



ANALYSIS OF INVESTMENT ATTRACTIVENESS OF LUBLIN VOIVODESHIP

TAKING INTO CONSIDERATION
POTENTIAL OF THE REGION
TO ATTRACT FOREIGN DIRECT
INVESTMENT



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**DEVELOPMENT
OF EASTERN POLAND**
NATIONAL COHESION STRATEGY



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1. FORMAL AND LEGAL CONDITIONS OF THE INVESTMENT PROCESS IN POLAND

CHARACTERISTICS OF TYPES OF BUSINESS OWNERSHIP

In Poland, as in other countries of the European Union, there are following types of business ownership:

- commercial companies:
- corporate enterprises (limited liability companies and joint stock companies)
- partnerships (general partnerships, limited liability partnerships, limited partnerships, and master limited partnerships),
- private partnerships,
- sole proprietorships,
- branches and representative offices of foreign entrepreneurs.¹

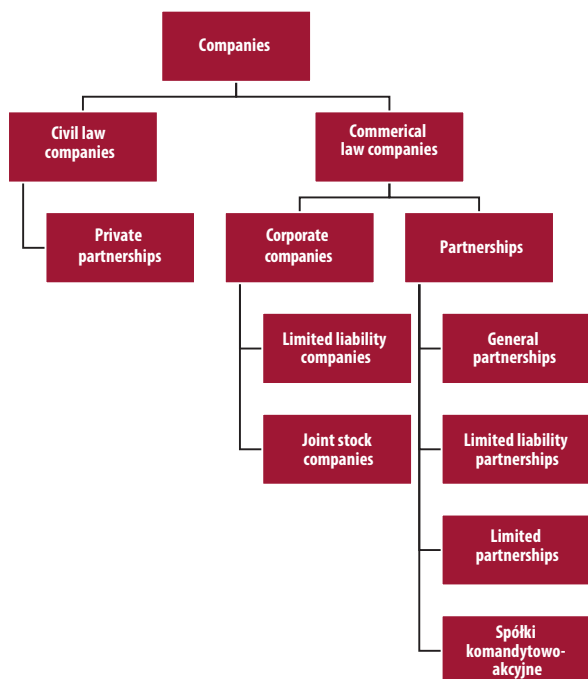
In accordance with the Act of 2 July 2004 on Freedom of Economic Activity (consolidated text: Journal of Laws 2015 item 584), every Polish citizen has equal rights to start a business of their choice. This rule, however, is not absolute. There are restrictions on the conditions which must be fulfilled in order to be able to conduct a business activity as well as there are restrictions according to which on the same basis as Polish citizens such economic activity may be initiated and conducted by physical and legal persons or organizational units with legal capacity coming from the following:

- the Member States of the European Union,

- the Member States of the European Free Trade Association (EFTA) – parties to the agreement in terms of the European Economic Area (Norway, Iceland, Liechtenstein, Switzerland),
- the countries which are not the parties to the Agreement in terms of the European Economic Area but bound by the agreements concluded by these countries with the European Union and its Member States,
- citizens of countries other than those mentioned above who in the Republic of Poland are in the possession of the following:
 - permanent residence permit,
 - a permit for a long-term residency in the European Union,
 - a temporary residence permit granted in connection with a circumstance referred to in Art. 144 or Art. 159 para. 1, with the exception of the circumstances referred to in para. 1 item 1 lit. a-d, Art. 186 para. 1 item 3 and 4 of the Act of 12 December 2013 on foreigners,
 - a temporary residence permit granted to individuals residing on the territory of the Republic of Poland or residing on this territory in order to unite with their family members, within the meaning of Art. 159 para. 3 and 4 of the Act of 12 December 2013 on Foreigners and Persons referred to in lit. a), b), e) and f),
 - refugee status,
 - subsidiary protection,
 - permission to stay for humanitarian reasons or tolerated stay,

¹ „Formy prowadzenia działalności gospodarczej w Polsce” [„Forms of running a business in Poland”] developed by Furtek Komosa Aleksandrowicz at the request of the Polish Information and Foreign Investment Agency.

Figure 1. Forms of business activity in Poland



Source: AGERON Polska own study

- a temporary residence permit and remain married to a Polish citizen residing on the territory of the Republic of Poland,
- a temporary residence permit in order to pursue an economic activity, granted due to the continuation of business that has already been conducted on the basis of entry into CEIDG,
- citizens of other countries than those listed above who:
- enjoy temporary protection in the Republic of Poland,
- have a valid Pole's Card,
- are family members, within the meaning of Art. 2 item 4 of the Act of 14 July 2006 on Entry onto the Territory of the Republic of Poland, Stay, and Departure from the Territory by citizens of the Member States of the European Union and their Families (Journal of Laws No 144, item 1043, as amended), who are joining the citizens of the countries referred to in para. 1, or who are staying with them.

Citizens of the countries other than indicated above, who:

- reside on the territory of Poland on the basis of Art. 108 para. 1, item 2 or Art. 206 para. 1 item 2 of the Act of 12 December 2013 on Foreigners,

- directly before submitting an application for a temporary residence permit, a permanent residence permit or a residence permit for long-term residency in the European Union were entitled to start up and pursue an economic activity on the basis of para. 2 item 1 lit. c), d) and h), they may undertake and conduct the economic activity in Poland on the same terms as Polish citizens.
- People who do not meet the above criteria may conduct business activities in Poland in the form of a limited partnership, master limited partnership, limited liability company or a joint stock company. Wider permissions can be granted by international agreements.²

Corporate company

A corporate company is a business structure in which the essence is the capital put in by the company's shareholders. It has its own assets, by which is responsible in full for its obligations, and therefore the liability of shareholders are excluded. The liability associated with the futility of execution of the company's assets only applies to the board members.

The company at the time of registration at the National Court Register acquires legal personality, which means it acquires rights, may enter into obligations, sue and be sued. In accordance with the Act of 29 September 1994 on Accounting (consolidated text: Journal of Laws from 2013 item 330), corporate enterprises are required to keep account books and prepare financial statements.

The legal basis for the functioning of these companies is the Act of 15 September 2000 adapting the Code of Commercial Companies (consolidated text: Journal of Laws from 2013 item 1030).³

Limited liability company

A limited liability company may be formed by one or more persons (with the exception of another one-man company with limited liability) for any purpose permitted by the Polish law. Partners are not liable for obligations of the company and are obliged only to the provisions specified in the agreement, which is concluded in the form of a notary deed. As of 1 January 2012, a limited liability company agreement may also be concluded using a standard master

² The Act of 2 July 2004 on Freedom of Economic Activity (Journal of Laws of 2015 item 584).

³ N. Grzenkiewicz, J. Kowalczyk, A. Kusak, Z. Podgórski, M. Ambroziak, „Podstawy funkcjonowania przedsiębiorstw” [„Fundamentals of performance of enterprises”], Warsaw 2008, p. 49-55.

agreement for this type of company, available in the ICT-based system.⁴

To establish such company, in addition to concluding the agreement, its partners are required to put in a contribution to cover the entire share capital and so called share premium, which is the difference between the price at which the shares are acquired and their nominal value. It is also required to appoint the Management Board and the Supervisory Board or the Audit Commission (required only if the share capital exceeds PLN 500 000 and the number of shareholders is greater than 25 persons). Also mandatory is the entry of the company into the National Court Register⁵

A minimum share capital should amount to at least PLN 5 000, and the nominal value of one share may not be less than PLN 50. Establishment in this form does not deal with all the partners (called shareholders) – for this purpose a board of directors is appointed.⁶

A limited liability company is the most common legal form of conducting a business due to its versatility. After the reform of the Code of Commercial Companies in 2009, which has lowered the threshold of the minimum share capital to PLN 5 000, economic activity in this form has become more accessible to small businesses.⁷

Joint-stock company

A joint stock company, as a limited liability company, may be formed by one or more persons (with the exception of another one-man company with limited liability) for any purpose permitted by the Polish law. Shareholders of a joint stock company are called shareholders and are not personally liable for its obligations.⁸

Establishment in this form requires adopting the Statute through a notary deed, contribution payments by shareholders, appointing the Management Board and the Supervisory Board, which is mandatory, and

Table 1. Advantages and disadvantages of a limited liability company from the perspective of a foreign entrepreneur

Advantages	Disadvantages
<ul style="list-style-type: none"> Excluded liability of shareholders for the company's obligations Ease of capital accumulation and simple methods of fundraising during the course of running a business through the issue of shares Ability to raise capital through the introduction of a new partner Possibility to establish a limited liability company in Poland by foreigners 	<ul style="list-style-type: none"> Mandatory share capital Liability of the Board of Directors (members of the Board, in the case of futile recovery of company's assets from creditors, are fully liable with all of their personal assets) Requirement to conduct full accounting and financial reporting Double taxation of income

Source: AGERON Polska own study based on www.zakladanie-spolki.com.pl

Table 2. Advantages and disadvantages of a joint stock company from the perspective of a foreign entrepreneur

Advantages	Disadvantages
<ul style="list-style-type: none"> Ease of capital accumulation and simple methods of fundraising during the course of running a business through the issue of shares, bonds, and other financial instruments. Excluded liability of shareholders for the company's obligations Ability to verify the credibility of the company by potential clients thanks to transparency of the financial situation 	<ul style="list-style-type: none"> Large formal requirements regarding conduct of the company (among others, the need for full accounting) High costs associated with the required regular legal and financial services No impact on the company's activity by minority shareholders

Source: AGERON Polska own study based on www.fornetti.pl/pub/files/forma_prawna_spolki.pdf

entering the entity into the register of entrepreneurs of the National Court Register (KRS).

The minimum share capital of the company amounts to PLN 100 000, and the nominal value of one share may not be less than PLN 0.01. The share capital is divided into shares of the same nominal value.⁹

The company is managed, as in the case of a limited liability company, by the Board of Directors.

4 The Ordinance of the Minister of Justice dated 14 January 2015 on defining standard master forms relating to limited liability companies available in the ICT system

5 „Formy prowadzenia działalności gospodarczej w Polsce” [„Forms of doing business in Poland”], compiled by FKA Furtek Komosa Aleksandrowicz at the request of the Polish Information and Foreign Investment Agency.

6 R. Zieliński, „Formy prowadzenia działalności gospodarczej, aspekty administracyjne związane z zakładaniem i prowadzeniem przedsiębiorstwa” [„Forms of business administrative aspects associated with setting up and running a business”], Akademia Leona Koźmińskiego.

7 www.efwf.pl/?q=content/sp-ka-z-ograniczon-odpowiedzialno-ci

8 N. Grzenkowicz, J. Kowalczyk, A. Kusak, Z. Podgórski, M. Ambroziak, „Podstawy funkcjonowania przedsiębiorstw” [„Basics of functioning of enterprises”], Warsaw 2008, p. 49-55.

9 R. Zieliński, „Formy prowadzenia działalności gospodarczej, aspekty administracyjne związane z zakładaniem i prowadzeniem przedsiębiorstwa” [„Forms of business administrative aspects associated with setting up and running a business”], Akademia Leona Koźmińskiego.

Table 3. Corporate enterprises – comparison

Limited liability company	Joint-stock company
Legal basis of operation.	
• Art. 151-300 of the Code of Commercial Companies	• Art. 301-490 of the Code of Commercial Companies
Steps necessary to form the company.	
<ul style="list-style-type: none"> • Conclusion of the agreement in the form of a notary deed • Contributions by shareholders to cover both the entire share capital, as well as the so-called share premium, which is the difference between the price at which the shares are acquired and their nominal value. • The appointment of the Board of Directors • The appointment of the Supervisory Board or the Audit Committee (mandatory only if the following circumstances occur: the share capital is greater than PLN 500,000 and the number of shareholders exceeds 25 people) • Registration in the register of entrepreneurs of the National Court Register 	<ul style="list-style-type: none"> • Adoption of the Statute through a notary deed • Share contribution by shareholders (cash, where there is a need to pay for at least a quarter of the nominal value of shares, non-cash, which must cover at least the initial capital of PLN 25 000 and to be paid before the end of the year since the founding of the company, share premium, which is the difference between the issue price and the nominal value of shares, which must be fully paid before the registration of the company) • Appointment of the Board of Directors • Appointment of the Supervisory Board • Registration in the register of entrepreneurs of the National Court Register
Share capital	
<ul style="list-style-type: none"> • The minimum amount of share capital is PLN 5 000 • The nominal value of shares is at least PLN 50 • The company's share capital is divided into shares of equal or unequal nominal value (in accordance with the agreement of the company) • Share capital must be paid in full before registration of the company at the National Court Register 	<ul style="list-style-type: none"> • The minimum amount of share capital is PLN 100 000 • The nominal value of shares is at least PLN 0,01 • The company's share capital is divided into shares of the same nominal value • Obligation to pay at least ¼ of the share capital before the registration of the company • Mandatory verification by auditor of the value of contributions in kind (non-monetary) contributed to the company.
Company's authorities	
• The Management Board	
Liability	
<ul style="list-style-type: none"> • The company is liable for obligations with all its assets without restrictions • Partners are not liable for obligations of the company • Members of the Board are responsible for the company's liabilities with their own assets, where enforcement of receivables from the company's assets proves ineffective 	
Taxation	
<ul style="list-style-type: none"> • Company and partners/actuaries are liable to corporate income tax (CIT) • The subject of taxation is profit of a capital company as well as dividends paid to its partners/shareholders 	

Source: AGERON Polska own study based on www.fornetti.pl/pub/files/forma_prawna_spolki.pdf; R. Zielinski, „Formy prowadzenia działalności gospodarczej, aspekty administracyjne związane z zakładaniem i prowadzeniem przedsiębiorstwa” [“Forms of business administrative aspects associated with setting up and running a business”], Akademia Leona Koźmińskiego; „Formy prowadzenia działalności gospodarczej w Polsce” [“Forms of doing business in Poland”] compiled by FKA Furtek Komosa Aleksandrowicz on behalf of the Polish Information and Foreign Investment Agency.

Joint stock companies primarily serve large economic projects, as well as being the preferred form of business to joint ventures with a significant number of members and for those planning an IPO.¹⁰

Partnerships

Partnerships, as corporate companies, have their own assets, with which are fully liable for their commitment. However, the liability of partners is not excluded – it is referred to as subsidiary, which means that in the first instance for the liabilities of the company, the company itself is responsible up to the amount of its assets, and only when the execution of the company's assets remains ineffective, the creditor can enforce the execution of personal assets of the partners.

Partnerships do not have legal personality, but they have legal capacity, which means that they can on their own behalf acquire rights, enter into commitments, sue and be sued. These companies are required to maintain record books, regardless of the amount of their revenue. Exceptions are general partnerships and limited liability partnerships, which start their obligatory record books if their net revenues from sales of goods, products and financial operations for the previous fiscal year amount to at least EUR 1 200 000.¹¹ In order to determine the limit in PLN, the amounts which are expressed in Euros are converted to PLN at the average exchange rate announced by the National Polish Bank on 30 September of the year preceding the fiscal year.

The legal basis for the functioning of partnerships is the Act of 15 September 2000 adapting the Code of Commercial Companies (consolidated text: Journal of Laws from 2013 item 1030).

General partnership

Establishment in this form may create two founders who are natural persons, legal and organizational units without legal personality, to which the law confers legal capacity. Partners are liable for all the company's obligations with all their assets in solidarity (the creditor may demand satisfaction of a claim from one, several or all of the shareholders) and subsidiary (the creditor can enforce execution against a partner when the execution of the company's assets proves to be ineffective).

Table 4. Advantages and disadvantages of a general partnership from the perspective of a foreign entrepreneur

Advantages	Disadvantages
<ul style="list-style-type: none"> • Great freedom to shape the provisions of the agreement • Possibility of representation by each partner, but also possibility to exclude a partner from the representation • Lack of specific minimum share capital • Relatively low registration costs 	<ul style="list-style-type: none"> • Personal responsibility for the liabilities of the company if the obligations cannot be met from the assets of the company • Partner is obliged to refrain from any activity contrary to the interests of the company. Partner may not, without the sound or implied consent of the other partners, deal with competing interests, in particular, participate in a competitive company as a partner in a partnership or general partnership, partner, general partner or member of the company's executive body

Source: AGERON Polska own study based on www.fornetti.pl/pub/files/forma_prawna_spolki.pdf

To set up a general partnership, it is necessary to conclude an agreement by the partners in writing, under consequence of nullity, apply to the competent court of registration, accompanied by notary certified specimen signatures of the persons empowered to represent the company, as well as to enter the company into the National Court Register. There is a possibility to conclude a general partnership agreement with the use of the standard master agreement made available in the ICT system¹². In the case of a general partnership, a minimum share capital is not determined.¹³

The company conducts business under its own name, which must contain at least one name of the partners and the words "spółka jawna" ["general partnership"]. Each partner can lead the company's daily affairs that do not exceed the scope of general activities associated with running a business.¹⁴ In cases of exceeding the scope of the ordinary activities of the company, consent of all partners is required, including those partners who are excluded from the daily conduct of the affairs of the company.

¹² The Ordinance of the Minister of Justice dated 14 January 2015 on defining standard master forms relating to limited liability companies available in the ICT system

¹³ „Formy prowadzenia działalności gospodarczej w Polsce” [„Forms of running a business in Poland”] developed by FKA Furtek Komosa Aleksandrowicz on behalf of the Polish Information and Foreign Investment Agency.

¹⁴ R. Zieliński, „Formy prowadzenia działalności gospodarczej, aspekty administracyjne związane z zakładaniem i prowadzeniem przedsiębiorstwa” [„Forms of business administrative aspects associated with setting up and running a business”], Akademia Leona Koźmińskiego.

¹⁰ „Formy prowadzenia działalności gospodarczej w Polsce”

[„Forms of running a business in Poland”] developed by FKA Furtek Komosa Aleksandrowicz on behalf of the Polish Information and Foreign Investment Agency.

¹¹ www.vat.pl/rachunkowosc-2015-limity-dla-jednostek-mikro-oraz-innych-podmiotow-prowadzacych-ksiegi-10253

Table 5. Advantages and disadvantages of a limited liability partnership from the perspective of a foreign entrepreneur

Advantages	Disadvantages
<ul style="list-style-type: none">• Limited liability for the obligations• arising from the implementation of the activities of other partners• Clear definition of the profile of the company in its name• Lack of specific minimum share capital• Possibility of disclosing in the company's name only one partner	<ul style="list-style-type: none">• Company operates in the field of partners' occupation

Source: AGERON Polska own study based on www.fornetti.pl/pub/files/forma_prawna_spolki.pdf

This business formation is recommended primarily to smaller businesses. General partnerships usually benefit family businesses, consisting of a group of trusted and mutually understanding shareholders.¹⁵

Limited liability partnership

Limited liability partnership is created by partners (natural (physical) persons only) to perform their professional freelancing in their own company.¹⁶ Individual partners are liable for the obligations of the company only if these obligations relate to general matters relating to the conduct of business. However, they cannot be held liable for the obligations of the company in respect of the performance by the remaining partners of the profession¹⁷.

The actions necessary to establish a company include conclusion of an agreement by partners (in person or by proxy) in writing, under consequence of nullity, registration at the competent court by any of the partners with attaching notary certified specimen signatures of the persons authorized to represent the company, as well as entry by the district court into the registry of the National Court Register. In the case of this form of business activity, there is no requirement as to the minimum amount of share capital.

Running the company may be entrusted to one or more partners under the agreement or by

a resolution of partners. Each partner, who is not exempted from the affairs of the company, can carry out day-to-day administrative duties; in turn; carrying out operations beyond the powers of ordinary management requires the consent of all partners (including those excluded from the daily conduct of the affairs of the company)¹⁸.

A limited liability partnership is to serve persons in carrying out their professional freelancing and wanting to work together in a group.¹⁹

Limited partnership

A limited partnership runs business under its own company. Its formation requires at least two founders of the natural persons, legal persons or organizational units without legal personality, to which the law confers legal capacity. For the obligations of the company, at least one partner is fully responsible with unlimited liability (general partner), and at least one partner is responsible with limited liability (limited partner)²⁰. General partners are responsible for obligations of the company with all their personal property, and this responsibility is a subsidiary. In turn, limited partners risk only up to the sum of the limited partnership, which is determined in advance by the agreement of the company. General partners are responsible for running of the company and its representation.²¹

The actions necessary to establish a company include conclusion of an agreement of a limited partnership by partners in the form of a notary deed, registration at the competent court by any of the partners with attached notary certified specimen signatures of the persons authorized to represent the company, as well as the entry of a registry of the National Court Register by the district court. As in the case of a general partnership, there is a possibility of the conclusion of the limited partnership agreement with the use of the master agreement shared ICT-based system²². In the case of a limited partnership there is no requirement as to the minimum amount of share capital.

15 www.efwf.pl/?q=content/sp-ka-jawna
16 R. Zieliński, „Formy prowadzenia działalności gospodarczej, aspekty administracyjne związane z zakładaniem i prowadzeniem przedsiębiorstwa” R. Zieliński [„Forms of business administrative aspects associated with setting up and running a business”], Akademia Leona Koźmińskiego.
17 N. Grzenkowicz, J. Kowalczyk, A. Kusak, Z. Podgórski, M. Ambroziak, „Podstawy funkcjonowania przedsiębiorstw” [„Basics of operation of enterprises”], Warszawa 2008, p. 49-55.

18 „Formy prowadzenia działalności gospodarczej w Polsce [„Forms of running a business in Poland”] developed by FKA Furtek Komosa Aleksandrowicz on behalf of the Polish Information and Foreign Investment Agency.
19 www.mojafirma.infor.pl/zakladam-firme/jak-zalozy-c/691442,Spolka-partnerska.html
20 R. Zieliński, „Formy prowadzenia działalności gospodarczej, aspekty administracyjne związane z zakładaniem i prowadzeniem przedsiębiorstwa” [„Forms of business administrative aspects associated with setting up and running a business”], Akademia Leona Koźmińskiego
21 N. Grzenkowicz, J. Kowalczyk, A. Kusak, Z. Podgórski, M. Ambroziak, „Podstawy funkcjonowania przedsiębiorstw” [„Basics of operation of enterprises”], Warszawa 2008, p. 49-55.
22 The Ordinance of the Minister of Justice dated 14 January 2015 on defining standard master forms relating to limited partnerships available in the ICT system

A limited partnership is an excellent solution for entrepreneurs who have an idea for their own business, but do not have the necessary capital. By assuming a limited partnership, they become general partners and become responsible for the company and the conduct of its affairs. The other side is made by investors who become limited partners and pay in the capital.²³

Master limited partnership

A master limited partnership is formed by general partners and shareholders who are natural persons, legal persons or organizational units without legal personality, to which the law confers legal capacity. General partners are responsible for the obligations of the company with all their assets, jointly and severally with the company, and it is their responsibility to conduct the company's affairs (with the exception of cases transferred to the competence of the general meeting or the Supervisory Board). In turn, shareholders are not accountable for the commitments of the company – the risk of the participation of shareholders in the company is limited to the shares acquired by them. They do not have the right to manage the affairs of the company.²⁴

To set up a master limited partnership, it is necessary to adopt a statute in the form of a notary act, cover all shares by the shareholders, and pay in their contributions:

- cash, in the case where there is a need to pay at least ¼ of the nominal value of the shares,
- in kind, which must cover the share capital of at least EUR 12 500 PLN and pay before the end of the year from the founding of the company,
- share premium, i.e., the difference between the issue price and the nominal value of the shares, which must be paid in full before registration of the company.

Appointment of the Supervisory Board (mandatory only if a number of shareholders exceeds 25 people) and registration of the company in the register of entrepreneurs of the National Court Register. The minimum share capital is PLN 50 000 and is divided into shares of the same nominal value, which is a minimum value of PLN 0.01.²⁵

Table 6. Advantages and disadvantages of a limited partnership from the perspective of a foreign entrepreneur

Advantages	Disadvantages
<ul style="list-style-type: none"> • Limited liability of a limited partner for the obligations of the company up to the amount of its limited partnership • No specific demands in relation to the sum of limited partnership • Remaining partners have ability to shape their liability for management and obligations of the company • Possibility of paying the company in kind by the limited partners 	<ul style="list-style-type: none"> • Accounts may be carried out solely on the basis of the Act on Accounting (full accounting), which is especially burdensome to small size businesses • Limited partners may act on behalf of the company • solely as proxies • Full responsibility of general partners for • obligations of the company

Source: AGERON Polska own study based on www.fornetti.pl/pub/files/forma_prawna_spolki.pdf

Table 7. Advantages and disadvantages of a master limited partnership from the perspective of a foreign entrepreneur

Advantages	Disadvantages
<ul style="list-style-type: none"> • For shareholders – the exclusion of liability for the obligations of the company • For general partners – a decisive impact on the company's operations without having to participate in the coverage of the share capital • Ability to finance capital-intensive ideas for the implementation of which the originator does not have the resources and invites a group of individuals (shareholders) to finance the idea • Ability to raise capital through the issue of shares 	<ul style="list-style-type: none"> • High minimum share capital • Requirement to conduct full accounting • Shareholders may act on behalf of the shareholders only as agents • Full responsibility of general partners for the obligations of the company

Source: AGERON Polska own study based on www.zakladanie-spolki.com.pl/spolki/spolka_komandytowo-akcyjna/wady_i_zalety_spolki_komandytowo-akcyjnej/spolka_komandytowo-akcyjna_-_wady_i_zalety

In accordance with the Code of Commercial Companies, this business formation has been developed primarily for the protection of entrepreneurs who intend to recapitalize (by issue of shares) their business, having a generally strong position on the market, at the same time not wanting to expose themselves to the danger of hostile takeover.²⁶

²³ www.poradnik.wfirma.pl/-jak-zalozyc-spolke-komandytowa

²⁴ „Formy prowadzenia działalności gospodarczej w Polsce” [„Forms of running a business in Poland”] developed by Furtek Komosa Aleksandrowicz at the request of the Polish Information and Foreign Investment Agency.

²⁵ „Formy prowadzenia działalności gospodarczej w Polsce” [„Forms of running a business in Poland”] developed by Furtek Komosa Aleksandrowicz at the request of the Polish Information and Foreign Investment Agency.

²⁶ www.kodeksspolek.pl/arttykul,1576,2647,dla-kogo-spolka-komandytowo-akcyjna.html

Table 8. Partnerships – comparison

General partnership	Limited liability partnership	Limited partnership	Master liability partnership
The legal basis of operation			
• Art. 22-85 of the Code of Commercial Companies	• Art. 86-101 of the Code of Commercial Companies	• Art. 102-124 of the Code of Commercial Companies	• Art. 125-150 of the Code of Commercial Companies
Steps necessary to form the company			
<ul style="list-style-type: none"> • Conclusion of the agreement by the shareholders in the written form • Registration of the company at the competent court • The application should be accompanied by the completed application forms to the tax office, the Statistical Office and Social Security Institution, along with the notarized specimen signatures of the persons authorized to represent the company • Registration in the register of entrepreneurs of the National Court Register 	<ul style="list-style-type: none"> • Conclusion of the agreement in writing by all partners • Registration of the company at the competent court • The application should be accompanied by the completed application forms to the tax office, the Statistical Office and Social Security Institution, along with the notarized specimen signatures of the persons authorized to represent the company • Registration in the register of entrepreneurs of the National Court Register 	<ul style="list-style-type: none"> • Conclusion of the agreement by the partners in the form of a notary deed • Registration of the company at the competent court • The application should be accompanied by the completed application forms to the tax office, the Statistical Office and Social Security Institution, along with the notarized specimen signatures of the persons authorized to represent the company • Registration in the register of entrepreneurs of the National Court Register 	<ul style="list-style-type: none"> • The adoption of the statute of the company in the form of a notary deed • Acquisition of all shares by the shareholders • Share contributions by shareholders • The appointment of the Supervisory Board (mandatory only if the number of partners exceeds 25 people) • Registration in the register of entrepreneurs of the National Court Register
Share capital			
• Without the requirement of a minimum capital	• Without the requirement of a minimum capital	• Without the requirement of a minimum capital	<ul style="list-style-type: none"> • A minimum share capital is PLN 50 000 and is divided into shares of the same nominal value • The nominal value of one share is a minimum of PLN 0.01
Founders			
• Minimum of two founders of natural persons, legal and organizational units without legal personality, to which the law confers legal capacity	• Minimum of two natural persons authorized to exercise the profession referred to in the relevant Acts	<ul style="list-style-type: none"> • Minimum of two founders of natural persons, legal and organizational units without legal personality, to which the law confers legal capacity • There are two types of partners: general partners and limited partners 	<ul style="list-style-type: none"> • Minimum of two founders of natural persons, legal and organizational units without legal personality, to which the law confers legal capacity • There are two types of partners: general partners and limited partners
Company's authorities			
• Partners	• Partners or Board of Directors	• General partners	• General partners

Table 8. Partnerships – comparison

General partnership	Limited liability partnership	Limited partnership	Master liability partnership
Liability			
<ul style="list-style-type: none"> • All partners without restrictions • The company is liable for its obligations with all assets, without any restrictions 	<ul style="list-style-type: none"> • All partners when the obligation concerns general and day-to-day affairs • Specific partner, when the obligation arose • in connection with her or his performance of the profession • The company is liable for its obligations with all assets, without any restrictions 	<ul style="list-style-type: none"> • General partners without any restrictions • Limited partners in the amount of limited partnership • The company is liable for its obligations with all assets, without any restrictions 	<ul style="list-style-type: none"> • General partners without any restrictions • Lack of accountability to shareholders • The company is liable for its obligations with all assets, without any restrictions
Taxation			
<ul style="list-style-type: none"> - All partners are subject to taxation on income: - a) natural person – personal income tax (PIT) - b) legal persons – corporate income tax (CIT) 	<ul style="list-style-type: none"> • Individual partners are subject to income tax from natural persons (PIT) 	<ul style="list-style-type: none"> - Individual partners are subject to taxation on income: - natural persons – personal income tax (PIT) - legal person – corporate income tax (CIT) 	<ul style="list-style-type: none"> - Individual partners are subject to taxation on income: - natural persons – personal income tax (PIT) - legal person – corporate income tax (CIT)

Source: AGERON Polska own study based on N. Grzenkowicz, J. Kowalczyk, A. Kusak, Z. Podgorski, M. Ambroziak „Podstawy funkcjonowania przedsiębiorstw” [“Basic functioning of companies”], Warsaw 2008, p. 49-55.

Sole proprietorship

A sole proprietorship is created by a natural person who is the owner. The founder of the one-person company is responsible in an exclusive and unlimited way for all obligations of the company, with both the company's assets and the proprietor's personal wealth.²⁷

To start a sole proprietorship, it is enough to submit an application to the Central Registration and Information on Economic Activity. The entrepreneur may commence business activity on the day of applying for the registration of the company²⁸. Formation of this type of enterprise does not require injection of initial capital. The owner of the company runs business under a company name that must include his name.

This type of activity is used to conduct business on a small scale. The entrepreneur has a choice between several forms of taxation: tax according to

the progressive tax scale, proportional tax (linear), or a lump sum on recorded income and tax deduction card.²⁹

One-man business (self-employment) has no legal personality, but has legal capacity, capacity to make acts in the law, and the capacity to engage in judicial and legal proceedings.

Private partnership

A private partnership is the simplest form of business activity by at least two entrepreneurs who are natural persons, legal persons or organizational units not having legal personality, to which the law confers legal capacity. This is an agreement concluded for a definite or indefinite period, in which the partners strive to achieve a common economic purpose by acting in the manner specified by them,

27 www.fornetti.pl/pub/files/forma_prawna_spolki.pdf

28 „Formy prowadzenia działalności gospodarczej w Polsce” [„Forms of doing business in Poland”] developed by FKA Furtek Komosa Aleksandrowicz on behalf of the Polish Information and Foreign Investment Agency.

29 R. Zielinski, „Formy prowadzenia działalności gospodarczej, aspekty administracyjne związane z zakładaniem i prowadzeniem przedsiębiorstwa” [„Forms of business administrative aspects associated with setting up and running a business”] Akademia Leona Koźmińskiego.

Table 9. Advantages and disadvantages of a sole proprietorship from the perspective of a foreign entrepreneur

Advantages	Disadvantages
<ul style="list-style-type: none">• Independence in making decisions related to running a business• Lack of complex structures, and thus the flexibility to manage and quickly implement new ideas• Low registration cost and business conduct• Simple accounting rules and ease to implement changes in capital	<ul style="list-style-type: none">• The entrepreneur is responsible for the obligations of the company with all his personal wealth.• Obligation to pay contributions to the Social Insurance Institution regardless of the revenue achieved

Source: AGERON Polska own study based on www.fornetti.pl/pub/files/forma_prawna_spolki.pdf

Table 10. Sole proprietorship – summary

Sole proprietorship
Legal basis of operation.
<ul style="list-style-type: none">• The Act of 2 July 2004 on Freedom on Economic Activity (consolidated text: Journal of Laws from 2015 item 584)
Steps necessary to form the company.
<ul style="list-style-type: none">• Submission of application to the Central Registration and Information on Economic Activity.• The entrepreneur may commence business activity on the day of applying for the registration
Share capital
<ul style="list-style-type: none">• No requirement for minimum capital
Founders
<ul style="list-style-type: none">• The founder may be only natural persons
Company management
<ul style="list-style-type: none">• Founder of the company is its sole owner, personally operates and represents the company.
Liability
<ul style="list-style-type: none">• Full liability of the owner with personal wealth
Taxation
<ul style="list-style-type: none">• Revenue of the sole proprietor is taxed in accordance with income tax of natural person (PIT)

Source: AGERON Polska own study based on „Formy prowadzenia działalności gospodarczej w Polsce” [“Forms of running a business in Poland”] developed by FKA Furtek Komosa Aleksandrowicz on behalf of the Polish Information and Foreign Investment Agency, the Act of 2 July 2004 on Freedom of Economic Activity (consolidated text: Journal of Laws from 2015 item 584).

in particular by making contributions.³⁰ Partners of a partnership, in terms of their economic activity, are considered as entrepreneurs.

A private partnership has no legal personality. The total assets of the company are jointly owned by the partners (both natural persons and legal persons), who are responsible for its obligations with all its assets.

This business formation requires the conclusion of an agreement in written form, submission of the agreement to the relevant tax office and the Central Statistical Office, and notification of the Central Registration and Information on Economic Activity of the entity. There is no requirement for a minimum capital. Running the company lies in the responsibility of each partner.

The partnership is a good option for people who intend to run a small company together with someone who can provide capital or bring valuable skills to the intended activity.³¹

Branch and representative office of a foreign entrepreneur

A branch of a foreign entrepreneur

The possibility to create a branch in Poland is subject to the application of the principle of reciprocity, which is to provide the Polish entrepreneurs with similar powers in the country of origin of the foreign entrepreneur, who is forming a branch in Poland. This means that the foreign person may undertake and carry out economic activities on the territory of Poland on the same terms as a Polish entrepreneur, if in the country of origin of the foreign person Polish economic entities are guaranteed such privilege³². After the accession, the principle of reciprocity does not apply to companies from the European Union and European Economic Area. Through a branch, a foreign entrepreneur may conduct economic activity in Poland only to the extent in which it carries on its business in the country of the registered office. However, the entrepreneur is obliged to appoint a person authorized to represent its interests. The branch has no legal personality, legal capacity, or the capacity to engage in judicial and legal pro-

30 „Formy prowadzenia działalności gospodarczej w Polsce” [„Forms of doing business in Poland”] compiled by FKA Furtek Komosa Aleksandrowicz on behalf of the Polish Information and Foreign Investment Agency.

31 „Formy prowadzenia działalności gospodarczej w Polsce” [„Forms of doing business in Poland”], developed by FKA Furtek Komosa Aleksandrowicz on behalf of the Polish Information and Foreign Investment Agency.

32 www.paiz.gov.pl/prawo/formy_prowadzenia_dzialalnosci_gospodarczej/jaka_forme_wybrac

ceedings. The foreign entrepreneur can commence its business within the branch after obtaining the entry of the branch in the register of entrepreneurs.

Representation of foreign entrepreneur

Another form of business for foreign entrepreneurs is representation. Its characteristic feature is clearly limited in function, which enables foreign entrepreneurs to perform activities only in respect of advertising and promotion. As a result, the representation constitutes an internal organizational unit of the entrepreneur, formed in order to implement a particular portion of its business. The representation in Poland may also be created by foreign entities who are not entrepreneurs, or set up the company to promote the economy of their country. The establishment of a representative office requires the entry into the register of foreign companies.

The representation does not have legal personality, legal capacity, or court and judicial capacity, thus does not have the status of an entrepreneur. For this reason, the establishment of a representation only requires an entry in the register of foreign companies. As in the case of a branch, it is necessary that the representation appoints a person authorized to represent the interests of the founder of the representative office.³³

FORMAL AND LEGAL ASPECTS OF STARTING A BUSINESS

Economic activity in Poland is regulated, among others, by the Act of 2 July 2004 on Freedom of Economic Activity (Journal of Laws from 2015 item 584). In order to commence operations of a business, depending on the subject of the business, it is necessary to fulfill the conditions and obligations of the registration named below.³⁴

Obtaining a license or permit

Depending on the type of economic activity for the exercise thereof, it may be required to obtain licenses or permits.³⁵ They are issued by the appropriate concession authorities, provided that the requirements set out relevant legal norm. These documents differ from each other. Concession is discretionary, and its release is the responsibility of the licensing authority. Permission must be, in turn, issued by the appropriate legal entity specified in the

Table 11. Advantages and disadvantages of a private partnership from the perspective of a foreign entrepreneur

Advantages	Disadvantages
<ul style="list-style-type: none"> • Low cost of starting up a business • Great freedom to shape the provisions of the company's agreement. • Uncomplicated liquidation 	<ul style="list-style-type: none"> • Necessity of registering each partner separately and disclosure in the company name the names of all partners • Partners are responsible for the obligations of the company with personal wealth

Source: AGERON Polska own study based on www.fornetti.pl/pub/files/forma_prawna_spolki.pdf

Table 12. Private partnership – summary

Private partnership

Legal basis of operation.

- Art. 860-875 of the Civil Code.

Steps necessary to form the company.

- Conclude agreement in writing
- Notify the relevant tax office and Central Statistical Office of the agreement.
- Notify the Central Registration and Information on Economic Activity of the record (taking into account assigning NIP and REGON)

Share capital

- No requirement of minimum capital

Founders

- Minimum of two partners of natural persons, legal persons or organizational units without legal personality, to which the law confers legal capacity.

Company's authorities

- The partnership does not have a separate Board of Directors
- Each partner is entitled and obliged to conduct the affairs of the company

Liability

- Solidary liability of all partners for the obligations incurred in the course of the partnership
- Responsibility includes the joint assets of the partners and their personal wealth.

Taxation

- Income taxpayers are partners, not the company itself
- The partnership may be liable to VAT and excise duties
- Partners are liable for tax liabilities in respect to VAT and excise duties.

Source: AGERON Polska own study based on „Formy prowadzenia działalności gospodarczej w Polsce” [“Forms of running a business in Poland”], developed by KA Furtek Komosa Aleksandrowicz on behalf of the Polish Information and Foreign Investment Agency, the Act of 23 April 1964 The Civil Code (Journal of Laws from 2014 item 121).

³³ M. Gajewski, J. Kiriyo, S. Piątek, I. Postuła, „Podstawy prawa w gospodarce” [„Fundamentals of law in the economy”] edited by S. Piątek i I. Postuła 103-105.

³⁴ The Act of 2 July 2004 on Freedom of Economic Activity (Journal of Laws from 2015 item 584).

³⁵ Ibid.

Table 13. Branch and representation – comparison

Branch	Representation
Preferred form of economic activity	
<ul style="list-style-type: none"> Doing business in the field of the foreign entrepreneur activity, both in small as well as large scale 	<ul style="list-style-type: none"> Conducting business only in the field of advertising and promotion
Company	
<ul style="list-style-type: none"> The original name of the foreign entrepreneur along with a name translated into Polish of the legal formation of the entrepreneur and addition of the words „branch in Poland” 	<ul style="list-style-type: none"> The original name of the foreign entrepreneur along with a name translated into Polish of the legal formation of the entrepreneur and addition of the words „representation in Poland”
Steps necessary to formation	
<ul style="list-style-type: none"> Application of a foreign entrepreneur to the registry of entrepreneurs of the National Court Register [KRS] The branch may commence activities after entry in the register of entrepreneurs 	<ul style="list-style-type: none"> Application of a foreign entrepreneur to register a representation conducted by the Minister of Economy The representation may start business after entry in the register of representations
Representation	
<ul style="list-style-type: none"> The foreign entrepreneur establishes a person authorized to represent the representation 	
Legal personality	
<ul style="list-style-type: none"> Branch/representation is not a separate entity from foreign entrepreneurs and has: <ol style="list-style-type: none"> legal personality legal capacity judicial capacity capacity to be a party in civil proceedings All the above named capacities are assigned to the foreign entrepreneur, represented in a branch/representation by an authorized person 	
Taxation	
<ul style="list-style-type: none"> Cash flows between the foreign entrepreneur and its branch/representative office are not subject to income tax on Polish territory The foreign entrepreneur operating a branch/representative office is subject to income tax in respect of income earned in Poland, unless international agreements on avoidance of double taxation provides otherwise 	
Reporting obligations	
<ul style="list-style-type: none"> The foreign entrepreneur is obliged to keep separate record accounting books in Polish in accordance with the Act of 29 September 1994 on Accounting (consolidated text: Journal of Laws from 2009 no 152, item 1223) 	

Source: AGERON Polska own study based on „Formy prowadzenia działalności gospodarczej w Polsce” [“Forms of running a business in Poland”], developed by FKA Furtek Komosa Aleksandrowicz on behalf of the Polish Information and Foreign Investment Agency.

Act of 2 July 2004 on Freedom of Economic Activity. Its possession is possible only if all the required criteria are met in order to obtain such permission.

Obtaining a license

A license must be obtained to operate on:

- exploration, hydrocarbon recognition and solid minerals covered by mining property extracting minerals from deposits, underground non-reservoir storage of substances and underground storage of waste,
- manufacturing and marketing of explosives, arms and ammunition, as well as the products and technology for the military or the police,
- manufacturing, processing, storage, transmission, distribution and marketing of fuels and energy,
- protection of persons and property,
- distribution of radio and television, with the exception of programs distributed only in ICT-based system, which is not distributed terrestrially, via satellite or cable networks
- air transport,
- conducting casinos.³⁶

All decisions regarding concessions, such as granting, revocation or limitation, belong to the minister responsible for the subject of economic activity. This process is always carried out by an administrative decision. A concession-based document is issued for an indefinite period, but separate law may introduce time limits to granted concessions (e.g. energy law provides that the concession may be granted for the period from 10 to 50 years). In addition, entrepreneurs can apply for license for a limited period of time.

Concessions are issued by the following authorities:

- Minister of the Environment in prospecting or exploration of mineral deposits, etc.,
- Minister of the Internal Affairs in the making and marketing of explosives, weapons and ammunition as well as products and technology for the purposes of the military and the police, as well as the protection of persons and property,
- Minister of Economy in the field of distribution and trade of fuels and energy, as well as the distribution of radio and television,
- Minister of Infrastructure in the field of air transport.³⁷

Table 14. Summary of actions required to commence business activity

Commercial companies	Partnerships	Sole proprietorship
Entry into the CEIDG		
✗	✓ (each partner separately)	✓
Entry into the KRS		
✓	✗	✗
Entry into the REGON		
✓	✓	✓
Obtain of a tax identification number NIP		
✓	✓	✓
Establish of a bank account for the business entity		
✓	✗	✓
Notify ZUS		
✓	✓	✓

Source: AGERON Polska own study based on the Act of 2 July 2004 on Freedom of Economic Activity (Journal of Laws from 2015 item 584).

To obtain concession requires the submission of the application in the relevant Ministry. It should always include the following information:

- designation of the entrepreneur, its registered office and address
- number in the register of entrepreneurs or in the records, and NIP,
- type and scope of business
- additional information referred to in the provisions of other laws.³⁸

It should also include information about the fulfillment of technical and organizational conditions to ensure the proper execution of activities covered by the license and indicating the possibility of its financing. They are determined by law or regulations by the Minister responsible for the type of a specified activity.

Obtaining a license requires paying a fee. Depending on the type of business, the amount can range from a few to tens of thousands of PLN.³⁹

³⁶ Art. 46 of the Act of 2 July 2004 on Freedom of Economic Activity (Journal of Laws from 2015 item 584).

³⁷ The Act of 2 July 2004 on Freedom of Economic Activity (Journal of Laws from 2015 item 584).

³⁸ Ibid.

³⁹ Ibid.

Obtaining permission

In the case of a permit after finding that all the necessary conditions set out in the legislation are met, the authorized body shall issue a permit. Permits are issued for an indefinite period, but entrepreneurs may ask for the period to be specified.

The authorization is granted, among others, on:

- sale of alcoholic beverages,
- conducting games and sweepstakes,
- brokerage activities,
- conducting reference laboratory,
- performing insurance business,
- activities in the field of transport by road, rail or sea.⁴⁰

The application for authorization should include:

- information data of the entrepreneur,
- determination of the subject and the area of activity,
- specification of technical means at the disposal of the applicant who is seeking the authorization to conduct economic activity covered by the application,
- specification of the time commencing activities covered by the application and the time intended for its conduct.⁴¹

There is no specific single administrative body, because it is different for each distinct type of economic activity.

Promise of a concession

Another document, which an investor may register before the commencement of operations is so-called promise of a concession, which means pledge to grant a license. Promise may contain conditions which must be met and are compulsory in order to obtain the licence. It is issued for a specified period, but not shorter than a period of 6 months. During the period of validity of the promise, the entrepreneur may not be refused a license to perform business activity specified in the promise, unless data contained in the application for the promise has changed, the applicant did not fulfill all the conditions set out in the promise or if the company does not fulfill the conditions for the pursuit of economic activity covered by the license referred to in the relevant Act or if the national security and citizens are threatened.⁴²

Company registration in the National Court Register

The National Court Register (KRS) is the national registry maintained by the economic departments of the district courts. In accordance with the wording of the Act of 20 August 1997 on the National Court Register (Journal of Laws from 2013 item 1203), the regulations regarding the register shall apply, among others, to:

- partnerships (general partnerships, limited liability partnerships, limited partnerships, and master limited partnerships),
- corporate companies (limited liability companies and joint stock companies),
- European companies,
- European economic interest groups,
- research institutes,
- Entrepreneurs specified in the provisions of conduct business activity in the field of small craft industries by foreign legal and natural persons on the territory of the Republic of Poland,
- branches of foreign entrepreneurs operating on the territory of the Republic of Poland.⁴³

The obligation of having the number KRS is excluded to the entities conducting sole proprietorships and shareholders of partnerships.⁴⁴ They are obliged to the entry into the Central Registration and Information on Economic Activity (CEIDG), which is the register of entrepreneurs for natural persons operating on the territory of Poland. The registry has been conducted since July 1, 2011 in the ICT-based system by the relevant Minister in terms of economic affairs on the basis of the provisions of the Act of 2 July 2004 on Freedom of Economic Activity (Journal of Laws of 2015 item 584).⁴⁵

All types of entities, which are subject to registration, must follow the same registration procedure. They constitute the provisions contained in the Act of 20 August 1997 on the National Court Register. The register is kept for the public availability of information on the legal situation of registered entities, including financial aspects and how to represent the economic entity.⁴⁶

Depending on the type of business the entity under the responsibility of the registration in KRS

⁴⁰ The Act of 2 July 2004 on Freedom of Economic Activity (Journal of Laws from 2015 item 584).

⁴¹ Ibid.

⁴² Ibid.

⁴³ The Act of 20 August 1997, on the National Court Register (Journal of Laws from 2013 item 1203).

⁴⁴ Ibid.

⁴⁵ The Act of 2 July 2004 on Freedom of Economic Activity (Journal of Laws of 2015 item 584).

⁴⁶ The Act of 20 August 1997, on the National Court Register (Journal of from 2013 item 1203).

must complete and submit an appropriate form⁴⁷. It can be done in person at the designated for the company registration court, through mail or electronically. Regardless of the form of an entry in the register, the entry requires a fee of PLN 500, increased by PLN 100 per an announcement entry in the Court and Economic Monitor. The exception is the accompanying registration fee of a general partnership, limited partnership and limited liability company, whose contracts were concluded with the use the master agreement. Since 15 January 2015, the fee has been reduced to the amount of PLN 250 (registration in electronic mode – S24)⁴⁸. The application form should include:

- specimen signatures of the persons authorized to represent the entity or a proxy, which have been authenticated by a notary or submitted before a judge or other authorized employee of the court,
- document confirming the applicant stating the legal relationship to the premises (real estate) where the activity is to be performed,
- relevant documents i.e. an agreement or articles of association (originals or copies certified by a notary),
- evidence of payment of court fee for court fees and fees to the Bureau for Issuing Court and Economic Monitor for the announcement in the Court and Economic Monitor.⁴⁹

Issuing a statistical identification number REGON

Register REGON serves as the National Official Register of National Economy Entities. This is currently the only integrated register in Poland covering all entities of the national economy⁵⁰. Identifier REGON is used in the banking system, customs, taxation, as well as in data processing of foreign trade and other commercial and marketing systems. Each entity is given a unique nine digit identification number REGON.⁵¹

In accordance with the Act of 29 June 1995 on Public Statistics (Journal of Laws from 2012 item 591), any entity, during the process of starting a business in Poland, is obliged to register with the REGON database in relation to business activity. It is required to fill in and submit an application for entry in the register REGON, and information

about ongoing changes.⁵² In the case of a sole proprietorship obtaining the number REGON follows through the Central Registration and Information on Economic Activity. Whereas all entities registered in the KRS registers are automatically transmitted through a proper application addressed for this purpose from KRS to the relevant branch of the Central Statistical Office (GUS). Other entities must submit the appropriate application in the relevant GUS assigned according to the location of the company. To obtain the number REGON, the following documents should be completed and filed within 14 days from the date of the founding of the entity, or from the date of making changes:

- form RG-1 containing the following information: the name and address of the entity, its legal form and ownership, organizational type, business type, operational commencement, estimated number of employees, and registration of legal entity
- extract, an extract from the court records or a certificate confirming the formation of the entity or commencement of activities or change of the characteristics of the entry in the register of entrepreneurs.⁵³

All the formalities associated with obtaining a number REGON or making changes to the company data, carried out in the appropriate office, is free of charge to all entities.

Opening a bank account

Every entrepreneur who carries on its activity on the Polish territory is obliged to conduct their financial accounts through the bank account⁵⁴. The exceptions cover the entities without legal personality, such as partnerships and natural persons that are subject to flat-rate taxation⁵⁵.

Business transactions must be made from or to the account, if the party in the transaction is an entrepreneur, or if a single transaction value, regardless of the number of subsequent payments, exceed the equivalent of EUR 15 000. This amount is converted into PLN at the average rate of foreign exchange issued by the Polish National Bank on the last day of the month proceeding the month in which the transaction was made.⁵⁶

47 Ibid.

48 Ibid.

49 The Act of 20 August 1997, on the National Court Register (Journal of Laws from 2013 item 1203).

50 The Act of 29 June 1995 on Public Statistics (Journal of Laws from 2012 item 591).

51 Ibid.

52 Ibid.

53 The Act of 29 June 1995 on Public Statistics (Journal of Laws from 2012 item 591).

54 The Act of 2 July 2004 on Freedom of Economic Activity (Journal of Laws of 2015 item 584).

55 Ibid.

56 Ibid.

In order to open a bank account, entry into an agreement with a selected bank is required. This requires also submission of all the documents relating to the company arising from the date of its foundation, in particular: an extract from the court registry, copies of the identity cards of partners, copies of REGON registration, and NIP. It is also necessary to bring the company's stamp in order to file the stamp specimen and to fill out the signature specimen card. If you have a set of required documents, setting up an account is possible during a single visit in a selected banking establishment.

Tax identification number NIP

NIP is the tax ID of the people running business activity. All natural persons, legal persons or organizational units without legal personality, which, on the basis of separate laws are taxpayers, are obliged to registering their business activities⁵⁷. These issues are regulated by the Act of 13 October 1995 on the Terms of Registration and Identification of Taxpayers (Journal of Laws from 2012 item 1314). To receive a tax ID number, does not require any fees.

Natural person commencing operations and required to register CEIDG

A natural person starting a business is subject to the entry into the Central Registration and Information on Economic Activity (CEIDG), and should submit the identity application required to obtain NIP after completing the CEIDG-1 form⁵⁸. In the next step, the CEIDG transfer of the relevant data contained in the application to the tax office designated by the entrepreneur's location and is obliged to make the notification by the end of the next business day from the date of the submission of the application. The CEIDG-1 form can be prepared only electronically (in so-called anonymous mode). Following, it is necessary to visit any office of the commune or town municipality in order to sign it. To sign the application, the applicant has 7 days from the date of filing of the application. Document CEIDG-1 can also be delivered in the paper form – by visiting any office of commune or town municipality or by sending a letter. When deciding on the submission through sending a letter, a notary certification of the entrepreneur's signature is required. It should be noted that where a natural person who starts a business is subject to the entry into CEIDG and has already been given NIP, the person will not receive another

NIP – in the form CEIDG-1 the person must enter their existing NIP.

Natural person commencing operations and not required to register CEIDG

A natural person, starting a business but not required to register CEIDG, submits the application for NIP after completing the CEIDG-1 form. The application may be submitted in the paper form (delivered directly or by mail to the appropriate tax office) or email (delivered through the e-Deklaracje system). NIP-7 sent over the Internet must bear the secured electronic signature verified by a valid qualified certificate, which allows to uniquely identify the entity that meets the requirements contained in the Act of 18 September 2001 on Electronic Signature (Journal of Laws from 2013 item 262)⁵⁹. Head of tax office issues a registration proof for NIP. It is done immediately after the receipt of the correct identification within the time limit of not more than 3 days.

Entities entered in the National Court Register

As of 1 December 2014, the taxpayers entered in the National Court Register receive NIP under the new rules. Identification registration of these entities includes two types of data: basic (covered by the content of the entry in the National Court Register, with the exception of the register of debtors) and complementary. Currently, the process is as follows:

- A taxpayer declares only basic information in the application for entry in the National Court Register (does not complete applications to other offices, including the NIP-2 form).
- KRS passes them automatically through the ICT system to the Central Register of Entities – National Register of Taxpayers (CRP KEP) and the national register of business entities of national economy (REGON)
- From CRP KEP the documents are forwarded to ZUS (Central Register of Contribution Payers).
- Registration of NIP occurs automatically, immediately after posting CRP KEP through ICT system data submitted to the National Court Register (in case of a branch of a foreign entrepreneur – after posting additional data confirming the status of the payer of insurance contributions).

⁵⁷ The Act of 13 October 1995 on the Terms of Registration and Identification of Taxpayers (Journal of Laws from 2012 item 1314).

⁵⁸ Ibid.

⁵⁹ The Act of 18 September 2001 on Electronic Signatures (Journal of Laws from 2013 item 262).

- Information about NIP is then passed through the CRP KEP to KRS. This may occur within 3 days, if, in connection with granting NIP, it is necessary to carry out by the head of the tax office an investigation in relation to determining whether the entity has not previously been allocated the NIP.
- Upon completion of these activities, the number NIP is assigned to the entrepreneur. Disclosure of NIP in the National Court Register confirms its assignment.
- The last obligation of the taxpayer is report any changes to the existing data. This is the information that is required by the tax administration, GUS and ZUS. Complementary data necessary for dealing with the tax administration include:
 - abbreviated name (company),
 - list of bank accounts
 - addresses of the places of business,
 - address of the storage of accounting records,
 - contact details,
 - in the case of commercial partnerships and entities subjected to registration in the Register of Entrepreneurs under the terms of partnerships – data on individual partners (including their tax IDs).

Complementary data shall be provided exclusively at the tax office (competent in matters of registration) by submitting the NIP-8 form. Identification application in the field of complementary data is to be submitted within 21 days from the date of entry in the National Court Register.

Private partnership

A person representing a partnership in order to get a NIP other than the NIP of partners, applies for one with the form NIP-2. There are two ways to submit the form, paper or electronically. Currently, due to the technical limitations of the system e-Deklaracje, you cannot submit an application bearing a few signatures. For this reason, the entities in which there is a multi-person representation have the right to designate a representative, who may submit such application over the Internet. The power of attorney on the other hand must be submitted in the paper form in the relevant tax office.⁶⁰

Registration of the company at the Social Insurance Institution (ZUS)

The notification of the company at the Social Insurance Institution (ZUS) is one of the mandatory steps accompanying the process of starting a new business.⁶¹ The provisions in this regard are governed by the Act of 13 October 1998 on Social Security System (Journal of Laws from 2015 item 121). Entrepreneurs must report to ZUS both the payer (legal entity or natural person), as well as employees. Application is always free of charge.

Employees come under the social insurance (sickness, accident, and retirement) and health insurance. Regardless of the type of employment agreement binding the employee with the company, the employer is obliged to pay relevant contributions⁶². The value of the contribution is determined by the amount of salary of a given employee. The percentage level of contributions is fixed, but the premiums covering accidents are dependent on a type of business⁶³.

In accordance with the Act of 13 October 1998 on Social Security System (Journal of Laws from 2015 item 121) contributors are required to submit the form ZUS within 7 days from:

- the date of employment of the first employee, or commencement of legal relationship which justifies the inclusion of the first person in the retirement and disability pension schemes of insurance.
- the date of falling into the obligatory retirement and disability pension plans of the insured obliged to pay contributions only for their own insurance or insurance contributions to their co-workers.⁶⁴
- Any changes that have occurred in the application, the entity is obliged to inform the Social Insurance Institution within 14 days from:
 - changes,
 - irregularities in their field,
 - notification of finding irregularities by ZUS.⁶⁵

61 The Act of 13 October 1998 on Social Security System (Journal of Laws from 2015 item 121).

62 www.zus.pl

63 The Act of 13 October 1998 on Social Security System, (Journal of Laws from 2015 item 121).

64 The Act of 13 October 1998 on Social Security System, (Journal of Laws from 2015 item 121).

65 www.zus.pl

60 The Act of 2 July 2004 on Freedom of Economic Activity (Journal of Laws from 2015 item 584).

Table 15. Symbols of the submission documents		
Commercial companies	Partnerships	Sole proprietorship
Registration of contribution payer		
<ul style="list-style-type: none">• Registration/change data of contribution payer• – a legal person or• an organizational unit• does not have a legal personality• (ZUS ZPA)	<ul style="list-style-type: none">• Registration/change data of contribution payer• – natural person (ZUS ZFA)	<ul style="list-style-type: none">• Registration/change data of contribution payer• – natural person (ZUS ZFA)
Social security registration		
<ul style="list-style-type: none">• Registration for insurance/• change data of the insured person (ZUS ZUA)	<ul style="list-style-type: none">• Registration for insurance/• change data of the insured person (ZUS ZUA)	<ul style="list-style-type: none">• Registration for insurance/• change data of the insured person (ZUS ZUA)
Employees registration		
<ul style="list-style-type: none">• Registration for insurance/• notification of changes to the data of the insured person (ZUS ZUA)• Registration for• health insurance/ notification of changes• to the data (ZUS ZZA)	<ul style="list-style-type: none">• Registration for insurance /• notification of changes to the data of the insured person (ZUS ZUA)• Registration for• health insurance/ notification of changes• to the data (ZUS ZZA)	<ul style="list-style-type: none">• Registration for insurance/• notification of changes to the data of the insured person (ZUS AET)• Registration• for health insurance/ notification of changes to• the data (ZUS ZZA)

Source: AGERON Polska own study based on www.zus.pl

Other formal and legal aspects necessary for conducting business activity

Depending on the subject of the company’s activities, the commencement of its operations in a given location and a specified range should be reported to the following entities:

- Regional Sanitary-Epidemiological Station
- National Labour Inspectorate,
- National Trade Inspection
- Voivodeship Headquarters of the National Fire Service,
- Voivodeship Inspectorate of the Environmental Protection,
- Inspectorate of Construction Supervision,
- Natural Gas Plants,
- Energy Plant

TYPES OF TAXATION AND RELATED SOLUTIONS

Basic forms of taxation

Taxation on income in Poland involves both natural persons and legal persons. Statutory records relating to income tax impose on taxpayers of CIT and PIT the obligation to pay advances throughout the year. The basic form of their payments is monthly advances. Sometimes it is possible to pay advances on a quarterly basis or in the simplified form (fixed advances at a fixed amount).

Income taxes CIT and PIT

CIT tax is a tax on income of legal persons (from English CIT – Corporate Income Tax). It is a direct tax (strictly to the taxpayer) paid on the income and in some cases the revenue. The Act that regulates CIT is the Act of 15 February 1992 on Income Tax of Legal Persons (Journal of Laws from 2014 item 851)⁶⁶. In accordance with Art. 19 of the Act, the rate of income tax, in principle, is 19% of the tax base and is the only tax on income of legal persons.

66 The Act of 15 February 1992 on Income Tax of Legal Persons (Journal of Laws from 2014 item 851).

Table 16. Fees associated with commencing business activity in Poland

Commercial companies	Partnerships	Sole proprietorship
Entry into the CEIDG		
Does not apply	0 PLN	0 PLN
Entry into the KRS		
PLN 250 or 500 – registration	Does not apply	Does not apply
PLN 250 – to change data ^{*67}		
In addition: 100 PLN for the announcement in MSiG		
Entry into the REGON		
0 PLN	0 PLN	0 PLN
Obtaining a tax identification number NIP		
0 PLN	0 PLN	0 PLN
Establishing a bank account for an entity		
0 PLN**	Nie dotyczy	0 PLN**
Notifying ZUS		
0 PLN	0 PLN	0 PLN

Source: AGERON Polska own study based on the Act of 2 July 2004 on Freedom of Economic Activity (Journal of Laws from 2015 item 584), the Act of 13 October 1998 on Social Security System (Journal of Laws from 2015 item 121), www.bip.ms.gov.pl, www.zus.pl, www.prod.ceidg.gov.pl (*A fee of PLN 100 apply when a general partnership, limited partnership or a limited liability company is assumed in the S24 system, **In reality, the fee is dependent on the tariff system of a Bank, but currently all banks are waiving the fee for opening an account.)

