

American investments in Poland

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in the next 100 years!**

April 2018

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Letter from Minister of Entrepreneurship and Technology Jadwiga Emilewicz



Ladies and Gentlemen,

The strength of national economies primarily relies on a favorable investment climate based on transparent rules, where entrepreneurs can thrive and implement ever more projects, no matter how complex they might be. The increasing value of U.S. investments in Poland can be taken as proof that Poland's current economic strategy is effective. The directions of the new policy are set out in the Strategy for Responsible Development, which guarantees long-term economic growth and defines economic targets. The Strategy is the foundation for further investments in our country.

The stability of the business environment in Poland, the appeal of Central and Eastern Europe as a region, membership in many international organizations coupled with positive economic forecasts – all these factors guarantee well-placed investments. Poland's national policy provides all investors with security when making investment decisions, which translates into their value and success. American investors appreciate this and increasingly choose Poland as their investment destination. Importantly, the increasing number of reinvestments indicates that entrepreneurs are satisfied with Poland's offering and the good conditions for running business here. This can be taken as a signal that they are planning to stay in Poland for years to come. The Polish government makes every effort to create optimal conditions for business and growth of both domestic and foreign investors. We are improving the legal environment for business via key projects such as the Business Constitution, the law changing the operation of Special Economic Zones, the package of 100 amendments for business or the 'Start in Poland' program. According to a study conducted by the Polish Investment and Trade Agency, 92% of foreign investors are satisfied with the decision to invest in Poland and would do it again if they were to make an investment decision once again.

Currently, the number of Polish companies operating in the United States is approx. 60. American partners are among the key contractors on our market. The value of U.S. investments in Poland is estimated at nearly USD 42 billion, which translates into over 220,000 jobs. An increasing number of American companies are investing in the R&D sector and high-tech projects, something that Poland is particularly interested in, as highlighted in the Strategy for Responsible Development. This is a win-win situation. Poland's trade turnover with the USA in 2017 reached a record figure of USD 12.7 billion, up by 22% versus 2016, when the trade turnover amounted to USD 10.5 billion. I am convinced that this figure will grow further in the coming years. The increase in Poland's trade with the USA in the last two years results, among others, from reinforced economic diplomacy and promotion programs implemented on that market. As many as nine out of the 12 industries covered by the program are implemented in the United States. Events such as the Polish-American Economic Summit planned for late April 2018 also play a role in this process.

Respectfully yours,

Jadwiga Emilewicz

Minister of Entrepreneurship and Technology



Letter from Chairman of American Chamber of Commerce in Poland Tony Housh



Dear readers,

It is a great pleasure to present this report on American investment in Poland. American investment in Poland continues to grow each year, as does membership in the American Chamber of Commerce in Poland.

Our investors have played a critical role in helping Poland achieve high growth rates, develop new sectors and provide a strong base of employment and future opportunities. For over twenty five years we have shared the same goal as every Polish government – a strong, stable, secure and prospering Poland.

The facts and figures in this report paint an impressive picture of investment and growth by our companies in Poland. American companies are leaders in vital growth sectors, such as research & development, throughout a broad cross-section of the economy, shared services, ICT, advanced manufacturing, financial services, and completely new business models. Many Polish firms are important partners for our members, not only on the local market but also in value and supply chains spanning the globe.

I believe this data shows that American capital continues to find excellent opportunities in every part of the country. Poland's commitment to economic progress and freedom since 1989 has made it one of the key destinations for American investors in Europe and indeed the world.

Tony Housh

Chairman

American Chamber of Commerce in Poland



Introduction from AmCham



Poland is a country rich in its history, diverse landscape, and economic variety. The country successfully produces steel, heavy machinery, clothing and livestock, but also is a leader in computer games, software development and luxury yachts. In response to global trends and drawing on impressive local expertise, Poland has also developed the services sector, notably in IT.

In this report, we would like to discuss the United States as the key partner for Poland, and, more specifically, companies with American capital that have brought their investments to Poland. The power of the American economy, which stands behind investors, has created unique growth conditions for Poland's economy. Through their knowledge, capital, momentum and global reach, American companies have stimulated Poland's potential, taking it to global markets.

The year 2018 is a special moment for the Polish economy, full of challenges and hopes after a successful period of post-communist transformation. Poland is a strong economy and a significant player in the European Union. The challenges it faces are no different from those faced by other EU countries or even the United States. Moreover, in areas such as banking or telecommunications, Poland is more advanced than the United States since a systemic change in such a large country is often much more difficult than the launch of state-of-the-art systems in Poland. Today, Poland focuses on start-ups and high technologies, just like other economies in the world.

When thinking about the future, we can see that the role of American investors in Poland has certainly not come to an end. In fact, it has adopted a new dimension. The close economic cooperation between Poland and the United States remains promising and strategic for our country, and interesting for the American counterparts, considering the size of Poland's economy and its importance in Europe. Furthermore, economic growth has helped many Polish enterprises reach maturity, which means that many Polish companies cannot imagine their further growth outside the enormous and diverse U.S. market. Today, we can talk about a trend of Polish investments in the United States: the interest in the U.S. market is high and will continue to grow. Since the nature of our mutual cooperation has been changing, it is high time we reflect on this change and on how to make the most of it. We need to shape our mutual relations in a way that would enable both parties to leverage this potential for further growth and successful business cooperation.

Dorota Dąbrowska-Winterscheid
Managing Director



Foreword



We are delighted to present the latest report by KPMG in Poland and the American Chamber of Commerce in Poland (AmCham), which aims to present a snapshot of American business operating in Poland and its impact on the country's economy. The publication sheds light on aspects such as the value of U.S. investments, trade between Poland and the United States, the level of employment and salaries/wages. The core part of the report discusses the results of our survey among American companies, showing why they decided to bring their business to Poland, what kind of challenges they face and what kinds of plans they have for the future.

Since the 1990s, when capital from across the Atlantic began to flow into Poland, the operations of American companies have been among the main pillars of Poland's economy. At present, American enterprises employ over 220,000 people, and the average wages and salaries in the largest of those enterprises are above the average for the country's economy.

The operations of American companies go beyond creating new jobs. According to the survey, these actors actively cooperate with schools and universities, invest in research and development, and engage in CSR activities. As a result, they help to boost innovation in Poland's economy and improve ethical standards in business.

We would like to thank all the companies that took part in the survey. We hope that this publication will provide you with many interesting insights into American investors' activity in Poland.

Stacy Ligas

Partner,
KPMG in Poland



Executive Summary



American companies which invest in Poland are a well-integrated part of the local economy, contributing to its growth and development. The value of American investments in Poland after the first quarter of 2018 could have reached as much as PLN 130 billion. Those companies have created as many as 220 thousand jobs, and the average salary/wage is higher than the corresponding figures for the country's economy as a whole. An extensive network of business partners reflects the strong integration of American companies, which play a role in value creation within Poland's economy. Moreover, American companies are also involved in CSR activities: they strive to achieve gender parity among their workforce and actively cooperate with local universities, initiating joint R&D projects.



American enterprises make a significant contribution to Poland's economic growth

Companies from the United States are among the top foreign investors in Poland. Estimates of the American Chamber of Commerce in Poland show that the value of American investments reached PLN **130 billion** after the first quarter of 2018.



The trade exchange between Poland and the United States exceeds PLN 43 billion

In 2016, goods with a total value of PLN 23.4 billion went to Poland, while Poland exported PLN 20 billion worth of products to the USA. The most popular goods imported from across the Atlantic included machinery and mechanical devices, aircraft, as well as optical, photographic and other instruments. The U.S. clients bought mostly machinery and equipment, electronics and furniture.



American companies employ 220,000 people in Poland

Companies with American capital are among major foreign employers in Poland. In 2015, they had a workforce of more than **210 thousand people**. According to the American Chamber of Commerce in Poland, they currently have **220 thousand employees**. The total annual wages and salaries paid by American enterprises operating in Poland reached nearly PLN 19.5 billion (USD 5 billion), which means that employees earned, on average, approx. **PLN 7.8 thousand** a month.



Most American companies operate in the Mazowieckie province

Over a half of enterprises with U.S. capital have their headquarters in the Mazowieckie province. One in ten companies operates in Dolnośląskie, with 8% in Śląskie and 7% in Wielkopolskie.



Most investments are in the services sector

American companies in Poland engage in diverse business sectors, with production and service companies being most numerous. The American Chamber of Commerce in Poland member companies have already built more than **150 manufacturing plants** in Poland. In 2016, foreign direct investments focused mainly on the services industry, primarily shared service centers.



Legal instability is a key challenge

American companies operating in Poland point out that they are not able to keep up with the frequently changing laws and regulations. This problem was mentioned much more often than, for example, difficulties in recruiting new employees. The surveyed enterprises are also afraid of growing competition and political instability.



American companies try to maintain gender parity

In nearly 40% of the surveyed companies with U.S. capital, women make up about a half of all employees, and in almost one third of companies women account for more than 60% of employees. As regards managerial positions, women account for about a half of the managerial staff in almost 30% of companies.



Companies with American capital get involved in CSR

Most of the surveyed enterprises participate in various charitable and educational campaigns. Large companies often establish their own foundations that carry out Corporate Social Responsibility roles.



Intensive cooperation with schools and universities

The most popular form of cooperation with schools is to offer internships to students. American companies also create their own dedicated educational programs to help young people enter the labor market or involve them in social projects. From the perspective of innovation in Poland, it is important that joint R&D projects are carried out by industry and universities.



American companies are highly integrated into Poland's economy

Nearly one quarter of investors from the United States who participated in our survey had already invested more than PLN 1 billion in Poland. One in five respondents maintains relations with over **500 local business partners**.



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U.S. investors and their contribution to Poland's economic growth



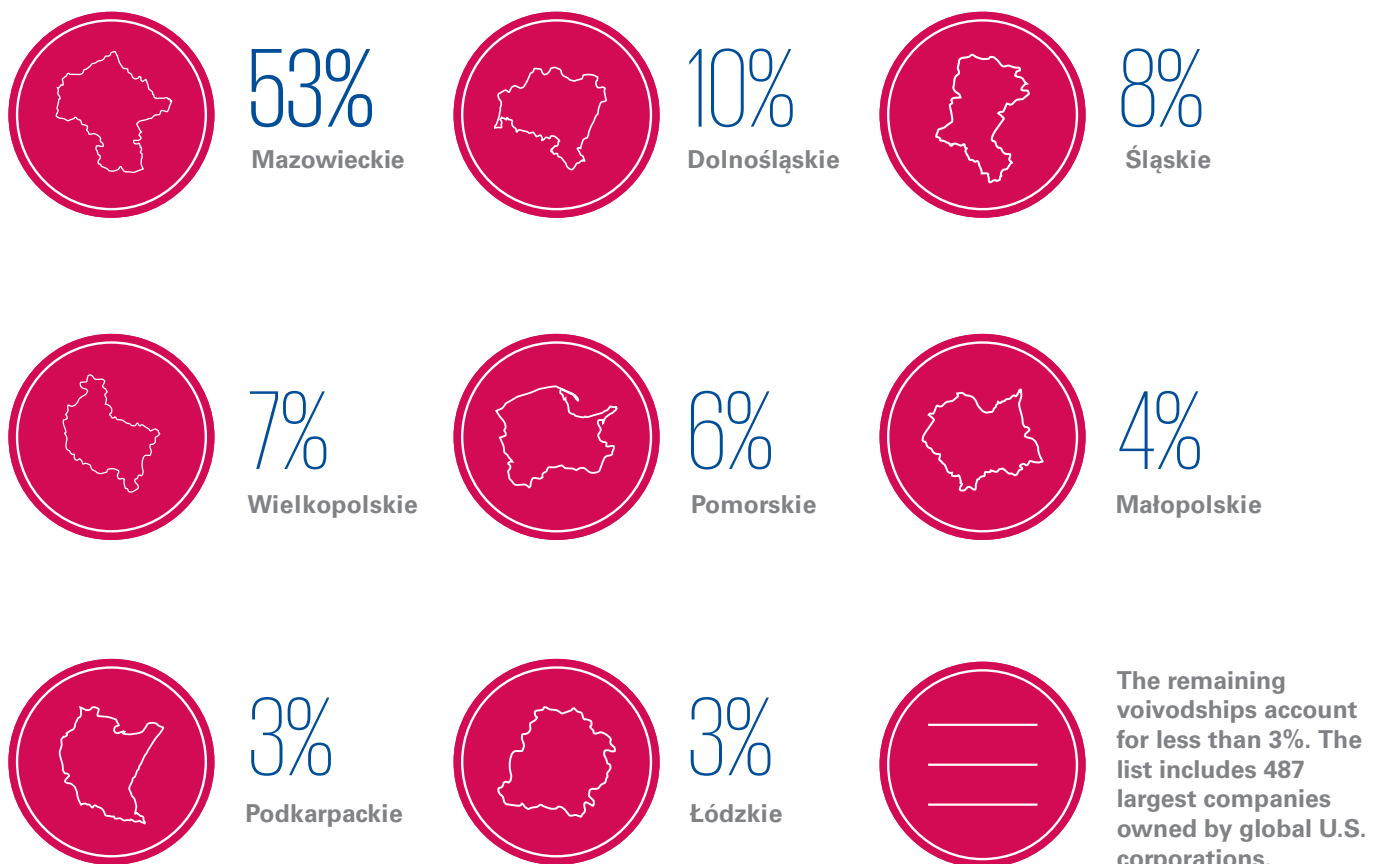
After the systemic transformation in 1989 Poland became an attractive market for U.S. companies. In the 1990s, American investors saw Poland as one of the crucial markets among the former Eastern Bloc countries. Since then, American enterprises have been among the largest overseas employers.

American companies operating in Poland can be found in all major sectors of the economy, generating most jobs in **industrial manufacturing and services**. Eighty manufacturing companies that are members of the American Chamber of Commerce in Poland have a total of over **150 factories** in Poland. This means that investors are satisfied with choosing Poland as their investment destination and choose to open further plants here.

