

# AmCham.Pl QUARTERLY

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in Poland



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## COVER STORIES

WHILE POLAND CONTINUES TO BE AN ATTRACTIVE MARKET FOR FOREIGN INVESTORS SOME CHALLENGES ARE LURKING ON THE HORIZON, **p. 12**  
THERE ARE GROWING NUMBERS OF POLISH COMPANIES LOOKING AT BUSINESS OPPORTUNITIES IN THE US, AND WITH GOOD REASON, **p. 16**

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## MONTHLY MEETINGS

DEPUTY MINISTER OF FINANCE LESZEK SKIBA ON GOVERNMENT TAX REFORMS, **p. 22**  
POLISH AMBASSADOR TO THE US PIOTR WILCZEK ON THE POTENTIAL OF US-POLAND RELATIONS, **p. 24**

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## COMPANY PROFILES

Assassment Systems Group  
Baker McKenzie  
Lynka  
Łódź Special Economic Zone  
Philips  
WeWork

**p. 30**

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## EXPERTS

Cresa Poland  
Dentons  
DLA Piper  
Łaszczuk & Partners  
KPMG  
PwC  
Squire Patton Boggs  
Wardyński & Partners  
Wierzbowski Eversheds Sutherland

**p. 42**

PLUS OVER 100 PICTURES FROM AMCHAM **EVENTS**, **p. 52**



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## It's your AmCham...



## It's your debate...

*Because of the trade war between the US and China, and the US and the EU, our economic growth will be lower, at 3-4 percent, instead of 5 percent as projected earlier.*

**LESZEK SKIBA, UNDERSECRETARY OF STATE,  
THE MINISTRY OF FINANCE  
P. 22**

*The development of innovative high tech sectors is necessary to ensure a sustainable and dynamic economic growth of Poland and to improve living standards of the Polish population by taking them to the level enjoyed by Western Europe.*

**PIOTR WILCZEK, POLISH AMBASSADOR TO THE US  
P. 24**

*As many as 40 percent of Polish firms struggle with uncontrolled employee departures, when employers resign so suddenly that it is difficult for companies to maintain the desired level of employment*

**JAN KARASEK, PARTNER KPMG  
P. 12**

*There are bioinformatic companies in Poland*

**JACEK GRALIŃSKI, HEAD OF GOVERNMENT AND CORPORATE AFFAIRS,  
AMGEN, CO-CHAIR OF THE AMCHAM PHARMA COMMITTEE  
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 is our intention to treat business as a partner of the public administration.*

**TADEUSZ KOŚCINSKI, UNDERSECRETARY OF STATE, THE MINISTRY  
OF ENTREPRENEURSHIP AND TECHNOLOGY  
p. 14**

# YOUR AMCHAM

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# In this issue



4/ 2018 VOL I, No. 2 • ISSN 2545-322X

## COVER STORY 1 WATCH YOUR STEP

While Poland continues to be an attractive market for foreign investors some challenges are lurking on the horizon .....p. 12

## COVER STORY 2 THE WINNER TAKES IT ALL

There are growing numbers of Polish companies looking at business opportunities in the US, and with good reason.....p. 16

## Monthly Meeting

SEPTEMBER

### THINKING BIG

A major overhaul of the tax system is still ahead of us.....p. 22

OCTOBER

### MORE THAN MEETS THE EYE

There is room for more US investment.....p. 24

## Focus

### A HELPING HAND

US Ambassador helps raise money to aid disadvantaged children in Kraków.....p. 26

### ALL YOU NEED IS CASH

Don't lose faith in traditional payment methods.....p. 28

## Company Profile

### QUALITY AND VALUE

Reinier Schlatmann, CEO of Philips Central and Eastern Europe, talks about the impacts the company strives to make on the market in Poland and beyond.....p. 30

### BEYOND THE WORKPLACE

Mikhail Knopolev, General Manager for Central Europe at WeWork, a global coworking company, talks about how the company's innovative office sharing model impacts clients and neighborhoods.....p. 32

### FROM GOOD TO GREAT

John Lynch, founder and CEO of Lynka, a producer of promotional garments, talks about how he led his Kraków-based startup to become a Pan-European apparel brand.....p. 34

### THE SCIENCE OF BUSINESS LEADERSHIP

Magdalena Giryn, Managing Director of Assessment Systems Group in Poland, talks about what the company can do to help business organizations boost the efficiency of their key managers.....p. 36

### REACHING THE NEXT LEVEL

Marek Michalik, President of the Łódź Special Economic Zone, talks about how it is evolving to the changing market to best suit the needs of investors.....p. 38

### GLOBALLY YOURS

Piotr Rawski, Managing Partner at the Warsaw office of Baker McKenzie, talks about the company's philosophy of how to be at the top of its game.....p. 40

## Expert

### BRACE FOR IMPACT

Will IFRS 16 surprise commercial real estate tenants?.....p. 42

### INVEST AND ENJOY

Poland becomes one big special economic zone.....p. 43

### BEYOND STRICTLY CONFIDENTIAL

Protection of trade secrets revisited.....p. 44

### CATCHING UP WITH REALITY

Lawmakers struggle to embrace the market of virtual money.....p. 45

### A NEW SOCIAL CONTRIBUTION

The "solidarity" tax is in the making.....p. 46

### NO EASY WAY OUT

A new tax on moving assets abroad will soon become reality.....p. 47

### EYE IN THE SKY

Employee surveillance under the Labor Code.....p. 48

### NEW MODEL ARMY

There are new commitments for the participants in offset deals for the Polish armed forces.....p. 50

### HAVE A NICE RIDE!

Licensing will be required for intermediaries in transportation services.....p. 51

## Departments

### IT'S YOUR AMCHAM, IT'S YOUR DEBATE

The issue content highlights.....p. 1

### YOUR AMCHAM

Who is who at the AmCham Board of Directors and the AmCham Staff.....p. 2

### AMCHAM ADVOCACY

Update on the organizations' advocacy work.....p. 4

### LETTER FROM THE CHAIRMAN

Chairman's update on AmCham's work.....p. 5

### NEWSLINE

News from AmCham and its members.....p. 6

### AMCHAM COMMITTEES

Who is who at AmCham Committees.....p. 8

### AGENDA

Intelligence from AmCham Committees.....p. 10

### EVENTS

Photo coverage of AmCham meetings and other events.....p. 52

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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:

- 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 position papers are available at <http://amcham.pl/advocacy>.

## Our top issues include:

### CHANGES TO THE CIT AND PIT LAW

Changes to the Polish Corporate and Personal Taxes are planned to enter into force on January 1, 2019 and will affect the majority of multinational groups operating in Poland and entrepreneurs earning on the commercialization of R&D.

Specific changes include:

- Introduction of exit tax, a tax on hypothetical profits, which the company did not tax in Poland, because it has moved its tax residence or registered office abroad. The exit tax rate for entrepreneurs will be 19 percent;
- Changing the principles of withholding tax payment, if the total amount of payments paid to the same taxpayer in a given tax year exceeds PLN 2 million;
- Introduction of the innovation box, i.e. a new allowance for entrepreneurs earning on the commercialization of R&D. Income derived from IP rights (like patents) will be taxed at a reduced rate of 5 percent CIT;
- Introduction of taxation rules for crypto-currency trade (19 percent tax rate);
- Introducing the principle that exchanging crypto currencies will be tax-neutral.

### LIABILITY OF COLLECTIVE ENTITIES

The law on the liability of collective entities is planned to be change. The following are the key changes:

- The new law provides regulations allowing bringing into account collective entities in the event of merger, division or transformation;
- There is also no requirement for a previous conviction of the manager as a person;
- Employees may be responsible for the corporation's illegal actions like attorneys or proxies and persons who are employees of a collective entity;
- A collective entity will be able to be released from liability when all the authorities and persons authorized to act on behalf of an entity have retained due diligence;
- Fines will be up to PLN 30 million as well as a ban on promotion or advertising, conducting a specific type of activity, permanent or temporary closure of a collective entity;
- The collective entity may be liable if the act was committed as a result of failure to observe due diligence required in the given circumstances. The draft bill does not specify in any way what needs to be done to assume that the due diligence criteria are met.

### DIGITAL SERVICES TAX

On 21 March 2018, the European Commission published its Digital Tax Package. The structure of the proposals include:

- A Draft Directive for 3 percent Digital Services Tax (DST);
  - A Draft Directive for establishing new PE (permanent establishment) threshold and attribution rules, and;
  - A recommendation for Member States to amend their treaties in accordance with the revised PE threshold and attribution rules.
- The EU Commission and the EU Member States supporting the current initiatives hope for a swift approval process and a subsequent implementation in domestic law by 31 December 2019. Many entities postulate that the DST should be proceeded on the OECD level, but it is unclear whether there is consensus among the EU28 for action before the OECD has completed its work.

**Contact:**

**Marta Pawlak**

**Legal Counsel**

**[marta.pawlak@amcham.pl](mailto:marta.pawlak@amcham.pl)**

**t: +(48)-22-520-5996**



## LETTER FROM THE CHAIRMAN

DEAR AMCHAM  
MEMBERS AND FRIENDS,

2018 is rapidly drawing to a close as the days grow shorter. While the number of days left in the year is shrinking, the level of initiatives and actions undertaken by AmCham is heading in the opposite direction.

Since the end of the summer, AmCham has hosted another very successful AmCham Diner at the Krynica Economic Forum, where it raised investment issues with a range of ministerial level officials on tax, cybersecurity, investment climate, and discussed US Poland relations with Piotr Wilczek, the Polish Ambassador to the US.

At Krynica, AmCham focused a great deal of attention on how American companies perceive the investment environment in Poland and the prospects from further improvement in US-Poland trade and investment relations. Our organization continues to share its frank opinions with members of the government and political and policy circles on what is needed to drive additional investment and reinvestment in the market. We could not do this without our strong supporters and sponsors that help us deliver our message focused on growth, innovation and partnership.

AmCham has also engaged actively with the new American Ambassador to Poland, Georgette Mosbacher. From an early meeting with the Board of Directors four days after her arrival in the country, to hosting the Ambassador in October for the membership, AmCham is pursuing a strong, engaged relationship with Amb. Mosbacher, which is focused on investment challenges and improving the investment environment for US companies.

High level interaction between the US Administration and the highest levels of the Polish government continue apace, with a visit by President Andrzej Duda to the White House and Prime Minister Mateusz Morawiecki to the New York Stock Exchange. It is no surprise that our new Ambassador is closely involved in all of these meetings and advocating for our member companies and our issues during these visits. More senior level meetings will be seen in the coming months and AmCham looks forward to participating in them whenever possible.

In November 2018, AmCham will host its first panel at the Rzeszów-based Kongres 590 as it opens up new avenues of communication with Polish decision makers and Polish business. We hope to see many of you there.

2019 will be a year of parliamentary elections—for Poland and for the European Parliament. During this busy political season, we will continue to advocate for our member companies and for growth, prosperity, sustainability and new opportunities for ambitious firms. AmCham counts on your support and activity as we close out a great year and open what promises to be a still more exciting one ahead.

With best regards,

TONY HOUSH  
AMCHAM CHAIRMAN

# NEWSLINE

## NEWS FROM AMCHAM AND ITS MEMBERS

### AmCham Poland



AmCham participated in a Polish-American Congress held in Lublin in September to commemorate “100 Years of Common Heritage” between Poland and the US. The congress was organized by the Lublin Voivode Office and the Catholic University of Lublin. Attending were representatives from Polonia and state officials from Illinois and Wisconsin. The US-Poland business ties, and the opportunities to do business together were showcased by successful local companies Modern Expo, Ko-Med, and Wipasz, which boast modern operations with global sales and investments. AmCham shared the experience of American investors in Poland and talked about why the relationship between Polish and American entrepreneurs has been so successful. In picture: Dorota Dąbrowska-Winterscheid, AmCham Managing Director; Jerzy Kwieciński, Minister of Investment and Economic Development; Georgette Mosbacher, US Ambassador to Poland; Marzena Dreła, AmCham Deputy Director.

### Cushman & Wakefield

Commercial real estate agency C&W said that Central and Eastern Europe hotel owners were experiencing record months in terms of average daily rates, which was the primary driver of the double-digit revenue per available room (RevPAR) growth recorded by Central European cities in 2017. The growing trend was also seen in the first half of this year with the only exception being Warsaw where RevPAR dropped slightly due to declining occupancy, yet the prices of rooms increased as in other capitals.

In other news, C&W was named Advisor of the Year at the seventh Prime Property Prize. The prize was awarded during an official gala held at Warsaw’s VITKAC building at 9 Bracka Street in September.

Prime Property Prize is run by the media company Grupa PTWP SA, the owner of industry portals Propertynews.pl, Propertydesign.pl and the organizer of the industry conference Property Forum 2018. Nominations are submitted by the members of the award committee which comprise industry professionals. Each member submits five names for each of the 13 categories, and the winners in each category are selected from those with the highest number of nominations.

### Gremi Media

Gremi Media, one of the largest media groups in Poland and publisher of the *Rzeczpospolita* daily, and *Parkiet*, a financial weekly, has renewed its lease agreement for nearly 2,400 square meters in

an office building located at 51 Prosta Street. In the process of renegotiating the contract, the property owner, the Cromwell Property Group, was supported by JLL advisory agency, which acts as the exclusive leasing agent for the building.

Prosta Office Centre, owned by the Cromwell Property Group, is a modern office building with over 18,000 square meters of modern office space on nine floors. The building is located close to the intersection of Prosta and Towarowa Streets, and just a five-minute drive from Dworzec Centralny station and a number of hotels including the Marriott and Intercontinental.

### JLL

In a market summary published in September commercial real estate agency JLL revealed that by 2021 the total office stock of the Tricity may exceed 1 million square meters.

Around 150,000 square meters of modern office space is currently under construction across the entire Tri-City agglomeration.

The rapid development of the office market in the Tricity stems from the cities becoming increasingly popular amongst global players looking for an optimal location for further business development. Demand for offices in 2017 in the Tricity area was a record breaking 113,200 square meters, and although the first half of 2018 saw moderate tenant activity of approximately 26,000 square meters contracted, the total number will increase with a number of transactions soon to be finalized.

According to JLL, the improving business image of the region is contributing to a great deal of interest in office space and boosting developer activity on the local market.

### MEMBERS ON THE MOVE



Commercial real estate agency **Cushman & Wakefield** appointed **Krzysztof Misiak** as Head of Office Department and Board Member.

For the past 11 years Misiak was responsible for strategic develop-

ment and oversight of the company’s operation outside Warsaw in the area of office tenant representation and cooperation with developers in regional office leasing projects. He is one of the most experienced brokers in the regional markets. His portfolio comprises over 500,000 sqm in transactions totalling PLN 1.8 billion.



Commercial real estate advisory **JLL** has appointed **Robert Sztemberg** as Business Development Director at JLL’s Capital Markets Department. Sztemberg will be responsible for enhancing relationships and devel-

oping JLL’s operations on the entire commercial real estate market.

Sztemberg has 20 years of experience in investment transactions in real estate and financial markets, in particular in Germany, the CEE region, and Russia. He graduated in management at the Konstanz University of Applied Sciences in Germany.



Recruitment specialist **Manpower Group** has appointed **Iwona Janas** as Manpower Europe Director. For the last 14 years Janas served as Director of Manpower Group Poland, including Russia for the last two years, and

was responsible for the development of four brands. Under her leadership Manpower Group Poland grew from one office in Warsaw to 50 the country over, and 5 employees to 500. Janas graduated from ISEAD. She commenced post graduate studies at Lille 1 University, France, and earned a master's degree at Lille 3 in business and foreign languages.



## Lufthansa



Lufthansa has announced it will increase the number of flights between Munich and Rzeszów to two daily for the summer 2019 season. With this, Lufthansa will service 14 flights between the two destinations weekly. The evening flight from Munich to Rzeszów will take off at 21:35 hours and land at 23:00 hours. Morning flights from Rzeszów to Munich will take off at 6:15 hours. The new flights will be in service starting March 31. In picture: Lufthansa's Bombardier CRJ 900.

## Manpower Group

Recruitment advisory Manpower Group announced that 20 percent of companies in the construction sector in Poland plan to increase their employment in the Fall. While one in five companies in the sector plans to boost the head count of their teams, 79 percent plan to continue at their present employment levels, and only 1 percent plans to cut jobs. Over the course of 2018, the employment in the construction sector grew by 21 percent, which was the fastest growth in 2 years. Measured against other countries in the Europe, the Middle East and Africa, the construction market in Poland is the fourth fastest developing one after Romania, Hungary and Slovenia. Poland is followed by Greece, Israel and Germany. The Manpower survey was conducted on over 60,000 companies in the construction sector in 44 countries.

## Prologis



Logistics space developer Prologis celebrated the topping out of the first facility at its new Prologis Park Łódź—a 16,500-square-meter building scheduled for completion in early 2019. The park has the development potential for three facilities totaling 93,000 square meters. The park will add to the Prologis central Poland portfolio of 262,000 square meters in Stryków and Piotrków Trybunalski. In picture: Paweł Sapek, Senior Vice President, Country Manager Prologis Poland; Hanna Zdanowska, Mayor of Łódź; Marek Fischer, Director, Project Management Land & Development, Prologis Poland.

## WeWork

Co-working space provider WeWork announced the opening of its location in Warsaw at Warsaw's Europejski building complex. Europejski, formerly known as the Europejski Hotel, is a mixed-use building offering Class A+ office and retail space. It is also home to Raffles Europejski Warsaw, one of the most luxurious hotels in Poland today. WeWork is a provider of co-working space and delivers value added business services to the network of its 268,000 clients globally.

## Wierzbowski Eversheds Sutherland

Law firm Wierzbowski Eversheds Sutherland celebrated its first 20 years on the Polish market. The firm was founded in 1998 by Polish lawyer Krzysztof Wierzbowski and over the years become one of Poland's leading law firms. The firm belongs

to the global brand Eversheds Sutherland, with offices in 66 countries. The past two decades have been a period of dynamic growth for the law firm, thanks in part to the growth of Eversheds, which the firm joined in 2005. The Polish office was at the time one of just a handful in Europe. In 2017 Eversheds combined its structures with American law firm Sutherland Asbill & Brennan, the entire law firm comprises 66 offices in 32 countries worldwide.

## Wrigley Poland

Wrigley Poland acquired Mars Polska in October as part of a global strategy to create Mars Wrigley Confectionery. The new segment, which brings together the successful century-long heritages of Mars Chocolate and Wrigley, will help the new company serve its customers better, address consumer trends and accelerate growth opportunities in a vibrant global confectionery category. Mars Wrigley Confectionery will include some of the world's most popular brands in the chocolate segment, including Snickers, M&M's, Dove, Galaxy, Maltesers, Twix, and the gum and mint segment, including such brands as DoubleMint, Extra, Orbit, 5th, Altoids, LifeSavers, and the fruity confections segment, including Skittles and Starburst. Martin Radvan, current Global President of Wrigley and a 30-year veteran of Mars, will lead the new Mars Wrigley Confectionery segment. With his extensive experience, Radvan will guide the segment's 30,000 Associates operating in about 70 countries.

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For the most recent information  
about the **AmCham Committees**  
and upcoming events visit **AMCHAM.PL**

# AmCham Advisory Council



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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.

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# AGENDA

## INTELLIGENCE FROM AMCHAM COMMITTEES

### EMPLOYEE & LABOR RELATIONS

Trends in recruitment for shared services centers and the business process off-shoring industry were on the agenda at a October meeting of the AmCham Employee and Labor Relations Committee with guest speakers from Experis, a part of Manpower, Krzysztof Janusz, Director, Urszula Mikulska, Business Development Manager, and Julita Iks, Recruitment Expert.

In their presentation, along with current recruitment trends in the SSC/BPO industry, the speakers talked about the characteristics of specialists currently in high demand, and how to find them and retain in the organization.

Another committee meeting in October, entitled "The Future of Skills", was devoted to technological innovations, such as artificial intelligence, and how they transform business. The speakers, Lisa Glassner, Regional VP EMEA, Global Client Collaboration at Steelcase and Jan Banasikowski, Advisory & Transactions Services at CBRE, talked about the impact of the technological revolution on the labor market and the lifestyles of the new generation of employees, including wellness issues, work-life balance and training.

The presentation focused on Millennials—their expectations and attitudes and what it means for their employers and how they can use technology to make communications with their Millennial employees more effective.

Banasikowski said that Millennials comprise some 30 percent of the entire workforce in Poland and are a force reckoned with.

They value convenience and do not pay too much attention to generating wealth. They tend to rent flats rather than take out a mortgage, and almost half of their disposable income goes to support their leisure activities. When it comes to work, they prefer a collaborative workplace environment surrounded by technology. When it comes to the priorities they attach importance to when evaluating their employer, first comes the salary package, followed by HR benefit standards. They also put a lot of importance on the professional development opportunities their employers offer them and the importance of this aspect is on the rise, research shows.

### MARKETING & COMMUNICATIONS

In October, the AmCham Marketing and Communications Committee met to discuss "What will not

change for the next 10 years in marketing". The speakers Łukasz Szafrński, Head of Consulting at Publicis Media, and Sławomir Szwał, Head of Start-ups Cooperation at Publicis Media, dispelled marketing buzzwords and showcased the power of the old but proven work methods and insights of professional marketers.

