Business autumn

in Poland 2011

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Act on reduction of some obligations for citizens and entrepreneurs

by the Ministry of Economy

Fewer obligations for citizens and entrepreneurs. On 10 October 2011, President of the Republic of Poland signed *the act on reduction of some obligations for citizens and entrepreneurs*, also known as "the second deregulatory act".
The act, prepared by the Minister of Economy, should bring about 750 million euro in yearly savings for citizens and entrepreneurs.

The Ministry of Economy is currently embarking on works on "the third deregulatory act" to be implemented in 2012.

"The third deregulatory act" will further improve legal conditions for business activity in Poland.

"The second deregulatory act" includes amendments to several acts that foster the entrepreneurship spirit and reduce some of the obligations imposed on citizens and entrepreneurs.

The alleviations have been selected on the basis of the barriers reported by business associations, internal analysis of the Ministry of Economy and on the results of the measurement of administrative burdens in the economic law, carried out by Deloitte Advisory upon the agreement with the Ministry of Economy.

The legislation is the result of cooperation between experts form the Ministry of Economy and representatives from major Polish employer organizations (Business Centre Club, Polish Confederation of Private Employers Lewiatan, Employers of Poland and the Polish Craft Association.

"The second deregulatory act" focused on reduction of information obligations and administrative barriers for citizens and entrepreneurs. It includes inter alia:

- abolishment of the obligation to publish companies' financial statements in the official public journal "Monitor Polski B" (current high fees for such a publication were abolished automatically).
As a result, companies will only be required to publish financial statements either in National Court Register or Court and Commercial Gazette,

- shortening a mandatory period for entrepreneurs to store copies of documents related to social security issues (from 10 to 5 years) – it translates into lower administrative costs on storing documents borne by entrepreneurs and shorter prescribed period for financial liability towards social security issues,

- less frequent issuing by entrepreneurs some of documents related to personnel files – once a year instead of once a month – it translates into significant savings for entrepreneurs,

- lengthening the period for submitting property tax declaration,

- abolishment of the mandatory obligation of getting authorized Health and Safety Inspection approval before starting a construction process,

- more transparent and favorable tax law interpretation procedures (citizens and entrepreneurs will be allowed to apply to the Ministry of Finance for a general interpretation in case there are some discrepancies in tax law interpretation on the market) – as a rule the Ministry of Finance will be obliged to issue a general tax interpretation,

- introduction of simplified procedures within excise tax schemes – faster duty procedures,

- excise tax exemptions for coal – lower costs for citizens and entrepreneurs,

- lengthening the period for use of an overdue holiday,

- simplifications in some general procedures on conducting business activity included in the act on freedom of economic activity.

The Ministry of Economy has recently embarked on analytical works on "the third deregulatory act" to be implemented in 2012.

It should cover further improvements in legal conditions for business activity in Poland – especially simplifying tax and construction procedures.

Privatization turns around

by the Ministry of Treasury

The 20 years of privatization in Poland significantly influenced the development of the Polish economy and the emergence of the Polish capital market. Particularly, in the recent years there has been a significant acceleration of privatization despite the global crisis. This puts Poland in the group of leaders of ownership transformations among the countries of Central and Eastern Europe.

Ernst & Young, an international audit company, prepared a publication entitled "Analysis of ownership transformation in Poland and in Europe, with particular emphasis on countries of Central and Eastern Europe." Comparison report covers the period between 1990 and 2010.
It enables to examine in detail how quickly privatization has been proceeding in Europe up until today and how it has affected particular countries.
In most countries, privatization is an important tool of economic policy. However, there is no single model for privatization.
Methods and techniques of privatization depend on the purpose for which the privatization is implemented.

These include systemic (creating foundation for accelerating the development of market economy), economic (increasing the efficiency of privatized firms), fiscal (additional revenue for the state budget), social (promotion of specific social groups participating in the privatization) and political (increasing public support for market and the ruling party reforms) objectives.

Two Europes

According to the report, in the years 1990-2010 in Western European countries, privatization was mainly an instrument improving business efficiency and a source of revenue for public finance sector. In contrast, in the countries of Central and Eastern Europe, it played a key role in the systemic transformation.
During this period in Western European countries, nominal privatization revenues were higher than in the countries of Central and Eastern Europe.
However, in relation to GDP, the revenues were higher in the countries of Central and Eastern Europe.
As for the number of privatizations over the entire period between 1990 and 2010, it remained roughly stable in Western Europe.
In Central and Eastern Europe, the number of privatizations (above USD 1 million) declined steadily after 1996 to the level observed in Western Europe but following the acceleration of privatization in Poland, it increased significantly in 2010.

In case of both groups of European countries, enterprises from competitive sectors are privatized first, followed by enterprises from the monopolised sectors.

The effects of privatization in most countries of the former Eastern block are invaluable. Due to

privatization, economic ownership structure has changed.
The efficiency of companies has increased and the financial sector has developed. Moreover, the necessary source of financing for government expenditure has been obtained and society's interest in market mechanisms has increased.

Polish model

According to the authors of the report, in comparison to other countries of Central and Eastern Europe, Polish model of privatization was distinguished by the following elements:

- meeting the widest in Central and Eastern Europe range of targets: systemic, economic, fiscal,
- privatization closely integrated with reforms in other areas: construction of market mechanisms (primarily capital market), solving social problems (such as reduction of social costs of reforms and plans for financing the pension reform),
- emphasis on the high quality of privatization processes from the very beginning, even at the expense of limiting their pace,
- striving to achieve full agreement between the major stakeholders of privatization processes.

The 20 years of privatization in Poland significantly influenced the development of the Polish economy and contributed to the emergence of the Polish capital market – current leader in the region of Central and Eastern Europe.
At the beginning of ownership transformations there were over 8 500 state-owned enterprises. Currently, the Ministry of Treasury oversees about 10 state enterprises and operates approximately 260 state-owned companies (companies wholly owned by the Treasury and companies where the State Treasury is the majority shareholder).

From 1991 until today, revenues from privatization have amounted to approximately PLN 135 billion, while Poland's economy is one of the fastest growing economies in Europe, due to privatization, among others.

Four years of ownership transformations

In the last four years in particular, there has been a significant acceleration of privatization in Poland, despite the global crisis. This is due to the implementation of the "Privatization Plan for the years 2008-2011".

Within its framework (as of the end of September 2011), nearly 1,166 privatization projects for 716 state-owned companies were carried out.
544 privatization projects for 507 companies were completed successfully, representing over 70% of the companies in which the privatization process was carried out.

Out of the PLN 135 billion revenue obtained during the 21 years of privatization in Poland, approximately PLN 42.5 billion was obtained during the 4-year period of the implementation of the Privatization Plan, which represents 32% of all revenue.
It is also due to public offers made by state-owned companies listed at the Warsaw Stock Exchange (PGE, PZU, Tauron PE, GPW, JSW) that Warsaw has become the regional Financial Center of Eastern and Central Europe.
Warsaw Stock Exchange is now a pillar of Polish capital markets – the largest stock exchange in Central and Eastern Europe in terms of capitalization and the number of listed companies.

Since 2010, through public offerings of the state-owned companies, specific solutions for individual investors have been introduced in order to facilitate the acquisition of shares in state-owned companies privatized through the stock exchange.
It is based on the mechanism in which every time the offer is constructed, individual investors are allocated with a certain number of securities (within the limit of 20-30% of the offer) and set with a maximum purchase limit for each buyer.
These actions exclude the use of credit leverage for their purchase, and individual investor may determine the extent of the costs associated with the investment more precisely.

In contrast to earlier forms of mass privatization, public shareholding is not meant to distribute the shares. Individual investors buy shares on a competition basis learning the basic mechanisms of exchange. 323,000 persons enrolled for the shares of GPW, 251,000 for the shares of PZU, and 230,000 for the shares of Tauron PE. These are the three highest scores in the past 15 years. In 2010, the number of investment accounts increased by over 340,000, or 32%. Currently, it is almost 1.5 million.

Along the implementation of the Privatization Plan, the Ministry of Treasury launched a series of educational projects that promote privatization and private property (addressed to various target groups - students, seniors, local communities, religious communities, local media and opinion leaders).

in four years, almost 300,000 participants took part in these projects. More than 1,700 institutions have been involved in 250 completed projects so far.
During the last four years, privatisation in Poland stood out against other countries of Central and Eastern Europe not only with the pace and scope of changes. It has been and still is privatization for everybody.

