

IP

THE WAŁBRZYCH
SPECIAL ECONOMIC ZONE
"INVEST-PARK"
MAGAZINE
November 2013 • issue 1/1

INVEST PARK INFO



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■ english version

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Let's get to know

... is the simplest way of explaining the reason for publishing the very first issue of the "INVEST-PARK INFO" magazine, a news bulletin which will now be issued on a regular quarterly basis.

The practitioners and observers of economic life need no introduction to what a special economic zone is. These special areas that offer considerable benefits for entrepreneurs have been functioning in Poland for over 10 years. Due to this year's disagreement between the Minister of Finance and the Minister of Economy over how long these zones will function, even those who have not been interested in the issue of public aid are now well aware of what special economic zones are.

The Wałbrzych zone has functioned for 16 years. During this time, it has increased its area tenfold, and offered state aid to about 150-160 companies that are now present in 41 towns and cities in four provinces: Wielkopolskie, Dolnośląskie, Opolskie, and Lubuskie. I use

OVERVIEW OF EVENTS AND DEADLINES

Joint purchase of energy

"INVEST-PARK" would like to coordinate the joint purchase of electrical energy – and other supplies later on – by entrepreneurs who operate in the WSEZ.

Remigiusz Węglowski, the Account Manager of steel.s poland from Żarów, has recently shared with us his experience in this field: in 2012, twelve companies from Żarów, Grodkowo, and Bolesławiec united their efforts in buying energy, which resulted in savings of over one million zlotys. This year, the number of companies wishing to jointly negotiate the rates for 2014 has increased even more, and the savings exceeded one million zlotys yet again.

If your company has not yet signed a contract for energy supplies for 2015 and you wish to

join the purchase group, you are welcome to take part in the meetings organized by WSSE INVEST-PARK. The dates of the meetings can be found in the News section on our website:

www.invest-park.com.pl
 or you can write to the Investor Service Department at doi@invest-park.com.pl



each other...



IPI@invest-park.com.pl

the word "about" on purpose: it is a natural feature of changeable market forces that while new companies join us, others leave. The entrepreneurs active in the Wałbrzych zone and outside it, potential investors, self-government members, decisions makers, and us – the employees of INVEST-PARK, the zone administrators – know a lot about the zone, but we do not really know each other. Hence the suggestion: Let's get to know each other!

The "IPI" quarterly has been created in response to investors' need to establish a platform for exchanging information, opinions, and experiences. It has a chance to become such a platform if you help us to co-create it. We are looking forward to your active participation! Write to us about your plans, successes, people who bring added value to our reality. Let's get to know each other, and it may well turn out to be profitable for all of us.

Unfortunately, Poland suffers from a deficit of trust. We do not trust each other, we do not trust the representatives of the authorities and institutions. According to a study conducted by the European Social Survey, Poland exhibits one of the lowest levels of trust in Europe. Three times fewer people than in Denmark, Norway, or Finland believe that

others can be trusted. We trust other people's good intentions much less often than other nations. Trust, however, is one of the building blocks of social capital. Professor Janusz Czapiński, who coordinates the annual "Social Diagnosis" of Poles, warns that human capital and social capital are tightly correlated with the GDP. The former is more important in developing countries, those that are still working their way up. As Minister Ilona Antoniszyn-Klik emphasizes in her column, Poland is doing quite well in terms of human capital. Unfortunately, social capital, which is connected with the level of trust, is far from satisfactory in our country. According to Professor Czapiński, we have maximum eight years to build up social capital before it starts to negatively affect our economic performance.

It is another reason why we insist on getting to know each other. You are welcome to write to us at IPI@invest-park.com.pl ■

♦♦ **JOLANTA CIANCIARA,**
Managing Editor

Jolanta Cianciara has held numerous positions in journalism, from field reporter to programming director and managing director. She has taught Public Relations, Protocol and Etiquette, and Journalism at universities and in various training institutions. She has also worked in business (creating and implementing marketing strategies) and self-government administration (managing human resources, supervising EU programs). Currently she is Director of the Communications Department in WSEZ.

Quote of the issue

We can see a growing number of countries that wish to learn from Poland. Poland reformed itself to the largest degree worldwide last year. It has advanced ten notches this year. It is an effect of hard work, determination and patience. Poland is the country that has made the largest progress in the last eight years.

XAVIER DEVICTOR from the World Bank during the presentation of the newest "Doing Business" ranking

HR managers join forces

HR managers from companies operating in the WSEZ have already met with experts to exchange information about the practical aspects of the changes in accounting for the number of hours worked.

INVEST-PARK is planning similar workshops in the first quarter of 2014. The WSEZ HR Club members will meet with representatives of vocational schools and educational authorities. The subject of the meetings will be the creation of specialized classes in schools functioning in the subzones. If you have not participated in the WSEZ HR

Club meetings yet and wish to receive information about the dates and workshops subjects, please write to the Communications Department at

dk@invest-park.com.pl

We sponsor sport and education

Development, knowledge, activeness, healthy competition – these are values supported by INVEST-PARK. We sponsor sports events, in particular those for children and teenagers, as well as open events.

This year we have run marathons with you, built open-air gyms, and sent sports teams to camps and

competitions. In schools, we gladly support initiatives that aim at increasing the graduates' competitiveness in the labor market.

We invite you to submit applications for financial support of sports and educational events in 2014. Priority will be given to applications from the gminas that are shareholders of WSSE INVEST-PARK (i.e. Wałbrzych, Dzierżoniów, Jelcz-Laskowice, Oława, Świdnica, Żarów, Kłodzko, Nowa Ruda, Kudowa Zdrój, Strzelin, and Nysa). The applications will be reviewed in March.

The rules and documents can be found in the "sponsoring" tab on www.invest-park.com.pl

INVEST-PARK INFO (IPI)

Economic quarterly of the Wałbrzych Special Economic Zone
"INVEST-PARK"

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The editor does not return unsolicited material as well as reserves the right to cut and revise the submissions, and publish them at a later time.

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The editorial team is not responsible for the content of the advertisements published herein.

PRODUCTION:

BLUE-AB
e-mail: info@blue-ab.pl
tel. +48 71 79 25 255

PUBLISHER:

Wałbrzyska Specjalna
Strefa Ekonomiczna
„INVEST-PARK” sp. z o.o.
ul. Uczniowska 16
58-306 Wałbrzych, Poland

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Asia has long appealed to Poles with its unique and irresistible charm. The Far East has fascinated many people in Poland: we devour sushi, we follow Feng Sui specialists' advice when arranging our homes, we use computers, TV sets and cars produced by mighty Asian corporations. And at work? We learn the etiquette of doing business with China, Japan and South Korea, and we reorganize processes in companies in accordance with the Kaizen methods and the principles of Lean Management.

DESPITE OUR DIFFERENCES,
WE CAN WORK TO MUTUAL BENEFIT

MY ASIAN ENCOUNTERS

Back in the 1980s, we wanted to build another Japan in Poland. In the twenty first century, we are still looking to the Far East for inspiration for economic development. During his recent visit to South Korea, President Bronisław Komorowski described Poland as a "European economic tiger", referring to the popular perception of South Korea as a "tiger economy of Asia".

My earliest personal experience of South Korea dates back to as long ago as 1992. I was invited by the Korean Small Business Federation to visit Seoul and learn how to support small and medium enterprises that were springing up in Poland after the fall of communism. Judging by the high proportion of successful SMEs in our economy, we can be proud to have chosen an excellent role model. When I took up the position of President of the Board of the WSEZ "INVEST-PARK", I was presented with a unique opportunity to cooperate with Asian investors in the zone. They are not a very numerous group – out of 150 companies that have invested in the WSEZ so far, there have been twelve from Japan and four from South Korea. However, they are important partners who have invested close to 5 billion zlotys, which is a third of all the investments made in the zone.

GEOGRAPHY AND EXCELLENT EMPLOYEES

Why do companies from far-away Japan and Korea decide to invest in Poland? Studies and interviews emphasize our strategic location between Eastern and Western Europe, which grants access to both European Union and Eastern and Central European markets. Although the geographic location was our curse many times in history, it is now proving to be advantageous in economic development.

The second magnet for Asian investors is our attractive job market. Attractive, however, does not simply mean cheap.



Much to be gained

Asia is the second most important region in the world for Poland by turnover. Foreign direct investment (FDI) by Asian companies in Poland has been growing in the last five years, and our market is particularly attractive for car companies and the machine industry. According to forecasts, IT and telecommunications industries will be next.

Japan at the top

Japan is the largest Asian investor in Poland. From 2005 to 2012, Japanese investments stagnated in Western Europe, while in Poland they grew by 48%. Apart from the traditional sectors, such as car manufacturing and electronics, Japanese companies are also interested in investing in the energy sector. According to the Ministry of Economy, the most prospective investments will be those in the agrarian-food sector, energy (renewable and nuclear energy), new technologies (clean burning of coal, carbon capture and storage), chemicals, finance, and transport.

Professor Waldemar Dziak, Head of Department of Asia and Pacific of the Institute of Political Studies of the Polish Academy of Sciences, emphasizes that Asia is "the economic future of the world". He adds that "Poland must be open to Asian countries because Asia is a place of prosperity, China is the second largest economy of the world, while Japan ranks third. We can learn a lot from them."

China? Clearing the paths

The trade between China and the EU increased from €15.9 billion in 1990 to €428.3 billion in late 2011, which means that the European Union is China's largest trade partner (Eurostat 2011). In terms of investment by industries, China invests mainly in Asian and European markets, where apart from investments in raw material extraction and infrastructure it is interested in car industry, chemicals, and renewable energy. The largest demand of Chinese investors in the EU market is for new technologies, innovation, and luxury brands.

The most popular form of economic cooperation between China and Poland is still trade, and Poland has for years had a deficit in this area. Hence we observe the growing importance of trade missions in China, as well as the establishment of permanent representative offices of Polish companies and chambers of commerce in China.

Why Poland?

According to the representatives of Chinese and Japanese companies, one of Poland's key advantages is the well-qualified and relatively cheap labor force. Japanese executives highlight the good qualifications of Polish physical workers, which is particularly important for manufacturing firms, and the relatively low costs of employment. They appreciate the employees' willingness to acquire new qualifications and their loyalty to the employer, which corresponds well with the Japanese work ethos. Chinese managers appreciate the fast integration of Poles with their Asian colleagues.

Source: KPMG FORUM 2/2013; *Chinese Investment Directions. What Chinese Investments Can Poland Expect?* K. Nawrot, Poznań 2012; Ministry of Economy

BARBARA KAŚNIKOWSKA

She has been President of the Management Board of the Wałbrzych Special Economic Zone "INVEST-PARK" sp. z o.o. since February 2013. She graduated from the Warsaw School of Economics and worked for many years in central administration institutions, where she was responsible for the coordination of EU programs aimed at Small and Medium Enterprises (SME). She is former Vice-President of the Polish Agency for Enterprise Development, where she initiated the creation of the National System of Services for SMEs, and was in charge of establishing a system of support for Polish enterprises from pre-accession funds (Phare) and, later, the structural funds. As an expert of the European Commission, she was involved in programs stimulating entrepreneurship and regional development (Phare Partnership, Ecos-Ouverture). She lent her expertise to the United Nations Development Fund while assessing the effectiveness of actions for women and business in Bulgaria. She ran training courses for central and local administration in the Ukraine, Bulgaria, and Kosovo.

She arrived in Lower Silesia in 2008 to head an institution that supported Lower Silesian companies, and later to become director of the largest department of the Lower Silesian Marshal's Office in charge of the Regional Operational Program.

She has two sons. She is interested in coaching and NLP.