JP Morgan Chase, an American investment bank, opened its headquarters here, offering potentially up to 5,000 jobs, which has been among the largest investments in the services sector in recent years. In addition, Poland has been a very important place for U.S. shared service centers for many years. In 2017, a total of over 73,000 people worked in such centers. The largest U.S. investors in the SSC sector in recent years include Hewlett Packard, UPS and 3M.

American capital can also be found in the media and communications sector. Among the more spectacular investments in this sector was the acquisition of TVN television by Scripps Networks, which was then purchased by Discovery Communications, a U.S. media giant.

Locations of companies with U.S. capital in Poland



Source: KPMG analysis based on Amadeus database

Employment and average pay in companies with U.S. capital operating in Poland

2015



Employment:
212 thousand*



Average monthly pay per employee:
PLN 7.8 thousand

*According to AmCham data American Companies employ currently 220 thousand people

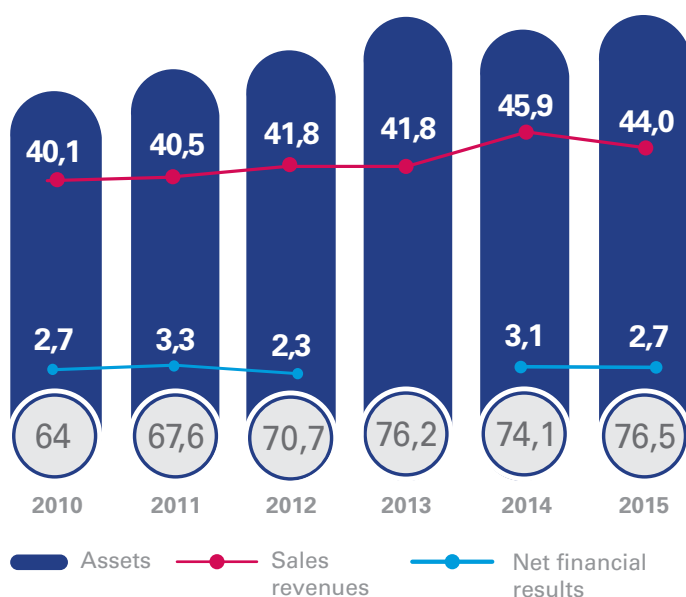
Source: KPMG analysis based on data from BEA



More than a half of American enterprises operating in Poland are located in the Mazowieckie province. One in ten companies is located in Dolnośląskie, whereas 8% have chosen Śląskie as their place of business.

Companies with American capital are among the largest foreign employers: in 2015, they employed almost 212,000 people, 18% up versus 2012. In 2015, the total salaries and wages paid by U.S. companies operating in Poland reached almost PLN 19.5 billion (USD 5 billion), averaging nearly PLN 7,800 per month per employee.

Revenues, financial results and assets of companies with U.S. capital operating in Poland (USD billion)



Source: KPMG analysis based on data from BEA



The global economic crisis did not strongly affect the sales revenues generated by American companies in Poland. Since 2010, those revenues have been growing steadily, with the first slump recorded in 2015. The value of assets followed a similar path, remaining unchanged or growing, except for 2014. Despite the rising revenues, the net income generated by enterprises with U.S. capital did not show an upward trend and fluctuated between USD 2.3 and 3.3 billion in 2010–2015.

List of the largest U.S. investors in Poland (by revenues)

	Investor	Company	Location	Revenues (PLN '000)	Year
1	PHILIP MORRIS INTERNATIONAL INC.	PHILIP MORRIS POLSKA DISTRIBUTION SP. Z O.O.	Cracow	9,813,224	2016
		PHILIP MORRIS POLSKA S.A.	Cracow	645,466	2016
		PMI SERVICE CENTER EUROPE SP. Z O.O.	Cracow	387,013	2016
		PHILIP MORRIS POLSKA TOBACCO SP. Z O.O.	Cracow	42,217	2016
2	F&P Holdings INC	CAN-PACK S.A.	Cracow	5,797,000	2016
		CAN-PACK FOOD AND INDUSTRIAL PACKAGING SP. Z O.O.	Dębica	364,683	2015
		CP GLASS S.A.	Cracow	273,424	2016
		CAN-PACK METAL CLOSURES SP. Z O.O.	Cracow	116,247	2015
		BEVPACK ENGINEERING SERVICES SP. Z O.O.	Cracow	46,772	2016
		CP RECYCLING ORGANIZACJA ODZYSKU OPAKOWAŃ S.A.	Cracow	39,697	2016
		CP RE SP. Z O.O.	Cracow	37,091	2015
3	CARGILL INC	CARGILL POLAND SP. Z O.O.	Warsaw	4,591,256	2016
		ELEWATOR W KORONOWIE SP. Z O.O.	Koronowo	29,665	2016
4	WHIRLPOOL CORP	INDESIT COMPANY POLSKA SP. Z O.O.	Łódź	3,502,833	2015
		WHIRLPOOL POLSKA SP. Z O.O.	Wrocław	2,290,057	2015
5	INTERNATIONAL PAPER CO	INTERNATIONAL PAPER (POLAND) HOLDING SP. Z O.O.	Kwidzyn	2,443,093	2014
		INTERNATIONAL PAPER KWIDZYN SP. Z O.O.	Kwidzyn	2,461,119	2016
		INTERNATIONAL PAPER POLSKA SP. Z O.O.	Cracow	148,533	2015
		INTERNATIONAL PAPER CELLULOSE FIBERS (POLAND) SP. Z O.O.	Gdańsk	101,077	2016
		TOR-PAL SP. Z O.O. PPH	Kwidzyn	77,688	2016
6	FORD MOTOR CO	FORD POLSKA SP. Z O.O.	Warsaw	2,521,200	2016
7	LEAR CORP	LEAR CORPORATION POLAND II SP. Z O.O.	Tychy	2,450,847	2016
8	CITIGROUP	BANK HANDLOWY W WARSZAWIE S.A	Warsaw	2,443,661	2016
		CITIBANK INTERNATIONAL LIMITED	Warsaw	384,997	2013
		CITIBANK EUROPE Plc	Warsaw	47,892	2013
9	INTERNATIONAL BUSINESS MACHINES CORP	IBM POLSKA SP. Z O.O.	Warsaw	2,047,383	2015
		IBM GLOBAL SERVICES DELIVERY CENTRE POLSKA SP. Z O.O.	Wrocław	832,203	2016
		IBM POLSKA BUSINESS SERVICES SP. Z O.O.	Warsaw	151,045	2015
10	COMMERCIAL METALS CO	CMC POLAND SP. Z O.O.	Zawiercie	2,023,308	2016
11	AUTOLIV, INC.	AUTOLIV POLAND SP. Z O.O."	Oława	1,956,325	2016
12	JOHNSON CONTROLS HOLDING COMPANY INC.	JOHNSON CONTROLS INTERNATIONAL SP. Z O.O.	Warsaw	1,801,030	2015
		ADIENT SEATING POLAND SP. Z O.O.	Siemianowce Śląskie	1,432,427	2016
13	DISCOVERY INC	TVN S.A.	Warsaw	1,773,470	2016
		TVN MEDIA SP. Z O.O.	Warsaw	334,239	2015
		STAVKA SP. Z O.O.	Warsaw	45,522	2015
14	MONDELEZ INTERNATIONAL INC	MONDELEZ POLSKA SP. Z O.O.	Warsaw	1,690,852	2015
		MONDELEZ POLSKA PRODUCTION SP. Z O.O.	Warsaw	525,719	2015

Investor		Company	Location	Revenues (PLN '000)	Year
15	PEPSICO INC	PEPSI-COLA GENERAL BOTTLERS POLAND SP. Z O.O.	Warsaw	1,634,589	2015
		PEPSICO CONSULTING POLSKA SP. Z O.O.	Warsaw	811,023	2014
		FRITO LAY POLAND SP. Z O.O.	Grodzisk Mazowiecki	632,985	2015
		PEPSICO LOGISTYKA SP. Z O.O.	Grodzisk Mazowiecki	205,715	2015
		FRITO LAY SP. Z O.O.	Warsaw	137,509	2015
16	GENERAL ELECTRIC CO	BANK BPH S.A	Warsaw	1,512,781	2015
		GE POWER CONTROLS SP. Z O.O."	Bielsko-Biała	969,329	2015
		AVIO POLSKA SP. Z O.O.	Bielsko-Biała	570,280	2016
		GE MEDICAL SYSTEMS POLSKA SP. Z O.O.	Warsaw	393,051	2016
		LM WIND POWER BLADES (POLAND) SP. Z O.O.	Łozienica	293,909	2015
		GE POWER CONTROLS POLSKA SP. Z O.O.	Kłodzko	283,792	2016
		GE POWER CONTROLS S.A.	Łódź	231,331	2014
		UNISON ENGINE COMPONENTS POLAND SP. Z O.O.	Dzierżoniów	137,503	2016
		ALSTOM RENEWABLE POLAND SP. Z O.O.	Elbląg	127,245	2015
		GENERAL ELECTRIC POLAND SP. Z O.O.	Warsaw	40,252	2014
		LABORATORIUM BADAŃ NAPĘDÓW LOTNICZYCH POLONIA AERO SP. Z O.O.	Zielonka	26,965	2016
17	GOODYEAR TIRE & RUBBER CO	FIRMA OPONIARSKA DĘBICA S.A.	Dębica	1,680,226	2016
		GOODYEAR DUNLOP TIRES POLSKA SP. Z O.O.	Warsaw	546,877	2015
18	TECH DATA CORP	TECH DATA POLSKA SP. Z O.O.	Warsaw	1,458,839	2012
		TD AS POLAND SP. Z O.O. (AVNET SP Z O O)	Warsaw	397,125	2016
19	HAVI Europe Holding LLC	HAVI LOGISTICS SP. Z O.O.	Warsaw	1,451,501	2016
20	RR DONNELLEY & SONS CO	LSC COMMUNICATIONS EUROPE SP. Z O.O.	Cracow	1,412,158	2016
		LSC COMMUNICATIONS POLAND SP. Z O.O.	Starachowice	174,581	2016
		RR DONNELLEY POLSKA SP. Z O.O.	Warsaw	24,966	2016
21	TENNECO INC	TENNECO AUTOMOTIVE POLSKA SP. Z O.O.	Rybnik	1,393,839	2016
		TENNECO AUTOMOTIVE EASTERN EUROPE SP. Z O.O.	Gliwice	424,26	2015
		TENNECO SILESIA SP. Z O.O.	Stanowice	48,016	2015
22	SUPERIOR INDUSTRIES INTERNATIONAL INC	UNIWHEELS PRODUCTION (POLAND) SP. Z O.O.	Stalowa Wola	1,342,751	2015
23	CENTURY CASINOS INC	CASINOS POLAND SP. Z O.O.	Warsaw	1,379,334	2016
24	MR MICHAEL S DELL	DELL SP. Z O.O.	Warsaw	1,372,195	2015
		DELL PRODUCTS (POLAND) SP. Z O.O.	Łódź	138,599	2015
		EMC COMPUTER SYSTEMS POLSKA SP. Z O.O.	Warsaw	79,677	2015
25	MR CARL C ICAHN	FEDERAL-MOGUL GORZYCE SP. Z O.O.	Gorzyce	1,275,024	2015
		FEDERAL-MOGUL BIMET S.A.	Gdańsk	361,08	2016
		WALSRODER CASINGS POLSKA SP. Z O.O.	Nowa Wieś Legnicka	96,727	2015
		VISKASE POLSKA SP. Z O.O.	Warsaw	35,151	2015
26	PPG INDUSTRIES INC	PPG POLIFARB CIESZYN S.A.	Cieszyn	1,322,434	2016
		PPG DECO POLSKA SP. Z O.O.	Wrocław	646,385	2016
		PPG INDUSTRIES POLAND SP. Z O.O.	Gliwice	316,762	2015
		PH CHEMIA LUBLIN S.A.	Lublin	27,156	2015

Source: KPMG analysis based on Amadeus database

Investor		Company	Location	Revenues (PLN '000)	Year
27	UNITED TECHNOLOGIES CORP	PRATT & WHITNEY RZESZÓW S.A.	Rzeszów	1,258,597	2015
		UTC AEROSPACE SYSTEMS WROCLAW SP. Z O.O.	Wrocław	447,164	2016
		PRATT & WHITNEY KALISZ SP. Z O.O.	Kalisz	386,086	2015
		HS POLAND HOLDINGS SP. Z O.O.	Wrocław	380,346	2015
		UTC CCS MANUFACTURING POLSKA SP. Z O.O.	Ropczyce	275,454	2015
		CARRIER CHŁODNICTWO POLSKA SP. Z O.O.	Warsaw	144,828	2014
		UTC FIRE & SECURITY SP. Z O.O.	Gdańsk	68,171	2016
		CARRIER TRANSICOLD POLSKA SP. Z O.O.	Warsaw	64,552	2015
		CARRIER POLSKA SP. Z O.O.	Warsaw	56,481	2016
		PRATT & WHITNEY TUBES SP. Z O.O.	Niepołomice	43,022	2015
		HS KALISZ SP. Z O.O.	Kalisz	28,547	2016
28	Mcd Europe Holdings S.A R.L.	MCDONALD' S POLSKA SP. Z O. O.	Warsaw	1,184,928	2015
29	JABIL, INC.	JABIL CIRCUIT POLAND SP. Z O.O.	Kwidzyn	1,204,334	2016
		JABIL ASSEMBLY POLAND SP. Z O.O.	Kwidzyn	205,561	2016
30	UNITED PARCEL SERVICE INC	UPS POLSKA SP. Z O.O.	Warsaw	1,185,509	2016
		UPS SCS (POLSKA) SP. Z O.O.	Warsaw	89,274	2015
		UPS GLOBAL BUSINESS SERVICES POLSKA SP. Z O.O.	Wrocław	80,245	2016
		POLTRAF SP. Z O.O.	Błonie	66,532	2015
31	3M CO	3M WROCLAW SP. Z O.O.	Wrocław	1,129,566	2016
		3M POLAND SP. Z O.O.	Kajetany	621,569	2015
		3M POLAND MANUFACTURING SP. Z O.O.	Wrocław	437,278	2015
		3M SERVICE CENTER EMEA SP. Z O.O.	Wrocław	75,896	2016
32	EXIDE TECHNOLOGIES	EXIDE TECHNOLOGIES S.A.	Poznań	1,108,980	2015
33	JOHNSON & JOHNSON	JOHNSON & JOHNSON POLAND SP. Z O.O.	Warsaw	1,095,399	2015
34	COOPER-STANDARD HOLDINGS INC	COOPER STANDARD POLSKA SP. Z O.O.	Bielsko-biała	1,032,639	2016
		CSF POLAND SP. Z O.O.	Częstochowa	210,937	2015
		COOPER-STANDARD AUTOMOTIVE PIOTRKÓW SP. Z O.O.	Warsaw	69,169	2015
35	SONOCO PRODUCTS CO	SONOCO POLAND PACKAGING SERVICES SP. Z O.O.	Łódź	959,700	2015
		SONOCO - ALCORE SP. Z O.O.	Warsaw	59,660	2016