Poland – great minds

by the
Polish Information and Foreign Investment Agency

Human capital is one of the most unique Polish values.
Poles are innovative, creative and smart.
Beside the famous
Mikołaj Kopernik
Maria Skłodowska-Curie or
Fryderyk Chopin
Poland is full of bright, great minds.

Every year Polish students and scientists win the most prestigious international competitions in different fields, proving the high intellectual potential of Polish staff.

Well-educated Polish economists, engineers, IT specialists and scientists are highly sought-after and appreciated employees who find employment in IT companies, R&D centres and scientific institutes.

Investors who opt for Poland should barely have problems finding suitable personnel.

This may have much to do with the fact that Poland has almost 500 academic centres.

University teaching staff includes around 100,000 specialists, half of which hold a PhD degree.

Amongst the numerous graduates produced every year by the academic centres, there is a considerable number of young people educated by Polish Universities of Technology i.e. prospective highly sought-after experts in IT, modern technologies and a variety of other technology fields.

This creates perfect conditions for investors in search of human capital for new projects. Indeed, Polish engineers and scientists are highly acknowledged across the world.
Poland has almost 2 million academic students, i.e. half of the population between 19 and 24 years of age. The number has been rising steadily.
As one of the biggest EU countries Poland is at the top of the ranking measuring the number of graduates in Central and Eastern Europe and among the leaders in the whole of Europe.
Needless to say, Polish students have an excellent knowledge of foreign languages. Over half of them speak fluent English and the vast majority of the rest have a basic understanding of the language.
The second most commonly studied language is German, followed by Russian, French and Spanish.

The high standards of the Polish educational system are reflected in a number of scientific achievements.
It is worth noting that Polish scientists are well known for the discovery of the first extra-solar planetary system, the creation of the technology for the production of the blue laser, the production process to make the world's smallest synthetic diamonds and for the isolation of queen cells from bone marrow.

Poles are the winners of numerous scientific championships. Their inventions and project are brilliant and innovative.

Students of the Białystok University of Technology have constructed the Mars rover Magma2 which won the prestigious international competition University Rover Challenge (URC) in the U.S.

Magma2 defeated rover constructed by Americans from the Oregon State University, who had help from NASA. Today Magma2 visits international fairs and exhibitions.

Every year Poles are among the winners of the Imagine Cup – the world's largest technology competition for students.

This year Cellardoor team of the Adam Mickiewicz University in Poznań won the first place in the design of online games in the competition's world finals.

Cellardoor presented a game for children, "The Book of Elm", which teaches children that everyone can participate in protecting the environment through everyday, simple activities.

Drive 607 km on one litre of fuel?

It's possible thanks to the team of young scientists from the Warsaw University of Technology who constructed Kropelka (Droplet), a super-efficient car.
Kropelka is light (46 kg), comfortable and has a streamline shape. The constructors used the novelties from the aviation and automotive sector. It is so fuel-efficient that it really seems to drive on a mere droplet of fuel.
Wise, clever, intelligent, open-minded, innovative and creative – this is the staff of companies running business in Poland.

Poland is the most important country in Central and Eastern Europe for the Portuguese Foreign Direct Investment (FDI). Currently, in Poland there are around 100 Polish companies with Portuguese capital.

by the Polish-Portuguese Chamber of Commerce

Founded in March 2008 in Warsaw, the Polish-Portuguese Chamber of Commerce (PPCC) is an independent non-profit organization that sets out to promote the interests of its membership in respect to the commercial links between businesses in Poland and Portugal.
Along the almost four years of activity the PPCC has experienced a growth of its activities and consequently an increase in the number of members.
At the end of 2009, the Chamber of Commerce reached the number of 65 members while in October 2011 as many as 120 members.

The PPCC activities are based on three main areas: Contacts and Events; Communication; Consultancy.

The Chamber of Commerce organizes and promotes events and meetings which are important in the process of the facilitation and development of the business activity, e.g. seminars, conferences, business mixers and business breakfasts.

The Communication is also one of the most important areas of our activities.
Through our website, newsletter, publications, annual membership directory and events, PPCC aims to deliver top quality information to its members and strengthen the ties between Polish and Portuguese business organizations.

In the last 3 years, the Chamber of Commerce has made a big effort to develop a range of services. At the moment, the Chamber of Commerce can help not only its Members, but also other interested companies, in: market research, preparation of potential business partners lists, translation and interpretation services, organization of trade missions and various kinds of promotion.
We also provide access to our CV database and can help companies in finding employees who correspond with the requested profile.

Poland is the most important country in Central and Eastern Europe for the Portuguese Foreign Direct Investment (FDI). Currently, in Poland there are around 100 Polish companies with Portuguese capital.

Due to the significant investment that Portuguese companies have been making for the past 10 years, Poland has naturally become one of the strategic markets for the Portuguese economy and it is perceived by the Portuguese entrepreneurs as one of the most attractive destinations for investing.

That perception is developed today on experience and not just on vision as it was in the past.
It is worth emphasizing the fact that Portuguese companies are active in many areas such as retail, banking, industry, construction, real estate, renewable energy, IT, medical care and legal services. Innovative solutions are an integral element of Portuguese companies offer.

Since its establishment, the PPCC has been involved in the organization of numerous events such as the official visit of the Portuguese President, Anibal Cavaco Silva, to Poland in 2008, the conference on the Portuguese Investment in Poland in 2010 with such honourable participants as Mr. Carlos Costa, the President of the Portuguese Central Bank or Mrs. Marta Gajecka, the Vice-President of the European Investment Bank (EIB), discussion panel during the Economic Forum Krynica 2010 on “Waste Management. Best Practices from Portugal”, the conference "Poland, a Priority Market for Portuguese Investments. Challenges for the future" which took place on 16 June 2011 in Lisbon, the objective of which was to presented to the Portuguese entrepreneurs the opportunities the Polish market has to offer and to encourage Portuguese entrepreneurs to invest in Poland.

The PPCC has also been very active in supporting and organizing a number of entrepreneurial missions, conferences and joint-events with other International Chambers of Commerce.
The largest event organized by the PPCC this year was the Second Edition of the Portuguese Week “Flavours of Portugal” that took place between 30 May and 5 June 2011 at the Hotel InterContinental Warsaw.
The event was visited by approximately one thousand guests and its main objective was to promote the Portuguese gastronomy and wines, culture, tourism and music in Poland.
For more information about the event, please visit the website www.flavoursofportugal.pl

By the end of 2011, the PPCC is going to be involved in the organization of various initiatives.

On 13 October, the Chamber of Commerce will take part in the Exporting Forum in Lisbon organized by the Portuguese Industry Association (AIP).
At the PPCC’s stand at the Forum, practical information on how to export goods to Poland will be provided.

Between 7 and 10 November the Chamber of Commerce, together with the Lisbon Chamber of Commerce, will organize a Trade Mission to Poland.

Furthermore, the PPCC’s events Agenda for the last quarter of 2011 includes the annual Round Table meeting with the Portuguese Ambassador in Poland and monthly business mixers with the International Chambers of Commerce.

Education is a business –
Amendments to the Act on Science and Higher Education

by Lukowicz Swierzewski & Partners

The amendment to the Act of 27 July 2005 on Science and Higher Education (Journal of Laws No 164 item 1365 as amended), which comes into effect on 1 October 2011, is a crucial initiative which has never happened before.
Introducing many changes of purely scientific nature such as scientific degree system, employment issues of staff and faculty members, rights and obligations of students and many other amendments, the new regulation in general makes the system of higher education more flexible in the sense of administrative and business overall shape. Moreover, this 1 October 2011 amendment is of rather considerable scale and it introduces a business approach to higher education.

One of the most vital changes is the amendment of article 20 section 8 which states that the permit for establishing a non-public higher school shall be for an **indefinite** period of time while a relevant former regulation indicated a 5-year definite period for the first application.
The financial input to the non-public higher school as defined in the same article 20 section 3 remained unchanged at the level of 500,000,00 PLN.
Article 26 item 6 as amended constitutes the **obligation** for the Minister of Science and Higher Education to transfer the permit to the entity which fulfills all the conditions contained in the permit. Previously, it was only the right and privilege of the adjacent Minister which did not impose on him any formal obligation to do so.
Article 28 as amended introduces a new item 3a which is dedicated exclusively to erecting the so-called association of non-public higher schools while the previous regulation remained silent on this type of initiatives in case of non-public higher schools (only public).
Hence it is a provision which confirms a new and improved approach to non-public educational initiatives of this type, and which also explicitly states that a special, additional decision of the Minister is required in this case.