The following are the revenues which are taxed 20% of taxable income:

- from gained interest, copyright or related rights, the rights to inventions, trademarks and ornamental designs, including the sale of those rights, charges for access to secret formula or production process, for the use of or the right to use industrial equipment, including means of transport, commercial or scientific equipment, or for information concerning experience gained in the field of industrial, commercial or scientific experience (know-how).
- from fees for services rendered in the field of artistes, entertainment or sports performed by legal entities established abroad and organized through companies operating in the field of artistic events, entertainment or sports on the Polish territory,
- from performances in consulting, accounting, market research, legal services, advertising services, management and control, data processing, employee recruitment and supply services, guarantees and similar benefits

The following are the revenues which are taxed 10% of taxable income:

- from due fees for the export of goods and passengers admitted for transportation in the Polish harbours by foreign enterprises of maritime navigation, with the exception of cargo and passengers,
- obtained on the territory of the Republic of Poland by foreign air transport enterprises

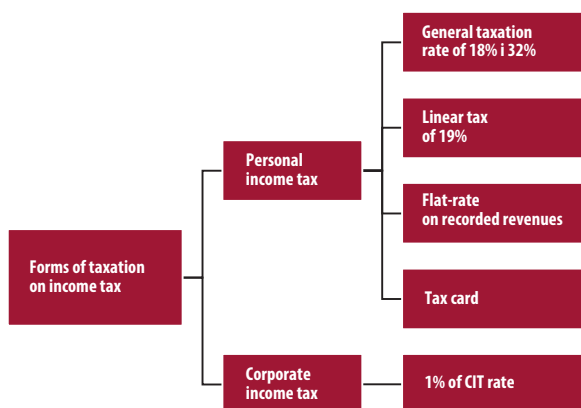
In addition, the Polish tax system implements the provisions of EU directives. Their role is to bring together national provisions relating to income taxes across the EU.

CIT taxpayers are:

- limited liability companies, joint stock companies and other legal persons,
- corporate companies in organization,
- master limited partnerships with its registered office or the Management Board on the Polish territory,
- organizational units without legal personality, other than a company without legal personality,
- a company without legal personality, with its registered office or the management in another country if, in accordance with the provisions

67 The Act of 20 August 1997, on the National Court Register (Journal of Laws from 2013 item 1203).

Figure 2. Forms of taxation of business activity in Poland



Source: AGERON Polska own study

of the tax law of the country are treated as legal persons and are subject there to tax on all their income, regardless of where are their achievements,

- tax capital groups.

Partnerships, with the exception of master limited partnership, are not subject to CIT. Income of partnerships is allocated to the account of the partners which are subject to PIT, along with their other income. Also taxpayers having their registered office or management established on the Polish territory are subject to CIT in Poland on all their income. In turn, the entities without their registered office or management on the Polish territory are subject to CIT only from the income achieved in the country.⁶⁸

PIT is an income tax of natural persons (from English. PIT – Personal Income Tax). It is also a direct tax paid by individuals on the basis of earned income, and sometimes also on revenues. The legislature has allowed making payments of this tax in a simplified, flat rate form for some entrepreneurs (tax authorities should be informed about selecting this form of settlement). PIT is regulated by the Act of 26 July 1991 on Income Tax of Natural Persons (Journal of Laws from 2012 item 361), while the provisions of the scope of flat-rate are recorded and can be found in the Act of 20 November 1998 on the Flat-Rate Income Tax of Certain Revenues attained by Natural Persons (Journal of Laws from 1998 No. 144 item 930).⁶⁹

68 The Act of 15 February 1992 on Income Tax of Legal Persons (Journal of Laws from 2014 item 851).

69 The Act of 26 July 1991 on Income Tax of Natural Persons (Journal of Laws from 2012 item 361).

Below are the forms by which entrepreneurs can settle their income tax. Decision about the choice of the appropriate form is very important while commencing business activity.

Tax card

Entrepreneurs who intend to choose the tax card as a kind of taxation are obliged every month to pay the same amount of tax to the authorities, regardless of income. Even if income is not achieved, they have the obligation to cover the tax liabilities to the tax office. To use the card, there is a requirement to meet several conditions. Such a method of taxation may be chosen by entrepreneurs as indicated in one of the twelve parts of Annex 3 to the Act of 20 November 1998 on the Flat-rate Income Tax on some Incomes of Natural Persons (Journal of Laws 1998 No. 144, item 930). Those who wish every month to settle the account to the tax authorities in the amount independent of income and conduct an economic activity listed in Annex should also meet the following conditions:

- deliver the request for the PIT-16 form of taxation,
- do not benefit from the services of persons not employed by them under a contract of employment and services of other companies and establishments, with the exception of professional services,
- do not direct another non-agricultural economic activity,
- spouse of the taxpayer also may not operate business in the same field,
- do not produce products taxed under other legislation and regulations (e.g., excise tax)
- work in Polish.⁷⁰

Flat-rate taxation

Flat-rate taxation from revenues is a legal possibility to take advantage of other than the general form of taxation of certain revenues by natural persons who satisfy at least one of the following criteria:

- carry out non-agricultural business,
- achieve revenues from rent, sub rent, lease, sublease or other contracts of a similar nature, where such agreements are not concluded in the course of non-agricultural activities,
- are priests.⁷¹

Natural persons who achieve revenues from non-agricultural activities have the option of paying a flat rate income tax in a lump sum on recorded earnings or through tax card.

70 The Act of 20 November 1998 on the Flat-rate Income Tax on some Incomes of Natural Persons (Journal of Laws 1998 No. 144, item 930).

71 Ibid.

A lump sum on recorded revenues can be paid by taxpayers who on the occasion of the start-up choose this form of taxation. On the other hand, if the entrepreneurs ran the business in the previous year, in order to be able to use this option, they would have to reach revenues from this activity in the amount not exceeding the equivalent of EUR 150 000.

This form of settlement causes mainly the inability to classify costs to costs of revenues, as revenues from economic activity are considered in settlement only.⁷²

General rules for natural persons

Taxation on general principles constitutes a basic form of taxation. It is worth to choose this form when there are high costs of economic activity incurred. This form of settlement is required when taxpayer does not have the right to tax in the form of a tax card or a recorded lump sum. Within this framework, all types of income are taxed, except for those listed in Art. 21, 52 and 52a of the Act on Income Tax of Natural Persons (Journal of Laws from 2012 item 361), listed in the catalogue of the exemptions. Income from non-agricultural economic activities is understood as the surplus of total revenues over the costs of obtaining them in a given tax year.⁷³

Entrepreneurs acting as individuals taxed on general principles must determine the monthly tax and submit the declarations of the method of calculating the tax (the tax according to the tax scale or a 19-percent linear tax).

Company obliged to carry out full accounting cannot fall into these principles of taxation. In a situation when their net revenues from the sale of goods, products and financial operations for the previous fiscal year reached a level at least the equivalent in Polish currency of EUR 1 200 000.⁷⁴

The choice of form of taxation

All taxable persons have the possibility to change the form of taxation depending on the type of business. By meeting the right conditions, it is possible to choose the more favourable variant of settlement with the tax office. Such rights are open to all taxpayers to 20 January of each fiscal year. For those opening a business for a specified term it will be the day of submission of the application for entry

Table 17. Available forms of taxation depending on activity - summary

A natural person	Private Partnership	Partnership	Corporate company
Tax card			
✓	✓	✓	✗
Recorded lump-sum			
✓	✓	✓	✗
General rules for individuals			
✓	✓	✓	✗
Corporate Income Tax			
✗	✗	only joint stock company	✓
Linear tax			
✓	✓	✗	✗

Source: AGERON Polska own study based on www.finance.mf.gov.pl/documents/766655/7103126/ULOTKA-dzial_gosp_farmy_opodat_2014.pdf

in the Central Register and Information on Economic Activities (CEIDG). The exception is the selection of the tax card – in this case, it is required to simply submit a declaration before the start of the activity. As for the other forms, by not making any choice in the application in relation to entry into the CEIDG, the final decision should be made before the day of receiving first revenue. However, if the taxpayer does not make any additional submissions, then it remains subject to income tax according to the tax scale.⁷⁵

Taxpayer's calendar

Taxpayer's calendar includes the dates of current pay of various types of taxes (PIT, VAT, CIT, and excise) and the date of settlement with ZUS on a monthly basis.

Entities subject to corporate income tax from legal persons are obliged to pay deposits on a monthly or quarterly basis. Monthly advances are paid monthly by the 20th day of the following month (i.e. the deposit for the month of January must be paid before 20 February), and quarterly advances by the 20th day of the first month following each

⁷² Ibid.

⁷³ The Act of 26 July 1991 on Income Tax of Natural Persons (Journal of Laws from 2012 item 361).

⁷⁴ Ibid.

⁷⁵ Ibid.

quarter (i.e. the deposit for the first quarter must be paid before 20 April).

The annual CIT statement is submitted within 3 months from the end of the tax year of a given unit. If it coincides with the calendar year, the settlement should be delivered to the tax office by the end of March of the following year. In the same period, calculated tax must be paid.⁷⁶

An established entity (as well as taxpayers paying taxes on rental activities) pays advances on income tax on a monthly or quarterly basis. This also applies to the taxpayers paying lump sums on recorded revenues. Monthly advances are paid before 20th day of the month following the month for which an advance to be covered (for example, an advance for the month of January should be paid before February 20). Quarterly advances in turn are paid before 20th day of the first month following a given quarter (for example, an advance for the 1st quarter, must be paid before 20 April). The exception is the lump sum payment for December/IV quarter – then the period for its payment to the office coincides with the deadline for filing annual statements.

On the basis of the above mentioned time limits relating to the monthly periods, taxpayers are required to make advances on income tax on behalf of employees or persons employed on the basis of other contracts. Also, people who have the tax card are required to pay taxes before the 7th day of each month for the previous month. There is also a claim that the tax card for December should be paid before the 28th of this month.

Natural persons must settle annually and pay required tax within the following time limit:

- by the end of January of the following year, when the tax is paid in a recorded lump or tax card (here information about social security contributions is submitted),
- by the end of April of the following fiscal year – in other cases.⁷⁷

Local taxes

According to the Act of 13 November 2003 on Incomes of Local Government (Journal of Laws from 2015 item 513) revenues from local taxes constitute income of the municipality which collects them. However, there is no clear legal definition of

local taxes. The payments included in this group were admittedly enumerated in the Act of 12 January 1991 on Taxes and Charges (Journal of Laws from 2014 item 849), but this list has no other tax benefits which include the features of these taxes, but are covered by other resolutions and laws. According to the concept of the law of public finances, the local taxes are those fiscal duties, which can be managed by a local government having fiscal sovereignty. This authority applies the law of local government to collect specified taxes to the local budget and for shaping the dimension of these taxes. This is done primarily through the ability to determine the specific tax rates (below the statutory maximum rate) and the introduction of tax exemptions.⁷⁸

The rate of taxes and local fees are determined by the relevant municipalities through resolutions of their councils. They must not, however, exceed the maximum amounts to be determined each year in the notice of the Minister of Finance (Polish Monitor from 2014 item 718). They are indexed annually according to a price index of goods and services.

Many of the regions and cities in Poland are encouraged to invest in their territory by a system of tax credits that can be provided by them. For example, in Lublin, there are incentives and tax breaks initiated by local authorities such as, among others:

- exemption from real estate tax for entrepreneurs creating new jobs in the city of Lublin,
- exemption from property tax in connection with the implementation of the new investment in the construction of multi-level parking lots and multi-level garages in the city of Lublin,
- exemption from property tax within the framework of the regional aid scheme for entrepreneurs pursuing new investment or creating new jobs related to the new investments within the vicinity of the Special Economic Zone Euro-Park Mielec in Lublin
- exemption from income tax for entrepreneurs investing within the vicinity of the Special Economic Zone Euro-Park Mielec in Lublin,
- grants for hiring unemployed,
- efficient and friendly administrative treatment of investors.⁷⁹

⁷⁶ The Act of 15 February 1992 on Income Tax of Legal Persons (Journal of Laws from 2014 item 851).

⁷⁷ The Act of 26 July 1991 on Income Tax of Natural Persons (Journal of Law from 2012 item 361).

⁷⁸ www.sejm.gov.pl/sejm7.nsf/BASLeksykon.xsp?id=5B8A3AF72ED2AC2FC1257A5A0021FD20&litera=P

⁷⁹ www.lublin.eu/Ulgi_i_umatwienia-1-290.html

Table 18. Taxpayer's calendar

Date	Type of form	Relations
before 7th day of each month	Tax card	The last day for making a payment on income tax by taxpayers settling in the form of a tax card settlement.
before 10th day of each month	ZUS-DRA	It is necessary to pay social security contributions, health insurance and the Labour Fund (contribution is paid in respect of the preceding calendar month). In this period, natural persons pay contributions only for themselves.
before 15th day of each month	ZUS-DRA (employees)	Deadline for the payment of social security contributions, health insurance and the Labour Fund and/or Guaranteed Benefits Employee Fund. The entrepreneur is required to meet the due date and pay contributions for the preceding month for yourself and its employees.
	VAT-UE	A monthly declaration submitted in the paper version, settlement for the previous month.
before 20th day of each month	A lump sum	The date of payment of the flat-rate income tax on recorded revenues. Flat rate for December should be paid at the same time with the annual statement to the tax office.
	-	Monthly advance on income tax from natural persons engaged in business activity on general principles
	PIT-13	PIT-13 includes a taxable person who has reached revenues from the sale of shares, bonds and other securities.
		Monthly advance on income tax from natural persons in respect of their salaries.
	PIT-9	Information on the paid benefits by the disability authorities from social security.
	PIT-51	Advance on income tax from the remuneration received through employment abroad and foreign retirements and disability pensions received without mediation of the bank.
	PIT-52	Declaration about the amount of income earned by taxpayers receiving income through private practices, such as: artistic, literary or the provision of services on the basis of mandate contracts or performing a specified task.
	CIT-2	Monthly advance on income tax from legal persons.
	CIT-2A	Monthly advance on income tax from the capital group
	DEK-I-O	Contribution to the State Fund for Rehabilitation of Disabled People (PFRON).
before 25th of each month	VAT-7 VAT-7K	VAT settlement must be done monthly and the VAT-7 form should be submitted. As for the date of the following quarter, during which the persons became VAT taxpayers, it is necessary to make a VAT settlement and submit the VAT-7K form.
	VAT EU – monthly	Monthly declaration submitted in the electronic version, the settlement for the previous month.
	AKC-2	Due time to settle the excise duty.
Before 31 January of the following year after the tax year	PIT-28	Entrepreneurs settling on the basis of the flat-rate tax submit statement on obtained revenue, the value of deductions made and payable the lump sum from recorded revenues.
before 30 April of the year following after the tax year	PIT-36	Submission date of statements of income (or suffered income) in the tax year by an entrepreneur conducting business activity established on the general principles. Within the specified time it is also required to – in so far as it results from the submitted statement – the difference between the tax due and the sum transferred to the account of the Tax Office in the form of advances in the given year.

Source: AGERON Polska own study based on www.podatnik.info

Double taxation in international trade

Legal basis

The law on income tax entitles to charge the taxpayer on earned income that is received both at home and abroad. The problem appears when the same income is subject to tax in the country. To prevent undesirable consequences arising when settling foreign income, Poland has signed a number of international agreements for the avoidance of double taxation.⁸⁰

Interpretation of double taxation

Double taxation can be interpreted in legal or economic aspects. In legal terms this is the imposition of comparable taxes through two or more countries on the same taxable person, with the same title, and for the same period. In economic terms, the essence is that identical with each other is the object of taxation and the related entities are different from each other.

An example is the imposition of tax on income of a corporate company at the company level, as well as shareholders. In this respect, double taxation of economic activity is sometimes present in conventional tax systems and usually there is no elimination.

Methods to avoid double taxation

Polish agreements on the avoidance of double taxation include descriptions of methods for its elimination. The acts pertaining to income tax (of 15 February 1992 on Income Tax of Legal Persons (Journal of Laws from 2014 item 851) and of 26 July 1991 on Income Tax of Natural Persons (Journal of Laws from 2012 item 361)) provide two ways of avoiding double taxation:

- exemption from progression (Art. 27 para. 8 of the Act of 26 July 1991 on Income Tax of Natural Persons),
- proportional deduction (Art. 27 para. 9 and 9a of the Act on Income Tax of Natural Persons and Art. 20 para. 1 and 2 of the Act of February 15, 1992 on Income Tax of Legal Persons).⁸¹

The method of exemption with progression consists of:

- summing up the income subject to income tax and the income exempt from this tax – occurs then the comprehensive income (Dc)
- calculation of total income tax according to the tax scale (P) (Art. 27 para. 1 of the Law

of 26 July 1991 on Income Tax of Natural Persons),

- calculation of the interest rate (S) according to the following formula: $S = \frac{P}{D} \times 100$
- calculated interest rate applies to taxable income tax.⁸²

The method of proportional deduction is applied in the following manner:

- in a situation where income generated abroad is subject to taxation in Poland, from the proper tax it is necessary to deduct the due tax paid at the place of the income (should be borne in mind that the deduction is possible only up to the amount of tax proportionately attributable to income earned in a foreign country).
- tax in the country of residence of the taxpayer calculated according to Polish tax scale for all sources of income of the taxpayer located on Polish territory and abroad,
- from the tax calculated on the total income, the tax paid abroad is deducted, however, the deduction may not exceed that part of the tax calculated before taking into account the deduction, which proportionally falls on the income earned in a foreign country,
- limit is deducted according to the following formula:⁸³

$$\frac{\text{Tax on total income} \times \text{Income earned abroad}}{\text{Total income}}$$

Taxation of changing the form of business entities

While pursuing economic objectives, sometimes there are conditions inducing entrepreneurs to change and transform the current form of business into another. While making a decision, entrepreneurs should always evaluate the benefits of such a change, its contribution to business, as well as its character.

Each entrepreneur may exercise the right to change its legal form, as there are permissions in this area with different configurations. There may be a conversion of:

- partnerships into other partnerships,
- partnerships into corporate companies
- corporate companies into other companies,
- corporate companies with share capital into partnerships.
- partnerships into commercial companies,

⁸⁰ www.poltax.pl/baza_prawa_podatkowego/umowa_modelowa_onz,418/umowa_modelowa_onz,625

⁸¹ www.cenytransferowe.org/ceny-transferowe-na-swiecie/umowy-o-unikaniu-podwojnego-opodatkowania

⁸² Ibid.

⁸³ Ibid.

- entrepreneur who is a natural person into a one-person limited liability company or joint stock company.⁸⁴

Transformations of companies are usually tax-neutral operations. There are however, a few significant exceptions that generate a fiscal burden. It is also noted that the transformation of a company does not lead to its liquidation – activity is continued, only the form has been altered.

Transformation of a partnership

The transformation of a partnership into another partnership (with the exception of master limited partnership) does not result in any negative consequences. Partners are paying income tax in the same way as before. The company continues without changes its settlement in respect to VAT. There is also no need to close the account books of the company.⁸⁵

However, the transformation of a partnership into a limited liability company, joint-stock company, or master limited liability company causes the partners lose their ability to use the main advantage of partnerships, i.e., a single taxation. Corporate companies are not fiscally transparent, and their incomes are double-taxed – first, they are subject to income tax from legal persons as their current profits, and then the payment of dividends to partners is taxed.⁸⁶

Conversion of a corporate company

A corporate company converting into a partnership is required to close account books and file an annual corporate income tax return (CIT). From the date of the change of the legal form, the partnership starts a new fiscal year and record books. The company itself ceases to be liable to pay income tax. As a result of the transformation, the transformed partnership, and more precisely its partners, by determining their income which is the taxable amount can no longer take into account the possible losses incurred by the transformed company with limited liability or joint-stock company. So it is worth to take advantage of the loss before any induced changes in the formation of the company, as this will reduce the tax base and the tax itself.

At the time of the conversion of a corporate company into a partnership, its undistributed profits are transferred to the partners of the partnership, meaning, are left at their disposal. They represent a transformation on income from the share

in profits of legal persons, subject to 19% taxation of the linear income tax

Transformation of a limited liability company into a master limited partnership may also result in an additional burden in terms of taxation from civil and law transactions (PCC).

Transformation into a partnership does not adversely affect in terms of the value added tax on goods and services (VAT). Each partnership is a taxable person of VAT in the same way as any other company. There is, therefore, the full continuation in this respect. In particular, there is no obstacle in the settlement of the tax due with the tax accrued of the already transformed company. Also, there is no obligation to make a new registration application for VAT, and it is sufficient to only update the previous application.⁸⁷

LABOUR LAW

Labour law is regulated by the Labour Code Act of 26 June 1974 (consolidated text: Journal of Laws of 2014, item 1502). The Act specifies, in particular:

- rules for establishing employment relationships (it is worth noting here that the employee can be any person who is 18 years old, and only in certain circumstances, specified in Article 190 to 206 of the Labour Code, a minor can be employed; nevertheless, it is prohibited to employ any persons who are less than 16 years old),
- general work remuneration system rules,
- responsibilities of employers and employees,
- financial responsibility of the employed,
- issues concerning working time, leaves from employment and occupational health and safety.⁸⁸

Certain issues concerning employment relationships are also regulated by other legal acts such as:

- Act on Specific Rules for Terminating Employment Relationships with Employees for Reasons Beyond the Employees' Control of 13 March 2003 (consolidated text: Journal of Laws of 2015, item 192),
- Trade Union Act of 23 May 1991 (consolidated text: Journal of Laws of 2014, item 167),
- Employers' Organisation Act of 23 May 1991 (Journal of Laws of 2004, No. 240, item 2407).⁸⁹

⁸⁴ Ibid.

⁸⁵ The Act of 29 August 1997 – the Ordinance on Tax (Journal of Laws from 2015 item 613).

⁸⁶ Ibid.

⁸⁷ Ibid.

⁸⁸ Labour Code Act of 26 June 1974 (consolidated text: Journal of Laws of 2014, item 1502)

⁸⁹ www.mpips.gov.pl/prawo-pracy/prawo-pracy/informacje-ogolne

Types of employment contracts

According to the Labour Code, the types of employment contracts are as follows:

- employment contract for a specified period of time,
- employment contract for an indefinite period of time,
- employment contract for a specified task,
- employment contract for replacement.

Employment contract for a trial period

Each of the aforementioned contracts may be preceded by an employment contract for a trial period, which is concluded in order to make sure that the decision made thereunder is of benefit to both parties. For the employer, this form of employment is an opportunity for testing the employee's performance at a given position and also for verifying his or her skills and qualifications. For the employee, in turn, it is a chance to test the working environment, as well as the type of work, and also to verify whether the amount of remuneration agreed with the employer is appropriate and fair in relation to the obligations imposed.⁹⁰

There is no obligation to conclude an employment contract for a trial period with the employee. However, the employer is given such an option before committing itself under different employment contracts. Nevertheless, it should be pointed out that the term of a trial period cannot exceed 3 months.⁹¹

The Labour Code does not restrict the frequency with which the employer may conclude such a type of contract with the employee. Nonetheless, both the doctrine and court decisions emphasise that the same employee may only be contracted for a trial period at the same job position once.⁹²

Employment contract for a specified period of time

The employment contract for a specified period of time is an agreement under which the parties independently decide on the duration thereof and whose aim is to guarantee, both to the employee and the employer, that the employment relationship established thereunder will last during the period of time determined in the contract. This type of contract may be signed with a given employee at the most twice. The conclusion of the third consecutive employment contract for a specified period of time has the same legal effect as the conclusion of the employment contract for an

indefinite period of time (unless the interval between the previous contract and the next contract is longer than a month).⁹³ In the employment contract for a specified period of time concluded for a period longer than 6 months, the parties may stipulate that it can be terminated upon prior notice of 2 weeks.

Employment contract for an indefinite period of time

The employment contract for an indefinite period of time is an agreement that binds the employer and employee on a more permanent basis. Under this contract, the parties establish an employment relationship without specifying its final date. Such a contract is concluded, when both parties plan a long-term cooperation, and the employer is sure that a given job position is permanent in the organisation.⁹⁴ The most distinctive feature of this employment contract is the fact that it can be terminated upon the longest termination notice, which depending on the length of service at the employer, may amount even up to 3 months, and also that the employer is obliged to justify the notice.⁹⁵

Employment contract for a specified task

Similarly to the contract for a specified period of time, this contract is a type of fixed-term employment contract concluded for the purpose of enabling the employee to perform work falling within a certain task, whose completion date is determined in advance. The contracts of this type differ from the contracts for a specified period of time in that they do not indicate, even indirectly, the termination date of employment and the contract is considered to be terminated at the completion by the employee of the agreed work that is defined therein. In most cases, the contracts for a specified task are concluded for casual and seasonal works that intensify in certain periods.⁹⁶

Employment contract for replacement

The employment contract for replacement is a specific fixed-term agreement concluded in the case of the employee's excused absence from work. The excused long or short-term absence from work includes maternity leave, parental leave, non-paid leave and also long-term sick leave. The employment contract for replacement expires on the date specified therein.⁹⁷

90 www.infor.pl/prawo/praca/umowa-o-prace/702313,Umowa-o-prace-na-okres-probny-2015.html

91 Labour Code Act of 26 June 1974 (consolidated text: Journal of Laws of 2014, item 1502)

92 www.kadry.infor.pl/zatrudnienie/umowa-o-prace/273457,Ile-umow-na-okres-probny-z-tym-samym-pracownikiem.html

93 Ibid.

94 www.poradnik.ngo.pl/umowa_o_prace_w_organizacji_pozarzadowej

95 Labour Code Act of 26 June 1974 (consolidated text: Journal of Laws of 2014, item 1502)

96 Ibid.

97 Ibid.

Establishment of employment relationship

An employment relationship is established irrespective of the type of contract concluded between the parties. In order for such a relationship to be established, the employee undertakes to perform work of a certain type for the employer and under its management, at the place and time specified by it, against remuneration. There are some characteristics that make it possible for the employment relationship to be distinguished from other legal relationships under which work is performed. They include:

- personal performance of work, which means that the employee must perform work independently and may not entrust it with another person,
- payment for work, which means that the employer is obliged to pay remuneration for the performed work, and that the employee may not renounce it,
- subordination of the employee, which means that the employee performs the work for the employer and under its management,
- risks of the employer, which means that it is not the employee but the employer who is exposed to a risk of involuntary failure of the performed work,
- continuity and repetitiveness of work, which means that the employee is obliged to keep on performing work and not to perform it just once.

If a given contract stipulates that work characterised by the aforementioned features needs to be performed, then such a contract is the employment contract, even if its heading (title) indicates otherwise. The Labour Code makes provision for this purpose in order to prevent employers from entering into deceitfully named contracts with employees, and therefore from circumventing many provisions of the Labour Code, which are often inconvenient and impose too many obligations.⁹⁸

Working time

Pursuant to Article 128 of the Labour Code Act of 26 June 1974 (consolidated text: Journal of Laws of 2014, item 1502), working time is the time, in which the employee is at the employer's disposal at the place of employment or in any other location intended for the performance of work⁹⁹. According to the following article of the aforementioned legal act, working time cannot exceed 8 hours per

day and on average 40 hours in per average 5-day working week in the settlement period of maximum 4 months.¹⁰⁰ During each day, which is understood as the consecutive 24 hours (starting from the hour at which the employee commences his or her work), the employee is entitled to at least 11-hour continuous rest, during which he or she is not at the disposal of the employer. This is the basis for calculating the number of hours to be worked by the employee.

Working time comprises:

- periods of inactivity, when the employee is ready to perform work, but experiences obstacles in doing so through the fault of the employer,
- a break of at least 15 minutes, if the daily working time is at least 6 hours,
- a break of at least 5 minutes when working with a display screen – a break must be taken after an hour of continuous work with a display screen; therefore, employees are not entitled to such a break, if within a clock hour they also perform other tasks,
- a break for employees working in the conditions that are particularly onerous or hazardous to health and whose work is monotonous,
- a rest period for disabled people,
- breaks for breastfeeding – the employee should have two breaks of 30 minutes each, if she is breastfeeding one baby, and two breaks for 45 minutes each (which can be taken in succession), if she is breastfeeding more than one baby – the break is not provided, if the employee works for less than 4 hours a day, and where working time is less than 6 hours, the employee can only have one break,
- study time of a young employee in the number of hours resulting from the educational programme, irrespective of whether it falls within his or her working time,
- a break for a young employee, if his or her daily working time is longer than 4.5 hours,
- time of training in the area of OHS, if it takes place during the standard working hours,
- periods of inactivity due to regular and systematic medical examinations.¹⁰¹

Working time does not include:

- any on-call time, if during that time the employee is inactive or is on call at home, despite the fact that the employee is unable to freely use that time,

⁹⁸ Ibid.

⁹⁹ Labour Code Act of 26 June 1974 (consolidated text: Journal of Laws of 2014, item 1502)

¹⁰⁰ Ibid.

¹⁰¹ Labour Code Act of 26 June 1974 (consolidated text: Journal of Laws of 2014, item 1502)

- any breaks no longer than 60 minutes, taken for meals or for dealing with personal matters,
- any breaks no longer than 5 hours within the interrupted working time system,
- any OHS training or medical examination that takes place outside working hours.¹⁰²

Any work performed by the employee in the hours exceeding the standard working time is considered work performed as overtime, which according to the provisions of the Labour Code is only allowed, if:

- it is necessary to conduct a rescue operation in order to protect human life or health, assets or environment or to remove a failure,
- it is justified by special needs of the employer.¹⁰³

The overtime hours worked in relation to the aforementioned circumstances cannot exceed 150 hours per employee in a calendar year¹⁰⁴. The overtime hours are settled by way of providing the employee with compensatory leave equivalent to the number of overtime hours worked or by paying the employee, apart from standard remuneration, additional remuneration due to overtime work. If the employee works on holidays, Sundays or at night, he or she is entitled to extra payment of 100% of his or her remuneration and where the overtime hours are worked on a normal working day – 50%.¹⁰⁵

The Labour Code also specifies potential periods of inactivity. They include:

- non-paid leave,
- parental leave,
- compulsory military service or civilian service,
- temporary military service,
- military training or exercise,
- provisional detention,
- periods of imprisonment,
- excused absence from work.¹⁰⁶

Employee holiday leaves

The employee is entitled to continuous annual holiday leave. The amount of leave depends on the general length of service and the employee's education:

- 20 days, if the employee has been employed for less than 10 years,

- 26 days, if the period of employment is at least 10 years.¹⁰⁷

In order to determine the amount of leave for a given employee it is necessary to aggregate all the periods during which he or she was employed. A manner of terminating the employment relationship and any potential interruptions in employment are of no relevance here. The length of service also includes periods, in which the employee is not employed, but which affect the amount of leave.

The period of employment, on the basis of which the length of holiday leave is calculated, is increased by the following periods:

- the time of study at a basic vocational school or other equivalent school – provided for in the curriculum, however, no more than 3 years,
- the time of study at a secondary vocational school – provided for in the curriculum, however, no more than 5 years,
- the time of study at a secondary vocational school for basic vocational (equivalent) school graduates – 5 years,
- the time of study at a general secondary school – 4 years,
- the time of study at a post-secondary school – 6 years,
- the time of study at a university – 8 years.¹⁰⁸

It should be noted that the periods of study do not aggregate. Only one period is taken into account, i.e. the one that is the most favourable to the employee. For a holiday leave period employees are entitled to such remuneration as would be paid to them, if they performed work in such a period.

Termination of the employment contract

The termination of employment results from legal actions taken by one or both parties to the employment contract. The contract may be terminated by mutual agreement of the parties or with or without prior notice (through the fault of the employee, without the fault of the employee or through the fault of the employer).

Termination of the employment contract by mutual agreement of the parties

Each employment contract may be terminated by mutual agreement by both the employer and the employee. The contract is terminated within the time

¹⁰² Ibid.

¹⁰³ Ibid.

¹⁰⁴ Ibid.

¹⁰⁵ Ibid.

¹⁰⁶ Labour Code Act of 26 June 1974 (consolidated text: Journal of Laws of 2014, item 1502)

¹⁰⁷ Ibid.

¹⁰⁸ Ibid.

limit set forth in the agreement, which the parties determine at their discretion. If the contract specifies no time limit for the termination thereof, the agreement terminates the contract as of its conclusion.

Termination of the employment contract with prior notice

The termination notice is a statement provided by the party of the contract to the other party thereto. In Article 32 of the Labour Code Act of 26 June 1974 (consolidated text: Journal of Laws of 2014, item 1502), it is made clear that the termination notice may be used for the purpose of terminating the employment contract in the case of the employment contract for an indefinite period of time and the employment contract for a trial period, as well as the employment contract for a specified period of time longer than 6 months, if the parties provide for such an option therein. The contract is terminated with prior notice, in accordance with the aforementioned article, at the end of the period of notice.

The termination notice applicable to the employment contract for an indefinite period of time depends on the period of employment at a given employer. In accordance with the provisions of the Labour Code:

- if the employee has been employed for less than 6 months, the termination notice is 2 weeks,
- if at least 6 months – 1 month,
- if the employee has been employed for more than 3 years, the notice period is 3 months.¹⁰⁹

The termination notice should be given in writing, and in the letter terminating the employment contract for an indefinite period of time the employer should indicate the reason for terminating the contract and the instructions regarding the employee's right to appeal against such a notice to a labour court.¹¹⁰

Termination of the employment contract without prior notice through the fault of the employee

The termination of the employment contract without prior notice is a statement made by one of the parties thereto, which results in the employment contract being regarded as immediately expired. Every employment contract may be terminated without prior notice, but only if any of such exceptional events occur as set forth in the Labour Code.

The employment contract may be terminated without prior notice through the fault of the employee in the following events:

- a serious breach of the fundamental work obligations by the employee,
- a crime being committed by the employee during the term of the employment contract, which makes it impossible for him or her to be further employed at the position held, if the crime is evident or confirmed by a legally valid court decision,
- a loss of competences needed to perform work at the position held, through the fault of the employee.

Pursuant to Article 52 of the Labour Code Act of 26 June 1974 (consolidated text: Journal of Laws of 2014, item 1502), an employment contract may not be terminated without prior notice, through the fault of the employee, if a month has passed from receipt by the employer of information regarding the circumstances justifying such a termination.¹¹¹

Termination of the employment contract without prior notice without the fault of the employee

In accordance with the Labour Code, the employer may terminate the employment contract without prior notice also without the fault of the employee. The employer may exercise such a right:

- if the employee's inability to work due to illness is longer than 3 months, when the employee has been employed by the employer for less than 6 months,
- if the employee's inability to work due to illness is longer than the aggregated period of the collection of remuneration and sickness benefit and of the collection of rehabilitation benefit for the first three months, when the employee has been employed by the employer for at least 6 months, or if the employee's inability to work is caused by an accident at work or an occupational disease,
- in the case of the employee's excused absence from work for reasons other than specified above, which is longer than 1 month.¹¹²

Termination of the employment contract without prior notice by the employee

The termination of the employment contract without prior notice by the employee is a specific form of terminating the employment relationship with immediate effect, whose consequences are identical to those caused by the termination of the contract by

¹⁰⁹ Labour Code Act of 26 June 1974 (consolidated text: Journal of Laws of 2014, item 1502)

¹¹⁰ Ibid.

¹¹¹ Ibid.

¹¹² Labour Code Act of 26 June 1974 (consolidated text: Journal of Laws of 2014, item 1502)

the employer. The employee may terminate the contract in such a way only in two events, namely when:

- a medical statement is issued that the work performed is detrimental to his or her health, and the employer fails to transfer the employee to another job position, appropriate to the state of the employee's health and professional qualifications, within the time limit specified in the said statement,
- the employer commits a serious breach of the fundamental obligations towards the employee¹¹³.

If the employee wants to terminate the contract without prior notice through the fault of the employer due to the employer's breach of obligations under the employment relationship, the simultaneous fulfilment of the three conditions must be confirmed, namely that the employer committed a breach of the fundamental obligations towards the employee and that the breach was committed through the fault of the employer and that it was serious.

The fundamental obligations, whose breach by the employer gives the employee cause to terminate the employment contract with immediate effect, include the following:

- obligation to provide for safe and healthy work conditions,
- obligation to pay remuneration on time and correctly,
- obligation to grant holiday leaves and other leaves from work,
- obligation to comply with the working time standards,
- obligation to protect women and young employees,
- obligation to respect the employee's dignity and other personal goods,
- obligation to treat employees equally and to counteract harassment.¹¹⁴

If the employee terminates the contract through the fault of the employer, the employee is entitled to compensation in the amount of remuneration for the notice period, and if the employment contract is concluded for a specified period of time or for a specific work, in the amount of remuneration for 2 weeks. The statement concerning the immediate termination of the contract needs to be made in writing and should include the request for the employment relationship to be terminated with immediate effect, and it should also specify the reason justifying such a termination. The employer must also

include in the statement the instructions for the employee concerning the judicial remedies available.¹¹⁵

Protection against termination

The protection against termination is the prohibition against termination of the employment relationship with certain employees. The protection against termination is applicable to the following employees:

- employees approaching retirement,
- women who are pregnant or on maternity or parental leave,
- certain trade unionists,
- employees on leave or whose absence from work is excused,
- members of the works council of a state or mixed enterprise,
- supervisory board members in a company established as a result of commercialisation of a state enterprise or as a result of transformation of a municipal entity, cooperative,
- persons delegated to work in the fight against diseases,
- pharmacists who voluntarily perform duties in bodies of pharmaceutical chambers,
- nurses and midwives voluntarily performing duties in bodies of appropriate local government chambers,
- doctors voluntarily performing duties in bodies of chambers of physicians and veterinarians voluntarily performing duties in bodies of veterinary chambers,
- members of Parliament, senators and councilmen,
- soldiers recalled to active military service,
- social labour inspectors,
- works council members,
- members of a special negotiation team or the European Works Council,
- members of a special negotiation team, representative body or representatives of employees in the European company, European cooperative and in the supervisory board of a company established as a result of transboundary merger of companies.¹¹⁶

Pursuant to Article 39 of the Labour Code Act of 26 June 1974, the employer does not have the right to terminate the employment contract with the employee who needs no more than 4 years to reach the retirement age, if the period of employment enables such

¹¹³ Ibid.

¹¹⁴ Labour Code Act of 26 June 1974 (consolidated text: Journal of Laws of 2014, item 1502)

¹¹⁵ Ibid.

¹¹⁶ Act on Specific Rules for Terminating Employment Relationships with Employees for Reasons Beyond the Employees' Control of 13 March 2003 (consolidated text: Journal of Laws of 2003, No. 90, item 844)

an employee to acquire retirement rights after he or she has reached that age. However, for the employee to enjoy protection in the preretirement age, two conditions must be met, namely the retirement age must be reached and the length of service must be acquired. Therefore, the employee who lacks 4 years to reach the retirement age, but reaching that age, his length of service will not be sufficient to acquire retirement rights, is not subject to protection. Where the age at which employees are eligible for retirement is less than the normal retirement age, the protection is applicable in the 4-year period prior to attaining that age.¹¹⁷

Women who are pregnant and on maternity leave and also working fathers, who bring up children in the period of maternity leave, are also protected against having their employment relationship terminated.

Certain trade unionists indicated to the employer by the management board of the trade union are also subject to protection. Without the trade union's consent, the employer may not terminate the employment relationship with any member thereof, whose personal data is provided in the resolution adopted by the management board of the trade union, or with any other employee being a member thereof, who is authorised to represent the trade union before the employer or a body or person acting for the employer in matters within the scope of labour law. In addition, the employer may not unilaterally amend any work conditions or wages of trade unionists to their disadvantage.¹¹⁸

In keeping with the provisions of law, the employer may not terminate the employment contract whilst the employee is on holiday leave or during any other of his excused absences from work, if the period allowing for the employment contract to be terminated without prior notice has not yet expired. The absence that protects against the termination of employment is the absence due to holiday leave or illness.¹¹⁹

Benefits during temporary inability to work

Temporary inability to work is usually an event that occurs due to accidental causes, which cannot be avoided and remain outside the employee's control. In accordance with the provisions of the Labour Code, temporary inability to work may be caused by:

- illness,

- illness during pregnancy,
- isolation as a consequence of an infectious disease,
- accident at work or on the journey to or from work,
- medical examination as required of cell, tissue and organ donors, as well as extraction of cells, tissues or organs.¹²⁰

If the employee's inability to work is caused by illness or isolation due to an infectious disease, such a person is entitled to have no less than 80% of his or her remuneration paid.

If the illness results from an accident at work or on the journey to or from work or if the inability to work results from illness during pregnancy, the affected person is entitled to have 100% of his or her remuneration paid.

A specific situation takes place when the employee must undergo medical examination required of cell, tissue or organ donors and to have cells, tissues or organs extracted, where due to the uniqueness of these types of events, the employee is entitled to have up to 100% of his or her remuneration paid.¹²¹

Employees, who are less than 50 years old, are entitled to a sickness benefit for the period of any such inability to work as referred to above, which is longer than 33 days in a calendar year. Whereas employees, who are more than 50 years old, are entitled to a sickness benefit for the period of any such inability to work as referred to above, which is longer than 14 days in a calendar year.

Non-employee engagements

The non-employee engagement is a form of work performance, where the employer and employee are replaced by the principal and the contractor, who within the meaning of the provisions of the Labour Code does not enjoy the status of employee. The most popular forms of non-employee engagements include civil law contracts such as a contract of mandate [umowa zlecenie] or a contract for work [umowa o dzieło], regulated by the Civil Code Act of 23 April 1964 (consolidated text: Journal of Laws of 2014, item 121).¹²²

117 Labour Code Act of 26 June 1974 (consolidated text: Journal of Laws of 2014, item 1502)

118 Ibid.

119 Ibid.

120 Labour Code Act of 26 June 1974 (consolidated text: Journal of Laws of 2014, item 1502)

121 Ibid.

122 www.infor.pl/prawo/praca/formy-zatrudnienia/273984,Czym-jest-zatrudnienie-niepracownicze.html

LEGAL ASPECTS OF FOREIGN DIRECT INVESTMENT IN LUBLIN VOIVODESHIP – FORMAL AND LEGAL ACTIONS RELATED TO THE ACQUISITION OF REAL ESTATE

Permits to stay for foreigners on the territory of Poland

Since 1 May 2014, new immigration provisions have been applied and effective in the Polish law – the Act of 12 December 2013 on Foreigners (Journal of Laws 2013 item 1650). They relate to the issue of the entry and residence of foreigners on the territory of Poland, and had replaced the previous Act of 13 June 2003 on Foreigners (Journal of Laws 2003 No. 128 item 1175). Changes in the rules had arisen from the need to implement the provisions of the EU law, the aim of which has been to simplify the immigration procedures (in particular for the foreigners who have already been legalized to stay).

The new act regulates the issue of two permits – temporary and permanent residence in Poland. At the same time, the issue around just settling was abandoned. The regulation also extends the maximum duration of stay from 2 to 3 years for foreigners who have been granted a temporary residence permit. The request for such authorization can be submitted at any time during their legal residence in Poland, and not as it had been done previously, at least 45 days prior the end of the validity of the visa or then current residence permit.¹²³

Entry and residence of citizens of EU/EEA/ KS on the territory of Poland

Citizens of the European Union (EU), the Member States of the European Economic Area (EEA), and the Swiss Confederation (KS) have the right to enter the territory of Poland without the obligation to hold a visa or other entry document. Their family members who are not citizens of those countries, while entering into Poland should have the appropriate visa, unless the provisions provide otherwise in this respect. Crossing the border by citizens of the EU, the EEA and KS and members of their families requires a valid travel document or other document enabling to establish their identity and nationality.¹²⁴

Depending on the length of residence on the territory of the Poland, there are different provisions and requirements that apply in respect to the legalization of stay of foreigners in this country.

Entry and residence of the citizens of third countries on the territory of Poland

Third countries citizens may enter the Polish territory, provided that they have the following:

- valid visa or exemption from the obligation to hold a visa,
- valid residence permit or other basis of stay.

Citizens of third countries who intend to stay on the Polish territory are obliged to obtain the appropriate visa. However, the existing provisions of laws in Poland provide a number of exemptions from this obligation (full list of such is shared by the Ministry of Foreign Affairs of the Republic of Poland¹²⁵).

No need for a visa covers only the entry for tourist reason and for no longer than 90 days, not including the entry, among others, in order to undertake study, work or engage in other gainful activity (unless otherwise provided in the provisions of international agreements – e.g. the US, Canada and South Korea).¹²⁶

Types of visas

Citizens of third countries, who are not exempt from the visa requirement, may cross the Polish border, provided that they are in the possession of the following:

- a Schengen visa, which entitles one or more entries and stays in the case where neither the length of a continuous stay nor the total length of successive stays on the territory of the Schengen states are not longer than three months during the six months computed from the date of first entry onto that territory,
- country visa, which entitles entry and continuous residence only on the territory of Poland or several consecutive stays, lasting a total of more than 3 months and not exceeding a total of one year within the period of validity of the visa; country visa entitles you to stay on the territory of the other member states of the Schengen area for a period of up to three months in a six-month period.

Those visas may be issued for such purposes as: tourism, visit, conducting a business, employment, studies, and other¹²⁷. The period of validity of the visa and residence provided for within its framework and any procedural requirements have been properly adapted to the purpose for which it has been issued.¹²⁸

¹²³ The Act of 12 December 2013 on Foreigners (Journal of Laws from 2013 item 1650).

¹²⁴ www.paiz.gov.pl/prawo/legalizacja_pobytu_w_polsce

¹²⁵ www.msz.gov.pl/pl/p/msz_pl/informacje_konsularne/przyjazd_do_polski/lista_panstw/lista_panstw

¹²⁶ www.paiz.gov.pl/prawo/legalizacja_pobytu_w_polsce

¹²⁷ The list of the purposes has been provided in the Ordinance of the Minister of Internal Affairs: www.isip.sejm.gov.pl/Download?id=WDU20140000592&type=2

¹²⁸ www.paiz.gov.pl/prawo/legalizacja_pobytu_w_polsce

Table 19. Civil law contracts – comparison

Contract of mandate	Contract for work
Legal basis	
<ul style="list-style-type: none"> Article 734-751 of the Civil Code Act of 23 April 1964 (consolidated text: Journal of Laws of 2014, item 121) 	<ul style="list-style-type: none"> Article 627-646 of the Civil Code Act of 23 April 1964 (consolidated text: Journal of Laws of 2014, item 121)
Subject of the contract	
<ul style="list-style-type: none"> The contractor undertakes to perform a certain legal transaction for the benefit of the principal 	<ul style="list-style-type: none"> The contractor undertakes to perform a certain work (tangible or intangible)
Nature of the contract	
<ul style="list-style-type: none"> The contract of mandate is a “due diligence contract”, which means that its essence is the work performed (performance of work) for the benefit of the principal by a certain time or without time limit, which does not necessarily lead to the attainment of a certain outcome 	<ul style="list-style-type: none"> The contract for work is an “outcome contract”, which means that its aim is to achieve a certain outcome specified therein. The contract for work is completed when a specific and verifiable outcome is achieved. It is a one-off contract
Parties to the contract and their relationships	
<ul style="list-style-type: none"> The parties to the contract can be any natural persons (under condition that they have full capacity to enter into legal transactions) or legal persons The party commissioning the performance of certain transactions is the principal and the party performing them is the contractor. In other words, the contractor undertakes to diligently perform the work in person, unless it obtains the consent to the subcontracting of it to a third party There is no subordination relationship between the parties – both parties are equal The contractor should follow the principal's instructions concerning the performance of work The contract may specify a time limit for the completion of work. It can be performed against remuneration or free of charge 	<ul style="list-style-type: none"> The parties to the contract can be any natural persons (under condition that they have full capacity to enter into legal transactions) or legal persons The contractor undertakes to perform a certain work and the principal to pay remuneration. In other words, the contractor undertakes to perform a specific work, not necessarily in person, unless stipulated in the contract There is no subordination relationship between the parties – both parties are equal The contractor is free to select the place, time and manner of the performance of work and is only limited by the deadline specified for its completion The work is always performed against remuneration
Social security	
<ul style="list-style-type: none"> The person, who performs the contract of mandate and for whom this contract is the only basis for paying the social security contributions, is mandatorily subject to pension, retirement, accident and health insurance, and voluntarily to sickness insurance. The following is not applicable to any school pupils or students up to 26 years old, who are not subject to social security when working under the contract of mandate. If the contract of mandate is signed with a person who runs its own business, the subject thereof corresponds to the subject of his or her business activities and, for tax purposes, the revenue from the contract of mandate is treated as the revenue from business activities, such a contractor is not subject to social security and health insurance, either mandatorily or voluntarily, under the contract of mandate. 	<ul style="list-style-type: none"> The obligation to pay social security contributions under the contract for work exists in the following two events: if the employee enters into the contract for work with his or her own employer, and if the contract for work is performed by the employee for the benefit of his or her own employer. It is only in the aforementioned events, when pension, retirement, accident and health, as well as sickness insurance contributions must be paid in relation to this type of contract. No other event results in the obligation to pay social security contributions with regard to this contract.

Source: Own study on the basis of the Civil Code Act of 23 April 1964 (consolidated text: Journal of Laws of 2014, item 121); www.mlodyksiegowy.pl/zus/umowa-zlecenie,-a-sk%C5%82adki-zus.html; kadry.infor.pl/ubezpieczenia-spoleczne/tytul-ubezpieczen/95873,Czy-umowa-o-dzielo-rodzi-obowiazek-oplacania-skladek-na-ubezpieczenie-spoleczne.html; www.wup.opole.pl/ciz/izawodowa/4_swiazczenie_pracy/porownanie_umow/porownanie_umow.htm

Figure 3. Basis of stay on the territory of Poland by citizens of the EU, EEA, and KS

Stay up to 3 motns	Stay up above 3 motns	Permanent residency
No need to meet additional conditins (with the exception of to register the place of residence)	Obligation to obtain residency and to obtain a residence card for a family member who is not a citizen of the EU, EEA or KS	Acquisition of the right of permanent residence after five years of continuous residence on Polish territory

Source: AGERON Polska own study based on www.paiz.gov.pl/prawo/legalizacja_pobytu_w_polsce

Other grounds for residence of third countries citizens on the territory of Poland

Third countries citizens can obtain the right to reside on the territory of Poland on the basis of one of the three permits: temporary, permanent or long-term residency in the European Union. Authorization for such stays is possible particularly when the period of stay under the given visa or the period of its validity have passed. In the case of each decision of issuing a residency permit to third countries citizens during the validity of the permit, their identity is confirmed for the duration of the period of residence on the territory of Poland, and they are allowed, with their travel document, to cross the border multiple times without the obligation to obtain a visa.¹²⁹

Creation of branches and representations of the foreign companies

Foreign companies that perform their main economic activity outside Poland can open branches and representative offices in this country. The provisions for their creation and operation are referred to in section 6 of the Act of 2 July 2004 on Freedom of Economic Activity (consolidated text: Journal of Laws from 2015 item 584).¹³⁰

In accordance with Art. 5 point 3 of the Act of 2 July 2004 on Freedom of Economic Activity (consolidated text: Journal of Laws from 2015 item 584) foreign entrepreneurs are defined as:

- foreign persons carrying out economic activity abroad,
- Polish citizens exercising an economic activity abroad.

Foreign persons within the meaning of the Act are defined as:

¹²⁹ Ibid.
¹³⁰ The Act of 2 July 2004 on Freedom of Economic Activity (Journal of Laws of 2015 item 584).

- natural person not having Polish citizenship,
- legal person with a registered office/headquarters established abroad,
- organizational unit not being a legal person but having legal capacity, with a registered office/headquarters established abroad

Foreign investors can carry out economic activities in Poland in the form of a branch or a representative office, which are elements of a broader organizational structure of foreign entrepreneurs.¹³¹

Acquisition of real estate by foreigners

Legal basis

A foreigner who applies for the right to acquire ownership or usufruct of real estate located in Poland, must apply for a residence permit of the Minister of Internal Affairs. The acquisition of real estate by the Act of 24 March 1920 on the Acquisition of Real Estate by Foreigners (consolidated text: Journal of Laws from 2014 item 1380) is any acquisition of ownership of immovable property or rights of usufruct, on the basis of any legal event¹³². A foreign person within the meaning of the Act is:

- natural person not having Polish citizenship,
- legal person with its registered office/headquarters established abroad,
- company of persons mentioned in points 1 and 2 of the aforementioned Act, not having legal personality and having a registered office abroad, established in accordance with the legislation of foreign countries,
- legal person and commercial company, not having legal personality, and having a registered office established in the territory of the Republic of Poland, controlled directly or indirectly by the persons or companies mentioned in points 1, 2 and 3 of the aforementioned Act.

Rules for obtaining permits

To obtain a permit, a foreigner must apply for a permit (there are no standard forms available), which must be drawn up in accordance with the regulations contained in:

- the Act of 24 March 1920 on the Acquisition of Real Estate by Foreigners (consolidated text: Journal of Laws from 2014 item 1380)

¹³¹ The Act of 2 July 2004 on Freedom of Economic Activity (OJ 2004 No. 171 item 1807)
¹³² Legal event – each factual event causing a legal effect under the provision of the law. It may be independent of the human will (the passage of time, death) or dependent on the will of the human (then known as is an action – for example, the conclusion of a contract of employment).

Table 20. Permanent residence permit and long-term residence permit of the European Union – comparison

Permanent residence permit	Long-term residence permit in the European Union
Terms required to meet	
<ul style="list-style-type: none"> • A third country citizen may be granted a permanent residence permit if it meets one of the following criteria: <ul style="list-style-type: none"> • is the child of a foreigner, who is granted a residence permit or a long-term residence permit in the European Union under the parental authority, • is the child of a Polish citizen under the parental authority, • is a person of Polish origins and intends to settle on the territory of Poland on a permanent basis, • remains in a relationship acceptable by the Polish law • with a Polish citizen for at least 3 years prior to the date on which he or she submitted an application for a permanent residence permit, and immediately before filing of this request remained continuously on the territory of Poland for a period of not less than 2 years on the basis of a temporary residence permit granted in respect of marrying a Polish citizen or staying in connection with the acquisition • of refugee status, subsidiary protection or permission to stay on humanitarian grounds, • is a victim of trafficking within the meaning of Art. 115 § 22 of the Criminal Code, and there are additional grounds referred to in Art. 195 item 1 point 5a-c of the Act on Foreigners, • immediately prior to the submission of an application for a permanent residence permit, he or she stayed continuously on the Polish territory for a period of not less than 5 years on the basis of the refugee status, subsidiary protection or permission to stay on humanitarian grounds, • immediately prior to the submission of an application for a permanent residence permit, he or she stayed continuously on the Polish territory for a period of not less than 10 years on the basis of a permission granted to stay on a tolerated basis • under Art. 351 point 1 or 3 of the Act • on Foreigners, • he or she was granted the asylum to stay on the territory of Poland • he or she has an important Pole's Card and intends to settle on the territory of Poland on a permanent basis. • Their stay on the Polish territory is deemed to be continuous when gaps in their stay are not longer than 6 months and all breaks did not exceed a total length of 10 months. • Exceptions to these rules are set out in Art. 195 item 4 of the Act on Foreigners, according to which such breaks in stay are due to the following: <ul style="list-style-type: none"> • performance of professional duties by foreigners or their commitment to work outside the territory of Poland on the basis of a contract concluded • with the employer, whose headquarters are located in Poland, or • accompaniment by the foreigner as referred to in point 1, by his spouse or minor child, or • particular personal situation that required the presence of • the foreigner outside the territory of Poland and lasted not longer than 6 months, or • travel outside the territory of Poland in order to • practice or participate in the activities provided for in the course of study in Polish university • are not considered as interrupted stay in Poland. 	<ul style="list-style-type: none"> • A third country citizen may be granted a long-term residence permit to stay in the EU, if he or she stayed on the Polish territory, immediately before • submitting the application, legally and uninterruptedly stayed in the country for at least 5 years and (with some exceptions) possesses the following: <ul style="list-style-type: none"> • stable and regular source of income sufficient to cover his or her maintenance and the family members who are remaining dependent on him or her; • health insurance within the meaning of the provisions of common health insurance or • confirmation of coverage by the insurer of the costs of treatment on Polish territory.

Table 20. Permanent residence permit and long-term residence permit of the European Union – comparison

Permanent residence permit	Long-term residence permit in the European Union
The competent authority, time terms, and procedure	
<ul style="list-style-type: none">• The application must be made in person, no later than the last day of legal residence on the territory of Poland, the voivode competent in respect to the residence of the third-country citizen (the request submitted abroad is left without consideration).• Permanent residence permits are granted for an indefinite time. As a result of granted authorization to stay, a residence permit card is issued and valid for 10 years, which the third-country citizen must pick up in person from the voivode who has issued it.• The procedure should be completed within a period• not exceeding 3 months from the date of submission of the application.	<ul style="list-style-type: none">• The application must be submitted to the competent voivode in respect to the residence of a third-country citizen only when the lawful residence onto the territory of Poland has been granted (application filed abroad is not considered).• Long-term residency permits in the EU are granted for an indefinite period. As a result of the issuance of the permit, a residence permit card is issued that is valid for five years, and which the third-country citizen must pick up in person from the voivode who has issued it.• The procedure should be completed within a period not exceeding 3 months from the date of submission of the application.

Source: AGERON Polska own study based on www.paiz.gov.pl/prawo/legalizacja_pobytu_w_polsce

Table 21. Branch and representation as formations of business in Poland

Branch	Representation
Purpose	
<ul style="list-style-type: none">• Business operations of foreign entrepreneurs on the territory of Poland in terms of type of business activity of the foreign entrepreneur.	<ul style="list-style-type: none">• Conducting activities related to advertising and promotion of the entrepreneur by the foreign entrepreneur on Polish territory• .Any other activities are not allowed.
Founder	
<ul style="list-style-type: none">• One foreign entrepreneur – foreign person carrying out foreign economic activities outside the territory of Poland. Creation of common• branches by various foreign entrepreneurs is not permitted.	<ul style="list-style-type: none">• Foreign entrepreneurs and foreign persons• appointed to promote the country’s economy.
Characteristics	
<ul style="list-style-type: none">• Branch is an organizationally distinct and independent part of the economic activity, exercised by the foreign entrepreneur offsite of the entrepreneurs; however, it is the part of the foreign• entrepreneur.• Branch has no legal personality and legally• separate property, and all the activities of the branch have an effect directly related to the foreign entrepreneur.	<ul style="list-style-type: none">• Representation is a legally independent unit,• subjected to the entire range of business entity extracted in form only organizationally,• conducting its activities in the name and on behalf of the foreign entrepreneur.• Entrepreneur who is conducting business activity is a foreign entity, and authorized persons• performing their duties in the representation work directly in the name and on behalf of the foreign entrepreneur.
Liability	
<ul style="list-style-type: none">• Founder is fully liable for the obligation of its entity (foreign entrepreneur).	
Duties	
<ul style="list-style-type: none">• The responsibility of the foreign entrepreneur to• use the branch’s original name of the entrepreneur and to translate it into Polish legal form with the addition of the words „oddział w Polsce: [„branch in Poland”], as well as to establish a person authorized in the branch to represent the foreign entrepreneur.	<ul style="list-style-type: none">• The responsibility of the foreign entrepreneur is• using the original name of the entrepreneur in order to identify the representation and to translate it into• Polish legal form with the addition of the words• „przedstawicielstwo w Polsce” [„representative office in Poland”].

Source: AGERON Polska own study based on www.wiewiorski.pl/cms/downloads/Oddzial_Przedstawicielstwo.pdf

Table 22. Ownership rights and rights of usufruct perpetual use of property – characteristics

The right of usufruct	The right of ownership
<ul style="list-style-type: none"> • the middle ground rights between the limited property rights • and ownership rights • subject of perpetual usufruct of land can only be the state treasury (SKP) or local government units (LGUs) • law-related – a single entity has two separate property rights to land and buildings • dependent rights – dependent on the content of any other law and may not occur or exist without this right • reliant rights – related with the ownership of buildings and facilities and none of them may be the subject of legal transactions alone, and the expiration of the right of perpetual usufruct extinguishes the right of ownership to buildings and other facilities • fee rights – first fee and annual fees • time terms rights – established for 99 years • with the possibility of extension (it is permissible to make the land available to use for a shorter period, but not shorter than 40 years) • perpetual user is the owner of the buildings, built on the ground dedicated to the perpetual use, however, SKP or JST remains • the owner of the land, regardless of what has been built on it 	<ul style="list-style-type: none"> • unlimited right to property but it is not the absolute law • subject of ownership are things within the meaning of the civil law • unbound rights (free) – can be traded without the simultaneous circulation of another right • independent rights – its legal existence does not depend on other rights • standalone rights – between the owner • of real estate there is a direct relationship • free of charge rights (relates to possession) • perpetual rights – last as long as there is an object of this law, the duration is not specified in advance • object of proprietary rights is automatically all the property of the land with buildings (buildings built on the property to become part of the real estate)

Source: AGERON Polska own study based on www.ggntg.w.interia.pl/GG_pospoj2.htm#Podstwroznapruzniwicz_wlasn

- the Ordinance of the Minister of Internal Affairs of 20 June 2012 on the detailed information and the types of documents that are required to produce a foreigner applying for authorization to acquire real estate (Journal of Law from 2012 item 729).

