Doing Business in Poland:

2017 Country Commercial Guide for U.S. Companies

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Doing Business in Poland

Market Overview

Poland is an important and dynamic market located in the heart of Central Europe. American exporters and investors are drawn to Poland due to the country's large population, well - educated and competitive workforce, strong prospects for economic growth and location affording broader access to the European Union market of 500 million.

With 38 million people, Poland is the largest single market among the "new" European Union (EU) states. Poland joined the EU in 2004, and its adoption of EU legislation has led to economic reforms that have improved the environment for business and boosted economic growth.

With 2015 GDP of USD 477 billion Poland is the EU's eighth largest economy. Since 2007, Poland's economy has grown over 32 percent compared with the EU's average growth of 4.1 percent. GDP growth in 2016 was 3.1 percent.

Poland's exports and imports were both valued at USD 189 billion in 2016. Poland's chief export partners are: Germany 27%, United Kingdom 7%, Czech Republic 7%; France 6%; Italy 5%, and Netherlands 4%. Its chief import partners are: Germany 28%, China 8%, Russia 7%, Netherlands 6%, Italy 5%, and France 4% (2015). Three percent of Polish exports go to the United States while three percent of its imports are from the United States.

Poland is open to foreign investment, and American companies represent one of the largest groups of foreign investors in the country. Official statistics put the stock of U.S. FDI in Poland at USD 11 billion, but the volume is closer to USD 40 billion when considering the amounts routed through U.S. subsidiaries in other countries. U.S. companies operate in a wide range of industry sectors. Leading sectors have historically included automotive, aerospace, information technology hardware and software, food products, transportation and pharmaceuticals, paper production, appliances and financial services. Investment and export opportunities exist in the energy sector as Poland seeks to diversity it energy mix, and government plans to revitalize shipbuilding may provide opportunities for exporters of maritime equipment and technologies. Poland is also a popular location for business processing centers, including call centers, shared services centers and research and development operations.

Market Challenges

Poland's GDP per capita, presently at USD 27,810, continues to catch up to Western EU countries, but is lower than the EU average of USD 37,800, and average net household

disposable income is USD 17,820, less than the OECD average of USD 29,016. The distribution of income in Poland is among the least equal in the EU, with the top 20 % earning close to five times as much as the bottom 20%.

Poland's overall commercial climate is positive, but recently proposed policies and newly passed legislation have tempered investor confidence. Some businesses have complained that recent changes to Poland's tax code were made too quickly and without broad consultation, which has increased uncertainty about the tax system's credibility and stability. Other measures (e.g. an increase of the minimum wage, lowering of the retirement age, and a new universal child benefit) may decrease labor force participation and increase cost of labor in considering existing demographic contraction and emigration. Legal, regulatory, and environmental uncertainty in the energy, healthcare, retail and banking sectors have recently also been areas of concern for investors.

In 2017, Poland moved up to 24th place on the World Bank's "Ease of Doing Business Index, continuing its upward improvement. Likewise, Poland continued to improve its ranking on Transparency International's Corruption Perception Index, moving 29th place out of 176 countries.

Market Opportunities

Poland's membership in NATO provides opportunities for U.S. manufacturers of defense or defense-related products. Poland is committed to modernizing its armed forces. As a member of NATO, Poland is committed to spend 2% of its GDP on defense, and the Ministry of Defense recently announced its intent to increase this percentage to 2.5% of GDP. There are currently 90 active Foreign Military Sales cases in Poland with a total value of USD 5.5 billion.

Poland is the largest recipient of EU Structural and Investment funds, with 104 billion budgeted from 2014-2020. Current plans are to use funds to support continued infrastructure development, including improving internet access and developing smart cities, and encouraging companies to conduct research and development in Poland.

Poland continues to devote sizeable resources to improving its transportation infrastructure. Many projects to improve the country's roads, railways and waterways benefit from EU funds. This increased investment has also led to the rapid development of Intelligent Transport Systems (ITS), which have become an important part of highway and road infrastructure

projects. From 2014 – 2023, the Government plans to spend $12 billion to improve safety, technical standards as well as roads management, which, in large part would be spent on ITS.

Engineering and green-building services firms may find opportunities in Poland's need for premium office space and retail sector expansion. Firms with experience in 'zero emission' buildings and LEED standards will find the greatest opportunities. Many additional opportunities exist for firms offering products that improve energy efficiency. These top prospects are covered in depth under "Leading Sectors for U.S. Exports and Investment."

Other important sectors are agricultural machinery and equipment, information technology and electrical power systems and cosmetics. We are optimistic about increased energy engagement, especially in LNG, cybersecurity cooperation and potential announcements on the long anticipated nuclear energy strategy.

While the U.S. share of Poland's import market remains small, at approximately 3%, U.S. exporters have found considerable success targeting competitive niches, using effective market-entry strategies, and diligently following up with marketing and sales support.

Market Entry Strategy

Poland's population is widely dispersed. A quarter of Poles live in rural areas, while urban dwellers are spread among a number of population centers, including Warsaw and Lodz in the center of the country, Krakow in the south, Wroclaw and Poznan in the west, Gdansk and Szczecin in the north, and Lublin in the southeast.

Urban consumers generally have greater purchasing power than their rural counterparts. Personal contact with the customer is critical and final purchasing decisions typically require a face-to-face meeting. Success in this market typically requires an in-country presence, such as an agent, distributor, or representative office.

While the number of English speakers in Poland is rising, particularly in cities, communication in Polish is recommended to elicit prompt responses to offers and inquiries and to facilitate negotiations. Poland's communication network is relatively well developed and e-mail communications and website offerings are an effective means of reaching local buyers.

Pricing is the most critical factor in positioning a product or service for sale in Poland. Access to capital is difficult for most Polish firms, and business transactions are typically self-financed. U.S. firms that can arrange financing will have a competitive edge. U.S. exporters should develop a creative strategy for financing exports. Using Ex-Im Bank programs is a recommended

option. Pricing is always a challenge for some U.S. exporters, especially as Polish often make decisions on price alone. Careful crafting of terms of sale, including creative packaging of currency and pricing terms, will help U.S. exporters gain a long-term advantage in the current Polish market.

Political Environment

Political Environment

Selling US Products & Services

Using an Agent to Sell US Products and Services

Polish trade partners most often serve their U.S. counterparts as distributors. They import goods, clearing them through customs and then offer them on the local market. Their network of contacts in the industry is highly leveraged when offering products on the market. One of the most common tools for distributors to use is the internet, where goods are advertised and, increasingly, also sold through e-commerce.

Signing an agent agreement with a Polish entity allows the agent to act as a representative for the foreign company in Poland. Agents have the authority to manage the company's activities in the country and often also to act as distributors. In most cases, product and marketing training must be provided to new distributors. There are no local laws imposing rules specifically for Polish importers. Distributor and agent agreements may take any form mutually beneficial to the parties involved.

A good starting point for finding a distributor or an agent is to review websites of local companies. There is also the Kompass database , with information on a large number of local businesses. Visiting a trade show in Poland is also a good occasion to review local businesses and to meet with potential partners. Catalogs of trade events usually include a brief description of each exhibitor, also in English.

We highly recommend utilizing the services of the U.S. Commercial Service, such as the International Partner Search (IPS) and/or our signature Gold Key Service (GKS) if you are inexperienced in the market. Our specialists have deep and broad knowledge of many market sectors and can help save U.S. business representatives' time and money finding and screening (International Company Profile) potential distributors or agents.

Companies wishing to use distribution, franchising and agency arrangements need to ensure that the agreements they put into place are in accordance with EU and member state national laws. Council Directive 86/653/EEC establishes certain minimum standards of protection for self-employed commercial agents who sell or purchase goods on behalf of their principals. The Directive establishes the rights and obligations of the principal and its agents, the agent's remuneration and the conclusion and termination of an agency contract. It also establishes the notice to be given and indemnity or compensation to be paid to the agent. U.S. companies should be particularly aware that per the Directive, parties may not derogate from certain requirements.

Accordingly, the inclusion of a clause specifying an alternate body of law to be applied in the event of a dispute will likely be ruled invalid by European courts.

The European Commission's Directorate General for Competition enforces legislation concerned with the effects on competition in the internal market of "vertical agreements." U.S. small- and medium-sized companies (SMEs) are often exempt from these regulations because their agreements likely would qualify as "agreements of minor importance," meaning they are considered incapable of impacting competition at the EU level but useful for cooperation between SMEs. Companies with fewer than 250 employees and an annual turnover of less than €50 million are considered small- and medium-sized. The EU has additionally indicated that agreements that affect less than 10 percent of a particular market are generally exempted (Commission Notice 2014/C 291/01).

The EU also looks to combat payment delays. Directive 2011/7/EU covers all commercial transactions within the EU, whether in the public or private sector, primarily dealing with the consequences of late payment. Transactions with consumers, however, do not fall within the scope of this Directive. Directive 2011/7/EU entitles a seller who does not receive payment for goods and/or services within 30 days of the payment deadline to collect interest (at a rate of eight percent above the European Central Bank rate) as well as 40 Euro as compensation for recovery of costs. For business-to-business transactions a 60-day period may be negotiated subject to conditions. The seller may also retain the title to goods until payment is completed and may claim full compensation for all recovery costs.

Companies' agents and distributors can take advantage of the European Ombudsman when victim of inefficient management by an EU institution or body. Complaints can be made to the European Ombudsman only by businesses and other bodies with registered offices in the EU. The Ombudsman can act upon these complaints by investigating cases in which EU institutions fail to act in accordance with the law, fail to respect the principles of good administration, or violate fundamental rights. In addition, SOLVIT, a network of national centers, offers online assistance to citizens and businesses who encounter problems with transactions within the borders of the single market.

Establishing an Office

The type of business entity that U.S. companies choose to establish is often determined by the scope of activities the company plans to undertake in Poland. If a U.S. company wants to sell its products and services in Poland exclusively through its own office, it usually establishes a

representative office. If a U.S. company will invest in Poland, there are different legal forms available to carry out business activity. Investors can choose the most suitable one from the following options for their business presence in Poland:

(1) Limited Partnership

(2) Limited Joint-Stock Partnership

(3) Limited Liability Companies (Sp. z o.o.)

(4) Joint Stock Companies (S.A.)

(5) Representative Office

(6) Branch Office

Detailed information on forms of doing business in Poland can be found at the web-site of the Polish Investment and Trade Agency.

Modern office equipment like computers and office amenities are easily available and can be leased from a number of reputable Polish and Western firms. The white-collar labor pool is abundant and English-speaking assistants with good office skills are relatively easy to find as are employees with Western management and accounting experience. Many executive search firms operate in Poland and aid in finding appropriate staff.

Franchising

The Polish franchise market is considered mature, yet growing. Local entrepreneurs are aware of the plethora of potential choices that enables them to make discerning decisions regarding future franchise opportunities. According to the private franchising consulting company PROFIT System, in 2016 the Polish franchising sector encompassed 1,170 independent franchise networks with over 68,400 franchise stores and services. Franchising is one of the fastest growing options for small, private firms. Per data, the average franchise employs 5-6 people and the sector as a whole is responsible for 460,000 jobs in Poland.

Average investment in a franchise in 2015 amounted to USD 25,000. A majority of those franchises - 86.3% - originated in Poland. The largest franchising sector, with 176 brands, is gastronomy. Leading brands include KFC, Starbucks, Pizza Hut, Burger King, Subway and McDonald's. Following this is the retail sector, with 154 retail brands and 36,000 licensed

locations. Recent U.S. retail brands that announced new locations in Poland are Forever 21 and Steve Madden. In addition, consulting/business services that are in Poland include Signarama, Mail Boxes Etc., and RE/MAX. New additions are Keller Williams and Circle K.

One of the fastest growing trends is online sales, especially in the food and retail sectors. For example, in Poland it is now becoming popular to order food or groceries online for delivery or pick-up. Uber Eats is now operational in Poland. Local meal kit services akin to Blue Apron are also appearing in Poland.

Strong competition and an increasing number of franchise systems have strengthened the position of potential franchisees. Successful franchisors offer franchisees programs for customer service (CRM), product training, merchandising, etc., and often contribute to recruitment campaigns and investment cost-sharing.

American franchisers should be willing to raise brand awareness by committing sufficient resources to advertising and marketing, this is especially true for brands without global recognition. U.S. franchisers should be prepared to modify their product mix or implement other changes in their marketing policy to compete and meet the demands of Polish consumers. Franchise networks successful in the United States will not automatically succeed in Poland. However, well-known U.S. franchises operating in the U.S. or Europe have a strong advantage.

U.S. franchisers often have difficulty locating local investors willing to provide sufficient capital to develop a Polish franchise. To overcome this challenge, firms often create a master franchise that can attract foreign and domestic investors. This practice is especially prevalent in the gastronomy sector.

Poland has no special legal requirements for franchises. The Polish Civil Code regulates franchise agreements. Franchisors should take steps to protect their intellectual property in accordance with Polish and European Union regulations. As in most markets, trademark registration is limited to protecting only trademarks registered in Poland. Registration at the European Union level protects trademarks in Poland and all member states. Sub-franchising is permitted without restrictions and Poland and the U.S. have signed a double taxation avoidance agreement. The franchise fee is subject to a 23% value-added tax (VAT) and 19% corporate income tax (CIT) on the difference between franchising income and tax- deductible expenses.

U.S. businesses looking to franchise within the European Union will likely find the market is generally quite robust and welcoming to franchise concepts. There are a number of laws that

govern the operation of franchises within the EU, but such laws are fairly broad and generally do not constrain the competitive position of U.S. businesses. The potential franchiser should review the applicable EU regulations at the web-site of the European Franchise Federation, as well as local laws in Poland governed by the Polish Franchise Organization (POF).

The Polish Franchise Expo, held annually in Warsaw, is the largest franchising trade show in Central and Eastern Europe. Over 200 exhibitors and 7,000 visitors attended the show in 2016. This year's Franchise Expo will be held October 26-28, 2017.

Direct Marketing

Direct marketing (DM) is an accepted business practice in Poland, as it is in other EU countries. Polish consumers are accustomed to purchasing via catalog as well to shopping on Internet platforms. More than 70% of Polish enterprises use direct marketing to sell their products and services. The most frequently used DM formats are e-mail and internet marking, telemarketing, direct sales, mailing sales (products available in catalogs and internet), TV marketing, and inserts in publications with a response element. Spending on email marketing equals 6% of total advertising expenditure with regards to Polish internet advertising. Local companies care about proper profiling, audience targeting, and know that a well-prepared email campaign will achieve a high conversion rate. Communicating with consumers through a social media (e.g. Instagram, Facebook) is also widely used.

In general, Polish law is compatible with legal regulations applied to DM activities throughout the EU. Direct Sales are governed by the Consumer Rights Act of 30 May 2014 (as amended) on Consumer Rights. Polish protection of personal data is rigorous, although recent interpretations in court have been less strict. A Good source of information is the Office of Competition and Consumer Protection.

The SMB Polish Marketing Association, established in 1995, and PSSB- Polish Direct Marketing Association, established in 1989, are both involved in introducing regulations and principles for DM in Poland. SMB promotes development of direct marketing per existing law and professional ethics.

There is a wide-range of EU legislation that impacts the direct marketing sector. Compliance requirements are stiffest for marketing and sales to private consumers.

Companies need to focus on the clarity and completeness of the information they provide to consumers prior to purchase and on their approaches to collecting and using customer data. The following gives a brief overview of the most important provisions flowing from EU-wide rules on distance-selling and on-line commerce.

Processing Customer Data

The EU has strict laws governing the protection of personal data, including the use of such data in the context of direct marketing activities. For more information on these rules, please see the privacy section above.

Distance Selling Rules

In 2011, the EU overhauled its consumer protection legislation and merged several existing rules into a single rulebook - "the Consumer Rights Directive". The provisions of this Directive have been in force since June 13, 2014, and replaced EU rules on distance selling to consumers and doorstep selling along with unfair contract terms and consumer goods and associated guarantees. The Directive contains provisions on core information to be provided by traders prior to the conclusion of consumer contracts. It also regulates the right of withdrawal, includes rules on the costs for the use of means of payment and bans pre-ticked boxes. Companies are advised to consult the relevant sections of EU Member States' Country Commercial Guides and to contact the Commercial Service at the U.S. Mission to the European Union for more specific guidance.

In 2013, the EU adopted rules on Alternative Dispute Resolution which provide consumers the right to turn to quality alternative dispute resolution entities for all types of contractual disputes including purchases made online or offline, domestically or across borders. A specific Online Dispute Resolution Regulation will set up an EU-wide online platform to handle consumer disputes that arise from online transactions. The platform will be operational at the end of 2015.

Key Links:

Consumer Affairs Homepage

Consumer Rights

Distance Selling of Financial Services

Financial services are the subject of a separate directive that came into force in June 2002 (2002/65/EC). This piece of legislation amended three prior existing Directives and is designed to ensure that consumers are appropriately protected with respect to financial transactions taking place where the consumer and the provider are not face-to-face. In addition to prohibiting certain abusive marketing practices, the Directive establishes criteria for the presentation of contract information. Given the special nature of financial markets, specifics are also laid out for contract withdrawal.

Direct Marketing over the Internet

The e-commerce Directive (2000/31/EC) imposes certain specific requirements connected to the direct marketing business. Promotional offers must not mislead customers and the terms that must be met to qualify for them should be easily accessible and clear. The Directive stipulates that marketing e-mails must be identified as such to the recipient and requires that companies targeting customers on-line must regularly consult national opt-out registers where they exist. When an order is placed, the service provider must acknowledge receipt quickly and by electronic means, although the Directive does not attribute any legal effect to the placing of an order or its acknowledgment. This is a matter for national law. Vendors of electronically supplied services (such as software, which the EU considers a service and not a good) must also collect value added tax (see Electronic Commerce section below).

Local Associations

Polish Marketing Association

Polish Direct Marketing Association

SELDIA – The European Direct Selling Association

FEDMA- European Direct Marketing Association

Joint Ventures/Licensing

Joint ventures are a common form of business in Poland. Many U.S. businesses in Poland have established joint ventures with Polish partner companies. Joint ventures are an excellent way to facilitate export sales to the Polish market.

Most joint ventures are established with the American partner contributing needed capital and technology. The Polish partner typically contributes land, distribution channels, trained workers, access to the Polish market and introductions within the local government and business community. Having a Polish partner who is familiar with the industry and culture gives American firms a competitive edge they may not have on their own. American firms participating in joint ventures are often asked to provide marketing, training, and promotional support for their Polish partners.

Licensing products, technology, technical data, and services has been less common in Poland, due to concerns about to protect intellectual property rights and copyrights. Still we suggest U.S. businesses be cautious when licensing their products in Poland, particularly since we expect the number of U.S. firms opting to license their products in Poland to increase, especially in the industrial manufacturing and consumer goods sectors.

Selling to the Government

Information on the Office of Public Procurement, public procurement regulations and public tenders is available via the internet. Only a handful of relevant resources is available in English.

The Armaments Inspectorate handles Ministry of Defense procurements. Comprehensive information about military procurement laws and regulations is provided on the Armaments Inspectorate website. On-line resources are available in Polish only.

Unlimited tendering is the preferred method. Participation in tenders is open to all those who are legally, technically, and financially able to perform the contract (including foreign companies).

The U.S. Commercial Service strongly urges U.S. firms bidding on Polish government tenders to utilize the Department of Commerce's advocacy and counseling services to avoid common pitfalls in this complex process.

Government procurement in Europe is governed by both international obligations under the WTO Government Procurement Agreement (GPA) and EU-wide legislation under the EU Public Procurement Directives. U.S.-based companies can bid on public tenders covered by the GPA,

while European subsidiaries of U.S. companies may bid on all public procurement contracts covered by the EU Directives in the European Union.

The EU directives on public procurement have recently been revised and new legislation on concessions has also been adopted. Member States were required to transpose the provisions of the new directives by April 16, 2016. The four relevant pieces of legislation are:

- Directive 2014/24/EU (replacing Directive 2004/18/EC) on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts applies to the general sector;
- Directive 2014/25/EU (replacing Directive 2004/17/EC) coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors;
- Directive 2009/81/EC on defense and sensitive security procurement. This Directive sets Community rules for the procurement of arms, munitions and war material (plus related works and services) for defense purposes, but also for the procurement of sensitive supplies, works and services for non-military security purposes;
- Directive 2014/23/EU on the award of concession contracts. A concession contract (either for the delivery of works or services) is conducted between a public authority and a private enterprise that gives the right to the company to build infrastructure and operate businesses that would normally fall within the jurisdiction of the public authority (e.g. highways).

The EU has three remedial directives imposing common standards for all member states to abide by in case bidders identify discriminatory public procurement practices.

Electronic versions of the procurement documentation must be available through an internet URL immediately on publication of the Official Journal of the European Union (OJEU) contract notice. Full electronic communication (with some exceptions) will become mandatory for all public contracts from October 2018. Central purchasing bodies are required to publish their contracts and requests for tenders since April 2017.

Electronic invoicing (e-invoicing) will be introduced beginning the 3rd quarter of 2018, based on the requirement set forth in Directive 2014/55/EU. The Directive makes the receipt and processing of electronic invoices in public procurement obligatory. Standards for e-invoicing are being developed by the European Committee for Standardization (CEN).

There are restrictions for U.S. suppliers in the EU utilities sector, both in the EU Utilities Directive and in EU coverage of the GPA. Article 85 of Directive 2014/25 allows EU contracting authorities to either reject non-EU bids where the proportion of goods originating in non-EU countries exceeds 50 percent or give preference to the EU bid if prices are equivalent (meaning within a three percent margin). Moreover, the Directive allows EU contracting authorities to retain the right to suspend or restrict the award of service contract to undertaking in third countries where no reciprocal access is granted.

There are also restrictions in the EU coverage of the GPA that apply specifically to U.S.-based companies. U.S. companies are not allowed to bid on works and services contracts procured by sub-central public contracting authorities in the following sectors:

- Water sector
- Airport services
- Urban transport sector as described above, and railways in general
- Dredging services and procurement related to shipbuilding

Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to" Project *Financing"* Section in *"Trade and Project Financing"* for more information.

Distribution & Sales Channels

Regional Nature of Market and Review of Major Regions

Opportunities for doing business in Poland are, like the population, dispersed throughout the country. Thirty-nine percent of the population resides in rural areas; urban dwellers are widely spread among a number of population centers.

Poland's largest cities and their respective populations are:

Warsaw	1,735,000
Kraków	765,000
Łódź	706,000
Wrocław	631,000
Poznań	540,000
Gdańsk	463,000

Szczecin	405,000
Bydgoszcz	355,000
Lublin	341,000
Katowice	299,000

Source: Chief Statistical Office (GUS) Poland

Industrial Goods Distribution

Imports of equipment and technology have remained steady as Polish industry modernizes and restructures to compete with the West. Poles are familiar with the technical parameters of U.S. products, even prior to the actual introduction of those products in the marketplace. This reflects on the fact that serious Polish importers do their homework.

With its location in the center of Europe, and being a member state of the EU, Poland is often perceived as a good location for a distribution hub in Central and Eastern Europe. Another good reason is that prices in Poland are still lower than in other EU countries.

Many distributors of industrial equipment are specialized and have very specific technical expertise. Because of this, some are better able to represent foreign manufacturers on a national level than most consumer goods distributors. However, exporters should be aware that large industrial enterprises would rather have direct contact with manufacturers when purchasing heavy machinery. This is one of the reasons why the number of heavy machinery distributors is limited in Poland.

As with the consumer goods sector, importers and other companies that represent foreign companies are becoming more sophisticated and selective. The number and variety of imported goods available on the Polish market play an important role here as well. Polish agents or distributors increasingly look to foreign partners to provide marketing and promotional support, training and financing. Polish trade fairs, which have become more specific in scope, are a good place to look for possible distributors.

It is advisable to consider having one exclusive distributor. Potential channel partners in this sector tend to prefer exclusive arrangements because often they bear the marketing costs of new products and do not want potential competitors to reap the benefits of their promotional activities.

Express Delivery

All major express delivery firms - DHL, UPS, and FedEx offer their services in Poland, both for inbound and outbound shipments. Reliable domestic express delivery firms include DPD Poland and GLS. Be sure to check their service coverage and declared guaranteed delivery time prior to enlisting their service.

Selling Factors & Techniques

As stated previously, the Polish market is in most cases regional and this description applies to selling as well. Because unemployment is lower and the average income is higher in Polish cities, urban dwellers generally have more purchasing power than inhabitants of rural areas. The countryside is dotted with single-factory towns, many of which currently suffer from higher unemployment rates.

