

AmCham.Pl QUARTERLY

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in Poland

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COVER STORY

POLAND'S ECONOMY IS POISED TO EMBRACE INDUSTRY 4.0 TO INCREASE EFFICIENCY, KEEP LABOR COSTS UNDER CONTROL, AND TO KEEP THE ECONOMY GROWING FAST FOR YEARS TO COME, **p. 10**

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CSR projects grow big at the Hewlett Packard Enterprise's Wrocław Center.

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RAFAŁ TRZASKOWSKI, WARSAW MAYOR, ADDRESSING THE REPRESENTATIVES OF THE AMERICAN BUSINESS COMMUNITY IN FEBRUARY,
P. 16

We want to move up in the value chain in the economy from the imitation-based economy to innovation-based economy. We want investors to resort to our universities and R&D centers for competences.

TADEUSZ KOŚCIŃSKI, UNDERSECRETARY OF STATE IN THE MINISTRY OF ECONOMIC DEVELOPMENT,
P. 18

AmCham.pl Quarterly is the official publication of the American Chamber of Commerce in Poland. It is a voice for foreign investors and the business community in Poland. The magazine strives to keep our members and other readers up to date by following chamber news and reporting on the leading trends in business and policy.

It would be much better for the Polish economy, if economic growth was rooted in investment instead of consumption because consumer confidence may shift.

AGNIESZKA-SŁOMKA-GOŁĘBIEWSKA, PROFESSOR, THE WARSAW SCHOOL OF ECONOMICS,
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A large portion of the companies that we subcontract for our projects are Polish entities because we want to support the local market.

ROBERT DOBRZYCKI, CEO, PANATTONI EUROPE,
P. 26

It is our goal to let the ideas developed at universities reach business for only then they will have a chance to gain importance in commercial terms.

JACEK DRABIK, AMCHAM BOARD MEMBER (MOROTOSLA SOLUTIONS) AND AMCHAM KRAKÓW & KATOWICE DIRECTOR,
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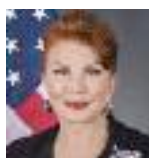
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ADVOCACY OF AMCHAM POLAND

AmCham Poland supports the collective interests of its members by working to affect changes that improve the business environment in Poland through:

- the close monitoring of Polish and EU regulations;
- position papers, policy statements, and advocacy letters;
- direct and frequent interaction with policy-makers;
- active participation in the rule-making process.

All AmCham Poland's position papers are available at <http://amcham.pl/advocacy>.

Our top issues include:

NEW PUBLIC PROCUREMENT LAW

The new Public Procurement Law draft, planned to come into force on January 1, 2020, refers to all business entities operating in Poland that fulfill orders for the public sector. It aims to increase the number of offers in public tenders, creating a better quality of public procurement, raising raising levels of competitiveness and innovativeness.

Specific changes include:

- New criteria for the effectiveness and proportionality for contracts;
- The cost of appeal will be lowered to a value of three times of the fee;
- Supporting innovation in particular through new "innovative partnership" solutions (eliminating the joint liability of contractors);
- Obligatory payment by the ordering party of partial payments in contracts lasting longer than 12 months;
- Strengthening the role of the President of the Public Procurement Office in preparing and promoting good practices and sharing sample documents designed for ordering parties;
- Simplification of the public procurement procedure below EU thresholds;
- Creation of a new unit in the National Chamber of Appeal for conciliatory proceedings, which is a kind of alternative dispute-resolution body, before concluding contracts.

SIMPLIFICATION OF ADMINISTRATIVE AND REGULATORY PROCEDURES

The draft law simplifying the administrative and regulatory procedures, planned to come into force by the end of 2019, affects all business entities in Poland and foreign employees.

The draft provides in particular:

- Increasing the pool of residence permits entitling foreigners from outside the EU to start and pursue economic activity on the territory of Poland;

- Extension of the general VAT settlement rules for imported goods – i.e. until 25th day of the next month instead of the current 10 days from the customs clearance;
- Extension of consumer protection.

DIGITAL SERVICES TAX (DST)

On March 12, 2019, the Ministers of Finance of EU states decided that further work on the DST should proceed at the Organization for Economic Cooperation and Development (OECD) forum. The goal of the OECD is to reach agreement and develop a common solution at the global level by 2020. The EU will reopen its debate on possible tax measures in the area of the digital economy if the OECD's reform is delayed.

The OECD presented three possible approaches to taxing digital services:

- The "user participation" proposal focuses on highly digitalized businesses and leads to the taxation of social media platforms, search engines and online marketplaces.
- "Marketing intangibles" proposal affects all types of businesses, whether or not highly digitalized. The background of this solution is that trademarks, trade names, customer lists, customer relationships and customer data used in the marketing and selling goods or services to customers are used on the territory of a given country to generate profit for a particular company.
- "Significant economic presence" proposal

under which a taxable presence would arise where there is a purposeful and sustained interaction with the country through digital technology and other automated means that constitutes a significant economic presence.

PM Morawiecki also announced that his government is considering the possibility of financing new spending promises by introducing a new tax on tech giants. According to our information, the Ministry of Finance is analyzing proposals introduced in other countries, but the priority for Poland is a solution at the OECD or EU level, not a local tax.

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LETTER FROM THE CHAIRMAN

DEAR AMCHAM
MEMBERS AND FRIENDS,

The first quarter passed by quickly and the second is looking equally as busy and fleeting. AmCham started the year with an ambitious plan of meetings, discussions, advocacy issues and outreach, and is well on its way to fulfilling the first half of its 2019 mission.

We have already hosted meetings with and about the recently elected Mayor of Warsaw, the Deputy Minister of Entrepreneurship and Technology, Plenipotentiary for Digital Affairs, experts on the near-term economic outlook and the range of elections—European Parliament and Polish Parliament, Brexit, artificial intelligence, fiscal liability, leisure trends, innovation, taxes and work force empowerment. An active and productive start, and we are just beginning.

AmCham continues to meet US Congressional delegations, the Embassy team, and senior US Administration representatives as they visit Poland. Our voice is consistent – it is a good market for business and investment and that AmCham is the leading voice to ensure that our companies are treated fairly and have strong channels of communication with the markets, the administration and policy makers at all levels.

In this edition of *AmCham Quarterly* we look at the role of automation and artificial intelligence in Poland, and how it can be utilized to help sustain economic growth and address future workforce demographic challenges. You will also find coverage of our many meetings and the issues discussed, as well as expert knowledge from member companies. This publication is another tool for use in your business and professional growth, and we are proud to bring it to the membership and the market.

In the coming months we will continue our busy schedule and hope to see you at future meetings, the AmCham Diner at the European Economic Congress and of course at the AmCham Independence Day event before the summer break. Until that time AmCham will be engaged on a range of issues from ZUS to the Three Seas Initiative and from US-Poland trade & investment relations to expanding R&D opportunities for our member companies.

I encourage you all to meet Dr. Eliza Przeździecka, the newest member of the AmCham team. She joins us as the Head of Economic Research and brings a new area of service to the membership and the investment community.

Look forward to seeing you all soon at our many events.

Best regards,



TONY HOUSH
AMCHAM CHAIRMAN

NEWSLINE

NEWS FROM AMCHAM AND ITS MEMBERS

Air Products

Producer of industrial gases Air Products finalized the acquisition of ACP Europea SA, the largest independent producer of carbon dioxide in Europe. The value of the transaction has not been revealed. The transaction was conditioned by the Polish anti-trust authority UOKiK and if the conditions, not revealed in the press release, are not met Air Product will have to sell a limited number of its production assets. With several million USD invested in Poland, Air Products has made the country one of its strategic European markets developing production capacity to service clients in Poland and Ukraine.

AmCham

AmCham has welcomed on board three new significant additions. Ewa Mróz has joined AmCham to lead the chamber's special project called American Investor Desk which will work on improving the conditions for Polish companies interested in the US market. With the project AmCham intends to use its best-practices and network to help Polish companies have access to value-added resources as they explore the US market. Also since January, Mateusz Jurczyk has been working at the chamber as Manager of AmCham Kraków and Katowice. He joins AmCham with a wealth of practical business experience and a hands-on attitude. Finally, as of April 1, 2019 Eliza Przeździecka, PhD and Professor at the Warsaw School of Economics, has become a member of the AmCham team. As Head of Economic Research, she will create a stronger AmCham research arm which will become a useful resource for AmCham and its members. In April, three new companies joined AmCham. Human resources expert Trenkwalder is a part of Droegge International. The company's representative in Poland is Wojciech Ratajczyk, CEO. Another new member, headquartered in Palo Alto, CA, is Varian Medical Systems Poland, a producer of medical devices and oncology systems. Aleksander Nauman represents the company in Poland. AmCham was also joined by JUUL Labs Poland, a manufacturer of vapour devices replacing traditional tobacco products. The company is based in San Francisco, CA, and represented in Poland by Leszek Gaweł, a Board Member.

CMS

Law firm CMS revealed that in 2018 it advised more M&A deals than any other firm in Poland, taking the top spot in a recently published Mergermarket ranking. Last year, CMS transaction lawyers supported clients in 18 deals. CMS lawyers advised on the sale of Polish cableway operator PKL S.A. to Mid Europa Partners, the acquisition of Emperia Holding S.A., owner of the Stokrotka grocery chain, by the Maxima Grupe, combined with the company's subsequent delisting, the acquisition of Concordia Insurance group companies by Generali. CMS has also worked for private equity funds such as Abris Capital Partners, V4C, Coast2Coast, and Advent International. The CMS transaction team in Poland currently consists of 30 lawyers and is regarded as one of Poland's leading practices by international ranking agencies Chambers & Partners and Legal 500 (second position in the listings). In other news, the CMS real estate team advised REInvest Asset Management from Luxembourg, on the sale of PAR Tower in Warsaw, and continues to assist the investor in the redesign of the property into a hostel, which will be then sold to A&O, a hostel operator managing 35 hostels offering 200 rooms with 600 beds in seven markets in Europe.

Cresa

Commercial real estate advisory Cresa assisted BFF Banking Group leasing office space in the Brama Miasta building, in Łódź, from developer Skanska. BFF Banking Group delivers financial services to the public administration and firms related to the healthcare sector in Europe. Brama Miasta is a part of a city revitalization project called New Center of Łódź, developed by Skanska near the Łódź Fabryczna train station.

C&W

Nearly 80 people took part in the third Blue Charity Run, which took place on April 12, and was organised by commercial real estate agency Cushman & Wakefield. This year the participants included for the first time not only

C&W employees, but also representatives of other firms. The event "Across Wola for Autism", developed by Adventure Warsaw, was a new feature of the run's format. The funds raised thanks to the participants' commitment totalled PLN 10,000 and were donated to the Mądre Główni Foundation, which supports families and children affected by autism.

Dentons

Dentons banking and finance team advised HB Revis in obtaining financial guarantees to the tune of approximately EUR 350 million from three banks—Santander Bank Polska, Helaba, Bank Pekao, and UniCredit—for the construction of Varso Place, the flagship HB Revis commercial development in Warsaw.

The Dentons team, headed by Mateusz Toczyski, Partner managing the firm's Banking and Financial Department for Poland and Europe, advised HB Revis in negotiating the term sheet of the loan.

Varso Place will be a mixed-use complex in downtown Warsaw by the central railway station, comprising three buildings, including a 53-storey-high tower, designed by Foster + Partners, rising 310 meters above street level. The building will include an observation deck 230 meters above street level. The entire complex will total 144,500 square meters of mixed space for business, residential and services.

DLA Piper

Law firm DLA Piper represented Concordia Versicherung Holding in the sale of Concordia Polska Towarzystwo Ubezpieczeń Wzajemnych and Wielkopolskie Towarzystwo Ubezpieczeń Życiowych i Rentowych Concordia Capital to companies from the Generali group. The transaction was completed on November 29, 2018.

The Polish part of the transaction was handled by DLA Piper's Warsaw office, with Beata Mrozowska-Bartkiewicz (Counsel, Insurance), Anna Wietrzyńska-Ciołkowska (Counsel, Corporate), Aleksandra Danielewicz (Senior Associate, Corporate) and the support of Marta Frąckowiak (Partner, Corporate) and Michał Orzechowski (Senior Associate, Competition). DLA Piper advised the acquired companies on the preparation phase to the sale and provided transactional and regula-

tory advice to Concordia Versicherung Holding. The value of the transaction is confidential.

In other news, DLA Piper advised Capital Park on obtaining a loan of EUR 60 million from the European Investment Bank, for the revitalization of the former Norblin Factory by Żelazna Street in Warsaw.

The DLA Piper lawyers helping Capital Park were Mariusz Hyla, Partner, and Bartłomiej Palusiak, Counsel.

The Norblin Factory project, when delivered to the market as ArtN, will comprise two hectares of public space, including ten renovated buildings housing over 50 original machinery pieces of historic value.

Echo Investment

Echo Investment and EPP, the owners of a 6.5-hectare renovation project at 22 Towarowa Street in the Wola district of Warsaw, subcontracted the architecture firm BIG Bjarke Ingels Group to deliver the urban planning including buildings totalling approximately 230,00 square meters of usable area. The central part of the new Towarowa 22 project will be Kazimierza Wielkiego Square. Its decoration will be the renovated pavilion of Dom Słowa Polskiego featured by characteristic skylights and spiral staircases. BIG has designed projects in North America, Western Europe and Asia. It's best-known projects include Lego House in Billund, Denmark, VIA 57 West and 2 World Trade Center in New York City, Europa City in Paris, Google HQ in California and London.

EY

Business consulting firm EY won the 2018 Auditors' Ranking by *Rzeczpospolita* and *Parkiet*—the leading business press titles in Poland. EY was ranked number one in the main category, The Best Audit Firm of 2018, and also ranked first in the categories of The Most Active Audit Firms on the Warsaw Stock Exchange and The Best Audit Firm of the WSE-listed Companies.

GE



The Wrocław GE plant delivered a piece of equipment (in picture), weighing over 400 tons to the Darlington nuclear power station in Ontario, Canada. Over 100 engineers worked in Poland on the construction of the key element, which, when online, will serve the station for at least 30 years.

The shipping process involved rail freight transportation using the Schnabel car system.

Honeywell

Publicly traded technology provider Honeywell opened a Customer Experience Excellence Center in Katowice. The new location delivers customer support and services for Honeywell's customers across Europe. Honeywell expects to hire 100 people at the center throughout 2019. The site will be a primary interface between Honeywell and its established European customer base with jobs including customer support representatives, customer support supervisors and customer support team coaches. Honeywell is seeking communicative, proactive candidates with a passion for highly innovative technology. The center's Managing Director is Szymon Pudlik, who joins Honeywell after a 15-year career in the IT industry where he gained extensive leadership experience running customer-facing teams and shared services operations with an emphasis on customer service excellence. He has worked for IT and technology companies in roles based in Germany, South Africa, and Poland, and has spent the last 10 years at a global corporation in senior business and customer service leadership positions.

JLL



Commercial real estate specialist JLL has appointed Tomasz Trzósło (pictured) Managing Director of the CEE Markets. Trzósło will oversee the company's operations across the Czech Republic, Hungary, Romania and Slovakia, alongside his existing responsibilities as country manager for JLL's business in Poland. Trzósło joined JLL's Corporate Finance and Capital Markets' team in Poland in 1997 and subsequently became the Head of Capital Markets in Central Europe. In 2013, he was appointed Managing Director for JLL in Poland. He has played an important part in ensuring consistent and sustainable growth for the business, including the recent acquisition of REAS, a leading residential real estate company in the CEE region bought by JLL in December 2018, and the earlier acquisition of NeoŚwiat and its rebranding to Tétris Design & Build back in 2015.

In other news, Anna Bartoszewicz-Wnuk, Anna Młyniec, Agata Sekuła and Savvas Savva have been appointed Members of the Management Board of

JLL in Poland. All four of them join Tomasz Trzósło along with Vice-Presidents Małgorzata Żółtowska and Kazimierz Kirejczyk to strengthen JLL's position on the real estate market in Poland.

Also, JLL has been appointed for the ninth consecutive time as Strategic Partner of the Association of Business Service Leaders, the largest organization that brings together investors from the modern business services sector in Central and Eastern Europe. The partnership focuses on consultancy services, analyses of trends on the office market, as well as support in the area of workplace strategy.

ŁSSE

The Łódź Special Economic Zone, in collaboration with The Digital Poland Association (*CyfrowaPolska.org*), opened a tech hub dedicated to the creative industries and the arts, CK Fabryka, in Łódź. The center offers access to professional movie-making equipment and experiencing virtual reality. CK Fabryka is meant to be a meeting point for artists and technology entrepreneurs and has a program of workshops in computer programming, virtual reality creation and online publishing. ŁSSE is one of the largest individual special economic zones in Poland, with members including leading technology firms such as Google, HP, Samsung, Sony, Canon, and Panasonic.

Panattoni Europe

Logistics space developer and operator Panattoni Europe rented 5,300 square meters of its Panattoni Park Sosnowiec, in Upper Silesia, to CAT LC, a logistics and shipping operator. The tenant was represented in the transaction by global real estate services firm Cushman & Wakefield, an AmCham member company.

Prologis

Developer of logistics space Prologis introduced a new type of rental contract, called Clear Lease, which makes the leasing process and expected costs fully transparent. Clear Lease provides a fixed service charge for the entire lease term, which means that standard operating, administrative, maintenance and repair costs are fully defined in the contract, offering clarity to customers on their lease expenses, before they sign. With the new type of contract Prologis replaces its former system of traditional advance payments.

WeWork

The provider of flexible office space WeWork will open its third co-working location in Warsaw, at the Europejski Hotel, by Krakowskie Przedmieście street, in late May or early June. Commercial real estate agency Cushman & Wakefield will support WeWork in attracting new tenants to Europejski.

AGENDA

INTELLIGENCE FROM AMCHAM COMMITTEES

HUMAN RESOURCES MANAGEMENT

In March, Robert Zapotoczny, CEO of PFR Portal PPK, part of the Polish Development Fund, met the AmCham Human Resources Management Committee to talk about a new segment of the Polish social security system introduced by the government—the Employee Capital Pension Schemes—a new system for collecting pension savings under the so-called "third pillar" of the pension system. The system is mandatory for employers and voluntary for employees, and is intended to improve the structure of Polish pension savings and will be complementary to the voluntary Employee Pension Schemes.

TAX & FINANCIAL SERVICES

In April, the AmCham Tax and Financial Services Committee held a meeting with experts from the EY Tax Controversy Team, Agnieszka Tałasirska, Partner, and Renata Miązek, Manager, who talked about new Mandatory Disclosure Rules (MDR) regulations covering personal obligations and liabilities, including the liability for withholding tax, personal and fiscal liabilities for overseeing tax issues, and risk management in tax responsibilities. MDR entered into force on January 1 and concern the reporting on certain tax schemes. It is a new concept in legislation and the Polish regulation is a response to an EU Directive. Despite explanations issued by the Polish Ministry of Finance, there are still many questions and doubts regarding which transactions and operations should be treated as tax schemes, subject to obligatory MDR reporting. In March, the committee hosted the Annual KPMG Tax Session for US Taxpayers, which this year was entitled First Tax Year after the Trump Tax Reform.



Mateusz Kobylński; Dagmar Gessner-Gaspar; David Villwock; Dorota Dąbrowska-Winterscheid, AmCham Managing Director.

The speakers were Dagmar Gessner-Gaspar and David Villwock from KPMG's US Tax Center, Frankfurt am Main, and Andrzej Marczak and Mateusz Kobylński, KPMG Global Mobility Services in Poland, who updated AmCham members on the US

taxation of individuals.

In February, the committee held a workshop devoted to the new Mandatory Disclosure Rules, a practical and interactive session during which a number of different scenarios were presented, which may be affected to the new regulations. The workshop was led by experts from DLA Piper: Bartosz Matusik, Partner and Tax Advisor, and Paweł Chodziński, Counsel and Tax Advisor.

In January, the committee hosted experts from ASB Tax (an AmCham member company): Matthew O'Shaughnessy, Partner, Tax Advisor; and Piotr Marchlewski, Manager, Tax Advisor who presented the amendments to the CIT and Transfer Pricing laws, and explained their impact on businesses, including withholding taxes for services, license fees and interest, and new tax deductibility rules for company vehicles. They also covered the implementation of the notional interest deduction mechanism and detailed tax rules related to income from virtual currencies such as Bitcoin; and talked about the new Mandatory Disclosure Rules requiring entities which are involved with promoting or implementing tax optimization structures to prepare internal procedures and disclose certain information.

TECH & DIGITAL

In March, the AmCham Tech and Digital Committee (formerly known as the Business Technology & Services Committee), held a meeting devoted to how artificial intelligence (AI) may impact businesses. The speakers were Paweł Zarudzki, Director of Lider Robotic & Cognitive Automation at Deloitte, Aleksander Kania, Sales Director at UiPath, and Szymon Mitoraj, Chief Digital Officer at PZU. In his presentation Deloitte's Zarudzki covered new business models driven by AI, including their specifics and the benefits that they offer. He also talked about cognitive automation—how "intelligent" machines recognize images and understand text and voice messages. A part of Zarudzki's presentation was devoted to the specifics of the interaction between humans and AI machines, and how companies can boost the experience of their customers by using chatbots, voicebots, and mass personalization.

In turn, UiPath's Kania held a presentation on how the use of automation and robots paves a path to the application of artificial intelligence. The last speaker, PZU's Mitoraj, talked about how the largest Polish insurance company, PZU, utilizes robotics process automation.

TRAVEL & TOURISM

The latest trend in corporate traveling, "bleisure", which combines elements of leisure with business, was on the agenda of the AmCham Travel and Tourism Committee meeting in March. The speaker was Ewa Doromonic, Infrastructure and Procurement Manager at PwC, and a business travel expert with speaking engagements at high-caliber industry events, such as ACTE and National Geographic conferences. Doromonic talked about the emergence of bleisure, which for some companies is an unacceptable trend while others embrace it enthusiastically for a number of reasons, including attracting top talent, increasing employee retention, cutting business costs and reducing the amount of time employees are absent from work. She talked about the pros and cons of bleisure for workers as well as companies and how organizations should approach the trend to find out whether or not it is good for them, including the legal aspects of bleisure.

