

□ POLAND

**YOUR
BUSINESS PARTNER**



□ Poland

Poland is the 6th EU country
in terms of population.

Poland – basic data

□ Data: 07/2018



Area: **312,679 square kilometres**



Population: **38,146,000**



Birth rate per 1,000 inhabitants: **0.9**



Currency: **PLN**



Language: **Polish**



Capital: **Warsaw**

□ Macroeconomic data:

□ GDP (2017)

EUR

467.2 bn

GDP annual growth rate (6/2018) **5.1%**

Unemployment rate (9/2018) **3.5%**

Inflation rate (9/2018) **1.9%**

Regions of Poland

Poland is divided into 16 provinces called voivodeships.



□ Export

Poland is the world's 24th exporter (2017) with a 1.26% share in global export. This figure continues to grow. One fourth of Polish exports are machines, mechanical and electric devices together with their parts and accessories.

With export growing at an annual rate of **6.3%** in 2013-2017, Poland ranks **5th** among the 50 fastest world exporters, following Vietnam, Philippines, Ireland, and the Czech Republic. In 2017 the rate of export growth reached **11.8%**, and continued at the level of **7.7%** in 2018.

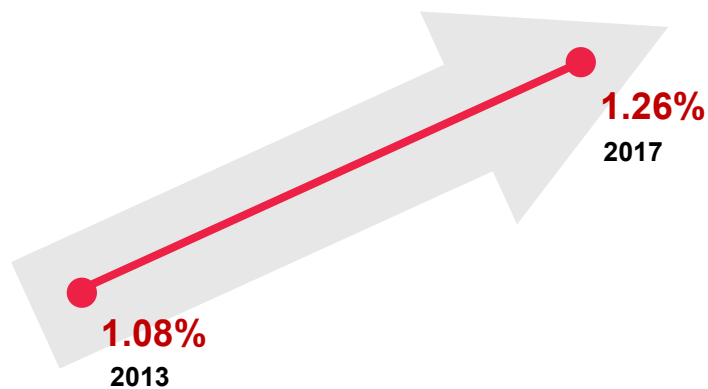
Key export markets in 2018:



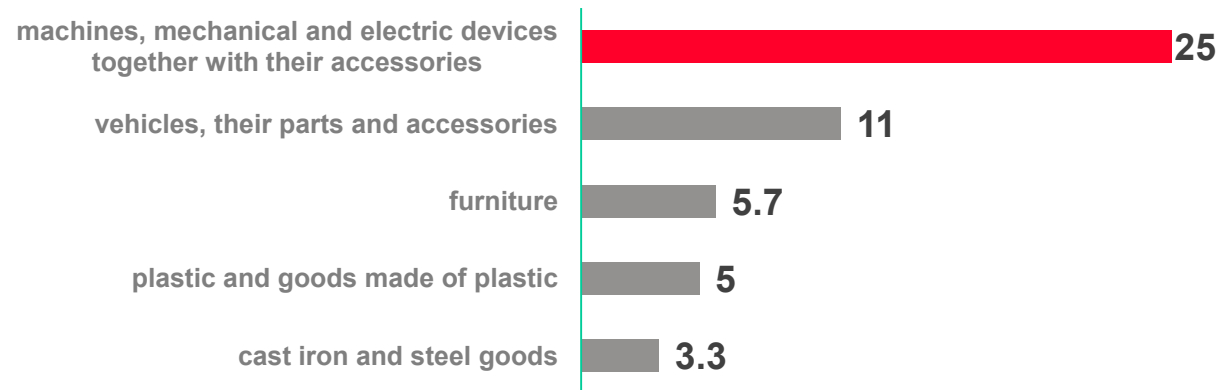
	Germany – 28.2% of share, EUR 62,2 billion
	Great Britain – 6.2%, EUR 13.7 billion
	Czech Republic – 6.4%, EUR 14.1 billion
	France – 5.5%, EUR 12.2 billion
	Italy – 4.6%, EUR 10.2 billion
	Netherlands – 4.5%, EUR 10.0 billion
	Russia – 3.1%, EUR 6.8 billion
	Sweden – 2.8%, EUR 6.1 billion
	Spain – 2.7%, EUR 5.6 billion
	USA – 2.8%, EUR 6.2 billion

Technologically advanced products accounted for
8.4%
of Poland's total export in 2018.

Poland's share of world export 2013-2017



Poland's top export goods in 2018 (% of share)



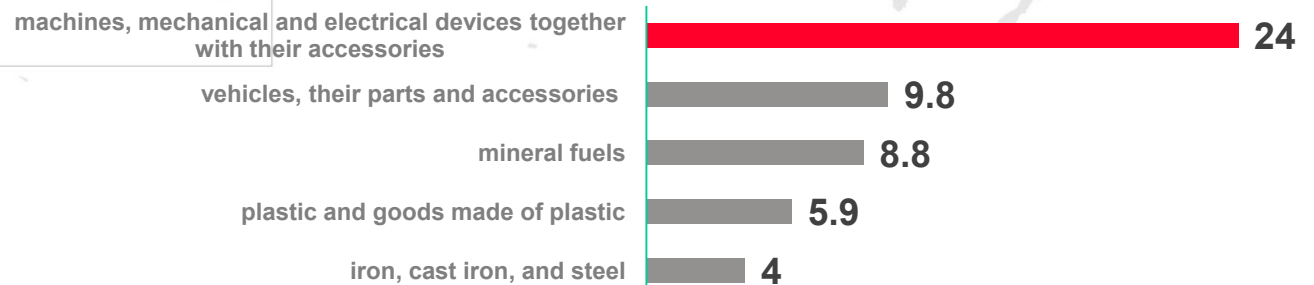
Import

Most of Polish imports (23%) come from Germany, with China and Russia also ranking among the top three sources of import. Polish trade with other countries is mostly of an intra-industry character. Because of this, the structure of our import resembles the structure of our export.

Key suppliers of goods to Poland in 2018

- Germany – 22.4%, EUR 50.6 billion
- China – 11.6%, EUR 26.2 billion
- Russia – 7.4%, EUR 16.6 billion
- Italy – 5.0%, EUR 11,3 billion
- France – 3.6%, EUR 8,2 billion
- Netherlands - 3.6%, EUR 8.1 billion
- Czech Republic - 3.4%, EUR 7.7 billion
- USA – 2.8%, EUR 6.4 billion

Poland's top import goods in 2018 (% of share)



Strengths of Polish economy

Poland is considered **one of the five most attractive markets for business in Europe**.
Our advantages include macroeconomic stability and the ease of establishing multisectoral cooperation.

Here are some reasons why Poland is an attractive destination for investment:

- **Ambitious and hardworking people**
- **Diversified economy**
- **Macroeconomic stability**
- **High quality of products and services on offer**
- **Infrastructural investments**
- **Large internal market and access to EU market**

Investment data are the best proof of Poland's attractiveness.

At the end of 2017 the value of liabilities arising from direct foreign investments amounted to **EUR 199 billion** (National Bank of Poland - NBP)

According to EY's European Attractiveness Survey 2017, Poland is the **5th most attractive destination for business in Europe, and the 1st one in the CEE region.**

Polish Investment Zone

- - Investment-related tax exemptions available across the country.
 - Focus on well-paid, prospective and stable jobs.
 - Exemptions granted for 10, 12 or 15 years.
 - Bonuses for enterprises that help make regional economies more competitive and innovative, and thus contribute to Poland's economic development.

 - Source: MPiT

 - In Poland is home to over 130 clusters, 16 of which have the Key National Cluster (KNC) status.

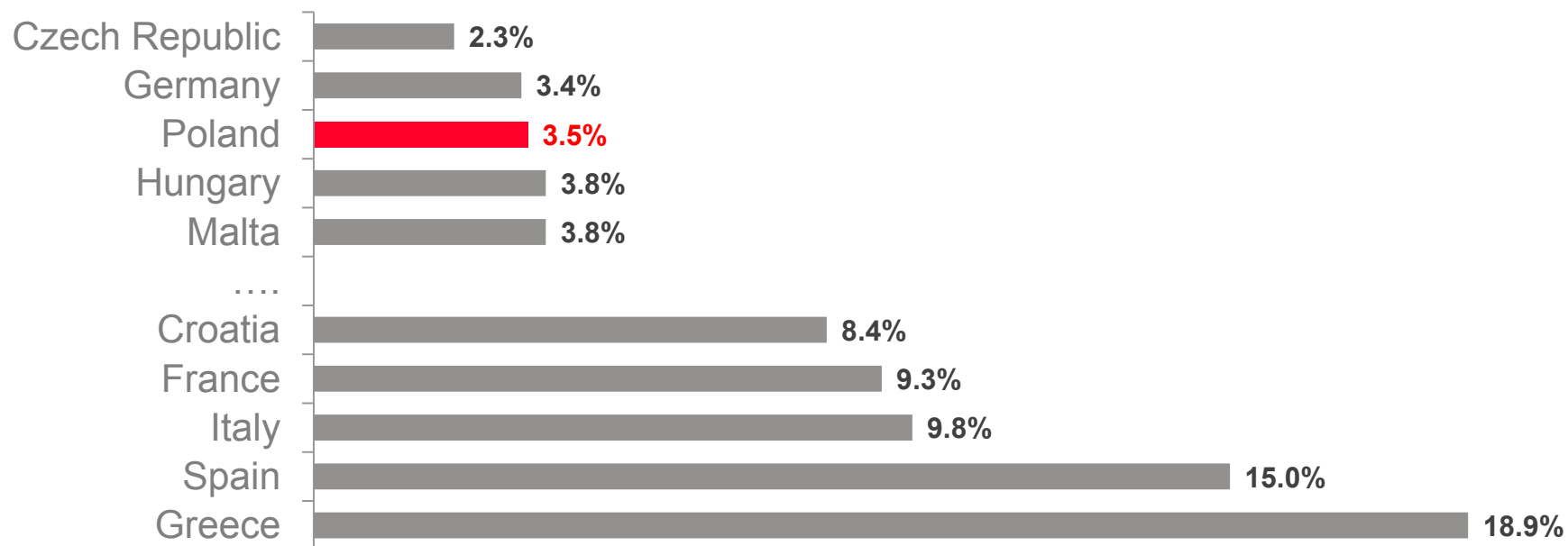
 - Key National Clusters (KNCs) are organisations which are pivotal to the national economy and can effectively compete on the international stage.
- • Klaster Dolina Lotnicza (Aviation Valley Cluster)
 - Polski Klaster Aluminium (Polish Aluminium Cluster)
 - Mazowiecki Klaster ICT (Mazovia Cluster ICT)
 - Klaster Interizon (Interizon Cluster)
 - Wschodni Klaster Budowlany (Eastern Construction Cluster)
 - Klaster Przetwórstwa Metali (Metal Processing Cluster)
 - Zachodniopomorski Klaster Chemiczny „Zielona Chemia” (West Pomeranian Chemical Cluster Green Chemistry)
 - Klaster LifeScience w Krakowie (LifeScience Cluster Krakow)
 - MedSilesie – sieć produktów w Medycynie (MedSilesie – Silesian Medicinal Product Network)
 - Śląski Klaster Lotniczy (Silesian Aviation Cluster)
 - NutriBiomed Klaster (NutriBiomed Cluster)
 - Wschodni Klaster ICT (Eastern Cluster ICT)
 - Klaster Gospodarki Odpadowej i Recyklingu (Waste Management and Recycling Cluster)
 - Klaster Stabilnej Infrastruktury (Sustainable Infrastructure Cluster)
 - Klaster Logistyczno-Transportowy Północ – Południe (North-South Logistic and Transport Cluster)
 - Bydgoski Klaster Przemysłowy (Bydgoszcz Industrial Cluster)

Source: MPiT

Poland globally

Poland is among the EU countries with the lowest unemployment rate. Having dropped to 3.5 % in August 2018, our joblessness rate was the third lowest in the EU following the Czech Republic and Germany.

Unemployment rate in the EU



Source: Eurostat

Poland globally

Poland posting the highest GDP growth in the EU
in the first quarter of 2018
(% growth)

Poland	1.6
Latvia	1.6
Hungary	1.2
Lithuania	0.9
Austria	0.8
Greece	0.8
Spain	0.7

Netherlands	0.5
Denmark	0.4
Italy	0.3
Belgium	0.3
France	0.2
Romania	0.0

Source: Eurostat

The world's forty most competitive countries

2. Singapore

4. Switzerland

6. Netherlands

8. Great Britain

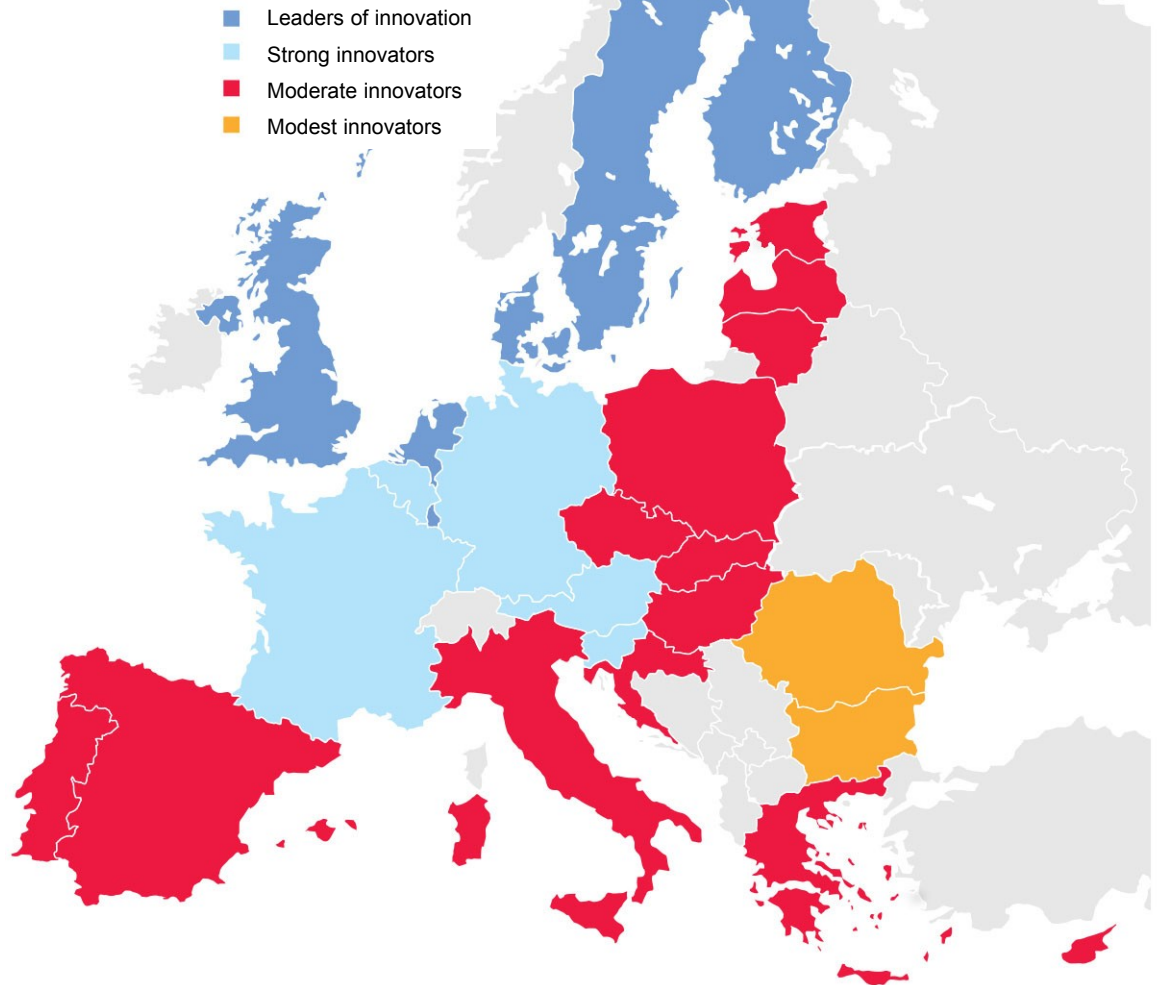
10. Denmark

32. Estonia

37. Poland

Source: World Economic Forum
Competitiveness Report, 2018

European Innovation Scoreboard 2018



Source: European Commission

Priority sectors

Poland has selected 12 sectors with export and image potential to build a strong and widely recognizable Polish Economy Brand. These include:



