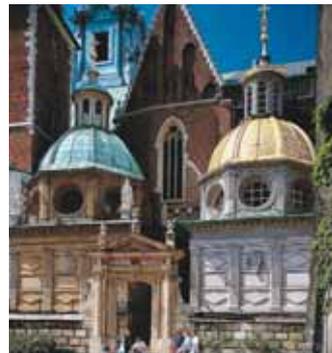


# Export Opportunities in Poland



# Poland

## General Overview

After Poland joined the EU in May 2004 many obstacles to doing business in the country were removed, and regulations were harmonized with EU law.

Poland offers a large internal market, the population is over 38 million and 56% of the population are under the age of 40. Poland's central location in Europe sharing borders with 7 countries including Germany and Russia is a distinct advantage to companies wishing to do business across the region.



## Economic Overview

Poland's economy will grow by over 5% in 2006 and predictions are that the trend will continue in 2007. The strong growth of investments, the financial services, retail and construction sectors is a clear indication of significant sales opportunities in the market. The country's size and location in the European context along with the number of Polish nationals working in Ireland creates a unique opportunity to Irish companies wishing to export to the Polish market.

## Key Indicators

- GDP growth of 3.5% in 2005, driven mostly by exports, 2006 forecast 5.5%
- 2.3 million unemployed – official unemployment rate: 14.9%
- €71.92 billion of exports and €81.66 billion of imports
- EU, OECD and NATO member
- Office space €13-16/m<sup>2</sup>/month for Class A, (Warsaw, 30-50% less other cities)
- Industrial production growth of 3.8% (2005)
- Projected inflow of FDI in 2006 €10 billion
- Major cities Warsaw (2m), Łódź (800k), Kraków (750k), Wrocław (640k), Poznań (580k). 42 cities with over 100k inhabitants
- English is the most widely spoken foreign language
- Tax rates:
  - Corporate tax: 19%
  - Income tax: up to 40%
  - VAT: 22% standard rate
- Large growth potential
  - Poland has 50% of population of all of the 'new' EU member states; eighth most populated country in Europe
- Inflation of 2.1% 2005 (projected 1.8% in 2006)

## Travel and Business Costs

Poland is easily accessible from Ireland. Numerous large carriers as well as low-cost airlines offer direct connections from Dublin, Cork and Shannon to all major Polish cities.

Item	Warsaw	Minimum Cost
Air Travel	Business Class	€670
	Economy Rate	€310
Hotel Costs	Four star	€110-180
	Two star	€60
Car Hire	Middle class car per day (4-5 seats)	€55

Contact EI office for special hotel rates in Warsaw, costs in cities outside Warsaw are approximately 30-50% lower.

## Trade Statistics Ireland Poland

Irish companies have had a successful track record exporting to Poland. Exports have grown from €16 million in 1989 to €292 million in 2005.

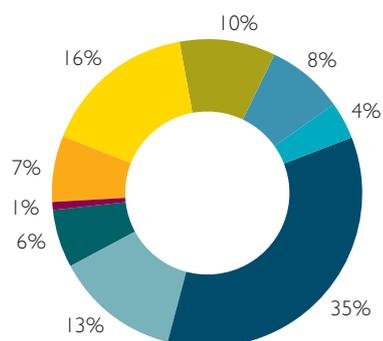
## Enterprise Ireland companies on the Polish Market

Over 150 EI companies currently export to Poland, of which:

- half are in industrial markets, including electronics, engineering and lifesciences,
- one-fourth are in software, services and emerging sectors,
- one-fourth are in food and consumer retail markets.

Poland offers many opportunities to Irish SME's willing to enter the market. As one of the most successful exporters, Rosemarie McCarthy, Supply Chain Director at SerCom Solutions says: "We have found the workforce to be highly educated and willing to adapt from traditional work patterns. Bureaucracy is a feature of Poland but has improved over time. Poland is now a highly strategic location for SerCom Solutions, and our experience overall has been very successful."

## Irish Exports to Poland in 2005



- Food and Beverages
- Telecoms Hardware
- Industrial Machinery
- Data Processing Hardware
- Medical and Pharma
- Electrical Machinery
- Raw Materials and Fuels
- Chemicals excl. Pharma
- Misc.

Source: CSO

## Opportunities in Poland

The following gives an overview of main sectoral opportunities for Irish businesses in Poland: engineering, electronics, software and life sciences. The list below is not exhaustive – opportunities exist also in tourism, transport, retail, food and environmental sectors.

### Engineering and Electronics

#### Engineering

Poland has a large industrial production base. 32 % of total GDP is from the industrial sector. Opportunities exist for companies in metal processing, production machinery, general purpose machinery, machine tools, special purpose machinery for construction, electric machinery and equipment and suppliers of Building Management Systems (BMS) and industrial controls.

#### Electronics

Thanks to its investment potential, human capital and its strategic location, Poland is fast becoming a manufacturing centre of electronics in CEE. The strong inflow of FDI in this sector in LCD screens, mobile phones, domestic audio and video equipment, appliances, automotive controls complemented by electronic contract manufacturers (Flextronics, Jabil, Kimball) and telecom equipment manufacturers (Lucent, Alcatel, Siemens) creates opportunities for sub-supply, electronic components, supply chain and testing services. Irish companies having experience and contacts with these OEMs or with their Tier 1 or 2 suppliers should be able to leverage them in Poland.

