

# FOREIGN DIRECT INVESTMENT IN POLAND



## FOREIGN DIRECT INVESTMENT IN POLAND

A Report by the American Chamber of Commerce in Poland

*This report on foreign direct investment in Poland was prepared on the basis of balance-of-payments and international investment position data published by the National Bank of Poland; UNCTAD statistics; and microeconomic data from the Orbis database (formerly Amadeus). According to the OECD method of valuing foreign direct investment, banks and insurers are excluded when analyzing the value of assets, investments and operating revenue.*

*The report uses data as of September 18, 2020. In light of the circumstances related to the coronavirus pandemic, which caused delays in the presentation of companies' 2019 financial data, the figures from the Orbis database are from 2018.*

The International Group of Chambers of Commerce in Poland (IGCC) was established in 2005. IGCC aims at ensuring that it be a uniform platform of communication between the international investment community in Poland and the Polish government. IGCC is composed of 16 chambers of commerce, representing 23 countries. This year, IGCC celebrated its 15th anniversary of operations in Poland. According to the latest data, there are over 24,000 companies with foreign capital in Poland. These companies employ almost 2 million people in Poland, with foreign capital asset value exceeding USD 415 billion.



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## EXECUTIVE SUMMARY

As foreign investors develop their operations in Poland, **more and more of their subsidiaries' earnings is remaining in the country as reinvestment**, helping drive further development of these companies and the economy as a whole.



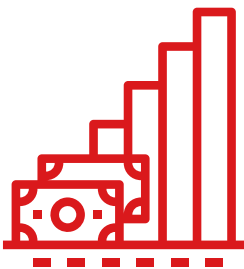
Greenfield investments in Poland **increased by 14%** year on year in 2019. In the first half of 2020, **165 such projects were announced**.



2019

2018

+14%



In 2010-2018 **the value of assets held by companies with foreign capital operating in Poland increased by 70%**, reaching **\$415 billion**. The largest investor countries are Germany, the U.S., France and the UK, which together hold 48% of foreign companies' Polish assets.

2018

2010

\$415 billion

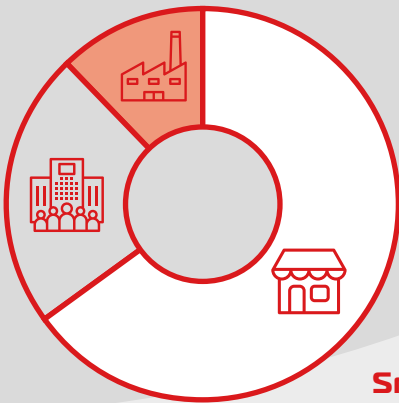
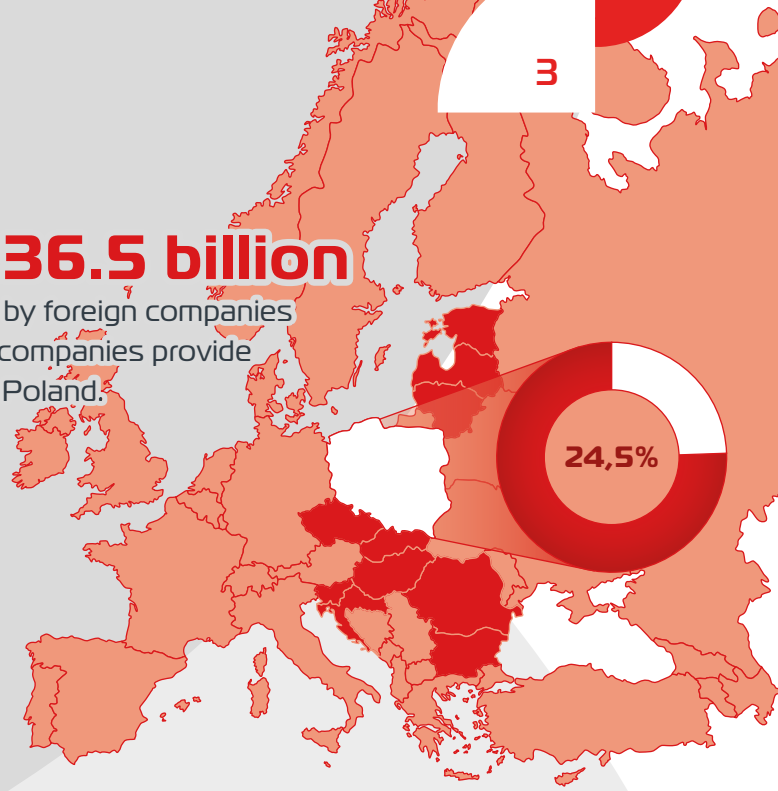
+70%



Foreign companies employ a total of about **1.9 million people, more than 15% of total private-sector employment**.

Companies with German capital employ almost 330,000 people; those with U.S. capital more than 267,000; and with French capital more than 191,000. In total these countries provide about 41% of employment in companies with foreign investors.

Foreign investment in Poland totaling **\$236.5 billion** accounts for **24.5% of the capital** invested by foreign companies in all of Central and Eastern Europe. Foreign companies provide almost one-third of all investment outlays in Poland.



At the end of 2018, **24,395 companies with capital from 107 foreign countries** were operating in Poland.

**Small and micro companies, i.e. those employing up to 49 people, were predominant** (65% of the total). Medium-sized firms accounted for 23%, and large ones 12%. This differs from the structure of companies in the Polish economy as a whole, with small and micro companies making up 99.1%, medium-sized 0.7% and large only 0.17%.

The dominant sectors by asset value are **real estate services** and **producers of motor vehicles and accessories**.



Poland is an attractive investment location not only due to the size of its market and central location. Other advantages include a **large pool of highly qualified labor**: Poland is third in the EU and first in CEE by the number of tertiary education graduates and by the number of graduates in the hard sciences, mathematics, IT, engineering, manufacturing, construction per 1,000 people aged 20-29.

## DEAR READERS

The long-term strength and resilience of the Polish economy can be credited to the country's competitiveness, entrepreneurial foundation, motivated and skilled workers, and a diversity of industries. Foreign investors have been both beneficiaries of the Polish success story, but also key contributors. Today we have almost 25,000 companies, with capital coming from 107 countries, active in Poland and creating 15% of the Polish private sector jobs.

Foreign investors have had immense impact on the transformation of Poland since the fall of communist socialism, opening up a world of opportunities that the Polish people craved. Foreign investors provided the capital, networks, technology, and talent that Poland then lacked, while today providing access to global markets, feeding in new trends, and granting constant reinvestment. The local economy has developed in response to business standards and Poland has become an important part of global value chains.

With this report, we want to capture the actual data behind the narrative and to know who the major players are and how every part contributes to the whole in assets value, operating revenue, shareholders' funds, and employment. We expect this research to be of use to the general business community, the Polish government, and all of the international chambers that are part of IGCC (the International Group of Chambers of Commerce). This report identifies the immense position that foreign investment plays in the Polish economy as the sum of constant growth of the last three decades. This will remain a reference point to return to after we launch into post-Covid recovery.

We are confident of Poland's steady return to growth and count on the continued partnership role that the foreign business community will play in this process.

With the end of the year 2020, the American Chamber of Commerce in Poland ends its six-month rotating leadership of IGCC and closes its term by contributing this report to the community. I thank the AmCham Head of Economic Research, Dr. Eliza Przeździecka, for her personal commitment to this project and a job well done.

**Dorota Dąbrowski-Winterscheid**  
Managing Director  
American Chamber of Commerce in Poland



## AUTHOR'S NOTE

### POLAND'S UNIQUE ADVANTAGES

Poland has long enjoyed great interest from foreign investors as a center for production, distribution, logistics and services. The country has a dominant position in Central and Eastern Europe (CEE) and attracts foreign capital for reasons including its central location on the European continent, as well as the broad and deep market created by its population of 38 million. One undoubted advantage of the Polish market is investors' positive view of the country's infrastructure, business environment and stable economic growth, which have distinguished the country since the time of its economic transformation in the early 1990s.