The public higher school are no longer privileged in the area of the right to establish the associations of non-public higher schools.

Article 30 as amended broadens the scope of the Ministry jurisdiction over the non-public higher schools allowing an increased number of decisions to be issued in case of changes in the structure and day to day functioning of non-higher schools.

Article 31 as amended broadens the ability to cooperate with foreign higher schools (universities) or other scientific institutions.
The same applies to article 31a which removes the necessity to obtain a decision of the Minister to issues an additional certificate by the so-called joint entities of the higher schools.

We consider these changes as significant from business point of view as they allow foreign investors in this type of business to operate more freely.

Chapter VI of the Act of 27 July 2005 on Science and Higher Education as amended introduces a change in the name of the accredited commission: a special independent institution the activity of which is aimed at improvement of higher education.
Now it is named: "Polish Accreditation Commission", not "State Accredited Commission". It underlines reverse move of the Polish government in the area of limits imposed on higher education and university education.

Article 85 items 5-7 implement new regulation on erecting branches and affiliates of foreign higher schools in Poland.
Effective from 1 October 2011 foreign higher schools are allowed to establish its branches in Poland with a permit of the Ministry while former regulation referred to establishing only higher schools.
It means that presently a foreign higher school is not bound to establish a new higher school in Poland but it is allowed to establish only a branch of its mother higher school (university). Both solutions (new higher school or a branch of a foreign higher school) still require a permit.
However, in this case an additional permit in the form of a separate opinion of the Minister of Foreign Affairs and the opinion of the Polish Accreditation Commission is required.

Item 6 of the above article 85 is important as it states that the branch within the territory of the Republic of Poland can be erected exclusively by a foreign higher school which as obtained a positive opinion of the agency entitled to issue such opinions and accredited in the mother country of the relevant foreign entity, or by the agency registered in the European Quality Assurance Register (EQAR), or by the agency from other country which is regarded by the Polish Accreditation Commission.

On the other hand, item 7 proclaims that foreign higher schools and branches of foreign higher schools **are not** subject to the Act of 27 July 2005 on the Science and Higher Education (Journal of Laws No 164 item 1365 as amended) **except the above items 5 and 6.**
An absolute novelty introduced by the regulation are articles 86 a-c which allow higher schools, public or non-public, to erect so-called **special purpose companies** in the form of limited liability companies or joint stock companies.

The purpose is to commercialize the outcome of research. The intellectual property belongs to such special purpose entities, however, the dividends shall be used for activities defined in the statute. A special purpose companies can be erected by a few public or non-public entities.

As regards the financial and tax aspects of functioning of the higher schools, it basically remained unchanged and retained its *status quo*.
It means higher schools (universities), public and non-public, are exempted from income tax, VAT, agricultural tax and other taxes and levies as defined in detail in other enactments.
A higher school is also released form perpetual usufruct payments due to State Treasury except the payments due on the basis of the provisions related to management over agricultural land owned by State Treasury (article 91).
It implies that perpetual usufruct payments due to municipalities are still due from public and non-public higher schools.

Articles 94 and 95 as amended refer to an important aspect of financing and donating which shall enable operation of non-public universities.
Non-public universities are entitled to obtain not-returnable donations for executing material support to students and doctorate students and they are entitled to obtain budget financing from the State Treasury or municipalities.
In addition, article 95 as amended states that the Ministry is obliged to issue a separate enactment, i.e. a form of statutory delegation of the Parliament to the Ministry, which will define in detail the donations dedicated especially to non-public universities.

General Overview on Retail Market in Poland

by Colliers International

After the period of a slowdown, the retail market in Poland has revived in 2011, both on the supply and demand side.
At the moment, the total supply of modern retail stock in Poland exceeds 8.3 million m².
The majority of shopping centres are located in eight Polish agglomerations, however, presently developers' activity is mainly focused on medium and small-sized cities.

In 2011 over 300,000 m² of retail space has been delivered to the market so far and another 800,000 m² is under construction.
The main retail schemes opened in 2011 are Galeria Słoneczna in Radom, Turawa Park in Opole, Galeria Leszno and Galeria Kaskada in Szczecin.
The current developers' recovery is the second wave of the supply aimed at regional cities and its dynamics indicate that the retail segment is one of the most active sectors of the real estate market in Poland.

Apart from developers, also tenants seek possible gaps on the market mainly by targeting small and medium-sized cities.
Increasing supply of modern retail space in secondary cities facilitates the development of regional markets on the demand-side.
However, the trend of retailers switching to the best newly opened retail schemes and the existing high quality shopping centres is observed.

Taking into account the increasing activity of developers as well as tenants, the forecasts for the retail market in Poland are optimistic.
The important factor for developers is a great interest of investors who are willing to acquire retail schemes.
In the times when funds and other financial institutions are seeking secure cash flows, a shopping centre proves to be a very beneficial purchase option.

Shopping centre, as a usually large building, provides high nominal income.
Additionally, as a new scheme it provides an attractive weighted average lease period, because agreements with tenants are usually signed for 5 years, which is a relatively long period of time.
At present retail properties enjoy the highest demand in the investment market.

Low vacancy rate recorded in Polish shopping centres and great interest shown by international brands indicate that the market is not saturated yet and there are still potential gaps to fill.

MARKET INSIGHTS for Consumer Electronics

Challenging climate for consumer electronics (Part I)

by GfK

The consumer electronics (CE) market has registered a significant deterioration in the first half of 2011.
In the first six months of the year, sales in Western Europe declined by a total of 11.3% in comparison with the same period of the prior year.
This is attributable to the lack of stimulus from major sporting events, the shutdown of analog TV in some European countries pushing forward purchases, and the financial and economic crisis in the Eurozone.
Nevertheless, innovative segments are growing within all product groups.

In comparison to the previous year, when events such as the Winter Olympic Games, the Football World Cup and the shutdown of analog TV signals, for example in France and Italy, provided major boosts to the CE market, similar stimuli are lacking in 2011.
Added to this is the fact that the ongoing financial and economic crisis continues to unsettle European consumers.

Consequently, in the first half of the year, both sales revenue and unit sales declined significantly in the CE segments in the six Western European countries of France, Germany, Italy, the Netherlands, Spain and the UK.

Televisions – large screens popular

Western European countries show a sales decline of 14% for the TV market. In comparison with 2009, the year in which there were also no notable stimuli such as sporting events, a considerable increase of 28% has been recorded in television sales.
The sales share of TV sets within the CE sector is continuing to rise and currently stands at just over 73%.
However, compared to the first half of 2010, sales units for Flat-TVs decreased by 8% and prices are still declining.
Innovations, including HDTV, 3D and internet-capable devices, are currently not able to prevent this trend, although customers are prepared to dig a little deeper in their pockets for these products.
LED television sets, which registered a sales share of 56% in the LCD TV segment in the first half of 2011, are particularly popular because of their sleek design and energy efficient technology.

Internet-capable TVs generated a third of sales in the television market in the first six months of the year. 32-inch TVs remain the most popular category, although the sales share fell to 28% in the first half of 2011.
The purchasing trend within the LCD market is for larger screens. Televisions with screens that are 40-inch or larger constitute a sales share of nearly 50%; a figure which is still growing.
The integrated digital tuner and full HD are already standard features. 3D-capable TVs now have a sales share of 16%.

The average price of a TV set has, nonetheless, declined by 7% in comparison with the first half of 2010 and the price drop was even higher, at 39%, in both the LED and 3D segments.
With an average price of EUR 459 for an LCD TV and EUR 748 for a plasma television (as in H1 2011), consumers are spending significantly less than they did one year ago, while the product features have become more advanced. In Western Europe, unit sales of 39 million TV sets in total are forecast for 2011.

The future is extremely promising for 3D-capable televisions, in particular, with GfK Retail and Technology predicting total unit sales of 6.4 million 3D-TVs in Western Europe.