#### Key Indicators

The Polish consumer electronics market grew by 4.5% in 2005 to reach a value of €938.5 million.

#### Key Players

Investment committed in 2006: LG Phillips (€430 million), Sharp (€200 million), Toshiba (€50 million), Funai (€90 million), Samsung, Phillips, Thomson, Dell (€200 million).

#### Automotive

Traditionally Poland has been a significant car manufacturer. Several OEMs and automotive systems suppliers have operations in Poland. The dynamic inflow of FDI continues, as CEE becomes a major production base for European and Japanese car manufactures. 90% of total production is exported.

#### Agriculture Machinery

According to the National Development Plan for 2007-2013, Poland will receive €14 billion from EU funds for the agricultural sector. This may create a demand for new agricultural equipment and technologies.

#### Key Indicators

New car production in 2005 612k (3.5% yoy increase).

#### Key Players

Valeo, Hutchinson, Toyota, Opel, Fiat, TRW, Volkswagen

#### Construction and Project Management Services

The Polish construction industry grew by 10.2% in 2005 to reach a value of €21 billion. The boom in the construction sector has resulted in strong demand for construction related services e.g. project management.

#### Key Indicators

In 2010, the Polish construction and engineering industry is forecast to have a value of €27.2 billion.

#### Key Players

Budimex, Skanska Poland, Strabag, Mitex, and Warbud

## Software and Services

The main opportunities for software suppliers exist in the segments of financial software, mobile & fixed line telecommunication applications and solutions for the government sector.

### *Financial Services*

The Polish Financial Sector has been dominated by foreign investors, particularly banks and insurance companies. Opportunities exist for niche applications: security systems, payment processing, CRM, credit risk management.

### *Telecommunications*

The telecom sector has seen a start of 3rd generation mobile services. There is a rapidly growing number of virtual mobile operators to compete with the 3 established GSM players. Operators are looking for interesting application and services that could differentiate them from the competition.

New niches such as Wi-Max and Video On Demand are developing fast and are gaining market share at the expense of the shrinking fixed line segment. Poland is the second biggest European market for VoIP.

### *Public Sector*

The Government Sector has been driven by EU funded projects and harmonization to EU law. Polish system integrators prefer experienced partners with EU compliant solutions, particularly in areas such as e-administration, e-learning and border security.

### *BPO*

Software Solutions and related services for the Business Process Outsourcing (Accounting, Call Centres) find a fast growing client base among multinational companies transferring such activities to Poland.

## Lifesciences

### *Pharmaceuticals*

Polish pharmaceutical sector is well developed and dynamic, with household spending steadily outpacing economic growth. Approximately 50% of the pharmaceutical market is supplied by imports which have increased in recent years.

There is a potential opportunity for human generics imports from Ireland. Local production is focused on the generics market (85% of the Polish market). Cheaper generic drugs are more popular on the market than more expensive patented ones.

### *Medical Devices and Equipment*

Opportunities for medical device companies increase as the Polish economy continues to grow and private healthcare facilities become more affordable.

### *Key Indicators*

The Polish IT sector was worth €4.3 billion and recorded a 10% growth in 2005. Software sales amounted to €800 million and IT services to €1.3 billion.

### *Key Buyers*

Financial sector: 53 commercial banks, 70 credit unions and 600 cooperative banks, 71 insurance companies

Telecom sector: main fixed line incumbent telephone operator TP SA, 3 GSM operators (PTC – brand Era, Polkomtel brand Plus, PTK Centertel brand Orange).

### *Key Indicators*

Market of €4 billion (2006), growing; strong growth of OTC. rising disposable incomes, ageing population

### *Key Players*

240 manufacturers, significant FDI inflow (privatized state-owned companies)

### *Key Indicators*

Total healthcare expenditure €16.6 billion (2006), €443 per capita, 30% of expenditure is private.

### *Key Players*

790 hospitals (147 of which are private)

## Useful Information Sources

### Enterprise Ireland

[www.enterprise-ireland.com](http://www.enterprise-ireland.com)

### Embassy of Ireland

Ul.Mysia 5,

00-496 Warsaw.

Tel: +48 22 849 66 33

E-mail: [warsawembassy@dfa.ie](mailto:warsawembassy@dfa.ie)

### Irish Chamber of Commerce

[www.icc.org.pl](http://www.icc.org.pl)

### Doing Business in Poland

[www.doingbusiness.org/](http://www.doingbusiness.org/)

[ExploreEconomies/Default.aspx?economyid=154](http://www.doingbusiness.org/ExploreEconomies/Default.aspx?economyid=154)

[www.poland.gov.pl](http://www.poland.gov.pl)

### Major Trade Fairs in Poland

[www.polfair.com.pl](http://www.polfair.com.pl)

### News about Poland in English

[www.wbj.pl](http://www.wbj.pl)

### Prime Minister's Office (links to ministries)

[www.kprm.gov.pl/english](http://www.kprm.gov.pl/english)

### National Bank of Poland

[www.nbp.gov.pl](http://www.nbp.gov.pl)

### Polish Central Statistical Office

[www.stat.gov.pl](http://www.stat.gov.pl)

### Polish Information and Foreign Investment Agency

[www.paiiz.gov.pl](http://www.paiiz.gov.pl)

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