OFF-COMMITTEE MEETINGS

Brexit was on the agenda in April, at a meeting with Alan Houmann, Head of Citigroup EMEA Government Affairs, who talked about how the Brexit process had been developing over for the last three years, and explained how it impacted British politics, society and economy, as well as its influence on the European Union and the balance of power.

Also in April, AmCham met Martin Hodulak, Senior Consultant at Steelcase, and Aleksander Szymbilski, Associate Director of Cushman & Wakefield, who talked about new trends in the office environment that are leading to that lead to agile working.

Robert Kroplewski, Plenipotentiary of the Minister of Digital Affairs for Information Society at Ministry of Digital Affairs, met AmCham members in April to talk about the new requirements regarding the development of artificial intelligence introduced in December by the European Commission. In light of the regulation, each EU member state is obliged to devise a comprehensive plan including such aspects as the size of budgets earmarked for the development of AI technologies, and schemes to improve their citizens' digital skills. The national plans should include information on how much the country plans to invest in developing artificial intelligence solutions.

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COVER STORY

Industry 4.0

FACING THE INEVITABLE

DESPITE A LONG HISTORY OF RELYING ON CHEAP LABOR, POLAND'S ECONOMY IS POISED TO EMBRACE INDUSTRY 4.0 TO INCREASE EFFICIENCY, KEEP LABOR COSTS UNDER CONTROL, AND TO KEEP THE ECONOMY GROWING FAST FOR YEARS TO COME

When Poland joined the European Union in 2004, in the accession treaty it pledged that it would adopt the euro without an unnecessary delay but only when the right economic conditions were met.

But the adoption of the euro has always been a controversial issue. Its critics believe that the national currency, the złoty, is a safety net which, thanks to the right fiscal policies from National Bank of Poland (NBP), keeps the Polish economy safe from global crises so it continues to grow even when the eurozone countries—which are the main destination of Polish exports—experience economic downturns.

The opposing view is that without the euro, Polish exporters face exchange-rate risks, and if a major crisis occurs that requires the injection of huge amounts of cash into the Polish economy, it is the European Central Bank, not the NBP, that has the right financial resources to do so.

The latter view was recently expressed by a number of opposition parties. During the election campaign to the European Parliament, they said that Poland should join the eurozone as soon as possible. In response, Jarosław Kaczyński, the chairman of the ruling Law and Justice party called upon the opposition to unite around the euro adoption issue and sign a joint declaration stating that Poland will adopt the euro only after the level of the country's economic development reaches that enjoyed by Poland's western neighbors, namely Germany. But the problem with it is that it may never happen.

GOOD IMPRESSION

When Poland started its economic transformation in 1989, the country's economy was dysfunctional. In 1990, the average monthly salary in Poland equalled USD 100. The following year

Poland's GDP growth sank 7.1 percent below zero. But the proverbial Polish entrepreneurial spirit prevailed, fuelled by foreign direct investment, of which American companies were among the first and the largest.

In the early 1990s it was enough to apply some common-sense management to a commercial establishment to see good results. Labor was cheap, unemployment was high and the sky was the limit.

In 1992, Poland's GDP growth reached 2.5 percent. Since then, the Polish economy has been generating positive GDP growth each consecutive year.

And how sustainable growth it has been!

In 1997, the Polish economy grew 7.1 percent compared to 1996, which was the highest GDP year-on-year growth the country ever generated. But when in 2003, the economy of Poland's largest trading partner, Germany, decreased by

0.4 percent the Polish economy grew by 3.9 percent! In the mist of the global financial crisis, in 2009, Germany's GDP shrank to -5.1 percent. At the same time, the Polish economy grew 2.8 percent! Eight years on, in 2017, the German GDP grew 2.2 percent while the Polish economy by more than twice that to 4.6 percent! Some economic magazines marvelled at Poland's success and began to refer to the country as a European economic powerhouse.

In 2017, the value of Poland's GDP equalled USD 525 billion, which came close to the value of Sweden's GDP standing at USD 538 billion. Given the higher GDP growth rate in Poland then in Sweden at that time, some economists predicted that soon Poland would surpass Sweden as the fifth largest economy in the European Union, second only to Germany, the UK, France, Italy, and Spain.

But while in 2017 Poland and Sweden generated comparable economic growth, in terms of population size, Poland was nearly four-times bigger than Sweden—39 million and nearly 10 million respectively. In other words, a country with one-fourth of the population of Poland managed to create the same economic wealth.

A population comparison between Poland and Germany (82.8 million) shows that a country twice the size of Poland generated an economic output that was seven times higher in value than that of Poland.

LOW BASE ILLUSION

While Poland managed to grow its GDP year on year, it started from the a low base and each year, when the country generated GDP growth, it looked like a major step forward. Yet, the accumulated value of the country's GDP, measured against the country's population (the so-called GDP per capita economic indicator of a country's wealth) was not very impressive comparing to that of western countries. In 1990, It was USD 1,700 compared to USD 22,200 in Germany. In 1994, Poland's GDP per capita reached USD 2,874 and surpassed that of... Russia. The differ-

CZECHIA AND SLOVAKIA

When it comes to the GDP-per-capita generation, Poland lags behind its southern neighbors

GDP per capita (in USD 1,000s) comparison between Poland and its southern neighbours Czechia and Slovakia. All countries belonged to the Soviet Bloc; all joined the EU in 2004.



Source: World Bank

ence was rather small—a little over USD 200. But the higher you climb the more difficult it becomes to keep going. Following that historic growth year, Poland's economic growth continued but so did Russia's. In 2011, seven years after Poland had joined the EU and became a part of the union's single market, the Russian GDP per capita stood at USD 14,351, surpassing that of Poland's by USD 458! It was not until 2014 that Poland managed to generate a higher GDP per capita than Russia (USD 14,342 vs USD 14,121), mainly thanks to trade sanctions imposed on Russia by the international community after the annexation of Crimea in March 2014.

While Poland's GDP per capita surpassed that of Russia, since the beginning of the economic transformation this measurement of relative wealth in Poland never surpassed that of Poland's souther neighbors Czechia and Slovakia. In 1990, Czechoslovakia's GDP per capita stood at USD 3,100, while Poland's at USD 1,750. In 2005, twelve years after the split of Czechoslovakia, Poland's GDP per capita reached USD 8,000 while in Slovakia USD 11,700, and Czechia USD 13,300. That year, the GDP per capita of Germany was USD 34,700.

In 2008, the last year before the global financial crisis began to take its toll, Poland's GDP per capita stood at USD 14,000 which was USD 4,700 below that of Slovakia's and USD 8,700 below that of Czechia's. Germany's GDP per capita that year was USD 45,700.

But even in 2009, in the mist of the global financial crisis, when German GDP growth dropped by -5.1 percent, the country's GDP per capita of USD 41,700 was nearly four times that of Poland's—USD 11,500. The following year the German economy recovered with a 4.1 growth of its GDP, which translated to GDP per capita standing at USD 41,800, compared to Poland's USD 12,600.

ORGANIC GROWTH

Economists explain that the type of "slow but sure" economic-growth model that has prevailed in Poland as an "organic" growth, which

SWEDEN AND GERMANY

When it comes to the GDP-per-capita generation, Poland still has room for improvement

GDP per capita (in USD 1,000s) comparison between Poland, its largest trading partner Germany, and its northern neighbour Sweden. All countries are members of the European Union.



Source: World Bank

means that Polish firms, in order to increase their output, resorted to what they had at hand, and it was mainly cheap labor rather than capital-intensive investment. By 2017 many economists warned that the Polish economy was reaching the peak of its growth potential. An estimated number of 2 million working-age Poles had left the country in search of better opportunities across different EU countries. Add to it the growing number of retired people. In addition, owing to the increase of government social spending, structural unemployment also increased as many working-age mothers of two or more children decided to stay home since they could rely on financial aid provided by the state. With the unemployment rate at 3.2 percent salaries kept increasing and some industries began to find it hard to find new workers. Luckily enough there were Ukrainians. Some two million laborers moved to Poland manning low-paid jobs in a number of industries that, without them, would have not been able to increase their output.

AN ALARM BELL

By 2018, investment in the public sector was growing fuelled mainly by money from the EU. Foreign companies were investing heavily too in the country. But their focus was not just the creation of new jobs but rather the application of automation and data exchange, including cyber-physical systems, the Internet of things, cloud computing, cognitive computing and artificial intelligence.

This trend is commonly referred to as Industry 4.0—the fourth industrial revolution. Foreign companies were spending heavily on making their operations more effective with the Industry 4.0 applications. Yet, Polish companies remained lukewarm about investing in capital-intensive technology.

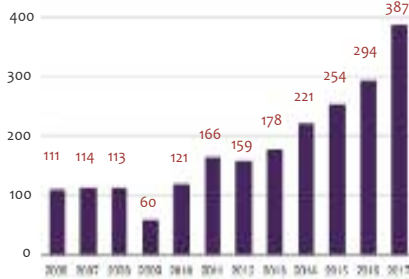
Some of this may be explained by the fact that of the 6.5 million people who are employed in the enterprise sector in Poland, 4 million work in small companies with a staff of less than ten people. Such companies have little in the way of capital but are capable of using it efficiently to increase labor productivity. However, the remaining 2.5 million workers are employed by medium-sized and big companies, which apparently do not invest in creating their productivity through the application of Industry 4.0 solutions but, like small companies, resort to hiring more people to increase their production.

In mid 2018, the over-dependence of the Polish economy on manpower was revealed in a study entitled *Opportunities and Challenges of the Polish Industry 4.0* compiled jointly by the Industrial Development Agency (ARP), a government-affiliated firm charged with helping domestic companies modernize, and the Sobieski Institute, an economic think-tank. The report was presented last year during the 3rd Kongres 590 in Rzeszów—a government-

AND YET... THEY COME

Global deliveries of industrial robots, in 1,000s.

Estimates of annual global supply of new robots in 2006-2017. Data for 2017 from the International Federation of Robotics.



Source: Report – Opportunities and Challenges of the Polish Industry 4.0

backed gathering of the Polish business community. It revealed a shocking neglect of Industry 4.0 in Poland.

A STEP BACK

Before Industry 4.0 took shape, there was Industry 3.0. It delivered a boost to manufacturing efficiency thanks to the application of robots and automated solutions. In this respect, however, the Polish industry is at rock bottom. In 2016, Poland had 22 robots per 10,000 workers, which shows that the reliance on Industry 3.0 was lower than in China (49 robots per 10,000 workers) and could hardly be compared with the most advanced economies such as South Korea (531), Singapore (398) and Germany (301). Even Poland's southern neighbors, Czechia and Slovakia, were more advanced, with 93 and 79 robots per 10,000 workers respectively. The global average in 2016 was 69.

"This shows the scale of the problem," said Dariusz Śliwowski, Vice-President of ARP, during the presentation of the report in Rzeszów. "Indeed, for the last 25 years we have been developing by resorting to cheap labor. And if there is cheap labor available there is no urgency in investing in

ROBOTS AND INDUSTRIES

Where robots are used in the global industry

Percentage breakup of the application of robots in different industries.



Source: Report – Opportunities and Challenges of the Polish Industry 4.0

robots," he said, expressing the opinions of Polish entrepreneurs who had given their feedback to the report.

Yet robots pay off. Bartłomiej Michałowski, an expert from the Sobieski Institute, who took part in the presentation of the report in Rzeszów, said that a German producer of smart phones, with a production facility in China, decided to build a new factory in Germany. "In the China factory, 98 percent of all production processes were carried out by people," Michałowski said. "The factory in Germany has 78 percent of its production processes carried out by robots and co-robots, which are machines controlled by workers. So thanks to robots and Industry 4.0 solutions it makes economic sense to build a factory in Germany instead of China."

Apparently, this is something that companies in Poland still need to learn. In the feedback to the report provided by managers from 274 companies, it transpired that they did not resort to Industry 3.0 and 4.0 solutions because they did not know the benefits. This is a serious problem, as often companies eager to optimize their processes do so without auditing which process really needs an optimization. As a result, a factory which solely relies on human power for its production decides to automate its marketing operations.

The lack of professionalism in dealing with Industry 3.0 and 4.0 at the management level leads to a brain drain, said Paweł Polański from the Space Digital Group, who talked at the presentation of the report in Rzeszów. "The supply of robots to the economy is high in Germany while in Poland it is growing but still low," Polański said. "And there are world-class Polish experts in robotics, but they move to Germany, not because the salary is higher there, but because there are no interesting and ambitious projects in Poland."

GOING FORWARD

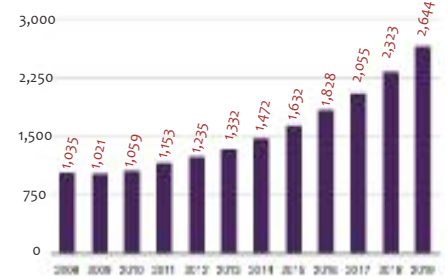
To use Industry 4.0 solutions to the full requires that people concerned are experts in the digital world, use networks and network solutions and feel at home in the high-tech world. Yet, Michałowski noted that Poland is mediocre in this respect, as evidenced by the World Economic Forum's Networked Readiness Index, which measures the propensity for countries to exploit the opportunities offered by information and communications technology (ICT). Out of 139 countries, Poland ranked 42nd in 2018.

Another ranking, the Digital Economy and Society Index, summarizes some 30 relevant indicators on Europe's digital performance and tracks the evolution of EU member states, across five main dimensions: connectivity, human capital, use of Internet, integration of digital technology, and digital public services. Out of the 28 EU member states plus Iceland, Norway and Turkey, Poland ranked 24th last

ROBOTS AT WORK

Global numbers of industrial robots, in 1,000s

Estimates of use of robots in the industry globally. Data for 2017-2019 from the International Federation of Robotics.



Source: Report – Opportunities and Challenges of the Polish Industry 4.0

year.

This is why, according to ARP's Śliwowski, if a Polish company does resort to a major innovative solution in Industry 4.0, it imports it from abroad instead of developing it in Poland. All that despite the fact that there are excellent experts available in the country. Companies that do apply Industry 4.0 are few and far between. This is unfortunate, because it is company owners and managers who need to understand that their companies need to leapfrog from "Industry 2.5" where Poland is today, to Industry 4.0, where it needs to be. "Either production companies in Poland adjust or they will lose the competition with China, and even with Ukraine when the country's political situation stabilizes," Śliwowski said.

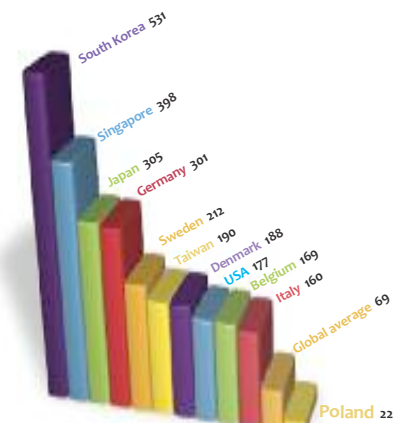
SOME SILVER LINING

The relative underdevelopment of Poland's Industry 3.0 and 4.0 may in fact be advantageous in the end, Michałowski noted. "We can do something which our banking sector did in the

HUMANS AND ROBOTS

Top ten most "robotized" economies

The number of robots per 10,000 workers in industrial sectors, in 2016.



Source: Report – Opportunities and Challenges of the Polish Industry 4.0

early 1990s when Polish banks were so backward that they never used checkbooks. When the technological change took place, it progressed fast because, not having checkbooks, bank customers enthusiastically embraced credit cards. In the same vein, companies which do not resort to Industry 3.0 solutions, may go directly to more advanced solutions which utilize artificial intelligence, big data mining and others."

The application of Industry 4.0 requires the integration of robotics and informatics. Interestingly enough, noted Michałowski, Polish companies which deliver robotics and automatics to industry have begun to merge with IT companies. The trend resembles the merging of telecoms and IT companies a few years ago, which, according to Michałowski, bodes well for the future of Industry 4.0 in Poland. "The Polish IT market is extremely well developed and some IT companies have grown to become important players on the European market and beyond—in Asia and Africa. Using their potential they may help firms in Poland to make this major technological leap forward."

KEY RISKS

Yet, as with any progress, Industry 4.0 carries strategic risks and in this case two are of paramount importance: energy security and cybersecurity.

Imagine a blackout 10 years ago. The major risk would be that the boss got stranded in the elevator and you did not know what to do about it. With Industry 4.0, the problem is much more serious as your company could lose all the data vital to its operations.

The authors of the report point out that the Polish power system needs to upgrade its production capacity to cope with the projected growing demand in the years to come.

When it comes to cybersecurity, it is divided into two separate domains: the security of the IT infrastructure and the security of data. There is room for improvement in both areas. While in recent years IT infrastructure got a major overhaul, the authors of the report point to the fact that Polish companies tend to use their own servers instead of cloud solutions, and often are guided by the lowest price principle in selecting their equipment, which obviously has implications when it comes to reliability.

They also take risks related to data loss and theft rather lightly. Companies tend to equip their networks with cheap firewall software instead of using cloud providers whose data protection technology is constantly updated.

WHAT NEEDS TO BE DONE

While the Polish economy is in dire need of embracing Industry 4.0 and, in fact, the process is slowly but surely taking shape, there is a role for top management in Polish companies to play to make it a success.

According to Śliwowski, decision makers in com-

panies should be traveling to different places, such as Harvard, to take part in training programs and courses to increase their understanding of the potential of Industry 4.0 solutions and how they may impact not only production processes but lead to changing entire business models and the ways clients interact with the products.

With Industry 4.0 there will appear a demand for a new field of technical expertise. This will be the engineer 4.0—an individual who will have to combine "hard" and "soft" competencies at a level not required before.

The managers should also improve the ways in which they search for the top talent and create teams oriented to innovative thinking.

According to Polański, with Industry 4.0 there will be a demand for a new field of technical expertise. This will be the engineer 4.0—an individual who will have to combine "hard" and "soft" competencies at a level not required before.

Śliwowski also sees a role for the government. A range of financial incentives should be available to companies which climb the ladder of technological advancement to Industry 4.0 as they not only create new sustainable jobs but boost the efficiency of the entire economy.

The government should also make it obligatory for all state-owned companies to develop strategies for implementing Industry 4.0 solutions. "Every company has the potential to get

its processes automated and improved," Śliwowski said.

Concluding the presentation of the report, all speakers agreed that in order to make Industry 4.0 work for the Polish economy a major change has to occur in the way Polish managers approach information sharing with other companies and subcontractors.

It is a must, for no individual company is capable of implementing Industry 4.0 solutions without resorting to "fringe" experts who need to be admitted into the company's "inner circles" in order to get the full understanding of how the company functions and its strategic business objectives.

A wealth of information needs to be exchanged about industrial processes in the company, mechatronics, electronics, automatics, software, and all this has to be smooth and easy in order to work. Yet, with the present high levels of distrust among managers this cultural factor may be the largest obstacle on the road to the successful implementation of Industry 4.0 throughout the Polish economy, preventing it becoming outdated, but able to deliver a GDP per capita on the level of that of Germany.

Before that happens, however, one thing is certain: inevitably, Poland will have a huge demand for Industry 4.0 system integration and it is an opportunity worth exploring.

Tom Cwiok



A GIANT LEAP

While Industry 3.0 was about applying machines to production processes, Industry 4.0 is about applying new devices to those machines, such as sensors, computing power, algorithms, and artificial intelligence. The difference in the outcome is paramount. In Industry 3.0, problem solving relied on humans who used computers to find the ways to solve the problem in question. Yet, it was up to them to pick the solution they considered as the best, out of all the alternative solutions presented by the computer. Industry 4.0 offers a different way. Humans "tell" the computer what result they want exactly to achieve and the machine "tells" them how to do that. In more practical terms, some five years ago or

earlier, if you were looking for an inexpensive vacation destination for two in a romantic spot by the sea you asked your friends if they could recommend something. It was up to you to decide which recommendation looked best for you. Today, you go to a website and input bits of information in its interactive form, such as "trip for two", "warm sand", "romantic", plus the exact dates of your planned trip and the amount of money you intend to spend. Then you submit the form to the website. Its big-data mining engine will do its job and the website will instantly display a list of offers... with the top offer being the one you really want to take.

MONTHLY MEETING

JANUARY

UNCERTAINTY RULES

POLISH FIRMS ARE SLOW TO EMBRACE CHANGE

As always in January the AmCham Monthly Meeting was devoted to discussing what the New Year may bring for the global economy and how this may affect the Polish economy vis-a-vis a number of factors, such as foreign direct investment, economic output, and others. The panelists were renown professionals in their fields: Marek Matraszek, political expert and Chairman, CEC Government Relations; Marcin Petrykowski, Managing Director at S&P Global Ratings; and Agnieszka Słomka-Gołębiowska, Assistant Professor at the Warsaw School of Economics. The moderator of the discussion was Tony Housh, AmCham Chairman and Director for Poland, Central Europe & Baltic Region at Northrop Grumman.

RETAINING THE STATUS QUO?

Talking about the global economic perspectives Petrykowski said that major global economies, both developed and developing, had been through an unprecedented growth period, which this year is supposed to end. Not a recession but a slowdown, Petrykowski explained, pointing to the US market as being the most effected by the slowdown with GDP annual growth reduced from 4.5 percent in 2018 to 2.5 percent this year. A part of the impact may come from China as the

country is in trade dispute with the US over tariffs on a range of product types. When tariffs are imposed by China domestic consumers may buy fewer products made in the US and other Western countries and instead buy the equivalent Chinese-made product. If that happens it will impact the German manufacturing sector, and indirectly, the Polish one as it manufactures many of the components sold to manufacturers in Germany who then sell their products to China.