DVD/Blu-ray players and recorders – customers shift to High-Definition and 3D

The Western European market for DVD and Blu-ray players and recorders has remained in decline in the first half of 2011.
Sales of DVD and Blu-ray players plummeted by more than 40% in some countries, e.g. Spain, however, the drop in Germany was comparatively moderate at 12%. The main cause for the decline has been the heavy reduction in demand for traditional DVD players, with 29% fewer units sold in Western Europe.
In contrast, the Blu-ray player market developed much more positively, with a 20% increase to around 1.5 million unit sales.
However, as a result of the considerable reduction in average prices of Blu-ray players, sales revenue only increased by 5%. Blu-ray recorders continue to be a niche product.

At around 34%, the share of 3D-capable Blu-ray players is considerably higher than the share for 3D televisions. This is partly attributable to the fact that former high-end features, such as 3D and network connections, can now also be found in mid-range Blu-ray players. In general, it transpires that 3D televisions are usually purchased together with a compatible 3D-capable Blu-ray player.

Camcorders – multimedia cameras and HD technology in demand

In Western Europe, the camcorder market suffered a decline of 12% in H1 2011 in comparison with the same period last year and recorded overall unit sales of 1.7 million.
Sales revenue fell by 21% to just under EUR 400 million. Only the camcorder market in the UK recorded an increase in unit sales (+8%), with multimedia cameras being the main driver.
However, the lower average price means that here, as in all other countries, sales revenue dropped by 20%. Although sales of multimedia cameras are virtually stable in Western Europe, unit sales of traditional camcorders decreased by 17%.
Despite an ongoing trend towards HD camcorders, which now have a 57% share of sales and 72% of sales revenue, unit sales still fell by 10% overall.

Hi-fi /home theater systems – docking systems and internet radios popular

Customers in Western Europe are now paying just under 7% less on average for hi-fi products and home theater systems than in the first half of 2010.
In comparison with other Western European countries, Germany stands apart as it recorded a sales increase of 4.6%, while other markets largely reported negative performances.
In the home audio market, the growth segments continue to be fully equipped audio systems with integrated MP3 docking stations (generating 20% of sales), systems with internet radio (40% sales increase) and surround sound products.
Devices with integrated Blu-ray players remain in high demand and recorded a sales increase of 46%.
The volume sales share of home theater systems increased to 37%.
Despite virtually stable demand in terms of sales units, the loudspeaker segment suffered a decline of 8% in terms of sales value.
“Sound bars” are currently extremely popular and, concurrently with rising sales of large-screen LED TVs, sales have increased by 25%.

Portable audio devices – competing with smartphones

In the first half of the year, Western European consumers spent around 17% less on portable audio devices.

This is primarily attributable to the fall in demand for MP3 and MP4 players, of which 19% fewer were sold. These audio specialists are facing increasing competition from smartphones and mobile phones, which, with few exceptions, have the ability to play music as well.
In the extremely important UK market, the sales drop was exceptionally dramatic (-29%), while declines in Germany and Italy were much lower, at -13% and -12% respectively.
The situation is also difficult for traditional portable audio devices. However, development has been thoroughly positive in specific segments, including stand-alone internet radios, design-oriented tabletop radios and radio recorders to which portable media players can be connected.

GfK does not yet foresee a trend reversal, as the digital radio market is still in its infancy in most European countries, with the exception of the UK and Switzerland.

In-car electronics – media network in the car with sat navs

In the first six months of 2011, the in-car electronics segment experienced further sales deterioration of 14% in Western Europe.
With declines of 9% and 12% respectively, France and Germany emerged as noticeably more robust than Spain (-17%), Italy (-23%), the Netherlands (-18%) and the UK (-15%).
However, in general, the decrease is considerably less dramatic than in the previous year.
When it comes to portable navigation devices, both the average price and demand are falling. Consequently, sales have diminished by some 15%. However, the downward trend is significantly less steep than it was in the same period of 2010.
Devices with 5-inch screens have made a positive contribution, as this segment has been able to evade the general market trend and achieve dynamic growth.
The development of internet-capable devices has also been promising, as they provide an affordable method of establishing an in-car media network via portable navigation devices.
In the car radio segment, the demand dropped by 8% and sales fell by 16% in a year-on-year comparison.
The trend towards products that enable mobile phones, MP3 players and USB sticks to be easily connected has not been able to offset the price deterioration of 9% in the car radio market as a whole.
Car radio reception is currently still available via traditional FM reception, but in the medium term it will be supplemented by digital (DAB+) and internet radio, and potentially replaced in the longer term.
These technological advancements make it possible to receive more programs with better sound quality, and consequently consumer interest may well begin to rise again in future.

Outlook
Considerable recovery in the second half of the year

Even though the market environment is currently challenging, a number of innovative growth segments do exist.
These are, among others, HDTV, 3D and internet-capable TVs, Blu-ray players, HD camcorders, audio home systems with MP3 docking stations and portable navigation devices with 5 inch displays and internet access.
Overall GfK Retail and Technology is expecting a perceptible recovery for the industry during the second half of the ongoing year.

European IT market is becoming more complex

The IT markets in Europe have become significantly more heterogeneous in the first half of 2011 than in the previous years.
The industry has nevertheless demonstrated that it can adapt to the particular market situation. Overall, the IT sector in Europe recorded a rise of 11% in the first six months.

At present, differing market trends can be observed in Western and Eastern Europe as well as in the private and business customer segments.
The tablet PC is at the center of hardware interest across all European countries.
The next few quarters will certainly see further product innovations from various manufacturers in this area.
As a result, the outlook for this sub-market is generally acknowledged to be bright, with very high growth rates expected both this year and next.
Although private customers are currently mainly interested in iPads and similar devices, consumers are not buying tablet PCs instead of but rather in addition to their existing IT equipment.
There is currently no cannibalization of mobile computers by tablet devices, and none is expected in

the medium term.
The wide variety of computing devices, from tablet PCs through netbooks and notebooks to all-in-one computers and desktops, is a reflection of the diverse nature of the digital lifestyle.

Central and Eastern Europe positive developments

The markets in Central and Eastern Europe are recovering progressively from the financial and economic crisis, as demand remains positive both in the private commercial sectors.

Sales of IT products grew by 33% in the first half of 2011. GfK Retail and Technology is optimistic that this trend will continue over the whole year.
Desktop computers are currently the primary beneficiaries of this pleasing development, both in the case of business customers and the more price-sensitive private consumers.
The Windows 7 operating system is the reason for replacing hardware. Consumers in Eastern Europe are also increasingly buying mobile computers.
As is the case with their Western neighbors, these devices are becoming more and more the standard computer in private households, even though their

average prices are higher. A similar trend can be seen in small and medium enterprises (SMEs), which benefit from more flexible and individual computer usage by their employees.

Differences between private and business customers

The IT markets for private customers in Western Europe are evidently saturated for the most part.
The first six months of the year saw sales 4% lower than a year before.
Only some niche markets, such as large-format monitors, portable external hard disks and tablet PCs, are posting a rise in demand.
In Germany, for example, a situation where households are well-equipped with IT products and there is a restraint in making new investments, stagnation exists in the computer and monitor market, with -3% in the first half of 2011.

In Southern European countries such as Portugal, Italy, Greece and Spain, on the other hand, the tough economic situation together with consumer unease has even led to a decline in private demand.
In addition, there is no real innovation in many segments, so European consumers barely see any reason to make new purchases.
Completely the opposite picture can be seen in Western Europe in relation to business customers, with sales rising by 22% in the first half of the year.

The trend towards cloud computing is having a highly positive effect.
Businesses are currently investing primarily in the basic technical requirements so that they can offer and use these services on a greater scale in the future.

This trend should continue until mid-2012 since digital content in HD quality and high user numbers require a correspondingly powerful infrastructure.

Because of this, demand for products such as switches, routers and network storage, is extremely positive at present.
As in the previous year, this is supplemented by PC replacement purchases due to the introduction of the Windows 7 operating system into companies.

Outlook
Single-digit growth in 2011

The IT sector is now much more complex than in the past.
The trend towards strong growth in niche markets that are technologically sophisticated, together with the impact of replacement purchases, saturated submarkets and cloud computing products will increase further in the future.
GfK Retail and Technology expects positive growth of the overall IT market in the single-digit range in Europe, both for this year and next.

(The second part of this report shall be published in the next edition of the publication Business Winter in Poland 2011.)

Smarter Commerce by IBM

IBM has recently announced new software and the creation of a new consulting practice dedicated to the emerging category of "Smarter Commerce" which is focused on helping companies swiftly adapt to rising customer demands in today's digitally transformed marketplace.
The Smarter Commerce consulting practice extends IBM's leadership and investments in business analytics and optimization.
The new software and services offerings, supported by global sales and marketing resources, will address the spectrum of enterprise commerce activities – new ways to buy, sell and secure greater customer loyalty in the era of mobile and social networks.