Source: KPMG analysis based on Amadeus database



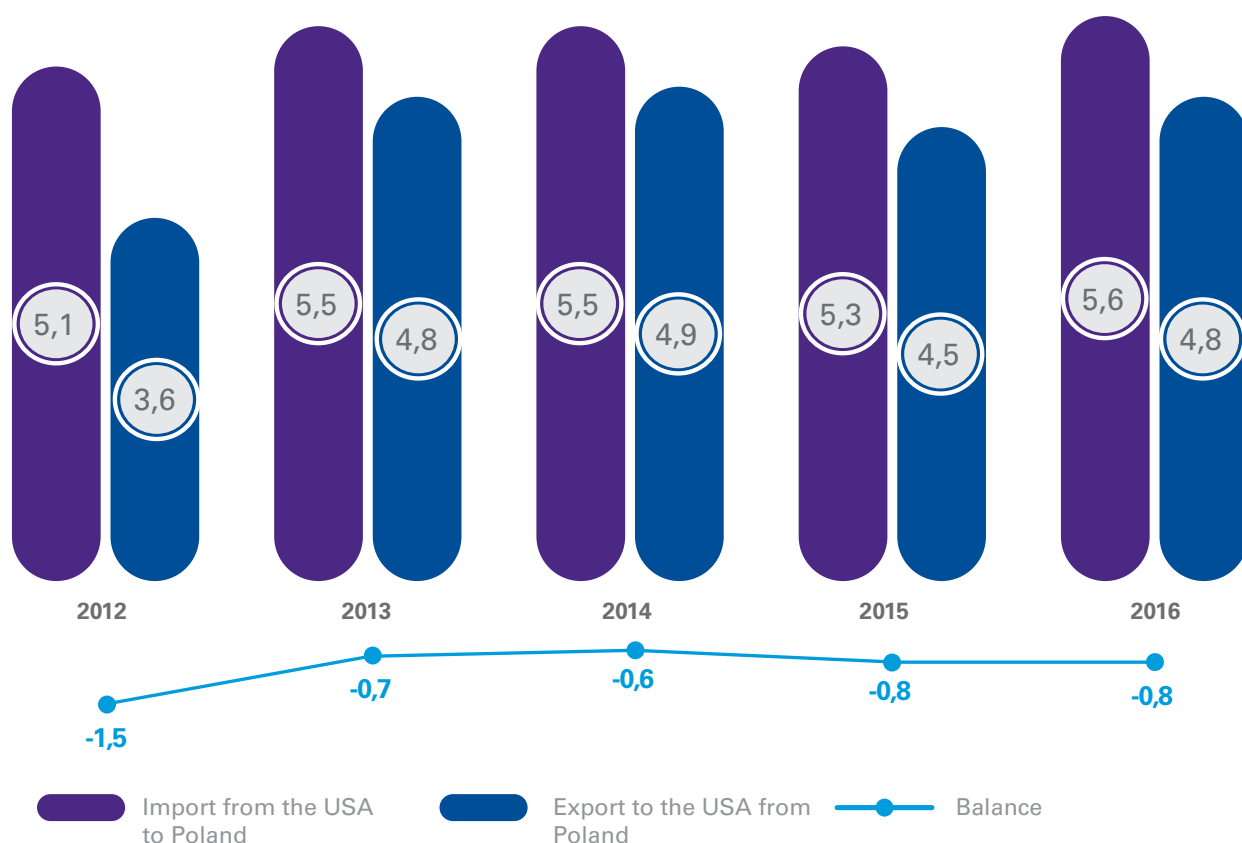
2★

Polish- American trade



Exchange of goods

Polish-American exchange of goods (USD billion)



Source: KPMG analysis based on data from GUS

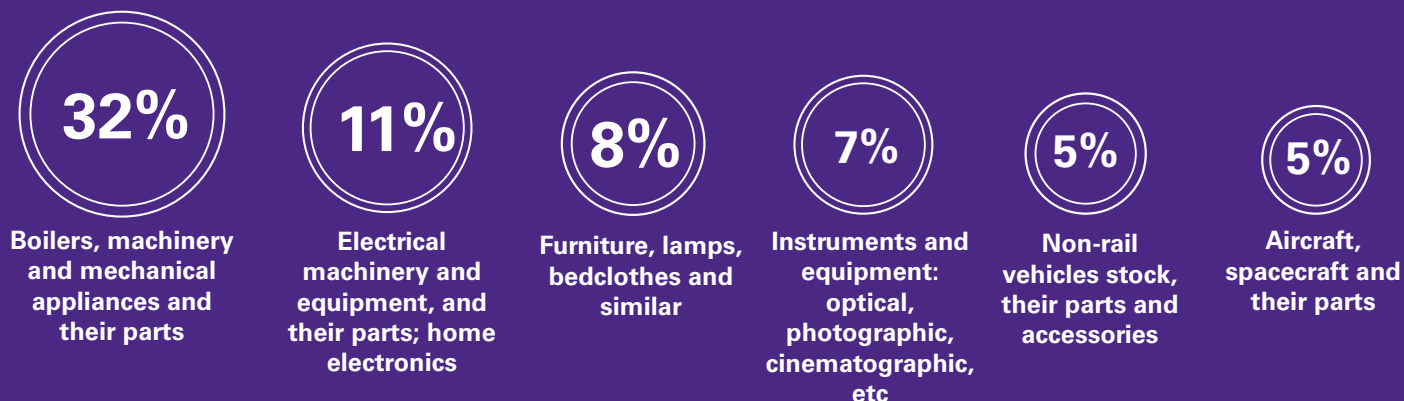


In 2013, the value of exports from Poland to the United States exceeded USD 4 billion for the first time ever and has remained at approximately that level since then. In 2016, Poland exported goods worth USD 4.8 billion, and purchased products with a total value of USD 5.6 billion. Although the balance of trade remains negative, the gap has been shrinking, with the difference between the value of exports and imports reaching a historical low for many years in 2014.

The most popular goods imported from across the Atlantic include machinery and mechanical equipment, aircraft, optical and measuring instruments as well as non-rail vehicles. Poland mostly exports machinery and mechanical equipment, home electronics and furniture.

The United States is also an important partner in the exchange of services. In 2016, the USA was the third largest foreign buyer of Polish services and the fourth largest provider of services to Poland.

Exchange of goods – key groups of goods (2016)



Source: KPMG analysis based on data from GUS (Statistics Poland)



Exchange of services – key partners

Major foreign service providers in Poland (2016)

USD 11.6 billion

Germany

USD 4.3 billion

Switzerland

USD 3.6 billion

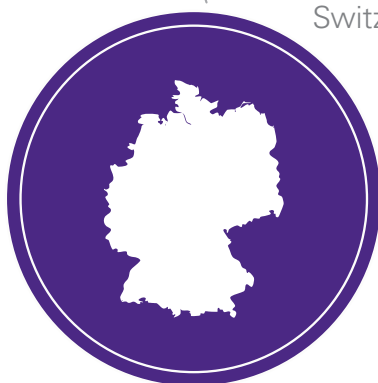
United
Kingdom

USD 2.9 billion

United
States

USD 2.9 billion

The Netherlands



Major buyers of Polish services abroad (2016)

USD 7.5 billion

Germany

USD 3.0 billion

United Kingdom

USD 1.8 billion

United
States

USD 1.8 billion

The Netherlands

USD 1.8 billion

Switzerland



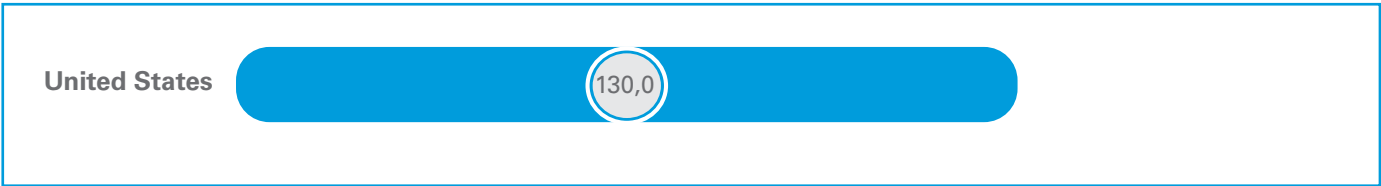
Source: KPMG analysis based on data from GUS



3.★

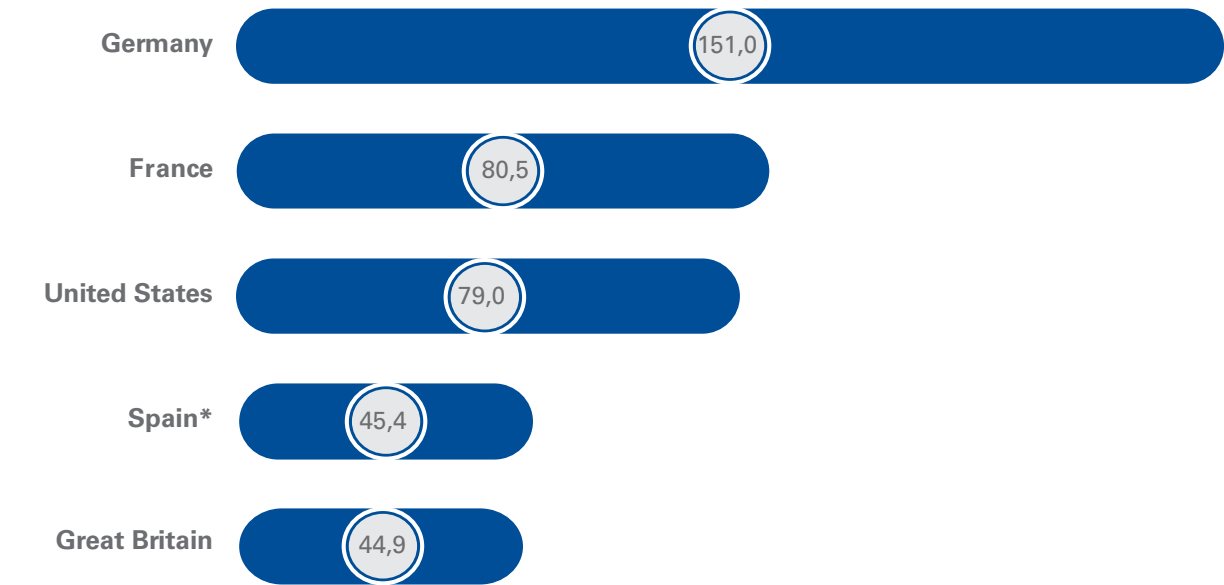
American investments in Poland: Facts and figures

American investments in Poland at the end of Q1 2018 (PLN billion)



Source: American Chamber of Commerce in Poland

Major foreign investors in Poland at the end of 2016 (PLN bilion, according to country of residence of the parent company)



Source: KPMG analysis based on National Bank of Poland's data

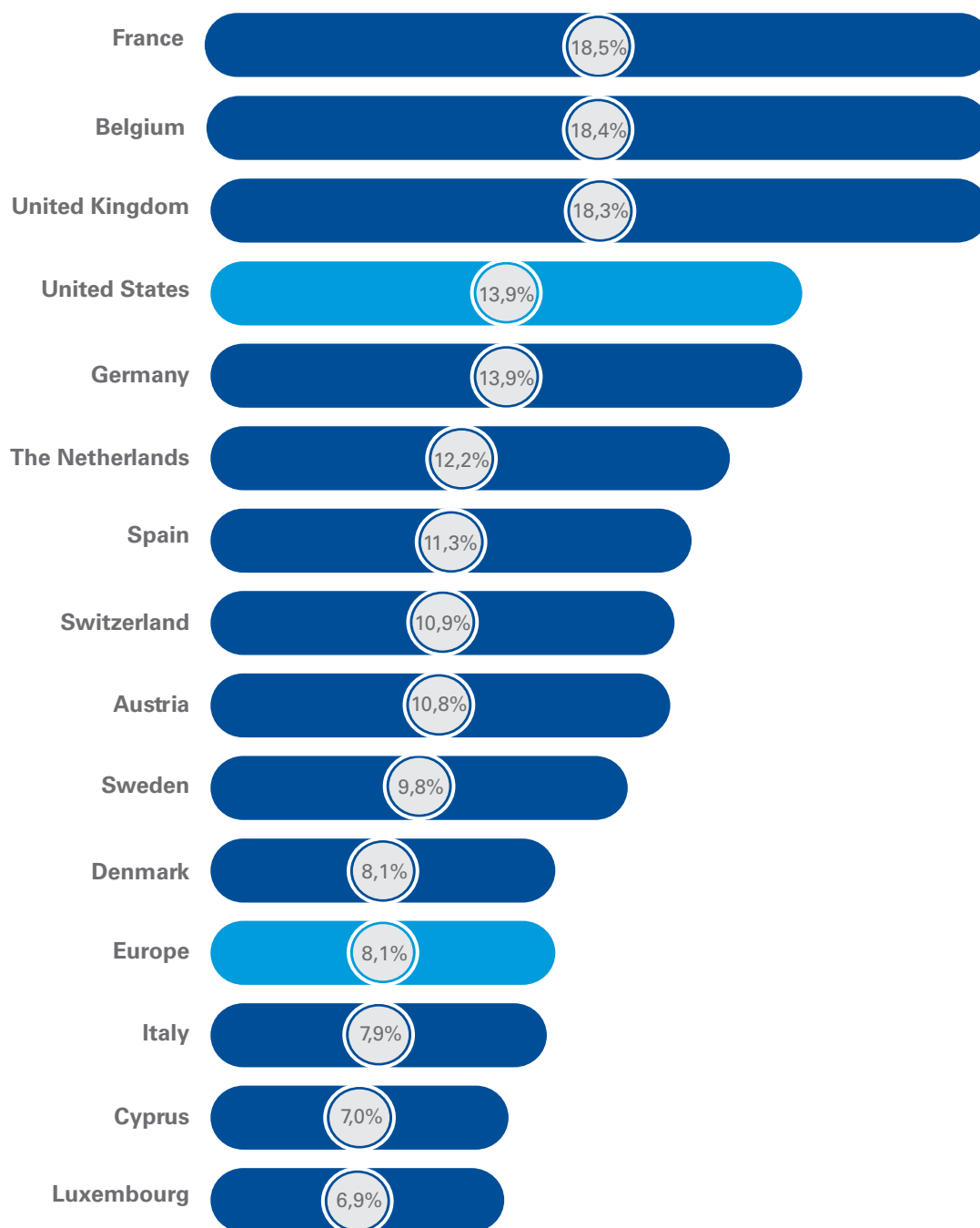
* Country of residence of the direct investor



According to the estimates of the American Chamber of Commerce in Poland, the total value of American investments after the first quarter of 2018 reached PLN 130 billion.