In recent years it has often been stressed that the expansion of foreign companies in Poland has been accelerated by the highly qualified labor force. Against the backdrop of other CEE countries, Poland has the highest percentage of people with higher education (according to OECD data) and employment in science and technology in total population. In Poland as much as 37% of the workforce has higher education or is employed in these sectors. Romania is second, with 11%, and the Czech Republic is third, with 10%. It's also worth stressing that in light of the fast-growing demand for highly qualified specialists, particularly in STEM fields, Poland is third in the EU and first in CEE in terms of the number of university graduates and holders of degrees in the hard sciences, mathematics, IT, engineering, production and construction per 1,000 residents aged 20-29. We have a total of 1.6 million students in tertiary education, with 22% in STEM. Each year, Polish universities turn out 37,500 engineers, which places us second behind Germany in the EU.

There are companies with foreign capital in our country due to the above-mentioned factors of Poland's attractiveness. The scale of their operations in terms of assets, operating revenue, investments and created jobs is presented in this study.



**Dr hab. Eliza Przeździecka**  
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American Chamber of Commerce in Poland





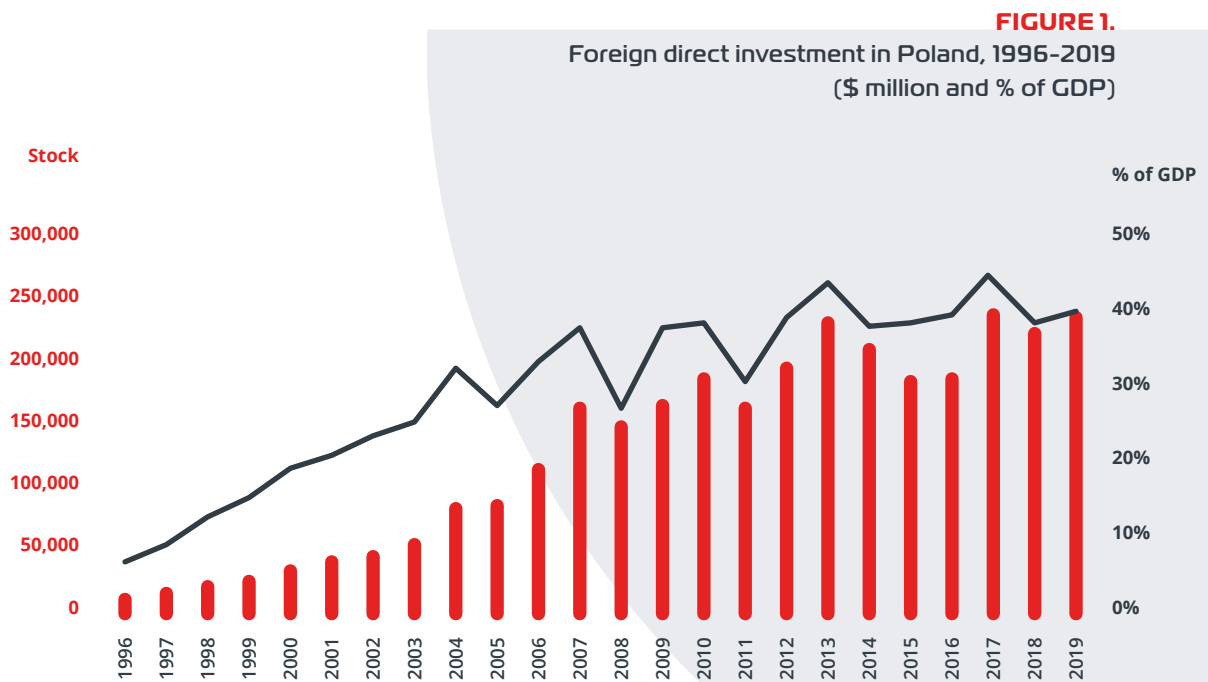


## FOREIGN CAPITAL IN POLAND: AN OVERVIEW

The average annual growth rate in the value of capital invested in Poland over the last 15 years was about 7%, compared to just under 5% in all of CEE. UNCTAD data show that at the end of 2019, the value of FDI in Poland exceeded **\$236.5 billion**, which accounts for 24.5% of the capital invested in CEE by foreign companies.

For years, foreign investors operating in Poland have joined domestic companies in creating a solid base of fixed assets in the economy, providing almost 1/3 of total investment outlays.<sup>1</sup>

The total value of foreign direct investment in Poland in 2019 as equivalent to 40% of Polish GDP, a percentage that's close to the average for developed economies.



Source: based on UNCTAD data,

<https://unctadstat.unctad.org/wds/TableViewer/tableView.aspx> (accessed Oct. 20, 2020).

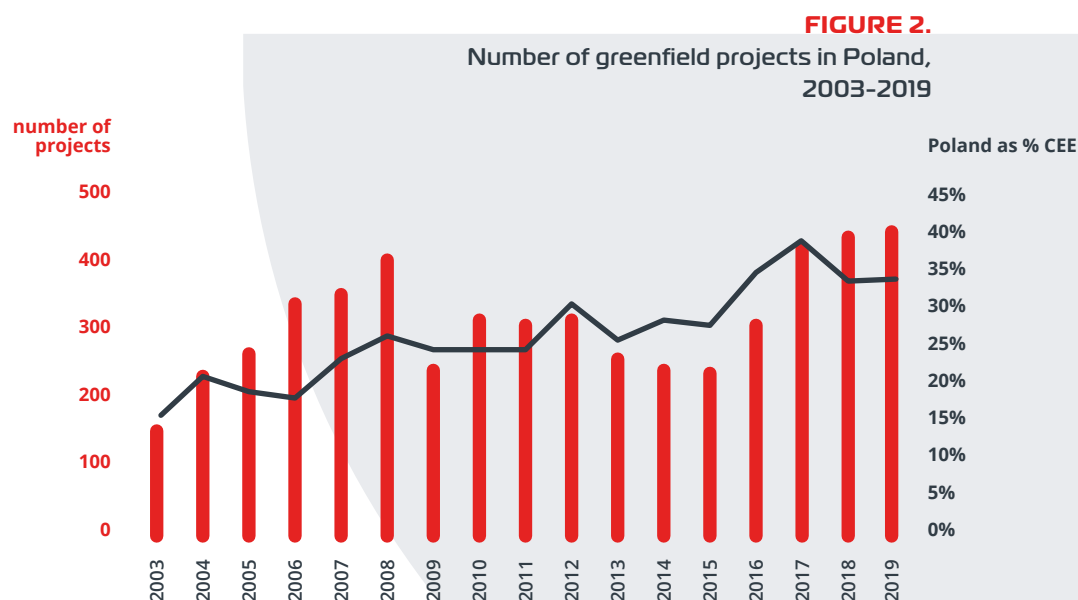
<sup>1</sup> Information on tangible fixed assets, meaning the gross value of such assets in the national economy. Investment outlays are financial or in-kind outlays whose purpose is to form new fixed assets, as well as to expand or modernize current fixed assets. Data based on Fixed assets in national economy in 2018, GUS,

<https://stat.gov.pl/obszary-tematyczne/przemysl-budownictwo-srodki-trwale/srodki-trwale/> (accessed Nov. 23, 2020).

Recent variations in FDI inflows have been slight, and the value of capital invested in Poland each year has stabilized between \$11 billion and \$15 billion. However, it's worth noting that these inflows vary in terms of the investment structure. For example, the share of reinvestment in FDI is increasing; such investments have been gaining in significance for a long time, though before 2004 foreign investments were primarily in creation of assets (greenfield investments) or purchases of existing companies (shares and other forms of capital participation). As foreign investors have become more active in Poland, increasing amounts of capital earned by companies with foreign capital have remained in the country, serving the further development of these companies. The most notable year in this context was 2017, when the value of reinvestment (\$11.3 billion) was higher than total net investment (\$9.9 billion).

There were 373 greenfield investments in Poland in 2019, up 14% from the previous year, according to fDi, part of the *Financial Times* group. Among European countries, only Poland, the Netherlands and Spain noted growth in greenfield projects. Poland accounted for 10% of all such investments on European markets, placing it third after the UK (15% and Russia (11%). In CEE, Poland accounted for 1/3 of all greenfield projects.

According to the newest data, greenfield investments were also very important in inflows of foreign capital to the Polish economy in the first months of 2020. Just four other countries (Ghana, Norway, Slovakia and Sri Lanka) managed to increase the number of projects in January-April 2020 from the same period of 2019. Poland announced 165 new investments (compared with 145 a year earlier).<sup>2</sup> These included renewable energy projects from companies such as Denmark's Vestas and Germany's Innogy SE and RWE Renewables.



Source: based on World Investment Report 2020.

