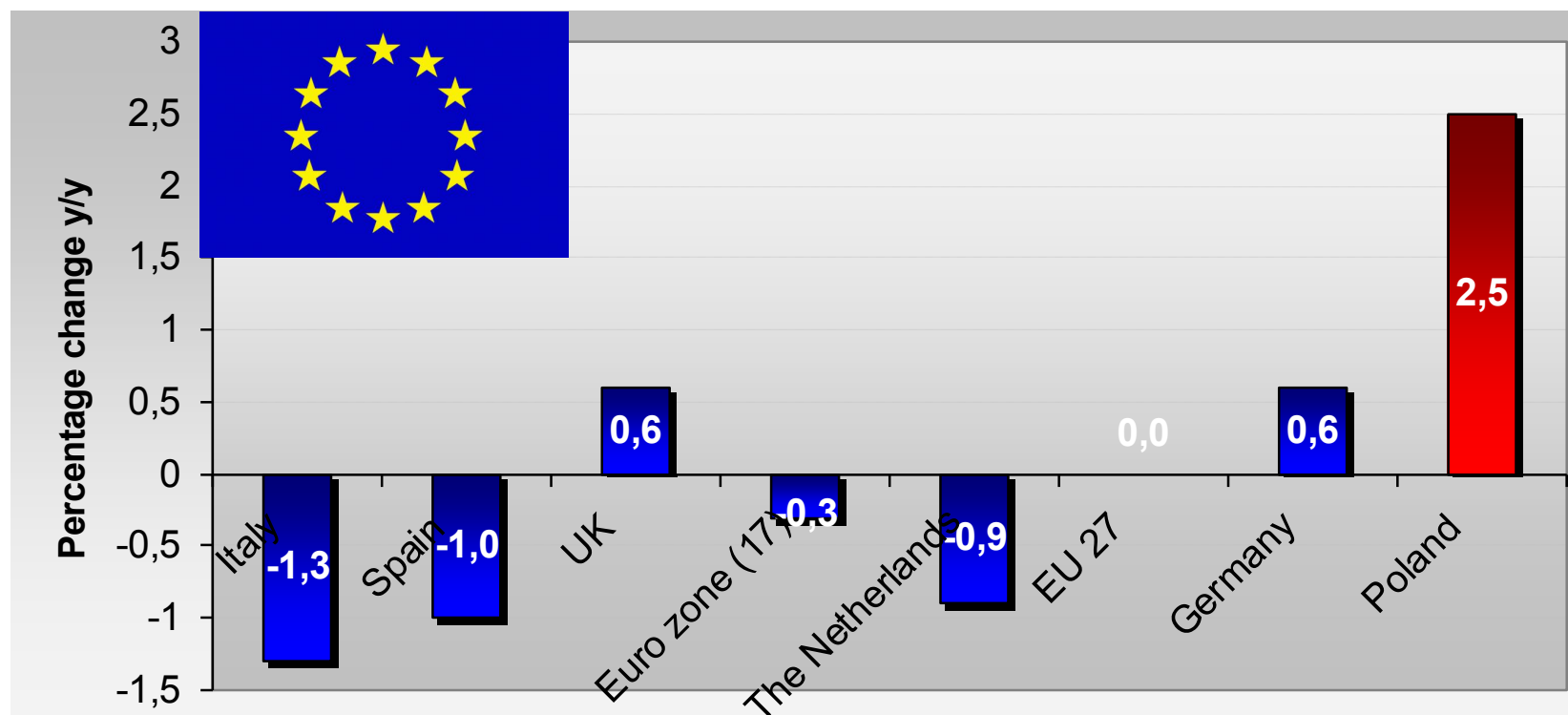


Poland one of the leading countries in terms of GDP growth

- **fifth in the world**
- **first in Europe**



EC forecast of GDP change in 2012





Perception

Most attractive countries for FDI

Rank 2011 (2010)	Country
1	China
2	USA
3	India
4	Brazil
5	Russia
6 (12)	Poland
7	Indonesia
8	Australia
9	Germany



According to UNCTAD, Poland is 6th most attractive country for foreign investors in the world.



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Competitive Advantages

Location & economic fundamentals

- strategic location in continental Europe
- part of trans-European transportation corridor
- stable economic growth - the only country of the EU with positive GDP growth in 2009
- 38 million consumers

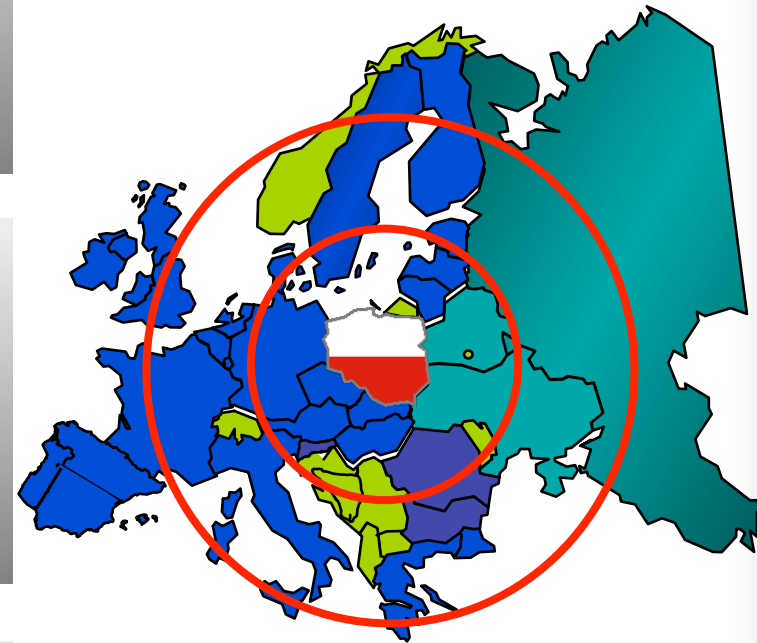
Labor force

- young, well-educated work force
- ca 11% of university students in the EU
- 455 universities & high education schools
- language proficiency
- increasing labour productivity