The data from the Bureau of Economic Analysis show that Poland has attracted more American investments than any other country of Central and Eastern Europe. Due to the methodology used, these data differ from the data presented by the National Bank of Poland. However, they allow us to compare the investment levels in various countries of the region. At the end of 2016, U.S. companies had invested USD 11.6 billion in Poland, USD 6.6 billion in Hungary, USD 5.5 billion in the Czech Republic and USD 2.6 billion in Romania. Other CEE countries played a lesser role in attracting U.S. capital: the value of investments in those countries did not exceed USD 1 billion at the end of 2016.

Rates of return for major foreign investors in Poland (2016)

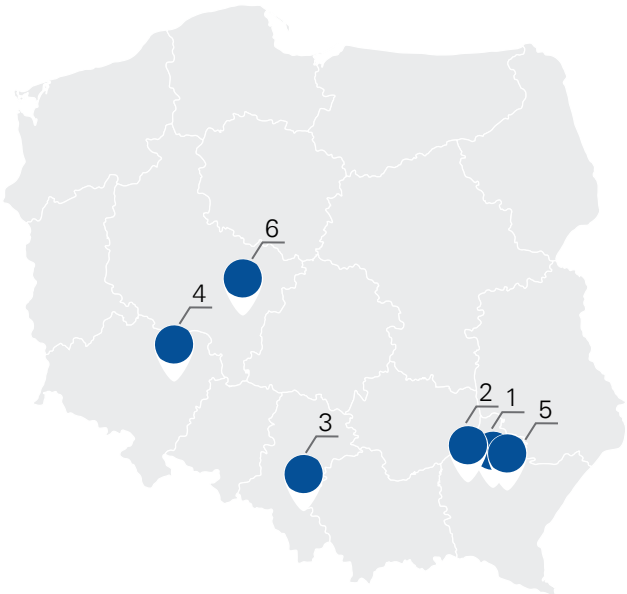


Source: KPMG analysis based on National Bank of Poland's data

Investments made by American enterprises generated USD 3 billion in net profit in 2016. The return on capital in that case reached 13.9% and was higher than the average for the 14 largest foreign investors in Poland and also higher than the average for the whole of Europe. A higher return on capital invested in Poland was recorded for French, British and Belgian companies.

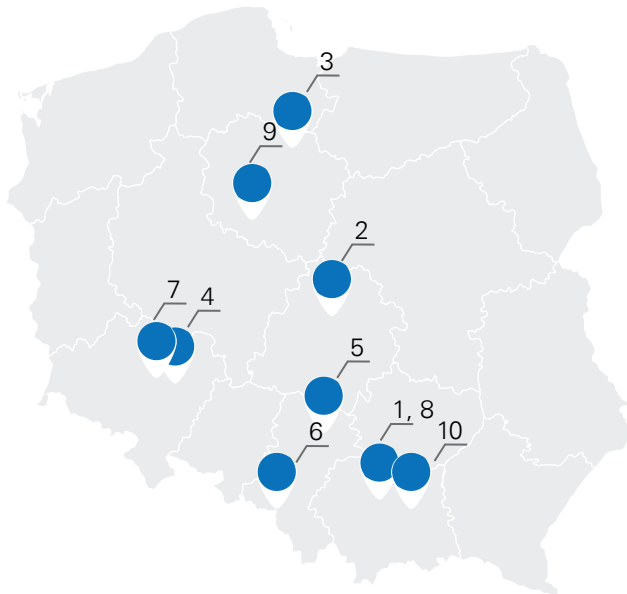
Selected companies with U.S. capital operating in Poland

Aerospace industry



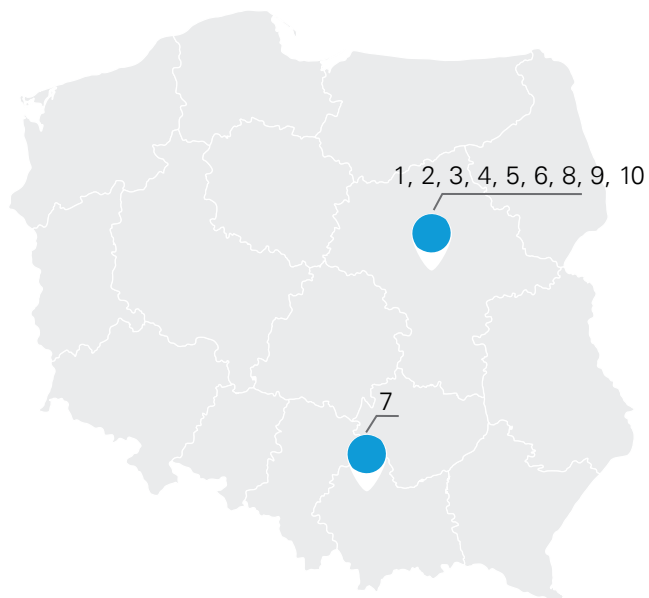
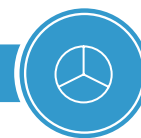
1.	Pratt and Whitney
2.	PZL-Mielec (Lockheed Martin)
3.	Avio Polska (GE Aviation)
4.	UTC Aerospace Systems Wrocław
5.	MB Aerospace Rzeszów
6.	HS Kalisz

Industrial products



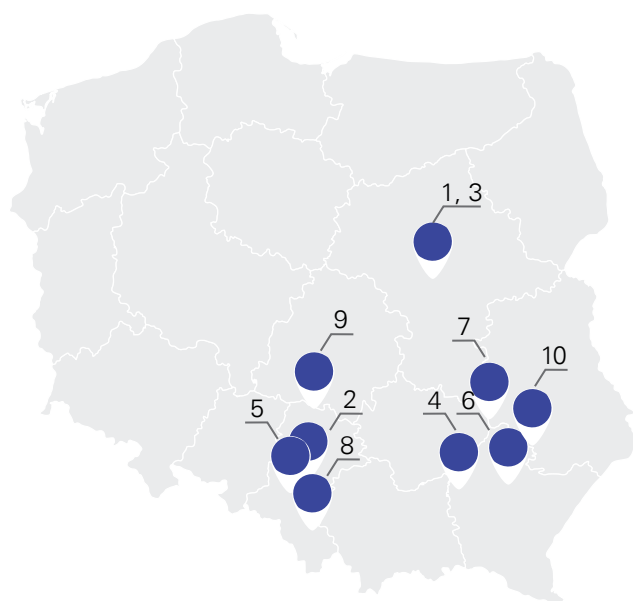
1.	Can-Pack
2.	Indesit Company
3.	International Paper
4.	Whirlpool Polska
5.	CMC Poland
6.	PPG Polifarb Cieszyn
7.	Stepan Polska
8.	Silgan White Cap Polska
9.	Drumet Liny i Druty
10.	Woodward Poland

Pharmaceutical industry



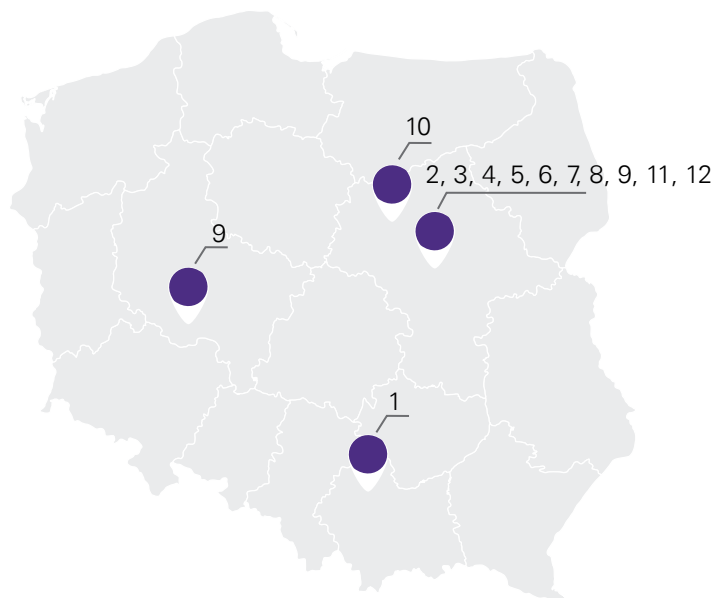
1.	Pfizer Trading Polska
2.	Gilead Science Polska
3.	Amgen
4.	Abbvie
5.	Abbot Laboratoires
6.	Baxter Polska
7.	Ecolab
8.	MSD Polska
9.	Bristol - Myers Squibb Polska
10.	Becton Dickinson Polska

Automotive industry



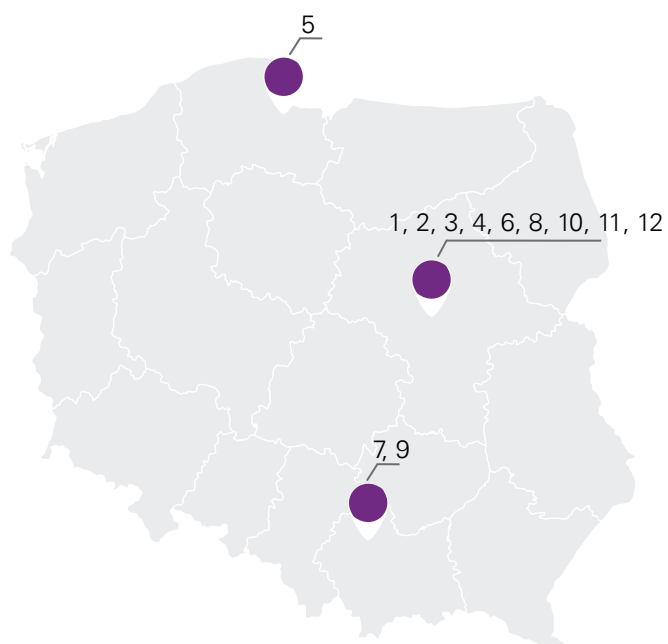
1.	Ford Polska
2.	Lear Corporation Poland
3.	Johnson Controls
4.	Firma Oponiarska Dębica
5.	Tenneco Automotive
6.	Uniwheels Production Poland
7.	Federal-Mogul Gorzyce
8.	Cooper Standard Polska
9.	Neapco Europe
10.	Borgwarner Poland

Consumer goods



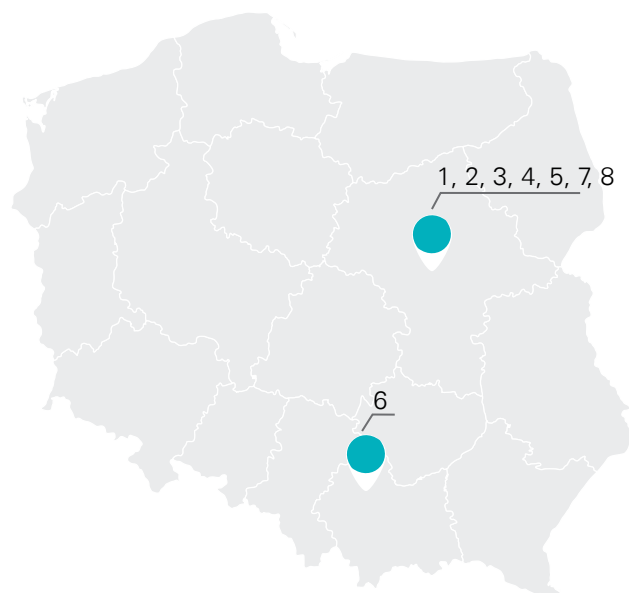
1.	Philip Morris Polska
2.	Mondelez Polska
3.	Pepsi Cola General Bottlers
4.	Avon
5.	Johnson and Johnson Poland
6.	COTY Polska
7.	Procter & Gamble
8.	Colgate - Palmolive Poland
9.	HJ Heinz Polska
10.	Levi Strauss
10.	SC Johnson
11.	Partner in Pet Food Polska
12.	Estee Lauder