medical equipment sector



machinery and equipment sector



beauty sector



'Polish fashion' sector, including clothing, footwear, leatherware and jewellery



IT/ICT sector



furniture sector



biotechnology and pharmaceutical sector



healthcare services sector



Polish food specialties sector



construction sector



yachts and recreational boats sector



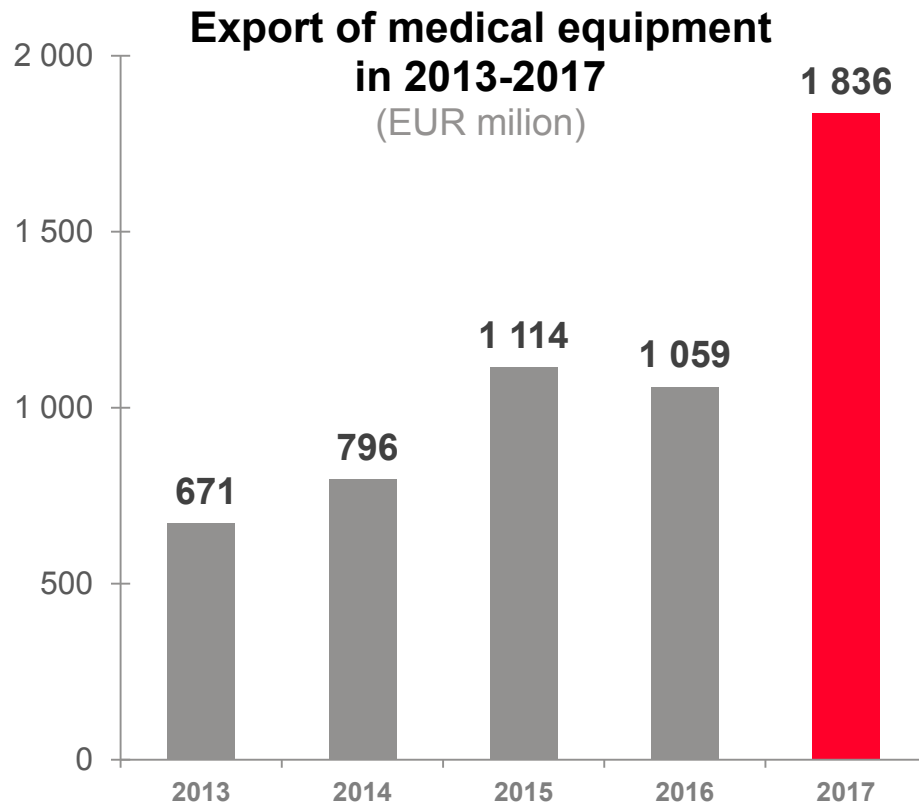
vehicle and aircraft parts sector



Their development is supported by the Ministry of Entrepreneurship and Technology, i.a. under the 'Promotion of economy on the basis of product brands – Polish Economy Brand' project, sub-measure 3.3.2 of the Intelligent Development Operational Programme 2014-2020.

Medical equipment

Poland is a highly appreciated partner as a competitive manufacturer of top quality instruments and devices used in healthcare, surgery, dentistry and veterinary medicine. Polish companies export medical equipment mostly to the EU (64%).



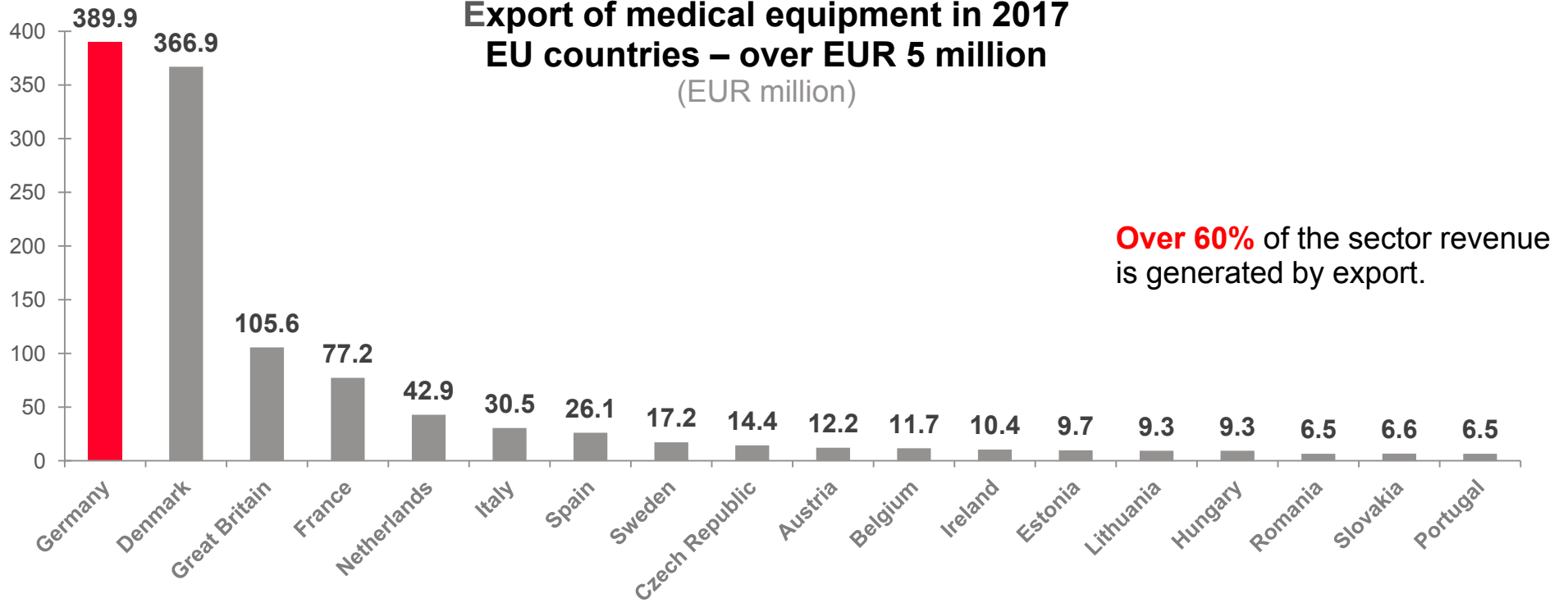
In 2017 the value of Polish medical equipment export exceeded EUR 1.8 billion.

Its share in the entire export has been increasing for years:

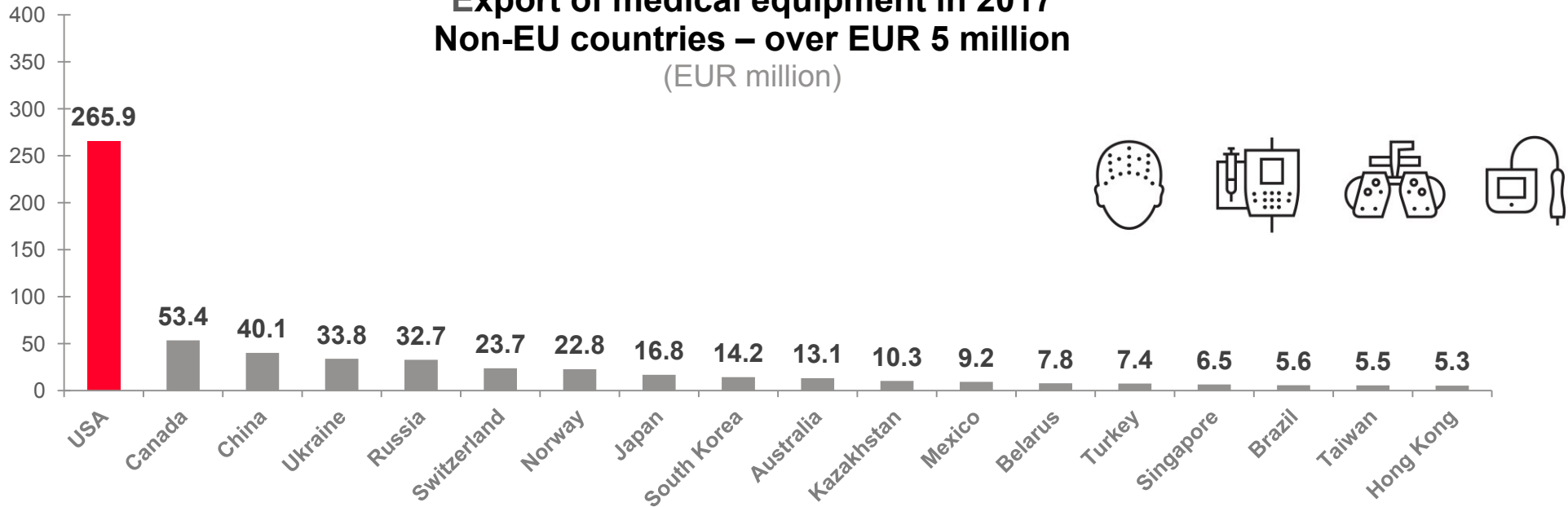
- from 0.3% in 2004
- to 0.88% in 2017.



Export of medical equipment in 2017 EU countries – over EUR 5 million (EUR million)



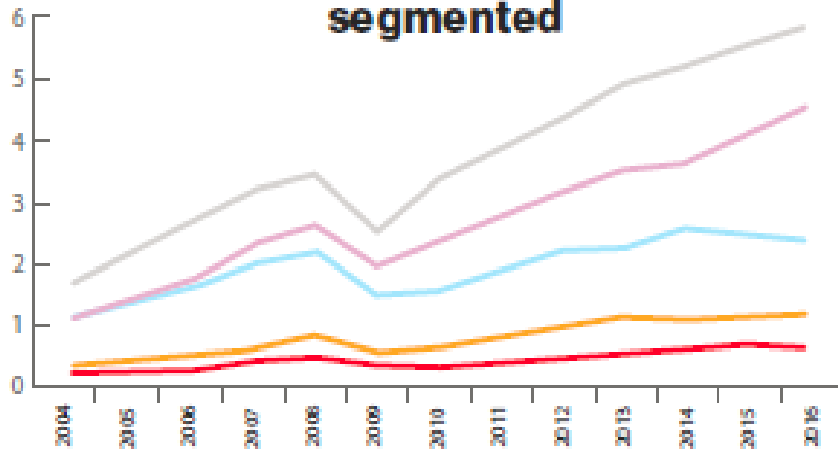
Export of medical equipment in 2017 Non-EU countries – over EUR 5 million (EUR million)



Machines and equipment

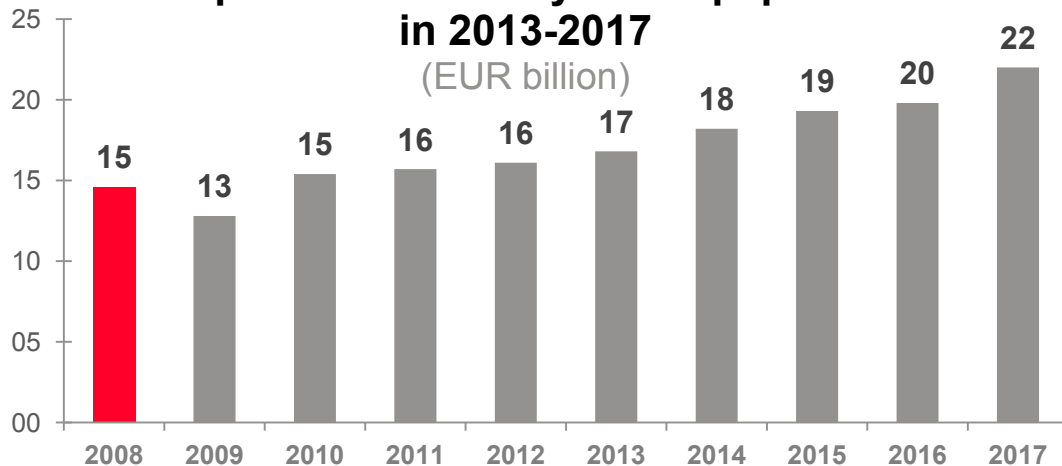
Growing demand for raw materials stimulates the development of the machinery and equipment sector.

Machinery and equipment exports segmented



EUR 11,292 million –
machinery and equipment sales in 2017
(Statistics Poland, GUS)

Export of machinery and equipment in 2013-2017



10.7

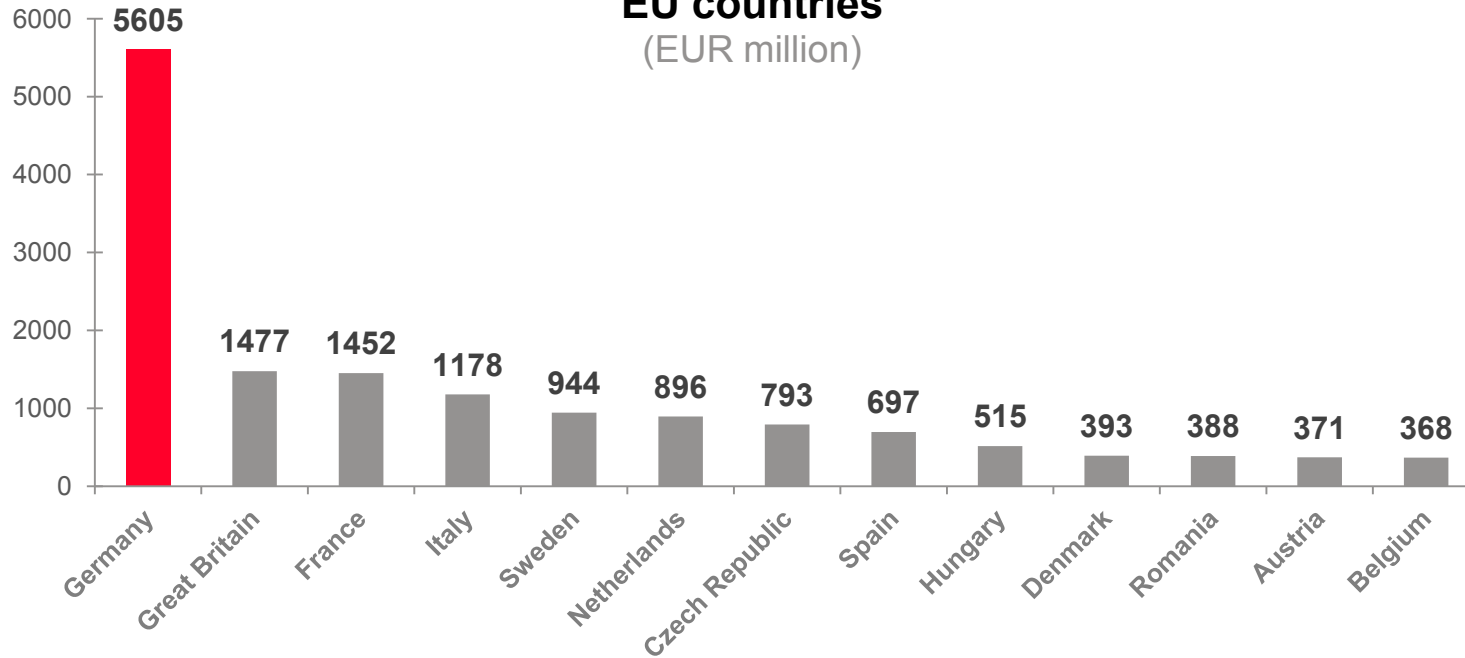
share of machinery and equipment in total exports (2017)

The local market of construction machinery comprises 60,000 machines and devices – including ca. 10,000 mobile cranes, 11,000 diggers, 10,000 caterpillar dozers, 3,000 wheel loaders, etc.