IBM estimates the **Smarter Commerce market opportunity at $70 billion**, driven by the demand from clients that must bring new levels of automation to marketing, customer engagement and sales, as well as core processes for production, fulfillment and service for much more immediate responses to changes in markets and buying trends.

IBM's **Smarter Commerce initiatives** draw on its market-leading WebSphere Commerce platform and a $2.5 billion investment in on-premise and cloud-based software from IBM's acquisitions of Sterling Commerce, Unica and Coremetrics.

IBM will deliver the new integrated software built on these extensive capabilities, new services, and an education initiative to arm an extensive ecosystem of partners, suppliers and customers with new skills to connect the entire Smarter Commerce ecosystem.
This includes:

- A new global business services consulting practice offering deep insights into Smarter Commerce.
- New cloud analytics software that enables companies to monitor their brands presence in real-time through social media channels to better assess the effectiveness of new services and product offerings, fine tune marketing campaigns and create sales initiatives in real-time.
- Software that automates a company's ability to design and deliver a personalized shopping experience, campaigns and promotions on new services and products online, or through mobile devices.
- An "IBM University" will provide educational resources for sellers and partners to build the job skills required for the Smarter Commerce marketplace.

A shift is occurring as social networking and mobile communications put more power into the hands of customers.
Today, 70 percent of a customer's first interaction with a product or services takes place online, 64 percent make the first purchase because of their digital experience and of the two billion people connected to the internet, more than 600 million are on Facebook.

This is compounded by an explosion of mobile purchases, which has tripled annually to $119 billion this year alone.

These disruptive forces empower the consumers and raise their expectations of the entire customer experience.

This power shift from the seller to the buyer redefines the term "commerce."
Retailers were the first to face the rising power of consumers but now companies in a wide array of industries such as manufacturing, telecommunications, financial services and others have begun adapting to these changes.
This creates enormous challenges for businesses. What used to be seen as a flow of goods from manufacturers through a distribution chain to customers has become an interactive feedback loop, where consumers, producers, distributors, the media, and marketers all have new roles to play.
Companies see "selling" not so much as a traditional function of their organization but rather as an ever-evolving set of services they perform for their customers – performed in concert with their business partners.

IBM takes a leading role in helping organizations deal with this collision of market forces that have empowered customers, and create powerful tools for businesses.

Through new software and services, IBM enables its clients to respond to market shifts in real-time, automate marketing, selling and fulfillment, while creating a global brand presence.

"It's a buyer's world now," said Craig Hayman, General Manager, IBM Industry Solutions. "Businesses require a tighter and highly responsive network of suppliers and partners to ensure they deliver the right product or service at the right price, time and place. The key to business success in this unfolding environment is predicting trends and automating market responses in advance to eliminate the gaps between buy and sell, supply and demand."

"If they are going to engage with customers that are more connected – but not necessarily more connected to the people making and selling products and services – businesses require a new set of capabilities that start with the ability to hear the global conversations taking place about their products and brands," said Paul Papas, global Smarter Commerce practice leader in IBM Global Business Services.

"This new level of insight has to be followed by an entirely different kind of engagement with these customers, including a tighter and highly responsive network of suppliers and partners."
The sellers, or businesses, are largely unprepared for these changes.
As a result, there are massive inefficiencies in the complex network of transactions that make up global commerce and its supply chain, at a time when economic and competitive pressures reduce enterprise margins for error to zero.

In addition to these shifts occurring in the front-end sales transaction, a recent IBM Institute for Business Value survey of more than 500 economists worldwide estimated that much of the $15 trillion in system inefficiencies on the planet comes from waste in inventory backlogs, failed product launches, wasted materials and ineffective marketing campaigns.

IBM works with more than 2000 global and local brands such as global food producer Danone, McKesson, Moosejaw Mountaineering, US Lumber and 1-800-FLOWERS to ensure they market to the right audience at the right time, engage buyers seamlessly in all the right channels and mediums, maintain inventory levels precisely aligned to demand and automate their supply chains for maximum efficiency.

“Being competitive today means being a lot smarter about all facets of commerce, from initial marketing efforts to customer interaction in the buying and selling phase to the product delivery and subsequent service that ensures customer satisfaction,” said Steve Bozzo, CIO of 1-800-FLOWERS.COM.
“We are optimizing our entire order life cycle and improving the customer experience with a comprehensive solution from IBM that manages incoming orders from multiple channels in a timely and accurate way.”

At its first Smarter Commerce Global Summit held recently in San Diego, IBM (NYSE: IIBM) announced a range of wins with clients across global industries.
By deploying solutions for Smarter Commerce, these clients are capitalizing on rapid shifts in customer demand, improving their performance and appeal to new digital age consumers.

Industry leaders working with IBM to transform commerce in their industries include AutoTrader.com, DBS Bank, GuideWell, McKesson, PETCO, Sears Holdings Corporation, SMA Solar Technology AG, Target Corporation, True Value Co, Whirlpool Corporation and Winn-Dixie, among others.

The IBM Smarter Commerce Initiative is focused on helping companies more effectively market, sell and secure greater customer loyalty in the era of social networking, mobile computing and online buying.
In fact, 64 percent of consumers make the first purchase based on their digital experience.
That makes it critical for companies to be able to detect rapid shifts in online behavior and refine their marketing, sales, customer service and supply chain efforts accordingly.

IBM is defining and leading this new market, which it estimates will grow to a $20 billion opportunity in software alone by 2015, driven by the demands from organizations increasingly looking for ways to automate marketing, sales and fulfillment to support a customer-centered approach to commerce.

Leading European retailer Carrefour installed a new IBM merchandise planning and supply chain re-order system to connect point of sale data to its customer loyalty coupons program.
Carrefour used IBM technology to integrate more than 3,500 trading partners conducting 3,000 interactions per month. As a result, Carrerfour is improving customer satisfaction by ensuring suppliers efficiently deliver fresh product daily to its stores.

"IBM Smarter Commerce features a modular design with our solution that integrates more like interchangeable building blocks than jigsaw puzzle pieces," said Herve Thoumyre, CIO at Carrefour Group. "A puzzle piece can only be used once and fits in only one space, but Smarter Commerce and our solution reuse pieces that solve multiple business pain points".
Clients presenting their best practices in Smarter Commerce at the IBM conference include David's Bridal, Inc., GuideWell, HP Hood LLC, Kramp, Sears Holdings Corporation, True Value Co., Whirlpool Corporation, wehkamp.nl and xpedx.

Sears' keynote at the Smarter Commerce Global Summit demonstrates the linkage of players in the Smarter Commerce value chain, using data analytics to better anticipate and understand customer needs and behavior. Whirlpool describes the new kiosks it has developed for customers buying its products at partner stores such as Sears.

When using IBM's analytics-powered marketing technologies for Smarter Commerce, clients have achieved new levels of success:

- L'Occitane en Provence achieved a 17 times higher conversion rate and 25 times higher revenue per email using Coremetrics LIVEmail to create highly targeted messages.
- Citrix optimized its marketing investments and cut conversion costs by nearly 80 percent with Unica NetInsight.
- wehkamp.nl, a leading Dutch online retailer, was able to drive 15 times better return on investment for targeted online advertising through Coremetrics Ad Target. The retailer also used Coremetrics Web analytics and Unica Campaign to remarket abandoned online shopping carts to the same customers, salvaging lost sales and potentially lost customers.
- At the selling stage of Smarter Commerce, businesses are closing transactions securely and cost-efficiently, satisfying customers in the process.

Staples improved its online sales conversion rates by more than 60 percent with IBM technology.

At the summit, IBM also announced a new cloud and on-premise offerings that will help organizations respond automatically to shifting consumer and business trends. The new solutions, Commerce as a Service and Social Media Marketing, combine technology from key acquisitions such as Unica, Coremetrics and Sterling Commerce with IBM research and development.

These new software solutions are designed to help companies intelligently automate supplier and trading partner interactions, automatically turn marketplace insights into marketing and sales actions and connect online, mobile and social channels to physical stores.