Szafrński said that when developing their strategies, marketers should stick to such solutions that do not change over time.

But what changes and what does not?

A poll done some time ago on three different retailers in the US, revealed that each of them had a different opinion on the impact the internet would have on retail: Sears said that the internet would change nothing; Beans.com (a retailing platform created during the dotcom bubble) said that the internet would change everything, while Amazon said that the internet would change the distribution of goods. Szafrński noted that Sears now was about to expire, while Beans.com had been gone already. Only Amazon had grown since the time of the poll and now is the third most-valued retail company in the world.

The idea that the internet changed just one thing in retail is interesting because it exemplifies a balanced attitude to the question of how technology changes the market versus how it does not changes it.

The history of Amazon demonstrates that technology has a capacity to change businesses but only when it is used to improve the business efficiency of organizations. What technology did for Amazon was to help it act as one team instead of a complex structure with individual departments separated from one another.

One way that marketers may use technology today to boost their business efficiency is to source information about what their consumers want. The internet has proven to be a good tool for marketers in the business-to-consumer environment.

### TAX & FINANCIAL SERVICES

The AmCham Tax and Financial Services Committee held a meeting in September devoted to new incentives available to investors following the introduction of the new law regulating Poland's special economic zones. The speakers were tax experts from Dentons law firm, Michał Bernat, Counsel, and Cezary Przygodzki, Partner. They discussed the new Polish system of investment incentives in the Polish Investment Zone (*Polska Strefa Inwestycji—PSI*), including new policies, concepts, rules and the desired results for both investors and the public sphere.

### OFF-COMMITTEE MEETINGS

In September, AmCham held the third meeting in a series of digital education workshops called "Experience Economy", organized by Deloitte. The third session, entitled, the Experience Design Process—How Can It Be Used to Leverage your Business, featured Wiesław Kotecki, Experience Design Director of Deloitte, who discussed the characteristics of the Experience Economy design process, including the key business metrics and how to leverage business with a design process based on selected case studies.



In October, promoting the idea of Corporate Social Responsibility in Poland, AmCham held a meeting with the Joanna Styczeń-Lasocka, National Director of Special Olympics Poland (SOP), Krzysztof Krukowski, Director Organizational Development Europe Eurasia Region, Agnieszka Ciosek and Jakub Kazibet (pictured), Special Olympics champions who benefited from the programs. Styczeń-Lasocka talked about SOP's plans for 2019 and beyond, and how corporations can tap into some of those planned programs as sponsors. She said that SOP provides year-round sports training and athletic competition for children and adults with disabilities. Since 1983, the organization has provided training for more than 17,500 athletes in 18 regions of Poland in 507 Special Olympics Clubs. The organization is pivotal in organizing a wide range of competitions, health screenings and fund-raising events and it also creates opportunities for families, community members, businesses and law enforcements to band together to change the attitudes towards people with disabilities.



# AMCHAM CHARITY DRIVE



For the 23<sup>rd</sup> consecutive year, we are organizing the **AmCham Charity Drive** to help children from 8 orphanages across the country and a single mothers' shelter in Słomczyn. Items needed most are primarily basic necessities and everyday items, such as: clothing (only new items please!), shoes, cleaning supplies, toiletries (for children and adults), food, candy, beverages, school items (such as backpacks, books, etc.), bedding, sporting gear, toys.

In order to deliver the goods by Christmas we ask you to bring all items by Monday, December 3<sup>rd</sup> to AmCham's office in Spektrum Tower, ul. Twarda 18, 16<sup>th</sup> floor, Warsaw. Our office is open 9AM to 5PM on weekdays.

It is also possible to make a cash donation, which will be used to pay the utility bills at the orphanages and shelter.

#### **AMCHAM BANK ACCOUNT:**

Fundacja Amerykańskiej Izby Handlowej w Polsce;  
**93 1240 6003 1111 0010 4343 0032**;  
transfer title "**Charity Drive**".

All companies that chose to participate in the project will be listed on the AmCham website and featured in the first issue of **AmCham.PI Quarterly** in 2019. In case of any questions please contact Anita Kowalska at: [anita.kowalska@amcham.pl](mailto:anita.kowalska@amcham.pl).



# COVER STORY

## AmCham Diner at the Krynica Economic Forum

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# WATCH YOUR STEP

WHILE POLAND CONTINUES TO BE AN ATTRACTIVE  
MARKET FOR FOREIGN INVESTORS SOME CHALLENGES  
ARE LURKING ON THE HORIZON

It was for the 7th time that the AmCham Diner had appeared at the Krynica Economic Forum, and thanks to its sponsors it served as a vibrant area for meetings, media interviews, and a place where business and government people could meet each other and discuss the future of the Polish economy. While some ideas for discussion could have been sourced from the interviews carried out at the AmCham Media Corner by Paweł Blajer, a TVN24/TVN24 BiS journalist, others popped up during three discussion panels which were part of the regular panel discussions held at the forum. All featured representatives of AmCham member companies and were devoted to US-Poland economic relations viewed from different perspectives: "The Voice of American Investors in Poland", "American Innovation Leaders", and "Poland—USA: Partnering to win—and what next?"

Along with these events organized at the Diner, AmCham also held a private breakfast for pharmaceutical companies which was attended by representatives of the Polish Ministry of Health, including Health Minister Łukasz Szumowski and his advisor Radosław Sierpiński.

"We are happy about the dialogue we can have with the Ministry of Health," said Andrzej Dziukała, Co-Chair AmCham Pharma Committee, (Governmental Affairs and Policy Lead, Janssen-Cilag Polska). "The AmCham Breakfast was an excellent opportunity to discuss with the health minister what we can do to make our cooperation smoother."

Minister Szumowski earlier appeared at the forum together with Prime Minister Mateusz Morawiecki at session devoted to healthcare at which the head of the Polish government announced that taking care of peoples' health will be a government's priority and will classify healthcare expenditures as investment in the economy instead as a cost as it has been so far. The new healthcare policy should be closely watched especially by American companies as earlier this year Minister Szumowski and US Secretary of Health and Human Services Alex Azar signed a memorandum of understanding which led the Ministry of Health to establishing a working group to advise on areas that have a lot of potential for US-Polish cooperation. The group included representatives of business, medicine and the academia.

It is worth noting that the government is now in the process of establishing the Medical Research Agency, which will serve as a hub for policy makers, business and the academia. According to Radosław Sierpiński, the agency will become "a competent and reliable partner for American investors".

From the investor perspective the healthcare sector in Poland is a very promising one. Polish society is aging fast and it will be in the national economic interest to keep older people up and running as long as possible.

The announcement of government plans to take a new approach to financing healthcare was a

good news for many pharmaceutical companies, especially that some of them, such as Roche Polska, a company which in the last three years has invested nearly PLN 2 billion in R&D in Poland, felt its work did not dovetail with the policies of the government. Speaking at a panel devoted to American investors in Poland, Wiktor Janicki, General Manager, Roche Polska, complained that in spite of the government's economic plan dubbed "Strategy for Responsible Development 2017-2020", the government failed to recognize the importance of innovations in healthcare and kept a legal framework that effectively prohibited the government from co-financing R&D of innovative drugs as well as financing the cost for patients. "Poland lags behind other countries in the availability of innovative pharmaceuticals on the market and if investors will not be able to implement their innovations in Poland it will be hard to bring them into the country," Janicki said. Other criticism expressed by American investors at the forum covered the unpredictability of the regulatory framework. According to Adam Pieńkowski, Managing Director, McDonald's Polska, the Polish tax system is not transparent enough, which makes it difficult for his company to negotiate contracts with McDonald's franchisees. Roche's Janicki added that some tax regulations are so complex and ambiguous that their interpretation by the authorities changes, which again, takes investors by surprise.

### STILL GOING STRONG

Yet, despite that criticism, Poland is still a very attractive market, and, as all panel speakers underlined, keeps long-term promises to investors. This notion was best expressed by Anthony Crawford, Managing Director, 3M Manufacturing Operation Poland, who said that in its 27 years in Poland the company had always had complete faith in the country's business credibility. "Today, this credibility translates into the technology we develop in the country," he said.

Such a view was confirmed by McDonald's Pieńkowski, who said that "Poland is an excellent market" and one that is open to innovations. It was in Poland that the company developed and tested some of its new technological solutions before it applied them in to restaurants in other markets including the US.

The openness to new technologies was underlined by Mateusz Litewski, Public Policy Senior Associate, Uber, who noted that Polish consumers enthusiastically embrace new technologies, especially those which support cashless

payments, which offers opportunities for fin-tech companies and other developers of innovative technologies. Bartosz Ciołkowski, General Manager, Mastercard, said that over 1.5 million Poles already pay with their smart phones while 24% of the population says they would like to use smart watches to make payments. "Poles are very adaptive to market changes in payment technologies," Ciołkowski said. "In fact, what we see is a major digital revolution in the financial sector." Sławomir Sikora, President & CEO, Citi Handlowy, the first American bank to open a shared services center in Poland, said that the importance of the Polish market is growing as the country's economy is robust and Polish society, in general, becomes increasingly like other Western societies. Its strength is built by young people who are competent and technology savvy. Out of the 25,000 people which Citi employs in the 52 countries of the EMEA region, 8,000 are employed in Poland and that number is growing," Sikora said. "This shows how we approach Poland in long-term perspective."

The fact that business people in Poland are technology savvy was best evidenced by a recent Facebook study which revealed that 60 percent of companies in Poland managed to increase their revenue with Facebook business tools while 60 percent also said they could boost their employment thanks to using Facebook business tools. Commenting on the study results, Jakub Turowski, Head of Public Policy for Poland & Baltics, Facebook, said that the company developed a program aimed at 50,000 young Poles to make them more active users of the internet "so they become more innovative and efficient" when it comes to using Facebook as their business tool.

### THE HUMAN FACTOR

Reaching prospective business partners is not the only challenge that investors face in Poland today. Reaching the right employees has become a major issue. "That's what happens when an economy has been developing so fast," said McDonald's Pieńkowski, who noted that his company is challenged by the lack of employees in big cities, where there is huge competition from other restaurant businesses. The company has resorted to hiring foreigners as well as older people and single mothers, and this "this is exactly the same mechanism we saw in Western Europe before," Pieńkowski said.

When it comes to locations outside of big cities McDonald's find it easy to fill vacancies because

*As many as 40 percent of Polish firms struggle with "uncontrolled employee departures", when employers resign so suddenly that it is difficult for the companies to maintain the desired level of employment, and 80 percent of companies have made the task of retaining their employees a top priority for the next 12 months.*

it offers regular work contracts with flexible hours and stability. Denis Vujicic, Managing Director, MSD Poland, agreed with Pierzkowski by saying that labor shortages are everywhere in the EU. Nevertheless, it was in Poland where the company managed to find excellent workers. Out of the 500 people it employs in Warsaw, including those in one of the company's four data management centers, "all are university graduates and 10 percent hold PhDs," Vujicic said. Despite the labor shortages that stifle the economic development of some of the European countries, according to Vujicic "it is easy to find the right people in Poland." MSD Poland has partnered local universities and offers internship programs to give prospective candidates "the flavor of what it means to work for us," and the strategy delivers the desired results.

Stoyan Ivanov, General Director, Coca-Cola Poland Services, talked about a study of Polish society called the Voice of Youth that the company carried out, not only because it needs many workers but also because it sells its products to the young and therefore needs to understand their attitudes. "The report brought a lot of answers to questions about what young people want," Ivanov said. "Young people are ambitious, curious, and they want to succeed. But the challenge that they face is that they feel lost in the world and don't know exactly what to do. It is in big cities and smaller cities as well. What they need is some counseling and coaching."

Ivanov noted that the findings of the study were critical for Coca-Cola because it is expected that by 2050 the labor market in Poland will shrink by the staggering 8 million people. "It is a striking number," Ivanov said. "Part of the solution is to have more young people enter the economy and the labor market. And they need to enter the market with the right skills and capabilities." According to Sebastian Hejnowski, CEO, MSL, there is a shortage of good employees in every industry and the best professionals earn top money and have a commanding position. But Poland is doing much better than other countries in the region, because it is still possible to find the right people. "In Prague, the Czech Republic, we were advertising new jobs and got none responses for months. It borders on a miracle to find new workers there," Hejnowski said.

In turn, Alain Simonnet, Managing Director, 3M Poland and Ukraine, said that the Polish economy "is in a very favorable cycle" and it is "good for investment" but within three to five years' time there will be a question of "how to find the appropriate level of workforce with the right qualifications." He added, however, that in a long-term perspective "this is always a question" while "Poland has the capacities to overcome that and the government has to do the right job about it."

With the well-structured and thoughtful approach to the issue of a shrinking labor force presented by American companies it is striking that

most firms in Poland had been taken by surprise by the consequences. According to Jan Karasek, Partner, KPMG, who spoke at the AmCham Media Corner, the problem of retaining the right people has become a serious issue for 80 percent of the companies in Poland, which now regard staff retention as a top priority. Furthermore, 40 percent of Polish firms struggle with "uncontrolled employee departures" that is when employers resign so suddenly that it is difficult for the companies to maintain the desired level of employment. "Some 80 percent of companies have made the retaining of their employees a top priority for the next 12 months," Karasek said. "They beef up basic salaries, invest in their workers by offering them additional training, and try to better match individual workers with their tasks."

### CHANGING POLITICS

Some discussions at the forum did not escape the controversies of the Polish judicial reforms which started in 2015 and have drawn a critical response from the European Commission while receiving intensive coverage in the media, including in the US where it implied that the reforms jeopardized the rule of law in the country. Asked if potential American investors could be put off by the reforms, Łukasz Kowalski, Deputy Managing Director, MSL, said that US investors are not because they are in business "regardless of the political options", and even such businesses that may be "politically sensitive" know how to keep their businesses in "touch with decision makers and the market."

This view was echoed by Marek Szydłowski, Chief Legal Officer for Poland, TVN & Discovery, who said that investors think long-term. Despite different political situations, TVN has been in the market in Poland for over 20 years during which time the company has developed new channels and made significant investments. "We feel great in this market as our strength is that for years we have been giving our viewers exactly what they want to watch," Szydłowski said.

### GOVERNMENT AT WORK

It is a good tradition of the AmCham Diner that representatives of the government join the business community in discussions at the AmCham Diner Media Corner. This year, AmCham was honored to have, among other top-ranking government officials, Jerzy Kwieciński, Minister of Investment.

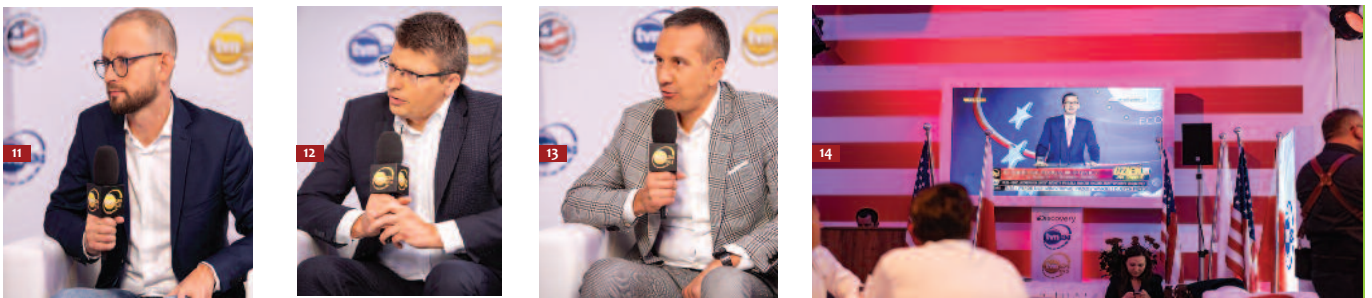
Minister Kwieciński said that the government is committed to tapping into the EU cohesion funds as efficiently as it is possible, and that the money will continue to be a significant source of finance for different infrastructure projects. He noted, however, that the exact amount of money Poland will be entitled to will be lower than in the past owing to strong economic growth that means some regions no longer qualify for structural funds. Nevertheless, the minister said in the new financial perspective of the European Union, Poland will be "a significant beneficiary of EU co-

hesion policy", and will receive more money than all the other countries that use this type of aid put together.

Minister Kwieciński also said that while the growth of investment levels in the economy "has not been satisfactory", come 2019 the public sector will start on with new projects that, hopefully, "will trigger private investments as well." Another government representative, Tadeusz Kościński, Undersecretary of State, Ministry of Entrepreneurship and Technology, highlighted the main provisions of a recent reform of public aid which effected Poland's special economic zones. In light of the new regulations investors will not be restricted to the areas of the zones, but will be free to pick locations anywhere in the country. The amount of money they will be entitled to through public aid will depend on the levels of unemployment in the area, the number of new jobs their investment will create and the "qualitative" value of the new jobs. "We do not intend to help investors who treat Poland as an assembly line," the minister said. "We will support those who will bring into our economy advanced technologies, and those who will cooperate with our universities and R&D centers. We will support such investors who will create jobs that pay salaries above the region's average and who will engage in creating local supply chains to help our economy grow, not only through internal business but also through exports."

Undersecretary Kościński also talked about the so-called "Constitution for Business", a government legislation which aimed at streamlining the red tape for investors. "It is our intention to treat business as a partner of the public administration. The ministry has hired many professionals who worked for the private sector and we are creating a one-stop-shop to serve investors because it is what the market requires us to do." When it comes to foreign direct investment (FDI), another speaker, Tomasz Pisula, President of the Board of Polish Trade and Investment Agency, gave an interesting perspective by saying that the flow of FDI into Poland had been increasing 3-5 percent year-on-year in recent years, and the growth was fuelled mainly by investors from South Korea. "Several years ago Korean investors decided that Poland was a credible market and they have been accumulating the value of their FDI ever since," Pisula said. "It is a good signal and I hope that it will trigger the interest of investors in Japan and other countries in Asia," Pisula said.





1. Jacek Czaputowicz, Minister of Foreign Affairs. 2. Jerzy Kwieciński, Minister of Investment and Economic Development. 3. Łukasz Szumowski, Minister of Health. 4. Henryk Kowalczyk, Minister of Environment. 5. Tadeusz Kościński, Undersecretary of State, Ministry of Entrepreneurship & Technology. 6. Denis Vujčić, Managing Director, MSD Polska. 7. Alain Simonnet, Managing Director, 3M Poland. 8. Sławomir Sikora, AmCham Board Member, (President & CEO of Citi Handlowy). 9. Stoyan Ivanov, General Director, Coca-Cola Poland Services. 10. Adam Pierkowski, Managing Director, McDonald's Polska. 11. Jakub Turowski, Head of Public Policy for Poland & Baltics, Facebook. 12. Sebastian Hajnowski, President, MSL. 13. Bartosz Ciołkowski, General Manager, Mastercard Europe SPRL, Poland. 14. Prime Minister Mateusz Morawiecki speaking at the Krynica Economic Forum. 15. Dorota Dąbrowska-Winterscheid, AmCham Managing Director; Jacek Czaputowicz; Marzena Dreła, AmCham Deputy Director. 16. Robert Bednarski, AmCham Vice Chair (Facebook); Dorota Dąbrowska-Winterscheid; Jerzy Kwieciński; Marzena Dreła; Jolanta Jaworska, AmCham Board Member (IBM). 17. Saulius Skvernelis, Prime Minister of Lithuania, Person of the Year Krynica 2018; Marzena Dreła; Dorota Dąbrowska-Winterscheid. 18. The panelist of "The Voice of American Investors in Poland" discussion: Michał Niewiadomski, Rzeczpospolita; Anthony Crawford, Managing Director, 3M Manufacturing Operation Poland; Wiktor Janicki, General Manager, Roche Polska; Łukasz Kowalski, Deputy Managing Director, MSL; Adam Pierkowski, Managing Director, McDonald's Polska; Sławomir Sikora, AmCham Board Member, President & CEO, Citi Handlowy; Marek Szydłowski, AmCham Board Member, Chief Legal Officer for Poland, TVN & Discovery.

# COVER STORY

## Polish firms and the US

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# THE WINNER TAKES IT ALL

THERE ARE GROWING NUMBERS OF POLISH COMPANIES  
LOOKING AT BUSINESS OPPORTUNITIES IN THE US,  
AND WITH GOOD REASON

Having waved the flag for American business in Poland for the last two decades, AmCham, quite naturally, focused its attention on US investors in Poland and their success stories. After all, they have brought into the country the capital, technology, business acumen and knowhow that have been pivotal in changing the face of the Polish economy.

Yet, when ten years ago, a family-owned retailer of cosmetics, Inglot, opened its store in Times Square it was an eye opener. For the first time, a privately-owned and exclusively Poland-grown company had marked its presence in one of the most expensive shopping spots in the Western World.

Ever since, AmCham has paid more attention to ambitious Polish companies that eye the US market. And the ranks of those interested are growing because the American economy is still the

world's largest single-economy and offers big rewards to those who dare enter it.