Machinery and equipment exports in 2017

EU countries

(EUR million)



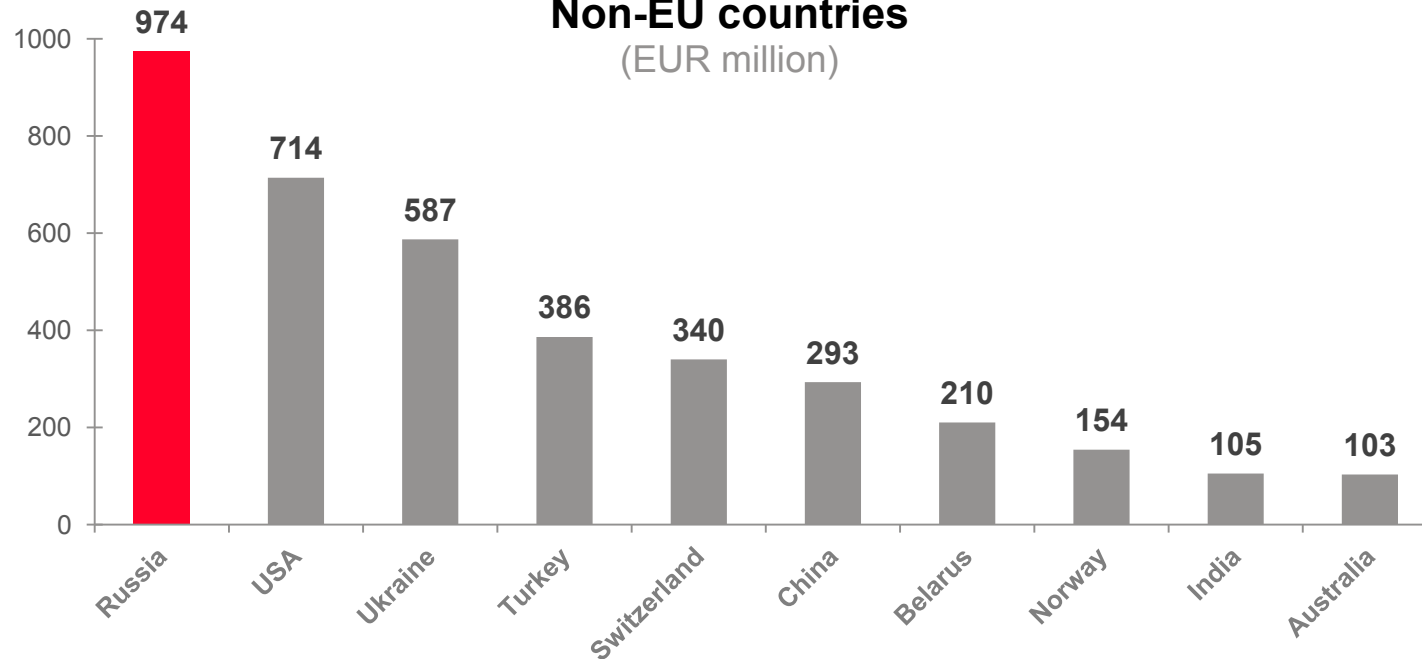
□ EUR 1.2 billion: value of Polish machines and equipment exports in 2017; 18.4% more than during the same period of 2016

Source: machine.trade.gov.pl

Machinery and equipment exports in 2017

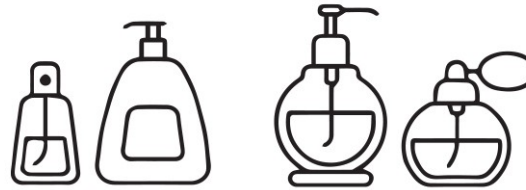
Non-EU countries

(EUR million)



Beauty products

Innovation, high quality and experience are the main reasons the sector is so competitive with other European countries.



The Polish beauty market ranks

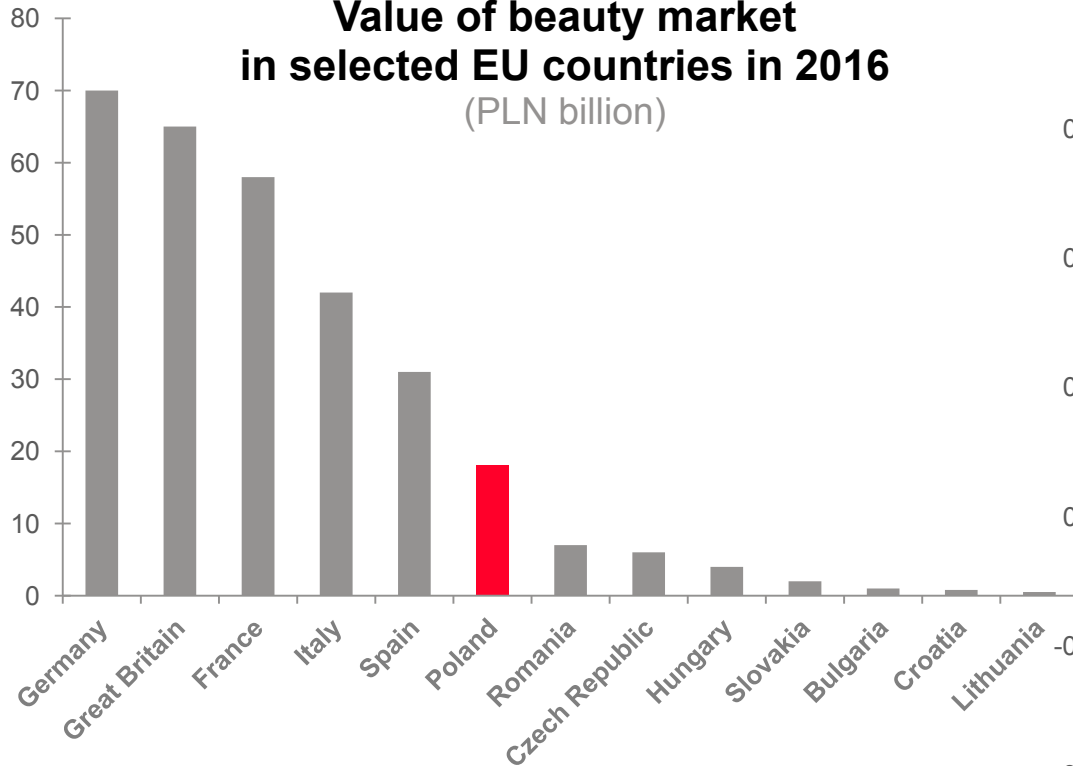
6th

in Europe in terms of market value and export.

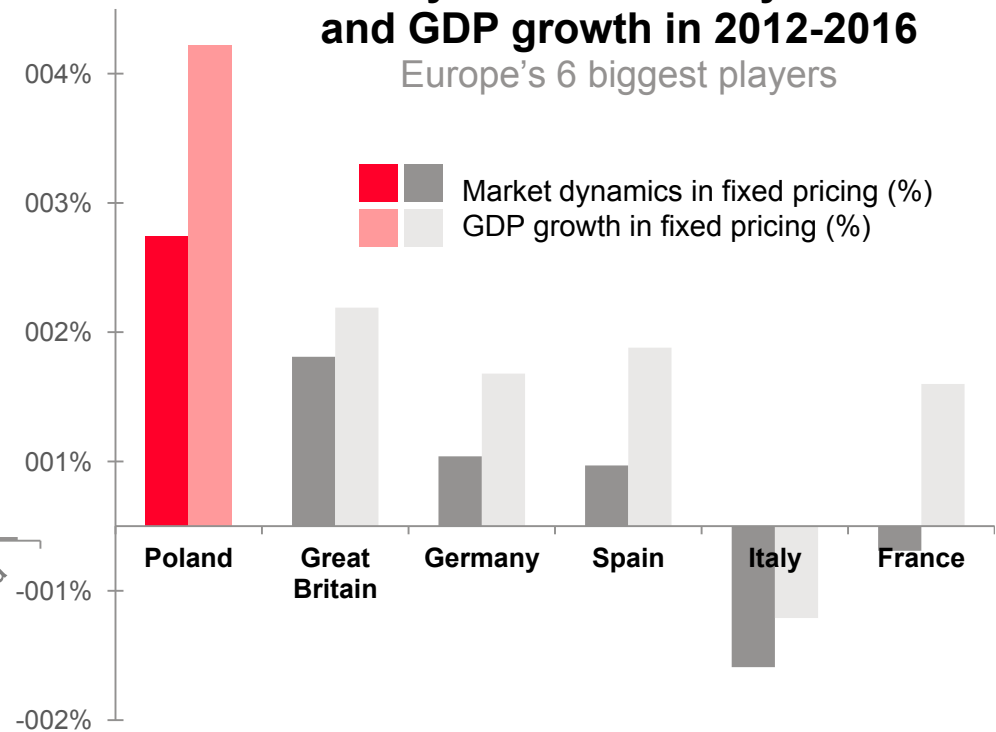
4

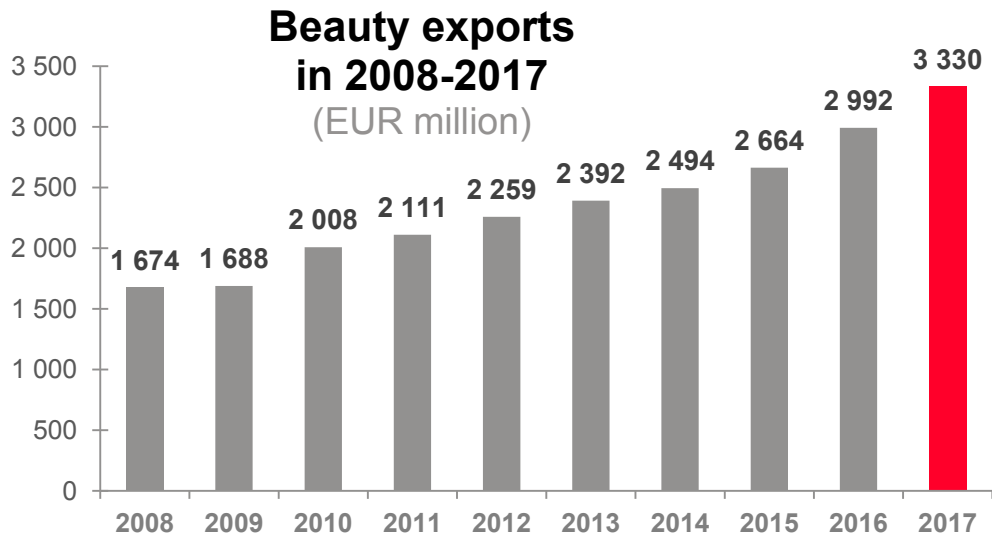
companies in the beauty sector

Value of beauty market in selected EU countries in 2016
(PLN billion)



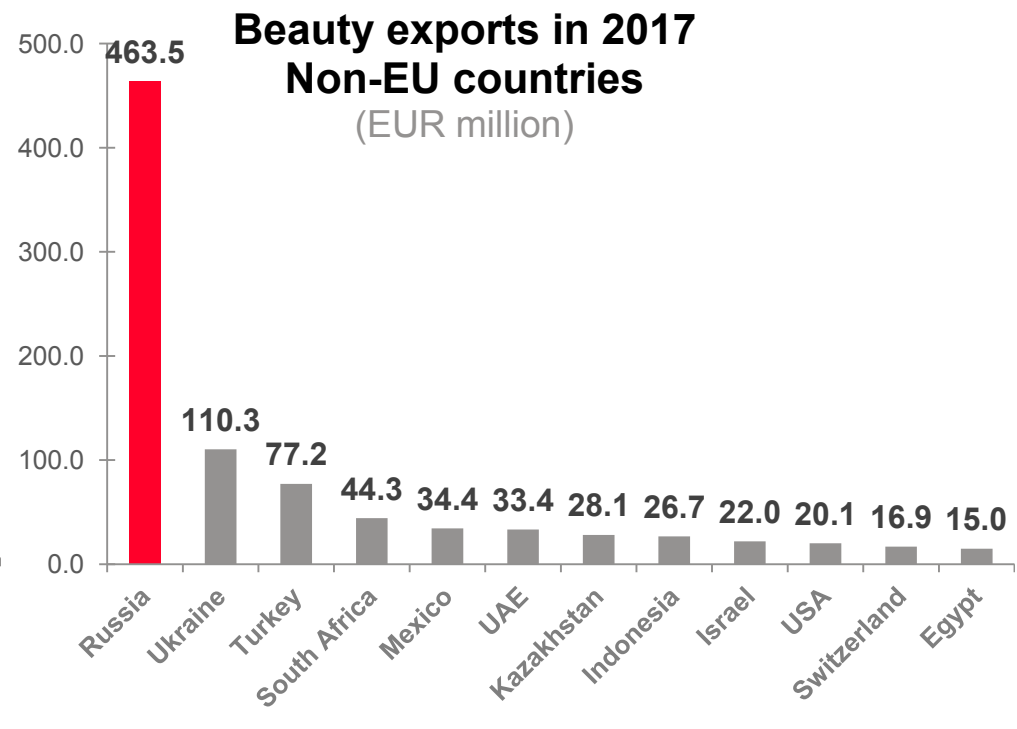
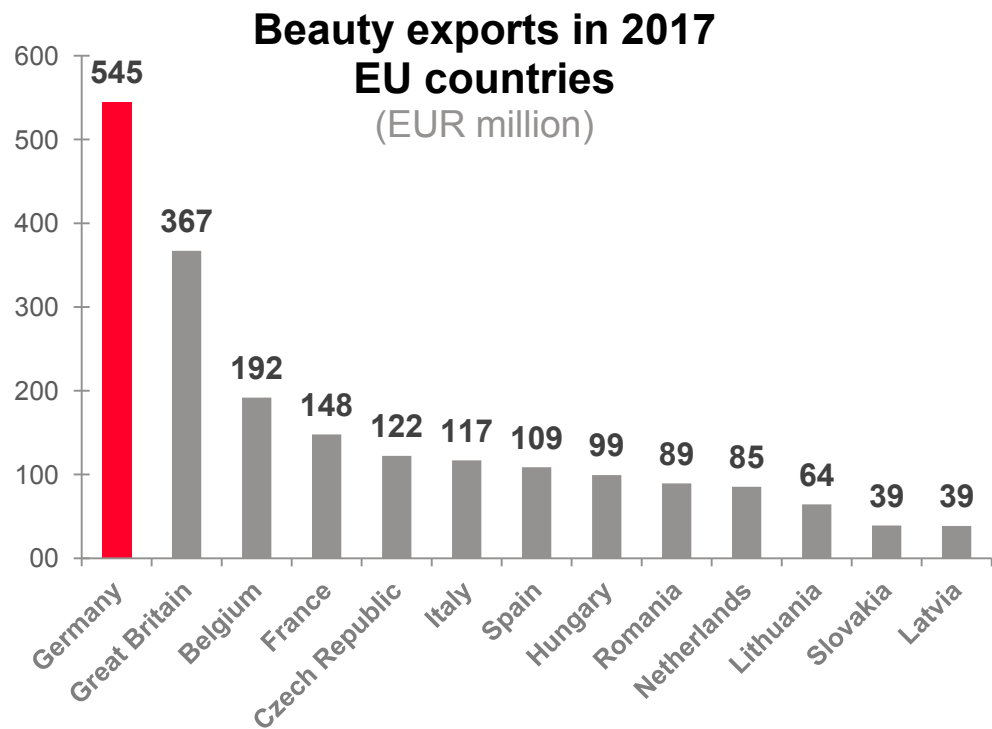
Beauty market value dynamics and GDP growth in 2012-2016
Europe's 6 biggest players