International production beyond the pandemic, UNCTAD, 2020,

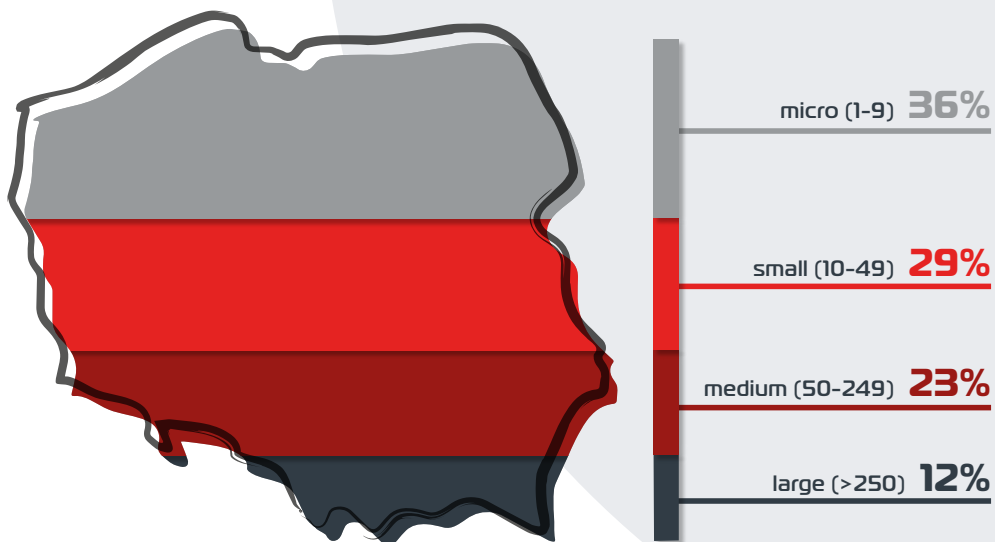
<https://worldinvestmentreport.unctad.org/world-investment-report-2020/> (accessed October 14, 2020).

## FOREIGN INVESTORS: MICROECONOMIC DATA

Taking into account the discrepancies in data on the origin of capital, in this report we present microeconomic figures from the Orbis database, which compiles data for companies based on their financial statements. On this basis, the scale of investment is described in relation to assets, revenues and shareholders funds, as well as the number of jobs created by foreign investors, the structure by sector and the location of capital by province.

At the end of 2018 there were 24,395 companies operating in Poland, with the participation of capital from 107 countries. This group is dominated by small and micro companies, i.e. those that employ up to 49 people (65% of companies). Medium-sized entities (50-240 employees) accounted for 23% of the total group, while large companies, employing 250 and more, were 12%. This structure differs significantly from the makeup of companies in Poland as a whole, where small and micro companies make up 99.1%, medium-sized 0.7% and large enterprises only 0.17%.

**FIGURE 3.**  
Polish companies with foreign capital,  
by size



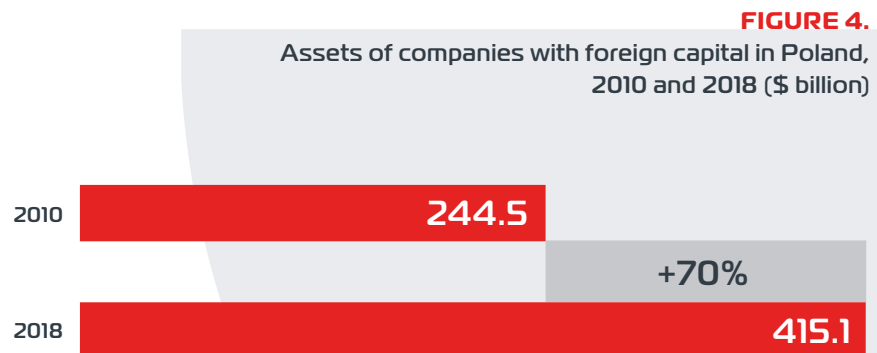
Source: based on Orbis data



## I. ASSETS

### HIGH ASSETS THROUGHOUT THE ECONOMY

The constantly growing value of foreign investment in Poland and the new greenfield projects that are appearing are increasing the base of assets belonging to companies with foreign capital. Maintaining its attractiveness as a location for business, Poland has created a market for **more than \$415 billion of assets**. Such a resource base is the visible effect of actions by various companies, both in the area of physical production and in services, which in recent years have increased significantly, expanding their resources. In 2010–2018 the value of assets held by companies with foreign capital increased by 70%.













Source: based on Orbis data

Among the countries in Poland with the highest value of assets, the leaders are Germany (\$61.3 billion), the U.S. (\$54.4 billion) and France (\$45 billion). These three countries alone account for a total of almost 40% of the value of assets held by companies in Poland with foreign capital. The top 10 countries, which include the UK, Luxembourg, the Netherlands, Italy, Switzerland, Japan and Austria, hold a total of 70% of all assets of such companies.

**ASSETS BY COUNTRY****TABLE 1.**

Value of assets of companies with foreign capital by the dominant entity's country of origin, 2018

TOP 10 COUNTRIES		Value of assets, \$ million	Share in total assets (in %)
1.	 Germany	61,346	15%
2.	 U.S.	54,451	13%
3.	 France	45,091	11%
4.	 UK	37,780	9%
5.	 Luxembourg	30,669	8%
6.	 Netherlands	21,977	5%
7.	 Italy	13,015	3%
8.	 Switzerland	10,100	2%
9.	 Japan	10,042	2%
10.	 Austria	9,963	2%

Source: based on Orbis data

While Germany is in first place among countries of origin by asset value, figures from the Orbis database and from the financial statements of companies registered in Poland indicate that the company with the greatest assets in Poland is France's Orange. It owns a number of companies from the telecommunications industry, led by Orange Polska S.A.

Second is Luxembourg-based ArcelorMittal,<sup>3</sup> whose units include ArcelorMittal Poland S.A. – the country's largest steelmaker (70% of domestic production) and also Europe's largest producer of coke. In third place is the Porsche-Piëch family,<sup>4</sup> with German capital. It owns companies including Volkswagen Poznań, Volkswagen Group Polska, Volkswagen Motor Polska, Man Truck & Bus Polska, Porsche Inter Auto Polska, Sitech, Man Bus and Scania Polska. Among the top 10 companies by assets in Poland, America is represented by the private-equity fund CVC Capital Partners, which owns the Żabka retail chain and power distributor PKP Energetyka.

<sup>3</sup> ArcelorMittal was created by the acquisition of Western European steelmaker Arcelor (Spain, France and Luxembourg) by the Indian-based international steel producer Mittal Steel in 2006.

<sup>4</sup> The Porsche-Piëch family is an Austrian-German family of industrialists descended from Ferdinand Porsche, a pioneer in the auto industry. Its members have full control over the car company Porsche SE and have a majority of the votes in Volkswagen AG, the world's largest carmaker.