Together with the application for the authorization, it is necessary to submit the original proof of stamp duty¹³³

Exemptions from the obligation to obtain a permit for all foreigners, regardless of the nationality or their registered office of business operations

Regulations concerning exemptions from the obligation to obtain authorization of the Minister of Internal Affairs for the acquisition of real estate are specified in the Art. 65 para. 1 of the Act on the Acquisition of Real Estate by Foreigners (Journal of Laws No 31 item 178). In accordance with the above provisions, the following acquisitions do not require authorization:

- acquisition of an independent dwelling within the meaning of the Act of 24 June 1994 on the Ownership of Premises (consolidated text: Journal of Laws from 2014 item 1380) and the acquisition of independent commercial garage premises or share in such a place, if it is related to satisfying the needs of the

residential customer or the owner of the property or self-contained dwelling,

- acquisition of real estate by a foreigner residing in the Republic of Poland for at least five years from the grant enabling him or her to settle in the country or from the grant for a long-term residency in the European Union communities,
- acquisition by a foreigner, who is married to a Polish citizen and residing in the Republic of Poland for at least 2 years from issuing him or her a permit to settle in the country or a permit for long-term residency in the European Union, a real-estate property, which, as a result of the acquisition will be legal commonality of the spouses,
- acquisition of real-estate property by foreigner through an agreement with the seller, if on the date of acquisition, the foreigner is entitled to statutory inheritance of the real estate of the vender, and the vendor of the property is the owner or user of the perpetuity for at least 5 years,
- acquisition by a legal person or commercial company without legal personality established in Poland and controlled by foreigners, for statutory goals, undeveloped real-estate property, of which the total area in the whole country does not exceed 0.4 ha of the city area
- acquisition of real estate property by a foreigner, being a bank institution and at the same time, mortgagee, in the mode of

¹³³ Ibid.

acquisition of the property to possess the ownership rights as a result of futile bidding in enforcement proceedings,

- purchase or acquisition by the bank with its registered office based on the Polish territory and controlled by foreigners, in connection with the investigation by the bank's claims arising out of banking activities or shares in the company, which becomes as a result of the acquisition of its stakes or shares, a foreign entity and at the same time is the owner or user of the property in perpetual usufruct in Poland.

Exemptions from the obligation to obtain a permit to acquire real estate property do not apply when the object of the acquisition of real estate is located in the border zone or it is located on agricultural land with an area exceeding 1 ha.¹³⁴

LOCALIZATION PROCEDURES

Establishing the location of the investment is strictly connected with the process of spatial planning, which is the main instrument of spatial politics, referring to different levels of social integration. In its narrowest sense it concerns the activities carried out by a city (commune), in its broadest sense it may encompass the area of a few countries.

The case of beginning foreign investments in the territory of Poland is subjected to spatial planning concerning the lowest level of social integration. The projects, in the case of which the investor applies to use some area, which area belongs directly to a voivodeship or the State Treasury, e.g. state forest, constitute exceptions.

The superior document establishing the provisions concerning the spatial planning is the Act from 27th March 2003 on Spatial Planning and Land Development (uniform text: Journal of Laws from 2005, item 199). It stipulates both the rules of shaping of the spatial politics by the entities which are decisive in this case, and the scope and manner of proceedings concerning the areas chosen under the investment on all its stages: designation, development and building.¹³⁵

Extract from the spatial planning act

Before the plot under investment is purchased, in the first place the extract from the spatial planning act should be obtained from the commune office. The extract contains information on designation of the given land. Commune has a right to choose the use objective of the given land, including limitation of rights to conduct economic activity on the land or its prohibition.

Extract from the spatial planning act consists of a textual and graphical part. The textual part is a written description of the designation of the given land, which is a part of a resolution adopted by the commune. The graphical part is in the form of a drawing – it is an extract of a map containing the given area of land. The separated plots and their designation are marked therein with the use of colours and symbols.¹³⁶

The discussed document is publicly available, that is everyone has a right to obtain the extract from the spatial planning act without indicating their legal interest or even factual interest therein. This right is guaranteed by the provision of Article 30 clause 1 of the Act from 27th March 2003 on Spatial Planning and Land Development (uniform text: Journal of Laws from 2005, item 199). The only necessary conditions are: submitting a relevant application (the template of the application is stipulated in the Regulation of the Minister of Administration and Digitalization from 9th July 2014 on making the materials of the national geodetic and cartographic sources available, issuing licences and the template of the Charge Calculation Document) to the representative of authorities relevant in terms of the location of the given land (voit or mayor) and making the payment. The written application should contain information on the registration number, the plot and address of the investment area, and, in the case of a graphical part of the extract, the map sheet in the relevant scale.¹³⁷

Decision on environmental conditions of approval of an undertaking

The decision on environmental conditions of approval of an undertaking (abbreviated to Environmental decision) is aimed at shaping the planned investment, which in the least possible degree deteriorates the surroundings of the investment area. It is required for all the investments which could potentially significantly influence

¹³⁴ The Act of 24 March 1920 on the Acquisition of Real Estate by Foreigners (consolidated text: Journal of Laws from 2014 item 1380)

¹³⁵ The Act from 27th March 2003 on Spatial Planning and Land Development (uniform text: Journal of Laws from 2012, item 647).

¹³⁶ Act from 23rd March 2007 on spatial planning and land development (uniform text: Journal of Laws 2015 item 199)

¹³⁷ Ibid.

the natural environment.¹³⁸ The environmental decision constitutes also an obligatory element of obtaining administrative permits, which should be obtained as one of the firsts, because lack of approval for realization disables conducting the investment in a given area. For instance, it has to precede the decision on the localization of the investment for a public purpose and the decision on land development conditions, because it connects the entities responsible for issuing such decisions.

The obligation of obtaining the environmental decision was introduced with the Act from 18th May 2005 on the change of the act on Environment Protection Law and some other acts (Journal of Laws 2005 no. 113 item 954). Whereas, it has been amended with the Act from 3rd October 2008 on making information available about environment and its protection, the participation of the society in environment protection and the assessment on influence on environment (Journal of Laws 2008 no. 199 item 1227).¹³⁹ The change resulting from the amendment amounts to introduction of the rule, in accordance to which each person individually has a right to obtain information about environment and its protection. The new act determines also the rules of social participation in environment protection.

Obtaining the decision on the localization of the investment for public purposes or on land development conditions

Under Article 4 clause 2 of the Act from 23rd March 2007 on spatial planning and land development (uniform text: Journal of Laws 2015 item 199) two types of decisions on land development conditions and land development are distinguished: decision on the localization of the investment for public purposes and decision on land development conditions. Both documents are prepared at the investor's request. They concern only such land, on which there is no binding local spatial management plan.¹⁴⁰

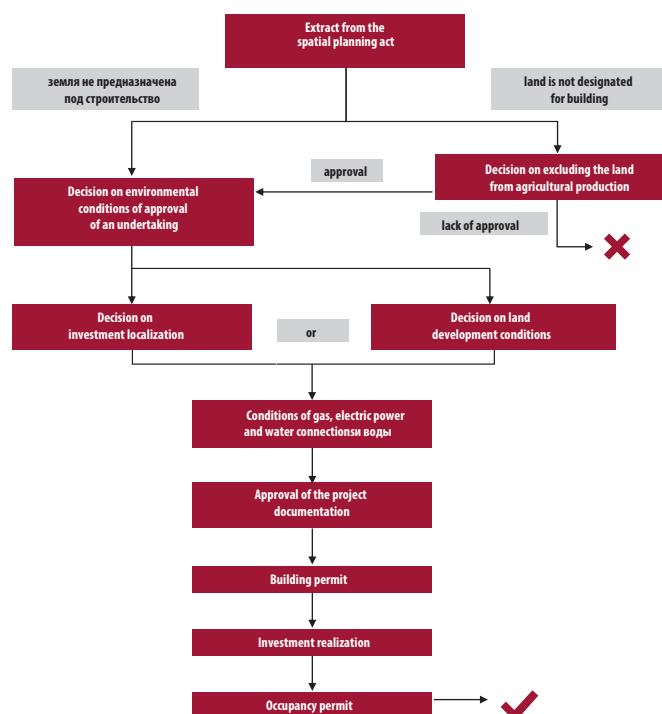
It needs to be emphasized, that the course of issuing of the decision is not chosen by the applicant. The investor cannot apply only for the decision on establishing the localization of the investment for public purposes in the case, when the undertaking qualifies for the decision on land development and vice versa.

¹³⁸ Ibid.

¹³⁹ Act from 3rd October 2008 on making information available about environment and its protection, the participation of the society in environment protection and the assessment on influence on environment (Journal of Laws 2008 no. 199 item 1227)

¹⁴⁰ Acts from 23rd March 2007 on spatial planning and land development (uniform text: Journal of Laws 2015 item 199)

Figure 4. Localization procedures – particular stages



Source: author's own study.

Decision on the localization of the investment for public purposes

Investments for the public purposes cover all undertaking serving for the realization of the needs reported by self-government communities at different administrative levels. In accordance with Article 2 point 5 of the Act from 27th March 2003 on spatial planning and land development (uniform text: Journal of Laws from 2005, item 199) the investment for public purposes takes place when the actions are of local (commune) and regional (powiat or voivodeship) significance, as well as national (covering also international and supra-regional investments), irrespective of the status of the entity undertaking the actions and the sources of their financing.¹⁴¹ They should also ultimately serve for the benefit of the society, understood as the population of the given area. It results, that the investments for public purposes cannot have as their priority realization of a private investor's purpose.

An undertaking, whose main objective is listed in the catalogue of public purposes, can be deemed an investment for public purposes. The catalogue is stipulated in Article 6 point 1-9 of the Act from 21st August 1997 on real estate management (uniform

¹⁴¹ Act from 23rd March 2007 on spatial planning and land development (uniform text: Journal of Laws 2015 item 199)

text: Journal of Laws from 2014 item 518), or, in accordance with Article 6 point 10 of the Act, has been stipulated in other act. For instance, a public purpose indicated in the act is indicating land for public roads, rail links, and airports.

The decision is issued by commune authorities (voit or mayor). In case of an investment of national significance it is required to agree the decision with a marshal of the voivodeship relevant for the given localization. The only exemption is investments on the closed area – then the decision is taken by a voivode.¹⁴²

Investor's application for the issuance of the decision should contain:¹⁴³

- Establishing the boundaries of the area covered with the application, presented on the copy of the general map, or, in case there is no general map, on the copy of cadastral map, accepted to the national geodetic or cartographic source, covering the area, to which the application applies, and the area, which the investment is going to influence, in the scale of 1:500 or 1:1000, and in case of line-investments also in the scale of 1:2000,
- Characteristics of the investment, including: (i) determination of water and energy demand, and the manner of disposal or treatment of sewage, as well as other needs concerning technical infrastructure, and if needed, also the manner of waste treatment, (ii) determination of the planned manner of land management and building characteristics, including the designation and the size of the designed buildings and the land surface to be transformed, presented in a written and graphical form, (iii) stipulation of characteristic technical parameters of the investment and the data characterising its influence on environment;

The required attachments include:

- a map within the meaning of Article 52 clause 2 point 1 of the Act on spatial planning and land development (uniform text: Journal of Laws 2015 item 199),
- stipulation of the investment plan in a written and graphical form,
- decision on environmental conditions issued on the basis of the Act from 3rd October 2008 on making information available about environment and its protection, the participation of the society in environment protection and the assessment on influence on environment (Journal of Laws 2008 no. 199 item 1227),

- plenipotentiary together with a proof of the paid stamp duty (in case of establishing a plenipotentiary).¹⁴⁴
- The cost of obtaining the decision amounts currently 107 PLN, it may be increased by the additional charge of 17 PLN, if there is a necessity to establish a plenipotentiary.¹⁴⁵

The relevant body has 65 days for issuing the decision on the localization of the investment for public purposes. Obtaining it is equivalent with obtaining the approval to realize the project on the given area. In case of a refusal, the investor has a right to appeal against the decision, however the waiting period for a new decision may last over 12 months.

Decision on land development conditions

The objective of obtaining the decision on land development conditions is establishing whether a given investment does not infringe the special order, within the meaning of the special management in a manner creating harmonious entirety. The entity issuing the document also takes care of taking into account the ordered relationship all the conditions and functional, social, economic, environmental, compositional and aesthetic conditions.¹⁴⁶

The basic conditions, which impose the obligation to issue a positive decision on the land development conditions, are the following:

- the vicinity of the area under investment with at least one plot, which could allow for stipulation of the requirements for new development,
- access of the investment plot to a public road,
- existence of a real or planned utility network,
- the area does not require obtaining of a consent for the change of farm and woodland designation to non-farm and non-woodland,
- the compliance with separate provisions (e.g. with Water Law).¹⁴⁷

Ultimately the decision aims at obtaining the approval for realization of the investment in accordance with the prepared project. The document may impose some restrictions on the building parameters, materials or construction aspects. For this purpose a correctly submitted application has to contain all information concerning the architectural project, including the description of construction undertakings accompanying the investment.

¹⁴⁴ Act from 21st August 1997 on real estate management (uniform text: Journal of Laws from 2014 item 917)

¹⁴⁵ Ibid.

¹⁴⁶ Ibid.

¹⁴⁷ Act from 21st August 1997 on real estate management (uniform text: Journal of Laws from 2014 item 917)

¹⁴² Ibid.

¹⁴³ Ibid.

Decision on excluding the land from agricultural production

Excluding the land from the agricultural production is understood as designating the land for new use, other than farm or woodland. The whole process constitutes from two fundamental stages: a change of land designation (if such a necessity results from the already obtained extract) and excluding the land from agricultural production.

Farmland, on which there is a break in agricultural production are not subject to the possibility of exclusion. The period of not using the land has to last at least 5 years. In case of a change in the manner of use of farmland into woodland the decision is not required.

The process of obtaining the consent for the exclusion of the agricultural land from production begins with the initiation of the proceedings at the investor's request. The entity issuing the decision is a staroste, with reference to farmland, or the director of the Regional Directorate of State Forests, with reference to woodland. The applicant's documentation should contain:

- extract from land register,
- extract (written and graphical part) from the local spatial management plan,
- document of land ownership,
- land development project with surface balance,
- statement on the market value of 1m² or 1 are of land, for whose exclusion the applicant applies (in case of building other than housing),
- valid copy of the National Court Register entry (if the party is a company with a legal personality),
- plenipotentiary (in case of establishing a plenipotentiary),
- a proof of the paid stamp duty.¹⁴⁸

Having received the consent, within 60 days from the day when the decision became final, one needs to pay the relevant amount due, and then pay annual charges. The amount due is payable on a one-off basis, and its height depends on the type and class of the soil excluded from production. The amount due is stipulated as an amount in the case of agricultural land and orchards, as well as meadows and grazing land, however in the case of woodland – it is as the price for a m³ of wood.¹⁴⁹ If woodland is excluded from production, one needs to pay the compensation in case of

a premature clearing of a tree stand on a one-off basis.¹⁵⁰ The obligation to pay the amount due and the annual charges, and with reference to woodland also a one-off compensation does not concern exclusion of land from agricultural production or wood production for housing purposes of up to 0.05 in case of a one-family house or up to 0.02 ha for every residential unit in every multi-family building.

Due to the fact, that the discussed decision changes the character of the land under investment, it needs to have obtained the building permit. Without having obtained the building permit it is not possible to conduct any building changes and/or remove the vegetation from the area in a degree which could be deemed damage of nature.

Obtaining the conditions of gas, electrical power and water connections

In order to connect the utilities to the plot, on which the investment is carried out, one needs to apply to the local undertaking managing networks with an application to have the technical conditions of connecting to the networks released. The commune is obliged to provide the ability to connect the plot to the power grid, the water and sewage system and the heat distribution network under the condition that the investment land is taken into account in the local spatial management plan as the area under development.¹⁵¹

The connection conditions stipulate:

- whether the given media can be connected to the individual investment area,
- the scope and manner of expansion of all the networks in order to connect them to the investment area,
- the required technical parameters of the connection,
- the estimated cost.

Gas connection

In order to connect the gas network to the area one needs to submit an application in the relevant local gas-works, the application should contain among others:

- investor's data,
- location data of the land and the character of the planned building,
- expected date of gas reception,
- a description of the purposes for which gas is going to be used.

¹⁴⁸ Act from 21st August 1997 on real estate management (uniform text: Journal of Laws from 2014 item 917).

¹⁴⁹ Act from 3rd February 1995 on the protection of farm and woodland (uniform text: Journal of Laws from 2013 item 1205).

¹⁵⁰ Ibid.

¹⁵¹ Act from 7th July 1994 – Building Law (uniform text: Journal of Laws from 2013 item 1409)

In accordance with § 7-8 of the Regulation of the Minister of Infrastructure from 2nd July 2010 on detailed conditions of functioning of gas network (uniform text: Journal of Laws from 2014 item 1059) the relevant entity is obliged to issue the conditions of gas connection within the deadline from 21 to 60 days depending on the gas connection group relevant to the planned investment (the size and the purpose of the demand).¹⁵²

Technical conditions of connecting to the gas network are valid for 12 months. After this period they need to be renewed.

Connection to power grid

In order to connect the power grid to the area one needs to submit an application in a power plant relevant to the location, which the application should contain:

- investor's data,
- location data of the land and the character of the planned building,
- expected date of power reception,
- a description of the purposes for which power is going to be used,
- expected annual demand for the electric power,
- type of the tariff (one or two-zone),
- type of the connection (cable or overhead),
- information about the voltage level.

The applications submitted by investors planning to conduct production activity or wind farms should contain additional data and information stipulated in detail in § 7 of the Regulation of the Minister of Economy from 4th May on detailed conditions of functioning of the power system (Journal of Laws 2007 no. 93 item 623).

In accordance with § 9 of the Regulation of the Minister of Economy from 4th May on detailed conditions of functioning of the power system (Journal of Laws 2007 no. 93 item 623) the relevant entity has an obligation to issue the terms and conditions of connecting to the grid within the deadline from 14 to 90 days depending on the connection group for the planned investment (the size and the purpose of the demand).¹⁵³

Technical conditions of connecting to the power grid are valid for 2 years. After this period they need to be renewed.

¹⁵² Regulation of the Minister of Infrastructure from 2nd July 2010 on detailed conditions of functioning of gas network (uniform text: Journal of Laws from 2014 item 1059).

¹⁵³ Regulation of the Minister of Economy from 4th May on detailed conditions of functioning of the power system (Journal of Laws 2007 no. 93 item 623).

Connection to water system

In order to connect the water and sewage system to the area one needs to submit an application in a municipal water and sewage service relevant for the location, which application should contain:

- investor's data,
- location data of the land and the character of the planned building,
- expected date of media reception,
- a description of the purposes for which water is going to be used,
- valid land survey and height map in the scale of 1:500,
- information about the expected annual demand for water and sewage disposal (m³/day).¹⁵⁴

The entity, to which the application is directed, may refuse to issue the connection conditions until the building permit is obtained. In such a situation to the application submitted in order to obtain such a permit there should be attached to the application an assurance from the utility company on such a delivery.

Technical conditions of connecting to the water and sewage system are valid for 3 years. After this period they need to be renewed.

Approval of the project documentation

The approval of the project documentation amounts to verification of all the aspects resulting from the technical conditions. They need to be consistent with the building project, concerning the whole process and not only the physical works. The project itself has to contain:

- land development plan of the plot or the area,
- architectural and building project,
- statements of the entities responsible for the provision of energy, gas and water supplies, as well as sewage disposal and connecting the area to water and sewage systems etc.,
- results of geological and engineering research (if the investment requires them),
- geotechnical conditions of the foundation of building objects (if the investment requires them).¹⁵⁵

The emphasis on the verification of the project is put by the Regulation of the Ministry of Transport, Construction and Maritime Economy from 25th

¹⁵⁴ Act from 7th July 1994 – Building Law (uniform text: Journal of Laws from 2013 item 1409)

¹⁵⁵ Act from 7th July 1994 – Building Law (uniform text: Journal of Laws from 2013 item 1409)

April 2012 on detailed scope and form of building project (Journal of Laws 2012 item 462). The documentation requires obtaining numerous approvals preceding the opinions under Poviát Team for Approval of Project Documentation.

The most common approvals are the following:

- approval of the owner of the land, on which the investment is to be located (usually concerning the road, whose owner is the commune or the State Treasury),
- approval of the road manager (usually it is a unit separate from the owner of land next to the road),
- approvals of all the owners of underground utilities, which is marked on the map for the project purposes (up to 10),
- approvals of land owners,
- approvals of parks and landscape services,
- approvals with the owners of lighting networks.¹⁵⁶

Additionally, if the land under investment is located in the vicinity of military areas, an approval of the relevant entity is necessary. The situation is similar if the area is adjacent, even on a very short distance, to railroad. It is then necessary to attach the approvals with e.g. Polskie Linie Kolejowe to the approval documentation.

The Poviát Team for Approval of Project Documentation has two tasks. They coordinate power line investment activities in a specified area to maintain the investment order. The second aspect of their activity is keeping a record of planned geodetic investment projects for the purpose of updating maps in the database. However, most often they focus their activities on the second task, which results that in the case of denial, the general statement of reasons is not provided. For this reason, and also because of the abuse of power by the entities responsible for issuing technical guidelines, the process of obtaining the final approval of the project's documentation may be greatly extended.

Issuance of the building permit

The rule stipulated in the Article 28 clause 1 of the Act from 7th July 1994 – Building Law (uniform text: Journal of Laws from 2013 item 1409) says, that the construction works may begin on the basis of the final decision on the building permit. There are exemptions from this rule – for building of some objects a notification is needed (Article 30 of the Act from 7th July

1994 – Building Law (uniform text: Journal of Laws from 2013 item 1409), and some investments do not require either permit or notification.¹⁵⁷

Obtaining a building permit is required by undertakings which could significantly influence the environment or Natura 2000 area, which are not directly connected with the protection of this area and do not result from this protection, within the meaning of the Act from 3rd October 2008 on making information available about environment and its protection, the participation of the society in environment protection and the assessment on influence on environment (Article 29 clause 3 of the Act from 7th July 1994 – Building Law).

The application submitted in order to obtain the building permit differs in terms of its contents depending on the character of the investment. However, it has some permanent elements: investor's and potentially their plenipotentiary's data, a detailed description of the building intention together with the address and the attachments, whose type and number depends on the project. All of them result from the provisions of Act from 7th July 1994 – Building Law (uniform text: Journal of Laws from 2013 item 1409).¹⁵⁸

The character of the entity, which can issue the building permit, depends on the localization and the range of the planned investment. The applications for building permits should be directed to:

- the staroste,
- the city mayor (in case of cities with poviát rights),
- the voivode (in case of public roads, airports, hydro technical objects, railroad areas),
- regional mining office in the domain of mining (concerns only such plants and mining objects).¹⁵⁹

The building permit may be issued only to a person, who:

- submitted an application concerning the subject matter during the period of validity of the decision on building and land development conditions, if it is required in accordance to the provisions on planning and spatial land management (that is in case of lack of local spatial management plan),
- submitted a statement, under the consequence of penal liability, on the possessed right to dispose of real estate for building purposes (Article 32 clause 4 of the Act from 7th July 1994 – Building Law).

¹⁵⁷ www.gunb.gov.pl/info/procedurybud/pozwolenie1_2_1.html

¹⁵⁸ www.gunb.gov.pl

¹⁵⁹ Act from 7th July 1994 – Building Law (uniform text: Journal of Laws from 2013 item 1409)

¹⁵⁶ Ibid.

Building or demolition permit of a building object may be issued after a prior:

- conduct of the assessment of the undertaking influence on the environment or the assessment of the undertaking influence on Natura 2000 region, if it is required by the provisions of Act from 3rd October 2008 on making information available about the environment and its protection, the participation of the society in environment protection and the assessment on influence on environment (uniform text: Journal of Laws from 2013 item 1235),
- obtaining by the investor the permits, approvals and opinions of other bodies required by the detailed provisions of law, which should take place within 14 days from the presentation of the proposed solutions. However, failure to take a stand by the relevant body within the above mentioned deadline is understood as lack of reservations to the presented solutions (it does not refer to cases, in which the opinion should be expressed by means of a decision and approval and opinion conducted under the assessment of the undertaking influence on environment or the assessment of the undertaking influence on Natura 2000 region),
- expressing the consent by the minister competent for the matters of construction, spatial and housing management – in case of building of pipelines of national range or if the construction results from international agreements (Article 32 clause 1 point 1-3 of the Act from 7th July 1994 – Building Law).

If the investor fulfils the stipulated requirements, the architectural and building administrative body issues a decision on building permit not later than within a month, and in case of a particularly complicated matter, not later than within two months from the day of submission of the application (Article 35 § 3 of the Act from 14th June 1960 Code of administrative proceedings (uniform text: Journal of Laws from 2013 item 267)).¹⁶⁰

The relevant body has 65 days from the day of the submission of the application by the investor to issue a decision on building permit. If it fails to do it within the prescribed deadline, the body of higher instance imposes a penalty on the relevant body in the amount of 500 PLN for each day of delay (Article 35 clause 6 of the Act from 7th July 1994 – Building Law (uniform text: Journal of Laws from 2013 item 1409)). It does not require the building permits for the undertakings under the assessment of influence on environment or the assessment of the

undertaking influence in Natura 2000 (Article 35 clause 6a of the Act from 7th July 1994 – Building Law (uniform text: Journal of Laws from 2013 No. 89 item 414)).¹⁶¹

The decision on the building permit is valid for an indefinite period. However, it expires, if the construction has not begun before the lapse of 3 years from the day on which the decision became final or if the construction has stopped for a period longer than 3 years (Article 37 clause 1 of the Act from 7th July 1994 – Building Law [uniform text: Journal of Laws from 2013 item 1409]).¹⁶²

The application for the building permit shall be submitted by the investor to the relevant architectural and construction administrative body – usually it is the staroste. In case of building permits for objects situated in the area designated for the maintenance of traffic and maritime transport, hydro technical, national and voivodeship roads, civil airports, located on the railway areas and in the closed areas, the application shall be submitted to the voivode (Article 82 clause 3 of the Act from 7th July 1994 – Building Law [uniform text: Journal of Laws from 2013 item 1409]).¹⁶³

Realization of the investment

The beginning of the preparatory construction works connected with the investment shall be deemed as the moment of beginning of the realization. All the applications, permits and decisions are obligatory, so that the preparatory stage transfers to a stage of physical realization of the project.

The first phase of the project are preparatory works. They can be conducted only in the area covered by the building permit and after a prior notification outside of this area (e.g. access road). The preparatory works consist of:¹⁶⁴

- indication of geodetic objects in the field,
- digging the land grading,
- management of the construction site together with the construction of temporary objects,
- making the connections to technical infrastructure networks for the needs of the construction.

Beginning of power, water, heat and gas supplies for the needs of the construction can take place only after the presentation of the required building permit or notification. Before the first

¹⁶⁰ Act from 14th June 1960 Code of administrative proceedings (uniform text: Journal of Laws from 2013 item 267)

¹⁶¹ Act from 7th July 1994 – Building Law (uniform text: Journal of Laws from 2013 item 1409)

¹⁶² Ibid.

¹⁶³ Article 41 of the Act from 7th July 1994 – Building Law (uniform text: Journal of Laws from 2013 item 1409)

¹⁶⁴ www.mir.gov.pl

works begin, the investor is obliged to inform the relevant body and the designer supervising the compliance of the construction realization with the project about the expected date of the beginning of construction works, at least 7 days before the beginning, attaching in writing:

- statement of the construction site manager confirming the preparation of a safety and health protection plan and assuming the responsibility of managing the construction together with the certificate of the licence to practice a profession,
- statement of the investor's inspector (if the project requires supervision),
- information concerning the work safety and health protection.

Beginning of supplies of all the media for the needs of construction activities may take place only after previously obtaining the required building permit.

Occupancy permit

The provisions do not stipulate the deadline for notification about the end of the construction or the motion on issuing the decision on an occupancy permit. However, in the case of the mentioned permit, obtaining it is necessary before the beginning of occupancy of the building, in particular when:

- during the construction there were some irregularities, e.g. works incompliant with the project have been performed,
- the construction was lawlessness, which was legalised during the construction works,
- after the construction is finished, the construction supervision services stated, that the building had been built in a manner incompliant with the development conditions (e.g. the height of the building is different than provided for in the plan, the building, occupies a larger surface area of the plot than it should) – then the permit shall be issued only after the building meets the requirements of the law,
- the use of the building is to start before the construction works are finished.¹⁶⁵

Both the notification and the application for occupancy permit shall be submitted in the relevant poviát inspectorate of construction supervision.¹⁶⁶

The investor is obliged to attach to the notification on finishing the construction the following documents:¹⁶⁷

- the original of the construction log,
- statement of the construction site manager on the compliance of the building construction with the building project and the provisions of law. In case of a residential building or a building with a residential part, the statement contains information about the measurements made of the usable area of the building and particular residential units in a manner compliant with the provisions on detailed scope and form of building project (§ 11 clause 2),
- statement of the building manager on the due state and order of the construction site, and also – in case of using them – the road, street, neighbouring real estate, building or unit,
- statement of the investor on the correct management of the adjacent area, if the exploitation of the built building depends on it,
- examination protocols and installation examinations (water and sewage, gas, power, ventilation, flue) prepared by persons with relevant professional qualifications,
- geodetic post-built inventorying,
- confirmation of the reception of the made connections by the representative of the utility undertaking.

The same documents as the ones mentioned above shall be attached to **the application on occupancy permit**, and moreover, the statements on lack of objection or reservations from the State Sanitary Inspection and the State Fire Service.

It means, that the investor has to inform the above mentioned bodies about the **finishing of construction** (the requirement also concerns single-family houses built only for housing purposes). If within 14 days from the reception of the notification the bodies do not express their opinion on the subject matter, it is deemed that they do not have any objections or reservations.¹⁶⁸

¹⁶⁵ Act from 7th July 1994 – Building Law (uniform text: Journal of Laws from 2013 item 1409)

¹⁶⁶ www.gunb.gov.pl

¹⁶⁷ Act from 7th July 1994 – Building Law (uniform text: Journal of Laws from 2013 item 1409)

¹⁶⁸ www.gunb.gov.pl

2. INVESTMENT POTENTIALS IN LUBLIN VOIVODESHIP

The factors affecting the level of attractiveness of the region have evolved over the years. It should be emphasized that the location factors are not permanent and are not a closed set.¹⁶⁹ They are largely dependent on the specifics of a company that is looking for a suitable location to invest in, and the individual characteristics of an investor. In recent years, there has been an increase in the role of factors that previously had not been so relevant for investors. This is due, among others, to the conditions of many potential locations and their similarity and often seemingly unimportant factors which influence ultimate decision-making. The most important groups of factors influencing increased investment attractiveness of the region include, among others, pension position, issues of economic, demographic, human capital, social capital, innovations, the quality of the environment and the development of tourism, cultural factors, business environment, technical infrastructure, social infrastructure, and the situation in the country and international factors.¹⁷⁰

In the particular case, when considering foreign investors, the issues of searching for a suitable investment location look similar as long as similar location factors have been taken under consideration. The difference lies most often in the scale of exploring sites, because the search area of foreign investors often expands not only the borders of one voivodeship but also countries, as is generally the case with domestic investors.

The following is a detailed analysis of the factors affecting the investment attractiveness, with a particular focus on items which are of great interest to a foreign investor. Part of the indicators were compared with the values for the **Polish Eastern voivodeships**, with the values for the voivodeships of **Lubusz, Lodz, and Kuyavian Pomeranian**, due to the similarity of their key economic sectors to the sectors of Lublin Voivodeship (more in Chapter 3.3).

Our presented analyzes have been conducted using reliable data sources, complemented by the conclusions made in the study. As part of obtaining primary data, we have conducted 16 in-depth interviews, six of which have been conducted with business institutions operating in the region and 10 with foreign capital investors with business activities in Lublin Voivodeship.

BASIC INFORMATION ABOUT LUBLIN VOIVODESHIP

Lublin Voivodeship is located in the eastern part of the Polish border with Ukraine and Belarus. Lublin Voivodeship, along with the voivodeships of Warmian-Masurian, Podlaskie, Subcarpathian, and Świętokrzyskie belongs to Polish Eastern voivodeships to which special and additional support has been provided from the European Funds.

It should be emphasized that the region is a border region of which the eastern border line is also the border of the European Union. In the light of recent developments in Belarus and Ukraine, the geographical location of the voivodeship could become

169 W. Dziemianowicz, *Kapitał zagraniczny a rozwój regionalny i lokalny w Polsce*, wyd. UW, Warszawa 1997
170 http://www.umwd.dolnyslask.pl/fileadmin/user_upload/Rozwoj_regionalny/20111003/Tom1.pdf – stan na 2.06.2015

an important factor in attracting investors interested in the eastern market in the future.

Lublin Voivodeship covers an area of 25 122 km² representing 8% of the surface area of the whole country. By far the largest part of the region is agricultural land – 70%. The wooded area is 24%, urban areas – 4%, and other remaining areas – 2%.¹⁷¹

Administratively, Lublin Voivodeship is divided into 24 poviats (20 poviats called „land poviats” and 4 cities on a poviat’s rights called „city magistrate poviats”- Lublin, Biala Podlaska, Chelmin and Zamosc) and 213 communes – 20 town communes, 22 joint urban-rural communes, and 171 rural communes.

Natural environment

The central part of the voivodeship is occupied by the Lublin Upland, the hallmark of which is the slightly undulating terrain intersected by loess ravines.¹⁷² The northern and north-eastern parts are covered by the plains of Mazovian, Podlaskie and Lublin Polesie (a large number of marshes, bogs and lakes of karsts origin). The southern parts of the voivodeship are called Roztocze – shaft of hills with a varied terrain that separates the Lublin Upland from the Sandomierz Basin. The very fertile soil of Lublin Voivodeship favours the rapidly growing agricultural economy in the region.

The climate in Lublin Voivodeship is **moderate continental**, where the average annual temperature is 7.2-7.8 C. The region belongs to the regions with the highest insolation in the scale for the entire country – in this respect the Lublin Upland particularly stands out. The biggest sunshine occurs in the southern part of the region, in particular in the Lublin Upland. The precipitation is lower than the average for the country.¹⁷³

The most important rivers flowing through the voivodeship and its watercourses are the Vistula, Bug, Wieprz, Bystrzyca, Huczwa and Krzna. The Vistula River is part of the region’s western border, while the eastern border is the Bug, which also sets the state border with Belarus and Ukraine.

Map 1. Lublin Voivodeship on the map of Poland



Source: AGERON Polska own study

The legally protected areas represent 33% of the area of the region. Of these, as many as 42% are areas located within the landscape parks. 5% of the most restrictively protected areas are occupied by national parks and conservation parks. In the voivodeship, there is Poleski National Park and Roztocze National Park, 17 landscape parks, 17 protected landscape areas and 86 nature reserves.¹⁷⁴

The natural resources of Lublin Voivodeship are primarily **coal**, mined from the Bogdanka mine. In the region there are also minor deposits of oil, natural gas, marl and limestone. In addition, commonly occurring minerals include natural aggregates, clay raw materials, clay loess, loams, carbonate raw materials, and peat.

Levels of economic development

Lublin Voivodeship marks dynamic growth rates of GDP per capita in relation to other voivodeships in Eastern Poland. Out of the eight analyzed regions, the Lublin region had the **highest growth rate of GDP per capita in the years 2011-2012: 104.9%** (the seventh result in the whole country).

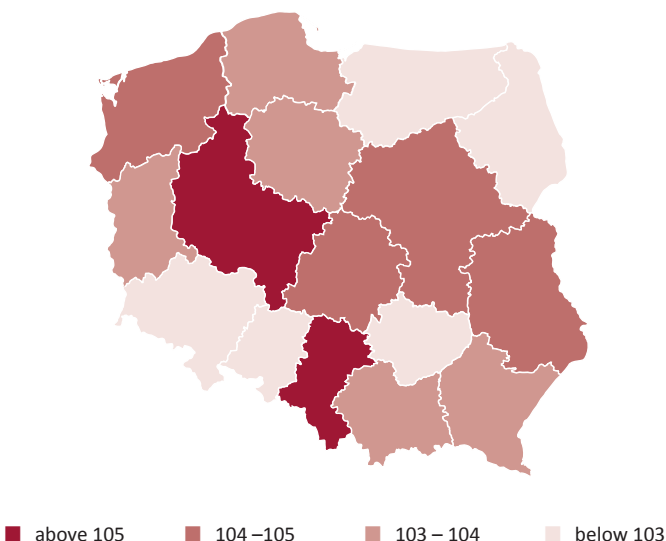
171 BDL [Local Data Bank] GUS [Central Statistical Office], accessed in 2014.

172 „Krajowy raport mozaikowy. Stan środowiska w województwach w latach 2000-2007 – województwo lubelskie”, Wojewódzki Inspektorat Ochrony Środowiska [the Voivodeship Environmental Protection Inspectorate] in Lublin, 2010.

173 Ibid.

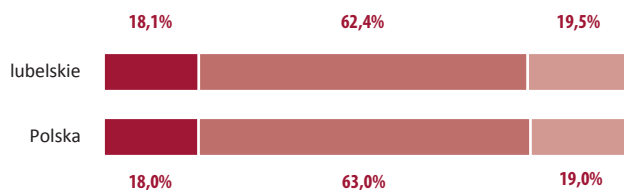
174 The Register of the Nature Reserves of Lublin Voivodeship, the Register of the Landscaped Parks of Lublin Voivodeship, the Register of the Protected Landscape of Lublin Voivodeship, the Regional Directorate for Environmental Protection in Lublin.

Map 2. Dynamics of GDP per capita in 2012. (previous year = 100)



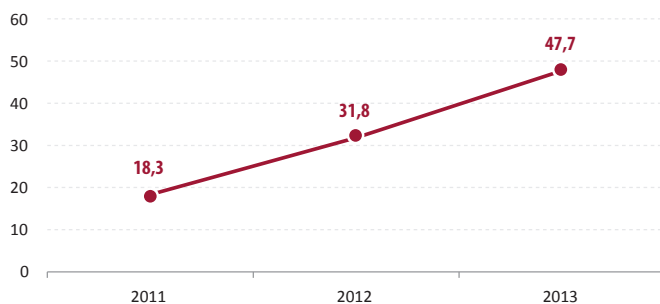
Source: AGERON Polska own study based on the Local Data Bank.

Chart 1. Age structure of the population in Lublin Voivodeship in 2014.



Source: AGERON Polska own study based on the Local Data Bank.

Chart 2. Production of electricity from renewable energy sources in the years 2011-2013 [Gwh]



Source: AGERON Polska own study based on the Local Data Bank.

In 2013, GDP per capita was PLN 29 333 in Lublin Voivodeship.

Demographics

Lublin Voivodeship is inhabited by more than **2.15 million people, which represent 5.6% of the entire population of Poland**. The residents of the city of Lublin represent 15.9% of the total population of the voivodeship. The population density in Lublin Voivodeship in 2014 was 85 persons / 1 km². Despite the decline in population – a phenomenon characteristic for the entire Poland, its dynamics has decreased in recent years.

The age structure of the population is very close to the values observed in other voivodeships and calculated for the whole of Poland. In Lublin Voivodeship 18.1% of the population are people in pre-reproductive age, 62.4% are in reproductive age, and 19.5% are in post-reproductive age.

Infrastructure

In the context of attracting investment to the region, including foreign direct investment, an important role is played by the technical infrastructure (equipping the region in a network of gas, electricity, water, sewage) and communication (described in detail in section 2.2). These are the basic elements to be taken into account by the investor when deciding on the investment placement.

The quality and length of the municipal and gas infrastructure in Lublin Voivodeship has been improving year to year. **The length of the water pipe network** per 100 km² in 2013 reached 81.9 km, thereby achieving the **second largest score in the Macro-region of Eastern Poland**. Gradually **there has also been an increase in the length of the gas and sewerage network**. In 2013, the water pipe network covered 82% of the population of the voivodeship, while the sewerage and gas respectively 49.7% and 40.1%. In the rural areas the percentage was much lower, especially in the case of the last two indicators, however, there is a clear annual increase in the number of users.

Lublin Voivodeship stands out from other voivodeships **in the high quality of deep waters**, coming mainly from chalk down lands. Most of the operating companies in the voivodeship use ground-water resources, and only a small percentage of surface water.

Table 23. Energy deposits in Lublin Voivodeship in 2013.

Resources	Fields	Share (%) in national resources	Share (%) in national mining
Coal	11, including 1 operating	7,9%	9,8%
Lignite	2 unexploited	-	-
Natural Gas	4 operating	0,9%	0,7%
Crude Oil	2 operating	0,09%	0,1%

Source: AGERON Polska own study based on „Bilansu zasobów złóż kopalin w Polsce wg stanu na 31 XII 2013 r.”, Państwowy Instytut Geologiczny, Państwowy Instytut Badawczy, Warszawa 2014.

Table 24. Concessions granted for exploration and prospecting shale gas resources in Lublin Voivodeship (as of 30 April 2015)

Name	Number	Concession operator	Drillings
Grabowiec	30/2007/p	Chevron Poland Energy Resources	Grabowiec-6
Kock – Tarkawica	52/2001/p	PGNiG S.A.	Wojcieszków 1
Lubartów	26/2007/p	Orlen Upstream Sp. z o.o.	Berejów OU-1 Berejów OU-2 Uścimów OU-1
Lublin	27/2007/p	Orlen Upstream Sp. z o.o.	
Tomaszów Lubelski	07/2011/p	PGNiG S.A.	Majdan Sopocki-1 Lubycza Królewska-1
Wierzbica	28/2007/p	Orlen Upstream Sp. z o.o.	Stręczyn-OU1-K Stręczyn-OU1 Syczyn OU1 Syczyn OU2K Dobryniów-OU1
Wiszniów – Tarnoszyn	03/2009/p	PGNiG S.A.	Kościaszyn 1
Wodynie – Łuków	51/2009/p	Orlen Upstream Sp. z o.o.	Stoczek OU-1 Stoczek OU-1K
Zwierzyniec	70/2009/p	Chevron Poland Energy Resources	Zwierzyniec-1

Source: Own study based on the Map of Concessions for the Exploration of Natural Gas „Shale Gas” as of 4 June 2015, The Ministry of Environment

Natural resources

In Lublin Voivodeship there are **deposits of four energy resources**: coal, lignite, oil and natural gas. **Coal** is mined in the area of the Lublin Coal Basin – one of the two coalfields operated in Poland (next to the Upper Silesian Coal Basin). In 2013, the industrial resources of coal in Lublin Voivodeship amounted to 305.05 million tons, which is 7.9% of the resources in Poland (3 839.63 million tons). Mining has reached the value of 6 824 tones and accounted for 9.8% of extraction throughout the country (68 399 tones).

The resources of **lignite** in 2013 in Lublin Voivodeship were in two unexploited deposits – initially recognized and recognized in detail. The first of them, Sierskowola, was located in the powiat of Ryki, the second, Trzydnik, is in the powiat of Krasnik.

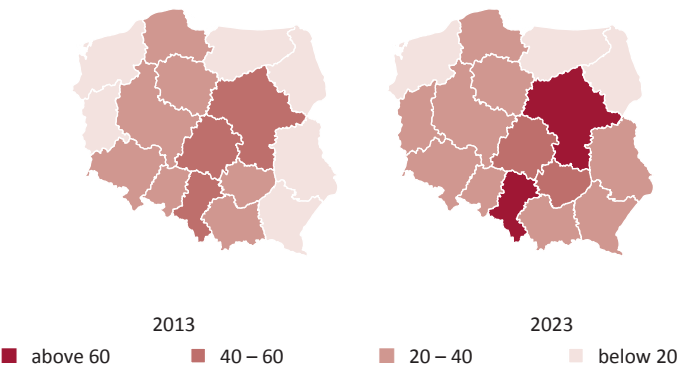
Natural gas in Lublin Voivodeship, appeared in four deposits. All deposits in 2013 were exploited and located in the districts of Lublin, Lubartów, Świdnicki and Ryki. In the year researched, the industrial resources of natural gas amounted to 578.5 million m³, which accounted for 0.9% of the resources in Poland (62 176.39 million m³). The mining was placed at the level of 39.67 million m³.

Table 25. The Intermodal Transport Availability Indicator [WMDT]

Voivodeship	WMDT 2013	WMDT 2023	Change in 2013-2023
Lodz	40,5	51,24	23,31%
Poland	33,65	42,56	23,30%
Swietokrzyskie	26,64	34,74	22,22%
Kuyavian-Pomeranian	26,57	33,39	22,21%
Subcarpathian	18,76	23,94	23,32%
The Macro-Region of Eastern Poland	17,86	23,29	20,94%
Lubelskie	17,7	23,87	23,30%
Lubusz	16,43	21,12	20,96%
Warmian-Masurian	13,48	17,33	20,43%
Podlaskie	12,38	16,14	21,64%

Source: AGERON Polska own study based on „Oszacowanie wartości WMDT i wskaźników gałęziowych na potrzeby dokumentów programowych i strategicznych dot. Perspektywy finansowej 2014-2020”, Instytut Geografii i Przestrzennego Zagospodarowania PAN, 2014.

Map 3. Intermodal Transport Availability Indicator (WMDT) from 2013, with the forecast for the year 2023



Source: AGERON Polska own study based on „Oszacowanie wartości WMDT i wskaźników gałęziowych na potrzeby dokumentów programowych i strategicznych dot. Perspektywy finansowej 2014-2020”, Instytut Geografii i Przestrzennego Zagospodarowania PAN, 2014.

and constituted 0.7% of the mining across the country (5 488.77 million m³).

Petroleum in 2013 in Lublin Voivodeship was obtained from fields in the poviats of Lubartow, Lublin and Ryki. Industrial supply of this energy resource amounted to 14.61 thousand tons and accounted for 0.09% of the resources in Poland, and the mining in the region reached a value of 1.08 thousand tons, or 0.1% of the mining in the country (926.3 thousand tones).

Lublin Voivodeship is one of the areas with the largest shale gas reserves in Poland. Exploration and prospecting of this resource are based on a concession granted by the Ministry of Environment. In April of 2015, in the analyzed region there were works carried out under 9 concessions of which 4 belonged to Orlen Upstream Sp. z o.o., 3 – PGNiG S.A., and 2 – Chevron Polska Energy Resources. They allowed 16 drillings, according to the latest data. Exploration sites of shale gas resources were situated in the lane extending from north-west to south-east of Lublin Voivodeship.

In Lublin Voivodeship in 2013 **there was 47.7 GWh (gig watt hours) of electricity produced from renewable sources**, which accounted for 1.4% of this type of energy in Eastern Poland and 0.3% in Poland. Its share in the production in the analyzed region was very low at 3.8%. This is due, among other, to the widespread use of coal power in the voivodeship. It is worth noting that the production of energy from renewable sources is seen on the rise in subsequent years. It should be emphasized that Lublin Voivodeship has significant potential for the use of solar energy. This is associated with the greatest rate of insolation in Poland, meaning the high intensity of solar radiation. The annual average of the index in the analyzed region is 1200 kWh / m² and is higher than the average for the whole country equal to 1000 kWh / m².

AVAILABILITY OF COMMUNICATION

The availability of communication is one of the basic factors in the evaluation of the investment attractiveness of the region. Classical analysis of the transport accessibility of regions is based on the following measures:

- geographical distance from the most important economic centres (regional and national)
- progress of communication with major centres – the availability of road connections, rail and air
- status and effectiveness of transport infrastructure, traffic

In recent years, Lublin Voivodeship have seen very positive developments related to improving transport accessibility – primarily related to road and air. In order to modernize the transport network, Eastern Poland uses a range of instruments of regional and land development policies, available under the Operational Program Infrastructure and Environment and the Regional Operational Program. The main direction in development of the transport network of Eastern Polish voivodeships

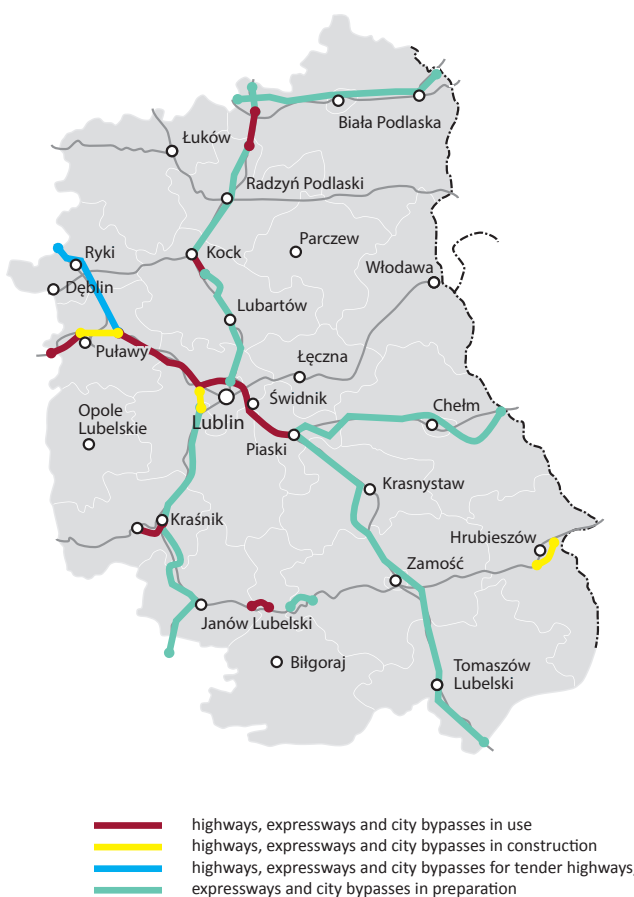
will not only be to improve transportation between voivodeships and central Poland but above all to progressively improve communication within the Macro-region of Eastern Poland.

The following is an indicator of the availability of Intermodal Transport¹⁷⁵, developed by a team of experts from the Polish Academy of Sciences, which is the most general measure that shows the availability of communications in selected voivodeships in Poland. Regions with a higher value of the index have better transport accessibility. The index is constructed on the model of potential, taking into account the speed of getting to all other cities or counties in Poland, taking into consideration the attractiveness of the destinations on the basis of twelve socio-demographic variables (such as population, number of employees, number of farms). In addition, the index takes into account both the journey time between the centres and the importance of (appeal) these centres in the transport system.

The availability of Lublin Voivodeship's communication is almost half lower than the average of the indicator for the whole of Poland, but very close to the aggregate transportation system in the Macro-region of Eastern Poland. Out of the voivodeships situated within the Micro region of Eastern Poland higher indicators apply to the voivodeships in Southeastern Poland (Subcarpathian and Świętokrzyskie). The Łódź region owes a higher value of the index due to a more favourable location to the centres of the country and a smaller distance from the most important national economic centres. For the same reasons, The Świętokrzyskie Voivodeship is also more attractive in terms of transport. Lublin Voivodeship, however, has a better transport accessibility than the areas located in Northeastern Poland (Podlaskie and Warmian-Masurian). The forecast of PAN experts for the decade of 2013-2023 shows that the availability of transport in Poland will progress gradually thanks to, among others, subsidies received from the EU, and by 2023, this increase will have reached 23.30% in Lublin Voivodeship.

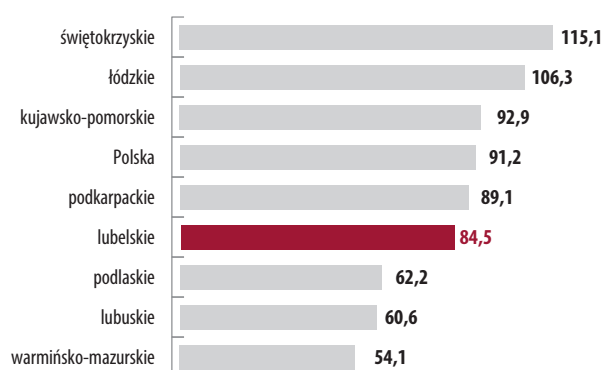
In the following chapters, WMDT is presented separately for the three modes of transport – road transport (WDDT), rail transport (WKDT), and air transport (WLDT).

Map 4. Construction status of expressways in Lublin Voivodeship in 2015.



Source: GDDKiA [The General Directorate for National Roads and Motorways], The map of road construction status, Service for drivers.

Chart 3. Length of roads with hard surface per 100 km² in 2013. [km]



Source: AGERON Polska own study based on the Local Data Bank.

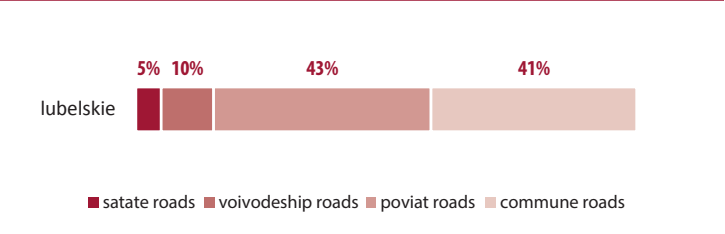
¹⁷⁵ Estimation of WMDT and related indicators for the needs of program and strategic documents relating to The financial perspective 2014-2020, Institute of Geography and Land Development PAN [Polish Academy of Sciences], 2014.

Table 26. The Road Transport Availability Indicator

Voivodeship	WDDT 2013	WDDT 2023	Zmiana 2013-2023
Lodz	41,48	50,64	18,10%
Poland	34,35	41,88	17,98%
Kuyavian-Pomeranian	29,89	32,46	17,15%
Swietokrzyskie	27,39	34,38	20,32%
Subcarpathian	19,65	24,54	19,91%
The Macro-Region of Eastern Poland	18,36	23,17	20,78%
Lublin	18,03	23,24	22,44%
Lubusz	17,25	20,7	16,63%
Warmian-Masurian	13,49	17,14	21,32%
Podlaskie	12,85	16,04	19,88%

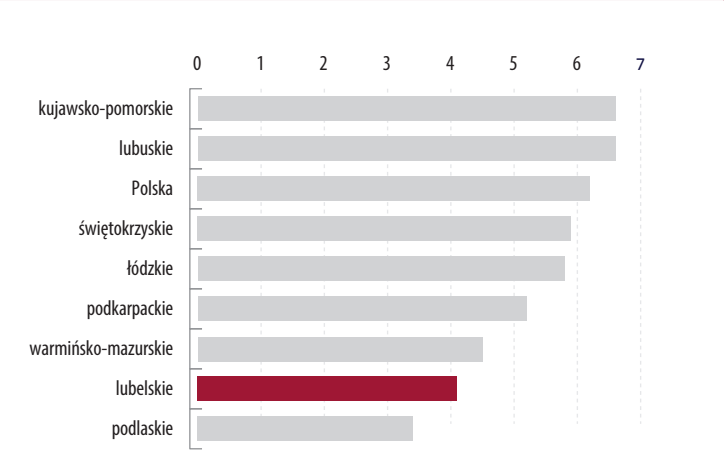
Source: AGERON Polska own study based on „Oszacowanie wartości WMDT i wskaźników gałęziowych na potrzeby dokumentów programowych i strategicznych dot. Perspektywy finansowej 2014-2020”, Instytut Geografii i Przestrzennego Zagospodarowania PAN, 2014.

Chart 4. Structure of paved road ownership in Lublin Voivodeship in 2013.



Source: AGERON Polska own study based on the Local Data Bank

Chart 5. Length of railroad tracks per 100 km² in 2013.



Source: AGERON Polska own study based on the Local Data Bank.

Road Communication

Road communication is the most important pillar of the transport infrastructure in Poland and in the Lublin region. The following national roads are particularly important to industries:

- K12 Warsaw – Lublin – Dorohusk – Kiev
- K17 Warsaw – Lublin – Lviv (sections S17)
- K19 Bialystok – Lublin – Rzeszow

In the future, there are real plans to extend the current road network. The map below shows planned investments designed to combine the most important centres of highway and express roads in the Lublin region.

In addition, there are real plans to build Via Carpathia, running from Lithuania down to Greece. In Poland the road will pass through the main towns in the East of the country: Bialystok, Lublin, and Rzeszow. In the perspective 2014-2020, there is a plan to build a road S19 connecting Lublin and Rzeszow. Currently, proposals for the route are consulted in the communes through which the road shall be passing. Important upcoming road investments include the construction of the bypass road in Pulawy and the western bypass road in Lublin, as well as the construction of the S17 route from Kurow to Warsaw.¹⁷⁶

In addition, in Lublin Voivodeship the length of roads with a hard surface per 100 km² rises year-on-year. In 2013 the figure was 84.5 km. This result puts Lublin Voivodeship below average values for Poland (91.2 km), but the length of the transport network in relation to the density of cities in the voivodeship is quite high.¹⁷⁷ In addition, 95% of paved roads have improved in quality.

In comparison with 2001, in Lublin Voivodeship there are 3440 km of more paved roads, out of which 47 km are expressways. National and voivodeship roads represent 15% of all roads, while the rest of the roads are commune and poviat roads. On the national roads in Lublin voivodeship, there is now less traffic than in other regions in Poland. In 2010, the volume of traffic averaged 7459 vehicles/day, compared to the national average of 9888 vehicles/day. Less traffic movement than in Lublin Voivodeship has been observed in Western-Pomeranian, Podlaskie, and Warmian-Masurian. In all voivodeships there has been an increase in traffic movement. In

176 Puzio P., 9 January 2015, Bypass Roads in Lublin and Pulawy, S17. Road priorities for 2015, [in:]http://www.dziennikwschodni.pl/lubelskie/n,150109729,obwodnice-lublina-i-pulaw-s17-priorytety-dro-gowe-na-2015-rok.html – accessed on 20 June 2015

177 The economic potential of the cities in Lublin Voivodeship in the years 2000-2010, The Main Statistical Office in Lublin, Lublin 2011

comparison with 2005, the volume of traffic in Lublin Voivodeship by 2010 increased by 26%.

The Road Transport Accessibility Indicator (WDDT) and its forecast for 2023, taking into account planned investments up to that time, are considered a good measure of the voivodeship's transport accessibility. The indicator's value is a weighted average of the availability for all roads in communes belonging to the voivodeship.

According to the indicator WDDT, Lublin Voivodeship is close to half of the worse road infrastructure compared to the value of the average for the whole country. The reason for the low value of the indicator for Lublin Voivodeship is the lack of highways, insignificant length of expressways and natural and historical factors. In addition Lublin is located a considerable distance from the most attractive business centres in the country. In subsequent years, however, there is a number of investments planned to improve road accessibility in the region.

Here should be mentioned the **Koroszczyn Car Terminal** in the north-east part of the voivodeship. It is situated about 4 km from the border crossing between Poland and Belarus in Kukuryki. From the north, the area surrounds the 812 route, and from the south, there will a scheduled arc of the A2 expressway. The area covers 46.6 hectares and together with a protected and lighted customs' way constitutes the territory of the border crossing Kukuryki / Kozłowiec¹⁷⁸. The terminal consists of the budget and commercial sections. The budget section carries out the customs clearance of goods, and the commercial section contains shipping agencies, a bank, and retail outlets. The capacity of the terminal has been set to handle 4 000 vehicles per day – currently there are only heavy trucks¹⁷⁹.

In February of 2015, LTK-Intermodal set up the **Lublin Container Terminal** in Drzewce near Nałęczów to expedite the container transport arrived in Poland by sea. The containers are transhipped from vessels to the trains transporting them to Lublin Voivodeship. Previously, such goods used to be transported to Warsaw and then by truck to the Lublin region. The favourable location of the terminal near the S17 expressway Warsaw-Hrebenne enables further convenient transport of goods. The terminal covers 25 000 m² of an operating area, and there is a 600-meter railway track¹⁸⁰.

178 <http://koroszczyn.pl/lokalizacja.html> – dostęp dnia 21.06.2015

179 http://www.gminaterespol.pl/viewpage.php?page_id=23 – dostęp dnia 21.06.2015

180 <http://ltk-intermodal.pl/pl/terminal-intermodalny> – dostęp dnia 21.06.2015

Table 27. The Railway Transport Availability Indicator

Voivodeship	WKDT 2013	WKDT 2023	Zmiana 2013-2023
Lodz	35,57	52,4	32,12%
Poland	30,17	45,25	33,33%
Kuyavian-Pomeranian	25,62	38,03	32,63%
Swietokrzyskie	23,19	36,51	36,48%
Lublin	16,88	26,95	37,37%
The Macro-Region of Eastern Poland	15,71	23,75	33,85%
Subcarpathian	14,5	20,72	30,02%
Warmian-Masurian	13,55	18,2	25,55%
Lubusz	12,5	22,89	45,39%
Podlaskie	10,34	16,75	38,27%

Source: AGERON Polska own study based on „Oszacowanie wartości WMDT i wskaźników gałęziowych na potrzeby dokumentów programowych i strategicznych dot. Perspektywy finansowej 2014-2020”, Instytut Geografii i Przestrzennego Zagospodarowania PAN, 2014.