43,000
jobs

16.1%
share of beauty export in total export in 2017

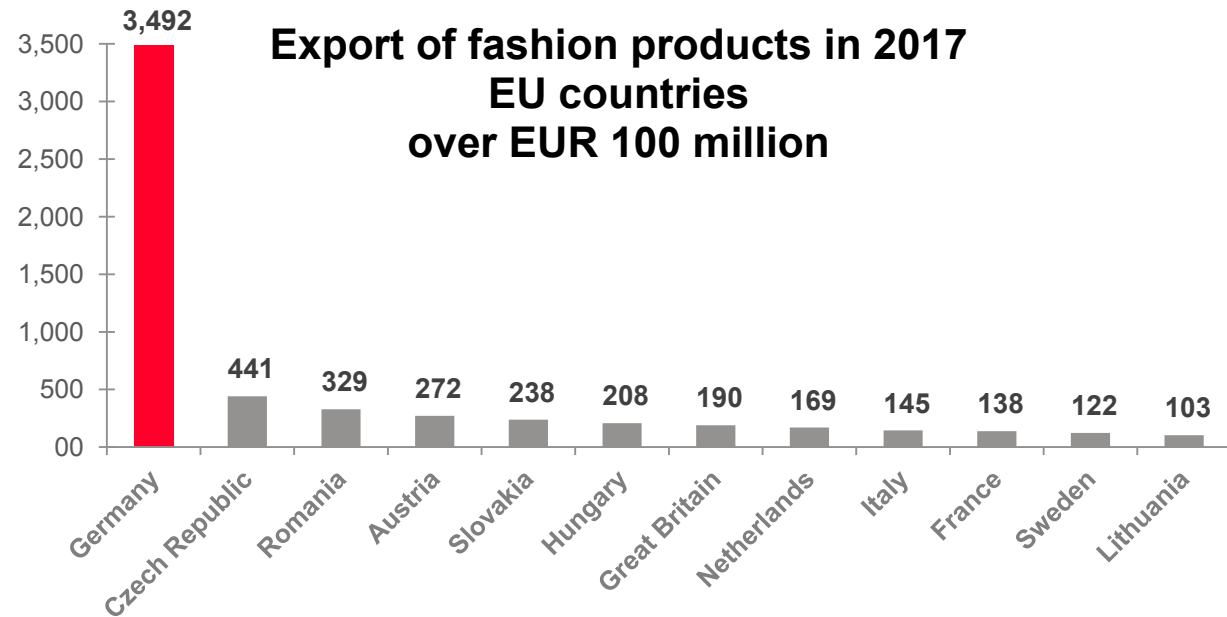
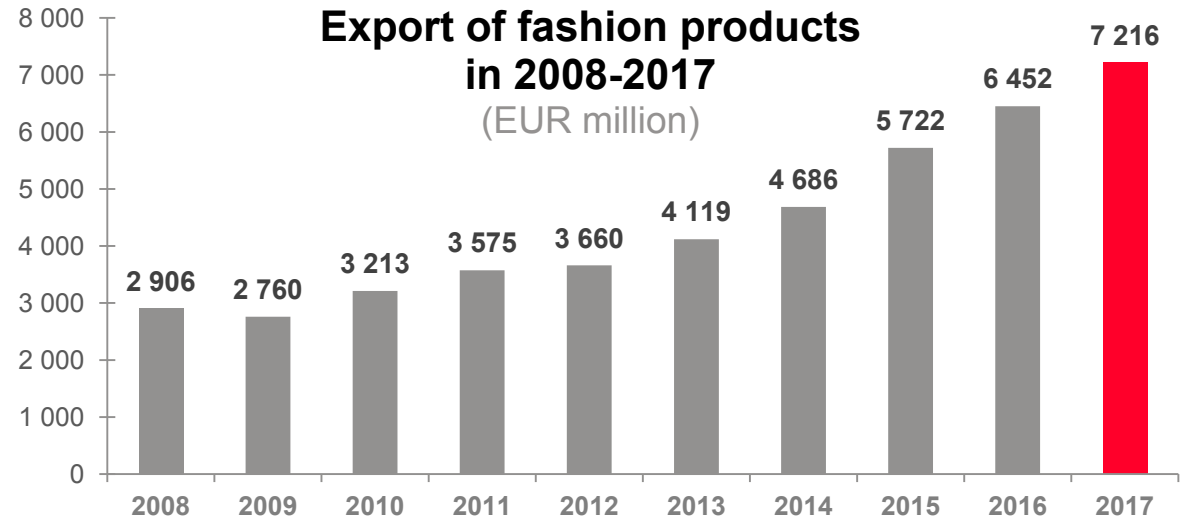
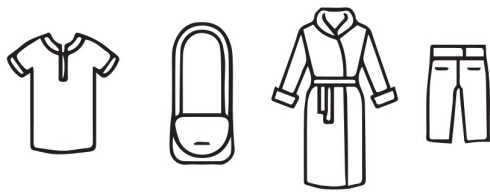


□ Fashion

The Polish clothing industry is Europe's 8th in terms of turnover, and 6th in terms of investments. The Polish designer market is also gaining significance in this sector.

□ 5

The pace at which the Polish clothing and footwear market will grow annually until the end of this decade, according to Bank Pekao analysis.

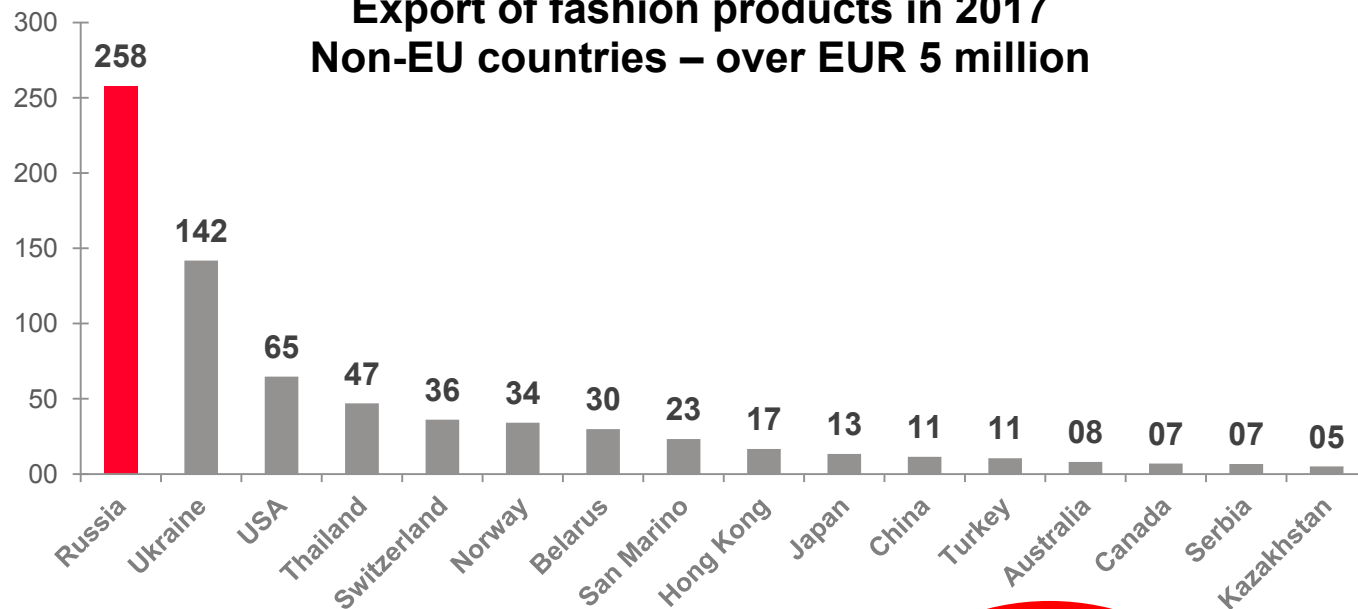


Share of expenses on clothes and footwear in total HH spending in selected EU countries

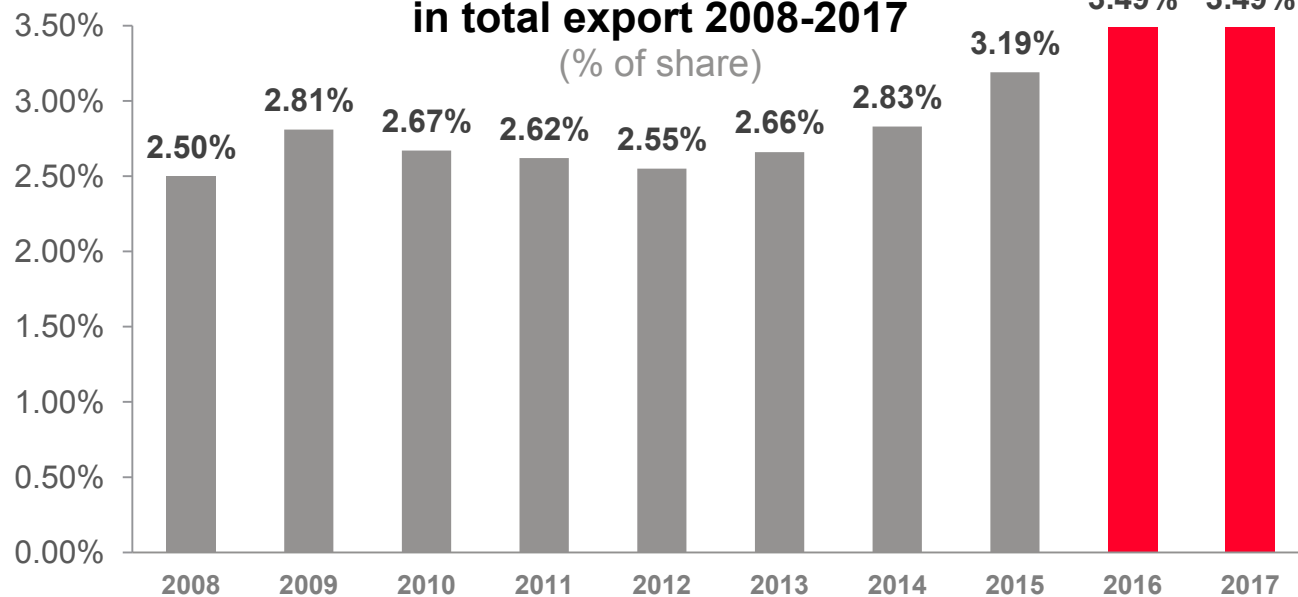
□ Estonia	6.8%
Portugal	6.3%
Italy	6.2%
Poland	5.2%
Czech Republic	3.6%
Hungary	3.6%
Romania	3.4%
Bulgaria	3.2%

□ Source: Eurostat

**Export of fashion products in 2017
Non-EU countries – over EUR 5 million**



**Share of clothing industry export in total export 2008-2017
(% of share)**



EUR

The amount Polish internet user spend on clothes and accessories online

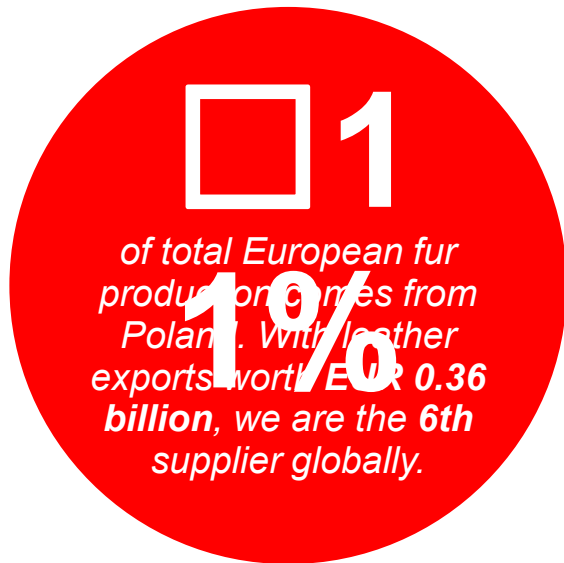
52



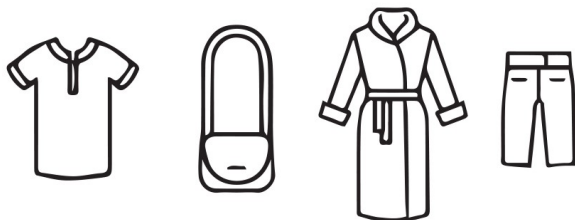
EUR 2,230 million
22,080
69,000 individuals
EUR 4.676 billion

garment production sold in 2017
number of companies in the clothing sector in 2016
average employment in the clothing industry in 2016
clothing export in 2016

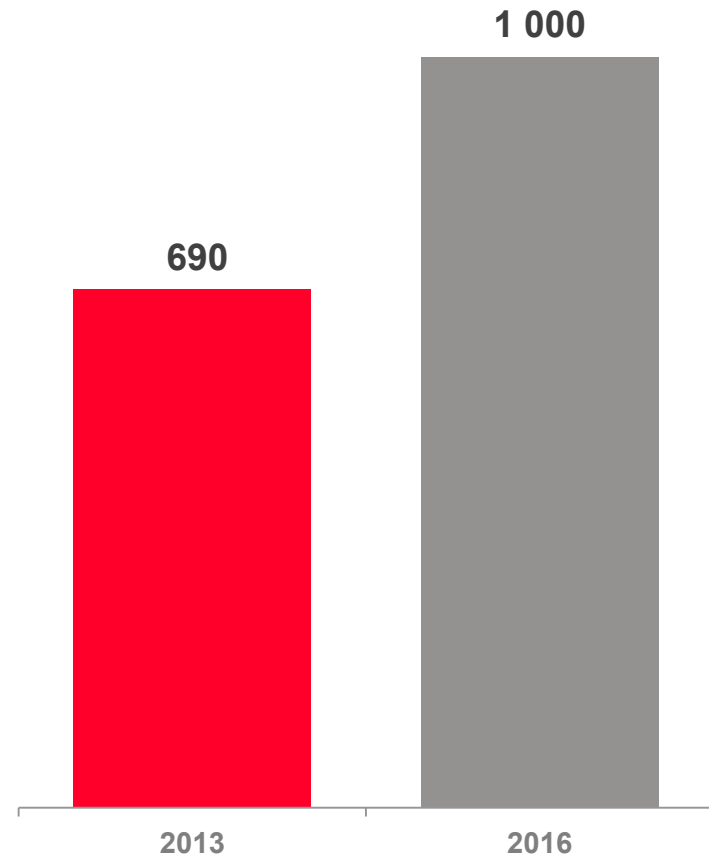
□Source: GUS



1
19%
of total European fur production comes from Poland. With leather exports worth EUR 0.36 billion, we are the 6th supplier globally.