## ASSETS BY COMPANY

**TABLE 2.**  
 Foreign investors in Poland  
 by asset value, 2018

TOP 20 COMPANIES		Country of origin
1.	<b>ORANGE</b> (Orange Polska, TP Teltech, Integrated Solutions, BlueSoft, Orange Business Services Poland)	 France
2.	<b>ARCELORMITTAL SA</b> (ArcelorMittal Poland, ArcelorMittal Warszawa)	 Luxembourg
3.	<b>FAMILIEN PORSCHE/PIËCH</b> (Volkswagen Poznań, Volkswagen Group, Volkswagen Monot, Man Truck & Bus Polska et al)	 Germany
4.	<b>SOCIEDADE FRANCISCO MANUEL DOS SANTOS, SGPS, S.E.</b> (Jeronimo Martins Polska [Biedronka stores], Jeronimo Martins Drogerie i Farmacja [sklepy Hebe], Bliska et al)	 Portugal
5.	<b>ADINAN TOPCO SARL</b> (Allegro.pl, Ceneo.pl, eBilet Polska et al)	 Luxembourg
6.	<b>OPTIMUM VENTURES MAGÁNTOKEALAP</b> (Globe Trade Centre, Centrum Swiatowida, GTC Galeria CTWA, GTC Korona et al)	 Hungary
7.	<b>VEOLIA ENVIRONNEMENT</b> (Veolia Energia Polska, Veolia Energia Warszawa)	 France
8.	<b>FIAT CHRYSLER AUTOMOBILES N.V.</b> (FCA Poland, FCA Powertrain, FCA Services, Gestin Polska et al)	 Italy
9.	<b>CVC CAPITAL PARTNERS</b> (Żabka Polska, PKP Energetyka)	 U.S.
10.	<b>DEUTSCHE TELEKOM AG</b> (T-Mobile Polska)	 Germany
11.	<b>UNIBAIL-RODAMCO-WESTFIELD</b> (Crystal Warsaw [owner of Galeria Mokotów], Złote Tarasy Warsaw)	 France
12.	<b>FAMILLE MULLIEZ</b> (Auchan Polska, Leroy-Merlin Polska)	 France
13.	<b>KINGFISHER PLC</b> (Castorama Polska)	 UK
14.	<b>SCHWARZ BETEILIGUNGS-KG</b> (Lidl)	 Germany
15.	<b>NORSTAR HOLDINGS, INC</b> (Atrium Promenada, Manhattan Development)	 Panama
16.	<b>CHINA – state capital</b> (Nexteer Poland, TPV Displays Polska et al)	 China
17.	<b>GOLDMAN SACHS GROUP, INC</b> (Robyg, Robyg Construction, Robyg Finance, Delicpol, Goldman Sachs Poland Services et al)	 U.S.
18.	<b>GIORGI GLOBAL HOLDINGS, INC</b> (CanPack S.A., Can-Pack Food and Industrial Packaging)	 U.S.
19.	<b>FINACCESS CAPITAL</b> (AmRest Holding, AmRest)	 Mexico
20.	<b>PEUGEOT</b> (Opel Manufacturing Poland, Faurecia Automotive Polska)	 France

Source: based on Orbis data

The 20 companies presented in Table 2 hold 14.5% of the total assets of companies in Poland with foreign capital.

## ASSET STRUCTURE BY SECTOR

Looking at the structure by sector of assets held by foreign companies, in recent years real estate has moved into first place. These are primarily companies with large-scale properties such as shopping centers and commercial buildings – offices and warehouses. The sector was in second place in 2010, behind producers of motor vehicles and equipment. But during the period under analysis the real estate industry grew by 10% a year, which brought it to its current position.

It's worth noting that software and related services stand out for their record growth of almost 20% in asset value in 2010-2018. The value of assets in this industry rose from \$2.2 billion in 2010 to almost PLN 9 billion in 2018, driven mainly by reinvestments by companies such as IBM Polska, Capgemini Polska, Intel Technology Poland, Ericsson and SAP Polska, present in Poland since the 1990s, as well as Allegro.pl, UBS Business Solutions Poland and Hewlett Packard Enterprise Polska, which arrived here and developed only in the past decade. This is particularly interesting because intangible services are typically characterized by lower asset value than real estate or manufacturing. But in this case investments in IT are highly capital-intensive, which explains their high position in the ranking by assets.

The leaders in this sector in Poland are companies from the U.S. and Switzerland. High ranking for Luxembourg is also ensured by the holding Adinan Super Topco S.à r.l. (which changed its name to Allegro.eu in August 2020), owner of the portals Allegro.pl, Ceneo.pl and eBilet.pl. This is an example of relatively high assets in the area of intangible services.































In turn, when it comes to industry, the companies with foreign capital that have the highest assets are producers of motor vehicles and equipment.



## ASSETS BY SECTOR

TABLE 3.

Sectors with the highest value of assets in companies with foreign capital in Poland in 2010 and 2018 (\$ million)

TOP 10 SECTORS		2018	2010	CAGR (2010-2018)
1.	<b>Real estate operators and lessors</b>			
	1.  Netherlands	49,809	23,751	10%
	2.  UK			
	3.  Luxembourg			
2.	<b>Production of motor vehicles and equipment</b>			
	1.  Germany	24,044	15,247	6%
	2.  Italy			
	3.  U.S.			
3.	<b>Financial holdings</b>			
	1.  France	20,651	7,376	14%
	2.  U.S.			
	3.  Cyprus			
4.	<b>Residential and non-residential construction</b>			
	1.  Spain	19,301	10,143	8%
	2.  France			
	3.  U.S.			
5.	<b>Telecommunications</b>			
	1.  France	16,291	13,705	2%
	2.  Germany			
	3.  Luxembourg			
6.	<b>Headquarters operations, management consultancy</b>			
	1.  UK	14,011	5,963	11%
	2.  Luxembourg			
	3.  U.S.			
7.	<b>Wholesale trade of machinery, equipment and supplies</b>			
	1.  Germany	11,111	7,474	5%
	2.  U.S.			
	3.  Switzerland			
8.	<b>Software, data processing and related services</b>			
	1.  Luxembourg	8,932	2,209	19%
	2.  U.S.			
	3.  Switzerland			
9.	<b>Grocery stores</b>			
	1.  Germany	8,153	5,011	6%
	2.  France			
	3.  South Africa			
10.	<b>Electricity generation, transmission, distribution and trade</b>			
	1.  UK	7,819	3,678	10%
	2.  Netherlands			
	3.  Portugal			

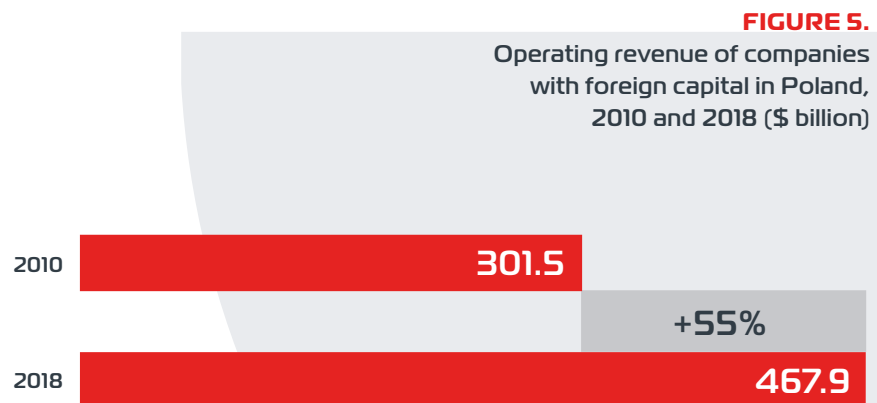
Source: based on Orbis data



## II. OPERATING REVENUE

### YEARLY REVENUE CLOSE TO HALF A TRILLION DOLLARS

The value of operating revenue at companies with foreign capital in Poland totaled **\$467.9 billion** in 2018, up 55% from 2010.













Source: based on Orbis data

The list of countries of origin for the investors achieving the highest sales in their subsidiaries looks similar to the ranking by assets. The highest revenues are achieved by companies with German capital: in 2018 this was \$90.6 billion, or as much as 19% of total revenue of companies with foreign capital. This result was contributed to by companies including the Volkswagen group, owned by the Porsche-Piëch family and companies owned by Schwarz Beteiligungs-KG, among which the highest revenues were achieved by Kaufland Polska Markety.

## OPERATING REVENUE BY COUNTRY

**TABLE 4.**

Operating revenue at companies with foreign capital  
by dominant entity's country of origin,  
2018

TOP 10 COUNTRIES		Operating revenue, \$ million	Share in total operating revenue (in %)
1.	 Germany	90,625	19%
2.	 U.S.	60,329	13%
3.	 France	44,374	9%
4.	 UK	36,141	8%
5.	 Luxembourg	23,679	5%
6.	 Netherlands	19,580	4%
7.	 Portugal	15,881	3%
8.	 Japan	15,450	3%
9.	 Italy	14,730	3%
10.	 Sweden	14,671	3%

Source: based on Orbis data

The U.S. is in second place on the list of countries of origin for companies with the highest sales. Among American companies, the leaders are Philip Morris International and CVC Capital Partners, which are in the top 20 companies by sales. Companies from the 10 most important countries of origin achieve 69% of total revenue at companies with foreign capital operating in Poland.