No wonder why the issue of what can be done to help Polish companies invest in the US was on the agenda of a discussion panel during the Krynica Economic Forum. Entitled "Poland—USA: Partnering to win, and what next?" The panel, moderated by Dorota Dąbrowska-Winterscheid, Managing Director of the American Chamber of Commerce in Poland, revealed a few interesting facts about this budding trend.

### JOCKEYING FOR POSITION

Interest in finding out the best ways to get into the US market is rising among Polish firms, said panelist Sławomir Sikora, President & CEO, Citi-Handlowy. "They contact our bank with questions about the best ways to do so," he explained.

"Polish entrepreneurs know that the American economy has huge potential, which so far has been overlooked by companies in Poland, or they were not yet mature enough to see it," Sikora said.

He admitted that he meets many Polish companies who have interesting products, technologies, and experienced managers who can face the challenges of such a competitive market. "Those are brick and mortar companies with original high-quality products they offer for reasonable prices. Their managers understand what it takes to cooperate on the international level." And they use Citi as a sort of gateway to the US. "To enter the US market requires a good guide and our bank plays such a role for many Polish firms at present," Sikora said.

Among them are big companies as well as medium-sized organizations with sales at the



19. Marzena Drela; Maciej Miłkowski, Undersecretary of State, Ministry of Health; Jacek Graliński, Amgen; Dorota Dąbrowska-Winterscheid. 20. Leszek Skiba, Undersecretary of State, Ministry of Finance; Marzena Drela; Marta Pawlak, AmCham Legal Counsel; Andrzej Dziukała, Janssen-Cilag. 21. Denis Vujcic, MSD Polska; Tadeusz Kościński. 22. The AmCham Pharma Committee Breakfast Meeting. 23. Jan Filip Staniško, Ministry of Entrepreneurship and Technology; Jacek Graliński, Amgen. 24. Marzena Drela; Tomasz Szatkowski, Undersecretary of State, Ministry of National Defence; Dorota Dąbrowska-Winterscheid; Marta Pawlak. 25. Andrzej Dziukała, Janssen-Cilag; Marzena Drela; Radosław Sierpiński, Advisor to the Minister of Health. 26. Marzena Drela; Elżbieta Rafalska, Minister of Family, Labour and Social Policy; Katalin Novak, Minister of State for Family and Youth Affairs, Ministry of Human Capacities, Hungary. 27. Dorota Dąbrowska-Winterscheid; Katarzyna Kieli, Discovery; Marek Szydłowski; Sławomir Sikora. 28. The speakers of "The American Innovation Leaders" discussion panel: Wawrzyniec Smoczyński, Managing Director, Polityka Insight; Mateusz Litewski, Public Policy Senior Associate, Uber; Paweł Puźrowski, Member of the Parliament, Chairman of the Digitalization, Innovation and New Technologies Committee; Jakub Turowski, Head of Public Policy for Poland & Baltics, Facebook; Denis Vujcic, Managing Director, MSD Poland; Bartosz Ciołkowski, General Manager, Mastercard Europe SPRL, Poland; Steven Harman, Vice President, Amazon.

level of USD 500 million annually.

And they are all ambitious. “They have been successful in Poland and in other markets in the region, and now aspire to enter the US market,” Sikora said.

He noted that the US market is not only big but also mature and offers “a lot of stability and predictability, especially when it comes the regulatory framework, which is something hard to find with highly dynamic emerging markets, not only in Poland but in other emerging markets.”

Without going into details, he said that perhaps the best way for Polish companies to enter the US is through cooperation with a big American partner.

While some companies use the services of Citi others use the Polish Investment and Trade Agency (PAIH), which in September opened its trade office in New York and plans to add five more in other business centers in the US. According to Tomasz Pisula, President of the Board, PAIH, Polish companies have mature managers who are capable of negotiating with local government representatives in the US for the best possible deals. They know how to talk because investor’s incentives are “packaged products” which are very much alike in all countries the world over. This is why “Polish companies, although there are just a few of them, are doing quite well in the US,” Pisula said. “I hope that they are just the beginning of a certain trend,” he added.

For Marcin Petrykowski, Managing Director, S&P Global Ratings, there are many synergies between Polish and American business which create certain equations that need to be explored to the mutual benefit by both Polish and American investors. “The challenge for the Polish economy is that it needs to move from the traditional economy to an economy which is about adding value to products and services.”

According to Petrykowski, Americans are natural partners for Polish companies to help them evolve in that direction and the shared services centers that US investors have built in Poland are the best example how this can be done. “Polish managers take those functions and develop them further. So it is in the interest of Polish companies to attract as many such investors as possible and keep on evolving,” he said.

On the other hand, Polish companies, which still reign in bricks and mortar markets, should go to the US and build their new factories there, keeping in mind the depth and breath of the US market.

Petrykowski offered the example of a Polish indoor candle producer, Corona Candles. In 2013 it bought an old car part factory in Dublin, Pulaski County, Virginia, modernized it, and by the end of the next year was ready to supply the first batch of US-made candles to the market. The business was so good that it attracted the attention of a venture capital fund which, four years later bought the entire company, including in the US and Poland, from its owners.

## THE SOFT TOUCH

Yet in the era of the innovation-based economy and disruptive technologies that eventually become game changers, it is hard to find an economy like the Polish one (sixth largest in the EU) which would “transfer” exclusively bricks and mortar goods to the US market.

It is true that the Polish economy is not so intensively innovation-based as other economies in the West. But it is not a secret that Polish companies do transfer innovative products and solutions to the US through the American partners they work for in Poland.

Take McDonald’s for example. The company has developed a new ordering system (the virtual kiosk) in Poland, and now this solution is implemented in McDonald’s restaurants in the US. American companies such as Citi, Visa, and nearly all those which have established their shared services centers in Poland use local talent to develop new IT solutions for their business. The best products are implemented in other markets including the US where they benefit their proprietors and the US economy as a whole.

Yet, the movement of those applications is invisible, and often it is put in motion after the acquisition of the software company in Poland rather than through the original company’s investment efforts in the US. Take the Amazon Alexa, a virtual assistant available from the retailing giant. The software was originally developed as a voice-recognition application by an independent studio in Poland. Alexa made it to the US only after Amazon bought the studio.

Today, Poland has many more such innovative companies which develop new solutions in a range of areas, from IT to biotech, nanotechnology, bioinformatics, and others. Their products are so advanced that they can not be sold in Poland because the market is not yet mature enough to embrace them. Like it or not, the creators of the software have to move to the US market to sell them.

“There are bioinformatic companies in Poland which sell their knowledge to the US,” said panelist Jacek Graliński, Head of Government and Corporate Affairs at Amgen, and Co-Chair of the AmCham Pharma Committee, who added that there is a lot that the US can learn from the healthcare models developed in Europe.

This view was echoed by another panelist, Tomasz Wiśniewski, Partner at KPMG, who said that there is no reason why innovative knowhow should not travel both ways between Poland and the US. “We do not need to import everything from the US,” Wiśniewski said. “Our banking sector, for instance, is much more advanced than in the US so the knowhow in this area can travel both ways,” he noted.

Another panelist, Sonnet Frisbie, Trade and Investment Officer, US Embassy in Warsaw, agreed by saying that as far as the US government can see it, the future of economic partnership between Poland and the US lies “on the technological level”.

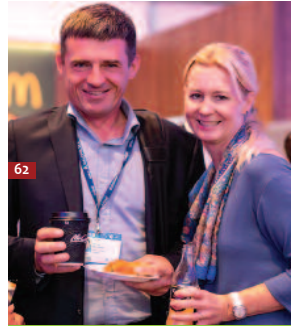
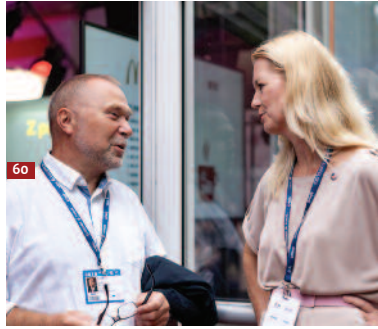
*As far as the US government can see it, the future of economic partnership between Poland and the US lies on the technological level.*



29. Tadeusz Kościński; Jaak Mikkel, Coca-Cola Hellenic Bottling Company. 30. The AmCham Diner by night. 31. Anita Kowalska, AmCham Event & Media Manager; Marcin Petrykowski, AmCham Board Member, (S&P Global Ratings). 32. Cezary Kucharski, BP; Dorota Dąbrowska-Winterscheid; Michał Obiegała, BP. 33. Krzysztof Krawczyk, CVC Capital Partners; Marta Pawlak; Marzena Drela; Krzysztof Pawiński, Maspex Group; Tomasz Suchański, Żabka. 34. Dorota Dąbrowska-Winterscheid; Francois Colombie, Auchan Poland & Ukraine; Jacek Czerniak, Sławomir Sikora, Citi Handlowy; Adam Koniuszewski, Green Cross International. 35. Ryszard Kalisz, Marzena Drela, Dominika Kalisz. 36. Marzena Drela; Michał Niewiadomski, Journalist, Rzeczpospolita. 37. The TVN24/TVN24BiS Live Studio at the AmCham Diner. 38. The panelists of "Poland - USA: Partnering to win—and what next?" discussion: Dorota Dąbrowska-Winterscheid; Andrzej Dziukała, Co-Chair AmCham Pharma Committee, (Governmental Affairs and Policy Lead, Janssen-Cilag Polska); Sonnet Frisbie, Trade and Investment Officer, US Embassy Warsaw; Jacek Graliński, Co-Chair AmCham Pharma Committee, (Head of Government and Corporate Affairs, Amgen); Marcin Petrykowski, Managing Director, S&P Global Ratings; Radosław Sierpiński, Advisor to the Minister, Ministry of Health; Tomasz Wiśniewski, Partner, KPMG.



39. Dorota Dąbrowska-Winterscheid; Paweł Pudłowski, MP, Nowoczesna. 40. Grzegorz Byszewski, Wiktor Janicki, Roche; Marzena Dreła. 41. Anita Kowalska, AmCham; Stoyan Ivanov, Gabriela Bar, Coca-Cola Poland Services. 42. Marta Pawlak; Adam Pieńkowski; Marzena Dreła. 43. Andrzej Dziukała, Janssen-Cilag; Łukasz Szumowski, Minister of Health; Leszek Skiba, Undersecretary of State, Ministry of Finance. 44. Marzena Dreła; Jerzy Kozicz, CMC Poland. 45. Marzena Dreła; Witold Kołodziejcki, National Broadcasting Council; Maciej Stanecki, TVP SA. 46. Sławomir Sikora, Dorota Dąbrowska-Winterscheid, at the Citi Handlowy and AmCham Cocktail Party. 47. Agata Podnieśńska, Tomasz Wiśniewski, KPMG. 48. Marzena Więckowska, Marta Rzetelska, Amazon. 49. Marzena Dreła, AmCham Deputy Director; Tomasz Marszał, TVN Discovery Poland. 50. Dorota Dąbrowska-Winterscheid; Sebastian Hajnowski, MSL. 51. Marek Szydłowski; Piotr Korycki, TNV SA. 52. Paweł Blajer, TVN24/TVN24BiS; Marzena Dreła. 53. Marta Kokoszka, Google; Marta Pawlak. 54. Łukasz Kowlaski, MSL; Dorota Dąbrowska-Winterscheid. 55. Dorota Dąbrowska-Winterscheid; Marek Szydłowski. 56. Alain Simmonet, Mariusz Wawer, 3M Poland. 57. Anna Marciniak, Bartosz Ciołkowski, Mastercard; Marzena Dreła. 58. Wiktor Janicki, Roche Polska, at the Future of Medical Innovation briefing.



59. Marta Pawlak; Katarzyna Borucka, Jaak Mikkel, Coca-Cola Hellenic Bottling Company; Dorota Dąbrowska-Winterscheid. 60. Jacek Michałowski; Dorota Dąbrowska-Winterscheid. 61. Marzena Dreła; Anna Surała, Krynica Economic Forum (Eastern Institute). 62. Robert Bednarski, AmCham Vice Chairman (Facebook), Dorota Dąbrowska-Winterscheid. 63. Marzena Dreła; Paweł Buszman, American Heart of Poland; Dorota Dąbrowska-Winterscheid; Łukasz Szumowski, Minister of Health; Ewelina Myłek, PR Eleven Zett; Andrzej Dziukała, Magdalena Lisiecka, Country Manager, Janssen-Cilag Polska. 64. Juliusz Krzyżanowski, Baker McKenzie Krzyżanowski & Partners; Dorota Dąbrowska-Winterscheid, ; Sonnet Frisbie; Andrzej Dziukała, Magdalena Lisiecka; Jacek Graliński, Amgen; Piotr Dębski, Biogen; Paweł Hincz, Baker McKenzie Krzyżanowski & Partners; Marta Pawlak. 65. The McCafe area. 66. A private cocktail party in progress at the AmCham Diner. 67. The AmCham and TVN24/TVN24BiS teams. 68. The stand of Dark Horse and Chateau Souverain Wines. 69. The catering provided by Koncertowa restaurant. 70. The Jack Daniels stand. 71. The P&G product stand.

# MONTHLY MEETING SEPTEMBER THINKING BIG

## WHILE THE GOVERNMENT HAS INTRODUCED NEW TAXES A MAJOR OVERHAUL OF THE TAX SYSTEM IS STILL AHEAD

Macroeconomic issues and the tax reforms lined up by the government for 2019 were on the agenda of the AmCham Monthly Meeting in September with keynote speaker being Leszek Skiba, Undersecretary of State at the Ministry of Finance.

Skiba said that Poland had positive GDP growth "especially when compared with other countries in Central Europe." He noted, however, that the "the impact of the global situation" is important for the development of the economy in Poland, the eurozone, and the economy of the European Union". The Ministry of Economy follows global developments and among its concerns are "the trade wars between the US and China, and the US and the EU, and how those problems impact some rising economies, including Poland."

"We are monitoring the situation and our expectation is that because of it our economic growth will be lower at 3-4 percent, instead of the 5 percent as projected earlier," Skiba said.

### GOVERNMENT PRIORITIES

The main driver of Polish budgetary policy is to keep government spending "reasonably in relation to the GDP growth rate", and to keep inflation at bay in mid-term perspective. "This is why the government has to limit the amount of projects if finances, and this is the job of the Ministry of Finance to decide which projects will get less money in the years to come," Skiba said.

However, it is easier said than done. With the next parliamentary elections in 2019, the ministry anticipates pressure from other ministries not to cut any government spending "especially in such areas which would upset the electorate," Skiba said. This is why the government, in order to balance income and expenditures, has undertaken some "minor" tax reforms and introduced some new taxes, that, while bringing some extra cash to the government coffers, will have no negative impact on the popular backing of the government. The new taxes include the so-called "solidarity tax". It will impact a tiny fraction of the electorate (individuals who make over PLN 1 million annually) and will support government aid programs for handicapped people. Another new tax, the so-called "exit tax" will impact companies and individuals who move their assets outside of Poland.

While the introduction of the taxes was made in a

swift manner which allowed little time, if any, for consultations with stakeholders, undersecretary Skiba explained the rush was caused by the ruling party's election pledge to boost social expenditures, and became necessary when the projections of Poland's GDP growth were corrected downward. Skiba explained that the reason why the government did not allow for any extensive consultations with stakeholders was that the government intended to create new income sources without going into discussions which would have involved too many parties and too many details. But having done that, the government is monitoring how those reforms impact business and it is not excluded that in future it will introduce some measures to counterbalance any negative effects, if they occur.

### LONG-TERM VISION

The strategic goal of the government is to make the tax system in Poland simple and "user-friendly" for taxpayers. "The ideal would be to have just one tax for corporations and individuals," Skiba said. "The goal will be to make it easier for business people to pay taxes and easier to understand what taxes are paid and on what."

The idea is to make it one tax, and one that would merge the social contribution (ZUS) with the personal income tax.

It is not an easy task and "technical obstacles" range from "separate IT systems to a lot of data mismatch and regulations and rules," Skiba explained. "We

need to use more IT tools and use more databases and merge data from a number of databases now operated by different government agencies. The management of tax administration has to be reformed as well, so it is more efficient."

Skiba said that this government is not in a good position to start such a major tax reform because of the 2020 parliamentary elections. He said that he hoped that the next Law and Justice government, formed after the elections, will carry out that reform.

### QUALITY CONSULTATIONS

Tony Housh, AmCham Chairman, who moderated the Q&A session with Undersecretary Skiba, said that while the American business community supports government policies aiming to make the tax system in Poland efficient and predictable it wishes that the government would allow more time for consultations with business. Many times before, the business side has been given unrealistic deadlines to submit their opinions on proposed taxes and other government reforms. It has been a problem with this government as well as previous governments. But the fashion with which governments discuss their policies with stakeholders are of paramount importance for investors. If they are not given enough opportunities to submit their feedback "this, sometimes, brings out the yellow flag for both domestic and international investors," Housh said.



### LESZEK SKIBA

Graduated from the Warsaw School of Economics majoring in international economic and political relations (2002) and until 2009 he was a research scientist at the School of Business—National Louis University. From 2009 to November 2015 Mr. Skiba was employed at the National Bank of Poland, initially in the Bureau for the Integration with the Euro Area, and from 2011 at the Economic Institute, where he was in charge of the analysis of the economic situation in the Euro zone, among others. Since 2009 he has cooperated with the Sobieski In-

stitute, first as an expert, then a board member and since 2013 chairman of the supervisory board of the Institute. He is the author and co-author of reports on the political economy concerning the decision-making center of government in modern European countries as well as on the structural reforms to support growth of the Polish economy.

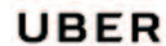


AmCham Diner at the Krynica Economic Forum,  
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# MONTHLY MEETING OCTOBER

## MORE THAN MEETS THE EYE

### THERE IS ROOM FOR MORE INVESTMENT FROM THE US

The future of US-Poland economic relations was on the agenda of the AmCham Monthly Meeting in October with keynote speaker Piotr Wilczek, Polish Ambassador to the US.

Ambassador Wilczek said that in Washington DC and other places in the US, he regularly meets with representatives of American business and sees their continuing interest in investing in Poland. This bodes well for the future because even though political relations between the US and Poland are excellent, a strong and mutually beneficial economic cooperation is essential for enduring good relations.

Ambassador Wilczek referred to a meeting in Washington DC between Poland's President Andrzej Duda and President Trump, which had taken place two weeks before his meeting AmCham, and said that both sides spared no efforts to make economic relations the best they have ever been. Trade and investment were high on the agenda, along with other US-Poland issues that were not directly connected with the economy, such as the presence of American troops in Poland. If their presence is expanded in Poland it may encourage more US investors to look at Poland as a good place to invest.

#### HISTORIC SIGNIFICANCE

Ambassador Wilczek talked about the role of the US in helping Poland start the political and economic transformation in 1989 which resulted in Poland becoming a democratic country with its economy based on free market principles. Today, Poland is developing dynamically and both politically and economically is experiencing one of the best periods in its history.

American companies, Ambassador Wilczek underlined, have a significant share in this success. Many US investors were among the first who came to Poland following the overthrow of the old political system. Thanks to their work the Polish economy has undergone radical economic changes and in a relatively short time emerged as a modern, open and competitive economy. US investors were pivotal in establishing many new branches of industry and helped existing industries adapt to the new reality of an open and competitive economy. Today, US companies in Poland operate over 150 industrial plants and em-

ploy over 200,000 people, and their investment presence is constantly growing.

It is apparent to all that today the Polish economy is booming and the country is one of the best locations for investors in Central and Eastern Europe. Poland is the 6th largest economy in the EU and keeps growing at a rate of over 5 percent GDP annually. Also, the country maintains a low inflation rate and its public finances are in good condition.

In addition, Poland has a well-educated workforce and the dedication of Polish workers and their commitment to success and creativity in pursuing that goal has become almost proverbial.

#### A POTENTIAL TO TAP

Yet, although the Polish economy has been developing fast, there are certain challenges, and they were addressed by the government. The overall economic policy called the Responsible Development Strategy indicates the importance the government attaches to the growth of innovativeness in the Polish economy. The development of innovative high-tech sectors is necessary to ensure sustainable and dynamic economic growth in Poland and to improve the living standards of the Polish population by taking them to the level enjoyed by Western Europe.

It is true that the government has done a lot to encourage domestic investors to strengthen their position on the market in Poland. Yet, it is

fully aware that the flow of foreign investment, including American investment and the new technology that it brings, is essential to take Poland to a higher level of economic development with which the country may avoid falling into the so-called "middle income trap".

The ambassador noted that while the presence of US capital in Poland is visible, important and much appreciated, at the same time, its overall levels are small when measured against the potential of the Polish economy. According to the US Bureau of Economic Analysis, the value of US investment in Poland at the end of 2017 was USD 12.6 billion, which while a significant amount in itself, is only a small little fraction of the total value of American investment in the EU, which by the end of 2017 stood at USD 3.25 trillion.

The ambassador admitted that Poland has yet to catch up with such economic powers as Germany and France. And this is where American investment has a role to play. The most valuable items produced in Poland are jet engines and other products for the aerospace industry, a sector in which American investors are particularly significant. This goes to show that US investment in Poland, and its continuous growth, can play a significant part in Poland's economic growth for years to come.