Websites and e-mails are effective tools to introduce a product or service to a Polish company. Communication in Polish is recommended if the seller would like to receive a speedy reply. U.S. companies should ensure that translations from English into Polish are performed only by proficient translators who are fluent in modern business Polish and grammar.

An average Polish customer no longer requires face-to-face contact with a person selling a product. The role of the internet in securing business contacts is growing and can now be considered a valuable selling tool. Over 76 % of Polish homes have internet access, 48% of them buy on-line. The number of banking customers who actively use internet banking services reached 38%.

American companies that are little known outside the U.S. may need to make a significant effort (often marketing, training, or other promotional activities) to convince the prospective Polish customer of their credibility. Product demonstrations are effective, as Poles tend to be skeptical about claims until they are proven. Sponsored visits to the U.S. company headquarters or manufacturing plant frequently help to convince Polish buyers to purchase a U.S. product.

The decision-making process, especially in large companies or government agencies, can be painfully slow, as every person or section involved in a decision usually must sign off before a decision is made. It may take several meetings and many rounds of negotiations before a deal is closed. This means that success in Poland is difficult without an in-country presence, whether that presence is an agent, distributor, or representative office.

Polish customers will want to discuss the technical parameters of the product, explain their needs, and negotiate the price. In addition, the product may not be sold at the first meeting, as the customer will want some time to consider the points discussed and to arrange financing. Initial orders are frequently small due to Poles access to limited amounts of working capital and high interest rates on credit. Follow-on sales often grow rapidly once product effectiveness and profitability are established.

Many Polish firms complain that access to capital is a problem. This is a particularly acute problem for small and medium size businesses. Most Polish firms are too small to consider going public or to issue commercial paper so business activities, including payment for imports, are usually self-financed. American companies that can arrange for affordable financing for their Polish customers will have an edge over their competitors. The U.S. Export-Import Bank (Ex-Im Bank) offers a credit insurance program that can help small and medium sized U.S. firms in this regard.

If a prospective customer shows continued effort and interest in dialogue, the potential for a sale is good, even if the time leading up to the conclusion of a contract seems long by U.S. standards. If the proposal is well thought out, pricing is flexible (or assistance with financing is offered), and includes promotion, servicing and customer support, chances are good that the sale will ultimately be completed. Doing business in Poland is built upon personal relationships and trust. U.S. companies have an advantage in Poland, as the United States, its people and products, are generally held in high regard.

eCommerce

Overview

There are no barriers to conducting electronic commerce activities in Poland, although American companies should consider the strict requirements of the personal data protection regulations and tax issues that match those of other European Union countries.

The Polish e-commerce market is currently estimated at USD 10.8 billion and is expected to reach the value of USD 17 billion in 2020. With two-digit yearly growth, it is one of fastest developing e-commerce markets in Europe. The digital economy currently accounts for 3% of the Polish economy, and it is expected to reach 9.5% of the GDP in 2020.

In Poland, e-commerce is seen as one of important drivers for economic development, greatly contributing to a rapid growth of logistics operations, E-commerce currently accounts for almost 60% of the warehouse space used by retail chains and logistics operators. Poland is a hub for several e-commerce operations serving Western European countries, including Amazon and Zalando.

The growth of e-commerce is driven by easy and affordable access to the internet through multiple tools, comfort with online purchasing, general familiarity with internet technologies as well as gradually introduced customer-friendly regulations (please see the information on the Digital Single Market below).

There are 25.8 million internet users in Poland, which represents 76.6% of the total population and includes almost all people of the age group 18-34. In general, 48% of Poles shop on-line.

Since Poles like auction services, almost half of e-shops channel their sales through auction websites. The most popular e-commerce platform in Poland is Allegro, with over 50% market share. A majority of online shops complement e-commerce sales with traditional brick and mortar operations.

Current Market Trends

As technology changes allow customers to easily compare prices and products offered by various sellers, retailers tend to take an omnichannel approach to combine traditional and on-line sales channels to retain their customer base. They also increasingly invest in advanced analytic tools.

As for product popularity, the fastest growing segment of the e-commerce market are on-line grocery sales. This segment's value is expected to reach the value of $670 million in 2020, a 458% increased over today's $120 million.

Domestic eCommerce (B2C)

The vast majority of online shopping is done locally in Poland.

The most popular products bought online are clothing and shoes, toys and products for children, home appliances, electronic devices, books and cosmetics. Other popular products include car appliances, airplane, train and bus tickets, sporting goods and tourist equipment and travel services.

Cross-Border eCommerce

While only about 10% of Poles shop at foreign stores and 40% never get involved in international e-shopping. this situation is slowly changing. At the same time, only 10% of Polish e-shops sell abroad. This places Poland, along with Romania, as one of the countries with the lowest level of cross border e-transactions in the EU.

B2B eCommerce

The B2B e-commerce market in 2016 was estimated at $60 billion, and is expected to grow at 8% a year to reach $92 billion in 2020. At the moment, only some 35% of Polish firms use internet purchasing platforms. Some 30% of businesses do not even maintain their own websites.

eCommerce Services

In general, e-commerce platforms in Poland are eager to work with foreign suppliers and sell their products on-line. Nevertheless, many limit their interest to European sources. They have little experience, if any, in dealing with suppliers from the United States and their logistic support for them is usually limited.

eCommerce Intellectual Property Rights

Polish law enforcement agencies increasingly focus on crime ont the Internet, but intellectual property infringement continues to be a problem. According to a recent analysis by Deloitte, Poland's economy is losing billions to online piracy. In 2016, the total losses due to illegal use of content exceeded $760 million while the state treasury losses amounted to $210 million.

It is estimated that most people use both legal and illegal content, sometimes making payments to piracy services. Video and audio are the most commonly hacked content.

Please see the Intellectual Property Rights section below for general information on this topic.

Popular eCommerce Sites

Allegro	www.allegro.pl	All types of consumer goods
Ceneo	www.ceneo.pl	Price comparison service
Empik	www.empik.com	Books, PC games, toys, music, tickets, gift cards

eobuwie.pl	www.eobuwie.com.pl	Bags, shoes
Euro AGD	www.euro.com.pl	Consumer electronics and home appliences
iPerfumy	www.iperfumy.pl	Health&beauty, cosmetics, perfumes
Dbam o Zdrowie	www.doz.pl	Health&beauty, OTC products, pharmacy
Mall	www.mall.pl	All kinds of consumer products
Marketplanet	www.marketplanet.pl	The largest B2B platform

Amazon has a very large presence in Poland, where it operates five fulfillment centers in addition to an R&D center. The company recently launched a Polish language site on its German platform.

Online Payment

Sixty – nine percent of Polish banking customers actively use internet banking services, and this number is growing. Poland is also one of the strongest markets in Europe in mobile-payment technologies. Poland leads in the number of contactless transactions. Some 90% of all cards issued in Poland are contactless enabled (the same as in Czechia), while 83% of cards issued in Germany don't have such an option.

Mobile eCommerce

Eighty-six percent of Poland's Internet users used mobile devices to access the Internet, and over 16% use them for on-line shopping. Many e-commerce platforms continue to struggle with making their platforms user-friendly for mobile users.

Digital Marketing

The level of digital marketing in Poland is below the world average. Poland is expected to meet the 2016 world average expenditures on digital and televison marketing in 2020.

It is estimated that in the period 2012-2016, ads on Google and Facebook accounted for 64% growth of all expenses in digital marketing.

The products most advertised on-line in Poland are fashion clothing.

Major Buying Holidays

In 2016, Poles spent USD 1.2 billion on on-line shopping for Christmas, 23% more than a year earlier. To compare, shopping in traditional stores increased by only 2.4%.

Social Media

Approximately 90% of internet users, i.e. 39% of all Poles, use social media. This is 2% above the world average. An average user spends 2 hours and 19 minutes on social media a day.

The most popular social media platform in Poland is Facebook. Seventy percent of Facebook users are active on it every day. Other popular services are YouTube, Instagram, Twitter, LinkedIn and Snapchat.

Almost all e-shops maintain their profiles on social websites.

The European Union's Digital Single Market Initiative

Creating a Digital Single Market (DSM) is one of the ten priorities of the European Commission (EC). The overall objective is to bring down barriers, regulatory or otherwise, and to unlock online opportunities in Europe, from e-commerce to e-government. By doing so, the EU hopes to do away with the current 28 fragmented markets and create one borderless market with harmonized legislation and rules for the benefit of businesses and consumers alike throughout Europe.

The EC set out its vision in its May 6, 2015 DSM Strategy which has been followed by several concrete legislative proposals and policy actions. They are broad reaching and include reforming e-commerce sector, VAT, copyright, audio-visual media services, consumer protection, and telecommunications laws. Most of these proposals are currently going through the legislative process. DSM-related legislation will have a broad impact on U.S. companies doing business in Europe.

The three main pillars of the strategy are:

Pillar I: Better access for consumers and businesses to digital goods and services across Europe

- Better access for consumers and businesses to online goods and services across Europe
- Remove key differences between the online and offline worlds to break down barriers to cross-border online activity.

Pillar II: Shaping the right environment for digital networks and services to flourish

- Achieve high-speed, secure and trustworthy infrastructures and content services
- Set the right regulatory conditions for innovation, investment, fair competition and a level playing field.

Pillar III: Creating a European Digital Economy and society with growth potential

- Invest in technologies such as cloud computing and Big Data, and in research and innovation to boost industrial competitiveness and skills
- Increase interoperability and standardization

For more information see the European Union Priorities for the Digital Single Market.

Digital Single Market Strategy for Europe

The Electronic Commerce Directive (2000/31/EC) provides rules for online services in the EU. It requires providers to abide by rules in the country where they are established (country of origin). Online providers must respect consumer protection rules such as indicating contact details on their website, clearly identifying advertising and protecting against spam. The Directive also grants exemptions to liability for intermediaries that transmit illegal content by third parties and for unknowingly hosting content.

Comprehensive Market Research on e-commerce in the EU is available upon request.

For information on this topic please consult the Commerce Department's Country Commercial Guides on EU Member States.

Alternatively, search the Commerce Department's Market Research Library.

Value Added Tax (VAT)

The EU's VAT system is semi-harmonized. While the guidelines are set out at the EU level, the implementation of VAT policy is the prerogative of Member States. The EU VAT Directive allows Member States to apply a minimum 15 percent VAT rate. However, they may apply reduced rates for specific goods and services or temporary derogations. Therefore, the examination of VAT rates by Member State is strongly recommended. These and other rules are laid out in the VAT Directive.

The EU applies Value Added Tax (VAT) to sales by non-EU based companies of Electronically Supplied Services (ESS) to EU-based non-business customers. U.S. companies that are covered by the rule must collect and submit VAT to EU tax authorities. From 1 January 2015, all supplies of telecommunications, broadcasting and electronic services are taxable at the place where the customer resides. In the case of businesses this means either the country where it is

registered or the country where it has fixed premises receiving the service. In the case of consumers, it is where they are registered, have their permanent address, or usually live.

As part of the legislative changes of 2015, the Commission launched the Mini One Stop Shop (MOSS) scheme, the use of which is optional. It is meant to facilitate the sales of ESS from taxable to non-taxable persons (B2C) located in Member States in which the sellers do not have an establishment to account for the VAT.

This plan allows taxable persons (sellers) to avoid registering in each Member State of consumption. A taxable person who is registered for the Mini One Stop Shop in a Member State (the Member State of Identification) can electronically submit quarterly Mini One Stop Shop VAT returns detailing supplies of ESS to non-taxable persons in other Member States (the Member State(s) of consumption), along with the VAT due.

The Commission has received numerous complaints in relation to the new rules on ESS and is in the process of revising them.

The most important pieces of legislation on VAT are the EU VAT Directive 2006/112/EC and its Implementing Regulation 282/2011.

For more information relating to VAT on ESS visit the information page on the One Stop Shop.

Trade Promotion & Advertising

General Legislation

Laws against misleading advertisements differ widely from member state to member state within the EU. To respond to this imperfection in the internal market, the Commission adopted a directive, in force since October 1986, to establish minimum and objective criteria regarding truth in advertising. The Directive was amended in October 1997 to include comparative advertising. Under the Directive, misleading advertising is defined as any "advertising which in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behavior or which for those reasons, injures or is likely to injure a competitor." Member states can authorize even more extensive protection under their national laws.

Comparative advertising, subject to certain conditions, is defined as "advertising which explicitly or by implication identifies a competitor or goods or services by a competitor." Member States can, and in some cases, have, restricted misleading or comparative advertising.

The EU's Audiovisual Media Services Directive (AMSD) lays down legislation on broadcasting activities allowed within the EU. Since 2009, the rules allowing for U.S.-style product placement on television and the three-hour/day maximum of advertising have been lifted. However, a 12-minute/hour maximum remains. The AMSD is currently under revision. The European Commission is aiming to extend the scope of the Directive to video-sharing platforms which tag and organize the content. The Commission is also aiming to provide more flexibility about the 12-minute/hour maximum restriction. Children's programming is subject to a code of conduct that includes a limit of junk food advertising to children. Following the adoption of the 1999 Council Directive on the Sale of Consumer Goods and Associated Guarantees, product specifications, as laid down in advertising, are considered as legally binding on the seller.

The EU adopted Directive 2005/29/EC concerning fair business practices in a further attempt to tighten consumer protection rules. These rules outlaw several aggressive or deceptive marketing practices such as pyramid schemes, "liquidation sales" when a shop is not closing, and artificially high prices as the basis for discounts in addition to other potentially misleading advertising practices. Certain rules on advertising to children are also set out.

More information on consumer rights and unfair trade practices are found at the EU Consumer Rights Web-Page.

Medicines

The advertising of medicinal products for human use is regulated by Council Directive 2001/83/EC, as amended by Directive 2004/27/EC. Generally speaking, the advertising of medicinal products is forbidden if market authorization has not yet been granted or if the product in question is a prescription drug. Mentioning therapeutic indications where self-medication is not suitable is not permitted, nor is the distribution of free samples to the public. The text of the advertisement should be compatible with the characteristics listed on the product label, and should encourage rational use of the product. The advertising of medicinal products destined for professionals should contain essential characteristics of the product as well as its classification. Inducements to prescribe or supply a particular medicinal product are prohibited and the supply of free samples is restricted.

More information on Medicinal Products for Human Use.

Nutrition & Health Claims

On July 1, 2007, a Regulation on Nutrition and Health claims entered force. Regulation 1924/2006 sets EU-wide conditions for the use of nutrition claims such as "low fat" or "high in vitamin C" and health claims such as "helps lower cholesterol." The regulation applies to any food or drink product produced for human consumption that is marketed in the EU. Only foods that fit a certain nutrient profile (below certain salt, sugar and/or fat levels) can carry such claims. Nutrition and health claims are only allowed on food labels if they are included in one of the EU's positive lists. Food products carrying claims must comply with the provisions of nutritional labeling Directive 90/496/EC and its amended version Directive 1169/2011.

In December 2012, a list of approved functional health claims went into effect. The list includes generic claims for substances other than botanicals which will be evaluated later. Disease risk reduction claims and claims referring to the health and development of children require an authorization on a case-by-case basis, following the submission of a scientific dossier to the European Food Safety Authority (EFSA). Health claims based on new scientific data must be submitted to EFSA for evaluation but a simplified authorization procedure has been established.

The development of nutrient profiles, originally scheduled for January 2009, has been delayed.

Nutrition claims, in place since 2006, can fail one criterion, i.e. if only one nutrient (salt, sugar or fat) exceeds the limit of the profile, a claim can still be made provided the high level of that nutrient is clearly marked on the label. For example, a yogurt can make a low-fat claim even if it has high sugar content but only if the label clearly states "high sugar content." A European Union Register of nutrition claims has been established and is updated regularly. Health claims cannot fail any criteria.

Detailed information on the EU's Nutrition and Health Claims policy can be found on the USEU/FAS website and in the USDA Food and Agricultural Import Regulations and Standards EU 28 2014

Food Information to Consumers

In 2011, the EU adopted a new regulation on the provision of food information to consumers (1169/2011). The new EU labeling requirements apply from December 13, 2014 except for the mandatory nutrition declaration which will apply from December 13, 2016.

Detailed information on the EU's new food labeling rules can be found on the USEU/FAS website and in the USDA Food and Agricultural Import Regulations and Standards EU 28 201

Food Supplements

Food Supplements

Directive 2002/46/EC harmonizes the rules on labeling of food supplements and introduces specific rules on vitamins and minerals in food supplements. Ingredients other than vitamins and minerals are still regulated by Member States.

Regulation 1925/2006, applicable as of July 1, 2007, harmonizes rules on the addition of vitamins and minerals to foods. The regulation lists the vitamins and minerals that may be added to foods. This list was updated most recently in 2014. A positive list of substances other than vitamins and minerals has not been established yet, although it is being developed. Until then, member state laws will govern the use of these substances.

Information on Food Labeling for Nutritional Supplements.

Tobacco

The EU Tobacco Advertising Directive bans tobacco advertising in printed media, radio, and internet as well as the sponsorship of cross-border events or activities. Advertising in cinemas and on billboards or merchandising is allowed, though these are banned in many member states. Tobacco advertising on television has been banned in the EU since the early 1990s and is governed by the Audiovisual Media Services Directive. A 2016 revision to the legislation includes the requirement for bigger, double-sided health pictorial warnings on cigarette packages and possibility for plain packaging along with health warnings, tracking systems.

Local Market Specifics

Trade fair activities in Poland grew rapidly at the beginning of the last decade, from a single major event (the annual June Poznan International Fair) to a full year's schedule of industry and product specific events in major cities around the country. For information on upcoming trade events please see the information on trade fairs and events in Leading Sectors for U.S. Exports and Investments. Some fairs are still proving their worth, while others have lost popularity in recent years and are no longer attracting key Polish and international businesses. Direct U.S. company presence at trade fairs in Poland is minimal, but some U.S. firms exhibit through their European or Polish distributors. U.S. firms exhibiting in larger Western European

trade fairs, particularly those in the Commercial Service's Showcase Europe program, will encounter Polish buyers at those events. The U.S. Commercial Service in Warsaw can help you find distributors interested in representing U.S. products at Polish fairs.

Advertising in Poland is considered important, not only in the consumer product field, but also in developing a company image for all types of goods. Television, which reaches virtually every home in Poland via local channels or satellite, is believed to be the most effective advertising medium in Poland. Products advertised through television commercials show the greatest sales growth among all advertised products. The bulk of advertising revenues go to television. The price of television spots on top rated shows has grown dramatically in the last few years as demand has soared. Radio is another means of advertising with 261 local radio stations as well as 6 national networks in operation: Polskie Radio SA Program 1, Polskie Radio SA Program 2, Polskie Radio SA Program 3, Polskie Radio SA Program 4, RMF FM, Radio ZET and TOKFM.

There is a ban on cigarette and alcohol (including beer and wine) advertising for broadcasters and on alcohol ads for display and print media. There is also a ban on pharmaceutical advertising, except for over-the-counter (OTC) drugs and in professional publications.

Print media advertising is sophisticated and the print media market itself has grown to include a full range of publications. Major newspapers circulate throughout Poland and reach every corner of the country. In addition, special interest magazines, business journals, niche publications, and specialized newspapers have proliferated. Newsweek Polska, a division of Newsweek, celebrates its 15th anniversary this year (launched in 2001) and the Polish edition of Forbes magazine, which was launched in January 2005, celebrates its 11th anniversary this year. Classified advertising is very well developed and effective. Most U.S. companies find print media to be a highly effective means of reaching customers and candidates for jobs.

Major daily newspapers include Rzeczpospolita, Gazeta Wyborcza, Dziennik Polska, Nasz Dziennik, and two tabloids: Fakt and Super Express. Major daily business journals include Dziennik Gazeta Prawna, Parkiet Gazeta Gieldy, Puls Biznesu, and Financial Times. The Polish edition of BusinessWeek is published on a biweekly basis. There are also two English language weeklies that cater mainly to foreigners in Poland, the Warsaw Business Journal and the Warsaw Voice.

Major international, as well as local, advertising and public relations agencies abound in Poland. For contact information on these journals and firms please contact the U.S. Commercial Service

in Warsaw at Office.Warsaw@trade.gov, at telephone number (48) 22 625-4374 or fax number (48) 22 621-6327.

Pricing

The importance of pricing in Poland cannot be overstated. Pricing is the key to successfully selling U.S. products and services in Poland. Working capital is limited in Poland, even among the larger, more successful Polish companies. Polish businesses generally spend money wisely, after thoughtful and sometimes lengthy consideration. The most commonly expressed reason for failed sales efforts per potential Polish clients continues to be that "the price is too high." The risks surrounding an exchange fluctuations can make pricing difficult. Typically, U.S. manufactured goods are compared to similar European-made goods and the lowest cost item wins the day.

Establishing the price of U.S. made products is further complicated by the addition of customs duties, Value Added Tax (VAT), and, in some cases, excise taxes, which may dramatically elevate the final retail price of a product. Flexibility in pricing is important and initial market penetration to gain product awareness among Polish consumers should be the goal. Successful U.S. exporters work together with their Polish representatives to keep costs, particularly import costs, as low as possible. For example, some companies ship products unassembled to help reduce import duties. Poland's accession to the EU has given the price advantage to European producers. U.S. made goods are burdened with customs duties that products imported from other EU countries do not. To level the playing field, some American businesses have opened distribution and/or manufacturing facilities in Europe.

The Polish market is large and expanding for all types of products, but is also increasingly competitive. U.S. companies that approach the market with a long-term view to creating market share for their products will reap the rewards.

Sales Service/Customer Support

After price, service is the second greatest concern for Polish customers. Polish distributors and customers see U.S. manufacturers as far removed from the products they export to Poland. Potential customers may shy away from U.S. products over concerns that distance will lead to ineffective service if the product requires repair or maintenance.

Polish customers may walk away rather than purchase a product if they are required to ship it back to the United States for repair or service - even if the U.S. company pays for the shipment.

Sending spare parts to Poland is easy to do. Some firms provide local service through European representatives or firms licensed to repair their products. Even then, some distributors worry that they may not get adequate support.

Ideally, customer service and support should be provided through a trained Polish representative or a U.S. affiliate company. Local technical support teams should be considered a part of the U.S. company's image in the Polish market. Effective, fast, and reliable service contributes greatly to the U.S. manufacturer's success in Poland. The opposite can also be said about service. Therefore U.S. manufacturers should be ready to provide full assistance to their service personnel in Poland.

U.S. manufacturers with major export accounts in Poland may wish to periodically send a service representative to Poland to work with the local representative and visit customers.

Conscious of the discrepancies among member states in product labeling, language use, legal guarantee and liability, the redress of which inevitably frustrates consumers in cross-border shopping, EU institutions have launched several initiatives aimed at harmonizing national legislation. Suppliers within and outside the EU should be aware of existing and upcoming legislation affecting sales, service and customer support.

Product Liability

Under the 1985 Directive on Liability of Defective Products, amended in 1999, the producer is liable for damage caused by a defect in his product. The victim must prove the existence of the defect and a causal link between defect and injury (bodily as well as material). A reduction of liability of the manufacturer is granted in cases of negligence on the part of the victim.

Product Safety

The 1992 General Product Safety Directive introduced a general safety requirement at the EU level to ensure that manufacturers only place safe products on the market. It was revised in 2001 to include an obligation on the producer and distributor to notify the Commission in case of a problem with a given product, provisions for its recall, the creation of a European Product Safety Network, and a ban on exports of products to third countries that are not deemed safe in the EU. The legislation is still undergoing review.

Legal Warranties and After-sales Service

Under the 1999 Directive on the Sale of Consumer Goods and Associated Guarantees, professional sellers are required to provide a minimum two-year warranty on all consumer goods sold to consumers (natural persons acting for purposes outside their trade, businesses or professions), as defined by the Directive. The remedies available to consumers in case of non-compliance are:

- Repair of the good(s);
- Replacement of the good(s);
- A price reduction; or Rescission of the sales contract.

Other issues pertaining to consumers' rights and protection, such as the New Approach Directives, CE marking, quality control and data protection are dealt with in the Trade Regulations section of this report.

Protecting Intellectual Property

In any foreign market, companies should consider several general principles for effective management of their intellectual property. For background on these principles please link to our article on Protecting Intellectual Property and also Corruption.

Comprehensive information on the Polish law protecting intellectual property is available on the website of the Polish Agency for Investment and Trade.

The U.S. Department of Commerce IP Attaché for the European Union covers Poland.