Petrykowski noted, however, that the trade dispute between the US and China is not exclusively about trade but about the ways in which international trade should be conducted—including the protection of intellectual property and respect for the rule of law. The Chinese model of economic growth, which is centrally controlled, has been successful for the Chinese economy, but it creates "losers outside of China, and that's why the Trump administration is trying to prevent it," Petrykowski said.

This is why, Petrykowski continued, enterprises in Poland anticipate a slowdown in business.

2018 was a solid year in terms of economic growth but it was fuelled by consumption, noted Prof. Słomka-Gołębiowska. She added that consumer confidence may wane this year because of

growing political uncertainties.

Prof. Słomka-Gołębiowska continued by saying that it looks like the Polish private sector would like to maintain the economic status-quo in 2019 and beyond because it made very little investment in 2018, which in fact, made some foreign banks wonder why.

The low levels of investment by the private sector in Poland look strange because at present Polish firms have reached the peak of their production capacity and there is little evidence that they can add to it in terms of manpower as the rate of unemployment is historically low. Meanwhile, there are shortages of skilled labor, growing employment costs and increasing competition. It is fair to assume, Prof. Słomka-Gołębiowska said, that companies would invest in capital intensive technologies to boost their efficiency and cut production costs. Yet, it does not happen. That is what sets them apart from foreign companies, which invest heavily in Poland because the country has a highly skilled, competitive and competent workforce. "It would be much better for the Polish economy, if economic growth was rooted in investment instead of consumption because consumer confidence may shift," the professor said.



Tony Housh

Director for Poland, Central Europe & Baltic Region at Northrop Grumman. Housh is a senior counselor for the international strategic advisory firm APCO Worldwide and the principal of CGC Advisors. He has served as the Chairman of AmCham since January 2015. He also served as non-executive board member and audit committee member of the NASDAQ and WSE listed CEDC between 2000-2009, and participated in transactions totaling well over 1 billion USD. He previously served as the Director of the American Chamber of Commerce and the country officer for Poland at the US Department of Treasury.



Marek Matraszek

Chairman, CEC Government Relations. Matraszek moved to Poland in 1990 and worked closely with the British Conservative Party and the US Republican Party in assisting their activities in Central Europe. In 1992 he was appointed to represent the Margaret Thatcher Foundation in the region. He co-established CEC in the early 1990s, and is now the leading public affairs and political communications agency in Poland. Matraszek studied at Magdalen College, Oxford, where he graduated in Philosophy, Politics and Economics in 1984, and in 1987, earned a Master's degree in Russian and East European Studies.



Marcin Petrykowski

Managing Director at S&P Global Ratings, and, since 2016, member of the Supervisory Board / Non-Executive of MCI Capital, private equity firm investing in the digital economy across Emerging Europe. Before joining S&P Petrykowski worked as Executive Director at J.P. Morgan Corporate and Investment Bank in London, where he covered Russia, CIS, CEE, and Israel for Markets and Investor Services. He was also the Deputy General Manager for J.P. Morgan CIB in Poland. Prior to 2007 spent five years with Citi Corporate and Investment Banking, operating in Poland and CEE.



Agnieszka Słomka-Gołębiowska

Member of the Supervisory Board of mBank SA (Commerzbank) and Assistant Professor at Warsaw School of Economics. She is also Independent Member of the World Food Program, a UN agency. Previously she served as Audit Committee Member of Bank BPH (GE Capital), and Bumar, an industrial company. She received a doctorate and a graduate degree from Warsaw School of Economics and an MBA from Institut Français de Gestion. She is a visiting scholar at a number of universities in Europe and USA and an award-winning author of academic publications.

It may shift because there are many uncertainties in politics around the world with political leaders in many countries being quick to decry real problems and playing on the people's fears and insecurities. "They give us the same solutions as they were given 100 years ago in the US and in Europe," the professor said, "It is foreign policy isolation, economic nationalism. We have had it before and we know the impact of it in the US, Europe, Argentina, Brasil and other countries around the globe.

"We tend to rely on the strong man at the helm of the government in Poland," she went on. In her view, the situation in Poland is a paradox because only 25 years ago the country managed to shed a centrally-planned economy and "strong man" system. Instead of strong men in politics Poland needs strong democratic institutions, because they—not isolationism—help build resilience to global uncertainties. "Uncertainty is a global phenomenon and we will not change that," Prof. Słomka-Gołębiowska said. She added that because of the "strong man politics" in Poland, "there are major points missing from the political agenda", such as climate change, air pollution, and the growing structural debt of Poland. "Air pollution is important and impacts everyone, especially the young generations," she said adding that she hoped that the

25th anniversary of the first free parliamentary elections in Poland, which took place on the June 4th, 1989, will make more people in Poland reflect on the quality of the political agenda in Poland which has got stuck on populism. Marcin Petrykowski agreed by saying that while the economic going is good for Poland it is time when "we should not overspend" but instead invest in solutions for sustainability and limiting the environmental impact of economic activities. This, however, is nowhere near the top of the political agenda of this government, as it earmarked PLN 9 billion last year in subsidies for the fossil fuel industry.

The government should be also "taking advantage of the favorable economic cycle by generating savings, but that is not happening," Petrykowski said.

A GROWING POLITICAL SPLIT

Marek Matraszek explained the political landscape in Poland after the regional elections which took place in late 2018, and noted that there is a strong division across the Polish society when it comes to supporting democratic institutions versus supporting a "strong man" policy. "We have the same reality in Poland interpreted in two different ways," Matraszek noted. And the split is growing. After the regional elec-

tions the opposition captured many major cities, and now is consolidating its success with new liberal politicians joining the fray for the elections to the European Parliament. In addition, there was a number of corruption scandals within the ruling party echelons, including the salary scandal at the National Bank of Poland and a corruption scandal at the Financial Supervisory Authority. Also, there were some controversial government nominations of right-wing politicians which scared away many center-right PiS supporters. What is more, it is generally believed that Donald Tusk, President of European Council, is going to return to Polish politics when his post in Brussels ends. "This is going to be a strong challenge for the ruling Law and Justice in the 2020 general election," Matraszek said.

He noted, however, that the populist ruling Law and Justice party is very popular across huge portions of the Polish society. It contradicts the liberal and pro-European political narrative of the opposition and has put Poland on the fringes of the EU decision-making process. It also continues to lead the discussion about the future of the EU talking about some EU member states as if they were a threat to Poland's prosperous future by using EU institutions to harm Poland rather than use them for the benefit of all EU member states.

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MONTHLY MEETING *FEBRUARY* FROM GOOD TO GREAT

BUILDING A BRAND NEW WARSAW

Rafał Trzaskowski, Mayor of Warsaw, met AmCham members in February to talk about his vision of Warsaw's development in the years to come.

He said that under the former mayor, Hanna Gronkiewicz-Waltz, Warsaw made significant investments in infrastructure, and he will continue those projects especially when it comes to developing public transportation. But while Warsaw has managed to develop its infrastructure to meet the city's demands, Mayor Trzaskowski will focus on improving the quality of life for Warsaw citizens.

This is why his administration has begun developing municipal programs aiming at education, healthcare, the environment, but also senior citizens and young people and their offspring.

SMART WARSAW

Mayor Trzaskowski noted that Warsaw aims to become one of the most prominent business centers in Poland. To achieve that Warsaw will heavily invest in developing a number of Smart City programs which will combine physical, digital, and human systems to create sustainable and user-friendly environments.

There is a huge potential in developing innovations because the city has 200,000 students, and over 70 percent of Warsaw's population have acquired a higher education, while 40 percent speak English. This is why the city already generates a lot of innovations in its technology hubs, but want to attract more young, ambitious and entrepreneurial people to set up their technology startups in collaboration with the city. "We plan to establish tech hubs where tech companies will test their smart city applications in energy management, water treatment, transportation, building management systems, traffic management systems," the mayor said. "We will attract innovators because we will allow them test their applications in the real-life environment of our city," he noted, adding that while Warsaw "is already data driven" it utilizes only a small portion of data it produces.

CITY PROMOTION

The mayor noted that because of its status as the capital city of Poland, which somehow implies that the city is the place to be for business, War-

saw neglected to develop an efficient promotion program which would attract more business to the city. Meanwhile there are other cities in Poland that have had better results when it comes to attracting than Warsaw. This means, the mayor noted, that Warsaw needs to connect with those cities, learn from their experience and move forward with a new plan to position itself as an attractive place for business and for living.

FIGHTING AIR POLLUTION

One of the top priorities for the mayor, along with creating more kindergardes which, for no fee would look after the offspring of working parents, is to fight air pollution in the city. Warsaw is the seventh largest city in Europe, and it faces two types of air pollution in equal proportions—that from burning coal in heating systems, and from fumes generated by cars with internal combustion engines. To address the issue, Warsaw boosted its air-polution budget by eight times the amount of money earmarked for this under the previous mayor. While the program to cut coal burning is simple and straightforward, the program to cut car pollution needs some preparatory work in communication with the public so car users do not think that Warsaw is acting against their interests. The city plans to introduce new parking regulations giving more freedom to park to electric vehicles. The city will also continue to invest in electric busses and plans to increase the tram network.

CONNECTING WITH INVESTORS

Mayor Trzaskowski noted that the private sector has played an important part in the city's economic development. "There are 250 shared services centers in Warsaw, employing over 50,000, and over 20 percent of new jobs have been generated by US companies," the mayor said.

He underlined that companies are a vital part of the city, and it is important for him to get feedback from business as to how Warsaw should develop in the years to come, including the type of skills investors will need in a few year's time, the type of business environment they would like to have and the obstacles the city can take away from their paths of growth. With such a feedback, the mayor believes, Warsaw will be able to compete more effectively with other cities for new investment.

The mayor also said that he would open a dedicated department within the City Hall to respond to contacts from investors. "We want you to talk to us," he addressed the representatives of the American business community in Poland, "and we want you to feel welcome in Warsaw and that you are well taken care of".



RAFAŁ TRZASKOWSKI

Polish politician and the current Mayor of Warsaw. He is also a political scientist specializing in European studies. He served as a Member of the European Parliament (2009-2014), Minister of Administration and Digitization (2013-2014) as well as the Secretary of State in the Ministry of Foreign Affairs of the Republic of Poland (2014-2015). He was elected a Member of the Polish Parliament in 2015. In 2018 he was elected Mayor of Warsaw. He is

a graduate of the College of Europe in Natolin as well as the Institute of International Relations of the University of Warsaw. He was granted a scholarship at the Oxford University in 1996 as well as the European Union Institute for Security Research in Paris in 2002. In 2004, he obtained his doctoral degree in political science at the Faculty of Journalism of the University of Warsaw.

MONTHLY MEETING

MARCH

THE EUROPEAN PROJECT

MORE POLITICAL POWER NEEDS TO GO TO THE EU

In March, AmCham members met Małgorzata Bonikowska, President of the Centre for International Relations Foundation; Witold Naturski, Deputy Head of European Commission Representation in Poland; and Bartosz Wiśniewski, Head of Research at the Polish Institute of International Affairs (PISM), who discussed the implications of May's European Parliament elections. Bonikowska noted that the 2019 elections will have significant consequences for the European Union, as opposing factions of euro-skeptics and euro-enthusiasts will vote for their candidates and create a new-look parliament, which will have an impact on the future of the EU. She added that after the election all the top jobs at the EU, such as that of the President of the European Council (held by Donald Tusk, former Polish PM), will be manned by new individuals. "The EU elections will have a huge impact on EU internal business," Bonikowska said. She said that the challenges facing the EU are huge. One is Brexit; another is the debate on the 2021-2027 EU financial framework. From the Polish perspective the financial framework debate is going to be critical because Poland get used to being the largest beneficiary of EU funding but after two financial periods in which more money was earmarked for Poland out of all EU member states, the next financial perspective is not going to be so generous to Poland.

LACK OF POLITICAL TOUCH

According to Witold Naturski, the election process to the European Parliament is approached differently by different EU member states. While Belgium, Cyprus, Bulgaria, Greece and Luxemburg, where voting is obligatory, attach the utmost importance to it, in other countries the elections are viewed as "second tier" and generate relatively low turnouts. This is why the European Parliament was dominated by two grand coalitions: Christian Democrats and Social Democrats. Naturski noted that because there are no transnational lists of candidates voters can hardly relate to the candidates. This may change with the weakening of the Christian and Social Democrats by the arrival of Greens and Liberals, who work across borders, in the European Parliament. Bartosz Wiśniewski said that the role of the European Parliament is pivotal in many aspects, as it is a co-legislator of the majority of legal acts that come into being in EU countries and which effect all EU citizens. With this, the parliament is a counterbalance to the European Council because the council is often influenced by national governments whose MPs are its members.

NEED FOR REFORM

The relatively complicated power structure of the EU stems from the fact that the EU itself is not a

country, such as the US, and is not an international organization, like the UN, but a stand alone structure that can not be compared to anything else. This is why some people call the EU, the European Project, which implies that the process of building the structure of the EU is still in progress.

The problem with accomplishing it, is that the real political life take place at a national level. This is a significant impediment to transferring more power from the national level to EU institutions. This so far was unsuccessful. There were ideas to enable transnational election lists but they were rejected by national parliaments which feared they would give too much political power to the European Parliament.

All speakers agreed that the challenge for the future of the EU will be to take the political process from national level to the European community level. "The European Project is yet to unleash its full potential," Naturski noted. "Until then, the European Council, not the European Parliament, will be tasked with controlling the super-power of the European Union."



MAŁGORZATA BONIKOWSKA

Specializes in international relations, European Union and political marketing. She is President of the Centre for International Relations Foundation, co-founder of Thinktank Institute. She is also a government consultant and academic fellow. Dr. Bonikowska graduated from the Warsaw University (Italian studies), University of Paris-Sorbonne (history and political sciences) and the PWST (history of culture). She completed two Ph.D. programs: in Poland (PAN) and abroad (RSM) as well as a specialization at Columbia University in New York.



WITOLD NATURSKI

An economist and since 2004 a EU official in Poland currently serving as Deputy Head of European Commission Representation. Prior to that he led the Representation's communications team and worked as PR officer at the European Parliament's Warsaw office. In 2009-2012 he was a member of the cabinet of the European Parliament President. In 2006-2010 Naturski was a member of the Regional Parliament of Silesia.



BARTOSZ WIŚNIEWSKI

Head of Research at the Polish Institute of International Affairs PISM. Previously worked as market analyst with United Oilfield Services, and industry specialist responsible for aviation and oil and gas sectors with the International Trade Administration. Wiśniewski authored policy papers and academic research in area of US foreign and security policy, US-Polish relations, energy in international politics. He graduated from the University of Warsaw and the Warsaw School of Economics. Also, studied at universities in Mannheim and Frankfurt am Main.

MONTHLY MEETING

APRIL

TALKING TO THE MARKET

THE GOVERNMENT BECOMES BUSINESS-CENTRIC

In April, AmCham hosted Tadeusz Kościński, Undersecretary of State at the Ministry of Economic Development, who talked about government pro-business policies and reforms.

He said that unlike previous governments, the Law and Justice government had decided to be "business centric" and "talked to the market" to find the best solutions when it comes to how the government can help investors streamline their investment projects, and consequently make an Poland investor-friendly country.

He said that the reform addressed two strategically important areas: the support channels that government ministries had for investors, and the Polish Special Economic Zones (SEZs).

Undersecretary Kościński explained that in the past, "just about every ministry in Poland had an agency which would support investors, so it was a potluck for investors. We consolidated the operations of those agencies under the Polish Development Fund".

QUALITY, NOT QUANTITY

With respect to Poland's tax havens for investors, the SEZs, the undersecretary noted that the zones were originally established in the early 1990s to cover areas with high unemployment which needed intensive capital investment. In total, all the SEZs covered only one percent of Poland's territory, about half the area of Warsaw, but it was enough to attract a huge number of investors to Poland who created thousands of new jobs.

However, individual special economic zones were disorganized in their operations "There was this strange situation when a special economic zone in southeast Poland would buy some land in north-eastern Poland and sell that land to investors," the undersecretary explained. "It was good for the special economic zone but not necessarily for the investor because the investor was then left to his own devices and got no assistance from the zone. So special economic zones were making money on selling real estate which was not what they were ment to do. They were supposed to act as vehicles supporting investors in Poland."

This is why in it SEZ reform, the government liquidated the division of Poland into individual SEZs and instead turned the entire country into one big special economic zone, which allows investors to pick the location of their choosing and still enjoy

the SEZ investor incentives.

Other reforms aimed at lengthening the time span investors were covered by SEZ privileges and shortening the time it took for investors to obtain all the necessary licensing and financial aid. In light of the old SEZ regulations investors were granted a maximum of 10 years of SEZ coverage, after which time they had to apply for the prolongation of their SEZ license. It was so, because all SEZs were meant to exist until 2026, and after that date they were to become just ordinary "industrial parks" with no extra incentives offered to investors. The government decided to get rid of that time limit.

Also, with the old regulations it took nearly 20 months to obtain a license. Add to it the time needed for investors to build their factories and develop the business, and in practice, investors had approximately three to four years in which time they could benefit fully from the SEZ investor incentives. With the new regulations, the process of obtaining a SEZ license takes significantly less time, Undersecretary Kościński said.

The new SEZ regulations also have new capital requirements for investors to allow not only big international firms take advantage of SEZ but also medium and small companies, which, by default, can not invest PLN millions to create thousand of jobs in a short time.

GOVERNMENT REQUIREMENTS

When applying for a SEZ license the investor will

have to comply with new selection criteria. Unlike in the past, today the government does not encourage any investor to come to a SEZ but looks at a number of factors. First, is the type of investment. "We want to move up in the value chain in the economy from the imitation-based economy to innovation-based economy," Undersecretary Kościński explained, adding that what the government needs is "technology investments that will be required in the economy for the next 20-30 years".

Another important point for the government is whether the investor plans to collaborate with universities in Poland. "We want investors to resort to our universities and R&D centers for competences," the undersecretary said.

The next requirement is that investors create jobs that are full time, and offer not only "above average salaries" but also other worker benefits, such as as medical coverage, financial support for learning and personal and professional development.

The government also looks for investors who plan to develop a local supply chain to help the local economy grow, instead of bringing all the components from abroad.

Finally, because the Polish economy needs to be more export-oriented, the government looks for investors who plan to produce not only for the local market but plan to export their products and services abroad to other EU countries and beyond.



TADEUSZ KOŚCIŃSKI

Appointed Undersecretary of State in the Ministry of Economic Development in November 2017. Prior to that Kościński had worked in the banking sector in London and Warsaw. Since 1997, he served as director of Bank Zachodni WBK SA. Previously, he worked in the Polish Development Bank SA, Bank Handlowy and

Industry, Bank of Silesia and Pomerania Bank, as well as two banks in London. He is a graduate of the Goldsmith's University of London. He is the founder of the a foundation called *Kresy Historii* devoted to propagating Poland's history.

AmCham Advisory Council



The Advisory Council of the American Chamber of Commerce in Poland is engaged in shaping our advocacy for better investment, creating policies, and working with key policy-makers in order to address important and highly relevant issues. The crucial role of companies gathered in the Advisory Council is emphasized by the special client care we provide to these premium members and the opportunity they have to cooperate at the highest level, including business to government dialogue, special networking events, as well as priority at our events.

FOCUS

LET'S WORK TOGETHER!

AMCHAM AND CRACOW UNIVERSITY OF TECHNOLOGY HELP FORGE LINKS BETWEEN ACADEMIA AND BUSINESS

"Partnership for Innovation" was the name of a conference held in January jointly by AmCham and the Technology Transfer Center PK (TTC) of Cracow Technology University (CUT), which involved over 150 representatives from science and technology companies including small and medium-sized ones as well as big international corporations and venture capital specialists. A part of the conference was a "trade show" with CUT technology spinoffs which showcased the commercial applications of innovative products developed at the university through a 2017 financing program called "Innovation Incubator+", executed by the TTC.

Among the new technologies on display were biodegradable composite materials, bacteria-killing dye for different types of fabric, insulation composite materials for building facades, energy-diffusing materials for bulletproof jackets and laser scanning systems. The conference was a fusion of competencies from the three areas critical to a successful R&D development. The scientific sector was represented by Prof. Jan Kazior, Rector, CUT; Prof. Tadeusz Tatara, Deputy Rector of CUT and responsible for cooperation with business, and Jacek Kasz, TTC Director, and Urszula Pełka-Rębalaska, Manager, the Innovation Incubator + project. The private sector was represented by Jacek Drabik, AmCham Board Member, (Motorola Solutions) and AmCham Kraków and Katowice Director; and Paweł Podosiedlik Director, KPMG. The government side, which in Poland handles a number of financial support programs for R&D, was represented by Marzena Wydryszek from the Development and Innovation Department of the Industry Development Agency (ARP).

UTILIZING KNOWLEDGE

Opening the conference, Prof. Jan Kazior, said that the university was always interested in cooperation with the private sector and especially with American companies because they have the right market knowhow to commercialize new products, and the collaboration with American companies is mutually beneficial for both the academic and the private sectors.

He added that he hoped that out of the 16 new innovative products and services that had been developed at CUT through the latest "Innovation Incubator +" some will get commercialized in a joint effort from CUT's American partners.

Prof. Kazior noted that the R&D work at CUT, fi-

nanced by grants issued by the National Center for Research and Development, helps the university to be among the best R&D centers in the country when it comes to developing commercially valuable products.

Prof. Tatara, noted that CUT researchers and scientists who are involved in R&D at the seven departments of the university attach a lot of importance to the commercial viability of their projects and highly value face-to-face contacts with representatives of the business sector.

Prof. Tatara talked about CUT plans for more R&D programs to be carried out in the coming years, involving the best scientists, and he encouraged the representatives of business to get involved and take advantage of the CUT knowledge and expertise.