#### PIOTR WILCZEK

Succeeded Ryszard Schnepf as the Ambassador of Poland to the US in November 2016. Wilczek graduated from the University of Silesia in Katowice where he received his Ph.D. (1992) and Habilitation (2001) degrees. In 2006 he was nominated Professor of the Humanities by the President of the Republic of Poland. Wilczek is an accomplished academic with tenures at University of Silesia (1986–2008), the Faculty of "Artes Liberales", University of Warsaw. He did postgraduate work at the universities of Oxford (St Anne's College, 1988) and Łódź, Poland (1989). He

was a visiting translator at The British Centre for Literary Translation, University of East Anglia (1994, 1996). In 1998-2001 he was a visiting professor at Rice University, the University of Illinois at Chicago and the University of Chicago, Harvard and the University of Texas at Austin. He was also a visiting scholar at Boston College and Cleveland State University. He has been a board member of a number of international scholarly journals and academic initiatives and a member of several organizations such as the Kosciuszko Foundation, Inc, in New York, NY.

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20 Years  
in Poland



US Ambassador Georgette Mosbacher (in picture) was the guest of honor of the "Hoover Table Charity" auction, which was a part of the "Hoover Table Project" which supplements the "Sto Lat Razem" campaign (A Hundred Years Together) celebrating 100 years of Poland's independence and Polish-American relations.

The charity event was organized by the American Chamber of Commerce together with the US Consulate General in Kraków and the City of Kraków, and in cooperation with partner institutions.

The auction, held at the Gallery of Polish Art at the Sukiennice Cloth Hall, was followed by a performance by American pianist Neal Larrabee accompanied by the Sinfonietta Cracovia.

It was the bill-topping event of the "Hoover Table Charity" project aimed to help underprivileged pupils from day-care facilities in Kraków take part in an Adventure English Language Camp.

The sponsors who are AmCham members were Motorola Solutions, IBM, Pegasystems, GE Healthcare, Jacobs, International School of Kraków, BP and PM Group.

The organizations participating in the project were the City of Kraków, the US Consulate General in Kraków, AmCham, the Municipal Center for Social Welfare, Polish Institute of Philanthropy, Polish His-

torical Society Kraków Branch, the Kraków Festival Office, and the Jagiellonian University Institute of American Studies and Polish Diaspora.

The project was executed in stages. The first stage took place in September when the Parliament Chamber of Kraków City Hall held a contest for Krakow's underprivileged children from day-care facilities. The contest tested their knowledge of the USA and the history of Herbert Hoover. The winners qualified to participate in a summer Adventure English Language Camp.

The project culminated with the Hoover Table Charity and Gala Concert.

The winners, together with their teachers, met a few days later at the Parliament Chamber of Krakow City Hall to receive their participation certificates.

### PROJECT BACKGROUND

President Herbert Hoover was an extraordinary person and an American friend of Poland, who worked to assemble humanitarian aid for Poland after the WW1. As the head of the American Relief Administration, Hoover initiated and organized efforts to help Poles with the key goal to save Polish children from hunger and disease and to bring relief to the devastated country's economy.

One of Herbert Hoover's most notable charity

events was the "Invisible Guest Dinner" organized in 1920 at the Waldorf Astoria Hotel in New York. The event idea was to raise funds for Poland in the aftermath of WW1. Some 1,000 people responded to Herbert Hoover's invitation, each paying USD 1,000 to attend. The meal was intentionally modest. The guests, America's most powerful business tycoons, were seated at wooden tables and food was served on metal plates without napkins. The dinner was based on the typical size of meals available for a Polish child, with a monetary value of only 22 cents. The meal consisted of potatoes, rice and a cup of cocoa. There was also an empty chair placed in the center of a wooden table to symbolize an absent child's life. A candle was then placed on the chair to represent the child's fate coming to an end. This dinner was an enormous success and it raised USD 1 million in aid for the Polish people and was thereafter called the Million Dollar Dinner.

The Polish people expressed their gratitude toward Herbert Hoover in a wide variety of ways. In 1922, The Polish Parliament awarded Herbert Hoover with the title of Honorary Citizen of the Polish Republic and, as early as in 1919, universities—including Jagiellonian University—started awarding him with the *honoris causa* title.



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# FOCUS

## ALL YOU NEED IS CASH



### DON'T LOSE FAITH IN TRADITIONAL PAYMENT METHODS

In recent years we have seen the rapid development of breakthrough technologies that support cashless transactions over mobile phones. The number of stores that have the right equipment to support those transactions is on the rise and so is the number of phones which support the new technology. In fact, users of smart phones with the Android operating systems have been able to use cashless transactions for years. Recently, iPhone users who downloaded the Apple Pay application have also been able to use cashless transactions.

New software capable of supporting cashless transactions is launched on the market almost on a daily basis. Different applications, with their functionalities, features and designs, cater to the tastes and preferences of different users. Market analysts say that the number of cashless transactions is about to skyrocket in the years to come.

#### MONEY HERE TO STAY

They are right. But good old cash is still holding firm in Poland and other markets. Statistics from the National Bank of Poland show that there is a year-on-year increase in the value of money in cash transactions. At the end of Q2 2018, for the first time in history, the value of banknotes on the market exceeded PLN 200 billion and amounted to PLN 202.8 billion. For comparison, at the end of March this year it was PLN 194.4 billion. According to experts from the National Bank of Poland, the increase in the value of cash in circulation is related to the increase in gross domestic product. Interestingly, this data shows that Polish consumers most often have a

100 zloty banknotes in their wallets.

At the end of June there were more banknotes in circulation (1.252 billion) than in March (1.213 billion). When it comes to the face value of the banknotes, there were 168.6 million of "tens" in June (compare to 165.6 million in March); and 124 million of "twenties" (compare to 120.4 million in March).

#### NEW TRENDS

Arguably, new software and payment methods appeal to young people with smart phones. They are more likely to carry their phone instead of cash so it seems only natural that cashless payment methods are their method of choice. What is more, retail chains everywhere are aware of the growing use of cashless payments and are trying to meet demand by introducing new technologies.

A recent study of an American retail chain customers conducted by our company together with PYMNTS, one of the leading market analyst of payment methods and trends, shows that 45 percent of self-service customers pay with a debit card, and that coincides with another observation, that in the case of payments in retail chains, the customer who makes large purchases always pays with a pay card. Equally interesting is the fact that 28 percent of shoppers would do their shopping more often if they were able to use self-service checkouts. On the other hand, as many as 87 percent of respondents said they do shopping in self-service stores because they find this type of store much

more convenient. Therefore, technology used in the right way can build a strong position on the retail market.

#### NOT SO FAST!

The majority of retail chains continue to support and will continue to maintain the cash flow. All the more so, as these large chains, in particular, make significant use of IT and technical solutions which enable the efficient transfer of money paid into cash registers directly to company accounts. This significantly facilitates the management of the entire process of financial flow for retail chains and large-format stores. It is not excluded that sooner rather than later, once again, new revolutionary payment software will hit the market. One can think now, for instance, of some blockchain solutions. However, there are indicators which show that such a rapid migration to cashless solutions would not be suitable for all markets. In Sweden, for instance, the country's Central Bank announced this year that it intended to get commercial banks to handle more cash transactions. The bank justified its position by pointing to the rising costs of building the new IT infrastructure needed to handle non-cash transactions. This shows that those who herald the imminent decline of cash in consumers' pockets and wallets speak too soon.

**Michał Strzyczkowski**

*The author is CEO of Diebold Nixdorf in Poland*


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## Company Profile Philips

# QUALITY AND VALUE

*AmCham.pl Quarterly* editor Tom Ćwiok talks with **Reinier Schlatmann**, CEO of Philips Central and Eastern Europe, about the impacts the company strives to make on the market in Poland and beyond.

Poland was the first market outside of the Netherlands where Philips established a lamp factory, in 1921. The company increased its output by adding radio lamps and X-ray scanning equipment to its portfolio. Later, Philips established a bulb factory, and subsequently it began the production of radio sets, which explains why Philips radio sets were a household name in Poland before the war. A lot has changed since, and today Philips is a global company with business operations in over 100 countries. What are Philips key sectors?

Throughout 127 years of the company's history, we have developed significantly and, not surprisingly, it all came with change. What remains the same is our commitment to inno-

vation and to making the world healthier and more sustainable. Today, Philips is a leading health technology company focused on improving people's lives across the health continuum—from healthy living and prevention, to diagnosis, treatment and home care. We are focusing on end-to-end pathways which at present are primarily in cardiology, oncology, respiratory care, critical care as well as pregnancy and parenting, and where we believe our integral approach can add value for patients and customers.

**In which sectors has Philips made investments in Poland?**

Poland has always been an important growth country for Philips. Its importance is illustrated, for example, by

our recent opening of the Philips Global Competence Centre in Łódź as well as the launching of the 9<sup>th</sup> Philips Reference Centre which was made in partnership with the Polish Mother's Memorial Hospital Research Institute. Both events were parts of our celebration of the World Day of the Sick and we were honored to have at both of them the President of the Polish Republic and First Lady, the Minister of Health, as well as many other guests and representatives of the medical and scientific communities in the country. It was a very special moment for Philips as it signified our commitment to building long-term partnerships and strong local connections dedicated to making the lives of patients in Poland better.

**IT and new technologies are changing traditional ways in which different sectors of the economy operate. What is the impact that Philips makes in this respect in the healthcare sector?**

At Philips we seek to transform the way healthcare is delivered and experienced and IT is a key enabler for this. Already now, the majority of our R&D team are working on software. But in addition to delivering top innovative medical devices in such areas as diagnostic imaging, image-guided therapy, ultrasound, patient monitoring, as well as consumer health and home care, Philips delivers innovative, integral solutions and business models that are designed to improve the quality and delivery of healthcare with lower cost.

**In order to develop technology and IT solutions for healthcare a good cooperation between manufacturers and hospitals is a must. What can you tell me about this part of your business? What is the role of Philips Reference Centers in this?**

Increasingly, we are building long-term partnerships with hospitals and healthcare groups to work together, understand their needs and provide integrated solutions to drive improvements in terms of patient outcomes, quality of care delivery and cost productivity.

We truly believe that cooperation is the key in the innovation triangle between the academia, government and industry. Poland is a great exam-



ple where we have implemented many such projects with partners including the Medical University in Warsaw, Medical University in Łódź and Silesian Centre of Heart Diseases. Another initiative worth mentioning, due to its scale and organizations engaged, is the think-tank "Innovations for Health" initiated by Prof. Maciej Banach from the Polish Mother's Memorial Hospital Research Institute. Philips is one of the partners in this initiative, created to strengthen the dialogue and cooperation between the public and private sectors as well as develop and implement innovative projects within the healthcare system.

**Many foreign investors in Poland are impressed by the vibrant and expanding startup environment in the country. In what ways does Philips take advantage of it?**

Philips has its own startup program, Philips HealthWorks, that supports scaling up most innovative and impactful ideas. We are partnering with entrepreneurs who are challenging the status quo by developing groundbreaking hardware, software and services in health and personal care. Our program connects these companies with the expertise they need to break through in the health-tech world. It is great to see successful Polish startups which are also participating in this program.

**In recent years Poland has seen a record-low unemployment rate and**



**companies find it more and more difficult to find the right talent to hire, for instance IT specialists. Do you face such challenges?**

Indeed the low unemployment is a challenge for most of the companies and we are no exception. However, our strong vision and the leading market position inspire people and attract talented individuals. Moreover, 90 percent of our employees feel proud to be working at Philips. They are our ambassadors and the market notices that.

**What can you tell me about the company's corporate culture and what are the prospects for employees to go higher in the corporate structure?**

We aim at creating a great place to work for people who share our passion. We believe that working at Philips is not just a step in a career but a significant part of a journey to learn, develop and grow great leaders. We dedicate a significant amount of time to hire the right people and we are proud that over 70 percent of our managerial positions are filled with internal candidates. It is so thanks to our successful succession programs. Working at Philips brings great experience both for professionals as well as graduates. We offer attractive career challenges, stimulating and satisfying work environment and freedom to experiment.

**Are there any legal regulations that you can think of which impede the development of Philips' business in any of the sectors?**

Poland is experiencing the same global health trends as many other countries, including the aging of its population and an increase in chronic diseases, which are putting significant pressure on the healthcare system. At the same time, the current reimbursement system is still mostly focused on activity over outcome. However, we see that a change is taking place and it moves towards outcome-based care, which will have an impact on patients and care givers.

**How important is the Polish market for the company and what are Philips' plans regarding business development in Poland?**

Poland has been and will be an important growth country for Philips. It is not a coincidence that we have

a very strong presence in Warsaw, plus one of three Philips Global Competence Centers in Łódź. As the Polish market is expected to continue to grow, so will we. Especially in healthcare we expect significant changes. It is enough to look at top three causes of death in Poland, 50 percent are from cardiovascular diseases, 24 percent from cancer and 5 percent of deaths are caused by respiratory diseases. Philips is committed to play a significant role in supporting the Polish healthcare system in each of these areas. Our team is highly motivated to share the latest solutions, business models and best practices with Polish medical professionals to drive better outcomes at lower cost in order to transform Polish healthcare into a highly efficient one.

**As the top manager for Philips in Poland I wonder what your personal ambitions are regarding the impact of your management on the company...**

The Philips vision and mission are closely related to my own goals and aspirations, to make the world healthier and more sustainable, with the goal of improving the lives of three billion people each year by 2025. It is the reason I get up and come to work every day. I know that if I do my job well I can improve the lives of patients, be it in diabetic, chronic heart-failures or young, first-time mothers.

Talking about the Philips team, I aim to establish an environment where people can grow, learn and develop. This requires creating growth opportunities for everyone, including young talents, so they can go abroad and bring their international experience back to Poland.

Talking about external stakeholders, we want to further strengthen partnerships with key Polish partners within the innovation triangle of academia, government and industry. We also strongly believe in continuous improvements, evaluating how we have performed and find the ways to improve further.

All these factors are fundamental in taking the next step and focusing on value-based and high-quality healthcare that is both accessible and affordable for patients.

*Poland is a great example where we have implemented many projects with the academic sector including the Medical University in Warsaw, Medical University in Łódź and the Silesian Centre of Heart Diseases.*

## Company Profile **WeWork**

# BEYOND THE WORKPLACE

*AmCham.pl Quarterly* editor Tom Ćwiok talks with **Mikhail Knopolev**, General Manager for Central Europe at WeWork, a global coworking company, about how the company's innovative office sharing model impacts clients and neighborhoods.

**Coworking is a relatively a new phenomenon in the world of business yet it has taken root across all major business centers globally. What, according to you, is its driving force and what is the value added for companies which use coworking?**

There has been a shift toward a new way of working and the fact that companies are making way for this really validates what we are doing. Employees today want to find purpose and meaning in their work lives. They want a community, and better work/life integration.

WeWork is a global community because we are connecting people with one another and they are meeting, offering advice, trading skills, and doing business together. In fact, we know that over 50 percent of our members have done business together, and over 70 percent have collaborated in some way. We have seen our community thrive in every city we have expanded to, and will no doubt carry this through to Poland.

What's interesting is that across all locations, we have found that enterprises have really opened up to the signature WeWork community experience and global network. These cor-

porates love that we are flexible, cost efficient, and give them access to a creative community. The smaller companies are then exposed to a community including large corporate companies, meaning networking has never been so easy—especially via the WeWork app where our 268,000 members can connect every day—and there's so much opportunity for business and collaboration.

**What can you tell me about the history of WeWork in the US and in Poland?**

Our founders Adam Neumann and Miguel McKelvey both spent time in strong communities growing up. Neumann lived in a kibbutz whilst McKelvey was raised in a communal living environment in Oregon. Our founders value community and recognized that this was lacking in the workplace, especially in big cities where so many people work so closely together but rarely interact in meaningful ways. They also foresaw that community purpose in your work life, and increasing urbanization were macro trends that WeWork could answer. When the company was founded in 2010 in New York City, building a community was cen-

tral to the mission of the company, and that remains our guiding light today.

Even though we were founded in the USA our expansion into more than 75 cities around the world proves that we are a global company with a local playbook. Whenever we enter a new country we strive to establish local operations, local programming, hiring local employees and most importantly getting local members.

In Poland and across Central and Eastern Europe we are taking the local business culture into consideration. For example, I myself am a local from Central Europe with solid experience in the region. Before WeWork, I worked for a number of companies in the region. My case proves that WeWork really looks for people with the regional knowledge and expertise to establish our business on the regional level. In Poland we will also be bringing in local businesses to provide programming for our Polish members, and listening to member feedback about which services mean the most to them.

**How important is the Polish market for WeWork? What are the professionals who use coworking space in Poland most frequently?**

We are fully focused on our expansion across Central Europe, and we have seen a lot of demand from our existing members to enter Poland, so we know our community will be a perfect fit here. We can not wait to be able to fulfill that wish for them and add Warsaw to our Central Europe portfolio. We are excited about Warsaw because it is a city of rich history, culture and innovation.

Our members include anyone that considers himself or herself a creator and is passionate about what they do. WeWork is home to marketing companies, designers, entertainers, PR firms, healthcare professionals, financial services, artists, brick-and-mortar retailers, F&B, lawyers, health and wellness, accountants, recruiting firms—really, anyone with business of any size who wants to work in an inspiring environment along with programming to help connect, educate, and foster collaboration. Big companies and corporations such as Samsung, IBM, KPMG, GE, Delta, Dropbox, Silicon Valley Bank, and others, are also members. The power



of WeWork is its access to a creative space and the chance to connect with the most innovative people in the country.

**Apart from offering coworking space what other services do you offer to your clients and what is the philosophy behind it?**

We consider ourselves to be much more than just a workspace. We are actively bringing an already burgeoning community of local entrepreneurs, start-ups and bigger companies together with like-minded people all over the world. They are connected on-site in the physical location, but also to the global WeWork network. Such a scheme not only opens up valuable networking and collaboration opportunities for our members, but also, at least potentially, creates new employment opportunities as these businesses grow and thrive in a space that fosters creativity and connection.

Our members are able to use international WeWork locations when they travel, take part in any event happening across the buildings—be it yoga, boxing or lunch and learn sessions—and stay connected via the member network, where all 268,000 members around the world can network together.

The effects of a WeWork presence can be felt for non-members in the neighborhoods and cities we operate in. WeWork has become one of the most attractive anchor tenants for landlords all over the world because each of our offices attracts large and

small companies to the building and the area, and this brings new business to the neighborhood. We recently released a report featuring data from the US, where we found that WeWork is 2.5 times more efficient with space than a typical office, freeing up room for new people, businesses and jobs. Increased density and efficient use of real estate can reduce a city's carbon footprint, unlocking space in neighborhoods without requiring additional construction. When entering a new market we aim for centrally located buildings, but you can see that in more mature markets we go a little further out and we end up helping to build up those neighborhoods. For instance, we have seen that having a WeWork in your city or neighborhood does significantly impact the member businesses and local economy. In the same report I mentioned, we found that 45 percent of WeWork member companies say that WeWork helped them accelerate their growth, and,

after three years, new businesses at WeWork are 12 percent more likely to survive than their peer companies in other locations. Meanwhile, the WeWork economy creates an approximate two times economic multiplier for cities, meaning for every 10,000 WeWork members, an additional 10,000 jobs are created through indirect and induced spending.

**Sustainability and green issues are of paramount importance for business today. What is the company's policy regarding them?**

When we look at the building itself, we are looking for office space that we can design for collaboration, whether that's with natural light flooding in, or our interior design choices. Beyond that, a company has an incredible ability to effect positive change and we are committed to being accountable for our actions and being good global citizens. We are taking positive action to create a more sustainable world for genera-

tions to come. For example, we recently announced our commitment to being a meat-free workplace, which is a partnership between our company and our employees.

**Many companies in Poland and in the European Union say they find it difficult to find the right people to work. Is this an issue for WeWork in Poland?**

We have an incredible team based in our European headquarters in London who work with the local team to source talent across Europe. We have focused a lot of our attention on hiring the best possible local talent. The team we have just started putting together in Poland will be awesome, and we can not wait to meet all of them when we open in Poland.

**What are your investment plants in Poland?**

Right now, we are fully focused on building our community in Warsaw where we have three locations to open in 2018-2019. We hope to bring

in a new way of working that meets the needs of creators in this market, while helping our member businesses grow and succeed, and supporting the creators here to explore global resources and partners.

**As a top manager at WeWork in Poland I wonder what impact you would like to make on the company's operations in Poland?**

While focusing on our expansion across Central Europe, I will be leveraging my global expertise and network to help our local members grow with us, and support their business. I will be also working with our internal teams to ensure that we are hiring the right people, as employees are crucial to a successful business.

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## Company Profile **Lynka**

# FROM GOOD TO GREAT

*AmCham.pl Quarterly* editor Tom Ćwiok talks with **John Lynch**, founder and CEO of Lynka, a producer of promotional garments, about how he led his Kraków-based startup to become a pan-European apparel brand.