IP Attaché:

Susan F. Wilson

Boulevard du Regent 27

BE-1000

Brussels, Belgium

+32 811-5308

Mailing Address:

U.S. Mission to the European Union

Unit 7600

Box 6100

United States

DPO AE 09710-6100

Due Diligence

The U.S. Commercial Service in Warsaw can provide U.S. companies with affordable, fast background checks on Polish business organizations through our International Company Profile Service. For more information on this service, please click on the following link visit or e-mail the U.S. Commercial Service in Warsaw at office.warsaw@trade.gov, or call us at +48 22 625-4374.

Product safety testing and certification is mandatory for the EU market. U.S. manufacturers and sellers of goods should perform due diligence in accordance with mandatory EU legislation prior to exporting.

Local Professional Services

The legal environment in Poland continues to evolve at a rapid pace and this is expected to continue. In general, law firms in Poland follow changes closely and most of them provide business counseling in addition to legal advice. Some firms are also experienced in helping their contacts find Polish business partners, investments or projects to pursue.

American companies doing business in Poland are urged to obtain legal representation. This is particularly essential when bidding in a public tender, forming a joint venture, untangling a trade dispute establishing a representative office or incorporating a business in Poland.

A U.S. exporter new to the Polish market may not initially need specialized legal, accounting, or consulting advice as it pursues potential partners. It can, however, take comfort in knowing that expert advice is abundant and available in Poland, through the offices of U.S. and Polish law and consulting firms, when problems arise.

Local service providers focusing on EU law, consulting, and business development can be viewed on the website maintained by the Commercial Service at the U.S. Mission to the European Union.

Information on professional service providers in Poland is available upon request. Please send the request to office.warsaw@trade.gov.

Principle Business Associations

American Chamber of Commerce in Poland
Spektrum Tower, 16th Floor
ul. Twarda 18
00-105 Warszawa
Tel. +48 22 520 5999
Fax +48 22 520 5998
e-mail: office@amcham.pl

The American Chamber of Commerce in Poland is the leading voice for international investors in Poland. It is composed of over 300 companies representing a wide range of sectors, and has significant American presence, including 80 of the 500 Fortune companies. Members share the will to build connections and develop the business market in Poland. AmCham is an independent, non-profit business association, and is supported fully by its membership dues and sponsorship agreements. The organization is an accredited affiliate of the US Chamber of Commerce in Washington D.C. and AmCham's in Europe network.

Confederation Lewiatan

ul. Zbyszka Cybulskiego 3

00-727 Warszawa

tel. 48 22 55 99 900
Fax 48 22 55 99 910

Lewiatan is the most influential Polish business association representing interests of Polish businesses in Poland and the European Union. Lewiatan gathers around 3,900 companies that employ 900,000 people. Confederation Lewiatan is a member of the Social Dialog Council created by the Polish government and has a direct influence on government and legislative actions in Poland. Lewiatan has a representative office in Brussels and is a member of Businesseurope – the leading European business organization representing interests of entrepreneurs and businesses in EU. Many U.S. companies that are present in the Polish market are members of Lewiatan.

Business Center Club

Plac Zelaznej Bramy 10

00-136 Warszawa

tel. 48 22 625 30 37, 825 96 04
fax 48 22 621 84 20

e-mail: biuro@bcc.org.pl

Business Center Club (BBC) is a prestigious business club and the largest individual entrepreneur organization in Poland. BCC gathers more than 2,000 members (individual entrepreneurs and companies) representing various industries jointly controlling USD 30 billion in capital and employing 600,000 people. BCC also affiliates lawyers, journalists, scientists, publishers, physicians, members of the military and students. BCC concentrates on lobbying activities aimed at furthering the growth of the Polish economy. All to-date Polish Presidents, Prime Ministers and Ministers have consulted with BCC members. BCC is an international organization with ties to institutions in the EU, U.S., Russia and Canada. BCC membership is also held by more than 100 foreign firms.

Polska Rada Biznesu

(Polish Business Roundtable)

Palac Sobanskich
Al. Ujazdowskie 13
00-567 Warszawa
tel. +48 22 523 66 11
mobile: 532 003 335
fax: +48 22 523 66 14
e-mail: rada@prb.pl

Polska Rada Biznesu gathers large businesses and employers in Poland and represents them in dealings with government. The association is apolitical, and its members are CEOs of large Polish private enterprises or foreign firms operating in Poland. Polska Rada Biznesu is engaged in many programs promoting entrepreneurship, including organization of the annual Jan Wejchert prize for the best entrepreneur, the most prestigious business prize in Poland.

Pracodawcy Rzeczypospolitej Polskiej

(Employers of Poland)

ul. Brukselska 7

03-973 Warszawa

tel. +48 22 518 8700

fax +48 22 828 8438

e-mail: sekretariat@pracodawcyrp.pl

Employers of Poland is the oldest and the largest employers' organization in Poland. The organization has accompanied Poland's political and economic transformation since 1989, representing the interests of entrepreneurs of all industry sectors. The Confederation gathers 12,000 companies that employ over 5 million employees. An employer of Poland is a member

of the Social Dialog Council and has influence on government legal actions. The association accepts companies registered in Poland as their members.

Polski Klub Biznesu

(Polish Business Club Association)

ul. Kompasowa 3/23
04-048 Warszawa
tel/fax. +48 22 305 8029

e-mail: biuro@pkb.org.pl

The Polish Business Club is the oldest independent business organization in Poland gathering private entrepreneurs. The club's major role is to promote Polish entrepreneurship, businesses and people. The Polish Business Club is involved in increasing foreign investments in Poland and cooperation with Polonia. PBC is a member of the Club of Europe, and co-organizer of the Polonia World Economic Conferences. The association accepts U.S. company members.

Limitations on Selling US Products and Services

We are not aware of any limitations on manufacturing or service sectors that prohibit non-Poles from owning or selling these businesses in Poland.

Web Resources

Kompass database

Council Directive 86/653/EEC
Notice on agreements of minor importance

Directive 2011/7/EU
The European Ombudsman
SOLVIT
Forms of conducting business activity in Poland
The European Franchise Federation
Polish Franchise Organization
Office of Competition and Consumer Protection
SMB Polish Marketing Association
Consumer Affairs Homepage
Consumer Rights

Directive 2002/65/EC
Directive 2000/31/EC

The European Commission proposal on e-Commerce regulations:
Digital Single Market: Boosting e-Commerce in the EU
Office of Public Procurement
The Armaments Inspectorate
The Advocacy Center
The Annual Public Procurement Implementation Review
Legal Rules and Implementation
International Public Procurement
Tenders for Government Contracts in the EU
Digital Single Market
Market Research on e-Commerce in the EU
Unfair commercial practices
Audiovisual Media Services Directive (AVMSD)
Medicinal Products for Human Use
Nutrition & Health Claims
EU Register of nutrition and health claims made on foods
EU Labeling Requirements

Regulation (EU) no 1169/2011
Food supplements
Tobacco - Products regulation
Liability of defective products

Product safety legislation
Sales and guarantees
The Ministry of Culture and National Heritage
Polish Patent Office

Intellectual property rights in Poland
Stop Fakes
U.S. Patent and Trademark Office
U.S. Copyright Office

Business Service Providers
American Chamber of Commerce in Poland
Confederation Lewiatan
Business Center Club
Polish Business Roundtable
Employers of Poland
Polish Business Club Association

Leading Sectors for US Exports & Investments

Agricultural Sector

Overview

Total U.S. food and agricultural products exports to Poland in 2016 were valued at $463 million, a slight decrease from $471 million in 2015. The U.S. Embassy's Office of Agricultural Affairs provides routine market intelligence to U.S. food and agricultural exporters and regularly creates linkages between Polish food, bulk commodity, beverage, and ingredient importers and U.S. exporters.

Best prospects for U.S. agricultural products include feed ingredients, such as soybean meal and consumer-oriented products, including wine, tree nuts (almonds), seafood (salmon), dried fruit (cranberries and prunes), distilled spirits, and hardwood lumber

Leading Sub-Sectors

Data Source: Global Agricultural Trade System (GATS). The version of GATS –Polish

Customs Databases used tracks reported intra-EU transshipments of the U.S. products.

Soybean Meal

In 2016, Poland imported 2.24 million metric tons (MMT) of soybean meal, a five-percent increase over 2015, valued at upwards of $855 million. 90 percent of Poland's soybean meal imports last year originated from South America. Soybean meal is a significant source of protein in feed and is an important input in Poland's large poultry production sector. Post forecasts that soybean meal imports will increase by an additional five percent (volume terms) in 2017 as Poland's poultry production continues to expand. Polish imports of U.S. soybean meal in 2016 amounted to 33,214 metric tons (MT), a 58 percent decrease from 2015. Although 2017 soybean meal shipments from the United States should increase along with Poland's expanding poultry production capacity, price competitiveness from Argentine and Brazilian shippers will continue to be a factor.

Commodity Group: Feed & Fodder

Harmonized Schedule Code(s): **HS** 230400

Value in US$1,000

	2014	2015	2016	2017 (f)
Total Imports	1,064,953	899,709	854,656	900,000
Total Imports from U.S.	29,854	35,826	11,122	11,700

Wine

Poland is a leading importer of wine in Central Europe with Italy, France, and Spain accounting for about 60 percent of Poland's market share. The U.S. wines, along with other "new-world" wines, are gaining market share and becoming increasingly visible. For U.S. wines, California wines are the most well-known among Polish consumers, although wines from the Pacific Northwest are also gaining momentum. Although more and more Polish consumers are becoming aware of U.S. wines, educating consumers about the unique attributes of U.S. wines remains necessary.

Commodity Group: Wine

Harmonized Schedule Code(s): HS2204

Value in US$1,000

	2014	2015	2016	2017(f)
Total Imports	269,614	236,542	251,888	252,000
Total Imports from U.S.	35,687	35,500	39,760	36,000

Tree Nuts – Almonds

Tree nuts sourced from the United States consist primarily of almonds, which are an increasingly popular ingredient in the confectionary, home baking, and snack sectors. The leading almond competitor for the United States in Poland is Spain.

Commodity Group: Tree Nuts

Harmonized Schedule Code(s): HS 080212

Value in US$1,000

	2014	2015	2016	2017 (f)
Total Imports	54,198	48,962	39,859	40,000
Total Imports from U.S.	18,358	21,222	21,809	21,400

Salmon

The consumption of seafood in Poland continues to increase. Poland ranks among the biggest salmon importers in the world and is supplied mostly by Norway, Sweden, and United States. 2016 data showed strong interest in U.S. salmon, with imports of U.S. salmon (sockeye salmon, Pacific salmon, and Atlantic salmon) up over 2015 by almost 600 percent. Post forecasts that imports of salmon and other seafood from the United States will continue to grow in 2017, pending market prices and competition from Norway and China.

Commodity Group: Salmon
Harmonized Schedule Code(s): HS030311, HS030312, HS030313
Value in US$1,000

	2014	2015	2016	2017(f)
Total Imports	26,136	7,350	44,869	50,000
Total Imports from U.S.	3,989	3,567	21,281	25,000

Processed Fruit

The dried fruits market is experiencing dramatic growth, led by dried cranberries, prunes, and dried cherries, which have experience steady popularity as healthy snack foods. As Polish consumers become more health conscious, these products are increasingly desired ingredients in the confectionary, home baking, and snack sectors. These sectors are also showing a growing demand for raisins.

Commodity Group: Processed Fruit
Harmonized Schedule Code(s): HS 2008

Value in US$1,000

	2014	2015	2016	2017(f)
Total Imports	280,526		215,228	217,250
Total Imports from U.S.	13,332	13,163	14,099	15,000

Bovine semen

In 2016, the Polish and broader European dairy industries started to recover from the 2014 Russian import ban and overall international decrease in dairy prices. There is continued strong interest in U.S. dairy genetics in Poland due to unprecedented demand growth for dairy in Poland following Poland's EU accession in 2004. In 2016, bovine semen imports to Poland were valued at $4.8 million and consisted of about 1.5 million doses of semen. The value of imported U.S. bovine semen in 2016 amounted to $1.1 million, a 12-percent decrease from the previous year ago. This decline was led by lower semen prices on the world market and growing demand for cheaper semen.

Commodity Group: Animal Genetics
Harmonized Schedule Code(s): HS 051110
Value in US$1,000

	2014	2015	2016	2017(f)
Total Imports	6,880	4,769	4,818	5,200
Total Imports from U.S.	1,388	1,139	1,107	1,200

Hardwood Lumber

Wood-sawn or chipped dominates the value of lumber products sourced from the United States to Poland, accounting for 87 percent of the market share of U.S. wood and wood products sourced from the United States in 2016. Due to the high costs of solid wood, 80 percent of Polish furniture is produced from wood-based panels, mainly particleboard. In recent years, veneers dominated U.S. wood-product exports to Poland, but in 2016 veneers were de-throne by sawn or

chipped wood. Market trends for U.S. lumber and wood products in Poland are in flux due to strong international competition and Polish industry price sensitivities.

Commodity Group: Wood Sawn or Chipped Lengthwise

Harmonized Schedule Code(s): HS 4407

Value in U.S. $ (1,000)

	2013	2014	2015	2016	2017 (f)
Total Imports	284,297	332,739	291,122	312,157	318,000
Total Imports from	2,272	3,037	4,530	2,984	3,200

Commodity Group: Veneer Sheets

Harmonized Schedule Code(s): HS 4408

Value in U.S. $ (1,000)

	2013	2014	2015	2016	2017 (f)
Total Imports	62,496	64,900	52,600	61,414	64,000
Total Imports from	2,715	392	110	1	30

Commodity Group: Wood Continuously Shaped

Harmonized Schedule Code(s): HS 4409

Value in U.S. $ (1,000)

	2013	2014	2015	2016	2017 (f)
Total Imports	50,900	50,438	38,387	43,575	44,000
Total Imports from	308	13	33	68	60

Web Resources

Agricultural Reports
Attaché Reports

Attaché reports provide information on market opportunities, crop conditions, new policy developments and information on the local food industry. Some standard reports include: Retail Market Report, Exporter Guide, Food Service Report, and market briefs on select products. In recent years, many of the reports have been consolidated and are submitted as EU reports. We recommend that companies interested in the market covered by our Post also review the EU-28 reports.

Trade Data

Please refer to: The USDA Foreign Agricultural Service's Global Agricultural Trade System (GATS). GATS include international agricultural, fish, forest and textile products trade statistics dating from the inception of the Harmonized coding system in 1989 to present.

Advanced Manufacturing

Overview

In Poland, the term “Industry 4.0” is widely used as a synonym of advanced manufacturing and in common understanding it also includes innovation, research and development (R&D) or any other steps bringing the manufacturing or logistics to the next level.

The reindustrialization has become one of the priorities for Europe, with the goal to increase the average level of industry in the EU GDP to 20% by the year 2020 from a mild 15.3% in 2014. The manufacturing industry in Poland is stronger than the EU average and at the end of 2015 it accounted for 23.4% of the GDP. The automotive industry itself accounts for 8% of the GDP and generates 13% of Polish exports. While the Polish GDP grew 2.7% in 2016 and 3.8% in 2015, the gross value added of the industry growth reached 3.5% and 6.5% respectively.

Poland is in the very beginning of the development leading to the industry 4.0 era. Only 6.0% of manufacturers declare that they have already begun the transformation process. Some 65% of the industry is still at the 3.0 automation stage, with only 15% fully automated and 76% with not completed automation process. It is worth notifying, that 14% of the manufacturing in Poland is still done manually.

International Federation of Robotics reports that Poland has one of the lowest level of robots in the Europe: 22 robots for 10 thousand industry employees, Poland is not only far below the 82 EU average but also way behind Central European countries. (Slovakia – 83, Czech Republic – 72, Hungary 47)

Per industry specialists, extensive investments in digital technologies are unavoidable and seen as the only way allowing Polish manufacturers to stay competitive on the domestic as well as international markets. A recent report by PwC indicates that during the period of 5 years after implementing digital technologies, manufacturers’ income increase by 2.9% while the cost decrease by 3.6%. Such investments allow the use of simulation methods which shorten the time needed for preparing or altering products production, increase energy effectiveness, optimize use of materials, and facilitate the interaction with suppliers and clients. Internet of Things (IoT) sensors would allow enhancing production with monitoring and maintenance services.

McKinsey estimates that over the next ten years the digitization of the industry could increase the value added of the Polish industry by 11-19 percent, which could bring additional USD 6 - 10 billion. This increase will be a result of implemented advanced management of the industry and logistics, the use of predictive models and intelligent quality processes. The investments are necessary as the companies face workforce hiring problems and labor costs keep increasing. Conversely, McKinsey observes that even the manufacturers who have not automated their production could catch up with their competition if they invest in the automation and digitization simultaneously.

Recent analysis of Boston Consulting Group and Microsoft shows that small and medium size companies using mobile and cloud solutions develop at average at 26% and increase employment by 8% a year while the companies that did not implement digitization of processes note only 6% income increase and 1% decrease of employment.

Poland is an active member of an informal “Industry Friends” Group of over 20 EU countries, aiming at the 2017 industry priorities discussed in 2017 were industry digitization, electro-mobility, common trade policy and sustainable development and EU strategy towards third countries.

The Polish government has recognized the need to prepare for the industry 4.0 revolution as inactivity could result in marginalization of the Polish industry. The government’s industrial policy focuses on intelligent reindustrialization which will boost a development of new emerging industries based on digital technologies, innovation, and employing a highly skilled workforce. A newly introduced Innovation Law stimulates the transformation through tax incentives and robust grant systems for research and innovation activities and applying them in the industry. The government sees the digital infrastructure as a pillar of industry 4.0 development and declares further investments in the optical, fast internet infrastructure, and the construction of 5G networks as soon as the technology becomes available, with the understanding that the infrastructure is indispensable for the development of all the elements which are a part of the progress toward the industry 4.0, such as Cloud Services, Big Data, and IoT.

In May 2017, the Ministry of Economic Development established the Polish Industry 4.0 Platform Foundation (Polska Platforma Przemysłu 4.0). The Platform, to be launched in early 2018, will integrate and coordinate efforts of all organizations, public and private, toward the industry transformation through information, competency and technology support to enterprises,

facilitating easy access to technologies and know-how. The Platform will especially focus on standards, development of intelligent specialization in industry, digital industry support; Intelligent software and data processing; education and staffing; legal framework and ICT sector activity. The Platform will also incorporate Industry 4.0 competence centers for vertical industries, established as joint ventures by the industry, business and science organizations.

The government is also working on establishing a National Technology Institute (NIT), which will bring together the best Polish research institutes and implement complex interdisciplinary projects in strategic areas such as biotechnologies, modern materials and energy.

For over a year, the industry PMI indicator for Poland has been oscillating around 53 points, which reflects positive industry trends in the country. The year 2017 marks a substantial increase of industry manufacturing, especially the machinery and equipment as well as electrical equipment. According to the Polish Central Statistical Office (GUS), as many as 66.3% of industrial companies were planning to invest this year, compared to 45.6% in 2016.

The introduction of new technologies will be especially visible in the aviation, defense and automotive industries, as Polish suppliers are already in a large part integrated into the manufacturers' supply chain, and must meet their technical and technology requirements. The industry 4.0 concept also spreads to logistics and storage operators.

Leading Sub-Sectors

The most promising industry sectors from the Industry 4.0 perspective are automotive and aviation manufacturing followed by the pharmaceutical, medical and household appliances.

Recent analyses of the competitive global industry markets indicate Poland's strong position and good prospects for future investments in the industrial automation and manufacturing technology. The subsectors include:

- Sensors and Instruments;
- Electric Motors and Actuators;
- Electrical Relays and Industrial Control Equipment;
- Material Handling Equipment;

- Industrial Robots, including those used in spot welding, sorting, palletizing, painting;
- Machine Tools for cutting metal and for forming metal pieces;
- Machine Tools Parts, both OEM and after-market;
- Tools, Dies, Jigs and Fixtures for manufacturing applications;
- Welding and Soldering Equipment;
- Plastics and Rubber Manufacturing Equipment;
- Industrial Molds;
- Addictive manufacturing equipment.

There are also good prospects for IoT, advanced analytic, virtual reality and augmented reality solutions as well as general implementation of innovative solutions as the key elements toward the industry 4.0 development.

Web Resources

Organizations:
Ministry of Economic Development
National Digital Economy Chamber DigiCom (Krajowa Izba Gospodarki Cyfrowej DigiCom)

Trade events:

Robotech Robotics Technology Conference
Wroclaw, September 19, 2017

Toolex International Fair of Machine Tools, Tools and Processing Technology
Katowice, October 3-5, 2017

Automaticon International Fair Industry Automation
Warsaw, March 20-23, 2018

Przemysł 4.0 Conference
Warsaw, April 10, 2018

TOOLEX International Fair of Machine Tools, Tools and Processing Technology
Sosnowiec, October 3 – 5, 2017

ITM Polska Innovation, Technologies, Machines

Poznan, June 5-8, 2018

Mach-Tool, International Machine Tool Exhibition

Poznan, June 5-8, 2018

Publications:

Magazyn Przemysłowy

AutomatykaB2B

Industry 4.0 information portal

For more information about Advanced Manufacturing, lease contact:

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Agricultural Machinery & Equipment

Overview

	2014	2015	2016	2017 Estimated
Total Local Production	1,512,647	1,303,923	*	*
Total Exports	738,798	889,574	916,612	949,390
Total Imports	2,858,761	2,465,127	2,310,513	2,497,933
Imports from the U.S.	57,923	45,895	30,071	35,125
Total Market Size	3,632,610	2,879,476	*	*
Exchange Rates	1USD=3.15PLN	1USD=3.77PLN	1USD=3.94PLN	1USD=3.98PLN

In USD thousands

*data not available

Source of production statistics: Poland's Main Statistical Office (GUS)

Source of export/import statistics: Global Trade Atlas (GUS Customs Poland data)

The statistical export/import data include the following HS product codes:

841931	Dryers for agricultural products
842111	Cream separators
842481	Agricultural mechanical appliances for dispersing or spraying liquids or powders
8432	Agricultural or forestry machinery for soil preparation or cultivation
8433	Harvesting or threshing machines; hay mowers, machines for cleaning and sorting eggs and fruits; and parts
843410	Milking machines
843490	Parts of milking machines and diary machinery
8436	Agricultural, forestry, poultry-keeping machinery; poultry incubators and brooders; and parts
8701	Tractors

871620 Self-loading and unloading trailers for agricultural purposes

The statistical production data is for the corresponding code of the Polish Classification of Products and Services (PKWiU):

28.30 Manufacture of agricultural and forestry machinery

The market for agricultural machinery and equipment reached almost USD 2.9 billion in 2015, which was a 20% decrease in comparison with 2014. A majority of the market was supplied by imported products (85.6%), with domestic production accounting for the remaining 14.4%. Imports also declined by 20% in 2015 to USD 2.4 million. In 2016, a consecutive decline in imports of 6% was noted. The major reason for the market decrease in 2015 and 2016 was the exhaustion of support funds available for farmers from the Development of Rural Areas Program (PROW) from 2007 – 2013, and the postponement in activation of the PROW modernization programs for the following years. The adverse situation on the milk and pork markets caused an additional decrease in investments of Polish farmers. The imports and total market is expected to rise in 2017 since the new PROW program for 2014-2020 has begun to pay up the delayed direct subsidies to farmers in 2016. Also, in late 2016, milk prices began to rise and the milk market began to stabilize.

Imports of agricultural machinery and equipment is nearly three times that of exports, and constitutes the major source of market supply. The major products imported to Poland in 2016 included: tractors (USD 1.7 billion) – mainly imported from the Netherlands (USD 528 million), Germany (USD 368 million), Belgium (USD 300 million) and Sweden (USD 203 million); harvesting and threshing machinery (USD 101 million, including USD 81 million of combine harvesters and threshers) imported mainly from Germany, Belgium and France; parts for harvesting machinery and mowers (USD 84 million) imported from Germany, Belgium and France; mowers (USD 81.3 million) - China, U.S. and Austria; poultry-keeping machinery and incubators and parts (USD 31.2 million) – Germany, Netherlands and U.S.; ag and forestry germination, bee-keeping, and other machinery and parts (USD 27 million) – Germany, Finland, China; balers (USD 20 million) – Germany, Ireland, France; trailers for agriculture (USD 10.7 million) - Germany, Belgium, Estonia; haying machines (USD 7.1. million) – Germany, Austria and Denmark; machinery for cleaning and sorting eggs, fruits and other ag products (USD 6.6 million) – Germany, Netherlands, Belgium.