The TTC Director, Jacek Kasz, noted that CUT had developed some best practices for collaboration with the business sector and already had established a number of tech spinoffs that commercialize innovations developed at CUT. One of the roles the spinoffs play is to ensure that intellectual property behind the innovations belongs to the university.

Kasz said that along with its own expertise the university offers access to knowledge networks in the EU, including Euro Access, which acts as a matchmaker for researchers interested in taking part in R&D projects abroad, and Europe Enterprise Network, which is a matchmaker for innovative companies in Poland and in other EU countries, and links up over 600 knowledge centers across the union.

Kasz also encouraged the private sector to use the CUT Regional Contact Point – an information service for companies interested in tapping into the Horizon 2020 EU funding program designed to help grow innovative products and services.

MUTUAL UNDERSTANDING

Representing AmCham, Motorola's Jacek Drabik said that the chamber supports collaboration between academia and business because most of the nearly 400 American companies present in Poland improve their competitiveness by applying knowledge and innovation. "Obviously, we look for the knowledge in our companies but also in such organizations as universities, and this is why we are here," Drabik said.

He noted that in the years to come, companies, in order to stay competitive, will need to utilize creative and innovative approaches. "This is what

we expect of our employees, but we know that technology universities generate a lot of creativity and mold young people in such a way that they become assets for commercial organizations."

Drabik noted that after many years of work today, universities in Poland have the right regulations governing their collaboration with the private sector, and a good infrastructure—such as technology transfer centers—to support it. But in order to make innovative ideas developed at universities reach commercialization both the academic sector and the private sector need to have mutual understanding and trust. "Conferences such as this one aim at building such trust," Drabik said. "If the business side lacks an understanding of how academia works, and academia does not understand what drives business, then it is difficult to build trust between the two sides."

Drabik noted that while many universities in Poland exchange information and experience with commercial companies, only a few do so on a regular basis. Meanwhile, to let innovations penetrate the commercial sector universities should establish a permanent presence with a number of technology companies to see what is driving their business, what their growth strategies are, and what solutions they are looking for to utilize commercially. "Universities need a permanent information exchange with the private sector, so the academics understand where business is going in given areas," Drabik noted. He encouraged the scientific community to forge such links with the private sector by saying that many companies will gladly share relevant information with them in all areas where they can. Drabik concluded his speech by saying that innovative ideas which do not leave the lab stage of development and never reach real life in the form of commercial products do not matter to the private sector. "This may be a controversial statement to make at a technology university, but that is how the reality looks like in business," Drabik said. "It is our goal to let the ideas developed at universities reach business for only then they will have a chance to gain importance in commercial terms."



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PERSONALITY MATTERS

BAD LEADERSHIP RESULTS IN BUSINESS FAILURE BUT THERE ARE WAYS TO MITIGATE THE RISKS



Debating different aspects of effective business leadership: Weronika Bryła-Booth, Rostislav Bernak, Ryan Ross, Dorota Szkodny-Ciołek

Late last year, the AmCham Employee and Labor Relations Committee and member HR company Assessment System held two half-day forums in Warsaw and Wrocław, entitled "Leadership Matters", on the recent trends in leadership coaching. Assessment Systems Poland is a HR company licensed to use the Hogan Assessment System, a psychometric tool developed by renowned psychologist Robert Hogan 30 years ago, which is calibrated to measure the potential of individuals to succeed in business. So far, psychological profiles of over 6 million people (including over 2,500 in Poland) have been evaluated with the Hogan method. The test itself is comprised of three separate parts: the first, Hogan Personality Inventory, discovers individual characteristics of people and their potential to succeed; the second part discovers what motivates individuals and how those motivating factors play out vis-a-vis what is required to succeed in a given position; and the third part focuses on discovering the "dark sides of personality", which are personality traits that have the chance to stop individuals from achieving success in a given position and given company. The accuracy of the Hogan Method has been certified by psychological societies around the world, including in the US and the UK. The Hogan method had an enormous impact on the development of the modern psychology of business. In a peer-

view conducted a few years ago among the leading psychologists in the US Dr Hogan was listed as one of the top ten most influential contemporary psychologist.

The speakers at the forum included Assessment Systems experts, Ryan Ross, Managing Partner, and Zsolt Fehér, Managing Director Europe at Hogan Assessment Systems; Rostislav Bernak, Chairman of the Board, Assessment Systems Group; Magda Giryń, Managing Director, Assessment Systems Poland; and Weronika Bryła-Booth, Chairman of the Board, International Coach Federation; and Dorota Szkodny-Ciołek, Leadership Mentor & Trainer, International Coach Federation.

SCIENCE, NOT INTUITION

Thanks to the Hogan method, employing and promoting within organizations the right people has become a fact-based science instead of the domain of individuals with "the right intuition for people". The method defines "the right people" against a number of psychometric factors which are characteristic of individuals who are capable of working for the organization instead of using their position in the organization to promote themselves.

Meanwhile, research conducted by Assessment System recently revealed that nearly 70 percent of employees get promoted within their organiza-

tions not because of their achievements for the organizations and their potential to take it to the next level, but owing to their individual efforts to promote themselves within their organizations through such activities as networking with decision makers, making good impressions on them, and generally utilizing any opportunity to further their professional careers.

Such individuals, it turns out, do not make money for their companies—they make money for themselves—while those who make money for their companies are individuals who do not make any impression on decision makers within companies, but are team players able to get the best performance out of their teams.

Employing and promoting the right individuals as managers is critically important especially in light of the fact that 50 percent of business decisions on average are wrong decisions. This means that managers have a relatively narrow space for making good decisions.

This is why, the research revealed, nearly 50 percent of CEOs fail within the first 18 months of their tenure. Their past record of success as leaders of companies they have worked for before is no guarantee of success in new organizations. If they fail to adjust to the culture of the new organization, respect it and contribute to its development, they will fail in their business mission as well.

The personality of CEOs impacts not only their success as leaders but the financial performance of companies they lead. CEOs' personalities, it transpired, contribute to nearly 25 percent to the financial performance of the company, and this is the largest non-economic factor affecting the financial performance of organizations.

Why "wrong leaders" may have a poor effect on the financial performance of their organization can be explained by another finding which revealed that 65 percent of company employees would rather see their salaries shrink if they only could get rid of the emotional stress caused by their immediate superiors, or, to put it simply, see them gone.

Cultural determinants are in fact so strong, the research revealed, that as many as 30 percent of all companies polled indicated that they had permanent problems finding business leaders who would fit in their corporate cultures.

BURDENSOME LEGACY

For the last 30 years, Dr Robert Hogan and his associates, have been working on finding the links between certain personality traits of individuals and their potential to deliver value to the companies they work for. Having done the psychometrics of a few million managers and juxtaposing them with the effects the individuals had on the companies they managed, the Hogan team extracted two opposing personality models regarding the impacts they had on business organizations. The model with the least potential to deliver value to a business was called "charismatic leader"; the one with the highest potential to positively impact a business was called "humble leader". While it transpired that not all "charismatic" leaders were bad for their companies, and not all leaders with "humble" personal characteristics succeeded as managers, (10 percent of them overlapped) the statistical "win/fail" ratio was clear—most "charismatic" managers failed to succeed while most "humble" ones succeeded.

Charisma, as a psychological term, was developed in Austria in late 19th century during the heyday of hypnosis. Individuals who were involved in hypnosis were viewed as very charismatic, which meant that they could convince anyone to do anything that they asked. In time charisma began to mean a power attractiveness that can inspire devotion in others—that over-the-top personality that can convince you that you should go to the left instead to the right.

Until the early 1970s, there was not much room for "charismatic" CEOs as the CEO was perceived as an individual who was supposed to take directions from the board of directors. Yet, the charismatic business leader emerged later on in the mid-1970s when individual investors who started buying large portions of shares in companies were getting increasingly involved in running them—driving companies towards improved financial performances. It was what investors wanted as the "charismatic" CEO was getting the maximum returns on their investment. Nobody cared at that time that such an

approach was not about sustaining profitability in the long-term. As a result, the CEO salary skyrocketed and it created a belief that an organization, in order to succeed needs a dynamic individual at its helm—someone who can rally the corporate troops and make the company achieve its business goals. This way, the popular belief in the "power of personal charisma" in business was born and succeeded in becoming part of the popular imagination. As noted Ryan Ross, who spoke at the forum about the charismatic versus humble business leaderships, even today, there are more announcements in online job search services which advertise openings for "charismatic" individuals rather than "humble" ones. What is more, in his presentation about coaching executive teams, Rostislav Bernak noted that he had met executive team members who complained that their leaders were not charismatic enough to effectively manage the teams in crisis.

THE DARK SIDE OF CHARISMA

Yet, charisma has negative consequences for the quality of corporate governance. Individuals who are perceived by their teams as "God's gift to mankind" in a short time tend to start believing it. They grow to believe that they are entitled to the leadership role and tend to see themselves as omnipotent. As a result they think that there is nothing that they need to know and learn from their team members. What is more, they are unable to take responsibility because they think that if there is a problem it is always somebody else's fault. When they are asked about their challenges they say "my staff continues to let me down". In other words, they always focus on other matters rather than considering "what can I do to make things better".

According to the Hogan profile of business leaders who tend to be charismatic, their characteristics include a strong tendency to be self-serving, over-promoting and attention seeking. When building relationships with other people they tend to be manipulative, impulsive, and always testing the limits. They are imaginative and practical in some cases, but unpredictable in other cases, and very few ideas that they develop fit the company. People who work with charismatic leaders say that the charisma works to a certain point in all the right ways but there is a point where charismatic leaders start overdoing things; become disruptive and so self-focused to such an extent that they forget it is the team that is actually driving the results.

THE OLD WISDOM

On the other side of the equation of effective business management, as defined by Dr Hogan, is humility.

The concept of the humble man is as old as civilization. It was established by different philosophical and religious systems as a virtue. Contrary to the beliefs of many the concept is not about a passive stance in enduring the hardships of life and not thinking of oneself—it advocates achieving a healthy and sustainable balance between thinking about oneself and self-interest, and thinking about the common good of the group the individual is a part of.

Research shows that such individuals in management are respected by their subordinates and enjoy their trust.

In order to achieve that in a corporate environment the manager needs to have confidence (needs to know a thing or two about the business); personal integrity (act consistently and treat people the same way no matter what); needs to make good decisions (this virtue is what psychologists call "good judgement"); and needs too have a vision for the future of the company. In other words, effective leadership is about having the confidence to convince people that they should follow their managers but at the same time not crossing the line of indulgence in self promotion.

Humble leaders tend not to draw attention to themselves. Instead, they pay attention to the team and report team performance. They do have high expectations but at the same time are not overly confident and are willing to listen to feedback and other people's opinions about their ideas. They are open minded and willing to consider other experts' opinions instead of thinking they they are always right. They are also more concerned about getting along rather than getting ahead—they put a lot of emphasis on relations rather than themselves.

The other characteristic of humble leaders is that they are focused on team performance. Their definition of success is the success of those who work with them. And this may mean that some of their best people move on to do other things or greater things that the humble leaders have done themselves.

Charisma and humility are opposite personality traits. Ordinary people can not be charismatic, and charismatic individuals can not be humble. When it comes to making the organization a success, there is only a 10 percent overlap between humble managers and charismatic ones.

Tom Cwiok

Charisma and humility are opposite personality traits. Ordinary people can not be charismatic, and charismatic individuals can not be humble. When it comes to making the organization a success, there is only a 10 percent overlap between humble managers and charismatic ones.

FOCUS

GETTING BETTER

CSR PROJECTS GROW BIG AT HEWLETT PACKARD ENTERPRISE'S WROCLAW CENTER

For Hewlett Packard Enterprise social responsibility is a part of the way the company does business, setting a new bar for corporate engagement programs through which the company and its employees are committed to doing good in the world. "HPE Gives" is the company's global volunteering and giving program through which every HPE employee donates money to charitable causes or paid time as a volunteer.

ANSWERING LOCAL NEEDS

Hewlett Packard Enterprise Wrocław Center has a very strong corporate social responsibility program with a variety of local social, ecological, cultural and educational initiatives. Some of them, such as charitable collections, workshop delivery, shrub planting take place ad hoc, while others, such as "Project Senior", "Buy a Book", "Charitable Kitchen", are long-term programs. To make all those programs more effective, HPE Wrocław volunteers cooperate with a number of non-governmental organizations, local government bodies, associations and commercial entities.

SENIOR CITIZENS

One of the flagship programs from HPE Wrocław Center, executed under the company's CSR umbrella, is "Project Senior". The idea itself came from the employees, who established an initiative that would allow them to use their skills and knowledge, and at the same time address an important problem—the social exclusion of elderly people. In 2004, in cooperation with municipal institutions supporting local seniors, HPE started courses and meetings for senior citizens, including computer skills, language courses and cultural events that help peer-to-peer socializing for senior citizens. At the same time the program opens up new areas for the development for company's employees who lead the classes and have an opportunity to share their knowledge with the older generation. The initiative is beneficial for both sides as they connect on a previously unknown level while building a cross-generational bridge.

While the project is local in nature and supported by the local government, its impact is expanding outside Wrocław. The classes are attended also by seniors who travel from all over Lower Silesia. The annual event "HPE Senior Days" attracts large numbers of participants. Since the project launch in 2014,

about 250 seniors have attended the classes so far. The courses are prepared and led by approximately 20 HPE employees and trainers every year. As the course portfolio keeps growing so does the number of participants. Ultimately, the number of people in Lower Silesia who feel neglected after retirement is decreasing.

PROMOTING READING

Another project, dubbed "Buy a Book", has grown significantly since its launch in 2012, and has become an annual event. The program started when the one of the employees approached the CSR team with an idea to collect used books among employees and then organize a used-book fair to collect money for the Wrocław Children's Hospice. The idea worked well and the following year, in order to



HPE Wrocław volunteers during one of the company's charitable programs

expand the program, "Buy a Book" gained the patronage of the Association of Business Services Leaders (ABSL). With more companies engaged in it more books were donated and more money collected for the hospice.

Since 2014 eight "Buy a Book" fairs have taken place, with different ABSL member companies taking the lead. Year-over-year there were more companies engaged, not only the associated ones, as well as more volunteers involved. In total, over PLN 120,000 was donated to support the statutory goals of the Wrocław Children's Hospice Foundation.

UPGRADING FORMULA

As HPE Wrocław Center was the leading organizer of the "Buy a Book" in 2017, the company decided to expand the formula of the program. It was held in one of the biggest Wrocław shopping malls and included a live show by performing artists and other attractions for children. Close to 100 volunteers and over 50 commercial and non-commercial

organizations from Wrocław were engaged in the project. As a result PLN 20,000 was donated to the Wrocław Children's Hospice Foundation. Another upgrade to the "Buy a Book" formula came with the 8th edition when HPE additionally arranged an online charity book auction one month prior to the event. The event itself, a traditional book-fair with a family festival element, was extended into a two-day-event, and took place in early September 2018. With this, "Buy a Book" has become a recognizable event in the local community and obtained the honorary patronage of the Wrocław Mayor, the Wrocław Agglomeration Development Agency, the Wrocław Women's Council, the Europa Forum and the American Chamber of Commerce.

"Buy a Book" is strictly based on volunteering and cooperation among business service sector companies, as well as non-associated organizations, partners, city institutions and local artists, all of whom join in to support the good cause. This is an excellent example of corporate social responsibility, when putting business considerations aside, various parties dedicate their time, skills and efforts to create a greater value, which brings outstanding results both for those in need, but also for the local community, by promoting book reading as well as the recognition of the importance of traditional books.

SHARING BENEFITS

In all its charitable actions and programs HPE Wrocław Center encourages high levels of employee participation and engagement. This is why the company's CSR program have been expanding in scope with new initiatives added to its the portfolio. The CSR program help HPE employees identify better with the company by showing that the impact they make in the business environment extends beyond their job. In turn, the company empowers them to get involved in mission-driven initiatives with real social outcomes. With this some extra value is created for the employees: they get a strong sense of belonging to the local community and achieve a healthy work-life balance.

Joanna Szablewska
The author is Office Manager at Hewlett Packard Enterprise Wrocław Center

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Company Profile Panattoni Europe

IN THE RIGHT PLACE AT THE RIGHT TIME

AmCham.pl Quarterly editor Tom Ćwiok talks with **Robert Dobrzycki**, CEO Panattoni Europe, about the company's business strategies and the potential of the market

What is the history of your company in Europe? What were the milestones?

Panattoni came to Europe in 2005, opening the office in Poland and going up against the biggest developers operating in the country. Later, we went into the Czech Republic and Slovakia, and our aim at the time was to build our presence in small steps. We made some record-breaking deals in the first year of business operations, and expanded our map to include another

country in 2007; this time it was Germany, the leader in European logistics. Despite the crisis proclaimed in 2008, or rather in response to it, in that very year we established a new structure, the BTS Group, and since then have been regularly supplying custom-tailored facilities to the market. Apart from delivering advanced manufacturing facilities dedicated to Industry 4.0, we also take on the biggest projects in excess of 160,000 sqm per facility. Take, for instance, the

580,000 square meter projects for Amazon built in Poland by Panattoni Europe. By fulfilling our commitments in these projects, we have been able to demonstrate that as a country we are ready to take on massive contracts. On top of that, a little under two years ago we announced our entry into the British market and it seems we have hit the jackpot, especially now, with Brexit approaching. Today, the company leads the industrial space market in Europe.

In what way do you differ from the competition? What benefits do you bring to your clients?

First of all, we are different in our

What is driving business forward in Poland? How important is the market in Poland vis-a-vis your entire global operations?

Tenant activity is driven by the e-commerce market, and also the expansion of transport infrastructure. The warehouse space segment in Poland is growing steadily and this situation is not likely to change in the next few years. Some two or even three years ago, we all knew that e-commerce was bound to make a powerful impact on logistics, but its significance as a market driver and a major landmark turned out to be even greater than we anticipated. The position of traditional retail has greatly diminished in comparison.



approach to management—we adopted an organic, network business model. We always operate locally, opening offices in a given location and consulting the best experts in the given market, who know it inside out. We are therefore a very flexible organisation, adapting easily to changing market conditions and responding to them in a timely manner. We are also flexible in our approach to clients, who can always count on our support with comprehensive advice.

Sustainability and green buildings have become the industry standard. What can you tell me about environmental protection solutions in your business philosophy?

Environment-friendly solutions feature prominently in Panattoni Europe's strategy, with the aim of supporting clients on a daily basis when introducing solutions compliant with the concept of green supply chain management. The implementation of a broad range of sustainable solutions takes place in

at least two areas—the structures of the buildings themselves and the way they are managed. And the most prominent role is played by solutions supporting efficiencies in energy consumption. Installation of LED lighting, which cuts energy consumption by 30 percent compared to traditional lighting, has already become a standard for Panattoni Europe. We additionally enhance it with dynamic control systems—such as solutions which make it possible to adapt lighting intensity depending on the amount of natural light, for instance, coming from skylights. On request, we can install solar collectors on the roof to heat up utility water in the office section, as well as condensing boilers in the boiler room. We use process installations allowing for heat recovery up to as much as 80 percent, and toilets in the office building use rainwater. We also enhance the insulation in roofs and walls, and provide for increased building airtightness to help reduce emissions of exhaust gases and carbon dioxide. Moreover, with regard to warehouse facility management, we increasingly employ intelligent building management systems—the so-called BMS, integrating all installations within the facility.

But you must bear in mind that sustainability in logistics depends primarily on effective organisation and optimisation—reducing the amount of handling, shortening routes and the waiting times of the trucks. The objective is to reduce carbon dioxide emissions from transport. Hence, all our inner-city facilities, based on the so-called city logistics format, like our City Logistics Warsaw, City Logistics Wrocław I, Łódź I and Warsaw Airport, implement the concepts of green logistics, reducing the environmental burden of transport.

Apart from what you have said, what are the other critical aspects to running a land development business?

We are a pure developer so we need to build. This means that our main business is driven by demand, so our clients and their needs are a top priority for us. We follow them and adjust to the market expectations, which is why we entered smaller emerging markets in Poland

like Lublin, Bydgoszcz, Kielce or Biłystok. That is how our City Logistics Parks concept was also created. Our flexible corporate structure allows us to react quickly to changing business cycles. So it is essential that our teams understand the business model.

As a land developing company you resort to subcontractors for engineering and building works. Do you tend to use big foreign companies or local companies. How do you evaluate their competencies, skills and expertise?

We use many different companies both international and local ones. Currently we have over 1.2 million sqm under construction—such an amount of space requires many subcontractors and an army of workers. Therefore we need to diversify our partners, which also specialize in different types of buildings like production halls and factories, and just simple warehouses. We have been on the market for 14 years already and have experienced many various partnerships. Some have proved more successful than the others. But a large portion of the companies are Polish entities because we definitely want to support the local market.

Panattoni not only develops land but also buys land plots, develops them and acts as manager of logistics facilities. Are there any legal and regulatory issues in Poland that you think stall the growth of the logistics business... In other words, is Poland a good place for logistics developers?

Poland is a very attractive location in the international arena, and in our region we stand out for a number of reasons, including the size and availability of land, as well as the potential and access to labour.

Admittedly, the Czech Republic can boast a slightly more advantageous location than Poland—being closer to the industrial part of Germany, Bavaria and further away, Stuttgart. But business growth in the Czech Republic is undermined by problems with the supply of land and availability of workers. Slovakia, on the other hand, is a very small market, though this is not a disqualifying characteristic, and an increase in developer activity is observed there, too.

What are your plans for 2019 and beyond in Europe?

Last year, we quite proactively maintained our presence in the UK, investing in excess of GBP 600 million there, as a result of which we have established footholds from London to the Midlands. Of course, we are planning to continue developing the region in 2019, alongside placing an emphasis on Germany and operations there. In Central and Eastern Europe we are one of market leaders, and this is where we open new product lines. Every year, we penetrate these markets deeper. The German market is very fragmented, and the country is divided into regions, each with its own local leader. This means that we need to run a number of different offices and adapt to each region separately, and this is what we are working on. Beyond that, we are thinking about France, but we have not decided on the strategy for entering that market—whether to take a gradual approach to building the local team or merging with another company.