Table 28. The Air Transport Availability Indicator

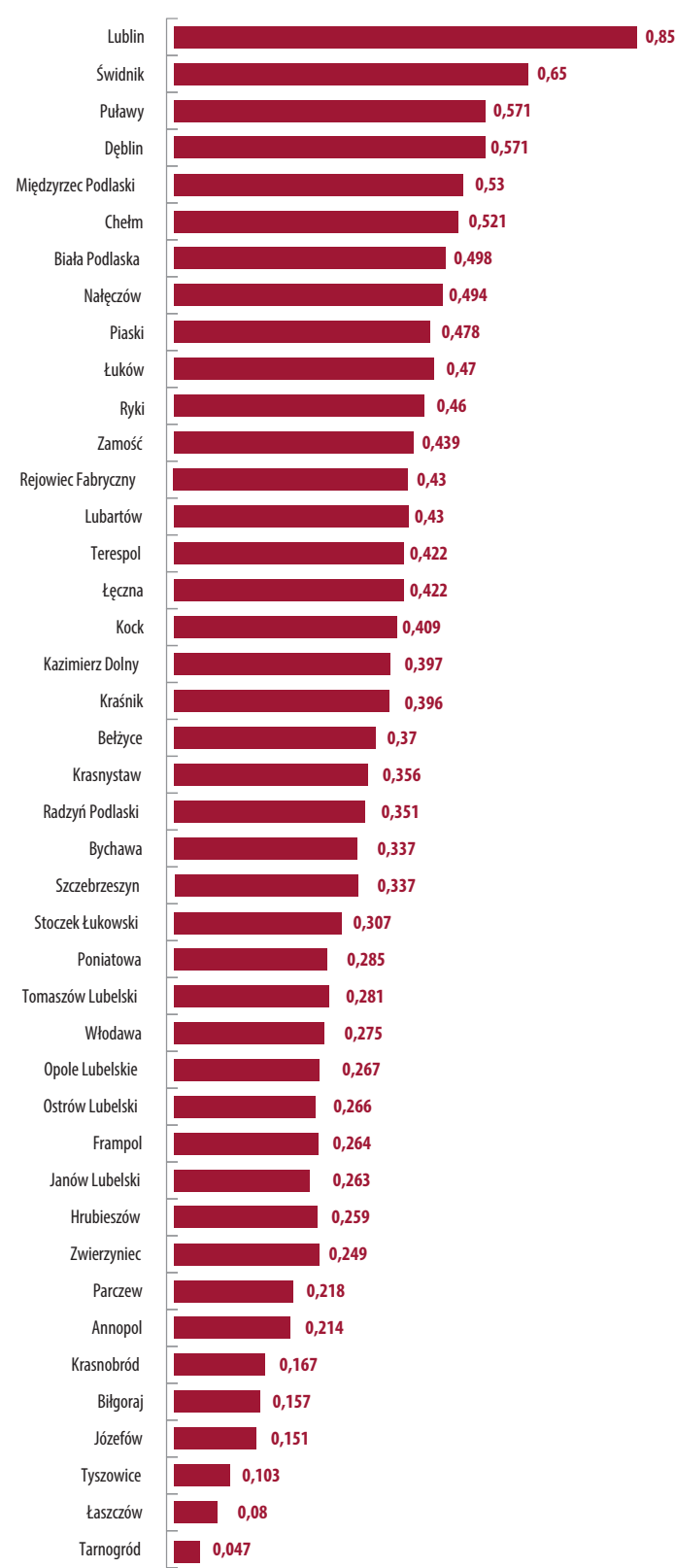
Voivodeship	WLDT 2013	WLDT 2023	Zmiana 2013-2023
Lodz	169,7	306,3	44,60%
Poland	129,49	234,91	44,88%
Kuyavian-Pomeranian	72,29	113,55	36,34%
Lublin	66,69	142,32	53,14%
Swietokrzyskie	65,3	171,96	62,03%
Subcarpathian	51,02	98,29	48,09%
The Macro-Region of Eastern Poland	50,86	114,08	55,42%
Lubusz	40,62	55,97	27,43%
Warmian-Masurian	33,91	79,7	57,45%
Podlaskie	27,21	74,38	63,42%

Source: AGERON Polska own study based on „Oszacowanie wartości WMDT i wskaźników gałęziowych na potrzeby dokumentów programowych i strategicznych dot. Perspektywy finansowej 2014-2020”, Instytut Geografii i Przestrzennego Zagospodarowania PAN, 2014.

Railways

In 2013, there were 1027 km of railway lines that ran through Lublin Voivodeship. Due to historical circumstances, among others, the rail network in the region has been less developed in comparison with other voivodeships in Poland. There are, however, also positive elements distinguishing the Lublin

Chart 6. Ranking the cities of Lublin Voivodeship in terms of transport accessibility in 2010.



Source: The Statistical Office in Lublin.

region in this regard. This is primarily related to the existence of the terminal in Małaszewicze (more in Chap. 2.8.2) occupying an area of over 166 hectares. It acts as a transshipment port of international importance, where goods are being transshipped from the broad-gauge rolling stock to the standard gauge rolling stock. This feature is of a great importance for the investor as the port facilitates trade of goods with eastern markets. Such access of the rail transport in the voivodeship is also available in the Lublin Container Terminal, opened in February of 2015 and widely described in the previous section.

The length of railway lines per 100 km² is 4.1 km. The length of the rail network per 100 square kilometres in the South-Eastern voivodeships and in the Central and Western Poland is an average of 1-2 km longer. Today, however, the modernization of railway lines in the Lublin region continues.

The most important railway line in the voivodeship is line no. 7 going on the route: Eastern Warsaw – Otwock – Deblin – Lublin – Chełm – Dorohusk (state border with Ukraine). Lublin benefits from direct railway connections with almost all regions of the country and a trip to Warsaw takes just over 2 hours. Another important line on the territory of the voivodeship is the line no. 2 Warsaw-Siedlce-Bows-Biała Podlaska-Terespol-Małaszewicze (State border with Belarus).

The indicator WKDT for eastern voivodeships shows a value significantly lower than the national average. Despite this, only Swietokrzyskie Voivodeship achieves better results out of the voivodeships located in the Macro-region of Eastern Poland. **Availability of railways in Lublin Voivodeship and other regions will increase significantly according to forecasts** thanks to investments from the Operational Program Infrastructure and Environment and the Regional Investment Program. Consequently, the appeal of the Lublin region in terms of transport should increase by nearly 36% to 2023.

Air Transport

In Lublin Voivodeship there is one airport of the international significance – an airport in Lublin-Świdnik. The airport, located 10 km from Lublin, began its passenger service at the end of the year 2012. The opening of the airport allowed the residents and businesses direct and fast transport to the European Union countries. At the moment, the airport handles flights to Belgium, the UK, Ireland,

Germany, Sweden, and Norway¹⁸¹, and the list of carriers regularly expands. Currently, the Ryanair operating at the Lublin Airport is planning to also launch business connections to Milan and Paris, and to extend its offer of holiday routes (Greece)¹⁸². The airport serviced 189.3 thousand passengers in 2013.

Lublin Voivodeship has the highest rate of flight availability throughout the Micro-region of Eastern Poland. This is due to the fact that in addition to the presence of the airport in Swidnik within short distance there is also the Rzeszow-Jasionka Airport (160 km) and the Warsaw-Okęcie Airport (170 km) which may ultimately serve passengers traveling to Lublin Voivodeship. Thanks to the airport, the position of the Lublin region compared to the regions in Central and Western Poland in the context of air transport improved significantly. In view of the fact that the airport Lublin-Swidnik is relatively young and still developing (0.8% share in the domestic passenger traffic in 2013), its position will be strengthening over time.

Some investors in qualitative interviews stressed the big role of the airport in Swidnik in attracting foreign investment. There are plans to expand the cargo terminal¹⁸³ of the airport, which would significantly increase the attractiveness of the region. Additionally, attracting new airlines would increase the range of services to both, business and residents of the voivodeship.

Ranking of cities in terms of transport accessibility

In 2010, the Statistical Office in Lublin drew up a ranking of Lublin voivodeship's cities in terms of their accessibility.¹⁸⁴ For each city the indicator was calculated taking into account the following factors with assigned weights:

- The position of the national roads – 30%
- The position of railroads – 15%
- The distance from the nearest town performing essential service functions of the sub-region – 15%
- The distance from Lublin – 15%
- The distance from Warsaw – 15%
- Distance from the nearest border crossing – 10%

181 <http://www.airport.lublin.pl/> – accessed on 12 June 2015

182 <http://www.dziennikwschodni.pl/lublin/n,1000162923,lotnisko-lublin-ryanair-planuje-nowe-loty-z-lublina.html> – accessed on 12 June 2015

183 Dunajska A., 24 February 2015, Lotnisko Lublin na razie rezygnuje z rozbudowy [The Lublin Airport abandons its expansion for now], [in:] <http://www.kurierlubelski.pl/artykul/3763511,lotnisko-lublin-na-razie-rezygnuje-z-rozbudowy,id,t.html> – accessed on 20 June 2015

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Despite the lapse of five years, the ranking is current, because of the airport thanks to which the position of the first two cities has been strengthened. **The most popular in terms of transport accessibility is still Lublin** due to its location considering the major roads, railway, and the proximity of the airport. **Swidnik, Pulawy, Deblin, Miedzyrzec Podlaski, and Chelm are also very attractive towns (more than 50%).**

LABOUR MARKET

Another very important factor influencing investment attractiveness is the situation on the regional labour market. Below are the current employment structure, unemployment rate, and average salary in Lublin Voivodeship.

Workforce

The number of people employed takes into consideration the people responsible for making any gainful activity in a week in which the polls have been taken.¹⁸⁵

In 2013, in Lublin Voivodeship 799.82 people worked, more than 37% of the population of the voivodeship. Agriculture was the main source of income for over 38% of the working population, compared to 17% in the whole country. In all other sectors there were relatively fewer people. The second largest sectors have been broadly defined as trade, transport, catering, hotel and transport. Industry and construction are also very important branches of the Lublin region and have employed more than 17% of people.

Employed work force

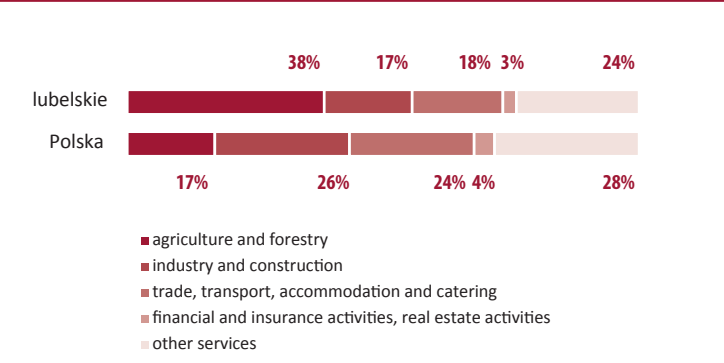
People employed represent a much narrower category of people active in the labour market.¹⁸⁶ By definition, this category does not include self-employed, employed in the public sector or working in agriculture. **On average, employment in 2013 shaped at the level of 387.7 thousand persons.** Employment in the business sector amounted to the level of 179.3 thousand people and increased in 2014 to 179.9 thousand employed. The greatest number of employees (36.2%) in the corporate sector was recorded in the manufacturing sector.

Stability of employment in the Lublin Voivodeship is beneficial for a foreign investor, understood as a low

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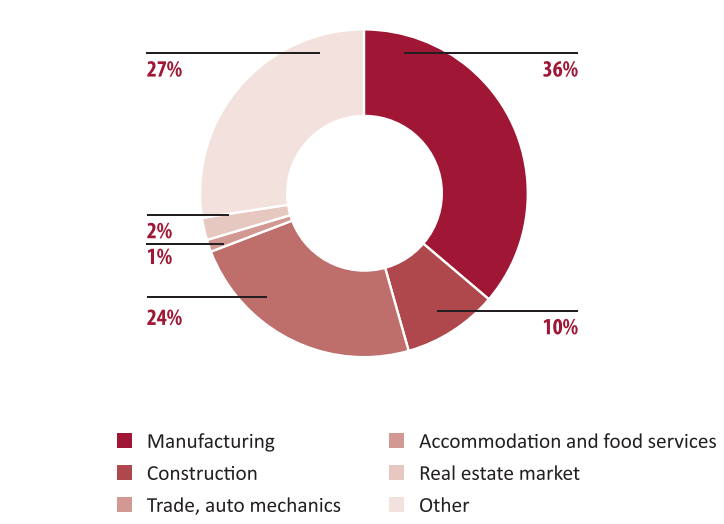
186 Employed – people bound by employment contract, legal relationship governed by the Labour Code.

Chart 7. Workforce in Lublin Voivodeship by sectors in 2013.



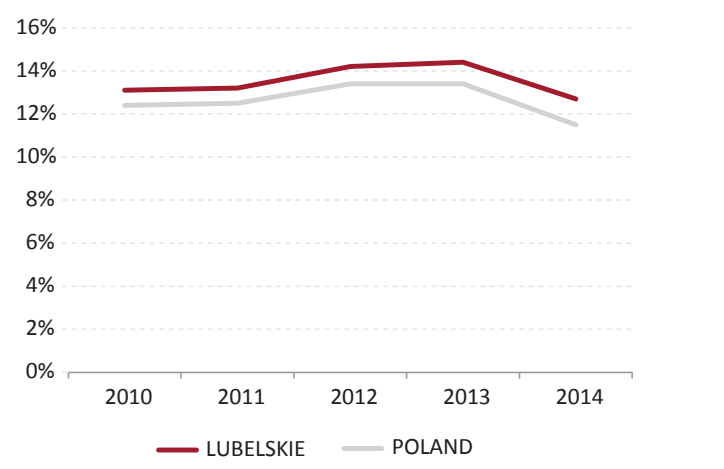
Source: AGERON Polska own study based on the Local Data Bank.

Chart 8. Employment in corporate sector in Lublin Voivodeship in 2014



Source: AGERON Polska own study based on the Local Data Bank.

Chart 9. Unemployment rates recorded in Poland and in Lublin Voivodeship in the years 2010-2014



Source: AGERON Polska own study based on the Local Data Bank.

turnover of workers within the framework of a single position. During interviews, Entrepreneurs emphasized that the region compares favourably against other Polish regions in this respect, particularly in comparison to the situation in the major cities where workers are much more likely change their place of work.

Unemployed

In 2014 the overall situation on the labour market has improved in the Lublin region. There has been a **decline in the number of unemployed persons and unemployment rate** compared to the previous year. These conclusions are based on an analysis of the dynamics of unemployment rates calculated by the Labour Office.

Dynamics of changes in the registered unemployment rate in Lublin Voivodeship reflect the trend in the labour market in Poland. Unemployment in the Lublin region in the years 2010-2014, however, was always greater than the unemployment rate for Poland by 0.7-1 percentage point

In the researched period, the unemployment rate in Lublin Voivodeship fluctuated between 12.7% and 14.4%. In 2010-2011, the average annual levels of unemployment rates differed slightly and remained at a level close to 13%. In 2013, the unemployment rate reached its maximum value – 14.4%. In 2014, the situation in the Lublin labour market improved and there was a significant decrease in the number of unemployed persons registered at labour offices. The unemployment rate in 2014 fell by 1.7 percentage points compared to the year 2013 and has reached the lowest value in 5 years.

The situation on the labour market of Lublin labour market is better than in neighbouring voivodeships. A lower unemployment among comparable regions has been only recorded in the more industrialized and centrally located Lodz Voivodeship. All other voivodeships in the Macro-region of Eastern Poland as well as Kuyavian-Pomeranian Voivodeship and Lubusz Voivodeship are characterized by a higher rate of unemployment.

Despite the fact that the labour market situation has improved and the number of unemployed has decreased significantly since 2010, there is a rise in long-term unemployment. 46.4% of registered unemployed have been looking for work for more than a year, and 29% for more than two years. These indicators are higher than in comparable voivodeships and in the whole of Poland. Also very difficult is the situation for unemployed

persons aged 55-64. Almost 59% of the unemployed in this age group have been looking for work for more than 12 months. The average duration of a job search in the voivodeship is about 4 months longer than the average rate for Poland and is 12.2 months.

In addition, **the largest group of unemployed in 2014 included young people aged 25-34 years** (32.1% of total unemployed persons). Lublin Voivodeship has one of the **higher ratios of registered unemployed among graduates**.

Salary

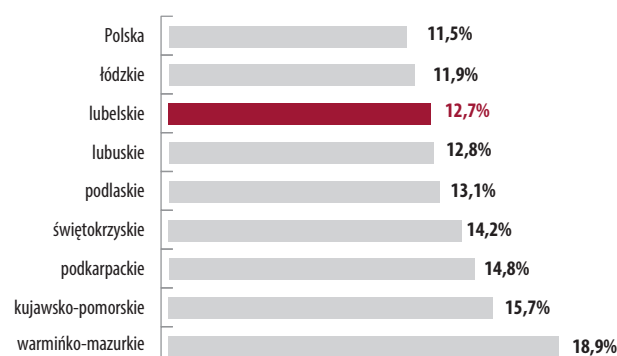
Average monthly gross earnings in the years 2010-2013 increased in all surveyed regions. **In 2013 in Lublin Voivodeship it amounted to 3488.61 zlotys**, which represented 90% of the average wage in Poland. A similar trend has continued since 2010.

Among the surveyed regions, Lublin Voivodeship had the highest salaries until 2011, since 2012 slightly higher wages have been observed in Lodz Voivodeship. **None of the voivodeships belonging to the Macro-region of Eastern Poland receive a higher pay than Lublin Voivodeship.** Among the surveyed regions, the inhabitants of Warmian-Masurian earn the least. In 2013, in Lublin Voivodeship **the average wage per hour increased.**

The highest salary in Lublin Voivodeship in 2013 was recorded among those employed in the sectors of Information and Communications, Financial and Insurance Services, and Public Administration. Fourth ranked was the **salary of farmers** – average gross monthly salary is 4156.71 zlotys. In all sectors, except agriculture, earned wages are lower than the values nationwide. Much less income compared to other parts of the country is offered to specialists in professional and research activities, as well as to employees in financial and insurance markets. Also, representatives of trade, transport and communication services are paid less than workers in the same sector in other Polish regions. Compared to other voivodeships in the Macro-region of Eastern Poland, Lublin voivodeship ranks first in terms of salaries in the industry sector, second in the construction sector (ahead of them Podlaskie) and third place in agriculture (bigger earnings in Podlaskie and Swietokrzyskie). In other sectors, wages in Lublin voivodeship are average.

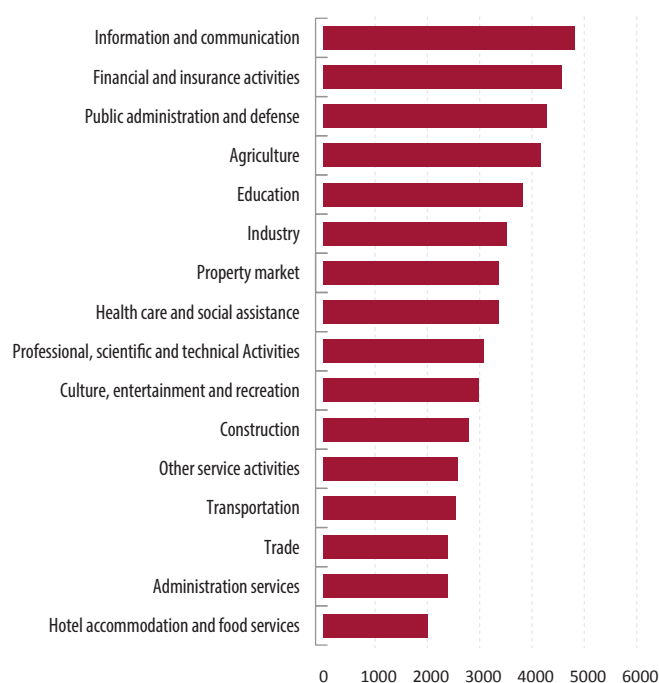
Qualitative research respondents pointed to the low labour costs as one of the most important

Chart 10. Unemployment rates recorded in Poland and in comparing voivodeships in 2014.



Source: AGERON Polska own study based on the Local Data Bank.

Chart 11. Amount of the average gross wage in Lublin Voivodeship in 2013, broken down by sectors



Source: AGERON Polska own study based on the Local Data Bank.

strengths of the region. Investors pointed out those highly skilled workers, combined with the relatively minor costs of their employment, represent a competitive advantage in Lublin.

Table 29. Changes in dynamics of average monthly gross salary in Poland and selected voivodeships

Voivodeship	2010	2011	2012	2013
Poland	3435,00	3625,21	3744,38	3877,43
Lodz	3066,02	3245,97	3383,30	3510,20
Lublin	3099,60	3257,14	3382,66	3488,61
podlaskie	3019,83	3178,15	3310,71	3432,71
Swietokrzyskie	2971,58	3137,91	3250,94	3349,81
Kuyavian-Pomeranian	2910,82	3062,32	3182,31	3322,09
Subcarpathian	2877,43	3023,21	3152,36	3282,69
Lubusz	2920,43	3073,95	3203,18	3282,07
Warmian-Masurian	2879,97	3019,37	3150,27	3264,63

Source: AGERON Polska own study based on the Local Data Bank.

Table 30. Wage rates in key sectors of the economy in Lublin Voivodeship with differences in terms of their positions [gross pay in PLN per employee]

Branches	skilled manual workers	specialists-engineers*	management staff*
	<i>gross pay in PLN per employee</i>		
machine industry	1750 – 2300	1800 – 7 000	4500 – 12 000
automotive	1750 – 2300	2000 – 7500	6000 – 16 000
air	1750 – 2300	2500 – 8 000	6500 – 18 000
BPO	1750 – 3000 (dotyczy pracowników szeregowych BPO)	3000 – 4 500	5000 – 14 000
comeestibles	1750 – 2300	3000 – 4 500	5000 – 10 000

* with English skills

Source: Randstad Polska Sp. z o.o., June 2015, data frame, individual project analyses are recommended

KEY SECTORS

Smart Region Specialties

Industries and economic sectors crucial to the development of the region can be equated with **smart specializations**. The Regional Innovation Strategy of Lublin Voivodeship until 2020 defines smart specialization as “**increase of research and development activities and innovation activities in the areas which endogenous developmental potential of the voivodeship**”. Their choice for RSI [the Regional Strategy of Innovation] is based on an assessment of the potential economic, science and technology, educational and institutional and through social consultation.

Public consultations were held in the form of public debates, industry panels, and discussion forums of the Lublin Innovation Council and workshops on the external and internal determinants of smart specialization. Their participants included a number of different regional actors, including entrepreneurs (innovative companies, international clusters, producer groups, business organizations) financial entities (banks, business angel networks, seed and micro-loan funds), institutions (schools, universities, vocational training centres, research and development centres, technology parks, technology transfer centres), representatives of civil society and public authorities and offices.

The Regional Innovation Strategy of Lublin Voivodeship by 2020 indicates **four smart specializations of Lublin Voivodeship**. These include:

Table 31. Advanced specializations in Lublin Voivodeship

Intelligent specialization	Importance of specialization	Economic sector
Bioeconomy	key	pharmaceutical, energy, eco-bines, agro-food, chemical, biotechnology, paper, wood and furniture, information services, research and development and developmental work in the field of specialization
Medicine and Health	supplementing	nutrition and dietetics, medical and pro-health services, research and development in the field of specialization
Low-Carbon Energy	emerging	mining, mining support services, production and energy supply, research and development in the field of specialization
Information Technology and Automatics	supporting	software and information technology consulting, services in the field of information, the production of electrical equipment, machinery and computers, electronic and optical products, research and development in the field of specialization

Source: AGERON Polska own study based on „Regionalnej Strategii Innowacji Województwa Lubelskiego do 2020 roku”.

Table 32. PKD sections coinciding with key industries in Lublin Voivodeship in 2013.

Sections	Place in the ranking of industries in the voivodeship.	Percentage of companies belonging to the section
Industrial processing	3	8,0%
Health care and social assistance	7	6,0%
Agriculture and forestry	12	2,6%
Information and communication	14	2,0%
Production of electricity	18	0,2%
Mining and extraction	19	0,1%

Source: AGERON Polska own study based on the Local Data Bank.

- bio-economy,
- medicine and health,
- low carbon energy,
- information technology and automatics.

Identified industries complement each other and refer to the traditional directions of development of the economy in the voivodeship and its scientific and technological specialization. They have the potential for competitiveness, which can be used in national and international scale. It is worth noting that in the case of all specializations there are well developed cluster initiatives.

Bio-economy was selected due to the concentration of economic, educational, and scientific and technological potential in the voivodeship on bio-innovations. The choice of **medical and health** were as follows: a large number of entities operating in medical and health-related services, research in the field of medical science, pharmaceutical and health-promoting, and a large number of graduates with

a medical degree. The importance of the **energy sector** is associated with the rich resources of coal and gas and the possibilities of the use of energy from biomass, sun, wind, and water. The importance of **information technology and automation** has been influenced by the scientific potential in terms of optoelectronics and photonics, a large number of students and graduates of information technology and automation, increasing number of companies operating in industries related to information technology and automation, and the growing demand for information technology solutions and automation in related industries (e.g. machinery production, automotive, electronic).

Out of the twenty sections of PKD, in which operate the Lublin undertakings; six can be assigned as key industries of the region. These include:

- section A – agriculture, forestry, hunting and fisheries,
- section B – mining and quarrying,
- section C – manufacturing,

- section D – electricity, gas, steam, hot water and air conditioning systems,
- section J – information and communication,
- section Q – health care and social assistance.

In 2013, 18.9% of companies in the sections indicated above were located in the Lublin Voivodeship Compared with all Polish Eastern regions (19.7%) and Poland (19.6%), their share was slightly smaller, respectively by 0.8 and 0.7 of percentage points. Among the six listed sections **the highest percentage of companies are characterized by industrial processing industry – it had to be 8% of the economic operators in the region.** In the ranking of voivodeship, the industry took third place, after the wholesale, retail and repair of motor vehicles (29%) and construction (11.9%). Slightly fewer companies (6%) functioned within the health and social care that in the voivodeship was ranked in 7th place. The share of the remaining section was much smaller. It is worth noting that the participation of enterprises in the six designated sections in Lublin Voivodeship was very similar to the structure of the companies in Eastern Poland and in the whole of Poland.

The fastest growing intelligent sector of Lublin Voivodeship is a **bio-economy**. The industry is associated with agriculture, processing of agricultural products, agricultural machinery production, the use of agricultural raw materials, and the production of healthy food.

Development Potential Industries

Intelligent specializations are not the only essential industries for the economy of Lublin Voivodeship of Lublin. You can also indicate those which **are characterized by large development potential.** These include:

- machine industry
- aviation industry,
- automotive industry,
- BPO (Business Process Outsourcing) and IT,
- food industry with a focus on investing in the development of processing technology and biotechnology in the food sector.

Machinery industry is one of the industries that have a rich tradition in Lublin Voivodeship. In the region there are several important centres of the development of this sector: Swidnik, Lublin, Belzyce, Krasnik and Janow Lubelski. In these cities and several other units (Annopol, Bogdanka, Deblin, Jastkow, and Miedzyrzec Podlaski), there are large companies producing machines. The machines are used in different areas of the economy, for example,

agriculture, construction, aviation, transport, food industry or automotive industry.

Particular attention should be paid to four companies, which are characterized by technological sophistication and their reach beyond the borders of Lublin voivodeship. The first is located in Lublin and called SIMPA SIPMA SA, which belongs to the leading manufacturers of agricultural machinery on the Polish market. The company has been repeatedly awarded at national and international trade fairs because of the quality of its machines. WSK PZL-Swidnik S.A. is the second company and it produces multi-tasking helicopters. The company uses innovative solutions, cooperates with many foreign partners, and produces not only for the domestic market but also for export. The third company is Wojskowe Zakłady Inżynieryjne S.A. [Military Engineering Plant] manufacturing engineer equipment for domestic and foreign Armed Forces and the civilian market. This plant has an important role among the industrial companies in the region, because of the status of an entity that has special significance for the Polish economy. The fourth company Sigma SA is a manufacturer of machines used in mining, environment protection, and energy. The company has been recognized with awards thanks to, among others, its environment-friendly activities. Also, the company collaborates with research and development units, including the Centre for Research and Development Hajduk Group, in the area of implementing innovations and new technologies¹⁸⁷.

It is worth noting that the region also attracts foreign investors who specialize in the production of machine guns. Among the largest, the following can be distinguished:

- AluTeam Poland SP. z o.o. - company with German capital located in Biala Podlaska and engaged in the production of trailers, semi-trailers and bodywork,
- Caterpillar Poland SP. z o.o. – company with US capital located in Janow Lubelski and engaged in the production of machinery for construction and mining industry, diesel engines and industrial gas turbines,
- Kompas Sp. z o.o. – company with Finnish capital located in Janow Lubelski and engaged in the production of mechanical components and systems,
- Fabryka Łożysk Tocznych Kraśnik S.A [Rolling Bearings Factor] – a company with

¹⁸⁷ <http://www.sigmasa.pl/4/8/ogolne.html> – accessed on 20 June 2015

Table 33. Engineering Industry Leaders in Lublin Voivodeship

Company	Activity Profile	Location
CBM Poland Sp. z o.o.	• production of tractor parts	• Mełgiew
Fabryka Łożysk Tocznych – Kraśnik S.A.	• production of roller bearings	• Kraśnik
Fabryka Maszyn i Urządzeń Przemysłu Spożywczego Spomasz S.A	• production of complete technological lines and individual equipment for the food industry	• Bełżyce
Fabryka Maszyn Sp. z o.o.	• production of earthworks machines	• Janów Lubelski
Famet S.A.	• production of industrial equipment and components for construction machinery	• Annopol
Multivac Sp. z o.o.	• production of packaging machines	• Jastków (k. Lublina)
Przedsiębiorstwo Mechanizacji Produkcji Zwierzęcej Meprozet Sp. z o.o.	• production of agricultural machinery	• Międzyrzec Podlaski
RST Roztocze	• production of locks, hinges, clamps, locking systems and accessories, electrical switchgear equipment	• Tomaszów Lubelski
SIGMA S.A.	• production of machinery and equipment for mining, energy and the environment	• Jastków (k. Lublina)
SIPMA S.A	• production of agricultural machinery	• Lublin
Spomasz Zamość S.A.	• production of machinery and equipment for the food industry	• Zamość
UNI-MASZ H.M. JUSZCZUK Sp. J.	• production of machinery and equipment for the processing and food industry	• Jastków (k. Lublina)
URSUS S.A.	• production of agricultural machinery	• Lublin
Warbo Sp. z o.o.	• production of forming tools	• Bogdanka
Wojskowe Zakłady Inżynieryjne S.A.	• engineering equipment production for domestic and foreign armed forces and private entities	• Dęblin
Wytwórnia Sprzętu Komunikacyjnego PZL-Świdnik S.A	• production of multi-tasking helicopters	• Świdnik
Wytwórnia Sprzętu Komunikacyjnego Tomaszów Lubelski sp. z o.o.	• production of parts and components for the aerospace industry	• Tomaszów Lubelski
ZBAiRS Mezap Sp. z o.o.	• production of devices and equipment for chemical, petrochemical, energy, paper and food industries	• Puławy

Source: AGERON Polska own study based on the Ranking of Top 100 of Kurier in 2014, the Ranking of the Forbes Diamonds in 2015, and <http://www.lubelskie.pl/>.

- Luxembourg capital located in Krasnik and engaged in the production of bearings,
- Tsubaki Hoover Poland SP. z o.o. – company with Japanese capital located in Krasnik and engaged in the production of bearings,
 - Deutz Fahr Polska Sp. z o.o. – company with Dutch capital located in Mełgiew and engaged in the production of machinery for agriculture and forestry.

In 2014, in Lublin Voivodeship there were **339 enterprises belonging to the machine industry**¹⁸⁸, which accounted for 20.2% of such companies in

Eastern Poland and 2.5% in the whole country. **For 10 000 companies in the region, there were 20 entities involved in the production of machinery and equipment.** This is well below the average for Eastern Poland and the whole country, which respectively indicated 25 and 32 companies. In comparison with individual eastern regions, Lublin Voivodeship ranked in the last place – the index in other voivodeships reached a value of 23 (Podlasie, Warmian-Masurian) to 34 companies (Świętokrzyskie).

Aforementioned WSK PZL-Świdnik S.A. is a major company operating in **the aviation industry** in the region. The company employs around 3,500 people, belongs to one of the largest employers, and

188 BDL GUS [The Local Data Bank at the Main Statistical Office]

is one of the most innovative players in the Lublin region. It works with many local companies (sub-contractors) and foreign companies (customers), while acting in the sphere of technology and knowledge transfer in the region. In addition, it plays an important role in coordinating function and development of the **Lublin Advanced Technology Aircraft Cluster**, which has created several dozen regional firms in the MSP sector [Small and Middle Entrepreneurs (MSP)] as well as academic institutions, among others, Maria Curie Skłodowska University in Lublin. Among the objectives of the initiative should be pointed out: the development of cooperation between business, science and local governments, increase in the competitiveness of Lublin Voivodeship as well as of small and medium-sized enterprises, the development of innovation, creating new jobs and taking joint action with the Silesian Aviation Cluster. Jointly with PZL-Swidnik works another company operating in the analyzed region – Wytwórnia Sprzętu Komunikacyjnego [the Communication Equipment Plant] in Tomaszów Lubelski. The company utilizes the latest technologies to produce parts and components for the aerospace industry and belongs to the association “Aviation Valley”, which brings together companies and research centres in south-eastern Poland. Another factor affecting the favourable investment climate as well as the image of the region as an area with aviation traditions is the presence of the Polish Air Force Academy in Deblin, offering military aviation training. The research facilities and rich traditions associated with the aviation industry in the region (PZL-Swidnik began the production of helicopters in 1954, as the first in Poland) create a favourable climate for investment.

The **automotive industry** also develops rapidly in Lublin Voivodeship. Its main centre is Lublin, where large companies are located. Their business activities relate mainly to production: cars (e.g. SUVs and vans by Honker), components (e.g. engines, transmissions, suspension systems, steering, and drive), parts (e.g. wheels, springs, fuel tanks) and accessories. Among the leaders on the Lublin market are companies that produce their products in compliance with specific technical specifications defined by the Quality Management System (e.g. Kuznia Matrycowa, Zomech) and certified for quality production and used materials (e.g. MW Lublin).

The research facilities in Lublin voivodeship play an important role in the development of engineering and automotive industries. Two institutions operate in cooperation with the companies indicated earlier: SIPMA S.A. and Ursus S.A. The first of these is the R&D Centre Inventor, which develops

innovative solutions in the production of agricultural machinery, implementation of research projects related to electronics, hydraulics and automation, and collaboration with research centres. The second institution is the Research and Development Centre of Ursus, with a highly qualified engineering team working on the technical improvement of production and new ways of manufacturing machines. The Centre for Innovation and Advanced Technology of Polytechnic University of Lublin plays an important role for the automotive and machinery industry, under which there are specialized laboratories and educational-research labs. Among them are those dedicated areas closely linked with the analyzed sectors, namely: industrial automation, modern manufacturing technologies, construction materials testing, testing of motor vehicles and engines, and testing the reliability of machines and equipment. The Innovative Diagnostic Centre, Research and Analysis of the Economics and Innovation University in Lublin have two laboratories, which conduct studies on the mechanical systems and diagnostics of material and construction. Other noteworthy centres include the Research and Development Centre Hajduk Group, of which work focuses on the design and research of machinery and equipment created mainly for energy, mining and environmental protection. In addition, companies in the engineering and automotive sectors may use services of the regional institutions: Lublin Technology Transfer Centre of the Polytechnic University in Lublin and the Centre for Innovation and Technology Transfer of the Lublin Park of Science and Technology Transfer. Department of Research and Development operating at the PZL-Swidnik plays the role of a research institution in the case of the aviation industry. This centre does not only work on their own projects relating to helicopters, but also collaborates with domestic and foreign partners, participating in research programs. In terms of tasks, the institution focuses on the following: design and construction, strength design analysis, design dynamics, migration flows, testing facilities dynamics, assemblies and components, fatigue tests and determination of the fatigue life, noise tests, design of quality assurance system according to ISO 9001 standards, quality system documents, consulting, upgrade, and technical support for aviation equipment and aviation services.

In 2014, in Lublin Voivodeship there were **136 companies belonging to the automotive and aviation industries**, which accounted for 18.3% of such companies in Eastern Poland and 2.2% in the whole country. **For 10 000 companies in the region, there were 8 entities involved in the production of transport equipment.** This is well below

Table 34. Leaders of the Automotive Industry in Lublin

Company	Activity Profile
ABM Greiffenberger Sp. z o.o.	production of electric motors and gearboxes
Daewon Europe Sp. z o.o.	production of wheels, springs and air springs
Fabryka Samochodów HONKER	production of cars, metal parts, insulation and equipment parts
Inergy Automotive Systems Poland Sp. z o.o.	production of fuel tanks
Odlewnia Żeliwa Lublin Sp. z o.o.	production of castings for the automotive, machine-building and agricultural industries
Kuźnia Matrycowa Sp. z o.o.	production of steel forgings for manufacturing of engines and power drives: suspension, steering, and drive-steer
MW Lublin Sp. z o.o.	production of steel wheels for passenger cars, vans and SUVs, to all kinds of tracks, motorcycles, and bicycles
ZOMECH – Zakład Obróbki Mechanicznej Sp. z o.o.	production of parts and components for cars and vans

Source: AGERON Polska own study based on the brochure: „Przemysł motoryzacyjny i maszynowy w Lublinie”, Urząd Miasta w Lublinie.

the average for Eastern Poland and the whole country, which respectively indicated 11 and 15 companies. In comparison with individual eastern regions, Lublin Voivodeship yet again took the last place – in other voivodeships the index reached a value of 10 (Podlasie, Świętokrzyskie) to 15 companies (Subcarpathian).

In summary, the region has great potential to attract investors operating in the machinery and automotive industries. A small number of companies in the region could provide an incentive for foreign investors. It is associated with little competition in the analyzed industry and the ensuing benefits for potential investors, e.g., being in the role of a leader in the regional market, easier customer acquisition, and strong sales of produced machines. At the same time in the region there are many companies that are subcontractors for specific industries, which facilitate access to essential factors of production. The presence of the above-mentioned research institutions and qualified professional staff, both with higher as well as vocational education, increase the investment attractiveness of the region for the machinery and automotive industries.

The **BPO (Business Process Outsourcing)** sector in Lublin Voivodeship has been gaining importance thanks to the formation and development of shopping centres, which provide financial services, accounting, medical, wellness facilities, information, related research, and customer service. Lublin has the best chances for specialization in this industry, which acts as a strong academic centre, successfully attracting foreign students,

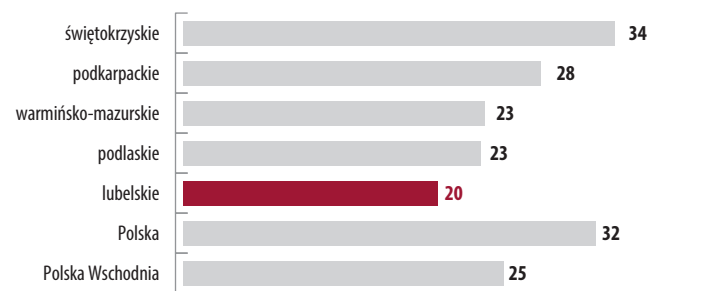
it provides the presence of skilled workers, it is characterized by high demand and low rental prices, and it guarantees proximity to the airport and connections to European capitals. In Lublin are more concentrated leaders of outsourcing services mainly dealing with comprehensive customer support of Polish and foreign clients, supporting financial and accounting processes and providing software programs. Similar requirements for the investment location relate to the **IT industry**, which is among the key economic sectors in the voivodeship. High popularity in information technology in Lublin (2 642 computer science students in the region in 2013) provide investors with access to a skilled workforce.

The continuous increase of available office space in Lublin (more in Chap. 2.8.3), which currently stands at around 150 000 m² and continues to rise is one of the major factors attracting investors from the indicated sectors. In conjunction with relatively low lease prices (€ 10-12 / m² per month¹⁸⁹), and a high number of students and university graduates (in 2013, 85 876 students, 4 036 foreign students, 27 326 graduates), it has developed to become the most attractive voivodeship city in Eastern Poland and a rising competition to the other major urban centres in Poland.

The project „Sieć Szerokopasmowa Polski Wschodniej” [“the Polish Eastern Broadband Network”] that allows connecting inhabitants of the

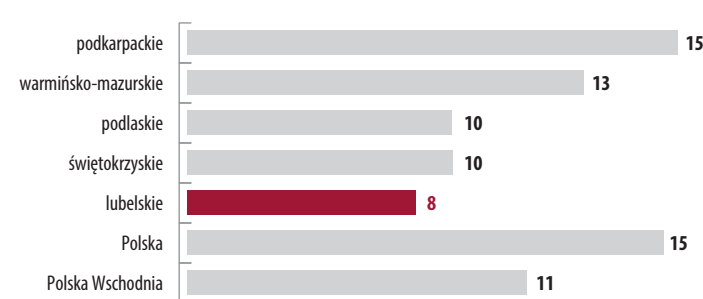
189 UPCOMING BPO/SSC locations. Rising stars 2013, Poland, Colliers International, 2013

Chart 12. Number of enterprises in the machine industry for 10 000 companies in the voivodeships of Eastern Poland, Eastern Poland, and Poland in 2014. ¹⁹¹



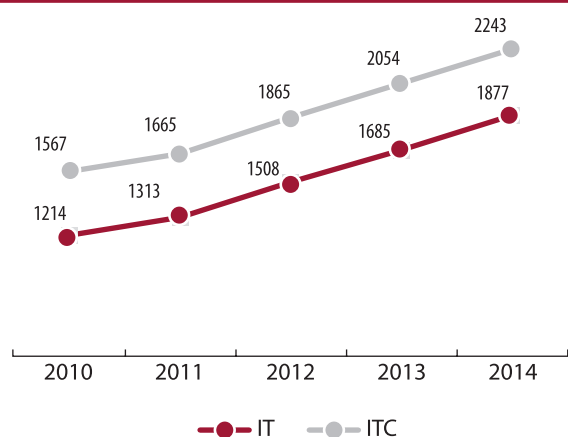
Source: AGERON Polska own study based on the Local Data Bank

Chart 13. Number of enterprises in the automotive and aviation industries for 10 000 companies in the voivodeships of Eastern Poland, Eastern Poland, and Poland in 2014. ¹⁹²



Source: AGERON Polska own study based on the Local Data Bank

Chart 14. Dynamics of changes in the number of companies in the IT and ICT sectors in Lublin Voivodeship.



Source: AGERON Polska own study based on the Local Data Bank

region to the fixed and high-speed network is coming to an end. The project covers the total of 189 communes, and the planned length of the network is 2908 km¹⁹⁰. Such rise in the accessibility of the telecommunications infrastructure will significantly increase the attractiveness of the region for investors in the BPO and IT sectors.

The growing importance of Lublin in the development of the BPO sector has been also noticed by international research companies and real estate agencies, which in their reports and rankings give the city very positive reviews. In the ranking prepared in 2013 by Colliers International, a real estate agency, Lublin was recognized as one of the most promising locations for the BPO/SSC sector in Poland, particularly because of the high qualifications of employees and availability of office space¹⁹³.

In Lublin Voivodeship there are two clusters that affiliate with the BPO sector. The first is the **Lubelski Information and Technology Cluster** formed by individuals and companies interested in exchanging knowledge and experience, development of innovation and promotion of their products and services. The second is the **Eastern Cluster of Information and Communication Technology** created by about 100 institutions, including small and medium-sized companies, and universities. The main objective of the operation of the cluster is to strengthen the competitiveness of companies and to build their technological competitive advantage on the market. The following activities contribute to achieve the objective: joint operation of research and development projects, providing assistance in the event of business expansion, delivery optimization of products and services, and facilitate access to EU funds.

Due to the agricultural nature (68% of the area of the region is agricultural) in Lublin Voivodeship, there is a progress in the **food industry and agro-food processing**. Companies act rapidly in several industries, mainly focused on the production of fruit and vegetables, cereals, sugar, dairy products, meat products, alcoholic products, tobacco products and plants. Thanks to the presence of many farms and the favourable climate and soil conditions, the region **acts as the**

190 <http://szerokopasmowe.lubelskie.pl/o-projekcie/> – accessed on 21 June 2015

191 Companies belonging to the two divisions of section C have been taken into account (manufacturing): Chapter 27 – production of electrical equipment and Chapter 28 – production of machinery and equipment, not classified elsewhere.

192 Companies belonging to the two divisions of section C have been taken into account (manufacturing): Chapter 29 – production of motor vehicles, trailers and semitrailers, excluding motorcycles and Chapter 30 – production of other transport equipment.

193 Ibid.

Table 35. BPO Industry Leaders in Lublin

Company	Activity Profile
Orange Customer Service	comprehensive telephone support for individual customers and business
Centrum Obsługi Klienta Detalicznego PKO Banku Polskiego	comprehensive telephone and email support for customers in Poland and abroad
Centrum Operacji Księgowych Orange Poland	financial and accounting support
Proama	comprehensive customer service
Comarch S.A.	producer and supplier of modern information systems.
Convergys	client relationship management
Asseco Business Solutions S.A.	support of business processes and management of the SME sector
Compugroup Medical Poland Sp. z o.o.	delivery of information systems to hospitals and diagnostic imaging
Britenet Sp. z o.o.	comprehensive management of staff, resources, technical infrastructure, IT systems and entire business processes
Genpact Poland Sp. z o.o.	accounting and financial support for international clients
eLeader Sp. z o.o.	providing business software to smartphones
Infinite Sp. z o.o.	automation of business partner relations
Spółka Inżynierów SIM Sp. z o.o.	comprehensive solutions in the field of telecommunications and information technology
Transition Technologies SA	copyright systems for selected market sectors: energy, gas, manufacturing and biomedicine
Trimetis	Information and consulting services
Sii Sp. z o.o.	IT services and modern technology
MIKROBIT Sp. z o.o.	developer of IT solutions supporting management of companies and public administration

Source: AGERON Polska own study based on the brochure „Branża BPO/SSC/IT w Lublinie”, Lublin City Hall, the Ranking of Top 100 of Kurier in 2014, the Ranking of Forbes Diamonds in 2015, and „Mapa Najemców z Sektora BPO/SSC” [the Map of Lessees in the BPO/SSC sector]; Colliers International based on ABSL

national leader of the agricultural crops and fruit. In 2014 among the most important vegetable crops were:

- raspberries – 83% of national production,
- black currant – 51% of national production,
- gooseberry – 33% of national production,
- strawberries – 30% of national production,
- sugar beet – 18% of national production,
- potatoes – 8% of national production¹⁹⁴.

Lublin Voivodeship is also a national leader of hop-growing – in 2013, in the Lublin region there were 88.7% of national plantations¹⁹⁵. In the case of cereals their annual collection in the region is about 2.6 million tones, placing Lublin Voivodeship

second in the ranking of all Polish regions. Lublin farms engaged in the production of wheat (second place in Poland), barley (second place), oats (second place), rye (fourth place) and triticale (sixth place). There are also important fruit crops from trees and fruit bushes and berry plantations whose size (about 500 thousand tones and 84 thousand tones) places Lublin Voivodeship on second place in the national rankings. Production in the region relates mainly to the following: apples (second place in Poland), plums (second place), sour cherries (second place), cherries (third place), pears (third place), raspberries (first place), black currants (first place), gooseberry (first place), and strawberries (second place).

There are three clusters in Lublin Voivodeship whose activity relates to the development of the food industry in the region. The first is the **Organic Food Valley**, which brings together stakeholders

¹⁹⁴ Agriculture in Lublin Voivodeship for the country in 2014, The Statistical Office in Lublin 2015, and The estimations of major production of agricultural and horticultural crops in 2014, the Main Statistical Office 2015

¹⁹⁵ 2013 Annual Report, Quality Inspection of Agricultural Food, Warsaw 2014

Table 36. Food Industry Leaders in Lublin Voivodeship

Activity Profile	Company	Location
Production and processing of fruit and vegetables	Grupa Producentka Owoców Miękkich i Warzyw	Frampol
	Zrzeszenie Producentów Owoców Stryjno-Sad	Piaski (the village of Kawęczyn)
	Zrzeszenie Producentów Owoców i Warzyw	Opole Lubelskie (the village of Wandalin)
	Nadwiślańskie Towarzystwo Producentów Owoców	Wojciechów
	Zrzeszenie Producentów Owoców i Warzyw	Mełgiew (the village of Franciszków)
	Chłodnia „Mors” Sp. z o.o.	Zamość
	Bimiz Produkt Sp. z o.o.	Jeziorzany
	Owocmix Sp. z o.o.	Chodel
	Józefów Sad sp. z o.o.	Józefów nad Wisłą
	LST-Polska Sp. z o.o.	Nałęczów
	POLSKI OGRÓD Sp. z o.o.	Ryki
	Reypol Sp. z o.o.	Janowiec
	Zakłady Przemysłu Ziemniaczanego Lublin Sp. z o.o.	Lublin
	Zakład Przetwórstwa Owocowo-Warzywnego VIN – KON – Nieledeu Sp. z o.o.	Trzuszczany (the village of Nieledeu)
Production and processing of cereals	Lubella S.A.	Lublin
	Chełmskie Zakłady Zbożowe Sp. z o.o.	Chełm
	Zamojskie Zakłady Zbożowe Sp. z o.o.	Zamość
	Zakłady Zbożowo-Młynarskie	Werbkowice
	Elewator Zbożowy ELEWARR Sp. z o.o.	Krasnystaw (the village of Krupiec)
	Wytwórnia Makaronów Domowych POL – MAK S.A.	Ludwin
	As – Babuni Sp. z o.o.	Niemce
	JANEX Producent Kasz Sp. z o.o.	Janów Lubelski
Sugar production	Cukrownia Krasnystaw S.A.	Krasnystaw
	Cukrownia Werbkowice S.A.	Werbkowice
	Cukrownia Strzyżów S.A.,	Horodło (the village of Strzyżów)
Production of dairy products	Spółdzielnia Mleczarska Biomlek	Chełm
	Zakład Mleczarski Lumiko Sp. z o.o.	Łuków
	Okręgowe Spółdzielnie Mleczarskie	Krasnystaw, Lublin, Opole Lubelskie, Piaski
	SM Bieluch	Chełm
	SM Spomlek	Radzyń Podlaski
	SM Ryki	Ryki

Table 36. Food Industry Leaders in Lublin Voivodeship

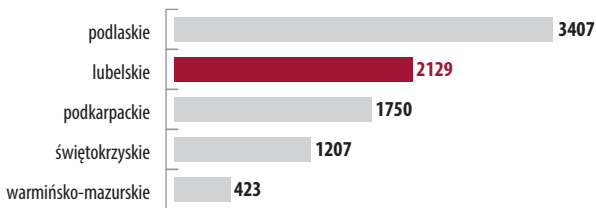
Activity Profile	Company	Location
Production of meat products	Sedar S.A.	Międzyrzec Podlaski
	Zakład Przetwórstwa Mięsnego Max	Wysokie (the village of Spławny)
	Zakłady Mięsne Łmeat Łuków S.A.,	Łuków
	ZM Dobrosławów	Puławy (the village of Dobrosławów)
	ZM Wierzejki J.M. Zdanowscy Sp.j.	Trzebieszów
	ZM Żak Sp. z o.o.	Świdnik
	Zakład Przetwórstwa Mięsnego Jarosławiec	Jarosławiec
Production of alcoholic products	PERŁA Browary Lubelskie S.A.	Lublin
	Producent Cydru Lubelskiego AMBRA S.A.	Biłgoraj
	Lubelskie Zakłady Przemysłu Spirytusowego Polmos Lublin Sp. z o.o.	Lublin
	Browar Janów Lubelski Sp. z o.o.	Janów Lubelski
	Gorzelnia Jagiełło Sp. z o.o.	Chełm (the village of Pokrówka)
	Podlaskie Gorzelnie Surwin Sp. z o.o.	Wohyń
Manufacturing of tobacco products	Lubelskie Zakłady Tytoniowe	Lublin
	Nadwiślańskie Zrzeszenie Producentów Chmielu	Wilków
Production of herbal products	Herbapol Lublin S.A.	Lublin
Production of honey	Spółdzielnia Pszczelarska APIS	Lublin

Source: AGERON Polska own study based on the Ranking of Top 100 of Kurier in 2014, the Ranking of Forbes Diamonds in 2015, and <http://www.lubelskie.pl/>.

to promote organic production in Eastern Poland. The second initiative is called the **Lublin Cluster of Food Industry** and concerns the development of regional brand food products coming from the Lublin region. There is also an association, which focuses on activities associated with only one regional product – cebularz [onion wheat bread/cake]. This is the **Lublin Cebularz – Regional Cluster in Lublin**. Development of the food industry depends on existing **R&D facilities** in Lublin Voivodeship. The Polish Academy of Sciences in Lublin works in cooperation with the **B. Dobrzański Institute of Agrophysics**, which carried out a study on the application of physics in environment protection, sustainable agriculture, and agro-food processing. Plant characteristics, ways to preserve their quality and physical and biological changes that occur during harvest, transport and processing are analyzed by Zakład Fizycznych Właściwości Materiałów Roślinnych [the Institution of Physical Characteristics Research of Plant Material]. The **Centre of Research and Innovation of Agrophysics PAN** is part of the Institute and it performs

laboratory functions (in the fields of microbiology and biochemistry), conducts research in the field of production processes e.g. algae farming and production of renewable energy from them, production of new forms of biomass, management of digestives, innovative models of rapeseed oil production, simulation of soil erosion, plant growth, simulation processes of fruit and vegetables storage. Laboratory testing shall be carried out also in the **Central Laboratory of Agroecological University in Lublin**. This is one of the most innovative establishments in Poland dedicated to the research of vegetables, fruits, grains and water. The **Centre for Innovation and Implementation of New Techniques and Technologies in Agricultural Engineering** operates at the University, which in its laboratories and workshops conducts works, among others, in the field of environment protection, food and water analysis, and microbiology. Free services within a similar range are provided by the **Biotechnology Centre of Maria Curie Skłodowska University**. In addition to research and development activities, the institution also provides services in consulting,

Chart 15. Number of Organic Farms in the voivodeships of Eastern Poland in 2013



Source: AGERON Polska own study based on the Local Data Bank.

technology transfer, and the protection of intellectual property. The centre specializes in the fields of agriculture and food, biotechnology, environment, energy, health and chemistry. Food assessment is provided by the **Witold Chodzki Rural Medicine Institute in Lublin**. It is the institution performing scientific and healing functions, which the main task is to protect the health of residents of rural areas. As part of its activities, operating within the Institution, the Plant of Health, Food and Nutrition Promotion provides researched opinions on food items available on the domestic market.

Organic farming has an important role in the modern food industry. In 2013, in Lublin Voivodeship there were **2129 organic farms**¹⁹⁶, which accounted for 16.7% of this type of farm in Eastern Poland and 8% in the whole country. It’s worth pointing out that the vast majority of them have the certificate of the Trade Quality Inspection of Agro-Food – 1,711 households, or 80.4%. **Per 1 000 households in the surveyed region, there were 12 organic farms.**

Due to the growing popularity of organic food and healthy lifestyle, Lublin Voivodeship, having great potential in this regard, has the chance to attract investment, both domestic and foreign. In conjunction with plentiful insolation of the region, its agricultural and traditional character, it is the most attractive voivodeship in Eastern Poland for the investors producing healthy food.

COOPERATIVE LINKS

Clusters

Constant cooperation between companies is an essential factor in the economic development of the region. Clusters are specialized companies concentrated in a small geographical area, interrelated and interacting in the same or related industries. These formalized cooperative networks are becoming more and more popular in Poland and are perceived as a huge opportunity for development of the regions¹⁹⁷. The clusters operating in Eastern Poland may additionally apply for support from the **Operational Program to Eastern Poland** and from the **Regional Operational Program of Lublin Voivodeship**.

Enterprises within clusters cooperate in the areas of R&D, production, purchase of raw materials, training, marketing research, distribution channels and logistics and transport. They often share infrastructure and benefit from legal or administrative support or other services dedicated to business clusters.

Clusters in Lublin Voivodeship work primarily in industries crucial to the region: food, industrial, construction, environmental solutions, medicine, and information technology. All clusters, attach great importance to innovation and competitiveness. The list of members for each particular cluster is provided in Annex 1.

The most important clusters

In this chapter, the largest and fastest growing clusters have been depicted, along with a description considering the benefits of such membership.

196 BDL GUS

197 Clusters in Lublin Voivodeship, Polska Agencja Rozwoju Przedsiębiorczości, 2011 [Polish Enterprise Development Agency].

Economic Cluster of Waste and Recycling¹⁹⁸



Dominant industry: Recycling
Established: 2011
Organizational and legal form: Partnership agreement
Coordinator: Centrum Kooperacji Recyklingu – not for profit system Sp. z o.o.

Ability to initiate cooperative relations:
 The cluster is currently in an organization phase. The possibility of the adoption of new enterprises, institutions and organizations operating in the waste management industry and related industries is expected. In order to join the Cluster, a declaration of accession should be sent to the Coordinator of the Cluster for his approval.

Membership benefits:

- Participation in the network of cooperation in the field of industrial waste management and processing
- Cooperation in the development of competitiveness and innovation of Cluster members, including the commercialization of research results
- Joint promotion of cluster members, including trade fairs, missions, meetings and forums, at national and international levels
- Eligibility to benefit from legal advice, marketing, technical and technological
- Opportunity to benefit from advice on obtaining funding for the promotion of activities, development and implementation of innovations
- Participation in activities organized by the cluster such training, seminars and industry conferences

Website:
<http://www.klasterodpadowy.com>

Klaster Dolina Ekologicznej Żywności [Organic Food Valley Cluster]¹⁹⁹



Dominant industry: The production of organic food
Established: 2010
Organizational and legal form: Agreement
Coordinator: Instytut Uprawy Nawożenia i Gleboznawstwa – Państwowy Instytut Badawczy [The Institute of Soil Science and Plant Cultivation – National Research Institute]

Ability to initiate cooperative relations:
 The cluster is open to new members, expressing the will of active cooperation within the framework of the Cluster.

Membership benefits:

- Cooperation between entrepreneurs, scientific entities and actors for innovation, including in the field of the promotion of eco-friendly products for demanding markets
- Exchange of knowledge between members of the cluster in the field of production, processing, and marketing of organic products

Website:
<http://www.dolinaeko.pl>

Lublin Eco-Energy Cluster²⁰⁰



Dominant industry: Renewable energy sources
Established: 2011
Organizational and legal form: Partnership agreement
Coordinator: Fundacja Rozwoju Lubelszczyzny [Lublin Development Foundation]

Ability to initiate cooperative relations:
 The cluster is open to new members. Entities interested in participating in the cluster should fill out an application. Decision to accept the entity to the Cluster is made by the Rada Lubelskiego Klastera Ekoenergetycznego [The Council of Lublin Eco-Energy Cluster].

Membership benefits:

- Cooperation between cluster members to increase the use of biomass potential, development of new technologies, and scientific research facilities of the Lublin region
- Participation in building international cooperation in the use of biomass beyond the eastern border
- Improving the competitiveness and innovativeness of the cluster members

Website:
www.fundacja.lublin.pl/index.php/lke

¹⁹⁸ <http://www.klasterodpadowy.com/>; <http://www.pi.gov.pl/PARP/data/klastry/index.html> – accessed on 20 May 2015

¹⁹⁹ <http://www.dolinaeko.pl/>; <http://www.pi.gov.pl/PARP/data/klastry/index.html> – accessed on 20 May 2015

²⁰⁰ <http://www.fundacja.lublin.pl/index.php/lke>; <http://www.pi.gov.pl/PARP/data/klastry/index.html> – accessed on 20 May 2015

Klaster Budownictwo Drogowe Lubelszczyzny [Cluster Of Lublin Road Construction]²⁰¹

Eastern ICT Cluster²⁰²



Klaster Ekoinnowacje [Cluster Of Eco-Innovation]²⁰³



Dominant industry: Road construction

Established: 2014

Organizational and legal form:

Consortium

Coordinator: Przedsiębiorstwo Robót Drogowych Lubartów S.A. [Lubartów Road Works Company S.A].

Ability to initiate cooperative relations:

The Cluster is in the organizational stage of its activities. The possibility for the entity to join the Cluster is determined by the decision of the President of the Cluster Council.

Membership benefits:

- Joint promotion and brand building of the Cluster
- Implementation of joint research and development projects
- Exchange of knowledge between members of the Cluster
- Participation in the construction of a regional service and production road construction industry

Website:

[http://prd.pl/\(cluster leader\)](http://prd.pl/(cluster leader))

Dominant industry: ICT

Established: 2007

Organizational and legal form:

Agreement

Coordinator: Wschodnia Agencja Rozwoju Sp. z o.o. [Eastern Development Agency SP. z o.o.] -Lublin

Ability to initiate cooperative relations:

The Cluster provides for the possibility of recruiting new members. In order to join the Cluster, the entity must complete and submit a membership application with the proposal of business contributions for the Clusters. Decision to accept the entity to the Cluster is made by the Cluster Management.

Membership benefits:

- Cooperation in the field of research and development, and innovation
- Cooperation and integration of companies in the ICT industry in Lublin voivodeship

Website:

www.ecict.eu

Dominant industry: Bioenergy

Established: 2013

Organizational and legal form:

Agreement

Coordinator: Niemiecko – Polska Fundacja Nowa Energia – Lublin [German – Polish New Energy Foundation – Lublin]

Ability to initiate cooperative relations:

Recruitment for new Cluster members is open. In order to join the Cluster, the entity must complete and submit a membership application with the proposal of business contributions for the Clusters.

Membership benefits:

- Use of the resources and suppliers of the Foundation
- Cooperation in the field of knowledge sharing and support and development of innovative solutions
- Co-implementation of joint projects

Website:

www.klaster-ekoinnowacje.org

²⁰¹ <http://prd.pl/>; <http://www.pi.gov.pl/PARP/data/klastry/index.html> – accessed on 20 May 2015

²⁰² <http://www.klaster-ict.pl/>; <http://www.pi.gov.pl/PARP/data/klastry/index.html> – accessed on 20 May 2015

²⁰³ <http://www.klaster-ekoinnowacje.org/>; <http://www.pi.gov.pl/PARP/data/klastry/index.html> – accessed on 20 May 2015

Wschodni Klaster Obróbki Metali [The Eastern Metal Treatment Cluster]²⁰⁴

Dominant industry: Metal industry
Established: 2009
Organizational and legal form: Agreement
Coordinator: Wojewódzki Klub Techniki i Racjonalizacji w Lublinie [The Voivodeship Club of Technology and Improvement in Lublin]

Ability to initiate cooperative relations:
The Cluster is open to the companies engaged in metal processing, located in Eastern Poland (Lublin, Subcarpathian, Świętokrzyskie, Podlaskie, and Warmian-Masurian). Submissions should be addressed to the Coordinator of the Cluster.