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

I arrived in Krakow in 1991, as a part of a US AID funded program—the MBA Enterprise Corps—to help the nascent economies of Eastern Europe. With a Wharton MBA and several years of manufacturing experience at Procter & Gamble and management consulting in New York, my plans were to come to Poland for a year, then return home to the USA to continue my corporate career. I originally came for the adventure and the historic significance of the changes. I wanted to be a part of these earth-shattering, unforeseeable political developments. Of course, it crossed my mind that there might be business opportunities over here, but I really had no idea what they might be. However, after working for a year with various start-ups around the country, inspired by the Polish spirit, I was bitten by the ‘entrepreneurial bug’ and decided to take the

plunge myself—right here in Poland. With the exception of Bill Carey from CEDC, I believe I was one of the very first American expat entrepreneurs to launch a startup in post-communist Eastern Europe.

In early 1992, with my founding partner, we launched Lynka—with 3 people and less than USD 20,000 in capital. The original concept was to supply the burgeoning tourist market with traditional products such as T-shirts and baseball caps, which were missing from the market. By the end of our first year, we realized there were markets with much larger potential such as corporate clothing and accessories and work wear. That was when my brother Matt moved to Poland and joined the company in 1994 and built our sales force. We rapidly transformed the company, and virtually created the market for corporate and promotional apparel in Poland. Today, we have over 250 employ-



ees, service clients in 25 European countries, and since the early days, we have printed over 80 million garments—more than anyone else in the region. So Lynka was one of the earliest American investors in Poland and one of the first 100 AmCham members.

Probably the single most important milestone for the business was when Poland joined the EU in 2004, and simultaneously we decided to launch Lynka’s export business. In 2003, Lynka generated 97 percent sales in Poland and 3 percent through export. Today, more than 70 percent of our sales are outside of Poland, so we have been quite successful at figuring out the challenging and bumpy road to becoming a pan-European player.

**In what way does your service differ from that of your competition?**

We source apparel products and accessories from all over the world,

bring them to Poland, and then embellish them with companies’ logos and advertising messages in our Kraków factory. We also supply world-famous brands such as Nike with sportswear products. Back in 2012 during the European football championship held in Poland, we were chosen as Nike’s official partner, and produced the shirts for the Polish national team. If you ran in a major European marathon, there is a good chance the shirts were made by Lynka.

But our core offering are apparel products—shirts, jackets, uniforms, sportswear, caps and bags—printed or embroidered with the clients’ brand. Our clients are large and small—big corporations like Amazon and KFC—and small local businesses or schools. Many people wrongly believe that we only service large corporations. In fact, our average order is about 75 pieces, and we even do orders of 10 pieces,

thanks to some modern digital technology we possess.

In our business, the keys to success are quality and speed of service. On the quality front, we are widely recognized in our industry as the premier quality producer. Over the past 20 years, we have won more than 45 international awards for the quality of our production—more than any other European based company in our industry. A big part of my job is to travel to international trade shows to learn the newest print and embellishment technologies to make sure we remain on top.

**In December 2017, Lynka opened a new manufacturing and office complex of almost 10,000 square meters at the outskirts of Kraków.**

**What led you to this investment?**

In our 26-year history, we had only moved once, so this was clearly a milestone. But the business was growing, we were running out of space in our earlier factory, and there was really no choice. I believe in the adage 'grow or die' so given our long-term growth path, this was a logical next step. We turned to AmCham developer Panattoni who helped us create a beautiful, modern and highly functional manufacturing and distribution center in Skawina, just outside Krakow. The factory is fully functional now, and will support us in our continued quest for growth across Europe.

**What is driving the market?**

A few things. First of all, in the past, mostly large corporations used our products. Today, almost every small and medium enterprise, school, organization in Poland and across Europe understands the value of branded apparel and corporate merchandise. So, the market is huge.

But the flip side of the market potential among SME's is that the average order size is decreasing all the time. That means we really need to focus on manufacturing excellence of very small production runs. That is a challenge that is really testing my engineering and manufacturing background!

Certainly, online solutions and e-commerce considerations are more important now than ever before. As a result, we are investing as much in software and web solutions as we are in machines and hardware. In

2019, we plan to launch the most modern online solutions in Poland in our industry.

Finally, great customer service, on-time performance, and great quality continue to be mission-critical.

**Do you experience any problems in Poland when it comes to growing your business?**

This answer has two parts. First, scaling our business is quite challenging. We are the largest of what we do in Poland, and one of the key players in Europe, so there are not too many comparable players in Europe that are doing what we do on a larger scale. It is a classic problem that all entrepreneurs and businesses face the challenges of scaling—from five employees to 20, 20 to 50 and so on. But we are really being tested these days as the business grows to new levels. The systems and procedures that worked fine 2-3 years ago, simply are not good enough today. So we need to constantly re-invent ourselves, tweak our processes, and re-design systems.

Another challenge that we are facing is one we have never met before in 25 years: the lack of employees at all levels, but in particular production staff. Low employment in Kraków and the Małopolska region in general has dropped so low that the combined effect of staff shortages and rising wages hit us harder than we expected.

We are dealing with this by, first, sticking to our core value of making Lynka a great place to work, and therefore reducing turnover and, second, getting creative in our recruitment. We work with older employees than in the past; we have increasing numbers of immigrants, including Ukrainians, and we have organized our HR and recruitment functions differently.

From my business associations with other leaders and entrepreneurs, I realize that everyone in Poland is suffering from the same challenges, which is comforting, but does not take away from the fact that we need to solve this problem to survive in the long term.

**Do you cooperate with universities and other higher education institutions in Kraków in the search for new talent? Do you run internship programs?**

A part of our HR initiatives I men-

tioned above is exactly what you mentioned here. Moreover, we are starting earlier, developing relationships with Polish high schools and vocational schools to build relations with younger Poles even before they launch their careers. As for internships, we have run them for almost 20 years.

**What are the company's plans for 2018 and beyond?**

My vision has always been to make Lynka a leader on the European market. While we are certainly considered a serious player today, there is still a lot of room for growth and improvement. I think the developments in our e-commerce strategy will be a critical part of catapulting us into the leadership position I have envisioned since the beginning.

I am still convinced that Poland is the perfect place to be to achieve these dreams.

*My vision has always been to make Lynka a leader on the European market. While we are certainly considered a serious player today, there is still a lot of room for growth and improvement. I am still convinced that Poland is the perfect place to be to achieve these dreams.*

## Company Profile *Assessment Systems Group*

# THE SCIENCE OF BUSINESS LEADERSHIP

*AmCham.pl Quarterly* editor Tom Ćwiok talks with **Magdalena Giryn**, Managing Director of Assessment Systems Group in Poland, a strategic HR advisory, about what it can do to help business organizations boost the efficiency of their key managers.



**Suppose that I am a successful CEO and I am very confident that I will continue to lead my company from one success to another. Why would I need to seek your expertise?**

First, because it does not really matter what you think about yourself. What matters is what people whom you manage think about you. So you may think that you are the best leader that can be, but the question is whether the people share this view. If they don't trust you, you're in trouble.

**Suppose then that I have been successfully leading my company for the last 20 years. Doesn't that make me a great leader?**

Well, 20 years is not such a long period of time in business and the economy. Many businesses in

Poland have been successful for the last 20 years not because of the leadership skills of their CEOs and managers but because they went into business at the right time. The Polish economy has been growing constantly for the last 25 years. So many companies have been profitable because they happened to tap into a market that has been growing. As a result, what glued such a company together was not the integrity of its leadership and management but the constant inflow of money generated by the growing market. But the economy goes in cycles and, sooner or later, there will be a recession. Then, in order to stay in business you may need to restructure your company, merge its departments and functions, idle some people and hire

new ones. What is more, you may even need to merge your company with a market competitor so both of you form one organization to survive the recession. And what Assessment Systems can do for you is to determine in a scientific way whether or not you have all that it takes to lead your company effectively through such a difficult time. What is more, if you have what it takes, we can assess what are the chances of you succeeding. So we really may help you. For over five years we have polled some 3,500 top managers working in medium-sized and big Polish and international companies in Poland, and one of the conclusions of the research is that people are promoted to top managerial positions for the wrong reasons. Because of that, some 70 percent of them fail to achieve success.

**What are the wrong reasons?**

Some people work hard not for their companies but to promote themselves within their organizations. They create the false impression that they have high leadership abilities and competencies. They do not but they know perfectly well how to hide that. Plus, there are such personality traits that often thwart positive personal qualities in leadership-critical situations. For instance, if you think you are such a great leader, as you said, you may have a tendency to underestimate

the abilities of other employees and, especially in some crisis situations, you may be too authoritative when dealing with your staff. With this you may be effectively killing your people's potential to offer creative input in solving the company's problems when you need that the most. I do not know if it is true in your case, but I can find it out using our methodology.

**So, from the point of view of effective leadership in business, there are good and bad personality traits in everyone.**

Those traits that may have a negative impact on your leadership potential are the so-called dark side of the human personality. Those are such traits as self interest, self importance, inflated ego, and others that you do not want other people to see. Every normal person has them and it is ok to have such personality traits developed to a certain extent. But some individuals have them so strongly that they overshadow those personality traits that give them a leadership potential. Both, the dark side of human personality as well as its leadership-positive sides are broad areas and we can identify and measure them in individuals and help improve on their weak points so they become effective leaders.

**How can you do that?**

We use a personality assessment

methodology called the Hogan Personality Inventory. It was developed in 1980 by psychologist Dr. Robert Hogan. The method was the first psychometric personality assessment specifically designed to predict business success. Today, the 206-item assessment is used by 70 percent of the Fortune 500 companies and is available in 56 countries and 47 languages. So far the personalities of over 5.5 million people have been assessed with this tool as of their potential to be successful business leaders.

The methodology has been critically acclaimed many times. Recently, it was test-reviewed by the British Psychological Society and awarded perfect four-star ratings in a number of categories. This confirmed that the Hogan Personality Inventory is the flagship assessment that describes a normal personality in business, and consequently is pivotal to identifying personalities with a lot of potential to succeed in business.

But this critical acclaim came as no surprise to us. Earlier this year Dr. Hogan received multiple nominations in a poll conducted by Adrian Furnham, Professor of Psychology at University College London and the Norwegian Business School, who asked 101 renowned psychologists to nominate the person they consider the "Greatest Living Psychologist." Dr. Hogan was one of 10 psychologists to receive multiple nominations for this distinction.

So we have a proven methodology, and that includes tools and algorithms with which we can find out what chances your personality gives you to succeed at effective business leadership.

**With 5.5 million people undergoing the Hogan personality assessment it seems it is fair to say that the Hogan methodology is very popular in the US...**

It is, indeed. It is science-based and reveals the true side of human personality measured against its potential to achieve success within an organization. We use it and this is why first we can identify the innermost values that motivate individuals. We know that if you have two people with two different value systems who have to work together as a team, the differences in what they

believe in will derail their collaborative efforts. We also know how to identify the dark side of the human personality, which is the character traits that individuals do not want to show but which drive them nevertheless. So, if you are a person who, when under stress, say, tends to attribute your own errors and mistakes to others, you are not going to be an asset to your organization as a manager. We identify those personality traits and put them against a matrix of optimal personality traits that we have developed over the years.

#### **What are they?**

For many decades we have followed companies which have been successful over the long term. We measured the personality traits of their CEOs and other top managers. So, once we identified their personality traits we created an optimal model of the perfect business leader. And I can tell you that perfect business leaders are not those who are the most audacious about their managerial skills and leadership qualities. Quite to the contrary, those are the individuals who can best align their personalities with the rest of the company. We call it humble leadership. It is the most efficient from the perspective of the value that individuals can create for their organizations.

#### **When did Hogan Assessment Systems expand to Europe?**

Hogan Assessment Systems was originally developed in the US in 1987. At that time Dr. Hogan was Chair of the Department of Psychology at The University of Tulsa. There, he met Rostislav Benák, who was one of his doctorate students. They collaborated extensively on a number of research projects and when Benák went back to the Czech Republic he began his work as an independent consultant in strategic HR. Seeing the commercial potential of the Hogan methodology, he established Assessment Systems in Prague in 2001. The company licensed the Hogan Assessment System methodology and grew organically by helping clients working in different processes that take place in organizations, such as the assessment of prospective employees, creating competition models

for positions in the organization; drawing efficient team work dynamics and team coaching, individual coaching based on the dark side of the human personality and other personal development schemes based on psychometrics. In a few years Assessment Systems expanded to Hungary, Russia, Serbia, Croatia, Romania, Germany, and four years ago, Poland. We have local clients but the main reason why we had to expand into Poland was that some companies who use our services are active in Poland and we had to follow them into this market.

#### **How important is the Polish market to your company?**

It is a very developed market for HR services. The big four strategic business advisories are present here as well as many independent companies and consultants. The market has huge growth potential. It is so, because although the Polish economy has been growing steadily for decades there are many challenges for businesses other than those stemming from changing economic cycles. For instance, companies in Poland tend to increase their workers' efficiency because they face shortages in available talent that they can hire. It is a great opportunity for us because we help organizations identify people with high leadership potential who can bring value to their companies.

#### **I wonder what your plans for 2019 and beyond are...**

Companies today are facing critical transformation in which digitization

and automation change the world of employment. This is why they look for innovative solutions to recruit and sustain the most talented people. Modern and creative recruitment and the processes of candidate selection are the key to the success for any company. Our goal is to make the Hogan Method and its recruitment tools the natural first choice for HR departments with which to select the candidates because the tools allow for the verification of their technical competencies as well as check whether given candidates can take the challenge and be successful in the organization. Our mission is to create highest quality teams which can achieve spectacular successes and take Polish companies to the next level.

*Our goal is to make the Hogan Method and its recruitment tools the natural first choice for HR departments the country over with which to select the candidates, because the tools allow for the verification of their technical competencies as well as check whether given candidates can take the challenge and be successful in the organization.*

## Company Profile Łódź Special Economic Zone

# REACHING THE NEXT LEVEL

*AmCham.pl Quarterly* editor Tom Ćwiok talks with **Marek Michalik**, President of the Łódź Special Economic Zone, about how it is evolving to the changing market to best suit the needs of investors.



**The Łódź Special Economic Zone is one of the largest zones in Poland, with some of the biggest investors in Poland. What, according to you, attracts those companies to that particular special economic zone?** Investors look for an optimal business environment to grow their business in. The final decision to invest in the Łódź Special Economic Zone is often made based on a very specific criteria that we meet. One of the advantages of our business ecosystem that many investors find crucial is our localization in the center of the country and the high level of infrastructure development. Highways and express roads cross our region connecting it perfectly with all the areas of Poland and let investors optimize their logistic processes. Additionally, Łódź has an international airport with a dynamically growing cargo part. Our highly

developed transport infrastructure was appreciated by many global logistic companies, which opened their centers in our region. Another factor that attracts investors' attention, especially large corporations, is a favorable situation in our regional labor market. Łódź is a city of many universities and professional schools and the city has a relatively high unemployment rate. Therefore, the availability of skilled employees is usually not problematic for companies in the Łódź region.

**What services can investors obtain from the Łódź SEZ, and what services are particularly important to them?**

The support provided by the Łódź Special Economic Zone is twofold. First of all, there is a corporate tax relief, which is the main incentive

that was introduced with the launch of special economic zones in Poland. However, it is just one of the factors that attract investors' attention. We represent investors vis-a-vis the local government in order to make the investment process as smooth as possible. We also facilitate contacts with utilities providers and government bodies, most notably with the Ministry of Entrepreneurship and Technology. However, we know that it is not enough, so we keep up with new trends, offering more and more comprehensive business services. In our dynamically changing environment the demand for cutting-edge technology is always high. Therefore, we have created a solution that helps satisfy need for technology while also stimulating the growth of technology start-ups. The virtual reality mass event support system, developed in partnership with Ericsson and Legia Warsaw, and the smart diaper subscription tool, developed in partnership with Procter & Gamble, are products and

services that were accelerated through the program of business acceleration called Startup Spark. The Łódź Special Economic Zone provides start-ups with financial support, mentoring and opportunities to cooperate with large companies. Many of our projects that were carried out in partnership with corporations quickly entered the implementation and commercialization phase, and enriched our business environment with innovative products and services. These were products and services that utilized the Industry 4.0 solutions, including drones, advanced artificial intelligence, gamification, e-commerce and process improvement mechanisms. Start-ups will also support the development of 5G technology and take advantage of it. We make efforts to raise awareness in potential application of 5G in industry. But we also support human resources development in small and medium enterprises. One of the programs that aims to do this is called Strefa RozwoYou. It allows



entrepreneurs to save up to 80 percent of the cost of training courses that they are in need of. We do it thanks to our cooperation with universities and professional schools in the region. We do it in order to facilitate talent acquisition for our investors.

Finally, we own the Production-Warehousing Park which investors can use as a quick path to starting their investment projects. The concept of a production facility for lease, available now, combined with public aid, appeals to many investors.

**Talking about people, many companies in Poland, but also in the EU, have been complaining about problems when it comes to finding the right people. How can LSEZ help investors cope with that?**

When extending our offer of a professional and comprehensive service to both investors and the companies working with them we noted a need to address the challenges of the labor market. Investors, both big and small, look for people with knowledge of automation and robotics. Until now, such skills were only acquired through academic courses. The availability of talented employees is crucial for a modern economy whose driving force is innovation. Therefore, we have implemented a 2025 strategy, and through the new public aid legislation we resolved to create an educational facility. It will be called the School of Automation and Robotics and it will launch in September next year. The Łódź University of Technology be the location for lectures but practical classes will be carried out at potential employers' places.

**This year, the government changed the SEZ regulations, which resulted in Poland becoming one special economic zone. It means that investors can tap into incentives regardless of the location they plan to invest in. How does this effect the Łódź Special Economic Zone?**

The act on new investment support mechanism turned the entire country into a large special economic zone. It is a major breakthrough in public aid. Companies seeking investment support have to be inno-

vative and create high-quality jobs. It is worth mentioning that the criteria for obtaining public aid have been lowered for micro-companies and they comprise only 2 percent of what is required from big companies to obtain public aid. So if those criteria are met—and that includes, among others, certain financial commitments to developing R&D and cooperation with research centers, investors can choose any location in Poland and they will be awarded public aid. When it comes to our region, the Łódź Voivodship, investors have to meet five qualitative criteria. Also, the amount of public aid they will obtain depends on the rate of unemployment in the place they intend to invest.

**When it comes to investors from the US, who are investors from outside of the European Union, what particular requirements do they face and how can LSZ help them meet these requirements, and solve their problems?**

All investors have to meet the same criteria. We support the investment process at all its phases, and that applies also to investors from outside of the EU.

**US investment in Poland has evolved and now is in need of highly specialized professionals but also hi-tech infrastructure such as labs and R&D facilities. How you can help investors tap into the right infrastructure in Poland?**

Investors need technological solutions, for instance, in such areas as the Internet of Things and the Industry 4.0. In order to generate innovations in those areas we have to implement a program called 5G, which will offer investors access to a 5G internet network by 2020, while the rest of the country will get it only by 2025. Łódź is one of the cities in the pilot project of the 5G network. And the 5G will be a catalyst for new investments. As a result of its impact on connectivity, the competitiveness of our economy will improve. It is especially important for start-ups and SMEs, since it is an opportunity for them to create new, innovative services that will transform energy, automotive, healthcare, and many other industries, leading them into the era

of the Internet of Things.

Startups accelerated by the Łódź Special Economic Zone's program called Startup Spark also cooperate with companies in their efforts to develop and implement 5G technology. The first step is to raise awareness of 5G's potential. We are preparing a new business acceleration program specifically dedicated for the utilization of 5G. In the US, this technology is implemented by our partner in Startup Spark, Ericsson, in collaboration with Verizon.

**Poland continues to be perceived by the US business community as an attractive place for investment in both industrial and consumer segments. Recently, Poland has been listed as a developed economy on the FTSE Russel Index of the most developed countries in the world. How does that impact your strategy in attracting new investors?**

The fact that Poland has been included among the developed countries on FTSE Russell index is certainly a sign of appreciation of our economy and financial markets. I am certain that such a promotion will have a positive impact on foreign investors' decisions to locate there investments in our country. But seeing the development of the Polish economy we take steps to reach out more effectively to the US to attract more investment from that market. We make efforts to participate in trade missions to the US and work with institutions promoting cooperation between Polish and American business. Our joining AmCham Poland was a step in this direction.

*We take steps to reach out more effectively to the US to attract more investment from that market. Our joining AmCham Poland was a step in this direction.*

## Company Profile Baker McKenzie

# GLOBALLY YOURS

*AmCham.pl Quarterly* editor Tom Ćwiok talks with **Piotr Rawski**, Managing Partner at the Warsaw office of Baker McKenzie, about the company's philosophy of how to be at the top of its game.

**What can you tell us about the history of Baker McKenzie globally and in Poland?**

Our roots can be traced back to a shared taxi ride home for two successful lawyers in 1948. In that cab, Russell Baker and John McKenzie discovered they had a shared vision—the desire to create a global law firm of talented, local lawyers. At the beginning, in Chicago, the firm had four lawyers and a secretary, and a total of USD 75,000 in fees. Fast-forward 70 years and the firm now has offices in almost 80 worldwide locations, more than 6,000 fee earners worldwide and revenues of more than USD 2.9 billion.