As one of the top managers at Panattoni, I wonder what personal ambition you have when it comes to impacting the ways in which the company operates, deals with its clients and its employees...

I am generally a demanding person but also give people quite a big dose of freedom and independence. It is so, because I have the pleasure of working with great experts, who are passionate about what they do.

A large portion of the companies that we subcontract for our projects are Polish entities because we want to support the local market.

American Chamber of Commerce in Poland

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AMERYKAŃSKA IZBA HANDLOWA WSPIERA EKSPANSJĘ POLSKICH FIRM W USA

Invest in the USA... czyli gdzie konkretnie?

Inwestowanie w USA zaczyna się od znalezienia odpowiedniego miejsca. Pięćdziesiąt stanów ze zróżnicowaną geografą i warunkami klimatycznymi, różnorodną strukturą demograficzną i odmienną specyfiką rynku, daje szereg opcji, a decyzja o lokalizacji determinuje szanse rozwoju biznesu i nie może być przypadkowa. Niektóre oczywiste skojarzenia, takie jak na przykład: umieszczenie firmy informatycznej w Dolinie Krzemowej lub dostawcy usług finansowych w Nowym Jorku, na pierwszy rzut oka mogą mieć sens, ale nie zawsze będą najlepszym wyborem. Zanim zostanie podjęta decyzja o założeniu firmy w USA, trzeba dobrze zrozumieć wszystkie zalety i wady wynikające z różnych lokalizacji. Czynniki, które należy wziąć pod uwagę, to na przykład:

- **rynek zbytu** – gdzie są potencjalni klienci; jak wygląda konkurencja w różnych lokalizacjach;
- **rynek pracy** – czy są dostępni pracownicy o wymaganych kwalifikacjach; jakie są koszty pracy;
- **rynek nieruchomości** – jaki jest koszt nieruchomości w danej lokalizacji;
- **ułatwienia i zachęty dla biznesu** – takie jak ulgi podatkowe czy szkolenia zawodowe stały się niemal standardowym pakietem oferowanym inwestorom w większości stanów, dlatego warto negocjować dodatkowe formy wsparcia dla biznesu z organizacją rozwoju gospodarczego, działającą w każdym stanie i w wielu miastach.

Economic Development Organizations (EDO) w każdym z 50 stanów USA oferują usługi wsparcia małym i dużym firmom zainteresowanym inwestowaniem na ich terenie. Za ich pośrednictwem można nawiązać kontakty zarówno z biznesem w danym stanie, jak i z lokalnymi władzami i podmiotami z sektora publicznego. Zakres wsparcia oferowanego firmom jest szeroki, od analiz rynku przygotowywanych dla konkretnej firmy po usługi rekrutacji pracowników. Wiele EDO oferuje informacje dotyczące rynku pracy, rynków zbytu, konkurencji, kontrahentów, prawa czy podatków. Ponadto wiele z nich zachęca inwestora do zlokalizowania firmy w danym stanie poprzez konkretną pomoc finansową, taką jak: dotacje na rozwój infrastruktury, dotacje na tworzenie nowych miejsc pracy i inwestycje w nieruchomości, ulgi podatkowe i zwolnienia czy szkolenia zawodowe. Usługi EDO są świadczone bezpłatnie firmom, które przygotowują się lub już zainwestowały w konkretnym stanie USA. Informacje na temat EDO dostępne są na stronie: www.eda.gov.





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More Polish brands in the USA!

Although Europe remains Poland's main trading and investment destination, there's increasingly more Polish companies with enough potential, courage and determination to invest in the USA. And there are good reasons for that. The United States consistently ranks at the top of most major indicators as having an attractive business and investment climate. As a place to do business, the United States offers a predictable and transparent legal system, and access to the world's most lucrative consumer market with a per capita disposable income of approximately \$39,155 in 2017 (compared with Poland at \$18,906 according to OECD). With more than 325 million people and the largest economy in the world, the United States is a very attractive market and the American workforce ranks as one of the best educated, most productive, and most innovative in the world.

The economic success of Poland has helped many Polish companies mature to the point that they are ready to search for growth opportunities on the enormous and diverse US market. There's a real trend of Polish investments in the United States and the interest in the US market is high and will continue to grow. There are over 120 Polish significant investments in the US, which does not reflect the full engagement and the number of Polish businesses involved in that market. Hundreds of Polish firms export goods or deliver IT and technology services from Poland to their customers in the US.

Manufacturing inside the US

Manufacturers which sell in the US often find that it's more cost-effective to manufacture goods inside the US. Companies need shorter supply chains, they get lower energy prices in the US, which help reduce the cost of not only creating goods, but also transporting them, and it isn't surprising that some Polish manufacturers are finding that placing production facilities in the US makes them more competitive. Investing instead of exporting becomes an option for those who see that price is not what makes their competitive advantage in the US and that it's about innovation, high quality goods and services, customer relations, post-sales services and top quality customer care.

A market for IT services

Polish IT and technology companies are creating their branch offices in the US even when their production and development teams are placed in Poland or elsewhere like DataWalk offering an analytical platform. They know that in order to be successful on the US market they have to be close to their clients, operate in the same time zone, be responsive and alert and a few steps ahead of their clients' needs and expectations. The US is a sophisticated market for some IT services. Dozens of Polish tech companies which ventured into the extremely competitive Silicon Valley, such as: EUVIC, Kotrak S.A. or Iteo, are the best proof of evidence that such an approach is the key to success.

Polish Direct Investments

Every year brings new Polish brands to the US market. The value of Polish investments in the United States amounted to PLN 3.7 billion at the end of 2016, a nearly 14% increase versus the previous year. The most frequently referred to examples of Polish success stories in the US are: Inglot, a cosmetics chain with 31 retail stores in the US alone, Com.40/ EBI – production of mattresses for the IKEA network in the USA, CD Projekt, the producer of the video game The Witcher, KGHM – the largest Polish investor in the US owning mines in Nevada and Arizona.



Polish Export to the US

Poland's trade turnover with the US in 2018 reached a record level of \$13.4 billion. Exports from Poland to the USA in 2018 amounted to \$8 billion. Imports from the USA to Poland in 2018 amounted to \$5.4 billion.. Poland mostly exports machinery and mechanical equipment, automotive parts, home electronics and furniture. The United States is also an important partner of Poland in the exchange of services. In 2016, the USA was the third largest foreign buyer of Polish services with \$1.8 billion (after Germany with \$7.5 billion and UK with \$3.0 billion).

AMERICAN INVESTOR DESK

PROMOCJA POLSKIEGO BIZNESU W USA

Rynek Stanów Zjednoczonych jest niezwykle wymagający i tylko dobrze przygotowane firmy są w stanie sprostać dużej konkurencji czy oczekiwaniom amerykańskich klientów, a także spełnić wymogi regulacyjne i udźwignąć koszty związane z działalnością na tamtejszym rynku. Do udanego wejścia na rynek USA potrzebne jest solidne przygotowanie, dostęp do informacji i kontaktów z kluczowymi graczami, organami regulacyjnymi i profesjonalnymi dostawcami usług. Współpracując z innymi podmiotami w Polsce i USA, American Investor Desk w Amerykańskiej Izbie Handlowej wspiera polskie firmy w ekspansji na rynek USA, tworząc platformę promującą polskie inwestycje w Stanach Zjednoczonych jako miejsce poszerzania wiedzy o rynku amerykańskim, współpracy, wymiany informacji i doświadczeń.

American Investor Desk w AmCham Diner w Katowicach podczas Europejskiego Kongresu Gospodarczego 13-15 maja 2019

Zapraszamy firmy zainteresowane rynkiem Stanów Zjednoczonych do stoiska American Investor Desk, przy którym w ciągu trzech dni trwania Kongresu będą Państwo mogli spotkać się z ekspertami z różnych dziedzin związanych z ekspansją na rynek USA, którzy będą służyć Państwu swoją wiedzą i doświadczeniem z obszarów: prawo, podatki, cła, regulacje i certyfikacje FDA, dopuszczanie produktów do obrotu, i innych.

Szczegółowy harmonogram dyżurów ekspertów będzie dostępny w AmCham Diner podczas Europejskiego Kongresu Gospodarczego.



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The background of the entire page is a close-up, slightly blurred image of the American flag, showing the stars and stripes. The flag is oriented vertically, with the stars on the left side and the stripes on the right side.

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Company Profile Unum Życie TUiR S.A.

PROMISES MADE ARE PROMISES KEPT

AmCham.pl Quarterly editor Tom Ćwiok talks with **Aneta Podyma-Milczarek**, CEO of Unum Życie TUiR S.A., the life insurance company previously known as Pramerica Życie TUiR SA, about how the firm continues to develop the life insurance sector in Poland

What can you tell me about the history of your company in Poland?

Unum Życie is a new brand on the Polish market, but the company that is now proudly called Unum was actually established in 1999 and under the name Pramerica Życie. For over two decades we have worked on the Polish market to raise insurance awareness and offer our customers life insurance that can make a real difference in their hour of need. We are known for a very slim catalogue of liability exclusions and a very

broad scope of coverage, including the most prevalent health problems. Importantly, our benefits are payable not only in the event of death, but also in the case of serious illness. We have always been guided by true customer focus and a caring spirit. As a life insurer, we stand by our customers in their life emergencies, when they experience painful loss and dramatic events, and we offer them genuine support. Please note that a customer buying a life insurance policy is not buying a tangible

asset; rather, they are buying a promise that we will stand by them in the years to come. We pay claims, on average, within two days from the date of receipt of background documentation. That is what we mean when we say that promises made are promises kept. Next to top-notch professional standards, this has always been our priority. Our sales representatives, Life Protection Advisers and group business directors, are seasoned experts of great repute among customers and on the market in general. Some of them are members of an international association of premier financial professionals called the Million Dollar Round Table, which speaks a lot about their expertise

newability ratio and a 14 percent increase in customer base. We are different than the rest of the market; we often go against the flow and opt for solutions with meaningful coverage for customers. We are not the biggest, but we definitely want to be the best.

What is driving the market of financial protection benefits in Poland and how do you project its development?

The Polish life insurance market is still young, it is less than 30 years old. We are nowhere near such countries as Finland or the UK in that respect, but we keep growing. Year after year, more and more benefits and



and quality. Sales standards built on such values as integrity, thorough understanding of customer needs, and tailor-made products are instrumental in developing long-term customer relations built on trust. We have been awarded numerous awards and accolades from independent organizations. For instance, we received the Ethical Company title in 2014, 2016 and 2017. We are very proud of this title, but the best rewards come from customer trust and loyalty: last year, we reported a 94 percent policy re-

claims are paid. According to the Polish Chamber of Insurance, over the last ten years insurers paid PLN 233.4 billion in life insurance benefits and claims. Insurance awareness has been on the rise. Our research has shown that, statistically, almost one out of three Poles, is covered with a life insurance policy. I have to mention the role of employers who offer group coverage programs for their workforce. We have observed that those who were given an opportunity to benefit from such programs

tend to be more inclined to take up individual coverage as well. Having said that, I have to note that a lot of people still lack insurance awareness. I am sorry to say that, but they usually change their minds in reaction to a deadly disease or the loss someone close in the family. This phenomenon is likely to become more prevalent, unfortunately, judging by the growth in mortality indicators from by the National Health Fund. In fact, the risk of death is now giving way to the risk of a serious, long-term health condition as a major threat. Such conditions take their toll on our loved ones both mentally and financially. Families are expected to provide assistance and support, and a suitable insurance policy can offer them peace of mind and financial protection.

Are there any regulations in the Polish market that somehow stall the development of the market or make expanding a business unnecessarily difficult?

The purpose of new regulations and legislative changes is to protect customers against mis-selling and the new risks that emerge from the rise of technological progress and new business models on the market. We clearly support that in line with our mission, being in compliance and actively engaging in a dialogue on the future of the financial market in Poland. Such a dialogue is important because changes should be implemented with due consideration to the voice of the business community and other stakeholders. Cooperation between business and regulators can help us develop mechanisms that will protect customers and, at the same time, offer them the benefits of the financial markets.

Unum Group is a new brand on the insurance market in Poland. What is the brand's promise and strategy?

We are going to continue our operation but with a valuable input from the US. Our new owner, Unum Group, is well-known on the US and UK markets as a leading provider of employee benefits. Unum Group is a state-of-the-art partner with an in-depth understanding of customer needs. They keep up with market trends and employee expectations and offer professional financial protection. Under the new brand, we re-

main committed to high standards in sales based on work ethics and respect for each customer, and to meaningful and comprehensive protection. Thanks to the generous support of the new owner, we can streamline, digitize and automate processes so that the customers can get their benefits faster and, more than ever, we can be there for them in their hour of need. Furthermore, given our expertise and understanding of employer and employee needs, we are a reliable partner on the market. We are confident that, based on our value proposition and knowledge, we are in a perfect position to assist employers who want to attract employees and provide them with professional insurance coverage.

Under the new name, do you have any plans to boost your offer and to adapt to the evolving financial needs of your customers?

Our offer has always evolved in reaction to changing customer needs. Now that we are a part of Unum Group, we can enhance our portfolio in line with the best practices tested and proven overseas. On the US market, Unum is widely recognized for the disability income protection product which offers comprehensive support in the event of long-term disability. We are going to bring this solution to Poland and test it. We must not forget that there are many differences between the US and Poland in terms of their socio-economic landscapes, which is why a straightforward copy and paste approach would be counter-productive. Before we enhance our product offering, we must do our in-depth analysis of all pertinent factors, assess the potential and, most importantly, verify the needs of our population when it comes to income protection in case of a long-term disability.

What can you tell me about the company's corporate culture?

As soon as we met the new owner we were delighted to see that Unum Group and our organization share the same values. We all believe in a workplace built on the pillars of integrity, commitment and responsibility. Our employees and associates declare high levels of satisfaction with their work, and appreciate the work-life balance initiatives and other forms of

support for their personal and professional development. We proudly completed the year of such a momentous ownership transition with the Best Employer recognition awarded by our workforce in an employee opinion and engagement survey. We could not have been more proud! Ours is a unique team of empathetic and responsive professionals. It was their idea to establish a charity foundation which is now celebrating its 10th anniversary. Our volunteers educate children and teenagers, help them make career choices and promote healthy lifestyles. In their own free time, our volunteering community, including family and friends, helps renovate orphanages, prepare seasonal gifts and books and organize numerous attractions for children in need. The foundation is like the heart of the organization: it brings us together in helping the less fortunate and reaches out to those who need our help. Importantly, we do it with the full support of our new owner, which has a very robust CSR agenda. Last year alone, Unum Group spent USD 12.8 million on social outreach initiatives, and nearly 4,000 volunteers dedicated a total of 77,000 hours to various community efforts.

Many companies in Poland are facing the challenge of shrinking labour force availability. Do you face such a problem?

Indeed, we have experienced that challenge, especially in the field force. We have a very strict recruitment profile for candidates for insurance agents, the so-called Life Protection Advisers, which makes it even harder for us to attract new associates. We do not hire for LPA positions people with prior experience in insurance sales, and each candidate must successfully complete intensive training and a professional development programme to become a Life Protection Adviser. We believe in quality without compromises, which requires hard work and robust preparation. However, those who do join us in the end tend to stay with the company for longer and appreciate working in an environment conducive to continual professional development; a place where they get well-deserved recognition and a chance to celebrate success with their loved ones. We are a family-ori-

ented company. Our organizational structure is quite flat, which streamlines communication, accelerates decision-making, and helps create a collaborative and open environment. Top LPAs are invited on incentive trips together with their families; we have a Family Day when employees and associates are accompanied by their kids and company offices are full of laughter and bustle. We have introduced solutions that help parents reconcile family and work duties, such as working from home, versatile health and insurance coverage for family members, or seasonal benefits to celebrate International Children's Day or Christmas. Employees and associates are proud of our corporate culture and values such as integrity and accountability. They appreciate new learning and development opportunities. As a member of Unum Group, we can now look forward to many new opportunities.

What are the company's plans for Poland in 2019 and beyond?

We want to be the insurer of choice, which will require continued improvements in the quality of customer service, product offering and tools. We are going to make investments and digitize our workflow in order to streamline customer service through the automation of some of the processes. On top of that, we are keen to expand our product portfolio to offer customers comprehensive support for long-term disability. Finally, we are developing sales structure in both business lines — Life Protection Advisers and Group Business — in pursuit of our mission, which is to offer comprehensive services to customers and give them peace of mind today by protecting their loved ones for years to come.

We want to be the insurer of choice, which will require continued improvements in the quality of customer service, product offering and tools.

Company Profile **Badger Men's Grooming Club**

EVERYTHING PERSONAL

AmCham.pl Quarterly editor Tom Ćwiok talks with **Adam Borowski**, Co-founder and CEO of Badger Men's Grooming Club, about how he is turning his business into a fully-fledged social club

When did you start Badger Men's Grooming Club?

We started working on Badger in August 2016 and opened our doors in October 2017. It took us over a year to create our business plan, find a location, finish construction, and put our initial team together.

I wonder what inspired you to venture into the business of grooming services, which is a relatively new concept in Poland and perhaps not yet very popular on the market...

The inspiration for Badger came straight from New York City, where I grew up, went to college, and started my career in finance. While I was a student at New York University, I started going to Truman's Gentlemen's Groomers in Midtown Manhattan. At Truman's, you simultaneously got a haircut, manicure—called handshake maintenance—and a shoeshine while enjoying a great coffee or a cocktail. When I moved to Warsaw for the first time in 2015, that's what

I missed most about New York. In Warsaw, at that time, if you wanted to get a men's haircut, manicure, and shoeshine you had to spend an hour at a barbershop, followed by a 40 minute visit to a women's nail salon, and finally a visit to a cobbler to get a shoe shine that would take, at best, four days. At Truman's, that entire process took 45 minutes and was pleasant, relaxing, and designed completely for men.

So Badger is, for me, a little seed which I brought with me from NYC to Warsaw, planted it here and when I'm at Badger it gives me a feeling of being back home in the city.

While our idea was novel in Poland, it felt like we were building on an already growing trend of male grooming and barbershops that was mushrooming all over the country. In a way it was way less of a leap to move from going to a barbershop to grooming club than from visiting your neighborhood unisex salon to visiting a barbershop.

Who is the target group?

Our target is men that fall into one of two groups: those who value their appearance, but don't have much time to spend on it, and those for whom good grooming is a professional requirement. Many of our guests are lawyers, salespeople,



I wonder why Badger... What's in the name?

We called it Badger for a few reasons. Firstly, the most exclusive shaving brushes are made with badger hair. Secondly, it's a noble and masculine animal that appears in both European and American folklore and nature, and given our combination of being an American and European men's club, it seemed to fit. And finally, the two syllables start with B and G, the same as mine and my business partner's last names, respectively.

Do you feel like you are pioneering grooming services for men?

consultants, company directors, and entrepreneurs. However, we also have a lot of waiters, bartenders, executive chefs, and gastronomy managers in addition to athletes, personal trainers, artists, and tv personalities.

What fuels the demand? Is it the growing affluence of Polish society? Or maybe the growing recognition of the importance of personal beauty and health?

I believe that demand for our services is quite large and growing. As Warsaw becomes a more international city, local men will adopt an increasingly international grooming

standard. In addition, the strong income growth is making such services more and more accessible to a wider group of people. Furthermore, at Badger we are working to build a community of men who value their appearance, time, and comfort and to create a lifestyle that more and more individuals will want to join.

What are the services that you offer and in what are they different from other such services in Warsaw?

We offer a full range of barbering services as well as salon services for men. Our offering differs from what is currently available in that the services are performed simultaneously and in an environment designed specifically for men. Meaning that while a guest is having his haircut by the barber, he is having a manicure from one of our cosmetologists, and has his shoes taken to be shined. In addition, you are sitting in a comfortable barber chair with a glass of whiskey or cup of fresh coffee in your hand.

How about the overall personal experience that you created for your patrons?

We are working to create an experience for our guests that is like a small vacation during their busy and hectic day, where they can come in and take a break from the world and leave feeling refreshed, sharp, and ready to take on whatever lies ahead. We work to take care of every aspect, from having indoor parking available, to a wide selection of American bourbons and whiskeys to being completely hidden from the street.

What are the requirements to become a member?

We do not currently have a membership model, however, we want to create a membership where our guests can either buy a series of services at once or have a monthly subscription. However, we want to gather some more feedback from our guests before we add this.

Many companies complain about the shortage of talented people to hire. How large is your team in Warsaw and how do you recruit your personnel?

We currently have a team of 11 people and we recruit through word of mouth, ads on job websites, and professional FB groups. Requirements are barbering skills, language basics, top interpersonal skills, and, most importantly, a culture fit with our brand. It is very hard to find good employees in Warsaw and to keep our employees happy and fulfilled is one of our top priorities.

I personally believe in what Richard Branson said, that clients do not come first but employees come first. If you take care of your employees, they will take care of the clients. So while we strive to be the top place for men to fulfill their grooming needs, we also strive to be the best place to work in our industry. It's my goal in the next few years to hear that young barbers and hairdressers dream of working at Badger.

When you look at the requirements that businesses are under—regulations, licensing and others—do you think that Poland offers a business-friendly environment?

Overall, I firmly believe that Poland is currently the land of opportunity and one of the best places on the planet to do business. That does not mean that it is easy, however. Taxes and regulations are often unnecessarily complex and unevenly enforced. The difficulty for entrepreneurs is that a lot of the regulation and taxes are front loaded: you need to pay VAT on all pre-opening expenses, get licenses and concessions before you open, and pay employment taxes before you're even profitable.

Are there any regulations or requirements that you find need be reformed in order to help business grow?

