Made in Poland
a guide to Polish EXPORTS

WARSAW BUSINESS JOURNAL GROUP

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Thanks to the knowledge and experience of our employees, we mine and process valuable resources, enabling the development of the modern world.

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New products and destinations

JACEK CIESNOWSKI,
EDITOR-IN-CHIEF,
WARSAW BUSINESS JOURNAL GROUP

Poland has always relied on its neighbors when it comes to foreign trade. But sometimes it can backfire. With the crisis in the east, exports to Russia and Ukraine are to drop significantly by 14 and 17 percent respectively. Despite all the turmoil, last year, Polish exports reached another record-high level of €163 billion (a growth of 5.2 percent). Still, Polish companies are continuously looking for other markets on which to sell their products. This can be very challenging, that's why the Polish Information and Foreign Investment Agency has launched several programs aimed at helping firms reach many exotic destinations. It even has a Go Arctic program.

That's why in this year's edition of Made in Poland we have decided to profile some of these destinations. We've picked China, Africa and the Middle East as places where exports from Poland are growing and where there are huge prospects for further growth. We write which companies have already entered those regions, what challenges they faced and which sectors might have a chance of success.

Besides that, as always, we've picked sectors which we know well and hope will drive exports forward.

In the IT section we decided to profile Polish video games. It might not be the largest industry, even in the IT sector, but it's certainly the one that puts this country in the spotlight, as millions of people all over the world play them, which boosts Poland's image as an innovative nation.

The defense sector in Poland, even with the recent boost in military spending, relies mostly on imports. Yet some Polish producers manage to sell their products abroad. Communication systems, drones and armored vehicles are among the success stories.

Poland is also a powerhouse when it comes to furniture, windows and doors. While still, the bulk of production is being done for international companies, some Polish producers are selling them on their own, with great success.

The country has always been considered an industrial powerhouse. While the coal mining sector is in dire straits, with KGHM being one of the world's biggest copper and silver producers, metallurgy is thriving. So is logistics, with Poland's central location at the crossroads of Europe it's a perfect fit for the logistics sector. With the strong growth of e-commerce, hundreds of thousands of square meters of warehouse space are being added each year.

For years, the biggest advantage Polish manufacturers boasted was a good quality-to-price ratio. Even though salaries in Poland are still significantly behind the EU average, the gap is getting smaller. In the last ten years, the average wage in Poland has grown by 36 percent, so the price factor is becoming less significant, while quality needs to be continuously improved in order to remain competitive.

Made in Poland label

SŁAWOMIR MAJMAN
PRESIDENT OF THE POLISH INFORMATION AND FOREIGN INVESTMENT AGENCY

Poland is radically changing its image and becoming more and more recognizable in the world thanks to its export leaders. Polish companies, by dynamically increasing exports, are not only making their own brands stronger, but also the image of Poland as a manufacturer of high quality goods. The "Made in Poland" label is increasingly associated with high quality at a reasonable price.

Polish cosmetics are becoming increasingly popular all over the world. Profits from the export of hair, face and body care products, as well as color cosmetics, have risen by 25 percent during the first decade of the 21st century. Consumers in 130 countries worldwide choose products made by Polish giants, such as Irena Inglot is a symbol of Polish success in the cosmetics industry. Just nine years ago, the company opened its first overseas shop, and today it has 400 elegant stores in 50 countries around the world, including in Dubai and New York. Poland is enjoying great success in the global furniture market. 9 out of 10 products produced here reach customers all over the world. In terms of the number of tons of furniture sold abroad, Poland is the fifth world power, surpassed only by China, Germany, Italy and the US in the export of furniture.

The furniture industry has been developing in Poland at an unprecedented pace. Since the political transformation, production has increased by 61 percent. Currently, the country has about 25,000 furniture manufacturers. Polish design has also recently been conquering European markets. During the past few years, Poland has been building its position as the regional ICT market leader and a global player in the sales of communication technology. Polish companies are conquering foreign markets: Comarch employs 3,800 employees in 19 countries, Asseco Poland was included in the "TOP 100 European Software Vendors" ranking and Ericpol in the top twenty of Europe's 500. These successes can be attributed to the competencies of Polish specialists. Every year, 40,000 students graduate from Polish universities with diplomas in IT and telecommunications. Poland now specializes in computer games, which are a spectacular success all over the world. It's worth mentioning productions such as the award winning Witcher, Dead Island, Sniper and Anomaly Warzone.

In order to promote Polish companies abroad, government programs are being created to help exporters and investors succeed. The Polish Information and Foreign Investment Agency has been putting the Go China and Go Africa export-oriented programs into action since 2012. The Go Arctic program was initiated in 2015.

Poland has very ambitious plans concerning China, which involve conquering its markets with organic food, and much more. Poland is geostrategically situated as the gateway to the EU and may become, through infrastructure investments, a logistics hub for Chinese goods in western Europe. That is why Poland actively supports the One Belt One Road initiative, and was the only country in central and eastern Europe to be a founding state of the AIIB bank.

Poland is also looking for business opportunities in the fastest developing continent in the world - Africa. The Go Africa program was created to increase trade between this part of the world and Poland. At present, it is slightly more than approximately 1 percent of Polish foreign trade. Previous promotional projects in Africa were attended by over 300 Polish companies representing the following sectors: automotive, mining, defense, food, transport, shipbuilding, agricultural machinery and construction.

Recently, Polish companies have started targeting a very unusual, but promising area - the Arctic. The Go Arctic program is focused on encouraging Polish companies to invest, among others, in countries such as: Denmark, Finland, Iceland, Canada, Norway and Sweden, as well as on providing support for Polish exporters in benefiting from economic opportunities generated by countries of the Arctic Council, in which Poland is a permanent observer.

The 2016 promises to be the year in which Poland will truly open up to the world in terms of exports. Radosław Domagalski, the deputy minister of development, has announced that "The priority of the new government is to provide effective assistance to Polish companies in foreign markets in exports, and also in investments." Minister Radosław Domagalski also announced the introduction of new support instruments and the consolidation of existing ones. Polish exporters will certainly benefit from this opportunity and the "Made in Poland" brand will gain further recognition.

Close ties and long traditions

MICHAEL KERN,
CEO AND
MEMBER OF THE
BOARD OF THE
POLISH-GERMAN
CHAMBER OF
INDUSTRY AND
COMMERCE
(AHK POLAND)

The internationalization of Polish companies is gaining momentum and the image of Polish companies and brands is becoming more and more associated with professionalism and innovation.

Particularly for Polish small medium sized companies the primary foreign market is, unquestionably, Germany. This connection is facilitated by a number of factors, starting with basics such as the geographical proximity (not to be underestimated in terms of the logistical costs), the long tradition of business ties and the market capacity of 82 million consumers with an average purchasing power which is stronger than in Poland.

Germany is one of the most competitive, mature markets with demanding consumers. To operate on it successfully in the long term you need to be properly prepared. But it's worth it.

Many Polish companies planning to expand abroad often treat Germany as a test bed before entering other markets further afield. The strong advantage of Polish companies, especially while operating on the German market, is an attractive quality to price ratio. This applies, for example, to Polish furniture, food, cosmetics, buses, computer games, IT services and many more.

I am sure that the number of Polish entities exporting and operating successfully on foreign markets is going to increase in time.

Export to the UK

MARTA SMOLAREK, EXPORT CONSULTANT, BRITISH POLISH CHAMBER OF COMMERCE

The Polish economy continues to expand rapidly and is extremely competitive in many sectors. Polish manufacturers consistently produce highly innovative, quality goods that sell well in European markets such as Germany, Scandinavia, Italy or France. The cost-base of Polish producers is still much lower than it is in the UK or anywhere in western Europe. Polish products are increasingly perceived in the UK as offering the right balance of price and quality, being cheaper than goods manufactured in western Europe, yet of higher quality than goods from the Far East. Additionally, Poland is no more than 48 hours away by truck and no more than a three-hour flight from any UK airport. Moreover, Polish manufacturers are more flexible than those from the Far East in terms of shipment sizes, and delivery times are far shorter.

While for the UK, Poland is merely its 22nd largest export market, for Poland the UK is its second biggest export market after Germany. This would suggest that Polish exporters who are not yet present on the UK market should interest themselves in the UK as a potential long-term market.

Last year, the value of Polish goods exported to the UK reached £8 billion, while UK exports to Poland totalled only around £4 billion, leaving the UK with a £4 billion-trade gap. In 2015, the value of Polish goods exported to the UK is likely to be some 11-12 percent higher than in 2014, while the growth in the value of UK exports to Poland is expected to be much slower. Poland's trade surplus with the UK could end up around the £5 billion mark.

The most frequently imported goods into the UK are: food and drinks; chemical products including pharmaceuticals, cosmetics and cleaning agents; furniture, interior fittings, doors and windows; clothing and household appliances and consumer electronics.

Interestingly, not only does Poland have a trade surplus with the UK in terms of goods, it also has an excess in the export of services, mainly in areas such as construction, finance, ICT and business services. While the value of UK export of services to Poland rose from £1.2 billion in 2013 to over £1.3 billion in 2014, the UK's imports of services from Poland increased from £1.5 billion in 2013 to around £1.6 billion in 2014, leaving the UK with a quarter-billion pound trade deficit in services with Poland last year.

In response to strong interest from Polish manufacturers wishing to export their products and services to the UK, last year, the BPCC launched a support service intended to help businesses from all over Poland by matchmaking them with potential British partners. Now, the BPCC has great contacts, not only with exporters across Poland wanting to sell to the UK, but also with British importers interested in buying from Poland.

The focal point of the service is to identify a suitable UK importer, buyer, agent, distributor and end-user. Additional help is provided by BPCC members operating in sectors such as translation, logistics, marketing, legal and IT. The entire process is supported by utilizing the BPCC's unrivalled expertise and its strong B2B networks across both countries.

Over the course of 2015, the BPCC has held 14 meetings with Poland's exporters across the country, from Toruń to Kraków, from Białystock to Wałbrzych. In total, nearly 600 Polish firms have had access to information from the BPCC and its members concerning the UK market. This will be stepped up next year. See the BPCC website for more information.

Big and niche markets

NADIA BOUACID
DIRECTOR,
BUSINESS
DEVELOPMENT
CENTRE AT THE
FRENCH-POLISH
CHAMBER OF
COMMERCE

As many as 64 million inhabitants, mature consumers, high purchasing power, geographical and cultural proximity, and above all one of Europe's largest economies. All these factors make France a great place for Polish companies to do business. For entrepreneurs who have already started their adventure with exports, and who successfully operate on neighboring markets, including the large German market, France may be the next step in their international expansion. As we have seen in the past few years, more and more Polish companies have arrived in France and successfully begun achieving their business goals. Many of them come to consult the CCIFP, searching for basic information about specific industries, but also for assistance in organizing a trade mission, in finding partners or being represented at fairs, which are numerous in France. Indeed, France is a country with a well-established tradition of organizing fairs. Hence, it is a good way to announce your arrival and to check if your products will find buyers.

We should keep in mind that for many years France has ranked in the top five markets for Polish products coming from diverse industries, such as the electrical and electronic industry or the furniture sector. The Polish food industry also plays an important role. The specificity of the latter two sectors is that very often, exported products are manufactured in Poland, but under local brands of the French customers who have ordered them. Therefore, sometimes the average French consumer is not aware that they are buying products "Made in Poland". This trend, however, is slowly coming to an end and some Polish companies from the IT or furniture industry are already coming to France under their own brands - a good example is Comarch and Nowy Styl. Some Polish companies come to France by acquiring existing entities, like the Suempol company, which purchased the French company Marcel Baey in 2013. Polish luxury yachts, a niche segment of the market, have gained many French customers over the last few years and are increasingly successful at the local fairs dedicated to that sector.

Of course, the process for entering the market is dependent on many factors. One of them is the extensive system of certification that exists in many sectors. It is worth finding out beforehand which certificates are required or generally used in the case of your particular product. This is very important if you are to successfully compete for French customers. In order to build up trust in your company, it is important to have a French version of company and product information, such as catalogues or folders, and most certainly the website. Of course, as everywhere, you need to establish whether your local partner is reliable. The best cooperation is based on trust and experience, which are the result of long-term contacts. But in the era of generally available tools that can analyze the financial situation of a local partner, it is recommended knowing who your customer is in advance.

The size of the French market, its prestige and proximity, are the factors that encourage Polish companies to export, then to establish their business in France. Good preparation is, however, the key to success. It will make cooperation with the French much easier.

Yachts, windows and cosmetics

ELISABETTA CAPRINO – SECRETARY GENERAL CCIP

There has always been a strong network of bilateral exchange that involves both cultural and economic influence between Italy and Poland.
Many important Italian companies, that initially decided to relocate to Poland attracted by the lower costs of production and labor, now remain and continue to invest due to the highly-skilled local labor force and the resultant quality of the finished product.
Nowadays, Italy is the fifth largest market for Polish products and the value of exports is increasing every year.
In the Italian market, some Polish products are already very popular and highly appreciated, especially those relating to public transport, the yacht and boating industry, and cosmetics.
We can refer to success stories such as, Solaris Bus & Coach SA, which won the contract for the renewal of the public transport fleet in Milan (the Solaris Urbino Euro6 model was also used for EXPO 2015) or PESA Bydgoszcz SA, which supplied more than 50 ATR220 diesel trains to the most important players of the Italian railway market: Trenitalia, TPER, Ferrovie del Sud Est and Ferrovie Nord Milano.
Regarding the maritime industry, in Italy the most active Polish companies are: Sunreef Yachts, Galeon, Mirage, Sea Life, Parker Polska, Admiral Boats and Rega Yacht.
Polish cosmetics also enjoy an excellent reputation due to their competitive pricing, high quality and focus on innovation. The most recognizable brands are: Cosmetic Laboratories Dr Irena Eris, Inglot, Dax Cosmetics, Ziaja and Oceanic, although there are many other Polish brands on the Italian market.
We have identified ICT as a potential growth area, in fact, Poland has more expertise in this field than Italy, which is a country with a low level of computerization compared to the EU average. In particular, document management, business intelligence and security services have interesting investment margins.
However, we have to consider that a lot of semi-finished products are made in Poland and then transformed into finished products abroad. In Italy these products often arrive with foreign brands, consequently, the end user seldom realizes that the product is of Polish origin.
The furniture industry is one of the sectors that is hardest-hit by this trend as most of the exported Polish products are reworked or assembled abroad. Nevertheless, several Polish companies in the door and windows industry have successfully marketed their products in Italy. We deal with companies such as Fakro, Drutex, Dobroplast and Oknoplast (known in Italy as a sponsor of Internazionale football club since 2012).
However, it is evident that it's necessary, therefore, to further strengthen the brand "Made in Poland," and to establish it as a symbol of high quality and not just as a low-cost product. In this regard it is imperative to continue the excellent national marketing campaign that was begun during Expo 2015, during which the Poland brand garnered significant recognition.

An enormous basket of opportunities

DILIP BEDI,
INDIA DESK –
POLISH-INDIAN
CHAMBER OF
COMMERCE

As an emerging geopolitical and economic power, India has been attracting attention from different international actors and governments, making its importance unprecedented. At present, the country is in a period of rapid development and economic growth. The 'Make in India' initiative was launched with the objective of facilitating investment, encouraging innovation and strengthening manufacturing infrastructure. Today, India offers an improved business environment and is the prime destination for global foreign direct investment (FDI). We at the Polish Indian Chamber of Commerce (PICC) seek to generate opportunities to bring Poland to India in many new and diversified ways.

India is the world's largest democracy and has a population of 1.25 billion. The country is stated to become the world's youngest nation in the coming years. In partnering with India on its urban development agenda, Poland has initiated numerous events in the recent past through which business relationships have been enhanced. We expect such initiatives to go a long way to fostering growth and positive results, creating a conducive business environment between both nations.

Incredible India now operates an investor friendly policy, through which FDIs up to 100 percent are permitted under the automatic route in most sectors and activities. Recently, we have witnessed the strengthening of relations with EU Member states – Germany, France and Great Britain have been the prime movers. These countries have been collaborating with India on several aspects of urbanization: infrastructure, clean energy, waste management, defense, aeronautics, etc.

As India represents an enormous basket of opportunities, Poland has the requisite expertise to deliver. The core sectors, i.e. mining, public transportation, defense, machine tools and manufacturing in which Poland is a contract manufacturer for various countries in the EU, are those that we want to extend into India. We are also seeking to encourage collaboration in the non-core sectors such as skill development and training, clean energy and infrastructure technology. Indian market demands are being catered for by various international corporations and India now forms an integral part of their businesses. In such a scenario, why can't Poland be here and provide its best practices. I personally feel many untapped areas of cooperation exist in the field of breweries and distilleries, consumer products, consumer durables, travel, automobiles and ancillaries, public transport (buses and railways), agricultural machinery and produce, power and solar energy, etc.

It is our endeavor at PICC to showcase how Poland's initiative to export to India will help to establish Make in India. We share many things in common: a strong, capable, hard working and technical workforce, many cultural similarities and habits, and the desire to excel. Consider exporting to India and you might also want to Make in India.

The window is still open, but not for long

PHILIP MIBENGE,
PRESIDENT –
POLISH-AFRICAN
CHAMBER OF
COMMERCE &
INDUSTRY

We advertise Poland in Africa as the "China of the EU". Yes, Poland is an important industrial base, producing quality goods according to EU standards, but at a reasonable price and cheaper than in western EU countries. The average salary for a qualified employee is still a third of what is paid in western EU countries. Moreover, Poland has a clean card. By that I mean they had no colonies in Africa. They are not suspected of the plundering and exploitation of Africa's riches. As Poland has itself been colonized, it understands this pain and is open for win-win cooperation.

The window to do great business in Africa is still open for the next 3-5 years before competition becomes tight. Chinese products in Africa are now considered to be very cheap but of poor quality. However, China does also produce very high quality goods, which so far are destined mostly to the US and the EU, but they will also soon reach Africa.

On the other hand, Africa is the largest and the most up-and-coming global market, a marvelous construction site: a population of one billion, which is predicted to double in the next 20 years. A population that consists of 60 percent young people, hungry for consumption; a rapidly growing middle class; all the necessary raw materials are available; great potential for energy production and almost everything is ready to be built or to be developed.

Polish export offers great opportunities, but in the short term. Investment and building factories in Africa will make a difference and will lead to future advantages. There are opportunities in all sectors, such as: infrastructure, energy, mining, agriculture, food processing, building, services, the list goes on...