BARBARA KAŚNIKOWSKA established many new business contacts during her participation in the Seoul Business Forum

It is true that labor costs in Poland are still significantly lower than in Western Europe or the USA, but they are far from being the lowest worldwide. We have excellent engineers, as well as many young and well-educated people who know foreign languages, and a culture of hard work that positively sets us apart from other Central European countries. Asian investors also appreciate our creativity and the ability to cope with difficult or non-standard situations.

Having said that, it is true that our Japanese or South Korean business partners do face many difficulties when investing in Poland. They stem from cultural differences and distinct ways of doing business.

BENEFITS FROM DIFFERENCES

In September this year I participated in a seminar organized by JAAP, whose subject was the influence of culture on administration. Among the topics explored during the conference was the influence of the traditional way of growing rice on the development of collaboration in the Japanese society, and the degree to which the Confucian philosophy shaped the Japanese respect for hierarchy and order. Poles, on the other hand, are a nation of individualists who cooperate only when "the Fatherland is calling". Centuries of national bondage instilled in us a proneness to anarchy and a deep dis-

trust of the administration; after all, it was not "ours" – it represented the invaders, partitioners, or the communist regime.

Can such disparate cultures collaborate?

As the example of the WSEZ investors clearly demonstrates, they can, and they can do so effectively. Maybe these cultural differences, accompanied by mutual openness and a large degree of acceptance on both sides, enrich us instead of causing divisions? After all, about, the popular Asian yin and yang symbol consists of two opposing forces that complement each other and only then create a harmonious whole.

ZONE FOR BUSINESS

When I was presenting the offer of the WSEZ to Korean companies in Seoul, I drew upon the notion that harmony in business can be achieved only when it is profitable for both parties. Investing in a special economic zone is a good example of such an arrangement. The zone ensures preferential tax treatment, access to well-developed infrastructure, and qualified labor force. The investor creates jobs and brings new technologies. Both sides benefit, which bodes well for harmonious cooperation. ■

➔ **BARBARA KAŚNIKOWSKA**,
President of the Board of the Wałbrzych Special Economic Zone



CALENDAR

■ Croatia becomes the 28th member of the European Union. Zagreb counts on the 12 billion EUR set aside for Croatia in the financial framework 2014–2020 to invigorate the economy, which has been plagued by recession, high unemployment and corruption.



FOT. EUROPA RL, EUROPA.EU

■ In Poland, the Waste Management Act comes into force, which delegates this task to gminas. The new law triggered a large number of tenders for waste removal, and an equally large number of appeals.

■ The government prolongs the functioning of special economic zones to 2026. Initially they were going to be closed in 2020. By 2012, the investors operating in the zones had employed almost 250 thousand people, and all the companies managing the zones reported profits (the largest profit was achieved by the Wałbrzych SEZ).

■ Financial markets have been spared by the economic crisis. The American Dow Jones and S&P 500 indices hit new records. However, the crisis is still detectable in the euro zone. According to Eurostat data, the public debt of the euro zone countries reached 92% of their GDP. 12 out of 17 Eurozone countries have public debts exceeding the European norm of 60% GDP.



■ The Central Statistical Office announces that the GDP of Poland rose by 0.8% in the third quarter.

■ The government agrees on a draft amendment to the budget for 2013 which increases the deficit from 35.6 billion zlotys to 51.6 billion zlotys. The amendment is accepted by the Sejm in early September.

■ CEO of Microsoft, one of the largest companies in the world, is about to retire. Steve Ballmer, 57, unexpectedly announces this decision on Friday, 23 Aug. The stock exchange reacts enthusiastically, with Microsoft shares gaining 7.1%. "There is never a perfect time for this type of transition, but now is the right time", Ballmer said in a statement accompanying the news.

■ The Sejm passes an amendment to the bill on payment services which lowers the interchange fee to maximum 0.5%. The present average rate is 1.3%. The new law will enter into force in January 2014.

ILONA ANTONISZYN-KLIK, DEPUTY MINISTER OF ECONOMY

According to the UNCTAD survey of top prospective host economies 2013-2015, Poland ranks 4th in Europe and 14th worldwide. The "Financial Times" report that tracked greenfield* investment projects shows that the number of large investments planned is falling across the board; in Europe the decrease is 20%. There are two exceptions: Poland and Spain. Although the increase of FDI in both these countries is far from impressive, it clearly demonstrates that Poland is still considered an attractive destination for big investors.

CAPITAL CANN OVERNIGHT

Poland's 33rd position in the World Competitiveness Yearbook, which measures how well countries manage their economic and human resources to increase their prosperity, is below our ambitions, of course. But if we take into account that we are ranked highest among all the countries from Eastern and Central Europe, and we have made the biggest progress since 1997 (when the first WCY ranking was published), we feel much better. And then there is the newest World Bank's report "Doing Business", which provides objective measures of business regulations for firms in 189 economies, which ranks Poland on the 45th place. It means an improvement of ten notches for Poland and overtaking Slovakia, a country that was considered to be the leader in this part of Europe. Of course one can always criticize the adopted methodology or the sample

selection when analyzing individual surveys or rankings. If we look at them holistically, though, it is impossible to overlook the lasting positive tendency: Poland is perceived as a country worth investing in. My personal meetings with serious investors during the recent trade missions in Korea, Japan, and China confirm these findings.

And here ends the positive part of my column. Let's talk now about worries. On my desk lies the newest report "Social Diagnosis 2013. Objective and Subjective Quality of Life in Poland," prepared by Janusz Czapiński and Tomasz Panek. I think this publication is



Janusz Piechociński, Minister of Economy, Deputy Prime Minister, and Ilona Antoniszyn-Klik, Deputy Minister of Economy, during the Polish-Korean Economic Cooperation Forum in Seoul.

an obligatory reading for politicians, officials, journalists, teachers, and all those of us who wish to transform the surrounding reality. The report highlights many positive findings, especially the fact that most Poles are satisfied with their lives and consider themselves happy. But there is also a considerable amount of poverty, negligence, and exclusion. Since I have been preoccupied with factors influencing our progress

* New investments or significant expansion of previous investments by foreign investors. The ranking does not include mergers, acquisitions, and investments on the stock market, etc. (editor's note).



NOT BE RAISED

T

as a civilization for many years, both in my professional career and social work, I studied the report very closely, particularly when it talks about social capital. We cannot make progress as a civilization without social capital. It is based on values such as trust and openness, on involvement into actions increasing the common good, participation in institutions and organizations. Let's give the floor to the authors of the report:

"International studies show it clearly that human capital is more important than social capital in poorer countries, still including Poland. Once a certain level of wealth has been exceeded, however, social capital starts to play the decisive role. It explains why our economy has been developing relatively fast in spite of very low levels of social capital. In eight years' time Poland will probably exceed the wealth threshold above which investments in human capital will cease to be enough. This is the time span in which we have to build social capital if we want to develop further. (...)

To sum up, human capital is increasing today due to Poles' individual efforts, which ensures the progress of Poles, and, consequently, of Poland as a whole. It is this human capital that is attracting foreign investors and financial support of the EU. However, we are about to learn it the hard way how important social capital is for the development of a society without big external funding."

And that's that. We have Professor Czapiński's diagnosis – it is hard to disagree.

These are individual Poles' efforts, knowledge, skills, and creativity that have secured Poland's good economic results and forecasts, and our positive reputation in other countries. This is our human capital. It is enough for the time being, at our stage of development, but soon we will not be strong enough to develop in more advanced and specialized areas. Will we be able to forget about the heated election campaigns, postpone the arguments about current budgets and bills of secondary importance, and assemble a group of determined people who know what is at stake? Are we able to work together to create, accumulate and increase the social capital that we lack so severely? ■

ILONA ANTONISZYN-KLIK

She was awarded scholarship by the Hans Böckler Foundation for young talented PhD students. She was president of the Women's Committee at the Provincial Commission for Community Dialogue. She received MA in Economics from the European University Viadrina. She completed postgraduate studies at the Diplomatic Academy in Vienna. She also studied at the École nationale d'administration in Paris. From 2008 to 2010 she worked at the Lower Silesian Marshal Office, first as Deputy Director of the Regional Development Department and later as Deputy Director at the Department of the European Structural Funds and the Reconstruction and Development Program. From 8 June 2010 she was Deputy Voivode of Lower Silesia. On 24 November 2011 she was appointed to the position of the Undersecretary of State in the Ministry of Economy. Her hobbies are running and dog trekking.

CALENDAR



■ Prime Minister Donald Tusk announces the long-expected and controversial changes to the pension funds system, which in particular apply to the Open Pension Funds (OFE).

■ The Treasury Minister files the issue prospectus of Energa with the Financial Supervision Commission. The company has 17% market share in the sales of electrical energy. Energa will probably float at the end of 2013.

■ Angela Merkel's CDU wins the parliamentary election in Germany. Although the crisis in the euro zone was not the main subject of the election campaign, Chancellor Merkel's third term means the continuation of the austerity policy.

■ The Warsaw Stock Exchange begins to publish a new index, WIG30. New indices WIG50 and WIG100 will be launched in March 2014. The WIG20 and mWIG40 indices will be published until December 2015, and the sWIG80 index – until March 2014.

■ The draft budget for 2014 has been accepted by the government. The draft assumes that the budget deficit will be at 47.7 billion zlotys but the public debt should not exceed 55% GDP.

■ The US Congress fails to adopt a new budget for 2014, which results in the shutdown of most of the federal institutions. The last shutdown in the USA was 17 years ago. The war of nerves and the shutdown finish when the Republicans and the Democrats reach agreement on increasing public debt limits.

■ The government approves draft amendment to the VAT bill. The draft will maintain the current VAT rates of 8% and 23% until the end of 2016.

■ The internet giant Amazon announces that it will open three logistics centers in Poland. The centers will be located near Wrocław and Poznań. The first two will open in August 2014, and the third in mid-2015. Amazon will employ a total of 6,000 people in Poland.

■ President of the USA, Barack Obama, nominates Janet Yellen to head the Federal Reserve. Yellen will replace Ben Bernanke, whose term finishes at the beginning of 2014. Observers expect the continuation of Fed's present policy, which means maintaining low interest rates and stimulating the American economy by buying treasury bonds.

■ Eugene Fama, Robert Shiller, and Lars Peter Hansen win the Nobel Prize in Economics. The three Americans were honored for their research on the changes of share and bond prices.

■ PKP Cargo floats on the Warsaw Stock Exchange. On the first day the share price grows by 18%.



Public feeling and the economic situation

CAUTIOUS OPTIMISM

September PMI indices confirmed the maintaining of favorable tendencies in world's most important economies. Forecasts were beaten not only by China, but also by European economies, in particular the troubled economies of Italy and Spain showed signs of considerable improvement.

The Polish economy is also doing well, especially comparing to recent results. Poland manufacturing PMI reached 53.1 points, following 52.6 in August and 51.1 in July. The average for the whole quarter was 52.3, which is the best result since Q2 2011. The growth of the PMI above the 50 points threshold indicates economic recovery. The PMI level below 42 points bears an indication of a recession.

The PMI index is the result of a survey of purchasing executives in over 200 hundred companies. In Poland it is prepared by Markit Economics for HSBC. The executives reply to a number of questions and evaluate whether the situation has improved since the previous month. The PMI index is a leading indicator of the overall change not only in manufacturing, but in the entire economy.

CONSUMERS AS LITMUS PAPER

Economists have been looking closely at public sentiment for a long time. It is an important predictor for a number of micro- and macroeconomic development conceptions. Individual consumption accounts for the bulk of the total demand, so consumer behavior and its impact on the economic situation is analyzed using several indicators. What consumers think about the market serves as a litmus paper test that reveals the hidden true situation.