We have chosen Poland to develop our business strategy

by Central Europe Integrated Solutions

Central Europe Integrated Solutions (CEIS) is an investment and consulting boutique Firm based in Warsaw.
It is an independent Firm and its management have extensive knowledge and experience in CEE and other regions spanning several industries.

CEIS' vision is to be the key catalyst and partner in new and successful businesses in Central and Eastern Europe.
To achieve this vision CEIS identifies, selects and attracts businesses that could succeed in CEE and supports them with an integrated offer as their local partner. CEIS also supports CEE businesses that wish to expand and internationalize to Portugal, Spain, Angola, Mozambique, Brazil, Macau and Hong Kong.

CEIS does not have an industry focus; it specializes in medium companies with potential and determination to internationalize and expand their businesses. Currently CEIS is working on projects in private equity, real estate, renewable energy, education, fast food, decoration, trading, among others.

CEIS' offer is tailored-made to its clients, and can range from interim management, capital raising, M&A advisory, strategy consultancy, business development, business partners matching in the destination geography and back-office such as administrative support, accounting and office rental.

The Firm's shareholders (one Polish national and two Portuguese living in Poland for several years) started the venture because they saw a space in the market for an investment and advisory company, fully dedicated to medium size companies new to the CEE economy and catering an integrated tailored made offer.

Bruno Ferreira, CEIS' CEO, states that "The investment in Poland was made because it has a solid economy, with sustainable growth where there is potential for high returns in several sectors, from infrastructure, heavy industry, energy, HoReCa, services, among others.
There is the middle class that is gaining in purchasing power and the demographics together with foreign investment and Europe's support is fuelling the economy. However, it is not an easy market if you're small and live thousands of km apart.
It's hard to control a successful company with remote control and our clients value a partner that takes care of business."

Initially, the Firm focused on the Portuguese market to offer its services, but now its clients' nationality is more varied, with a German company entering Ukraine, several Polish companies entering Portugal and Brazil, Vietnamese clients entering Poland and Portugal, just to name a few.



The Katowice Special Economic Zone

is the leader among Polish special economic zones.
So far we have acquired over 200 business entities.
In total, the companies have invested more than
EUR 4.5 billion and
have created over 47 000 new jobs.
The biggest investment in the Katowice SEZ is
General Motors Opel car plant.

The Katowice Special Economic Zone Co. (KSEZ Co.)
was established in order to support and accelerate
the restructuring processes and create jobs
within the Silesian region.
The Katowice SEZ was established for
the period of 24 years (until 31 December 2020).

The Katowice Special Economic Zone is a dispersed zone, comprising of four subzones:
the Gliwice Subzone, the Jastrzębie Zdrój and Żory Subzone, the Sosnowiec and Dąbrowa Górnicza Subzone and the Tychy Subzone.

The total area of the Zone is 1917 ha located in over 40 different sites, which allows investors to find the most suitable location.
Most of the areas are situated in the vicinity of international routes: east-west (Lvov-Wroclaw-Berlin) and north-south (Gdansk-Cieszyn-Bratislava), and the planned junction of A1 and A4 motorways.

Our main tasks are

- promoting the zone and searching for new investors
- sales of the land and other real estate properties included in the Zone
- granting permissions to run business activity within the Zone
- granting the rights for income tax relief
- helping investors run their business activity.

Being the administrator of the economic zone, The Katowice Special Economic Zone Co. in Katowice, apart from its statutory activity provides additional services which support the companies operating within the zone and its surroundings.
These are:
- active mediation in real estate market dealings in the Zone surroundings
- consulting services and trainings related to the special economic zones operation
- maintaining the database of potential contractors, as a support for the investments to be carried out within KSEZ
- one-stop-shop (comprehensive investor support)
- office and storage space rental
- support in the scope of regional cooperation
- human resource consulting and human resource trainings provided by the Personnel Development Centre in the Tychy sub-zone
- services in the scope of occupational medicine.

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Other significant investments in the zone are: **Japanese Isuzu Motors** – manufacturer of new generation diesel engines, **Nexteer Automotive Poland** – producer of components for automotive industry and **Spanish Roca** – producer of sanitary ceramics.

American Guardian has completed its investment of over EUR 150 mln in 'float' glass works.
Japanese NGK Ceramics, having invested over Euro 230 mln, has commenced the production of ceramic filters used in the automotive industry.

In addition to the automotive branch, the highest share belongs to metal, construction, machine and electronic sectors.
Apart from the large international companies, Katowice SEZ has also been chosen as the location for investment by prosperous Polish companies.

Tax relief for Investors

The Katowice Special Economic Zone is the right choice for companies which are willing to use the public aid in the form of the reliefs, calculated on the basis of the investment cost or new job creation.
The tax relief granted within the Katowice SEZ is compliant with the regulations being in force in the similar institutions operating in the European Union countries.

The income tax relief for companies investing within the Katowice SEZ:
1. Tax relief based upon the **Investment Cost**:
   - The total amount of tax relief for **Big Size Enterprises** is up to 40% of investment costs
   - **Medium Size Enterprises** are granted additional 10%
   - **Small Size Enterprises** are granted additional 20%
2. Tax relief based upon the **Creation Of New Jobs**:
   - The total amount of tax relief is up to 40% of two-year labour costs for new jobs created
   - **Medium Size Enterprises** are granted additional 10%
   - **Small Size Enterprises** are granted additional 20%

The investments located within the Opole Province are qualified for the public aid increased by 10 % (for each of the above mentioned cases).
In 2006 KSEZ widened its offer by opening itself for a brand new group of potential investors when office buildings Altus and Chorzowska 50 were included into the zone.
From that moment clients from BPO, ITO and SSC sectors, after locating their businesses in these buildings, could avail of benefits offered by KSEZ in the form of CIT tax exemption, which till that moment was available only for industrial projects.
Thanks to that, in 2006 two French companies from IT-consulting sector (Capgemini, Steria Poland) opened their branches within KSEZ.
These companies currently employ over 1500 people and apart from conducting BPO and ITO activity have also created programming departments and dedicated software departments for their customers.
Those companies employ highly qualified staff form IT and economic sector.
Additionally, within KSEZ more and more companies are setting up R&D (Research and Development) units, which employ Polish engineers.
Those units are engaged in creating new technologies and improvement of existing solutions, not only for the companies operating within KSEZ, but also in all plants belonging to a particular group.
Such R&D units are owned by TRW, Avio Polska, Tenneco, Autorobot Strefa, Rockwell Automation and many more.



Three industrial parks in: Zabrze,
Ujazd and Żywiec are under preparation.
Automotive cluster is being set-up.
It is going to be the first structure of that
kind in Poland: network of producers,
distributors and subcontractors,
research and development units
that wish to cooperate in order
to strengthen their market position.
Cooperation within the cluster
facilitates acquisition of
new technologies,
know-how and effective competition
on the international market.



Welcome to Katowice

Katowice – Your First Business Destination

by the city hall of Katowice

Katowice – the core city of "Silesia" Metropolis with the population of 2 million is an economic, industrial, cultural and academic centre. Situated in one of the best economically developed regions in Poland, the city of Katowice creates a favourable investment climate by its superb location, the best transport infrastructure in Poland and high quality human resources.

City Profile

Population: 2 million in "Silesia" Metropolis
Area: 165 km^2
Universities: 29
Students: 134, 000
International airports: 3

Location

"Silesia" Metropolis has the best transport system in Poland, which results both in good accessibility and ease of commuting.
International access is provided by 3 airports located within a short distance, including the 2nd and the 3rd largest airports in Poland (i.e. Kraków-Balice and Katowice airports) as well as Ostrava – the 2nd biggest airport in the Czech Republic. 28 European destinations are available directly from Katowice Airport and direct US flights are available from "Kraków-Balice"Airport.

"Silesia" Metropolis is located at the intersection of two important trans-European transport corridors: from north to south (A1 motorway under construction) and east to west (A4 motorway), which enables fast connections to the neighbouring countries: Germany, the Czech Republic and Slovakia.

Human resources

Katowice and "Silesia" Metropolis create great development opportunities because of their huge human potential:

- access to 9 million people within a 100 km distance; 4.6 million in the Silesian Voivodeship and 2 million in "Silesia" Metropolis;
- a strong academic centre - "Silesia" Metropolis has 134, 000 students in 29 universities;
- 69% of the working age population.

Undoubtedly, the availability of well-educated people with high language skills, an average salary level and strong, unique work ethics are the undeniable strengths of Katowice and the whole region.