Polish entrepreneurs, who cooperate with the few reliable existing organizations in Poland that have experience in dealing with Africa, should be looking at the market for their products. They have to be prepared to invest in the prospective process. African business people are not ready to buy solely online, they prefer to meet their partners face to face. Polish entrepreneurs have to understand that the time has gone when they could wait in their factories for clients to come and pick up goods right from their doorstep. Competition is growing, everybody wants to do business and invest in Africa: China, India, Turkey, traditionally the US and western European countries, even new players like Iran and even African countries themselves (South Africa, Nigeria, Egypt, Morocco) are now in the game.

I can only say "Go Africa!"

Poland: Make it big in India

JJ SINGH
PRESIDENT OF
INDO POLISH
CHAMBERS OF
COMMERCE &
INDUSTRIES

India is a huge market of 1.2 billion people. With a new wave of Make in India Poland can make use of this market for investment in various industry sectors and profit from the special opportunities that are available to investors.

The biggest opportunities are in agricultural products, and food processing know-how and machinery.

Polish food products are beginning to appear on the Indian market. Polish dairy products, sweets and fruit products have become available for purchase in the country. However, total food exports to India remain low with a value of barely a few million euros.

India has high requirements concerning the importation of food into the market, not in order to ensure the safety of local consumers, but as a sort of market protection instrument. As much as 70 percent of Indian citizens live in rural areas and 90 percent of the food produced is consumed without any processing.

The Indian market offers great potential for Polish producers. The country imports some 200,000 metric tons of apples a year, mostly from the US, New Zealand and Australia. These apples are very expensive in India. A large proportion of domestically produced apples rot as the country has no access to appropriate storage technology.

Another sector that is open to Polish companies is defense, where India has allowed FDI and Poland, having a wealth of experience, can take advantage of the possibilities. Medical equipment is another great opportunity for Polish companies to develop joint ventures. India still imports more than 70 percent of the medical equipment that is used in the country. The furniture industry is also an opportunity for Polish companies, where a 700 million strong middle and upper middle class are interested in good quality furniture, for which Poland is well-know worldwide.

India is on the path of a major infrastructural investment in the railway sector, with long term cooperation with India, Polish companies in this industry sector can capitalize on this as, in the next four years there will be a significant number of tenders up for grabs.

Coal mining equipment and mining know-how is another strong attribute of Poland's which could be of great use as India still extracts its coal from open-cast mines due to a lack of skills and equipment.

With climate change and India's pledge to play its part as a responsible nation, there is a huge opportunity in terms of green and renewable energy. Polish companies have already started investing in joint ventures with their Indian counterparts and begun to reap the benefits in waste management and water cleaning processes. Wind energy is another sector which is waiting to be exploited.

The value of Poland's trade with India exceeded €1.7 billion last year. Polish exports grew by 11.3 percent to some €410 million and imports rose by 15.5 percent to almost €1.3 billion as the trade gap deepened to about €890 million.

Iran – the next step in expansion for Polish business

JACEK SOSNOWSKI
CHAIRMAN OF THE POLISH-IRANIAN BUSINESS COUNCIL

The Islamic Republic of Iran is closer to Poland than many would think. It is not only due to the fact that several Polish words are originally from Farsi. Nor is it due to a shared history, many Iranians still remember General Anders' army and Polish refugees in Iran during WWII. Both countries are also similar in their passion to cultivate their own traditions and maintain their self-esteem.

Thinking alike may bring businesses from Poland and Iran to the negotiation table. There are many opportunities to expand business relations since Poland has a lot to offer e.g. the Polish food sector is famous for its high quality. Iran needs to import the majority of its food supply from abroad. Among the most popular products that could be exported from Poland to Iran are: fruit, juices, honey and grains.

Iran, with its young society of which almost 75 percent are below the age of 35, builds a lot, from houses and apartment estates to commercial buildings. The demand for high performance heating, cooling, ventilation and air-conditioning systems is booming. Iranians have a choice between cheap and lower quality Chinese products or expensive items from Germany, Japan or South Korea. This leaves a gap for Polish manufacturers and distributors of construction and building materials, "smart home" systems and energy-efficient technology.

What Iran also lacks is wood, and their love of wooden furniture is well-known. Poland, a country with thousands of furniture producers, including the biggest chair manufacturer in the world and the No. 1 producer of tables for Germany, must not miss out on this opportunity. Central European wood can compete with Scandinavian, Russian and Canadian supplies, both in quality and price.

The list of Polish specialties is long and encompasses a number of sectors ranging from pharmaceuticals and cosmetics to car parts. Polish medical equipment, as well as medical technology for cardiovascular and oncological treatment, are vastly sought after in Iran. Also, since Iran is the 10th largest car manufacturer in the world, there will be interest in car parts and vehicle-related equipment.

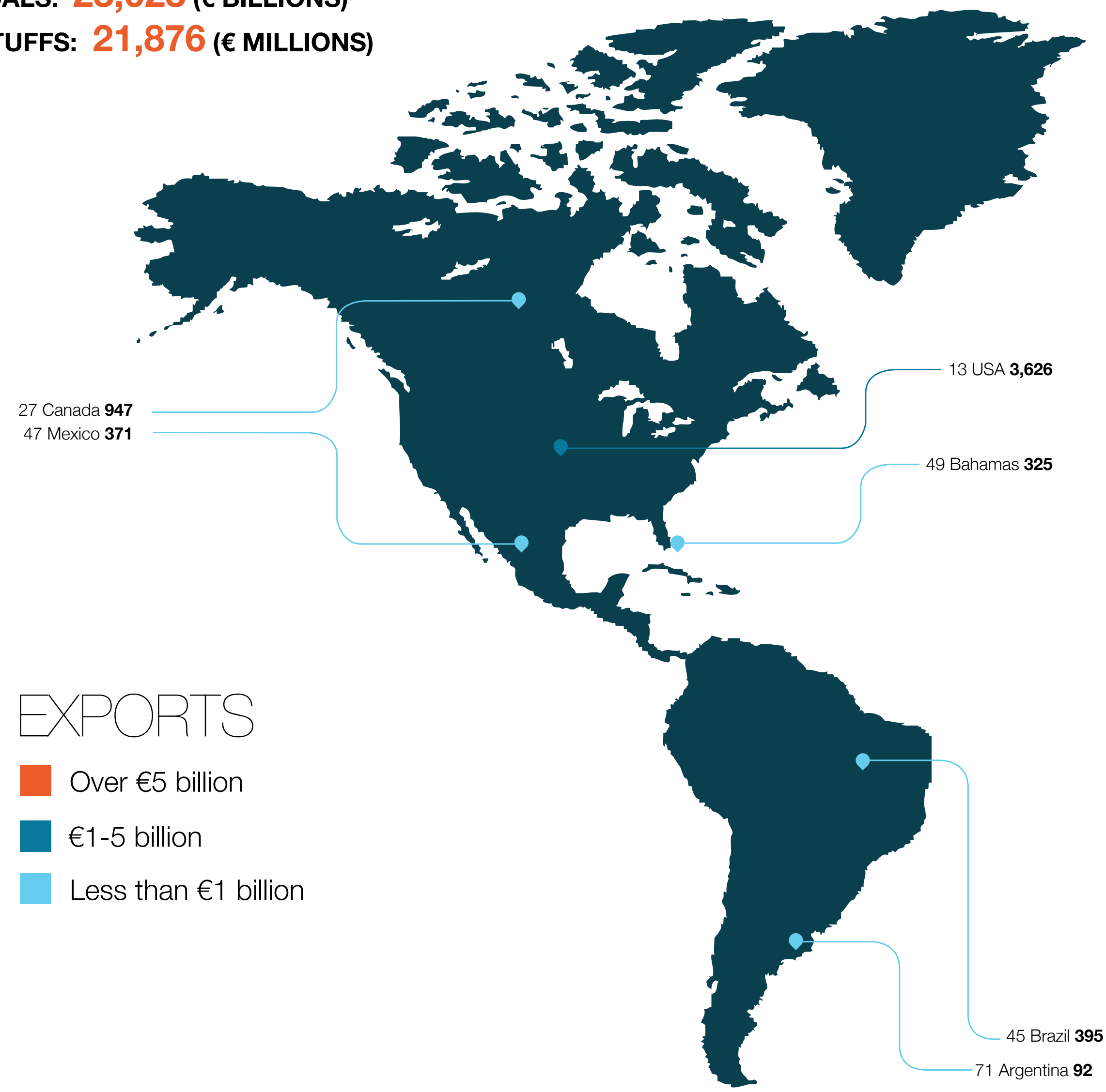
All the potential exports to Iran should be viewed as only the beginning of a great wealth of opportunity. Polish consumers also need to consider what Iran has to offer. Poland will get access, not only to the world's largest producer of pistachios and dates that are famous for their taste, but also a qualified workforce, primarily IT specialists. Iran educates over 230,000 engineers every year, which puts the country in third place only after Russia and the US.

What is needed now in order to begin Polish-Iranian cooperation is to break cultural stereotypes and prepare for different, but above all, professional negotiations.

POLISH EXPORTS TO SELECTED COUNTRIES

BIGGEST EXPORT SECTORS:

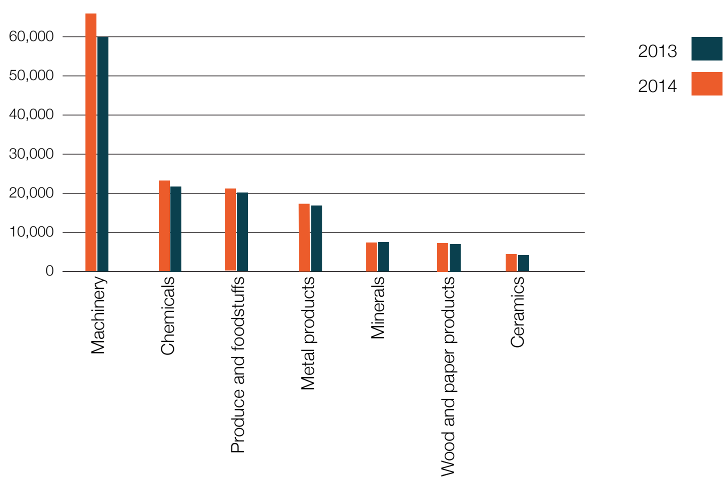
- ELECTRONIC AND MECHANICAL MACHINERY: 65,813 (€ BILLIONS)
- CHEMICALS: 23,023 (€ BILLIONS)
- FOODSTUFFS: 21,876 (€ MILLIONS)



EXPORTS

- Over €5 billion
- €1-5 billion
- Less than €1 billion

POLISH EXPORTS BY CATEGORY (IN € MILLIONS)



(IN € MILLIONS, 2014)

Source: Ministry of Economy

TOTAL EXPORTS:
165,7 (€ BILLIONS)
7.0 PERCENT CHANGE Y/Y

TOTAL IMPORTS:
168,4 (€ BILLIONS)
7.3 PERCENT CHANGE Y/Y

How to get financing for your export operations

sector partner: mBank

DOROTA PODEMSKA - ADDED PRODUCTS DIVISION, SME DEPARTMENT

Fledgling entrepreneurs, who are full of hope and faith in the development of their own businesses in the international market, are very quickly faced with numerous obstacles related to the financing of their projects.

Although it would seem like there are many possibilities to raise capital we must consider whether, in practice, all the solutions are appropriate and available to customers from the SME sector. So, where is the best place to look for capital to finance exports?

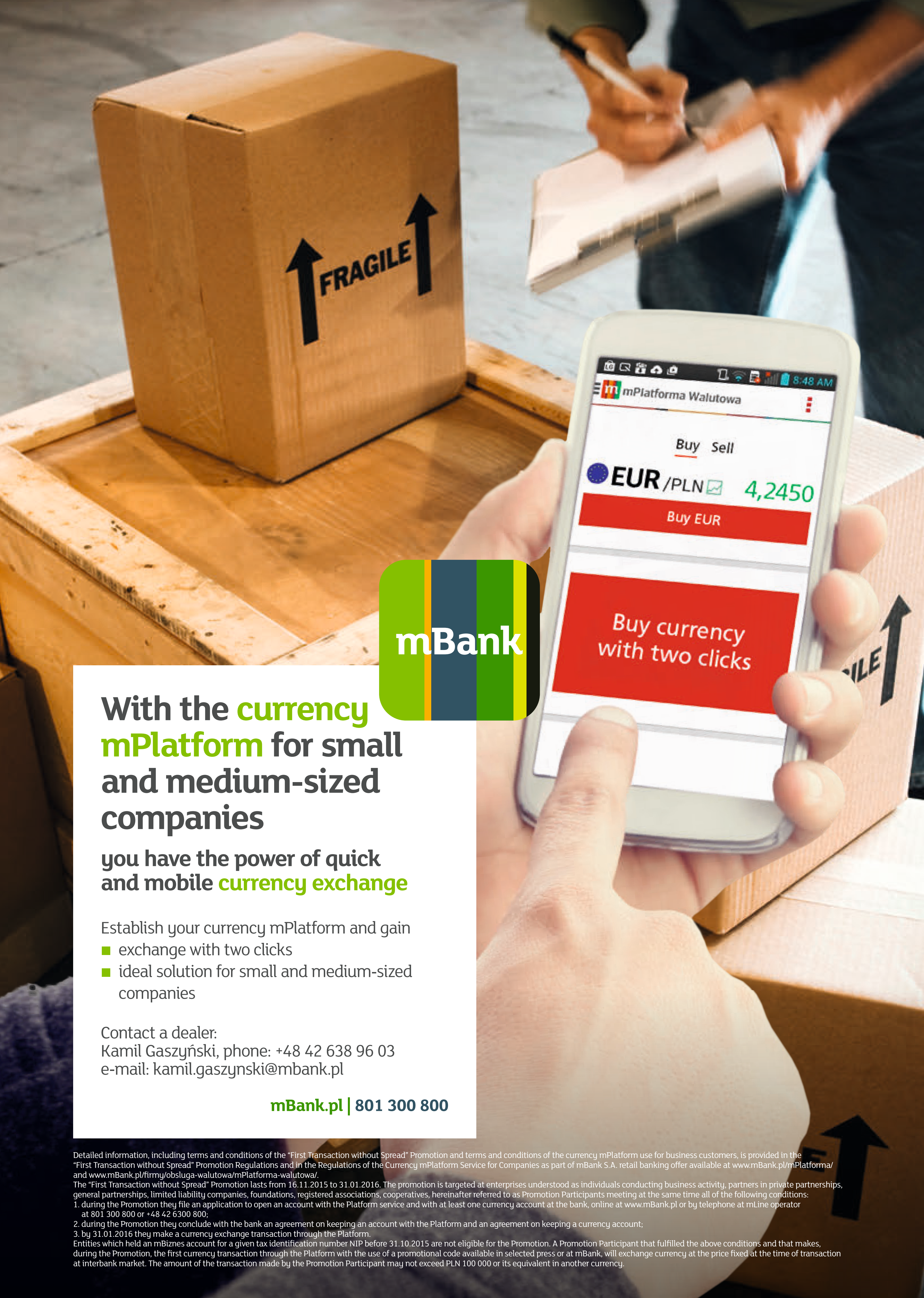
An entrepreneur selling goods abroad can apply for an export letter of credit, which means that the bank guarantees (according to the stipulations of the contract) that the seller will receive payment in full as long as certain delivery conditions have been met. In the event that the buyer is unable to make payment on the purchase, the bank will cover the outstanding amount.

Another option is export documentary collection, which involves the banks of both the buyer and the seller acting as collectors of funds. After shipping the goods, the entrepreneur passes the documents, along with instructions for payment, to the relevant banks. The remitting bank will then instruct the buyer's bank to effect payment according to the instructions.

The last, but not least, method for settlements with contractors is a bank guarantee, which is an unconditional and irrevocable commitment to pay the bank indicated by the exporter. That commitment is in exchange for the submission of a claim by the counterparty to the bank within a prescribed period.

All of the methods mentioned above require time to check the credibility of the counterparty and are only available to the largest exporters or importers. The question of how SME exporters can finance international trade remains open. The easiest way to get financing is a bank loan. Banks offer a wide range of loans for businesses. Expenses up to the amount of PLN 500,000 can be financed with a business loan. A company using such a service can decide on what to allocate the resources, and there is no fixed repayment schedule. Higher spending can be financed by loans secured by real estate and other fixed assets.

Since being paid on time is a priority for an exporter, the level of risk when extending payment for goods delivered is an important factor. There are many ways to receive payment when selling a product abroad depending on the honesty of the buyer. An increasingly popular form of payment which ensures security is pre-ordering. The goods are prepared and shipped only after receiving payment from the counterparty. The company immediately has the means to complete orders and minimizes the risks involved in specialized or difficult markets.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The “First Transaction without Spread” Promotion lasts from 16.11.2015 to 31.01.2016. The promotion is targeted at enterprises understood as individuals conducting business activity, partners in private partnerships, general partnerships, limited liability companies, foundations, registered associations, cooperatives, hereinafter referred to as Promotion Participants meeting at the same time all of the following conditions:
1. during the Promotion they file an application to open an account with the Platform service and with at least one currency account at the bank, online at www.mBank.pl or by telephone at mLine operator at 801 300 800 or +48 42 6300 800;
2. during the Promotion they conclude with the bank an agreement on keeping an account with the Platform and an agreement on keeping a currency account;
3. by 31.01.2016 they make a currency exchange transaction through the Platform.
Entities which held an mBiznes account for a given tax identification number NIP before 31.10.2015 are not eligible for the Promotion. A Promotion Participant that fulfilled the above conditions and that makes, during the Promotion, the first currency transaction through the Platform with the use of a promotional code available in selected press or at mBank, will exchange currency at the price fixed at the time of transaction at interbank market. The amount of the transaction made by the Promotion Participant may not exceed PLN 100 000 or its equivalent in another currency.

The helping hand of insurance in international trade

Nowadays, international trade is not just limited to simple business. Every sales transaction to a foreign entity is fraught with risk. Fortunately, it is the kind of risk that can be insured

BY SERGIUSZ PROKURAT

To effectively counteract the effects of risk in international transactions we should not only identify risk, but also determine its causes, predict its consequences, and understand and monitor its emergence and presence in a company's business. If you cannot avoid risk, it a good idea to transfer it – i.e. shift the problems associated with the assessment and risk costs onto other entities. One way to transfer risk to another person or entity is insurance. This way you can both defend yourself against foreign exchange risk, negative fluctuations in the value of the USD, EUR or other currencies we use in transactions, and minimize the risk associated with the import and export.