Poland's imports of agricultural machinery and equipment from the U.S. reached USD 30 million and constituted 1.3% of Poland's total imports in this category. The declining trend in imports from the U.S. from 2014 – 2016 reflected the general trend of decreases in Poland's imports of agricultural equipment that resulted from a lack of active EU rural development support funds available for Polish farmers and weak prices for milk and pork. It is expected that in 2017, imports from the U.S. will rise to 35 million. Major equipment imported from the U.S. in 2016 included: mowers and power equipment (USD 10.5 million), tractors (USD 9.5 million), poultry-keeping machinery and parts (USD 4.6 million), parts for harvesting and threshing machinery (USD 2.8 million), and agriculture sprayers and dispensers (USD 1 million).

Poland's production of agricultural machinery and equipment reached USD 1.3 billion in 2016 and 68% of this production was exported. Poland's major agricultural machinery export products in 2016 were: tractors (USD 848 million) – with leading exports to the UK, Czech Republic and the Netherlands; combine harvesters and harvesting machinery and parts (USD 303 million) – Ukraine, Turkey, Germany; trailers for agricultural purposes (USD 68 million) – Germany, Sweden, Hungary; and parts for soil cultivation machinery (USD 54 million) – Germany, Belgium and Ukraine.

The Polish market for agricultural tractors is fairy competitive, with major international players being directly present and fighting for their market share. The sales of new tractors reached 9,607 units in 2016, with the following brand representation: New Holland (1290), John Deere (1105), Zetor (1103), Ursus (903), Kubota (895), Case IH (635), Deutz Fahr (619), Claas (388) and Valtra (261). Local tractor manufacturers include Pronar, Farmer, Ursus, Farmtrac and Crystal Traktor. Polish companies produced 3,648 agricultural tractors in 2015 and the share of Polish tractor manufacturers in the total tractor market comprised barely 4 percent. CNH Global has made equity investments in Poland and developed production capacity of combine harvesters and parts, round balers, and wrapping machines. Other machinery produced in Poland includes: mowers, tractor-mounted sprayers, agricultural trailers, cultivators, ploughs, distributors of mineral fertilizers, disc harrows and field seeders. Almost 95% of agricultural trailers sold in Poland are provided by local manufacturers.

Leading Sub-Sectors

- Crop cultivating equipment
- Tractors and agricultural trailers
- Live-stock equipment
- Poultry-keeping machinery

Opportunities

Polish agriculture accounts for 2.6% of Poland's GDP, and is relatively low production and fragmented. There are 1.4 million farms in Poland and the average size of a Polish farm is about 10 ha. The majority of Polish farms are less than 2 ha, and there are only 1000 farms larger than 500 ha. The structure of Polish farms is changing, and the number of farms larger than 30 ha is growing. The country's ag economy is making on-going progress toward larger-scale commercial production and greater productivity, shifting away from subsistence agriculture and labor-intensive farming.

Poland is a significant European producer of a diverse range of agricultural products. The country is the EU's largest producer of poultry and apples, second-largest grower of potatoes (after Germany) and ranks third in sugar beets, rapeseed and pork. Other major crops include wheat, rye, triticale, oats, cruciferous vegetables, carrots, onions, and cherries. Wheat is the country's largest grain crop, but corn production is growing. Production of milk and dairy products is also significant. The Polish agricultural economy is projected to grow by 1.4% in 2017.

Precision agricultural technologies will be in demand as Polish farms grow and become technologically advanced. Technology that will enable greater productivity and quality control in fresh produce, pork and poultry production will be needed. Pork, poultry and fodder machinery and equipment present opportunities for U.S. exporters. Recent elimination of EU dairy quotas and Poland's growing number of larger dairy farms may create opportunities for suppliers of various milking machines and robots.

As an EU member state, Poland has duty-free access to the rest of the 28-country single market and to EU rural development funds. Polish farmers have made extensive use of these funds to modernize their operations and this is a driving force for Poland's agricultural transformation and upgrading. The funds available from the PROW in 2014-2020 are assessed at Euro 13.6 billion, including Euro 8.7 billion from the European Agricultural Fund for Rural Development and Euro 4.9 billion from Polish budget. By the end of June 2017, almost USD 3.58 billion of direct subsidies allocated for payment in 2016 was paid up to the farmers (97.2% of total 2016 support amount).

Web Resources

Polish Chamber of Agriculture Machinery and Equipment

Ministry of Agriculture and Rural Development

Agency for Agriculture Modernization and Restructurization

Institute of Agricultural and Food Economics

Major Trade Events:

AGROTECH

Centralne Targi Rolnicze

Roltechnika

For more information about the Agricultural Machinery & Equipment Sector, please contact:

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Cosmetics

Overview

	2014	2015	2016	2017 1st Quarter
Total Local Production	6,974,777	6,162,410	* -	* -
Total Exports	2,929,216	2,637,532	2,926,474	734,717
Total Imports	1,684,651	1,530,823	1,792,837	444,908
Imports from the U.S.	36,476	29,715	28,250	5,658
Total Market Size	5,730,212	5,055,701	* -	* -
Exchange Rates	1USD=3.15PLN	1USD=3.77PLN	1USD=3.94PLN	1USD=3.98PLN

In USD thousands

SOURCES: Local production: Chief Statistical Office of Poland (GUS)

2017 data for first quarter only.

The statistical data includes the following product categories:

HS 3303 perfumes and toilet waters,

HS 3304 beauty and make-up preparations,

HS 3305 hair care products,

HS 3306 oral hygiene products,

HS 3307 deodorant and shaving preparations.

The structure of the Polish cosmetics market does not differ from that of other European countries. The largest portion of the market is comprised of hair care products and skin care cosmetics which combined, constitute over 35% of the market. Other important categories are: perfumes (13, 5%), cosmetics for men (10, 5%) and color cosmetics (9,7%). The Polish cosmetic market is growing by 4 -5% annually. In 2016 Poles spent USD 3.55 billion on cosmetics.

In 2016, cosmetics imports to Poland were valued at USD 1.79 billion. The largest suppliers were Germany (30 %), France (12%), Great Britain (8%), Italy (7.9% each), and the Netherlands (7.6%). In 2016, U.S. exports of cosmetics to Poland were USD 28.2 million and constituted a small portion of imports to Poland. The real share of American brand cosmetics on the Polish market is higher than reported because there is large production of American brands in Poland. Also, U.S. brands manufactured outside the United States are not considered to be U.S. imports.

Cosmetic products do not require the CE mark for the EU market. Based on the TARIC Database, a website maintained by the European Commission (EC), U.S. made cosmetics are imported at a duty rate of 0%. Excise tax does not apply to cosmetics and the VAT is 23%.

Leading Sub-Sectors

The greatest sales potential is expected in the following areas:

- Cosmetic preparations for mature female consumers (55+)
- Children's cosmetics
- Beauty care products for men
- Derma-cosmetics Professional/Spa cosmetics Organic/Ecological cosmetics
- Ingredients used in the manufacture of cosmetics

The cosmetics market for the mature adult female is growing fast especially in the areas that address age and skin type. There is also an increasing interest in male products. Polish men, especially in the younger generation, have become more interested in spending disposable income on cosmetic products. Derma-cosmetics represent one of the most rapidly developing sectors in Poland. Facial care cosmetics (anti-aging, cleansing and anti- acne preparations) represent the largest category of the derma-cosmetics market in Poland. The market for spa and beauty services is very dynamic in Poland. Local and international firms located in specialized spa centers, hotels, and even airports are becoming increasingly popular. Spa and beauty salons offer a wide range of advanced and innovative treatments. Salons often combine cosmetics

with traditional and non- traditional medical treatments, including acupressure and massage. Dermatologists address both cosmetic and dermatological problems and can perform advanced and highly specialized beautifying and curing therapies. Polish clients most often choose essence face and body treatments and holistic beauty programs. Also, there is a growing demand for natural elements - water, algae, white clay, therapeutic precious and semi-precious stones, and aromatherapy essence.

Polish consumers are aware of the hazards of product additives and synthetic ingredients. Therefore, certified, natural, organic and ecological products not tested on animals are increasingly appealing for Polish customers. Market analysts expect the market for organic and natural products will grow 10% annually.

Opportunities

There are two major markets for cosmetics: the consumer market and the institutional market. The consumer market is varied containing many demographic factors,such as sex, income, age, lifestyle and neighborhood. Suppliers must use care in making product adaptations appropriate for specific market niches. The institutional market consists of professional beauty and spa salons. Spa owners purchase cosmetic supplies from wholesalers and foreign representatives in Poland, or they import directly. Research indicates the majority of cosmetics used in spas and salons are produced by foreign producers.

The key competitive factors for selling cosmetics in Poland are price, quality and brand recognition and reputation. In Poland, cosmetics are sold by store consultant staff, not only in traditional department store settings, but also in drug and mall stores. For this reason, well-presented information about the products, by highly knowledgeable store associates can positively affect market share and sales potential. Despite the strong position of European suppliers, there are still excellent prospects for American products, which are regarded as high quality.

Cosmetics Regulation

On July 11, 2013, the EU Cosmetics Regulation entered effect replacing the EU Cosmetics Directive, which had been in place since the 1970s. The new law introduces an EU-wide system for the notification of cosmetic products, the regulatory process required to place a cosmetic product on the EU market, including labeling requirements and a requirement that companies without a physical presence in the EU appoint an EU- based responsible person.

In addition, on March 11, 2013, the EU imposed a ban on the sale of cosmetic products that contain ingredients that have been subject to animal testing. This ban does not apply retroactively but does capture new ingredients. Of note, in March 2013, the Commission published a Communication stating that this ban would not apply to ingredients where safety data was obtained from testing required under other EU legislation that did not have a cosmetic purpose.

For additional information, see the Export.gov article "Steps for the Success: Exporting Cosmetics to the European Union."

Sales Potential for Cosmetic Ingredients

The dynamically growing cosmetics industry in Poland creates a large potential for suppliers of natural and synthetic raw materials to produce cosmetics. The relatively young but growing Polish cosmetics industry is currently sixth in Europe after France, Germany, Italy, Great Britain and Spain. The Polish market is very competitive with most of the major international players already in country. Large multinational firms, such as L'Oreal, Procter & Gamble, Avon Cosmetics, Unilever, Johnson & Johnson, Beiersdorf, Coty, and Henkel have established manufacturing facilities in Poland and introduced advanced technologies, new products and upgraded the quality of the products they manufacture.

Despite substantial competition from large foreign manufacturers, Polish producers have managed to build a strong manufacturing base. For example, about 50% of the face and body care market is supplied by Polish brands. The top Polish manufacturers include: Dr. Irena Eris, Ziaja, Oceanic, Dax Cosmetics, Vipera Cosmetics, Delia Cosmetics, Soraya, Dermika, Eveline, Inglot and many others that are beginning to have a presence in the global marketplace.

The HS 33 products category apart from ready – made cosmetic products (HS 3303 – HS 3307) include also two more categories that are also good prospects for US suppliers:

HS 3301 – Essential Oils, Concretes, Resinoids
HS 3302 – Mixtures of Odoriferous Substances and Mixtures used as Raw Materials

In 2016, the imports of such ingredients to Poland were valued at $504 million (HS 3301: $12.7 million and HS 3302: $491 million), a 7% increase from 2015. The largest suppliers were Germany (27%), Ireland (19%), United States (15%) and France (14%).

Based on TARIC, the EU official source for tariffs, U.S. cosmetics ingredients (HS 3301 and HS 3302) are imported at a duty rate of 0%, while VAT is 8% and is calculated on CIF price plus customs duty.

Web Resources

Major Internet Resources

Polish Cosmetics

Polish Association of Cosmetics and Detergent Industry

The Association of Polish Spa Communities

Polish Association of Aesthetic Dermatology Medicine

American Chamber of Commerce in Poland

Trade Shows

BEAUTY DAYS, International Hair and Beauty Fair Expo, Warsaw

BEAUTY FORUM & SPA (Cosmetics Fair for Professionals), Warsaw

VENUS (Aesthetic Medicine, Cosmetics, Hairdressing Equipment), Kielce

Beauty Vision Cosmetics Forum, Poznan

LOOK Hairdressing Forum, Poznan

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Defense Industry

Due to the sensitive nature of the defense industry sector, there are no official statistics available on local production, imports, and exports. The only data available through public sources is the annual amount of defense expenditures, which is illustrated in table below.

Overview

Spending on Defense in Poland

	2010	2011	2012	2013	2014	2015	2016	2017
Approximate Defense Spending $ billion	8.38	8.79	9.05	10.36	10.67	10.30*	9.8*	9.5*

Source: Ministry of Defense (MON) – Annual Budget

*Please note that USD value went up in 2015-2016.

2015 exchange rate: 1 USD = 3.73 PLN

2016 exchange rate: 1 USD = 4.0 PLN

The current exchange rate: 1 USD = 4.0 PLN

Poland's military is continuously undergoing changes - all of which are designed to transform it into a more capable and mobile force, compatible with NATO troops. Change is occurring in every area of operation: force structure, staff organizations, training programs, doctrine, security procedures, etc. The modernization of the Polish army includes the improvement of troop capacity/mobility and air defense systems, as well as the development of a professional army. Poland leads the former Eastern-bloc countries in parting from Soviet-era equipment. The Polish government plans to strengthen and modernize its defense forces. However, the changes in Poland's military and the reorganization plan for the defense industry must compete with other reforms, which the state budget must also finance.

Poland's defense budget is negotiated annually and the budget parameters are set during these negotiations. In the 2017 budget, the Polish government allocated 2% of 2016 GDP, an amount equal to about $ 9 billion** (PLN 37.15 billion) for total defense expenditures, of which $ 9.3 billion** (PLN 36.85 billion) is dedicated to national defense. This amount includes $2.6 billion** (PLN 10.22 billion PLN) allocated for arms and technical modernization. While Poland is one of the few nations which meet the NATO target of spending at least 2.0% of GDP on defense, the government has recently announced its intent to increase spending up to 2.5% of GDP by the year 2030. Significant new contracts are anticipated in the areas of missile defense, attack helicopters and unmanned aerial systems (UAS). Poland uses its Foreign Military Financing (FMF) for UAS procurement and sustainment, signal intelligence, airfield navigational aids and tactical airlift support.

**The anticipated exchange rate: 1 USD = 3.95 PLN

The current exchange rate: 1 USD = 3.63 PLN

On December 11, 2012, the Council of Ministers accepted two governmental programs designed to modernize the Polish Army entitled the "Technical Modernization Plan," and "The Polish Army Development Program: 2013-2022." The Program involves the purchase of military equipment (armored transportation vehicles and military transportation aircraft) and ammunition (armor piercing guided missiles and a ship-to-ship missile system for the Polish Navy). NATO force requirements are also driving equipment-related decisions. The 2013-2020 modernization plan has been reviewed by the current government and the amended "Technical Modernization Plan 2017-2020" has been announced in the fall of 2016. It is estimated that about $40 billion will be spent on the technical modernization of the Polish Armed Forces in 2013-2022.

Poland has 109 active FMS cases and additional 11 Building Partnership Capacity cases valued at approximately $5.61B and $38M, respectively, which have been used to procure the following range of items: F-16 fighter aircraft, JASSM, C-130 transport aircraft (EDA), C4ISR enhancements, Air Support Operations Center, Navigation Aids (NAVAIDS), communications, High Mobility Multipurpose Wheeled Vehicles (HMMWV), SIGINT equipment, simulation equipment, Perry-Class Frigates (EDA), small arms accessories, Mine-Resistant Ambush Protected All-Terrain Vehicles (M-ATVs; EDA), and SH-2G Helicopters (EDA). These items have been used to fulfill NATO force goals, supported the International Security Assistance Force (ISAF), and sustained continued engagement in Operation Resolute Support. Poland has also

received $57M in FY05 Coalition Solidarity Peacekeeping (PKO) funds, which provided additional F-16 pilot training. Section 1206/CRSP funding ended in FY14.

Funding Levels of Major Security Assistance Programs: (in $ million)

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
FMS Agreements	41.80	222.60	185.70	415.70	55.7	513.1*
FMF Funding	24.00	18.99	14.00	9.00	6.00	7.00
IMET Funding	2.20	1.89	2.00	2.00	2.00	2.00
IMET Students	66	40	57	66	58	50
Section 1206 funding	14.30	11.14	1.04	0	0	0

* Sales to date

Source: ODC, US Embassy Warsaw

Leading Sub-Sectors

Opportunities for American firms exist mainly in investment, technology transfer, and co-production work. Polish defense companies seek cooperation agreements or joint venture opportunities with foreign defense companies that, combined with the relatively lower cost of production in Poland (particularly tanks, armored vehicles, artillery, ships, aircraft, and helicopters), will be attractive to potential customers.

Receptivity to American products is high due to an excellent reputation for high quality products, reliability, and technical assistance. However, technological advantage is not the only factor determining success in the market. American companies should focus on educating end-users and other players in the defense sector. A successful U.S. exporter is expected to support its agent/representative at trade shows, seminars, and conferences.

Polish officials maintain that the most important factor in awarding a contract is price (which is particularly critical in big-ticket purchases), after which other variables, such as quality, availability of service and training, and technical assistance for the installation, as well as the start-up operation of the equipment, becomes important. Therefore, superior performance offers from U.S. companies will not always win the deal.

The Polish government is required by law to hold tenders for major procurements, though there is a national security exception. Financial value, project complexity, international cooperation, and political sensitivity determine the project category.

American companies that are well informed about upcoming projects are free to submit tenders to the contracting authority directly. However, direct purchases from foreign suppliers are very rare and we encourage U.S. firms to identify local agents/representatives that can provide necessary assistance. Selecting an appropriate representative is very important. The agent should have very close contacts in the military/defense market. A reputable agent with good contacts can provide important and timely information, which is often not readily available through public sources. Additional considerations should be given in view of complicated tender procedures and import regulations. American companies exporting to Poland should be familiar with the country's Public Procurement Law, Polonization, and Offset Act. Polonization is part of Poland's long-term plan to become more self-sufficient, and to increase and promote local industrial production. The bottom line is that it is nearly impossible to effectively sell these products without a competent agent.

Poland has an offset policy that currently is coordinated by the Office for Offset Agreements at the Ministry of Defense (MOD). These offset requirements are an important part of defense procurement contracts. Until recently, the allocation of offsets was the exclusive responsibility of the Department of Offset Programs at the Ministry of Economic Development, because these offsets were sensitive political issues that involved regional interests in Poland. The result of transferring of rights to conclude offset agreements and supervise implementation to the Ministry of Defense put more power in hands of the MOD when it comes to determining whether offsets will be used at all, and settling the shape of offset obligations.

On 26 June 2014, the Polish Parliament adopted a new Offset Act, the Act on Certain Agreements Concluded in Connection with Contracts Essential for National Security. The new Offset Act was signed into law by the President of Poland on 7 July 2014. The new law covering the use of offsets in defense acquisition brings the country in line with European Union (EU) military procurement rules.

The new law conforms to the EU legislation under which member states may not conclude offset deals that are a source of general revenue or economic development, but only deals that contribute directly to national security or domestic defense industry sector. Poland's new law therefore shifts responsibility for offset agreements from the Ministry of Economy to the

Ministry of National Defense. The new Offset Act eliminates the previous rule requiring the government to conclude offset arrangements for any defense procurement worth more than 5 million euro. Instead the government may conclude offset arrangements that enhance national defense capabilities, regardless of the value of the procurement.

The new Offset Act may be applied only if the specific procurement has been exempted from the Polish Public Procurement Law under Art. 346 of the Treaty on the Functioning of the European Union, according to which "any Member State may take such measures as it considers necessary for the protection of the essential interests of its security which are connected with the production of or trade in arms, munitions and war material; such measures shall not adversely affect the conditions of competition in the internal market regarding products which are not intended for specifically military purposes." In such case, the procurement is subject to the procedures set forth in Ministry of National Defense Decision No. 118/MON.

Under Article 34 of the new Offset Act, in the case of offset agreements concluded before the new Offset Act enters force, the old Offset Act (the Act on Certain Compensating Agreements Concluded in Connection with Supply Agreements for the Needs of Defense and State Security of 10 September 1999) will continue to apply. The old Offset Act will also apply to amendments of offset agreements concluded before the new Offset Act enters force but amended after the new Offset Act enters force. The old Offset Act will also apply to procedures for conclusion of an offset agreement commenced before the new Offset Act enters force. Consequently, the new Offset Act will apply only to offset agreements concluded under proceedings commenced after the new Offset Act enters force.

Whenever the ministry considers exempting the award of a contract under TFEU (Treaty on the Functioning of the European Union) Article 346 and Public Procurement Law Article 4(5b), which is the first step required for the new Offset Act to be applied, it should proceed in accordance with the Regulation of the Council of Ministers of 12 February 2013 on the Procedure for Assessment of the Existence of an Essential Interest of State Security. Under this regulation, exemption of the contract process from the procurement regime must be justified by the contracting authority (the Armaments Inspectorate) by showing:

An essential interest of national security justifying exemption of the procurement from the procurement regime under TFEU Art. 346 and the need to assure the security of supply of military equipment or the proper repair and renovation of existing military equipment

A causal link between the subject matter of the procurement and the essential interest of national security, describing the influence of the procurement on such national interests, and

The effect that the exemption of the procurement from the Public Procurement Law will have on conditions of competition in the internal market for products which are not intended for specifically military purposes.

The contracting authority's application for exemption will be reviewed by the Minister of National Defense.

Source: Wierzbowski Eversheds legal service.

Author: Dr. Piotr Kunicki is an attorney at law on the Public Procurement team at Wierzbowski Eversheds. He specializes in public procurement, commercial law and real estate.

American companies interested in military procurements in Poland are advised to use various resources to increase the chances of getting their company's information into vendor's databases within the military/defense sector. We advise American suppliers of military/defense equipment and services to contact the American Embassy in Warsaw as it pertains to information on defense-related business in Poland and current political issues prior to contacting any Polish government agency. This applies particularly to the Office of Defense Cooperation (ODC) and the U.S. Commercial Service.

Defense cooperation is considered the integrated package of security assistance and defense cooperation in armaments activities. The U.S. government security assistance program for the government of Poland is managed by the Office of Defense Cooperation and includes Foreign Military Sales (FMS), Direct Commercial Sales (DCS) and several programs under the auspices of defense cooperation in armaments activities.

The U.S. Commercial Service identifies the defense industry as one of its sectors with sizeable American sales potential in Poland. Our office offers several commercial export promotion programs and advice on regulation compliance, the market potential for a product or service, agent/representative vetting, as well as advocacy support. Please visit the Commercial Service in Warsaw for more information on how we help U.S. companies do business in Poland.

Opportunities

The modernization of the Polish army includes the improvement of troop capacity and mobility and air defense systems, as well as the development of a professional army. Poland's military

has decreased from 450,000 in 1989 to 129,000 at present including 105,000 in the regular army, 20,000 in the reserves, and 4,000 cadets. However, the Minister of Defense has decided to establish a new military unit called Territorial Defense Forces (Wojska Obrony Terytorialnej), and to increase the total number by an additional 53,000 troops by 2019.

Poland's membership in NATO has brought numerous opportunities for U.S. companies in terms of upgrades and adjustment. In addition, Poland became a close U.S. ally in Europe through its support in the international interventions in Iraq and Afghanistan, which also called for upgrades and adjustments in terms of developing a more capable and mobile force compatible with NATO troops.

Poland's military is traditionally land force heavy. Currently, the military consists of 47,977 troops in the land forces; 16,428 in the Air Force; 7,026 in the Navy; and 33,575 in other segments including, Reinforcements, Military Police, and the Polish Armed Forces Command.

The revised Polish Armed Forces "Technical Modernization Plan 2017-2020" comprises the following priorities: Air and Missile Defense; Armored and Mechanized Forces, Navy, Cyber Defense and Territorial Defense, and involves the purchase of military equipment including:

- Air defense systems
- Helicopters (combat support, security, and VIP);
- Integrated command support and battlefield imaging systems;
- Unmanned reconnaissance systems and reconnaissance-strike systems;
- Individual soldier equipment and weapons;
- Simulators and trainers;
- Air transport;
- Modernization of army missile and artillery;
- Armored transportation carriers;
- Anti-tank missiles;
- Combating risks at sea;
- Trainer aircraft;
- Modernization of Polish Armored Forces and Transportation Troops

This revised modernization plan was announced by the Ministry of Defense in November 2016. The amended "Technical Modernization Plan 2017-2020" is based on three principles:

assessment of Polish military needs, timeframe for delivery of equipment, and Polish industry participation. It has been noticed that the costs of individual programs set up by their predecessor have far exceed available funds. Thus, it was necessary to set new priorities. These priorities include air defense systems, cyber security, and modernization of the Navy, Polish Armed Forces and Territorial Defense Forces. The implementation of a revised technical modernization program will put special emphasis on the importance of using Polish defense industry capacities, with special emphasis on the Polish Armament Group (PGZ).