## OPERATING REVENUE BY COMPANY

**TABLE 5.**  
Foreign companies with subsidiaries  
in Poland by operating revenues,  
2018

TOP 20 COMPANIES		Country of origin
1.	<b>FAMILIEN PORSCHE/PIĚCH</b> (Volkswagen Poznań, Volkswagen Group, Volkswagen Monot, Man Truck & Bus Polska et al)	 Germany
2.	<b>SOCIEDADE FRANCISCO MANUEL DOS SANTOS, SGPS, S.E.</b> (Jeronimo Martins Polska [Biedronka stores], Jeronimo Martins Drogerie i Farmacja [Hebe stores], Bliska et al)	 Portugal
3.	<b>ARCELORMITTAL SA</b> (ArcelorMittal Poland, ArcelorMittal Warszawa)	 Luxembourg
4.	<b>SCHWARZ BETEILIGUNGS-KG</b> (Lidl)	 Germany
5.	<b>FAMILLE MULLIEZ</b> (Auchan Polska, Leroy-Merlin Polska)	 France
6.	<b>FIAT CHRYSLER AUTOMOBILES</b> (FCA Poland, FCA Powertrain, FCA Services, Gestin Polska et al)	 Italy
7.	<b>PEUGEOT</b> (Opel Manufacturing Poland, Faurecia Automotive Polska)	 France
8.	<b>LG ELECTRONICS, INC</b> (LG Electronics Mława, LG Electronics Polska, LG Electronics Wrocław et al)	 South Korea
9.	<b>TESCO PLC</b> (Tesco [Polska], Tesco Dystrybucja, Dunnhumby Poland, Jasper et al)	 UK
10.	<b>ORANGE</b> (Orange Polska, TP Teltech, Integrated Solutions, BlueSoft, Orange Business Services Poland)	 France
11.	<b>PHILIP MORRIS INTERNATIONAL, INC</b> (Philip Morris Polska Tobacco, Philip Morris Polska Distribution, PMI Service Center Europe)	 U.S.
12.	<b>D. SCHWARZ BETEILIGUNGS-KG</b> (Kaufland Polska Markety, Prezero Service Centrum, Prezero Service Południe)	 Germany
13.	<b>WH GROUP LIMITED</b> (Animex Foods, Agri Plus, Agri Vet, Smithfield Polska)	 China/Cayman Islands
14.	<b>DAIMLER AG</b> (Mercedes-Benz Polska Mercedes-Benz Warszawa, Evobus Polska et al)	 Germany
15.	<b>CVC CAPITAL PARTNERS</b> (Żabka Polska, PKP Energetyka)	 U.S.
16.	<b>SAMSUNG ELECTRONICS CO., LTD.</b> (Samsung Electronics Polska, Samsung Electronics Poland Manufacturing, Harman Connected Services Poland et al)	 South Korea
17.	<b>FERROVIAL SA</b> (Budimex, Mostostal Kraków, Budimex Nieruchomości, FBserwis et al)	 Spain
18.	<b>ROBERT BOSCH INDUSTRIETREUHAND KOMMANDITGESELLSCHAFT</b> (BSH Sprzęt Gospodarstwa Domowego, Robert Bosch, Bosch Rexroth et al)	 Germany
19.	<b>VEOLIA ENVIRONNEMENT</b> (Veolia Energia Polska, Veolia Energia Warszawa, Veolia Energia Łódź et al)	 France
20.	<b>FINACCESS CAPITAL</b> (AmRest Holding, AmRest)	 Mexico

Source: based on Orbis data

The top 20 companies accounted for 20.8% of the total value of operating revenue by entities with foreign capital.

## STRUCTURE OF OPERATING REVENUE BY SECTOR


















The sectors with the highest operating revenue include some with the highest values of assets. In the analysis of revenues, producers of motor vehicles and equipment (including parts) are in first place. Foreign companies in this industry achieved revenue close to \$40 billion in 2018, \$10 billion more than the next sector on the list, grocery stores (\$28.6 billion). It's worth stressing that revenue is not particularly volatile. In 2010-2018, average annual sales growth in the motor industry was almost 4%, and growth of assets, 6%. This attests to a significant stabilization of this market and its maturity, while competitiveness of production remains high, as confirmed by the high share of motor vehicles and parts in Polish exports (11.5%)<sup>5</sup>.

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<sup>5</sup> Based on Comtrade (UNCTAD) data,  
<https://comtrade.un.org/data/>  
(accessed October 30, 2020).

## OPERATING REVENUE BY SECTOR

**TABLE 6.**  
Sectors with the highest operating revenue  
by companies with foreign capital  
in 2010 and 2018 (\$ million)

TOP 10 SECTORS		2018	2010	CAGR (2010-2018)
1.	<b>Production of motor vehicles and equipment</b>			
	1.  Germany	38,185	27,755	4%
	2.  U.S.			
	3.  Netherlands			
2.	<b>Grocery stores</b>			
	1.  Germany	28,614	14,760	9%
	2.  France			
	3.  South Africa			
3.	<b>Wholesale trade of machinery, equipment and supplies</b>			
	1.  Germany	22,697	15,516	5%
	2.  U.S.			
	3.  Netherlands			
4.	<b>Wholesale and retail trade in cars and trailers</b>			
	1.  Germany	20,528	8,134	12%
	2.  France			
	3.  Japan			
5.	<b>Residential and non-residential construction</b>			
	1.  Spain	10,569	7,808	4%
	2.  Austria			
	3.  France			
6.	<b>Telecommunications</b>			
	1.  France	8,853	9,152	0%
	2.  Luxembourg			
	3.  Germany			
7.	<b>Wholesale grocery trade</b>			
	1.  U.S.	8,783	6,920	3%
	2.  UK			
	3.  Germany			
8.	<b>Headquarters operations, management consultancy</b>			
	1.  U.S.	8,726	3,254	13%
	2.  Luxembourg			
	3.  UK			
9.	<b>Wholesale trade in pharmaceuticals and medical products</b>			
	1.  U.S.	8,481	5,629	5%
	2.  Germany			
	3.  France			
10.	<b>Production of electronic components and accessories</b>			
	1.  South Korea	8,427	8,652	-0,3%
	2.  China			
	3.  France			

Source: based on Orbis data

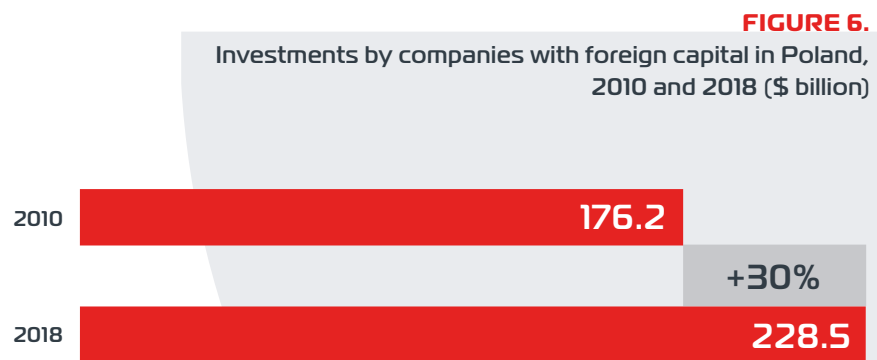




### III. SHAREHOLDERS FUNDS

#### INVESTMENTS STILL GROWING

The total value of foreign investments in 2018 was \$228.5 billion, up 30% from 2010.



Source: based on Orbis data

The country that sent the most investment to Poland was Germany: 16% of all FDI. The adjacent location, strong trade links and traditional networks of business relationships within supply chains mean Poland has its strongest investment ties with this country.











American companies are in second place. Their investments flow into the country mainly via other countries, e.g. Luxembourg, the UK and the Netherlands. This is also the reason why the value of American investments in Poland is often greatly undervalued. Thus, in assessing the scale of investment, it is key to determine the country of origin of the dominant entity, and to examine companies who don't reveal their shareholders in reports, or whose structure is so complicated that it's difficult to assign an investment to a particular country of origin.

Lower down the list are the UK, France, Luxembourg, the Netherlands, Japan, Switzerland and Denmark. Investments from the top 10 countries account for a total of 57% of all foreign investment in Poland.

## INVESTMENTS BY COUNTRY

TABLE 7.

Investments by companies with foreign capital by dominant entity's country of origin, 2018

TOP 10 COUNTRIES		Investments, \$ million	Share in total investments (in %)
1.	 Germany	36,649	16%
2.	 U.S.	24,462	11%
3.	 UK	15,082	7%
4.	 France	13,390	6%
5.	 Luxembourg	11,892	5%
6.	 Netherlands	8,853	4%
7.	 Italy	4,815	2%
8.	 Japan	4,592	2%
9.	 Switzerland	4,515	2%
10.	 Denmark	3,454	2%

Source: based on Orbis data

In most cases, the companies that invested the most in Poland are those that appear on the list of companies with the highest assets. The biggest foreign investor in Poland is the aforementioned French leader of the telecommunications market, Orange. Second is ArcelorMittal, also described in the section on assets. The investor in third place, which didn't appear among the top 10 companies either by assets or by revenues, is Kingfisher of the UK. This concern's holdings include the Castorama retail chain.