In the case of importing goods from abroad, the fundamental tools for securing a transaction are: cargo insurance and a letter of credit. The latter instrument is particularly useful in relation to small and medium-sized companies as it provides financial security for transactions. A letter of credit is an irrevocable written commitment, from the issuing bank and the importer's bank to the beneficiary of the letter of credit, i.e. the exporter and the seller of goods. That commitment ensures the payment of a certain amount of money for documents presented in the content of that letter of credit in strict accordance with its terms. Nevertheless, we have to keep in mind the cost of a letter of credit and the necessity of cer-

IMAGE: SHUTTERSTOCK

tain standards that must be met, among other things, the seller must be able to adopt it. “The cost of a letter of credit is mostly borne by the importer,” said Henryk Czubek from the University of Economics in Kraków. Cargo insurance, however, is the safest way to get compensation in case of damage. If you send your goods across the country, it can be very stressful to wait for the message confirming arrival at the destination. Along the way, anything can happen - a road accident, theft, damage while unloading the truck, which can only be covered by insurance to a certain extent. Cargo insurance provides almost 100 percent coverage for damage and compensation.

Managing risks

For a company that sells its own products for export, it is extremely important, besides finding customers, to manage the risk that occurs when it comes to payment. Practically speaking, the only way for a manufacturer to have absolute confidence that he will receive payment for the goods sold is to receive cash from the distributor at the time of delivery. This process effectively removes the risk, however, it is often impossible. “In such a situation, insurance plays a key role as it covers the time difference between the time of delivery and the receipt of payment,” claimed Czubek. The main goal of trade credit insurance is the protection against the possibility of contractors taking credit at the expense of the seller. An entrepreneur who delivers goods to his customer with a deferred payment date is aware that he will not receive the money immediately. The problem is compounded when the coun-

terpart fails to remit the payment and the lack of funds from that contract affects the financial capacity and liquidity of the producer or exporter. The reasons why a recipient fails to comply with timely payment may vary – a trade partner may be dishonest or is simply struggling with financial problems related to economic downturn or the insolvency of its debtors. In the worst case scenario it results in a domino effect, and suddenly several companies, cooperating directly or indirectly, fall into financial difficulties.

> Policies insuring the movement of goods in international trade are rather the domain of specialized insurance companies, whose main business is financial insurance.

Taking advantages of opportunities

Possibilities offered by insurance companies assume that the supplier can decide whether they need portfolio insurance or insurance that will protect a single counterpart or a single transaction. Insurers more frequently propose the first solution. To take advantage of it you need to contact an insurer that offers a trade receivables insurance policy. Insurance can be divided into two categories. Portfolio insurance means that one policy covers several borrowers. They may all be counterparts of a company or only selected ones, who are considered likely to be late with payment for delivered goods. Single insurance covers a single transaction or a single counterpart. These days, it is rarely proposed by insurers due to the fact that in such a case the insurer has practically no possibility of spreading the risk. Whichever option is chosen, the insurer, in consultation with the supplier, sets credit limits for counterparts. A credit limit is the maximum amount of insured liabilities coming from one debtor.

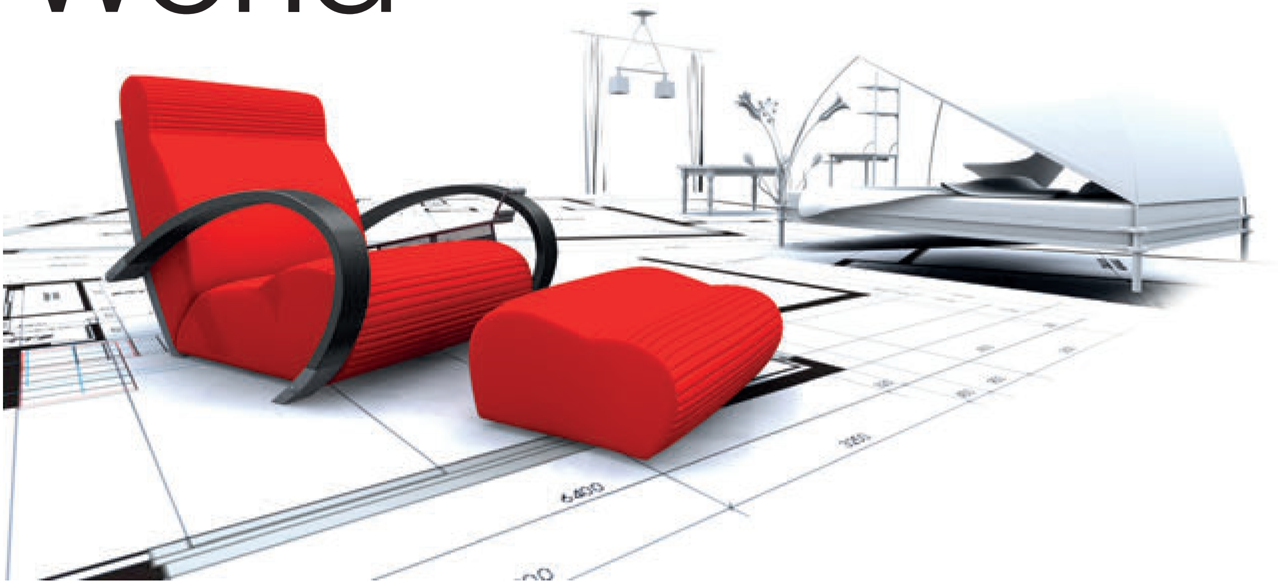
The credit insurance market is a narrow and highly specialized field. Commercial insurers such as STU Ergo Hestia and PZU SA, offering policies to protect life and property, also offer credit insurance. Policies insuring the movement of goods in international trade are rather

IMAGES: SHUTTERSTOCK

the domain of specialized insurance companies, whose main business is financial insurance. The market is mainly divided among four companies: Euler Hermes, Coface, Export Credit Insurance Corporation JSC (KUKE SA) and Atriadus. Another company, Kupeg, entered the market relatively recently. Each insurer offers its customers a slightly different scope of products. In the case of importing, the appropriate institution to be addressed when it comes to a letter of credit are banks, which is also the case in terms of currency exchange risk insurance.

Provisions of insurance conditions can vary greatly depending on the insurer. “The mere payment of an insurance premium is not the sole and sufficient requirement of the policyholder. It is also necessary to identify the trade partner, including checking their address and who exactly the deal is concluded with,” said Czubek. Therefore, it is good to know what, according to a given company, is meant by the term “the insurance event”, which allows you to initiate a compensation process. It may be contained in enforcement proceedings, which have not been able to fully satisfy the claim of the policyholder due to the lack of assets possessed by the debtor; or a court judgment announcing that the debtor has gone bankrupt; or the redemption of bailiff proceedings due to the absence of assets possessed by the debtor. Secondly, it is necessary to take a look at the way in which the insurer defines the notion of a substantial delay in payment of debt and its notification date. “The condition for executing the policy is that the policyholder notifies the insurer about their problems in due time. If the delay is 30 days in relation to the agreed payment deadline, we should feel alarmed,” said Czubek, adding that “It is good to scrutinize the details of the agreement, so that we can avoid disappointment associated, not only with the insolvency of our counterpart, but also with the matter of whether or not we will receive compensation on this account.”

Furnishing the world



Polish furniture, home furnishings, and window and door exports have been growing steadily in recent years. The ongoing construction boom and the abundant supply of raw materials are both contributing to the sector's expansion. However, producers still have work to do on design, innovation and brand awareness

BY KAMILA WAJSZCZUK

Poles seem to be flocking to interior decor stores and collectively refurbishing their homes. The country's furniture market registered a 5.8 percent growth in 2014, reaching a value of USD 5.67 billion, according to data from Euromonitor International. Analysts believe that the situation reflects the improving GDP growth and an increasing willingness to spend money on the part of consumers. Moreover, the number of households in Poland increased to 13 million in 2014, fueling demand for furnishing products.

As the economy expands, the trend is likely to continue. During the period 2014-2019, sales of home furnishings are expected to grow by one percent year-on-year (at 2014 prices), according to a Euromonitor forecast. "It is worth noting that stricter regulations regarding credits, which may hinder the demand, are likely to be implemented. On the other hand, even in tough times, Poles demonstrated a desire to refresh their interior decor, which is relatively easy with such a wide offer of less expensive products. This will certainly contribute to the further development of the home furnishings market," said Justas Gedvilas, industry analyst at Euromonitor International.

Another analytical firm, PMR, expects the retail market for home furnishings (including furniture) to grow by 4 percent and reach a value of PLN 13.2

IMAGES: SHUTTERSTOCK

billion in 2015. Its analysts point to both the economic situation, and the increased sales of new property. As residential real estate development companies continue to announce new investments, especially in large cities, there is ground for optimism.

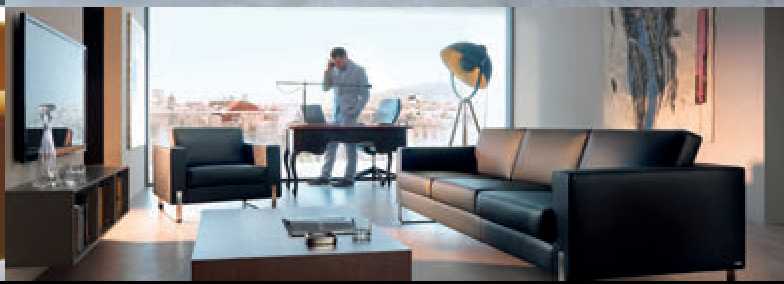
Construction and refurbishing activity is also fueling the growth of the window and door market in Poland. In 2014 it grew by 8 percent y/y and the same growth rate is expected for 2015, according to PMR. Windows sold better than doors, largely due to high exports. Sales of windows on the domestic market grew by 8 percent y/y in 2014, while for doors the figure was 6 percent. When both domestic and export sales are considered, the growth rates were 10 percent and 8 percent, respectively.

The general good condition of the economy and the ongoing improvement in the housing construction industry contributes to the growth in the sector just as much as the trend for more expensive, energy-saving products. A large number of customers are now replacing older windows and doors with more energy-efficient products, PMR analysts said.

The Polish Windows and Doors Association (POiD) believes that in the near future, the main driver for the sector will come from refurbishing work in existing housing and not from new construction. Its members are working to promote modernization and energy-efficiencnt projects, which could bring an increase in both volume and value.

EU funding also plays a role in the industry's expansion. In recent years, hundreds of millions of złotys have been invested by window and door producers thanks to the subsidies.





RED DOTS STAND OUT

WHILE THE MAJORITY OF POLAND'S FURNITURE PRODUCTION IS SOLD THROUGH POPULAR RETAIL NETWORKS AND AIMED AT THE AVERAGE CUSTOMER, IN POLAND AND ABROAD, THERE IS A SEGMENT THAT AIMS TO SATISFY THE MORE DEMANDING CUSTOMER. EACH YEAR, DESIGNERS COME UP WITH NEW SOLUTIONS THAT ARE BOTH USEFUL AND PLEASANT ON THE EYE. IN 2015, PRODUCTS THAT MET WITH INTERNATIONAL RECOGNITION IN THE RED DOTS COMPETITION INCLUDED LIGHTING FROM AQUAFORM AND THE INNOVATIVE PELIKAN CHAIR, AS WELL AS OTHER DESIGNS FROM PROFIM.

PMR expects the aluminum door and window segment to grow the fastest, followed by less dynamic expansion in the PVC, wood and steel segments. POiD, on its part, expects customers to look towards the premium segment, including doors, windows and fittings chosen for their high energy efficiency. The same trend could mean higher sales of exterior coverings, which are useful in extreme temperatures.

A characteristic trait of the Polish furnishings market is the dominance of local firms, which account for 75 percent of all companies in the sector. The same is true of the window and door market, 86 percent of the biggest window producers and 78 percent of door producers are owned by Polish shareholders. Nevertheless, a number of international giants are also present in these sectors. What is worth noting is that even the foreign-owned companies usually produce their goods in Poland.

> Germany is by far the biggest export market – with an attributed value of €3.06 billion in 2014.

In the future, the industry may see further consolidation, especially as acquisitions are included in the plans of the biggest players, PMR analysts said. Only time will show who will control major market shares but it seems clear that Poland will remain a major player in the sector.

There's room outside

Development in the domestic market translates into growth abroad. According to B+R Studio, an analytical unit specializing in the sector, furniture exports grew 1.16 percent y/y in 2014 and reached €8.03 billion. The company's analysts expect that in 2015 the value could reach €8.64 billion following a growth of 1.08 percent.

Germany is by far the biggest export market – with an attributed value of €3.06 billion in 2014. In the same year, Polish furniture producers sold €624 million worth of goods to the UK. In third place, was France (€526 million). B+R Studio expects sales to those three countries to grow by 1.05

IMAGES: SHUTTERSTOCK, RED DOTS

percent, 1.16 percent and 0.99 percent respectively in 2015.

However, the fastest growing export markets for Polish furniture are less obvious countries. Sales to Romania are expected to grow by 1.24 percent in 2015 and sales to Slovakia and to the US – by 1.21 percent.

Window and door exports grew by 8.2 percent y/y to PLN 5.2 billion in 2014, according to ASM – Market Research and Analysis Centre. Windows and doors made of plastic materials represented 44.1 percent of total exports, while wooden windows accounted for 31.9 percent and wooden doors – for 9.9 percent. Products made of aluminum (7.7 percent) and steel (6.4 percent) were less significant in volume. Exports have been increasing for the past few years and since 2009 Poland has recorded a trade surplus in the sector.

Products from the sector are sold largely to western economies. The biggest export market for Polish windows and doors is Germany (33 percent of exports), followed by the UK and France (20.6 percent of exports, jointly). Other major buyers are Italy, Belgium, the Czech Republic, Slovakia, Norway, Sweden, Denmark and Lithuania.

For both sectors, competitive prices, moderate production costs and a strong local supply of raw materials (abundant raw wood reserves, strong plastics and metallurgy industries) play a part in establishing a steady presence on foreign markets. There are also, of course, challenges.

In previous years experts have pointed out that Polish furniture exports are high in volume but not in value. According to B+R Studio, the ratio is improving. In 2015 the average value is seen growing to €268 per kg compared to €251 per kg in 2014.

Looking for recognition

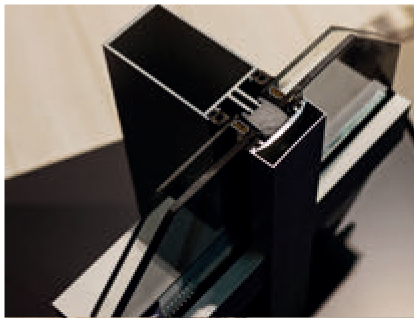
The outlook seems optimistic but the sector is not without challenges. Polish furniture is usually sold abroad under a foreign brand name, so Polish producers are hardly known outside their country of origin. "Building their own brand and brand awareness abroad is a pressing challenge for Polish furniture manufacturers," Gedvilas said.

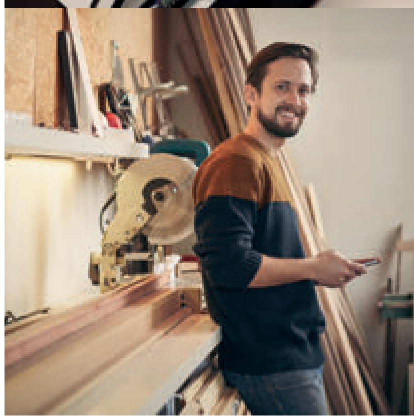
He also pointed out that the Polish furniture industry is lagging behind international competitors in terms of design and innovation in research and development, which, if left unaddressed, may hinder export growth in the future.

According to Gedvilas, Polish producers should think of a better way to compete than through low costs and consider some way of increasing productivity. "Even though wages in Poland are relatively low, the wage growth is outpacing labor productivity growth, resulting in increasing labor costs for Polish furniture manufacturers," he said.

POiD is convinced that awareness and recognition of the "made in Poland" brand is growing, despite the fact that foreign markets are demanding and there is an abundance of competition. "In recent years, Polish window and door producers have invested large funds into modern factories and production lines. Now the sector can benefit from those activities," the association's analysts said.

In the foreseeable future, currency trends may support the industry. "The weakening of the PLN against the euro is also expected to provide a positive impulse to Polish furniture exports. The PLN exchange rate against the euro is currently the highest it has been since May 2012. As the Polish furniture industry mainly targets the needs of euro zone markets, the depreciating PLN will help furniture exports to grow," Gedvilas said.





Window and door exports 2009-2014

	€ billion
2009	3.03
2010	**3.30**
2011	3.92
2012	**4.36**
2013	4.81
2014	**5.21**

Source: ASM – Market Research and Analysis Centre

Furniture exports 2009-2014

	€ billion
2009	5.01
2010	**5.63**
2011	6.45
2012	**6.61**
2013	7.06
2014	**8.03**

Source: B+R Studio

INTERVIEW

Inward bound

Demand for warehouse space is shifting from western Poland towards central areas. E-commerce firms, serving both European and domestic markets, seem to be setting the rules now

BY BEATA SOCHA

There are 600,000 sqm of warehouse space under construction. Most of this space is being constructed in Warsaw suburbs, Upper Silesia and Central Poland. Does it mean that Wrocław and Poznań – the two locations that have been developing the fastest over the past few years – are no longer that hot? Where are developers looking to now?

Robert Dobrzycki: The demand for warehouse space near Poznań and Wrocław came from international companies, both production firms, including automotive manufacturers, as well as e-commerce companies. They were looking for cheaper labor compared to what they could find in their domestic markets and decided to locate near the western border.

In time the labor pool has started to dry up in the western parts of the country, and now companies are looking "deeper." The next stops for them are Silesia and Central Poland.

Another factor in play here is the increasing consumption in Poland which also affects the e-commerce market. Its rapid development also makes central locations, such as Łódź and Silesia, more attractive. We can see a lot of retailers consolidating and relocating there.

These two main factors are why this central "axis" is currently more attractive that the west.

Talking about e-commerce, how many of the firms in the sector handle the domestic demand and how many service European markets, like Amazon shipping goods to Germany from its fulfillment centers in Wrocław and Poznań?