Growth in leatherwear export (EUR million)



IT/ICT

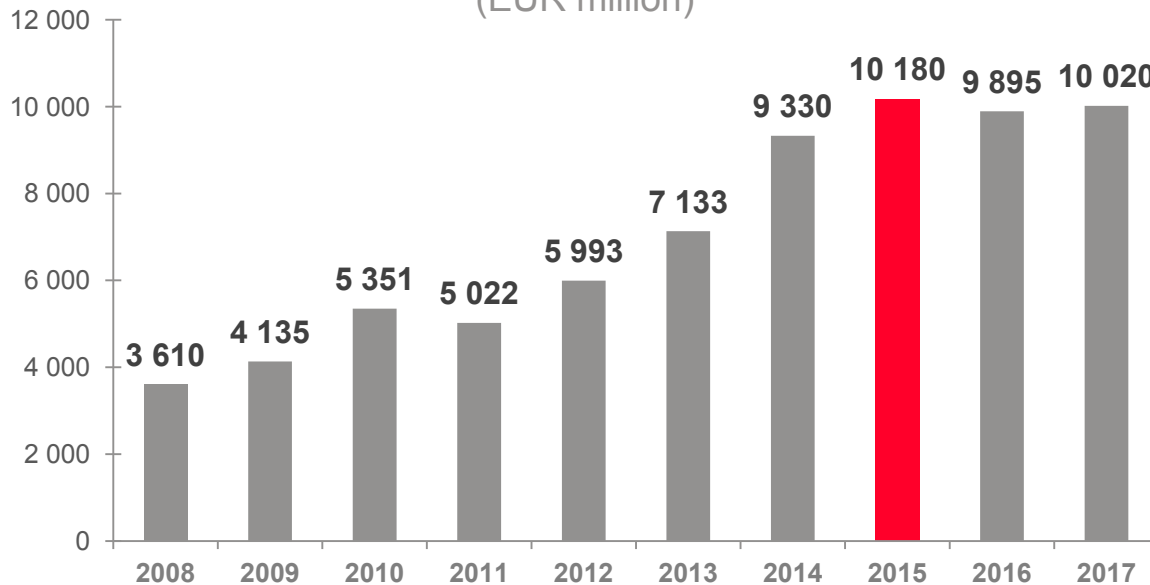


Areas of Polish expertise in the ICT sector

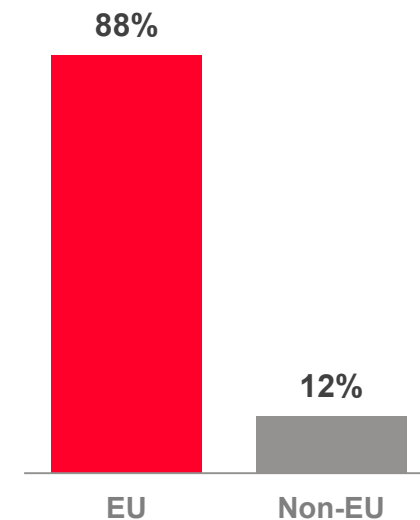
Custom software	34.7%
Production of games	22.3%
BPO/ITO services	19.8%
Internet technologies	14%
Software R&D	5%
Hardware R&D	0.8%

Source: 'Growth prospects of the Polish TCT sector until 2025' report,
Ministry of Infrastructure and Development

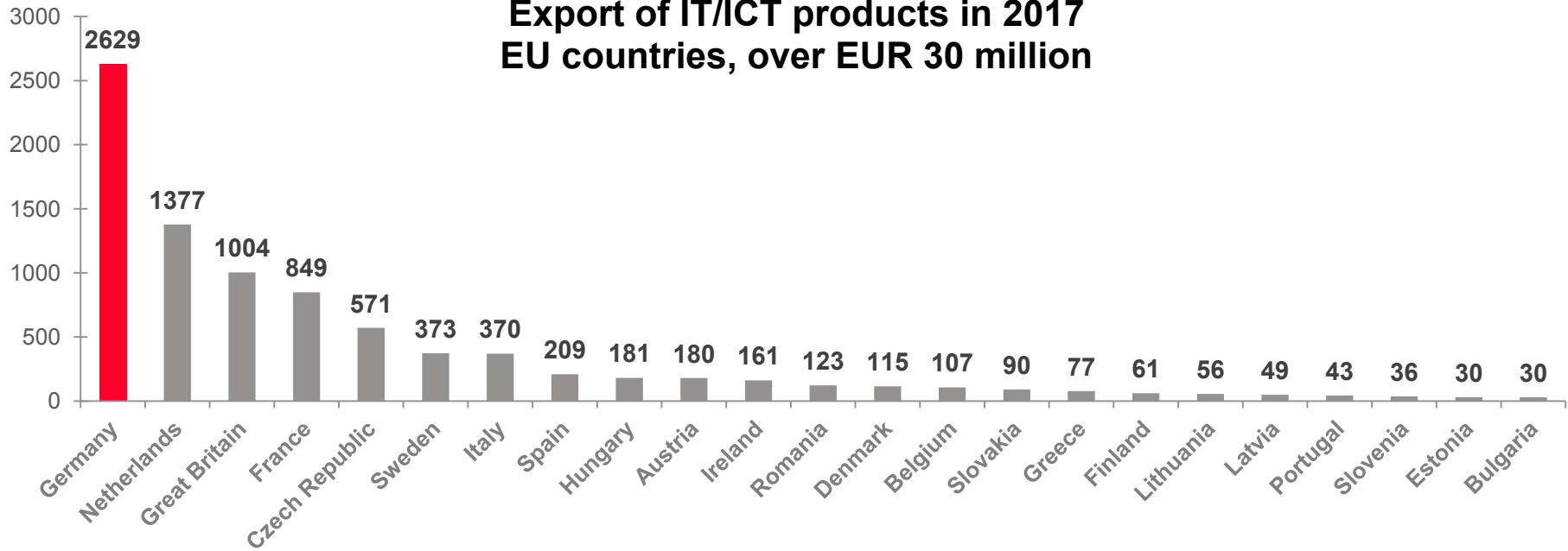
Export of IT/ICT products in 2008-2017 (EUR million)



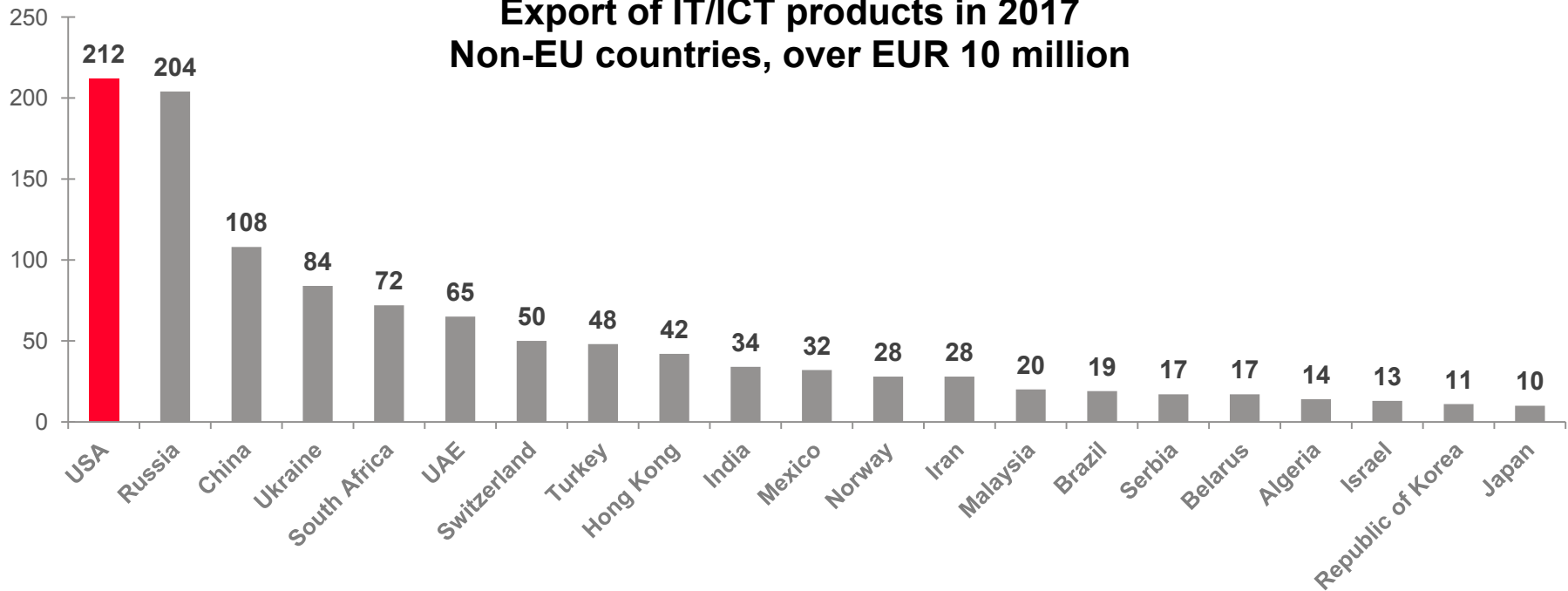
Geographic structure of IT/ICT exports in 2017



Export of IT/ICT products in 2017 EU countries, over EUR 30 million



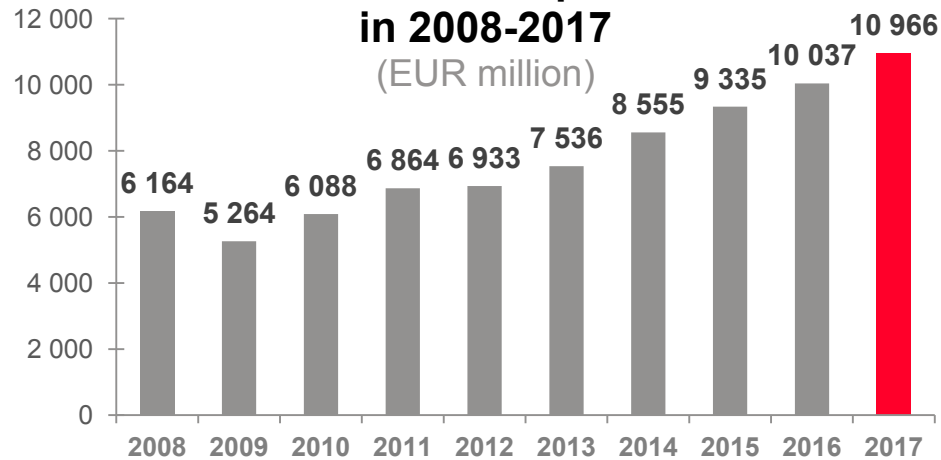
Export of IT/ICT products in 2017 Non-EU countries, over EUR 10 million



Furniture

Due to relatively low costs of labour, high product quality and flexible production, Poland has been a longstanding leader of furniture export.

**Furniture exports
in 2008-2017**
(EUR million)



**Value of
furniture sold**
(billion EUR)

Year	Value (billion EUR)
2010	25.7
2011	30.2
2012	28.8
2013	31.6
2014	35.3
2015	39.1
2016	42.6
2017	46.4

Source: GUS (Statistics Poland),
SWAID base
According to KPMG, in 2020 the value
of furniture production sold in Poland
will amount to ca. EUR 11.7 billion.



150,000
people

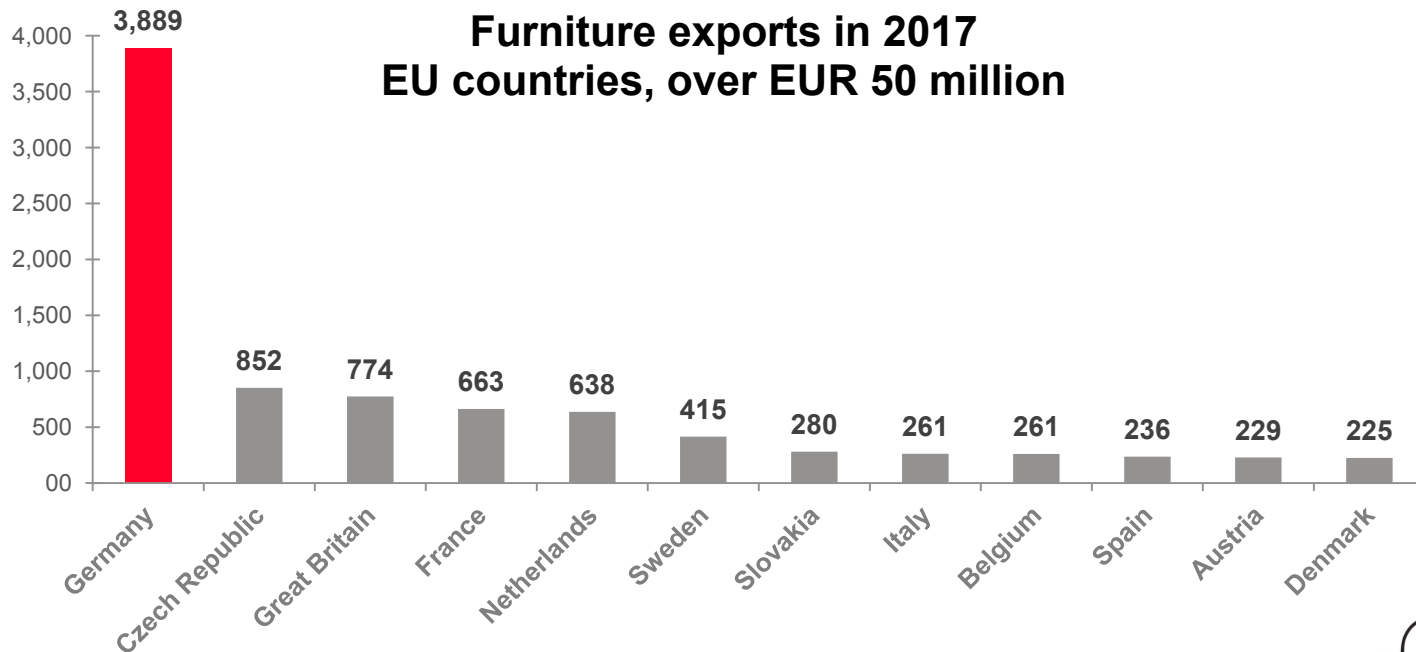
*average annual
employment in the
furniture sector
in 2016*