Membership benefits:

- Cooperation with research facilities
- Cooperation in the framework of promotional activities and industry events
- Exchange of knowledge between members of the Cluster

Website:
www.wschodniklaster.pl

Lubelskie Drewno – Regionalny Klaster w Lublinie [Lublin Wood – Regional Cluster in Lublin]²⁰⁵



Dominant industry: wood industry
Established: 2007
Organizational and legal form: Association
Coordinator: Lubelska Izba Rzemieślnicza [Lublin Chamber Of Craftsmanship]

Ability to initiate cooperative relations:
Participation in the Cluster is offered to companies in Eastern Poland (Lublin, Subcarpathian, Świętokrzyskie, Podlaskie, and Warmian-Masurian) involved in the construction industry, wood production, service, training, and consulting. Entities interested in cooperation with the Cluster must submit a membership application.

Membership benefits:

- Cooperation in the field of promotion and sale
- Cooperation in knowledge and technology exchange
- Cooperation in implementation of joint orders and development of joint products
- Access to training, certification and market research

Website:
www.lubelskiedrewno.org

Wschodni Klaster Innowacji [Eastern Innovation Cluster]²⁰⁶



Dominant industry: Education
Established: 2014
Organizational and legal form: Foundation
Coordinator: Fundacja Wschodni Klaster Innowacji [East Foundation of Innovation Cluster]

Ability to initiate cooperative relations:
Admission to the Cluster depends upon decision by the Coordinator based on the entity's membership application.

Membership benefits:

- Support in creation, finding, and implementation of innovation
- Support in obtaining EU funds

Website:
<http://wki.org.pl/>

²⁰⁴ <http://www.wschodniklaster.pl/>; <http://www.pi.gov.pl/PARP/data/klastry/index.html> – accessed on 20 May 2015

²⁰⁵ <http://www.lubelskiedrewno.org/>; <http://www.pi.gov.pl/PARP/data/klastry/index.html> – accessed on 20 May 2015

²⁰⁶ <http://wki.org.pl/> – accessed on 20 May 2015

Klaster-group.pl [Cluster-group.pl]²⁰⁷**Dominant industry:** ICT**Established:** 2011**Organizational and legal form:** Partnership agreement**Coordinator:** Netrix-Group SP. z o.o**Ability to initiate cooperative relations:**

A member of the Cluster may be an institution, company or organization engaged in activities in the telecommunications and research and development sectors or offering services targeted to individuals and entities of those sectors. Admission to the Cluster depends upon decision made by the Coordinator of Cluster.

Membership benefits:

- Cooperation in implementation of joint projects and new technologies as well as construction of ICT infrastructure
- Availability to business-related services, including consulting and raising funds for new projects
- Exchange of knowledge between members of the Cluster
- Cooperation in the field of the promotion

Website:

<http://klaster-group.pl/>**Klaster Lubelska Medycyna [Cluster Of Lublin Medical]²⁰⁸****Dominant industry:** Medical services and health-related**Established:** 2014**Organizational and legal form:** Partnership agreement**Coordinator:** Urząd Miasta w Lublinie [The City Hall of Lublin]**Ability to initiate cooperative relations:**

Entities contributing added value in the field of medical and health-related services can be admitted to the Cluster. Admission depends upon decision of the Cluster Management.

Membership benefits:

- Financial and organizational support of events organized by members of the Cluster
- Collaboration to improve the quality of the health care system in Lublin
- Cooperation in the field of the promotion

Website:

<http://medycyna.lublin.eu/>**Lubelski Klaster Teleinformatyczny [Lubelski ICT Cluster]²⁰⁹****Dominant industry:** Telecommunications**Established:** 2008**Organizational and legal form:**

Association

Coordinator: Zarząd Stowarzyszenia LKT [LKT Association Board]**Ability to initiate cooperative relations:**

Members of the Association may be entities engaged in activities in the ICT sector, collaborating and cooperating with this industry; researchers dealing with the problems of the ICT sector and other professional individuals or researchers associated with the ICT industry. Admission depends upon a decision from the Management Board based on a membership application.

Membership benefits:

- Cooperation in the field of applying for EU funding and participation in the aid program
- Cooperation in the field of scientific research
- Cooperation in the field of the promotion
- Exchange of knowledge and experience between members of the Cluster
- Ability to use the services of advisory and consulting companies

Website:

<http://www.klaster.wlublinie.pl/>

208 http://www.lublin.eu/Powstaje_lubelski_klaster_medyczny-2-3033.html, http://www.lublin.eu/Powstaje_lubelski_klaster_medyczny-2-3033.html; <http://medycyna.lublin.eu/> – accessed on 20 May 2015

209 <http://www.klaster.wlublinie.pl/>, <http://www.klaster.wlublinie.pl/>; <http://www.pi.gov.pl/PARP/data/klastry/index.html> – accessed on 20 May 2015

Klaster Lubelskie Klastry [Lublin Cluster of Clusters] 210

Dominant industry: -

Established: 2013

Organizational and legal form:
Agreement

Ability to initiate cooperative relations:

A member of the Lublin Cluster of Clusters may become a cluster, a R&D unit, organization associated with business activities or a company. The possibility of admission to the Cluster depends upon the entity's membership application and indication of substantive and organizational capacity to help to develop the Cluster. Admission depends upon decision of the Cluster Management.

Membership benefits:

- Cooperation in the field of research and development
- Cooperation in the field of developing the socio-economic capacity in Lublin Voivodeship
- Participation in a significant lobbying group with a potential impact on regional and national decisions
- Cooperation in the field of the promotion

Lubelski Klaster Instytucji Otoczenia Biznesu [Lublin Cluster of Business Environment Institutions]211

Dominant industry: Business environment institutions

Established: 2014

Organizational and legal form: Partnership agreement

Coordinator: Lubelska Fun-

dacja Rozwoju [Lublin Development Foundation]

Ability to initiate cooperative relations:

The Cluster is currently in the early stages of development. Admissions to the Cluster are open.

Membership benefits:

- Cooperation in implementation of joint projects and activities
- Exchange of information and experience
- Cooperation in the field of the promotion

Lubelska Kraina Mechatroniki [Lublin Mechatronics Region]212



Dominant industry: Mechatronics

Established: 2014

Organizational and legal form:
Agreement

Coordinator: joint initiative of the Office of the Marshal of Lublin Voivodeship, the City of Lublin, universities, vocational schools and entrepreneurs from Lublin Voivodeship

Ability to initiate cooperative relations:

The Cluster is currently in the early stages of development. Admissions to the Cluster are open.

Membership benefits:

- Cooperation in implementation of joint projects and activities
- Cooperation in the field of the promotion
- Joint creation of regional specialization

210 http://www.klaster-ekoinnowacje.org/index.php?option=com_content&view=article&id=50&Itemid=56 – accessed on 20 May 2015

211 http://www.lublin.eu/Lubelski_Klaster_Instytucji_Otoczenia_Biznesu-1-1919.html – accessed on 20 May 2015

212 <http://www.lubelskie.pl/index.php?pid=454&mode=news&group=21&news=44004&p=,http://www.lubelskie.pl/?pid=154&mode=news&group=122&news=49483&p=6> – accessed on 12 June 2015

Other clusters

The following are smaller or less active clusters located in Lublin.

Table 37. Smaller Clusters in Lublin Voivodeship

Cluster name	Established:	Legal and organizational form	Dominant sectors
Lubelski Klaster Zaawansowanych Technologii Lotniczych [Lublin Cluster of Advanced Air Technologies]	2014	n.a.	airline
Klaster Restauratorów i Hotelarzy [Cluster of Restaurateurs and Hoteliers]	2007	Association	hotel
Klaster Designu Innowacji i Mody [Cluster of Design Innovation and Fashion]	2013	Association	clothing
Lubelski Klaster Przedsiębiorstw [Lublin Enterprises Cluster]	2008	Partnership	construction legal financial marketing
Lubelski Cebularz [Lublin Cebularz]	2008	Association	bakery products
Lubelski Klaster Branży Spożywczej [Lublin Food Industry Cluster]	2010	n.a.	food processor

Source: AGERON Polska own study.

Production Groups

Agricultural producer groups are associations of undertakings aimed at, among others, adjusting production to market requirements, jointly placing goods on the market, and, above all, increasing competitiveness and reducing costs²¹³. In Lublin Voivodeship, producer groups are buoyant and thanks to them products of group members are competitive not only domestically but also internationally. In the new EU perspective, producer groups also have the opportunity to obtain financial support under the RDP 2014-2020. In addition, producer groups may use the nGP credit line²¹⁴ and

exemptions pertaining to property tax and income tax on legal persons²¹⁵.

Currently in Lublin Voivodeship there are 33 producer groups²¹⁶. More than a quarter of the groups was formed in the category of “live pigs, piglets, pork: fresh, refrigerated, frozen”, the same amount of groups work within the categories of “grains and oilseeds”, and 11% in the category of “dried tobacco leaves.” Other groups are less numerous, their activity is related to, among others, the poultry farming and processing, and there are two groups engaged in organic production.

Equally numerous are the groups of fruit and vegetable producers, of which there are 32 in the

213 <http://www.arimr.gov.pl/pomoc-unijna/prow-2007-2013/grupy-producentow-rolnych.html> – accessed on 12 June 2015

214 nGP – loan for investments in agriculture and processing of agricultural products and for the purchase of shares by a group of agricultural producers, source: <http://www.minrol.gov.pl/Informacje-branzowe/Kredyty-preferencyjne/Kredyty-inwestycyjne> – accessed 12 June 2015

215 http://www.wodr.konskowola.pl/index.php?option=com_content&view=article&id=151:pomoc-dla-grup-producentow-rolnych&catid=69:grupy-producentow&Itemid=140 – accessed on 12 June 2015

216 *Rejestr Grup Producentów Rolnych [The Register of Agricultural Producers]*, data created on 10 June 2015, The Office of Marshall of Lublin Voivodeship

voivodeship²¹⁷. The number of members of particular groups is relatively large – the largest group include Grupa Producentów „KLASA” Sp. z o.o. (202 members), Zrzeszenie Producentów Owoców i Warzyw in Milejów [the Association of Producers of Fruit and Vegetables] (172 members), FRUVITLAND Sp. z o.o. (128 members), Grupa Producentów Owoców SAD-VIT” Sp. z o.o. (114 members). An interesting example of cooperation between entrepreneurs is an **initiative LubApple**²¹⁸ bringing together six producer groups in Lublin Voivodeship (near Lublin). Its task is to concentrate on the interests of all affiliated entities through, inter alia, joint participation in trade fairs, negotiating joint contracts or a common pricing policy²¹⁹. LubApple works closely not only with European countries but also with the countries of North Africa and the Middle East. The company offers mainly apples, but also raspberries, cherries, strawberries, pears, plums, and currants.

Another noteworthy initiative is **POLKA** – a group of producers of convenience foods, meats, juices, jams, confectionery and cheeses. Producers are affiliated under common mark to promote the products of the Lublin region. Products are certified in organic food and are popular in Poland, the countries of the East and the European market.

RESEARCH POTENTIAL

The main strength of highly developed regions is the intellectual capital of the population. Lublin Voivodeship is rapidly developing in the direction to become a region of innovation and knowledge. The existence of a developed R & D potential is an attractive determinant and contributes to attracting investments with a high level of technological advancement, requiring highly qualified staff and therefore valuable to the region.

Intellectual potential in higher education

From the point of view of foreign investors, the attractiveness of the region depends upon the presence of appropriately skilled workforce. In this connection, popularity of the directions of pursued education at universities (public and private) and in vocational schools has been assessed.

Lublin Voivodeship has **one of the higher numbers of students in Poland- almost 85.9 thousand students**. The region offers the opportunity to gain academic knowledge in 19 different universities of various profiles.²²⁰ Nearly **47% of the population in the age group between 19 and 24 are students**.

In 2013, the absolute number of graduates in Lublin Voivodeship was 27.3 thousand students. This means that in the region there were 127 university graduates per 10 000 people. Thus, Lublin Voivodeship has received the highest rate among the surveyed voivodeships, higher than the average for the entire Poland. This is a very good result, considering the fact that the Lublin region is ahead in this respect of more industrialized voivodeships.

In Lublin Voivodeship there are also many doctoral students. In this respect, Lublin Voivodeship takes fourth place in Poland (14.8 PhD candidates per 10 000 people).

In 2013, university students and students of vocational schools in Lublin Voivodeship pursued education in twenty-two majors. Among the groups, **seven profiles can be indicated that prepare to work in one of the key industries of the region** (the key industries of the region have been identified and described in section 2.5). These include the following majors:

- medical,
- technical engineering
- information,
- agriculture, forestry and fisheries,
- production and processing,
- biological,
- environment protection.

In the designated areas, there were 28 652 students in universities, which stands for 33.4% of all students in the Lublin Voivodeship. Medicine and health-related majors were the most popular and selected by 13.9% of the students. Technical

217 Rejestr wstępnie uznanych grup producentów, uznanych organizacji producentów i ich zrzeszeń oraz ponadnarodowych organizacji producentów i ich zrzeszeń woj. lubelskiego [The register of initially recognized producer groups, recognized producers' organizations and their associations as well as transnational producers organizations and their associations of Lublin Voivodeship], creation date 10 June 2015, The Office of Marshall of Lublin Voivodeship.

218 <http://lubapple.com/pl/> – accessed on 12 June 2015.

219 Grupy producenckie stawiają na współpracę w ramach konsorcjów [Producer groups rely on cooperation within consortia], [in:] http://www.sadyogrody.pl/handel_i_dystrybucja/106/grupy_producentckie_stawiaja_na_wspolprace_w_ramach_konsorcjow,656.html – accessed on 12 June 2015.

220 Higher education in the academic year 2013/14, the Statistical Office in Lublin, May 2014

Table 38. Training Courses Groups at Universities in Line with Key Industries in Lublin Voivodeship in 2013.

Majors	Place in the ranking of popular majors	The proportion of students studying in the region.
medical	2	13,9%
technical engineering	6	7,7%
computing	11	3,1%
agriculture, forestry, fisheries	12	2,7%
production and processing	13	2,6%
biological	15	1,7%
environment protection	16	1,7%

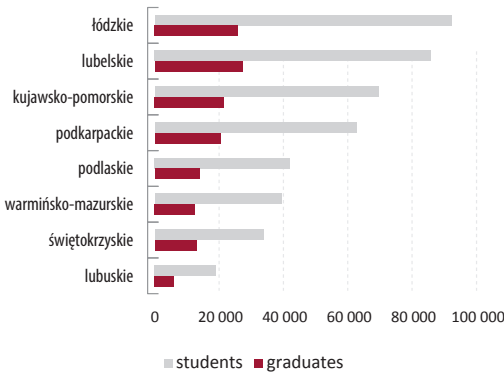
Source: AGERON Polska own study based on the Local Data Bank.

Table 39. Training Courses Groups at Vocational Schools in Line with Key Industries in Lublin Voivodeship in 2013.

Majors	Place in the ranking of voivodeships	The proportion of vocational students studying in the region
technical engineering	1	28,8%
computing	3	12,2%
production and processing	7	4,4%
rolnicze, leśne, rybactwo	8	3,6%
agriculture, forestry, fisheries	12	0,3%
environment protection	-	0%
biological	-	0%

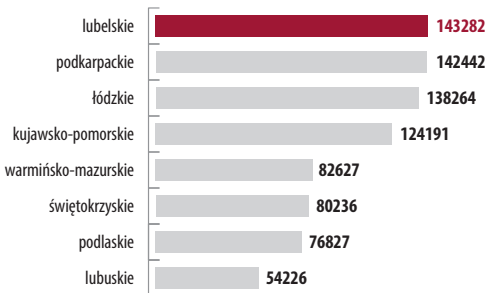
Source: AGERON Polska own study based on the Local Data Bank

Chart 16. Number of Students and University Graduates in Selected Voivodeships in 2013.



Source: AGERON Polska own study based on the Local Data Bank.

Chart 17. Students of Secondary and High Schools Learning Foreign Languages in 2013



Source: AGERON Polska own study based on the Local Data Bank.

engineering ranked sixth with a rate of 7.7%, and computing placed in eleventh with a rate of 3.1%.

The following is a list of the 19 most important universities operating in Lublin Voivodeship:

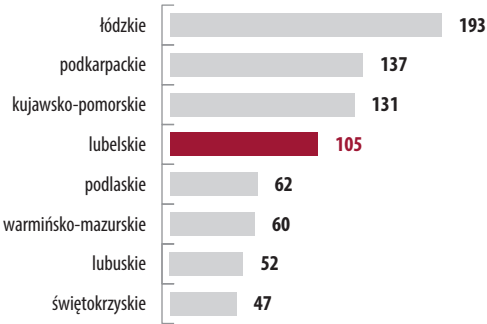
- Lublin University of Technology
- Maria Curie-Skłodowska University
- Katolicki Uniwersytet Lubelski [Lublin Catholic University]
- Uniwersytet Przyrodniczy w Lublinie [The Nature Studies University]
- Uniwersytet Medyczny w Lublinie [Medical University]
- Wyższa Szkoła Przedsiębiorczości i Administracji w Lublinie [Higher School of Entrepreneurship and Administration]
- Wyższa Szkoła Ekonomii i Innowacji w Lublinie [Higher School of Economy and Innovations]
- Wyższa Szkoła Oficerska Sił powietrznych w Dęblinie [Polish AirForce Academy]
- Państwowa Wyższa Szkoła Zawodowa w Chełmie [State Higher Vocational School]

In 2013 in vocational school students who selected one of the above mentioned majors constituted 49.2% (19 518 students) of all students in this type of training facility. This state of affairs was mainly due to the popularity of education with-in the two frameworks of specializations: technical and engineering. The first major was the most common choice among all the available in the region – 28.8% of the students chose the major. Specialization in Information Technology was ranked third, reaching a ratio of 12.2%. It should be noted that young people did not attend vocational schools to major in medical or biological studies. Investors in the qualitative interviews pointed to the high importance of vocational training in the context of attracting foreign investment. At the same time they pointed out that the situation in Lublin Voivodeship in this respect is very favourable in comparison with the rest of the eastern regions in Poland and across the country.

The number of foreign students in universities in the region, next to the total number of students and graduates (primarily science majors) is also an important factor to foreign investors. A voivodeship with five percentage points (5%) of foreign students among total students significantly outperforms other analyzed voivodeships.

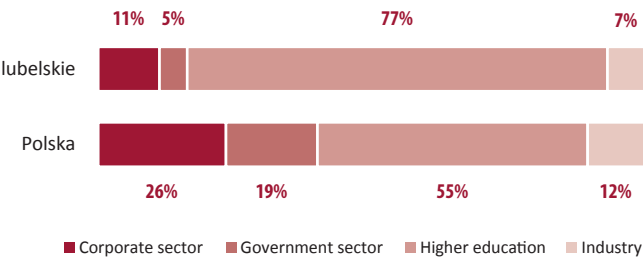
Another extremely important factor for investors, especially foreign or specializing in export, is the knowledge of foreign languages by the inhabitants of the region. In 2013, in Lublin Voivodeship

Chart 18. Number of Active Research Units in Selected Voivodeships in 2013



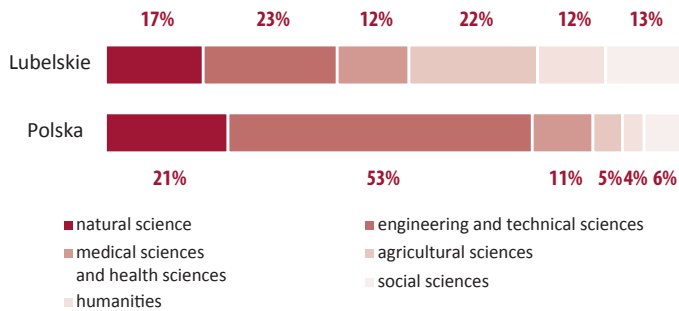
Source: AGERON Polska own study based on the Local Data Bank.

Chart 19. Employment Structure in the R & D Industry in 2013



Source: AGERON Polska own study based on the Local Data Bank

Chart 20. R & D Expenditure Structure in Lublin Voivodeship and in Poland in 2013.

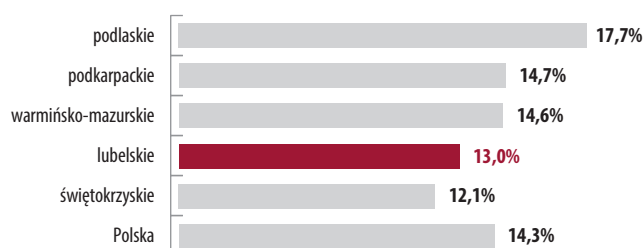


Source: AGERON Polska own study based on the Local Data Bank

143.28 thousand of secondary school students and high schools learned foreign languages, what was the highest value among the analyzed voivodeships. English was the most popular language pursued, and it was pursued by more than 53% of students. The next places were taken by Russian and German.

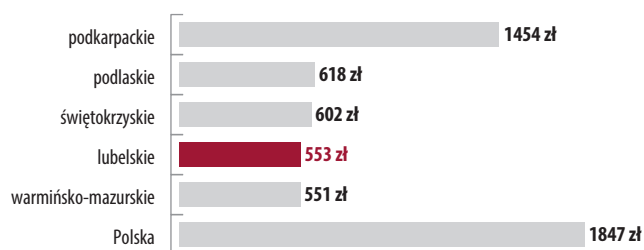
The interviewed respondents emphasized that a large number of students, especially those educated in technical and medical majors, provides

Chart 21. Share of Innovative Enterprises in the Total Number of Enterprises in the voivodeships of Eastern Poland in 2013.



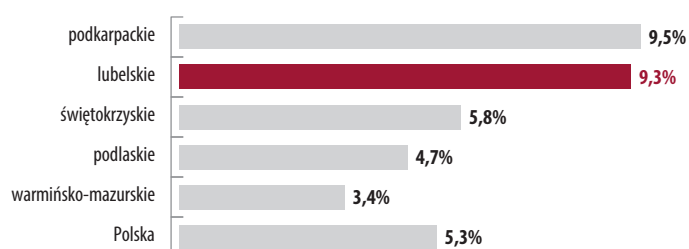
Source: AGERON Polska own study based on the Local Data Bank

Chart 22. Financial Support of Innovation Activities at Enterprises per one Active Worker in the Voivodeships of Eastern Poland and Poland in 2011.



Source: AGERON Polska own study based on the Local Data Bank

Chart 23. Share of industrial companies cooperating within the framework of cluster initiatives or other formalized cooperation of all active enterprises in the voivodeships of Eastern Poland and Poland in 2013.



Source: AGERON Polska own study based on the Local Data Bank

a competitive advantage for Lublin voivodeship. Well educated and highly qualified employees are the strengths of the region. The investors who have already invested in the Lublin region indicate that the academic nature of Lublin was one of the main factors that have contributed to the investment location in Lublin Voivodeship.

Expenditure on research and scientific activities

In 2013, Lublin Voivodeship has donated **PLN 402.1 million in the R & D sector**, which represented 2.8% of the expenditure in the scale for the whole of Poland. It was the second-largest value in the Macro-region Eastern Poland. Higher expenditures in the region went to Subcarpathian Voivodeship. A similar tendency was observed by analyzing the amount of active research units in the region. In 2013 in the Lublin region there were **105 research centres**.

In 2013 in Lublin Voivodeship almost **7,400 people were employed in the R & D sector**, which represented 5% of workers in this industry in the scale for the whole of Poland. In this respect, it ranked first in the Macro-region of Eastern Poland. Almost 80% of employees in the R & D industry are researchers; others work in industrials, corporations, and government.

The structure of R & D expenditure differs in Lublin Voivodeship from the nationwide results. First and foremost, agricultural courses are more subsidized. Expenditure on research on agriculture and related fields amounts to 22.3% compared with 5.1% for Poland. Large support is also given to technical courses and engineering, which account for over 23% of the financing. However, it is still more than half less than in the scale for the whole country. In Poland the technical courses receive almost 53% of the total funding. In Lublin region, medical science, humanities, social studies on average receive more funds in comparison to the scale for the entire country.

Innovation

The level of innovation in Lublin Voivodeship from year to year has increased. In the region up to the year of 2014, there had been investment projects contracted in R&D, innovations, and entrepreneurship, co-financed from EU funds, for the value of

PLN 5,610,609,082.92.²²¹ Indicators relating to the innovation collected, among others, by the Main Office of Statistics do not reflect the actual level of innovation in the region. It consists of a number of factors, including difficult to measure climate conducive to the creation of innovation. **Research and Innovation Institute of Agrophysics in Lublin**, opened at the beginning of 2015, was an important investment in innovation in recent times. One of the goals for the establishment of the centre was to combine scientific research with the implementation of their effects to the industry, mainly in the field of bio-economy.²²² The Centre has already opened the line for the utilization of digestate and processing them into fertilizer. Another centre that should be also noticed is Zamosc Centre for Innovation, which activities involve supporting local entrepreneurship, mainly towards new technologies. In 2013, in Lublin Voivodeship, **the share of innovative enterprises in the total number of enterprises amounted to 13%.**

Expenditure on innovation in companies per one active worker in Lublin Voivodeship in 2011 amounted to PLN 553, and was lower than the national average of PLN 1 294, which stands for 70.1%.

In 2013, in Lublin Voivodeship industrial enterprises cooperating within the framework of the cluster initiatives or other formalized cooperation accounted for 9.3% of actively innovative companies. The value of the indicator for the analyzed region was substantially higher than the average for Poland (5.3%) and presented itself favourably in comparison with other voivodeships of Eastern Europe. Lublin Voivodeship was in second place, just behind Subcarpathian, in which the proportion of analyzed companies amounted to 9.5%.

The innovative potential of Lublin Voivodeship is also recognized thanks to its science and technology parks as well as numerous research institutes. In the following chapters, there is information on the most important centres of this type, having a real impact on the innovation growth in the Lublin region.

Science and technology parks

Lublin Science and Technology Park and Science and Technology Park in Pulawy are the two

science parks which play an essential role in creating the necessary conditions for the formation of innovation in Lublin Voivodeship. These are the institutions that represent the milieu of meetings for researchers and entrepreneurs in regions in which such Incubators of Entrepreneurship operate. The general premise of the parks is to promote new and innovative companies, mainly in the field of technologically advanced industries. Thanks to the cooperation with science research institutions and entrepreneurs, they create conditions for technology transfer and commercialization of the research results.²²³ In the region, there is also **Southeast Science and Technology Park in Zamosc**, but it is not as active in its activities as the parks in Lublin and Pulawy.

Lubelski Park Naukowo-Technologiczny [Lublin Science & Technology Park]

Lublin Science & Technology Park (LPNT) is an institution created in 2005 to integrate Lublin science research units and business. The main objective of the Park is to allow the free flow of knowledge between these two environments and to convert theoretical ideas into real innovation. The Park has partnered with Lublin science research centres, clusters, and other technology parks in Poland. LPNT is located adjacent to the vicinity of Lublin Special Economic Zone EURO-PARK Mielec, thanks to which it offers favourable conditions for business investment.

The offer of the Park:

- Networking – wide contact database enables to find a suitable partner (researcher, business) for the commercialization of innovation, testing or execution of expertise,
- Formulation of an independent opinion on innovation – experts assembled by LPNT can develop an opinion on innovation for companies wishing to apply for funding from the resources of the Operational Programs,
- Organization of study visits and conferences – meetings for the exchange of good practices between professionals from Poland and abroad.
- Rental of office space and laboratory for R & D companies, IT, biotechnology and research entities,
- Technology Incubator for new companies.

Park's website: www.lpnt.pl

²²¹ Data accessed on <https://www.mojapolis.pl/>, based on MIR (baza SIMIK)

²²² <http://naukawpolsce.pap.pl/aktualnosci/news,404391,otwarto-nowe-centrum-badawcze-instytutu-agrofizyki-pan-w-lublinie.html> – Accessem on 13 June 2015

²²³ <http://www.parp.gov.pl/index/index/1726> – accessed on 2 June 2015

Pulawski Park Naukowo-Technologiczny [Pulawski Science And Technology Park]

Pulawski Science and Technology Park was established in 2012 to complement and expand existing science and research facilities in Pulawy around the Nitrogen Plant [Zakłady Azotowe]. Currently this functionality has yet to be achieved; the Park has been upgrading and expanding its functions. The institution's activities mainly revolve around transfer of technology between many active research institutes and the business sector in the area of organic chemistry, soil science, and biotechnology. The Park's offer is extremely rich – the PSTP on one hand works on education of children in the field of technology and at the same time creates favourable conditions for the investment for enterprises by, among others:

- Managing **Technological Incubator**, which provides preferential terms and advice for newly established companies and holds three functions – incubatory, laboratory, and office space
- Rental of office and lab space
- Sharing training and conference complex,

In addition, there is the Technology Centre in the Park, which is a specially created office space enabling support for transfer of new technologies in the sphere of business. The Technology Centre offers, among others, adapted and equipped office space (from 13 to 60 m²), lab space for adaptation (from 60 to 105 m²), equipped lab space (from 60 to 105 m²) and the exhibition space (340 m² on the first floor) as a complement to the offer.

The Park also attracts investors by attractive conditions to invest capital in nearby Podstrefa Specjalnej Strefy Ekonomicznej Starachowice. [The Subzone of Special Starachowice Economic Zone.

Park's website: www.ppnt.pulawy.pl

PZL-Świdnik, a Polish producer of helicopters. Currently, there are 40 companies operating within the Park.

The Park invites into cooperation all companies, especially those that operate in industries such as: engineering, aviation, design, R & D, services, business consulting, and light manufacturing. Interested establishments can purchase land in the area of the Park, as well as rent rooms in two modern buildings with engineering stands, printing equipment, production spaces, warehouses as well as offices, training and conference rooms. The Park also provides all kinds of software, and the possibility of 3D printing. The Park is located 10 km from the city of Lublin and in its immediate vicinity is the Lublin Airport. The Park offers property tax breaks and administrative support to investors who create jobs.

Park's website: www.park.swidnik.pl

Pulawski Park Przemysłowy [Pulawski Industrial Park]

Pulawski Industrial Park (PPP) was founded in 2003 on the initiative of the Pulawy Nitrogen Plant and the Pulawy City Municipality. It is a concentration of real estate and related companies. The investment area holds several hundred acres for investment. It was designed for the best potential use of the Nitrogen Plant. Within the Park is the Business Incubator of the Fundacja Puławskie Centrum Przedsiębiorczości [Pulawy Entrepreneurship Centre Foundation]. Within the Park there have been sites separated for the Puławska Podstrefa Specjalnej Strefy Ekonomicznej „Starachowice” [Pulawy Subzone of Special Economic Zone “Starachowice”]

In accordance with the resolution of the City Council of Pulawy, entrepreneurs engaged in business activities in the Park and the City can apply for exemption from property tax. The condition is to implement new investment and create new jobs.

Industrial Parks

In Lublin Voivodeship there are two industrial parks – Regionalny Park Przemysłowy w Świdniku [Regional Industrial Park in Świdnik] and Pulawski Park Przemysłowy [Pulawy Industrial Park]. These are places where investors can count on tax breaks and administrative and technical support.

Regionalny Park Przemysłowy w Świdniku [Regional Industrial Park in Świdnik]

Industrial Park in Świdnik has a friendly investment climate. The area covering 50 hectares was separated as a result of the restructuring of the company

Business incubators

In Lublin Voivodeship, there are six business incubators, which are located in Lublin (three incubators), Biała Podlaska (two incubators) and Zamość (one incubator). These institutions also include academic incubators (AIP), aimed at students and graduates, operating at major universities in the region. In Lublin Voivodeship there are currently: Lublin Incubator of Business at the Lublin University of Technology, AIP Incubator at the College of Enterprise and Administration in Lublin (second office at the Catholic University of Lublin), Academic

Business Incubator at the Maria Curie-Skłodowska University in Lublin, Pre-incubator of Entrepreneurship in Zamosc, Incubator of Entrepreneurship in the City of Biala Podlaska and Biala Podlaska Incubator of Entrepreneurship. Business incubators are the institutions offering favourable conditions of doing business as well as help in the early stages of the company. Incubators help existing businesses with, among others, providing office space and accounting services. In turn, the functioning of the AIP additionally is often based on a pre-incubation model, which means providing legal personality to start up entrepreneurs.

In 2015, there is an opening planned for the **Business Incubator at the Lublin Region Development Foundation**- the Foundation has already received an investment grant from the Regional Operational Program of Lublin Voivodeship to create an Entrepreneurial Incubator. The planned incubator will be set to operate in the fields related to renewable energy.

Leading scientific centres

The following is the fastest acting research institutes, training future engineering and business professionals and carrying out innovative research. At a majority of the listed centres, there is a research category that has been assigned to them by the Evaluation Committee of Research Units, determined on the basis of the results obtained by these entities (research and creative accomplishments, research potential, and measurable effects).

List of categories:

- A+ – exemplary leading level
- A – very good level
- B – satisfactory level with the recommendation to strengthen research and development activities or stimulate innovation in the economy
- C – unsatisfactory level

Instytut Agrofizyki PAN w Lublinie (A) [The Institute of Agrophysics PAN in Lublin (A)]: The science institute that examines the application of physics in the protection and development of the environment and agricultural areas. The main directions of the Institute's analysis are the physics and biology of the environment, physics of plant materials, agro-physics metrology, and modelling and simulations of physical processes. At the beginning of 2015 a Research Center was established within the Institute combining science with practical innovations in the industry, including energy

production from algae or utilization of biogas waste for the production of fertilizers.

Centrum Biotechnologii UMCS (B) [The Biotechnology Centre of UMCS (B)]: The Department of Biology and Biotechnology at Maria Curie-Skłodowska University specializes in the studies of biochemical, biophysical, medical biology, experimental, microbiology, immunology, and virology. The Department implements many innovative projects on behalf of the Ministry of Science and Higher Education and the National Science Centre.

Instytut Medycyny Wsi w Lublinie (A) [The Institute of Rural Medicine in Lublin (A)]: The Institute deals with protection of health and improvement of the living conditions of the population living in the rural areas. The Centre conducts research, disseminates the results of research, conducts educational activities and provides professional health care. It focuses primarily on the population working in agriculture, and forestry.

Instytut Uprawy, Nawożenia i Gleboznawstwa w Puławach (B) [The Institute of Cultivation, Fertilization and Soil Science in Puławy (B)]: The Institute is a leading research centre examining technology for growing crops, fertilization, fertility and quality of soils, agro-climate, as well as effective land use and protection of agricultural space. It has many years of experience participating in Polish and international projects.

Instytut Nowych Syntez Chemicznych w Puławach (A) [The Institute of New Chemical Synthesis in Puławy (A)]: Up to 2014 the Institute was known under the name of the Instytut Nawozów Sztucznych w Puławach [Fertilizer Institute in Puławy]. It conducts research in the field of biological and chemical sciences, with particular emphasis on synthesis and technology of organic and inorganic chemistry, biotechnology, and environmental protection. It works with all fertilizer plants in Poland and many abroad.

Państwowy Instytut Weterynaryjny – Państwowy Instytut Badawczy w Puławach (A) [National Veterinary Institute – National Research Institute in Puławy (A)]: The Institute conducts research in the field of veterinary medicine.

Towarzystwo Naukowe Katolickiego Uniwersytetu Lubelskiego (kategoria nieznana) [The Scientific Society of the Catholic University of Lublin (category unknown)]: The Scientific Society deals with the conduct and publication of studies and organization of symposia and conferences. The

Society works in the following thematic areas: social science, legal science, mathematics and nature science, theology, philosophy, and history.

Polska Akademia Nauk – Oddział w Lublinie (kategoria nieznana) [Polish Academy of Sciences – Branch in Lublin (unknown category)]: The Branch in Lublin integrates scientific activities in the voivodeship, supports the development of scientific works, promotes knowledge, and collaborates on projects with local government and international institutions.

Centrum Innowacji i Zaawansowanych Technologii Politechniki Lubelskiej (kategoria nieznana) [The Centre of Innovation and Advanced Technology of the Technical University of Lublin (category unknown)]: The Centre carries out activities aimed at a wider promotion of modern technologies, knowledge transfer, and implementation of projects. It conducts research in the range, among others, construction technology, information, nanotechnology, and industrial automation.

The other major research institutes in the fields of engineering and business include:

- Instytut Sadownictwa i Kwiaciarnictwa – Oddział Pszczelnictwa w Puławach [Research Institute of Arboriculture and Floriculture – Apiculture Division in Pulawy] – the facility deals with the study of bee products and apary technologies
- Instytut Europy Środkowo-Wschodniej in Lublin [Institute of East-Central Europe]- the Institute focuses on researching the history and culture of Central and Eastern Europe. Conducts current historical and political research, organizes seminars and conferences.
- Instytut Rozwoju Zasobów Ludzkich w Lublinie [Human Resource Development Institute]
- Instytut Meteorologii i Gospodarki Wodnej [Institute of Meteorology and Water Management]
- Państwowy Instytut Geologiczny [National Geological Institute] – Branch In Lublin
- Interdyscyplinarne Centrum Badań Naukowych KUL [Interdisciplinary Center for Scientific Research at the Catholic University of Lublin]
- Ośrodek Diagnostyki i Zwalczania Zagrożeń Biologicznych Wojskowego Instytutu Higieny i Epidemiologii in Puławach [Identification and Countermeasure of Biological Threats at the Military Institute of Hygiene and Epidemiology]
- Zakład Badawczo-Rozwojowy PZL Świdnik [Research and Development Plant]

BUSINESS SUPPORT SYSTEM

Business environment institutions and business services

In 2014, in Lublin Voivodeship there were **26 312 companies providing services to business**.²²⁴ Their number per 1000 companies amounted to 153.3 and in comparison to 2009 increased by 5.9%. The highest availability of services was characterized by the following:

- real-estate related activities (D 67);
- activities to help financial services and insurance as well as pension funds (D 66);
- legal and accounting activities (D 69);
- architectural and engineering activities; research and technical analysis (D 71);
- other professional, scientific and technical activities (D 74).

Sector structure of business service companies in the region is similar to the structure practiced in the whole country, with the exception of the four industries. Among them, the special attention should be paid to the **activities related to the real estate market** (D 67), which constitutes the highest level of service available in Lublin Voivodeship, however, the availability of services in this industry is almost twice lower than in the scale of the country. The other sectors with low levels of availability also include the activities of centrally oriented business (head offices) and management consultancy (D 70), advertising, market research and public opinion polling (D 73) and employment activities (D 78). In the case of these industries, the availability of in Lublin Voivodeship has been relatively lower in comparison with the national average of 40% -50%.

Poor accessibility of services of the above named industries translates directly into limited availability of services to business in Lublin Voivodeship in general. In 2014, the number of companies providing services to business per 1,000 companies was lower in the region by 47 comparing to the national average. In relation to other analyzed voivodeships, the value characterizing Lublin Voivodeship was

²²⁴ The list of sectors for PKD 2007: 64 – financial service activities, except insurance and pension funding; 66 – activities supporting financial services as well as insurance and pension funds; 67 – activities related to real estate services; 69 – legal, bookkeeping and accounting; 70 – activities of central companies (registered offices/headquarters); management consultancy activities; 71 – architecture and engineering activities; technical testing and analysis; 72 – research and development; 73 – advertising, market research, and public opinion polling, 74 – other professional, scientific, and technical activities; 77 – rental and leasing; 78 – activities related to employment; 81 – service activities related to buildings and landscape; 82 – activities related to administrative office support and other activities supporting business conduct.

higher only in Subcarpathian and Swietokrzyskie. Whereas, considering the voivodeships with the highest levels of service availability to business (Lubuskie and Warmiam-Masurian), the number of companies providing services to business per 1,000 companies was lower by almost 30%.

In 2014, most firms that provide services to business per 1000 companies are located in the following cities: Lublin (222), Chelm (190), Biala Podlaska (178), Zamosc (169) and in the Swidnica Povi- at (154). The lowest values have been observed in the following poviats: Zamosc, Radzynsk, Janowek, Lukow, Bilgoraj, where the indicator ranged from 97 to 108 companies. On the basis of the data it can be concluded that **the greatest saturation of companies providing services to business was based in major cities and towns in Lublin Voivodeship.**

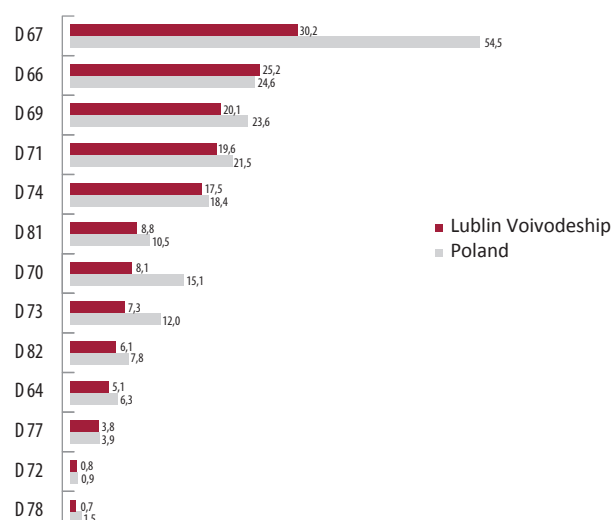
It is worth paying attention to **the dynamics of growth of the companies providing services to business in 2013-2014.** In this classification, Lubartow powiat has the best results with an increase of 16.1%. In Biala Podlaska, the poviats of Lublin, Janow, Krasnik, Leczyn and the city of Lublin the increase was also significant. It can be observed that the growth of services to business takes place in those poviats which are in the vicinity of the capital of the voivodeship, which is the central part of the region.

The activity of the Business Environment Institution (IOB) is a useful tool to promote development of entrepreneurship, including development of innovative companies and process of technology transfer. In Lublin Voivodeship this type of activity is carried out by:²²⁵

- three technology Parks:
 - Lubelski Park Naukowo-Technologiczny [Lublin Science & Technology Park] – <http://lpnt.pl/>
 - South-East Technology Park In Zamosc – <http://www.parknaukowotechnologicznyzamosc.republika.pl/index.html>
 - Puławski Park Naukowo-Technologiczny – [Puławski Science & Technology Park] Park-<http://ppnt.pulawy.pl/>
- two industrial Parks
 - Puławski Park Przemysłowy [Puławy Industrial Park]
 - Regionalny Park Przemysłowy Swidnik [Regional Industrial Park Swidnik] – www.park.swidnik.pl

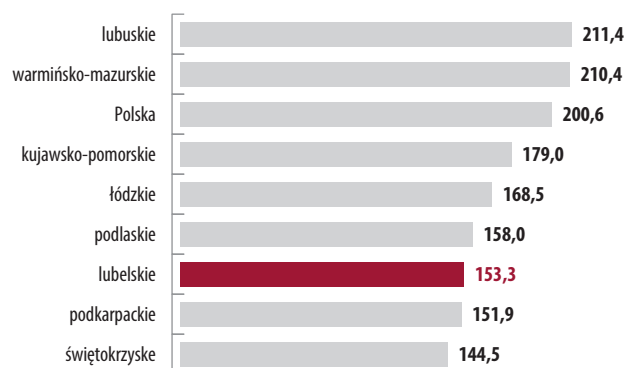
²²⁵ Innovation centres in Poland (including business incubators), PARP, 2014

Chart 24. Number of companies providing services to business per 1000 companies in total for Poland and Lublin Voivodeship by PKD sections



Source: AGERON Polska own study based on the Local Data Bank

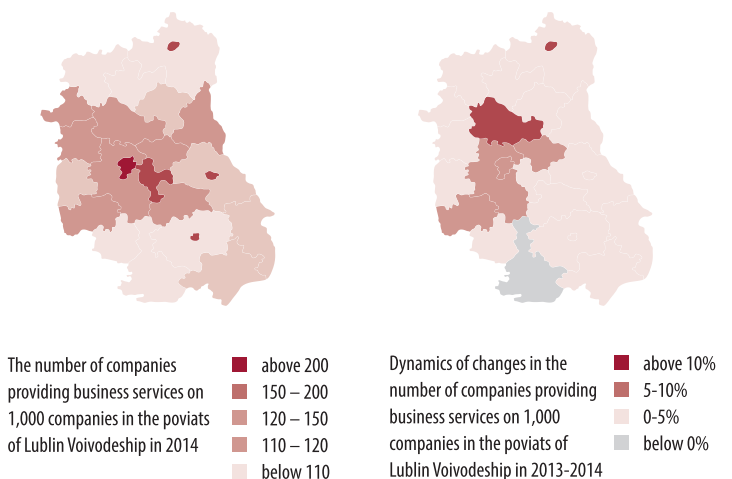
Chart 25. Number of firms that provide services to business per 1000 companies in 2014.



Source: AGERON Polska own study based on the Local Data Bank

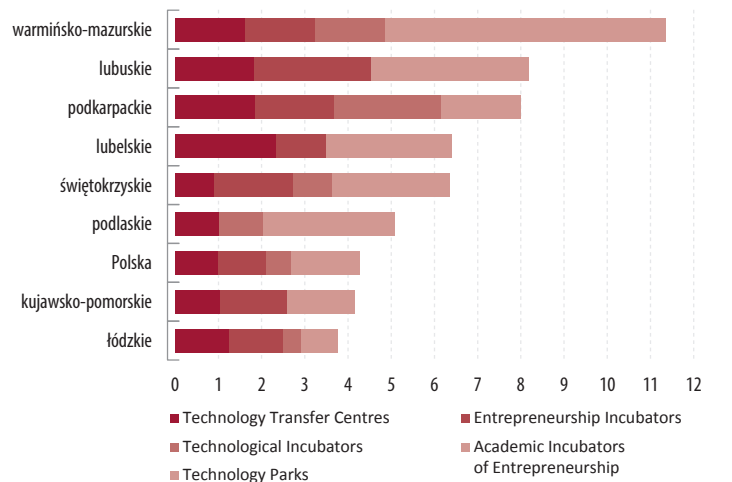
- business Incubators and academic business incubators
 - Inkubator Przedsiębiorczości przy Fundacji Rozwoju Lubelszczyzny [Business Incubator at the Foundation for the Lublin Region Development (planned opening in 2015.) – <http://fundacja.lublin.pl/index.php/inkubator-przedsiębiorczości>
 - Lubelski Inkubator Przedsiębiorczości Politechniki Lubelskiej [Lublin Incubator of Entrepreneurship at the Technical University of Lublin – <http://inkubator.pollub.pl/>
 - Inkubator AIP Wyższa Szkoła Przedsiębiorczości i Administracji w Lublinie [AIP Incubator of the

Map 5. Companies providing services to business in Lublin



Source: AGERON Polska own study based on the Local Data Bank.

Chart 26. Number of Business Environment Institutions per 100 000 companies in 2014.



Source: „Ośrodki innowacyjności w Polsce (z uwzględnieniem inkubatorów przedsiębiorczości)”, PARP 2014. [Innovation Centres in Poland (including entrepreneurship. incubators), PARP, 2014]

Entrepreneurship and Administration School in Lublin (second office at the Catholic University of Lublin) – <http://aiplublin.inkubatory.pl/>

- Academic Incubator of Entrepreneurship at the Marie Skłodowska Curie University in Lublin – <http://www.inkubator.biz.pl>
- Pre-incubator of Entrepreneurship in Zamosc – <http://inkubator.zam.pl/>
- Business Incubator of the City of Biala Podlaska – <http://www.mipbp.pl/>
- Biala Podlaska Incubator of Entrepreneurship – <http://www.bfr-bialapodlaska.pl/>

view/10,bialskopodlaski-inkubator-przedsiębiorczosci

- four Centres of technology transfer
 - Centrum Innowacji i Transferu Technologii LPNT [Centre for Innovation and Transfer Technology LPNT]- www.citt.lublin.pl/
 - Lubelskie Centrum Transferu Technologii Politechniki Lubelskiej [Lublin Centre of Technology Transfer of the Lublin University of Technology] – <http://lctt.pollub.pl/>
 - Centrum Innowacji i Komercjalizacji Badań Uniwersytet Marii Curie Skłodowskiej [Centre of Innovation and Commercialization of Research at the Maria Curie-Skłodowska University] www.biznes.umcs.pl
 - Lubelska Fundacja Rozwoju [The Lublin Development Foundation] www.lfr.lublin.pl/

Per 100 000 companies, the number of IOB in Lublin Voivodeship amounts to 2.33 for the Centres of Technology Transfer, 1.17 for Business Incubators, 1.17 for Academic Incubators of Entrepreneurship, and 1.75 for Technology Parks. The largest concentration of institutions providing business services is situated in Lublin and Pulawy. Such institutions are also located in Zamosc, Biala Podlaska and Swidnik. The availability of IOBs in Lublin Voivodeship, compared to the nationwide availability is favourable – considering the total availability of the Technology Transfer Centres, Entrepreneurship Incubators, Technology Incubators, Academic Technology Incubators and Technology Parks in the region per 100 000 companies there is 6.41 IOBs, which represents a value higher than the national average. Compared to voivodeships in the Macro-region of Eastern Poland, the availability of IOBs in Lublin Voivodeship is moderate – the lowest availability of IOBs can be seen in Podlaskie Voivodeship (5.08 IOBs per 100 000 companies), while the highest can be seen in Warmian-Masurian Voivodeship (11.35 IOBs per 100 000 companies).

Additional instruments to support entrepreneurs

Companies operating in Lublin Voivodeship can use **public aid** to their benefit. This is support aimed at entrepreneurs and fulfilling all the conditions indicated below:

- it comes from public funds and can be provided by national, regional or local authorities and public or private entities designated by the government,
- it is awarded on a more remunerative than market conditions, which brings economic

benefits to the company, for example, to buy a property at a lower price, sell at a higher price, reduced access cost to infrastructure,

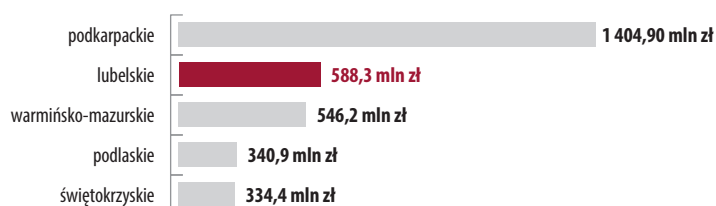
- it is characterized by selectivity – support is given to specified companies or the companies dealing with a particular type of production,
- affects competition between companies and trade between the Member States of the European Union.

In 2013, in Poland the value of public aid amounted to PLN 20 618.6 million and constituted 1.26% of GDP²²⁶. It is worth noting that since 2010, the share of aid to GDP has decreased – in the following years it was equal to 1.7%, 1.4% and 1.37%. Support under the public aid in the analyzed year was granted by 726 entities, while the number of beneficiaries reached the number of 72 000. Therefore, the financial aid per beneficiary marked an average amount of PLN 287 000.

Excluding aid in the transport sector, the financial aid in 2013 reached PLN 16 751.7 million, of which 89,1% (PLN 14 760.7 mln) were subsidies²²⁷. The next places were occupied by monetary reliefs – 8.7% (PLN 1 445.0 mln) and “soft credits”- 1.9% (PLN 317.9 mln). The smallest aid granted was in the form of capital and investment subsidies and credit sureties and guarantees – they were respectively 0.3% (PLN 45.9 million) and 0.01% (PLN 2.1 million) of the whole support. The value of aid was the largest in the case of large enterprises, which have received 39.3% of the total amount. It should be noted that in this group there were 9 companies, each of which has acquired an aid above PLN 100 million. In the case of medium-sized, small and micro enterprises, the share in aid was respectively 26.2%, 20.7% and 13.8%. It is worth noting that the main entities receiving aid were private companies – they constituted 83.9% of all beneficiaries.

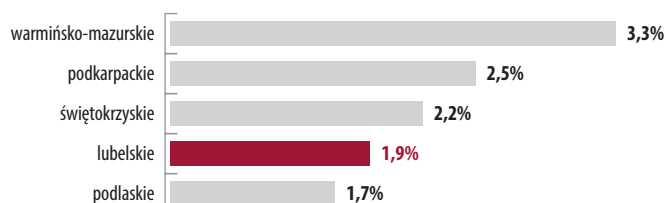
Aid regulations indicate three main categories: regional, sectoral and horizontal. **Regional aid** is essential from the point of view of the attractiveness of Lublin Voivodeship – it contributes to the economic development of the regions where the standard of living is assessed as low or employment is considered to be insufficient. In 2013, for this type of support, Poland allocated PLN 9 005.6 million or 54.3% of the public aid value (excluding aid in the transport sector). The most important form of assistance is **investment aid**, which is granted in the case of implementation of initial investment. They include

Chart 27. Value of public aid granted to the voivodeships in Eastern Poland in 2013.



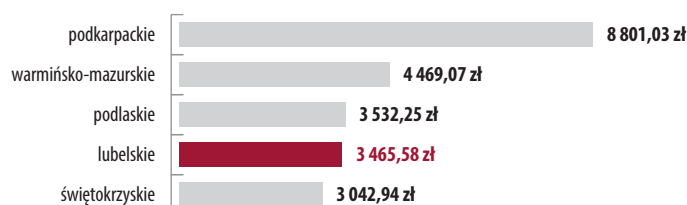
Source: AGERON Polska own study based on the Report on the aid granted in 2013 to entrepreneurs in Poland, The Office of Competition and Consumer Protection, Warsaw, 2014

Chart 28. Share of the companies benefiting from public aid in all companies in the voivodeships of Eastern Poland in 2013.



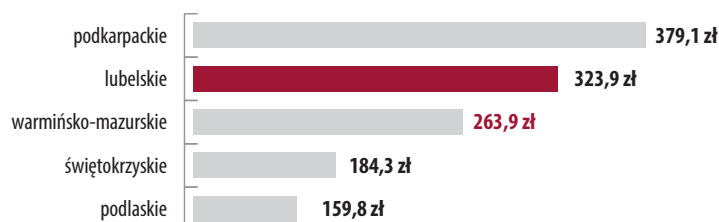
Source: AGERON Polska own study based on the Report on the aid granted in 2013 to entrepreneurs in Poland, the Office of Competition and Consumer Protection, Warsaw, 2014

Chart 29. Value of public aid to the voivodeships in Eastern Poland per 1 company in 2013.



Source: AGERON Polska own study based on the Report on the aid granted in 2013 to entrepreneurs in Poland, the Office of Competition and Consumer Protection, Warsaw, 2014

Chart 30. Value of de minimis aid granted in the voivodeships of Eastern Poland in 2013 [in PLN mln].



Source: AGERON Polska own study based on the Report of the aid granted in 2013 to entrepreneurs in Poland, the Office of Competition and Consumer Protection, Warsaw, 2014

226 Raport o pomocy publicznej w Polsce udzielonej przedsiębiorcom w 2013 roku [Report on state aid granted to undertakings in Poland in 2013]. UOKiK, Warsaw 2014

227 Ibid.

purchase of tangible assets (land, buildings, equipment and machinery) and intangible assets (patents, licenses, know-how, technical expertise) that are associated with the new establishment or its development, diversification of production, or a major transformation of the production process. The value of the aid is dependent on the amount of capital expenditure and evaluated on one of two criteria:

- expenditure intended for investments,
- wage costs of workers employed as a result of the investment incurred during the period of two years.

The amount of the aid depends also on the regional intensity, which means the maximum proportion of project costs that may be covered by the assistance. In the UE perspective 2014-2020, the intensity ratio is 50% for Lublin Voivodeship, as well as for Podlaskie, Subcarpathian, and Warmian-Masurian – this is the highest value among all regions in Poland. It should be noted that in the case of small and medium-sized enterprises (SMP), the maximum aid intensity may be increased respectively by 20 percentage points and 10 percentage points (for investments which costs do not exceed 50 million Euros). Regional aid is not available to undertakings belonging to the sectors: iron and steel, synthetic fibers, fisheries and aquaculture, agriculture (primary production, processing and marketing of agricultural products) and forestry, transport, energy and airports. The aid measures are also used to improve the conditions or restructuring of entities at risk.

The amount of aid can be determined in two ways: in relation to the cost of investments in fixed assets and in intangible assets or costs of creating jobs related to the implementation of the new investment. Granting of aid is linked to certain obligations by entrepreneurs. Companies must pay from their own resources or from external (non-public aid) 25% of the costs that are eligible for support. Furthermore, the time of the company's activities must be at least five years, and in the case of small and medium-sized enterprises (SMP) – three years from the date of completion of the investment. The requirements also apply to jobs to be created within three years after the finalization of the investment, and in force for at least five years or three years from the date of their creation. The level of employment for a period of three years may not be lower than the average of the last twelve months preceding the creation of jobs.

A company can be granted a **sectoral aid** for the affiliation to a specific industry. It concerns companies mainly engaged in the so-called sensitive sectors where the market situation can be described as difficult. This group includes: shipbuilding, marine

shipping, coal mining, iron and steel, synthetic fibers industry, automotive industry, and agriculture and fisheries. Support is provided in order to effectively solve long-term problems; often it involves reduction of production capacity and production volumes in the company or to cover the liquidation costs of the business. In Poland in 2013, from the pool of state aid to sectoral aid, it was allocated PLN 1 711.0 million, or 10.3% of the total aid. The largest support was given to the energy sector (45.8%), and the subsequent places were taken by the following sectors: natural gas (27.4%), mining (22.9%) and cinematography (3.9%).

Unlike the previous two types of aid, the **horizontal aid** is not related to the location of enterprises in a given region or to a particular sector. This type of aid is focused on the achievement of specific objectives contributing to economic development of the region. By 2013, the amount of the support reached a value of PLN 4 997.9 million, which represented 30.2% of aid allocated to public assistance. Within the horizontal aid, the most supported areas included: employment (67.5%), research and development (18.6%), and training (7.9%). In the EU perspective 2014-2020 we can distinguish several types of aid, which conditions for granting are specified by EU and national documents:

- restructuring aid – granted to firms in difficulty which have a restructuring plan, which aims to re-gain the competitive position on the market,
- rescue aid – granted to entities for the time to develop a restructuring plan or carry out actions resulting in the liquidation business
- aid for development of small and medium-sized enterprises – investment on employment, for small enterprises newly created by women, for help in advisory services and participation in trade fairs,
- aid for employment – given in terms of the creation of new jobs and recruitment of people with disabilities or in difficulty,
- aid for research, development and innovation – research and development projects, innovation activities, technical feasibility studies, industrial property rights costs for MSP sector [Small and Middle Entrepreneurs (MSP)], advisory services and innovation support, temporary employment of highly skilled workers,
- aid for training – general or specialized training of present or future employees of companies,
- aid for environmental protection – granted to investments contributing to reducing polluting emissions, energy conservation or rehabilitation of the surface of the Earth.

Public aid takes many forms, but the most commonly used include are:

- subsidies and grants,
- credits and loans with lower interest rates,
- sureties and guarantees offered on terms more favourable than available on the market,
- exemptions and tax breaks, for example, regarding property tax or transport means or income tax or in special economic zones
- recapitalization of the company through the purchase of the shares,
- reducing cost of infrastructure use,
- providing preferential treatment for the purchase or lease of real estate.

In 2013, entities located in Lublin Voivodeship received public aid in the amount of PLN 588.3 million, or 3.6% of all resources. In nationwide ranking, the region reached 11th place, ahead of the following voivodeships: Warmian-Masurian (3.3%), Lubusz (3%), (2.1%), Podlaskie (2%), Swietokrzyskie and Opolskie (1.4%). Taking into account all regions of Eastern Poland only Subcarpathian Voivodeship was characterized by a greater aid value – PLN 1 404.9 mln, or 8.5% of the total national pool.

It is worth noting that by 2013 in Lublin Voivodeship there was the biggest increase in value in relation to 2012. – it was 109.5% (an increase of PLN 307.5 million). This situation was associated with an increase in the amount of regional investment aid under regional investment programs. The rest of voivodeships in Eastern Poland in this respect can be divided into two groups. The first of these are the voivodeship of Warmian-Masurian and Swietokrzyskie, in which the amount of aid increased respectively by 53.2% (PLN 189.6 mln) and 1.9% (PLN 6.3 million). In the second group are the voivodeships of Podlaskie and Subcarpathian, which saw a decrease of 20.1% (PLN 86 mln) and 1.4% (PLN 19.4 million).

In 2013, in Lublin Voivodeship 1.9% of all enterprises have benefited from the public aid. This value was higher than the average for the whole of Poland of 1.7%. The analyzed region reached 6th place in the national ranking behind Subcarpathian (2.5%), Greater Poland (2.4%), Kuyavian-Pomeranian (2.1%), Warmian-Masurian (3.3%), Lubusz (2.7%) and Swietokrzyskie (2.2%). In the case of Eastern Poland only Podlaskie was characterized by lower index value – 1.7%.

In Lublin Voivodeship in 2013, public aid for 1 company amounted to PLN 3 465.58 and was lower than the national average by PLN 605.82, or 14.9%. The analyzed region ranked 11th in the national ranking, ahead of Greater Poland (PLN 3 289.74),

Lesser Poland (PLN 2 922.67), West Pomeranian (PLN 2 871.47), Swietokrzyskie (PLN 3 042.94) and Opolskie (PLN 2 348.74). In the other three voivodeships of Eastern Poland the indicator value was higher and amounted to: PLN 8 801.03 in Subcarpathian, PLN 469.07 in Warmian-Masurian, and PLN 3 532.25 in Podlaskie.

Another type of support used in many aid programs is **de minimis aid**. Its value is low enough that it does not affect competition between firms and trade between countries. Its rules determine the amount of aid in three years to a single entity is EUR 200 000, and to an entity in the road transport sector – EUR 100 000. Support can take many forms, for example, exemption from real estate tax, cost of investment, loans and credit guarantees for companies from the sector of SMES, financing projects for promotion of enterprises, grants for technology and innovation development. One of the recently introduced forms is **the guarantee of the de minimis rule**, provided by the Bank Gospodarstwa Krajowego [National Economic Bank]. Guarantee is to secure repayment of a loan or loans that a company acquires in commercial banks. The cost of the guarantee is 0.5% of investment value.