The Baker McKenzie office in Warsaw was established in 1992 and since then we have advised clients on some of the most significant transactions in the country. Today

we have more than 100 lawyers and tax consultants on board, who help clients overcome the challenges of competing in the global economy.

**What are your fields of speciality?**

We solve complex legal problems across borders and practice areas. Much of the work that happens in Warsaw spans borders and involves advising on and coordinating complicated transactions. To do this effectively, we work closely with colleagues in our offices across the world. It's what makes us a truly global firm.

Our practice areas include Antitrust & Competition, Banking & Finance, Capital Markets, Compliance & Investigations, Dispute Resolution, Employment & Compensation, Environment & Climate Change, Information Technology & Communications, Intellectual Prop-

erty, International Commercial & Trade, Mergers & Acquisitions, Private Equity, Projects, Real Estate, Restructuring & Insolvency, Tax.

**As one of the largest law firms in the world, what can you say is the company's competitive edge over law firms with a similar geographical scope?**

We are different from other law firms in the way we think, work and behave. Global in our outlook from the beginning, for nine consecutive years we have been named the world's strongest law firm brand by Acritas, a legal market analyst, which underlined our dedication to being the best.

As a truly global firm, we have the world's largest M&A practice. Our 1,300 lawyers execute more cross-border transactions than any other law firm, gaining the experience and expertise which is so critical to helping clients mitigate risk and achieve their goals in industries such as healthcare, retail, industrials, insurance, food and beverages, and technology. For more than a decade, we have been ranked number one for M&A in emerging markets by deal volume. Nearly every day we close a deal somewhere in the world, and the way we approach transactions demonstrates our experience.

**What are the company's corporate values and what personal qualities do you seek in people who apply for jobs at Baker McKenzie?**

We are proud to be the first truly global law firm. We believe a diverse workforce is a stronger workforce and is better placed to serve our clients and the communities in which we operate. We want individuals who can combine an impressive academic track record with excellent technical skills. However, personal qualities are also important to us, so we are interested exclusively in people who can bring clarity to complex situations, who are committed to excellence and are good problem solvers. We also want people who are comfortable working in diverse teams where friendship is valued.

**Businesses in Poland, but also more generally in the EU, strive to find**



**the right people to man their operations. Do you have special internship programs with universities and the academia to source the right talent for your company, or maybe the company's policy is more focused on acquiring independent law firms and individual professionals?**

We know the value of our talent in sustaining our success, so we are committed to offering the platform to nurture this talent. We cooperate closely with universities and other law schools in order to attract the best talent. We offer best-in-class traineeship opportunities for students and recent graduates. During these traineeships, we give them the very best technical and soft-skill training sessions, combined with mentor supervision delivered by our senior lawyers. To attract talented students, our local internship is bolstered by a three-day event in our Amsterdam office, giving students an opportunity to work in international teams on a pitch proposal for our clients and learn the skills of excellent pitching. Locally, in cooperation with the Leslaw Paga Foundation, we carry out different programs addressed to students and graduates. The main aim of this cooperation is to create a network of young and highly ambitious professionals.

At Baker McKenzie, we believe that the key to being a successful lawyer is to continually grow, both professionally and personally. To assist our people, we offer an extensive number of residential programs, ranging from the New Joiners' Course to de-

velopment centers for Partners. We also provide access to bespoke online learning options, and we pride ourselves in the leadership programs we run for our next generation leaders, including those for our female high potentials. This program is complemented by the Baker Women event, which is a part of the Diversity and Inclusion strategy addressed to female and male lawyers. Last year, we spoke about parity on the board and flexible working opportunities while sharing best practices with our clients.

**With the rapid growth of technology which changes the world of business the community of legal professionals has been perceived as "old-fashioned" and rather conservative. On the other hand, technology has had a big impact on the legal profession with legal services being delivered to clients across tech communication platforms.**

**How does your law firm utilize technologies to serve your clients?**

Innovation is critical to our clients' success, and they look for that same commitment to innovation in their law firms. For Baker McKenzie innovation is the central element of our strategy. Baker McKenzie is one of the founding sponsors of ReInvent Law—the first Legal Innovation Hub in Continental Europe, which opened its doors in April in Frankfurt. It is a hub for multidisciplinary collaboration, enabling cooperation between lawyers and corporate leaders as well as academics and representatives from non-profit organizations. It is a place for lawyers and digital experts to meet and communicate. In cooperation with legal tech startups and higher education institutes, members will develop innovative solutions for challenges in the digital world. New technologies and optimized work processes are a collaborative focus.

We also provide digital solutions for our clients, such as innovative apps that support them in everyday business. For example, in 2017 we launched the first of its kind Global Antitrust Dawn Raid App, a mobile application that, across 44 countries, provides clients experiencing a raid with real-time step-by-step guidance on their rights and obligations, as well as instant access to

Baker McKenzie antitrust lawyers. This app is a very tangible example of innovation in action, and it is leading the way in the legal industry in terms of its scope and user friendliness.

**All big law firms are present in Poland with a plethora of smaller law firms as well. What is driving the market for legal services in the country?**

Poland is one of the largest and fastest growing economies in the EU, and this is the main reason why Baker McKenzie should approach our country as one of the priority markets. Of course, we have had some structural changes on the market over the last 10 years, but it was our management duty to adjust our firm to our clients' needs. We have implemented a new delivery model, new solutions for clients and changes in the management of the organization. The combination of these activities has given us stable growth and good prospects for the future.

**Law firms face certain regulatory limits in Poland—for instance they can not advertise their services in the media. Are there any other obstacles for the legal professionals which stall the development of the market for legal services for business?**

This is the subject of a long debate in our environment. I think that there are fundamental rules in our profession: trust and the promise to deliver, and the key messages we share with the media during conferences, in proposals and in direct contact are based on these values. We show our knowledge through real business cases and the experience of our talented people, always bearing credibility in mind.

**As a top manager of Baker McKenzie in Poland I wonder what your personal ambition is regarding the impact of your management over the Polish operations of the company?**

There are three objectives for the next two years: the first is the development of people to make Baker McKenzie the best place for a career. The second is integration with our EMEA structures, which will result in closer cooperation between

BM offices. And last but not least, the third one is maintaining the status of "the law firm of choice" for our clients.

Our strategy is to attract, retain and develop the best talent while business changes at the same time. In order to increase connectivity between offices and practices, improve the development of skills and support our collaboration among international teams, we offer a vast package of mobility programs for our lawyers, giving them the opportunity to work in all offices of Baker McKenzie. To support the recruitment processes and meet the lawyers' development needs, we encourage lawyers to apply for graduate legal studies and summer school scholarships, which are undertaken in a college or university near one of our offices, and for which we offer a financial subsidy. Throughout the whole year, our lawyers participate in regional and global programs, such as Business Development Courses, EMEA Associates Courses and Practice Group Meetings, which are networking, business, and soft skills oriented.

*At Baker McKenzie, we are proud to be the first truly global law firm and we believe a diverse workforce is a stronger workforce and is better placed to serve our clients and the communities in which we operate.*

## EXPERT Financial reporting

# BRACE FOR IMPACT

## Will IFRS 16 surprise commercial real estate tenants?

In line with the current accounting standards, commercial real estate leases and operating leases do not have to be treated as long-term liabilities. They are very often held off-balance sheet or only partially disclosed as short-term liabilities. As a result, businesses, including the largest listed companies reporting in accordance with the International Financial Reporting Standards (IFRS), are required solely to include upcoming operating lease instalments and rental payments in their balance sheets. This, however, will change as of 1 January 2019.

### A NEW STANDARD

In January 2016, the International Accounting Standards Board adopted IFRS 16, changing, among other things, the rules for posting operating leases and related contracts which—in the Polish legal system—include both lease (*najem*) and tenancy (*dzierżawa*) agreements. In practice, the rules for posting finance and operating leases have been made uniform.

In light of the above balance sheets for reporting periods commencing after 1 January 2019 will have to disclose all the liabilities resulting from lease contracts, including operating leases and tenancy agreements, as long-term financial liabilities. This obligation will not apply solely to short-term leases of up to one year and low-value leases of up to EUR 5,000. These new regulations will certainly have a direct impact on the Polish commercial real estate leasing market with its liabilities estimated at EUR 8bn.

### IFRS 16 IMPACT

Although the new standard will not

shake the business fundamentals of companies, it will have an effect on their overall financial standing. According to the IFRS 16 guidelines, liabilities will include discounted future cash flows from lease agreements, while assets will disclose the value of the right to use premises throughout the lease term. Consequently, the debt to equity ratio will rise, sending a negative message to many investors, particularly to those market players who have, so far, not been fully aware of the actual costs and risks of operating leases.

Following the adoption of the new standard, net financial results of corporations will remain largely unchanged, but the actual difference will depend on the scale and degree of diversification of lease portfolios. However, with the lease term coming to an end, and falling interest costs, their financial results will gradually improve until they are actually higher than they would have been prior to the introduction of IFRS 16. With this, earnings before interest, taxes, depreciation and amortization (EBITDA) is likely to rise significantly due to the replacement of operating costs generated by rental payments with a combination of depreciation and interest. The positive EBITDA evolution will, however, be accompanied by a considerable increase in the net debt to EBITDA ratio, which shows a company's ability to pay back its debt with its operating profits.

Consequently, as a result of the new standard, real estate leases could be used to finance a company's operation, which for many businesses, particularly listed companies, could lead to increased cost of capital and reduced growth potential.



By **Bolesław Kołodziejczyk**,  
Head of Research &  
Advisory, Cresa Poland

In addition, the impact of the upcoming changes on companies will depend on a number of factors, including an interim model adopted during the initial phase. Businesses need to develop an optimum strategy towards adopting the new reporting standard.

The sectors that are likely to be most affected by the new standard include airlines, retail, tourism and transport. On the commercial real estate market, this impact will be most strongly felt by large retailers who lease considerable space and whose rental costs account for a major part of their operating costs. This impact will, however, be cushioned by turnover rent paid by some large tenants as such rent will be a cost only in a given reporting period. Leading multinational warehouse and office tenants will be affected in similar fashion.

### MARKET RESPONSE

Long-term leases will become less attractive to tenants who will have to disclose their entire lease term liabilities in balance sheets, and only then will they be allowed to apply depreciation. To avoid the risk of a lower credit rating and financing costs, tenants may attempt to steer clear of long-term leases and resort to the following strategies:

#### Real estate acquisition and construction of schemes for owner-occupation.

This solution does require major capital expenditures, but may prove less costly long term, depending, among others, on the company's weighted average cost of capital.

#### Conversion of long-term leases into short-term contracts with an option to renew.

Many affected tenants will attempt to renegotiate leases to turn their long-term liabilities into short-term liabilities and to secure an easy option to extend. Even if one-year leases are impossible, the average lease term will shorten. For in-

stance, a tenant who would sign a ten-year lease today, would be more willing to enter into a five-year lease having the right to renew the lease for another five years on the same terms and conditions.

**Setting up subsidiaries.** Subject to landlords' consent, tenants will set up separate companies which will lease real estate for long periods and sublease such real estate on a short-time basis to their parent company that will thus maintain its balance sheet sum at the current level. Settlements within a group of companies will disclose this, but with such a solution in place individual companies of the group will be able to demonstrate a much better financial performance.

### CONCLUSIONS

Landlords will have to adapt to the new market situation by broadening their range of services, or will occasionally have to lower rents or offer shorter lease terms. The market is also likely to see the emergence of independent firms serving as a bridge between tenants and landlords and delivering short-term lease services.

IFRS 16 will force the entire market to adapt to the new situation. Many tenants reporting according to the new standard will need to disclose higher interest costs in their income statements, leading to an unreasonable deterioration of their short-term financial ratios.

Sale-and-leaseback transactions will become much less attractive. The planned changes are likely to benefit developers and companies having owner-occupied properties. Lease agreements will, however, remain instrumental in satisfying business accommodation needs in Poland.

## EXPERT Incentives for investors

# INVEST AND ENJOY



By Dr. Michał Bernat,  
Legal and Tax advisor,  
Counsel at Dentons, Tax  
and State Aid Practices

## Poland becomes one big special economic zone

In 2017 the Polish government announced plans to do away with the old tax breaks available in the established Special Economic Zones (SEZ) system and set up a whole new program of fiscal investment incentives country-wide, referred to as the Polish Investment Zone (PIZ). The long-awaited PIZ regime was launched on September 5, 2018. The first PIZ decisions have already been awarded under the new laws and the applications for aid were processed efficiently, dispelling early fears of any teething problems.

### OLD AND NEW

The old SEZ system was set up on the basis that permits for income tax exemptions could only be issued to investments located within limited, government-ordained areas, which covered a tiny fraction of Poland. Moreover, as all these exemptions were going to expire anyway in 2026, they were not particularly attractive for investors planning new projects. The PIZ regime presents a bold new departure from the old system on two fronts. First, investors have far greater geographical flexibility than before. Now they can get PIZ decisions (with similar tax exemptions) for investments virtually anywhere in the country. Second, the time pressure is off, as there is no expiry date for tax exemptions under the PIZ regime but incentives are granted for periods of 10, 12 or 15 years, depending on the location. In broad terms, the more attractive the investment location is (as reflected by aid intensity), the shorter the PIZ exemption granted. For instance, in attractive areas with aid intensity of 25%, PIZ exemptions are given for 10 years, whereas in less developed areas with aid intensity of 50 percent, they will be valid for 15 years.

The principal fiscal mechanisms of the incentives remains the same. The value of the available PIZ tax exemption is calculated as a product of the discounted eligible investment expenditure, and of the respective aid intensity level as determined in the regional aid map agreed with the European Commission. That aid is available to the investor as a setoff against any potential income tax exposure during the period of validity of its PIZ decision. If the investor wants to follow up its original venture with new separate investments it can apply for additional PIZ decisions and aggregate the aid available under the subsequent decisions. The PIZ exemption is subject to similar incentive effect rules as those applicable under the old SEZ regulations. Various other state aid exclusions or limitations inherent in EU or national state aid law, likewise apply to PIZ decisions. The PIZ exemption as such does not require any state aid notification to the European Commission.

### REWARDING RISK...

The new PIZ system advocates a whole new and more ambitious approach towards applicants as major investment commitments are required for tax exemptions and range from PLN 200,000 to PLN 100 million, depending on the area, size of investor and type of project. The PIZ legislation links the minimum investment expenditure the investor must commit to with the level of unemployment in the region. The higher the local unemployment is, as compared with the national average, the lower the investment expenditures threshold for the investment. For instance, in areas where unemployment rate is above 250 percent of the national average, large in-

vestors need to spend PLN 10 million, whereas in areas with unemployment up to 60 percent of the national average they need to commit to at least PLN 100 million. Importantly, depending on the circumstances these thresholds can be slashed spectacularly. The initial values of the thresholds are lowered to 20 percent for mid-size enterprises, 5 percent for small enterprises, modern business services and R&D projects (as defined in the PIZ law) and 2 percent for micro-enterprises. A special rule applies in respect of ailing communities listed in the implementing regulations (and neighboring communities), where the investment threshold is PLN 10 million (also for large enterprises), subject to the reductions mentioned above.

### ... AND QUALITY

Second, investment thresholds aside, the quality of the project will also be assessed in terms of intrinsic nature and investment location. It is marked on a scale of 10 points, with the qualifying bar set at four to six points, depending on the location. Less attractive investment locations—as reflected by aid intensity—enjoy lower qualifying scores (for instance, in 25-percent aid intensity areas, at least six points are required, whereas in 50-percent areas four points would be sufficient). Points are awarded for such features as investment in listed preferred industries, R&D activities, foreign sales ratio, being part of a key national cluster, setting up a modern business services center, SME status, high-quality or high-income jobs, low environmental footprint, listed ailing communities and neighboring cities, a high local unemployment rate, education and training of staff and in-kind benefits to employees. The PIZ regime is clearly aimed at delivering better targeted incentives for genuinely innovative investments with high added value and marked regional impact, possibly with an R&D element. Moreover, the new system seeks to distribute investment into underdeveloped areas instead of such locations as Wrocław, Katowice, Kraków and the

Tricity.

Furthermore, while the old SEZ aid rules factored in large regions as blocks, the PIZ regime better accommodates divergences between areas or even between districts within one region, as conditions of aid differ greatly within a region as do local levels of development and employment. In addition, the new regime expressly seeks to facilitate investment by SMEs. Large corporations are far from left out though, as the PIZ program remains hugely attractive to them as well, but the incentive system now tags on additional conditions and requirements.

### MORE FLEXIBILITY

The PIZ legislation features some groundbreaking rules not seen before. In particular, the awarding of PIZ decisions may be temporarily suspended by the government out of budgetary concerns. Moreover, the tax authorities can revoke the tax exemption retroactively further to allegations of abuse of PIZ benefits, or alleged abuse of tax law in areas outside of the PIZ tax exemption. Investors should bear in mind that they might be able to aggregate the PIZ tax exemption with the R&D tax relief, a separate tax incentive introduced in 2016 and boosted considerably in 2018. In addition, the government has started legislating for what is called the Innovation Box, a new, additional R&D-related tax incentive, expected to take effect in January 2019. Other fiscal instruments should also be on the investors' checklist, such as tax depreciation of R&D works and special tax benefits supporting employment of creative workers, as well as government investment cash grants, R&D-related EU cash grants and real estate tax exemptions. Summing up, Poland is putting in place a vast, comprehensive and largely coherent system of incentives for investment, business and research and development activities. Interesting times for FDI in Poland are indeed ahead.

## EXPERT Competition law

# BEYOND STRICTLY CONFIDENTIAL

## Protection of trade secrets revisited

On September 4 far reaching changes were implemented to the Act on Combating Unfair Competition (*Ustawa o zwalczaniu nieuczciwej konkurencji*) aimed at enhancing trade secret protection but at the same time calling all companies which deal with trade secrets to take steps to protect their trade secrets effectively. Everybody that runs a business and for whom trade secret protection is an issue will need to adapt to new regulations and demonstrate compliance in case of any court dispute over trade secrets.

### WHAT IS PROTECTED?

Trade secret is a technical, technological, trade, organizational, or other undisclosed information with commercial value which is not publicly known or easily accessible, and such that the company has taken steps to keep confidential. These steps are factual or legal actions aimed at the protection of trade secrets which are taken diligently and reasonably depending on the type of trade secret, its scope and form in which it is stored. It should be noted that any company which claims its trade secrets have been violated, will need to demonstrate compliance and diligent acts aimed at the protection of its secrets.

### REASONABLE ACTIONS

In practice, steps needed to be taken to demonstrate the protec-

tion of trade secrets heavily depend on the type of protected secret however the most crucial relate to the following points:

- make sure you have all relevant and precise trade secret protection clauses in contracts and agreements;
- have an internal document that you are compliant with trade secret protection based on Act on Combating Unfair Competition;
- communicate trade secret protection to people in your organization;
- implement rules aimed at controlling what is disclosed outside the company;
- implement policies regarding use of company devices and restrict access to trade secrets to people who really need to have such access;
- run systematic training on trade secret protection.

Note that it is very important that people in the organization know what kind or type of information constitutes a trade secret. Make sure that all your employees or contractors and others are aware of company trade secrets from the first day they join your business. Create reporting lines for all incidents relating to trade secrets violations.

### WHAT VIOLATION?

Based on recent changes to the Act on Combating Unfair Competition, disclosure, use, or obtaining a third party information which constitutes a trade secret is an act of unfair



By **Szymon Sakowski**,  
*Advocate*, and **Piotr Falarz**,  
*Advocate, DLA Piper*

competition. Disclosure and use of trade secrets, forbidden already in the previous versions of the Act on Combating Unfair Competition, constitutes an act of unfair competition particularly when it has been done without permission of the entitled person and violates the obligation of confidentiality. Also, disclosure or use of trade secrets obtained in an unfair way constitutes an act of unfair competition. It is worth highlighting that the person who will disclose, use or obtain trade secrets that were earlier disclosed or used in the unfair manner, will also commit an act of unfair competition. In other words, benefiting from the trade secrets being disclosed or used with violation of the Act on Combating Unfair Competition constitutes a separate violation of the law.

### NEW QUALITY

Obtaining trade secrets as an act of unfair competition is new to the Act. In the previous version, the Polish law forbid only the acquisition of a trade secret from the person who was entitled to possess it. Now, the scope of forbidden activity is much wider. Pursuant to the Act on Combating Unfair Competition, obtaining a trade secret is considered as an act of unfair competition when it occurs without the permission of the entitled person and by unauthorized access, appropriation, copying of documents, objects, materials, substances, or electronic files. Moreover, the above-mentioned subjects do not have to contain itself the information being a trade secret as it might only be deduced from its content.

### EXEMPTIONS

However, the Act on Combating Unfair Competition stipulates exemptions from the forbidden acts of disclosure, use or obtaining. Accordingly, obtaining trade secrets does not constitute an act of unfair competition when it is a result of independent invention, creation, or

observation, examination, deconstruction, or testing of commonly accessible or lawfully acquired objects.