We can see both directions. On the one hand, international e-commerce firms are looking to follow in Amazon's footsteps and relocate to Poland. They want to tap into the cheaper labor pool and benefit from the more flexible labor code, particularly from short-term employment, which is important during the holiday season. These companies service European markets from Poland.

On the other hand, we also see traditional retailers expanding their e-commerce businesses. These companies mainly service the Polish market. That's why they choose to locate near large populations, like Warsaw and Silesia.

What about the developing and emerging warehouse locations: Szczecin, Lublin and Rzeszów?

These markets are, as you said, still developing and each at its own pace. Szczecin's attractiveness stems from its location: near northern Germany and Scandinavia. That's why we mainly see Scandinavian firms looking for space there. Some companies see that the labor market in Wrocław and Poznań is less favorable these days so they direct their gaze towards Szczecin instead.

Lublin and Rzeszów are gaining attractiveness due to improving infrastructure. Many manufacturing companies decide to locate near Rzeszów and Lublin. It is farther from the border but with the improved road network the distance is no longer so terrifying. Besides, the labor market and its depth in eastern Poland is definitely improving the attractiveness of Rzeszów and Lublin.

One of the biggest lease transactions of 2015 was Leroy Merlin's new lease of 53,000 sqm in Panattoni Park Stryków II. What are tenants looking for these days?

Right now we can see that some tenants, due to their rapid development, need space very quickly and look for space which is already available. We can also often see that e-commerce firms that are expanding or relocating their business have little or no idea how much space they will eventually need. They prefer a short term lease with the option to increase their space rather than commit for a longer period of time.

On the other hand, large companies already know what they need, and for how long. They have always preferred built-to-suit spaces.

Given the high volume of new development, do you expect vacancies to go up? What about rent rates?

I think that vacancies should continue to go down. The demand is increasing and there are still few developers that build speculatively. This trend should continue. Rents shouldn't fall, I expect them to remain stable or go up slightly. Construction costs will also increase a little, due to increased labor costs.

Do you think that the slightly older warehouses, say 10 years old, can compete with new projects in the pipeline?

I think that if they were designed well and have good technical specifications, they will continue to be attractive. Not that much has changed. Naturally, e-commerce firms need very specific solutions but in the majority of cases, buildings that are 5-10 years old are just as competitive as the ones we are building now.

What are the specific needs of e-commerce firms?

A large e-commerce firm with a stable position in the market needs solutions that allow it to house a large number of employees. For example, Amazon has 3,000 employees. What such companies need is air conditioning, daylight, much more social space and canteens, as well as a vast area for parking and for bus stops. The outside infrastructure needs to be better developed given the increased traffic at specific times during the day. Apart from that the shell is basically the same as in any warehouse.

ROBERT DOBRZYCKI, CHIEF EXECUTIVE OFFICER EUROPE AT PANATTONI EUROPE

BY BEATA SOCHA

A click away

Fueled largely by increasing online sales, the warehouse market is poised to hit record figures this year. However, logistics operators agree that gearing up for the e-commerce boom in Poland will involve overcoming several major obstacles

After three quarters, it has become clear that 2015 will be the best year for Poland's warehouse industry in eight years. "Despite the slightly lower tenant activity in the third quarter, compared to the previous quarters, levels of demand since the beginning of this year are at record levels," said Tomasz Olszewski, head of Industrial Department in Central and Eastern Europe, JLL.

Since the beginning of the year, gross demand for warehouse space in Poland amounted to 1.6 million sqm with the third quarter accounting for 433,000 sqm. New lease agreements with extensions amounted to 247,000 sqm and an additional 186,000 sqm were renewals of existing contracts. The largest deal in 2015 has been the lease of 53,000 sqm by Leroy Merlin in Panattoni Park Stryków II.

"If the fourth quarter results are similar to those of the previous quarters, we can expect demand to reach record levels for the third time in a row," added Olszewski.

Logistics still on top

Logistics is once again the leader among tenants, accounting for 30 percent of net demand. "Logistics companies appreciate Poland's geographical location and improving infrastructure. Also, logistics companies represent all industries. This means that when a sector starts to grow there is a similar growing trend in logistics. The logistics industry is subject to an overall market performance and the tendency of companies to outsource logistics services," explained Olszewski.

A recent report prepared by Prologis and JLL stated that e-commerce companies may need to lease another 700,000 sqm of warehouse space by the end of 2020, assuming stable e-commerce growth rates of 15 percent per year.

"We've seen the e-commerce market grow at double-digit pace for years. The boom in e-commerce, combined with Poland's investment attractiveness, creates new opportunities for the warehouse market along with the expansion of companies already present here, plus an inflow of foreign firms to the market as well as the launching of new brands," said Paweł Sapek, senior vice president and country manager at Prologis Poland.

Handbags, blenders andgroceries

In 2014, online sales accounted for 3.9 percent of total sales volumes in Poland, while in 2020 the share of e-commerce in all retail is forecast to exceed 10 percent.

The areas of online retail where warehouse demand is growing the fastest right now include clothes and accessories, white goods and small household appliances, cos-

IMAGE: SHUTTERSTOCK

metics, consumer electronics, multimedia and food.

The increase is bound to translate into much higher demand for modern warehouse space. Sapek stated that the Polish warehouse market is well-placed for the increase in demand and that the majority of existing space meets tenants' expectations.

According to Jan Zombirt, associate director, Research and Consulting at JLL, both international corporations bringing their business to Poland and domestic firms will contribute to increasing demand. "This take-up will be sourced from three types of lease agreements: direct leases of pure-play online stores and e-fulfillment centers by traditional retailers, 3PL leases where a logistics operator fulfills online orders on behalf of a retailer, and omni-channel leases where only part of the floor space is dedicated to e-commerce," Zombirt explained.

Major challenges

While growing at an impressive rate year after year, the e-commerce business also poses a number of challenges to all market players. Logistics operators polled by JLL unanimously pointed to same-day deliveries as the greatest challenge of all, followed by return logistics (60 percent of those polled), and handling cross-

Getting ready

What are the biggest challenges of e-commerce for logistics operators?

Same-day deliveries	– 100%
Return logistics	– 60%
Cross-border deliveries	– 40%
Security	– 20%
Growing labor costs	– 20%
Lease length	– 20%
Availability of suitable warehouse space	– 10%

Source: JLL

71% of third-party logistics firms will need more space for processing returns over the next five years, according to research by JLL.

border sales (40 percent). Security, increasing labor costs and short-term contracts vs long-term leases were major issues to 20 percent of respondents, while sourcing appropriate warehouse space was cited by only 10 percent – after all, developers have been churning out new warehouse space in preparation for e-commerce growth.

"Around 50 big warehouse modules will be available for lease in Poland in the next six months. Furthermore, around 280,000 sqm of warehouse space is currently being developed on a speculative basis – that is without binding lease agreements. These factors combine to make Poland well-equipped to receive e-commerce led demand," said Zombirt.

What do they need?

As the Polish warehouse market continues to mature, it is becoming increasingly similar to Western European markets. It will continue to develop and specialize in the same way as the developed markets where e-commerce warehouses feature certain specializations including: a dedicated e-fulfillment center, parcel hub/sorting center, parcel delivery center and urban logistics depot, returns processing center, and a Dot.com warehouse for online food fulfillment. A survey conducted by JLL among third-party logistics providers (3PLs) and retailers show that some warehouse functions will also be increasingly in demand in Poland. For instance, 71 percent of 3PLs will need more space for return processing centers over the next five years, the research suggested.

What logistics operators in the e-commerce industry need now is the flexibility to expand or contract leased space, mezzanine levels, a high security level, more power, intensive HVAC, and an abundance of parking lots for employees. In terms of location, the key factor is availability and access to staff, access to an extensive road network, and proximity to the end-customer.

> **The areas of online retail where warehouse demand is growing the fastest include clothes and accessories, white goods and small household appliances, cosmetics, electronics, and food.**

The data center market is becoming harder to ignore, especially in Poland

sector partner: Beyond.pl

ŁUKASZ POLAK,
VICE PRESIDENT,
BEYOND.PL

Data Centers are no longer a part-time or side component. They have transitioned into primary points of engagement and information exchanges with employees, partners, and customers in today's interconnected world. Although cost reduction has always been an important issue for companies, it's now becoming noticeable that it can be achieved through collocation. As a result, the Data Center Collocation market is to be presented with substantial opportunities and in the coming decade it is expected to see considerable growth. Europe's market revenue is estimated to grow from $7.59 billion in 2014 to $15.55 billion in 2020 at an astonishing Compound Annual Growth Rate of 12.71 percent.

With the rising number of possibilities and intensification of the demand for collocation services, an important question arises – where is the best place to do it? Firstly, we can cross distance off our list of determining factors. In the modern, digital world it is no longer an issue. You can choose your partner driven by different, more significant factors. Need proof? Our Poznań data centers are just 12 ms from London. So let's try to think of Poland as a potential data center provider. It appears to be the perfect location for this type of service with its steady and relatively cheap energy, as well as its safe and reliable business location. You won't find any legal obstacles or government threats to your data here. The country ranked 10th in the global Data Center Risk Index. The Polish climate also works in its favor, with it's great temperature profile that allows freecooling, which translates into additional cost savings.

Moreover, we can boast state-of-the-art modern infrastructure, meeting the highest of world-class standards. Beyond's Data Center 2 with its 12,000 sqm of great collocation space will not only be the biggest facility in CEE, but more importantly the first that meets Tier IV standards. Simultaneously being also the most energy efficient, with PUE less than 1,1.

The future of the whole country's market appears promising. According to Kapsch BusinessCom, the Polish IT sector is "the most dynamic in the CEE region." Market growth of software and IT services in 2011-2015 is estimated to be 7.2 percent per annum. As much as 36 percent of the whole CEE data center sector is already located in Poland. I hope now you understand that overlooking the opportunities that this country has to offer would be a mistake.

BY JACEK CIESNOWSKI

Play the game

When it comes to popular culture, Polish video games are among the most internationally well-regarded. While movies like "Ida" or music composed by Penderecki or Pawlik are recognized by critics and peers, they're niche products. Meanwhile, Polish video games are played by millions worldwide

IMAGE: CD PROJEKT RED

The history of Polish video games wouldn't be the same if proper intellectual property laws had existed here in the communist era and during the first few years after its fall. The humble origins of the sector were in copying others. Homemade clones of the Pong video game were popping up left and right. Popular magazines dedicated to home electronics published whole schematics on how to make such a machine in your home. The first Polish video game consoles, made in the 1970s and 80s, were mostly carbon copies of the Magnavox Odyssey machine. The lack of intellectual property laws did not only mean copying others, but learning from them as well. Anyone who had a computer at home in the late 80s and early 90s, flocked to a special market in Warsaw where hardware and software was sold. Just like the one on ul. Grzybowska in Warsaw, where each weekend hundreds of future coders and developers congregated to get the latest piece of software. Only thanks to pirated games, could they be up to date with current trends, as legal software was either absent or too expensive.

Out of the underground

The gaming scene remained underground for most of the 90s. A number of Polish games were released during that period, but the vast majority of them were only published locally. Probably the first Polish-made game distributed worldwide was a real-time strategy title, Earth 2140 released in 1997. Fast forward to the present day. The Polish video game market is valued at $280 million and is the second biggest market in the CEE (after Russia) and the 23rd worldwide. More than 13 million Poles are gamers according to Newzoo.

Of the currently operating game developers, the best-known, and one of the oldest, is CD Projekt RED, founded in 1994. Like most current developers it started as a distributor of foreign titles and their biggest competitors were pirates. "A pirated computer game worth £15 was being sold for £3, roughly 48 hours after its release," said CD Projekt co-founder Maciej Iwiński. The company's lucky break came in 1998, when they distributed a popular role-playing game – Baldur's Gate, which sold 100,000 copies, an astounding result for the Polish market. Thanks to its success, the company was asked to dis-

Witcher 3: Wild Hunt (CD Projekt RED)

> The Polish video game market is valued at $280 million and is the second biggest market in CEE (after Russia) and the 23rd worldwide

tribute one of the games sequels – Baldur's Gate Dark Alliance. The only problem was that it was a console game and those were not popular in Poland at the time, so the producers asked CD Projekt to convert the game into a PC version. And, although ultimately the deal fell through, they caught the bug and decided to start developing games. "We realized that we were just the middle man, selling someone else's games," said Adam Kiciński, CD Projekt CEO. They were afraid that they were an easy takeover target and expanding their portfolio could prevent them from being acquired. So they decided to make their first game. "We devoted all the money we had and then some [to reaching this goal]," Iwiński said.

They set their eyes on the Witcher series of fantasy books written by Andrzej Sapkowski, often called "the Polish Tolkien". His books are immensely popular in Poland, so there was great local crossover potential. "He's in a league of his own. If you say 'Sapkowski' it means top-class – there is nobody else like him," Iwiński said. Globally it was a different story, Sapkowski's name was not well-known abroad, so in order for the product to be successful worldwide, it had to be good. This was not an easy task, especially for a company with no development experience under its belt. Five years and PLN 20 million later, the Witcher hit the shelves and placed CD Projekt RED on the map.

The latest, third part in the series sold nearly 5 million copies and won numerous awards, beating other popular franchises like Fallout and Metal Gear Solid.

The studio is also developing another game – Cyberpunk 2077, which will be the first CD Projekt game without Witcher in the title, with a planned release date in 2016.

Right now, with three games in the Witcher series under its belt, WSE-listed CD Projekt is a two-headed beast. One branch is the game development business (CD Projekt RED), the other is an online distribution service GOG.com (formerly Good Old Games), which brought the company PLN 73.6 million in revenue in 2014.

From dictionaries to zombies

Another major game developer is Techland. Founded in 1991, it's even older than CD Projekt RED and just like its more famous peer, it started as a distributor. Soon after, the studio started publishing their own simple games, translators and other educational software. Revenue from these products helped fund their more ambitious gaming projects, the first of which was Crime Cities released in 2000, a game that was in production

Fortnite (Epic Games Poland)

for six years. "Back in those days, making video games was not our main source of income, although it was definitely our main expenditure. Educational software was what brought us the cash needed to develop games. This was always a lengthy process," said Techland founder Paweł Marchewka. Eventually, the company developed its own game engine (Chrome, in 2013) to be used in their own productions as well as to sell to other developers. This put

Dying Light (Techland)

Cyberpunk 2077 (CD Projekt RED)

IMAGES: CD PROJEKT RED, EPIC GAMES POLAND, TECHLAND

> **The latest, third part in the series sold nearly 5 million copies and won numerous awards, beating other popular franchises like Fallout and Metal Gear Solid.**

the company on the map as a serious game developer, at least locally at first. Its first major global success was in 2006 when Call of Juarez was released and sold 1 million copies. Its sequels sold even better. This year, the studio released its biggest blockbuster so far – Dying Light. Released in January, it has sold over 3 million copies so far. It was even the top selling video game in the US in January, outselling such franchises as Grand Theft Auto or Call of Duty. In 2013, the company opened its branch in Canada. "Starting a studio in Canada opens up a wide range of new opportunities in the realm of game development," said Marchewka, adding that it gave the company access to "a deep talent pool of educated employees."

It's education, stupid

This last aspect (education) has been the sector's problem for years. While there were always video game enthusiasts who would give an arm and a leg to work in the industry, they had no place to learn the craft. The companies, run by self-taught people, often had to hire internationally, because it's hard to make highly-acclaimed games solely on enthusiasm, you also need the relevant skills. This is slowly changing as more schools and universities offer game development courses and majors.

The last of the major game developers is Warsaw-based CI Games (formerly, City Interactive). Founded in 2002, the company, just like Techland and CD Projekt RED, is listed on the Warsaw Stock Exchange. The company started developing budget games for the first few years of its existence, with the big break coming in 2010 with the release of Sniper: Ghost Warrior, which, along with its sequel, has sold over 5.5 million copies worldwide. The third installment is currently in the works. However, the company's most ambitious project was Lords of the Fallen. Its budget reached PLN 42 million and CI has sold nearly 1 million copies so far. The game was made by German studio Deck13 and produced by the Polish company and it won numerous awards for both, German and Polish game of the year. CI Games and Deck13 recently parted ways due to unspecified complications and the Polish company has developed an internal team to work on the sequel. The video game sector in Poland is truly unique. There aren't that many Polish-made products that are so popular worldwide. The studios that formed years ago in someone's garage or a spare room are now listed on the WSE and they're still being run by the same people and not by multinationals. What's most important is that they're all innovative companies – something that is lacking in the Polish economy.

INDIE HEAVEN

While the game developers described in this article make mostly AAA titles (an industry term used to describe highly budgeted games, equivalent to a movie blockbuster), there is a strong independent scene here as well. These smaller games usually attract gamers with a unique idea or story. Thanks to digital distribution, they can also be sold by the studios themselves. In recent months, two important Polish indie games have been released. This War of Mine (11 bit studios) differs from most war-themed video games by focusing on the civilian experience of war rather than frontline combat. Players have to make ethical choices in order to survive the siege. The second game is The Vanishing of Ethan Carter (Astronauts), a horror adventure game produced by Adrian Chmielarz, veteran of the Polish video game scene. Both have been well received critically and commercially. This War of Mine covered the cost of its development in just two days of sales, while The Vanishing of Ethan Carter sold 100,000 copies in the first three months of its release.

IMAGE: 11 BIT STUDIOS

BY KAMILA WAJSZCZUK

Well cast metals

Poland is known as a major producer of a number of metals, including iron, steel, copper and silver. With growing global competition the industry has to prepare for tough times, but it may see a better future thanks to increased processed metals used in other sectors

According to data from Euromonitor International, the Polish basic iron and steel market grew by 5.9 percent year-on-year in 2014 to a value of USD 19.96 bln. The basic precious and non-ferrous metals market grew by 4 percent y/y in to USD 1.52 bln in 2014.

As Stefan Dzienniak, president of the board at the Polish Steel Association (HIPH) pointed out, 2015 was also a good year for the steel industry. In 2014 steel consumption in Poland grew to a record level of 12.28 mln metric tons and the following year may be another record-breaker. "Data for the first ten months of this year confirm our projections that there may be another record and consumption may have grown by some 2-3 percent y/y," Dzienniak said.

The Polish steel market stands out in Europe in terms of demand. Total demand in the markets of the European Union is now about 50 mln tons lower than it was before the economic crisis, the expert explained.