In Poland, the Central Statistical Office uses two indicators – the Current Consumer Confidence Indicator (BWUK) and the Leading Consumer Confidence Indicators (WWUK) – to survey the level of consumer confidence. Their values fluctuate from minus 100 points (extreme pessimism) to plus 100 points (extreme optimism). Neither of these indicators has exceeded zero in

An optimistic attitude affects our surroundings, not only the economic situation. Maybe it is a good idea to paint the world in bright colors, in spite of all the gloomy forecasts?

MCSI (Michigan Consumer Sentiment Index)

The MCSI, compiled and published by the University of Michigan, is one of the most well-know indices of consumer sentiment. The index is calculated on the basis of a telephonic survey of households that are asked to assess their future economic situation. It is published twice a month; the index for the first half of each month is released after conducting ca. 60% of the interviews. Investors perceive the MCSI results as a signal of changes in consumption. A high value of the index positively affects the dollar and the stock exchange. The MCSI reached an all-time high in December 2007 (115 points) and an all-time low in May 1980 (51.7 points). The most recent data indicate a downward trend in consumer sentiment (in October – 67.7, in September – 68.2).

the last eight years. Do we really think that the situation is so bad? Well, it is far from perfect, but...

September was the third consecutive month of improvement in this respect. The BWUK, which synthetically describes the current tendencies of individual consumption, rose by 1.0 to –24.3 points (up 2.8 percentage points year on year). In comparison with September 2012, the BWUK is up 7.3 percentage points. The WWUK, which synthesizes the expected changes in individual consumption in the months to come, increased by 0.8 percentage point to reach –31.0. The improvement was mainly due to positive forecasts of future employment and of future savings. In September the WWUK was 9.6 percentage points higher than in the same month last year.

EUROPEAN FEELINGS WITH NO SECRETS

The Directorate-General for Economic and Financial Affairs (one of the institutions of the EU) also measures the public feeling. The survey includes all EU countries and is one of the sectoral indicators that make up the Economic Sentiment Indicator.

An analysis of the 2004–2010 period (not much has changed since then) reveals that Poles are not as pessimistic as they are commonly perceived. Our Economic Sentiment Indicator for this period averaged –16.2 points and situated us in the middle for all EU countries.

According to the announcement of the European Commission, the sentiment index in the euro zone economies reached 96.9 points in September, up from 95.3 in the previous month. In the last quarter, the feelings improved in Euroland's largest

IN LOWER SILESIA

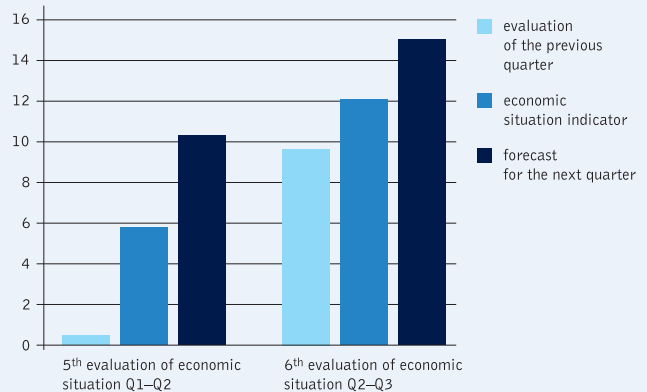
The recently published report **“Lower Silesian Economic Barometer”**, which is prepared on a regular basis by specialists from Wrocław University led by **LESZEK CYBULSKI**, PhD, is also a cause for optimism. The report presented entrepreneurs’ sentiments in Q2 and Q3 2013. The analysis of the results shows that the current business climate in the region is similar to that from mid-2012. For the first time since the beginning of the study, the downward trend has reversed, and the change is large-scale.

What are the reasons for this perception of the situation?

According to the authors of the report, among the factors that contributed to this improvement were a change of weather (which affected mainly the construction industry, the extraction of resources, and agriculture), and a better situation in the regional labor market, which is recovering faster than in other parts of the country. The tendency to limit consumption in favor of saving has also slowed down. All this makes Lower Silesian entrepreneurs guarded optimists.

Of course, sentiments differ across Lower Silesia, depending on the exact location or the company size. The most optimistic subregions are Legnica-Głogów and the city of Wrocław. The least optimistic companies are microfirms.

COMPARISON OF THE SUBJECTIVE EVALUATION OF PERSONAL FINANCIAL SITUATION IN TWO SUBSEQUENT SURVEYS [%]



economies: Italy (up 2.9 points), Spain (1.2), France (1.2), and Germany (0.7). They dropped in Holland by 2 points. It is worth noting that only three countries boast a score of above 100 (which means that the majority of citizens are optimists) – Finland, Denmark, and Sweden.

The Economic Sentiment Indicator in the euro zone is compiled from a selection of answers from 25 thousand companies in this region.

WHEN PESSIMISM WINS

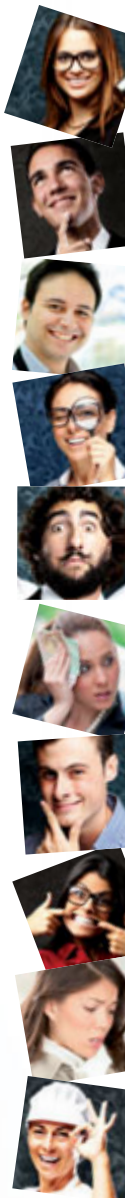
It must be noted, however, that a larger number of pessimists should not ring an alarm bell. The methodology of economic analysis is much more complicated. Consumers’ optimism is influenced by factors such as GDP per capita, budget deficit, or public debt.

According to **TOMASZ GOŁYŚ**, an analyst from Expander, a survey of consumer feelings not only provides valuable information for forecasters, but also constitutes an “X-ray of the state”, which is a relatively objective indicator of economic robustness and citizens’ quality of life. Analyses confirm that the lowest ECI was observed in countries that lost control of their finances in the wake of the recent financial crisis, which resulted in large public debts. Consequently, these countries were forced to make cuts and implement painful austerity measures, which always impacts negatively on public sentiment. Socioeconomic factors also play a role in the level of ECI. ■

➔ TOMASZ MIARECKI

Tomasz Miarecki is a journalist and editor. He has worked in many financial newspapers and magazines (“Gazeta Giełda Parkiet”, “Rzeczpospolita”, “MBA Manager”, “Businessman.pl”, “Gazeta Prawna”, “Inwestycje.pl”). He is the author and editor of regular magazine supplements such as “Private Banking”, “Cash Management”, “Business Growth”, “TLS”, “Personal Banking”, “Rynek nieruchomości”, published by national newspapers and specialist magazines.

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And the reality?

POLAND IS ATTRACTIVE

- The Polish Information and Foreign Investment Agency announced that in the newest UNCTAD World Investment Report **Poland is ranked among the top 15** most attractive destinations for investors. Bloomberg’s ranking of the best countries for business, published this January, **situates Poland on the 20th position** – ahead of Hungary (31st) and the Czech Republic (33rd). Ernst & Young’s most recent survey of European investment attractiveness in the next three years **places Poland on the second position**, after Germany.

SITUATION IN THE INDUSTRY

- The Central Statistical Office reported that **industrial new orders grew in September by 9.9% year on year**. The increase from the previous month was 16.9%. This indicator signals changes in future production and shows the demand for industrial products and services. Industrial orders are calculated as the net worth of contracts for providing goods and services between the producer and a third party.

WHAT ABOUT INFLATION?

- Poland’s Future Inflation Index (WPI)**, which is used to forecast the direction of changes in the prices of consumer goods and services in the next few months, dropped by 0.8% in October. “The index has been declining for five months, and its growth in February and March this year was short-lived,” said Maria Drozdowicz from the Bureau for Investments and Economic Cycles (BIEC). The strongest contributors to the decline are related to the costs of running business, in particular labor costs, BIEC informed.

SERVICES FOR BUSINESS

- One of the contributors to the costs of running business is the price of transport and storage. The most recent data from June this year indicate **a slight decrease in these prices**. However, from the beginning of this year **there has been an upward trend which has resulted in a 3.6% year on year increase in the cost of these services**, which is considerably more than the inflation rate and the price of sold production in industry.

POSITIVE OUTLOOK

- Domestic demand and retail sales are beginning to look up**. 2014 will bring a recovery in trade, says a report titled “Quick Response Instrument,” prepared by the Polish Agency for Enterprise Development and the Małopolska School of Public Administration. Retail sales rate of growth will reach 4% at the end of 2013 and around 7% in Q3 2014.

IN VIEW:

MODERNIZING ACTIONS

Interview with **JANUSZ PIECHOCIŃSKI**,
Deputy Prime Minister, Minister of Economy

■ **Public aid, whether in the form of subsidies, tax exemptions or preferential credits, always generates discussions and divisions among experts. Even the supporters of state interventionism expect a thorough analysis of the effectiveness of different forms of aid and a formulation of the aims it promotes.**

– Public aid is like advertising expenditure: we know that for every two dollars invested, one is money down the drain, but the problem is that we do not know which one. To answer your question more seriously, I disagree with the notion that we are unable to estimate the effectiveness of providing state aid. However, we do differ in the evaluation of its effects.

It was clearly visible during the disagreement over the extension of the special economic zones' time of functioning. In a nutshell: the Ministry of Finance was of the position that the budget lost 10 billion zlotys because of the functioning of the zones, which is the amount of taxes lost by the nation's coffers since 1998, when the zones were created. According to my resort's estimates, each zloty of tax exemption generated 1.2 zlotys in direct revenue (from other taxes paid by enterprises operating in the zones), and 4.2 zlotys in indirect revenue.

The effects are even more visible in employment statistics – in the counties where there are special economic zones, the unemployment rate is up to 3% lower than in those that do not have these zones. Last year the employment in enterprises dropped, but in those firms that operate in the zones, on the contrary, it grew.

But this disagreement is now over. The government has decided that the special economic zones will function until 2026. However, the companies that administer the zones were at the same time entrusted with special tasks that will bring the results you are asking about: increase the effectiveness of state aid to entrepreneurs. Let us emphasize once again: the aid is granted

to stimulate the development of the regions in which enterprises enjoy preferential treatment. And time is running really short now.

■ **Are you thinking about a time perspective different than 2026, which has been set as the final year of the zones' functioning?**

– This time horizon is important for the companies that are now considering investment decisions because it gives them enough time to carry the projects out. In my opinion, however, there are three to five years left for the Polish economy to reindustrialize the country in the macro scale. A new division of the European Union, which we must be prepared for, means that some countries will enter an exclusive club that cooperates with the USA, while others will be left out. We know which group we want to be in! Hence we are involved in varied activities, from deregulating the economy to the whole energy package and the new tasks delegated to institutions that deal with granting and evaluating public aid.

■ **If we are talking about public aid in the context of the special economic zones, what changes should we expect?**

– There is no doubt that the special economic zones have saved the towns in which the collapse of postsocialist industry caused the loss of thousands of jobs and the threat of complete social degradation. Suffice it to refer here to the example of Wałbrzych. It is beyond discussion that the possibility of conducting business on preferential terms can still be an important argument in competing for foreign investments and capital. Let me emphasize that it does not include only foreign investors. It is a myth that we must dispel. The majority of companies in the special economic zones are Polish firms. Among the tasks I set for the administrators of the zones is to spare no effort to make the Polish economy more international.



Many Polish enterprises are stagnating because they are not trying to operate at above the local level. It must be changed using the potential of the zones. They host both global corporations and small Polish companies.

JANUSZ PIECHOCIŃSKI

He is President of the Polish Peasants' Party (PSL), Deputy Prime Minister, Minister of Economy, Deputy to the Sejm of 1st, 2nd, 4th, 6th, and 7th term. He has always been involved in broadly defined economic issues.