Furthermore, the Act on Combating Unfair Competition provides the general provision which aims to protect whistle-blowers against allegations of committing an unfair competition act. This clause states that disclosure, use or obtaining is not an act of unfair competition when it is made in order to protect reasonable interest protected by law, as usage the right to free speech or disclosure of infringements to protect the public interest.

### NECESSARY STEPS

Each business organization is different and needs tailored internal regulations to protect its trade secrets in the most effective way, especially after the recent amendment of the Act on Combating Unfair Competition. However, in order to fully benefit from the statutory protection of trade secrets and not to be mistakenly accused of violating trade secrets of a third party, we recommend in particular:

- obtaining trade secret waivers from newly acquired employees or contractors;
- getting rid of all time limits on trade secret protection from agreements;
- marking confidential information and documents;
- setting up the internal rules of trade secret protection;
- updating and using NDA agreements on a regular basis;
- updating referrals to the Act on Combating Unfair Competition, if necessary.

The above are examples of important steps to be taken in order to protect trade secrets under the new law. But it must be noted that every company needs solutions adjusted to its unique character to mitigate all the risks involved.

## EXPERT Tax law

# CATCHING UP WITH REALITY

## Lawmakers struggle to embrace the market of virtual money

There are many instances when legislators fail to keep abreast of new products which exist in the virtual world. One such example is that of cryptocurrencies and their many variations. Polish law does not address cryptocurrencies in any way. The Personal Income Tax Act, in particular, contains no definition of cryptocurrencies. And although a message on a website is not a source of law—even if it is the website of the Ministry of Finance—the average owner of cryptocurrencies is forced to rely on this when settling tax liabilities for trading in cryptocurrencies. The message does state a legal basis and there is absolutely no point in denying its helpfulness. What can be learned from this is that income from the sale or exchange of cryptocurrencies is subject to personal income tax, according to general rules, i.e. cryptocurrencies are classified as property rights and their sale or exchange is taxed under general rules according to the tax scale, while those included in a source of non-agricultural business activity are combined with other income from this source and taxed as such income (potentially at a flat rate).

### NEW LEGISLATION IN THE MAKING

Work is now underway on amendments to the Personal Income Tax

Act and the Corporate Income Tax Act, which is the legislature's first reaction to the tax-law perspective on the dynamic development of the market of virtual currencies. By the time the article went to print the latest version of this draft was dated August 24, 2018. The draft refers to the definition of a virtual currency in the Act on Counteracting Money Laundering and Financing of Terrorism of March 1, 2018. Under that definition, a virtual currency is a digital representation of value that is not:

- a legal tender issued by the National Bank of Poland, foreign central banks or other public administrative authorities;
- an international settlement unit established by an international organization and accepted by countries belonging to or cooperating with the organization;
- electronic money within the meaning of the Payment Services Act of August 19, 2011;
- a financial instrument within the meaning of the Act on Trading in Financial Instruments of July 29, 2005;
- a promissory note or check;

and is exchangeable in the course of trade for legal means of payment and accepted as a medium of exchange, and may also be electronically stored or transferred or may be subject to electronic commerce.



By Anna Derdak, Head of Tax at Wierzbowski Eversheds Sutherland

The justification of the draft shows that the definition includes both cryptocurrencies and centralized virtual currencies.

### POTENTIAL CONSEQUENCES

Income derived from trading in virtual currencies is to be classified as income from financial capital (for personal income tax) or capital gains (for corporate income tax) and will not be combined with other revenues of this type, so income and costs will be settled within these sources.

These sources are not to include revenues of entities conducting business activity in the field of, for example, exchange of virtual currencies, such as entities operating a virtual *bureaux de change*.

Taxable income will include revenues from the sale of virtual currency on the stock exchange, at a bureau de change, or on the free market, i.e. revenues from the exchange of virtual currency into fiduciary currency. Payment with virtual currency for goods, services or a property right (which is not a virtual currency itself), and settlement of other liabilities with virtual currency, is to be treated the same as the sale of virtual currency. Importantly, an exchange between virtual currencies is to remain neutral from the income-tax perspective. Acceptance of payment by a business for goods or services in the form of virtual currency will be treated as two contracts.

In terms of obtaining virtual currencies, the draft provides for the assignment to certain sources of income depending on whether the entity obtains virtual currencies on its own account, or on someone else's account. In the first case, income from financial capital (capital gains) arises at the time of sale/payment for the goods or services. In the second case, the remuneration for a mining service paid in virtual currency will be assigned to the source of the recipient's employ-

ment contract or contract of mandate, but the subsequent sale of such currencies/payment with them will be assigned to the source of financial capital (capital gains).

### MORE COMPLEX SOLUTIONS

There are instances when some sponsors provide for pre-orders for a certain number of digital tokens to be distributed in the future. In this model, the participant usually pays a fixed amount (in fiduciary or virtual currency) for the right to receive a certain number of tokens when the issue takes place and the tokens are actually distributed. This solution structures this as a kind of forward transaction. If it is respected by the tax authorities, then issuing tokens should not be recognized as a tax event, and tax on the sale should be deferred until the tokens are delivered to the participant. However, we cannot exclude the contrary standpoint of the tax authorities and taxation upon receipt. At the moment we cannot be sure, whether this situation would be covered by new regulations.

### NOTHING IS FOR CERTAIN

A comparison of the current and proposed legal status leads to the conclusion that the tax consequences of trading in cryptocurrencies are to change. It is not certain that the draft will come into force in its current form, so it is causing uncertainty among investors in cryptocurrencies. In addition, the proposed regulation does not cover all aspects related to the trading of virtual currencies, so it is possible that participants in this turnover will again be forced to follow the Ministry of Finance website while waiting for further announcements.

## EXPERT Tax law

# A NEW SOCIAL CONTRIBUTION



By **Paweł Podsiedlik**,  
Director at Tax Advisory  
Department at KPMG in  
Poland, Kraków office.

## The “solidarity” tax is in the making

The draft of the act introducing the so-called “solidarity contribution” was announced in July this year. The goal of the new tax is to redistribute a part of the income of the highest earners, that is those with over PLN 1 million per year, to persons with disabilities. As for its structure, the contribution was introduced as a new part of personal income tax.

### SOME SPECIFICS

The uniqueness of this contribution lies in the fact that it is imposed on a taxpayer if the total annual income from various sources exceeds PLN 1 million. Consequently, in order to determine whether this contribution is due, taxpayers will be required to aggregate their income taxed according to a progressive tax scale (eg. employment, management contracts, freelance and specific work contract, or individual enterprise/sole proprietorship taxed according to the progressive tax scale), income subject to flat tax (individual enterprise/sole proprietorship, if it is subject to the flat tax) and capital income (also subject to the 19 percent PIT). The new tax, however, will not affect the interest, capital and dividend gains when the tax is remitted by the payer of income. The former solution raises an obvious question about the goal the authors had in mind when they excluded this type of income from a solidarity tax. The resulting taxation asymmetry can in fact lead to

some effects unexpected both for the legislator and taxpayers.

### BUY-BACK TRANSACTIONS

The first issue worth considering is the taxation of dividend-type income. The regulations in this area have evolved over the past few years, so currently, for example, certain forms of redemption of shares are taxed using the same terms as dividend. Thus, the obvious question is whether any unexpected paradoxes involving stock market buy-back transactions will occur, where, depending on the form of share redemption, we will face taxation following rules less favorable for the taxpayers—either just the 19 percent PIT, or the 19 percent PIT and an additional 4 percent solidarity tax on income exceeding PLN 1 million.

### RESIDENTS AND NON-RESIDENTS

An issue separate from the scope of income subject to the solidarity contribution, is whether the contribution affects only Polish tax residents or also non-residents who obtain income in Poland. There is no doubt that taxation of non-residents is subject to restrictions resulting from existing double tax treaties. Let us consider the following example: there are two people, A and B. A is a Polish tax resident, B is not. Additionally, we assume that a treaty on the avoidance of double

taxation between Poland and the country of residence of B has been concluded. In our example, both people obtain exactly the same income in Poland, for work performed in this country, PLN 600,000. They also both have an additional income due to shares and securities trade, amounting to PLN 600,000 PLN each. In both cases, their total income earned in Poland is PLN 1.2 million. The structure of the solidarity tax for the Polish resident means that A will have to bear an additional 4% tax on the amount that exceeds 1 million. The income of B should not be subject to this tax, as only income from work performed in Poland is taxed in Poland. Trading in securities by non-residents, on the other hand, should not be taxed in Poland.

### SOLIDARITY TAX AND FLAT TAX

The subject of the solidarity contribution will also undoubtedly focus the attention of individual entrepreneurs who are used to taxing their income with a flat tax. In their case, revenues up to PLN 1 million will be subject to the flat tax rate. The issue is not as abstract as it seems at first glance. The flat income tax applies not only to sole proprietorships, but also to partnerships (such as public or limited partnerships), which often take the form of large, sometimes very large, high income enterprises. The question is whether this situation shall result in some instability, stemming from the fact that companies will pay only 19 percent CIT rate, and not 19 percent

PIT plus the additional 4 percent for income exceeding PLN 1 million. It is difficult to decide whether this was indeed the legislator's intention. That said, we shall wait for the next drafts of the bill, because one should take into account that its content should evolve in the course of parliamentary proceedings.

*The uniqueness of the "solidarity" tax lies in the fact that it is imposed on a taxpayer if the total annual income from various sources exceeds PLN 1 million.*



## EXPERT Tax law

# NO EASY WAY OUT

## A new tax on moving assets abroad will soon become reality

The Polish government plans to introduce a new tax on unrealized gains, currently labelled "exit tax", on companies and wealthy individuals who move assets or production abroad or change their residence. According to the draft, the new tax will apply from 1 January 2019. However, the regulations still need to go through the legislative process in the Parliament to become law.

### OVERVIEW

The necessity to introduce exit taxation to the Polish tax law results from the EU's 2016/1164 The Anti-Tax Avoidance Directive (ATAD), which needs to be implemented in this respect by the end of 2019. The Directive intends to prevent tax avoidance by moving assets abroad, seeking to ensure that tax is paid where profits and value are generated.

The directive concerns mainly such taxpayers, who are subject to the Corporate Income Tax (CIT), i.e. companies, while the scope of Polish rules of exit taxation is wider than the scope required by the directive and will apply to both corporates and individuals who are Polish tax residents. That means that also the taxpayers who are subject to the Personal Income Tax (PIT) in Poland may be obliged to pay exit tax, if certain conditions are met. What is important, Polish tax residents include not only Polish citizens, but also foreigners who transferred their center of personal or economic interests to Poland, or their stay in Poland exceeded 183

days in the calendar year.

The rates of the exit tax will be 19 percent for companies and individuals or 3 percent in special cases only for individuals.

### KEY ASSUMPTIONS

According to the new regulations, exit taxation will apply in case of any change to tax residency, or any asset movement from Poland to another country, which results in the loss of Polish right to tax any potential capital gains.

Movements of assets between head office and permanent establishments may also trigger exit taxation.

It should be pointed out that individuals who have a place of residence in Poland are subject to Polish taxation on their worldwide income irrespective of where the income is generated. Therefore, assets like shares, bonds or other securities, even those obtained outside of Poland, may be also subject to Polish exit tax. It needs to be stressed that the exit tax may be applied only if such transfer/change of residence leads to the loss of the right of taxation by Poland. For example, the change of tax residency effects the loss of Poland's rights to tax gains, which would be realized and declared in Poland, if the transfer did not take place.

The tax basis will be the taxpayer's hypothetical gain calculated as the difference between the market value of the transferred assets, at the time of exit of the assets/change of residence and



By **Grzegorz Ogórek**, Lawyer, Senior Manager in Tax Department, PwC, and **Eliza Wójcik**, Lawyer, Senior Consultant in Tax Department, PwC.

their value for tax purposes e.g. the non-amortized cost of the acquisition of assets.

### THE RATES

In principle, the exit tax rate will be 19 percent. However, when the tax value of the transferred asset is not determined the tax rate will be 3 percent. This lower tax rate will be available only for individuals, not for companies. The tax according to the 3 percent tax rate will be calculated on the market value of the asset.

In the case of assets unrelated to business activity, the exit tax will apply only to shares, stocks and securities as well as all the rights and obligations of partnerships, provided that the owner of the asset has been domiciled in Poland for at least five years.

Importantly, the provisions of the exit tax law will apply only to individuals who move their assets abroad with a value exceeding PLN 4 million.

If a taxpayer comes back to Poland within five years, he/she can claim for refund of exit tax paid to the Polish tax office.

A taxpayer shall be given the right to defer the payment of exit tax by paying it in instalments over five years if the tax residence is transferred to another Member State of EU or an EEA country. In case of transfer of a tax residency to a third country, for example to the United States, this right expires.

### THE RISKS

From the perspective of personal income taxation in Poland, the new regulations will particularly affect wealthy individuals who decide to move their economic activity or change their residence to another country.

The drafted law is likely to create a new tax obligation for Polish tax residents, who move along with their families to perform work on the territory of other country. In most cases, they lose their tax resi-

dency in Poland, becoming tax residents of another country. In such cases, they need to pay exit tax in Poland from the value of assets, which they have when they move abroad. This tax does not exclude the possibility of taxation of such assets abroad.

But the regulation also affects expatriates, who come to Poland to perform work. If an expatriate spent at least five years in Poland, when leaving the country he/she may pay exit tax from the value of the whole assets in possession, including assets acquired before coming to Poland. For example, if an expatriate owns shares worth EUR 1 million acquired before arrival in Poland, and after five years of residence in Poland this person decides to go back to his/her home country, then the person needs to pay the exit tax at 19 percent from the hypothetical capital gains resulting from these shares, despite the fact that this gain is not generated in Poland.

### SOME QUESTIONS

Unfortunately for taxpayers, there is no clear guidance on how to avoid double taxation. According to the draft of the exit tax law, the amount of tax paid abroad can be deducted from the amount of Polish exit tax only if the tax paid abroad has an equivalent nature of the Polish exit tax.

It is important to verify the provisions of the appropriate Double Tax Treaty, with respect to the right of taxation by a given country and avoidance of double taxation. Some of Double Tax Treaties address the exit tax issues.

As the introduction of exit tax is inevitable, considering the assignment to another country or permanent transfer from Poland, as well as some investments connected with the foreign expansion, it may be necessary to analyze possible tax consequences of such actions.

**EXPERT** Labor law**EYE IN THE SKY****Employee surveillance under the Labor Code**

Until May 25, 2018, there was no express regulation governing employee surveillance in the Polish Labor Code. That was why debate swirled over the possibilities. How far can an employer go? Where is the boundary between the good of the workplace and employees' right to privacy? What to do with advancing technologies for observing employees? Now that Poland's Personal Data Protection Act has been brought into line with the EU's General Data Protection Regulation (2016/679, known as GDPR), the concept of monitoring has been addressed formally in the Labor Code and employers must adjust their internal regulations and practices to make them applicable to the new regulations.

**A NEW PERSPECTIVE**

The concept of monitoring was to be introduced into the Labor Code along with other regulations governing personal data in employment under the Act Amending Certain Acts to Ensure Application of Regulation 2016/679 (not yet in force at the time of writing). But at the last minute Art. 111 was added to the new Personal Data Protection Act (which has been in force from May 25, 2018) and it included provisions to the Labor Code regulating employee monitoring (new Art. 222 and 223). This is a key change, as previously the Polish employment regulations did not address this form of employee control at all, and the practice in this area had to rely on

case law and interpretation by the authorities. The provisions also impose a range of duties on employers, with non-compliance punishable by both the State Labor Inspectorate and the Personal Data Protection Office and also exposes employers to individual claims by employees.

**FLY ON THE WALL**

The new regulations devote the greatest space to visual monitoring, meaning the employer's gathering and recording of images of employees. The parliament confirmed the employer's right to install cameras at the workplace, but only for specific purposes defined in the code. Cameras are justified if this form of supervision is essential to ensure employee safety, protect property, monitor production, or maintain the confidentiality of information that could expose the employer to a loss if disclosed. Thus, as a rule, visual surveillance should not be used to monitor the work performed by employees.

Generally, monitoring is not permitted in restrooms, cloakrooms, cafeterias, smoking areas, and space provided to labor unions. In such areas, monitoring may be used in exceptional circumstances, while ensuring the adequate protection of employees' personal interests and the independence of the labor unions. However, the latest proposed amendment would entirely ban visual monitoring in areas set aside for union activity, to ensure unions are free to carry out their

functions and protect employees' rights.

Under the new regulations, any recordings which result from a monitoring process can be stored for a maximum of three months, unless specific recordings are to be used as evidence in legal proceedings. After that period, the employer must destroy all recordings unless required by other regulations to store it for a longer time.

Guidelines on visual monitoring issued by the Personal Data Protection Office and published on its website may be helpful. These employers will find an interpretation of the new regulations by the office, FAQ, and clarifications concerning, for example, the ban on installing decoy cameras or using hidden monitoring.

**YOU HAVE E-MAIL**

Another form of surveillance directly addressed in the new regulations is the monitoring of email. Monitoring of an employee's work email account is permissible if necessary to ensure that employees use working time effectively and also that they properly use their equipment. However, such monitoring must not infringe the confidentiality of correspondence, the right to privacy, and other personal interests of the employee.

Thus the employer must not monitor the content of an employee's private emails, even if sent from a work email account and the internal rules prohibit private use of company equipment. The justification for the regulations states that when the boss stumbles upon an employee's private correspondence, the employer "must not read all of it." This is highly imprecise, but it may be deduced that the aim was to avoid extreme situations where an employer is found to infringe an employee's right to privacy just from opening a correspondence, before the employer even realizes it is private. This issue remains controversial, however.



By **Marcin Szlasa-Rokicki**, Attorney-at-Law, Senior Associate, Łaszczuk & Partners

**TECHNOLOGY AND THE LAW**

There are many more innovative methods of monitoring employees, and as technology develops dynamically it is hard to capture all such methods in the regulations. Examples could include standards for monitoring internet use, messaging services on company devices, the monitoring of data flows and operations in computer operating systems, GPS in company cars, and also monitoring systems on end-user devices like smartphones and laptops. The lawmakers drafted only one sentence to refer to all currently existing forms of monitoring employees or their work devices. Thus, Labor Code Art. 223 §4 provides that the regulations indicated above should also apply as relevant to "other forms of monitoring" if their use is necessary to ensure organization of work enabling full use of working time and proper use of work equipment.

This indicates the possibility of applying various systems of employee surveillance. But in every case they must be devoted to aims identified in the Labor Code and must not exceed the scope of data that employers are permitted to process. In Poland this is a fixed list, and concerns only data directly related to employment. It is presently debatable whether employers can process other data even with the employee's consent, as it can be disputed whether such consent is truly voluntary in the so-called power dynamics that exist between employers and employees. Hopefully, this matter will be addressed in a future update of the code.

Thus, as a rule, the employer should not be able to continually observe employees, e.g. outside working hours and the location. A problem arises when employees mix private and professional lives, which happens more and more often in the contemporary working culture. It is enough to use a company car with GPS afterhours, or work on your

own laptop under a "bring-your-own-device" policy. This issue has also been addressed by the EU's Article 29 Data Protection Working Party (WP29), which in "Opinion 2/2017 on data processing at work" stated that when employees use a company phone or car for private purposes, they should be offered an opt-out from monitoring. This option should exist even when the employer uses a tracking system, for example, to protect against the theft of company property. Tracking systems should be designed so that the employee's personal data is not sent directly to the boss, but is accessible only when an incident is reported, such as a theft of the car or loss of the phone. WP29 stressed that a non-stop monitoring of devices must not be used as a broad program of employee surveillance.

## NOTIFY, INSTRUCT AND NOTIFY AGAIN

The new regulations stress the supervisor's duties to provide information to staff.

First, the employer must warn employees that it is introducing monitoring, using the notification method in place at the employer, and give at least two weeks' notice. Second, the employer must establish the aims, scope and manner of the surveillance in the collective labor agreement or work rules, or in a notice if the workplace is not covered by a collective labor agreement or required to adopt work rules (In Poland, employers with 50 or more have no option but adopt the work rules). With this provision, lawmakers have resolved an age-old dispute over whether workplace surveillance must be talked about with employee representatives as an aspect that could materially impact work organization or the employees' rights. There was no regulation expressly providing for such an obligation, but now surveillance issues must be included in the collective labor agreement or work rules, and thus the standard procedure for amending such documents must be followed, which requires consultation with the labor unions active at the workplace.

Third, the employer must provide information about the rules of oper-

ation governing the surveillance to employees in writing before admitting employees to work.

Fourth, the employer must specify where the monitored areas are using appropriate signs or voice announcements.

## LESSONS FROM STRASBOURG

A broad insight on the obligations may be gleaned from recent judgments of the European Court of Human Rights (ECHR) in Strasbourg, namely *Bărbulescu v. Romania* (application 61496/08, September 5, 2017) and *López Ribalda v. Spain* (application 1874/13, January 9, 2018). In the *Bărbulescu* case, the ECHR held that the state had not ensured the applicant had adequate protection of the right to respect for private life and correspondence (in that case, private messages on a company Yahoo Messenger account), accusing the Romanian courts of failing to examine properly whether the employee who was fired for private correspondence at work had been adequately informed of the possibility of monitoring of work email and the degree and type of monitoring.