Investment incentives

- tax exemptions in 14 Special Economic Zones
- grants co financed from the EU (USD 110 bn)

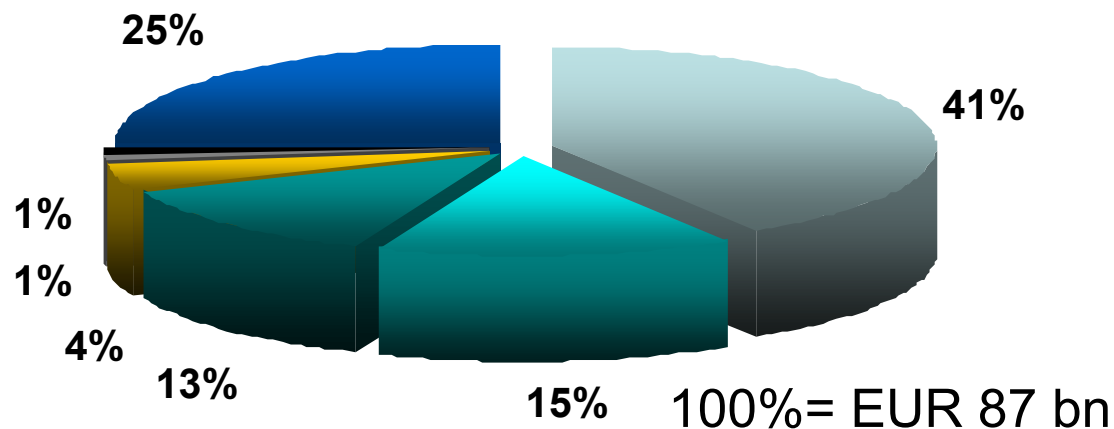
1000 km radius
250 mn people



2000 km radius
550 mn people



European Funds - over EUR 87 bn in 2007-2013



■ Infrastructure and Environment

■ Human Capital

■ Innovative Economy

■ Development of Eastern Poland

■ Programme of the European Territorial Cooperation (Pr. Europejskiej Współpracy Terytorialnej)

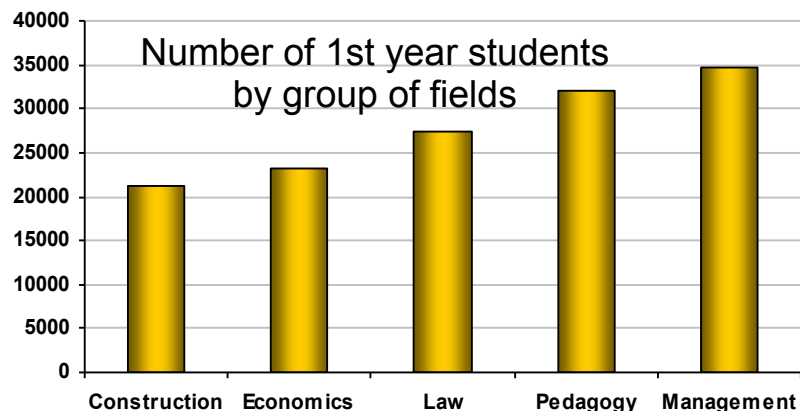
■ Technical Assistance

■ Regional Operational Programmes

Operational
Programmes financed
from the EU Funds
(ca **EUR 67 bn**) and
Polish contribution
(ca **EUR 20 bn**)

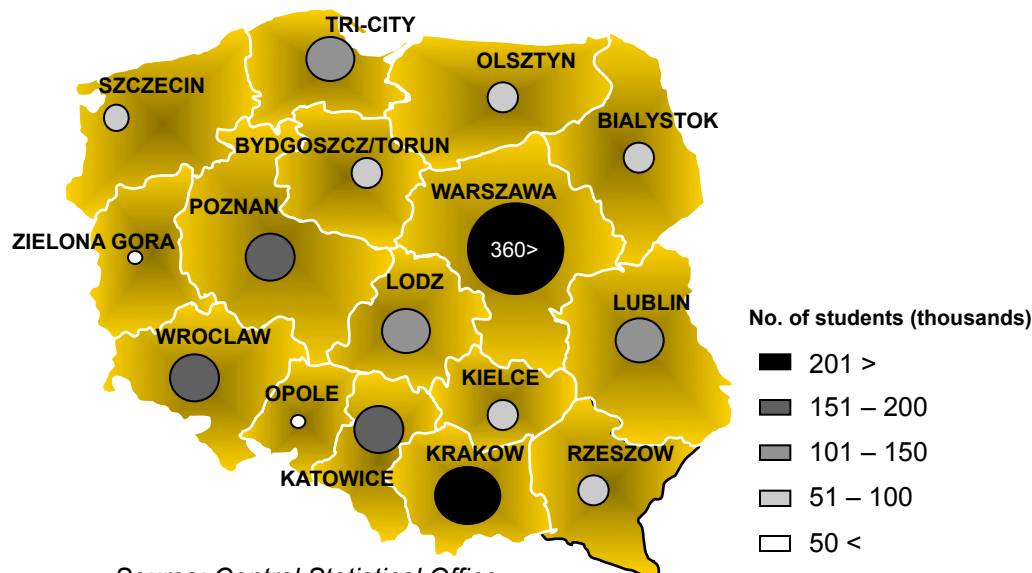


Students and graduates



- 20 M young people
- almost 2 M students
- more than 400 thous. graduates every year
- more than 90% of students know foreign languages