He was born in Studzianki. He graduated from the Faculty of Trade and Service Economics of today's Warsaw School of Economics (SGH), where he worked academically from 1987 to 1999 as a specialist in the economic history of the 20th century, the history of economic education and European integration.

He runs his blog <http://piechocinski.blog.onet.pl> and tweets on a regular basis. He also has his Facebook fanpage and an account on Blip and Nasza Klasa. He is an avid fan of football and a representative of the Sejm's football team. He has three children.



According to the obserwator-polityczny.pl blog, he is a pragmatic visionary because as Deputy Prime Minister he encouraged a debate about "the state of our entrepreneurship, the solutions proposed by the state in the context of global challenges, the connection between the situation in Europe and the ideas put forward by the government and the parliament to stimulate business and social life in Poland, but taking into consideration what the entrepreneurs are advising the decision makers. (...) Politics and diplomacy benefit the society only when they benefit the economy, business, production, work, and export."

Many Polish enterprises are stagnating because they are not trying to operate at above the local level. It must be changed using the potential of the zones. They host both global corporations and small Polish companies alongside numerous potential local suppliers, contractors, and business partners. They all should be involved in larger scale activities, in competing in bigger markets. Spreading the idea of business clusters, being open to all modernizing actions, including those that focus on renewable energy sources, developing independent energy sources in the SEZs – these are the tasks I allocate to the administrators of the zones. We do not just attract investors, we want to attract the right kind of investments that use the newest technologies and materials, and innovative solutions. What it means for the administrators of the zones is that they need to complement their efforts with vocational education and research activity at universities. In order to fulfill these tasks, both the administrators of the zones and the self-government representatives that have daily contact with the zones must be more open to business people. I am a keen supporter of ever more open contact with entrepreneurs.

We are probably facing a reorganization of the zones in terms of specialization, and certainly in terms of regional division, but

it will not happen until we are certain that it will be profitable for the state and beneficial for better using the public aid to facilitate Poland's development.

■ Thank you for the interview.

↔ JOLANTA CIANCIARA

"Join the Best!"



NEWS

FROM FIRMS IN THE ZONE



Świdnicki Gryf awarded to Cloos Polska

• Cloos Polska sp. z o.o., a producer of automated welding machines, has been operating in the Świdnica subzone since 2008. Now the company has received the Świdnicki Gryf economic award in the "Innovations" category.

Cloos Polska tailors its solutions to each order. The driving force of the company's innovativeness is not only the complex range of the services it offers, but especially the constant search for new technological solutions. The company's partner is Carl Cloos Schweisstechnik, a global leader in the production of automated welding systems. Świdnicki Gryf is the most important economic award in Świdnica, which has been given each year since 2004. Awarded in five categories, it is intended to promote the best companies that operate in the city. Among the nominees in this year's edition was also Sonel, another firm operating in the Świdnica subzone.

CONGRATULATIONS!

The Consumer's Golden Laurel goes to Electrolux

• Electrolux's professional appliances receive the 2013 Consumer's Golden Laurel

The Golden Laurel national survey of consumer preferences rewards the best products and brands. Electrolux operates three factories in the Wałbrzych SEZ (in Żarów and Świdnica). The company is also active in supporting the local community. This summer, upon INVEST-PARK's request, Electrolux helped the families from the flooded village of Marcinowice by providing them free of charge with high quality cookers, fridges, and dishwashers.

CONGRATULATIONS AND THANK YOU!

3M supports a local school

• On 28 September, 3M signed a declaration of partnership with Primary School no. 8 in Wrocław.

The company, whose production facilities are located in close proximity to the school premises, committed itself to modernizing the school's computer facilities and library, supporting the renovation and expansion of the school's building, and sharing its expertise in innovation and creativity development. 3M also donated a biofeedback EEG processor, which is a device that helps to improve concentration, memory, and creativity.

First anniversary of Mondelēz

• The first anniversary of the establishment of Mondelēz International fell on 1 October. To celebrate it, the company's employees were involved in voluntary charity actions.

During the whole month, everybody had a chance to try out the new flavors of Milka cookies! A special team prepared two new products that combine pieces of delicate chocolate and delicious, soft biscuits.

YUMMY!
And deep respect for the volunteers' involvement.

Happy birthday, Wemeco!

• 1 November marked the 12th anniversary of the establishment of Wemeco Poland sp. z o.o.

Wemeco is a versatile manufacturing company specializing in supplying products made to customers' specifications, and in manufacturing proprietary products.

INVEST-PARK wishes you many more years of dynamic growth!

ZPAS sponsors stipends

• In September, the ZPAS Group from Nowa Ruda awarded three stipends for students.

The stipends were given to two students of Wrocław University of Technology: Marcin Klemanów (Faculty of Electrical Engineering) and Łukasz Stryjski (Faculty of Electronics), and to Bartosz Makiej, a student of the Secondary Technical School of Computer Science in Nowa Ruda.

We welcome this idea to support young and talented people, who may one day join the workforce of ZPAS. We congratulate the winners and hope they will persevere in their efforts.

MTM Industries with Top Gear

• In September, the Top Gear Live Show was held in Warsaw with Jeremy Clarkson and Richard Hammond's participation. Fans of the world's most expensive, most powerful and most absurdly modified cars gathered at the National Stadium.

Top Gear is one of the most widely watched TV programs about cars in the world. Air fresheners under the Top Gear brand are manufactured by MTM Industries, which is one of the companies operating in the WSEZ. This Kalisz-based firm has been licensed to use the Top Gear label by the BBC.

Mando systems with a certificate

• Last September MANDO CORPORATION POLAND sp. z o.o. underwent the certification audit against the OHSAS 18001:2007 Integrated Management System, and ISO 14001:2004.

The OHSAS 18001:2007 management system is a British standard for occupational health and safety while ISO 14001:2004 specifies requirements for an environmental management system. After a several-month period of implementing these systems, MANDO earned the ISO OHSAS integrated certificate, which confirms the high standards in the company. Adopting these systems improves the intra- and extra-organizational safety. The certificates provide important information for the company's business partners concerning the safety and top quality of its products.

MANDO CORPORATION POLAND is the second subsidiary, after Mando Beijing, to receive the OHSAS 18001:2007 certificate.

Walki plant fully operational

• The new Walki plant in Wrocław was officially opened on 12 September. The plant has an annual production capacity of 50,000 tons, and it employs 50 people.

Initially, the plant will focus on catering to the segments of Consumer Packaging and Forest Industry. Walki Group is a leading producer of technical laminates and protective packaging materials. It specializes in the production of fiber-based, intelligent, multilaminate products for diverse markets, from energy saving facings and construction membranes to barrier packaging applications. The group has production facilities located in Finland, Germany, the Netherlands, Poland, the UK, Russia, and China, and a workforce of about 900 people.

And the Oscar goes to... Faurecia and School no. 5!

• The School Complex no. 5 in Wałbrzych and its partner Faurecia win the Vocational Oscar!

They are the laureates of the national competition "School for the Labor Market". The school cooperates with Faurecia to teach mechatronics engineers.

Well done!

WE WOULD LIKE TO INVITE ALL THE FIRMS IN THE WSEZ TO SEND YOUR CONTRIBUTIONS TO THIS COLUMN.



We will be happy to write about your successes, initiatives and actions in the future issues of IPI. Write to us at ipi@invest-park.com.pl



Toyota volunteers helping in maintenance work in Maciejowa



Toyota Fund 2012 – Sports and Recreation Center in Lower Secondary School no. 4 in Wałbrzych



Winners of the competition for the most environmentally-friendly family



Toyota Fund 2012 – the Green Classroom in a primary school in Jedlina-Zdrój



Toyota Fund 2012 – Ecogarden in Nowe Miasto district in Wałbrzych

CSR activities

TOYOTA'S IDEAS CHANGE THE WORLD

Producing engines and gearboxes is the core business of the Toyota factory in Wałbrzych. It is more of a surprise, however, that the Japanese automaker's staff are equally involved in providing hot meals to children from poor families and raising funds for the construction of a green area among blocks of flats. They spare neither time nor money.

TOYOTA

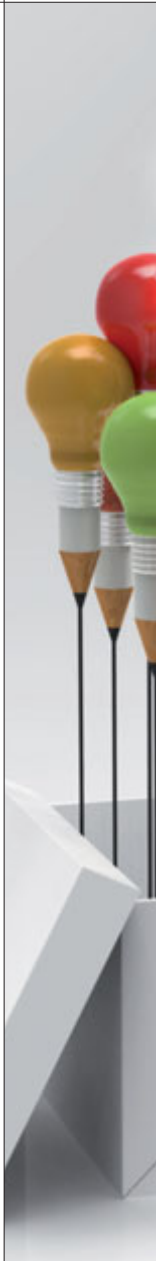
We consider it our mission. The Toyota corporation has been following the principles of corporate social responsibility in business since the 1970s. Apart from making certain products, we would like to cooperate harmoniously with all the stakeholders of our factory. As part of Toyota Motor Corporation, we follow the same rules as other factories all over the world. We have been present in Wałbrzych for ten years, and our ambition is to be not only a good employer but also a good citizen in the local community. Hence our involvement in actions and programs that serve the inhabitants of Wałbrzych and the neighboring areas", says **PIOTR SANDOMIERSKI**, Toyota's Corporate Affairs Specialist. There are a number of precise guidelines that the Wałbrzych plant adheres to. "We always remember about the overarching aims of all our actions", Sandomierski adds.

One of these aims is reducing the environmental impact of the factory, which translates into strict energy saving norms. The rule is to use materials in such a way that nothing goes to the garbage dump. Sandomierski emphasizes that all waste materials are either reused or utilized. Pro-environmental thinking is also evident in the "Green Wałbrzych" competition for the inhabitants of Wałbrzych. The families that can boast the largest reduction in energy consumption and are involved in environment protection endeavors can win a free holiday. Among the tasks of the Toyota Fund is also supporting actions for the local community. The annual competition under the motto "Good Ideas Change the World" chooses the best NGO projects for

the local inhabitants, and grants up to 10 thousand zlotys to carry them out. So far the money has been used to build green areas, open-air gyms, and playgrounds for children, among other things.

Welfare work is another issue. In 2014, Toyota will have been providing hot meals to children from underprivileged families for ten years. The recipients are pupils from the families that do not qualify for social aid from the state, but whose real income is insufficient to function normally. Toyota succeeded in acquiring numerous partners for this action to maximize the number of children who receive support. Such pro-social actions positively influence the staff – every sixth employee of Toyota is involved in some kind of voluntary or charity work. The company has even created a special fund for the volunteers, who can apply three times a year for up to 1,500 zlotys to carry out their own projects.

In addition, Toyota offers financial help to the municipal cultural and sports institutions. Among the beneficiaries are the Sudecka Philharmonic, the Drama Theater, Górnik Wałbrzych football team, and schools' sports teams. The most recent initiative in this area has been to co-organize a semi-marathon in Wałbrzych. "What is especially important for us is to promote sport and active lifestyle among as many people as we possibly can, and to establish cooperation with local firms and institutions. For that reason, most of our actions have been carried out with local partners. We are open to broadening the scope of this cooperation," Piotr Sandomierski emphasizes. ■





FSB Piekarnie Strzegom – new bakery line open

700 MILLION BUNS FROM STRZEGOM

“Strzegom, how do you pronounce it?“, joked **HILLIARD LOMBARD**, COO of Aryzta Group, when he first learned about the potential location for the new bakery. Now he has no trouble pronouncing the name, and congratulates everybody on making the right decision. On 10 September, barely two years after obtaining a permit for business activity in the WSEZ, **FSB PIEKARNIE STRZEGOM** was officially opened.