The biggest hurdles towards business growth and economic expansion in Poland are the employment laws and taxes. They make motivating, paying, and hiring employees incredibly difficult and expensive. A flat social security fee, the so-called ZUS, perhaps based on the size of your enterprise would benefit everyone. The government would collect more tax money as fewer people would have fewer incentives to work off the books or go around the system. With such a solution

employers could pay their employees more and be able to easily provide incentive pay without ballooning costs. And more employees would have contracts, make more money, and receive a proper retirement as more ZUS would be collected.

What are your plans for your business this year and beyond? Do you, for instance, eye other locations in Warsaw or maybe plan to expand to other cities?

We want to maintain a single location while striving to keep improving our quality of service, our offering to clients, and optimizing our business. We don't want to have any other locations, but I would like Badger to evolve over time into a fully-fledged social club, like the Union Club or the University Clubs in New York City.

I firmly believe that Poland is currently the land of opportunity and one of the best places on the planet to do business. That doesn't mean that it is easy, however.

EXPERT Energy market regulation

FACING ENERGY PRICE FREEZE

Will power companies claim compensation vis-a-vis the Energy Prices Act?

New legislation preventing drastic increases in electricity prices in Poland came into force on 1 January 2019. The Act amending the Excise Duty Act and certain other acts, dated December 28, 2018 (*Journal of Laws of 2018, item 2538*) (the "Energy Prices Act") was passed at express speed—in just one week. From the very beginning, the Energy Prices Act was controversial as to its compliance with Polish and EU law. However, the key problem is that energy companies may have claims to compensation in relation to the new regulation.

The goal of the Energy Prices Act is to help electricity end-users in Poland avoid drastic electricity price rises in 2019 due to a surge in the process of the EU's energy emission allowances. However, the economic burden of this benefit for customers has been passed on to the energy companies. As a result of the new Act, energy companies will have their electricity prices capped at the levels that were in force at the end of June 2018 (according to a recent announcement, distribution prices will be removed from the Energy Prices Act). While energy companies will have the right to seek compensation, doubts have arisen concerning the compensation mechanism provided for in the Act.

WHAT COMPENSATION?

Apart from the possible infringement of EU law concerning state

aid, the new regulations raise concerns as to whether the energy companies will receive 100-percent compensation. Under the Energy Prices Act, energy companies can claim the difference between the adjusted end-user sale price and the weighted average wholesale price. However, as the secondary legislation specifying the compensation mechanism has not yet been published, it is not clear exactly how the compensation will be calculated. According to some commentators, there is a strong probability that, depending on individual cases, the compensation mechanism could cause the power companies to lose their profitability, or, as some market analysts claim, could grant them compensation which is higher than the market value of the price reduction that they are compensated for. In Poland, electricity prices are normally agreed by specific companies in specific agreements concluded on market terms or on terms approved by the national regulatory authority—the President of the Energy Regulatory Office. When the tariffs for the regulated components of the retail electricity price are set at a level below the corresponding costs incurred by the energy companies, shortfalls of revenues in the system arise. In such cases, the compensation mechanism could lead to tariff deficits. Also, it is not clear whether power companies that sell electricity at prices below the caps introduced by the Energy Prices Act

would also be eligible for the compensation. On the other hand, the compensation mechanism could lead to an advantage of being compensated to an unjustified extent.

HOW ABOUT EU REGULATIONS?

It is also likely that the compensation will infringe EU law by affecting intra-European trade, in the sense that it will influence the competitive position of companies and distort competition on the European market.

Furthermore, there are serious concerns related to the proceedings for settling the compensation payments under the Energy Prices Act. First of all, the price clearing authority (Zarządca Rozliczeń S.A), an entity designated by the act to deal with the energy companies' claims, is a fully state-owned entity that was originally established to make compensation payments to power companies for incurred costs. However, the verification and the determination of the incurred costs compensation was actually carried out by the President of the Energy Regulatory Office, not by Zarządca Rozliczeń, and it is highly unlikely that Zarządca Rozliczeń will have the necessary instruments to fully and accurately verify the applications for compensation from electricity companies. More importantly, however, is the fact that the Energy Prices Act does not provide any instruments to control the decisions made by Zarządca Rozliczeń on compensation pay-outs and no appeal proceedings are envisaged. This means that energy companies will be able to repeat their requests for compensation over and over again until they are met.

SOME OTHER OPTIONS

Apart from those mechanisms, energy companies will have other means to seek compensation for the damage they incur as a result of the implementation of the Energy Prices

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Act. Both Polish and EU law provide a number of options that energy companies may pursue. Depending on their own business models and a variety of other factors, energy companies will be entitled to raise several claims for damages. For example, claims may be based on decisions made by the President of the Energy Regulatory Office on the energy companies' application for amending the tariffs or change the rates as to comply with the Energy Prices Act. Another basis for claims could be the potential infringement of EU law (in particular, the Third Energy Package, the state aid rules, and Directive 2003/87/EC amending Council Directive 96/61/EC). It may also be possible to claim that the Energy Prices Act is contrary to the Polish Constitution, to other Polish acts (in particular the Energy Law), as well as democratic principles (such as the protection of acquired rights, the freedom of conducting business activity, and the *lex retro non agit* rule).

However, regardless of the preferred legal approach, energy companies should already be taking appropriate steps to protect their interests and develop a strategy for the proceedings aimed at obtaining full compensation for the damage incurred as a result of the new legislation. In particular, it should be stressed that in most cases, taking legal action to claim damages is only possible after the initial matter regarding the breach of law would have been closed before. In addition, energy companies should also take all necessary steps to calculate and provide evidence of the damage they will incur as a result of the Energy Prices Act.

Furthermore, as a change in the Energy Prices Act was announced recently, the new regulations should be carefully examined and energy companies should introduce appropriate measures to protect their interests.

EXPERT Online publishing

PROCESSING PERSONAL IMAGE DILEMMAS

Personal data protection vs. the freedom of expression

The Court of Justice of the European Union (CJEU) is, unsurprisingly, active in the field of data protection. Advocate General Maciej Szpunar recently issued an opinion on the right to be forgotten in the Google search engine in the case of CNIL (C-136/17). The issue concerned whether, if a data subject requests to be forgotten with respect to sensitive data, Google has an absolute duty to remove such person's data. The advocate general maintains that search engine operators should consider data subjects' requests to erase their data, but should also consider whether removing a link (e.g. to a press report) infringes on public values (public interest, freedom of information, and freedom of expression).

QUESTIONS FROM LATVIA

It did not take long for another European development on this topic. On February 14, 2019, in *Buivids* (C-345/17), the CJEU issued another judgment (*Judgement of the Court of February 14, 2019, Buivids, C-345/17*) on the impact of journalism exception to the obligation to apply the former Data Protection Directive (95/46/EC). Even though this judgment was issued prior to the entry into force of Regulation 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of

such data, it may be helpful in understanding the impact of freedom of expression on data protection under General Data Protection Regulation. The judgment in *Buivids* was issued in response to a request for a preliminary ruling from the Supreme Court of Latvia. A film was uploaded to YouTube showing Latvian police officers going about their duties, taking a statement from the person who made the recording. In posting the video, the author relied on his right to freedom of expression, claiming that the purpose of making and posting the recording was to show the unlawful behaviour of the Latvian police towards Mr Buivids. The Latvian court requested a ruling from the CJEU on two issues: First, does the posting of the recording fall within the scope of Directive 95/46/EC? Second, under Art. 9 of the Directive 95/46/EC, can the posting of the recording be regarded as the processing of personal data for journalistic purposes?

THE COURT'S VIEW

The Court of Justice held that the image of the police officers recorded in the film may constitute personal data under Directive 95/46/EC. The recording and subsequent posting of the film online falls within the definition of personal data processing. The fact that the data subjects were police officers performing their duties did not affect the need to apply the directive. In other words, the mere fact that a video was recorded of po-

lice officers performing their duties "is not capable of excluding such a type of processing of personal data from coming within the scope of Directive 95/46" (*Judgement of the Court of 14 February 2019, Buivids, op.cit.*). Such a scenario does not fall within any exception from the application of Directive 95/46.

On the second question, the CJEU pointed out that the right to freedom of expression, and thus to pursue journalism, must be interpreted broadly. Moreover, it is not only representatives of the media who are entitled to claim the exemptions in the directive of exercising this freedom. It was underlined that although Mr Buivids was not a professional journalist his activities can not be excluded from being deemed journalism. In this context, the CJEU held that "journalistic activities" are those which have as their purpose the disclosure to the public of information, opinions or ideas, irrespective of the medium which is used to transmit them." A similar viewpoint has already been expressed by the CJEU, for example in the *Satakunnan Markkinapörssi and Satamedia* case (*Judgment of the Court of 16 December 2008, Satakunnan Markkinapörssi and Satamedia, C73/07, EU:C:2008:727, paragraph 58.*)

CONCLUSIONS

But the CJEU did not rule on whether the litigant who made the recording in this case should be regarded as acting for journalistic purposes. Rather, it was up to the



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Latvian court to decide in light of the circumstances of the case. Nonetheless, the CJEU stressed that the fact that the film was published on YouTube did not exclude a finding that the action was taken for journalistic purposes. The court once again explained that it was essential to balance the right to privacy and the right to freedom of expression. While the CJEU did not decide whether the maker of the recording in this case acted for journalistic purposes and therefore was allowed to publish his recordings that contained personal data on the internet, it is still an important ruling that is a step in the direction of clarifying the tension between protecting personal data and freedom of expression. It clearly shows that in the CJEU's view, the right to privacy is not absolute, as there are situations where other values, such as freedom of expression, take precedence. With other judgements related to the topic to be handed down soon, this issue is hopefully becoming clearer at last.

It should also be noted that the thousands of people publishing recordings on a daily basis should know that this activity could be regarded as personal data processing and therefore a breach of relevant data protection related provisions which could have serious consequences for them.

Thousands of people who publish recordings on a daily basis should know that this activity could be regarded as personal data processing and therefore a breach of relevant data protection related provisions which could have serious consequences for them.

EXPERT Tax law

MAKE THE MOST OF R&D TAX CREDITS

There are many ways in which investors can optimize their tax base

There are many ways in which investors can shrink their tax base. The use of Research and Development (R&D) tax credit, which went into effect in early 2016, has fallen well short of the scope of actual R&D activity for which businesses could claim tax credits.

Only 14% of enterprises took advantage of the R&D tax relief in 2017 (an increase by 3 percentage points in comparison to 2016). On the other hand, 16% of enterprises are not aware at all of the possibility of taking advantage of the R&D tax relief. More importantly, this suggests that some R&D activities raised tax burden despite the law allowing to take credit for them.

What may discourage entrepreneurs from taking advantage of these tax credits is the name "the R&D tax credit". Most people associate R&D with purely scientific/laboratory experiments. However, this is wrong. The statutory definition of qualified R&D is very broad. It is defined as systematic actions undertaken to increase the knowledge base and use it to create new applications. Therefore it may also cover projects and experimentation undertaken in the financial sector.

The R&D tax credit was expanded in 2019. Businesses now may benefit from another form of tax incentive — a solution called IP Box (or sometimes Innovation Box).

The difference between R&D tax credit and IP Box are significant. The R&D tax credit allows for a deduc-

tion from the tax base of tax-deductible costs incurred by taxable person for its own R&D activities. In turn, the IP Box assigns a 5-percent taxation of revenue from selected intellectual property rights produced, developed or improved by a taxable person within its own R&D activities. Thus, both tax incentives, the R&D tax credit and the IP Box, make it possible, fully in compliance with the tax law to reduce income subject to taxation whether through deductions from income or a reduction of the tax rate.

PREFERENTIAL TAXATION

For those companies who generate profits for intellectual property rights, for instance, the IT industry, the IP Box is a great opportunity to slash their costs.

The acts on income taxes now provide for the possibility of application of a preferential CIT (or PIT) tax rate of five percent on income from eligible intellectual property rights, understood as created, developed or improved patents, utility model protection rights, industrial design registration rights, topography of integrated circuit registration rights, additional protection rights for a patent for a medicinal product or a plant protection product, a medicinal product and a veterinary medicinal product registration rights, but also copyrights to a computer program.

Also, revenues obtained from li-

censes for the above-mentioned intellectual property rights benefit from preferential taxation.

However, it is important that eligible intellectual property rights should be subject to legal protection under domestic intellectual property law or international agreements.

The IP Box also includes the prospect of obtaining these intellectual property rights in connection with an application made to a competent authority, from the date of such application.

TAX BASE

The taxable base under the IP Box regulation is the total income from eligible intellectual property rights. As the income from eligible intellectual property rights it is possible to classify fees or receivables obtained under license agreements, receivables from the sale of these rights, compensation for violation of these rights (obtained in litigation processes), and most importantly, the value of these rights included in the selling price of the product or service.

According to the justification of the amended acts on income taxes, in case of income from eligible intellectual property rights included in the selling price of a product or service, such income should be determined on the basis of their market price. Due to the possibility of lower taxation of the value of these rights included in the selling price of products or services, the spectrum of application of the IP Box may be really wide, because it may actually reduce the taxation of income obtained in the course of current business activity.

As regards the tax costs to be settled within IP Box they generally cover the expenses directly related to eligible intellectual property rights, starting from those incurred internally, through the acquisition of R&D results related to eligible intellectual property rights, both from affiliated and unrelated entities, up to the simple acquisition of such rights by the taxable person.



By Urszula Uchmańska, Supervisor, Tax Advisory Department, the CIT Team, KPMG in Poland

DOCUMENTATION

The use of IP Box requires accounting for each eligible intellectual property right generating income in a way that allows for the allocation of the related tax costs. If it cannot be done, it is possible to extract manually all the incomes and costs from such rights together, without division into separate rights.

The obligation to recognize income (or loss) from IP Box arises in the tax return for the tax year in which the corresponding income was earned.

PREVIOUS YEARS

A good news for taxable persons is that the legislator provided for the possibility of including the costs associated with such rights incurred in previous years back to 2013. Moreover if taxable persons have bear the costs associated with such intellectual property rights for some time over the years, and are unable to determine the costs incurred in earlier years, they can use a simplification by establishing an estimate amount of such costs. In this case the taxpayer may take as an estimate the amount of such costs incurred in the tax year commencing after 1 January 2019.

SUMMARY

In conclusion, both the R&D tax relief and the IP Box provide a powerful incentive to conduct R&D activity as they substantially reduce tax liability. With a little effort related to the accounting extraction of income (or loss) from eligible intellectual property rights, taxable persons can obtain a really significant tax benefit. In fact recent tax law changes offer significant savings to business seeking to improve their competitiveness through innovate activities and significantly lower costs of launching new products and services thanks to sizable tax credits. In all, it pays handsomely for companies, in particular those undertaking innovative projects, to get to know the laws on taxation of R&D activities.

EXPERT *Brexit*

BRACE FOR IMPACT

Brexit and its effect on the financial markets

As the political turmoil regarding Brexit continues to grow in the UK, the spectre of a “no-deal” Brexit is becoming a very realistic scenario. The inability to make the final decision in the British parliament is forcing businesses in the UK and the EU to view the future with unease and anxiety. Especially UK firms operating in EU countries are being afflicted with the uncertainty surrounding their future legal standing. This also applies to UK undertakings that conduct their economic activity in Poland.

BIG CHANGE

The UK’s withdrawal from EU structures will seriously affect the operations of financial sector entities because the entitlements of British businesses, currently free to operate in other EU Member States—for instance, under Article 15(1) of Directive 2009/138/EC of the European Parliament and of the Council of November 25, 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)—will expire overnight in case of a no-deal Brexit. This means that the UK entities would lose the so-called single passport, allowing them to render their services currently in Poland (and in other EU Member States). The European Commission has expressly emphasized that in the case of a no-deal Brexit, UK companies will not be able to continue banking and insurance operations under their EU membership entitlement.

THE POLISH BREXIT BILL

On January 29, 2019, the Polish Financial Supervision Authority (KNF) issued an announcement confirming that in case of a no-deal Brexit, UK entities operating on the financial market will have the status of third-country entities. This implies that it will be necessary for them to undergo a relevant vetting procedure in order to be able to continue their operations in Poland. Depending on the nature of their business, this may also mean they will be required to seek an appropriate KNF permit. However, thanks to a bill that provides for a set of provisions to facilitate the legal situation of such undertakings following a no-deal Brexit the UK companies will be granted additional time to deal with the consequences of a no-deal Brexit. The bill is titled “Law on the rules on doing business by some of the financial market entities with respect to the withdrawal of the United Kingdom of Great Britain and North Ireland from the European Union without concluding an agreement referred to in the Article 50 section 2 of the Treaty on European Union” (Polish Brexit Bill). It provides a transition period for the business operations of UK entities in Poland, starting from the date of a no-deal Brexit. This period will allow businesses to conduct any legal operations needed to close legal relationships entered into before the



By **Paweł Hoc**, *Lawyer, Squire Patton Boggs Świącicki, Krześniak sp. k.*

day of a no-deal Brexit or to establish a legal basis for the continuation of doing business in Poland (i.e. by obtaining the correct permit). The Polish Brexit Bill names specific financial market business types and contains details on permitted and forbidden activities within the transition period. The length of the transition period differs depending on business type but generally does not exceed 12-24 months.

For example, for UK banks that currently offer services in Poland under European law, the Polish Brexit Bill would extend their entitlement to carry out the legal relationship based upon the credit agreements (within the permitted timeframe) until the expiration of such agreements. The bank must not enter into new credit agreements, extend existing credits, increase the credit amount or make any changes to the credit agreements that would increase the bank’s risk arising from such agreements. The permission to continue the credit would be granted for the additional 24 months from the date of a no-deal Brexit. Within this period, banks may also assign credit agreements to a financial institution allowed to operate in Poland, obtain a permit to operate in Poland as a branch of the foreign bank or open a Polish bank, according to the requirements of the applicable Polish legal provisions.

A WIDE COVERAGE

The Polish Brexit Bill also provides similar regulations for other businesses within the scope of financial markets, i.e.:

- Insurance and reinsurance businesses
- Payment institutions
- Issuers of electronic money or suppliers of said services
- Investment firms
- Business of direct or indirect participants to settlement system (In the meaning of Directive 98/26/EC on settlement finality in payment

and securities settlement systems) One of the substantial differences affecting business other than granting credits by banks is the shorter timeframe, which is 12 months instead of 24 months. This shorter period applies to:

- Payment institutions
- Insurance agreements covering other than life insurance
- Investment firms
- Direct or indirect participants to the settlement system.

WITH A LITTLE HELP FROM THE GERMANS

The approach of the Polish authorities is intended to create a mechanism for UK entities to close their activities and allow them time to do this unless such UK firms decide to obtain a permit for doing business on the Polish financial markets. This is a different mechanism to the one applied, for example, in the German bill regarding a no-deal Brexit – according to which, the German financial market supervision authority shall grant the extension of passporting rights resulting from EU laws. As a result, UK entities will be able to operate in Germany in the transition period. The Polish Brexit Bill seems to be stricter but creates a clear and transparent set of rules for the contingency of a no-deal Brexit, at least with regard to the time aspect of the transition period for UK firms—the German bill leaves the final decision in this respect to the supervision authority. This body may decide to grant a shorter transition period for the purposes of closing the given kind of business in Germany or legalise its business pursuant to German legal provisions.

EXPERT Commercial real estate

SLOWER GROWTH, STEADY GAINS

The Polish retail market still has a strong potential for growth

In light of a recent report from Cresa Poland, entitled Retail Occupier Economics, Poland's retail stock totalled 14.8 million square meters of gross leasable area (GLA) at the end of 2018. Traditional shopping centers, with over 10.7 million square meters of GLA, dominated the market. Poland's eight largest cities generated more than half of the nation's retail stock, including shopping center space, but their market share has fallen from 77 percent in 2000 to the current 56 percent.

The annual supply growth rate currently stands at around 3 percent, which means that, in recent years, approximately 465,000 square meters of new retail space came onto the market each year, including 457,000 square meters in 2018. This means, in turn, that retail supply was nearly a quarter lower than the 2013-2015 average which totalled 613,000 square meters. Meanwhile, retail sales growth rate held firm at 6-7 percent.

SATURATION RATES

Retail-space growth translates directly into space saturation rates. Last year, Poland's retail space saturation rate averaged 386 square meters per 1,000 inhabitants, and that for shopping centres only stood at 280 square meters per 1,000 inhabitants. The most saturated markets in terms of square meters per 1,000 inhabitants are the largest cities whose saturation rates reach more

than twice the national average and stand at 834 square meters for all retail formats and 595 square meters for shopping centers only. The lowest saturation rates were in cities with less than 100,000 inhabitants, which encourages retail investors and developers to step up their activity on those markets.

SUNDAY SHOPPING BAN

The introduction of the Sunday trading ban was undoubtedly the biggest single change to the Polish retail market in 2018. Contrary to what was expected, it damaged mostly those businesses the regulation was meant to support—small brick-and-mortar retailers. The leading retailers and large-scale retail schemes recorded a growth in retail sales, albeit at a slower rate than in previous years.

In Warsaw, regional cities and towns of up to 50,000 inhabitants, well-performing shopping centres saw about 5 to 10 percent growth in retail sales in 2017 and 2018 and only a few operators reported a fall in sales whilst shopping center rents held firm.

NEW RETAIL SCHEMES

In 2018, new retail supply hit 457,000 square meters of GLA. It comprised 26 new retail schemes totalling nearly 365,000 square meters of GLA, while 11 extensions provided 67,600 square meters of GLA,

and four mixed-use schemes added 25,150 square meters of GLA. The completions delivered to the market in 2018 included Forum Gdańsk (62,000 square meters of GLA), Galeria Libero (45,000 square meters of GLA) in Katowice, Gemini Park Tychy (36,000 square meters of GLA) and Nowa Stacja Pruszków (27,000 square meters of GLA). The largest volume of retail space was added to the Platan shopping center in Zabrze, while key upgrades and extensions were completed in the Atrium schemes in Warsaw: Promenada, Targówek and Reduta. Last year also saw the completion of the first phase of the extension of the Janki shopping center (10,000 square meters of GLA). In total, the extensions accounted for 15 percent of last year's supply.