Main academic centers

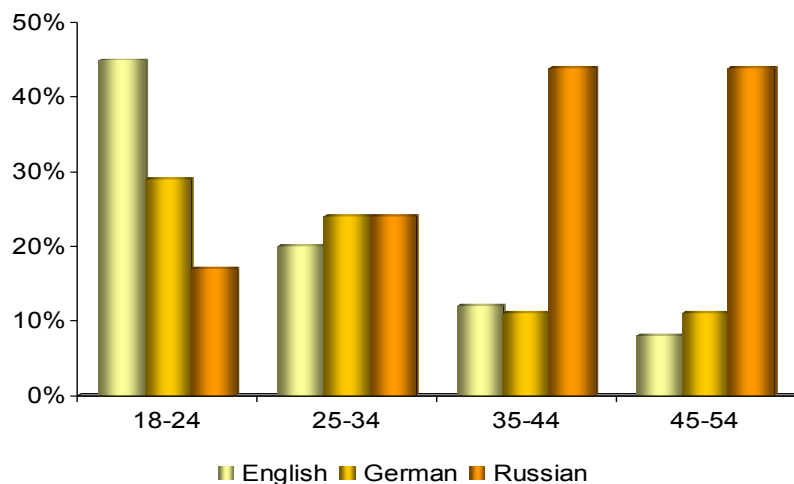


- 455 higher education institutions
 - 18 universities
 - 22 technical universities
 - 95 academies of economics
- growing number of science students



Foreign language capabilities

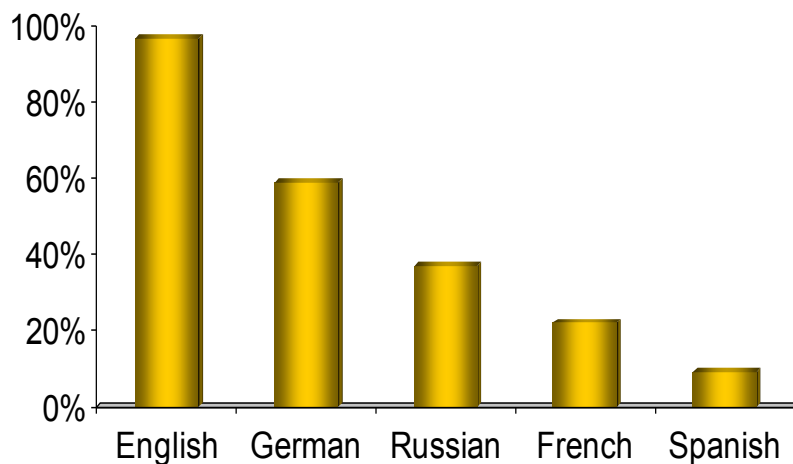
Foreign language capability by age groups



Language proficiency is one of the strongest points for Poland as a BPO center

Children learn foreign languages from the age of 6

Foreign language capability among students



English is the most popular foreign language in Poland

Learning of foreign languages is obligatory in the Polish education system



Tax rates

- **Corporate Income Tax (CIT)**
rate: 19%
- **Personal Income Tax (PIT)**
rates: 18% & 32%
- **Value added tax (VAT)**
basic rate : 23%
reduced rates : 8%, 5%
export rate : 0%
- **Social Security Tax paid by employer**
between 17.48% and 20.41%