FSB Piekarnie Strzegom is part of Aryzta Group, one of the largest frozen bakery companies in the world. The new facility is not only the first factory in the Strzegom subzone of the WSEZ, but also one of the most modern of its kind, using

state-of-the-art technology, following the strictest sanitary regime, and embracing cooperation with the local community.

FOR MCDONALD'S AND CHAIN STORES

The core business of the Strzegom factory is the production of various kinds of bakery products. In April this year, the bakery began operating three ultramodern production lines, including one that is among the most technologically advanced lines for baking buns in Europe, to provide buns, rolls, tortillas, and croissants to Central European and Scandinavian markets. Thanks to the technological solutions used by leading suppliers in Europe and the USA, the

Strzegom bakery could streamline its distribution chain in Poland, Germany, and the Czech Republic.

Today the Strzegom plant uses 30 tons of flour to produce almost one million buns per day, and this number will ultimately grow to almost 700 million per year. The production is mostly exported and sold either as frozen bakery products or fit for instant production. The main buyer is the McDonald's chain of restaurants, but the products are also sold to stores and supermarkets.

OF STRATEGIC IMPORTANCE FOR ALL

The Mayor of Strzegom emphasizes that “this investment is crucial for the development of Strzegom. Of course we are proud of our stone cutting industry, but we must look into the future because the granite will run out one day. I am pleased that 40% of the staff are women, and almost half of all the employees are citizens of Strzegom



The opening ceremony of FSB Piekarnie Strzegom. From the left: Marek Skorupa, Voivode of Lower Silesia; Barbara Kaśnikowska, President of WSSE INVEST-PARK; Jerzy Tutaj, Deputy Marshal of Lower Silesia; Zbigniew Suchyta, Mayor of Strzegom; and Monika Wielichowska, MP.

and its nearest areas. The local government invested three million zlotys to build roads and utility connections, and it was money well spent. I am confident that our exemplary cooperation will generate a lot of positive publicity, which will influence other investors' decisions to locate their operations in Strzegom. We have 4.6 ha of investment land in the economic subzone, and another 10 ha is being prepared in the urban zone."

More than a dozen subzones competed for this investment, and Strzegom's arguments were far from being the strongest. Although there was 9.6 ha of conveniently located land that offered all the usual advantages of investing in a special economic zone, nobody wanted to invest here. There was also no specialized workforce. **WALDEMAR TOPOLSKI**, former President of FSB Piekarnie Strzegom and presently Director of Sales in FSB, explains the reasons for choosing Strzegom in the following way: "The decisive factor was our exemplary cooperation with INVEST-PARK, which administers the WSEZ, and the local self-government. Their swift and efficient assistance, as well as delivering on their promises made it easy to build the factory in a very short time. Our close and effective cooperation motivates us to make further plans to expand our operations to other subzones, where we have already reserved more land. It is hugely important for us that the functioning of the special economic zones has been prolonged to 2026. It has been barely one year since the foundations were laid, and now we have a well-functioning facility that is about to become the biggest supplier of bakery products to McDonald's and retail chains in Poland and Europe."

The importance of this investment was best illustrated by the list of guests who attended the opening ceremony. "I admit I have a soft spot for burgers, but the reason I am here is because I am happy to see the opening of such a modern production facility in Strzegom", said **GRZEGORZ SCHETYNA**, former Marshal of the Sejm. Among the participants there were also **MONIKA WIELICHOWSKA**, MP; **MAREK SKORUPA**, Voivode of Lower Silesia; **ZYGMUNT WORSZA**, Starost of Świdnica County; **BARBARA KAŚNIKOWSKA**, President of WSSE INVEST-PARK; **HILLIARD LOMBARD**, Chief Operating Officer ARYZTA Europe; **JP MCGRATH**, Managing Director

FOOD INDUSTRY

in the Wałbrzych Special Economic Zone

The last two years have been a difficult period for companies in the food industry. Consumers are looking for savings, and it includes their spending on food. However, the food companies in the WSEZ are developing fast despite the unfavorable situation in the market.

- **Mondelez Polska Production sp. z o.o.** built its factories in two subzones: Wrocław and Skarbimierz. Previously known as Kraft Foods Polska, the company has been present in Poland since 1992. The company's plants make chocolate products, biscuits, wafers, and chewing gums. Mondelez Polska Production is the leader in selling these goods in the Polish market (as of March 2013). It sells its products under well-known brands, including Jacobs, Milka, Delicje, Prince Polo, beVita.
- **OLEOFARM Marek Chrzanowski, Leszek Stanek** is a company focused on the research, production and sales of food supplements, dietary foods for special medical purposes, pharmaceutical raw materials and healthy food, including cold pressed oils.
- **Bama Europa sp. z o.o.** (production facilities in Wrocław and Oława) is an innovative producer of healthy bakery products for the biggest and most popular restaurant chains in the world. Its main products are deep frozen cookies with filling, muffins, cakes, and pizza dough. The company received the prestigious Malcolm Baldrige National Quality Award in 2004.
- In Świebodzice, **Vasco Tech sp. z o.o. sp.k.** produces and distributes sweeteners and stabilizing systems

used in the production of soft drinks, fruit syrups, sauces, mayonnaises, frozen desserts, and in the processing of fruit and vegetables.

- **Pasta Food Company**, a subsidiary of the French company Stefano Toselli and Ter Beke, is building a factory in Opole. This is one of the most awaited investments in the Opole subzone. The company will produce and sell frozen lasagne and pasta. The production facility will have a surface of 8,000 m², and it will contain an automated production line, storage area, and administration and office space.

- **FSB Piekarnie Strzegom** (bakery and farinaceous products) produce only fully baked frozen bread. Currently a state-of-the-art production line is being installed, which will make 22,000 tortillas per hour. By the end of 2013, the fastest croissant production line in Europe will be created, with the output of 36,000 croissants per hour. The production will be intended for the Polish and German markets.

- The food companies are complemented by well-known producers of packaging, **HSV-Polska** and **DC Smith Packaging** from Wrocław, and logistics companies such as **XS from Września** and **Droper Logistic** from Świebodzice. Flex Films Europa, in turn, manufactures polyester film used in food packaging.

ARYZTA Bakeries Continental Europe; **KARL FRITZ**, Chief Supply Chain Officer McDonald's Europe; and **KRISTOF HANKO**, General Manager McDonald's Polska.

FOR THE CITY AND THE CITIZENS

FSB is involved in actions for the local community. On the occasion of laying the cornerstone of the factory, the company donated 10 thousand zlotys to the "Akcja" Association for Supporting Culture in the Gmina of Strzegom. Currently the company is financially supporting the construction of a playground in the city, and is looking for partners in this project. The building cost is estimated at 50 thousand zlotys,

and the work is expected to finish in the first quarter of 2014.

The firm is also investing in future employees. On 2 September, the School Complex in Strzegom began offering bakery classes to sixteen students. FSB in liaison with the Starost Office will finance a fully-equipped room to teach bakery in the school, and the students will undergo apprenticeship training in the company's facility.

Another positive outcome of good cooperation with the self-government is McDonald's decision to open a new restaurant in Strzegom. The company has already bought a plot of land next to National Road 5 to Wrocław, and it will employ at least 60 people. ■

FSB Piekarnie Strzegom in numbers:

185
million
zlotys
of investment
expenditure

13,500
sq. meters
of facility
area

1
million
buns
per day

30
tons of flour
used every day

127
employees

700
million
of bakery
pieces
per year



The opening ceremony of the Wrocław factory. The ribbon was cut by (from the left): **KORO HIRADE**, President of Sumika Ceramics Poland; **BARBARA KAŚNIKOWSKA**, President of WSSE "INVEST-PARK"; **EWA MAŃKOWSKA**, Deputy Voivode of Lower Silesia; **MAKOTO YAMANAKA**, Ambassador of Japan in Poland; **MASAKAZU TOKURA**, President of Sumitomo Chemicals Co., Ltd.; **RAFAŁ DUTKIEWICZ**, Mayor of Wrocław; **MAREK ŁYŻWA**, Vice-President of Polish Information and Foreign Investment Agency; **YOSHIHIKO OKAMOTO**, Sumitomo Chemical Co., Ltd., Basic Chemicals Sector, Senior Managing Executive Officer; **JAROSŁAW NOWAK**, representative of the personnel of Sumika Ceramics Poland

A WELL-FRAMED COMPANY IN WROCŁAW



The machines used in the production process are innovative and use state-of-the-art technologies. Because of this, the company's products meet the highest quality norms.

It was 1630 when **MASATOMO SUMITOMO** set up a medicine shop in Kyoto while his brother-in-law Riemon Soga began a copper-smithing business under the trade name IZUMI-YA. This is how the history of the **SUMITOMO CHEMICALS** corporation started almost four hundred years ago.

Today Sumitomo Corporation is made up from 129 firms located all over the world, including Japan, Thailand, South Korea, China, New Zealand, the USA, Great Britain, and France. It engages in multifaceted businesses such as banking, light metals, steel, shipbuilding, electric industry, chemicals, construction, production of cement, coal mining, and is constantly looking for new niches. The corporation employs 22,000 people in Japan, and another 15,000 globally. The com-

pany emblem is the Igeta symbol, which translates as "well-framed". It used to be the Sumitomo family mark which was registered as a trademark in 1913. Nowadays the company logo is recognizable all over the world.

One of the factories belonging to the corporation has recently opened in Wrocław as part of the Wałbrzych Special Economic Zone. Sumika Ceramics Poland will soon begin manufacturing aluminium titanate particulate filters (AT-DPF) for Diesel. They will meet the strict emission standards for vehicles in the European Union. The filters can be used not only in passenger vehicles but also in trucks, construction and agricultural machinery, and ships. All the equipment used for the production of the filters has been tailored to the needs of Sumika Ceramics Poland.

Building the factory and equipping it with state-of-the-art technologies **cost 210 million zlotys**. At present it **employs 80 people**, and ultimately this number will grow to three hundred. ■



In accordance with Sumitomo's business philosophy, Sumika Ceramics Poland is actively involved in actions for the local community. In liaison with the Social Welfare Center in Długofęka, it runs training courses for the long-time unemployed which prepare them for job interviews. The trainees and their families participated in a picnic organized for the company's employees.

Investment-reinvestment

NEW COMPANIES IN THE WSEZ

As many as 18 new permits for business activity in the zone have been issued since the beginning of the year; ten of them are reinvestments. Among the new firms that have decided to invest in the zone are:

- Household chemicals and cosmetics company **Kosmet-Rokita sp. z o.o.**, based in Brzeg Dolny. The company will invest **ten million zlotys and employ at least ten new workers**. Kosmet-Rokita is a subsidiary of PCC Rokita S.A. and part of its chemical division. It is a leading Private Label producer of household chemicals and cosmetics. The core business of the company is delivering products under large retail chains' own brands. Over the years of operation in the Private Label market, Kosmet-Rokita has grown to be one of the leading players in the Polish market, and has successfully entered other European markets. The company's assets include: huge production potential, own laboratory and research centre, as well as qualified and experienced staff, all of which ensure of high quality products.

- Polaris Poland sp. z o.o.** is among the world's biggest producers of all-terrain vehicles, snowmobiles, motorcycles, and electric vehicles. The company will build a new manufacturing facility in Opole and **is projected to initially employ 350, and ultimately 600 people. The cost of the investment is estimated at almost 100 million zlotys**. The company products are sold to individual customers, as well as utility companies, state institutions, and the army. The plant will be operational in the second half of 2014.

- Helkra sp. z o.o.** will produce heating elements and steam generators used mainly in industry sectors. The company has committed itself to invest **at least 10 million zlotys and employ at least 18 people** in its Oława facility. The construction is scheduled to finish by 31 August 2018.