However, the situation for Polish producer was not always so good. A few years ago the Polish steel market was strongly hindered by a large shadow economy, stemming from tax fraud on so-called reverse VAT, especially in the reinforcement bar sector. In August 2013 the government introduced a legal change that put things back in place, obliging the buyers, rather than the sellers, to pay the tax. According to estimates quoted by Dzienniak, some 1.5 mln tons may have been sold in the shadow economy sphere before the amendment.

According to the Economic Chamber of Non-Ferrous Metals and Recycling (IGMNiR) the situation of the non-ferrous metals sector in Poland varies depending on the sector. The volume of basic metals production (electrolytic copper, primary zinc and refined lead) is expected to rise year-on-year in 2015.

Growth is also projected in the copper and aluminum rolled products sector, thanks to increased demand from the wiring sector and to exports. Increases are also expected in the sectors of extruded and drawn products from copper and brass, as well as in die casting aluminum alloys used in the automotive industry. At the same time, other areas including copper and copper alloy sheets and tapes have most likely experienced a decline.

Though production increased in most areas, companies from the non-ferrous sector have been experiencing certain difficulties in financial terms due to significant price declines on the London Metal Exchange. On the other hand,

IMAGE: SHUTTERSTOCK

electricity costs and excise levels were lower, the IGMNiR's analysts remarked.

A challenging environment

The overall good condition of the Polish metallurgy market may be largely attributed to growing demand in other sectors. The processing industries, from construction materials to household goods, are also expanding.

"Demand of basic iron and steel as well as basic precious and non-ferrous metal products is driven by growing Polish construction and automotive industries. Metal industries benefit greatly from infrastructure development financed by EU funds in Poland. As long as infrastructure development projects are in the pipeline, demand for steel remains stable in Poland," said Andrius Balsys, industry analyst at Euromonitor International.

Nevertheless, Polish metals and metal products producers have to face increasing global competition, especially from China. "We have been forced to compete against imports from third-party countries, not from the EU market, but from countries such as China, India, Russia, Ukraine, Belarus and Moldova," Dzienniak said. He explained that Chinese exports have increased significantly after a crisis on the country's domestic market cut local demand.

What is more, Polish producers have to comply with

ON THE RAILS

STEEL RAILS ARE ONE OF POLAND'S EXPORT SPECIALTIES. TENDERS FOR THE PRODUCT ARE ANNOUNCED GLOBALLY AND POLISH COMPANIES SUCCESSFULLY COMPETE IN SOME OF THEM. POLAND IS ONE OF ONLY THREE COUNTRIES IN THE WORLD WHERE 120-METER-LONG RAILS ARE PRODUCED. POLISH-PRODUCED RAILS ARE VALUED FOR THE QUALITY OF THE STEEL AND FOR THEIR TECHNICAL PARAMETERS.

strict CO_2 emission regulations, especially as power generation firms usually aim to transfer their costs to buyers. Another difficulty is high natural gas prices. Non-EU sector companies are in a completely different market environment.

"The industry is also facing difficulties in relation to competitiveness in a global perspective. Polish producers are paying electricity excise in relation to carbon leakage, which is increasing costs for the steel industry. As other countries, like China, are avoiding carbon taxing, Polish producers are facing international competition based on unequal environmental requirements that distort competitiveness," Euromonitor International analyst Andrius Balsys said.

Another issue is the ongoing downward trend in metals prices on global markets. "The global metals industry is affected by declining prices of most metals, including steel. A plummet in the price of iron ore of 28 percent in 2014 due to increased supply, in addition to reduced coal prices by 17 percent has pushed international prices of steel down. The slowing down of the Chinese economy and a continued growth of the Chinese steel industry has increased supply in the world, thus adding pressure to steel products prices. Meanwhile, gold, copper and lead prices declined by 10 percent, 6 percent and 2 percent respectively damaging non-ferrous metals industry growth," Balsys added.

Polish producers are facing international competition based on unequal environmental requirements that distort competitiveness

Polish sector associations and the country's government are taking action to improve the situation. Talks with the European Commission are underway. "In 2015 the activity of sector organizations in this aspect has increased," Dzienniak said.

"Following a Steel Action Plan signing at EU level, the Polish government is working on its own plan to protect and aid its domestic steel producers from unequal competition in relation to differences in environmental requirements. Initial steps to prepare such a plan were being made, though no results are yet available," Balsys added.

Reaching further

Since domestic demand is high, exports are not an obvious solution for Polish metallurgy firms. According to data from the Ministry of Economy, in 2014 Poland recorded a trade deficit of €190 mln in metallurgy products, compared to a surplus of €650 mln a year earlier.

The industry's exports grew by 3.3 percent y/y to €17.5 bln in 2014, while imports increased by 8.7 percent in the same period. The fastest-growing segments in terms of exports were aluminum and aluminum products (up by 11.8 percent to €2.1 bln) and cast iron and steel products (up by 8.8 percent to €5.6 bln). Exports of iron and steel fell by 5.5 percent to €3.5 bln and exports of copper and copper products declined by 9.8 percent to €3.1 bln.

Exports to the EU in 2014 stood for nearly €14 bln (up by 5.3 percent y/y), or 10.9 percent of total Polish metallurgy exports. Within that volume, exports of aluminum and aluminum products grew by 15.3 percent y/y to €1.8 bln and exports of processed

IMAGES: SHUTTERSTOCK

Exports of metallurgical products from Poland 2012-2015 (€ bln)

Year	Value
2012	16.80
2013	16.94
2014	17.51
H1 2015	9.08

Source: Ministry of Economy

cast iron and steel products grew by 11.1 percent y/y to €4.5 bln. Other important segments were copper and copper products (€2.3 bln, down by 10.3 percent y/y) and iron, cast iron and steel (€3.1 bln, down by 5.4 percent y/y).

"Players in every EU country are fighting for presence on the local market," Dzienniak said. He stressed that in Poland's case, demand is higher than domestic production. However, a number of companies are widely renowned and sell their products globally.

According to Balsys, "Polish exports of basic iron and steel, as well as basic precious and non-ferrous metals, will be troubled by increasing competition in international markets, especially from China." Nevertheless, fabricated metal products or custom products are expected to sustain demand growth in Polish export markets as competition is less tense in these sectors.

In the Polish non-ferrous metals sector, exports stand for more than 70 percent of total sales value. "The 11 percent depreciation of the PLN against the US dollar was favorable for exporters," the IGMNiR's analysts said.

Dzienniak was optimistic about the future of the industry. "Steel processing is going strong in Poland. We are no. 2 in the EU in steel structure production volume and this year we might be no. 1," he said. He also pointed to the growing demand for processed steel, resulting from a growing number of uses for the material.

The IGMNiR is in consensus. "Polish non-ferrous metals sector companies compete with foreign firms thanks to lower production costs, resulting from lower remuneration costs. It is worth noting that products of the industry comply with international standards," its analysts said.

Balsys believes that major challenges faced by Polish metallurgy will include declining prices in world markets, carbon pricing and EU environmental policy compliance, as well as high gas and electricity prices in comparison to neighboring countries.

INTERVIEW

On a course to global expansion

WB Group is one of few Polish private companies operating in the defense sector that has achieved success on a global scale. Within 18 years since its establishment, the company has become one of the leading producers of C4ISR & Unmanned Aircraft Systems

BY WOJCIECH RYLUKOWSKI

PIOTR WOJCIECHOWSKI, CEO AT WB GROUP

Most of your revenues come from exports and you are one of the largest Polish exporters in the defense sector. What's your recipe for success?

Piotr Wojciechowski: Export accounts for 50 percent of revenues recorded by WB Group, which comprises five companies. Some of its units, such as WB Electronics, generate 80 percent of revenues by selling abroad. There are three main factors behind our success: good quality, competitive pricing and the trust the client has in our products. High quality is maintained through a complex control over the production process. Every piece of weaponry is tested for mechanical, thermal and electromagnetic resilience before being exported. Since we design and manufacture the products we sell, there is room for flexibility and we can make a system individually crafted to clients' particular needs. We are on a par with the world's giants, because, just like them, we have our own technology and that helps us win trust of our clients. Since we don't need to pay for licenses we can offer a good price and attractive cooperation conditions.

These three factors, combined with the uniqueness of our products are of key-importance for being successful in exporting and they create our competitive advantage. Export is a flywheel - the more we sell abroad, the more feedback we receive, which allows us to improve our products and once they get better it becomes easier to export more.

You are quickly becoming world leaders in unmanned aircraft systems. Recently you have signed a contract with a French giant, Thales.

Although, unmanned aircraft systems (UAS) are developed in many centers all over the world, WB Group is one of few companies who manufacture them relying solely on its own technology. Every component of the system is designed and produced by us, and we have knowledge about every part, including the autopilot, fuselage or the drive unit. There are few producers like us who provide others with their technology - we sell our licenses, for example, to Vietnam, among others.

We have been partners with Thales for many years and one of our units, Radmor, produces a radio station on their license. Since the Polish army has announced a tender for a mid-range "Gryf" UAV system with short delivery time, we will be supported by Thales in developing our own product based on their Watchkeeper X. Production will be located in Poland and we are on the lookout for Polish suppliers who are interested in the project.

You mentioned that Vietnam develops its systems based on your technology. Could you reveal which other countries also buy WB Group products?

Unfortunately, most of these deals are secret and we cannot disclose details. We can say that WB Group's and perhaps the Polish defense industry's biggest success is the sale of a license for Fonet, a digital internal communication system, to the US Army. The US company, which acquired the license, Harris, produces more units than we do and probably all of the vehicles in the US army are equipped with it. Through the United States, the system is exported to several dozen countries including the Visegrad Group states, India, North African countries, Iraq, Thailand, Australia and Jordan. We can safely say that this is the most widespread Polish military technology and a brand that is recognized all over the world.

Why do you rely so heavily on exports?

Relying on exports is our deliberate strategy, we aim to balance the domestic market with foreign markets in order to be immune to the fluctuations on the Polish market. In my opinion, the best situation is when you have 10 clients who each buy 10 percent of the production. In that case, lower demand on one market doesn't undermine the stability of the company.

Export also shows in a plausible and objective manner whether a product is competitive vis-à-vis its foreign counterparts. If we win markets abroad, there is no doubt that the product is good. When the situation repeats on many markets, we can say it's the best in its category. Exports also provide us with feedback we get from many users and that helps us to improve the product.

The government is carrying out consolidation of the Polish defense sector. What's your relation with a new entity, Polska Grupa Zbrojeniowa (PGZ), which comprises 16 public-owned companies?

I am convinced that there is nothing more valuable than a good cooperation. Since we make different products, there's no competition between us, there's synergy. PGZ offers platforms on which our products could be applied, and they don't have to look for foreign suppliers. As the money spent on armaments comes from Poles' taxes, PGZ should use the funds to buy from local producers so that the taxes stay in the country. I also hope that it won't try to monopolize the market, but will cooperate with private companies, creating a much more sustainable model. We hope this will be our chance.

How does the government support you?

The defense sector is classified as a strategic sector and is under the state's umbrella. We are on the government's list of companies of particular importance for national security. Owing to the fact that the defense sector is a source of innovation, we are able to get subsidies from the National Center for Research and Development (NCBIR), if our projects win a grant contest. A WB Group's unit, Flytronic, has research center status as one of few private companies in Poland.

The government has recently announced a PLN 130 billion Army modernization program. One of the key challenges is to ensure that the money will be spent in Poland and not abroad. The question is whether the state will be able to give the Polish defense industry a chance to expand.

WB Group has raised PLN 80 million from selling bonds. There are also plans to enter the Warsaw Stock Exchange.

Bonds were issued to buy a 46 percent stake in Radmor from Polski Holding Obronny and consequently to finalize its privatization. Currently, we own nearly a 100 percent stake in the company. The remaining sum was channeled into R&D activities, which we carry out to develop new products, such as new communication systems or adapting drones for use in the civil sector.

In terms of entering the WSE, the situation is more complex. As a company which is on the government list of strategic defense companies we cannot disclose all the information and we are in the process of working out how communication could function. The decision to enter the bourse hasn't yet been made. We are mulling it over. We are also considering capital cooperation with a domestic entity in order to help each other strengthen and then to decide whether to carry out an IPO.

How did you get to where you are now? You started as a garage company.

The history of our company is a kind of "American Dream" story. Since the beginning, we have been committed to developing the company based on our technology that would be unique on a global scale. We are also adherents to the rule of reinvesting profits systematically. Our success comes from building the company with vision for many years ahead. We have to anticipate the development of technology and invest in it. Any product that is created from scratch requires a good, well-managed team that can achieve perfection after many years of working together.

Constructive collaboration of Polish science and industry

sector partner: WB Group

TOMASZ BADOWSKI
DIRECTOR OF COMMUNICATION & PROMOTION DEPARTMENT
WB GROUP

One basic problem of the Polish economy, unlike in the Finnish, German or French, is the lack of effective commercialization in terms of leading scientific centres' achievements. The shortage of modern, innovative, Polish-developed technologies and products considerably hinders our economic development. Despite the past 20 years of a free economy, we still do not have a "Polish Nokia", an innovative, modern company offering cutting-edge products.

The State's investments in research often fail to result in mass production and commercial success. Consequently, many innovative solutions, which could stimulate the development of the economy, frequently remain merely scientific projects.

However, there are noteworthy exceptions. The collaboration of scientific centers with the WB Group is a good example. It shows how the State's investments in scientific research pays dividends in indirect and direct taxes generated through the proper commercialisation of scientific accomplishments.

The WB Group, consisting of WB Electronics S.A, RADMOR S.A., Arex Sp. z o.o., FlyTronic Sp. z o.o. and MindMade Sp. z o.o., has created an effective, well-managed and innovative method of absorbing innovative technological solutions into production. Thanks to its efficient organization, the WB Group has achieved what many entities, often much larger, have long been striving for – an efficient platform for the collaboration and implementation of Polish scientific achievements in mass production.

One interesting example is the collaboration of WB Electronics S.A. with the Institute of Armament Technology at the Military University of Technology in Warsaw (WAT). For many years, WAT has carried out extensive R&D works on the use of advanced solutions in the modernization of military equipment. The Polish Army has benefited from this collaboration. One result of the fruitful collaboration between WAT and WB Electronics is the cutting-edge device for the remote control of multiple rocket launchers (MRLs), manufactured by WB Electronics.

The device, jointly developed by WB Electronics and WAT, meets the Polish Army's strict requirements. On-site, laboratory and field (dynamic) tests brought very favorable results. The device is a reliable, safe and modern replacement for older Soviet devices. MRLs have long been used by the Polish armed forces and armies all over the world. Therefore, the State's investment can yield profits thanks to potential exports.

The collaboration in question proves that technological projects do not need to be large and very expensive to be an innovative drive for the economy. The device is just one of many examples of cutting-edge instruments' development and implementation in production. It is also a promise for the future. Since effective collaboration between WB Group and WAT has proven feasible, other Polish scientific centers may consider collaboration with other such leaders in innovative technologies. What can be more valuable for scientists than seeing the results of their efforts in everyday use, for everyone's benefit?

WB Group

Revamping the defense sector

IMAGE: SHUTTERSTOCK

Poland's defense sector reached its peak in the 1980s and since then it has experienced a steady decline. Poland's government is making efforts in order to reverse the trend and boost exports

BY WOJCIECH RYLUKOWSKI

Gone are times when one of the pillars of the Polish economy was its domestic defense sector. The end of the cold war marked the collapse of the overgrown industry, which didn't have a place in the new era of "the end of history" and the thaw in the relations between the East and West. In the past 25 years, Polish governments have been making efforts to find a new formula for the sector, all to little avail. Recently however, the first signs of recovery have emerged.

Past Glory

To get the full picture of Poland's defense industry one has to look back to the past, to the Warsaw Pact period. After WWII, the reconstruction of the defense sector required previously unheard of amounts of money. The country saw the second wave of increased spending on armaments in the 1970s, and one decade later, the sector reached the peak of its capabilities. According to Jakub Jaworski from the Polish Chamber of Defense Manufacturers, in the 1980s, there were 82 enterprises which had strategic defense company status, ten research centers and more than 600 firms that cooperated with the strategic companies. Within a year, Poland could produce 300 T-2 tanks, 160 jet fighters and transport aircrafts, 350 helicopters or 700 anti-aircraft missiles. The industry employed 250,000 people. During communism, the defense industry in the Soviet bloc states and its satellites was coordinated by the USSR, whose aim was to prevent each country from fully developing the potential of their defense industries. Soviet Russia forced the eastern bloc to work out a specialization within the alliance - only one country could make a final product with components supplied by other states. For example, parts to assemble a T-2 tank in Poland were imported from East Germany, Romania, Bulgaria, Hungary and the USSR. Because of the geopolitical realities of the cold war, the defense sectors in this part of Europe were massively overgrown. The scale of the industry in Poland had put a burden on the budget as expenses on armaments were said to stand at 12-15 percent of the annual budget. It shouldn't come as a surprise, therefore, that in 1985, Poland was the fifth biggest weapons exporter in the world. Most of the exports, however, were sent to the Warsaw Pact and its members had a limited possibility to sell the production elsewhere since the weaponry was usually made on Soviet licenses.

Hard Landing

After the 1989 transformation, such excessive funding was no longer available, bonds with former allies became more lax and demand for weapons was no longer secured. It was evident that the sector, burdened with overstaffing, needed to undergo significant restructuring to close the technological gap with the West. Efforts have been made throughout the 90s and 2000s to upgrade the industry so that it can compete on international markets. Nonetheless, results have not, so far, been satisfactory. According to analysts, the reasons behind the flop were manifold, including a lack of coordination between ministries, insufficient financing of restructuring programs, lack of control over money transferred to the troubled companies, or insufficient spending on R&D. Scaling down the employment can be named as one of the few successes.

The transformation undermined Poland's weapons exports as well. According to an annual report by the Ministry of Foreign Affairs, Poland sold armaments worth €395 million to foreign markets in 2014. Of that sum, €294 million was in the ML10 category, i.e aircrafts, unmanned aircrafts, aircraft engines and components. In fact, this positive result was achieved by cooperators or subsidiaries of foreign producers operating in Poland (Sikorsky, AgustaWesland or Airbus Military). Regrettably, these companies are only suppliers and not able to make a final product themselves. Considering that the remaining €100 million included the sale of old, decommissioned weapons, "the real" value of Polish defense companies' exports is estimated at around €30-€40 million, a figure as low as at the beginning of the 90s. It wouldn't be an exaggeration to say that weapons exports are close to extinction.