IT



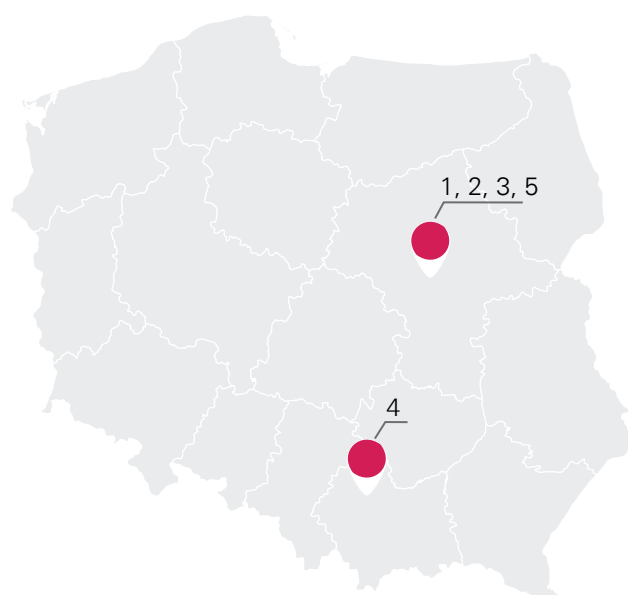
1.	IBM Polska
2.	Tech Data Polska
3.	DELL
4.	Hewlett Packard Enterprise
5.	Intel Technology Poland
6.	Oracle Polska
7.	Arrow ECS
8.	Microsoft
9.	Sabre Polska
10.	Cisco Systems Poland
11.	Google Poland
12.	Xerox

Real estate and construction



1.	Panattoni Development Europe
2.	Globe Trade Center
3.	CBRE Corporate Outsourcing
4.	Jones Long Lassale
5.	Centrum Światowida
6.	CP RE
7.	PEC Muszkieterów
8.	White Star Real Estate

Clinical trials



1.	Parexel Polska
2.	Quintiles Poland
3.	Covance Polska
4.	INC Research Poland
5.	Biogen Poland

Source: KPMG analysis based on AmCham's data and Amadeus database

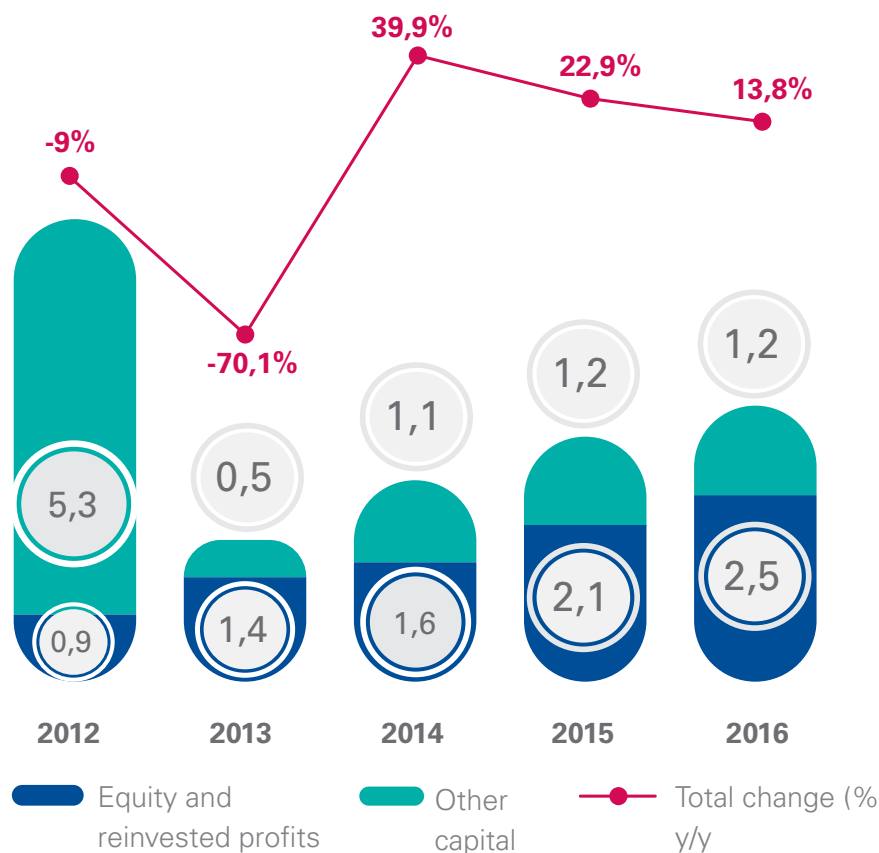




4★

Polish investments in the USA

Inflow of capital from Polish foreign direct investment in the United States (PLN billion)



Source: KPMG analysis based on National Bank of Poland's data

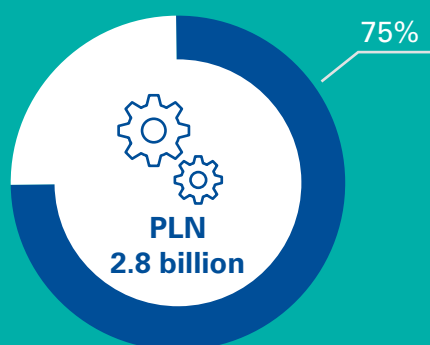


The value of Polish investments in the United States amounted to PLN 3.7 billion at the end of 2016, a nearly 14% increase versus the previous year.

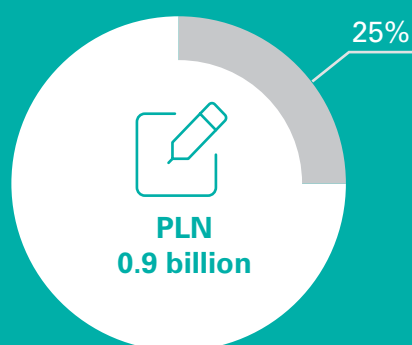
The main areas of Polish investments in the United States were industrial processing and mining. The two sectors accounted for 70% of the aggregate value of all investments. Services companies came second, but their investment figure was merely about a third of that recorded for industrial companies. The level of investments in other sectors of the economy, i.e. construction and agriculture, was very low.

The presence of Polish companies in the United States is not limited to sales offices only. In recent years, several Polish manufacturing companies have opened their plants in the USA, e.g. in Virginia or Indiana. Moreover, an increasing number of companies are venturing into the extremely competitive Silicon Valley, where more than 20 Polish enterprises are already running their business. Worth noting is that some companies from Poland are making acquisitions on the American market, taking over local competitors.

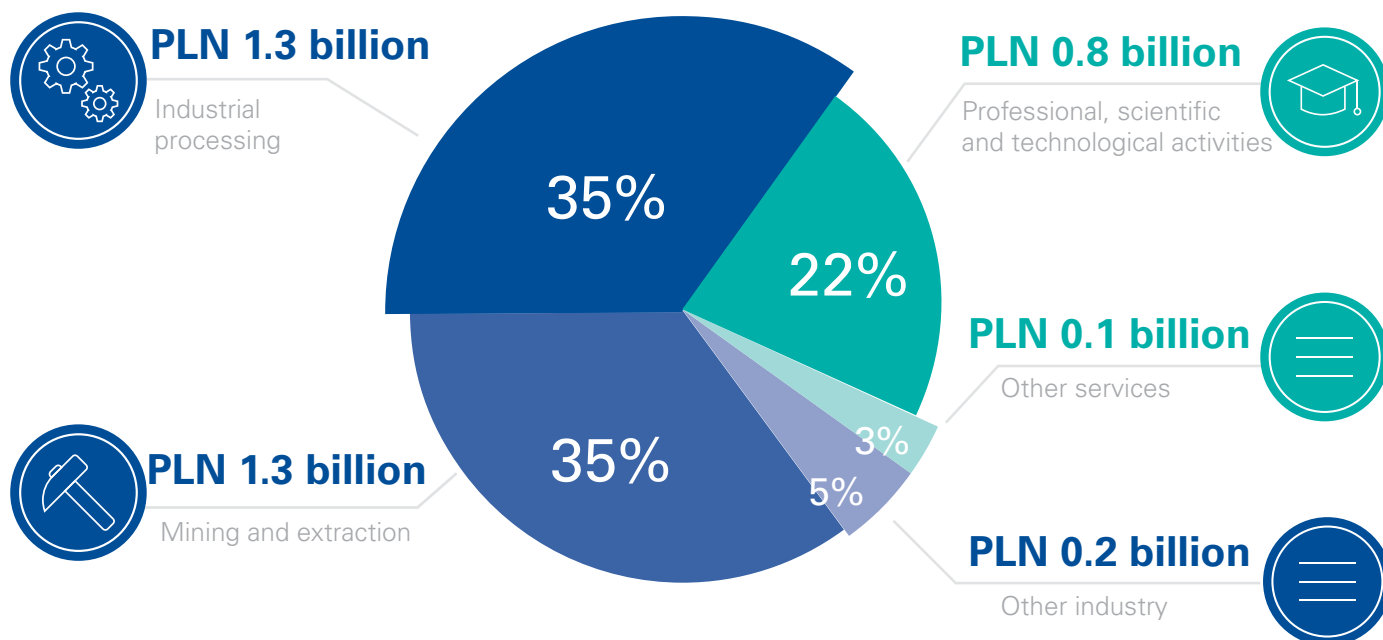
Polish foreign investments in the USA by sector (2016)



Industry



Services



Source: KPMG analysis based on National Bank of Poland's data

Selected Polish investments in the United States

Korona
One of the world's largest candle manufacturers and suppliers of private label products for international corporations, and one of the largest producers of scented candles in Europe. The company launched its operation in the USA in 2014, investing in a production plant worth \$18 million production facility in Virginia (Pulaski County).
Com.40
The company's plant worth USD 30 million was the third largest foreign greenfield investment in the United States in 2009. The target employment count for this Virginia plant, manufacturing furniture and accessories for IKEA stores, was set at over 800 people.
Selena
In 2008, this manufacturer of construction chemicals opened a production plant in Indiana, making products for the American, Canadian and Mexican markets. Given the improving financial performance in the region, the company decided to expand its product portfolio toward the end of 2013.
Brainly
This Polish platform supporting students in solving school problems is present in more than 35 countries. In 2017, the company from Cracow took over Bask, the U.S. educational service which specialized in making short educational videos. To conquer the U.S. market, Brainly opened an office in New York.
KGHM
In 2012, KGHM, the Polish copper tycoon, bought the Canadian company Quadra FNX, which operates mines in Canada, the United States and Chile. The Carlota Mine in Arizona is a heap leach while the Robinson Mine in Nevada engages in open-pit copper and gold mining.
Inglot
This Polish cosmetics manufacturer opened its first showroom in New York in 2009. Currently, Inglot operates over 30 points of sale in the USA, with the largest number located in California.
Asseco
One of the major software developers in Europe is expanding to other countries via acquisitions made by Sapiens International Corporation, a subsidiary of Asseco. In 2014, it acquired Knowledge Partners International (KPI), a U.S. company specializing in decision management consultancy, services and training.
Cinkciarz.pl
This online currency exchange service is used by enterprises, institutions and individual customers. It is a member of SWIFT, an organization which brings together major banks and financial institutions. Outside Poland, Cinkciarz.pl operates under the name of Conotoxia. In 2015, the company opened an office in Chicago and became the Official Partner of the Chicago Bulls.

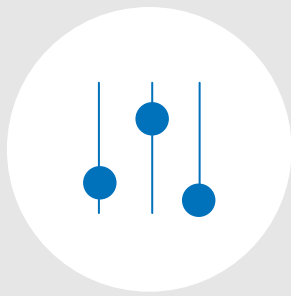
Source: KPMG analysis based on desk research

The background of the entire page is a photograph of Antelope Canyon, showing its characteristic smooth, undulating sandstone walls in warm tones of orange, red, and purple, with light filtering through the narrow openings to create a dramatic play of light and shadow.

5★

The experience
of American
companies
operating in
Poland

- a survey



Respondent profile



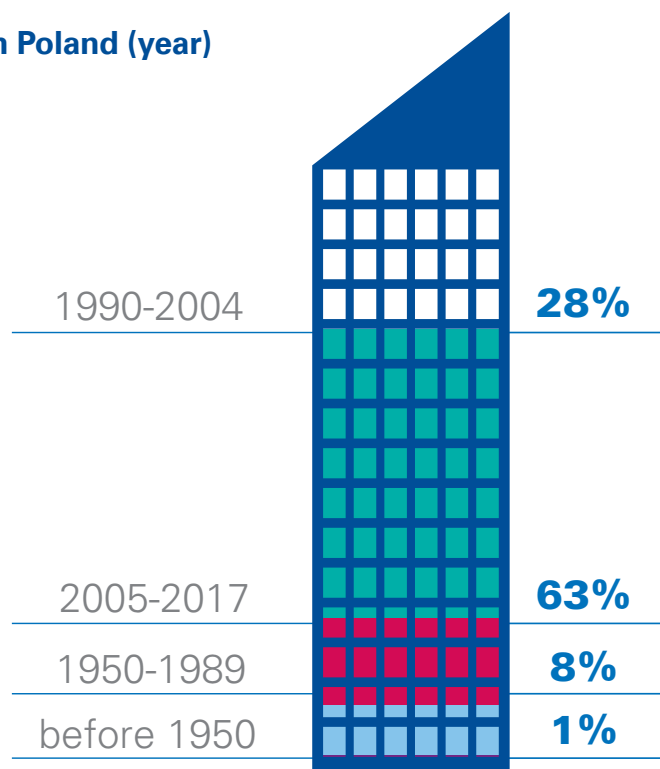
A survey of companies with American capital operating on the Polish market

The survey was conducted on a group of 142 American companies operating in Poland (AmCham members). The respondents were asked, among others, about their reasons for coming to Poland, their R&D and CSR activities, the employment structure and the method selected to enter the Polish market. The survey also aimed at exploring the profiles of American investors in Poland, their plans for the future, as well as major challenges and risks in day-to-day business.

The survey was conducted using the CAWI method in January and February 2018.