Foreign investors and joint venture partners with local firms can take advantage of government incentives. Many U.S. businesses in Poland take the form of joint ventures with Polish companies and are specifically set up to handle sales in the market. Joint ventures are an excellent way to facilitate export sales to the Polish market. U.S. companies competing on Polish defense contracts are encouraged to look for joint ventures, co-production, and other cooperative opportunities with Polish companies to make their bid offers more attractive. The relatively lower cost of production in Poland has led many foreign defense companies to seek cooperation agreements or joint venture opportunities with Polish defense companies that can produce equipment, which will be attractive to potential customers. Examples of such products include tanks, armored vehicles, artillery, ships, aircraft, and helicopters.

Web Resources

Participation in trade fairs, conferences, and seminars is an effective avenue for promotion in the defense/military sector in Poland.

The MSPO International Defense Industry Exhibition is the largest annual event for the defense and security industries in Central and Eastern Europe, and one of Europe's three largest trade shows dedicated to the defense sector (after Paris and London). The MSPO is held annually in Kielce (south east Poland) at the beginning of September. The upcoming show will take place September 5-8, 2017.

Other important exhibitions in this sector are:

RADOM AIR SHOW) held biannually in Radom (south-east Poland). The upcoming show will take place in 2017. The organizer of this show is Polish Air Force HQ, the city of Radom, and the Polish Aero Club.

BALT-EXPO - International Maritime Exhibition, held biannually in Gdansk (northern Poland). The nearest show will be held in September 11 – 13, 2017.

BALT-MILITARY-EXPO is held bi-annually in Gdansk (northern Poland). The next show will take place June 25 – 27, 2018.

Additional Resources & Contacts:

Ministry of National Defense (MOD)

Armaments Inspectorate (MOD Procurement Office)

Polish Armaments Group (PGZ)

Polish Chamber of Defense Industry

Institute of Aviation

For more information about the Defense Industry Sector, please contact:

U.S. Commercial Service Poland
Commercial Specialist Zofia Sobiepanek-Kukuryka
E-mail: zofia.sobiepanek@trade.gov

Electrical Power Equipment

Overview

	2014	2015	2016	2017 (Estimated)
Total Local Production	5,337,000	4,874,399	*	*
Total Exports	2,639,747	2,779,187	3,196,816	3,251,028
Total Imports	2,480,199	2,758,065	2,646,901	2,435,990
Imports from the U.S.	279,553	373,402	369,198	318,785
Total Market Size	**5,177,452**	**4,853,277**	*	*
Exchange Rates	1USD=3.15PLN	1USD=3.77PLN	1USD=3.94PLN	1USD=3.98PLN

In USD thousands

* data not available

Source of export/import statistics: Global Trade Atlas GTA (Eurostat)
Source of local production statistics: Central Statistical Office of Poland

The statistical export/import data include the following HS product categories:

8401 Nuclear Reactors and parts

8402 Steam and other vapor generating boilers and parts

8404 Auxiliary plant for use with boilers

8406 Steam turbines and other vapor turbines and parts

840790 Spark-ignition engines, nesoi

840890 Compressing-ignition internal combustion piston engines, nesoi

8410	Hydraulic turbines, water wheels and regulators therefore; parts thereof;
841182	Gas turbines of a power exceeding 5,000 kW
841199	Parts of gas turbines n.e.s.
84138100	Other pumps for liquids, n.e.s. (turbine pumps)
8502	Electric generating sets and rotary convertors
8504	Electrical transformers, static converters or inductors and parts
8537	Boards, panels for electric control or distribution of electricity

The production data include corresponding categories of the Polish Classification of Products and Services (PKWiU):

25.3	Steam boilers, excluding central heating boilers
27.1	Electric engines, generators, transformers, and boards, panels for electric control and distribution
28.11	Engines and turbines, excluding aviation and motor engines

The value of domestic production of electrical power systems in Poland is significant and exceeded USD 5.3 billion in 2014. The total market size reached almost the same value, because imports and exports were at the comparable level of USD 2.3 billion. Domestic production supplies much of the local market, with imported products account for the remaining 43.5 percent.

Poland exported 44 percent of its 2014 production (USD 2.3 billion). The scope of Poland's export of electrical power systems is diversified, with Germany, USA, France, Great Britain, Denmark, Netherlands, Turkey, Italy and Russia in the lead. The U.S. is the leading export country for Poland's steam turbine parts (USD 266 million in 2014). The major exported product categories in 2014 were: electrical transformers, static converters or inductors and parts (USD

940 million), boards, panels for electric control or distribution of electricity (USD792 million), and steam turbines and parts (USD 280 million).

Total imports of electrical power system equipment in 2014 reached over USD 2.3 billion, which was a 12% increase in comparison with 2013. In 2015, imports increased again by 7% to USD 2.4 billion. The major products imported to Poland in 2014 were: electrical transformers, static converters or inductors and parts (USD 1 billion), imported mainly from China, Germany, Netherlands, Italy; boards, panels for electric control or distribution of electricity (USD 525 million), imported from China, Germany, South Korea, Hungary, and the Netherlands; and electric generating sets and rotary convertors (USD 352 million), imported mainly from Spain, Denmark, China, Germany, the UK, and Italy. There were notable imports of wind-powered electric generating sets (USD 142 million in 2014) imported mainly from Spain, Denmark and China, and gas turbines exceeding 5,000kW (USD30 million in 2015). Parts for gas turbines constituted an important share of Poland's import (USD 113 million in 2014), especially in comparison with export value (USD 61 million).

Total imports from the U.S.in 2014 were USD 120 million, and declined by 14% in 2015 to USD 102 million. Major product categories imported from the U.S. in 2014 included: boards and panels for electric control or distribution of electricity for voltages less than 1,000 V (USD 9.4 million), generating sets with compression-ignition output above 375Kva (USD 7.4 million) and static converters (USD 6 million). The U.S. is the leading source of Poland's import of parts for gas turbines (USD 39 million in 2014) and constituted 35% of the entire gas turbine parts imported, and spark-ignition internal combustion piston engines for the power sector (USD 17 million in 2014) accounting for almost 50% of entire import of this category. The Polish market presents significant sales opportunities for U.S. companies that manufacture electrical power equipment, as Polish companies are familiar with and receptive to U.S. products and technologies in the power sector.

The electrical power equipment market in Poland is very competitive, with many Polish and foreign companies present in the market and fighting for their market share. Production of machinery and equipment for the electrical power industry is well developed in Poland. Leading European power companies have made equity investments here and developed production capacity of local manufacturing. With GE's recent acquisition of Alstom Power, GE became an important power equipment manufacturer in Poland, with production of steam turbines and medium power gas turbines and parts, generators of 100 – 1400 MW power for conventional and

nuclear applications, and large turbo-generator stators for commercial and industrial power plants. ABB is involved in production of a wide range of power system transformers of up to 1200 kV for electricity transmission and distribution (including high efficient amorphous core distribution transformers); electrical engines and wind converters for wind farms; high, medium and low voltage electric generator sets and apparatus; and low voltage switchgear systems. Poland has become a key source country for ABB and 50% of their production is exported worldwide. Production of energy boilers is also well developed, with major manufacturers including: Rafako (coal, lignite, gas and oil fired conventional boilers, fluidized bed boilers, heat recovery steam boilers and parts), Foster Wheeler Energia Polska (industrial boilers, mainly circulating fluidized-bed boilers CFB and parts) and Sefako (water-tube and steam boilers, and parts). Production of electric power transformers, generating sets, rotary convertors, turbine parts, boards and panels for electric control or distribution is also performed by many medium and small companies. Power sector engineering and servicing companies are well represented in the market and together with foreign engineering companies fight for contracts in power generation, distribution and transmission tenders. Many international power companies have successfully been examining sales opportunities in Poland providing complementary products and modern electric power technologies.

Leading Sub-Sectors

- Technologies to reduce CO2, SOx, NOx emissions from coal-fired power plants
- Technologies to increase efficiency of coal-fired power plants
- Supercritical, ultra-critical technologies
- Coal gasification technologies IGCC
- Coal to liquid fuel conversion technologies
- Technologies to increase regulation of traditional coal units (CAPEX, OPEX)
- Waste water management technologies in power plants
- Electrical power transmission and distribution equipment

Opportunities

The Polish electrical power generation system of 37 GW installed capacity is the largest in Central and Eastern Europe. Almost 84 percent of Poland's electricity is produced by hard and brown coal power plants. Many these power plants were built between 1960-1980, and after 40-50 years of operation they are becoming worn-out and inefficient. In addition, they do not meet current strict and binding EU environmental requirements for greenhouse gas emissions reduction and promotion of renewable energy sources. For these reasons, some 7 GW of old

Polish coal-fired power plants will be detached from the system by 2020 and another 4 GW are planned for deep modernization. Currently, there are four large high efficient coal-fired power plants under construction in Poland of 4,160 MW total power, including Opole power plant (2x900 MW), Kozienice (1000 MW), Jaworzno (910 MW) and Turow (450 MW). Several smaller coal and gas fired power generation projects of 850 MW total are being developed across country. The total value of investments that are currently under execution in the Polish generation sector is USD 9 billion. The priority of the current Polish government is development of high efficiency supercritical technologies for coal-fired power plants. Poland is also engaged in development of its first nuclear power plant. The Polish government program being implemented by state-owned power concern PGE envisages construction of two nuclear power plants of 3,000 MW each until 2035, with the first power block to be in commercial operation by the end of 2024. However, the program is significantly delayed and currently has been analyzed and modified by the new government with a new shape being disclosed in the coming months.

Poland is obliged to achieve a 15% share of renewable energy in the final energy balance in 2020. There is also a goal to reach 19.3% of electricity produced from renewable sources. This enforces extensive investment in renewable sources generation capacity in Poland. The total installed capacity in renewable sources power plants amounted 6,028.5 MW in 2014, with over 63% of capacity installed in wind power plants, followed by 16.7% in biomass, 16.2% in hydro and 3% in biogas power plants. Currently, wind energy and the utilization of biomass for electricity generation purposes are seeing the most dynamic growth. Photovoltaic power plants are marginal.

Poland’s aging electricity distribution and transmission system generates energy losses of 9.36% and is in urgent need of upgrades and modernization. Expanding and modernizing the electricity grid is a key element of Poland's efforts to meet its EU goals of increasing renewable energy sources, improving energy efficiency, and better integrating the European transmission networks. Poland is building the 400-kV interconnector to Lithuania, a USD 565 million project partially financed by the EU, and is upgrading connections with Germany in an area where an LNG terminal is scheduled to come online in 2015. Poland’s state-owned electricity transmission grid operator PSE plans to spend $7.6 billion in 2014 – 2020 to expand and modernize the Polish grid. Much of the plan focuses on developing the inefficient grid in Poland’s north and northeast that will be essential to bring online substantial amounts of nuclear and renewable (wind) energy sources which will be predominantly situated along the

Baltic coast. PSE plans to build about 4,500 km of new 400 kV lines and upgrade another 800 km of 400 kV, along with 1,400 km of new or upgraded 220 kV lines. Investments undertaken by five distribution system operators in distribution grid expansion and upgrade are also substantial, and are estimated at $12.5 billion between the years 2014-2019. Thirty investment projects related to electricity transmission, and 188 projects in electric energy distribution of total value of USD 3.6 billion will be co-financed by EU cohesion funds within the Infrastructure and Environment Program in the years 2014-2020.

Development of smart grid technologies in the areas of grid measuring, diagnostics and automation is moving forward. However, in comparison with other EU states, Poland is still at the beginning stage of smart grid introduction due to the lack of the necessary legislative structure. Polish electricity distribution companies have started to organize tenders for AMI supply, with about 1.3 million smart meters installed constituting 8.3% of all meters. Among the five Polish electricity distribution companies, Energa is the most advanced in smart meter installation, with 400.000 meters installed, and another 450,000 in the process of installation. Energa plans to invest $0.5 billion in smart grid development by 2020. Poland is obliged by EU directive to improve energy efficiency by 20% by 2020. The system of White Certificates that awards energy efficiency investments and undertakings is an instrument for increasing energy efficiency in Poland. The system is obligatory for utilities selling electricity to end-users. The catalog of products/undertakings qualified for White Certificates is included in the Energy Efficiency Law.

Web Resources

Ministry of Energy

Energy Regulatory Agency

Energy Market Agency

Polish Committee of Electric Energy

Association of Polish Power Plants

Polish Association of Professional Combined Heat and Power Plants

Polish Power Transmission and Distribution Association

Chamber of Industrial Power Plants and Energy Suppliers

Polish Chamber of Power Industry and Environmental Protection

Chamber of Polish Heating Companies

Association of Energy Trading

Major trade fairs in electrical power sector:

International Power Industry Exhibition Expopower

Energetab

ENEX

For more information about the Electrical Power Sector, please contact:

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Environmental Technologies

Overview

The overall environmental technologies market in Poland including goods and services has an estimated value of USD 7.0 billion (2016). Advanced by European Union (EU) mandates, Poland's environmental technologies market continues to grow. A disparate standards development system based on the precautionary principal can make it difficult for U.S. technology providers to compete.

Poland ranks ninth overall on the 2016 Top Markets Report with a composite environmental technologies score of 17.7. Poland ranks ninth for water markets with a score of 8.4 and ninth for air pollution control market with a score of 8.6. Its waste and recycling market trails behind with a rank of 16th and a score of 0.7. The Polish environmental market has largely been driven by regulatory implementation demands associated with EU membership. During the 10 years of EU membership, EU financing programs have built over 1,000 new wastewater treatment plants and thousands of miles of new piping systems, reduced emission of CO2 more than 30 percent, built hundreds of new municipal and hazardous waste management facilities, and developed long-term programs to protect hundreds of endangered plant and animal species. The current tranche of EU investments in Poland is estimated to be over 70 billion Euros between 2013 and 2020.

State of the Environmental Regime

Poland's environmental regime has steadily improved since its accession to the EU in 2004. The Environmental Business Journal-OECD Environmental Stringency Survey, which ranks environmental regimes on a scale from 1 to 7 (with 1 being lax and 7 being the most stringent), scored Poland a 4.4 in 2012, a 2-point improvement from its 2005 score of 2.4. Similarly, Poland's ranking on the World Economic Forum's 2011 Index for Regulatory Stringency of 35th globally with a score of 4.71 (on a similar scale to that of EBJ-OECD) demonstrates the relative increase in environmental stringency. Poland's ranking in the same survey for enforcement is 35th globally with a score of 4.10 highlighting improvements in environmental enforcement as well. The 2001 Act on the Protection of the Environment, 1 (Ustawa z dnia 27 kwietnia 2001 r. – Prawo ochrony środowiska) provides the legal framework for all commercial and environmental activities in Poland. The Ministry of the Environment (MoE) is the highest national office responsible for the preparation and implementation of environmental legislation and strategies. In accordance with EU directives, the Polish government prepares a national plan

for the implementation of environmental rules and correspondingly directs regional governments (voivodeships) to develop and implement cascading local plans. Overall in Poland, environmental administration exhibits a high level of federal, regional and municipal coordination. Enforcement of environmental norms is fixed and relatively free from corruption while overall compliance rates are high.

Market Barriers

Market barriers in Poland in general are associated with the differences in regulation and standards' development philosophies of the United States and the EU. The following barriers are most problematic for environmental technologies companies attempting to export to or work in Poland:

1. Failure to recognize international standards:
   The existing European Regulation on Standardization (EU) No 1025/2012 recognizes international standards from only three international standards bodies: International Organization for Standardization (ISO), the International Telecommunications Union (ITU) and the International Electrotechnical Commission (IEC). Failure to recognize other international standards bodies prohibits the application of equivalent U.S. technologies in market. In Poland, the CE mark is broadly required. The Polish Center for Research and Certification (PCBC) (Polskie Centrum Badan i Certyfikacji) is the relevant national testing and certification office.
2. A preference for design based standards over performance based standards:
   In the United States, standards for environmental technology generally meet a performance threshold, such as mitigation of pollution below a level that the scientific method has determined is consistent with protection of human health. This performance based approach allows for both innovation and a diversity of approaches to meet a specific goal. In the EU, many standards require technology to meet a design specification, thus prohibiting use of any technology that meets the same performance standard but lacks the design specifications.
3. Application of the precautionary principle in standards and regulations:
   In Europe, the identification of hazards and subsequent limitations on application is tied to unknown future costs as opposed to the risk based approach, which assesses the likelihood of both unknown and known risks against known benefits. Application of the precautionary principle in standards and regulations levies many billions of dollars on

manufacturers and services providers for testing and redesign without a clear definition of the resulting benefits. Furthermore, applying the precautionary principle to environmental technologies slows their delivery to market even when the pollutant stream that is addressed poses greater harm to human health than the chemical or technology under evaluation.

4. EU assistance and subsidies for environmental projects:
   To help the Polish Republic meet EU environmental standards, the EU often funds or subsidizes the development of environmental infrastructure. Within tenders, there is a strong preference for European providers, placing U.S. bidders at a competitive disadvantage.
5. Lag in implementation of EU environmental rules:
   Adoption of and adherence to EU environmental rules drives development of environmental projects. The lag in adherence to EU mandates in this area has created a corresponding lag in the development and tendering of projects, thus slowing market growth overall.

Leading Sub-sectors

Air Pollution Control

Since Poland's accession to the EU in 2004, the country has made significant progress in reducing its emissions of GHG and NOx/SOx. Nevertheless, it remains the most fossil energy-intensive economy in the EU. Fossil fuels comprised 80.4 percent of Poland's energy mix (52% hard coal, 23.6% lignite and 4.8 natural gas) in 2015, and coal is expected to remain the country's primary energy source in the medium-term. In 2012, Poland recorded the highest levels of PM 2.5 in Europe, partly because of domestic combustion of biomass and coal for heating. To help address this issue, in October 2015, President Andrzej Duda signed an 'anti-smog' law that empowers local authorities to ban burning of coal and other environmentally unfriendly substances in domestic properties. Emissions from coal-fired power plants also still lead to excessive output of particulate matter and other air pollutants. Particulate matter from transportation, small industrial plants and small boilers is also a substantial contributor to Poland's persistent air quality problems. Other contributors include industrial sources in areas where the geography prevents dispersion, such as in Krakow or Upper Silesia, which are located in mountain or river valleys. Opportunities for the air pollution control sector lie in compliance with EU Air Quality Directive 2008/50/EC, which includes air quality objectives. Poland will achieve improved air quality by implementing measures on the voivodeship (regional) level.

Attention to regional air quality plans and related tenders is the most rational approach for U.S. businesses seeking to work in Poland's air pollution control market.

Technologies and services in demand include:

- Wet/dry scrubbers (particularly systems that remove multiple pollutants),
- Carbon injection systems (for reduction in mercury and organics),
- Particulate matter control systems (particularly new bagging systems),
- NOx, mercury, CO2 and particulate matter monitoring and continuous monitoring systems,
- Selective catalytic and non-catalytic reduction controls,
- Oxygen enrichment, fuel injection and other efficient combustion technologies,
- Innovative specialty cements,
- Mixing technologies,
- Pumping and fluid handling equipment,
- Engineering and plant design,
- Leak detection,
- Alternative fuel technologies used to fire cement kilns.

Water and Wastewater Treatment

Municipal Wastewater Treatment and Storm Management Expansion and development of sewerage networks and treatment facilities under Poland's National Program of Municipal Wastewater Treatment (NPMWT) offers prominent opportunities. In 2013, only 67 percent of Polish peoples were connected to sewers with an expected increase to 70 percent by 2018. For example, the Nowogrodziec municipality issued a recent tender for the 25km expansion of its network valued at USD 23 million. Existing treatment facilities will also undergo upgrading in 2016 to reach the annual goal outlined by the NPMWT to reduce nitrogen and phosphorus loads in wastewater by 75 percent. Large scale floods have also generated interest in storm water management systems while conversely long-term projections of water scarcity have spurred interest in water efficiency through wastewater reuse. The Polish government has tendered a contract for the design and development of a management plan for all river basins, providing an attractive project pipeline for U.S. companies with expertise in storm water management infrastructure. The Polish government is also focusing on implementation of a new water pricing

scheme to promote reuse and efficiency for consumer, industrial and agricultural applications. The National Plan estimates budgetary outlays during 2013 to 2016 of USD 9 billion.

Technologies and services in demand include:

- Engineering, procurement and construction services,
- Advanced filtration,
- Membrane filtration,
- Waste to energy technology,
- Anaerobic digestion,
- Nitrification,
- Biological denitrification,
- Monitoring equipment,
- Testing equipment.

Industrial Process and Wastewater

Poland is subject to relative water scarcity with per capita resources averaging 1,450 to 1,700 m^3/year. 13 Industry is the largest consumer of freshwater resources in Poland, accounting for 70 percent of water intake, and this is the predominant focus for water efficiency and reuse programs. Among the domestic industry segments fossil fuel extraction, process and power generation are collectively the largest consumer of water. Additional key consumers include metals and mining, pulp and paper, cement manufacturers, and building and constructions segments. Incentives for improved industrial water efficiency are expected to be implemented under the National Plan, which attributes overconsumption to low prices. The Polish government estimates that industry water consumption is two to three times higher in Poland than other EU nations. Government led increases in water tariffs will increase the burden on industry consumers to find water efficient solutions for both process and industrial wastewater. Additional treatment burdens will also arise because of implantation of the EU Priority Substance Directive (PSD), which will limit the effluent allowances of a new class of chemical substances. Sludge Treatment and Reuse Sludge treatment is also a major issue to be addressed in Poland. Poland produces over 700,000 tons of sludge per year, and due to EU obligations related to landfill waste reduction, it will no longer be legal to landfill sludge, meaning that the full spectrum of sludge treatment

technologies will need to be employed. The National Plan for Waste Management outlines that by 2018, 60 percent of sludge is to be processed through incineration, a 25% increase from current levels. There is also a proposal to use treated sludge as biomass fuel stock to help meet Poland's renewable energy targets. Limited capacity to develop and operate sludge drying and incineration technologies will generate demand for attendant services and technologies. Cities with stated needs in this area include Warsaw, Lodz, Krakow, Gdansk, Poznan and Szczecin.

Technologies and services in demand include:

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- Testing equipment.

Waste Management and Recycling

Municipal Solid Waste and Recycling Landfills remain the predominant waste management method in Poland with approximately 86 percent of the waste generated destined for one of the country's 800 landfills. There is rising pressure to rebalance Poland's waste management approach to meet its EU accession obligations. Contingent with Poland's accession to the EU, the country must reduce its landfill waste by 50 percent, which will inevitably give rise to increased use of recycling and incineration technologies. Poland missed its 2013 deadline to meet this mandate and thus can play catch-up with meeting its accession obligations to avoid daily fines of 40,000 Euros levied by the European Commission. In its National Development Plan, Poland outlined its waste reduction plan to include introduction of a selective waste collection system, construction of facilities for waste recovery and recycling, and closure on unsanitary landfills. Waste management responsibilities are the purview of municipal and

regional governments, and forthcoming tenders emanating from national plans will be issued at the city or voivodeship level. Per the country's 2015 OECD Environmental Review, investment of over 6 billion Euros in waste infrastructure - particularly for incineration, recycling and composting - will be needed to meet Poland's and the EU's 2020 targets. EU mandates and attendant funding for project development are also driving waste incineration and waste-to-energy projects. While waste-to-energy can be part of more comprehensive waste management strategies, source reduction and recycling are recognized as preferred methods for solid waste management ("Reduce, Reuse, Recycle"). Additionally, any waste-to-energy solutions should give due attention to air pollution and climate risks. Eleven waste-to-energy facilities with a capacity of 200,000 tons each are slated for development, with six to be developed in during the period of 2015-2018. Those projects include facilities in Bialystok, Bydgoszcz and Torun, Konin, Krakow, Poznan, and Szczecin with a total value of USD 1 billion. The Poznan facility, recently put into operation, has been developed under a Public Private Partnership (PPP) model. Also, Warsaw follows this model in its recently announced invitation to investors for enlarging the existing waste-to-energy plant, (from 90 to 300K tones capacity). Ministry of Environment and Treasury support for forthcoming PPPs could yield opportunities for U.S. Engineering, Procurement and Construction (EPC) technology providers and operators. Projections for projects in the 2018 to 2020 timeframe for waste-to-energy facility development include those for the Silesian agglomeration, lower Silesia, Tri-City, Warsaw, Olsztyn, Lodz, the Mazovian district, the Subcarpathian region and the Lublin region.