The government is making efforts to turn the fate of the industry around and to help it bounce back. One of its latest policies is the renewed attempt to consolidate state-owned companies into one entity, something that had previously failed twice. This time, with the newly created Polska Grupa Zbrojeniowa, the situation is expected to be different. In September, the head of PGZ, Wojciech Dąbrowski, announced at a defense fair in Kielce that the company "wants to act as an innovative supplier of specialized systems" and said that it will have revenues of PLN 12 billion in 2030, of which PLN 6 billion is to be generated in the civil sector. The majority of the sum is expected to come from exports. The company wants to introduce 100 new products in the next 15 years and become the 10th biggest weapons producer in the world. How plausible is that? It's hard to assess right now, but achieving success would also boost production volumes and capabilities of private companies, who may become associates of the

IMAGES: SHUTTERSTOCK

IMAGES: SHUTTERSTOCK

state-owned giant. And the private companies are faring well. In 2014, 13 of them generated revenues of PLN 870 million, and employed 5,000 people. The leading company, WB Group, is successfully licensing the technology it had designed itself to international markets. The company's biggest success is the sale of a license for Fonet, a digital internal communication system, to the US Army and several dozen other countries. Apart from that, the company is already cooperating with state-owned companies. In tandem with Huta Stalowa Wola, it is developing an unmanned gun turret, and recently it has become part of a consortium with PG to run in a tender for the Battlefield Management System for the Polish Army.

New opportunities

The company also sees its chances in the army modernization program worth PLN 130 billion, which was announced in 2013. Piotr Wojciechowski, the head of WB Group, said that both parties, the state and the enterprises, need to display "economic patriotism" in order to make sure that Polish firms benefit from the program. "The ordering party cannot generate needs that would go completely beyond the possibilities of the sector, because that would eliminate the Polish companies," he said. "The state has to give them a chance and order products that may not yet be perfect, but with time, these producers will fulfill more extensive requirements," Wojciechowski added. In his opinion, the progress of the whole sector, including state-owned companies, is substantial. For example, Huta Stalowa Wola has developed RAK self-propelled mortars, the first weapon of its kind completely designed and produced in Poland since WWII. Besides the ambitious plans to consolidate the sector and modernize the army, the government has recently launched a program aimed at supporting exports. The "Regional Security Assistance Program 2022" stipulates providing loans to the Visegrad Group members (the Czech Republic, Slovakia and Hungary), the Baltic states, as well as Romania and Bulgaria so that they will be able to purchase Polish arms. The program's goal is also to bind and coordinate the defense potential of all the countries in the region. There are initial indications that such a program could work. In July, Poland and Slovakia signed a letter of intent regarding cooperation in the defense industry, and as a result, the southern neighbor will buy 30 Rosomak Scipio vehicles for PLN 120 million. Meanwhile, Bulgaria, which is striving to cut dependence on Russia, has signed a €6 million deal with Poland to service its MiG 29 fighter jets. Of course, one swallow doesn't make a summer, but combined policies may bring tangible results, and Poland may be able to rebuild its defense sector so that, once again, it can become one of the driving forces of the economy.

BY ALICJA CISZEWSKA

Advancing the middle east

Middle East countries are very far from being able to be named as Poland's major trade partners. Yet, Polish exporters would lose a lot if they neglected to establish solid trade ties with these fast-growing regions

To many, the Middle East may seem to be the very center of the world's largest wars, inhabited by either wealthy sheikhs or rather poor societies. However, this region is recognized as one of the most promising for European companies, since it has been recording soaring GDP for a few decades. "Although a major part of the Arab world has plunged into massive turmoil, we have to keep in mind that it is a very diverse region and one can find big markets there which operate without any interference. Properly prepared and directed expansion could bring Polish companies real business success," Przemysław Polaczek, managing partner at Grant Thornton pointed out. Over the last five years, Saudi Arabia's economy has risen by 5.3 percent year-on-year on average, Qatar's GDP increased by 9.6 percent, while the United Arab Emirates (UAE) recorded a 4 percent growth. At that time, the euro zone grew by just 0.6 percent (IMF), hence, it took Saudi Arabia seven months to make up the numbers, which it took the euro zone five years to achieve. Despite some declines, forecasts continue to be promising. HSBC estimated that the UAE's GDP will slow to 3.1 percent in 2015, Saudi Arabia's to 3.6 percent and Qatar's to 5.6 percent. Meanwhile the euro zone economy will rise by only 1.3 percent.

One percent that matters

Last year, Poland recorded a trade surplus with almost all

IMAGES: SHUTTERSTOCK

the region's economies, besides Bahrain. The total turnover reached over €7 billion, and exports alone amounted to €4.5 billion (see: table). Turkey (20th) followed by United Arab Emirates (28th) and Saudi Arabia (36th) were Poland's major trade partners in the region. Overall, an increase in exports with Middle Eastern countries stood at 30 percent on a yearly basis, boosted mainly by trade with the UAE. In 2014, nearly one third of the total exports volume to Saudi Arabia was accounted for by grains, a similar percentage of the total volume sold to Iraq consisted of combine harvesters. Iran purchased sound receivers (over 40 percent of imports), Jordan acquired aerial vehicles (30 percent), mainly from PZL Mielec. Qatar was a buyer of mechanical and electronic devices, Kuwait - food and agricultural products (nearly 40 percent of imports from Poland). Lebanon (over half) and Syria (80 percent) imported foodstuff, such as sugar, bread, chocolate products, among others (over 50 percent). What's interesting, almost half of the products sold to the UAE market were mobile phones.

Despite the fact that the exports to Middle Eastern countries accounts for only one percent (0.5 percent to Turkey alone), those markets have potential to become quite profitable for Polish companies. Experts claim that Polish food, energy, apparel, furniture, construction and cosmetics sectors have, and will, benefit the most from the trade exchange. In particular, Saudi Arabia, Qatar and the UAE, where the emerging middle class is in need of consumer goods. Polish fashion retailer, LPP opened around 200 stores in Poland and abroad in 2015, expanding its number to some 3,200. As the Ukrainian crisis had an impact on the firm last year, LPP will expand its business mainly in the EU and the Middle East, i.e. Egypt, Saudi Arabia, Kuwait, Qatar and the UAE. Wójcik, a producer of children's clothing is also considering entering the Middle East. Moreover, the Polish cosmetic sector, which is currently the sixth largest in Europe has been conquering the region too. Polish-made cosmetics are recognized as high quality products at reasonable prices. Inglot Global Cosmetic is planning to open 100 stores in the United Arab Emirates by 2020. Opening stores in the UAE is a part of the company's broader strategy of launching 220 units in the countries of the Persian Gulf Cooperation Council. As for now, Inglot has 19 stores in the UAE. The region accounts for 8 percent of the firm's total sales revenue. Delia Cosmetics proudly admitted that in comparison to 2012, it doubled its sales in the Middle East last year. Eveline owns 120 outlets in Dubai alone. Laboratorium Kosmetyczne Dr Irena Eris is finalizing agreements with distributors in Bahrain, Kuwait and Qatar. Polish companies admit that the Middle East is difficult to enter, but it's worth the effort. "We think that the market is really challenging, but it creates opportunities to establish long-term trade relations," Ewa Sabaj, Export Manager at Blux

IMAGE: SHUTTERSTOCK

Cosmetics told Bankier.com web portal. Arab countries are one of the directions that Polish shipyards have moved in. As many as 100 Polish boat and yacht manufacturers sell nearly their entire production output (99 percent) abroad and in Europe. The Far East as well as the Middle East are their major markets according to the Polish Chamber of Marine Industry and Water Sports. An interesting detail is that Poland is the world's second largest small motor yacht producer and the sector has been chosen by the Polish government as a beneficiary of financial aid provided from EU funds.

Polish technology has also entered the Middle East. The mobile payment system provider mPay signed a seven-year deal with Bahrain-based eTime IT Solutions this year. It was the firm's first international contract. In line with the deal, customers from such countries as the Kingdom of Bahrain, Saudi Arabia, Kuwait, the United Arab Emirates, Qatar and Oman will be able to use mPay's application to pay for bus and parking tickets. Firstly, the app will be delivered to the Bahrain market, within a year after eTime IT Solutions obtains the necessary permits.

Experts stress that the Middle East region is a great construction site nowadays, where high quality materials, services and professionals are necessary. "Arab countries are characteristic for many investment projects, which are not only offices, but hotels and housing schemes, there are entire cities being built from scratch," Antoni Mielewczuk, the president of Polish-Saudi Economic Chamber told Puls Bzinesu daily. Saudi Arabia alone will earmark USD 550 billion for infrastructural investments in years 2012-2015. Krzysztof Woźniak, head of the international banking department at HSBC Polska argued that local authorities invest in "great infrastructural projects", with the support of foreign entities, and this is an opportunity for Polish contractors or consultants specializing in the creation and management of engineering ventures. Unfortunately, some claim that Polish construction firms could be too weak to enter the Middle East, additionally, the leading firms have Spanish (Budimex and Mostostal Warszawa) and Austrian (Strabag) owners who will not let them be present in the market in which they have been operating for years, Maciej Stańczuk, the president of Polish-Saudi Arabian Business Council told *Dziennik Gazeta Prawna* in 2012.

> **Middle East region is a great construction site nowadays, where high quality materials, services and professionals are**

Bread basket for the Middle East

Due to the unfavorable climate conditions, Arab countries must face an undeniable lack of food. For instance, Saudi Arabia imports some 90 percent of its fresh and processed food, Iran buys around 85 percent. Poland's food and foodstuff exports will be valued at €25 billion in 2015, according to estimates from the Ministry of Agriculture. Domestic producers have been selling food products to the Middle East, as it was mentioned above, and experts claim this sector is one of the most promising in the mutual trade exchange. Nevertheless, Polish exporters have to deal with strong competition from the likes of German and French firms. What's worth noting is that Polish food processing technology is also desirable in Arab countries, in addition, Polish companies may successfully establish joint ventures in the sector, the Saudi Arabian embassy to Poland pointed out. Sławomir Majman, the president of the Polish Information and Foreign Investment Agency (PAIiIZ), recognizes the Polish food sector's achievements in the United Arab Emirates and believes that Poland should pursue exporting food there. The Ministry of Economy also identified Oman as one of the biggest potential importers of Polish food and food technology, but such countries as Jordan, Lebanon and Kuwait have not been mentioned.

Go Iran?

Former Minister of the Economy, Janusz Piechociński said that the landmark nuclear deal with Iran creates a great opportunity for Polish farmers, since the Persian country imports 85 percent of its food products and, what has to be noted, Polish food exports to Iran have grown threefold since 2011. The minister claimed the improvement of relations with "a big market that has money," is a good sign for the Polish economy. Poland may offer Iran such foodstuff as fruit, juices, honey and grains as well as car parts, medical equipment, furniture and building materials. "The normalization of relations with Iran is a great opportunity to sell several thousand railway carriages, several thousand trams, subway cars, very large amounts of food. This is a huge opportunity to export Polish poultry and beef, a great opportunity for many technologies," Piechociński stressed. A few weeks later, Piechociński went on a trade mission to Iran where he signed an agreement of economic cooperation with the country. The document is to enhance intergovernmental cooperation as well as the trade exchange between the two economies. Piechociński stressed that "the Polish government knows the specification of Iranian crude oil and it can be processed at Polish refineries. "Under the agreement, a joint committee will be established whose main tasks will be to analyze the cur-

rent economic cooperation of the two countries and suggest recommendations for the governments.

The former economy minister suggested that Poland, precisely PAIiIZ, should introduce the Go Iran program. Majman shared his optimism saying that it is high time to bring it into being. Although, Go Arctic has recently been launched, there has been no official announcement for the implementation the Iranian project, even PAIiIZ staff are wary of giving any details regarding the idea suggested by Piechociński. Let's hope it did not die when the minister left office. The Minister of Development, Mateusz Morawiecki, who replaced Piechociński, called for deepening cooperation with ASEAN countries. So far he has not mentioned anything about advancements in Iran. Moreover, following the mission, the Polish-Iranian Business Council was established. The council was formed during a conference on "How to export to Iran", held in Warsaw. The Chairman of the Council, Jacek Sosnowski, stressed that "trade relations between Poland and Iran must be enhanced, so Polish companies are not left behind by their competitors from other European countries."

Acting on their own

Meanwhile, Poland's largest refiner, PKN Orlen has become interested in investments in the Iranian oil sector in the event that economic sanctions imposed on the country are lifted, according to the Shana press agency, which cited Jarosław Zacharski, G&G Manager at Orlen. This was not the first time the media has speculated about the Polish company getting involved in the Iranian market. In late April, Reuters said that PKN Orlen had bought a 122 thousand metric ton shipment of Iran's gas condensates for its Mazeikai complex, however, the news was denied. What is more, Iranian media reported that Polish state-controlled gas and oil giant PGNiG is keen on carrying out investment projects in Iran after the possible lifting of sanctions that had earlier been imposed on the country. "Years ago, the Polish firm participated in the Lavan gas project and now it is ready to come back to the developing Iranian market," PGNiG representative to the Middle East, Bogusław Sozański told Mehr agency, adding that the company is likely to open its office in Tehran. Abbas Sha'ri-Moqaddam, Iranian deputy petroleum minister informed that talks with the Polish party have already begun and they are regarding cooperation in petrochemical projects. "The main subject of the talks with the European firm is a purchase of equipment and the newest technology for the petrochemical industry," he said. However, he did not mention the name of the "European firm".

Hunting for new chances

"As for now, we are making our presence felt in the UAE and Saudi Arabia but there are lots of countries in the Middle East with which we can cooperate closer," Radosław Jarema, the CEO at AKCENTA, CEE leading non-banking financial institution argued. Furthermore, regarding the above, Polish companies have also started advancing in Iran. In his and other experts' opinions, Jordan, Qatar, Bahrain, Kuwait and Iran (if the market opens), could, and should, be of interest to Polish exporters in the near future.

Trade exchange with the Middle East countries, 2014, data in € millions

Country	Exports	Imports	Turnover	Balance
Turkey	**2,336.7**	**2,017.5**	**4,354,2**	**319.2**
The United Arab Emirates	840.4	121	961.4	719.5
Saudi Arabia	**518.8**	**45.7**	**564.5**	**473.1**
Israel	360.9	282.2	643	78.7
Iraq	**118.5**	**0.1**	**118.5**	**118.4**
Jordan	57.1	0.7	57.8	56.3
Lebanon	**54.4**	**8.8**	**63.2**	**45.6**
Kuwait	51.5	2.5	54	49
Oman	**48.4**	**9.5**	**57.9**	**38.8**
Qatar	39.9	12.3	52.2	27.7
Iran	**35**	**22.4**	**57.4**	**12.5**
Syria	24.7	7.5	32.2	17.2
Bahrain	**21.1**	**52.5**	**73.6**	**-31.3**
Jemen	9.5	0.2	9.7	9.3
Palestinian National Authority	**4.4**	**2.8**	**7.2**	**1.6**
Total	4,521.3	2,585.7	7,106.8	1,938.6

On Chinese track

Back in August 2015, local cider, beer, mineral water and confectionery products departed from a cargo terminal in Łódź and set out for the world's largest market, China. In launching its "One belt, one road" strategy China intends to conquer European markets more comprehensively. Poland just happens to be on the Chinese path to expansion

BY ALICJA CISZEWSKA

> Only 3.5 percent of the total exports from China to Europe are carried over land, despite the fact that it is three times quicker than by sea.

In 2013, China's authorities came up with the idea of establishing a new infrastructural project dubbed "One belt, one road" (or "New Silk Road" in reference to the Silk Road) in line with which, among others a web of cargo routes connecting Asia and Europe will be made. This new strategy is crucial in the continuation of the Chinese economy's growth, "today, a conversation in Beijing is beginning on the topic of the New Silk Road," Sławomir Majman, the president at Polish Information and Foreign Investment Agency (PAIiIZ) stressed. Central and Eastern Europe is considered by Chinese geo-political analytics as a sort of "introduction to the European Union, an area of political and economic influence," Marcin Kaczmarski, an expert at the Center of Eastern Studies said. Poland is located in the center of Europe and is the largest economy in the CEE region, neighboring with the engine of the EU, Germany. Which means the Chinese have chosen Poland from a strategic point of view. "It would be difficult to implement this project without Poland, which is a great location for the Chinese, a door to the European market," Radosław Pyffel, the president of the Poland-Asia Research Center admitted. Only 3.5 percent of the total exports from China to Europe are carried over land, despite the fact that it is three times quicker than by sea. A network of rail connections is an essential element of the Chinese project, because the government is convinced that transportation by train will be more attractive for traders than via ships and speed will compensate for higher costs. "Railway transport is significantly faster, yet more expensive than by sea. According to our analysis, the price of the transportation of one container from Europe to China accounts for 30-40 percent of the value of the transported goods. And this is the main drawback for this kind of transportation," Szymon Mikołajczak, the member of the board of managers at Carsped, a subsidiary of PKP Cargo, explained on promare.pl web portal.

Łódź takes it all

Łódzkie voivodship has been attempting to attract Chinese businesses for a while. Łódź came up with the idea of establishing a regional Poland-China forum after former president Bronisław Komorowski paid a visit to Beijing in 2011, when a mutual strategic partnership was forged. Since then, three editions of the event have taken place, uniting the representatives of local authorities and businessmen from all over the two countries. Furthermore, there have been several business and political missions to China, undertaken by local authorities. Barbara Ochcika, a specialist in the field of logistics from the University of Łódź, claimed that the region's location, convenient access to rail and road infrastructure, the prospect of developing multimodal connections and growing warehouse space are "the pillars of its logistics potential." In 2012, the city of Łódź opened its office in Chengdu, Sichuan province. Chengdu is a city of 14 million and the capital of the Sichuan province, it plays a role in the logistics, financial and technological centers of the western part of the country. The city specializes in wood and the electrotech industry. The turning point in relations between Chengdu and Łódź was in launching the first ever, China-Poland cargo connection in April 2013. Each cargo train holds 41 containers and travels through Belarus, Kazakhstan and Russia for 14 days before it reaches the terminal in Chengdu. The first "export train" left Łódź on August 17 this year, the second departed from Łódź, Olechów terminal nine days later heading to Xiamen. Xiamen is a major city on the southeastern Chinese coast, its population stands at over 3.5 million. The journey from Łódź to the city lasts a bit longer than to Chengdu, but it is quicker to pass through customs clearance because the city is in a sub-district of the Fujian Free Trade Zone. The trains to Chengdu and Xiamen will operate every week, thus 25 more convoys will have departed from the terminal in Olechów by the end of the year, according to Grzelak. Monika Konsor-Fąferek, marketing and development manager at PCC Intermodal, was slightly less enthusiastic, "taking into account current freight rates, the Chinese are focused on sales, they attach less importance to importing via railways, which would be the jewel in Europe's crown."