In 2013, in Poland the value of de minimis amounted to PLN 6 143.1 million and constituted 0.38% of GDP²²⁸. The support was granted by 3 900 entities, and the number of beneficiaries reached 244 000. In this connection, one beneficiary received an average amount of PLN 25 000. Most funds were allocated to grants – 73.2% (PLN 4 493.9 mln). The subsequent places were taken by sureties and loan guarantees – 16.1% (PLN 989.4 mln) and tax subsidies – 4.7% (PLN 286.2 mln). The smallest aid was granted in the form of a “soft loan” and capital and investment subsidies – they were respectively 3% (PLN 185.9 million) and 1.7% (PLN 103.2 million) of the whole aid pool. The largest value of the aid was received by micro enterprises, which received 69% of the total amount. In the case of small, medium and large enterprises, the aid share was respectively 16.7%, 10.5%, and 3.8%.

In 2013, the entities located in Lublin Voivodeship received public aid in the amount of PLN 323.9 million, or 5.3% of all resources. In national ranking, the region ranked 9th, before: Kuyavian-Pomeranian (5.1%), West Pomeranian (4.5%), Warmian-Masurian (4.3%), Swietokrzyskie (3%), (2.6%), Podlaskie (2.6%), Opolskie (2.3%) and Lubusz (2.3%). Taking into account all regions in Eastern Poland, only Subcarpathian Voivodeship was

228 Ibid.

characterized by a greater aid value – PLN 379.1 mln, or 6.2% of the total national pool.

Support is provided to businesses also in the form of **financial instruments**, offered by regional institutions:

- loan funds,
- guarantee funds,
- seed capital funds,
- business angels' network.

Micro and small enterprises and individuals starting business can take advantage of offers of **loan funds**. These institutions provide loans to entities which have limited ability to obtain commercial support (due to lack of adequate collateral security or credit history). Financial aid may be allocated, among others, for: implementation of investments, implementation of technological innovations, purchase of materials and machinery, conversion of production and service objects. In Lublin Voivodeship there are three loan funds that belong to the National System of Services: Lubelska Fundacja Rozwoju [Lublin Development Foundation], Biłgorajska Agencja Rozwoju Regionalnego [Biłgorajska Regional Development Agency] and Fundacja Puławskie Centrum Przedsiębiorczości [the Foundation of Puławy Entrepreneurship Centre].

Guarantees provide entrepreneurs with help acquiring external financing, or bank credits and loans. Support for business is offered in the form of guarantees from 50% to 80% of the value of the financial obligations. This support is used by micro-, small and medium-sized enterprises, with creditworthiness and planning to spend received credit to start or expand business, finance new investment, implement innovation or create new jobs. There are three guarantee funds in Lublin Voivodeship that are part of the National System of Services. These include: Biłgorajska Agencja Rozwoju Regionalnego [the Biłgorajska Regional Development Agency], Fundacja Puławskie Centrum Przedsiębiorczości, [the Foundation of Puławy entrepreneurship Centre], and Polski Fundusz Gwarancyjny w Lublinie [the Polish Guarantee Fund in Lublin].

Entrepreneurs starting business and having innovative projects are being provided help by **seed capital funds**. Within that support, companies receive long-term capital (from three to seven years), which they can use without paying current interest payments. This form of assistance is targeted to micro-, small and medium-sized enterprises working in the initiative stages on the product/service or the sale of product/service on a small scale, not drawing profits from business. In addition to seed capital funds, they

provide support in setting up a company, developing a business plan, and finding a suitable place of business. In Lublin Voivodeship named functions belong to Lubelski Park Naukowo-Technologiczny [the Lublin Science and Technology Park].

In Lublin Voivodeship there is **Wschodnia Sieć Aniolów Biznesu [the Eastern Network of Business Angels]**, which is formed by private investors interested in helping with the emergence and operation of innovative companies, commercialization of new technologies and research. The network can be considered as a platform for interregional cooperation, which allows for the establishment of relations between entrepreneurs and investors. In addition, companies have access to the many services offered by WSAB, for example, a professional assessment of the idea or project, help creating a business plan, preparing reports and analysis for a given project, training and workshops or meetings with the investor.

Support from EU funds

In the years 2014-2020, Poland will receive from the EU budget EUR 82.5 billion, of which about EUR 31 billion or 40% of the total amount will be made available to the local government. In this connection, the regions have great freedom in shaping their economic situation and expending the funds primarily under smart specialization. All voivodeships have their own operational programs which determine development priorities. Lublin Voivodeship for the implementation of the objectives contained in the Regional Operational Program received EUR 2.23 billion, or 7.1% of the pool available to all regions and took sixth place in terms of the size of the funds (behind Silesian, Lesser Poland, Greater Poland, Lower Silesian and Lodz).

The **Regional Operational Program of Lublin Voivodeship for the 2014-2020** has set 14 priorities. These include:

- Research and innovation,
- Digital Lublin,
- Competitiveness of enterprises,
- Environment-friendly energy,
- Energy efficiency and low carbon economy,
- Environmental protection and efficient use of resources,
- The protection of natural and cultural heritage,
- Regional mobility and environmentally sound transport,
- Labour market,
- Adaptation of enterprises and workers to change,
- Social inclusion,
- Education, qualifications and competences,
- Social infrastructure,
- Technical assistance.

Table 40. Sample activities of support that entrepreneurs receive within national operational programs:

Operational programs	Examples of activities
Research and development	
Smart Development	<ul style="list-style-type: none"> • Scientific research and constructing work, technological and experimental design, including the preparation of experimental prototypes and pilot installations • Development of R&D centres, creation of infrastructure conditions to conduct R & D works by investing in apparatus, equipment, technologies, creation of new jobs and development of R&D personnel • Research and development carried out by industrial and scientific consortia • Conducting research and development and commercialization of its results with the participation of venture capital funds • Joint ventures of business groups on behalf of a given industry – a sector's research and development programs
Rural Development Program	<ul style="list-style-type: none"> • Supporting creation and operation of operational groups for innovation and implementation of projects by these groups leading to development of new solutions for new products, practices, processes, technologies, methods of organization and marketing in the sectors of agriculture, food and forestry sectors. • Development of relations between agriculture, forestry and agro-food processing with the R & D sector
Innovation	
Smart Development	<ul style="list-style-type: none"> • Implementation of R & D results • Support cooperative ties in the field of creation and development of innovative products and services • Internationalization of innovative enterprises • Cooperation between science and business, development and promotion of innovation as a source of competitiveness of the economy • Preparation for participation of undertakings and research entities in international programs • Protection of industrial property
Eastern Poland	<ul style="list-style-type: none"> • Implementation of R & D results • Support cooperative ties in the field of creation and development of innovative products and services • Internationalization of innovative enterprises • Cooperation between science and business, development and promotion of innovation as a source of competitiveness of the economy
Rural Development Program	<ul style="list-style-type: none"> • Increase innovation and knowledge base in rural areas and development of relations between agriculture, forestry, agro-food processing with the R & D sector • Application of innovative solutions to agricultural production, forestry or agro-food processing
Fisheries and the Sea	<ul style="list-style-type: none"> • Innovations in the field of sea and inland fisheries, aquaculture, and to protect biological resources
Power engineering and environmental protection	
Infrastructure and the Environment	<ul style="list-style-type: none"> • Construction and expansion of land-based wind farms, biomass, biogas and installation of transmission and distribution networks • Construction of own installation of renewable sources of energy by companies • Reconstruction of existing heating systems and cooling networks, in order to reduce losses on their submission • Exchange of heat sources • Construction or reconstruction of units producing electricity and heat through cogeneration high speed technology • Construction of connections to heating units for producing electricity and heat in combination • Application of energy-saving technologies of production • Development of municipal waste management system designed to replace the prevailing now waste management (i.e. through storage) with other more sustainable methods • Investments in green infrastructure • Reduction pollutant emissions and greenhouse gases • Taken action on contaminated/degraded areas • Construction and modernization of transmission and distribution networks of natural gas along with support infrastructure for the system, including network using smart technology • Construction and upgrading of electricity transmission and distribution networks, including networks with smart technology • Reconstruction of existing networks in order to obtain smart networks or construction of new distribution networks of medium and low-voltage systems designed to increase the production in RES and/or reduce energy consumption; including changing transformers • Realization of investments of intelligent measuring systems and networks in smart grid technology

Table 40. Sample activities of support that entrepreneurs receive within national operational programs:

Operational programs	Examples of activities
Rural Development Program	<ul style="list-style-type: none"> Activities in the area of environmental protection and promoting resource efficiency in agricultural activities
Fisheries and the sea	<ul style="list-style-type: none"> Implementation of projects promoting sustainable and resource-efficient fishing and aquaculture, including reducing the impact of fishing on the environment and adjusting fishing to protect the species; measures aimed at protecting and restoring marine biodiversity and marine ecosystems
Support for small and medium-sized enterprises	
Smart Development	<ul style="list-style-type: none"> Purchases of services related to the development of a new product or service design project, new production technology or with significant improvement of a product or technology – vouchers for innovations Acquisition and implementation of technological solutions with a high innovative potential Working together with business and scientific institutions, shaping and promote innovation as a source of competitiveness of the economy Creating innovative companies and invest in them with venture capital Development and implementation of new business models for SMEs, in particular in order to internationalize
East Poland	<ul style="list-style-type: none"> Development and implementation of new business models for SMEs, in particular in order to internationalize
Rural Development Program	<ul style="list-style-type: none"> Promotion of employment and labour mobility by facilitating diversification of activities, establishment of new, small businesses and job creation
Fisheries and the Sea	<ul style="list-style-type: none"> Support SMEs in the fisheries sector and aquaculture

Source: AGERON Polska own study based on „Fundusze unijne na lata 2014-2020 – przewodnik dla przedsiębiorców”, KPMG 2015 [„EU funds for 2014-2020 – Guide for entrepreneurs”, KPMG in 2015].

The companies operating in the analyzed region can benefit from aid provided within the framework of individual priorities. In the case of the priority : “Research and Innovation”, support applies to conduct by a company of any scientific research activity, for example, to develop or improve products, services and processes, to create research and development facilities and transfer technology. The priority “Competitiveness of Enterprises” includes activities promoting entrepreneurship and creation of better conditions to develop the SME sector. Companies can receive support in the form of a voucher for advice or input of capital (investment in the company), as well as help with promoting their offers abroad and creating or retrofitting infrastructure in order to introduce new products and services. Under priority “Environment Friendly Energy” financed by various types of investments related to the production of renewable energy, in the context of “Energy efficiency and low-carbon economy” – e.g. thermo-modernization of enterprises, implementation of energy-efficient technologies in production and use of energy, rebuild production lines to be more energy efficient. Support may also be given to entities which declare their willingness to become social enterprises (“Social inclusion”) and those starting their activities (“Labour market”). Help with setting up a company is also offered in the case of “Adaption of companies and workers to changes.”

The companies can be the beneficiaries not only of the Regional Operational Program, but also **national programs**:

- Infrastructure and the Environment,
- Smart Growth,
- Digital Poland,
- Knowledge Education Development,
- Eastern Poland,
- Rural Development,
- Fisheries and the Sea.

The actions taken with the support of operational programs can be divided into four thematic areas. The first one concerns the **research and development** meaning the creation or improvement of a product, service or technology. Indicated objectives the entrepreneurs can carry out within the framework of the following programs: “Smart Development” and “Rural Development”. The second area covers **innovation activities**, to which it is considered the introduction of new or improved products, processes, and marketing and organizational methods. Support innovation is guaranteed by the programs: “Smart Development”, “Eastern Poland”, “Rural Development”, “Fisheries and Sea”. **Power engineering and environmental protection** is the third area in which entrepreneurs can get help. Investment effects should include: promotion of clean energy, use of renewable energy sources, energy efficiency and use of resources, pro-environment

Table 41. Aid for investments which are essential to the economy

Support in respect of the eligible costs of a new investment

Sector	New jobs	Minimum eligible costs	Value of the aid (% of eligible costs)
Priority (production investment)	50	PLN 160 million	2-12,5%
Other (a significant investment)	200	PLN 750 million	2-12,5%
	500	PLN 500 million	2-12,5%
research and development	35	PLN 10 million	do 10%

Support for creation of new jobs

Sector	New jobs	Minimum eligible costs	Value of the aid for 1 workplace
automotive, electronics, aerospace, biotechnology	250	40	3200-15 600 zł
modern services	250	1,5	
research and development	35	1	
other (a significant investment)	200	750 mln zł	
	500	500 mln zł	

Source: AGERON Polska own study based on the information provided by the Ministry of Economy.

Table 42. Property tax reduction in the municipalities of Lublin Voivodeship in 2011.²²⁹

Subject of tax	Average tax rate reduction	Percentage of municipalities using reduced rate
Business-related buildings, including in residential buildings	24,9%	97,6%
Land related to running a business	22,5%	90,8%

Source: AGERON Polska own study based on the analysis „Wpływ polityki podatkowej gmin na rozwój regionu na przykładzie województwa lubelskiego”, Lublin 2013 [The impact of tax policy of local government on development of the region based on the example of Lublin Voivodeship”, Lublin 2013 {}].

activities, and reduction of pollution. Projects related to these issues are supported by: “Infrastructure and Environment”, “Rural Development”, “Fisheries and Sea”. In large national programs a lot of attention is given to **support for small and medium-sized enterprises** – the fourth thematic area. The role of such entities is considered to be very important in the process of economic development, because records relating to the SME sector are found in the following programs: “Smart growth”, “Eastern Poland”, “Rural Development”, “Fisheries and Sea”.

Investment incentives

All sorts of investment incentives are offered within the framework of public aid and de minimis aid to companies. Entrepreneurship development institutions in Lublin Voivodeship can inform entities about the possibility of using national incentives that is from the government **support offered to investors**. This support is granted within the *Program of investment promotion essential to the Polish economy for the period 2011-2020* and takes the form of a grant delivered on the basis of a bilateral agreement between the Minister of the Economy and the Investor. Help is not addressed to all entrepreneurs – it applies to only two groups. The first are investors who want to start a business in one of the seven priority sectors: automotive, electronics and production of home appliances, aerospace, agro-food, biotechnology, modern services, and research and development activities. The

²²⁹ Data presented based on the survey results conducted among 163 municipalities of Lublin Voivodeship.

second group includes investors who plan production activities, where the minimum eligible costs are PLN 750 million or PLN 500 million, and the number of jobs reaches the value of 200 or 500. The Ministry of Economy recognizes two types of grants – for employment and investment. Their scale is dependent, among others, on the number of new jobs, size of investment, location, and sector.

Investment incentives within regional aid are also at the local level and are offered by the commune authorities. Among them, there are **exemptions from local taxes and charges**, concerning in particular property taxation (land, buildings and structures or parts thereof) and means of transport. The exemption from tax on property and vehicles is established through resolutions by the municipal council and for the entrepreneurs to be granted the relief, they have to fulfill all the requirements contained in the document drawn up by the authorities. Each municipality alone establishes procedures for granting a relief and shapes the tax rate (subject to the provisions overriding legal acts), taking into account planned capital expenditures and a number of new jobs created. Tax exemptions are conducted under regional aid or de minimis aid, in accordance with the conditions set out in the previous section.

In 2011, the vast majority of municipalities in Lublin Voivodeship applied for the reduction of property tax due to the company's business activities. The amount of tax and number of municipalities influencing the rates varied depending on the subject of taxation. In the case of buildings, the reduced rates were introduced by 97.6% of local government, and in the case of land – by 90.8% of local governments. Tax in the surveyed units was less than the maximum rate by an average of 24.9% and 22.5%.

Investment incentives are widely used in the **Special Economic Zones**, which are characterized by preferential business conditions. Among the incentives should be noted:

- public aid in the form of reliefs and exemptions from taxes on income,
- necessary infrastructure for industry,
- availability of affordable land investment,
- administrative support in legal matters.

There are three Special Economic Zones in Lublin Voivodeship: SSE Starachowice, SEZ Euro-Park Mielec and Tarnobrzeg SEZ Europark Wisłosan. **The amount of income tax relief in these areas is linked to the size of the company** and amounts to 70% for micro-and small businesses, 60% for medium-sized, and 50% for large business. It is worth noting that support to economic entities is granted in the amount of

up to 70% of the eligible costs of investment or a period of labour costs of the newly employed workers. More information on the Special Economic Zones is placed in Section 2.9.1.

Labour market support instruments

Investors can make use of the **labour market support instruments** offered by the poviats labour offices operating in Lublin Voivodeship. Entrepreneurs receive aid for the employment of unemployed persons, which can take different forms. Among the most common the following can be distinguished:

- support in the process of recruiting staff with specific qualifications – the office provides businesses with information on the candidates who meet the requirements to work in specific positions. It also organizes meetings of employers with potential employees, and provides opportunities to establish relationships between these groups, e.g. during job fairs,
- intervention works – employment of the unemployed in a difficult situation is based on an agreement between the entrepreneur and the labour office and is subsidized by the office. Therefore, the office reimburses the cost of employment for a period of 6 months to 4 years
- reimbursement of expenses incurred by the company to create new jobs for unemployed persons – reimbursement covers all or part of the funds dedicated for equipment, hardware, software, etc. in an amount not exceeding six times the amount of the average salary. It should be noted that the unemployed person must be employed for at least 24 months
- internship – the company organizes training, lasting from 3 to 12 months, to which an unemployed person is directed by the labour office. Employer does not conclude agreements with the unemployed, scholarship to the trainee is to be paid by the labour office.
- Financial support training programs for the unemployed – potential employees can improve their skills and acquire concrete and practical skills that will be useful to the positions offered by the company,
- reimbursement of the costs associated with social security contributions incurred as a result of the employment of an unemployed person delegated to work by the office – the amount of the refund may not exceed 300% of the minimum wage and is offered only if the unemployed has been employed for 12 months and is still employed,
- vocational training of adults – take the form of practical training, which lasts from 6 to 18

Table 43. Most common labour market support instruments in Lublin Voivodeship in 2013.

Instrument	Number of people using the instrument
Internship	15 738
Training	3 457
Intervention work	1 293
Public works	1 070

Source: AGERON Polska own study based on the information provided monthly by the Voivodeship Labour Office in Lublin

months or apprenticeship to work covering the period from 3 to 6 months. On the basis of an agreement between the company and the labour office unemployed persons acquire theoretical knowledge and practical skills that are verified during final exam. Employers may be reimbursed for the costs of organizing vocational training of up to 2% of average monthly salary for each full month of the program and receive a one-time bonus for each participant who completed the program and passed the exam,

- Support for employers of people with disabilities – reimbursement employment and training of disabled people, to prepare for the job or to adjust the place of employment.

In Lublin Voivodeship among the most commonly used instruments to support the labour market can be identified such tools that serve as an active form of counteracting unemployment. In 2013, many people have benefited from the internship – it was attended by 15 738 unemployed. Second place was taken by training, which began 3 457 inhabitants of the analyzed region. The unemployed found employment within the framework of intervention works and public works – out of the indicated instruments in the surveyed year benefited respectively 1 293 and 1 070 people.

ANALYSIS OF THE AVAILABILITY OF INVESTMENT AREAS

An analysis of the availability of development sites is carried out by office space and investment plots within the Special Economic Zones and the Zones of Economic Activity. In addition, attractive investment areas are offered in various municipalities of the region. As part of this study, taking into account the very important from the point of view of an investor transparency of the operation of the zones and the ease of obtaining timely information about them – the Subzones of the Special Economic Zones and Economic Activity Zones have been evaluated.

Special Economic Zones

Special Economic Zones (SSE) are part of the areas in the country, where economic activity may be carried out on preferential terms. SSE is increasing the potential of investment attractiveness of regions, land use of brown field sites and creating new jobs. In the framework of the SSEs, entrepreneurs can count, among others, on the following amenities:

- state aid in the form of reliefs and exemptions from taxes on income,
- presence of the necessary infrastructure for industry,
- availability of affordable land investment,
- administrative support in legal matters.

In Poland there are currently 14 SSEs. They function under the Act of 1994 and will operate under certain conditions until the end of 2026. Subzones of SSE often have specialization, creating optimal conditions for the companies with the required profile. At the SSE science and technology parks subzones are often initiated, acting as centres that educate qualified staff and help build relations between the science and business community.

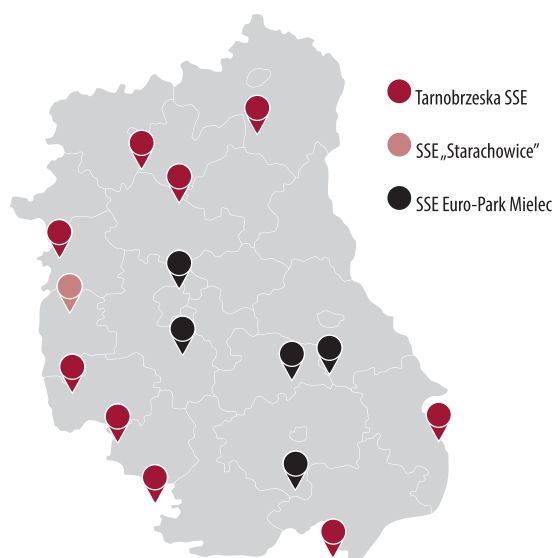
SSEs are appointed by the Council of Ministers as an effective tool to attract Polish and foreign investors. In Poland in 2013, foreign investments in SSEs accounted for 80% of all investments.²³⁰ Investors interested in activities in the SSEs must apply for a special permit. All SSEs are subject to the general rules and regulations in force within the context of specific zones. Any special economic zone (SSE) consists of a number of special economic subzones (PSSE). In Lublin are 3 special economic zones:

- SSE „Starachowice”
- SSE Euro-Park Mielec
- SSE Tarnobrzeg Europark WISŁOSAN

In all these SSEs, there are similar preferential investment terms. They are defined by partial exemption from income tax in respect of capital expenditure incurred or due to two-year incurred costs of

230 The report, „20 years of SSEs”, KPMG, 2014

Map 6. Location of SSE subzones in Lublin Voivodeship



Source: AGERON Polska own study based on SSE websites

creating new jobs. Size of relief depends on the size of the company:

- 50% for large enterprises
- 60% for medium-sized enterprises
- 70% for small enterprises

The minimum amount of capital expenditure is EUR 100 000. In addition, in order to receive the aid, it is necessary to conduct business activity or maintain created jobs for at least three years (including MSP [Small and Medium Enterprises] or five years (large enterprises)).

When considering applications for permits to operate in the economic zone authorities, the authorities pay most attention to the following:

- number of jobs created (minimum size is determined on the basis of the unemployment rate in the region)
- amount of effort made to SSE and contribution to the industrialization of the region
- innovation represented by the sector (the best chance for a permit have undertakings operating in the priority sectors)

There is also the possibility of tax relief from property tax, but such relief now solely depends upon decision made by the municipality, on the territory in which the zone is located.

SSE Starachowice

Special economic zone „Starachowice” was established in 1997 and covers the range of 15 subzones located on nearly 645 acres in five voivodeships:

- Swietokrzyskie (the largest concentration of PSSE)
- Opolskie
- Lodzkie
- Mazovian
- **Lubelskie**

It is the smallest of these special economic zones. By the end of September 2014 in SSE Starachowice was issued 76 permits for business activities and invested the equivalent of over PLN 1853 mln. From 3340 jobs created, 2993 jobs have remained. In Lublin Voivodeship, there is a second subzone considering the size area called “Pulawy” occupies around 17% of the total area of Starachowice SSE. The main specializations within the zone:

- production of chemicals and chemical products
- activities linked to the production of other non-metallic mineral products
- printing and reproduction of recorded media,

Pulawy Subzone

Pulawy Subzone is a rapidly growing investment area with a total surface area of almost 107 ha, located entirely within Azotowe PULAWY, which is the leader of the Polish fertilizer and chemical industry. In PSSE Pulawy **an area of 31 ha is still waiting for investment**. Pulawy Subzone is equipped with the appropriate infrastructure and raw materials necessary to companies in the chemical industry. In the city Pulawy, there are two research science parks: the Science and Technology Pulawy Park and Pulawy Industrial Park (more in chapter 2.6.4.2 and 2.6.5.2).

The subzone leads extensive promotional activities aimed at investors to promote the area in the vicinity of Zakłady Azotowe Pulawy. This includes, among others, cooperation and promotion of the zone with the help of the PAIIZ or Polish embassies, which consisted, among others, on placing information about the zone in their promotional materials. The zone has high entry criteria related to the value of investment and number of employees, so the offer is targeted primarily at investors planning large investments, most often to entities operating in the chemical industry and related in their business activities with Zakłady Azotowe Pulawy.

SEZ Euro-Park Mielec

SEZ Euro-Park Mielec is the oldest economic zone in Poland. It was established in 1995 and is located within 26 sub-zones with a total area of 1460 ha in the following voivodeships of South-Eastern Poland:

Table 44. Special economic zones which subzones are located in Lublin Voivodeship

Zone	Total area (ha)	Number of valid permits	Value of investment made in PLN mln	New jobs	Maintained jobs
Starachowicka	644	76	1 853,15	3 340	2 993
Mielecka	1460	212	6 406,08	20 549	6 177
Tarnobrzaska	1722	186	7 876,13	19 340	7 489

Source: SSE websites.

Table 45. PSSE located in Lublin Voivodeship

SSE	PSSE	Total area (ha)	Available area (ha)	Discounts and benefits for investors	The principles and criteria applicable to SSEs
Starachowicka SSE	Pulawy	106,71	31	<ul style="list-style-type: none"> • Entrepreneurs are entitled to exemption from income tax in respect of capital expenditure incurred or two-year costs of recruited workers. • The amount of income tax exemption depends on the size of the company: 	<ul style="list-style-type: none"> • THE TERMS FOR JOINING SSE: • Minimum investment amount of EUR 100 000 • Creation of new jobs • ELIGIBILITY FOR THE AID UNDER SSE: • Running a business for a period of not less than 5 years, • maintaining ownership of the assets to which investment expenditure were related for a period of five years,
Tarnobrzaska SSE	Lukow	40,49	35	<ul style="list-style-type: none"> • 70% – in the case of micro-and small enterprises • 60% – in the case of medium-sized enterprises • 50% – in the case of large enterprises 	
	Tomaszow Lubelski	10,56	10,56		
	Janów Lubelski	18,51	12		
	Krasnik	23,48	19,5		
	Horodlo	5,30	5,3		
	Ryki	4,46	4,46		
	Radom (Poniatowa commune)	7,7	5,7		
Mielecka SSE	Radzyn Podlaski	1,75	1,75		
	Rejowiec Fabryczny	27,1	27,1		
	Lubartow	19,78	8,71		
	Lublin	118,08	3,5		
	Chelm	6,22	6,22		
	Zamosc	43	40,85		

Source: individual interviews and websites of city and rural municipalities.

- Subcarpathian
- Silesia
- Lesser Poland
- Lublin

By the end of September 2014 in SSE Mielec was issued 212 permits for business activities and implemented investments with a total value of over PLN 6406 mln. More than 20.5 thousand jobs were created, of which 6.2 thousand jobs have remained. In Lublin Voivodeship there are five sub-zones of SSE Mielec. Due to industrial conditions and specific development goals, SSE Mielec aims primarily at attracting investors from the following sectors:²³¹

- automotive
- ceramic
- construction
- biotechnology
- modern services (due to the major academic centre)
- food processing
- furniture

Lublin Subzone

PSSE Lublin is the largest and fastest-growing subzone of SSE Mielec in Lublin Voivodeship, occupying over 118 ha, of which the vast majority of the area has already been developed industrially under commerce and industry (with the exception of 3,5 ha). The Subzone was already twice increased in size due to the large interest coming from investors and in future there is further plan to increase the area by 82 ha. PSSE Lublin is entirely located in the industrial area of the city and offers a very convenient location with full infrastructure. The Subzone caters primarily to key sectors of the economy of the city, including the automotive industry, engineering, food, biotechnology and pharmaceutical industries, as well as services – BPO, SSC, IT and ICT. In the Subzone operates many investors with foreign capital – the ratio with regard to Polish entrepreneurs is about 40:60. In terms of industries, most investors come from France, Germany, Switzerland, Italy, the Netherlands and the United States. While most foreign capital in the context of service activities comes from France, Germany, and Austria, there are also Swiss and Czech investors. Currently, there are 31 companies located in the zone.

Lublin Subzone is very much focused on the use of new technologies and creation of centres of scientific research because of their academic facilities (there are 14 universities in Lublin). Since 2005, the Lublin Science and Technology Park has been operating

and supporting R & D for new technologies and introducing innovative solutions to business.

Zamość Subzone

Zamosc is the second-largest subzone of SSE Mielec. It occupies an area of over 43 hectares, where undeveloped land is still 76% of the total area of the subzone. There have already been five business permits issued and three investors have initiated their business activities. The city is in the process of negotiations with other investors.

Zamosc is primarily a regional service centre for the southern part of the voivodeship and an industrial centre. The main sectors active in Zamosc were always the food industry and furniture.

Rejowiec Fabryczny Subzone

Rejowiec Fabryczny Subzone was established at the beginning of 2015 and thus it is the youngest subzone of SSE Mielec, occupying an area of over 27 ha. Currently, more than 17 ha of the land are suitable for the needs of industry, construction, services and communications. The remaining 10 hectares is intended mainly for the construction of production facilities and warehouses. In the case of high investor interest, the city is ready to enlarge the area of the subzone by 43 ha of attractive land. In 2014, the sites designated to the zone area have been recognized in Lublin Voivodeship with the first place in the competition „Grunt na Medal”²³² [the Base for Medal]”

Investment areas are located in the village Pawlow in the Rejowiec Fabryczny Municipality. The area included in the SSE was traditionally an industrial area, but these trends have faded after a period of economic transformation in Poland. Recently the legal status of the land was settled, and infrastructure has been upgraded to meet the requirements of investors.

Lubartów Subzone

Lubartow Subzone is an area of almost 20 ha of which almost 20 ha are still waiting for the development of more than 8.7 ha. In Lubartow there is the Lubartow Economic Zone, which includes the areas of PSSE and those adjacent to it. The municipality within the LSG offers further relief in property tax to new investments.

With the emergence of PSSE and the Economic Zone, Lubartow has become a thriving centre. It is a well communicated city, with natural resources and is located near the capital city of the voivodeship.

²³¹ Notice of the Minister of Economy of 7 April 2015 on the establishment of a development plan of the SSE Euro-Park Mielec, *Journal of Laws of the Republic of Poland*.

²³² Kolejna podstrefa ekonomiczna w województwie lubelskim [Another sub-economic zone in Lublin Voivodeship], 18 January 2015, [in:] <http://www.dziennikwschodni.pl/chelm/n,150119655,kolejna-podstrefa-ekonomiczna-w-wojewodztwie-lubelskim.html> – accessed on 21 June 2015

The primary sector of the economy developing in Lubartow is construction. There are a number of establishments such as production and service, or presently printing.

Chelm Subzone

Chelm Subzone has over 6 ha and was established at the beginning of 2014. The creation of Chelm Subzone in the industrial area was a natural consequence of the development of a vibrant industry and a desire to attract new investors to the region. The preferred purpose is the development of service activities for industry (base transport, storage). The city does not exclude the possibility of extending the sub-zone, if the interest of investors exceeds the current size of investment areas.

Chelm is one of the five larger cities in Lublin Voivodeship (considering both, its population and surface area), situated less than 30 km from the border with Ukraine. In Chelm, the following sectors operate most actively: mineral, food, and construction. Due to qualified staff, the aviation industry has been also developing.

Radzyń Podlaski Subzone

Radzyn Podlaski Subzone occupies a small area under 2 ha. The entire area has already been developed.

Radzyn Podlaski is a town located in the North of Lublin Voivodeship and known mainly from its dairy tradition. In the city also operates still developing foreign investment called the Surgical Tools Factory.

SSE Tarnobrzeg EURO-PARK WISŁOSAN

Special Economic Zone in Tarnobrzeg is situated on Eastern Poland territories, occupying an area of 1722 ha. It is therefore the largest SSE described so far. It includes 21 subzones located in six voivodeships:

- Mazovian
- Podlaskie
- Subcarpathian
- Swietokrzyskie
- Lower Silesia
- **Lublin**

By the end of September 2014, SSE Tarnobrzeg issued 186 permits for business activities and invested the equivalent of more than PLN 7876 million. There are 7 sub-zones in Lublin Voivodeship occupying a total area of 110,5 ha. The main specializations of the zone:

- manufacture of computers, electronic and optical products
- production of machinery and equipment

Subzone Łuków

PSSE Lukow is the largest sub-zone of SSE Tarnobrzeg in Lublin Voivodeship. It occupies more than 40 ha, of which 35 ha are available. A major advantage of the subzone is its strategic location, less than 120 km from Warsaw and 100 km from Lublin. The town is also in the transport corridor Berlin-Moscow.

The Subzone is located outside of urban areas, at a distance of 3 km from the town of Lukow. It is adjacent to the agricultural regions and at the same time is far from the protected natural areas, therefore, giving opportunity to investments with various profiles. Preferred industry would be mainly agro-food industry, thanks to which it would be possible to use local agricultural products. In the region, due to the skills of the workforce, investments can be aimed at machinery, metal, wood and light industries. To introduce new plants in the area, pharmaceutical and chemical plants and those dealing with renewable energy sources are preferred. The Lukow Commune authorities to meet the development of entrepreneurship on its territory offers property tax breaks to entrepreneurs who want to start their investments.

Kraśnik Subzone

Krasnik PSSE is an area of more than 23 ha, with over 19.5 ha available to investors. The fastest growing sectors are: processing, metal, and printing. The biggest plant is Fabryka Łożysk Tocznych (the largest bearing manufacturer in Poland). Krasnik in the near future is likely to become the city, which will operate alongside the two SSEs. There is a high probability of expanding SSE Mielec by the area of a company Cyclone, which is building a production plant in Krasnik²³³.

In Krasnik, entrepreneurs can count on reliefs and an interim exemption from property tax. The exemption is granted, if, as a result of the investment, new jobs will be created, and that employment will be maintained for a given period.

Janów Lubelski Subzone

In Janow Lubelski there is PSSE with a total area of over 18 hectares, with over 66% of the land to be developed. The area of the Subzone is partially in the woodlands of the Landscape Park „Łasy Janowskie” [Janów Forests]. In the vicinity of the Subzone additional 180 ha was allocated to investment within the framework of the **Janow Investment Zone “Borownica”**, creating optimal business environment

233 *Kraśnik: Firma Cyclone ma być objęta Specjalną Strefą Ekonomiczną Euro-Park Mielec [Kraśnik: Company Cyclone to be covered by the Special Economic Zone Euro-Park Mielec]*, 15 March 2015, [in:] <http://krasnik.naszemiasto.pl/arttykul/krasnik-firma-cyclone-ma-byc-objeta-specjalna-strefa,3303335,art,t,id,tm.html> – accessed on 21 June 2015

for companies wishing to establish itself in PSSE Janów.

Janów Lubelski is an economic centre specializing in the engineering industry, wood and clothing. Target industries for Subzone Janów Lubelski are primarily the machinery industry, metal, construction, lumber, paper, light, pharmaceuticals, and cosmetic. Great importance is placed on development of innovative objects.

Tomaszów Lubelski Subzone

PSSE Tomaszów Lubelski is an area of more than 10.5 ha, still undeveloped by investors. There are two complexes in the zone. One of them uses a pre-existing infrastructure. The second is undeveloped where there are very favourable conditions for locating the food industry, using local produce. Other preferred local sectors are the metal industry, machinery, wood, and light.

Tomaszów Lubelski is located very close to the eastern border of Poland. In the powiat, at a distance of 25 km from PSSE, there is a border crossing between Poland and Ukraine.

Horodło Subzone

Horodło Subzone occupies an area of more than 5 ha, with the possibility of extensions of currently available investment areas. The entire area is available for investors. The area of the subzone is owned by „Cukrownia Strzyżów” [Sugar Factory], therefore with necessary infrastructure. The area will be attractive to investors who want to produce on a broadly understood Eastern market. PSSE Horodło is just 6 km from the border with Ukraine.

Ryki Subzone

Ryki Subzone is the smallest of Lublin economic subzones of SSE Tarnobrzeg, occupying almost 4.5 ha; this whole area is still available for investment. Ryki is a large resort of the food industry, located in a convenient location at a distance of about 100 km from Warsaw and 70 km from Lublin.

Radom Subzone (commune Poniátowa)

The subzone covers an area of 7.7 hectares, of which 5.7 hectares are available for development. The subzone in Poniátowa is a specific example of investment areas – the area belongs to PSSE Radom, which is located in Mazovian Voivodeship. However, the areas dedicated for investment belong to the city within Lublin Voivodeship, Poniátowa (the regions of Eastern Poland), which offers the highest level of exemption on income tax – 50-70%.

Prospects for development of special economic zones (SSE)

Existing special economic subzones in Lublin Voivodeship have been in a large extent developed. All PSSEs in the region cover a total area of 431.04 hectares, of which 49% is undeveloped. The operating zones can be divided into three groups with regard to the prospects for development – the subzones, which in the near future intend to expand its area (within 2 years), the subzones, which are ready to increase the area but in the longer term (over 2 years), and the subzones, which area is not planned for expansion.

In the near-term perspective, PSSE Lublin plans to extend its area for about 82 hectares²³⁴. It is the largest and at the same time the most developed zone.

In the longer-term perspective – at least several years, extending its area for about 43 hectares is possible to the zone represented as the youngest in the region – PSSE Rejowiec Fabryczny. Today, however, all of its area of 27.1 hectares is undeveloped. A similar position declare the city of Chełm, which in the event of high interest in investment areas, established as PSSE Chełm in 2014, may increase its current size (now the zone is undeveloped – 6.22 hectares of available land). A specific example of development zones is Krasnik, within which the subzone of Tarnobrzeg SSE operates. The city authorities take into account the creation of the sub-zone of Mielec SEZ in the nearest future, where there are plans to establish a company operating in the aviation industry – typical to Mielec SSE. Subzone Horodło is also open to the possibility of extending its area, which currently is not utilized.

Development of zones is not just about increasing their surface area – is also associated with the implementation of new investments. In this regard, each of the zones is happy to accede to talks with potential investors and seeks to acquire them actively. In many areas, there are investments in progress, including investors with foreign capital.

Economic Activity Zones

In Lublin Voivodeship besides special economic subzones, there are also areas of increased economic activity, called, the Economic Activity Zones (SAG). These are usually areas with extensive and convenient infrastructure and a well prepared business environment. They are created by the local government.

²³⁴ Information obtained through IDI with a representative of PSSE Lublin; *Strefa ekonomiczna w Lublinie ma być większa* [The economic zone in Lublin is to be extended], 18 September 2014, [in:] <http://www.dziennikwschodni.pl/lublin/n,140919651,strefa-ekonomiczna-w-lublinie-ma-byc-wieksza.html>,

Therefore, in contrast to the SSE, SAG is not regulated by a special law of the Council of Ministers and preferential conditions for investors do not apply there. This makes it easier to get a business permit. Each region decides for itself how it wants to attract new businesses. SAG's role is to stimulate the local economy and create new jobs

Malaszewicze Economic Activity Zone

Malaszewicze Terminal – Free Customs Area

Malaszewicze Terminal was created in 1993 and covers an area of more than 166 ha. It is thus the largest duty-free area in Poland. It is located 5 km from the border with Belarus, which is situated on the main transit route between the European Union and Russia. By establishing a customs-free zone (WOC), international trade and cargo handling in transit is better facilitated. In the WOC, all forms of business activity are allowed with the exception of retail trade.

The companies operating in the area of the WOC in Malaszewicze are Adampol (transportation company of cars, vans and light duty vehicles) and Gaspol (company delivering energy solutions – in Malaszewicze operates in Terminal LPG). In the immediate vicinity there are also other companies, among others, Darocha (manufacture of paraffin masses) and Trasa (road works and construction).

Facilities for investors in the WOC in Malaszewicze:

- convenient railway connections – rail tracks of European and Russian standards,
- possibility of transshipment
- possibility of storing goods without customs guarantee
- 24-hour monitoring and 24-hour availability of the object
- access to Wi-Fi,
- regularly trained personnel,
- offer services to optimize the logistics and support in the preparation of the dossier.

Dry Transshipment Point Station in Malaszewicze

In the vicinity of the duty-free area is a transshipment port of international importance. In the port, goods are transshipped from broad-gauge rolling stock to standard gauge rolling stock. In the port there are many Polish and foreign companies, among others, PKP CARGO, DHL, Euroservice, Europort. In June of 2015. The PKP Cargo Group established cooperation with a Chinese company – Zhengzhou International Hub. One of the jointly pursued projects will be to expand the port in Malaszewicze. The joint venture in Malaszewicze, created by the two companies, will take care of rail transport of containers between Europe and China, which will allow to manage an

Map 7. Location of SAG in Lublin



increase in the number of trains from China to Europe to 300 per year²³⁵.

Zakład Magazynowania Paliw nr 22 w Malaszewiczach [Fuel Storage Plant No. 22 in Malaszewicze]

Operator Logistyczny Paliw Płynnych [Logistics Operator of Liquid Fuels] – a fuel storage facility, operates a short distance from the WOC warehouse area and the port of transshipping. This is the most important petroleum base in eastern Poland. It offers connections with the railway system of the former Soviet Union, and with European countries. The company offers services in the following areas:

- Reception of petroleum products from rail transport and storage
- loading into rail tank wagons and tank trucks
- transshipment of petroleum products from wide on standardized track
- fuel composition
- laboratory service

Bialska Strefa Aktywności Gospodarczej „Północna” [Bialska Economic Activity Zone “North”]

According to the local plan area BSAG covers 87 hectares and is located in the northern part of the city Biała Podlaska, meant entirely for the purpose of economic development (commercial activity, production,

²³⁵ Burda E., 17 June 2015, *Z Chin przez Malaszewicze. Tędy przejadą kontenery z Azji* [From China to Malaszewicze. From China by Malaszewicze. The containers from Asia will travel through this area [in:]] <http://www.dziennikwschodni.pl/biala/n,1000163196,z-chin-przez-malaszewicze-tedy-przejada-kontenery-z-azji.html> – accessed on 21 June 2015; *Kolejowy szlak z Chin do Europy* [Railway route from China to Europe], 17 June 2015, [in:] <http://www.lubelskie.pl/index.php?pid=1951&mode=news&group=501&news=51783&p=1> – accessed on 21 June 2015

storage). Within in the Zone, there is the Customs House and the Customs Office. The area has a direct connection with the bypass road of the city. 58 ha are still available, however, only 21 ha are fully developed with utility infrastructure. Additionally, the city is trying to create another SSE Mielec subzone on its territory²³⁶.

Exemptions from property tax for entrepreneurs who create new jobs and investments are provided to stimulate entrepreneurship. The presence of zones positively affects the development of the city. Investment areas are very popular. In the zone operates at least 60 companies, most of which are small businesses.

Zamojska Strefa Aktywności Gospodarczej [Zamosc Economic Activity Zone]

ZAMOJSKA SAG is an area of 40 ha. Sectorally, the zone overlaps with the areas of PSSE Zamosc, however, both have other principles of investing. Investors who decide to purchase the land in SAG will be exempt from property tax for up to four years. The period of exemption depends on the number of jobs created.

Office space

Polish office lease market is constantly monitored by the Polish Office Research Forum (formerly the Warsaw Research Forum), which brings together the leading consultants in commercial real estate. The analyzed data pertains, among others, to the demand for office space (i.e. of leases), available space, and buildings put into operations. The analyses present data on a quarterly basis and from the beginning of this year, besides Warsaw, also includes other major cities in Poland. Among the presidential cities of Lublin Voivodeship, the above analyses are only conducted for Lublin.

When deciding on the choice of location, investors pay close attention to the available office space, lighting of the space and its ability to adapt to their needs²³⁷. This applies particularly to new buildings, first-class, aimed at foreign investors. It is important to emphasize that there is more interest in large office space due to a desire to create the so-called *open space*. The supply of office space in the market continues to grow, which, per observations, has a significant impact on rental prices. Research shows that the majority of tenants after several years change their registered office thereby the percentage of vacant space

in older buildings has been increasing and therefore prices are falling. Typically, investors' interest focuses on new buildings, offering the latest available facilities and technologies – there is growing popularity of energy efficient buildings²³⁸.

To create a list of the most attractive office premises, the information, among others, from local real estate agencies, Internet portals, as well as municipal offices has been used. Available locations were selected on the basis of the preferences described above. In the presidential cities of Lublin Voivodeship, besides Lublin, there is relatively a very small number of modern buildings as the incentive for potential investors. The cities that have been analyzed include Lublin, Pulawy, Zamosc, Chelm and Biala Podlaska. Below are the characteristics of the market for office space in each city, whereas, in Annex 3, there is a list of the most interesting offers from the point of view of an investor. For the cities of Zamosc, Chelm and Biala Podlaska only the areas with the most favourable conditions for business activities have been listed, in particular in the sectors of IT / BPO / SSC, due to their low availability of office space during the survey period. The office space market is very dynamic and the database of available space changes quite often so in the context of this analysis and based on the spatial concentration of attractiveness, there have been designated areas within the cities where large office and high standard are available.

Lublin is the most attractive city of Lublin Voivodeship in terms of location services and availability of office space. It is regarded as the largest base of modern offices in Eastern Poland²³⁹. Lublin has been recognized as the most promising place to provide back-office type services in Central and Eastern Europe²⁴⁰. The potential of this location has been also noted by the companies engaged in providing solutions in terms of job placements. At the end of May of this year, Regus opened its headquarters in Lublin, the world's largest provider of serviced offices.²⁴¹

Currently, there is **150 000 sq m of modern office space available** in the city but the demand is so large that there are more planned large investments to increase the supply of this type of premises significantly. An example is the construction of the

236 <http://www.dziennikwschodni.pl/biala/n,999994817,podstrefy-jeszcze-nie-ma-zainteresowane-firmy-sie-juz-zglaszaja.html>

237 http://wyborcza.biz/finanse/1,108340,13763985,Jakich_bur_szukaja_najemcy_.html

238 http://porady.domiporta.pl/poradnik/1,126917,13363095,Energo-oszczedne_biurowce_sa_atrakcyjne_dla_najemcow.html

239 Nowoczesne usługi biznesowe oraz sektor ICT w Lublinie [Modern business services and ICT sector In Lublin], leaflet of the City of Lublin

240 <http://biznes.onet.pl/wiadomosci/nieruchomosci/w-lublinie-powstanie-wielki-kompleks-biurowy/zq535>

241 Biurowce u zbiegu Kraśnickiej i Nałęczowskiej w Lublinie (WIZUALIZACJE, WIDEO) [Office buildings at ul. Krasnicka and ul. Nałęczowska In Lublin], 13 January 2015, [in:]

office-service-residential complex at al. Krasicka and Naleczowska in Lublin, which has been scheduled for completion in 2016. The established complex with 20 000 m² of available office space will be the largest such investment in Lublin²⁴². As part of this study, there have been 12 offers of the most attractive office space in Lublin that make up a total of seven areas of increased attractiveness. Particularly large concentration of office buildings can be observed in the vicinity of ul. Zana and ul. Wallenrod. There is now the city's largest office complex Gray Office Park. Other areas with high availability of office space are situated in the areas along ul. Witosa and Szeligowski.

Pulawy

The next city in terms of the attractiveness of services in Lublin Voivodeship is Pulawy. The main factor affecting the attractiveness of the location is the proximity of the Nitrogen Plant. The last investment realized in the city is Pulawy Science and Technology Park, which because of its location provides opportunities to attract investors from the chemical industry. The city is heavily industrialized and its large part of available area is occupied by warehouses and depot but the real estate market is dynamic and new locations are being built.

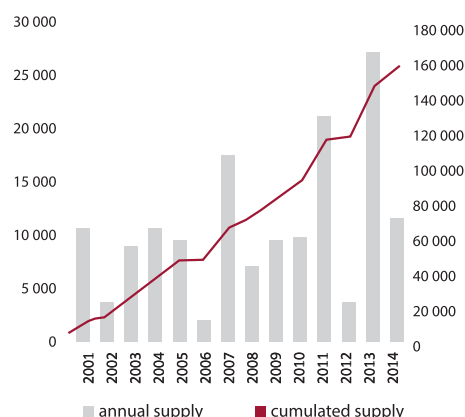
Zamosc

The city currently has several attractive office space available²⁴³. From the point of view of services, the favourable location is the centre of the city, around the Great Market Square. The very centre of Zamosc is an area of favourable locations to services that do not require large areas, such as banks and law firms. However, within the city borders there are many warehouses that can adapt to office space after renovation. These facilities are located in the industrial area around ul. Kiliński, Przemysłowa i Peowiaki.

Chelm

The town offers areas primarily for warehousing and storing commercial equipment. The storage areas are concentrated in the northern industrial part of the city – near ul. Rampa Brzeska and the neighbourhood Bielawin. These objects are mostly old buildings requiring extensive renovation. The areas adaptable for office purposes are primarily located in the city center, adjacent to commercial premises. As in the case of Zamosc, the town centre has potential to attract investors looking for small office space.

Chart 31. The annual and cumulated supply of office space in Lublin



Source: DTZ Research

Biala Podlaska

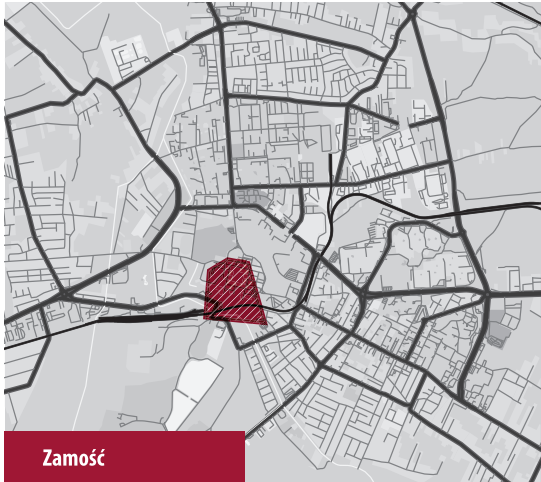
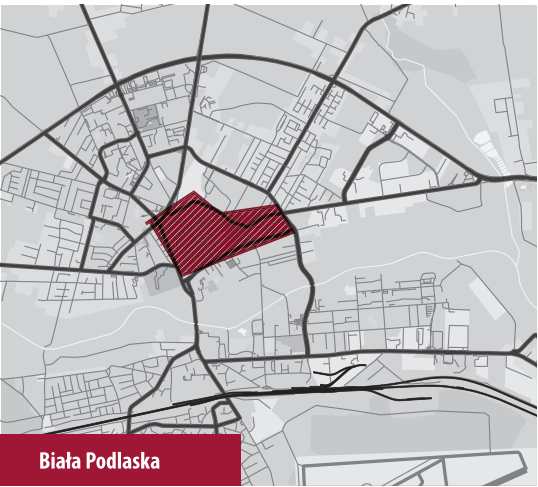
Areas with the highest attractiveness for location services in Biala Podlaska are located in the centre of the city, near ul. Tysiaclecia. Currently there is ongoing construction of an office building at ul. Tysiaclecia, which will provide premises on 4 floors wholly dedicated for offices and services. The city is dominated by premises intended for the use of commercial and service activities that do not require the availability of large office space.

The study shows that among the presidential cities in Lublin Voivodeship, **Lublin and Pulawy** – by virtue of their position as well as development potential, **offer the most convenient office conditions for investors in the region**. It should be noted that the available office space in these cities is constantly growing, becoming increasingly attractive for investors.

242 *Biurówce u zbiegu Krasnickiej i Naleczowskiej w Lublinie (WIZUALIZACJE, WIDEO)* [Office buildings at ul. Krasnicka and ul. Naleczowska in Lublin], 13 January 2015, [in:] <http://www.kurierlubelski.pl/artykul/3713354,biurowce-u-zbiegu-krasnickiej-i-naleczowskiej-w-lublinie-wizualizacje-wideo,id,t.html>, accessed on 20 June 2015.

243 During the time of conducting the study – May/June of 2015

Map 8. Office Space – the most attractive areas in the presidential cities



Source: AGERON Polska own study. © OpenStreetMap contributors

A LIST OF THE MOST ATTRACTIVE INVESTMENT AREAS FOR THE LOGISTICS AND PRODUCTION SECTORS

Given the theoretical developments concerning the investment attractiveness and using that identified within the various studies the most important investment location factors, the five most attractive investment areas can be indicated, identifying sectors in which investment in a given location would be most beneficial; for the production industry (among others, chemical production, pharmaceutical, biotechnology, agro-food, furniture, machinery, metal, wood and light, automotive) and logistics for medium and large enterprises.

service providers, trading, supporting real estate and hotels. The Capital of the companies in this group came mainly from European countries, with the exemption of single cases of investors from South Korea, Canada and the United States. On the basis of the conducted analysis, it can be concluded that **among the most important investments in the region prevailed those with German and French capital**. In one case of the biggest companies, the capital came from Eastern Europe – Lithuania.

It is worth noting that **the location of the test group of companies was characterized by geographical concentration**. The vast majority was in Lublin, and others in the following communes: Melgiew, Jastkow, Swidnik (municipalities adjacent to

Name of the area	Space available [ha]	Sectors with a potential to develop	Location benefits
PSSE Puławy	31	<ul style="list-style-type: none"> chemical production biotechnology 	<ul style="list-style-type: none"> Exemptions to SSE for Eastern Poland Vicinity of Puławy Nitrogen Plant, Accessible communication Vicinity of Research Park and Puławsky Industrial Park
PSSE Zamość	41	<ul style="list-style-type: none"> industry food processing, furniture industry 	<ul style="list-style-type: none"> Exemption to SSE for Eastern Poland Large area of undeveloped land ready to be invested
PSSE Łuków	35	<ul style="list-style-type: none"> agri-food industry, machinery, metal, wood and light, logistics sector 	<ul style="list-style-type: none"> Exemption to SSE for Eastern Poland Proximity to Warsaw
Biała Strefa Aktywności Gospodarczej „Północna”	58 (21 utilities accessibility)	<ul style="list-style-type: none"> agri-food industry, machinery, metal, wood and light, logistics sector 	<ul style="list-style-type: none"> Exemptions on property tax for entrepreneurs who create new jobs and investment, Approx. 30 km from the border with Belarus in Terespol
PSSE Lublin	3,5 ha (ongoing talks to extend the area for 82 ha)	<ul style="list-style-type: none"> logistics industry, the automotive industry, mechanical engineering, food processing, biotechnology, pharmaceuticals 	<ul style="list-style-type: none"> Exemption to SSE for Eastern Poland Vicinity of universities (including technical) – large number of qualified staff

EXAMPLES OF IMPLEMENTED INVESTMENTS

In 2013, in Lublin Voivodeship there were 400 enterprises with foreign capital²⁴⁴. They constituted 26.1% of this type of company in Eastern Poland and 1.5% throughout the country. It's worth pointing out that **11% of the entities employed 50-249 employees, and 6% – more than 250 employees**.

In 2013, among the largest foreign investors in Lublin Voivodeship were industrial enterprises,

Lublin) Ksieźpol (South of Bilgoraj) and Poniatoła (East of Opole Lubelskie). In this respect, it should be assumed that the most attractive for foreign investors was the capital of the voivodeship – Lublin. There is a group of investors who embraced the entire voivodeship, and entities with the share capital participation operated in different communes: the network of large stores.

Taking into account the type of business **the largest group among the large foreign investors accounted for industrial processing companies**. Among the businesses that can be identified are the construction, chemical, pharmaceutical, electronics, machinery and

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metal sectors. In second place in terms of number of companies were those belonging to the commercial sector – food chains, electronics, construction and supermarkets. In the case of individual cases, business entities focused also on advertising, transport and logistics, real estate activities and accommodation.

Interviews with key foreign investors in the region and business institutions allowed the identification of several of the most important investments in recent years. Some of them related to the firms indicated in the table, however, smaller investments were also identified which were significant to the economy of the region or municipality. On this basis, it is possible to identify five examples of successes of the region in attracting investment during the past few years.

One of the companies is **ABM Greiffenberger** with German capital, a company that produces electric drives used in the automotive industry. The location of the production plant is Lublin Voivodeship – in Lublin, which has been determined a major success of the local authorities in attracting business to the city. In 2014, ABM Greiffenberger moved its registered office to SSE Lublin's Mielec Subzone – the new facility has 9 000 m² of production and storage space and 700 m² of administrative area.²⁴⁵ In 2014, the company employed 127 workers in production and assembly, quality, health and safety at work, warehouse and shipping department, and in the area of trade and IT. The size of the investment incurred by the company amounted to about PLN 21 million. Significant from the point of view of this study are the factors affecting the placement of investments. In the case of ABM Greiffenberger, the important factors included primarily reliefs and exemptions offered by PSSE Lublin, highly qualified staff, high availability of workers, employment stability understood as low turnover within one working position or the proximity of research facilities and academic character of Lublin.

Another major investor in Lublin Voivodeship, listed in the above table is **Aliplast Sp. z o. o.** The company was founded with the participation of the Belgian company in 2002 in Lublin, now is located in the SSE Lublin's Mielec Subzone. It is engaged in production of aluminum systems for the construction industry. Currently it employs 220 workers.²⁴⁶ The location of the company was primarily determined by the conditions offered by PSSE Lublin, human resources, with particular emphasis on the academic character of the city, and the presence of existing smaller plants in Lublin outside of PSSE Lublin.

Located in Lublin, **Hüttenes-Albertus**, a subsidiary of the German company, produces chemical products and participates in the development and modernization of the foundry. The company has been operating since 1996 and it is the leading company in its sector, implementing new technologies and dedicating itself to research and development. It employs about 100 workers, most in the section production. It has two warehouses – in Lublin and Poznań, due to the exportation of products to Western countries. The decision of the company was associated with the existence of the cast iron foundry in Lublin, which no longer is in operation. However, as other benefits have been outlined for Lublin Voivodeship, among others, the availability of experts in the field of foundry, well qualified human capital (which is related to the functioning of the Technical University of Lublin and the technical and vocational schools) or a large number of people willing to work.

The location can be identified as important from the point of view of investment attractiveness which also brings many service entrepreneurship to Lublin, operating primarily in the fields of ICT, SSC and BPO. In recent years, regional business activities have been initiated by, among others, Transition Technologies, Trimetis and Proama. **Transition Technologies** is one of the largest IT companies in Poland; it acts as SSC (Software Solution Centre). It has been operating in Lublin since 2013 and now employs more than 50 people, and from mid-2015 intends to increase employment by 50 computer developers.²⁴⁷ Transition Technologies in cooperation with universities, among others, the University of Maria Curie-Skłodowska University, Lublin Polytechnic University and the Higher School of Economics and Innovation, creates modern technological solutions, which point to such sectors as energy, gas, manufacturing, biomedicine, which fit into the key sectors of the economy of the region.

An interesting example of investments made outside the capital of the voivodeship is a construction of the Oxygen Station in Zakłady Azotowe Pulawy S.A. Azoty. It was established in 2011 jointly with the Air Liquide Polska (French capital). This has been one of the biggest investments in recent years in the Polish chemistry sector.²⁴⁸ The station was established in Pulawy in the framework of the Special Economic Zone Subzone Starachowice. This investment is unusual for the reason that the whole production of the Air Liquide Polska – is used in the Zakłady Azotowe [Nitrogen Plant].

²⁴⁵ http://elektronikab2b.pl/biznes/24632-nowa-siedziba-abm-greiffenberger-polska#.VWluu8_tmko,- accessed on 30 May 2015.