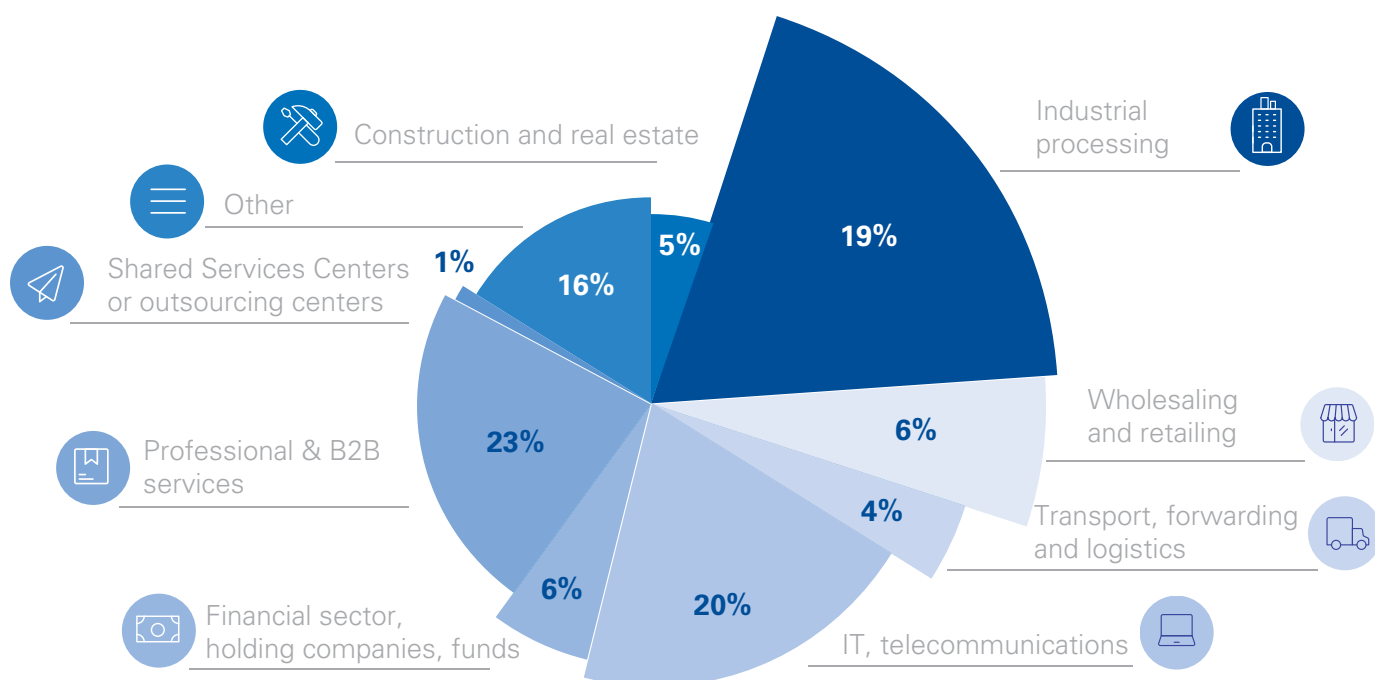
The history of American business in Poland dates back several decades. In fact, the first American companies operated in Poland before World War II. In communist times, despite the Cold War, American companies nevertheless managed to do business in Poland. A real investment boom occurred after 1989, with American-owned companies being among the pioneering foreign investors in Poland.

Start of operation in Poland (year)



Source: KPMG in Poland, based on a survey of American investors in Poland

The structure of surveyed companies by sector

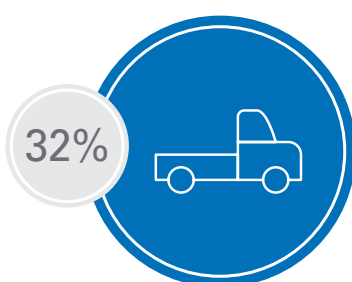


Source: KPMG in Poland, based on a survey of American investors in Poland

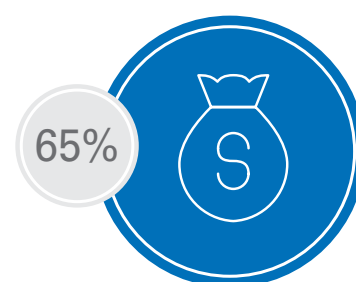
Additional information about the surveyed companies



exported goods worth
over PLN 100 million
last year



imported goods worth
over PLN 100 million
last year

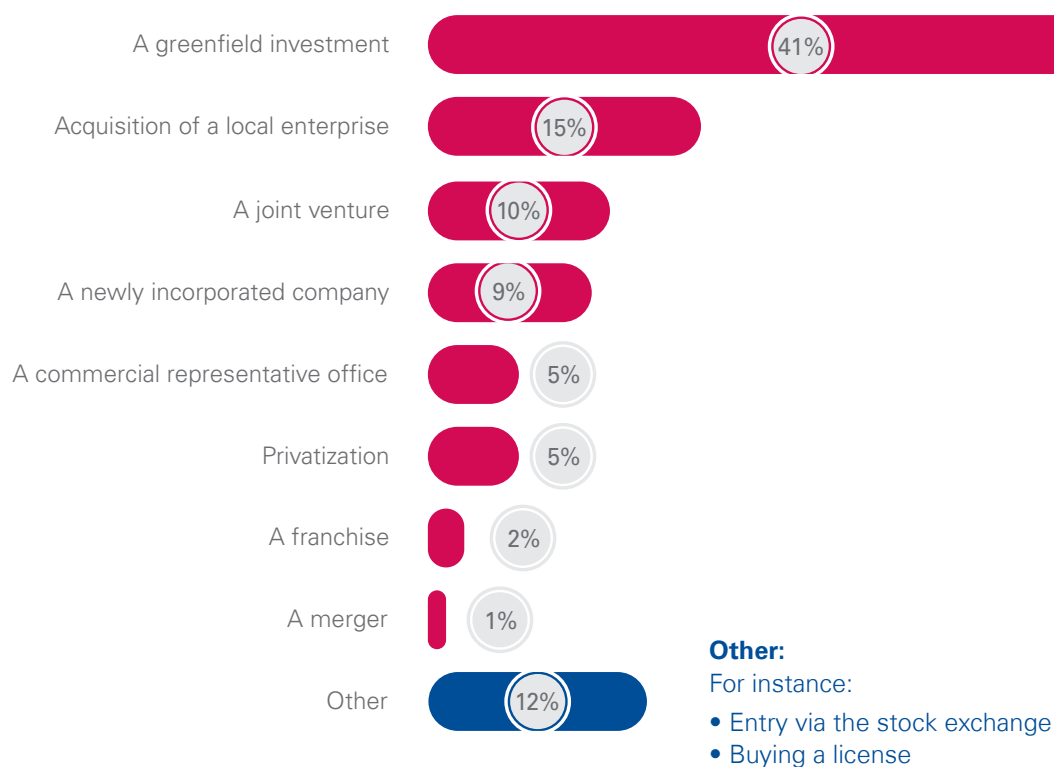


declare annual
revenues over PLN
100 million



Entry into the Polish market

How the surveyed companies started their business in Poland

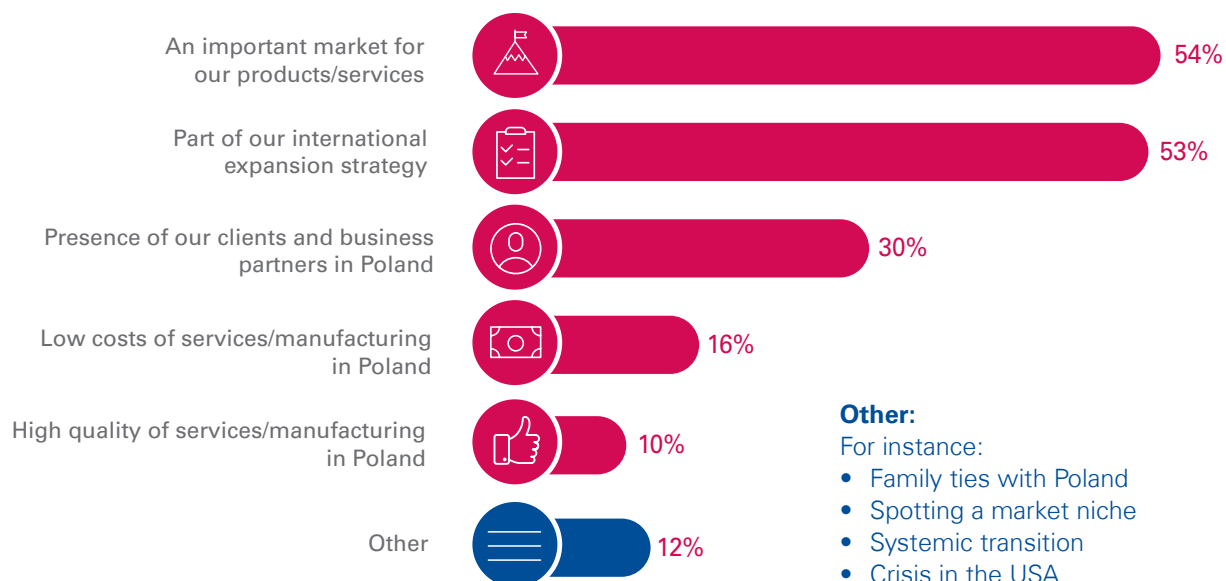


Source: KPMG in Poland, based on a survey of American investors in Poland



The largest share of the surveyed companies started their business in Poland via greenfield investments, i.e. by building a plant in an undeveloped area without the necessary infrastructure. Methods that were somewhat less popular included an acquisition of a local company, a joint venture or a newly incorporated company.

Reasons for starting a business in Poland

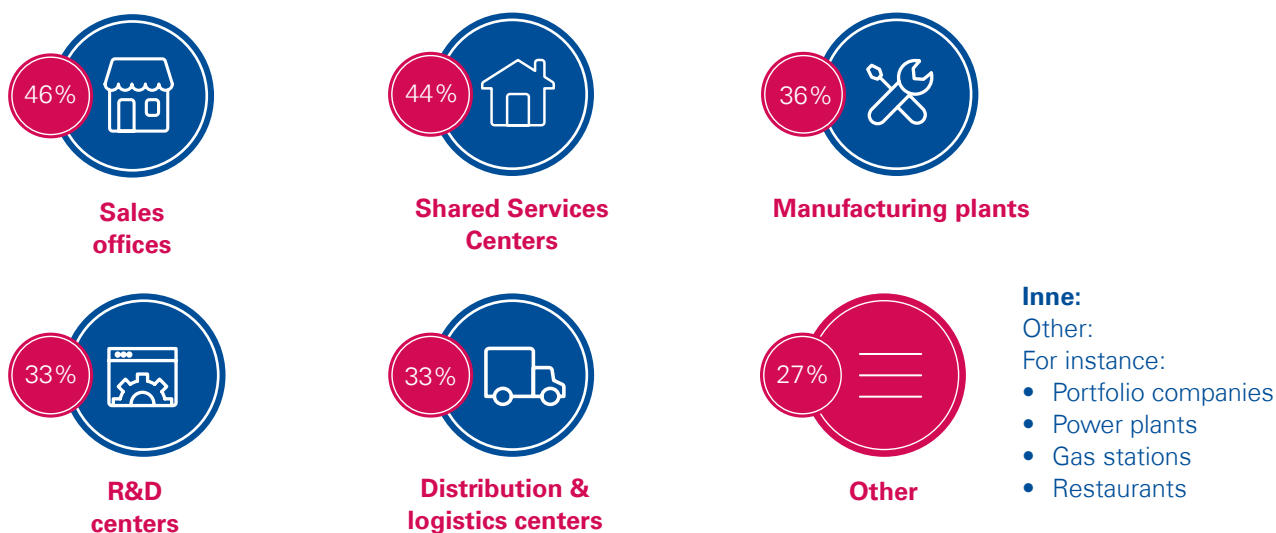


Source: KPMG in Poland, based on a survey of American investors in Poland. Respondents were allowed to select more than one answer



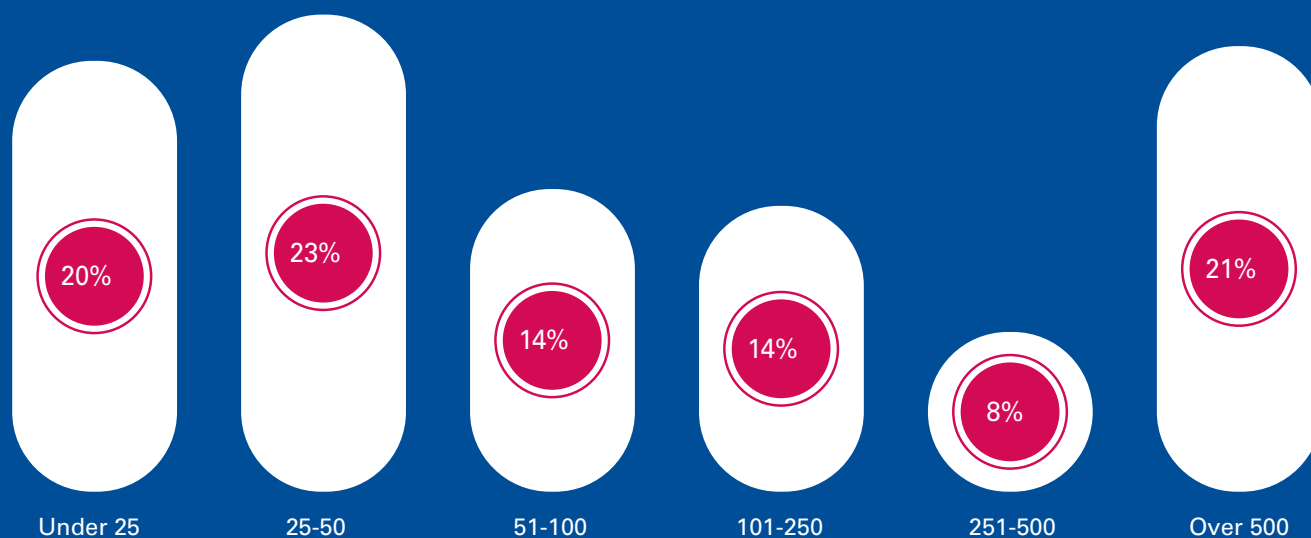
The most frequently mentioned reason for starting a business in Poland was the importance of the local market for the products or services offered by these American companies. The international expansion strategy also played an important role. Interestingly, contrary to popular opinion that foreign investors open their representative offices or plants in Poland due to low labor costs, only a small percentage of respondents mentioned this motivation. Likewise, the high quality of services provided in Poland was equally insignificant for making investment decisions. In contrast, factors related to the size and absorptive capacity of the Polish market played a much more important role. Less popular reasons mentioned by American investors included: owners' family ties with Poland, the country's political and economic stability, or spotting a niche on the Polish market.