5.3%

*share of furniture in
total export*

Furniture exports in 2017 EU countries, over EUR 50 million



36.4%

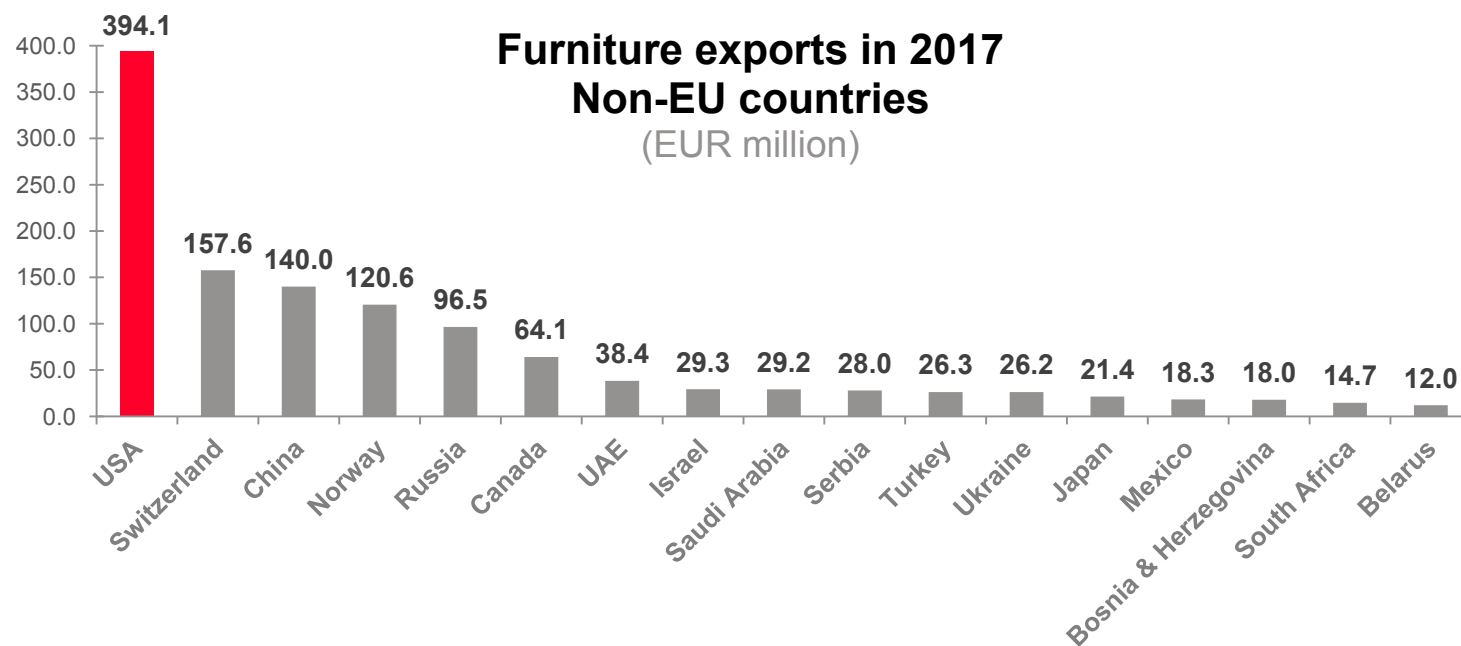
*of furniture
is exported
to Germany*



43%

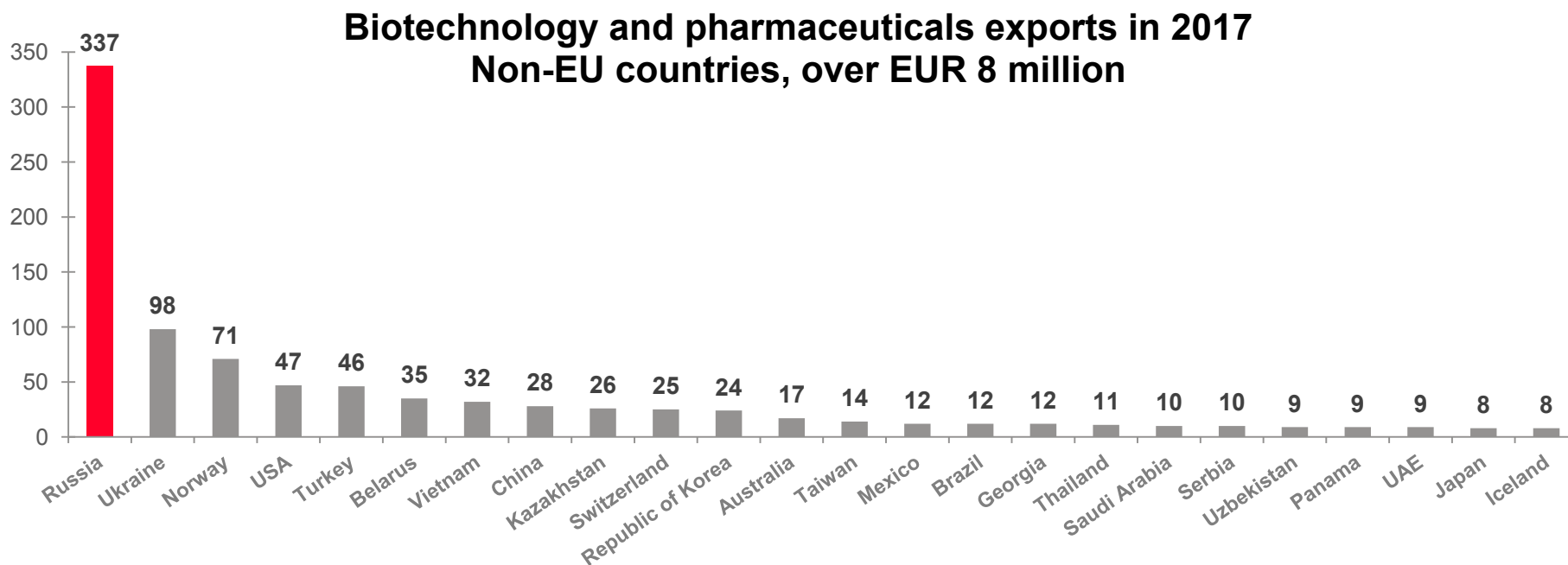
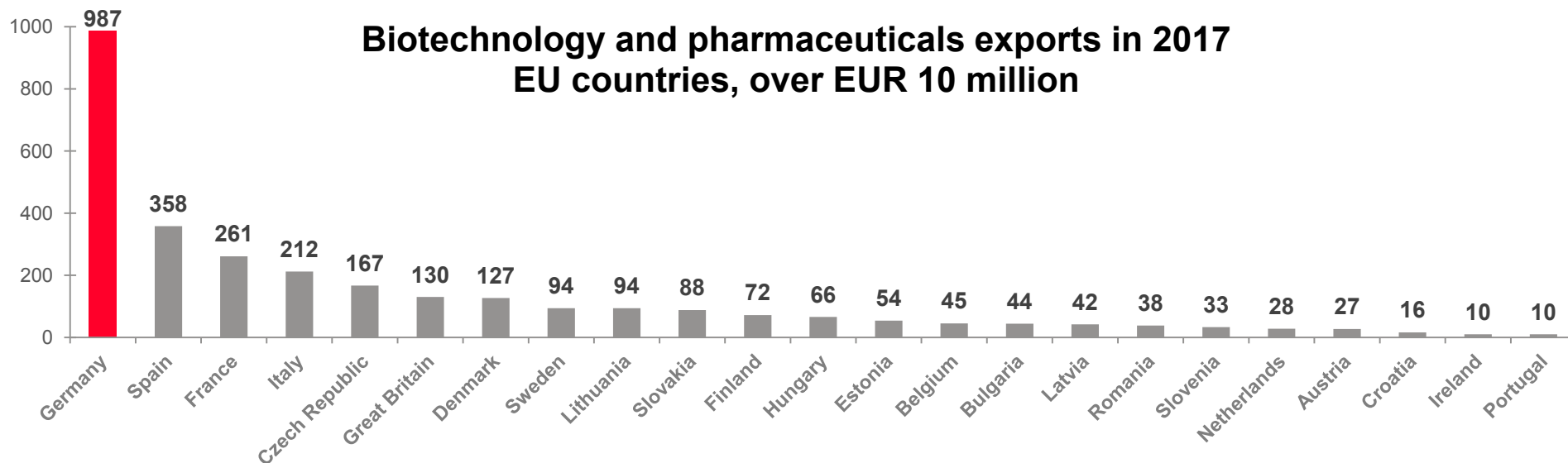
*of companies
operating on the
Polish furniture
market sell their
products abroad*

Furniture exports in 2017 Non-EU countries (EUR million)

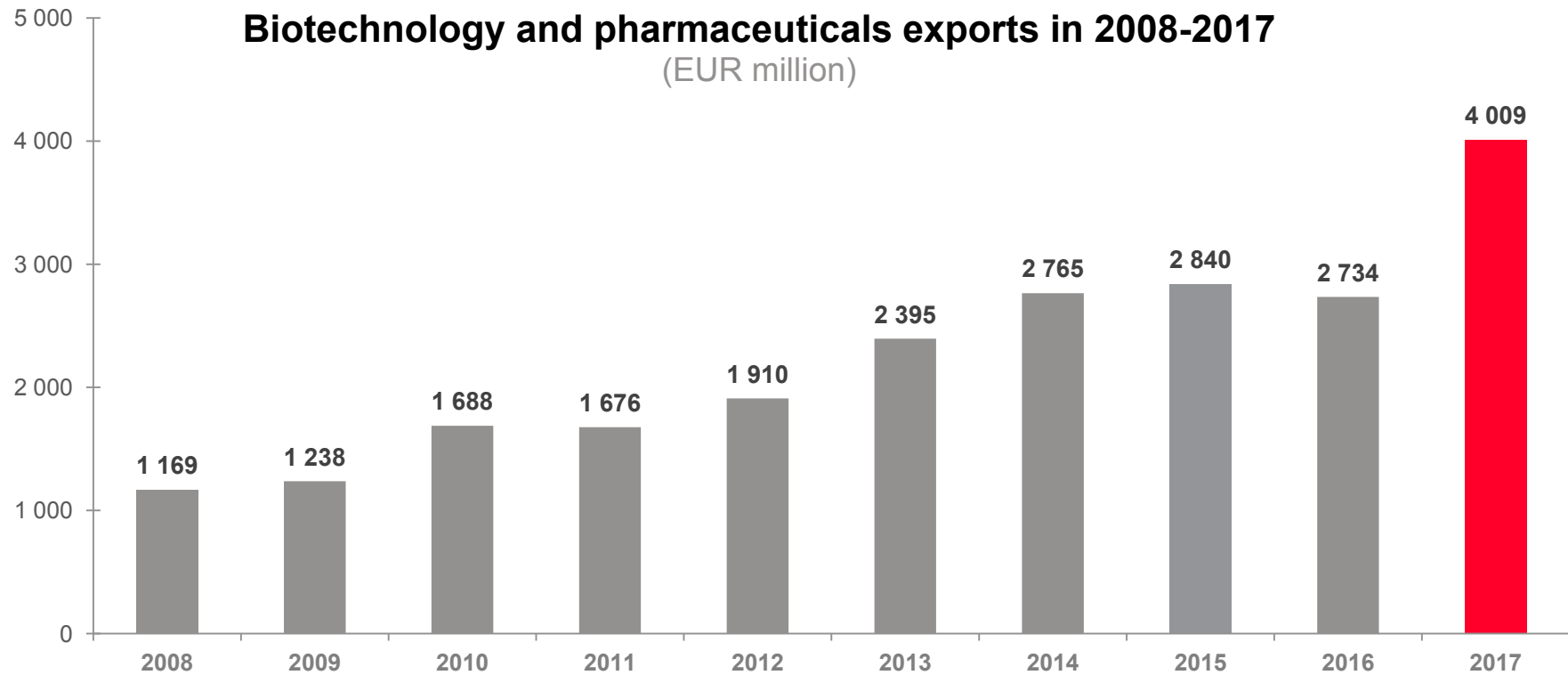


Biotechnology and pharmaceuticals

Highly qualified specialists and extensive scientific know-how give the Polish biotechnological sector a competitive advantage. Pharmaceutical companies are in turn an important investor on the domestic market.



Biotechnology and pharmaceuticals exports in 2008-2017 (EUR million)



□ **184**

number of enterprises operating in the biotechnology sector in 2016

8,875

number of people employed in the biotechnology sector in 2016

EUR 2.7 billion

value of biotechnology exports from Poland in 2016

PLN 14,413 million

value of the pharmaceutical sector production sold in 2017

EUR 2.6 billion

value of Polish pharmaceutical exports in 2016

Facilities important to medical tourism

General hospitals 355

Other medical entities (misc.)
- Medical entities not classified elsewhere 590

Ophthalmology – facilities providing chiefly ophthalmological services 140

Orthopaedics – facilities providing orthopaedic services 30

Rehabilitation – rehabilitation centers other than health resorts, sanatoriums
and hospitals 77

Source: Polish Tourism Organisation, 2016

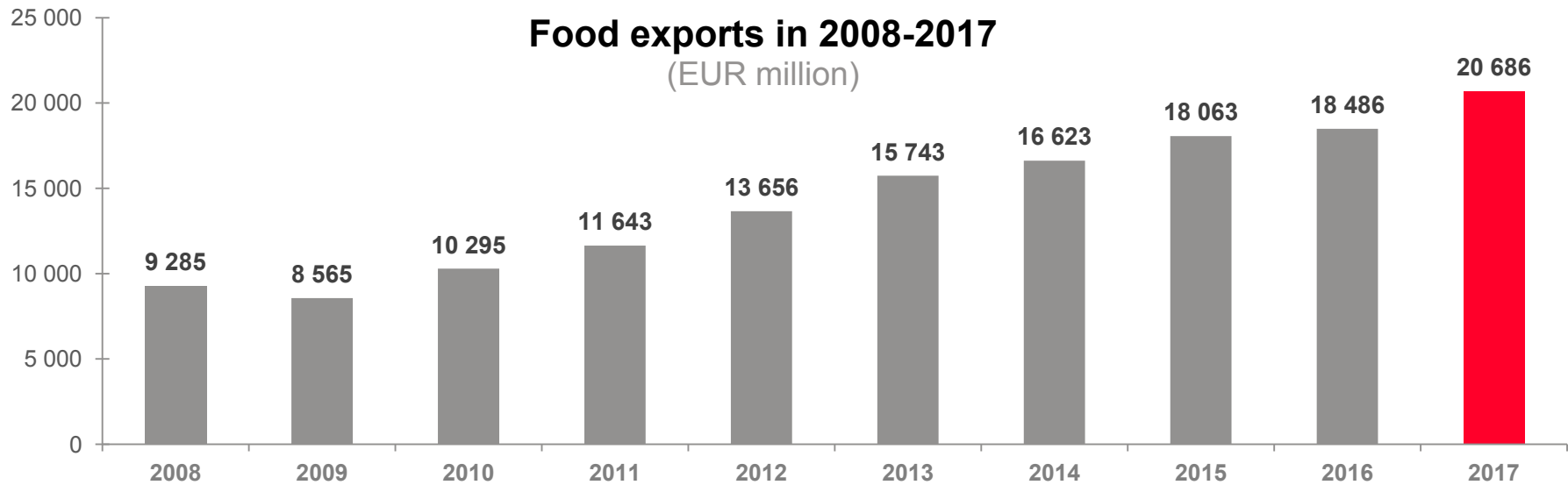
Country	Medical Tourism Index
[REDACTED]	[REDACTED]
Great Britain	74.85
[REDACTED]	[REDACTED]
Singapore	73.96
[REDACTED]	[REDACTED]
Italy	72.01
[REDACTED]	[REDACTED]
Philippines	70.66
[REDACTED]	[REDACTED]
France	70.22
[REDACTED]	[REDACTED]
Spain	69.33
[REDACTED]	[REDACTED]
Jamaica	67.68