€1.68 billion

IS THE VALUE OF POLISH EXPORTS TO CHINA IN 2014

There is this huge enthusiasm for Polish milk in China.

The Chinese would like to play a considerable part in the transformation of the Polish city, Xiamen would be a good introduction from which to expand to the other parts of the region. "We express our eagerness to create a common logistics platform with Łódź , which would service the transportation of goods from Europe to South-East Asia, including China and Taiwan," said Zheng Yunfeng, the deputy mayor of Xiamen. A continuation of Chinese involvement in the region is a plan to construct a second cargo terminal somewhere in Łódź. A similar terminal, valued at a few hundred million USD, has been operating in Chengdu. The Polish city aspires to achieve the same capacity. A joint venture has already been established, comprising Chinese and Polish companies enlisted to develop the project. There are more than two and less than five locations on the table, Grzelak said, adding that the choice will most likely be finalized in October. Witold Stępień, the marshal of the voivodship informed that the scheme is expected to be completed within three years, "the draft is ready and the investors have funds at their disposal," Grzelak asserted, and Ochcicka suggested possible EU financing may be involved in the investment.

Milk shopping spree

Since the spring of 2013, 70,000 metric tons of goods including household appliances, electronics and textiles have been exported from China to Poland (with 20 percent of goods being exported further to other European countries) via the rail link, its operator, Hatrans Logistics estimated. In 2013, China was Poland's third largest trade partner as concerns exports, a year later it had advanced up to second spot. Two years ago, China accounted for 9.3 percent of total Polish imports, last year, the share reached 10.4 percent. When it comes to exports, China is not listed in the top ten recipients of Polish goods (GUS). The share of Poland's exports stands between 1-3 percent of China's total imports. Undoubtedly, the cargo connection has influenced the mutual exchange negatively from Poland's stand-

> Each cargo train holds 41 containers and travels through Belarus, Kazakhstan and Russia for 14 days before it reaches the terminal in Chengdu

point and widened the trade deficit. It took over two years for the containers to be filled with Polish products. Some media reports suggested that Polish companies would require subsidiaries from the government (like their Chinese counterparts), but these demands are against WTO regulations, Bartosz Michalak, the president at the Polish-Chinese Cooperation Forum stressed. Apparently, the problem lies elsewhere, "it was really hard to organize the cargo and Polish companies had to meet strict Chinese requirements," Tomasz Grzelak, the CEO at Hatrans Logistics admitted. It has to be noted, that it is currently prohibited to import certain goods to the Chinese market, e.g. pork (trade with Poland is suspended, however ten Polish firms have been certified) and beef (governmental talks are ongoing). The other issue is the Russian embargo imposed on numerous products from the EU, that is why Polish fruit and dairy cannot be transported via the rail link. Grzelak stated that his company along with Chinese partners have been negotiating with Russia in the hope of establishing a system which will allow the Russians to examine the train to ensure it is adequately secured. Grzelak believes that the Chinese will have some political influence over Russia, that is one of the reasons why the Chinese delegation to Łódź was so sizeable on the days of the trains' departure.

Polish producers believe that exporting domestic liquors and dairy products, including milk is the appropriate strategy with which to enter the Chinese market and gradually begin to make inroads. Train transportation is suitable for small cargos consisting of products with a limited shelf life. Polish milk and powdered milk have been highly successful with Chinese consumers and exporters agreed. "The Chinese are very interested in our products, especially dairy," Michał Brzeziński, Deputy Head of Promotion and International Cooperation Unit of Łódź regional Development Agency. Łowickie, Mlekovita and other brands are available in supermarkets in Shanghai, there is this huge enthusiasm for Polish milk in China, Grzegorz Marciniak, managing partner at VMIX consultancy, pointed out. The Chinese prefer Polish milk to local, because they find it healthier and safer, Pyffel said, adding that Chinese customers remain wary about domestic dairy products after the milk scandal that shocked the public in 2008 in which 300,000 children were taken ill due to contaminated milk powder. Exporters who sent their products via the rail connection operated by Hatrans have high hopes regarding their presence on the Chinese market, one of them, Andrzej Pawelec, the owner at Chociszew-based +H20, a cider producer, said the Chinese liked our alcohol very much. They conducted research and they chose what they wanted in China. Another liquor producer, Sulimar from Piotrków Trybunalski shares the same hopes for a fruitful cooperation with the Chinese. "Talks were very long, but our samples were evaluated very well. We think that this is just the beginning of our mutual trade exchange," said Grzegorz Szafran, the CEO at Sulimar, which sent Cornelius and Trybunał Eksport beers to Xiamen. Pawelec also believes that Poland should start selling vodka to China.

Big plans for a small town

Besides Hatrans, there is another player on the scene looking to take advantage of China's new international infrastructure.

10 trains

PER WEEK WILL BE TRANSPORTING GOODS BETWEEN POLAND AND CHINA

State-controlled PKP Cargo is responsible for the operation of the European section of the connection with China, i.e. Poland-Germany. Since October 2013, trains from Suzhou, Jiangsu province have been arriving into Warsaw. Transportation services were organized by PKP Cargo Logistics. The ultimate goal is to establish a daily connection, which the company hopes to implement next year. Hatrans seems to be ahead of its competitor, because PKP Cargo is still in talks with potential firms who would be interested in transporting their products to China via the connection. In June, PKP Cargo signed a letter of intent to establish a joint venture with Zhengzhou International Hub (ZIH) from Henan province in China. The parties will cooperate to expand a handling terminal near the Polish border with Belarus, in Małaszewicze. Chinese Zhengzhou International Hub will own a 51 percent stake in the project. The company was to be established within three months, however, according to its press office, "talks are still ongoing." ZIH seeks to find new markets for goods manufactured in Henan and Poland is to be crucial in expanding access to Germany, where cargo will be handled before exporting it further west. Barbara Dunaszewska, President of the Management Board of Cargosped, informed that PKP Cargo is currently servicing three trains a week arriving from Henan province. Furthermore, it has signed additional contracts that will enable the railway company to provide comprehensive intermodal rail freight services from China to Europe for seven trains a week with the prospect of extending it to 10 trains a week (from Henan, Sichuan and Yunnan provinces). "The new connections will form a link not only between Poland and China (through our logistic depot in Malaszewicze near the Poland-Belarus border) but also leading to Germany and the Netherlands," she stressed. The company is also holding talks on providing postal services to and from Asia, with state-controlled Poczta Polska. Furthermore, they plan to incorporate a specialized distribution center for e-commerce shipments into the Malaszewicze terminal and Zhengzhou International Hub is currently working on a similar terminal in Henan province. During the first stage of their mutual cooperation they will invest $5 million combined, according to Adam Purwin, the CEO of PKP Cargo.

It is easy to condemn the entire project, to question why Poland is trying to conquer China with such cheap and unsophisticated products. One needs to realize that, firstly, every cargo has limited capacity, secondly, it is hard to impress the world's largest producer of almost everything. Moreover, China is not lacking in electronics, it needs high quality food. Hopefully, it will soon get it if Hatrans Logistics and its Chinese partners can reach a consensus with Russia. In addition, the construction of the multimodal terminal is definitely worth observing, because the Chinese may eventually spend millions on greenfield investment in Poland.

ONE BELT, ONE ROAD

THE TWO CONNECTIONS FROM ŁÓDŹ TO CHENGDU AND XIAMEN ARE AMONG OTHER SEVERAL RAIL ROUTES THAT BIND CHINA AND EUROPE TOGETHER WITHIN THE FRAMEWORK OF THE "ONE BELT, ONE ROAD" PROJECT, WHICH IS CHINA'S MOST STRATEGIC INITIATIVE INCLUDING 65 COUNTRIES AND 4.4 BILLION PEOPLE. IN SEPTEMBER 2013, XI JINPING, THE PRESIDENT OF THE PEOPLE'S REPUBLIC OF CHINA, SUGGESTED THAT CHINA AND OTHER CENTRAL ASIAN COUNTRIES SHOULD ESTABLISH AN "ECONOMIC BELT ALONG THE SILK ROAD," A TRANS-EURASIAN PROJECT SPANNING FROM THE PACIFIC OCEAN TO THE BALTIC SEA. A MONTH LATER, IN INDONESIA, HE PROPOSED A NEW MARITIME SILK ROAD. JINPING'S PROPOSAL IS SAID TO BE THE MOST SIGNIFICANT AND FAR-REACHING INITIATIVE THAT CHINA HAS EVER PUT FORWARD. SILK ROAD PROJECTS WILL CONNECT COUNTRIES THAT REPRESENT 55 PERCENT OF THE WORLD'S GDP, 70 PERCENT OF GLOBAL POPULATION, AND 75 PERCENT OF KNOWN ENERGY RESERVES. THE CHINESE GOVERNMENT HAS ALREADY LAUNCHED A FIVE YEAR STRATEGIC PLAN, WITH IMPLEMENTATION EXPECTED TO BEGIN IN 2021. EUROPEAN COUNCIL OF FOREIGN RELATIONS ESTIMATES THAT THE SILK ROAD INVESTMENTS WILL BE FULLY DELIVERED IN APPROXIMATELY 35 YEARS, IN 2049, THE 100TH ANNIVERSARY OF THE FOUNDATION OF THE PEOPLE'S REPUBLIC OF CHINA.

Southern exposure

Africa is recording spectacular rates of growth and is attracting investments from many corners of the world. Will Polish companies join the race and tap the continent's potential?

BY WOJCIECH RYLUKOWSKI

Even though Africa saw some growth in the 1960s and 70s, its lack of technology, institutions and organizational skills caused disintegration of the young economies. A deep-rooted stereotype that conveys an image of a continent receiving international aid and exporting asylum seekers, in turn, may soon give way, as Africa is developing fast. The thriving region grew at a rate of five percent last year, beating the global average by 1.5 percentage points and is home to ten out of the 15 fastest growing economies in the world. The region attracted FDIs worth around $80 billion in 2014, with the number of new projects growing by six percent in annual terms.

The African boom, which started in the early years of the 21st century, has been attracting capital from advanced and emerging economies alike. Although China and India are still trailing the UK and the United States in terms of the value of their outward FDIs, their role is rising. After Chinese involvement in the continent grew eightfold in the years 2004-2012, the country's Prime Minister Li Keqiang announced in 2014 that China's total stock in African investment projects will quadruple to $100

IMAGE: SHUTTERSTOCK

billion by 2020. A substantial part of these projects will surely flow to resource-rich sub-Saharan countries, although the times when South Africa was the top recipient of external investments are gone. Last year, it came in third with FDIs worth $4.2 billion, behind Egypt ($5.5 billion) and Mozambique ($4.9 billion). Other countries that succeed in enticing investors include Morocco, Ghana, Congo, Angola and Uganda. Although the bulk of the investments is in the mining sector, which accounts for some 33 percent of the total FDI value, there is a visible shift away from oil and resources, to the services and manufacturing sectors.

Polish business in Africa

The presence of Polish companies in this landscape is still modest, however, it is on the increase. According to data by the Ministry of Foreign Affairs, Polish firms invested €49.4 million in 2014, which stands for 0.8 percent of the total value of Polish outward FDIs. The small scale of investments stems from a fear of allocating capital in a region associated with unrest. Nonetheless, the situation is slowly changing, partly due to the GoAfrica program carried out by the Polish Foreign Information and Investment Agency (PAIiIZ). The program's objective is to increase the level of Polish investments and share of trade with Africa by organizing business missions, conferences and training sessions, as well as by promoting Poland as a business partner. Sławomir Majman, the head of PAIiIZ, told *WBJ Observer* that Polish companies can successfully compete in the construction, food, chemical, transportation and logistics sectors in Africa. Their efforts need to be supported by the government as African business is intertwined with politics. "In the initial stage, the political umbrella seems indispensable," said Majman. Nonetheless, he deems that the main hindrance to entering this market is a lack of information. "Polish companies were doing business in Africa in the 1980s. A lot has changed since then," Majman asserted. That's why one of the key activities carried out under the GoAfrica program is raising awareness among Polish companies about the continent and preparing them to venture into the region. The same applies to African partners who are invited to Poland by PAIiIZ in order to change their view of our country

IMAGES: SHUTTERSTOCK, URSUS

The number of tractors

to be delivered to Ethiopia by Ursus under the $90 million contract.

3,000

as a fringe European economy. Since GoAfrica's launch in 2013, PAIiIZ has organized 40 events, including trade missions to Nigeria, South Africa, Zambia, Senegal, Ghana, Morocco and Algeria. The program proved to be successful, as Poland's exports to Africa grew by 29 percent in 2013 and 14.5 percent in 2014. When It comes to outward FDIs, the agency expects that a surge in Polish investments will occur in 2016, but some notable projects are already being carried out. Polish chemical giant Azoty extracts calcium phosphate from deposits in Senegal; shipbuilding company Navimor is about to finalize the establishment of the Maritime Academy in Angola; Asseco signed a $10 million contract to deliver an IT system to Ethiopia's Network Security Agency; Kulczyk Holding is the owner of a gold mine in Angola and Polpharma announced that it will set up a drug factory in Algeria.

Poles spearhead agricultural revolution

Perhaps the most spectacular Polish success in Africa is the story of tractor producer Ursus, who won a $90 million contract for the delivery of 3,000 tractors to Ethiopia and subsequently opened a production line in the African country. The legendary Polish brand sold tractors to Algeria, Morocco, Tunisia, Congo or Ghana back in the 1970s and 80s. After the transformation, Ursus' production plummeted and the ailing company was taken over by POL-MOT Warfama in 2011. The new owner's concept was to win foreign markets where the mechanization of agriculture was still in its early stage by offering simple, reliable and cost-effective tractors based on a Massey Ferguson license. In an effort to win contracts, the company carried out a wide-ranging promotional campaign across the continent aimed at refreshing the memory of the brand. When asked by the *WBJ Observer* why he decided to invest in Ethiopia, Karol Zarajczyk, the CEO of the company said that "the African market, like any other market with potential for agriculture, is interesting from our point of view. And Ethiopia is the political center of Africa - if you succeed there, the news spreads across the continent." Unlike large multinationals who sell over-scaled, expensive vehicles, Ursus' tractors come at a better price and are of better quality than those offered by its Chinese competitors. The company's comparative advantage comes from the ability to offer a product that fits the local needs. "We offer value for money, a good price, we have proper technology and we are flexible, very flexible," Zarajczyk succinctly put it. But he added, that this is not enough. Considering fierce competition from Indian and Chinese companies, you can't come to Africa with just an end-product. "You have to propose extra value. In our case, that is technology transfer and staff training," Zarajczyk said.

What's in it for Africa

Since foreign investors bring capital, technology and management that allow the host economy to improve the effectiveness of the existing production process and engage in new activities, as well as to raise the country's output, an inflow of FDIs may help lift Africa out of poverty. It is therefore crucial that investors who come to the continent develop links with local suppliers, transfer technology and train local staff. Ursus' policy corresponds with these expectations. After signing the contract, the company would send tractor parts to be assembled in a factory run by state-owned The Metals and Engineering Corporation (METEC) in Adama, 90 kilometers south-east of Addis-Ababa. In May of this year, Ursus launched its own production line within

> **The African market, like any other market with potential for agriculture, is interesting from our point of view. And Ethiopia is the political center of Africa - if you succeed there, the news spreads across the continent**

the METEC facility. The opening day was attended by prominent figures including Nobel prize laureate Lech Wałęsa and Dlamini Zuma, the chairperson of the African Union Commission.

The manufacturing site employs Ethiopians only, however, there are around ten engineers on behalf of Ursus who are tutoring local engineers. According to Zarajczyk, the cooperation is smooth with one exception. "METEC is a big company that employs around 60,000 people and we are pleased with the cooperation and the level of professionalism. Our only challenge is the high staff turnover. Managers that work on our project are highly appreciated in the company's structure and are quickly taken to work on other projects. We already have the third manager working with us, while the other two climbed up the corporate ladder."

Apart from training the local staff, Ursus also wants to develop a chain of local suppliers. Currently, it is focusing on selling as many tractors as possible, but ultimately its target is to develop a spare parts market, where the margins offer higher profit opportunities. The manufacturer already orders castings from domestic firms and says that nothing prevents the local companies from supplying the plant with windshields, hoods, screws and the like.

The moment is now

Ursus' presence in the African market sets an example worth following. The contract in Ethiopia gave the company a major boost since the domestic market shrunk by 70 percent y/y in 2013 due to the decision by the Agency for Restructuring and Modernisation of Agriculture (ARMiR) to curb EU subsidies for tractors, according to Zarajczyk. Ursus recorded a net loss that year, but thanks to the Ethiopian deal, it managed to bounce back. And it didn't have to worry about funds, as the money provided to the Ethiopian party for the purchase of tractors came from an intergovernmental loan granted by Poland under the umbrella of the OECD.

Zarajczyk asserts that it is the right moment to enter the market, because the reputation of those who have been operating there for the last ten years or so is low. He further claims that the Chinese come with cheap credit, but their poor quality products often break before they serve long enough to cover their market value. When the locals cannot pay back the loan, they offer natural resources as repayment, which leads to neocolonial relations. Majman agrees with the opinion, highlighting that Poland's advantage comes from the fact that it is not identified as former colonizer. The head of PAIiIZ claimed that Polish companies perform well in the fields in which the Chinese firms operate and have a chance to replace them. To be successful, they would have to learn how to deal with the local administration. Unlike in Poland, business has to establish and maintain good relations with the bureaucracy to prosper. Another challenge is a different approach to time – things happen slower there. But, according to Zarajczyk, the game is worth a candle. "What happened in the last 25 years in China will happen in some African countries too," and not appreciating the market at this moment may result in barriers that will be difficult to overcome later.