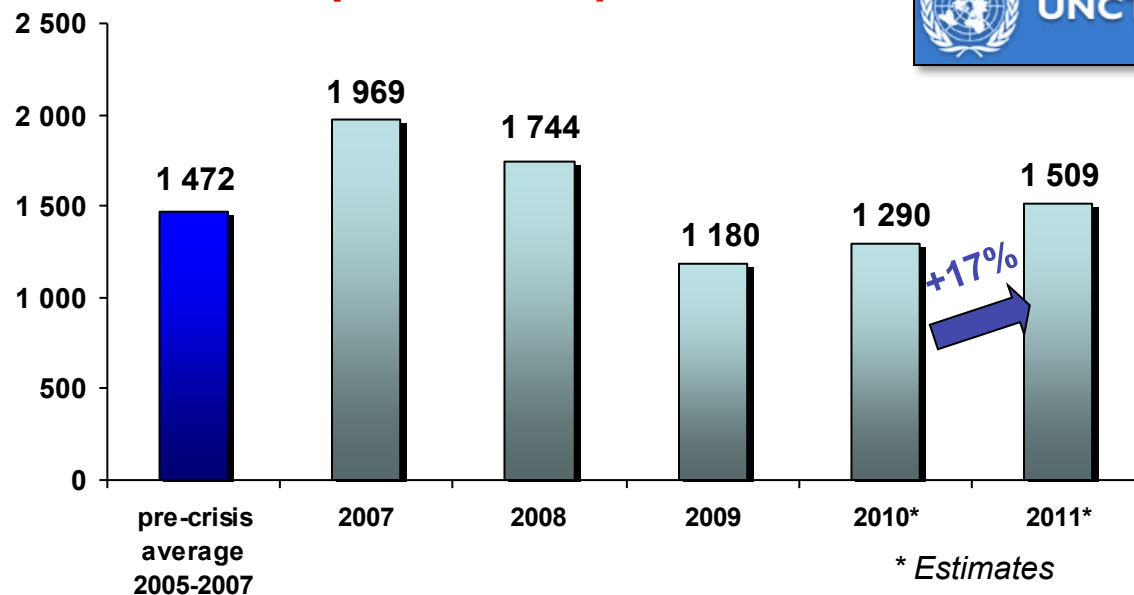




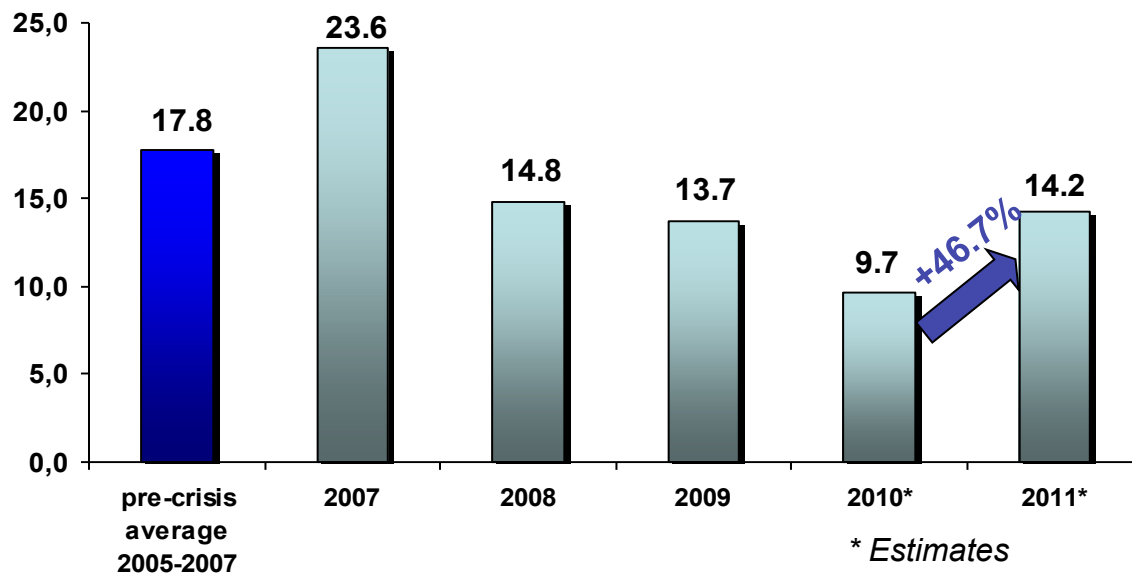
FDI flows in 2011 (bn USD)



World



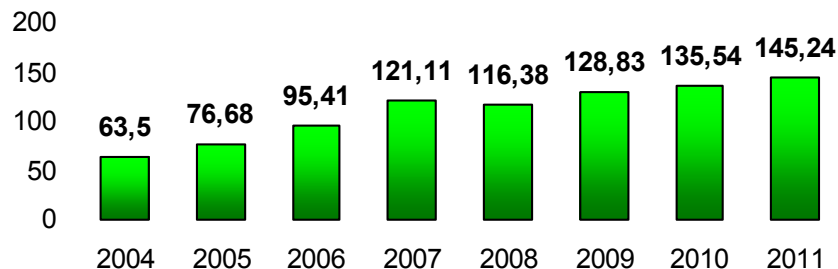
Poland



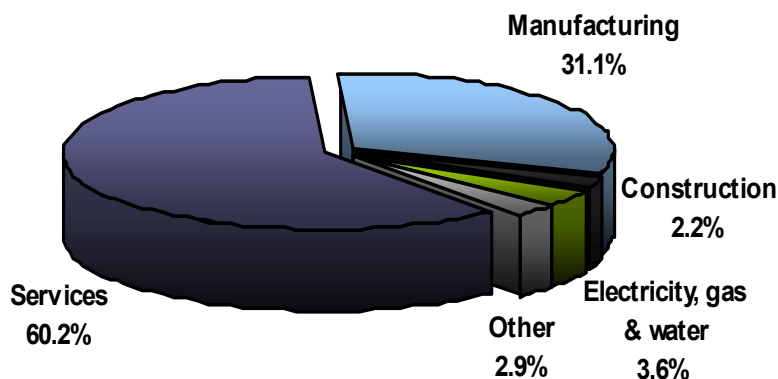
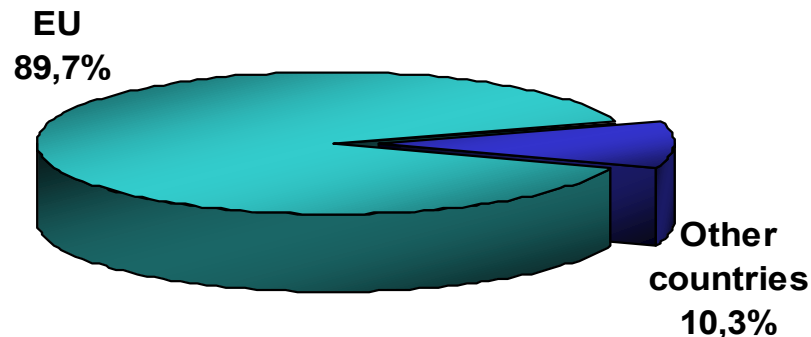