- PCC P4 sp. z o.o.** will invest **200 million zlotys** to build a plant in Brzeg Dolny. The facility will produce ultraclean monochloroacetic acid, which is used in making half-finished chemicals. The construction will finish in 2016, and it will result in the creation of **over one hundred jobs**.

- ID Technology Poland sp. z o.o.** will begin the production of self-adhesive labels in Wrocław. The company will invest **at least 10 million zlotys and employ ten people**. The investment is going to be finished by 1 September 2016.

- Best Systemy Grzewcze sp. z o.o.** will produce steel constructions, parts of technology lines, metal containers and tanks in its facility in Świdnica. **The firm will invest at least 5 million zlotys and employ five new workers**. The construction will have been completed by December 2015 at the latest. The company's core business includes broadly defined modernization and maintenance services in various industries, in particular the heating and energy sectors, water and sewage installations, the production of greenhouses, building materials, and materials connected with the environment protection.

- 2P Poland sp. z o.o.** will produce cold-formed metal components for the home appliances industry. The Oława-based company **will invest 12 million zlotys and employ at least 13 workers**. The project is scheduled to finish by December 2019.



- HFG Polska sp. z o.o.** specializes in the prefabrication of small offshore steel structures and substructures for the Heerema Fabrication Group facilities in the Netherlands (Vlissingen and Zwijndrecht) and the United Kingdom (Hartlepool), as well for other clients related to the oil and gas market. A new manufacturing facility in Opole will produce steel elements used in the petrochemical industry (oil jackets and platforms) and energy production (windfarms). **The company has announced that it will invest over 19.9 million zlotys and employ at least ten new workers**. The investment project will have been finished by December 2014 at the latest.

Global corporations are not only willing to locate their manufacturing facilities in Poland, they are also counting on Polish managers to run them. One of them is Paweł Ehrlich, who has been entrusted with managing the Skarbimierz factory of Mondelez International, a leading global producer of sweet snacks, chocolate and coffee.

I COUNT ON CREATIVITY

Interview with **PAWEŁ EHRlich**, Managing Director of the Skarbimierz factory



PAWEŁ EHRlich

✓ **BORN** in Gliwice, 48 years old

✓ **EDUCATION:**

graduated from the Faculty of Mechanical Engineering of the Silesian University of Technology, completed post-graduate studies in management

✓ **PROFESSIONAL EXPERIENCE:**

- began his professional career in engineering companies; from 1993 to 2006 he was in charge of investment projects in the supply chain and production in Unilever Polska factories
- from 2006 to 2009 he was Supply Chain Director at Saint-Gobain Sekurit (automotive industry)
- presently, he is Director of the Skarbimierz Chocolate Factory of Mondelez International

✓ **FAMILY:** married, with two sons

✓ **HOBBY:** history of military science



■ **Have you always envisioned your professional career in management?**

– I obtained an engineering degree from the Silesian University of Technology, which prepared me for completely different challenges in my work as a designer and constructor. But I had a change of career in the 1990s, when I was working for Unilever Polska. I spent 13 years working for the company, first as project manager, and later as investment projects director. For four years I was responsible for installing new production lines and modernizing the factory. When I was offered the job of production manager, my boss at that time joked that “if you’ve built it, you can manage it now”. Then I discovered that assembling a well-performing team was both challenging and rewarding for me.

■ **What challenges did you have to face in the Skarbimierz factory?**

– I joined Mondelez Polska, or Cadbury, as it was known at that time, when the factory was being built. I was charged with completely new tasks, namely to build the team, start the production at the facility, and meet all the project goals, especially concerning the volume of production. These were our priorities for the first three years of the factory’s operation. At present, we are focusing on determining the direction for the development of the production facility and the staff. We are about to implement a program to boost efficiency using the principles of Total Productive Maintenance.

■ **It must be huge responsibility to manage one of the most modern factories in this industry.**

– The Skarbimierz Chocolate Factory was Cadbury’s flagship project. It was designed using the top standards in food production, including the highly automated production lines. What is important is that the factory was designed and located in such a way that it is easy to expand it. We are confident that the Skarbimierz facility is in an excellent location and has an outstanding and highly skilled team of employees, and that is why we are trying to develop it by being involved in new projects.



The Skarbimierz Chocolate Factory was designed using the highest standards in food production



■ **MONDELÉZ INTERNATIONAL**, Inc. (NASDAQ: MDLZ) is one of the world's largest snacks companies and one of the leaders in the production of chocolate, biscuits, chewing gums, candies, coffee, and beverages. The corporation employs 110,000 people worldwide. The chocolate factory in the Skarbimierz subzone of the Wałbrzych Special Economic Zone is one of Mondelēz's seven factories in Poland. The Skarbimierz plant operates six production lines that make chocolate bars under several brands, such as Crunchie, Curly Wurly, Turkish Delight, Fudge, Chomp, Double Decker, and Picnic. All the production is exported, mainly to Great Britain and Ireland. The facility was opened in 2010 and currently has a workforce of around 310 employees.

of Mondelez Polska

■ Is it difficult to recruit the right staff?

– We follow very high standards of work in our company, in particular concerning safety and quality. We seek people who are creative, able to work in a team, and willing to develop professionally. We begin each recruitment process by looking for the right candidates in-house. That way we give our employees an opportunity to be promoted and gain professional experience in new areas. We have much to offer due to the fact that we have seven factories in Poland that make three kinds of products: chocolate, biscuits, and chewing gum.

As part of our professional development programs, we offer different forms of activity both in Poland and abroad, aimed at staff at all levels. Now, for instance, during the Week of Development, each employee can visit other production facilities of Mondelēz, or focus on individual matters such as dealing with stress or preventive occupational medicine. We also run similar programs over longer time spans of one or two years.

■ Is the factory involved with the local community?

– As one of the largest employers in the region, we have always been interested in actions for the local community; it is an integral part of our company's policies. From the very beginning we have been involved in pro-environmental actions, we provided subsidies for local schools, kindergartens, and associations. We ran the first program for three years until 2011. It had an annual budget of 100 thousand zlotys, which resulted in a huge impact on the local organizations and succeeded in promoting a more environmentally-friendly lifestyle. Now we support local actions by encouraging employees' voluntary work. We care a lot about safety here in the Skarbimierz subzone and we have managed to convince the local authorities to improve the traffic regulations in the proximity of the factory.

■ In your opinion, how important are the special economic zones?

– It is certainly a useful tool in the development of places such as Skarbimierz. The zones not only provide jobs but also foster the infrastructure development and facilitate cooperation between investors and providers of services and materials. An interesting



The plant maintains high work standards and strict safety and quality requirements



Six highly automated production lines make chocolate bars under well-known brands

solution is to create investment zones that would group investors from similar industries. In this way, synergies could be built that would deepen the scope of cooperation.

■ **Thank you for the conversation.**

⇒ **AGNIESZKA SZYMKIEWICZ**



WALDEMAR TOPO

YOU SEE FAR FROM UP CLOSE

He is an equally avid reader of newspapers and specialist magazines. "I have been surprised by his genuine interest in our city," says **ZBIGNIEW SUCHYTA**, Mayor of Strzegom. He thinks in global terms, which has led to plans of creating a food industry cluster in the Wałbrzych Special Economic Zone.



LET'S GET TO KNOW EACH OTHER: PERSONALITIES IN THE ZONE

■ **MICHAŁ SOŁOWOW** is a businessman and sportsman. He is the majority shareholder of Cersanit, and a passionate rally driver who has won many medals in the championships of Poland and Europe. An enthusiast of healthy lifestyle, whose motto is "sport is about here and now". He has been present with Cersanit in Wałbrzych since 1998, and currently employs over eight hundred people.

■ **CARL KLEMM** is the first non-Japanese director of a Toyota factory in Poland. He is a citizen of Great Britain with Polish roots – his father came from Inowrocław. In 2008 he became Member

of the British Empire for his achievements in the automotive industry and his services for the local community. In Wałbrzych, Carl Klemm is aided in his pro-social efforts by **GRZEGORZ GÓRSKI**, who is in charge of public relations, corporate planning and administration at Toyota. Before that, Grzegorz Górski was a highly regarded radio and TV journalist (BRW, Polskie Radio Wrocław).

■ **LEON, MARCIN and WOJCIECH STELMACH** can be considered a quintessential example of a family business. PZ STELMACH is located in the Opole subzone and boasts a century-long history. Marcin and

Wojciech Stelmach's great-grandfather was a graduate of the Imperial and Royal Art School in Zakopane, where he studied sculpture and goldsmithing. The company, which is today run by Leon Stelmach and his two sons, is one of the biggest producers of wedding bands in Poland, and successfully manages to combine tradition with ultramodern technology.

■ **MAŁGORZATA KWIECIEŃ** has been HR Manager at SKC Haas Polska since 2007. The company is the third largest South Korean corporation, after Hyundai and Samsung. Its two plants in Dzierżoniów produce polyester film and foil for use in liquid crystal displays.

LSKI

Mayor Suchyta unhesitatingly describes Waldemar Topolski, until recently Managing Director of FSB Piekarnie Strzegom, as the co-author of the first successful investment project in the Strzegom subzone of the WSEZ. "Without his involvement, knowledge and industriousness, the whole process would have taken much longer," says the mayor.

FSB Piekarnie Strzegom received a construction permit for building the factory in 2011, and in September 2013 it was already churning out one million buns per day, mainly for McDonald's chain of restaurants. Aryzta, the third largest food business in the world, delegated the task of making the factory operational to Waldemar Topolski, a 48-year-old manager who had always been connected with the food industry.

Having graduated from the Jagiellonian University and Polish Open University in Warsaw, Topolski worked for eight years for Kellogg's, one of the largest cereal producers in the world. Later he was Sales Director at Rieber Foods Polska (owner of Delecta brand), and he was also in charge of sales at Kamis group of companies. His impressive performance during the building and starting-up of FSB Piekarnie Strzegom resulted in his promotion to the position of Director of Sales of Aryzta Group in Poland. "The food industry is my work and passion at the same time," Topolski admits openly.

MONIKA WIELICHOWSKA, MP who supported the construction of FSB Piekarnie Strzegom, concludes briefly: professionalism and charisma. "He is among the best managers in Poland. Always to the point, reliable, creative. And with style."

Mayor Suchyta adds, "He was the person who showed me how business should work. And he was possibly the best role model I have ever come across. A fast decision maker, communicative, he has probably never said

Małgorzata Kwiecień not only supervises the 70 people employed in the facility, she also brings together the entrepreneurs from the Dzierżoniów subzone. She has initiated and runs one of the first HR Managers' Clubs in the WSEZ. The club is a platform for exchanging experiences for human resources specialists. INVEST-PARK drew on Małgorzata Kwiecień's experience when creating the WSEZ Managers' Club, which groups the companies operating in the zone. Małgorzata Kwiecień considers her work in human resources management both her choice and her calling. As she likes to say, when she saw the first interesting job advertise-

ment, she hesitated for a long time before she replied, thinking she stood no chance. It was an ad from SKC HAAS. Since then, she never hesitates when following her plans and dreams.

■ **EDYTA RĘKAS**, President of GEA Polska sp. z o.o. in the Świebodzice subzone, is a genuine businesswoman who has her feet firmly on the ground and is determined to always reach her goals. She has been member of GEA's management board since 2002, and it was largely thanks to her that the Świebodzice plant was built in an unbelievably short time, despite

considerable obstacles. She is married and has a ten-year-old son, and she likes gardening in the springtime. She is also a keen piano player and skier. Aided by Iwona Guzowska, an MP and sportswoman, she promotes the "Faces of Women" competition for most successful women in business. Among the judges in the competition is also **BARBARA KAŚNIKOWSKA**, President of INVEST-PARK and another prominent personality in the world of business.