Global acknowledgement

Nowadays, Katowice is considered as a perfect destination for the new investment projects.
Katowice has been appreciated by many international companies.
ITO/BPO/SSC/R&D represent: Mentor Graphics, Kroll Ontrack, Rockwell Automation, Capgemini, Steria, PwC.
These companies confirm the investment attractiveness of our city.

"PricewaterhouseCoopers (PwC) has launched a Shared Services Centre in Katowice, where 250 professionals will be employed. The SSC will not only support PwC audit services in Poland, but also cover the entire Central & Eastern European region. Katowice was chosen because we highly value the potential of the local labour market and the quality of human resources there. We also appreciate the positive approach of the local authorities towards new investors".
Adam Żołnowski, Assistant Director in Advisory at PricewaterhouseCoopers

"Our location in Katowice was caused by availability of highly skilled and well educated human resources, well-developed infrastructure as well as complex transport system and the vicinity of "Katowice-Pyrzowice" International Airport. The company has decided to make their investment in Katowice also because of strong support of local authorities."
Sławomir Szpak, General Manager of Rockwell Automation

Investment incentives

Katowice offers potential investors a tailor-made investment offer including financial incentives e.g. real estate tax exemption and financial help from the District Labour Office for the investors who will create new jobs.

Within the Katowice Special Economic Zone, which is the largest Polish economic zone in terms of investment (USD 6 billion) and employment (47, 000 employees), investors can take advantage of substantial corporate income tax relief.

The quality of life

Not only the city's economic character but also its cultural aspects draw attention.
More and more visitors are attracted to Katowice by various concerts as well as cultural, sporting, entertaining and economic events.

The International Congress Centre to be completed in 2013 will be a big step towards business tourism development.
Katowice is called the "City of Remarkable Events"



Visit the Silesian Museum in Katowice

History

The beginnings of the Silesian Museum go back to **1924**, which is when Towarzystwo Muzeum Ziemii Śląskiej (The Society for the Museum of Silesian Land) was established.
The society started to collect objects of cultural and spiritual value created in Silesia.
Formally, after the resolution was passed by the Silesian Parliament on **23 January 1929**, the Silesian Museum was set up and in May the first exhibition opened to the public.

In **1936** the construction of a **new building for the museum** started.
It was going to be one of the most spectacular and modern edifices of that type in Europe. Its overall concept was developed by its main architect Karol Schayer.
Construction works finished in 1939 but the building was never officially opened. As soon as the World War II broke out, the Nazi **dismantled the building** – a symbol of Polish identity.
The collection suffered as well and its sizeable chunk was destroyed and plundered. The rest that survived was moved to Landesmuseum in Bytom, now called the Upper-Silesian Museum.

The Silesian Museum had to wait for many years until it was finally **restored** in **1984**.
It was temporarily located in the city centre in **al. Korfantego 3, a former hotel** from the turn of the 19th and 20th century.
At first, only one room, on the third floor, was made available. The process of converting the 4-storey building lasted until 1992, when all the exposition rooms were ready.

After the restitution in 1984, the museum recovered the collections that had been stored in the Upper-Silesian Museum in Bytom, including the most valuable collection of old Polish painting, which is now on permanent display 'Gallery of Polish Painting 1800-1945'.

A new face

In 2012, the Silesian Museum will move to the post-Industrial site of the former "Katowice" Coal Mine located in the city centre.

The new Silesian Museum will be the first facility defining Katowice's so called "Axis of Culture", which, together with the new building of the Museum, will also comprise the International Convention Centre as well as the new venue for the Polish National Radio Symphony Orchestra in Katowice.

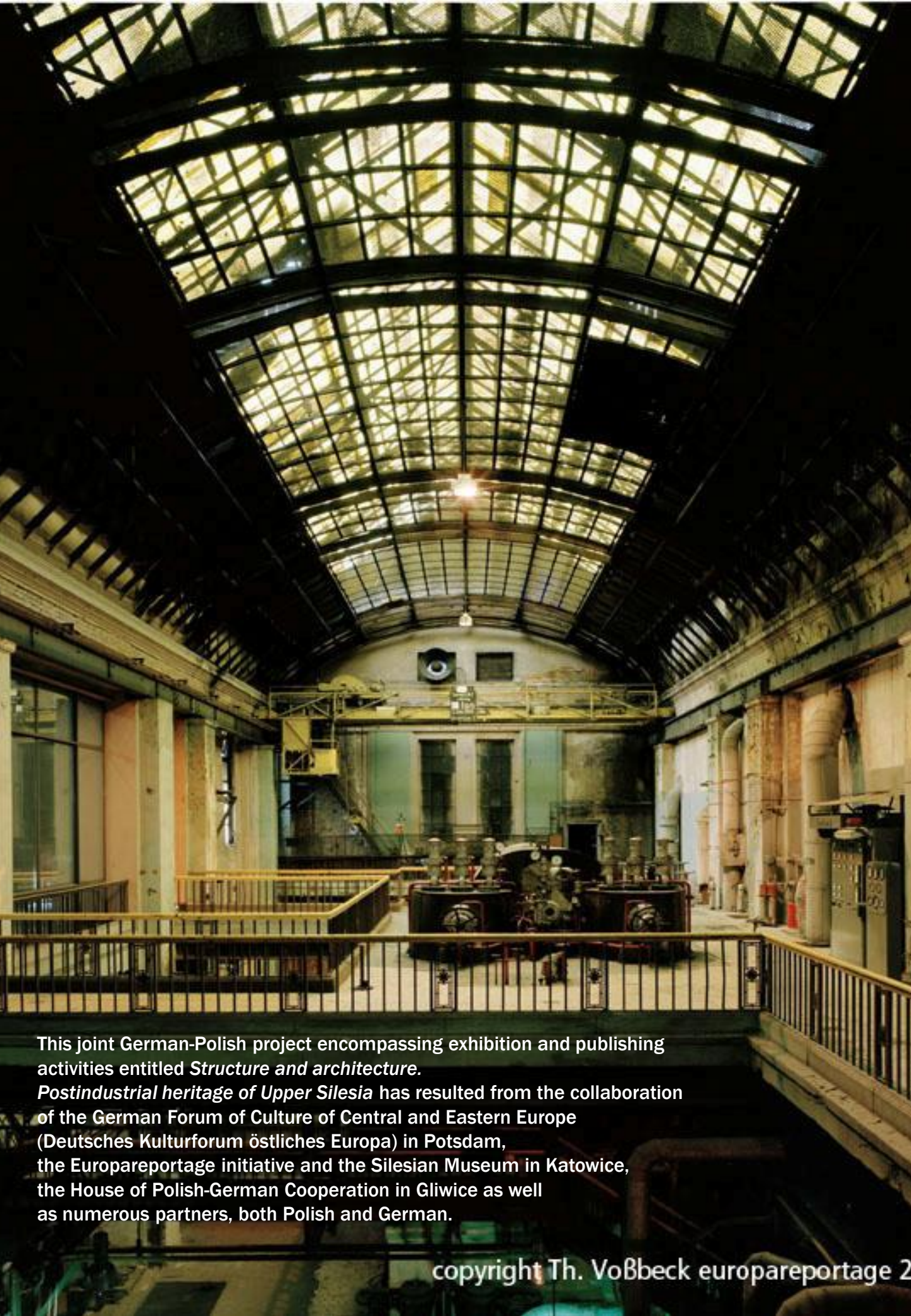
The collections of the Silesian Museum will receive an original and innovative setting – on the post-industrial site a new main building will be erected, and the historic late 19th/early 20th century former coal mine buildings will be converted to house the exhibition halls, a restaurant and a viewing tower to offer a panoramic view of the ever-expanding Silesia.

Moving around the new building will be possible thanks to underground passages and ground-level passageways.
Only glass towers allowing more light on the underground exhibitions will rise above the surface, as - according to the design by the Austrian office Riegler Riewe Architekten ZT-Ges.m.b.H of Graz – the exhibitions located on all floors of the main building will be displayed underground.

More than six thousand square meters of exhibition area will allow to fully display the collections still waiting to be presented in the museum store.
Visitors to the new Silesian Museum will be greeted with six permanent exhibitions, including one on the history of Upper Silesia and a wide-ranging exhibition from the collection of the Centre for Polish Scenography.