India	67.50
[REDACTED]	[REDACTED]
United Arab Emirates	66.10
[REDACTED]	[REDACTED]
Poland	65.48
[REDACTED]	[REDACTED]
Argentina	64.35
[REDACTED]	[REDACTED]
South Africa	62.05
[REDACTED]	[REDACTED]
Russia	50.28
[REDACTED]	[REDACTED]

Source: International Healthcare Research Center

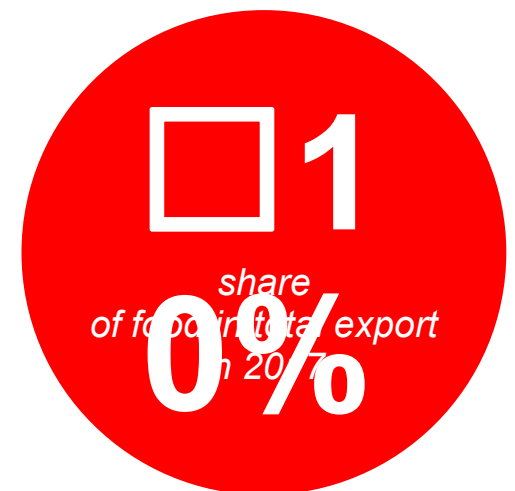
Food specialities

After Poland joined the EU, the agri-food industry became one of the key sectors of the Polish economy. Some of its branches have even achieved the status of EU-wide leaders.

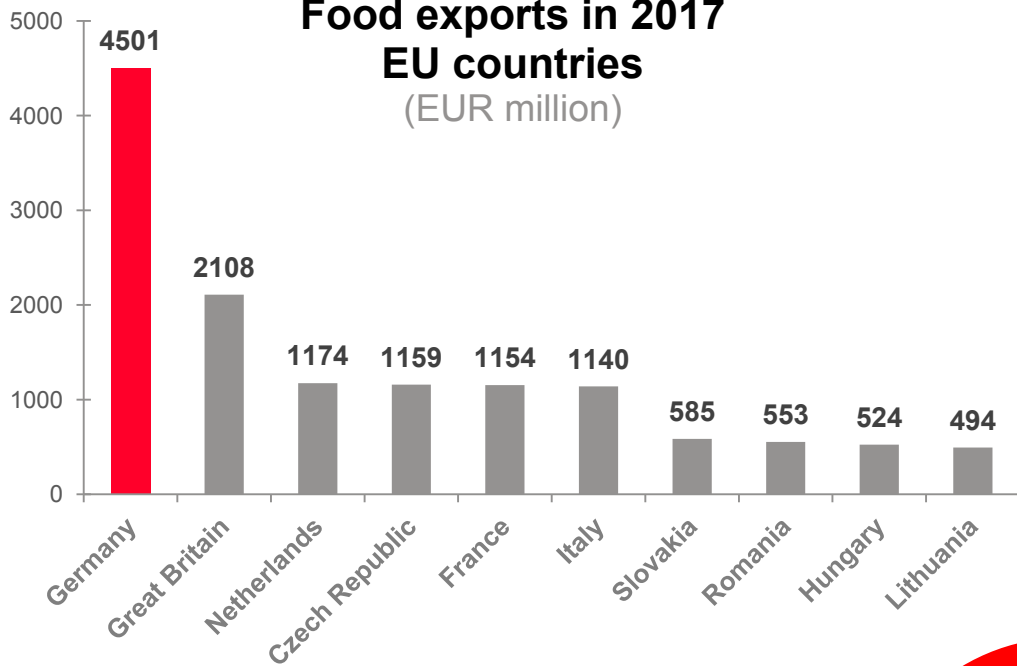


Strengths of the Polish agri-food sector

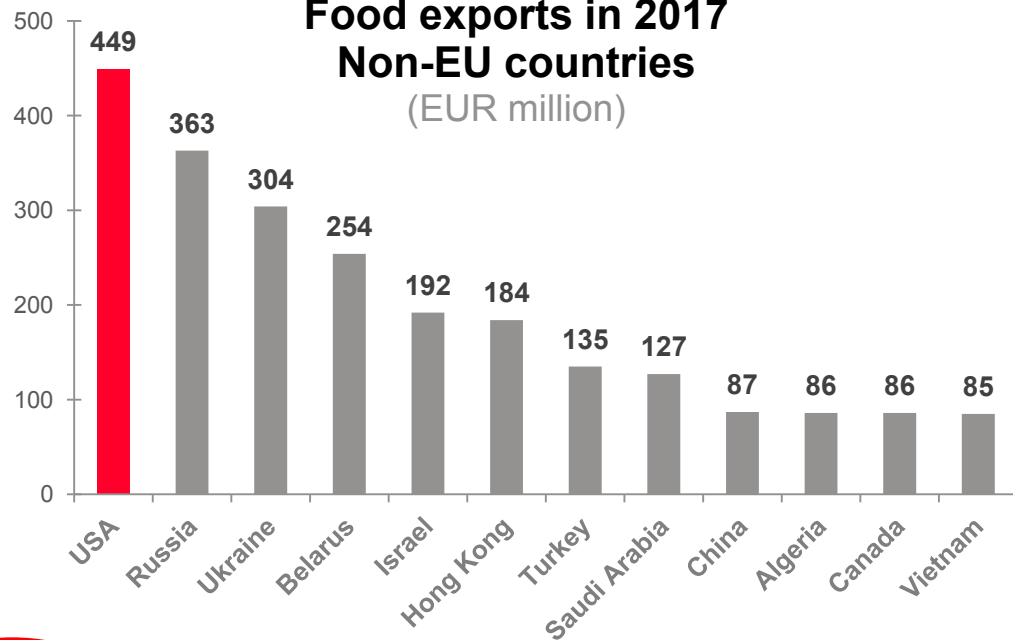
- Polish food: natural, healthy, innovative.
- Fast adaptation of merchandise to buyers' needs.
- High level of knowledge among sector employees.
- Competitive prices.
- Modern processing base guaranteeing consistently high quality.
- Growing efficiency and productivity of labour.
- Advanced quality control procedures and implementation of new quality systems.
- Relatively stable financial situation.
- High flexibility allowing adaptation to changing market conditions.



Food exports in 2017
EU countries
 (EUR million)



Food exports in 2017
Non-EU countries
 (EUR million)



EUR 54,799 million
17%
67%
5%
14%

total sold production of food products in 2017
 fruit and vegetable share in the value of agricultural production in Poland
 share of fruit and vegetable exports in domestic production
 Poland's share of the value of fruit and vegetable production in the EU-28
 Poland's share of the EU frozen vegetable production

Construction market

The value of the Polish construction market will exceed PLN 200 billion in 2018.

According to GUS data, during the first half of 2018 the construction and assembly production in companies hiring over 9 employees was nearly one fourth higher than a year earlier. Poland's specialty is construction joinery. In 2017 we exported over 10 million windows and doors. According to the Centre of Sectoral Analyses, Poland is undoubtedly the EU's biggest exporter with exports worth EUR 1.87 billion.

Size of the Polish construction market in 2014 – 2016 segmented (billion EUR), data in current prices, exclusive of VAT

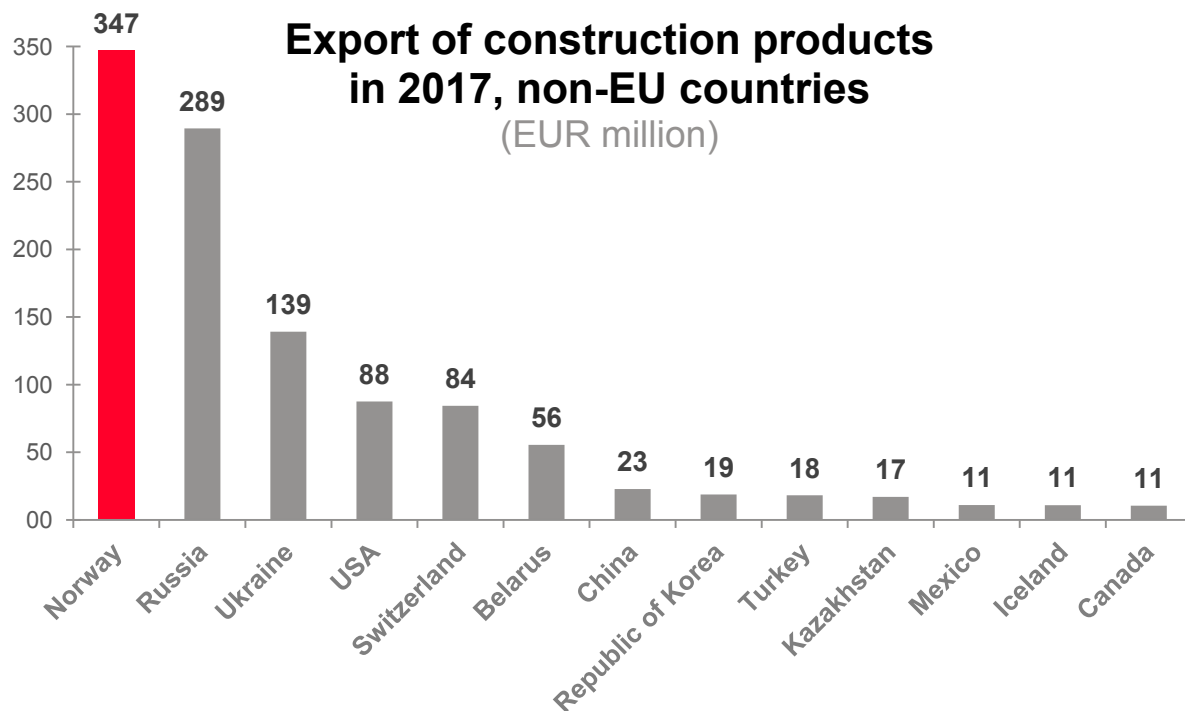
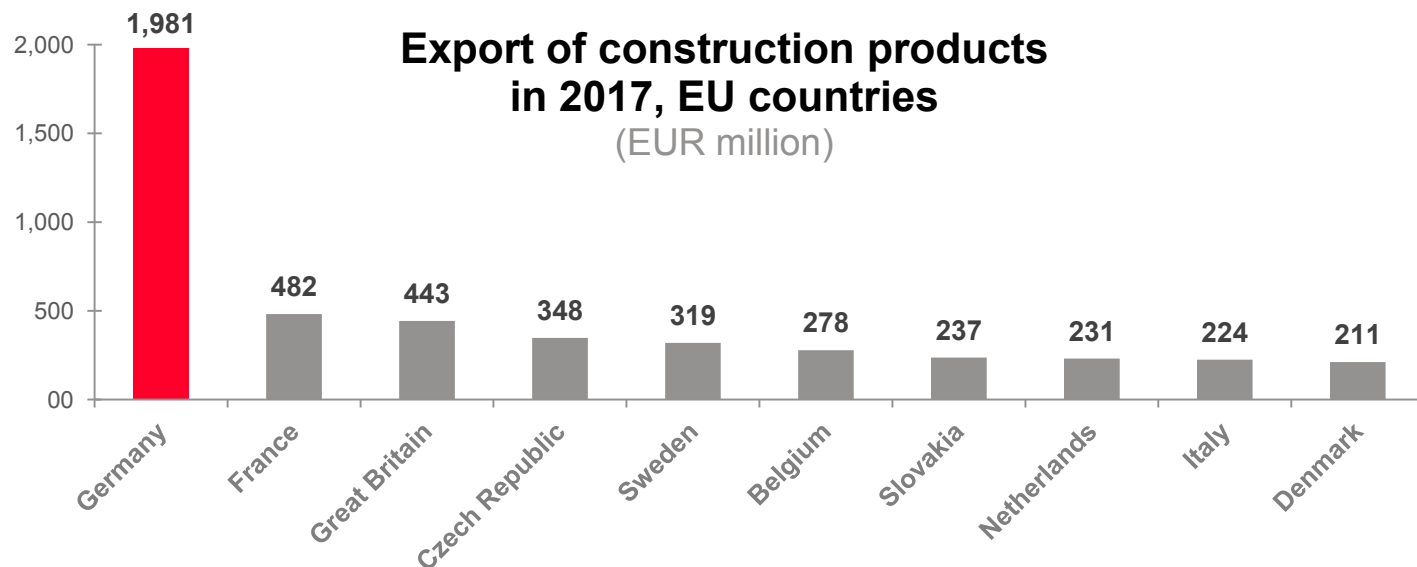
Segment	2014	2015	2016
Specialist construction works	63.2	69.9	67.9
Construction works related to erection of buildings	55.5	56.7	52.9



915,800
people were employed in the construction sector in 2017

82%

of construction exports went to EU markets in 2017



512,933

national economy entities are listed in the construction section of the REGON register

3.37

share of construction in total export in 2017

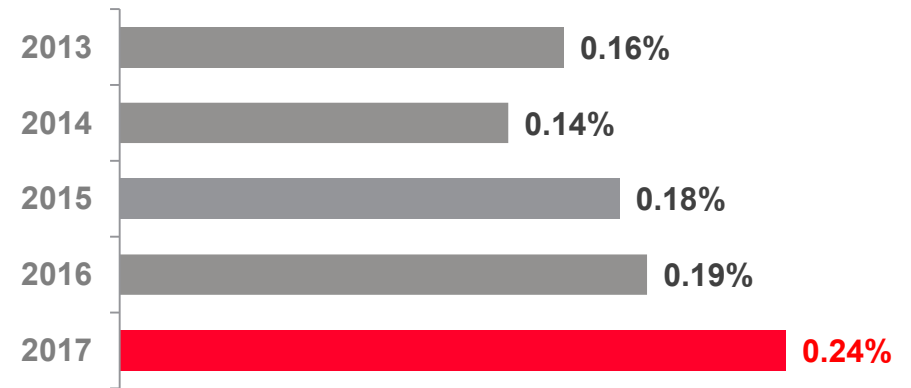
Yachts and boats

Boats produced in Poland are internationally recognized for their top quality, perfect finish and attention to detail. Our industry specialises in 6-9 meter long motor yachts.