Technologies and services in demand include:

- Waste collection technologies,
- Sanitary landfill systems,
- Environmental monitoring and analytical equipment,
- Sorting machines,
- Crushing and grinding machines,
- Materials handling equipment,
- Recycling process expertise,
- Waste incinerators.

Environmental Consulting and Engineering

The most important authorities regulating the use of environmental resources are the Ministry of Environmental Protection, the Main Inspector of Environmental Protection and the Main Director of Environmental Protection. The Main Inspector of Environmental Protection supervises compliance with environmental protection provisions, while the Main Director of Environmental Protection issues Environmental Impact Assessments (EIAs). Polish administrative authorities strongly emphasize firm compliance with national and EU environmental law and regulation. There is a general tendency toward stricter compliance with environmental protection. Breaching a permit is punishable by fines and criminal liability. Operations will also be ceased. Types of permits include integrated and single/separate permits. Integrated permits are required when activity could cause harm to the environment in general. These permits are reviewed every five years and are more strictly regulated. Single/separate permits are issued for activity that may affect an aspect of the environment that is protected from pollution, such as air and water. Single/separate permits are valid for a maximum of 10 years. EIAs are regulated by the Act on Disclosing Information about the Environment and its Protection, the Participation of Society in Environmental Protection and Environmental Impact Assessments of October 3, 2008. An EIA is required where an industrial infrastructure project may have serious impact on the environment or when a project could have an impact on a Natura 2000 area (an area that is protected due to significance to the environment).

Web Resources

Trade Shows

POLECOSYSTEM

Poznan, October 17 – 19, 2017

GREENPOWER

Poznan, May 8-10, 2018

Waste Management SOS Expo

February 2, 2018, Warsaw

Ministry of Environment

Chief Environment Inspectorate

Main Director of Environmental Protection

Public Procurement Office

Tender Electronic Daily

The Polish Center for Research and Certification (PCBC)

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Green Building Products and Sustainable Construction

Statistics for green building products cannot be included as green building products are not distinguished from regular building products.

Overview

The residential and tertiary sector, a major part of which includes buildings, accounts for more than 40% of the final energy consumption in the European Union. This sector continues to expand, resulting in an increase in energy consumption and the subsequent carbon dioxide emissions. Poland remains, however, below the average energy consumption in Europe. Much of the energy (75%) consumed in Poland is in the housing sector.

In Poland, there are 13 million apartments within residential buildings, (including single and multi-family houses) with over 8.7 million in the cities. Every year approximately 180 thousand new apartments are put into operation; still only about 1/5 of all housing in Poland was built after 1990. This contributes to the estimated average energy consumption in new and old buildings in Poland being 170kWh/m^2/year. This is much higher than the average in the rest of Europe. The average EU consumption is 150kWh/m^2/year, although countries like Holland and Norway rank even lower, closer to levels of 90 – 110 kWh/m^2/year.

The average Polish apartment has a floor surface of 229 square feet. The average use of energy by a Polish apartment amounted to 59GJ. Heating consumes 71.2% of all energy use and includes hot water, cooking, lighting, and electrical appliances. Heat energy in Polish housing is usually sourced from either a central heating network or locally based boilers, mainly fueled by coal, gas or oil.

Poland is taking steps to decrease the average heat energy consumption. Within the last 10 years it has enacted programs which have reduced building energy consumption by 50%, thereby making the country a leader in energy efficiency reduction. In 1998, Poland enacted a thermo-modernization law, which allowed building owners to apply for a refund of up to 16% of the total project cost. Thousands of windows, doors, roofs, wall insulation, or boilers were exchanged with the introduction of this law. Through 2015, BGK, the state-owned bank responsible for the distribution of the Thermo-Modernization Fund, paid out 34,700 premiums. The total amount of capital invested so far into this fund exceeded $490 million, making the average claim approximately sixteen thousand dollars each. This program cumulative savings exceeded the threshold of $260 million in energy expenditures.

In addition to the Thermo-Modernization Fund, the National Fund for Environmental Protection and Water Management, together with their regional subsidiaries, provides grants and loans for both individual and institutional investors. Within the next four years, this fund plans to spend over $1.1 billion for such activities. Funds received by Poland from the sale of surplus Kyoto carbon credits will feed into a third funding source which will be used for thermo-modernization, among other activities.

The Polish commercial office building market began to develop early in the 1990's. Before then, offices were in apartment houses or old office buildings. Currently, new Class A and B office buildings dominate the market. At the end of 2016, the total amount of office space in the nine major Polish markets reached 8.97 million m2. During the past year, developers completed record number over 896,000 m2 of office space, 60% more than the annual average from 2011-2015. Almost half of the new supply was delivered in Warsaw (407,000 m2), while in the regional cities most of the new projects were completed in Krakow (149,000 m2) and Wroclaw (139,000 m2). Governmental and administrative buildings remain outdated although intense focus is increasingly being given towards energy savings and thermo-modernization in this sector as well.

Like the development of the office building market, commercial estates began to appear in Poland also during the 1990s. All the offered space is modern and built accordingly to the best European standards. At the end of 2016, the total stock of modern shopping center space in Poland reached approximately 11.2 million m2. Among retail formats, traditional shopping centers still dominate (88%). The retail space density ratio increased in Poland to 292 m2 /1,000 inhabitants. Among the eight major Polish agglomerations, the highest level of this ratio was noted in Poznan (862 m2 /1,000 inhabitants), while among regional cities it was highest in Lublin (959 m2 /1,000 inhabitants). During the past year, about 400,000 m2 of new retail space was delivered to the market, which is 1/3 less than in 2015. The Polish market observes a process of the modernization and remodeling of shopping centers. Owners' activities cover a wide spectrum, including adapting infrastructure for children and people with disabilities, remodeling of common space and food courts, free Wi-Fi, modern navigation and identification systems, interactive information points, relaxation space as well as the modernization of car parks and the facades of buildings. Tenants are also modernizing their stores.

Also, the first harbingers of modernization have just showed up in residential buildings area; Swedish company Skanska has just recently announced the most modern housing project in

Warsaw that will encompass almost 500 apartments. This will be the first ever residential estate with BREEAM (Building Research Establishment Environmental Assessment Method) certificate in Poland. In Gdansk, a single-family housing estate is built and its heat standard will be in line with the regulations, which will only come into effect in 2021. There are companies in Poland offering ready-made houses, which additionally provide a guarantee for energy consumption, air quality and its exchange, acoustic comfort and optimal use of day light.

There are already 551 buildings in Poland pre – certified and certified in BREEAM and LEED. During the last twelve months, the number of certificates grew by over 168% in relation to the total number of certificates in the country. The pace of growth shows, that BREEAM is consistently more popular, with 70% of today's green buildings holding these certificates.

The basic tool Poland uses to promote energy efficient and sustainable buildings is the system of energy certificates introduced into Polish law from the EU 2002/91 Directive on the Energy Performance of Buildings. This Directive is the main legislative instrument at the EU level to achieve energy performance in buildings. As of January 2017, new limits on EP (primary energy use) for newly built buildings and certain U-coefficients, i.e. (penetration of heat) for external partitions of buildings have been made in line with the provisions of the ordinance amending the Regulation on technical conditions to be met by buildings and their location, which entered force on 1 January 2014. (Journal of Laws of 2013 Item 926). The new recommended amount of energy consumption in buildings amounts to 120kWh/m^2/year. In other European Union countries, this value is much lower, reaching even 70kWh/m^2/year in Sweden. When implementing the EU, recommendations written in the Recast of this Directive the Polish government toughened the regulations. From March 2015 owners and managers of buildings that are to be sold or rented are obligated to perform and energy audit of the real estate. This regulation applies also to the owners of public building exceeding 250 m^2 of space. Also in July 2015 the Ministry of Infrastructure introduced the national plan aimed at increasing the number of buildings with low energy consumption.

Leading Sub-Sectors

Best prospects for U.S. suppliers can be found within the following areas:

- HVAC including air conditioners with cooling capacity of 470-1750 kW
- CO_2 and air contamination HVAC sensors
- High efficiency heating pumps integrated with solar panels and other innovative RE systems

- Roof reflective membranes to reduce air conditioning needs
- Solar Photovoltaic panels (PV) integrated into the building facade
- Small wind turbines for application in multi-family houses
- Ventilation and heat recovery systems
- High-tech biomass boilers
- Innovative insulation materials and glass
- Energy efficient appliances
- Energy rating services as RESNET system
- Smart meters and software to modulate electrical power use
- Scientific and research measurement equipment for energy and emissions testing

Opportunities

Members of the Polish Construction and Real Estate Confederation think that the development of sustainable construction on a massive scale is not only possible but also very profitable.

The market will be driven more intensely when all the regulations for the recast of the Energy Performance of Buildings Directive (2010/31/EC) is implemented. In only four years all the buildings and in only two years all the public buildings should be energy self-sufficient. That will force member states to introduce regulations for new buildings built after December 2020 that will require new buildings to have "near zero emission" what in Poland will mean an energy demand on a level of 50kWh/square meter/year that will be 2.5 – 3 times less than in buildings currently in operation.

Another factor positively driving the market is the EU Commission decision about allocation of funds within the new financial perspective 2014-2020. For the first time energy efficiency is specified as a target for all EU member states in the new perspective.

Web Resources

Building Research Institute

instytut@itb.pl

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kape@kape.gov.pl

Narodowa Agencja Poszanowania Energii S.A. (National Energy Conservation Agency)

nape@nape.pl

Polish Green Building Council PLGBC

Contact: Ms. Alicja Kuczera, Managing Director

akuczera@plgbc.org.pl

Fundacja Budownictwa Energo-oszczednego “Zielone Domy” (Foundation for Energy Saving Construction “Green Houses”)

biuro@fundacjazielonedomy.pl

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Information Technologies

Overview

The Polish Information Technology Market (in $ Millions)

	2014	2015		2017 ()
Total Market Value	7,939.3	6,866.5	6,588.7	7,005.9
Hardware	3,181.3	2,636.7	2,380.5	2,471.7
% of the market	40.1%	38.4%	36.1%	35.3%
Software	1,522	1,324.6	1,344	1,460
% of the market	19.2%	19.3%	20.4%	20.8%
Services*	3,236.1	2,905.2	2,864	3,074
% of the market	40.7%	42.3%	43.5%	43.9%
Exchange rates	$1 = 3.15 PLN	$1=3.77 PLN	$1 = 3.94 PLN	$1=3.9 PLN

* services, including systems integration, IT consulting, maintenance and repair of computers and peripherals, outsourcing and non-software-as-a-service (SaaS) cloud computing.

Source: Business Monitor International; Industry Forecast Report – Poland

Value of U.S. exports to Poland

(In $ million)

Commodity	2015	2016	2017 January-May
HS #8471 Automatic Data Process Machines & Parts Thereof; Magnetic or Optical Readers, Machines for Transcribing and Processing Coded Data	39.47	29.66	34.19
HS #8542 Electronic Integrated Circuits & Microassembl; Parts Thereof	7.68	7.86	12.29

Source: Global Trade Atlas

Note: the above statistics do not reflect the actual size of all U.S. exports to Poland as many exporters ship their products first to European hub locations and then distribute them throughout Europe.

Digital Processing Units (HS 847150) represent approximately 40% of the #8471 category's exports to Poland. Other popular products include Port Digital Automatic Data Process Mach Not > 10 Kg (HS 847130), Digital Processing Units (HS 847150), Automatic Data Processing Units (HS 847180), Automatic Data Processing Storage Units (HS 847170) and Digital Adp Mach (HS 847141 and 847190).

Processors and Controllers, Electronic Integrated Circuits (HS 854231) represent almost 70% of the U.S. exports in the HS 8542 product category.

For many years, the Polish information technology (IT) market has been considered as one of the most stable and fast growing IT markets in Europe but in 2016 it decreased in value for the first time since 2009. Per the yearly report Computer200 compiled by IDG, the market experienced a 5.2% downfall, while BMI data shows a 2.4% decrease. The main reason for the weak performance of the IT sector was a delay of many public IT projects as the government, which came into power in late 2015, took time to perform an analysis of all public IT projects and reviewed the IT strategy for the future. Also, some businesses put investments, including IT investments, on hold waiting for the completion of the regulatory changes introduced by the government. Many IT distributors were affected by the low demand for IT products as well as new VAT procedures for mobile products they had to adopt. Furthermore, the 2015 and 2016 market values and growth calculated in US dollars does not reflect the actual market development due to the substantial weakening of the Polish currency

In 2017, the situation has started improving and the prospects the next three years are good. Government expenditures amount to only some 1.5% of the GDP, but this amount is supplemented by EU funding of up to 85% of a project value.

The forecast for coming years looks bright due to increased information technology

investments financed from the new EU funding perspective, especially in the public and energy sectors. The hardware segment of the IT market will continue to decrease as the market matures and mobile solutions increasingly replace traditional hardware.

The dominant trends in Poland are technology convergence and the rapidly growing diversity of access to services, the implications of outsourcing and cloud computing, as well as growing interest in IT security and the Internet of Things (IoT). These trends directly reflect the new market opportunities for suppliers of products and services.

The Internet of Things is expected to expand dynamically and reach $3.1 billion in 2018. The main areas of growth include fleet monitoring, intelligent energy networks, and intelligent transportation and process management. Cloud solutions and services have been lately growing seven times faster than the total IT market. Approximately half of all small and medium size enterprises already use cloud solutions. The cloud computing market should benefit from the harmonization of data security and privacy regulations across Europe, with Poland potentially becoming a low-cost regional services hub.

Because of the review of the Digital Poland 2014-2020 Strategy, the government has prepared the IT Strategy and the Country Integrated IT Development Program. The goal of this program is to create a public information system that provides efficient electronic services, interoperability of existing and new IT public systems, and eliminating duplicated functions. The government has opted for dividing large IT endeavors into smaller projects that would be implemented gradually, or just to contract services. The goal of this policy is to move away from projects that could be implemented only by the largest market players to stimulate competition and allow smaller companies to bid.

The Ministry plans to implement the first 50 e-government services within the next year and additional 30 e-services in the following few months. The Ministry has also decided to develop an electronic version of IDs available to citizens in the mobile version of obywatel.gov.pl portal, which will serve for all e-government services.

As a strong supporter of the EU Directive on Security of Network and Information Systems (NIS Directive), the government is committed to implementation of its recommendations. in 2016, the government launched a new National Cybersecurity Center

Industry (mainly energy) and the financial and banking and telecommunications sectors represent almost half (46%) of business expenditures on IT. With the saturation of larger IT users, small- to medium-sized companies have become major clients for vendors, purchasing more advanced computer equipment and investing in enterprise software.
Individual buyers tend to purchase low-end equipment. Financial services and retail are the most active in implementing cloud services to limit hardware investments.

Leading Subsectors

All segments of the IT market in Poland represent good opportunities for American suppliers, including all kinds of specialized software for vertical markets, internet, and e - commerce solutions, especially in the IT security area. Good prospects also include networking equipment and computers, storage systems, components, and peripherals. Products and services that address cyber security requirements will be in demand. U.S. suppliers of IT services interested in entering the Polish market should consider working with Polish partners, as Polish project sponsors usually mandate that any required assistance be available to them locally and in the Polish language.

Opportunities

Public sector IT development projects are coordinated by the Ministry of Digital Affairs. The EU allocated $2.5 billion for the implementation of the Digital Poland Operation Plan for 2014-2020.Funds are available to the central administration, local governments, universities, companies, foundations, associations, and cultural institutions through a variety of programs administered by appointed Polish government institutions. Additional EU funding is also available for IT projects through regional and other programs.

The project opportunities include investments in the development of e-administration and open government, as well as training and other activities aimed at increasing the digital competences of Polish society. More information (in Polish) planned 2016-2017 IT projects can be found at the Ministry of Digital Affairs.

Web Resources

Trade events

For most subsectors, CS Warsaw recommends regional European shows in lieu of local events.

General IT show:

CeBIT, June 11-15, 2018, Hannover, Germany:

Audio/Visual Products:

Integrated Systems Europe (ISE), February 6-9, 2018, Amsterdam, the Netherlands

Security Products:

European Cyber Security Forum CYBERSEC, October 9-10, 2017, Krakow, Poland

SECURE, Conference on Telecommunications and IT Security, October 24-25, 2017Warsaw, Poland

Infosecurity Europe, June 5-7, 2018, London, United Kingdom

Contacts for Marketing and Advertisement

IDG Polska publishes Polish editions of ComputerWorld, PC World CIO, Internet Standard, as well as ComputerWorld Top200 yearly report on the Polish IT market (printed and on-line). IDG specializes in organizing technology conferences, e-seminars and debates, expert market research as well as content and email marketing

International Data Corporation (IDC) provides market intelligence, advisory services, and organizes events for the information technology, telecommunications and consumer technology.

PMR Research - market intelligence firm offering a full range of market and marketing

research services

Reseller/Distributor magazines: IT Reseller and CRN Elektronik – professional electronic magazine (printed and on-line)

Automatyka – professional monthly magazine (printed and on-line)

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Infrastructure and Intelligent Transport Systems

Overview

Poland continues to devote sizeable resources to the development of its transport infrastructure. The main organizations responsible for nation-wide or regional projects are the Polish National Directorate for Roads and Highways (GDDKiA) and the Polish Railway Networks (PKP-PLK), Ministry of Economic Development, Ministry of Infrastructure and Construction and Ministry of Maritime Economy and Inland Waterways. In addition, local self-government organizations are responsible for road infrastructure projects for their communities.

Many highway, railway and inland waterway projects are eligible for supplementary EU funding. While Polish resources are required as base funding, these funds often tip the balance in terms of actual project execution. It is important to note that the current EU budget (due to last until 2020) is likely the last one to feature such abundant resources for the development of transport infrastructure. Therefore, Poland is introducing important changes to the regulatory framework governing the disbursement of these funds with the aim of enhancing the effectiveness of infrastructure investments.

One of the auspicious side-effects of ongoing enhancement of Poland's transport infrastructure in the past few years has been the rapid development of Intelligent Transport Systems (ITS). ITS solutions have become an important part of highway and road infrastructure investments. In the period 2007 to 2013, Poland spent roughly $1.25 billion on ITS projects, with 40% of the budget for ITS projects allocated to purchases of components, such as cameras, electronic signs and detectors. Under the current EU funding scheme (2014-2023), the government plans to spend $12 billion from the budget to improve the safety, technical standards as well as roads management, which, in large part, would be spent on ITS.

Successful country-wide ITS implementation includes Viatoll, collecting payments from trucks using paid roads, and CANARD, connecting all photoradars. The current system first launched in 2011 will expire in November 2018. A tender for a new operator of the system is in process and GDDKiA is expected to select a new contractor in late 2017.

Several successful regional ITS projects include the TRISTAR system automating traffic control in the Tri-City area in Northern Poland (Gdańsk, Sopot, and Gdynia), the Silesian Public Services Card (electronic ticket valid in the whole of Poland's largest conurbation in the Upper Silesia region), a subsystem in the city of Bydgoszcz allowing a real-time redirection of public transportation vehicles onto alternate routes and a traffic control system in the city of Lodz. Rzeszow in southeastern Poland has also implemented a city-wide traffic control system that is the first in Poland managing the flow of public transportation and automobile traffic in the city. Dedicated ITS departments or units have been created in virtually all major Polish cities to support the implementation of relevant projects. Most importantly, as the sector matures, ITS projects are expected to become integral parts of "hard" infrastructure projects.

The ITS sector is becoming better self-organized. In 2013, key industry players founded the ITS Cluster ("Klaster ITS") in order to support and inspire greater and more efficient cooperation between the private sector, government authorities and academia. The ITS Polska Association coordinates the Cluster and has divided it into eight working groups (mobility management; dual-use technologies; traffic management; metrology; billing and control systems; rail ITS; shared services center; smart city. Each working group is led by one of almost thirty Cluster members. ITS Polska also organizes the annual ITS Poland Congress, gathering of industry representatives, academic experts, and both central and local or municipal administrations.

Leading Sub-Sectors

To support the EU funding, GDDKiA intends to spend as much as $35 billion from public funds during the years 2014-2023 on highways and roads. This would allow investments in new road infrastructure or in upgrades of the existing ones (roughly4000 kilometers in total). Now under construction are some 130 km of roads and over 700 km are in the process of tenders. In mid-July, the government expanded the roads investment plans by earmarking over $7 billion for constructing the Polish part of the Via Carpatia, an international route connecting Lithuania with Greece, including supporting infrastructure and including in the plans for new ring roads in several cities.

The government is planning to establish a new logistics integrator to maximize the use of existing railway resources, improve the safety and image of passenger and freight railway operators. The goal for railway freight transportation is to increase the average speed of cargo

trains from the current 25 km/hour to 50 km/h in 2023, which will be close to the 55 km/h EU average.

The PKP PLK modernization plan for 2018-2020 foresees over $83 billion in investments in railway infrastructure, with $1.3 earmarked for the year 2017 alone. Eight railway projects, worth a total of over $90 million, will be implemented under the EU Eastern Poland Operational Program, with 85% of the money coming from the EU. The largest and most advanced project from this program is a modernization of the Lublin-Stalowa Wola railway.

In addition, in late 2016, the Ministry of Infrastructure and Construction has introduced a nation-wide project "Improvement of security through construction new railroad crossovers", worth over $50 million. This project calls for the exchange of over one hundred junctions at three main locations. This is a continuation of a similar project implemented in a previous 2007-2013 EU funding scheme.

Poland is also competing for financing from the EU CEF Transport Blending 2017 program for 6 infrastructure projects, worth close to $1 billion in total. The projects include a National Road Transportation Management System TEN-T, which includes software modernization and ITS elements on the roads in seven regions in Poland. The European Commission is expected to select winning projects and allocate funds in December 2017.

In April 2017, the government has announced plans to invest in a new Central Communication Airport (CPK) and is currently in the process of assessing the project. The decision on the site selection is expected in late 2017 and will be followed by preparing the documentation. This key infrastructure project which will also serve as a multimodal node, including major investments in roads and railways. The government hopes to support financing from the budget from the private sector through the public private partnership (PPP) and complete the investment in 2026.

Large infrastructural projects are also foreseen with respect to inland waterways. Per the official estimates of the Ministry of Maritime Economy and Inland Waterways the implementation of an ambitious, multi-year investment plan could cost up to $18 billion until 2030 and consist primarily in enhancement of navigation along Poland's main rivers.

Web Resources

ITS Polska Ministry of Infrastructure and Construction

Ministry of Maritime Economy and Inland Waterways

General Directorate of Roads and Highways

Road Traffic Automatic Supervision Centre (CANARD, part of General Directorate of Roads and Highways)

PKP S.A.

Polish Railway Networks

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Trade Regulations, Customs, & Standards

Import Tariff

Upon its accession to the European Union on May 1, 2004, Poland became part of the EU customs union. This means that the same import duty rates are applicable in all member states. Tariff rates are contained in the European Union's Common External Tariff. Information on customs duty rates is available from the Integrated Tariff of the European Community (TARIC) database. U.S. exporters seeking to enter the Polish market can obtain useful information from the Office of European Union and Regional Affairs at the U.S. Department of Commerce.

The Polish Customs Service (Sluzba Celna) has an official Tariff Browser (a module of the Integrated Tariff System – ISZTAR), that provides information on tariffs of goods in international trade. The Tariff Browser contains data from the TARIC system (goods nomenclature, duty rates, restrictions, tariff quotas, tariff ceilings and suspensions) as well as national provisions (VAT, excise tax, restrictions and nontariff measures). The Browser is maintained by the Customs Department of the Ministry of Finances within the framework of the Integrated Customs Tariff Information System – ISZTAR3.

Trade Barriers

All business entities operating in Poland (including foreign companies) have equal access to international trade. However, this access is subject to trade policy measures introduced by the EU, which Poland is obliged to observe.

There are certain licensing requirements, not related to commercial policy, for trading in dual-use (i.e. both civil and military use) goods and technologies, in certain chemicals, particularly narcotic drugs and psychotropics, or in cultural goods. Separate arrangements are applied to trade in certain agricultural products under the European Union's Common Agricultural Policy (CAP), including export/import licensing, quantitative restrictions, export refunds or preferential tariff arrangements. The Minister of Economic Development issues licenses and permits for trading in goods when required. The Agricultural Market Agency issues licenses and permits in the case of agricultural products.

A range of products is prohibited for reasons relating to the protection of the natural environment, national security, public order, human, plant and animal health.