The project, whose 85% of eligible costs are part-financed by the European Regional Development Fund under the Regional Operational Programme for the Śląskie Voivodeship 2007-2013, will not only improve the cultural and educational offer of the Museum but it will also enhance the attractiveness of Katowice and Silesia.


Silesian Museum
Photography Exhibition:
‘Structure and architecture.’
Postindustrial heritage of
Silesia
copyright Th. Voßbeck europarepor



This joint German-Polish project encompassing exhibition and publishing activities entitled *Structure and architecture. Postindustrial heritage of Upper Silesia* has resulted from the collaboration of the German Forum of Culture of Central and Eastern Europe (Deutsches Kulturforum östliches Europa) in Potsdam, the Europareportage initiative and the Silesian Museum in Katowice, the House of Polish-German Cooperation in Gliwice as well as numerous partners, both Polish and German.

copyright Th. Voßbeck europareportage 2



The Forum – together with Berlin-based photographers of the Europatronage initiative – has been implementing a documentary and artistic project related to the postindustrial heritage of Silesia, the objective of which, according to the original idea and manifesto of the Forum, is to record and take care of **"the common asset of the European culture that has already partly vanished from the contemporary panorama", i.e. the industrial and urban-planning complex established in Silesia in various periods of its industrialization.**

The exhibitions will present the fruit of the joint German-Polish photographic project: about 60 large format colour photographs picturing the modern face and functions of postindustrial heritage in Upper Silesia seen from the perspective of two young German photographers, Anke Illing and Thomas Vossbeck.
The project is conducted by *Deutsches Kulturforum Ostliches Europa* and the Department of Mechanical Documentation of the Silesian Museum. As an element of the project, the exhibition was shown for the first time in Dortmund as part of Ruhr2010 in the autumn of 2010.

From Warsaw to Żyrardów

One of the most interesting towns of the Western Mazovia Region

Żyrardów is located in the center of Poland. Its character is shaped by industrial atmosphere of monuments and historic objects from the 19th century (the industrial era), mostly made of red bricks.
There are a lot of leafy areas that fill in the former houses of factory workers.
The post-industrial heritage of Żyrardów is unique on the European scale. It defines the special 'brick' character of the town.

The beginnings of the city and its cultural heritage

The beginnings and the growth of Żyrardów is connected with the establishment of the linen factory in the first half of the 19th century.
The name Żyrardów derives from the surname of a French engineer and the inventor of the line spinning machine, Philippe de Girard.
The founders of this linen factory, the Łubieńscy brothers, made him the first director.
In the second half of the 19th century, after the linen factory had been purchased by two manufacturers – Karol August Dittrich and Karol Hielle, it was enlarged and at the turn of the century became the largest linen factory in Europe.
Very quickly all the linen goods produced in the factory received wide recognition around the world.
Żyrardów is also the city of rich multicultural origin. It was a melting pot of German, Jew, Czech, French, Russian, English, Scot and Austrian inhabitants.
They were of different religious background such as Catholic, Jewish, Evangelical, Orthodox, Baptist.
The new owners of the linen factory also built a factory settlement with a civilian infrastructure complex including a kindergarten, schools, a hospital, churches and community centres.
Żyrardów with its industrial part, regular street network, greenery and two housing estates – one for the workers and the other for the factory directors, complies with the requirements of a perfect city.
Nowadays, this urban complex of the factory settlement is the centre of the city with the area of 36 hectare. Moreover, its buildings and spatial layout are listed in the official register of historic buildings.

Żyrardów factory settlement is considered to be the only urban complex of an industrial city at the turn of the 19th and 20th centuries kept as new and inhabited.

Factory and urban development. Factory and urban crisis

The linen factory was doing very well untill the outbreak of the First World War.
Although it was still working during the war period it never regained its power after the war damage.
The new owner, a French manufacturer, Marcel Boussac, turned out to be the one responsible for almost the total collapse of the factory and the city.
It was the period of enormous financial and material loss, with many workers being dismissed.
This disaster led to a deterioration of life conditions in the city.
At the end of 1930 the factory was under the government's management and its development was stopped by the outbreak of the Second World War.
Between 1945 and 1989 the factory was making progress and exporting its goods to other countries around the world.
Once again the linen factory was teeming with life employing over 5.000 workers out of 40.000 people living in Żyrardów.
The company was the owner of almost the entire civilian infrastructure in Żyrardów including day nurseries and kindergartens, community health centres, worker's flat, community centres, libraries and holiday resorts.


by the city of Żyrardów

The company also organized and was the sponsor of social, cultural and recreation life.
At that time Żyrardów was a large industrial centre famous all around the world. This good situation has changed dramatically in 1990s.
A series of factors (the change of political regime in Poland in 1989, the insufficiency of running a large state company, the lack of any modern and successful investment and slump in the international linen market) led to the collapse of the textile industry in Poland. Our linen factory also suffered from this downfall.

A brilliant idea

The city council had to face a difficult challenge – how to overcome this economic and social crisis of the city connected with he downfall of many factories.

Thanks to an ideal and convenient location of Żyrardów and wise city council investment policy everything has changed. Eight foreign investors established their factories employing over 2.000 workers. Privatized Polmos factory produces worldwide famous Belvedere Vodka. Linen traditions are continued thanks to a private company – Linen Goods Factory.

Apart from Linen Goods Factory, other 7.000 microenterprises are running, mainly trade and service enterprises.
The majority of inhabitants established their own economic activity. Żyrardów is an attractive business centre and an open city for any new investors.
After a period of stagnation a boost in the housing industry can be observed. TBS – a local company as well as private investors are building new housing estates and changing old factory structures into modern apartments. Żyrardów has a modern sewage plant that meets all the EU regulations as well as modernized water treatment plant station.
Being concerned over the environment a new waste management system combined with segregation of recyclable materials is put into practice.

Revitalization, European projects, investors

In 2004 the city council worked out the Local Revitalization Programme for the years 2004 – 2020.
It was the first such programme in the Mazowsze region. Its goal is to renovate and restore the central part of the city – the area of 180 hectare which constitutes 12% of the city area.
This part consists of the factory settlement, industrial area, a part of destroyed city district and an area of housing estate with block of flats.
For some of these projects the city council has received some founds from the EU.
So far three schools were renovated, two streets were rebuilt and the number of street monitoring cameras has increased. The city park was revitalized and is now a showcase of Żyrardów. All in all, 10 million zloty funds from the EU. Apart from that the European Commission has granted 75 mln zl for a joint water supply and sewage project of Jaktorów and Żyrardów.

Żyrardów for investors

For a couple of years Żyrardów has been the target of expansion for (among others) real estate developers, who are charmed by the unique character of the town with its industrial 19th century architecture, traditions of the textile industry, and the huge investment potential.
Having ideal location and convenient communication (transport) system, the town offers very attractive lands designed for investments.
Additionally, the great asset of Żyrardów is its picturesque location in the valley of the Pisia Gągolina River, surrounded by woods, including the Bolimowski Landscape Park.
These assets caused that modern Żyrardów is one of the most dynamically developing towns in the Mazovia Region.
Investor-friendly atmosphere as well as a private-public cooperation helps Żyrardów develop and change its image. The current revitalization process of the 19th century factory settlement, attracts not only investors but also tourists attention. The monumental objects of the former factory are renovated and adapted to serve new functions. They are being turned into lofts, restaurants and shopping malls.

Żyrardów is an ideal place to locate investments, especially when it comes to trade and services

Still, there is a huge market need for residential buildings. For these purposes, the town designed land of the total area of 1.4 ha and 1.8 ha.
They are situated in the center of the town, on the currently being revitalized post-industrial area, which will soon become an exclusive service- trade- and living center. Żyrardów has also three very attractive investment lands designed for the developing modern sports and recreational centers, aqua parks or hotels and restaurants.

Two of them are located along the Żyrardów Basin, which is the place of summer vacation for town's citizens. These plots of land have the total area of 13 ha and 3.5 ha.
The third land is sometimes named as the Old Park and has the area of approximately 6 ha.
It is situated at the edge of the historical factory settlement, in the immediate vicinity of a beautiful landscape park from the 19th century.

The im gallery in Żyrardów

During the National Festival of ART



The im gallery „Performer" – Art Centre Żyrardów

Founded by a group of young artists in the old linen factory as a revitalization of industrial objects.

Current exposition: *The Unbearable Wow Effect*

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Are you interested in the Polish Privatization Programme? Are you an investor considering investing in Poland? If so, contact the Investor Relations Centre.

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