WALDEMAR TOPOLSKI

✓ **BORN** in 1965 in Cracow

✓ **EDUCATION:**

- Polish Open University in Warsaw
- Jagiellonian University in Cracow

✓ **PROFESSIONAL EXPERIENCE:**

- Managing Director, Head of Sales ARYZTA Poland
- Managing Director, FSB Piekarnie sp. z o.o.
- Sales Director, Kamis SA
- Sales Director CEE, Mission Foods
- Sales Director, Rieber Foods
- Senior Category Development Manager, Reckitt Benckiser
- Sales Development Manager, Reckitt Benckiser
- Sales Director, Kellogg

✓ **LANGUAGES:** German, English, Russian

✓ **FAMILY:** wife and daughter



that something cannot be done. He understood our limitations well, and looked for solutions that would benefit both sides."

Topolski is strongly in favor of tight cooperation within the food industry: "There is really good atmosphere and readiness for cooperation in Lower Silesia. Of course, one should look after their own company first, but it is also important to look further, to see perspectives for the future."

He adds that "The special economic zones are an excellent opportunity for Polish managers to develop. The very presence of global corporations and the possibility to cooperate and learn from the best specialists in the world are hugely important. Personally I have learned a lot from my colleagues from Germany and Scandinavia here in FSB."

When I asked him if he had time for his passions, he smiled and said: "Of course, it is just a matter of good organization. In my life, I always make room for diving." ■

→ **AGNIESZKA SZYMKIEWICZ**



THE NEXT FEW YEARS MAY TURN OUT TO BE CRUCIAL FOR THE FUTURE DEVELOPMENT OF WAŁBRZYCH. LARGE INVESTMENTS IN THE CITY, THE NEW EU FINANCIAL FRAMEWORK, AND THE EXTENSION OF FUNCTIONING OF THE SPECIAL ECONOMIC ZONES IN POLAND UNTIL 2026 ARE HUGE OPPORTUNITIES THAT WILL REQUIRE LOTS OF DISCIPLINE AND HARD WORK.

ROMAN SZEŁEMEJ, MAYOR OF WAŁBRZYCH, IN HIS CONVERSATION WITH **BARBARA SZELIGOWSKA** SHOWS CONFIDENCE THAT THEY WILL WORK TO THE CITY'S BENEFIT.

CHALLENGES FOR WAŁBRZYCH

■ Is the Wałbrzych agglomeration, which groups over 20 gminas around the city, ready for the new tasks?

– We have an ambitious plan of social and economic development of our region. We have prepared a number of important projects in infrastructure, tourism, transport, and services. The priority in our strategy is given to economic activity and the manufacturing industry, but it is not the old-fashioned and troublesome manufacturing that made the inhabitants' life difficult. Instead, we want to foster the development of modern and environmentally-friendly ventures. At the same time we want to develop culture and health resorts, and promote our tourist attractions. All this must be preceded by investments in infrastructure and renewable energy sources to ensure the purity of water and air, so that people will want to come to us, explore the natural beauty of our region, improve their health. Next year we will know which of our projects will be subsidized, and then we can get down to work. As Minister for Regional Development Elżbieta Bieńkowska promised, all eligible costs incurred after 1 January 2014 will be refunded. I was glad to

hear that the gminas from the Świdnica County decided to join us, although initially they were unwilling to do so. New members will act as a stimulus for faster development.

■ What does the decision to extend the functioning time of the special economic zones mean for Wałbrzych?

– It is now hard to imagine the functioning of the city and the entire Wałbrzych agglomeration without the zones. The fact that they will continue to exist for another 13 years brings new perspectives for the city and for INVEST-PARK. The Wałbrzych agglomeration has its strategy, and INVEST-PARK is currently preparing a similar document. It is the perfect moment to compare the two and agree on common goals. The INVEST-PARK management have always been open to our suggestions, so I am sure that our cooperation will be effective. My dream is that the zone will become a place for implementing the newest technologies in symbiosis with the social development of Wałbrzych.

EMPLOYERS, UNITE!

This is what the President of the Sudeten Employers' Association, Artur Mazurkiewicz, is postulating. He has been performing his function since December last year, and it seems that his arguments are persuasive. When he took over, there were around 50 companies in the Association, now this number has more than doubled to 105 entities. It means that the SEA is the largest employers' association in Lower Silesia.

We protect our members' rights and we represent them at various levels, from the national government to county employment councils", Artur Mazurkiewicz emphasizes.

PRESENT AND ACTIVE

The management of the Association has been well prepared for increasing the number of its members. At present, it is implementing the program "Strengthening the Development of the Sudeten Employers' Association," co-financed by the European Union. According to Artur Mazurkiewicz, the first results are already visible. The Association wants to be present in all organizations that make decisions which influence the economy, such as the Provincial Committee for Social Dialogue, the

Lower Silesian Employment Council, the Economic Council of the Wałbrzych Agglomeration, the Monitoring Committee of the Regional Operational Program for Lower Silesia, and the county employment councils.

Moreover, the SEA belongs to Confederation Lewiatan, a non-governmental organization that represents employers to the state and trade unions, which means that it can participate in the decision-making process at the national level. "In this way we watch and assess the legislative process", Mazurkiewicz explains. The organization aims at increasing the role of entrepreneurs in preparing applications for EU funds in the 2014–2020 financial framework. "We want to prove that making it possible for entrepreneurs to apply for the funds will greatly contribute to the economic

Uczniowska Street is the symbol of the development of Wałbrzych and the region



The INVEST-PARK office building, located at the entry to the city from the direction of Wrocław and the A4 motorway, is the most modern office building in this part of Lower Silesia

Wałbrzych was first

The Wałbrzych Special Economic Zone was launched in 1997. At the beginning it had only 255 ha for entrepreneurs who could apply for public aid. The zone was divided into four subzones – Wałbrzych, Dzierżoniów, Nowa Ruda, and Kłodzko – and it was created to balance the negative social and economic results of closing the mines in the region. Presently the WSEZ has more than 2,200 ha of investment land in four provinces.

The management and administration of the zone was delegated to WSSE "INVEST-PARK" – a company based in Wałbrzych. Its majority shareholder is the State Treasury of Poland, and the remaining part of the shares is owned by the gminas where the subzones function, banks, and the state-controlled Industrial Development Agency. The largest shareholder among the gminas is the gmina of Wałbrzych. As such, the city has its representative on the Supervisory Board (at present it is Marta Loretz). Moreover, Wałbrzych recommended Tomasz Jakacki for a seat on the Management Board, and he is now the Vice-President of "INVEST-PARK" responsible for investor relations.

■ In your opinion, what is the atmosphere for doing business in Wałbrzych? You have recently complained that few local firms respond to the city's calls for tenders.

– In the last two years we have devoted a great deal of effort to stimulate economic activity in Wałbrzych because I know it was ailing. I regret that our huge program of investments, which will be probably even bigger next year, is not wholly consumed by entrepreneurs from Wałbrzych. However, we are determined to change this situation because there will be some big money available in Wałbrzych soon. I hope the special economic zone will help. I see no reason why even small and medium enterprises shouldn't locate their offices in the zone and start using all the benefits. They have 13 years to do it.

■ Thank you for the conversation.

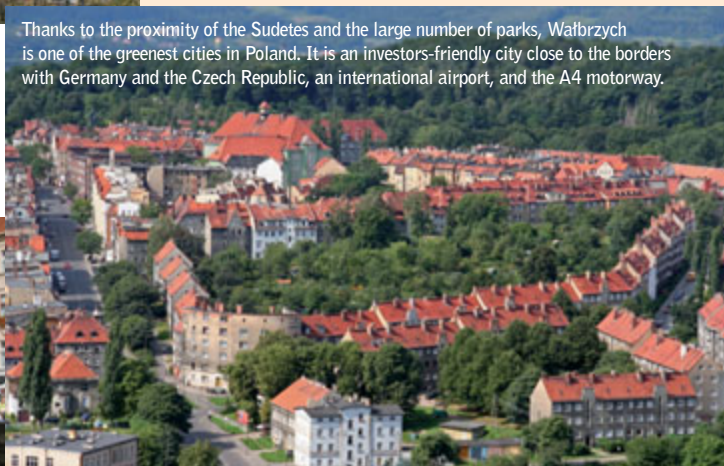


Wałbrzych is a picturesque city in the Central Sudetes

Thanks to the proximity of the Sudetes and the large number of parks, Wałbrzych is one of the greenest cities in Poland. It is an investors-friendly city close to the borders with Germany and the Czech Republic, an international airport, and the A4 motorway.



Eastern frontage of the Main Square in Wałbrzych.



The Management Board of the Sudeten Employers' Association. From the left: Marcin Kowalski, President of Human Partner; Tadeusz Choczaj, Chairman of the Polish Economic Society, President of the "Podzamcze" Housing Cooperative in Wałbrzych; Grzegorz Walczak, owner of Zarządanie Nieruchomościami i Doradztwo G.P. Walczak; Marcelina Palonek, Director of the Office of the Sudeten Employers' Association; Kazimierz Dziekanowski; Artur Mazurkiewicz, President of Heapmail Internet Solutions, President of Centrum; Sławomir Piątek, President of ZNTK "Mińsk Mazowiecki" SA

development in the region by increasing state's tax revenue and creating jobs. At the moment, young people are leaving our region and many companies are being closed. Our role is to react, to try to revive the economy," Mazurkiewicz adds.

TAILOR-MADE OFFER

The managers of the Sudeten Employers' Association are carefully watching the doings of the

Wałbrzych Special Economic Zone. So far only one company from the WSEZ has joined the Association. "Of course, close cooperation with the WSEZ is important to us, but first we must prepare for it," Mazurkiewicz stresses. He adds that big companies expect a hybrid offer tailored to their needs, like Toyota engines. The SEA will soon present such an offer to one of the companies operating in the WSEZ.

Currently the Association is about to launch a number of initiatives aimed at small and medium enterprises that are its members. "Our members will soon be able to use discount cards at petrol

stations. Bulk purchase groups will also be created to negotiate discounts when buying different goods. We will also offer lower prices to companies that need legal advice," Mazurkiewicz promises. He adds that the existing and potential members can find out more during the "Thursday business meetings." The meetings will be held once a month, and they will include a discussion with experts on a chosen topic followed by an exchange of experiences and opinions. ■

Detailed information available on the website of the Sudeten Employers' Association:

www.szp-walbrzych.pl

INVESTMENTS? NOW IS THE TIME!



The year 2014 will bring changes in public aid rules. **For that reason it is a good idea to hurry up with investments** before these changes come into force.

The new regulations will not be as advantageous to investors as the current ones. State aid in the form of tax exemptions will be up to 15% lower than now. The changes will come into effect in July 2014 with the so-called new map of regional aid, which specifies the maximum amount of aid for investors.

Therefore entrepreneurs who would like to apply for public aid under the current rules must obtain a permit for conducting business in the SEZ by the end of June 2014. It is the date of obtaining this permit that is binding; the investment itself may begin much later. The new rules will be in force at least until 2020.