Customs authorities may detain goods when they suspect infringement of intellectual property, based on supporting documents submitted by the rights holder to the Central Customs Board.

For information on existing trade barriers, please see the 2016 National Trade Estimate Report (NTE) and Technical Barriers to Trade (TBT), published by USTR.

Information on agricultural trade barriers is published by the U.S. Department of Agriculture. Poland's Agricultural Marketing Agency also provides useful information on agricultural goods and trade.

Import Requirements & Documentation

The TARIC (Tarif Intégré de la Communauté), described above, is available to help determine if a license is required for a product. Moreover, the European Commission maintains an export helpdesk with information on import restrictions of various products.

Many EU member states maintain their own list of goods subject to import licensing.

Poland's "Import List" includes goods for which licenses are required, their code numbers, any applicable restrictions, and the agency that will issue the relevant license. The Import List also indicates whether the license is required under Polish or EU law. The relevant bodies for issuing licenses for import of goods are: Ministry of Development, Department of Trade and Services: tel: +48 22 693 55 53, e-mail: sekretariatdhu@mr.gov.pl for industrial goods and Ministry of Development, Department of Sensitive Goods Trading and Technical Security: tel: +48 22 693 54 45, e-mail: sekretariatdot@mr.gov.pl for sensitive and dual-use goods as well as Agricultural Market Agency External Trade Office, tel: +48 22 376 75 90, e-mail: d.wolska@arr.gov.pl for agricultural and food products.

For information conduct a search on the Commerce Department's Market Research Library.

Import Documentation

The Single Administrative Document

The official model for written declarations to customs is the Single Administrative Document (SAD). The SAD describes goods and their movement around the world and is essential for trade outside the EU, or of non-EU goods. Goods brought into the EU customs territory are, from the time of their entry, subject to customs supervision until customs formalities are completed. Goods are covered by a Summary Declaration which is filed once the items have been presented

to customs officials. The customs authorities may, however, allow a period for filing the Declaration which cannot be extended beyond the first working day following the day on which the goods are presented to customs.

The Summary Declaration is filed by:

the person who brought the goods into the customs territory of the Community or by any person who assumes responsibility for carriage of the goods following such entry; or

the person in whose name the person referred to above acted.

The Summary Declaration can be made on a form provided by the customs authorities. However, customs authorities may also allow the use of any commercial or official document that contains the specific information required to identify the goods. The SAD serves as the EU importer's declaration. It encompasses both customs duties and VAT and is valid in all EU member states. The declaration is made by whoever is clearing the goods, normally the importer of record or his/her agent.

European Free Trade Association (EFTA) countries including Norway, Iceland, Switzerland, and Liechtenstein also use the SAD. Information on import/export forms is contained in Council Regulation (EEC) No. 2454/93, which lays down provisions for the implementation of the Community Customs Code (Articles 205 through 221). Articles 222 through 224 provide for computerized customs declarations and Articles 225 through 229 provide for oral declarations.

Click here for complete information on the Single Administrative Document.

Regulation (EC) No 450/2008 laying down the Community Customs Code (so-called the "Modernized Customs Code") aimed at the adaptation of customs legislation and at introducing the electronic environment for customs and trade. This Regulation entered force on June 24, 2008 and was due to be applicable once its implementing provisions were in force by June 2013. However, the Modernized Customs Code was recast as a Union Customs Code (UCC) before it became applicable. The Union Customs Code (UCC) Regulation entered force in October 2013 and repealed the MCC Regulation. Its substantive provisions went into effect on May 1st 2016.

Click here for complete information on the Union Customs Code.

Economic Operator Registration and Identification (EORI)

Since July 1, 2009, all companies established outside of the EU are required to have an EORI number if they wish to lodge a customs declaration or an Entry/Exit Summary declaration. All U.S. companies should use this number for their customs clearances. An EORI number must be formally requested from the customs of the specific member state to which the company exports. Member state custom authorities may request additional documents to be submitted alongside a formal request for an EORI number. Once a company has received an EORI number, it can use it for exports to any of the 28 EU member states. There is no single format for the EORI number. Once an operator holds an EORI number s/he can request the Authorized Economic Operator (AEO: see below under "MRA") status, which can give quicker access to certain simplified customs procedures

Click here for more information about the EORI number.

U.S. - EU Mutual Recognition Arrangement (MRA)

Since 1997, the U.S. and the EU have had an agreement on customs cooperation and mutual assistance in customs matters.

In 2012 the United States and the EU signed a new Mutual Recognition Arrangement (MRA) aimed at matching procedures to associate one another's customs identification numbers. The MCC introduced the Authorized Economic Operator (AEO) program (known as the "security amendment"). This is similar to the United States' voluntary Customs-Trade Partnership Against Terrorism (C-TPAT) program in which participants receive certification as a "trusted" trader. AEO certification issued by a national customs authority and is recognized by all member state's customs agencies. As of April 17, 2017, an AEO can consist of two different types of authorization: "customs simplification" or "security and safety." The former allows for an AEO to benefit from simplification related to customs legislation, while the latter allows for facilitation through security and safety procedures. Shipping to a trader with AEO status could facilitate an exporter's trade as its benefits include expedited processing of shipments, reduced theft/losses, reduced data requirements, lower inspection costs, and enhanced loyalty and recognition. Under the revised Union Customs Code, for an operator to make use of certain customs simplifications, the authorization of AEO becomes mandatory.

The United States and the EU recognize each other's security certified operators and will take the respective membership status of certified trusted traders favorably into account to the extent possible. The favorable treatment provided by mutual recognition will result in lower

costs, simplified procedures and greater predictability for transatlantic business activities. The newly signed arrangement officially recognizes the compatibility of AEO and C-TPAT programs, thereby facilitating faster and more secure trade between U.S. and EU operators. The agreement is being implemented in two phases. The first commenced in July 2012 with the U.S. customs authorities placing shipments coming from EU AEO members into a lower risk category. The second phase took place in early 2013, with the EU re-classifying shipments coming from C-TPAT members into a lower risk category. The U.S. customs identification numbers (MID) are therefore recognized by customs authorities in the EU, as per Implementing Regulation 58/2013 (which amends EU Regulation 2454/93 cited above).

Click here for additional information on the MRA and here for revised AEO Guidelines (published March 2016).

Batteries

The EU Battery Directive adopted in 2006 (Directive 2006/66) applies to all batteries and accumulators placed on the EU market. This includes automotive, industrial and portable batteries. The Directive seeks to protect the environment by restricting the sale of batteries and accumulators that contain mercury or cadmium (with an exemption for emergency and alarm systems, medical equipment and cordless power tools) and by promoting a high level of collection and recycling. It places the responsibility on producers to finance the costs associated with the collection, treatment, and recycling of used batteries and accumulators. The Directive also includes provisions on the labeling of batteries and their removability from equipment. The European Commission publishes a FAQ document – last updated in May 2014 - to assist interested parties in interpreting its provisions. For more information, see our market research reports on regulatory issues in the European Union.

Registration, Evaluation and Authorization and Restriction of Chemicals (REACH)

REACH applies to all chemicals manufactured or imported into the EU in quantities exceeding one metric ton. The regulation entered force in 2007 (Regulation 1907/2006) and touches virtually every industrial sector, from automobiles to textiles. REACH imposes a registration obligation on all entities affected by the one metric ton criteria by May 31, 2018. The European Chemicals Agency (ECHA) is the agency responsible for receiving and ensuring the completeness of such registrations. U.S. companies without a presence in Europe need to rely on an EU-based partner, typically either an importer or a specialized 'Only Representative'.

In addition to the registration requirement, U.S. exporters should carefully review the REACH 'Candidate List' of Substances of Very High Concern (SVHCs) and the 'Authorization List'. Under certain conditions, substances on the Candidate List are subject to communication requirements prior to their export to the EU. Companies seeking to export chemicals on the 'Authorization List' will require an authorization. Click here for the Candidate List and here for the Authorization List.

Waste Electrical and Electronic Equipment (WEEE) Directive

EU rules on WEEE, while not requiring specific customs or import paperwork, may entail a financial obligation for U.S. exporters. The Directive requires U.S. exporters to register relevant products with a national WEEE authority or arrange for this to be done by a local partner. The WEEE Directive was revised on July 4, 2012 and the scope of products covered was expanded to include all electrical and electronic equipment. This revised scope will apply from August 14, 2018 with a phase-in period that has already begun. U.S. exporters seeking more information on the WEEE Directive should click here.

Restriction on Hazardous Substances RoHS

The ROHS Directive imposes restrictions on the use of certain chemicals in electrical and electronic equipment. It does not require specific customs or import paperwork however, manufacturers must self-certify that their products are compliant and affix a "CE" market. The 2011 revisions to the ROHS Directive significantly expanded the scope of covered products. Generally, U.S. exporters have until July 22, 2019 to bring products into compliance that were once outside the scope. More information on the RoHS Directive can be found by clicking here.

Cosmetics Regulation

The EU legislation harmonizing the regulation of cosmetic products has applied since July 11, 2013. The most controversial element of the regulation was the introduction of an EU-wide system for the notification of cosmetic products to the European Commission prior to their placement on the EU market. Only an EU-established entity may submit such a notification. Therefore U.S. exporters must either retain a "Responsible Person" to act on their behalf, rely on their exporter, or establish a presence in the EU.

Export.gov provides additional details on the EU Cosmetics Regulation.

Agricultural Documentation

Phytosanitary Certificates: Phytosanitary certificates are required for most fresh fruits, vegetables, and other plant materials.

Sanitary Certificates: For commodities composed of animal products or by-products, EU countries require that shipments be accompanied by a certificate issued by the competent authority of the exporting country. This applies regardless of whether the product is for human consumption, for pharmaceutical use, or strictly for non-human use (e.g., veterinary biologicals, animal feeds, fertilizers, research). Many these certificates are uniform throughout the EU but the harmonization process is still ongoing. Most recently, certificates for a series of highly processed products including chondroitin sulphate, hyaluronic acid, hydrolyzed cartilage products, chitosan, glucosamine, rennet, isinglass and amino acids are being harmonized. Until harmonization is finalized, certain member state import requirements continue to apply. In addition to the legally required EU health certificates, several other certificates are used in international trade. These certificates, which may also be harmonized in EU legislation, certify origin for customs purposes and certain quality attributes. Up-to-date information on harmonized import requirements can be found at the website of the Foreign Agricultural Service at the U.S. Mission to the European Union.

Sanitary Certificates (Fisheries)

In April 2006, the European Union declared the U.S. seafood inspection system as equivalent to the European one. Consequently, a specific public health certificate must accompany U.S. seafood shipments. The U.S. fishery product sanitary certificate is a combination of Commission Decision 2006/199/EC for the public health attestation and of Regulation 1012/2012 for the general template and animal health attestation. Unlike for fishery products, the U.S. shellfish sanitation system is not equivalent to that of the EU's. The EU and the U.S. are currently negotiating a veterinary equivalency agreement on shellfish. In the meantime, the EU still has a ban in place (since July 1, 2010), that prohibits the import of U.S. bivalve mollusks, in whatever form, into EU territory. This ban does not apply to wild roe-off scallops.

Since June 2009, the only U.S. competent authority for issuing sanitary certificates for fishery and aquaculture products is the U.S. Department of Commerce, National Marine Fisheries Service (NOAA-NMFS).

In addition to sanitary certificates, all third countries wishing to export fishery products to the EU are requested to provide a catch certificate. This catch certificate certifies that the products in question have been caught legally.

For detailed information on import documentation for seafood, please contact the NOAA Fisheries office at the U.S. Mission to the EU (stephane.vrignaud@trade.gov) or visit the following NOAA's dedicated web site.

U.S. Export Controls

A validated U.S. export license is required prior to shipping certain controlled commodities to Poland, as provided under the U.S. Department of Commerce's Bureau of Industry and Security Commodity Control List. For more information and assistance, please contact BIS's Office of Exporter Services at (202) 482 4811 or refer to BIS's web site.

Poland is a member of the Wassenaar Agreement and has established its own export control regime for munitions and dual use commodities. That regime is managed by the Polish Ministry of Development, the Department of Sensitive Goods Trading and Technical Security.

The export control regime is fully compatible with EU regulations. The Ministry of Economic Development's Department for Trade in Sensitive Goods and Technical Safety is responsible for Poland's export control regulation. Information is available only in Polish. The EU export control regime is governed by Regulation (EC) No 428/2009, which provides for common EU control rules, a common EU control list and harmonized policies for implementation. Information on the EU dual-use export controls are found here.

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) is responsible for implementing and enforcing the Export Administration Regulations (EAR), which regulate the export and re-export of some commercial items, including "production" and "development" technology.

The items that BIS regulates are often referred to as "dual use" since they have both commercial and military applications. Refer to the following links for information on the export licensing basics and enforcement.

BIS has developed a list of "red flags", or warning signs intended to discover possible violations of the EAR and enable reporting of possible violations. The list is available in the "Know Your Customer" guidance document.

If there is reason to believe a violation is taking place or has occurred, report it to the Department of Commerce by calling the 24-hour hotline at 1(800) 424-2980, or via the Confidential Enforcement Lead/Tip Form.

The EAR does not control all goods, services, and technologies. Other U.S. government agencies regulate more specialized exports. For example, the U.S. Department of State has authority over defense articles and services. A list of other agencies involved in export control can be found on the BIS web-site.

It is important to note that in August 2009, a broad-based interagency review of the U.S. export control system was initiated, with the goal of strengthening national security and the competitiveness of key U.S. manufacturing and technology sectors by focusing on current threats, as well as adapting to the changing economic and technological landscape. Thus, the Administration launched the Export Control Reform Initiative (ECR Initiative) which is designed to enhance U.S. national security and strengthen the United States' ability to counter threats such as the proliferation of weapons of mass destruction.

This reform is being implement in three phases. Phases I and II reconcile various definitions, regulations, and policies for export controls, all the while building toward Phase III, which will create a single control list, single licensing agency, unified information technology system, and enforcement coordination center. Additional information on the ECR is available at Export.gov.

BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two day seminars and focus on the basics of exporting as well as more advanced topics. Click here for a list of upcoming seminars.

For further details about the Bureau of Industry and Security and its programs, please visit the BIS website.

Temporary Entry

A permit is also required for the temporary import of goods, which takes place under the supervision of Polish customs officials. Written confirmation is required, stating that the goods will be sent from Poland on specific dates. A deposit is required for the import of the goods subject to clearance, which must equal the value of the goods to be exported or the total

import customs duty and taxes. Commercial samples of zero or low value can usually be imported free of customs duty by means of a written statement to Polish customs confirming the value of the sample and that it will stay in the possession of the importing entity. Promotional materials must be clearly marked "no commercial value" in order to clear customs. Temporary imports may also enter Poland under an ATA Carnet.

More information on the ATA Carne is found at Export.gov.

As of May 2015, new EU-wide legislation applies to the Temporary Importation of means of transport. Existing regulation has been amended to exclude the possibility of misuse in case of Temporary Importation of means of transport. For more information about EU-level temporary entry regime please see the EU's web-site on Temporary Importation.

Labeling/Marking Requirements

Summary

There is a broad array of EU legislation pertaining to the marking, labeling and packaging of products, with neither an "umbrella" law covering all goods nor any central directory containing information on marking, labeling and packaging requirements. This overview is meant to provide the reader with a general introduction to the multitude of marking, labeling and packaging requirements or marketing tools to be found in the EU. Note: labels must be written in the local language of the country in which the product is sold.

Introduction

The first step in investigating the marking, labeling and packaging legislation that might apply to a product entering the EU is to draw a distinction between what is mandatory and what is voluntary. Decisions related to mandatory marking, labeling and/or packaging requirements may sometimes be left to individual member states. Furthermore, voluntary marks and/or labels are used as marketing tools in some EU member states. This report is focused primarily on the mandatory marks and labels seen most often on consumer products and packaging, which are typically related to public safety, health and/or environmental concerns. It also includes a brief overview of a few mandatory packaging requirements, as well as more common voluntary marks and/or labels used in EU markets.

It is also important to distinguish between marks and labels. A mark is a symbol and/or pictogram that appears on a product or its respective packaging. These range in scope from signs of danger to indications of methods of proper recycling and disposal. The intention of

such marks is to provide market surveillance authorities, importers, distributors and end-users with information concerning safety, health, energy efficiency and/or environmental issues relating to a product. Labels, on the other hand, appear in the form of written text or numerical statements, which may be required but are not necessarily universally recognizable. Labels typically indicate more specific information about a product, such as measurements, or an indication of materials that may be found in the product (such as in textiles or batteries).

OVERVIEW

Mandatory Marks & Labels

Textiles
Cosmetics
Dangerous Substances
Explosive Atmosphere
Electrical & Electronic Equipment
Household Appliances
Pricing
Footwear
Units of Measurement
Recycling - Separate Collection
Automotive
Tire labeling
Maritime
Materials in Contact with Food
Noise Emissions
Wood packaging
Energy Efficiency

Voluntary Marks and Labels

Cup/Fork Symbol (material in contact with food)
Eco-Label
Green Dot
Energy Star
‘e’ Mark
Recycling Marks

APPLICABILITY OF VOLUNTARY AND MANDATORY MARKS AND LABELS

Countries in the European Union (EU)

Austria
Belgium
Bulgaria
Croatia
Cyprus
Czech Republic
Denmark
Estonia
Finland
France
Germany
Greece
Hungary
Ireland
Italy
Latvia
Lithuania
Luxembourg
Malta
Netherlands
Poland
Portugal
Romania
Spain
Sweden
Slovakia
Slovenia
United Kingdom

Additional Countries of the European Economic Area (EEA) and European Free Trade Association (EFTA)

Iceland

Norway

Switzerland (EFTA)

Liechtenstein

Candidates to Membership:

Albania

Macedonia

Montenegro

Serbia

Turkey

MANDATORY MARKS AND LABELS

CE MARKING

This is probably the most widely used and recognized marking required by the EU. Found in all "New Approach" legislation with a few exceptions, the CE marking demonstrates that a product meets all essential requirements (typically related to safety, health, energy efficiency and/or environmental concerns). CE marking is required for the following products/product families:

Cableway installations

Civil explosives

Construction products

Electrical/electronic products

Electromagnetic compatibility

Low voltage

Restriction of Hazardous Substances

Energy efficiency

Equipment and protective systems in potentially explosive atmospheres (ATEX)

Gas appliances

Hot water boilers

Lifts

Machinery

Medical devices (3)

Non-automatic weighing instruments

Personal protective equipment

Pressure equipment

Radio equipment

Recreational crafts

Refrigeration appliances

Simple pressure vessels

Toys

For each “New Approach” directive there is a separate list of references to harmonized European standards, the use of which provides the manufacturer with the ‘presumption of conformity’ with essential requirements. While other non-EU standards may be used to demonstrate a product’s compliance with the applicable directive(s), the manufacturer should provide detailed information regarding the compliance process. An array of standardized safety warning symbols/pictograms may also be applicable to each of the above product categories.

In 2008, the EU adopted a package of measures known as the New Legislative Framework which provides a regulatory ‘toolbox’ for new and revised EU product safety legislation. The framework is designed to improve market surveillance, more clearly define the responsibilities of manufacturers, importers and distributors, and clarify the meaning of CE marking across a wide-range of product groups. In February 2014, to align product harmonization legislation with the provisions of the NLF (most notably Decision 768/2008), the European Union adopted an "Alignment Package" consisting of eight revised CE marking directives. These newly aligned directives will be applicable in 2016.

For more information

CE Marking

Harmonized Standards

New Legislative Framework

Revised CE Marking Laws

Standards Specialist:

Diana.Dus@trade.gov

Commercial Assistant :

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THE WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT DIRECTIVE (WEEE)

This directive is designed to tackle the rapidly increasing waste stream of electrical and electronic equipment, and complements European Union measures on landfills and waste incineration. Increased recycling of electrical and electronic equipment, in accordance with the directive requirements, limits the total quantity of waste going to final disposal. This directive affects the following product categories:

Large and small household appliances

Consumer equipment

Lighting equipment

IT and Telecommunications equipment

Electrical and Electronic Tools

Toys and Sports equipment

Medical Devices

Monitoring and control equipment

Automatic dispensers

The symbol shown above must be displayed on all products that fall under this directive, and indicates that the product is not to be discarded with normal household waste. It is a required mark on batteries. In instances where this symbol cannot be displayed on the equipment itself, it should be included on the packaging.

For more information:

Directive 2012/19/EU

Commercial Specialist:

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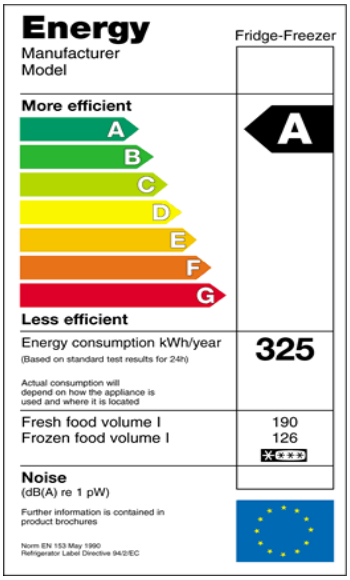
ENERGY LABELING



Directive 2010/30/EU "on the indication by labeling and standard product information of the consumption of energy and other resources by energy-related products" sets a framework for the adoption of product-specific directives on the proper energy efficiency labeling for each concerned product. This 2010 directive broadens substantially the energy labeling scope.

Suppliers are to supply free of charge labels or product fiches containing information about consumption of electric or other energy sources to their dealers. Dealers display labels in a visible and legible way and make the fiche available in product brochure or other literature.

For more information

Energy Efficient Products

Directive 2010/30/EU

Contact: office.brusselsec@trade.gov

DEVICES FOR USE IN POTENTIALLY EXPLOSIVE ATMOSPHERE (ATEX)

In addition to applying a CE marking for products falling under the ATEX Directive (2014/34/EC), it is necessary to display the Ex mark, which is a specific marking of explosion protection. Located next to the 'Ex' mark will be a symbol designating the product group or category as specified in the directive.

The revised ATEX Directive (2014/34/EC) was adopted in February 2014 as part of the New Legislative Framework alignment package. It replaced the existing directive and became applicable on April 20, 2016.

For more information

Equipment for Potentially Explosive Atmospheres

Directive 2014/34/EU

Standards Specialist:

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Commercial Assistant :

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NOISE EMISSION OF OUTDOOR EQUIPMENT

Machines used outdoors are subject to CE marking requirements. Noise emission levels are covered separately. The sample mandatory label shown above specifies noise emission levels.

For more information

Noise Emission by Outdoor Equipment

Standards Specialist:

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MARITIME

The “steering wheel” mark shown above is the equivalent of CE marking for marine equipment. It applies to equipment for use on board any new EU ship, wherever the ship is situated at the time of construction, and to equipment placed on board existing EU ships, whether for the first time or to replace equipment already carried on board. It does not apply to equipment already on board on the date on which the directive entered into force in 1997. The directive applies to the following equipment categories:

Life-saving appliances

Marine pollution prevention

Fire protection

Navigation equipment

Radio-communication equipment

A revised Marine Equipment Directive (2014/90/EC) was adopted in July 2014 and will be applicable on September 18, 2016.

For more information

Directive 2014/90/EC

Standards Specialist:

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TEXTILES

Textile products must be labeled or marked whenever they are put onto the market for production or commercial purposes (sale). The names, descriptions and details of a textile's fiber content must be indicated on products available to consumers. With the exception of trademarks or the name of the undertaking, information other than that required by the directive must be listed separately. Member States may require that their national language be used on the labeling and marking required by the directive.

For more information

Textiles and Clothing Legislation

Commercial Specialist

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FOOTWEAR

lining & sock

Labels must convey information relating to the upper, the lining and insole sock, and the outer-sole of the footwear article. The information must be conveyed by means of approved pictograms or textual information, as defined by the directive.

The label must be legible, firmly secured and accessible, and the manufacturer or his authorized agent established in the Community is responsible for supplying the label and for the accuracy of the information contained therein. Only the information provided for in the directive need be supplied. There are no restrictions preventing additional information being included on the label.