FDI inflow to Poland (EUR bn) and its sources

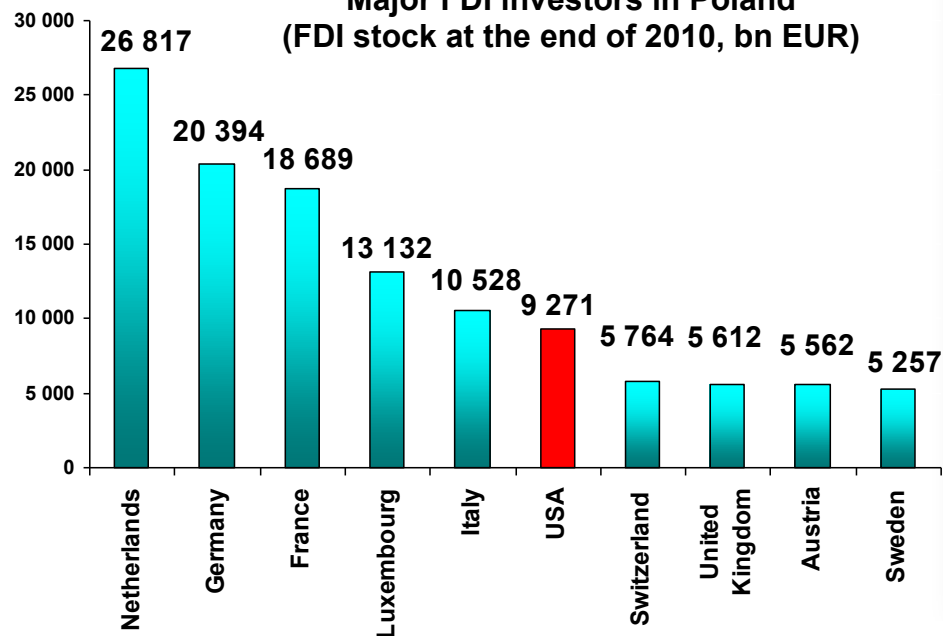
Cumulative value of FDI



Geographical sources of FDI

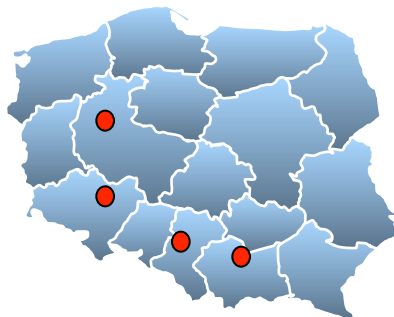


Major FDI investors in Poland
(FDI stock at the end of 2010, bn EUR)

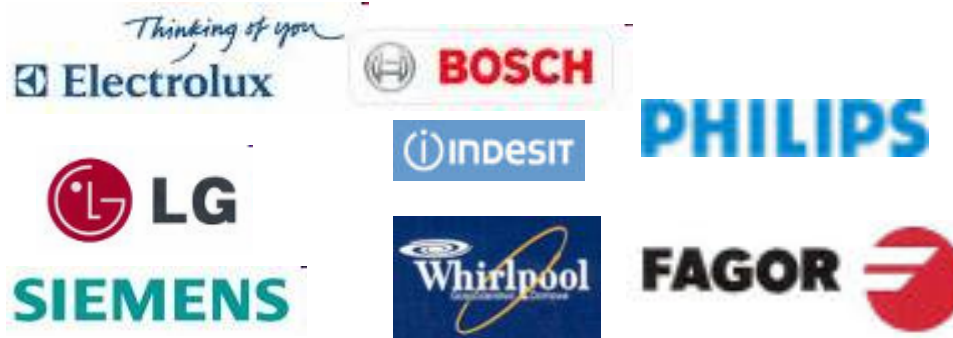


Services and Manufacturing Hub in Poland

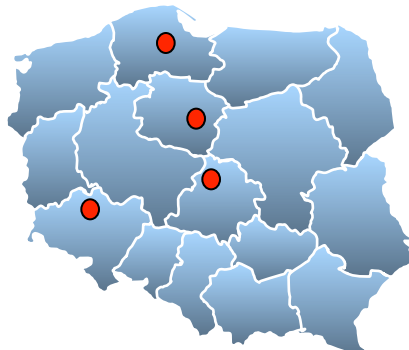
Automotive



White goods



Electronics





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Services and Manufacturing Hub in Poland

Aviation



AvioPolska

AgustaWestland
A Finmeccanica Company

Hispano-Suiza

GOODRICH

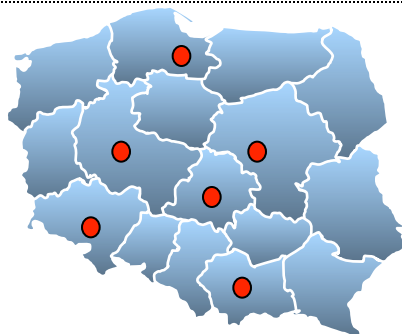
MTU
Aero Engines

EADS
CASA

Sikorsky
A United Technologies Company

Pratt & Whitney
A United Technologies Company

BPO



FUJITSU

Atos
Origin

FRANKLIN, TEMPLETON,
INVESTMENTS

IBM

Lufthansa

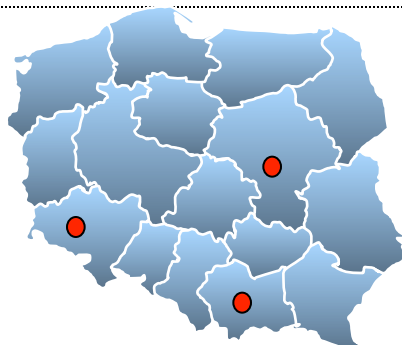
hp

CAP GEMINI
ERNST & YOUNG

Nordea

citi

R&D



Nokia Siemens
Networks

irevna

ABB

SIEMENS



IBM

DELPHI

SAMSUNG

MOTOROLA
intelligence everywhere

ORACLE

WABCO

PLIVA



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Aviation companies in Poland





State aid (I)

- I. CIT exemption in Special Economic Zone**
only available in Special Economic Zone (SEZ)
- II. Government grants through individual negotiations**
individually approved and granted by the Ministry of the Economy based on the Council of Ministers' Resolution
- III. Real estate tax exemption**
subject to negotiation with the local authorities only in case if the investor is the owner of the building (provided by the Commune Council)
- IV. Cash grants available through EU Funds**
subject to negotiation with different managing institutions depending on the investment project key parameters



