

Press release/ Economic Survey of AHK Polska, 2012 edition

Investors pleased with Poland

95% of foreign investors in Poland would choose the location of investment again – these are the results of the Economic Survey 2012 of the German-Polish Chamber of Industry and Commerce. The 7th edition was carried out in cooperation with six others bilateral chambers in Poland (British, Irish, Canadian, Portuguese, Scandinavian and Swiss). The vast majority of respondents highly appreciated Polish workers!

For another year in a row, Poland was ahead of other countries it is competing with for investments in this region of Europe, which was reflected in the number of points awarded to it by investors for a total of 22 factors driving the inflow of foreign capital (4.64 points out of 6 points maximum). Four top-scoring factors of Poland's attractiveness were its EU membership, and three HR factors, including qualifications, motivation and performance of Polish workers.

95% of investors: YES for Poland

Only 5% (9 companies) out of almost 186 companies which took part in the survey in February 2012 said their decision to locate their CEE investments would be unfavourable for Poland. Similarly, only 5% of negative responses were reported in 2011, however, compared to the previous editions of the survey, the number of companies which took part in this year's edition was almost two and a half times higher (from 78 companies in 2011 to 186 companies in 2012). In 2010, the share of negative responses was much higher, i.e. 10%.

According to the respondents, Poland – with a total score of 4.64 points (4.80 points last year) – is ahead of this year's largest regional competitors, i.e. the Czech Republic (4.15 points) and Slovakia (3.65 points). Both countries were also Poland's most serious competitors in last year's survey (2011: Slovakia 4.13 points, the Czech Republic 4.12 points). Estonia (3.51 points in 2012 vs. 4 points in 2011) and Slovenia (3.48 points vs. 3.72 points in 2011) ranked fourth and fifth, respectively, in the 2012 survey. Compared to last year, the total scores of Baltic states, namely Estonia, Latvia and Lithuania, were slightly poorer. Just as last year, investors awarded good ratings to China (4.27 points) and Germany (4.23 points), which were presented in the survey as benchmarks.

Premium for EU membership and Polish workers, fail for the fiscal system and administration

On a scale from 1 to 5, investors awarded most points to Poland for its membership in the EU (average score of 4.30 points) and HR-related factors such as qualifications (3.78 points), motivation (3.61 points) and performance of Polish workers (3.60 points). Other top-scoring categories were political stability of the state, quality and availability of local subcontractors, quality of higher education and availability of well qualified workers.

In last year's edition, the highest-rated factor was membership in the EU, followed by Poland's political stability appreciated by investors at a time of serious debt crises sweeping across parts of Europe. Other important factors were, like in 2012, workers' qualifications, their motivation and performance.

The lowest-scoring factors driving the location of investments in Poland were country's fiscal system and administration and the level of tax burden (2.54 points). In 2011, the poorest rated factors were infrastructure and invariably efficiency of the public administration. According to foreign investors, other weaknesses of locating investments in Poland included: poor transparency of public tenders (2.55 points), low effectiveness of public administration (2.57 points) and infrastructure (2.6 points).

Better infrastructure, effective and cheaper administration, stable finance and Polish currency among investors' top demands

The surveyed entrepreneurs mainly quoted the following among the priorities of economic policy:

- development and modernisation of transport infrastructure (including in particular rail infrastructure and express roads),
- improvement of public administration efficiency and supervision of its costs,
- public finance reform (including public debt reduction),
- stabilisation of zloty's exchange rate or, alternatively, introduction of the euro in Poland,
- combating corruption and increasing transparency of public tenders,
- legal deregulation of the economy and increasing transparency of the law,
- reforms of the healthcare and social insurance systems,
- flexible labour law and reduction of labour taxation.

Other important factors included:

- building an effective vocational education system and eliminating unemployment among young people,
- open dialogue with private businesses and support of small enterprises,
- control of public expenditure,
- economic promotion of Poland abroad and incentives for foreign investors,
- reduction of tax burden.

Current condition and forecasts for the economy and enterprises

In 2012, investors were more sceptical about the condition of the Polish economy as compared to 2011. 37% of respondents (13% less than last year) assessed the economic situation in Poland as good, 54% as satisfactory, 9% as poor (6.5% more than last year). Future outlooks were slightly poorer than last year, though still optimistic for most part: 25% of respondents believed the economic situation would improve, while 51% of them expected Poland's economic situation to remain unchanged. However, the number of companies whose expectations for the Polish economy were pessimistic grew from 6.3% in 2011 to 24% in 2012.

Also, forecasts concerning business operations are more cautious as compared to 2011: 60% of respondents were planning to increase their turnover in 2012 (vs. 70% last year), while almost 40% expected growth in exports (vs. 45% last year). Only 10% of those surveyed did admit their 2012 turnover would drop (vs. 6% in 2011), and 5% expected exports to decrease (vs. 1.5% in 2011). Growth in the number of employees is expected by 39% of enterprises (36% in 2011), while growth in capital expenditure is forecasted by almost 35% of respondents (39% in 2011). 48% of companies expect their gross profit to grow in 2012, whereas 16% of respondents anticipate their gross profit would fall.

Only 61% of respondents: YES to the euro

The number of supporters of the common currency among the surveyed entrepreneurs decreased yet again, with 61% of them supporting the introduction of the euro (vs. 83% in 2011, 87% in 2010, and 96% in 2009). The share of those who reject the euro thus grew to 39%, which is almost twice as many compared to last year (17% in 2011)!

Structure of the respondent population

Among 186 of the economic survey respondents, 40% of enterprises were from the services sector, 24% from commerce, 16% represented the processing industry, 14% – construction, and 6% – the energy, water supply and waste management sector.

The smallest enterprises (up to 9 employees) constituted 20% of respondents, small companies (10 to 49 employees) – 29%, medium-sized companies (50 to 249 employees) – 30%, while large corporations (with more than 250 employees) accounted for 21%.

60% of respondents declared that 0–20% of their revenue was from exports, while 15% of the surveyed enterprises said their revenue was linked to exports at a level of 80–100%.

Among 186 of the survey respondents, the land of origin of companies' capital was defined as:

- in case of 87 enterprises – Germany,
- 21 Poland,

- 12 Sweden,
- 9 Ireland,
- 6 Norway,
- 5 Denmark
- 5 Finland,
- 5 Switzerland,
- 2 Italy,
- 2 Netherlands,
- 1 investor each in case of: Austria, Belgium, Czech Rep., France, Spain, USA,
- 26 investors defined themselves as companies with mixed capital or stated no country of origin.

Survey administrators

The economic survey was conducted in February 2012 by the German-Polish Chamber of Industry and Commerce with assistance from 6 other bilateral chambers operating within the International Group of Chambers of Commerce (IGCC):

- British–Polish Chamber of Commerce,
- Irish Chamber of Commerce in Poland,
- Polish–Canadian Chamber of Commerce,
- Polish–Portuguese Chamber of Commerce,
- Scandinavian–Polish Chamber of Commerce,
- Polish–Swiss Chamber of Commerce.



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