Types of business activities carried out in Poland



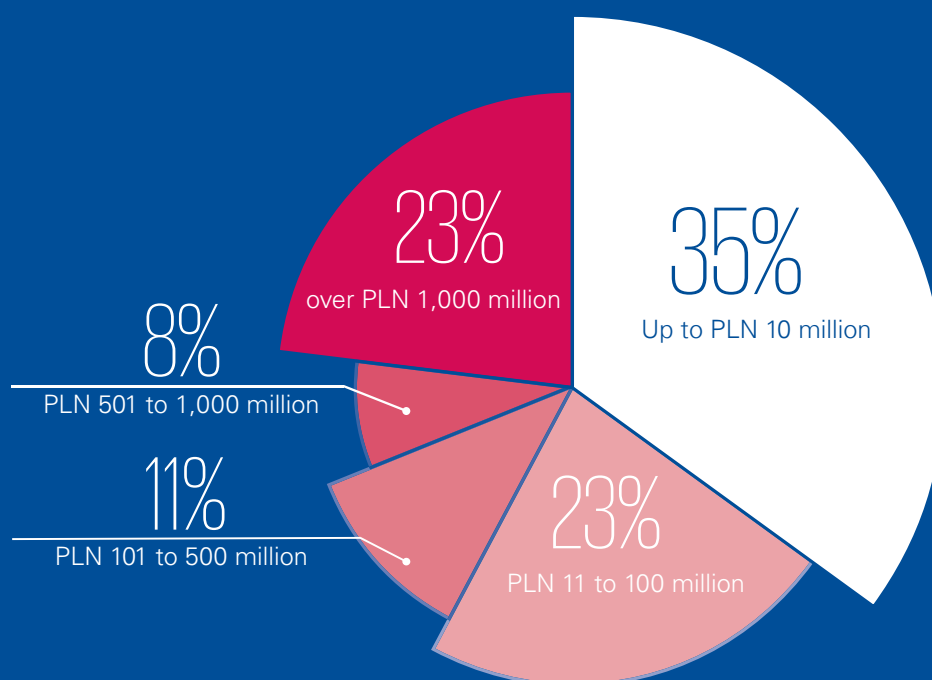
Source: KPMG in Poland, based on a survey of American investors in Poland. Respondents were allowed to select more than one answer

An estimated number of business partners in Poland



Source: KPMG in Poland, based on a survey of American investors in Poland

Total value of investments in Poland to date



Source: KPMG in Poland, based on a survey of American investors in Poland



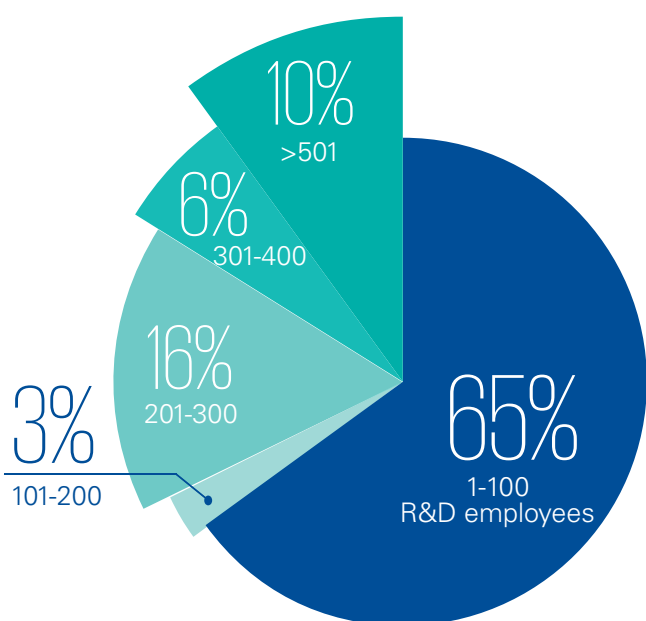
International investors influence the local economy by networking with local suppliers and business partners. American companies in Poland usually cooperate with up to 50 Polish partners. Worth noting, however, is that one in five U.S. investors has business relations with over 500 local partners. This data shows strong integration of American investors with Poland's economy.

The number of partners involved corresponds approximately to the corporate structure in terms of investment size. More than a half of the surveyed companies declared that the current total value of capital invested in Poland did not exceed PLN 100 million, and almost a quarter were large corporations which have already invested over PLN 1 billion in Poland.



R&D activities undertaken by American investors

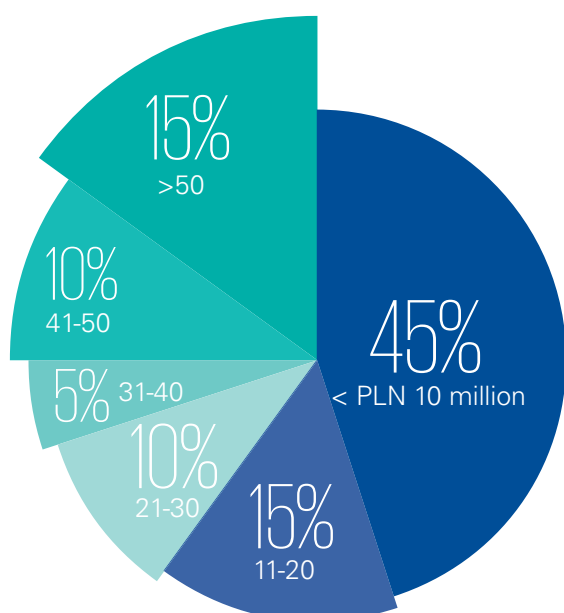
Companies by their R&D employment



Nearly one in three American companies participating in our survey declared that it is active in R&D. A quarter of the surveyed companies employ more than 100 people in their R&D departments, while one in ten employs more than 500. More than a half of American enterprises spend more than PLN 10 million on research and development.

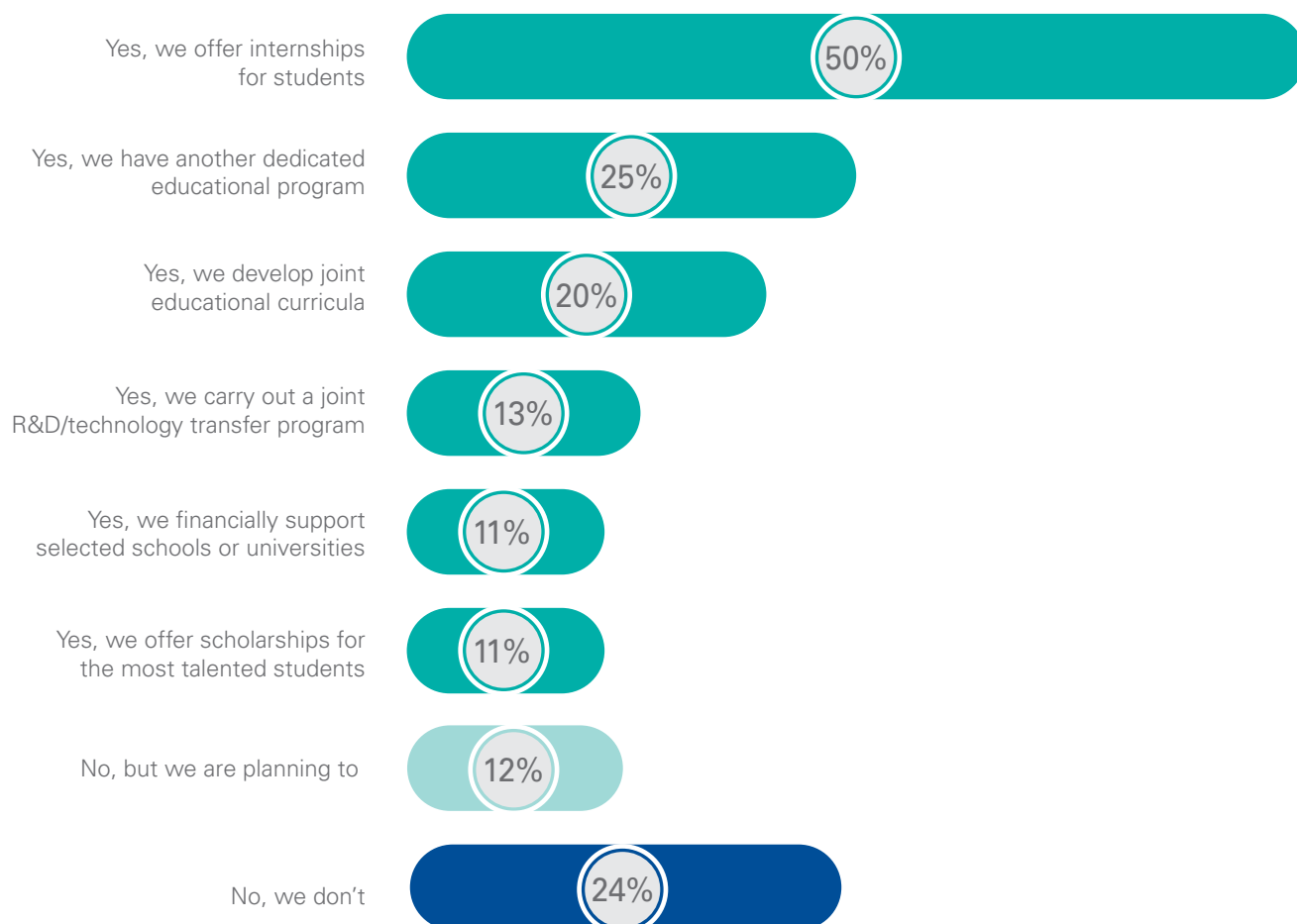
Information technology is the main area of business innovation. Product development projects and clinical trials are also popular among the surveyed companies.

Companies by their declared value of R&D investments (PLN million)



Source: KPMG in Poland, based on a survey of American investors in Poland

Does your company cooperate with schools or universities?



Source: KPMG in Poland, based on a survey of American investors in Poland. Respondents were allowed to select more than one answer



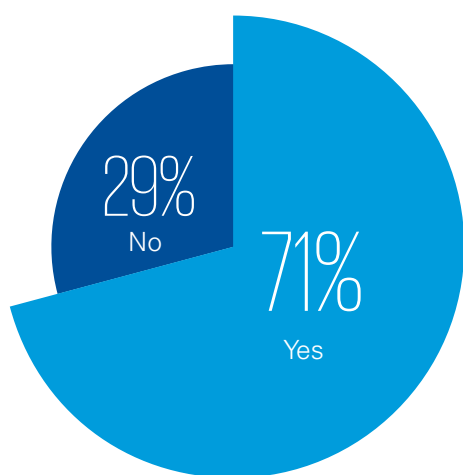
American companies which are present in Poland actively liaise with schools and universities. As many as 64% of the respondents said they cooperated with educational institutions. Most companies offer internships for the most talented students. A quarter of companies have created their own dedicated educational programs. For instance, such programs support young people on the labor market by shaping an entrepreneurial mindset, involving them in socially beneficial projects or nurturing civil society values. Educational programs offered by companies can also be skill-oriented. For example, one of the leading IT companies offers IT and IT management training to students.

A positive signal is that a relatively large number of enterprises cooperate with leading Polish universities in developing joint curricula, thus adding a practical dimension to study programs. This will certainly help young people who make their first steps on the labor market. Another area which is hard to underestimate is the networking between industry and universities in the sphere of R&D, which is among the key success factors for innovative projects.



Corporate Social Responsibility

Is your company engaged in CSR or charity programs?

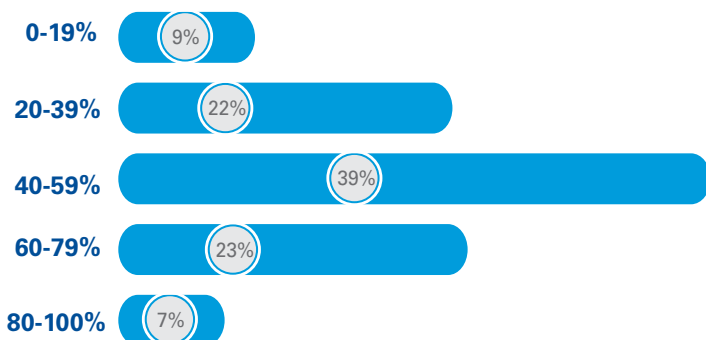


Source: KPMG in Poland, based on a survey of American investors in Poland



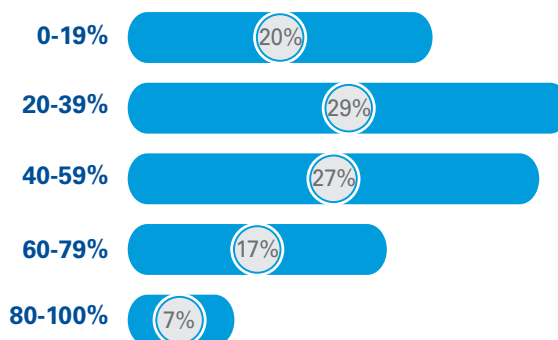
In addition to cooperating with local entrepreneurs and universities, U.S. entrepreneurs support local communities and people in need through Corporate Social Responsibility (CSR) activities. As many as 71% of the surveyed companies declared that they were active in this area. The most popular forms of CSR activity include cooperation with and support for selected foundations. Collecting donations for the needy as part of well-known nationwide charity campaigns is particularly popular. The largest enterprises tend to implement their CSR policies via their own foundations. Many companies also run programs to feed children, and some have engaged in programs aimed at bringing excluded social groups back to the labor market. Other CSR areas mentioned in the survey include blood donation, protection of cultural heritage and financial education.