$10 million

was the value of Asseco's contract for delivery of an IT system to Ethiopia's Network Security Agency

IMAGE: URSUS

POLAND'S 50 LARGEST INDUSTRIAL COMPANIES (2014)

Rank	Company	Sector	Revenues from sales in 2014 (in PLN thousands)	Address	Website
1	POLSKI KONCERN NAFTOWY ORLEN SA	Raw materials and fuel	106,832,000	ul. Chemików 7, 09-411 Płock	www.orlen.pl
2	POLSKIE GÓRNICTWO NAFTOWE I GAZOWNICTWO SA	Gas	34,304,000	ul. Marcina Kasprzaka 25 01-224 Warsaw	www.pgnig.pl
3	GRUPA LOTOS SA	Raw materials and fuel	28,501,887	ul. Elbląska 135 80-718 Gdańsk	www.lotos.pl
4	PGE POLSKA GRUPA ENERGETYCZNA SA	Utility	28,137,000	ul. Mysia 2, 00-496 Warsaw	www.pgesa.pl
5	KGHM SA	Mining	20,492,000	ul.Marii Skłodowskiej-Curie 48, 59-301 Lubin	www.kghm.pl
6	TAURON POLSKA ENERGIA SA	Utility	18,440,763	ul. Ks. Piotra Ściegiennego 3 40-114 Katowice	www.tauron-pe.pl
7	FCA POLAND SA	Automotive	13,335,870	ul. Grażyńskiego 141 43-300 Bielsko-Biała	www.fiat.pl
8	PGE OBRÓT SA	Utility	12,391,794	ul. 8 Marca 6 35-959 Rzeszów	www.pge-obrot.pl
9	ENERGA SA	Utility	10,590,595	ul. Kwiatkowskiego 8 33-101 Tarnów	www.energa.pl
10	GRUPA AZOTY SA	Chemicals	9,898,476	ul. Kossaka 150, 64-920 Piła	www.grupaazoty.com
11	ENEA SA	Utility	9,855,395	ul. Górecka 1 60-201 Poznań	www.enea.pl
12	VOLKSWAGEN POZNAŃ SP. Z O.O.	Automotive	9,543,911	ul. Warszawska 349 61-060 Poznań	www.volkswagen-poznan.pl
13	TAURON SPRZEDAŻ SP. Z O.O.	Utility	7,813,689	ul. Łagiewnicka 60 30-417 Kraków	www.tauron.pl

Data provided by: Bisnode Make a smart decision

POLAND'S 50 LARGEST INDUSTRIAL COMPANIES (2014)

Rank	Company	Sector	Revenues from sales in 2014 (in PLN thousands)	Address	Website
14	KOMPANIA WĘGLOWA SA	Mining	7,751,033	ul. Powstańców 30 40-039 Katowice	www.kwsa.pl
15	POLSKIE SIECI ELEKTROENERGETYCZNE SA	Energy distri-bution	7,100,583	ul.Warszawska 165 05-510 Konstancin-Jeziorna	www.pse-operator.pl
16	JASTRZĘBSKA SPÓŁKA WĘGLOWA SA	Mining	6,814,936	ul. Aleja Jana Pawła II 4 44-330 Jastrzębie-Zdrój	www.jsw.pl
17	ENERGA OBRÓT SA	Energy distri-bution	5,552,256	Al. Grunwaldzka 472 80-309 Gdańsk	www.energa.pl
18	GRUPA AZOTY ZAKŁADY AZOTOWE PUŁAWY SA	Chemicals	5,426,999	Al. Tysiąclecia Państwa Polskiego 13 24-110 Puławy	www.pulawy.com
19	BORYSZEW SA	Chemicals	5,058,120	ul. Łucka 7/9 00-842 Warsaw	www.boryszew.com.pl
20	BUDIMEX SA	Construction	4,949,939	ul. Stawki 40 01-040 Warsaw	www.budimex.pl
21	SYNTHOS SA	Chemicals	4,618,845	ul. Chemików 1 32-600 Oświęcim	www.synthosgroup.com
22	POLSKA SPÓŁKA GAZOWNICTWA SP. Z O.O.	Gas	4,340,849	ul. Marcina Kasprzaka 25 01-224 Warsaw	www.psgaz.pl
23	PKP ENERGETYKA SA	Energy distri-bution	4,316,887	ul.Hoża 63/67 00-681 Warsaw	www.pkpenergetyka.p
24	ENERGA OPERATOR SA	Energy distri-bution	3,874,358	ul. Marynarki Polskiej 130 80-557 Gdańsk	www.energa-operator.pl
25	PKP CARGO SA	Freight trans-port	3,804,672	ul. Grójecka 17 02-021 Warsaw	www.pkp-cargo.pl
26	FCA POWERTRAIN POLAND SP. Z O.O.	Automotive	3,497,349	ul. Grażyńskiego 141 43-300 Bielsko-Biała	www.fiatgroup.pl

Data provided by: Bisnode Make a smart decision

POLAND'S 50 LARGEST INDUSTRIAL COMPANIES (2014)

Rank	Company	Sector	Revenues from sales in 2014 (in PLN thousands)	Address	Website
27	KATOWICKI HOLDING WĘGLOWY SA	Mining	3,388,971	ul. Damrota 16-18 40-022 Katowice	www.khw.pl
28	CIECH SA	Chemicals	3,243,900	ul.Puławska 182 02-670 Warsaw	www.ciechgroup.com
29	WĘGLOKOKS SA	Mining and utilities	3,061,712	ul. Mickiewicza 29 40-085 Katowice	www.weglokoks.com.pl
30	CAN PACK SA	Packaging	3,030,878	ul. Jasnogórska 1 31-358 Kraków	www.canpack.eu
31	DELPHI POLAND SA	Automotive	2,875,297	ul. Podgórki Tynieckie 2 30-399 Kraków	www.delphikrakow.pl
32	STALPRODUKT SA	Metals	2,858,537	ul.Wygoda 69 32-700 Bochnia	www.stalprodukt.pl
33	VOLVO POLSKA SP. Z O.O.	Automotive	2,829,005	ul. Mydlana 2 51-502 Wrocław	www.volvogroup.com
34	IMPEXMETAL SA	Metals	2,819,488	ul. Łucka 7/9 00-842 Warsaw	www.impexmetal.com.pl
35	ZESPÓŁ ELEKTROWNI PĄTNÓW-ADAMÓW-KONIN SA	Utility	2,680,111	ul. Kazimierska 45 62-510 Konin	www.zepak.com.pl
36	RWE POLSKA SA	Energy distri-bution	2,541,700	ul. Wybrzeże Kościuszkowskie 41 00-347 Warsaw	www.rwe.pl
37	CMC POLAND SP. Z O.O.	Metals	2,509,180	ul. Piłsudskiego 82 42-400 Zawiercie	www.cmc.com
38	ABB SP. Z O.O.	Automotive	2,433,692	ul. Żegańska 1 04-713 Warsaw	www.abb.pl
39	GRUPA AZOTY ZAKŁADY CHEMICZNE POLICE SA	Chemicals	2,412,443	ul. Kuźnicka 1 72-010 Police	www.zchpolice.com

Data provided by: Bisnode Make a smart decision

POLAND'S 50 LARGEST INDUSTRIAL COMPANIES (2014)

Rank	Company	Sector	Revenues from sales in 2014 (in PLN thousands)	Address	Website
40	GDF SUEZ ENERGIA POLSKA SA	Energy distribution	2,410,531	ul. Zawada 26 28-230 Zawada	www.gdfsuez-energia.pl
41	GRUPA AZOTY ZAKŁADY AZOTOWE KĘDZIERZYN SA	Chemicals	2,055,616	ul.Mostowa 30 a 47-220 Kędzierzyn-Koźle	www.grupaazoty.com
42	LUBELSKI WĘGIEL BOGDANKA SA	Mining	2,013,568	Bogdanka 21-013 Puchaczów	www.lw.com.pl
43	POLENERGIA OBRÓT SA	Energy distribution	1,991,429	ul. Krucza 24/26 00-526 Warsaw	www.polenergia.pl
44	FIRMA OPONIARSKA DĘBICA SA*	Tires	1,837,805	ul. 1 Maja 1 39-200 Dębica	www.debica.com.pl
45	GRUPA KĘTY SA	Metals	1,819,552	ul. Kościuszki 111 32-650 Kęty	www.grupakety.com
46	BRENNTAG POLSKA SP. Z O.O.	Chemicals	1,736,953	ul. Bema 21 47-224 Kędzierzyn-Koźle	www.brenntag.pl
47	SOLARIS BUS & COACH SA	Automotive	1,699,227	ul. Obornicka 46 62-005 Bolechowo-Osiedle	www.solarisbus.com
48	HUTCHINSON POLAND SP. Z O.O.	Rubber	1,611,957	Leśnianka 73 34-300 Żywiec	www.hutchinson.com.pl
49	ERBUD SA	Construction	1,577,830	ul. Puławska 300A 02-819 Warsaw	www.erbud.pl
50	PBG SA	Construction	1,530,248	Wysogotowo, Skórzewska 35 62-081 Przeźmierowo	www.pbg-sa.pl

Data provided by: Bisnode Make a smart decision

Industry Partners

Beyond.pl is an innovative, leading data center operator that provides businesses with a reliable IT infrastructure. The company was established in 2005, and since then it has become a flagship brand for data center and cloud computing services, with customers from a whole range of industries. It's also the first carrier-neutral data center in Poland with access to Tier1 carriers and all internet Exchange points. Beyond's infrastructure includes two state-of-the-art data centers with over 12 000 sqm of total area. Beyond.pl Data center 2 is the biggest and most innovative facility in the country. Beyond.pl distinguishes itself on the market thanks to a complex approach towards its customers' IT needs. It is among the top three Data Centers Providers in Poland, number one quality leader and the only data center provider with managed services.

beyond.pl
ul. Półwiejska 32
61-688 Poznań
tel. +48 61 859-7007
biuro@beyond.pl

The mBank Group offers companies and individual customers a wide range of products and services to meet their financial needs. The offer is complemented by leasing, factoring and a full range of brokerage services. The Group also comprises the mortgage bank mBank Hipoteczny. Affluent customers who value top-class tailor-made expert financial services and an individual approach can use private banking and asset management services offered by the mBank Group. mBank has decided to combine forces under the mBank brand, as it enjoys the strongest recognition of all members of the group and provides its services to millions of clients in Poland, the Czech Republic and Slovakia. So far mBank has been associated not only with innovative solutions in electronic banking and mobile banking, but also other modern ventures and projects.

mbank.pl
mBank S.A.
ul. Senatorska 18
00-950 Warsaw
tel. + 48 22 829-0000

Panattoni Europe is a European branch of one of the largest developers in the US, Panattoni Development Company, established in 1986 by Carl Panattoni. In subsequent years, new branches appeared, initially in the US and Canada, as well as the UK and across the whole of Europe. Since 2005, that is from the onset of Panattoni's presence in Europe, the developer has built over 3.2 million sqm of modern industrial space. Panattoni has offices in Prague, Luxembourg, Hamburg,Munich, Warsaw and Bucharest.

panattoni.pl
Warsaw Financial Centre
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plinfo@panattoni.com

WB Electronics S.A., is the continuator of technological transformation in the Polish army and the defense sector. Operating in the field of specialized electronics and military IT, it has led the Armed Forces of the Republic of Poland into the 21st century, setting binding standards in key areas for national security. It is the leader of the WB Group – the largest private defense industry group in Poland. It is an exporter of concepts and technologies to several dozen countries around the world, including the US. It is guided in its business by innovation and the creation of major technological breakthroughs. The business philosophy adopted by us is expressed in a product offer that has incorporated unique solutions on a global scale, implemented in the toughest and most demanding markets.

wb.com.pl
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Industry Partners

KGHM Polska Miedź S.A. is a global, innovative and modern company, that has been conducting advanced geological, mining and metallurgical activities for over 50 years. The company focuses on ore mining, production of copper, precious metals and other non-ferrous metals. KGHM is the world's largest silver producer and one of the top producers of copper in the world. It boasts a geographically diversified portfolio of mining projects. Its facilities are located on three continents – Europe, North and South America. The operations are carried out in accordance with the highest environmental standards and regulations. The achievements in the field of corporate social responsibility are widely recognized wherever KGHM manages its activities. The KGHM Group operates nine mines in Poland, Canada, the US and Chile as well as four projects in the investment and pre-investment phase, including Ajax and Victoria projects located in Sudbury, Canada. Owing to its global expansion, KGHM has access to key global resources including copper, silver, gold, rhenium, nickel, platinum group metals and molybdenum. The knowledge and experience of KGHM employees facilitates the extraction and processing of valuable natural resources, making it possible to develop the modern world.

kghm.com

ul. M. Skłodowskiej-Curie 48

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tel. +48 76 747-8200

Strategic Partners

The Polish Information and Foreign Investment Agency (PAIiIZ), helps investors to enter the Polish market and find the best ways to utilize the possibilities available to them. We guide investors through all the essential administrative and legal procedures that are involved in a project; we also support firms that are already active in Poland. We provide rapid access to complex information relating to legal and business matters associated with investments, help to find appropriate partners and suppliers, and new locations. PAIiIZ's mission is also to create a positive image of Poland across the world, promoting Polish goods and services.

paiz.gov.pl

ul. Bagatela 12, 00-585 Warsaw

tel. +48 22 334-9800

post@paiz.gov.pl or invest@paiz.gov.pl

The Polish-African Chamber of Commerce and Industry (formerly The Polish-African Chamber of Commerce) is an association of businesspeople. It was founded through the initiative of Polish ambassadors, Polish honorary consuls present in Africa, African and Polish entrepreneurs involved in projects in Africa, and experts who have worked or are working in Africa. Members of the Chamber have strong business relationships and political contacts in Poland and in African countries, which are necessary to initiate and develop businesses in these two geographical areas. The Polish-African Chamber of Commerce and Industry creates a business environment with the aim of gathering and propagating information about financial markets and the economic conditions which support the economic activity of Polish and African companies. The main role of the Chamber is connecting business partners with a view to co-operating with relevant entities in Africa and Poland.

paig-pacc.com

ul. Plutonu AK "Torpedy" 41, 02-495 Warsaw

tel. +48 729 335 222

office@paig-pacc.com

Polish-Indian Chamber of Commerce is a bilateral chamber, which was registered on March 9, 2009, with the aim of promoting and fostering commercial and economic relations between Poland and India. The Chamber provides a platform for Polish and Indian companies to explore business opportunities in both countries, such as imports, exports, joint ventures and greenfield investments. The PICC identifies common interests and the exchange of information regarding economic activities in both countries. Since its creation the PICC has organized many business missions, fairs, conferences and seminars both in Poland and India that have highlighted the business potential of both countries and offered opportunities to establish direct contact with Polish and Indian entrepreneurs. In our daily activities we focus mostly on business consultancy services - market research, credit reports, and searching for business partners in both countries.

www.piig-poland.org

World Trade Center Poznan

ul. Bukowska 12

60-810 Poznań

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The Italian Chamber of Commerce and Industry in Poland (CCIIP) is an independent association of employers operating in the Polish market. The Chamber, founded in 1996, represents Italian investors in Poland. However, membership is also be open to Polish capital companies. On 27 January 2015, by Decree of the Italian Minister of Economic Development, our association has been recognized as an official Italian Chamber of Commerce abroad. Our objectives are to promote the Italian system in Poland, support the economic growth of associated companies and represent our members before local authorities, Polish and Italian institutions and associations. Our Chamber is headquartered in Warsaw with a branch in Katowice and it is in the process of finalizing a partnership for Poznan and Wroclaw.

Warsaw,	Katowice
ul. Kredytowa 8/26	ul. Mickiewicza 29
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sekretariat@cciip.pl	katowice@cciip.pl

The Polish-Iranian Business Council was established to promote co-operation and improve relations between The Republic of Poland and The Islamic Republic of Iran. The activities of The Council include cultural and business exchange, promoting both countries and enhancing bilateral understanding. The PIBC works closely with the media, scientific institutions, governments and NGOs in Poland and Iran to help create the appropriate grounds for social and business relations.

The PIBC also aids private enterprises in expanding into the region with the goal of successfully exploiting new business opportunities. Members of the PIBC have access to a wide variety of resources, expertise and services to help facilitate cross-cultural understanding and expansion into both countries.

www.pibc.org.pl

Al. Jana Pawła II 80, 00-175 Warsaw

pibc@pibc.org.pl

The Indo Polish Chamber of Commerce and Industry (IPCCI) was established in 2007. The IPCCI's goal is to develop Indian and Polish business and industry relations. Additionally, we aim to ensure that the government and society as a whole, understand needs of both and their contribution to the nation's economic development. We work to: identify and strengthen business and industry's role in the economic development of the countries; act as a catalyst in bringing about the growth and development of Indian and Polish business; identify and address the special needs of the small sector to make it more competitive; promote co-operation with counterpart organizations; work towards the globalization of Indian industry and integration into the world economy. We work with various organizations providing a platform for an exchange of knowledge and experience so that Polish and Indian cooperation can continue to be fruitful.

Ipcci.pl

ul. Taśmowa 7, 02-677 Warsaw

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The German-Polish Chamber of Commerce, founded in 1995 and now the biggest Chamber of Commerce in Poland (1,000 member companies), supports bilateral business ties and provides a range of services for German and Polish companies. It's first task is to foster the bilateral business partnerships of both countries, in particular: to inform potential investors about opportunities in their neighboring country by publishing key facts, attending trade fairs, organizing more than 200 networking events annually and accompanying German and Polish investors on visits to Poland/Germany.

ahk.pl

ul. Miodowa 14, 00-246 Warszawa

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info@ahk.pl

The British Polish Chamber of Commerce has been networking business relationships in Poland since the early days of the market economy. Today we reach out across Poland and the UK promoting the best of each country. Our executive team works with you to support your business growth. Partnership and networking is at the very heart of what we do. Whether you are a large global corporation or a small company employing a few people – if you're doing business between Poland and the UK – we want to speak with you. In recent years we have been recognized as the best British chamber in continental Europe no fewer than four times by COBCOE, a network of over 10,000 businesses in over 30 European countries. Joining us enables you to network and expand your business in Poland, one of Europe's highest growth potential economies.

bpcc.org.pl

ul. Zielna 37, 00-108 Warszawa

@info@bpcc.org.pl

The French-Polish Chamber of Commerce and Industry (CCIFP) is an employers' association bringing together over 450 French and Polish firms. For 21 years the CCIFP has been working for the interests of Polish and French investors by acting as a networking platform for the exchange of business experiences and best practices between companies. Last year the CCIFP organized around 100 events such as business mixers, conferences, seminars, meetings with influential politicians and economists, gathering nearly 6,000 participants.

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