Last year saw stable demand for retail space. Newly-constructed space and space vacated by retailers withdrawing from Poland or optimizing their networks (including Duka, C&A, Piotr i Paweł) was taken over by sectoral competitors or retailers in the rapid expansion mode across all sectors and formats: furniture warehouses, homeware, home&deco, and food. In 2018, the discount sector welcomed several new market players including Dealz, Tedi and Action, but the highest number of new brands was recorded in fashion/accessories and F&B.

HOW BRANDS MOVE

While 30 new brands entered the Polish market in 2018, eight withdrew from the country in that period. In total, 154 new brands have entered and 31 have left Poland over the last five years. This makes it clear that the Polish retail market is still attractive and has big potential. It is worth noting that best-in-class shopping center rents—those which best accommodate prime 100-150 square meters fashion and accessories units—are at least double the rental rates at other retail schemes on individual markets.



By **Magdalena Sadal**,
Head of Retail Research &
Advisory, Cresa Poland

MARKET TRENDS

The retail development pipeline currently stands at approximately 570,000 square meters under construction, of which 70 percent or 400,000 square meters is to be opened in 2019. Another 500,000 square meters of retail space is at the planning or designing stage. It is worth noting that two-thirds of the development pipeline will comprise small schemes of up to 20,000 square meters of GLA in two formats: strip malls and convenience centres.

Food & Beverages and leisure operators are expected to gradually increase their presence in shopping centers which will boost the number of new cinemas, restaurants, fitness clubs and event spaces. This type of service area already accounts for 20 percent of floorspace at the most recent completions, such as Galeria Libero.

When it comes to rents in secondary schemes they remain under downward pressure, largely due to the growing competition, new market regulations (the Sunday trading ban) and the double-digit growth rate of e-commerce—online sales in Poland are estimated to have reached PLN 50 billion in 2018.

EXPERT Public procurement

A NEW TAKE

Will new laws make public procurement more business friendly?

On January 24, 2019, a draft of the Public Procurement Law, written jointly by the Ministry of Entrepreneurship and Technology and the Public Procurement Office, was released for social consultation and government ministers. In April the bill is to be submitted to the Standing Committee of the Council of Ministers, and according to legislative assumptions, should be adopted by the government before the summer holidays and then submitted to parliament. The new Public Procurement Law would then be expected to enter into force at the beginning of 2020.

The need to draft an entirely new act arose from the lack of transparency in the current Public Procurement Law, which has been amended numerous times. Successive amendments required to transpose EU directives into national law caused the existing act to lose coherence. In the new approach, abandoning the practice of using numerous cross-references to other sections within the act, makes the law easier to read, but a side effect is to increase the number of provisions, so that the bill now contains 682 articles and covers the subject matter of the EU's Sector Directive, Defense Directive, and appeal directives.

THE LOWEST PRICE PROBLEM

One of the key problems addressed by the authors of the proposal is the selection by the contracting authorities of the cheapest solutions, instead of the solutions that will prove most efficient over the long term.

Both contracting authorities and contractors take a positive view of expressly including the principle of efficacy in the law. But there is a risk that inscribing this principle in the law without reinforcing it with additional legal instruments will change little in the current realities of public procure-

ment practice in Poland.

Many contracting authorities continue to struggle with formulating non-price criteria. Consequently, non-price criteria have little in common with realizing the principle of efficacy. To combat this, a desirable solution would be to introduce certain institutional support for contracting authorities, on the one hand by providing a non-exhaustive list of non-price criteria for particular types of procurement procedures and, on the other hand, by establishing a body that could assist contracting authorities in formulating non-price criteria in more complex procurement projects. In the case of "classic" proceedings, to award public contracts at a value or above the EU thresholds, the bill would require an advance analysis for broad market reconnaissance and identifying the possible methods for implementing the project, in procedural, economic and technical aspects.

Another manifestation of the principle of efficacy may be the promotion of the wider use of the institution of technical dialogue, which is referred to in the draft new act as "preliminary market consultations."

In these preliminary consultations, the contracting authority should have a better opportunity to define its needs and examine the existing solutions, and consequently to better frame the terms of reference for the procurement.

Technical dialogue already exists under the current Public Procurement Law, but it is used very rarely. This raises the question whether merely rephrasing the regulations will provide sufficient encouragement to use this procedure.

NEW PROVISIONS

The draft greatly limits the mandatory grounds for exclusion from ten-

der proceedings by adjusting them to the latest version of the Classic Directive. Essentially, the number of mandatory grounds for exclusion is limited to those set forth in the directive. Under the proposal, the contracting authority will have to exclude a contractor convicted in a legally binding judgment of an offence referred to in Art. 57(1) of the directive. The list of offences is tailored to the offences indicated in this provision of the directive. Some of the current mandatory grounds for exclusion are moved to the list of optional grounds for exclusion. This is an advantageous change for contracting authorities and contractors. The proposed draft provides for procedural simplifications by making procurements below the EU thresholds more flexible. The changes are intended to encourage SMEs to take a more active part in bidding for public contracts. Facilitating the involvement of SMEs is clearly a positive development as the sectors of services and manufacturing related to construction and infrastructure depend to large measure on the procurement market.

The draft also states that the provisions of a public contract must not frame the rights and obligations of the contracting authority and the contractor in a manner grossly disproportionate to the nature of the procurement and the risks related to performance of the contract. Thus a rule would be introduced requiring contracting authorities to draft specimen contracts in compliance with the principle of proportionality. To supplement this principle, the draft includes a non-exhaustive list of clauses regarded as abusive in this respect.

In addition, the draft provides that a contract for construction works or services concluded for a period longer than 12 months shall contain provisions introducing rules for escalation of the fee payable to the contractor in the event of changes in prices of materials or costs essential for performance of the contract. It

By **Witold Sławiński**, *Head of Tech & Industrial Engineering, Wierzbowski Eversheds Sutherland*



would be appropriate to also include supply contracts in this provision, which were apparently overlooked by the authors.

APPEAL AND CONCILIATION

The proposal introduces many changes to the procedure for filing appeals and complaints. For instance, appeals could be filed with the National Appeal Chamber (KIO) concerning any acts or omissions by contracting authorities also in procedures below the EU thresholds.

As a rule, cases filed with the KIO would be heard by a three-person panel of arbitrators in the case of contracts at or above the EU thresholds, while one-person panels would hear cases below the EU thresholds. The Public Procurement Court, a division of the Warsaw Regional Court, would have exclusive jurisdiction over complaints seeking judicial review of rulings by the National Appeal Chamber. The aim of this change is to appoint one specialized court to consider complaints in public procurement cases, which should cut the case resolution time and ensure high-quality rulings.

The draft provides for a 14-day period for filing a complaint against a KIO ruling (twice as long as the current period), and cuts the fee on such complaints by five times the filing fee paid on the KIO appeal, to three times that fee.

The draft also carries new conciliation proceedings. They would apply to disputes covering high-value contracts awarded through a public procurement contract or framework agreement, and financed with the involvement of EU funds, or with an estimated value of the procurement at or above the equivalent of EUR 20 million for construction works, and EUR 10 million for supplies or services. In such a case both the contracting authority and the contractor would be required to apply to the National Appeal Chamber for resolution of the dispute using the new conciliation procedure.

EXPERT Trade unions

A NEW UNIONISM?

Awarding trade union rights to non-employees is only one of major changes

On January 1, 2019, a new Trade Union Act entered into force, which enables not only employees, but also freelancers and persons in B2B relations with employers, to form trade unions. This new law has a chance to rise the level of union membership and increase the role of trade unions. The old Trade Union Act of May 23, 1991 assigned the right to join trade unions to employees, members of agricultural production cooperatives, and persons working under an agency agreement, if they were not also employees. This rule was maintained in Poland for years, even though it was inconsistent with the International Labor Organization's convention no. 87 on freedom of association and protection of the right to organize, which enshrines the right of "workers" to unionize, "without distinction whatsoever." Among other doubts, there were problems with the word "workers," which in the Polish version of the convention was given as *pracownicy*. This word, which may be translated into English as either "workers" or "employees," is defined in the Polish Labor Code as "persons hired under an employment contract, appointment, election, nomination, or a cooperative employment contract." This does not mention employment in any other form. The ILO recommendations in this respect did not achieve the desired result, and thus the nationwide union organization OPZZ filed a challenge with the Polish Constitutional Tribunal, which held in the judgment of June 2, 2015 (Case K 1/13) that the provisions of the Labor Union Act limiting the freedom to establish and join trade unions to persons performing gainful employment as defined in those provisions are inconsistent with the constitutional freedom of association.

Consequently, the law was amended, and the Act of July 5, 2018, Amending the Labor Union Act and Certain Other Acts, entered into force on January 1, 2019. Apart from codifying the ruling of the Constitutional Tribunal, the amending act introduced a number of revolutionary changes in union rights, also covering other issues that had previously been controversial or unclear.

KEY CHANGES

One of the key changes in the amendment is the expansion of unionizing rights. The amended Art. 2 (1) of the Labor Union Act provides that the right to establish and join unions is enjoyed by persons "performing gainful work," and a "person performing gainful work" is defined as an employee (*pracownik*) or other person performing work for pay on a basis other than an employment relationship, if the person does not employ other persons to perform this type of work (regardless of the basis of employment) and also has rights and interests connected with the performance of the work which could be represented and defended by a trade union. In this way, parliament extended the right to belong to trade unions to persons performing work on the basis of a freelance service contract (*umowa zlecenia*) and to self-employed persons maintaining B2B relationships, who are more and more frequently encountered on the market, often due to the nature of the work they perform. But for recognition of the right to form and join labor organizations, the law also requires that persons such as employees under the Labor Code, not employ others and also hold interests that are generally capable of representation by a trade union. An



By Marcin Szlasa-Rokicki,
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additional hurdle aimed at limiting union rights to persons with ongoing relations with an employer, rather than providing services occasionally or temporarily, is the provisions on workplace union organizations. Under those provisions, the rights of a workplace union organization are enjoyed by organizations whose members include 10 or more employees or other persons performing gainful work for the employer in question for at least six months. It is also significant that along with gaining the right to unionize, persons working on a non-employment basis and performing union functions have obtained the possibility of enjoying protection against termination or unfavorable changes in their working conditions or pay.

Thus if an employer seeks to unilaterally terminate or modify the terms of a civil contract with a protected union activist, the employer must seek the consent of the board of the workplace union organization. The union has 14 days to decide whether to grant or deny its consent in the case of an intention to terminate or amend the contract upon advance notice or seven days in the case of an intention to terminate the contract with immediate effect. If no position is taken by such a deadline, the union is deemed to consent. And if the protected union activist's contract is unilaterally terminated or amended in violation of these provisions, the amended act provides that the activist is entitled to compensation equal to six months' salary, regardless of the actual loss and with the right to seek actual or exemplary damages exceeding that amount. However, unlike activists who fit the definition of an employee under the Labor Code, an activist working on a non-employment basis cannot demand reinstatement.

OTHER PROVISIONS

Apart from the expansion of unionizing rights discussed above, the amending act also introduced a number of other changes. One cov-

ers the period for workplace unions to submit information to the employer on the number of union members, which determines the rights of the union organization, has changed. Before the amendment, this information was submitted every quarter, but from January 1, 2019, the union is required to provide this information to the employer in half-year cycles, reflecting the number of union members as of June 30 and December 31, respectively, by the 10th day of the following month. If the union fails to provide this information, it will lose its entitlements until the requirement is met.

CONCLUSIONS

Unfortunately a detailed description of all the changes that entered into force on January 1, 2019, in connection with the amendment of the Trade Union Act and other acts exceeds the scope of this article. Nonetheless, the amending act should be recognized as groundbreaking in numerous aspects of collective labor law. It seems that the most important change is the implementation of the recommendations found in ILO convention no. 87 and the judgment of the Constitutional Tribunal by recognizing the right to form and join trade unions on the part of persons performing gainful work on a basis other than an employment contract. This change may also have a great impact on the size and role of labor unions in Poland. This is particularly vital in an era when civil relationships, largely based on a business-to-business model, are becoming increasingly widespread, and when the labor market is struggling with the demands of the new generation of Millennials, who are less eager to work within standard subordinated employment relationships.

EXPERT Company law

LEAVING MADE MORE DIFFICULT



By **Marcin Jakubaszek**,
Counsellor at Law, Partner,
JF Legal Jakubaszek & Fogo
Sp.k.

Board members of limited liability companies can not resign their office unconditionally

On March 1, 2019 a new amendment to the provisions of the Commercial Companies and Partnerships Code came into force. Among various changes that the new law introduces, one is of special importance. Until March 1 this year in a limited liability company or in a joint stock company all members of the management board could resign from their positions leaving the company without anyone capable and obliged to manage the affairs of the company and represent it in relations with third parties. The problem, however, did not relate only to day-to-day management of the company's business but went much further. Unless the general rules are modified in the articles of association in the Polish limited liability company the principles (by operation of law) are as follows:

- the new member of the management board may be appointed by the shareholders' meeting and
- the shareholders' meeting may be convened by the management board.

Yet, the practice did not always reflect the regulations. In some circumstances shareholders' meeting could be convened by a shareholder greater holding and authorised by registration court, and in companies having a supervisory board also by this body. However, the aforementioned rules (general principles) were applicable to the majority of

limited liability companies in Poland.

Thus in the case of a resignation of the only or the last member of the management board a very difficult situation would unfold. Basically, there was a necessity to convene the shareholders' meeting to appoint a new member and convening the meeting was very problematic if not practically impossible in many cases.

NEW SOLUTION

Since March 1, 2019 the situation has changed. The amendments to articles 202 and 369 of the Commercial Companies and Partnerships Code bring new regulation into life. In the event of the resignation of the last or the only member of the management board, such member is under an obligation to make the statement on resignation simultaneously with convening the shareholders' meeting in order to adopt resolutions on appointing new members of the management board. What is more, the statement of resignation will not have an immediate effect but it will be effective as of the day following the day of the convened shareholders' meeting which is supposed to appoint new members of the management board. Thus a kind of "termination period" has been created between the date of factual submitting the statement of resignation and the date of effective lapse of the tenure of the office.

CONCLUSIONS

This change has been expected and desired. This is a part of a bigger plan aimed at fighting with so-called "dead souls". In the register of companies in Poland there are still thousands of entities with no member of the management board and no one officially assigned to take responsibility for the companies on record. Step by step Polish legislation is starting to address this issue.

There are thousands of entities with no member of the management board being officially assigned to take responsibility. Step by step Polish legislation is starting to address this issue.

EXPERT Withholding tax

A JUDICIAL CONUNDRUM?



By **Krzysztof Kaźmierczyk**,
Attorney-at-Law, Counsel,
Dentons' Banking and
Finance team

Poland's new withholding tax regime impacts the financing business of foreign banks in Poland and their borrowers

This year, the old system of withholding tax (WHT) exemptions was replaced with a pay-and-refund system. Subject to strict rules, the tax gross-up clauses are applicable which may impact borrowers' cash flows. As a result, foreign banks may need to mitigate their relative loss of competitiveness vis-à-vis local banks caused by their borrowers being exposed to stricter rules.

OLD REGIME

In Poland, revenues from interest are subject to a 20 percent tax, which could be collected by the remitter—the borrower paying interest on loans to foreign banks or a bank paying interest on deposits. Non-residents were also subject to Polish tax on interest earned in Poland, which applies to interest on loans granted to Polish borrowers to finance their business in Poland. Under bilateral tax treaties with 93 countries double taxation was mitigated by exemptions or treaty-based rates so interest earned on loans from, say, German banks was subject to taxation in Germany, and borrowers were exempt from collecting WHT remitters. A tax residence certificate from the foreign bank sufficed.

OLD AND NEW

Now, a special WHT regime applies to interest and dividend payments over PLN 2 million (USD 520,000). The logic is that if the annual aggregate interest payments to one recipient exceed a threshold of PLN 2 million, the remitter must collect WHT of 20 percent on the surplus. This can be mitigated by a later tax refund; an exemption based on a declaration by the remitter; or an exemption based on a tax office opinion.

This effectively means a “pay and refund” regime subject to exemptions that may be granted on a per transaction basis. The old regime applies below the threshold, but the remitter faces a high documentation hurdle.

MITIGATION

Borrowers who withheld tax can apply for a refund. The application requires extensive documentary evidence including tax residence certificates, bank transfers, loan documentation plus other declarations and statements for evidencing the conditions and that the bank-recipient is the actual owner of the interest. The refund should be made within six months. This may adversely affect the cash flow and liquidity.

In turn, borrowers withholding and remitting WHT can apply for an exemption if they declare they meet all conditions and have full supporting documentation. Special care is required as imprisonment and criminal fines apply as well as penalty tax. It's designed to discourage take-up. On the other hand, a WHT exemption is available based on a tax office opinion. As with a refund application, the remitter's application requires full supporting documentation. This exemption encompasses intra-EU/EEA and intra-group payments within the ambit of EU directives.

The opinion has to be issued within six months of application and is valid for a maximum 36 months. For financing exceeding three years, the borrower will have to apply multiple times.

IMPACT ON BANKS

As regards interest payments to foreign banks in excess of PLN 2 million

a year to one recipient, the borrower will be obliged to withhold tax at the statutory rate of 20 percent. This will affect the banks. The exact amount of interest to be paid to the bank in such case will depend on the loan agreement. Banks that have tax gross-up clauses in their loan agreements may feel secure, because borrowers will have to gross up their interest payment with a view to obtaining refunds later. However, such clauses typically contain provisions on the bank's obligations to cooperate with the borrower in order to help obtain a tax refund (delivery of tax certificates or other statements). Banks without tax gross-up clauses face more complex circumstances, and detailed reviews of applicable loan agreements are recommended. It is understood that borrowers making gross-ups will likely apply for refunds. Accordingly, they will ask the banks to provide documents for refund purposes, such as their bank's tax residence certificates and certain additional declarations and statements.

It is worth noting that cooperation between banks and borrowers in obtaining exemptions from withholding tax on interest has been limited so far to submitting tax residence certificates of foreign banks to borrowers. But this practice will change now because exemption applications will require the provision of substantial documentary evidence to the tax authorities, supplied in part by the banks. We therefore expect that borrowers will routinely ask banks for additional evidence including tax residence certificates, declarations and statements evidencing that the given bank is the actual owner of interest and conducts genuine business ac-

tivity in the country of its tax residence. We recommend that standard forms of such evidence are developed by banks internally, so as to process such requests in an efficient manner.

IMPACT ON BORROWERS

Borrowers from foreign banks will be most affected. They face the same issues as the banks and will be directly affected as WHT remitters. They have to collect the tax and apply for tax refunds or tax exemptions. Intra-group cash flows are hit, because the new rules also apply to interest on loans from their foreign affiliates to fund their equities. The new rules also apply to dividends. Furthermore, in some holding structures, evidencing WHT exemptions could be problematic as regards who the actual rightful beneficiary of the interest is and whether it conducts genuine business activity in its country of tax residence.

Banks are generally advised to pay special attention in financings with non-standard holdings or cash-flow structures presented by their borrowers. The structures may not be neutral from the perspective of the new WHT tax regime.

RECOMMENDATIONS

Foreign banks may consider reviewing their existing loan agreements for tax gross-up clauses and tax credit provisions. They should foresee and troubleshoot related cash flow problems, especially as it will take time to obtain a refund or general exemption. They should also develop standard forms of statements and other evidence to help borrowers. And if in doubt, they obviously should seek advice from experts.

AmCham in Warsaw

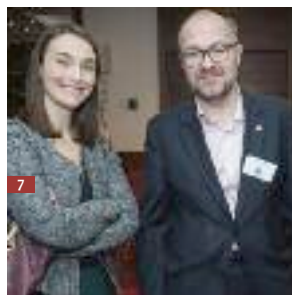
LOOKING INTO THE FUTURE

The 2019 global economic prospects and the determining factors shaping the Polish economy this year were on the agenda of AmCham Monthly Meeting in Janu-

ary. The speakers were Marek Matraszek, Chairman, CEC Government Relations; Marcin Petrykowski, AmCham Board Member and Managing Director,

S&P Global Ratings; and Agnieszka Słomka-Gołębiowska, Professor at the Warsaw School of Economics. The discussion was moderated by Tony Housh, AmCham Chairman

and Director for Poland, Central Europe and the Baltic Region at Northrop Group. The venue was the Marriott Warsaw Hotel.



1. Robert Grader, Warsaw Marriott Hotel; Dorota Dąbrowska-Winterscheid, AmCham Managing Director. 2. Tony Housh, AmCham Chairman (Northrop Grumman), Marcin Petrykowski, AmCham Board Member (S&P Global Ratings); Prof. Agnieszka Słomka-Gołębiowska, Warsaw School of Economics (SGH), Supervisory Board Member of mBank; Marek Matraszek, CEC Government Relations. 3. Marzena Drela, AmCham Deputy Director; Łukasz Kiryłło, British American Tobacco. 4. Michał Mrożek, HSBC Bank Polska; Jerzy Chlebowski, EY; Marcin Iwaszkiewicz, Krzysztof Lubkiewicz, Bank BGŻ Paribas. 5. Dorota Dąbrowska-Winterscheid; Marcin Petrykowski. 6. Rafał Stepnowski, Jeppesen Poland; Stanley Prusinski, Boeing International Corporation; Robert Orzyłowski, AmCham Board Member (Lockheed Martin Global). 7. Sonnet Frisbie, U.S. Commercial Service; Marek Szydłowski, AmCham Vice Chairman (TVN). 8. Aneta Kuczevska, Onwelo; Sabina Klimek, Polish American Chamber of Commerce North-East; Dorota Dąbrowska-Winterscheid, AmCham; Karolina Denhard, Alexandria Kołodko, Polish American Chamber of Commerce North-East

AmCham in Kraków & Katowice

ACADEMIA AND BUSINESS

Cooperation between the scientific community and the private sector in developing innovative technologies was on the agenda of a conference held at the Kraków

University of Technology (CUT) in January, which involved AmCham as the conference partner. Over 150 participants discussed issues surrounding technology

transfers in CUT's Innovation Incubator Plus project. Representing AmCham Jacek Drabik, (AmCham Board Member, Motorola Solutions) and AmCham Kraków man-

ager Mateusz Jurczyk met a number of technology startups including Prodrumus, FindAir, and Intelliseq.