Percentage of women among employees



Percentage of women among employees

Percentage of women in management



Percentage of women in management

Source: KPMG in Poland, based on a survey of American investors in Poland

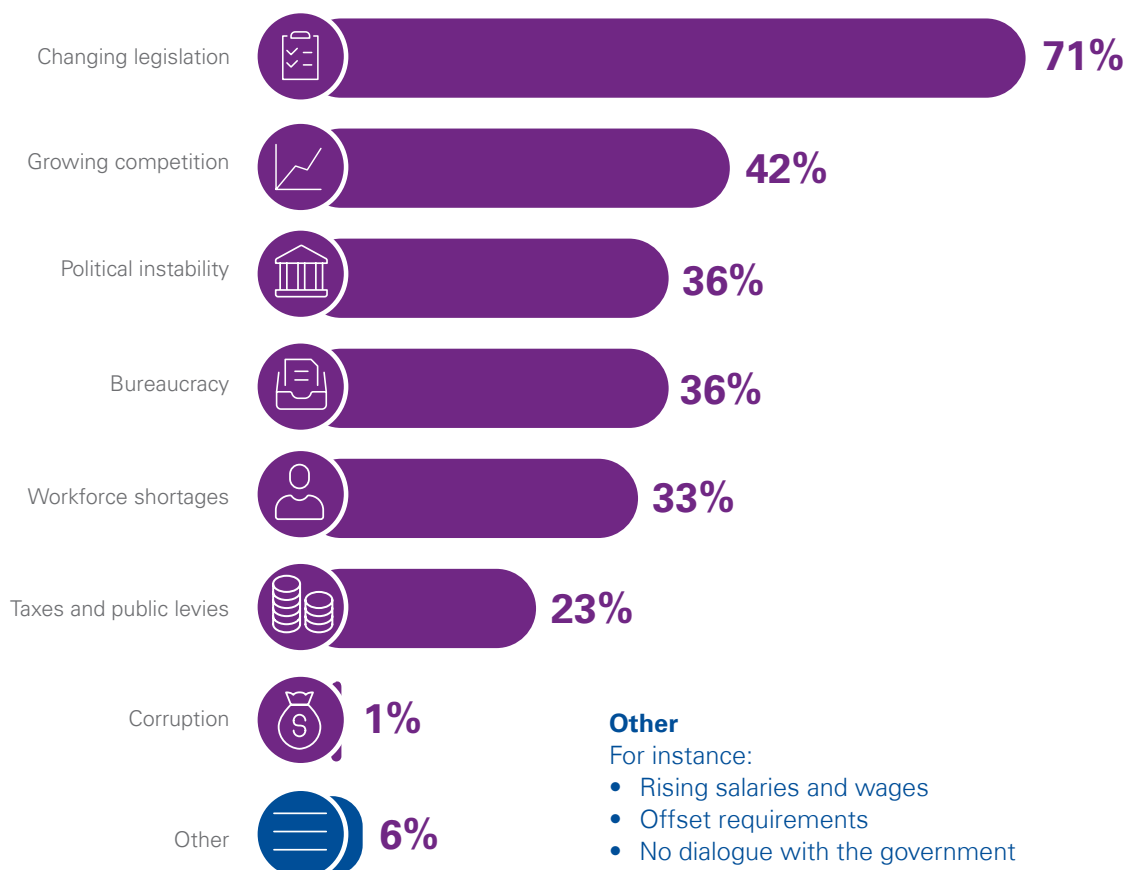


According to our survey, companies with American capital operating in Poland can be considered as maintaining gender parity. In four out of ten enterprises, women account for 40% to 59% of the workforce. The respective percentage for managerial positions is slightly lower: in 27% of companies women account for about half of the managerial staff, while in 7% of cases women significantly outnumber men, constituting 80% to 100% of the managerial staff.



Challenges, risks and plans for the future

Major challenges

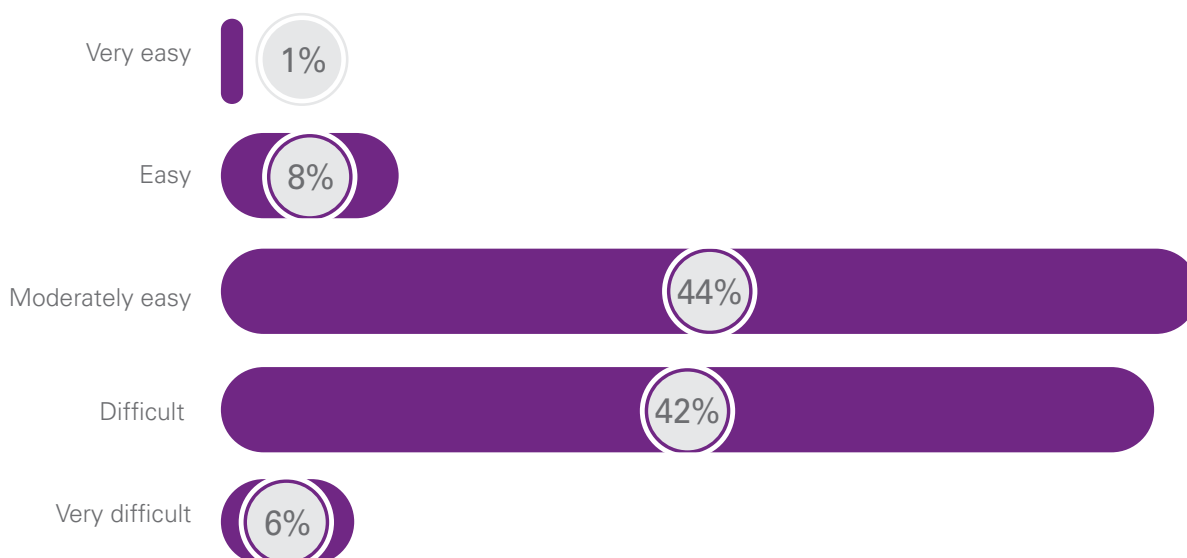


Source: KPMG in Poland, based on a survey of American investors in Poland. Respondents were allowed to select more than one answer

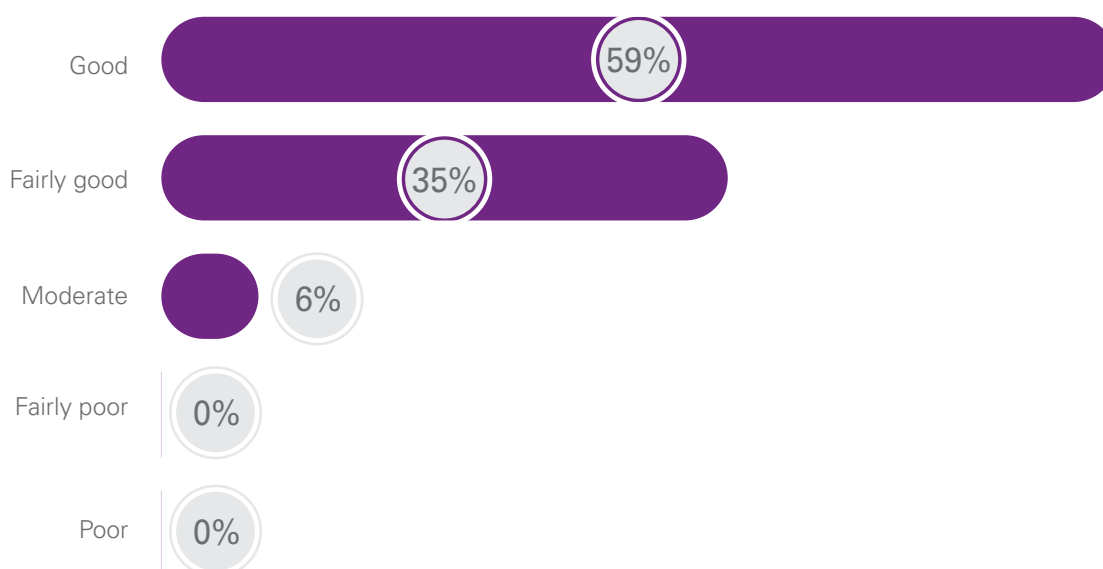


American entrepreneurs admit they struggle to keep up with the changing legislation. U.S. companies are also concerned about increasing competition, political instability and the degree of bureaucratization in Poland.

How easy or difficult is it to find workforce?



Perceived quality of Polish workforce

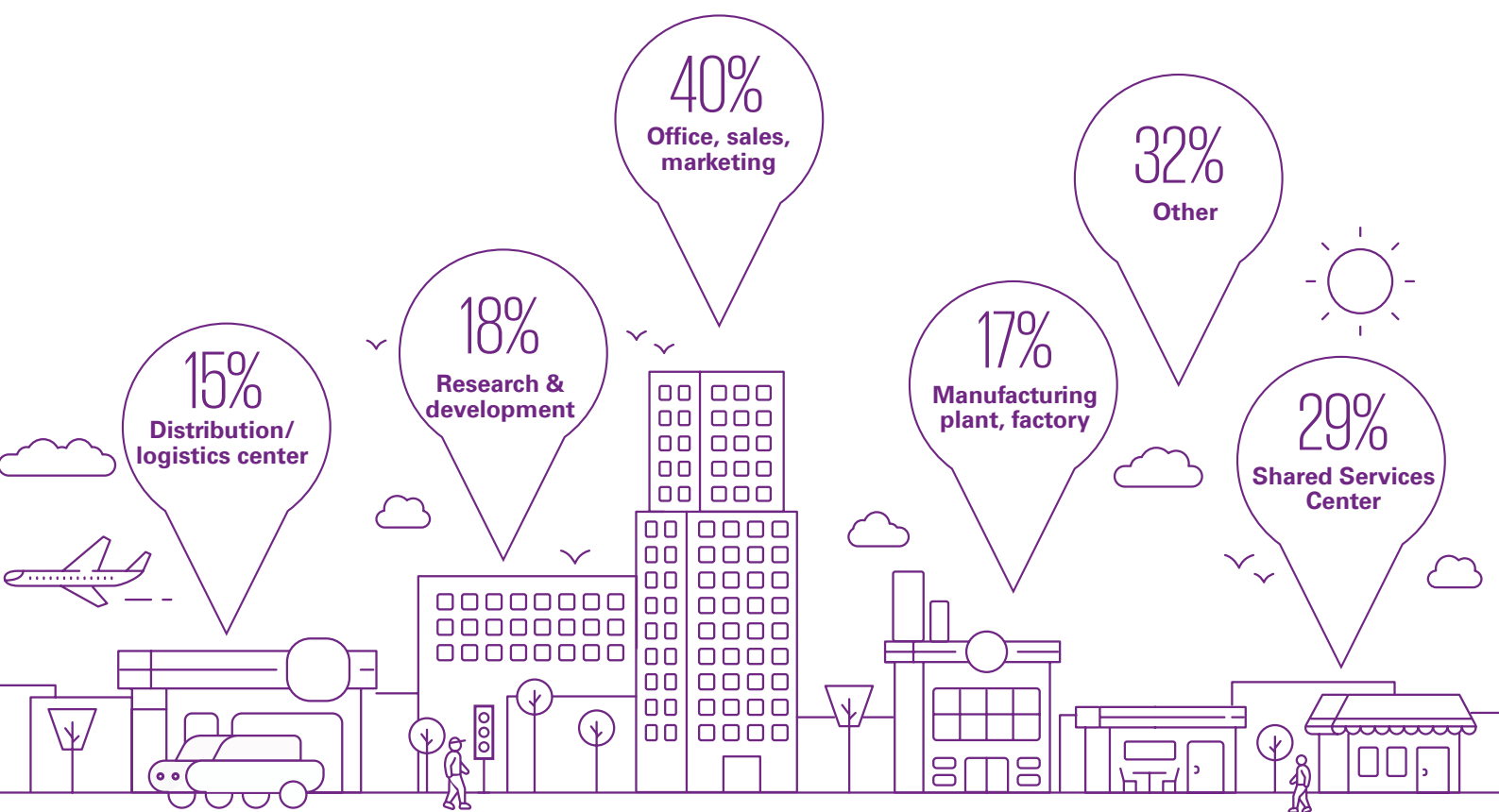


Source: KPMG in Poland, based on a survey of American investors in Poland



Until recently, the availability of relatively cheap and well-educated workforce was among Poland's competitive advantages. However, as our survey shows, these times are over. As many as 86% of the surveyed companies stated that they found it difficult or moderately difficult to find employees. The greatest obstacle in recruitment is the limited availability of applicants, and those who are available either do not have the required competences or voice exaggerated financial expectations. However, American investors invariably value the skills of Polish employees, assessing them as good or fairly good. The few who do not share this opinion point to the need to improve vocational training.

Areas of business where companies plan to expand in the near future



Source: KPMG in Poland, based on a survey of American investors in Poland. Respondents were allowed to select more than one answer.

Other:

For instance:

- Hotels and restaurants
- Consulting and analytical departments
- Medical centers



The future of American investments in Poland continues to be diverse. American companies that invest in Poland mostly plan to open new sales offices and marketing departments. Under 30% will invest in shared service centers, while one in five is planning to open an R&D department. Nearly the same proportion of enterprises plan to open new manufacturing plants and distribution centers, without being discouraged by growing workforce shortages. Other forms of business growth include the expansion of existing departments. A handful of companies are planning to open new restaurants, hotels or medical centers.