All above presented instruments can be combined together however the total amount of state aid cannot exceed the maximum aid intensity



State aid (II)



- A special economic zone (SEZ) is a designated area in which manufacturing or distribution activities can be conducted on preferential terms
- The purpose of SEZs is to support regional development
- Currently, there are 14 SEZs in Poland, each consisting of several subzones
- Total area of all SEZ – 20 000 hectares
- SEZ will operate until 2020
- Permits to conduct activities in SEZ are issued by the authorities of each SEZ
- Minimum investment: EUR 100,000
- Possibility of including the land selected by an investor into SEZ

Benefits from obtaining a permit to conduct activities in SEZ :

- eligibility for income tax exemption – a form of regional aid
- plot of land prepared for an investment project, available at a competitive price
- free assistance in dealing with formalities relating to the investment project



14 Special Economic Zones



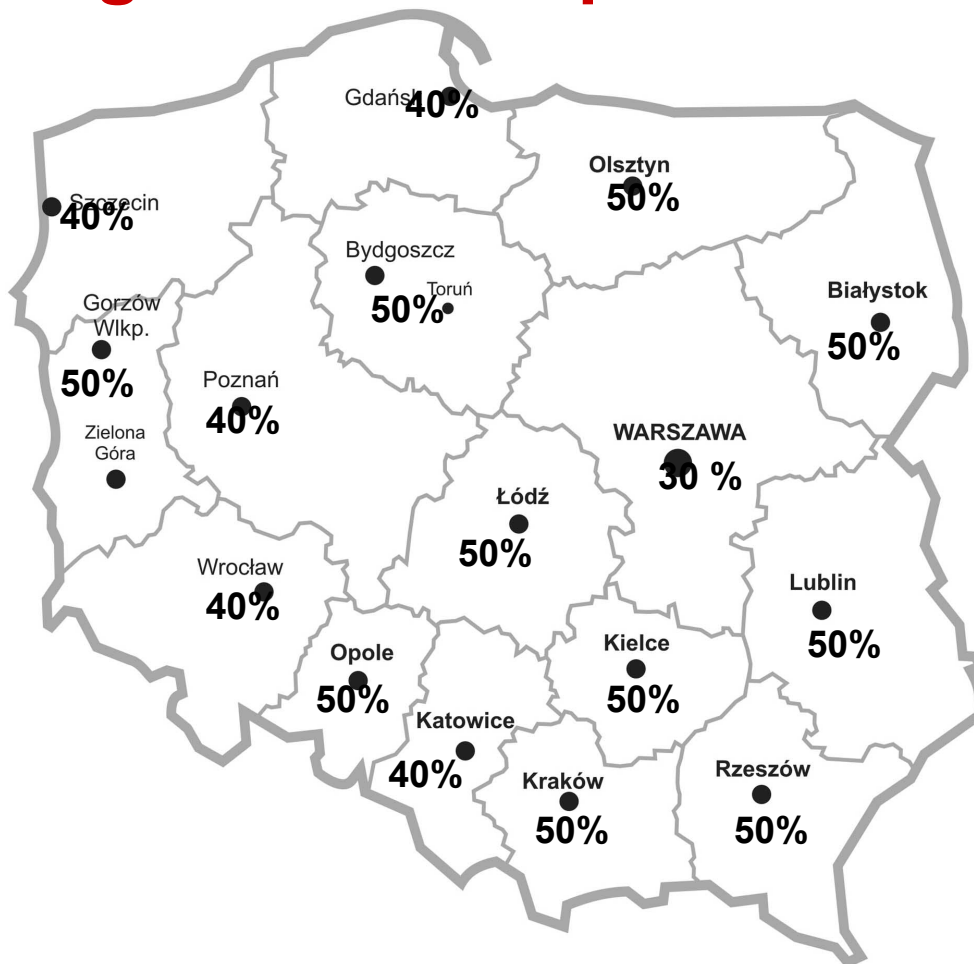
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Regional Aid Map in Poland



Small enterprises can enjoy maximum intensity limits increased by 20 percentage point,
medium-sized companies by 10%



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Convenient location at the borders



5 provinces:

- warmińsko-mazurskie
- podlaskie
- lubelskie
- świętokrzyskie
- podkarpackie

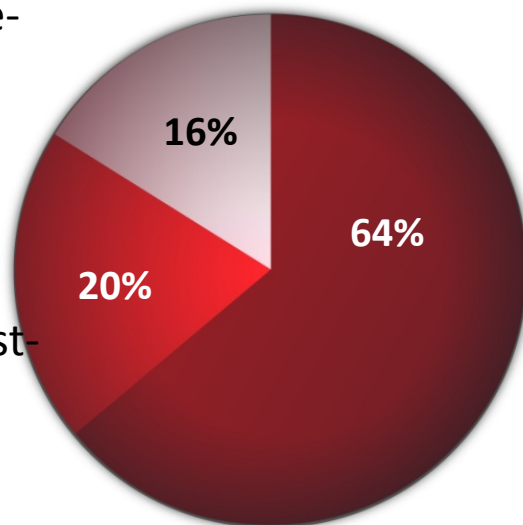
Territorial potential:

- 206 cities
- 6 cities over 100 thous. inhabitants
- 38 border's crossing points between EU and Eastern Europe
- 6 road's and 5 railway's international transportation corridors between EU and Eastern Europe



Young population Investment asset of Eastern Poland

- Population in pre-production age
- Population in production age
- Population in post-production age



- Birth rate at the level of **2.7%** (one of the highest in Poland)
- **31.8%** of population below 25 years old
- The highest increase in the group of population in production age in Poland