1. Dr Jacek Kasz, Director, Center for Technology Transfer, Cracow University of Technology. 2. Prof. Jan Kazior, Rector, Cracow University of Technology. 3. Prof. Tadeusz Tatała, Vice Rector for Research, Cracow University of Technology. 4. Urszula Pełka-Rębalska, Center for Technology Transfer, Cracow University of Technology. 5. Marzena Wydrzysek, Industrial Development Agency JSC. 6. Małgorzata Lalicka, Center for Technology Transfer, Cracow University of Technology. 7. Dr. Jacek Kasz; Ewa Martuszevska, Magdalena Sitko, FLUOR; Mateusz Jurczyk, AmCham Kraków & Katowice. 8. Prof. Piotr Chruszczewski, University of Wrocław; Rafał Pieprzyk, Alumni Association; Dr. Wojciech Blecharczyk, RH+ Chamber of Commerce. 9. Dr Jacek Kasz; Jacek Drabik, AmCham Board Member and AmCham Kraków & Katowice Director (Motorola Solutions Poland). 10. Paweł Podsiadlik, KPMG. 11. Klaudia Szklarczyk-Smolana, Intelliseq; Jacek Drabik; Michał Delijewski, Intelliseq; Mateusz Jurczyk. 12. The conference in progress.

AmCham in Warsaw

FACETIME WITH WARSAW'S MAYOR

In February AmCham members met Rafał Trzaskowski, Mayor of Warsaw. He shared his vision for the leadership of Poland's capital city and how his administration

will cooperate with the private sector. The venue was the Marriott Warsaw Hotel.



1. Rafał Trzaskowski, Mayor of Warsaw. 2. Tony Housh, AmCham Chairman (Northrop Grumman); Rafał Trzaskowski. 3. Dorota Dąbrowska-Winterscheid, AmCham Managing Director. 4. Barbara Grabowska, US Commercial Service; Jolanta Koman Tourel, World Trade Center Warsaw. 5. Rick Lada; Tony Housh. 6. Randy Mott, CHWMEG Inc. 7. Michał Szwarc, Techsoup Foundation; Richard Kałużnyński, Odgers Berndtson. 8. Robert Grader, Warsaw Marriott Hotel; Paweł Rogalski, Boyden. 9. Ronald Given, Wolftheiss; Richard Żabiński, Focus Research.

AmCham in Warsaw

BACK ON TRACK

Crowds turned out in February for the first AmCham business mixer of the year. Those for whom it was a lucky day took home raffle prizes from sponsors Brown Forman, For-

ever Living Products, Holiday Inn Warsaw City Center, Whirlpool, and Fiat Chrysler Polska. The main sponsors were Holiday Inn Warsaw City Center and Whirlpool.



1. Dorota Dąbrowska-Winterscheid; AmCham Managing Director; Marek Kaszewski, General Manager, Holiday Inn Warsaw City Center. 2. Ewa Mróz, American Investor Desk (AmCham); Dorota Dąbrowska-Winterscheid, Andrzej Kaczmarek, Pekao S.A. 3. Marek Matraszek, CEC Government Relations; Tony Housh, AmCham Chairman (Northrop Grumman). 4. Kamil Adamus, Whirlpool; Beata Dziekanowska, Fiat Chrysler Polska. 5. Tomasz Sierpecki, Fracht; Dorota Dąbrowska-Winterscheid; Jarosław Jankowski, Fracht. 6. Marek Kaszewski; Anita Kowalska, AmCham. 7. Justyna Mitros, Brown Forman; Dorota Dąbrowska-Winterscheid. 8. A lucky raffle winner Mariola Bitner, Cushman & Wakefield Polska. 9. Michał Fura, UPC; Marek Szydłowski, AmCham Vice-Chairman (TVN SA).

AmCham in Kraków & Katowice

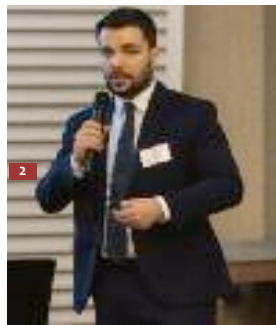
THE DEVIL IN THE DETAIL

DLA Piper experts Magdalena Dec (Senior Associate and Attorney-at-Law), Piotr Falarz (Senior Associate and Advocate), and Ewelina

Jaworska (Associate and Advocate) met the AmCham Kraków and Katowice members over a Business Breakfast in February.

On the agenda were the planned changes to the the Criminal Liability Act regarding companies, and the new Mandatory Disclosure

Rules. The guest of honor was B.Bix Aliu, US Consul General in Kraków. The venue was Holiday Inn Kraków Center Hotel.



1. Dr B.Bix Aliu, US Consul General in Kraków. 2. Piotr Falarz, DLA Piper. 3. Mateusz Jurczyk, AmCham Kraków & Katowice; Jacek Drabik, AmCham Kraków & Katowice, AmCham Board Member (Motorola Solutions Poland). 4. Dr B.Bix Aliu; Marek Przeorski. 5. Piotr Falarz; Dr B.Bix Aliu. 6. Jacek Drabik; Magdalena Dec, Piotr Falarz, Ewelina Jaworska, DLA Piper; Mateusz Jurczyk; Jarosław Maślanka, PEGASYSTEMS. 7. Mateusz Jurczyk; dr B.Bix Aliu; Jacek Drabik. 8. Andrzej Ujda; Anna Zemła, GE Healthcare; Jacek Drabik. 9. Dr Jacek Kasz; Magdalena Dec; Marta Majcher, Brown Brothers Harriman.

AmCham in Warsaw

PLAYING THE BALL

In March, the members of the AmCham Advisor Council and the Board of Directors joined Dariusz Mioduski, owner and CEO of Legia Warszawa soccer club, at the Legia

Stadium Sky Box, to talk about the business of sports marketing and watch a Legia match. Speakers included Tomasz Zahorski, member of the Legia Supervisory Board,

who talked about the club's plans for expansion in the US, and Tom Kingsley, Sport Industry Group Leader at EY UK, who talked about the changing commercial land-

scape for sport. The event was organized by the AmCham Marketing and Communications Committee.



1. Dariusz Mioduski, CEO Legia Warszawa. 2. Tony Housh, AmCham Chairman (Northrop Grumman); Dariusz Mioduski. 3. Magda Pavlak-Chiaradia, AmCham Board Member (ERM Polska); Dorota Dąbrowska-Winterscheid, AmCham Managing Director. 4. Nathaniel Espino; Tim Hyland, FCM Travel Express; Dorota Dąbrowska-Winterscheid; Dariusz Pietrzak, Enterprise Investors. 5. Tomasz Jażdżyński, Gremi International; Marzena Drela, AmCham; Jarosław Machocki, Gremi International. 6. Marek Matraszek, CEC Government Relations; Roman Rewald, AmCham Board Member; Dorota Dąbrowska-Winterscheid; Dariusz Mioduski; Marcin Bodio, MSD. 7. Krystian Ocheński, Mastercard; Anita Kowalska, AmCham; Krzysztof Woźniak, HSBC. 8. Roman Rewald; Marzena Drela; Andrzej Stepanów, Legia Warszawa; Dariusz Rogowski, the Ministry of Sport. 9. Agnieszka Kosowska, Roche; Tim Hyland; Tony Housh.

AmCham in Gdańsk

KEEPING UP THE ENERGY

In February, AmCham Gdańsk, in partnership with Human Power and HR Solutions Group, held a

workshop devoted to techniques for rebuilding the mental, emotional and life energy of company

managers as well as the principles of maintaining the high energy of company employees. The venue

was the Argon office building.



1. Małgorzata Czerneka, Patrycja Woszczyk, Human Power. 2. The meeting in progress.



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AmCham in Warsaw

ELECTIONS AND THE ECONOMY

As Poland is facing a hot election season this year, with EU elections in May and parliamentary elections in the fall, the Monthly Meeting in March was devoted to

political developments and how they may impact the country's economy. The speakers were Witold Naturski, Deputy Head of the Representation of the Euro-

pean Commission in Warsaw; Dr Małgorzata Bonikowska, President of the Centre for International Relations and Co-founder and President of Thinktank, and

Bartosz Wiśniewski, Head of the Research Office of the Polish Institute of International Affairs (PISM).



1. Tony Housh, AmCham Chairman (Northrop Grumman); Dr Małgorzata Bonikowska, President, Centre for International Relations and Co-founder and President of Thinktank; Bartosz Wiśniewski, Head of Research Office of the Polish Institute of International Affairs; Witold Naturski, Deputy Head of the Representation of the European Commission in Warsaw. 2. Tony Housh; Witold Naturski; Giuseppe Santoro, Dow Polska. 3. Marten Schoenrock, Intercontinental Hotel Warsaw; Tony Housh; Markus Baltzer, Bayer. 4. Bartłomiej Śliwa, NCR; Janusz Przeorek, Express Map Polska. 5. Dr Małgorzata Bonikowska; Bartosz Wiśniewski. 6. Dorota Dąbrowska-Winterscheid, AmCham Managing Director; Witold Naturski. 7. Anna Jastrząb, Puno Consulting; Curtis Strauss. 8. Marzena Drela, AmCham Deputy Director; Tomasz Korkosz, PAIH; Marta Pawlak, AmCham.

AmCham in Kraków & Katowice

CELEBRATING OLD TRADITIONS

In February, the Embassy of Ireland in Poland, in association with the Irish-Polish Chamber of Commerce and AmCham, celebrated St. Patrick's Day in Kraków. The

Guests of Honor were Kevin "Boxer" Moran, Irish Minister of State at the Office of Public Works, and Emer O'Connell, the Ambassador of Ireland to Poland. The tradi-

tion of St. Patrick's Day is the raffle organized by AmCham. This year we had prizes from Accent Business Training, APTIV, Double Tree by Hilton (Kraków), EY, Holiday Inn

Kraków City Center, Knight Frank, KPMG, Kraków Airport, Motorola, Pegasystems, Sheraton Grand Kraków and Takenaka.



1. Kevin Moran, Minister of State for the Office of Public Works and Flood Relief, Government of Ireland; Natalia Głogowska-Dej, Kenneth Morgan, Vistra; Jacek Drabik, AmCham Board Member and AmCham Kraków and Katowice Director (Motorola Solutions Poland); Emer O'Connell, Ambassador of Ireland to Poland. 2. Monika Lux-Huserik, Motorola Solutions Poland; Jacek Drabik. 3. Kevin Moran. 4. Tom Zia, Political and Economic Consul, US Consulate in Krakow; Paweł Ścigalski, Deputy Mayor of Kraków. 5. Marlena Gorzkowska, Weronika Sokolska, Vistra. 6. Piotr Kuźniar, Honorata Ścisłowicz, EY. 7. Kevin Moran; Jacek Drabik. 8. Monika Lux-Huserik; Sabina Makowska, Monika Madoń, Accent Business Training.

AmCham in Wrocław

LEARNING THE ROPES

AmCham Wrocław devoted its Business Breakfast in March to key aspects surrounding the investment process in Poland, including the new laws governing

special economic zones, technical aspects of obtaining construction permits, best practices in investor communications with stakeholders, and the programs from the

Wrocław government which aid business development in the region. The partners of the meeting were the Wrocław Agglomeration Development Agency, Wałbrzych

Special Economic Zone "Invest-Park", PM Group, and MSL.



1. Monika Słomka, PM Group; Aleksander Libera, MSL; Monika Ciesielska-Mróż, AmCham Wrocław Director (PM Group); Jan Pilewski, MSL. 2. Aleksandra Kłonowska—Drozd, ARAW; Monika Ciesielska-Mróż; Mariusz Wawer, 3M. 3. Maciej Tyszka, WSSE „Invest-Park”; Monika Ciesielska-Mróż. 4. Maciej Tyszka, delivers his presentation on key changes in functioning of Poland's special economic zones. 5. Aleksandra Kłonowska—Drozd delivers her presentation on Wrocław government policies to help business grow. 6. Jan Suwalski; Monika Słomka, PM Group.

AmCham in Warsaw

BUILDING A BUSINESS-FRIENDLY ENVIRONMENT

Tadeusz Kościński, Undersecretary of State, Ministry of Entrepreneurship and Technology, met AmCham members in April to talk about government programs aimed at

streamlining investments from the private sector and creating high value, sustainable jobs in the Polish economy. The venue was the Warsaw Marriott Hotel.



1. Tadeusz Kościński, Undersecretary of State, Ministry of Entrepreneurship and Technology. 2. Dorota Dąbrowska-Winterscheid, AmCham Managing Director; Tadeusz Kościński. 3. Tony Housh, AmCham Chairman (Northrop Grumman); Tadeusz Kościński. 4. Dorota Dąbrowska-Winterscheid; Radosław Jasiński, Polish American Freedom Foundation. 5. Curtis H. Strauss; Ewa Mróz, AmCham (American Investor Desk). 6. Eliza Przeździecka, AmCham (Head of Economic Research); Małgorzata Skonieczna, Frito Lay. 7. Tadeusz Kościński; Andreas Broskamp, Multi Poland. 8. Magdalena Karska, JB Investments/Bell; Tadeusz Kościński. 9. Agnieszka Kępińska, Mondelez; Tadeusz Kościński; Marek Szydłowski, AmCham Vice Chair (Interger.pl).

AmCham in Wrocław

FLYING HIGH

Crowds turned out as AmCham Wrocław held its Spring Business Mixer in April, in collaboration with Air France, KLM, Delta and the Lower Silesia Chamber of

Commerce to celebrate the launch of a new connection between Wrocław and Amsterdam by KLM Royal Dutch Airlines. The partner of the event was the

Perła brewery and the venue was Hotel AC Marriott in Wrocław.



1. Zbigniew Sebastian, DIG CEO; Frantisek Siling, Country Sales Director, AirFrance KLM; Dorota Dąbrowska-Winterscheid, Managing Director, AmCham; Aleksandra Wiśniewska, AirFrance KLM; Monika Ciesielska-Mróż AmCham Wrocław Director (PM Group). 2. Aleksandra Wiśniewska; Frantisek Siling; Beata Pochwałowka, Unum Życie, KLM hostess; Monika Ciesielska-Mróż. 3. The raffle in progress. 4. Marcin Łukoszko, Michał Grabikowski, Cresa. 5. Mateusz Jurczyk, AmCham Kraków & Katowice; Dorota Dąbrowska-Winterscheid. 6. Another happy winner of the raffle.

ECONOMIC DIPLOMACY AT WORK

B. Bix Aliu, US Consul General in Kraków, met the representatives of the largest American companies in Lower Silesia, including Whirlpool, 3M, Xeos, and IBM, as

he was on his way to a Select US seminar held in Wrocław by the US Commercial Service. Accompanied by his staff members, the consul discussed the needs of US

investors in the region and how the US diplomatic service could help them solve their problems.



1. Tom Zia, US Consulate General in Kraków; Izabela Olszewska, IBM; Stefan Schmuck, XEOS; Kathryn Porter, US Consulate General; B. Bix Aliu, US Consul General; Jacek Kudrzycki, PM Group; Anthony Crawford, 3M; Monika Ciesielska-Mróż, AmCham Wrocław Director (PM Group). 2. B. Bix Aliu; Marek Guzik, US Consulate General; Monika Ciesielska-Mróż; Tom Zia 3. B. Bix Aliu; Tom Zia; Izabela Olszewska; Kathryn Porter. 4. Tom Zia; Fabio Pommella, Whirlpool. 5. The meeting in progress.

AmCham in Kraków & Katowice

HUMAN SPACE

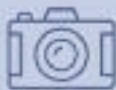
In March, AmCham Kraków and Katowice held a breakfast meeting devoted to the question of work-spaces design and its impact on employee performance and well-

being at work. The Activity Based Working concept was presented and demonstrated on the real-life example of AON Kraków office. The speakers were experts from

Steelcase, AON, and CBRE. Courtesy of the company the participants took a tour of the office to see some of the solutions mentioned in the presentation.



1. Mateusz Jurczyk, AmCham Kraków & Katowice; Iwona Pasik, CBRE; Agnieszka Broniecka Steelcase; Jacek Drabik AmCham Board Member, AmCham Kraków & Katowice Director (Motorola Solutions), Ted Winterbottom, AON; Annemieke Garskamp, Steelcase. 2. Jacek Drabik; Agnieszka Karpierz, Tomasz Miśniakiewicz, Piotr Konik, APTIV. 3. Ted Winterbottom, Sławomir Kumka, IBM; Anne Zemła, GE Healthcare. 4. Jacek Drabik; Annemieke Garskamp. 5. Jacek Drabik; Tomasz Miśniakiewicz. 6. Iwona Pasik. 7. Networking in progress.



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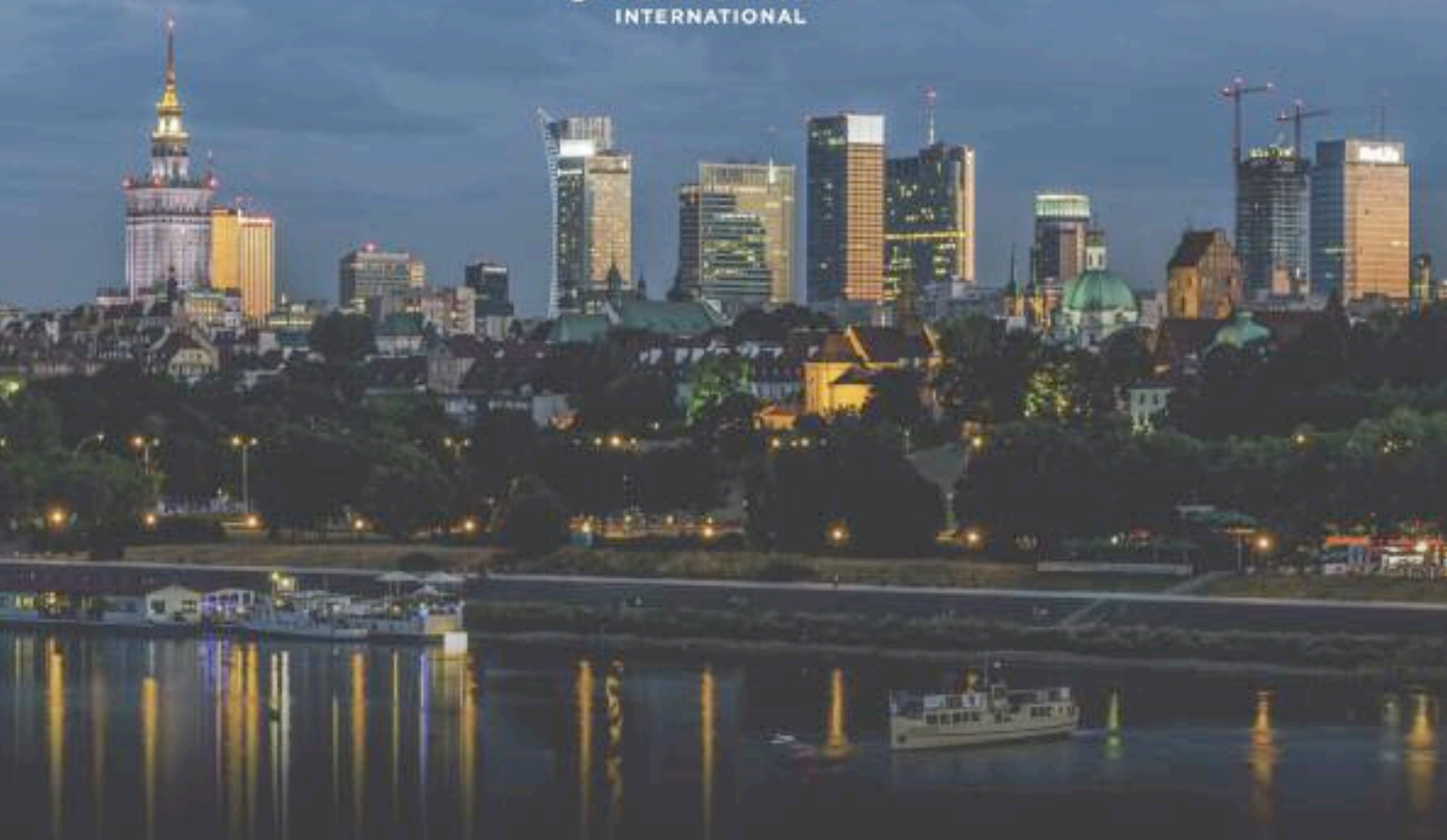


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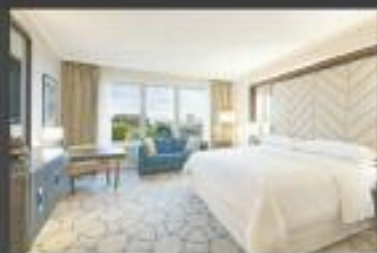
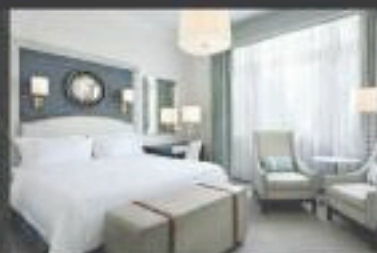
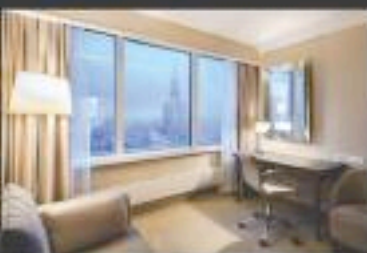



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