It's also worth pointing out that the top 10 also includes Chinese state capital, in the form of direct investments by China as a country. Data presented in the Orbis database indicate that this capital was invested in 45 companies, in both industrial production and services. These investments include a producer of steering columns and systems (Nexteer Poland Holding, Nexteer Automotive Poland), a TV factory (TPV Displays Polska), plant protection manufacturing (Adama Polska, Syngenta Polska), about a dozen hotels and office properties (Logicor President Polska, Cabin Investment), design services for the shipbuilding industry (Deltamarin) and a container transportation operator (Cosco Shipping Lines).

## INVESTMENTS BY COMPANY

**TABLE 8.**  
Foreign companies with subsidiaries in Poland  
by shareholders funds,  
2018

TOP 20 COMPANIES		Country of origin
1.	<b>ORANGE</b> (Orange Polska, TP Teltech, Integrated Solutions, BlueSoft, Orange Business Services Poland)	 France
2.	<b>ARCELORMITTAL SA</b> (ArcelorMittal Poland, ArcelorMittal Warszawa)	 Luxembourg
3.	<b>KINGFISHER PLC</b> (Castorama Polska)	 UK
4.	<b>ADINAN TOPCO SARL</b> (Allegro.pl, Cenoe.pl, eBilet.pl)	 Luxembourg
5.	<b>FAMILIEN PORSCHE/PIĚCH</b> (Volkswagen Poznań, Volkswagen Group, Volkswagen Monot, Man Truck & Bus Polska et al)	 Germany
6.	<b>SCHWARZ BETEILIGUNGS-KG</b> (Lidl)	 Germany
7.	<b>FIAT CHRYSLER AUTOMOBILES N.V.</b> (FCA Poland, FCA Powertrain, FCA Services, Gestin Polska et al)	 Italy
8.	<b>INTERNATIONAL PAPER CO.</b> (International Paper [Poland] Holding, International Paper Kwidzyń, International Paper Cellulose Fibers [Poland])	 U.S.
9.	<b>DEUTSCHE TELEKOM AG</b> (T-Mobile Polska)	 Germany
10.	<b>CHINA – state capital</b> (Nexteer Poland, TPV Displays Polska et al)	 China
11.	<b>OPTIMUM VENTURES MAGÁNTOKEALAP</b> (Globe Trade Centre, Centrum Światowida, GTC Korona et al)	 Hungary
12.	<b>WH GROUP LIMITED</b> (Animex Foods, Agri Plus, Agri Vet, Smithfield Polska)	 China/Cayman Islands
13.	<b>DANONE</b> (Danone, Żywiec-Zdrój)	 France
14.	<b>INNOGY INTERNATIONAL PARTICIPATIONS N.V.</b> (Innogy Polska, Innogy Stoen Operator, Foton Technik, Innogy Polska IT Support)	 Netherlands
15.	<b>UNIBAIL-RODAMCO-WESTFIELD</b> (Wood, Złote Tarasy Warsaw III, Crystal Warsaw, Unibail-Rodamco Polska et al)	 France
16.	<b>GIORGI GLOBAL HOLDINGS, INC</b> (CanPack S.A., Can-Pack Food and Industrial Packaging)	 U.S.
17.	<b>PEUGEOT</b> (Opel Manufacturing Poland, Faurecia Automotive Polska)	 France
18.	<b>CRH PLC</b> (Cement Ożarów, Bosta-Beton, Polbruk, Trzuskawica, Masfalt et al)	 Ireland
19.	<b>FAMILLE MULLIEZ</b> (Auchan Polska, Leroy-Merlin Polska)	 France
20.	<b>VEOLIA ENVIRONNEMENT</b> (Veolia Energia Polska, Veolia Energia Warszawa, Veolia Energia Lodz et al)	 France

Source: based on Orbis data

The 20 largest companies hold capital accounting for 15% of the value of all investments by entities with foreign capital.

## STRUCTURE OF INVESTMENTS BY SECTOR

The industrial sector in which foreign companies have invested the most is production of motor vehicles and equipment (27% of investments in industry). The remaining sectors are production of steel and production of rolled products (8% of investments in industry), confectionery production (6%) and beverage production (also 6%). But other than vehicle production, these sectors were not among the 10 industries with the highest foreign investments.

It must be stressed that in recent years, foreign investments flowed the fastest to IT services (see software, data processing and related services in the table below). The effect of this was the aforementioned growth in the value of assets in this sector. In 2010-2018, foreign investment in IT services increased by an annual average rate of 27%, reaching almost \$4.4 billion in 2018. Rapid growth also marked sectors such as rental and management of owned or leased real estate (an average of 14% per year), as well as residential and non-residential construction (an average of 11% per year).

## INVESTMENTS BY SECTOR

**TABLE 9.**  
BSectors with the highest value of foreign  
investments in Poland in 2010 and 2018  
(\$ million)

TOP 10 SECTORS		2018	2010	CAGR (2010-2018)
1.	<b>Production of motor vehicles and equipment</b> 1.  Germany 2.  Netherlands 3.  U.S.	11,983	6,979	7%
2.	<b>Real estate operators and lessors</b> 1.  Netherlands 2.  Germany 3.  UK	14,256	6,231	11%
3.	<b>Financial holdings</b> 1.  U.S. 2.  France 3.  Ireland	5,456	3,318	6%
4.	<b>Telecommunications</b> 1.  Germany 2.  France 3.  Luxembourg	4,922	3,997	3%
5.	<b>Wholesale trade of machinery, equipment and supplies</b> 1.  Germany 2.  Switzerland 3.  Netherlands	4,862	3,022	6%
6.	<b>Residential and non-residential construction</b> 1.  France 2.  Austria 3.  Luxembourg	4,578	1,968	11%
7.	<b>Software, data processing and related services</b> 1.  Luxembourg 2.  U.S. 3.  Switzerland	4,394	643	27%
8.	<b>Grocery stores</b> 1.  Germany 2.  France 3.  UK	4,033	2,542	6%
9.	<b>Headquarters operations, management consultancy</b> 1.  U.S. 2.  Germany 3.  UK	3,786	2,083	8%
10.	<b>Metal production</b> 1.  Luxembourg 2.  Spain 3.  U.S.	3,358	3,809	-2%

Source: based on Orbis data

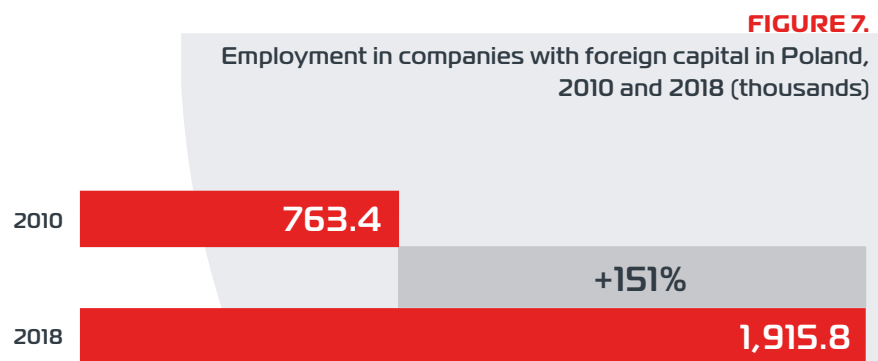


## IV. EMPLOYMENT

### EMPLOYMENT IN VARIOUS SECTORS

Employment in companies with foreign capital in Poland amounts to about 1.9 million people, or 15.3% of total private-sector employment.<sup>6</sup> That means every sixth job was created by a foreign investor.

In 2010–2018 the number of jobs created by the companies under analysis grew 2.5 times.




Source: based on Orbis data

Thus far, the most jobs in Poland have been created by companies with capital from Germany (almost 330,000 positions), America (267,000) and France (191,000). Companies from those countries provide about 41% of the employment in companies with foreign capital.