²⁴⁶ http://www.aliplast.pl/aliplast___historia_firmy_id_66.html accessed on 30 May 2015

²⁴⁷ <http://www.um.lublin.pl/um/index.php?t=200&id=225489-> accessed on 30 May 2015

²⁴⁸ <http://pulawy.naszemiasto.pl/arttykul/zaklady-azotowe-pulawy-maja-nowa-tlenownie,875198,art,t,id,tm.html> accessed on 30 May 2015

Table 46. Major foreign investors in Lublin Voivodeship

Investor (firm in Poland)	Country of capital origins	Type of business	Commune
Industry			
ABM Greiffenberger	Germany	Production of electrical motors	Lublin
Aliplast Sp. z o.o.	Belgium	production of aluminum profile systems for the construction industry	Lublin
Baxter Healthcare Corporation (Baxter Manufacturing Sp. z o.o.)	USA	production of innovative medications and therapies	Lublin
Biosyntec (Zakłady Tytoniowe w Lublinie S.A.)	France	tobacco production	Lublin
Bochemie Group (Zakłady Chemiczne Permedia S.A.)	Czech Republic	production of colouring agents	Lublin
British Vita (Vita Polymers Poland Sp. z o.o.)	United Kingdom	production and processing of polymer materials	Lublin
Clondalkin Group Holdings BV (Boxes Prestige Poland)	Netherlands	production of paper cartons	Lublin
Daewon Kang Up Co. Ltd, (D&D Resory Polska Sp. z o.o.)	South Korea	production of automotive parts	Lublin
Danish Brewery (Browary Lubelskie Perła)	Denmark	beer production	Lublin
Deutz Fahr Holding and Finance BV (Deutz Fahr Polska Sp. z o. o.)	Netherlands	manufacturing of machinery for agriculture and forestry	Mełgiew
Earlex Group (Elektroland PW)	France	manufacturing of electrical switchboards	Lublin
Hüttenes-Albertus Chemische Werke GmbH (Hüttenes-Albertus Polska Sp. z o.o.)	Germany	production of auxiliary materials for foundry	Lublin
Inergy Automotive (Inergy Automotive System Poland Sp. z o.o.)	France	production of automotive fuel systems	Lublin
Bellmer (Klimapol Sp. z o.o.)	Germany	manufacturing of equipment for mechanical dewatering and thickening of sludge and chemical	Jastków (village of Dąbrowica)
Michael Leier (Leier Markowicz S.A)	Austria	production of construction materials	Księżpol (village of Majdan Stary)
Power Pipe AB (Prim S.A.)	Sweden	manufacturing pre-insulated pipes	Lublin
PZ CORMAY S.A.	International capital	Producer of clinical chemical tests	Lublin
Spectra (Polfa S.A.)	International group	manufacturing of medical devices, pharmaceutical packaging and accessories	Lublin
Sulzer Elbar (Sulzer Elbar Polska Sp. z o.o.)	Switzerland	iron casting	Lublin
SpitznasGmbH (Transtools Sp. z o.o.)	Germany	manufacturing of hydraulic machinery	Lublin
Wentworth Tech INC (Wentworth Tech Sp. z o. o.)	Kanada	production of design tools and moulds for plastics processing, processing of polymers	Poniatowa

Table 46. Major foreign investors in Lublin Voivodeship			
Investor (firm in Poland)	Country of capital origins	Type of business	Commune
Services			
D. Chase Enterprises (UPC Telewizja Kablowa S.A)	USA	cable tv service	Lublin
Gruppo CLN (MW Poland Sp. z o.o)	Italy	merchandising agency	Lublin
Hispanica de aviation (Lotnicze Przedsiębiorstwo Usługowe „Heliseco” sp. z o.o)	Spain	helicopter services	Świdnik
Raben Group B.V. (Raben Polska Sp. z o.o.)	Netherlands	forwarding and logistics services	Lublin
Hotels and tourism			
Accor Hotels	France	Hotel Mercure Unia	Lublin
Louvre Hotels SAS	France	Hotel Campanile	Lublin
Von der Heyden Group	Germany	Grand Hotel Lublinianka	Lublin
Nieruchomości			
First Property Group (Centrum Zana)	United Kingdom	developer office	Lublin
Trade			
Maxima Grupe Litwa ALDIK NOVA Sp. z o.o	Lithuania	grocery store chain	Lublin
Klépierre (Lublin Plaza)	France	shopping and entertainment centre	Lublin
Carrefour	France	network of shops	Lublin Voivodeship
E. LECLERC	France	network of shops	
Jeronimo Martins Holding	Portugalia	network of shops	
METRO AG (Makro Cash and Carry, Real, Media Markt)	Germany	network of shops	
OBI	Germany	network of shops	
TESCO Plc	United Kingdom	network of shops	
The Schwarz Group	Germany	network of shops	
source: AGERON Polska own study using the analysis of investments in the Macroregion of Eastern Poland in the framework of the project „The Creation and Development of the Service Network with the Investor Service Centres”, Warsaw, 2014.			

3. STATUS AND DYNAMICS OF FOREIGN DIRECT INVESTMENT IN THE LUBLIN REGION

STATUS OF FOREIGN DIRECT INVESTMENT

Number of foreign direct investment projects

In the years 2004-2013, the number of companies with foreign capital in Lublin Voivodeship was subject to fluctuations. The number of companies grew until 2006 when it reached approx. 9% higher value than that of the base year. In the next three years a downward trend occurred, resulting in the decrease in the number of entities by 5.4%. Since 2009 there has been an upward trend in the region. In the last four years under the study, the number of companies increased by 25.8%, which is 29.9% higher than that in the base year.

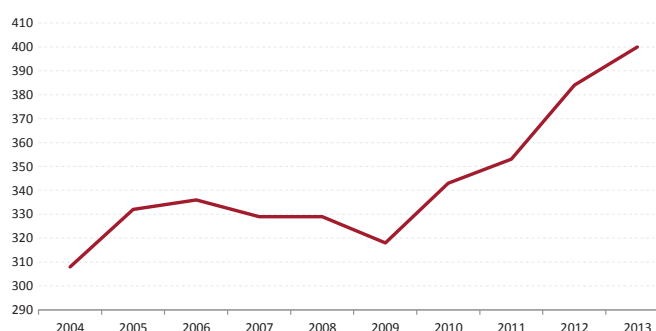
In 2013 there were 400 companies with foreign capital in the Lublin region, which accounted for 1.5% of such entities in Poland and 26.1% in all regions of Eastern Poland (regions of Lublin, Podkarpackie, Podlaskie, Świętokrzyskie, Warmia and Mazury). The number of businesses with foreign capital increased from 308 in the base year to 400 in the target year. The increase was less than the value recorded in Poland as a whole (65.2%), and all regions of Eastern Poland (38.8%).

The number of economic entities with foreign capital per 10 000 inhabitants in the Lublin region in 2004-2013 remained stable or slightly increased. In 2005 there was an increase in the index value (from 1.4 up to 1.5) and then for the next five

years it was established at the level of 1.5. From 2010 onwards, the value was characterized by an upward trend, which contributed to achieving the average of 1.9 for the region in 2013. It is worth noting that the increase in the number of companies with foreign capital in the Lublin region was much slower than that in Poland as a whole, but was similar to the increase in Eastern Poland.

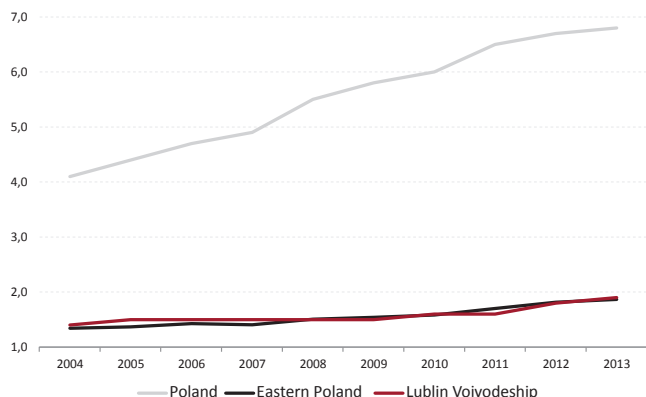
In the period being analysed, the number of business entities with foreign capital per 10 000 inhabitants in the Lublin region increased by 35.7% (from 1.4 up to 1.9). The change in this index in Poland and all the Eastern Poland regions was higher and amounted to 65.9% (up from 4.1 to 6.8) and 40.8% (up from 1.3 to 1.9) respectively. There were significant differences between the average for the region and the national average. The number of companies with foreign capital per 10 000 inhabitants

Chart 32. Number of business entities with foreign capital in the Lublin region in 2004-2013



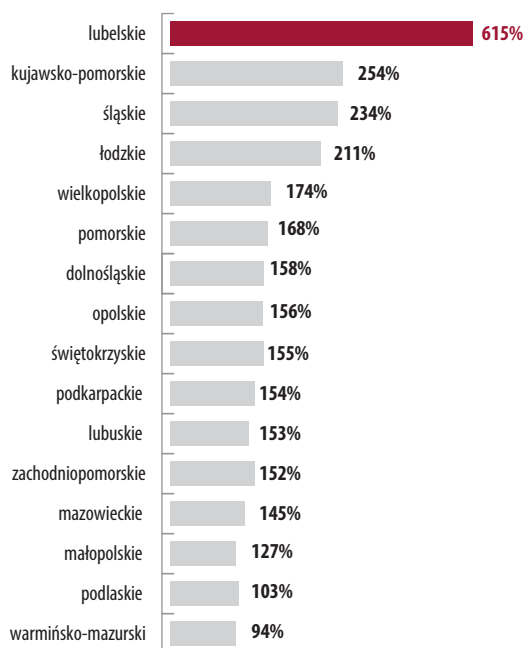
Source: own study based on data from the Local Data Bank.

Chart 33. Number of business entities with foreign capital per 10 000 inhabitants in the region of Lublin, Eastern Poland, and in Poland in 2004-2013



Source: AGERON Polska own study based on the Local Data Bank

Chart 34. Change In investment outlays in businesses with contribution of foreign capital in 2004-2013 [%]



Source: AGERON Polska own study based on the Local Data Bank

for the region in 2013 was 72.1% lower than that recorded for the whole country.

Amount of investment outlays

The amount of investment outlays in the Lublin region in 2013 in entities with foreign capital amounted to slightly more than PLN 1602 million.²⁴⁹ This figure accounted for 2.1% of such expenditure in Poland and 33.8% in all regions of Eastern Poland. **Investment outlays per capita in the region under study amounted to PLN 743 and was much lower than the Polish average, which amounted to PLN 1951 and higher than the average for Eastern Poland amounting to PLN 578.2.**

In the period 2004-2013 the expenditure in the Lublin region increased by PLN 1,341.8 million that is 615.5%. It should be stressed that the increase was much greater than the value for the whole of Poland (61.2%) and voivodeships of Eastern Poland (87.9%). **Thus investment outlays of foreign capital enterprises per capita increased from PLN 119 in the base year up to PLN 743 in the target year.** Changes taking place in the Lublin region was not characterized by only one trend – the year-to-year expenditure per capita also fluctuated. For most of the period under study the figure was lower than the average for Eastern Poland. The situation changed in 2013 which saw the biggest increase – PLN 502.7, or 209.2%.

Number of workforce

The number of employees in enterprises with foreign capital in Lublin Voivodeship amounted to 22 813 people in 2013.²⁵⁰ They accounted for 1.4% of employees in such entities in Poland and 20.9% in all Eastern Poland voivodeships. In the years 2004-2013, the number of employees in the area under study increased by 8015 people, or 54.2%. It should be noted that the increase was higher than the value recorded in Poland (46.4%) and in all voivodeships of Eastern Poland (14.4%). Changes taking place in the Lublin region were not characterized by only one trend – the year-to-year number of employees also fluctuated. The most significant changes occurred in 2008 – an increase of 40.3% in 2009. – a decrease of 22.8% and again an increase of 24.9% in 2010. In the past two years under study the upward trend has been steady.

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The percentage of people working in business entities with foreign capital in the Lublin region in 2004-2013 was subject to slight fluctuations, up to a maximum of 0.6 percentage points. Until 2007, the value of the indicator remained at a similar level (1.5-1.7%). It increased to 2.2% in 2008 and in the following year it saw a decrease of 0.5 percentage points (down to 1.7%). The last four year period under study was characterized by an upward trend.

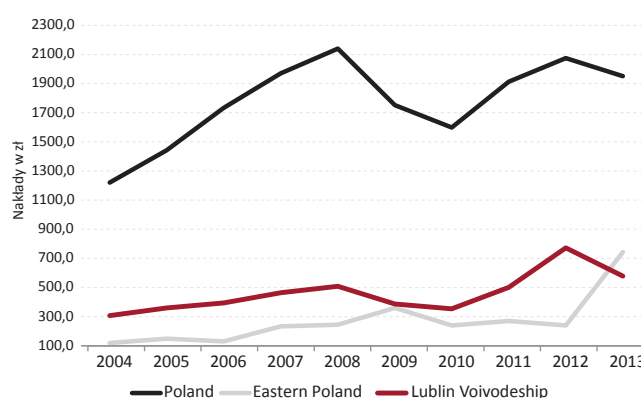
In 2013, the percentage of people working in enterprises with foreign capital compared to all people working in the region reached 2.4% and was lower than the average for Eastern Poland and the country as a whole, which figures were 3.3% and 10.5% respectively. In the period under study the value of the indicator in the Lublin region increased by 0.7 percentage points. This change was greater than in all regions of Polish Eastern Europe (0.1 percentage point), but lower than in Poland (2.4 percentage points). It is worth noting that changes in the share of employed followed more slowly than in Poland, but much like in all regions of Polish Eastern Europe. Such a situation may be the result of the fact that the new foreign investments are less labour-intensive – they need less workforce. This has an impact on the technological level that reduces the number of physical workers and is based on employing few specialists.

Geographical distribution

As of 2013, nearly half of the companies with foreign capital in the Lublin region, that is 47.8% (191), were located in Lublin. In second and third place, in terms of number of business entities, were the City of Biała Podlaska – 9% of companies (36), and the Biała Podlaska Poviats (district) – 4.5% of companies (18). These poviats concentrated 61.3% of these enterprises in the field under study – other poviats comprised a total of 38.7% of companies. The smallest number of companies with foreign capital were located in the poviats of Parczew and Łęczna with 1 company and 2 companies respectively.

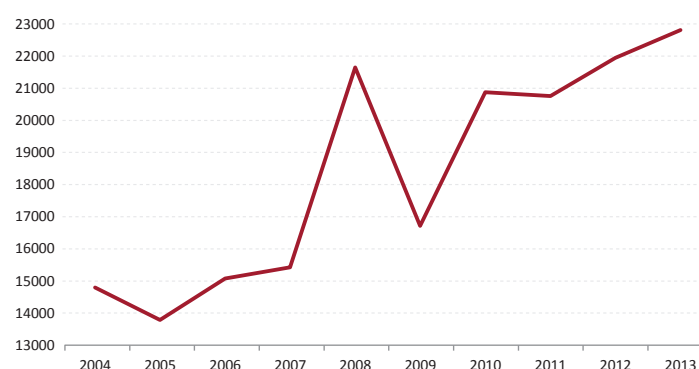
As of 2013 most entities with foreign capital per 10 000 inhabitants were in the cities of Biała Podlaska – 6.2, and Lublin – 5.6. They were followed by the city of Chełm (2.4) and Świdnik poviats (2.2). The areas with the lowest value comprised the poviats of Parczew, Łęczna, Łuków and Lubartów with 1.03 or 0.4 companies per 10 000 inhabitants. Based on these data it may be concluded that the major sites of foreign investment comprise the main cities of the Lublin Voivodeship, while the area that is the least intensive in this regard is the

Chart 35. Investment outlays in entities with foreign capital per capita in the Lublin region, Eastern Poland and Poland in 2004-2013



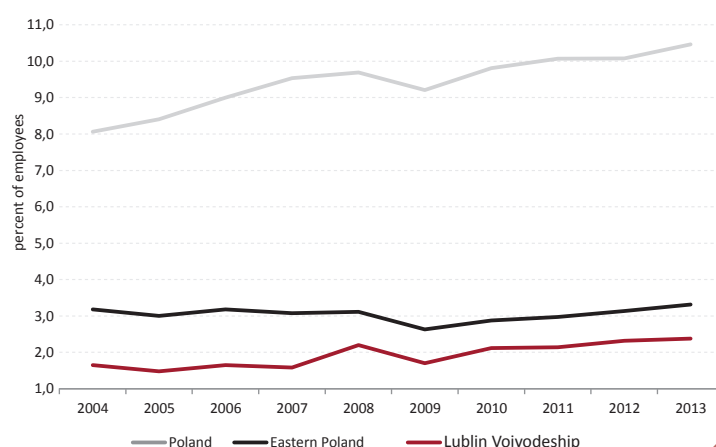
Source: AGERON Polska own study based on the Local Data Bank

Chart 36. Number of employees in enterprises with foreign capital in the Lublin region in 2004-2013



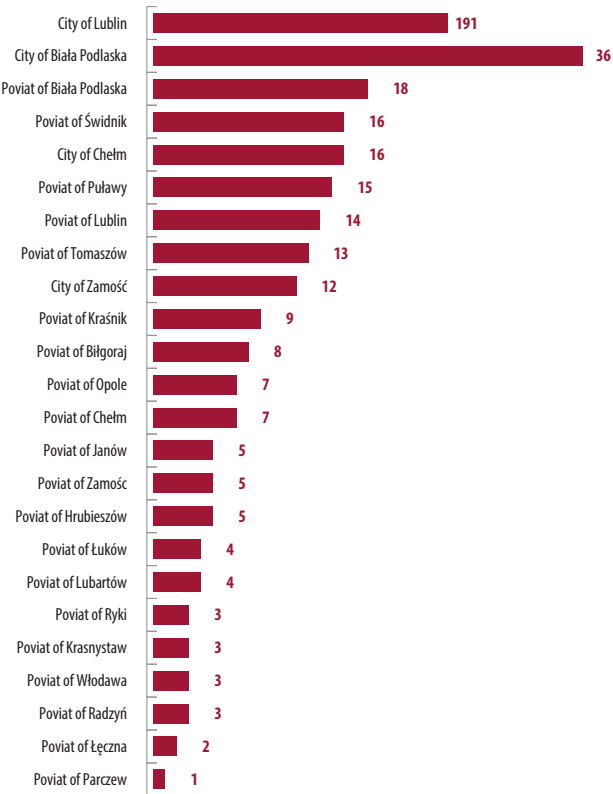
Source: AGERON Polska own study based on the Local Data Bank

Chart 37. Share of people working in enterprises with foreign capital compared to all employees working in the Lublin region, Eastern Poland, and Poland in 2004-2013



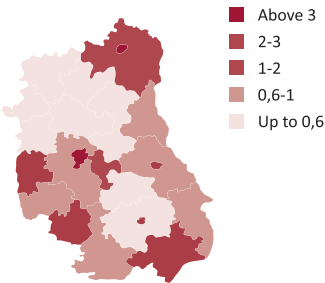
Source: AGERON Polska own study based on the Local Data Bank

Chart 38. Number of business entities with foreign capital in the poviats of the Lublin region in 2013.



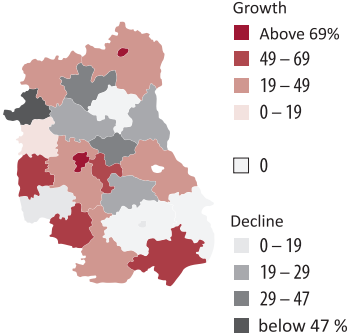
Source: AGERON Polska own study based on the Local Data Bank

Chart 39. Number entities with foreign capital per 10 000 inhabitants in the poviats of Lublin Voivodeship in 2013.



Source: AGERON Polska own study based on the Local Data Bank

Chart 40. Change in the number of businesses with foreign capital in the poviats of the region of Lublin in 2011-2013



Source: AGERON Polska own study based on the Local Data Bank

belt of poviats running from south to north (except for the powiat of Świdnik), located between the largest cities of the region.

In 2011-2013, the number of entities with foreign capital increased in 11 poviats of the region. The largest increase was recorded in the powiat of Kraśnik – 80% (from 5 to 9 companies), while the smallest increase was in the powiat of Lublin – 7.7% (from 13 to 14 companies). In other poviats of this group, the figure ranged from 62.5% in the powiat of Tomaszów to 13.7% in the city of Lublin. The number of analysed companies decreased in nine units in the region. The largest decline occurred in the powiat of Ryki – 50% (from 6 down to 3 companies), while the smallest decline was in the powiat of Opole – 12.5% (from 8 down to 7 companies). In other poviats the figure ranged from 40% in Radzyń powiat to 14.3% in the city of Zamość. A third group of poviats may also be distinguished, in which the situation remained unchanged over the three years of study. These include the poviats of Hrubieszów, Parczew, Zamość and the city of Chełm.

The geographical conditions for investment of foreign capital listed in this subsection result from the preferences of investors who are willing to make the investment in the vicinity of large cities, where they have access to skilled workers, graduates of universities and vocational schools. An additional factor in attracting investment near large urban areas is the location of potential subcontractors and suppliers. The high concentration of entities with foreign capital in the western part of the province stems from better transport availability and shorter distances to major Polish cities, including Warsaw and Rzeszow. In turn, the concentration of entities with foreign capital in the northern part of the province is due to the proximity of the border crossing and road and rail terminal located at the border crossing, allowing the companies to trade with the East o Europe.

STRUCTURE OF FOREIGN DIRECT INVESTMENT

Economic Profile

Business entities with foreign capital located in the Lublin region can be divided by sections of PKD 2007 (Polish Classification of Activities). The businesses were assigned to the five groups:

- Section A – Agriculture, forestry, hunting and fishing,
- Sections B-F – Industry and construction,

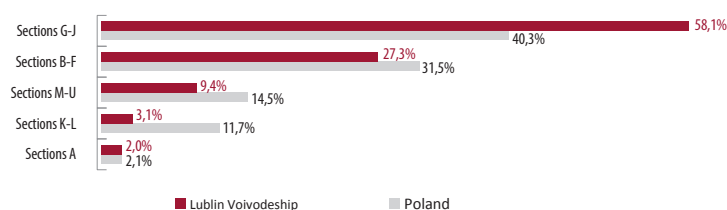
- Sections G-J – trade, repair of motor vehicles, transporting and storage, accommodation and food service activities, information and communication,
- Sections K-L – financial and insurance activities, real estate activities,
- Sections M-U – other services.

The structure of enterprises with foreign capital in the Lublin region in 2013 was similar to the respective structure of entities in all of Poland. Most companies belonged to the section G-J – they accounted for 58.1% of all such entities located in the region under study. It is the only category, for which the share of enterprises in the region was higher than the national average (17.8 points).

For other groups, the share of entities in the Lublin region was close to the average for Poland, with the exception of companies classified in the section K-L. The group had far less significance in the regional structure than in the national. Slightly more than 27% of entities were engaged in industrial and construction sectors (sections B-F), 9.4% carried out activities related with other services (sections M-U). The least number of businesses operated in the areas of finance, insurance and real estate (3.1% of companies) and agriculture, forestry, fishing and hunting (2% of companies).²⁵²

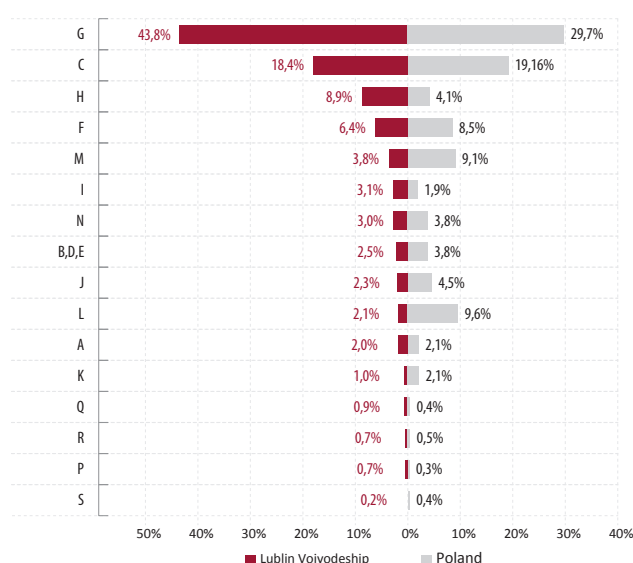
As of 2013, most companies with foreign capital in the region of Lublin, that is more than 43%, were classified to Section G (wholesale and retail trade, repair of motor vehicles). For this group, its share differed most from the national average – in the region it was higher by 14.1 percentage points. The second in terms of number of companies was Section C (Manufacture) – comprising 18.4% of companies with foreign capital in the region. The differences between the structure of companies in the region and in Poland were seen in Section L (activities related to real estate services) and section M (professional,

Chart 41. Structure of business entities with foreign capital according to PKD 2007 sections in the region of Lublin and Poland in 2013.²⁵²



Source: own study based on the report "Zmiany strukturalne grup podmiotów gospodarki narodowej w rejestrze REGON w województwie lubelskim 2013", GUS 2014 and the report "Działalność gospodarcza podmiotów z kapitałem zagranicznym w 2013 r.", GUS 2014.

Chart 42. Share of business entities with foreign capital in particular sections of PKD 2007 in the region of Lublin and in Poland in 2013.²⁵³



Source: own study based on the report "Zmiany strukturalne grup podmiotów gospodarki narodowej w rejestrze REGON w województwie lubelskim 2013", GUS 2014 and the report "Działalność gospodarcza podmiotów z kapitałem zagranicznym w 2013 r.", GUS 2014.

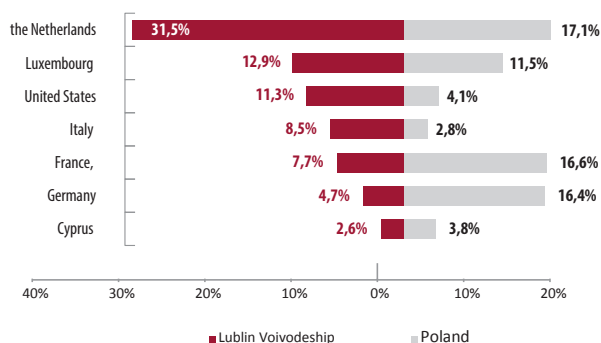
scientific and technical activities) – the share of enterprises in the Lublin region was lower by respectively 7.4 and 5.2 percentage points – and Section H (transportation and storage) – the share of enterprises in the region was higher by 4.8 percentage points. For the remaining sections, deviation from the national average ranged from 0.1 to 2.3 percentage points.²⁵⁴

²⁵¹ Due to the availability of data, the structure of business entities in Poland has been compiled for companies with wholly- foreign capital – they constitute approx. 70% of all enterprises with foreign capital in Poland.

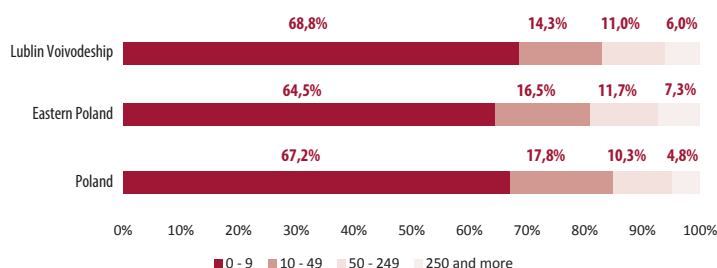
²⁵² Sections G-J – 740 companies, sections B-F – 348 companies, sections M-U – 120 companies, sections K-L – 40 companies, section A – 26 companies – data according to the classification presented in the report "Zmiany strukturalne grup podmiotów gospodarki narodowej w rejestrze REGON w województwie lubelskim 2013", GUS 2014.

²⁵³ A – Agriculture, forestry, hunting and fishing, B, D, E – Industry, C – Manufacturing, F – Construction, G – Wholesale and retail trade, repair of motor vehicles, H – Transportation and storage, I – Accommodation and food service activities, J – Information and communication, K – Financial and insurance activities, L – Real estate activities, M – Professional, scientific and technical activities, N – Administrative and support service activities O – Public administration and defence; compulsory social security P – Education Q – Human health and social work activities, R – Arts, entertainment and recreation S – Other services activities T – Activities of households as employers; undifferentiated goods – and services – producing activities of households for own use.

²⁵⁴ Sections: G – 558 companies, C – 234 companies, H – 114 companies, F – 82 companies, M – 49 companies, I – 39 companies, N – 38 companies, B, D, E – 32 companies, J – 29 companies L – 27 companies, A – 26 companies, K – 13 companies, Q – 12 companies, R – 9 companies, P – 9 companies, S – 3 companies – data according to the classification presented in the report "Zmiany strukturalne grup podmiotów gospodarki narodowej w rejestrze REGON w województwie lubelskim 2013", GUS 2014

Chart 43. Structure of foreign capital by country of origin in the region of Lublin and Poland in 2013.²⁵⁵

Source: own compilation based on the report „Działalność gospodarcza podmiotów z kapitałem zagranicznym w 2013 r.”, GUS 2014.

Chart 44. Structure of business entities with foreign capital by number of employees in the Lublin region, Eastern Poland and Poland in 2013.

Source: AGERON Polska own study based on the Local Data Bank

Structure of investors

In 2013, the foreign capital located in the Lublin region amounted to PLN 1310.5 million²⁵⁶, mostly coming from the Netherlands – 31.5% of the total amount (PLN 412.4 million). The contribution of Dutch capital stood out from the national average most – in the region under study the figure was higher by 14.4 percentage points. Luxembourg and US companies were ranked next with respectively 12.9% and 11.3% of the total sum invested. **The structure of origin of companies with foreign capital in this region differed from that in Poland.** Similar clear differences like for Dutch-owned companies were also shown by US and Italian investment projects – the share of enterprises in the region was higher by 7.2 and 5.7 percentage points respectively, and for French and German-owned companies in the Lublin region the share of capital was lower by 8.9 and 11.7 percentage points respectively.

²⁵⁵ The analysis only covers countries of origin of foreign capital with a significant (more than 2%) share in the structure of business entities surveyed

²⁵⁶ BDL GUS

Structure of employment

Most companies with foreign capital located in the region of Lublin in 2013 employed up to 9 people – their percentage was 68.8% (275 companies) and was higher than the average for all regions of Eastern Poland (64.5%) and the whole of Poland (67.2%). The share of enterprises which employed from 10 to 49 people was however lower than in the regions of Eastern Poland (16.5%) and the whole of Poland (17.8%) and amounted to 14.3% (57 entities). For companies employing 50-249 employees and more than 250 employees, their share was slightly below the average for Eastern Poland but above the national average and amounted to 11% (44 companies) and 6% (24 companies). Based on the data it can be concluded that the structure of business entities with foreign capital followed the pattern in all five regions of Eastern Poland and Poland as a whole. It should also be noted that the structure was characterized by a certain mechanism – the less people employed, the higher the percentage of companies.

ATTRACTING FDI IN THE LUBLIN REGION IN COMPARISON WITH OTHER REGIONS

For the purposes of comparative analysis, three non-Eastern Poland voivodeships were selected, whose key economic sectors are similar to those indicated in the Lublin region. These are Kuyavian-Pomeranian, Lubuskie and Łódź regions.

Change in the number of FDI projects

In terms of the number of entities with foreign capital in 2013, the Lublin region stands out in comparison with other regions of Eastern Poland. It was in second place with 400 companies with lower value than Podkarpackie by 13.2% (461 companies). Compared to the Warmia-Mazury region (302 companies), Świętokrzyskie (184 companies) and Podlaskie (183 companies), the number of enterprises with foreign capital in the region under study was significantly higher – 32.5%, 117.4%, and 118.6% respectively.

In comparison with the three voivodeships having similar key sectors, the situation of the Lublin Voivodeship looked worse. **There were much less entities with foreign capital in the region being studied than in Kuyavia-Pomerania (589 companies), Lubuskie (731 companies) and the Łódź**

Table 47. Smart specializations in the regions chosen for comparative analysis

Kuyavian-Pomeranian	Lubuskie	Łódź Region
<ul style="list-style-type: none"> • high quality safe food (production, processing, packaging, fertilizers) • medicine, medical services and medical tourism, • automotive industry, transport equipment and industrial automation, • tools, moulds, plastic products, • information processing, multimedia, • programming, ICT services, • bio smart specialisations – natural potential, environment, energy, • transportation, logistics, trade, waterways and land routes, • cultural heritage, arts, creative industries. 	<ul style="list-style-type: none"> • bio-economy, • healthy food, medicine and medical tourism, • mechanical engineering • and metal industry, wood and furniture industry. 	<ul style="list-style-type: none"> • medical sector, pharmaceuticals and cosmetics (including spa medicine), • energy (including EE, RES), • state-of-the-art textile and fashion industry (including design), • advanced materials (including design), • innovative agriculture and food processing, • IT and industry telecommunications.

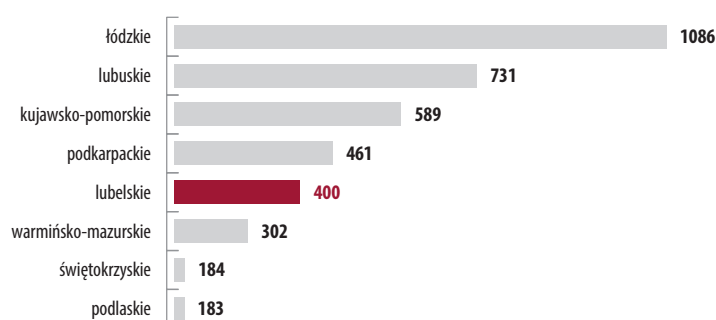
Source: own elaboration.

region (1 086 companies). The number of such business entities in the Lublin region was lower by 32.1%, 45.3% and 63.2% respectively.

The number of companies with foreign capital in the Lublin region was changing in the years 2004-2013 in a slightly different way than in other regions of Eastern Poland. In the region being studied the figure was subject to less fluctuations than in Świętokrzyskie and Warmia and Mazury. The Lublin region was characterised by a trend change every few years, while in the two selected regions it happened more often, even from year to year. Compared with the regions of Podkarpackie and Podlaskie, the number of companies with foreign capital in the Lublin region was changing more rapidly. Throughout the period under study, the upward trend remained in both regions, with isolated instances of decline in value in one year.

For most of the period under study, the trend of change in the number of enterprises with foreign capital in the Lublin region looked similar as in Lubuskie. A clear difference can be observed over the last two years when the western region showed a downward trend, while the eastern region continued to rise. Compared with the voivodeships of Łódź and Kuyavia and Pomerania, the index value was subject to greater fluctuations. In both selected regions in 2004-2013, the change was characterized by an upward trend, with the exception of the last year in the second voivodeship.

Chart 45. Number of business entities with foreign capital in the Lublin region, other voivodeships of Eastern Poland and Kuyavia-Pomerania, Lubuskie and Łódź regions in 2013.



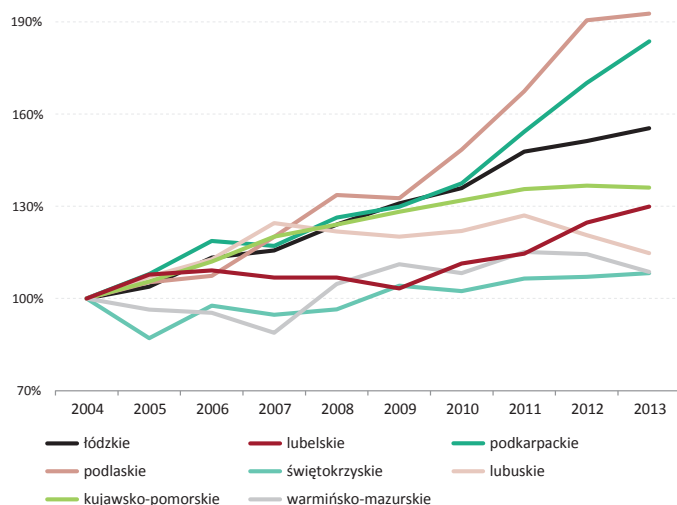
Source: AGERON Polska own study based on the Local Data Bank

Change in the value of investment outlays in FDI

The Lublin province in 2012-2013 recorded **the highest increase in investment outlays in entities with foreign capital** among all the provinces under study. In the period 2004-2012 there were no major changes in the value of investment outlays in the region, the situation was similar to that in other regions of Eastern Poland excluding Podkarpackie. In 2006 the value of investment in Lublin province was the lowest, but in 2013 it already exceeds the figures for all the analyzed regions but one – the higher value was reported only for the Łódź province. This is the evidence of very positive changes taking place in the region.

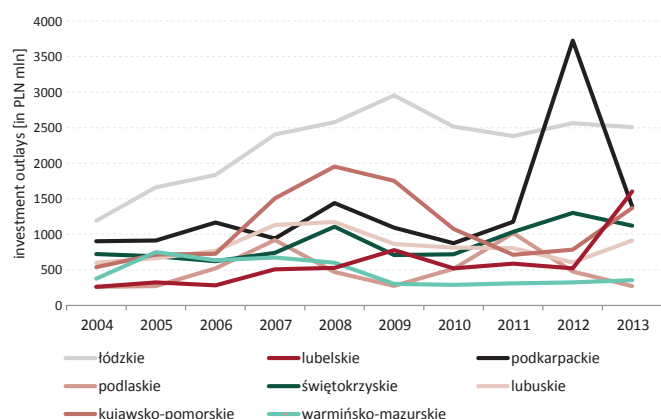
A significant upward trend in 2012-2013 was recorded only in the regions of Lublin, Kujavia and Pomerania and Lubuskie, while in other regions the situation has not changed much (Warmia and Mazury, Łódź region) or a decrease occurred (the regions of Podkarpackie, Świętokrzyskie, Podlaskie). In this regard, the Lublin province looks very attractive in comparison with other regions. If it manages to maintain the current momentum it is likely to become the leader in terms of attracting foreign investments. Unfortunately, the lack of available indicators for the year 2014 does not allow yet to judge whether this positive trend continued in 2013-2015.

Chart 46. Change in the number of business entities with foreign capital in selected regions in 2004-2013



Source: AGERON Polska own study based on the Local Data Bank

Chart 47. Change in the value of investment outlays in business entities with foreign capital in the regions of Eastern Poland and Łódzkie, Lubuskie and Kujawsko-Pomorskie in the years 2004-2013



Source: AGERON Polska own study based on the Local Data Bank

BENEFITS FROM ATTRACTING FDI TO THE REGION

The presence of foreign investment is one of factors that are of great importance in regional and local development²⁵⁷. Foreign investment affects the functioning of the economic system and the shape of relationships between actors and methods of using them. The activities of foreign companies in a given region or municipality generates a variety of benefits, both direct and indirect. Their occurrence depends largely on the relationship between the foreign investor and the environment (e.g. cooperation with local companies, academic and R&D centres, volume of sales in the local market), type of business, and innovation. It is worth noting that greater number and strength of links is associated with the emergence of more significant gains. It is widely believed that the positive effects of FDI location have a definite advantage over potential negative aspects, and that foreign companies positively contribute to the economy of regions and local communes. Direct benefits of foreign investment inflow to the region may include the following:

- economic benefits that arise at first and contribute to the restructuring of the regional economy:
 - increase in foreign capital in the form of both cash or credit,
 - increase in public revenues of the region,
- changes in the regional business community:
 - providing opportunities to establish and develop cooperation between businesses located in the region and foreign entities,
 - emergence of new enterprises in the region, such as competitors or suppliers/contractors of a foreign investor,
- changes in the sphere of production:
 - quantitative and qualitative increase in production,
 - the use of new means of production,
 - diversification of production, including development of key sectors of the economy,
 - growing importance of exports,
 - introducing new brands to the market,
- changes in the labour market; see more in Chapter 3.6.2,
- technology transfer into the region – the opportunity for local companies to use the results of research carried out by a foreign

²⁵⁷ The study based on Rychlewska P. "Wpływ bezpośrednich inwestycji zagranicznych na rozwój województwa podkarpackiego", Studia Regionalne i Lokalne no. 3, 2010, and Dziemianowicz W., *Kapitał zagraniczny a rozwój regionalny i lokalny w Polsce*, Studia Regionalne i Lokalne no. 21, 1997

investor or its research and development facilities,

- transfer of knowledge – the absorption of new governance models, methods for organization of work and production by companies from the region,
- development of infrastructure, including changes in the use of industrial assets and economic infrastructure,
- environmental benefits – positive impact of an innovative investment exerted on the environment:
 - application of advanced technologies to reduce environmental pollution and degradation, e.g. through the reduced use of raw materials, use of renewable raw materials or synthetic surrogates of natural materials.

It should be noted that foreign investment projects indirectly affect the socio-economic situation in the region, stimulating the emergence of development processes. Through the above mentioned benefits and changes, they also contribute to reducing disparities between regions, which is particularly important for the regions of Eastern Poland. The presence of foreign investors increases the competitiveness within regions and local communities, which could result in attracting other companies to these areas. Oneundoubted advantage of FDI inflow is also promotion of the region and its advantages on foreign financial and investment markets.

capital in the region and new jobs. The second of these aspects is strongly connected with the size of the company concerned and the sector and type of its business activity. For labour-intensive investment, more jobs for less skilled workers are created, while in the case of capital-intensive investment businesses focus on employing a smaller group of people with specific skills. One of the negative quantitative effects of FDI is reduction of demand for labour which results e.g. from employment reduction during restructuring of the company, offering jobs to employees from the investor's country of origin or cooperating with foreign companies only. Another adverse consequence for the region may be the so-called *crowding-out effect*, i.e. the elimination of local businesses from the market due to strong competitive advantage of foreign companies.

Qualitative effects of FDI inflow are positive if they result in the growth of labour productivity and a raise in wages. It should be noted, however, that attractive terms of pay result in the outflow of highly qualified employees from local companies. As a result, indigenous companies are losing their competitive position and often decide to reduce the costs of their operations. A beneficial consequence of the operation of a foreign company is knowledge acquired by local entrepreneurs on new models of governance and work organization. The same aspect may affect negatively employees who are exposed to a longer time of work and reduction in employee rights.

Impact of FDI on the labour market²⁵⁸

The impact of foreign direct investment on the labour market of the Lublin region is related to such aspects as the role of the investment in the regional market, competitiveness in terms of recruitment and the quality of jobs being created. It should be noted that **the impact of FDI is not always positive**, which stems from the profit maximisation priority assumed by the entrepreneurs. Negative consequences often appear in connection with investing in industries that provide the greatest efficiency, rather than those whose development would contribute to the economic growth of the region. On the other hand, benefits occur in a situation of establishing and maintaining relationships between the foreign investor and local businesses.

The effects of attracting foreign investors **can be divided into three areas: quantitative, qualitative and location-related**. Positive quantitative effects include increase in the amount of foreign

Localisation effects should be considered in relation to regions with low levels of development and with high unemployment. On the one hand, foreign investors create new jobs and attract to the region their business partners seeking a workforce which results in a decrease in the rate of unemployment. On the other hand, local businesses that are not characterized by high competitiveness and innovation cannot cope with the changing market conditions and terminate their activities.

The number of companies with foreign capital in Lublin Voivodeship increased by 29.9% in 2004-2013 while the number of people working in this group of businesses grew by 54.2%. Looking at individual years one can observe that the increase or decrease in the number of entities was not always followed by respective change in the number of employees. An example of this is the year 2005 when 8% more companies than in the previous year operated in the region, while employment decreased by 7%. One should also pay attention to the situation in 2008 where the number of companies remained at the same level as in 2007, while the number of employees grew by 40%

²⁵⁸ The study based on Firlej K., *Wpływ bezpośrednich inwestycji zagranicznych na małopolski rynek pracy*, Kujawsko-Pomorska Szkoła Wyższa w Bydgoszczy, Bydgoszcz 2012

Table 48. Effects of foreign direct investment to the region in the context of labour market

Spheres	Positive effects	Negative effects
quantitative	<ul style="list-style-type: none"> • increase in foreign capital • creation of new jobs 	<ul style="list-style-type: none"> • decrease in labour demand due to such factors as the use of capital-intensive technologies or restructuring and redundancies • elimination of local businesses from the market
qualitative	<ul style="list-style-type: none"> • labour productivity growth • raise in wages/salaries • adopting new models of governance and work organization by local businesses 	<ul style="list-style-type: none"> • outflow of skilled workers from local businesses • longer working hours and reduction of employee rights • reduction of labour costs in local businesses
location-related	<ul style="list-style-type: none"> • decrease in the number of unemployed people in regions with high unemployment rate • attracting the companies cooperating with a foreign investor to the region 	<ul style="list-style-type: none"> • eliminating local companies in the regions with lower level of development

Source: own compilation based on Firlej K., „Wpływ bezpośrednich inwestycji zagranicznych na małopolski rynek pracy, Kujawsko-Pomorska Szkoła Wyższa w Bydgoszczy”, Bydgoszcz 2012.

compared to the previous year. The lack of correlation between the data being analysed is also visible in 2007 and 2011. In the other years, trends in both values were similar, however the more dynamic fluctuations in employment could be observed. It is worth noting that the average annual growth in the number of enterprises in the period under analysis was 3%, and annual growth in employment – 6%. It must be concluded that an increase in the number of companies with foreign capital does not directly translate into an increase in employment in these companies, which is probably related to changes in the number of individual groups of companies (employing 0-9, 10-49, 50-249, 250 and more people) and the creation or reduction of jobs in existing companies.

In the period under study, the largest increase in the number of foreign companies was observed in the group of enterprises employing up to 9 persons – it amounted to 38.2% (from 199 to 275 companies). In the next place there were large entities employing 250 or more people – growth reached 26.3% (from 19 to 24 companies). The number of small (10-49 employees) and medium enterprises (50-249 employees) in the Lublin region increased by 14% (from 50 to 57 companies) and 10% (from 40 to 44 companies) respectively, compared to the base year. Considering the changes and the fact that as of 2013 medium and large companies accounted for only 17% of all entities with foreign capital, it can be assumed that the impact of investors on the labour market in the region was not significant. The impact of foreign investment projects, especially big ones, is probably more noticeable at the level of individual communes.

Benefits from attracting FDI to the region according to the studies performed

In the literature of reference there are several basic types of benefits to be gained by a region from attracting FDI (they have been presented in previous sections). For the purposes of this report, this subject was also raised in interviews with investors and representatives of business environment institutions operating in the Lublin region. The conclusions of the study carried out are presented below.

According to the opinion given by respondents to the research, benefits from attracting FDI will be comparable, irrespective of the region and the area where the investment was carried out

The most visible benefit from attracting large foreign investors is **newly created jobs**. Both the entrepreneurs and institutions involved in obtaining investors emphasize the importance of this factor. One can talk about it in terms of both quantity and quality – creating many jobs can effectively help reduce the number of unemployed people, while hiring experts within the industry will stop the drain of educated people from the region and help build specializations in the region. As an example from the Lublin region we can mention BPO and SSC investments (e.g. Genpact, Orange). The branches of these corporations located in Lublin employ university graduates fluent in foreign languages and low-skilled people as well. And on the other hand the investment by Ball Packaging Europe will bring 200 jobs in the can factory.

The respondents also emphasize the importance of **technology transfer and the introduction of**

Table 49. Change in the number of enterprises with foreign capital and number of employees in these companies compared to the previous year in the region of Lublin in 2004-2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Businesses	3%	8%	1%	-2%	0%	-3%	8%	3%	9%	4%
Employment	4%	-7%	9%	2%	40%	-23%	25%	-1%	6%	4%

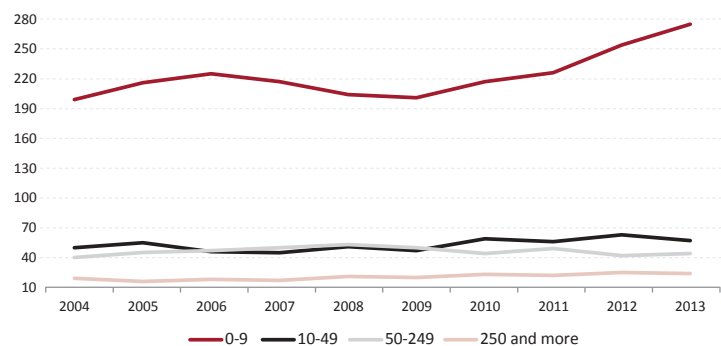
Source: AGERON Polska own study based on the Local Data Bank

technological processes with a high degree of innovation, which are used in other countries, especially in Western Europe and the USA. Not only will this allow implementation of modern technologies in such spheres as production, but it also will familiarize employees with the technologies and increase their competence. With an extended network of cooperation in the region, including within clusters, the use of new technologies will be facilitated within a company, but also in other cooperating companies. This is one of the ways to raise the level of technology of enterprises throughout the region, as well as branding the region as a region of innovation. The previously mentioned familiarization of employees with new technologies is also associated with the introduction of a new work culture and new ways of managing human resources. One of technologically advanced investors promoting the transfer of technology is ABM Greiffenberger, specializing in the production of electric motors, including for the automotive industry. Innovative and technologically advanced companies are also localized in the vicinity of the Grupa Azoty PUŁAWY, as evidenced by construction of the oxygen production plant together with Air Liquide. As regards work culture it is difficult to provide concrete examples, because these are benefits of soft nature and are difficult to measure, the changes occur over the years and do not result directly from the implementation of one specific foreign capital investment. It is however beyond doubt that the flow of personnel between companies, factors such as technology transfer, or change in work culture is beneficial to improving the quality of human capital in a given area and, consequently, increasing the investment attractiveness of the region.

FDI SOURCING

Activities of local government units in the sourcing of FDI

The activities of local government units aimed at attracting foreign investors can be divided into several groups:

Chart 48. Number of enterprises with foreign capital by number of personnel in the Lublin region in 2004-2013

Source: AGERON Polska own study based on the Local Data Bank

- strategic planning in terms of attracting investors.
- preparing a comprehensive investment offer,
- promoting and shaping the image of the commune,
- creating attractive financial conditions for investment,
- assistance to potential and current investors through specialised entities.

Strategic planning is to coordinate the process of attracting foreign investment, adjust the activities of the internal potential of local government to the needs of potential investors. The documents to be prepared include an analysis of the socio-economic situation of the area, determine its investment potential and present a vision for development, objectives and methods and tools for their implementation. An example for the Lublin Voivodeship may be the "Investment Promotion Strategy for the Lublin Metropolitan Area" which covers 41 municipalities in the central part of the region. The outlined strategic goals (to increase the number of FDI projects and to develop cooperation between research centres and the business, to build a recognizable brand of the Lublin Metropolitan Area, to generate a strong sense of identity and identification of local authorities and residents with the mission and vision of the Lublin Metropolitan Area) are to contribute to the implementation of the vision outlined in the

document, i.e. perception of the Lublin Metropolitan Area by domestic and foreign entrepreneurs as an investor-friendly sub-region, and as strong centres of research and innovation.

Municipalities with a professionally prepared **investment offer** are more attractive to investors, and are demonstrating higher competitiveness. The comprehensive offer includes all the information necessary from the point of view of a foreign investor: description of the situation of the municipality (demographic, economic, education, culture, opportunities for leisure activities), presenting its strengths as a business location, a list of investment areas, including special economic zones, along with their detailed description (location, size, development of infrastructure, reference to the local zoning plan), a list of business environment institutions and R&D facilities, presentation of investment incentives in the form of tax relief or public aid. An important issue is the availability of all this information in different languages. The following websites may be presented as examples of an investment offer in the Lublin region: *Lubartów Business Portal*, *Biała Podlaska Economic Portal* and *Kraśnik Investment Zone*.

The process of attracting foreign investors also depends on **promotion and shaping the image of the municipality**, not necessarily based solely on economic issues. Promotion takes many forms, including, but not limited to, a web portal, creation of promotional materials (leaflets, brochures, maps, videos), having a strategy of promotion, cooperation with entities involved in attracting investors (eg. Polish Agency for Information and Foreign Investment), trips to trade fairs, conferences and exhibitions, or organizing cultural events. Examples of such actions taken by the municipalities of the Lublin region include:

- running a website „Kraśnik Investment Zone”, which contains information on the location and economic potential of the town, human capital, investment offer, economic zone, investor services, tax reliefs and incentives and business environment,
- participation of Biała Podlaska in the 25th MIPIM International Real Estate Fair in Cannes and direct presentation of the offer to potential foreign investors,
- the development of a brand strategy for Janów Lubelski, which includes a presentation of the town's potential and its competitiveness,
- Implementation of the project “Building the brand of Piaski as a place friendly to business and promotion of investment value of Piaski”

within the Regional Operational Programme of the Lublin region,

- the creation of a film promoting the economic advantages of Pulawy,
- the implementation of the project entitled “Supporting marketing activities as a key to economic development of Chelm” (organization of conferences, participation in international tourism fairs, production of gadgets and a promotional folder).

Local governments may influence the financial conditions conducive to investing. Introducing tax breaks and public assistance programs is an incentive for foreign investors. Municipalities often introduce exemptions from real property tax, depending on the planned expenditure and number of new jobs. An example of this would be Tomaszów Lubelski where the period of relief is 12, 24, 36 or 48 months.

The last group of activities are those related to assistance provided to investors and acquisition of investment in direct contact with them. They consist of, among others, providing all necessary information to potential investors, assisting in passing through the investment process, and efficient provision of administrative services. Municipalities, also in the Lublin region, are increasingly willing to appoint special units involved in making contacts with investors. They include, for example, the Chelm Investor Service Centres, Bureau of Promotion, Information and Investor Assistance in Zamosc, the Biłgoraj Regional Development Agency, the Business Service Centre of Kraśnik or the Investor Service Centre in Biała Podlaska.

Investors attach great importance to investor assistance quality. It is particularly important to shorten times of service and all formalities and to arrange the service so each investor is served by one person. Due to the fact that the process of assisting an investor is often staggered, it is desirable that at the time of re-addressing the subject of investment location the investor is able to contact the same person who is very familiar with the capabilities and preferences of the investor.

As far as FDI sourcing is concerned, the role played by local governments is vital. The actions taken in the scale of the whole region fall within the responsibility of the Marshal's Office of the Lublin Voivodeship. The activities carried out by the Office in 2015 include:

- Organising trade missions (outgoing and incoming) and study trips to the countries such as: China, France, Ukraine, Belarus, Switzerland, Israel.

- Organising visits to international trade fairs for companies from the Lublin region at the industrial fair Hannover Messe 2015, Trade fair Sodruzhestvo Brest 2015, BioFach and Vivanes 2015 Organic products fairs in Nuremberg, International tourism trade fair 2015 Mediterranean Tourism Market in Tel Aviv and many others.
- Coordination of the Project “Lubelskie Brand” oriented to promote companies and products from the region. One of the elements of this initiative is to create a unique trademark of “Lubelskie” to be used by the most competitive and innovative companies in the region.
- Organisation of training sessions and meetings in the field of improvement of business skills, which include such initiatives as “Business Environment Club” Business Test Team.
- Implementation of the export.invest.lubelskie initiative in collaboration with the PwC consultancy firm to strengthen the economic image and investment attractiveness of the Lublin region to raise the region’s economic competitiveness and create new jobs.
- Integrated measures to improve the quality of investor assistance services at all levels of local government.
- Organisation of meetings and conferences on topics related to key sectors of the regional economy.

These activities and events took place in 2015, which reflects very high activity of the local government, which is working hard to attract foreign investors both directly – through trips abroad, and indirectly – by strengthening the potential of companies operating in the region and promoting them abroad.

Institutions supporting the acquisition of FDI

Regional and local authorities may solicit help of the Polish Information and Foreign Investment Agency (PAIIZ) in the process of attracting investors. It is a government agency that provides potential investors with information on the business environment in Poland and the economic situation of individual locations and provides support during the investment process. PAIIZ accept from municipalities their investment offers prepared according to specific guidelines and place them in a database to make them available to foreign investors. Local governments can also get assistance in creating investment offers and the organization of visits of investors in the municipalities.

The two main institutions at the regional level that support sourcing foreign direct investment and cooperating with PAIIZ are: the **Investor Assistance Centre (COI)** and the **Investors and Exporters Service Centre (COIE)** that work with the Department of Trade and Investment Promotion Office of the Lublin Voivodeship Marshal Office. Responsibilities of COI units include:

- providing potential foreign investors with information on the economic situation and potential of the region, rules of conducting business, investment incentives and instruments to promote entrepreneurship, available investment areas, contractors,
- creating and providing databases that contain information relevant to foreign investors,
- facilitating contact between investors and business environment institutions and regional businesses,
- poviats and municipality investment offer promotion abroad,
- international cooperation, especially in organizing trade missions.

The responsibilities of COIE include as follows:

- contributing to the growth of internationalization of regional companies,
- providing to entrepreneurs and their associations free information concerning the establishment of export activities or investing in another country, including promotional activities,
- assistance in identifying appropriate export markets for specific products, services or investments,
- assistance in establishing relations between companies located in the region and foreign investors,
- preparation and assistance in trade missions,
- informing potential foreign investors about the conditions for making business, investment incentives and tools to support the development of entrepreneurship.
- acquisition and providing entrepreneurs with reports, analysis, market research, sectoral and problem-focused studies.

In addition to these regional institutions there are also **local units to act as investor service centres**. They are located in urban settlements and operate within the structures of city halls. These include, for example: Chełm Service Centre, Office for Promotion, Information and Investor Assistance in Zamość, Business Service Centre in Kraśnik, Investor Service Point in Biała Podlaska, Investor Service Point in Janów Lubelski, Investor Service Office in Rejowiec Fabryczny, Investor Service Office

in Lubartów, Investor Service Office in Świdnik, Investor Service Centre in Puławy, Investor Service Centre in Opole Lubelskie, Investor Service Centre in Piaski.

Sourcing foreign investment is also supported by **science and technology parks and industrial parks**. Such institutions in the Lublin Voivodeship include: Lublin Science and Technology Park, Puławy Science and Technology Park, South-Eastern Science and Technology Park in Zamość, Regional Industrial Park in Świdnik and the Puławy Production Park. The responsibility of these parks include business networking and establishing contacts with scientific institutions. These activities relate to relationships with both domestic and foreign entities. Therefore, the parks can be considered platforms for cooperation between enterprises and research centres that ensure the transfer of knowledge and technology. They also create favourable conditions for investment by offering attractive investment sites and start-up support. The parks are primarily focused on attracting investment of an innovative and competitive nature. It is worth noting that one of the main goals set for technological parks, apart from making sites available to companies that use modern technologies and create new jobs, is to attract investors.

The activities indirectly supporting the sourcing of foreign investors are carried out by the **Lublin Development Foundation**. It plays the role of a Regional Development Agency and is engaged in projects related to the creation and operation of enterprises, providing access to information and consultancy services, providing financial assistance to businesses and activation of rural areas. The notion of attracting foreign investment covers the implementation of the programme “Investor-Friendly Municipality”, which focuses on preparing local governments to establish and maintain contacts with investors. During training and consultation, the personnel of municipalities can be informed on techniques and tools to attract investors and cooperate with them. The Lublin Development Foundation is the major hub of entrepreneurship development network in the region of Lublin Voivodeship that is also formed by local development agencies. They are located in Biała Podlaska, Chełm, Dęblin, Janów Lubelski, Kraśnik, Krasnystaw, Lubartów, Łęczna, Łuków, Parczew, Poniatowa, Radzyń Podlaski, Tomaszów Lubelski, Włodawa and Zamość. Local centres streamline the activities of the regional unit, also in terms of sourcing foreign investment.

The Regional Chamber of Commerce in Lublin is a business self-government organization,

which brings together companies from the Lublin Voivodeship, allowing them to establish contacts with foreign entities. This unit maintains the Bank of Business Offers, which collects business cooperation offers with companies from countries such as Hungary, Croatia, Belarus, Czech Republic, Russia, Lithuania, Ukraine and Finland. It also performs business intelligence activities, in which it verifies basic information on companies from Poland and abroad, including their financial condition. Sharing the database makes it easier for entities located in the voivodeship to incorporate companies with foreign firms, and thus contributes to attracting foreign capital to the region. In a similar way investor sourcing is being supported by the **Lublin Centre for Technology Transfer**, which operates at the Lublin University of Technology. It forms part of Enterprise Europe Network, whose mission is, among other things, to assist in finding foreign business partners, especially in innovative activities.

Table 50. Instruments of support FDI sourcing offered by individual institutions in the region

Institution	Polish Agency for Information and Foreign Investment	Investor Assistance Centre	Investors and Exporters Service Centre	Lublin Science and Technology Park, Puławy Science and Technology Park, Świdnik Regional Industrial Park	Lublin Development Foundation	Regional Chamber of Commerce in Lublin	Lublin Centre for Technology Transfer
Providing comprehensive information to potential investors	+	+	+				
Giving support during the process of investment	+	+	+	+			
Keeping the database of investment offers and sharing it to potential investors	+	+	+			+	+
Assistance in establishing contacts with investors	+	+	+	+	+	+	+
Promotion of investment offers	+	+	+				
Specialist assistance for local governments	+	+	+		+		
Assistance in establishing contacts with scientific institutions				+			
Transfer of knowledge and technology				+			+
Providing investment areas				+			

Source: own study

4. INVESTMENT ATTRACTIVENESS OF THE LUBLIN VOIVODESHIP

Chapter 3. presents various elements affecting the level of attractiveness of voivodeships for investors, including, In particular, foreign investors. This Chapter constitutes a summary of conducted analyses and presents a comprehensive picture of the Lublin Voivodeship In the social and economic scope and in the context of attracting certain sectors with participation of foreign capital and indicating potential for attracting FDI.

INDEX-BASED ANALYSIS OF INVESTMENT ATTRACTIVENESS TO DRAW THE ATTENTION OF FOREIGN DIRECT INVESTMENTS (FDI)

There are numerous classifications of factors affecting the region's investment attractiveness, among others in the context of foreign investments. The factors affecting the selection of the location for the investment by a foreign investor may be divided into factors dependant and not dependant on self-government units. The dependant factors include transparent law regulations, local investment incentives, the infrastructure, promotion, and aid offered to investors. Non-dependant factors include the geographical location, state macro-economic instruments, and general domestic incentives.

Investment attractiveness factors were the subject of numerous studies; factors measuring the investment attractiveness of the region or smaller self-government units were developed many times. In further sections of this Report we present the analysis of attractiveness based on social/economic development indicators, and an analysis in the context of individual key sectors of the Lublin Voivodeship.

The result will be a definition of the strengths of the region in terms of attracting investments and sectors, which have the largest potential in the context of attracting investors.

General indicators in terms of social/ economic factors

For the purpose of this document, the analysis covered numerous results of investment attractiveness studies conducted, among others, by W. Dziemianowicz²⁵⁹, H.Godlewska-Majkowska²⁶⁰, G. Krawczyk²⁶¹ and the Institute for Market Economics (IBNGR)²⁶². Based on the material collected, referring defined indicators to the situation in the Lublin Voivodeship as diagnosed in Section 3. "Investment Potential of the Lublin Voivodeship", a set of indicators was prepared to assess the region's attractiveness. The analysis was performed in two dimensions– in regard to Eastern Poland voivodeships and three voivodeships with similar key sectors (Lodz, Lubuskie and Kujawsko-Pomorskie Voivodeships) and within the scope of poviats of the Lublin Voivodeship. On the one hand, this will allow comparing the investment attractiveness of the Lublin Voivodeship with the attractiveness of regions with similar conditions, and on the other hand –indicating the most attractive areas in the Lublin Voivodeship.

259 Wojciech Dziemianowicz (ed.) *op. cit.*, p. 181.

260 Godlewska-Majkowska H., *Metodyka parametryzacji atrakcyjności inwestycyjnej regionu*, [in:] http://www.caril.edu.pl/wp-content/uploads/Metoda_pomiaru_atrakcyjnosci_inwestycyjnej_regionow.pdf – access on 16/06/2015

261 Krawczyk G., *Poziom rozwoju społeczno-gospodarczego gmin jako determinanta przyciągania bezpośrednich inwestycji zagranicznych*, Rocznik Żyrardowski, t. V

262 *Atrakcyjność inwestycyjna województw i podregionów Polski 2014*, IBNGR

The indicator-based analysis used both the indicators presented in earlier sections of this document as well as additional indicators, deemed as highly significant on the basis of the aforementioned sources and interviews with investors and Business Environment Institutions (IOBs) located in the region. Indicators are grouped in three categories – economic, technical and social categories.