The *López Ribalda* case involved the use of visual monitoring in a store and firing of cashiers for theft. In that case the ECHR found a failure to inform the employees of the introduction, aim and method of monitoring, as well as the lack of subject-matter or time restrictions on the recording.

Applying these judgments to the Polish reality and the new provisions of the Labor Code, businesses must remember that when using employee surveillance, they can do so only for the aims indicated in the law and to balance the interests of both sides of the employment relationship, including respect for the privacy, dignity and other personal interests of the employee. Employees must also be precisely informed of the aims, methods and scope of surveillance, in the form adopted at the workplace. The employer must also remember to update its internal regulations accordingly and particularly when it comes to the work rules.

*When resorting to employee surveillance, employers can do so only for the aims indicated in the law and to balance the interests of both sides of the employment relationship, including respect for the privacy of the employees, their dignity and their other personal interests.*

## EXPERT Offset law

# NEW MODEL ARMY

## New commitments for the participants in offset deals for the Polish armed forces

The modernization of Poland's armed forces has been debated for several years not only due to the amounts earmarked for purchases, totaling tens of billions of dollars, but also because of the manner in which the Polish government intends to carry out the purchases—through a new offset model. Offset-based purchases are commonly used worldwide because they allow for a technological integration between armament producers at home and other NATO manufacturing partners and also offer platforms for the exchange of competencies and knowhow. A resolution of the Council of Ministers adopted in May 2018 on the Detailed Directions of Armed Forces Technical Restructuring and Modernization for the Years 2017-2026, foresees a thorough modernization of virtually every type of armament, radiolocation combat equipment, ground forces and, also, the navy. The next step is for the Minister of National Defense to adopt the Armed Forces Development Program for the Years 2017-2026, with long-term detailed plans which include the Polish Armed Forces Technical Modernization Plan for the Years 2017-2026.

### IN LINE WITH NATO

At the same time, on September 18, the Council of Ministers adopted draft amendments to the Act on Armed Forces Technical Restructuring and Modernization extending the planning period from 10 to 15

years. Its amendments are now on the legislative docket. The 15-year period harmonizes with the NATO planning perspective. The 10-year period has proved insufficient in terms of purchase procedures for advanced armament technologies and systems.

Evidently, the detailed plans, including the Armed Forces Technical Modernization Plan, which will determine in greater detail the scope and, more importantly, the anticipated budget for particular tasks, is still under discussion by in the government. Moreover, as far as the change of the modernization perspective from 10 to 15 years is concerned, a question arises whether the currently determined programs will not be updated again in order to accommodate the longer perspective.

### THE NEW MODEL

The 2014 enactment of the revamped offset act arose from adjusting Polish law to Article 346(1)(b) of the Treaty on the Functioning of the European Union (EU) concerning the protection of the basic national security interests of Member States and the so-called Defense Directive constituting a part of the EU public procurement system. As a rule, EU regulations strive to adhere to such basic principles as competition in the internal market. This forces Member States to have transparent procurement procedures that are open to all when it come to the defense issues



By Peter Świącicki, Partner, and Igor Hanas, Of Counsel, Squire Patton Boggs

referred to in the Defense Directive. Nonetheless, there is an exception that allows them to be bypassed if “the protection of essential interests of security” comes into play. Consequently, the current offset act applies to purchasing products for strictly military use. The government unit that intends to commence a tender for the manufacture or trade in military equipment to which the exception applies, notifies the Ministry of National Defense. The Ministry prepares the principal terms of the offset offer that will apply to such a tender. As offsets are instruments that are contradictory to the fundamental principles of the European Union, a Member State must provide ample and detailed proof that offset is necessary for the purposes of protecting the state's basic national security interests (not economic interests). In case of doubts, the European Commission may request that the Member State provide explanations. Therefore, potential offset agreement partners ought to be aware of the fact that a decision by a Member State to use offset itself may lead to discussions with the European Commission. When imposing an offset agreement obligation Poland requires that foreign suppliers, as offset providers, license to the Polish offset receiver technology and knowhow. This is meant to maintain or establish a certain production, service and repair potential in Poland.

### PRINCIPLES TO KEEP IN MIND

The offset act incorporates several principles of importance for certain foreign suppliers, and their consequences may be long-term, as offset agreements may last as long as 10 years. First, if an offset provider enters into an agreement as part of a consortium with other entities, it will be jointly liable to the State Treasury for the performance of the entire agreement, not just its part thereof.

Second, offset providers ought to bear in mind that they assume strict liability for the fulfilment of their offset obligations. This means that the offset provider is liable for non-performance or undue performance regardless of whether it is at fault or not. The principle of strict liability applies if the offset commitments are fulfilled by a domestic offset provider. In the event of non-performance on the part of the domestic entity, strict liability is still assumed by the foreign supplier even if it is not at fault.

Third, the provision that in the event of non-performance, a contractual penalty—corresponding to the outstanding offset obligation—applies. Moreover, the State Treasury retains the right to pursue further claims, thus the damages may total beyond 100 percent of the contract value. This, given certain dynamic interpretation of, and amendments to, Polish law, typical of continental legal frameworks, takes on a new meaning, particularly if an offset agreement is concluded after 10 years. Offset agreements are not confidential when it comes to the parties, value, deadline and subject of supply, other than with respect to matters of State security. So, as modernization of the armed forces continues, it will be interesting to see how offsets are used to develop this sector.

## EXPERT Transportation services

# HAVE A NICE RIDE!

## Licensing will be required for intermediaries in transportation services

Major changes to the Road Transport Act are in the pipeline. The changes are intended to regulate the activities of such firms that act as go-betweens in passenger services, for instance those which provide mobile applications or computer software to both passengers and transport service providers.

Acting as a passenger service intermediary so far has not been subject to regulation, but this will change owing to amendments to the Road Transport Act of 6 September 2001. The bill amending the Road Transport Act and the Act on Drivers' Working Hours provides for a definition of a passenger transport intermediary service intended to cover a wide range of firms. A firm that acts as a passenger service intermediary is to be deemed to be any firm that forwards orders for passenger services and does the following by delivering or providing mobile applications, computer software, ICT systems or other means of transmission, and:

- Enters into transportation agreements on behalf of a customer or a firm that provides a passenger service;
- Charges a fee for passenger service;
- Enables a transportation agreement to be concluded and a fee for a transportation service to be paid.

### NO LICENSE, NO GO

According to the proposed amend-

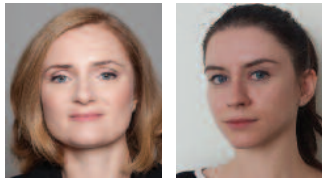
ment, a licence will be required to launch and perform a passenger transportation intermediary service. This will be a new type of licence: a licence to act as a go-between in passenger services.

A firm applying for a licence of this kind will have to prove among other things that its financial standing is sufficient to guarantee the launch and operation of a road transport business, which is defined as having access to funds or assets of a value of minimum PLN 5,000. It will also have to demonstrate that it is legally entitled to make use of a motor vehicle or vehicles used for road transportation. These vehicles will be subject to technical requirements specified in the Road Traffic Law.

The authority with the power to grant, deny, modify or revoke a licence to provide road transportation services in Poland will be the Chief Road Transport Inspector. A template for the licence will be specified in the relevant regulations issued by the Minister of Transport.

### MORE REQUIREMENTS

Holding a licence is not the only obligation resting with firms that act as a passenger service intermediary. A firm of this kind will also be required, for instance, to keep records in electronic form of all of the orders from customers forwarded to drivers, and to keep a list in electronic form of businesses (drivers) to whom it forwards the



By **Joanna Krakowiak**, *Legal Adviser, Life Science & Regulatory Practice, M&A and Corporate Practice, Wardyński & Partners*; and **Nina Kuśnierkiewicz**, *Environmental Law Practice, M&A and Corporate Practice, Wardyński & Partners*.

orders. The details that have to be recorded include the passenger service start and finishing times, the registration number of the vehicle used to perform the passenger service, and details of the business contracted to provide the passenger service. The data listed in the records and the list itself will have to be retained for three years. At a request from the Road Transport Inspectorate or National Revenue Administration, intermediating companies will be required to provide information from their records within 14 days of receiving the notice requesting that information.

### FINES AND BLACKLISTS

Anyone who provides such intermediary service without a licence will face a fine of PLN 40,000, and this penalty will also apply for failure to provide information contained in the records of all of the forwarded orders or in the list of firms whose passenger services were retained. Also, there are plans for the inclusion of a firm, which acts as an intermediary in passenger services in violation of the law, in a register of domains, mobile applications, software, IT systems or other means of transmission used to provide passenger transport intermediary services in breach of the Road Transport Act. This will be a public register and the placement will be *ex officio* following acceptance by the Minister of Transport or the unit named in an announcement made by that minister. In order to be removed from the register intermediaries will have to appeal the inclusion within two months of placement on the register and have this appeal come through successfully. A statement of grounds supporting removal from the register will have to be provided in the appeal. Information as to the result of an appeal will be provided in the form of an administrative decision issued within seven days of the authority receiving the appeal.

### PRACTICAL RECOMMENDATIONS

At this early stage of work on the amendment, it is hard to predict whether it will be enacted, and in what form, and what effect it will ultimately have on firms in the passenger service business. Even at the moment it appears that the mechanisms that firms providing mobile transport applications used to monitor their drivers and vehicle fleet operators will be especially important.

Both partners operating vehicle fleets and individual drivers providing services directly will be required to obtain one of the licences currently specified in the Road Transport Act: a passenger service licence or licence to provide a taxi service in Poland. This is because under the amendment, using the services of unlicensed firms will be among the possible grounds for a licence to act as an intermediary in passenger services to be revoked. Where a licence is revoked, it will be possible to reapply for a licence no earlier than three years from the day on which the ruling revoking the licence became final and binding.

Preparations for the envisaged regulatory changes need to be made now, because the proposed transitional provisions only give businesses 90 days to adjust to the new requirements.

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# THE NEW AMBASSADOR IS HERE!

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**IN OCTOBER, AMCHAM HELD A WELCOME RECEPTION IN HONOR OF HER EXCELLENCY, MS. GEORGETTE MOSBACHER, THE NEW US AMBASSADOR TO POLAND. AMBASSADOR MOSBACHER IS ALSO THE HONORARY CHAIR OF THE AMERICAN CHAMBER OF COMMERCE IN POLAND. THE RECEPTION WAS HELD AT THE WARSAW MARRIOTT HOTEL.**



1. Arno Mos, the Marriott Warsaw Hotel; Tony Housh, AmCham Chairman (Northrop Grumman); Georgette Mosbacher, US Ambassador to Poland. 2. Tony Housh. 3. Georgette Mosbacher. 4. Jarosław Grzesiak, Greenberg Traurig; Georgette Mosbacher. 5. Artur Waliszewski, Agnieszka Hryniewicz-Bieniek; Marta Poślad, Google; Georgette Mosbacher. 6. Mariusz Wawer, Alain Simonnet, 3M; Georgette Mosbacher. 7. Georgette Mosbacher; Anna Solarek and Stoyan Ivanov, Coca-Cola Poland Services. 8. Georgette Mosbacher; Szymon Mordasiewicz, AC Nielsen; Elżbieta Gorajewska, Nielsen Audience Measurement. 9. Sztaniszlav Gabor, Jacek Graliński, Amgen; Georgette Mosbacher.



MAIN SPONSOR



SUPPORTING SPONSORS



10. Paweł Gospodarczyk, Cummins; Georgette Mosbacher. 11. Bartosz Ciołkowski; Krysian Ochecki, Mastercard; Georgette Mosbacher. 12. Tony Housh; Marek Szydłowski, AmCham Board Member(TVN); Grzegorz Hajdarowicz, Gremi International. 13. Dorota Dąbrowska-Winterscheid, AmCham Managing Director; Jonathan Billings, Jacobs. 14. Marta Frąckowiak, DLA Piper; Pete Bata, Raytheon. 15. Andrzej Pawelczak, Jacek Dziełak, Animex Foods; Mirosław Dackiewicz, Agri Plus. 16. Rafał Stepnowski, Jeppesen Poland; Tomasz Korkosz, PAIH. 17. Tomasz Ruhan, Allegro; Lejb Fogelman, Jarosław Grzesiak, Greenberg Traurig. 18. Charlie Ranado, US Commercial Service; Dorota Dąbrowska-Winterscheid; Tony Housh. 19. Artur Musiał, Abbvie Polska; Marek Wleklík, Takeda Polska; Andrzej Dziukała, Magdalena Lisiecka, Janssen-Cilag Polska. 20. The reception in progress.

## AmCham in Gdańsk

# LEARNING EXPERIENCE

In August, 16 teachers representing 16 American higher education institutions, who came to Poland to participate in the Fulbright-

Hays Seminars Abroad Program, met AmCham Gdańsk to learn about the presence of American business in the region of Pomerania.

The venue was the Olivia Sky Club, a part of the Olivia Business Centre in Gdańsk.



1. Marta Moksa, Olivia Business Centre; Jaśmina Zwierz-Janiak, Gdańsk Science and Technology Park; Wojciech Tyborowski, Invest in Pomerania; Barbara Stepnowska, Gdańsk Technology University; Adam Jagiełło-Rusiński, University of Gdańsk. 2. Barbara Stepnowska, Marta Moksa. 3. Joanna Bojarska-Buchcic, AmCham Gdańsk Director (HR Solutions Group), opens the meeting. 4. Wojciech Tyborowski; Grzegorz Buchcic, GTC S.A.



## AmCham in Warsaw

# TALKING TAXES

In September, Leszek Skiba, Undersecretary of State at the Ministry of Finance, met AmCham members to talk about the gov-

ernment's budgetary plans for 2019 and beyond. He focused on the stability of the Polish tax system, mechanisms to improve tax

collection, tax policies supporting economic development, as well as support instruments for new investments and reinvestments in

Poland. The venue was the Warsaw Marriott Hotel.



1. Leszek Skiba, Undersecretary of State, the Ministry of Finance. 2. Leszek Skiba; Tony Housh, AmCham Chairman (Northrop Grumman). 3. The meeting in progress. 4. Tony Housh; Dorota Dąbrowska-Winterscheid, AmCham Managing Director; Robert Grader, Warsaw Marriott Hotel. 5. Marek Szydłowski, Grzegorz Ziółkowski, TVN. 6. Marta Pawlak; Rafał Mikusiński, Metlife. 7. James Katzen, Lockheed Martin; Tony Housh. 8. Ernest Bartosik, Unipharm; Dorota Dąbrowska-Winterscheid. 9. Alain Bobet; Magda Pavlak-Chiaradia, ERM Polska; Sonnet Frisbie, US Embassy. 10. Dorota Dąbrowska-Winterscheid, Giuseppe Santoro, Dow Polska. 11. Lois George Sampanis; Nathan Espino; Tony Clarey.

## AmCham in Kraków & Katowice

# ECONOMIC ZONES EXPLAINED

AmCham Kraków and Katowice and EY joined forces to hold the Business Breakfast Meeting in September. The speaker was Honorata

Ścisłowicz-Skraba, Associate Partner at EY, who talked about the new regulations governing special economic zones. Following the

presentation, Iwona Sadecka, Media & Culture Advisor at the US Consulate General in Kraków, presented the Honoring Hoover proj-

ect that AmCham is one of the partners. The guest of honor at the meeting was the new US Consul General in Kraków, Dr B. Bix Aliu.



1. Jacek Drabik, AmCham Kraków & Katowice Director (Motorola Solutions). 2. Dr. B. Bix Aliu, U.S. Consul General in Kraków. 3. Honorata Ścisłowicz-Skraba, E&Y. 4. Marcin Włodarkiewicz, Sheraton; Anna Zemła, GE Healthcare. 5. Honorata Ścisłowicz-Skraba; Jacek Drabik. 6. Łukasz Wilk, E&Y; Anna Charuba, AmCham Kraków & Katowice. 7. Rafał Sękowski, CBRE; Jarosław Maślanka, Pegasystems. 8. Piotr Falarz, DLA Piper; Jacek Kasz. 9. John Held, Accent Business Training; Anna Charuba. 10. Magdalena Żak-Cesarz, Holiday Inn City Center; Anna Charuba; Anna Zemła. 11. The venue was the Holiday Inn City Center Hotel in Kraków.

## AmCham in Warsaw

# TOGETHER AGAIN

Crowds of AmCham members and friends attended the Back to Business Mixer in September, organized jointly by AmCham and the

Bristol Hotel Warsaw. The participants enjoyed splendid food and drink while the lucky ones took home attractive raffle prizes.



1. Tony Housh, AmCham Chairman (Northrop Grumman); Roman Goetsch, Bristol Hotel. 2. The mixer in progress. 3. Aleksandra Wiśniewska, Air France KLM Delta Poland; Nathaniel Espino. 4. Tony Housh, Zosia Hecht, Anita Kowalska, Barbara Pocialik, AmCham. 5. Marek Matraszek, CEC Government Relations; Sylwia Piekarska, BD. 6. Tony Housh; Agnieszka Kosowska, Roche Polska. 7. Mariola Bitner, AECOM Polska; Marzena Zawadzka, Kinga Motyka, Universal Express. 8. Przemysław Rosiak, KPMG; Konrad Marciniuk, Miller Canfield W. Babicki, A. Chelchowski & Partners. 9. Jerzy Bochyński, Anna Surała, The Eastern Institute; Daniel Idźkowski, CIMA.

# CELEBRATING WITH FRIENDS

THE 14<sup>TH</sup> INTERNATIONAL OKTOBERFEST IN WROCLAW, ONE OF THE LARGEST BUSINESS EVENTS IN LOWER SILESIA, WAS HELD AT THE CITY'S CHAMBER OF COMMERCE IN SEPTEMBER. THE EVENT WAS ORGANIZED JOINTLY BY THE BRITISH POLISH CHAMBER OF COMMERCE (BPCC), THE POLISH-GERMAN CHAMBER OF INDUSTRY AND COMMERCE (AHK), AND THE AMERICAN CHAMBER OF COMMERCE IN POLAND. THE EVENT WAS OFFICIALLY OPENED BY THE TRADITIONAL TAPPING OF THE BARREL BY BRITISH AMBASSADOR TO POLAND JONATHAN KNOTT AND GERMAN CONSUL GENERAL IN WROCLAW HANS-JORGEN NEUMANN.



1. Monika Ciesielska-Mróz, AmCham Wroclaw (PM Group); Ilona Chodorowska, BPCC; Iwona Makowiecka, AHK. 2. Jarosław Kret, Master of Ceremony. 3. Jonathan Knott, UK Ambassador to Poland; Hans Jörg Neumann, German Consul General in Wrocław; Kathryn Porter, Consular Chief, American Consulate General in Kraków; Adam Grehl, Deputy Mayor of Wrocław; Emer O'Connell, Ambassador of Ireland to Poland; Jarosław Kret. 4. Hans Jörg Neumann tapping the barrel. 5. O'Zapft is! 6. The Bavarian Orchestra performing. 7. Enjoying networking in the evening.



8. Ewa Rogoż, IdeaPlace; Agnieszka Freus, Makeup Artist; Anna Nadolny, IdeaPlace; Łukasz Czajkowski, ABSL; Monika Ciesielska-Mróż. 9. Michael Dembinski; BPCC; Jonathan Knott; Hans Jörg Neumann. 10. Zygmunt Łopalewski, Whirlpool; Łukasz Czajkowski. 11. The Zott Stand. 12. Rafał Szafraniec, Janusz Charytonowicz; KPMG. 13. The Namysłów Brewery Stand. 14. The Laser Show. 15. Daniel Konieczny, BNY Mellon; Marcin Słowiński, Dominik Kowalski, Fanlogic; Krzysztof Jarzyna, Industrias Al-legre. 16. Krzysztof Mazur; Marek von Bastian-Brzeziński, DANKA Polska; Agnieszka Teodoru, Stage Design. 17. The evening in full swing. 18. At the Arsenal courtyard.

## AmCham in Warsaw

# ECONOMIC DIPLOMACY AT WORK

Crowds turned out to meet Piotr Wilczek, Polish Ambassador to the US, who was the guest speaker at the AmCham Monthly Meeting in October. The guest

talked about the future of the US-Polish relations in trade, as well as security and defense. The venue was the Marriott Hotel Warsaw.



1. Tony Housh, AmCham Chairman (Northrop Grumman) and Piotr Wilczek, Polish Ambassador to the US, in front of the AmCham audience. 2. Piotr Wiczek. 3. Piotr Wilczek; Tony Housh; Agnieszka Kosowska, Roche. 4. Marcin Bodio, MSD; Dorota Dąbrowska-Winterscheid, AmCham Managing Director. 5. Louis Sampanis; Monika Sampanis; Piotr Wilczek. 6. Ronald Given, Wolf Theiss; Zayat Fadlallah, the Sheraton Warsaw Hotel. 7. Maciej Zalewski, White & Case; Sebastian Bernat, HSBC Bank Polska.

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