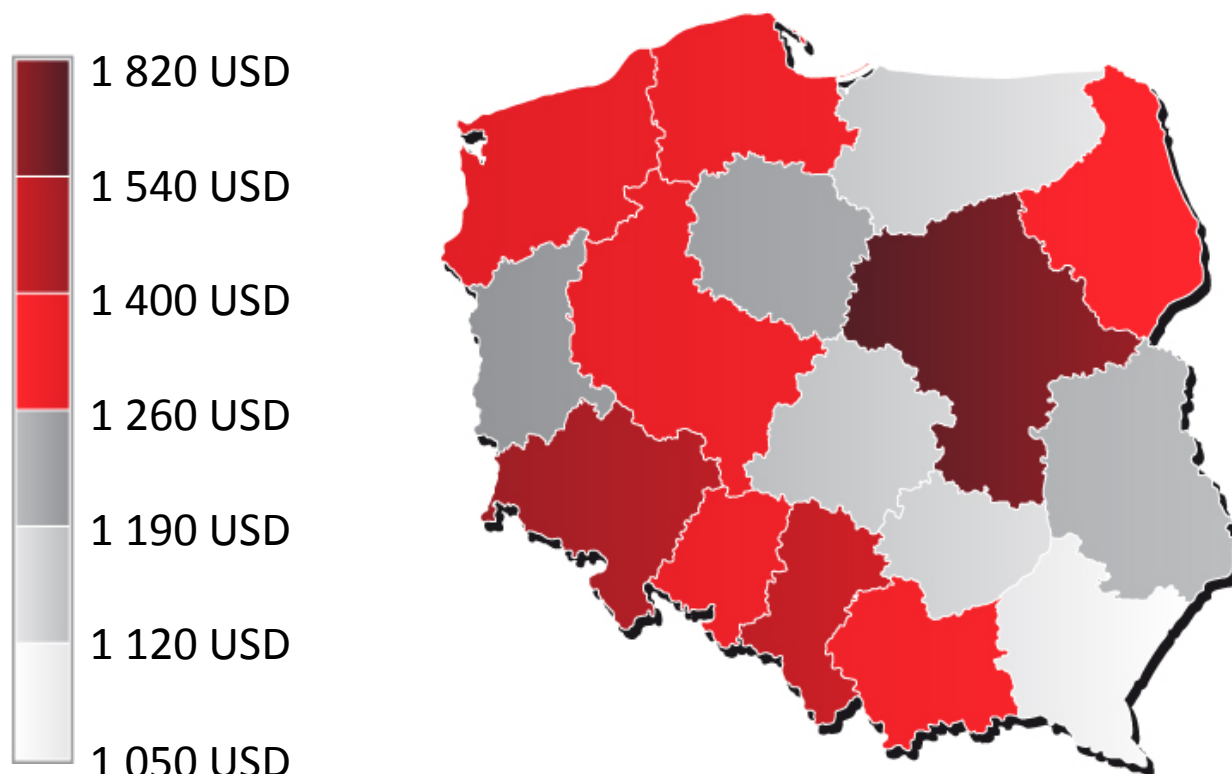
Modern universities, professional staff



- There are **53 universities** in Eastern Poland (**16** of them are ranked in the ranking of 2010 Top 100 Poland's Universities) in which there are over **331 thous.** students (17.4% of students in Poland). More than 47 thous. students are studying the technical faculties.
- There are over **213 thous.** students of the secondary vocational schools in Eastern Poland.
- To the year 2013 Eastern Poland's universities will implement **26 projects** connected with modernization and development of their facilities worth **0.6 billion USD**
- Lublin is the **eighth largest** academic center in Poland



The lowest labour costs in the country



The unemployment rate in Eastern Poland was **14.6%** at the end of November 2010 and was higher than the unemployment rate for Poland (**13.1%**).



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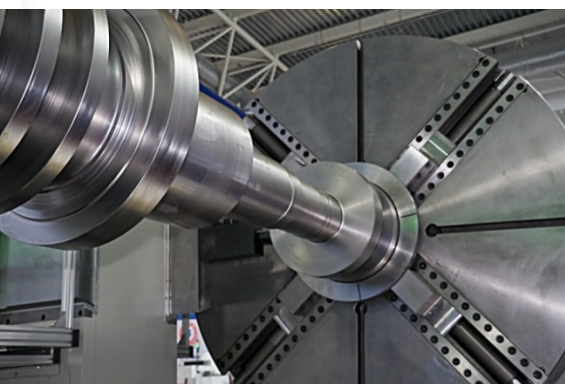


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Food sector

Engineering industry



BPO



Logistics

Metal industry



Renewable energy sources



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Aviation sector

Nonmetal resources



**Wood, paper and
furniture industry**



Clothing industry



Building industry



Business Tourism





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Foreign investors in Eastern Poland