<sup>6</sup> Employment based on GUS data, Yearbook of Labour Statistics 2019, GUS, 2019

**EMPLOYMENT BY COUNTRY****TABLE 10.**

Employment in companies with foreign capital by the dominant entity's country of origin, 2018

<b>TOP 10 COUNTRIES</b>		<b>Employment</b>	<b>Share in total employment (in %)</b>
1.	 Germany	326,683	17%
2.	 U.S.	267,261	14%
3.	 France	191,110	10%
4.	 UK	162,377	8%
5.	 Netherlands	83,298	4%
6.	 Portugal	74,129	4%
7.	 Sweden	71,452	4%
8.	 Switzerland	65,538	3%
9.	 Mexico	59,365	3%
10.	 Luxembourg	54,002	3%

Source: based on Orbis data

The 10 countries whose investors created the most jobs account for 70% of total employment in companies with foreign capital. This is quite a high concentration of employment, which is also confirmed by data on companies.

The largest employers are trade companies, including retail chains, and foodservice operators. The leading foreign employers include Jeronimo Martins Polska (the Biedronka and Hebe chains), owned by Portugal's Dos Santos family. Among companies in the trade sector, other large employers are the retail chains Auchan, Leroy Merlin (owned by France's Mulliez family) and the UK's Tesco.

In turn, in foodservice the largest employer is Mexico's Finaccess Capital, owner of Am-Rest, the Polish franchisee of brands including KFC, Pizza Hut, Burger King and Starbucks.



**EMPLOYMENT BY COMPANY****TABELA 11.**  
Foreign companies with subsidiaries in Poland  
by employment, 2018

<b>TOP 20 COMPANIES</b>		<b>Country of origin</b>	
1.	<b>SOCIEDADE FRANCISCO MANUEL DOS SANTOS, SGPS, S.E.</b> (Jeronimo Martins Polska [Biedronka stores], Jeronimo Martins Drogerie i Farmacja [Hebe stores], Bliska et al)		Portugal
2.	<b>FINACCESS CAPITAL</b> (AmRest Holding, AmRest)		Mexico
3.	<b>FAMILLE MULLIEZ</b> (Auchan Polska, Leroy Merlin Polska)		France
4.	<b>Nutit, A.S.</b> (Impel, Impel Facility Services, Impel Cash Solutions, Gwarant Agencja Ochrony)		Czech Republic
5.	<b>TESCO PLC</b> (Tesco [Polska], Tesco Dystrybucja, Dunhumby Poland, Jasper et al)		UK
6.	<b>FAMILIEN PORSCHE/PIËCH</b> (Volkswagen Poznań, Volkswagen Group, Volkswagen Monot, Man Truck & Bus Polska et al)		Germany
7.	<b>RANDSTAD N.V.</b> (Randstad Polska, Randstad Payroll Solutions et al)		Netherlands
8.	<b>CK HUTCHISON HOLDINGS LIMITED</b> (Rossmann Supermarkety Drogeryjne, Gdynia Container Terminal)		Hong Kong
9.	<b>D. SCHWARZ BETEILIGUNGS-KG</b> (Kaufland Polska Markety, Prezero Service Centrum, Prezero Service Południe)		Germany
10.	<b>SCHWARZ BETEILIGUNGS-KG</b> (Lidl)		Germany
11.	<b>AMAZON.COM, INC</b> (Amazon Development Center Poland, Amazon Fulfillment Poland, Amazon Web Service)		U.S.
12.	<b>ORANGE</b> (Orange Polska, TP Teltech, Integrated Solutions, BlueSoft, Orange Business Services Poland)		France
13.	<b>CARREFOUR</b> (Carrefour Polska)		France
14.	<b>BNP PARIBAS SA</b> (BNP Paribas Bank Polska, Coface Poland Factoring, BNP Paribas Group Service Center)		France
15.	<b>KINGFISHER PLC</b> (Castorama Polska)		UK
16.	<b>COMMERZBANK AG</b> (Mbank, Mbank Hipoteczny, Mfinance)		Germany
17.	<b>PEUGEOT</b> (Opel Manufacturing Poland, Faurecia Automotive Polska)		France
18.	<b>INTEROGO FOUNDATION</b> (Ikea Industry Poland, Vastint Hospitality Poland, Ikea Purchasing Services Poland)		Sweden/ Lichtenstein
19.	<b>ZEPELIN FOUNDATION FRIEDRICHSHAFEN</b> (ZF Automotive Systems, ZF Steering Systems, ZF Breaking Systems, Wabco Polska)		Germany
20.	<b>FERROVIAL SA</b> (Budimex, Mostostal Kraków, Budimex Nieruchomości, FBserwis et al)		Spain

Source: based on Orbis data

The 20 employers listed above created a total of 22.6% of all jobs in companies with foreign capital.

## **STRUCTURE OF EMPLOYMENT BY INDUSTRY**

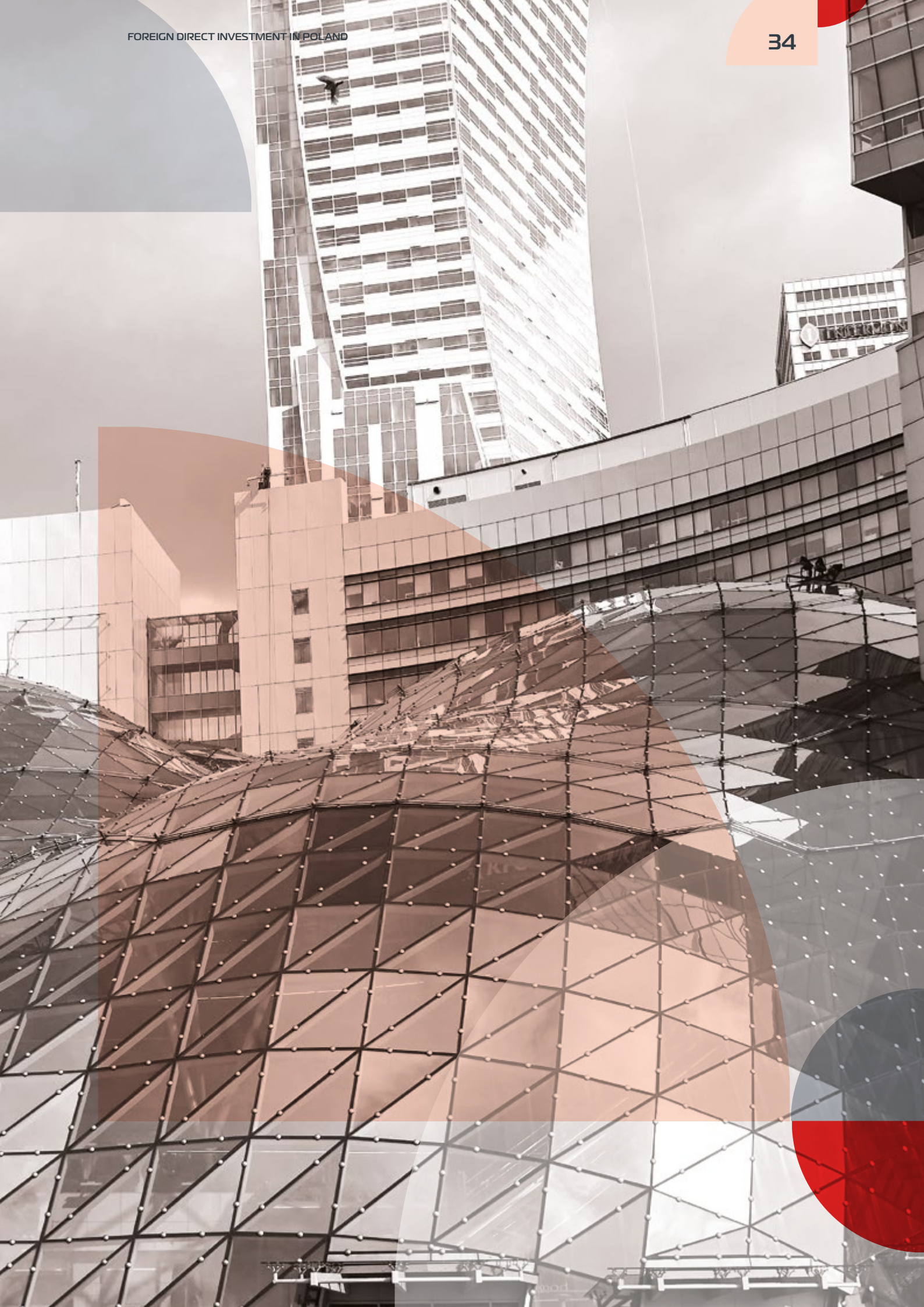
In addition to retail trade and foodservice, companies in the automotive industry and IT services have great significance on the Polish labor market. Such services were one of the fastest growing sectors in terms of employment in 2010-2018 (with average annual growth of 29%). But the fastest growth rate in the period, 58% annually, was recorded in employment placement agencies, where employment rose from 863 in 2010 to almost 33,000 in 2018. Companies such as the Dutch Randstad, Switzerland's Adecco, America's Manpower and Hays of the UK are responsible for this growth.