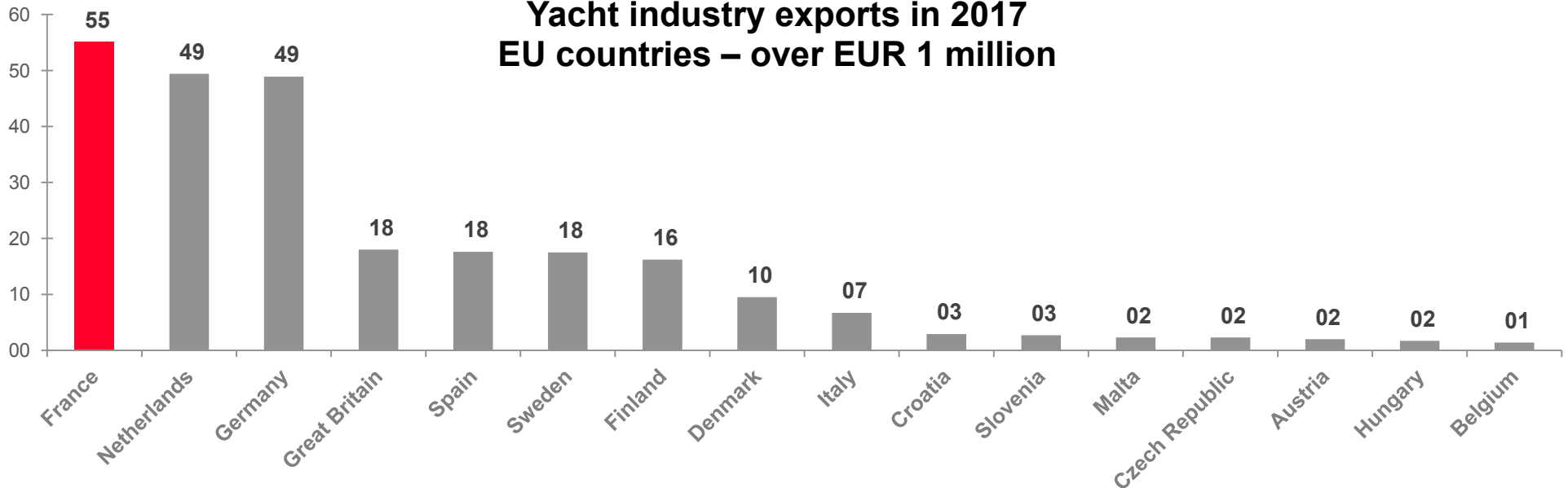
Strengths of the Polish industry include individual approach, unique designs and custom orders. Our industry specialises in 6-9 meter long motor yachts. In this category, Poland is second only to the United States.



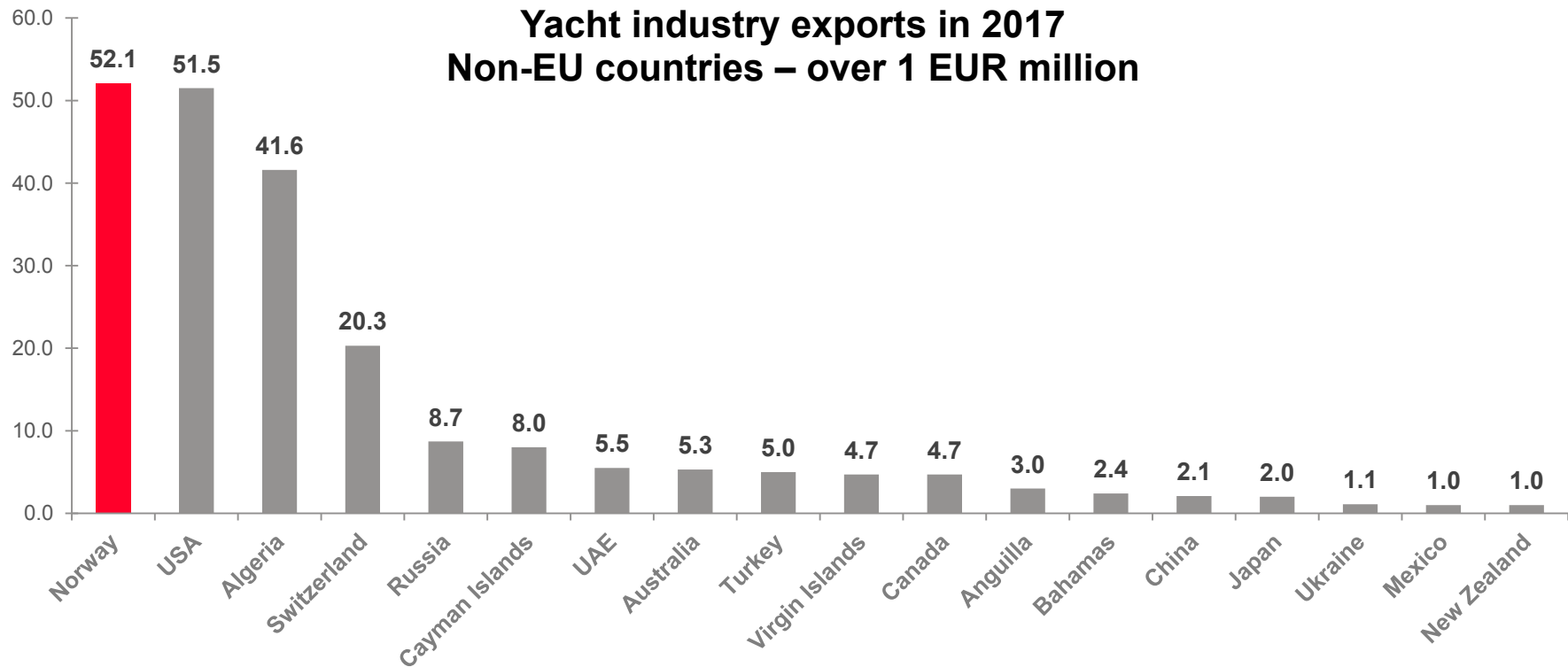
Yacht industry's share of total export



Yacht industry exports in 2017 EU countries – over EUR 1 million



Yacht industry exports in 2017 Non-EU countries – over 1 EUR million



82%

of all off-shore yachts registered in Poland in 2017 were motor yachts

22,000

yachts are produced in Poland annually

95%

of the production is exported

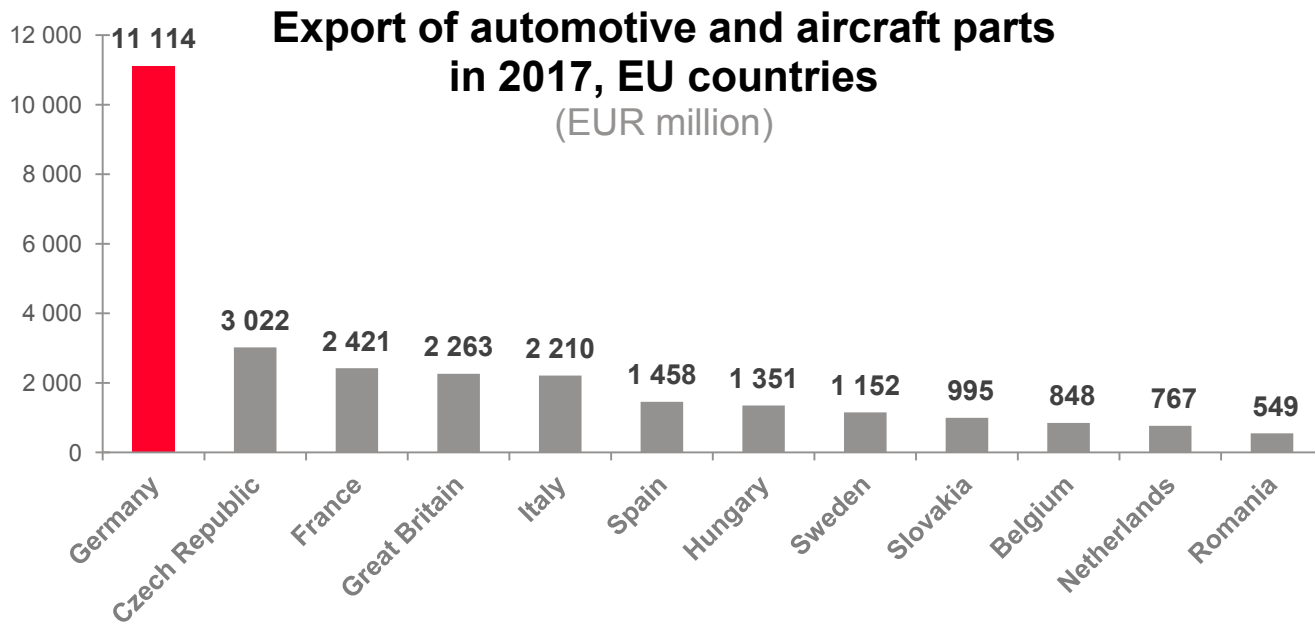
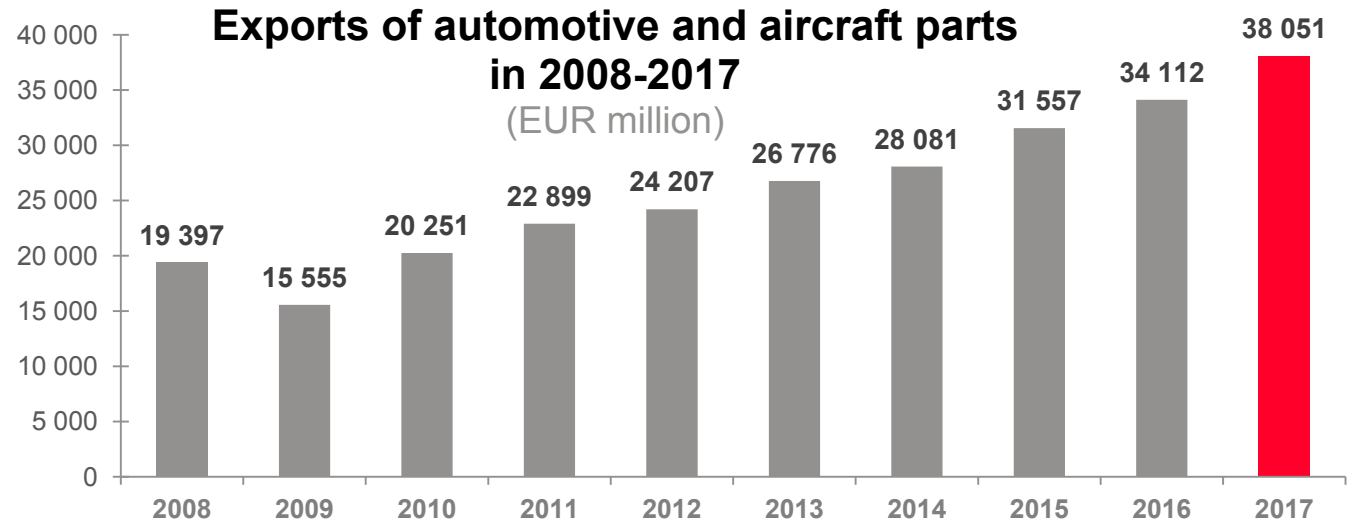
35,000

jobs

Car parts

Poland is one of the leaders of the car part sector globally.

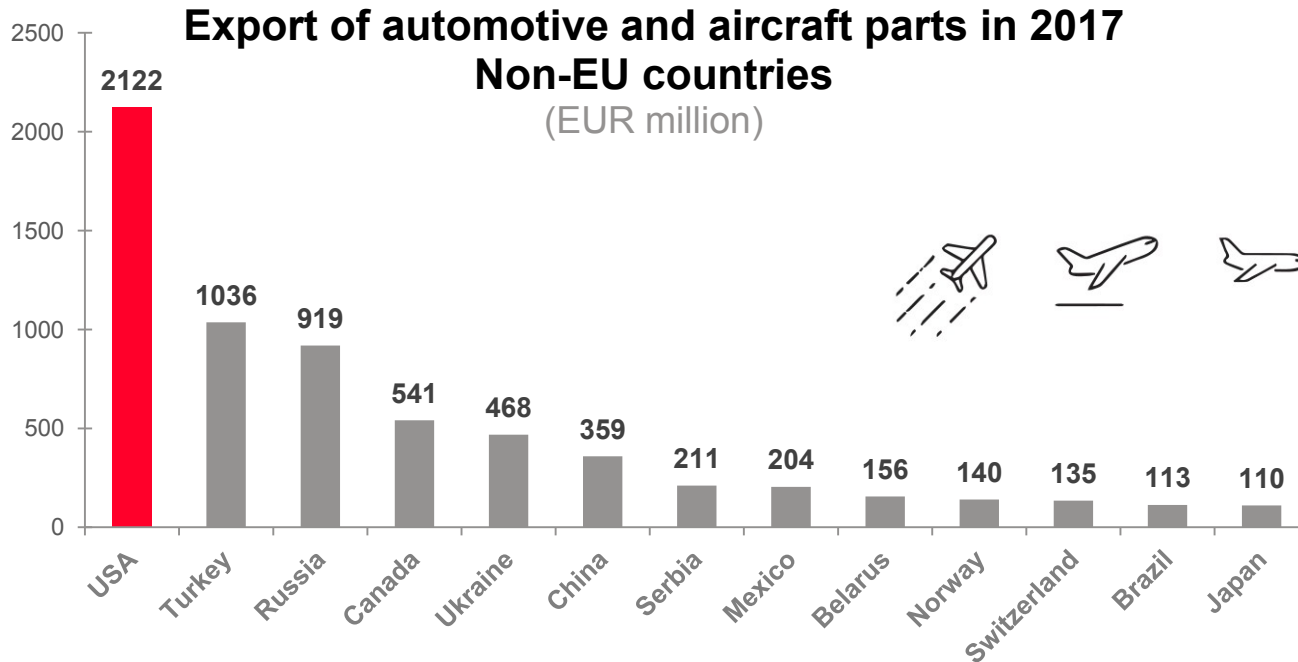
EUR 
34.7 billion
value of production sold by automotive sector companies in 2017



EUR
7.7 billion
export of automotive products from Poland in 2017

Aircraft parts

Poland's share of the European aircraft industry is significant. For nearly 100 years our country has been designing planes and their elements, winning acclaim all over the globe. Every plane flying in the world today has at least one part produced in Poland.



18.4%
share of automotive and aircraft parts in total export in 2017

79%
of exports went to EU countries in 2017

The aeronautic sector in numbers

- Sales value: EUR 1.6 billion (2016) / an increase by 22% YoY (EUR 1.3 billion in 2015)
- Share of industrial production: 0.6%
- Number of employees: 15,200 (according to GUS; based on data obtained from companies PAIH estimates this number at as many as 30,000)
- Number of companies in the sector: 140 (including 24 companies with a staff of over 49)
- Average salary in the sector: EUR 1,170 gross (national average salary in the industrial sector in 2016: EUR 1,056)
- Export value: EUR 1 billion (an increase by 48% YoY)



MINISTERSTWO
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I TECHNOLOGII

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