Table 51. Factors affecting the assessment of the region's and poviats' attractiveness

Economic situation

- Total income per resident
- Own income in comparison to total income in municipalities
- Business entities up to 10 ths. residents
- Number of enterprises providing services for the business per 1000 companies
- Total number of working persons per 1 ths. residents
- Average monthly gross salary (destimulant)
- Total provided overnight accommodation
- Area covered by the spatial development plan in comparison to the area of the municipality

Technical situation

- Municipal and powiat hard-surface roads per 100 km²
- Waterworks in km per 100 km²
- Sewage systems in km per 100 km²
- Gas network in km per 100 km²
- Waste generated during the year – disposed waste vs. waste

Social situation

- Population density per km²
- Population in productive age vs. total population
- Number of doctors per 10 ths. residents
- Number of students per 10 ths. residents
- Number of graduates per 10 ths. residents

Source: own elaboration based on interviews (n=16), Godlewska-Majkowska, H., "Metodyka parametryzacji atrakcyjności inwestycyjnej regionu" and Krawczyk G., "Poziom rozwoju społeczno-gospodarczego gmin jako determinanta przyciągania bezpośrednich inwestycji zagranicznych", Rocznik Żyrardowski vol. V

Based on the listed base indicators, a synthetic indicator of investment attractiveness was developed in each of the three theme scopes. The indicator was standardized, as a result of which the value of the indicator ranges from 0 – for lowest investment attractiveness to 100 – for highest investment attractiveness.²⁶³ For all three scopes, a list and the final indicator was defined to assess, in a complex manner, the investment attractiveness of the analysed units.

²⁶³ The description of the applied methodology was presented in Appendix 2

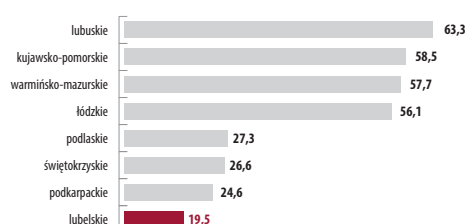
Economic situation

Eight indicators were considered to assess the economic situation:

- Total income per resident
- Own income vs. total income in municipalities
- Business entities per 10 ths. residents
- Total working persons per 1 ths. residents
- Total provided overnight accommodation
- Number of enterprises providing services for the business per 1000 companies
- Area covered with the spatial development plan vs. the area of the municipality
- Average gross monthly salary

The synthetic indicator of investment attractiveness in the context of the economic situation of selected voivodeships is presented below.

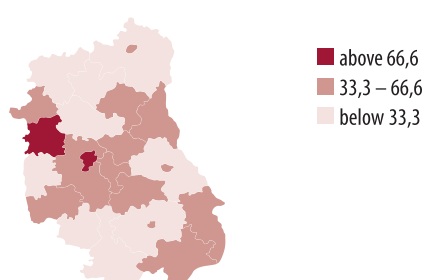
Chart 49. Investment attractiveness of selected voivodeships – economic situation



Source: own elaboration.

In spite of the Voivodeship's position in the analysed scope, minor differences in the values of individual indicators should be noted. One of the key aspects for investors in terms of executing investment in the region is the easiness and the short period of dealing with formalities, which include obtaining building permits. In this regard, the region presents itself very favourably, because it is characterized by the highest indicator of coverage with spatial plans among analysed voivodeships.

Map 9. Investment attractiveness of the poviats in the Lublin Voivodeship – economic situation



Source: own elaboration.

Among the poviats, the most competitive in terms of economic indicators is Lublin, naturally, however it is worth noting the high rank of the Puławski Powiat, which presented high values of partial indicators, in particular those concerning self-government finances and providing overnight accommodation. Other cities with poviat rights indicate attractiveness on a similar, slightly lower, level – Chelm, Biała Podlaska and Zamość. The spatial layout presents a concentration of the most attractive areas in the centre of the Voivodeship, near Lublin.

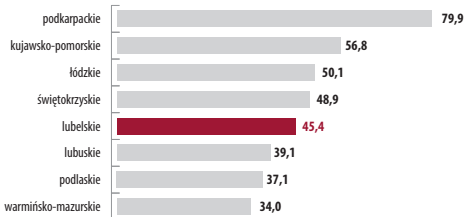
Technical situation

To assess the technical situation, six indicators were taken into account:

- Municipal and poviat hard-surface roads per 100 km²
- Waterworks in km per 100 km²
- Sewage systems in km per 100 km²
- Gas network in km per 100 km²
- Waste generated during the year – disposed waste vs. waste generated during the year
- Share of processed sewage in sewage to be processed

The synthetic indicator of investment attractiveness in the context of the technical situation of selected voivodeships is presented below.

Chart 50. Investment attractiveness of selected voivodeships – technical situation



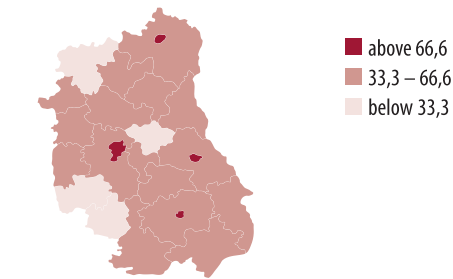
Source: own elaboration.

The Lublin Voivodeship is characterized with average investment attractiveness in this scope, however it comes second among Eastern Poland voivodeships after the Podkarpackie Voivodeship. A factor positively affecting the attractiveness of voivodeships is the high share of processed sewage in total sewage, whereas the density of the voivodeship’s sewage system was assessed as worst.

Cities with poviat rights, due to their city-like character and small area in comparison to country poviats present much higher values of indicators analysed in this Section. Apart from presidential towns, high in the ranking came: Lubelski Świdvnicki, Opolski and Puławski Poviats. These

are areas located in the neighbourhood of Lublin, in the area of which various branches of the Lubelskie’s industry are dynamically developing.

Map 10. Investment attractiveness of the Poviats in the Lublin Voivodeship – technical situation



Source: own elaboration.

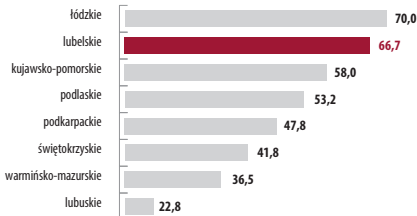
Social situation

To assess the social situation, five indicators were taken into consideration:

- Density of population per km²
- Population in the productive age vs. total population
- Number of doctors per 10 ths. residents
- Number of students per 10 ths. residents
- Number of graduates per 10 ths. residents

The synthetic indicator of investment attractiveness in the context of the social situation of selected voivodeships is presented below..

Chart 51. Investment attractiveness of selected voivodeships – social situation



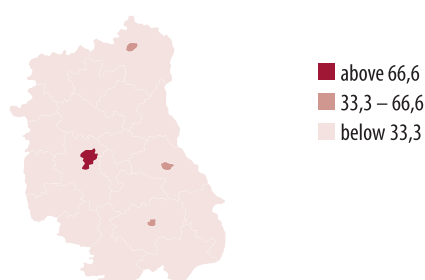
Source: own elaboration.

Among the regions in Eastern Poland, the Lublin Voivodeship is characterized by the **highest investment attractiveness in terms of social situation**. This is confirmed by results of studies conducted among investors, who underlined the significance of the presence of a qualified work force in the region. The high position of the Lublin Voivodeship in the presented ranking results mainly from the highest values of indicators concerning the number of

students and graduates. This, in turn, is the result of the academic nature of the Voivodeship.

The capital city of the Voivodeship obtained the highest social indicator in the analysis performed within the Voivodeship. Three cities with poviats rights were included in the second group – Zamość, Biała Podlaska and Chełm. The attractiveness of all other Poviats was quite low, mainly due to a lack of universities in country poviats (the same, the indicator concerning students and graduates amounted to 0) and the low density of population. However, among country poviats, the high positions of the Łęczycki Powiat (indicator at 24.1) and the Rycki Powiat (17.7) should be underlined.

Map 11. Investment attractiveness of the Poviats in the Lublin Voivodeship – social situation



Source: own elaboration.

Summary

In principal, underlined should be the very high potential of the Voivodeship in the social sphere, due to the large number of university students and graduates. These elements are responsible for attracting a technologically-advanced investor seeking highly qualified personnel. The economic and technical situation in the region is improving every year, therefore, in connection with favourable social conditions the region may compete not only with East Poland Voivodeships but, in the future, also with other highly developed regions in Poland. In turn, in case of poviats, four cities with poviats rights received the most advantageous grade – Lublin, Zamość, Chełm and Biała Podlaska, whereas the last three towns are characterized with very similar indicators (approx. 68). Among country poviats, attention should be placed on the Puławski Powiat, however the value of the indicator is almost twice as low as for presidential towns. In other words, the best investment conditions in the Lublin Voivodeship are found in the four largest cities of the region – **Lublin, Zamość, Chełm and Biała Podlaska**. Among country poviats, the relatively high attractiveness of the following poviats should be underlined: **Puławski, Świdnicki, Opolski, Lubelski and Rycki**.

Analysis of attractiveness based on the development of key economy sectors

Apart from the indicator-based analysis relating to the general social and economic situation, investment attractiveness research was conducted for the five key sectors: **the machine industry, the aviation industry, the automotive industry, BPO/IT (both sectors processed together due to similar conditions) and the food industry, targeted at investments in the development of processing technologies and biotechnology in the food sector.** A detailed description of the region's potential in terms of developing these sectors and attracting foreign investments is presented in Section 2.4.2 "Sectors with development potential".

The aforementioned sectors have a particular potential in the region to attract FDI, mainly due to already existing enterprises in this sector – both SME and larger investors, traditions of associating and cooperating in the branches (clusters, groups of manufacturers), research and scientific infrastructure, and many other attributes, specific for each sector. Within the scope of these areas, the region is competitive not only in terms of adjacent areas but also in regard to the entire country and other European regions.

Machine industry

Key development centres in the sector	Lublin, Świdnik, Bełżyce, Kraśnik and Janów Lubelski
Regional leaders characterized by a technological advancement	SIGMA S.A., SIPMA S.A., Wytwórnia Sprzętu Komunikacyjnego PZL-Świdnik S.A., Wojskowe Zakłady Inżynieryjne S.A.
Research and scientific infrastructure	R&D Centre Inventor, Ursus Research and Development Centre, Innovation and Advanced Technologies Centre of the Lublin University of Technology, Hajduk Group Research and Development Centre, Technology Transfer Centre of the Lublin University of Technology, Innovation and Technology Transfer Centre of the Lublin Research and Technological Park
Clusters	–Lublin Mechatronics Area
Current development of companies within the sector	339 enterprises in the machine industry in 2014
Location benefits for potential investors in the sector:	Long and rich traditions, presence of many enterprises from the sector, substantial research and development infrastructure, highly qualified human capital

Aviation industry

Key development centres in the sector	Świdnik
Regional leaders characterized by a technological advancement	Wytwórnia Sprzętu Komunikacyjnego PZL-Świdnik S.A.
Research and scientific infrastructure	Research and Development Institute of the PZL-Świdnik
Clusters	LublinCluster of Advanced Aviation Technologies
Current development of companies within the sector	136 enterprises in the automotive and aviation industries in 2014
Location benefits for potential investors in the sector:	Presence of the Wytwórnia Sprzętu Komunikacyjnego PZL-Świdnik S.A, research and scientific infrastructure, highly qualified human capital

Automotive industry

Key development centres in the sector	Lublin
Regional leaders characterized by a technological advancement	ABM Greiffenberger Sp. z o.o., Daewon Europe Sp. z o.o., Fabryka Samochodów HONKER, Inergy Automotive Systems Poland Sp. z o.o., Odlewnia Żeliwa Lublin Sp. z o.o., Kuźnia Matrycowa Sp. z o.o., MW Lublin Sp. z o.o., ZOMECH – Zakład Obróbki Mechanicznej Sp. z o.o.
Research and scientific infrastructure	Innovation and Advanced Technologies Centre of the Lublin University of Technology, Innovative Centre for Diagnostics, Research and Analysis of the University of Economics and Innovation in Lublin (WSEI), Technology Transfer Centre of the Lublin University of Technology, Innovation and Technology Transfer Centre of the Lublin Research and Technological Park
Clusters	–
Current development of companies within the sector	136 enterprises in the automotive and aviation industries in 2014
Location benefits for potential investors in the sector:	Long and rich traditions, presence of many enterprises from the sector, substantial research and development infrastructure, highly qualified human capital

BPO/IT

Key development centres in the sector	Lublin
Regional leaders characterized by a technological advancement	Orange Customer Service, Centrum Obsługi Klienta Detalicznego PKO Banku Polskiego, Centrum Operacji Księgowych Orange Polska, Proama, Asseco Business Solutions S.A., Compugroup Medical Polska Sp. z o.o., Britenet Sp. z o.o., Genpact Poland Sp. z o.o., eLeader Sp. z o.o., Infinite Sp. z o.o.
Research and scientific infrastructure	Universities in the Lublin Voivodeship
Clusters	Lublin ICT Cluster, East Information and Telecommunication Technologies Cluster
Current development of companies within the sector	1877 enterprises in the IT sector in 2014
Location benefits for potential investors in the sector:	High supply of office space, strong academic centre, qualified workers, low lease prices, proximity of the air port, connections with European capital cities

Food industry and agriculture/food processing

Key development centres in the sector	Entire Lublin Voivodeship, including main agglomerations – Zamość, Lublin, Biała Podlaska
Regional leaders characterized by a technological advancement	Group of Producers of Soft Fruits and Vegetables, Fruit and Vegetable Producers Association, Nadwiślańskie Fruit Producers Society, Lubella S.A., PERŁA Browary Lubelskie S.A., Herbapol Lublin S.A.
Research and scientific infrastructure	B. Dobrzański Agrophysics Institute, PAN Agrophysics Research and Innovation Centre, Central Agro-ecological Laboratory of the University of Life Sciences in Lublin, Centre for Innovation and Implementation of New Techniques and Technologies in Agricultural Engineering, UMCS Biotechnology Centre, Witold Chodźka Country Medicine Institute in Lublin
Clusters	Ecological Food Valley, Lublin Food Industry Cluster, Lubelski Cebularz – Regional Cluster in Lublin
Current development of companies within the sector	2129 ecological farms in 2013

Key factors deciding about the investment attractiveness of the Lublin Voivodeship

The Lublin Voivodeship is a region with a high investment potential. In spite of the low values of certain indicators, the region has advantages, which distinguish this area from other voivodeships of Eastern Poland and other regions of the country. The determination of the factors proving the Voivodeship’s investment attractiveness took account of both economic, technical and social factors, and opinions of foreign investors in the region and institutions in the business environment responsible for attracting investors to the Lubelskie region. Key investment advantages of the Lublin Voivodeship are presented below divided into three categories – economic, social, and legal/administrative aspects:

Among the barriers relating to attracting investments, the **unsatisfactory communication availability is very noticeable**, in particular wheel communication. However, the favourable trends in this scope should be underlined– the density of roads is increasing every year, more motorways and express roads are built. The planned construction of the cargo terminal in Świdnik will have substantial influence on increasing the attractiveness of the Lublin Voivodeship. The geographical location may constitute a barrier for investors exporting to the West, however this road and air infrastructure has improved significantly over several years.

In case of cooperation with Eastern markets, including Ukraine or Belarus this unfavourable factor is transformed into the largest attribute of the region.

ECONOMIC	SOCIAL	LEGAL/ADMINISTRATIVE
<ul style="list-style-type: none">• Availability of investment areas within SEZ and industrial parks – specialized areas for individual industries, in particular machine, automotive, chemical, agricultural-food processing industries	<ul style="list-style-type: none">• Availability of highly qualified personnel in selected key industries• High number of students and graduates of universities• High number of foreign students on Lublin universities• Staff specializing in key economy sectors	<ul style="list-style-type: none">• Efficient investor services provided by representatives of the public administration• Short period of obtaining permits and necessary formalities• Support during the selection of the location for executing investments• Support on various investment execution stages
<ul style="list-style-type: none">• High supply of office space in Lublin	<ul style="list-style-type: none">• Large number of students learning foreign languages in secondary schools	<ul style="list-style-type: none">• Relatively high level of the voivodeship’s coverage with spatial development plans
<ul style="list-style-type: none">• Presence of large investors from key industries	<ul style="list-style-type: none">• Increased popularity of vocational education among the youth	
<ul style="list-style-type: none">• Extensive offer of investment allowances and incentives	<ul style="list-style-type: none">• Growing engagement of enterprises in cooperation (among others, within the scope of clusters)	
<ul style="list-style-type: none">• Low labour costs		
<ul style="list-style-type: none">• Stability of employment – small rotation of employees on individual positions		
<ul style="list-style-type: none">• Presence of scientific & technological parks, scientific & research institutions, and technical & medical universities		
<ul style="list-style-type: none">• Airport in Świdnik		

In regard to Eastern Poland voivodeships, the largest competition comes from the **Podkarpackie Voivodeship**. In quality surveys, respondents often indicated Rzeszów, Mielec (in particular the economic activity zone) and the entire region in general as being competitive in regard to Lubelskie. The significance of the reputation and economic brand, build by Podkarpackie for years, was indicated as the main factor. However, it is worth noting that the Lublin Voivodeship offers similar investing conditions as Podkarpackie, but it is additionally distinguished by a high availability of qualified personnel and low labour costs and costs of living.

FDI DEVELOPMENT PERSPECTIVES

Conducted studies, using present data and results of interviews – allowed the identification of sectors with most potential and directions for attracting direct foreign investments. Their knowledge will, on the one hand, allow selecting proper directions and forms of promotional operations, and on the other hand allow building a competitive edge adjusted to the expectations of investors from certain countries. All below conclusions are the result of analyses described in detail in Chapters 2 and 3 hereof.

Taking into account the various types of foreign direct investments (Table 52) it is possible to determine which of them could take advantage of the best conditions offered by the Lublin Voivodeship. Conclusions were drawn based on, amongst others, conducted interviews i.e. experiences of entrepreneurs and institutions dealing with attracting investors in the Lublin Voivodeship.

Due to its strengths indicated in previous Chapters, the Lublin Voivodeship has the largest opportunities to attract an investor seeking highly qualified and easily accessible workforce. These are typical arguments for foreign companies, which adopt a defensive strategy to seek locations for their investments. The high quality of human capital is also connected with the potential to locate company departments based on advanced technologies in the Lublin Voivodeship. For such vertical foreign direct investments, the region creates huge possibilities in the scope of locating both highly specialized production plants as well as service centres from IT or BPO sectors, which require qualified economic and IT personnel. In the context of the possible improvement of the political situation in the East of Europe, significant possibilities are there for companies concentrating on exports to these countries and seeking their outlets there.

Priority sectors in the scope of attracting FDI

The structure of enterprises with foreign capital in the Lublin Voivodeship in 2013 was similar to the structure of entities in Poland. However, attention should mainly be paid to these groups, where the share is higher than the average value for Poland, which may indicate the region's specialization and the potential in attracting foreign investments in these industries. The leading sector in terms of the number of entities is trading; in this sector, the number of entities in the region in comparison to the general number of enterprises is larger than in the country. Beside trading, this also includes transport and warehouse management, where the average share of the sector in total entities for Poland is almost twice lower. The **very high position of professional, scientific and technical activity** should also be noted.

Table 52. FDI types according to three classifications

From the investor's point of view	From the host country's point of view	From the company's strategy point of view
<ul style="list-style-type: none"> Horizontal (manufacturing the same or similar goods as in the home country) 	<ul style="list-style-type: none"> Replacing imports (depend on the size of the market in the host country, costs of transport and trade barriers) 	<ul style="list-style-type: none"> Expansive (using the company's advantages in the host country, e.g. technological advantages, benefits of scale)
<ul style="list-style-type: none"> Vertical (use of raw materials or coming closer to the customers through purchasing a distribution network) 	<ul style="list-style-type: none"> Promoting exports (result from seeking new sources of production factors) 	<ul style="list-style-type: none"> Defensive (use of cheap labour in the host country to decrease production costs)
<ul style="list-style-type: none"> Eclectic (combination of horizontal and vertical FDI characteristics) 	<ul style="list-style-type: none"> Initiated by the government (the government maintains a policy encouraging investors to e.g. solve the problem of a deficit in the balance of payments) 	

Source: own elaboration based on <http://www.ce.uw.edu.pl/files/users/michal-brzozowski/files/wyklad07.pdf>

Special attention should also be paid to the structure of the largest investors with foreign capital (more in Chapter 2.10). According to most recent data, the largest group was comprised of companies dealing with industrial processing. It also includes sectors such as: **construction, chemical, pharmaceutical, electronic, machine and metal sectors.**

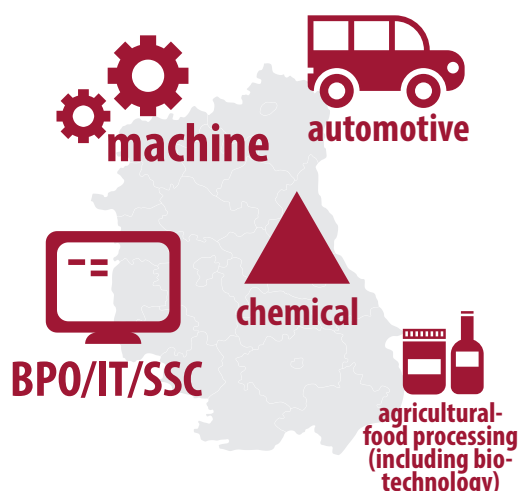
In the context of setting priority sectors for foreign investments, special attention should be paid to the specialization of special economic zones and dominant sectors located therein (more in Chapter 2.8.1). As indicated on the basis of studies performed among investors, the zones are an effective tool in attracting foreign investments. Therefore, it is worth to indicate specializations (according to the sections of the Polish Classification of Business Activity PKD 2007) within the defined zones (data concerns SEZ only, not individual zones):

- Mielecka zone – wood sector (section 16), production of goods from rubber and plastic (section 22), automotive sector (section 29)
- Tarnobrzaska – production of computers, electronic and optical goods (section 26), production of machines and devices (sections 27 and 28)
- Starachowicka – production of chemicals and chemical products (section 20), activity relating to production of goods from other mineral non-metallic sources (section 23), printing and reproduction of saved information carriers (section 18)

The potential to attract foreign investors also lies in sectors being the key industries of the voivodeship's economy, including **machine, automotive, food and BPO services industries** (more in chapter 4.1.2). Separately distinguished is the **IT branch**, being a sector, which is developing very dynamically in the sector and has the capability to attract technologically advanced companies. In addition, the presence of entities from the given sector will affect building the image of the region as an innovative voivodeship.

Taking into account many different sources, on the basis of which key sectors may be selected and to which conclusions from interviews may be addressed, and in consideration of the foreign nature of investments, it may be recognized that the potential in terms of direct foreign investments lies with the following sectors in the Lublin Voivodeship:

Figure 5. Priority sectors in terms of attracting FDI



Source: own elaboration.

Priority directions in terms of attracting FDI

In terms of the structure of **foreign capital** in the Lublin Voivodeship, in the context of the country of origin of the capital, **Dutch capital** dominates – almost 1/3 of foreign capital in the region (more in Chapter 3.2.2). Other important countries include **Luxembourg, the USA, Italy, France, Germany and Cyprus.**

Apart from the value of the aforementioned indicator, attention should also be paid to the structure of the **largest entities with foreign capital** located in the region (more in chapter 2.10). In this group, European capital dominates. The most important investments in the region include those with **German and French capital**. There are slightly less investments from the **Netherlands, Great Britain and the USA.**

On the basis of these two indicators, the priority directions in attracting foreign direct investments were determined. It is worth underlining that countries of origin of capital are, and should remain in the future, highly developed countries, which will locate technologically advanced investments. Therefore, the Voivodeship should be promoted mainly in West European countries and in the USA.

Figure 6. Priority directions for attracting FDI

Source: own elaboration.

The priority sectors presented above and the directions are only an indication of the possible ways of attracting foreign direct investments. Determining desired directions is essential to properly address promotional activities, however promotions in other areas in Europe and in the world should not be ceased. It is important to mainly concentrate on attracting a technologically advanced investor, who will implement innovations and employ qualified staff. This will contribute to the transfer of technology and building the potential of the Lublin Voivodeship as an innovative region, and strengthening its economic brand.

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APPENDIX 1 – LIST OF CLUSTER MEMBERS

Waste Management and Recycling Cluster

- Alpinus Chemia Sp. z o.o.
- Agro-Film Wrocław
- Argo Recykling Skrzypek Wcisło Sp. J.
- Bateko Sp. z o.o.
- Ecoback Sp. z o.o.
- Eko Harpoon Recykling Sp. z o. o.
- Eko-Meg Grzegorz Iwaniuk
- Elektrorecykling Sp. z o.o.
- Elpologistyka Sp. z o.o.
- Euro-Grup S.C. Zbigniew Wilk, Bożena Hebda, Robert Wilk
- Firma Handlowo Usługowa Derewenda Henryk Derewenda
- Foreco Sp. z o.o.
- Karat Elektro Recykling S.A.
- Neptun Recykling Sp. z o.o.
- O-PAL Sp. z o.o.
- Polska Korporacja Recyklingu Sp. z o.o.
- P.P.H.U Polblume Zbigniew Miazga
- Przedsiębiorstwo Gospodarki Odpadami MB Recycling Sp. z o.o.
- Santa-Eko Sp. J.
- Sol-Hurt – Bogdan Hybner
- Tacon Sp. z o.o.
- TDM Electronics S.A.
- Wastes Service Group
- Centrum Metal Odczynniki Chemiczne – Midas Investment Sp. z o.o.
- Protechnika Grzegorz Kowalczyk
- Tacon Sp. z o.o.
- Zakłady Górniczo-Hutnicze Bolesław S.A.
- Akademia Górniczo-Hutnicza im. Stanisława Staszica w Krakowie
- Instytut gospodarki surowcami mineralnymi i energią PAN
- Instytut inżynierii materiałów polimerowych i barwników
- Instytut mechanizacji budownictwa i górnictwa skalnego w Warszawie
- Instytut metali niezależnych
- KGHM CUPRUM Sp. z o. o. Centrum Badawczo – Rozwojowe
- Politechnika krakowska im. Tadeusza Kościuszki
- Politechnika śląska wydział inżynierii materiałowej i metalurgii
- Politechnika warszawska wydział inżynierii materiałowej
- Politechnika wrocławska wydział inżynierii środowiska

- Audytel S.A.
- Europejskie Centrum Ochrony Środowiska
- Krak-Business Stowarzyszenie małych i średnich przedsiębiorstw
- PNO Consultants Sp. z o.o.
- Wastech Recycling Sp. z.o.o.
- Wielkopolski Instytut Jakości Sp. z o.o.
- Centrum Wspierania Inicjatyw Pozarządowych
- Fundacja Odzyskaj środowisko
- Krajowa Izba Gospodarcza
- Skierniewicka Izba Gospodarcza
- Targi Kielce S.A.

Ecological Food Valley Cluster

- Instytut Uprawy Nawożenia i Gleboznawstwa – PIB
- Zespół Szkół Agrobiznesu im. Macieja Rataja
- Bio Concept
- JK Sp.z o.o.
- Bio-Eko
- Brzost-EKO Sp. zo.o.
- Allnet Sp. Z o.o.
- Zakład Mięsny Wasąg
- Owocowe Smaki, Antoni Tudryn
- Korab Garden Sp. z o.o.
- Bio-Food Roztocze Sp.z o.o.
- Barwy Zdrowia,
- Chmiel Sławomir Chmiel
- Firma handlowa Domena
- Eko Aronia
- Pasieka Ekologiczna z Podkarpacia
- Przetwórstwo owoców i warzyw
- Stowarzyszenie Ekolubelszczyzna
- Podkarpacka Izba Rolnictwa Ekologicznego
- Ekoland
- Aug-Podl Stowarzyszenie Eko-Rolników
- Sklep Magiczny ogród

Eco-energy Lublin Cluster

- Bialskie Wodociągi i Kanalizacja „WOD-KAN” Sp. z o.o.
- Bio-Energy System II Sp. z o.o.
- Contino Wind Partners Sp. z o.o.
- DMG Sp. z o.o.
- Eco-energia Sp. z o.o.
- ECO-FARM Sosnówka Sp. z o.o.
- Eco Investments Sp. z o.o.
- EKO-FARM Sp. z o.o.
- EKO TRANS Sp. z o.o.
- Elektromontaż Lublin Sp. z o.o.
- Energetyka Słoneczna Sp. z o.o.
- „FRUTY” SA
- INSTYTUT OZE SP. Z O.O.

- Lubelska Agencja Ochrony Środowiska S.A.
- Petrotechnika PHU inż. Alfred Fijałkowski
- Przedsiębiorstwo Wielobranżowe „PROPER” Sp. z o.o.
- Przedsiębiorstwo Innowacyjne Virtech, Skotarek Dariusz Jerzy
- Przedsiębiorstwo Produkcyjno-Handlowe Eko-Trans Cezary Kubacki
- Przedsiębiorstwo Przetwórstwa Zbożowego Emark E. i J. Skrzypek Sp. J
- Przedsiębiorstwo Usług Energetycznych „SPE” Sp. z o.o.
- ROLMAR
- ROTOR ZAKŁAD MECHANIKI MASZYN RYSZARD WALCZAK
- SMIF Sp. z o.o.
- STREFA 1 Sp. z o.o.
- Ośrodek Kształcenia Zawodowego ELPRO Sp. z o.o.
- BIALŁ Sp z o.o
- ARTICA BB Sp. z o.o.
- IDEOPOLIS Sp. z o.o.
- SŁAWEX Zbigniew Sławiński
- S&Q Engineering Poland Sp. z o.o.
- MK MIKRO ENERGIA Kazimierz Martychowiec
- UNIQUE CONCEPTS Wojciech Baryła
- Gi.Co Consulting Sp. z o.o.
- Instytut Uprawy Nawożenia i Gleboznawstwa Państwowy Instytut Badawczy
- Państwowa Wyższa Szkoła Zawodowa w Zamościu im. Szymona Szymonowica
- Państwowa Szkoła Wyższa im. Papieża Jana Pawła II w Białej Podlaskiej
- Politechnika Lubelska, Wydział Inżynierii Środowiska
- Uniwersytet Marii Curie-Skłodowskiej
- Fundacja Rozwoju Lubelszczyzny
- Stowarzyszenie Lubelski Klub Biznesu
- Stowarzyszenie Polskich Energetyków Oddział w Radomiu
- DG-INWEST Finanse Sp. z o.o.
- Gmina Wola Uhruska

Lublin Road Construction Cluster

- Przedsiębiorstwo Robót Drogowych Lubartów S.A. – Lubartów
- Centrum Badań Laboratoryjnych CEBEL Sp. z o.o. – Lublin
- EM TRUCK Sp. z o.o. – Niemce
- Przedsiębiorstwo Robót Drogowo-Mostowych Sp. z o.o. – Janów Lubelski
- Lubelskie Przedsiębiorstwo Robót Drogowych S.A. – Lublin

- Komunalne Przedsiębiorstwo Robót Drogowych sp. z o.o. – Lublin
- Przedsiębiorstwo Drogowo-Mostowe sp.z o.o.– Włodawa
- Uniwersytet Marii Curie Skłodowskiej – Lublin
- Politechnika lubelska – Lublin

Easter ICT Cluster

- Ultrano.pl sp. z o.o.
- Industi Sp. z o.o.
- Telewizja Kablowa Świdnik Sp. z o.o.
- Telewizja Kablowa Sp. z o.o.
- Telewizja Kablowa Krasnystaw Sp. z o.o.
- TrzaskaczGroup
- Cobi S.A.
- Transition Technologies S.A.
- Britenet Sp. z o.o.
- Promoship Setlak Sp.J.
- SOFTWARE-CAMP Sp. z o.o.
- Politechnika Częstochowska
- GIS-EXPERT Sp. z o.o.
- Centrum Bezpieczeństwa Informatycznego
- Fundacja Inicjatyw Menedżerskich
- Lubelski Park Naukowo – Technologiczny
- TVP Lublin
- NAFEJSIE.PL
- ICOM
- STUDIO 66
- AVANT POLSKA Sp. z o.o.
- DTS – SYSTEM Sp. z o.o.
- NET-ART
- BitStream Sp. z o. o.
- Mint Media Sp. z o.o.
- Syntea SA
- Advanced Telecommunications Technology Research Sp. z o.o.
- mLife Sp. z o.o.
- Stowarzyszenie Inicjatyw Samorządowych
- E-STUDIO SOFTWARE SP.J.
- OLSOFT Sp. z o.o.
- Billennium Sp. z o.o.
- Emil Stepaniuk
- Combit Sp. z o.o.
- WEBCHILI Sp. z o.o.
- SOLET Sp. z o.o.
- Piotr Wegner Commercial
- Intelligent Technologies S.A.
- P.W. Structum Sp. z o.o.
- 2B Net Sp. z o.o.
- DG Consultis Sp. z o.o.
- WSEI
- Virtual Telecom S.J.
- UNISON Systemy Informatyczne Sp. z o.o.
- RedPapaya Agencja Ineraktywna

- Akademickie Inkubatory Przedsiębiorczości
- AGENT – SERVICE
- MULTIMEDIA – CENTER
- Biuro Ekspertyz Sądowych Sp. z o.o.
- greIT
- Sonet3
- ICN Centrum Kompetencji
- Usługi Telekomunikacyjne i projektowe TELMA Sp. j.
- INFO-TV-FM Sp. z o.o.
- eLeader Sp. z o.o.
- Centrum Informatyki „ZETO Białystok” S.A.
- UMCS w Lublinie
- CC Sp. z o.o.
- Unikkon Integral Sp. z o.o.
- LubMAN UMCS Sp. z o.o.
- Centrum Usług Marketingowo – Szkoleniowych „iKnow.pl”
- XENOX s.c.
- ADESCO Sp. z o.o.
- RESETmikro
- USŁUGI IT
- DIRECT Press Sp. z o.o.
- DataSoft S.C.
- Fundacja Wschodni Instytut Rozwoju
- Gemini
- Uniwersytet Przyrodniczy w Lublinie
- ITLogic s.c.
- Instytut OZE Sp. z o.o.
- Nuty – System
- BioInwest
- Marcin Superczyński
- Taskio Sp. z o.o.
- ARKOM
- ASC GLOBAL s.c.
- PC GROM s.c.
- KOMBIT s.c.
- PWSZ Zamość
- Biatel S.A.
- Enterpol
- CData
- WTL Sp.j.
- Centrum Finansowo – Inwestycyjne „PARTNER”
- PEKA Consulting
- Karo-Studio s.c.
- LANEX S.A.
- LUBGIP Sp. z o.o.
- Wschodnia Agencja Rozwoju Sp. z o.o.
- Select Sp. z o.o.
- COMMCORD Sp. z o.o.
- IDEA – Ekotechnologie
- Infinite Sp. z o.o.
- PIXEL Usługi Informatyczne
- FreshMind
- Instytut Badań Rynku Konsumpcji i Koniunktur

- TOP-IT
- e-media s.c.
- Ideopolis Sp. z o.o.
- Mikrobit Sp. z o.o.
- Biuro Projektów Kolejowych S.A.
- PPHU APIS
- NPLAY Sp. z o.o.
- SEGON Sp.j.
- Gres Serwis Janusz Barański
- IBS PAN
- Hoper Software
- ComSoft
- Unizet S.A. o. Lublin

Ecoinnovations Cluster

- Niemiecko – Polska Fundacja Nowa Energia
- Idea – Ekotechnologie
- Biuro Doradcze Andrzej Pryzowicz
- Diesel Motor Service
- Fresh Mind
- CleanBacter Sp. z o.o.
- Eko Usługi Anna Żurawska
- Eko Usługi Katarzyna Bojankowska
- M Film – Wytwórnia filmów
- DS Dorota Skowronek
- Izba Przemysłowo – Handlowa w Lublinie
- GIEDI Sp. z o.o.
- RSO Media
- Euro Inwest
- Centrum Językowe CAMDEN
- Rush Parts
- Pośrednictwo Ubezpieczeniowe E. Kister
- Instytut Edukacji i Nowych Technologii Sp. z o.o.
- Lubelskie Centrum Obsługi Biznesu
- Studio graficzne INGRAF
- MC Project
- Auto Naprawa H.S.
- Elektro-Car
- FH KAEM
- Akumulatory M.M.
- TOP Auto
- Hand- Skór
- Ideopolis Sp. z o.o.

Eastern Metal Processing Cluster

- 3T Sp. z o.o.
- ALLIA Sp. z o.o.
- ALWOT Sp. z o.o.
- ARTPOL-Therm Sp. z o.o.
- BEST METAL Sp. z o.o.
- BETSTAL KĘPKA I SYNOWIE Sp. j.
- BMB Sp. z o. o.

- DAR-MET Bekier Dariusz
- EDBAK Sp. z o.o.
- EKOENERGOPOL Sp. z o.o.
- EUROAL Sp. z o.o.
- GORBI Piotr Garbacz
- Grant Sp. z o.o.
- GREEN BUD TECHNOLOGIES Michał Piwowarski
- HAJDUK GROUP Sp. z o.o.
- HSW – Fabryka Elementów Złącznych FASTEC Sp. z o.o.
- HULANICKI BEDNAREK Sp. z o.o.
- JGJ ALUMINIUM Jan Żuk, Eugeniusz Choma s.c.
- JN Metal Jerzy Nykiel
- KEMARK Sp. z o.o.
- KN Products Polska Sp. z o.o.
- Koelner Łańcucka Fabryka Śrub Sp. z o.o.
- KOMODUS ŚMIECH ANNA
- KONSTAL Zakład Mechaniczny Zbigniew Własiuk
- KORD-SERWIS Sp. z o.o.
- KRYSZTIAN Przedsiębiorstwo Produkcyjno – Handlowe Krystian Klementowicz
- Kuźnia Matrycowa Sp. z o.o.
- Lubelski Park Naukowo-Technologiczny S.A.
- LUBSTA Sp. z o.o.
- Marek Ślęzak Usługi Tokarskie
- MAZUREK-METAL Janusz Mazurek
- MEGA Sp. z o.o.
- MEGA-REM Sp. z o.o.
- METALTON G. OLCHAWSKI S.J.
- MJM Sp. z o.o.
- MK MIKRO ENERGIA Kazimierz Martychowiec
- NOTA – Zakład Mechaniki Precyzyjnej Stanisław Szymczyk
- OLIW-TECH Andrzej Kosik
- P.P.H.U. KARMET Ryszard Karpowicz
- Migro Marek Pilip
- P.P.H.U. ROBI-REN Robert Pulik
- Patentus Strefa S.A.
- PBM BULAK Sp. j.
- Politechnika Lubelska
- PORTAL Krzysztof Głazewski
- PPHU DOMOSTAL S.C. Janusz Domka, Adam Moskal
- Projektowanie i Budowa Maszyn Artur Kania
- PROTECHNIKA Sp. z o.o.
- Przedsiębiorstwo Kotlarsko-Ślusarskie BAT-GAZ Adam Bednarz
- Przedsiębiorstwo Produkcji Maszyn i Urządzeń PLASMET Sp. z o.o.
- Przedsiębiorstwo Produkcyjno – Wdrożeniowe NABOR G.Naborczyk
- Przedsiębiorstwo Produkcyjno-Handlowe SK-PLAST Z.Kramek L.Szczygieł s.c.
- Przedsiębiorstwo Produkcyjno-Handlowo-Usługowe MALINEX Ryszard Malinowski
- Przedsiębiorstwo Usługowo – Handlowe CEWAR Więch&Więch Sp.j.
- Przedsiębiorstwo Usługowo – Handlowe Winkler Ciseł Monika
- Przedsiębiorstwo Usługowo – Produkcyjno – Handlowe HEMAR Henryk Mgłowski
- Przedsiębiorstwo Wielobranżowe “MAR-JOLA BI” MiT Widerlik Sp. z o.o.
- Przedsiębiorstwo Wielobranżowe POD-KOMET Zbigniew Podkowiak
- Przedsiębiorstwo Wielobranżowe TECH-METAL Nowacki Mieczysław
- RAD-STAL BIS Konrad Radkowski, Witold Radkowski s.c.
- REALL Agencja Zaopatrzenia Technicznego Arkadiusz Króziel
- Samet Sp. z o.o.
- STAHLPOL Sp. z o.o.
- STALSERWIS Sp. z o.o.
- TABAL Jan Kidaj, Mieczysław Daniel Sp.J.
- TECHNICZNA Sp. z o.o.
- Tema Sp. z o.o.
- VEGA Bartosz Juszczyk
- WALCE s.c.
- WARBO S.A
- Wojewódzki Klub Techniki i Racjonalizacji
- Wolco Sp. z o.o.
- Zakład Mechaniczny NOWAK Tomasz Nowak
- Zakład Mechaniczny Sobiesiak Andrzej Sobiesiak
- Zakład Mechaniczny TASTA Sp. z o.o.
- Zakład Mechaniczny Usługowo-Produkcyjny Zbigniew
- Zakład Mechaniki Precyzyjnej SARD Roman Duszkiewicz
- Zakład Metalowy GORZELAK II s.c.
- Zakład Metalowy SPAWLINK s.c. Jan Szałuba Piotr Szałuba
- Zakład Narzędzi Diamentowych Czesław Pyrzyńska
- Zakład Obróbki Metali KOMECH Edward Kostrubiec
- Zakład Produkcji Metalowej WOMET Ryszard Woźnica, Piotr Woźnica s.c.
- Zakład Produkcyjno Handlowo Usługowy DREW-MET s.c. Lubera Maria & Lubera Stanisław
- Zakład Produkcyjno-Handlowy Stanisław Krzaczek
- Zakład Usługowo – Produkcyjny FREZ S.C. Anna i Waldemar Pośpiech
- Zakłady Mechaniczne RUFUS G.Wilk i Wspólnicy Sp. Jawna
- ZREMB POLAND Sp. z o.o.

Lublin Wood –Regional Cluster in Lublin

- Wood House
- Information Mastery Sp. z o. o
- BUDEXPOL
- Forner
- Mebomix
- Joanna Dejko Studium Doskonalenia Zdolności Poznawczych
- Imupol Sp. z o.o.
- CDM
- Leman Nieruchomości
- Studio 93
- Rensorg Sp. z o.o.
- StolArt
- Przedsiębiorstwo Produkcyjno Handlowo Usługowe - Artykuły Drewniane
- Lubelska Izba Rzemieślnicza
- Lubelski Park Naukowo Technologiczny S.A
- Politechnika Lubelska
- Uniwersytet Przyrodniczy w Lublinie

Eastern Innovations Cluster

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- ICT LAB Centrum Szkoleń Informatycznych
- DG ARPNET
- Europerspektywa
- Centrum Szkoleń i Innowacji
- Centrum Promocji Pracy
- NABOR
- GABINET PSYCHOTERAPII GESTALT
- FREE DOTS DESIGN
- EPROGNOSIS
- Wyższa Szkoła Przedsiębiorczości i Nauk Społecznych w Otwocku
- Kraśnicka Izba Gospodarcza

Group.pl Cluster

- BASoft sp. z o.o.
- ICT Solutions Cezary Sieńczyk
- Wyższa Szkoła Ubezpieczeń w Krakowie
- Marsoft Marcin Rokoszewski
- Euro-Konsult sp. zo.o.
- Complex IT
- Doradztwo Gospodarcze Michał Ogonowski
- ACIT sp. z o.o.
- Narodowe Forum Doradztwa Kariery
- ART- BIT A. Juściński S. Bartkowiak
- ERP- Projekt.Pl Paweł Pazara

Lublin Medicine Cluster

- Urząd Miasta w Lublinie
- Uniwersytet Medyczny w Lublinie
- Instytut Medycyny Wsi im. Witolda Chodźki w Lublinie
- Katolicki Uniwersytet Lubelski Jana Pawła II w Lublinie
- Politechnika Lubelska
- Uniwersytet Marii Curie – Skłodowskiej w Lublinie
- Uniwersytet Przyrodniczy w Lublinie
- CENTERMED Lublin Sp z o.o.
- Centrum Medyczne Luxmed Sp. z o.o.
- Centrum MedyczneMedicos S.A.
- Centrum Medyczne Sanitas Sp. z o.o.
- CRH ŻAGIEL MED. Sp. z o.o. Spółka Jawna
- Gastromed Sp. z o.o.
- Impladent S.C.Centrum Stomatologii i Implantologii
- Laser MedicDermatologia i Kosmetologia
- Med-LaserAdam Borzęcki
- Zespół Poradni Specjalistycznych Reumed
- Terpa Gabinety
- Top Medical Sp. z o.o.
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- Samodzielny Publiczny Szpital Wojewódzki im. Jana Bożego
- Samodzielny Publiczny Szpital Kliniczny Nr 1 w Lublinie
- Samodzielny Publiczny Szpital Kliniczny nr 4 w Lublinie
- Wojewódzki Szpital Specjalistyczny im. Stefana Kardynała Wyszyńskiego
- Fundacja Rozwoju Europy Środkowo-Wschodniej
- KUL Creative
- Lubelski Park Naukowo-Technologiczny S.A.
- Stowarzyszenie Lubelski Klub Biznesu
- MUSI Lublin Sp z o.o.
- Watra Travel Sp. z o.o
- Port Lotniczy Lublin S.A.
- UNISON Systemy Informatyczne Sp. z o.o.
- VitaGenum Sp. z o.o.
- Industi Sp. z o.o.
- SDS OPTIC Sp. z o.o.
- Medical InventiS.A.
- Eyemed Lubelskie Centrum Okulistyczne
- CompuGroup Medical Polska Sp. z o.o
- Uzdrowisko Nałęczów
- Instytut Agrofizyki Polskiej Akademii Nauk
- 1 Wojskowy Szpital Kliniczny z Polikliniką w Lublinie
- AB OvoSp. z o.o.
- Specjalistyczne Centrum Medyczne OVUM
- ADP Clinic Niepubliczny Zakład Opieki Zdrowotnej

- TOP – DENT Niepubliczny Zakład Opieki Zdrowotnej Jolanta Fijałkowska
- F.H.U. PROTECH Sławomir Gonciarz Centrum Rehabilitacyjno – Sportowe MEDISPORT
- Centrum Stomatologiczne New-Dent Małgorzata Kiernicka
- DENTAL Przychodnia Stomatologiczna S.C. Bożena Dąbała, Jacek Dąbała
- Targi Lublin S.A.
- Medi-Sept
- BioMaxima S.A.
- BIOMED-LUBLIN Wytwórnia Surowic i Szczepionek Spółka Akcyjna
- Stomatologiczne Centrum Kliniczne Uniwersytetu Medycznego w Lublinie
- Luxmed – Uzdrowsko Nałęczów Sp. z o. o.
- Fundacja Inkubator Przedsiębiorczości UMCS w Lublinie
- Fundacja Puławskie Centrum Przedsiębiorczości
- Fundacja Regionalne Inkubatory Przedsiębiorczości
- Fundacja Rozwoju Lubelszczyzny
- Fundacja Promocji Edukacyjnej ORYLION
- Inkubator Technologiczny Markiz sp. z o.o.
- Lubelska Fundacja Rozwoju
- Netrix Group sp. z o.o.
- Politechnika Lubelska (Wydział Zarządzania)
- Puławski Park Naukowo-Technologiczny S.A.
- Software camp sp. z o.o.
- Uniwersytet Marii Curie Skłodowskiej w Lublinie (Instytut Informatyki)
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- City Finance Sławomir Marzec
- Complex IT Sp. z o.o.
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- Firma Produkcyjno Handlowo Usługowa OMEGA
- Monika Kot-Pryszczewska Agencja Interaktywna PR KREATOR
- P.H.U. Farbeks-Bis s.j. A.D.E.K. Rzepeccy w Lublinie
- Rachcom Biuro Rachunkowo-Usługowe Jolanta Włoch
- Spółka Inżynierów SIM Sp. z o.o.
- Stec Promotion Mariusz Stec;

Lubelin Mechatronics Area

- Urząd Marszałkowski Województwa Lubelskiego
- Miasto Lublin,
- Centrum Badawczo – Rozwojowe HAJDUK Group Sp. z o. o.
- Lubelski Park Naukowo – Technologiczny S.A.
- Lubelski Węgiel Bogdanka S.A.
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- Wschodni Klaster ICT
- Klaster Ekoinnowacje
- Lubelski Klaster Biomedyczny
- Wschodni Klaster Obróbki Metali w Lublinie
- Klaster Lubelskie Drewno

Lublin Cluster of Business Environment Institutions

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- Biznes Link Lublin (Fundacja Akademickie Inkubatory Przedsiębiorczości)
- Centrum Innowacji i Transferu Technologii LPNT sp. z o.o.

APPENDIX 2 – INDICATOR-BASED ANALYSIS

To conduct an analysis of the investment attractiveness of the Voivodeship, an indicator-based analysis was performed to compare the region with eight selected voivodeships in Poland and to indicate poviats in the Lubelszczyzna region with the highest attractiveness in terms of the selected aspects. The indicator-based survey was conducted separately for voivodeships and for poviats. The analysis was performed based on a modified methodology by Prof. Hanna Godlewska-Majkowska dr hab., described in more detail in the document entitled “*Metodyka parametryzacji atrakcyjności inwestycyjnej regionów*”²⁶⁴ [Methodology of Parametrization of the Investment Attractiveness of Regions].

The first stage was a selection of objective indicators, which prove the investment attractiveness of the region within the scope of three aspects – economic, technical and social. The selected indicators are presented in Chapter 4.1.1, Table 49. In total, 19 indicators were selected – 8 economic, 6 technical and 5 social indicators.

The next stage is standardization of single-attribute output variables, aiming at assigning values from 0 to 100 to all units. The following formulas were applied:

For stimulating indicators and positive characteristics:

$$x'y = \frac{x_y - x_{minj}}{x_{maxj} - x_{minj}} \times 100$$

dla czynników destymulujących:

$$x'y = \frac{x_{maxj} - x_y}{x_{maxj} - x_{minj}} \times 100$$

After the standardization, average values were calculated for each of the abovementioned ranges, which values were then adopted as the synthetic indicator defining the investment attractiveness of voivodeships and poviats in the Lublin Voivodeship. The results are presented in Chapter 4.1.1.

²⁶⁴ http://www.caril.edu.pl/wp-content/uploads/Metoda_pomiaru_atrakcyjnosci_inwestycyjnej_regionow.pdf – dostęp 16.06.2015

APPENDIX 3 – OFFICE SPACE

The table below presents the most attractive office space in the Lublin Voivodeship, located in two president towns of the Lublin Voivodeship– Lublin and Puławy. Areas with large space, in modern office buildings and favourable location were selected.



Map 12. Office space – Lublin



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**ul. Witolda Chodźki 27
„CENTRUM KASKADA”**

Area [sq. m.]

- 4 modules are available, from 140 to 540

Price per meter [PLN]

- PLN 44/sq.m + maintenance fee

Offer type

- Lease

1



ul. Wallenroda 2F

Area [sq. m.]

- 300—2122

Price per meter [PLN]

- EUR 12.5/sq.m. with maintenance fee

Offer type

- Lease

2



Ul. Witosa 16 „KAMARES”

Area [sq. m.]
• 1900

Price per meter [PLN]
• EUR 10.5/sq.m. net + PLN 12/sq.m. maintenance fees

Offer type
• Lease

3



ul. Leszczyńskiego/Długosza „CENTRUM PARK”

Area [sq. m.]
• 2500

Price per meter [PLN]
• 10,50 EUR net + PLN 12 maintenance fee

Offer type
• Lease

4



ul. Zana 39 a „ZANA”

Area [sq. m.]
• 1800

Price per meter [PLN]
• 11 EUR + 13.57 maintenance fee

Offer type
• Lease

5



ul. Grenadierów 13 „PRESTIGE PROPERTY”

Area [sq. m.]
• 1200

Price per meter [PLN]
• PLN 32/sq.m. net + maintenance fee, sale PLN 4,900,000

Offer type
• Lease

6



**ul. Jana Pawła II 17
„JPBD BUSINESS CENTER”**

Area [sq. m.]
• 3300

Price per meter [PLN]
• PLN 48/sq.m. net +
maintenance fee

Offer type
• Lease

7



ul. Narutowicza 55 b

Area [sq. m.]
• 1450

Price per meter [PLN]
• PLN 48/sq.m. +
maintenance fee

Offer type
• Lease

8



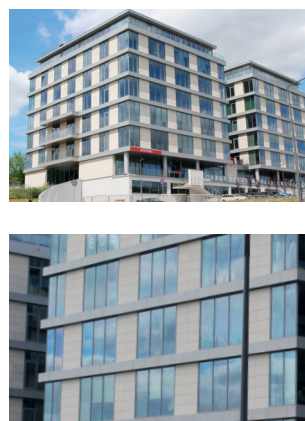
ul. Szeligowskiego „ZANA”

Area [sq. m.]
• 1700

Price per meter [PLN]
• EUR10net+PLN 12
maintenance fee

Offer type
• Lease

9



**Al. Racławickie 8 (corner of
Żwirki i Wigury) „RUPES”**

Area [sq. m.]
• 1000

Price per meter [PLN]
• PLN 55/sq.m. + VAT

Offer type
• Lease

10



Map 13. Office space – Puławy



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ul. Górna/ul. Lubelska

Area [sq. m.]

- 1500

Price per meter [PLN]

- bd

Offer type

- Lease



1

**ul. Generała Nila
Fieldorfa 10a**

Area [sq. m.]

- 3 premises / 150 sq.m.

Price per meter [PLN]

- bd

Offer type

- Lease



2

ul. 6 sierpnia 1

Area [sq. m.]

- 400

Price per meter [PLN]

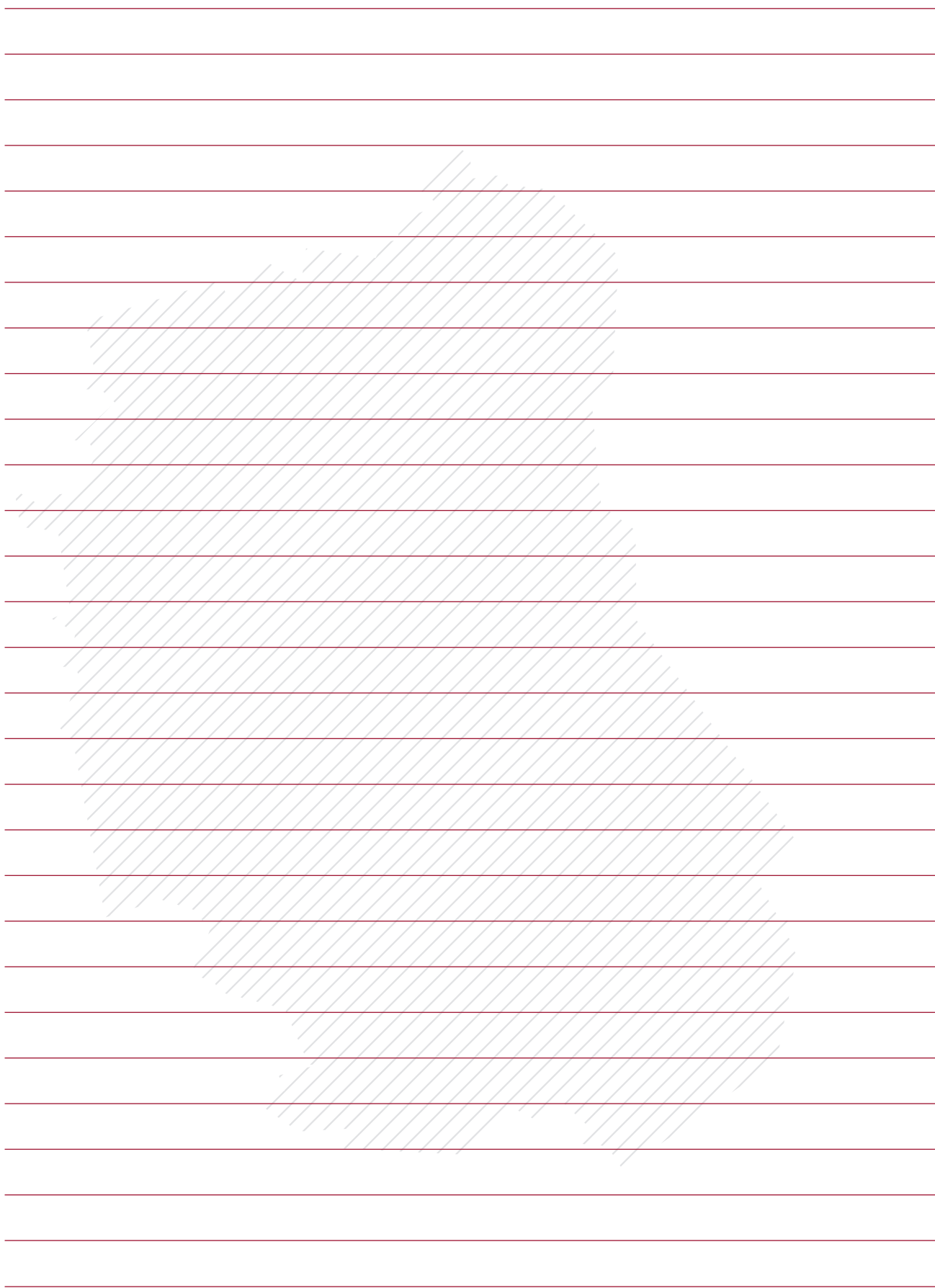
- 9

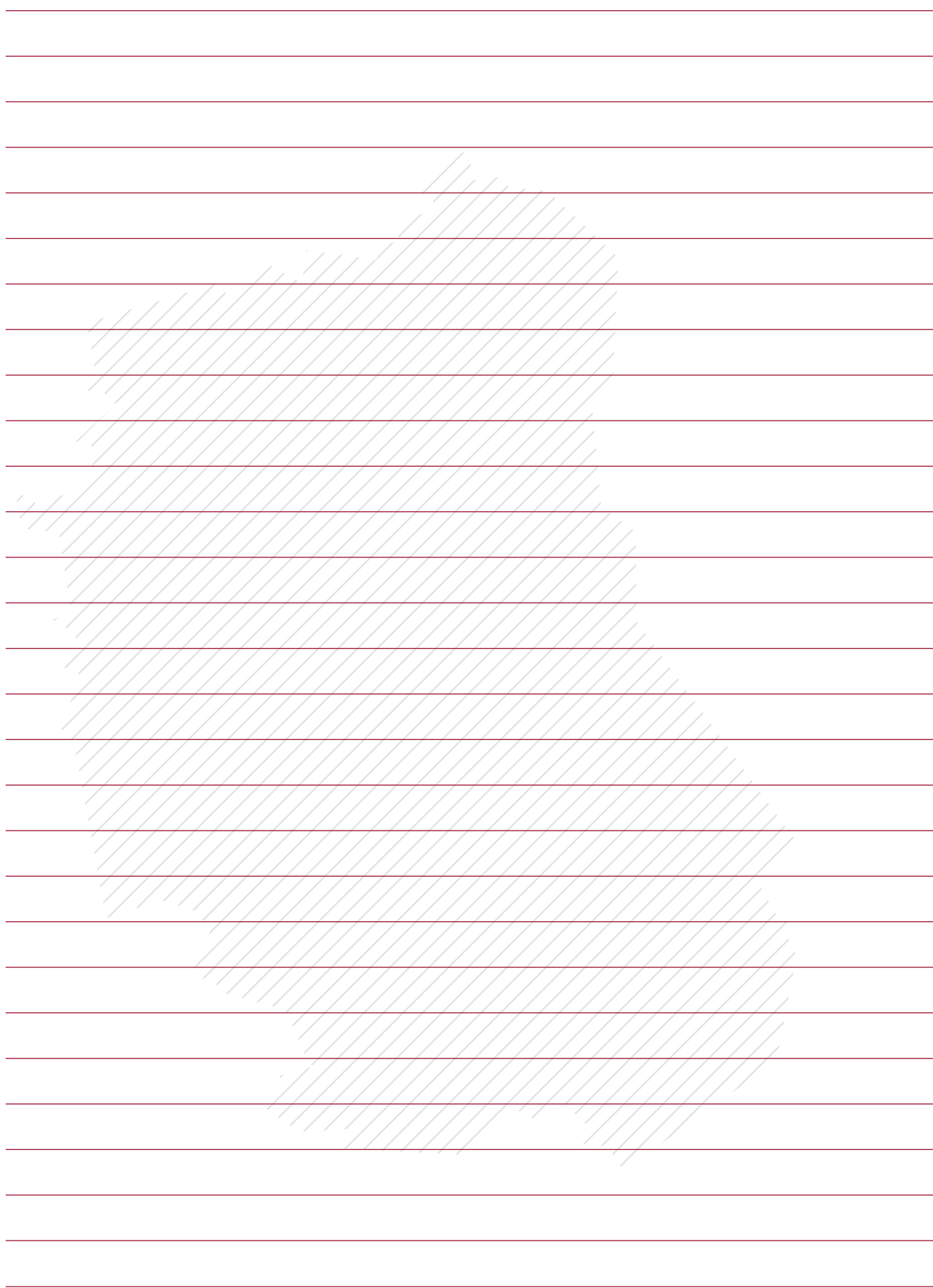
Offer type

- Lease



3





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**DEVELOPMENT
OF EASTERN POLAND**
NATIONAL COHESION STRATEGY



EUROPEAN UNION
EUROPEAN REGIONAL
DEVELOPMENT FUND



The project "Creation and development of cooperation networks investor service centre" funded by the European Regional Development Fund under the Operational Programme Development of Eastern Polish