**EMPLOYMENT BY SECTOR****TABLE 12.**

Sectors with the highest employment in companies with foreign capital in Poland, number of employees

<b>TOP 10 SECTORS</b>		<b>2018</b>	<b>2010</b>	<b>CAGR (2010-2018)</b>
1.	<b>Grocery stores</b> 1.  Germany 2.  France 3.  South Africa	142,205	47,359	15%
2.	<b>Production of motor vehicles and equipment</b> 1.  Germany 2.  U.S. 3.  France	138,279	61,639	11%
3.	<b>Software, data processing and related services</b> 1.  U.S. 2.  France 3.  Germany	80,059	10,628	29%
4.	<b>Restaurants and other foodservice facilities</b> 1.  Mexico 2.  U.S. 3.  Italy	69,045	20,596	16%
5.	<b>Wholesale trade of machinery, equipment and supplies</b> 1.  Germany 2.  Switzerland 3.  U.S.	52,955	17,259	15%
6.	<b>Headquarters operations, management consultancy</b> 1.  U.S. 2.  UK 3.  Switzerland	49,228	5,446	32%
7.	<b>Postal and courier services</b> 1.  Netherlands 2.  Germany 3.  France	35,338	10,712	16%
8.	<b>Other business and management operations</b> 1.  Cyprus 2.  U.S. 3.  Czech Republic	33,414	9,689	17%
9.	<b>Employment placement agencies</b> 1.  Netherlands 2.  Switzerland 3.  Germany	32,975	863	58%
10.	<b>Manufacture of other plastic products</b> 1.  Germany 2.  Sweden 3.  France	32,423	10,898	15%

Source: based on Orbis data



## V. LOCATION

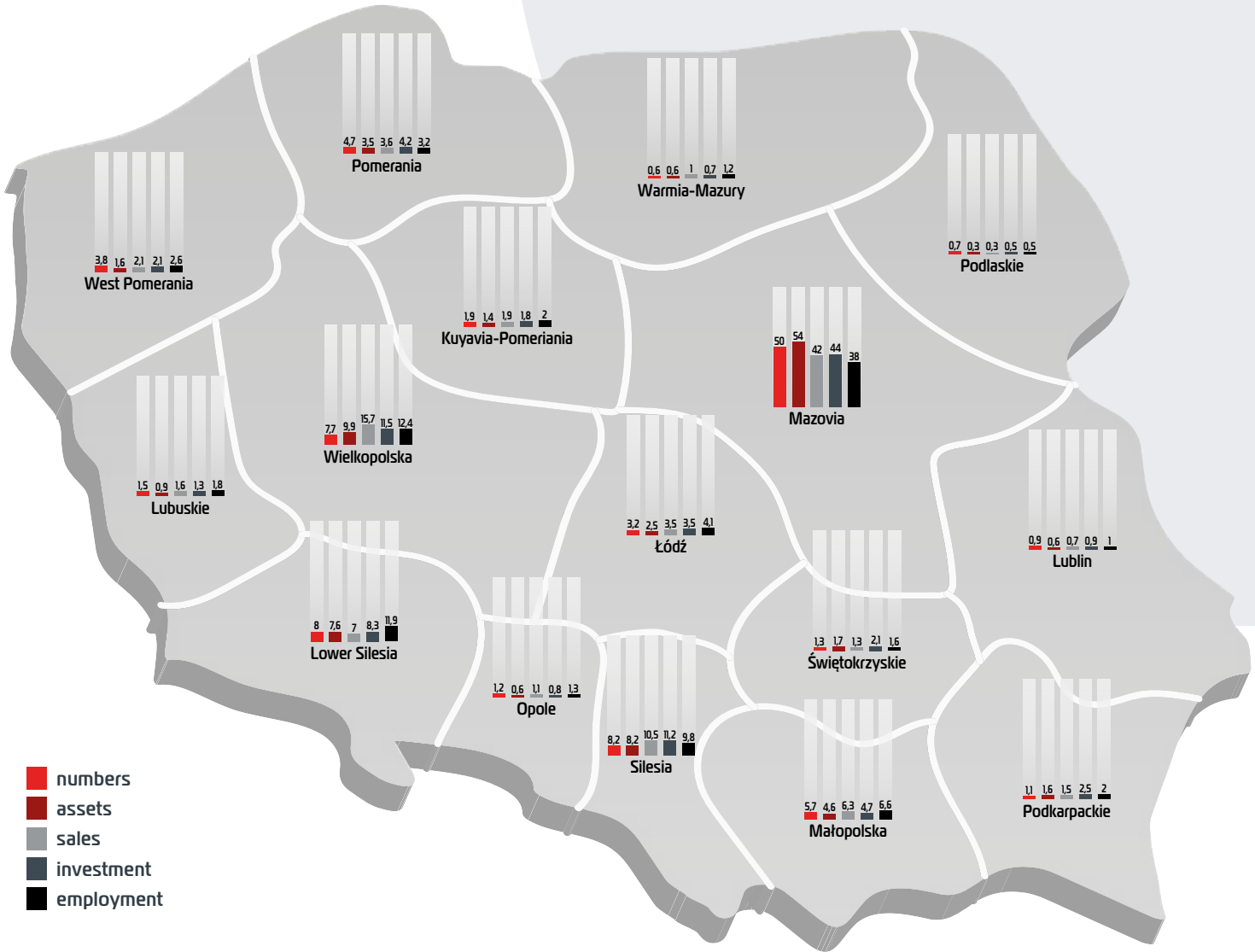
### INVESTORS ARE ACTIVE THROUGHOUT THE COUNTRY

The presence of foreign companies can be felt throughout the country. Still, about half of them are located in Mazovia province, due to Warsaw's administrative role and the province's central location. Half of foreign companies are registered in Mazovia, which is also home to half of the assets of foreign companies operating in Poland, and 44% of investments. The province's share in the total number of jobs created by companies with foreign capital is slightly lower. Companies registered in Mazovia province account for almost 40% of employment of all entities in Poland owned by foreign investors.

The most important locations for foreign businesses outside Mazovia are Silesia, Lower Silesia and Wielkopolska provinces. This is also attested to by the number of registered entities. However, here it is worth pointing out that the jobs created by companies with foreign capital, in comparison to the location of assets or company registrations, are slightly less concentrated. Aside from Mazovia, a high number of jobs was created in Wielkopolska (12.4%), Lower Silesia (11.8%) and Silesia (9.8%).

**FIGURE 8.**

Number, asset value, operating revenue, investment and employment of companies with foreign capital by province, 2018



Source: based on Orbis data

## CONCLUSION

The economic slowdown related to the Covid-19 pandemic will certainly have negative effects on investment flows around the world, and thus also on FDI inflows to Poland. UNCTAD estimates that the pandemic will cause a drop in global investment capital flows by 45%. However, this collapse is not yet visible in Poland. Although at the end of June the number of projects being serviced by investment promotion agency PAIH was slightly lower than in the first half of 2019, the declared value of investment was up, from more than PLN 33.5 billion to PLN 35.8 billion. Current projects are very capital-intensive and, in many cases, involve highly technologically advanced manufacturing. The main directions from which foreign capital is now flowing into Poland are South Korea and China.

The coronavirus crisis may drive a strengthening of the trend of reshoring: the return of manufacturing to home countries or nearby countries, or to locations close to the final markets for products. It is expected that in light of the quite optimistic forecasts for the shallow drop in Polish GDP this year and the relatively fast rebound in 2021, interest in investments in Poland has a chance to grow, driven by factors including supply-chain relationships with German automotive producers, as well as American investors looking at Poland as a center of operations for CEE.

It is expected that in 2020, despite the economic slowdown and weaker macroeconomic indicators, many initiatives will appear in the areas of telecommunications technologies, cloud services, renewable energy and real estate, whose implementation was begun already before the outbreak of the pandemic.

- December 2020

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