The second important news item is the Council of Ministers' decision to extend the operation time of the special economic zones until 2026. Thus companies that are planning to invest in the SEZ will be eligible for income tax exemption for at least 13 years. It also applies to companies which have already begun or carried out investments, provided their permit for conducting business in the SEZ is open-ended. ■

➔ **ANNA ZIARKO**

The author has vast experience in advising entrepreneurs from Lower Silesia on applying for EU subsidies, and currently she is the investors' adviser in WSSE "INVEST-PARK". She will answer questions about public aid at a.ziarko@invest-park.com.pl

COMPARISON OF THE AMOUNT OF PUBLIC AID UNDER OLD AND NEW RULES

company size	Lubuskie and Opolskie Provinces		Dolnośląskie and Wielkopolskie Provinces	
	from July 2014	until June 2014	from July 2014	until June 2014
large	35%	50%	25%	40%
medium	45%	60%	35%	50%
small and micro	55%	70%	45%	60%

The ABC of public aid



- ✓ companies operating in an economic zone are eligible for public aid in the form of income tax exemption;
- ✓ the maximum amount of income tax exemption is calculated as a percentage of the investment's eligible costs (see the table);
- ✓ the eligible costs include: labor costs of new employees in the first two years, or the investment cost (e.g. purchase of tangible and intangible assets, land lease, etc.);
- ✓ permits are issued only for new investments, which means that it must begin after the permit has been granted;
- ✓ the investment must operate for at least 5 years (large companies), or 3 years (small and medium companies).

Join the best!

The WSEZ has over 2,212 ha of investment land in some of the most industrially developed regions of south-western Poland. **Presently 874 ha of land are available to investors who would like to apply for public aid in the form of income tax exemption.** It is worth remembering that companies which will have obtained the permit for conducting business activity in the Wałbrzych Special Economic Zone by 1 July 2014 will be eligible for larger public aid.

EXAMPLES OF FREE INVESTMENT PLOTS:

OPOLE

- over 10 ha near the north ring road/Północna Street in Opole
- near the ring road of Opole and the national road nr 94 (Wrocław–Opole)
- good communication provided by means of cul-de-sacs
- ca. 10 km from the A4 motorway
- proximity of shopping centers and production facilities, e.g. IFM Ecolink, Pasta Food

WAŁBRZYCH

- over 12 ha near Orkana and Jachimowicza Streets
- the WSEZ will grade the land
- an internal road ensures easy access to the plot
- the cities of Wałbrzych and Świdnica are currently building roads to enable fast access to the A4 motorway and S8 expressway
- the Wałbrzych subzone is located ca. 40 km from the A4 motorway and 50 km from an international airport in Wrocław
- the plot is close to the facilities of big companies from the automotive and ceramic industries, including Toyota, Faurecia, Ronal

SYCÓW

- 10 ha in an excellent location, close to the S8 expressway
- ca. 50 km from Wrocław, 60 km from the A4 motorway, and 70 km from an international airport in Wrocław
- future investment of the General Directorate for National Roads and Motorways in the S8 expressway will provide direct connection with Warsaw and Łódź (through the A2 motorway)



WE ARE STARTING A NEW LIFE

Interview with Professor

EDWARD CHLEBUS,

President of the Lower Silesian

■ **Economic growth potential is made up by many factors, and technological advancement is one of the most important. How do you evaluate the innovativeness of the Polish market and the ways of raising finance for research at the intersection of science and business?**

– Many people in Poland complain about the shortage of funds for financing research. However, it is a more complex problem. If we approach it from the perspective of the direct funds provided by the Ministry of Science and Higher Education or the National Center for Research and Development (NCBiR), it does seem that the budgets of individual research centers are small. But we must remember that these research centers and universities have access to other sources of financing. There is a number of EU programs as well as programs, for specific sectors with competitions organized by industrial consortiums.

■ **So there are quite a lot of these sources, and organizations must know how to apply for them?**

– Exactly. Let me just mention the example of the INNOTECH program for research entities and businesses, which offers the possibility of jointly applying for funds to finance research that has the potential for quick implementation. There is also the INNOLOT program, whose next edition will be launched soon. It is a large sectoral program, with a budget of almost 600 million zlotys, aimed at the “aviation valley” near Rzeszów and Mielec. Half of the funds is provided by the NCBiR, the other half by American companies. This is the right path to facilitate scientific research. This model gives companies an incentive to implement the findings of research entities.

■ **It sounds like providing research services for business.**

– Absolutely. This is the right way to make research more concrete. In Poland, direct financing is often scattered, and the research potential is not fully utilized. If there are no orders from business, research is often conducted only for academic purposes, which is important of course, but all too often only for the university.

■ **But there must be ways to connect academic research with the needs and expectations of the market?**

– And that is what we are doing, to the best of our possibilities. It is also important to join forces at the level of research entities because unique research equipment should be used 24 hours per day.

■ **Is this one of the reasons why we are classified so low in various innovation rankings? Studies such as the Innovation Union Scoreboard or the World Economic Forum’s ranking show that Poland is lagging behind. It is also confirmed by the government’s document concerning the future Intelligent Development Operational Program.**

– But there are also other rankings. According to one of them, Poland ranks third in terms of innovation expenditure per each scientist. Here our position is higher than Germany’s, for example.

■ **So it all boils down to the adopted methodology? If we compare R&D spending as a proportion of GDP, in 2010 the average for the European Union was 2.01%, while in Poland – only 0.68%.**

The Lower Silesian Innovation and Science Park was established in 2008 by the Lower Silesia Province and WSSE “INVEST-PARK”. The aims set for the DPIN by both shareholders are congruent with the aims of Polish special economic zones: to support innovative investments and the transfer of new technologies to the economy of the region where it operates. The official opening of the DPIN in November this year was part of the national campaign of the special economic zones under the motto “We secure a good reputation of the Polish economy.” WSSE “INVEST-PARK” is also a shareholder of other companies, including “INVEST-PARK DEVELOPMENT” and the Industry Park in Wałbrzych.



G



Professor EDWARD CHLEBUS, PhD

Dean of the Faculty of Mechanical Engineering, Coordinator of the Production Processes Network of Excellence, President of the Management Board of Lower Silesian Innovation and Science Park. Since 2005 he has been Coordinator of the Polish Technological Platform of Production Processes, as well as an expert and member of the High Level Group and SG EPT MANUFUTURE by the European Commission.

Innovation and Science Park (DPIN)

– It is probably connected with an unclear system of managing R&D. Funds are provided by various institutions: the Higher Education Resort, the National Center for Research and Development, the National Science Center. The Ministry of Health co-finances some projects, but in the case of the Ministry of Science and Higher Education it is not so evident. There is also the Ministry of Economy, which supports certain elements of innovation. It is all considerably scattered. It is not so unusual that different research centers or enterprises are carrying out similar projects, or have overlapping aims. What we need is a transparent model of needs, objectives, financing, and publishing the results.

■ It does not exist now?

– Not at a scale I dream of. Personally, I am watching closely the German model. It directly finances the strategic industries at the central level (Leibniz Institute, Planck Institute). Fraunhofer Institute, in turn, is responsible for implementary research. The research conducted by the first two institutes is fully financed from public funds, while studies at the intersection of science and business – in two thirds. One third is provided from the national budget, and one third from the regional budget. The remaining part must be raised by business. This solution is working well.

■ Let's come back to the possibilities of the Lower Silesian Innovation and Science Park, and of similar institutions in Poland.

– Business-related institutions must work for the economy. Our functioning is part of the regional development program and as such should be financially supported by the regional authorities.

Due to its socioeconomic mission, the DPIN cannot be purely profit-oriented.

Let me emphasize that institutions such as ours aim at filling up the space between the research and development sector, and small and medium enterprises. The DPIN is a place where SMEs can receive the support of the academic and scientific environment, carry out certain researches. We want to strengthen our position by preparing and implementing projects for businesses, running training sessions connected with them, undertaking feasibility studies, supervising projects. There are also the entrepreneurship and technology incubators for start-ups.

An important element of DPIN's development is the "triangle of innovative technologies," which is being created right now. It is based on the experience of Saxony, northern Czech Republic, and Lower Silesia. We want to and we have to learn from the experience of others, particularly in the West, because they have action plans that work. I have recently visited Saxony and saw that their research entities are scattered in order to be close to business, while in Poland they are still too centralized. I hope that this cooperation will result in the development of an effective model for our region.

■ The Lower Silesian Innovation and Science Park has been functioning for five years. Are the effects that you are describing visible yet?

– So far we have carried out mainly small advisory projects for medium enterprises. The DPIN is mainly financed by means of submitting project proposals to European programs. We are currently raising capital for the creation of

a commercial research facility. We have had talks in Germany and Poland. We are also collaborating with the Lower Silesian self-government, which is the founder and main shareholder of our institution. I am thinking here mainly about the Cluster of Innovative Manufacturing Technologies, and the Lower Silesian Energetic Security Center.

■ What has changed since the Wałbrzych Special Economic Zone became one of DPIN's shareholders?

– It was an important day. Thanks to the WSEZ we could make the decision to move to a new seat, which we are doing right now. We will have enough space to build our own research facility, which could be used by companies. We will also provide office space for companies functioning in the entrepreneurship and technology incubators. The alliance with the WSEZ is a giant leap forward.

■ Is it connected with establishing closer cooperation with companies operating in the Wałbrzych Special Economic Zone?

– We have such plans. What is more, it is one of our priorities. We could not start any dynamic actions earlier because of the lack of appropriate conditions. Now we are starting a new life, and the businesses based in the WSEZ will be an important element of it. There will also be some concrete supraregional and international actions, but I'd rather not talk about the details now.

■ Thank you for the conversation.

↔ TOMASZ MIARECKI

THE BIGGEST RISK IS NOT TAKING RISKS



STANISŁAW ROGOZIŃSKI

The development of the Polish economy so far has been based primarily on low labor costs. The growing affluence of the society and competition from the emerging markets make this model obsolete. It is necessary to start offering products and services with higher added value, more technologically advanced and unique.

The author is an economist specializing in venture capital issues. He is responsible for technology commercialization in Brante Partners.

The majority of important innovation is introduced by large companies. They do not suffer from some of the problems that plague SMEs, such as the shortage of resources or the necessity to compete for the market share of a new product.

Large corporations, however, do have a fundamental limitation: risk aversion. One American business guru suggested the following analogy: big companies play chess, and their most important goal is to avoid mistakes and not to lose; small companies play poker because they want to scoop the pool. Individual losses do not matter and they are part of the game. Uncertainty, or unquantifiable risk, accompanies the players all the time. Attempts to innovate fail two, five, or eight times as often as they succeed. The successful ones, however, will offer return on investment that is many times higher than the initial spending, enough to cover the unsuccessful projects too. It means that an innovation-oriented company must be ready not only to accept "mistakes" but also to understand that sometimes even a properly implemented research and commercialization process will not bring the desired results. The

problem of risk aversion is particularly strong in Poland because the local managers have mostly gained their experience and positions

by following the "faster and cheaper" imperative. In the case of building the competitive advantage on launching ever-better products, a change of thinking is required towards "smarter and better".

Large companies have devised a number of interesting organizational solutions to counterbalance the above mentioned problems. Among them is Corporate Venture Capital (CVC). It is believed that venture capital funds are the most sophisticated entities in the area of management where there is a significant element of uncertainty and risk. The idea of CVC is based on incorporating venture capital funds' mechanisms of selecting, motivating, and controlling into corporate structures, to a varying degree and size, of course. For instance, employees may be given certain budgets to develop their own research projects, to form companies in association with the corporation, or to invest a certain amount of corporate funds in other employees' projects.

All companies, irrespective of their size, must remember that in order to survive in the market in the long term, it is necessary to have a diversified portfolio of products that will generate profits in various time perspectives – some of them may bring profits immediately, but others will do so in five, ten, or twenty years from now. Thus it is important to create an organizational culture that will stimulate the creation of an adequate number of prospective development projects that can eventually be implemented. It seems that the 2014–2020 Intelligent Development Operational Program, which will substitute the current Innovative Economy Program, will provide SMEs with considerable support. Unlike today, it will not be mainly universities that can count on financial help but small and medium enterprises. The only concern is that the authors of the Intelligent Development program put excessive emphasis on the research process instead of its potential for implementation. Hopefully, entrepreneurs will favor concrete potential more than academic dissertations. ■



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