TOSHIBA
Leading Innovation >>>

Thoni
ALUTEC



MEDIA GROUP



HEESUNG ELECTRONICS POLAND

SIEMENS



GOODRICH

RR DONNELLEY

kronosspann
MIELEC

impress



Biella

Swedwood

KIRCHHOFF
POLSKA



Ball Packaging Europe



ACCOR
The spirit of smiles



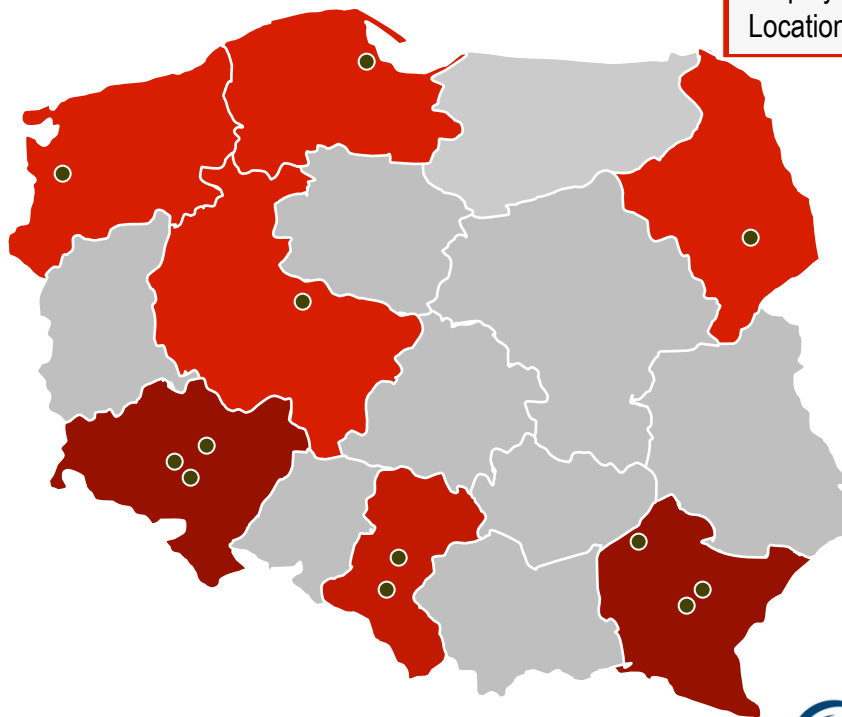
PHILIPS

CATERPILLAR®



Major projects in Eastern Poland

2009-2011



IKEA®

2010

Sector: **wooden**
Investment: **160 mln EUR**
Employment: **230**
Location: Orla



PILKINGTON

2011

Sector: **automotive**
Investment: **96 mln EUR**
Employment: **500**
Location: Chmielów

GOODRICH

2010

Sector: **aviation**
Investment: **45,7 mln EUR**
Employment: **250**
Location: Jasionka



2009

Sector: **aviation**
Investment: **69 mln EUR**
Employment: **418**
Location: Jasionka



What is unique in Eastern Poland?

- Border's location
- Positive outlook for road infrastructure development
- Highly skilled, young workers
- Lower labour costs
- High level of public support



The Agency

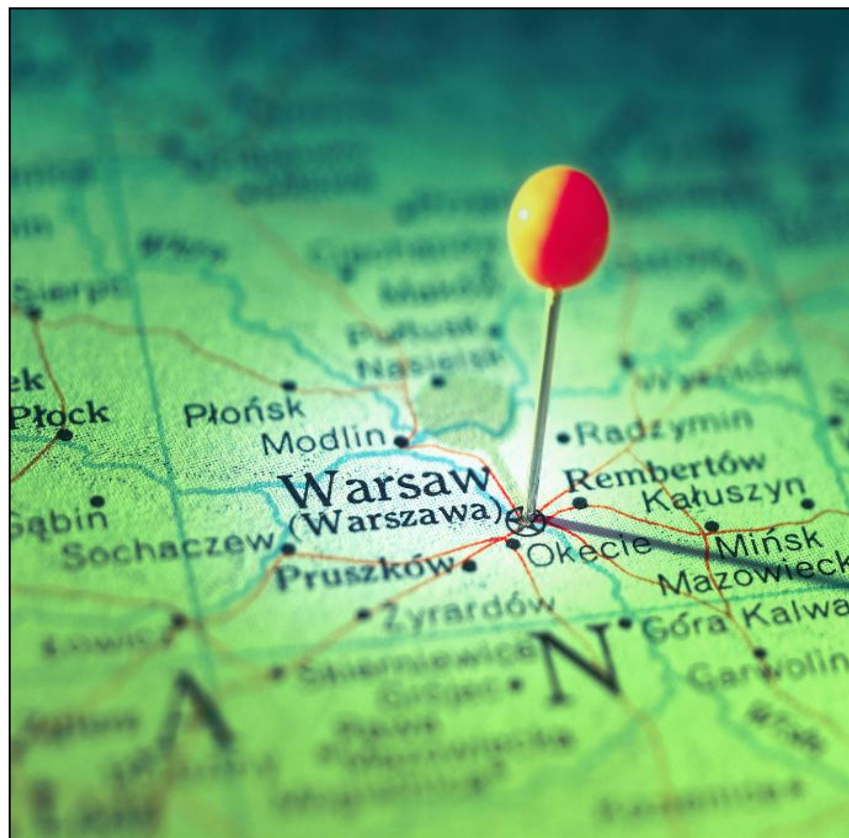
- Direct service and assistance to investors
- Information on legal and economic environment
- Investment offers database
- Identification of suppliers and contractors
- Contacts with central & local authorities, experts and lawyers
- Exports promotion by EU financed Project (e.g Eastern Poland project)
- Creating of a positive image of Poland abroad



Active projects serviced by PAIIIZ (as of the end of November 2011)

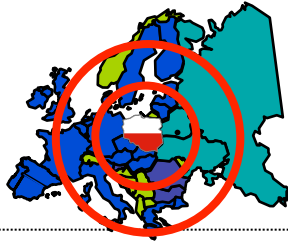
As of the end of November 2011, PAIIIZ had in the project pipeline 159 potential investments

- Value of investment: **EUR 6 476 m**
- Number of new job places: **42 199**
- Main sectors:
 - **automotive (31)**
 - **modern services (29)**
 - **machinery (11)**
 - **electronics (9)**
- Major countries-investors:
 - **USA (43)**
 - **Great Britain (17)**
 - **Germany (17)**
 - **China, Japan (11)**





Why Poland?



Strategic **location** – gateway to the EU



Economic and political **stability**



Availability of skilled **human resources**



Effective **incentive system** including EU-Funds



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Thank you

Eastern Poland Macroregion - Macroofuture



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