For more information

Footwear Industry

Contact: office.brusselsec@trade.gov

COSMETICS

Containers and/or packaging (in certain cases) must bear, in indelible, easily legible and visible characters, the following:

The name, trade name and address, or registered office of the manufacturer or person responsible for marketing the cosmetic product within the Community

The nominal contents at the time of packaging (by weight or volume)

The date of minimum durability indicated by "Best before end", for products with a minimum durability of less than 30 months. In this case the following must figure on the packaging:

The period after opening during which the product can be used without harm to the consumer, for products with a minimum durability of less than 30 months (indicated by a symbol representing an open cream jar, as shown below)

Particular precautions for use

The batch number or product reference, for identification

The product's function

If it is impossible for practical reasons to print on the packaging all the conditions of use and particular warnings, an enclosed leaflet, label or tape has to be provided and the following symbol has to be on the packaging:

The Member States are to draw up procedures for providing the information set out above in the case of cosmetic products that have not been pre-packaged. The product function and list of ingredients also have to appear on the container or packaging. Member States may stipulate that the information on the label is provided in their national or official language(s).

About the labeling of nanomaterials present in cosmetics:

The Cosmetics regulation indicates that from July 2013 "all ingredients present in the form of nanomaterials shall be clearly indicated in the list of ingredient" and that "the names of such ingredients shall be followed by the word 'nano' in brackets".

For more information

Regulation 1223/2009

Market Research Report on "EU Cosmetics Legislation"

Commercial Specialist:

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DANGEROUS SUBSTANCES

New Regulation on the Classification, Labeling and Packaging of Chemicals

The labeling of dangerous substances must indicate the following:

The name of the substance

The origin of the substance (the name and address of the manufacturer or distributor)

The danger symbol and an indication of danger involved in the use of the substance

A reference to the special risks arising from such dangers.

The dimensions of the label must not be less than a standard A8 sheet (52 x 74mm), and each symbol must cover at least one-tenth of the label's surface area. Member States may require their national language(s) to be used in the labeling of dangerous substances. Where the packaging is too small, the labeling may be affixed in some other manner. The packaging of products considered dangerous which are neither explosive nor toxic may go unlabeled if the product contains such small quantities of dangerous substances that there is no danger to users.

Symbols must be employed if the substance can be defined as any one of the following (as shown above): explosive, oxidizer, flammable, harmful, toxic irritant, corrosive, or harmful to environment. Containers of hazardous substances should include, in addition to the appropriate symbols, a raised triangle to alert the vision-impaired to their contents. Note that this directive has undergone numerous amendments relating, amongst other things, to the marking and labeling of additional substances. Accordingly, it is advisable to consult all literature.

Regulation 1272/2008 introduces new classification, labeling and packaging requirements for chemicals based on the Worldwide United Nation's Globally Harmonized System (UN GHS). It will gradually replace the Dangerous Substances Directive (65/548/EEC) and the Dangerous Preparations Directive (1999/45/EC) – and repeal them respectively in December 2010 and June 2015.

For more information

Regulation 1272/2008/EC on the classification, labeling and packaging of dangerous materials.

Commercial Specialist:

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Legal Metrology and Metric Units of Measurement

This legislation specifies permissible ranges of nominal quantities, container capacities and the weights or volumes of prepackaged products. Manufacturers are advised to take note that all labels require metric units, although dual labeling is also acceptable.

For more information

Legal Metrology

Contact: office.brusselsec@trade.gov

PRICE DISPLAY

The directive requires an indication of the selling price, and price per unit of measurement, on all products offered to consumers. The aim is to improve the information available to the consumer and to facilitate price comparison. This information must be unambiguous, clearly legible and easily identifiable. If advertising mentions the item's selling price, it must also indicate its unit price. For products sold in bulk, the unit price is the only item whose indication on the label is mandatory. National authorities may provide alternatives for products sold by small retail business operations.

For more information

Directive 98/6/EC, on the indication of the prices of products offered to consumers.

Contact : office.brusselsec@trade.gov

AUTOMOTIVE

e4

Nearly every vehicle component must be certified for safety as specified under the various directives relating to automobiles. The number shown in the rectangle on the label indicates the particular Member State in which the approval process was conducted. A "base approval number" must also be provided adjacent to this certification. This four-digit number will correspond to the directive and type of device in question. The country-number correlation is as follows (this is not an exhaustive list):

1	Germany	6	Belgium	18	Denmark
2	France	9	Spain	**20**	**Poland**
3	Italy	11	UK	23	Greece
4	Netherlands	13	Luxembourg	24	Ireland

For more information:

All existing directives on motor vehicles, in chronological order, available on the EU web-site.

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Photometry

E4

A similar marking is an 'E' surrounded by a circle, which applies to the testing of headlight lamps, brake light lamps and turning signal lamps of all vehicles seeking EU market entry. These include consumer vehicles, low-volume production trucks, light and heavy goods vehicles, trailers, motorcycles, cranes, agriculture and forestry tractors, and special-purpose and off-road vehicles.

For more information:

EU legislation and UNECE regulations regarding the automotive industry

Commercial Assistant :

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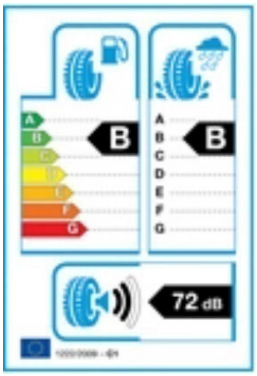
TIRE LABELING



Tire label legislation requires that tire manufacturers declare fuel efficiency, wet grip and external rolling noise performance of C1, C2 and C3 tires (i.e. tires mainly fitted on passenger cars, light and heavy duty vehicles).

The objective of the regulation is better information for the consumer and a contribution to a more energy efficient transport policy.

For more information:

EU: Tire label legislation

Directive 1222/2009/EC

Directive 228/2011/EC

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PACKAGING MATERIAL

The EU Packaging and Packaging Waste Directive harmonized member state legislation regarding packaging material composition and the management of packaging waste. Composition of packaging material is addressed in a series of EU-wide standards. For the management of packaging waste through recycling targets and collection and recycling systems, member states have adopted voluntary marking mentioned in the following report.

For more information

Directive 94/62/EC

Commercial Specialist:

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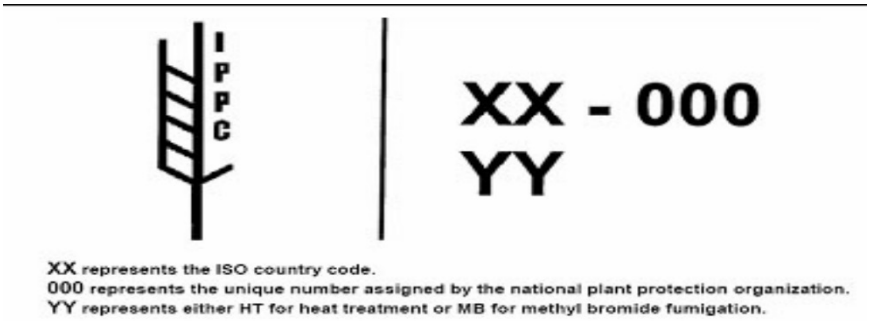
Wood Packaging



Like the United States, the EU has adopted legislation to ensure pest control in wood packaging. The marking used for regulated materials is based on the International Plant Protection Convention compliance symbol shown above.

For more information

Requirements for wood packaging & dunnage

Contact: office.brusselsec@trade.gov

Fisheries Specialist: stephane.vrignaud@trade.gov

VOLUNTARY MARKS AND LABELS

MATERIALS IN CONTACT WITH FOOD

Manufacturers of containers, plates, cups, and other material that is intended to come into contact with food are required to check the compliance of their product with EU chemical safety requirements. Using the symbol shown above shows compliance with these requirements. It is mandatory to comply with the legislation, but the use of the symbol is voluntary.

For more information

general principles of safety and inertness for all Food Contact Materials

Contact: office.brusselsec@trade.gov

THE e-MARK

The e-mark, shown above, acts as a metrological "passport" to facilitate the free movement of prepackaged goods. It guarantees that certain liquids and other substances have been packed by weight or volume in accordance with the directives. While compliance is not mandatory, free movement throughout the EU is guaranteed for prepackaged products that do comply with the provisions of the directive.

Containers with an e-mark also bear an indication of the weight or volume of the product, known as its “nominal” weight or volume. The packer (or importer, if the container is produced outside the EU) is responsible for ensuring that the containers meet the directive’s requirements.

For more information

EU: Pre-packaging

Contacto: office.brusselsec@trade.gov

THE ECO-LABEL

The European Eco-label enables European consumers, including public and private purchasers, to easily identify officially approved green products across the European Union, Norway, Liechtenstein and Iceland. Introduced in 1992, the label communicates to the customer that the marked products meet specific eco-friendly criteria that have been developed to apply to everyday consumer goods and services.

The symbol may apply to the following 27 product and services groups:

All-purpose cleaners and cleaners for sanitary facilities	Household cleaning products	Textile products
Bed mattresses	Laundry detergents	Tissue paper
Campsite Services	Light bulbs	Tourist accommodation service
Copying and graphic paper	Lubricants	Vacuum cleaners
Detergents for dishwashers	Paints and varnishes	Washing machines
Dishwashers	Personal computers	Wooden coverings
Footwear	Printed paper products	Wooden furniture
Furniture	Refrigerators	
Growing media and Soil improvers	Soaps, shampoos and hair conditioners	
Hand dishwashing detergents	Soil improvers	
Hard floor coverings	Televisions	
Heat pumps	Textile coverings	

Manufacturers should be aware that similar eco-friendly markings are often used nationally, such as the Nordic Swan or the German Blue Angel, shown below.

The Eco-label program has recently been expanded to cover fish and fishery products. This means that eco-labeled products have been produced in accordance with specific environmental standards.

Private Eco labels have been developed by the seafood industry to "influence the purchasing decision of consumers and the procurement policies of retailers selling seafood products, in order to reward producers involved in responsible fishing and aquaculture practices leading towards sustainable use of natural resources."

There are multiple eco-label schemes, and logos, developed by a variety of operators and according to different characteristics. This confusing situation has led to a need for harmonization and coherence. In response, the UN Food and Agriculture Organization (FAO) has developed a "Guideline for the Eco-Labeling of Fish and Fishery Products from Marine Capture Fisheries" (Guideline for the Eco-Labeling of Fish and Fishery Products from Marine Capture Fisheries).

The U.S. government has decided not to engage in the development of such marketing tool. Instead, NOAA Fisheries has developed a comprehensive website where stakeholders, including consumers, can find facts about a specific species of fish and related fisheries. Consumers can then make their own purchasing choice visiting FishWatch.

The European Commission is currently preparing, at the request of the European Parliament and the Council, a feasibility report on options for a Union-wide eco-label scheme for fishery and aquaculture products. Some EU member States have already created their own National eco label.

For more information

European Eco-label website

European Eco-label website

EU ecolabel for fishery and aquaculture products

Contact: office.brusselsec@trade.gov

NOAA Fisheries Representative to the EU:

stephane.vrignaud@trade.gov

RECYCLING

The “mobius loop” (sometimes known as the “chasing arrows”), based on an international standard, may be found on products throughout Europe and is meant to help consumers identify and participate in recycling schemes for product packaging and materials. As well as being used on printed packaging, the chasing arrows symbol is sometimes featured in the molds of glass, metal, paper, or plastic products. Various kinds of loops indicate whether the product is recyclable, recycled or contains recycled material.

For more information

European Union: Waste Topics

Contact: office.brusselsec@trade.gov

Plastics

The symbol above is an example of how a plastic’s type may be indicated on a product. As part of the EU voluntary identification system for plastics, the following marks are used for the most common types of plastics (Decision 97/129/EC):

EU Number	Abbreviated Description	Full Plastic Description
1	PET	Polyethylene Terepthalate

2	HDPE	High Density Polyethylene
3	PVC	Poly Vinyl Chloride
4	LDPE	Low Density Polyethylene
5	PP	Polypropylene
6	PS	Polystyrene

Glass

There are no EU-wide symbols used to designate the recyclable nature of glass. However, it is certainly encouraged on the national level with an array of symbols. The two shown above are only a small sample of the total existing to show recyclability.

For more information

Contact: office.brusselsec@trade.gov

THE ENERGY STAR

The Energy Star, shown above, is a voluntary labeling program to help consumers identify the most energy-efficient office equipment on the market, i.e. computers, monitors, printers, copiers, scanners and multifunction devices. The Energy Star may be placed on products that

meet or exceed energy-efficiency guidelines. Initiated by the United States, agreement with the EU was signed in December 2000 and then renewed in 2006 with the goal of coordinating the labeling program in the two markets. The agreement lays out a common set of energy-efficiency specifications, with a common logo that doubles as a marketing tool.

For more information

ENERGY STAR International Partners

Contact: office.brusselsec@trade.gov

GREEN DOT

The Green Dot system is a scheme in which participating bodies coordinate the collection, sorting and recovery of used packaging. This system is actually administered according to national packaging laws (adhered to by packaging manufacturers, fillers, retailers and importers), and it should be noted that all participating national systems operate independently. The umbrella organization, PRO-Europe, is responsible for managing the Green Dot labeling system in Europe. More than 460 billion pieces of packaging marked with the Green Dot, shown above, are distributed worldwide. In Poland, interested applicants should contact Rekopol Organizacja Odzysku Opakowan S.A.

Contact: office.brusselsec@trade.gov

Prohibited & Restricted Imports

The import of certain commodities into Poland is prohibited, usually as the result of international sanctions. A variety of goods and commodities are subject to import (and export) restrictions to protect the safety and lives of humans, animals and plants, safeguard national security, or to protect artistic, cultural or intellectual property. Examples are restrictions and

controls on the import of certain food products, drugs, pharmaceuticals, environmentally hazardous products, seeds, weapons, explosives, and antiques.

As an EU member, Poland adheres to EU-wide business directives and requires local market compliance.

There is an online customs tariff database, called TARIC, which is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a product is prohibited or subject to restriction, check the TARIC for that product for the following codes:

CITES Convention on International Trade of Endangered Species

PROHI Import Suspension

RSTR Import Restriction

For information on how to access the TARIC, see the Import Requirements and Documentation Section above.

Customs Regulations

Poland together with the 28 member states of the European Union is a member of the Customs Union.

The EU Customs Union means there are common customs duties on imports from outside the EU, common rules of origin for products from outside the EU, and no customs duties at internal borders between the EU Member States.

Customs Information Service

Poland as a member of the European Union is also a member of the EU Customs Union. The basic rules of the EU Customs Union include: no customs duties at internal borders between the EU Member States; common customs duties on imports from outside the EU; common rules for origin of products from outside the EU; and common definition of a customs value. Poland has adopted the Common Customs Tariff (CCT) of the EU that applies to goods imported from outside Europe, while transactions carried out between Poland and the European Economic Area (EEA) countries are free of duty. In general, EU external import duties are relatively low, especially for industrial goods (4.2% on average). Applicable

customs duty for a specific product imported from selected country of origin can be found on the TARIC website. The combined Nomenclature of the European Community (EC) integrates the HS nomenclature and has supplementary eight figure subdivisions and its own legal notes created for community purposes. For goods from outside Europe, customs duties are calculated ad valorem on the CIF value, in accordance with the Common Customs Tariff (CCT) for all the countries of the Union. Customs authorities are primarily responsible for the supervision of the Community's international trade.

State Tax and Customs Administration
Customs Department
ul. Swietokrzyska 12
00-916 Warszawa
Tel. +48 22 694 50 05, +48 22 694 55 58
Fax: +48 22 694 43 03
E-mail: Sekretariat.DC@mf.gov.pl

Customs Information Center
Customs Office in Katowice
ul. Bielska 47a
43-400 Cieszyn
Tel. **801 055 055**
Tel. +48 22 330 03 30
E-mail: info.sluzbacelna@kat.mofnet.gov.pl

Trade Standards

Overview

Products tested and certified in the United States to American regulations and standards are likely to have to be retested and re-certified to EU requirements as a result of the EU's different approach to the protection of the health and safety of consumers and the environment. Where products are not regulated by specific EU technical legislation, they are always subject to the EU's General Product Safety Directive as well as to possible additional national requirements.

European Union legislation and standards created under the New Approach are harmonized across the member states and European Economic Area countries to allow for the free flow of goods. A feature of the New Approach is CE marking.

The concept of New Approach legislation is slowly disappearing as the New Legislative Framework (NLF), which entered into force in January 2010, was put in place to serve as a blueprint for existing and future CE marking legislation. Existing legislation has been reviewed to bring them in line with the NLF concepts, which means that, as of 2016, *new requirements will have to be addressed and new reference numbers will have to be used on declarations of conformity. The date of applicability depends on the product category. For example, the new Electromagnetic Compatibility Directive (2014/30/EU) replaced the existing law and became applicable on April 20, 2016*.

While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations (mandatory) and technical standards (voluntary) might also function as barriers to trade if U.S. standards are different from those of the European Union. More information on the New Legislative Framework is available at the European Commission web-site.

Agricultural Standards

The establishment of harmonized EU rules and standards in the food sector has been ongoing for several decades, but it took until January 2002 for the publication of a general food law establishing the general principles of EU food law. This Regulation introduced mandatory traceability throughout the feed and food chain as of Jan 1, 2005. For specific information on agricultural standards, please refer to the Foreign Agricultural Service's website.

There are also export guides to import regulations and standards available on the Foreign Agricultural Service's website.

Standards

The Polish Committee for Standardization (PKN) is the only Polish body that creates standards. Since Poland joined the European Union, Polish standards have been adjusted to meet the EU Standards, a system based on greater harmonization with international standards in general. PKN sells standards documents electronically on its web-site Digital System for the Sale of Products and Services (in Polish).

EU standards setting is a process based on consensus initiated by industry or mandated by the European Commission and carried out by independent standards bodies, acting at the national, European or international level. There is strong encouragement for non-governmental organizations, such as environmental and consumer groups, to actively participate in European standardization.

Many standards in the EU are adopted from international standards bodies such as the International Standards Organization (ISO). The drafting of specific EU standards is handled by three European standards organizations:

CEN, European Committee for Standardization

CENELEC, European Committee for Electrotechnical Standardization

ETSI, European Telecommunications Standards Institute

Standards are created or modified by experts in Technical Committees or Working Groups. The members of CEN and CENELEC are the national standards bodies of the member states, which have "mirror committees" that monitor and delegate experts to participate in ongoing European standardization. CEN and CENELEC standards are sold by the individual member states standards bodies. ETSI is different in that it allows direct participation in its technical committees from non-EU companies that have interests in Europe and provides some of its individual standards at no charge on its website. In addition to the three standards developing organizations, the European Commission plays an important role in standardization through its funding of the participation in the standardization process of small- and medium-sized companies and non-governmental organizations, such as environmental and consumer groups. The Commission also provides money to the standards bodies when it mandates standards development to the European Standards Organization for harmonized standards that will be linked to EU technical legislation. Mandates – or requests for standards - can be checked on line at European Commission's Standardization Mandates web-site.

Given the EU's vigorous promotion of its regulatory and standards system as well as its generous funding for its development, the EU's standards regime is wide and deep - extending well beyond the EU's political borders to include affiliate members (countries which are hopeful of becoming full members in the future) such as Albania, Belarus, Egypt, Jordan and Lebanon, among others. Another category, called "companion standardization body" includes the

standards organization of Morocco, Israel, Kazakhstan and Australia, among others, which are not likely to become a CEN member or affiliate for political and geographical reasons.

To know what CEN and CENELEC have in the pipeline for future standardization, it is best to visit their websites. Other than their respective annual work plans, CEN's "what we do" page provides an overview of standards activities by subject. Both CEN and CENELEC offer the possibility to search their respective database. ETSI's portal links to ongoing activities.

The European Standardization system and strategy was reviewed in 2011 and 2012. The new standards regulation 1025, adopted in November 2012, clarifies the relationship between regulations and standards and confirms the role of the three European standards bodies in developing EN harmonized standards. The emphasis is also on referencing international standards where possible. For information, communication and technology (ICT) products, the importance of interoperability standards has been recognized. Through a newly established mechanism, a "Platform Committee" reporting to the European Commission will decide which deliverables from fora and consortia might be acceptable for public procurement specifications. The European standards bodies have been encouraged to improve efficiency in terms of delivery and to look for ways to include more societal stakeholders in European standardization.

For more information, can be found at the web-site on the EU's Standardization Policy.

Conformity Assessment

Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages, from design to production, to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice regarding conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. Conformity assessment bodies in individual member states are listed in the European Commission's New Approach Notification and Designated Organizations (NANDO) website.

To promote final product market acceptance, there are several voluntary conformity assessment programs. CEN's certification system is known as the Keymark. Neither CENELEC nor ETSI offer conformity assessment services.

Product Certification

In Poland, the Polish Center for Testing and Certification (PCBC)is the leading organization for product testing and certification. With over 50 years of experience, this organization also certifies management systems and conducts personnel trainings. PCBC is a member of many international and European organizations acting in the field of quality management, conformity assessment of products and systems and training and certification of personnel. PCBC is the EU Notified Body No. 1434 for 11 New Approach Directives and it strives to extend its scope of notification.

The PCBC runs activities in the scope of:

- organization of certification system for: B, Q, Eko, Ecolabel mark,
- certification of management systems (PCBC and IQNet certificates),
- product certification,
- conformity assessment of products and management systems per notifications
- certification of personnel
- organization of training and improvement of personnel development in the field of quality (testing, certification, and accreditation)
- testing of products,
- certification of ecological farms

To sell products in the EU market, as well as in Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers several choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether to use EU-wide harmonized standards. The CE marking process is very complex and this section attempts to provide some background and clarification.

Products manufactured to standards adopted by CEN, CENELEC or ETSI, and referenced in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE marking and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the EU. A manufacturer can choose not to use the harmonized EU standards, but then must demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European

standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE marking addresses itself primarily to the national control authorities of the member states, and its use simplifies the task of essential market surveillance of regulated products. As market surveillance was found lacking, the EU adopted the New Legislative Framework, which went into force in 2010. As mentioned before, this framework is like a blueprint for all CE marking legislation, harmonizing definitions, responsibilities, European accreditation and market surveillance.

The CE marking is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the local contact established in the EU. This detailed information should not appear next to the CE marking, but rather on the declaration of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

Accreditation

Independent test and certification laboratories, known as notified bodies, have been officially accredited by competent national authorities to test and certify to EU requirements.

"European Accreditation" is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible to appropriate EN and ISO/IEC standards.

Polskie Centrum Akredytacji – Polish Center for Accreditation is the national accreditation body authorized to accreditation of conformity assessment bodies.

Publication of Technical Regulations

The Official Journal is the official publication of the European Union. It is published daily on the internet and consists of two series covering adopted legislation as well as case law, studies by committees, and more. It also lists the standards reference numbers linked to legislation.

National technical regulations are published on the Commission's website to allow other countries and interested parties to comment.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations, that could affect trade with other Member countries, Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets.

Contact Information

U.S. Mission to the EU

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National Institute of Standards & Technology

Dr. George W. Arnold, Director

Standards Coordination Office

100 Bureau Dr.

Mail Stop 2100

Gaithersburg, Maryland 20899

Tel: (301) 975-5627

CEN – European Committee for Standardization

Avenue Marnix 17

B – 1000 Brussels, Belgium

Tel: 32.2.550.08.11

Fax: 32.2.550.08.19

CENELEC – European Committee for Electrotechnical Standardization

Avenue Marnix 17

B – 1000 Brussels, Belgium

Tel : 32.2.519.68.71

Fax : 32.2.519.69.19

ETSI - European Telecommunications Standards Institute

Route des Lucioles 650

F – 06921 Sophia Antipolis Cedex, France

Tel: 33.4.92.94.42.00

Fax: 33.4.93.65.47.16

SBS – Small Business Standards

4, Rue Jacques de Lalaing
B-1040 Brussels
Tel : +32.2.285.07.27 Fax : +32-2/230.78.61

ANEC - European Association for the Co-ordination of Consumer Representation in Standardization

Avenue de Tervuren 32, Box 27

B – 1040 Brussels, Belgium

Tel: 32.2.743.24.70

Fax: 32.2.706.54.30

ECOS – European Environmental Citizens Organization for Standardization

Rue d'Edimbourg 26

B – 1050 Brussels, Belgium

Tel: 32.2.894.46.68

Fax: 32.2.894.46.10

EOTA – European Organization for Technical Assessment (for construction products)

Avenue des Arts 40

B – 1040 Brussels, Belgium

Tel: 32.2.502.69.00

Fax: 32.2.502.38.14

Trade Agreements

List of trade agreements with the EU and its member states, as well as concise explanations.

Licensing Requirements for Professional Services

Following EU laws, Poland recognizes professional service providers who have already been recognized in the EU. For individuals who would like to practice their profession in Poland, the first step is to get a work permit. Their employers apply for the work permit to the provincial authorities in Poland. In the case of professional services, where advanced qualifications are required, i.e. architects, lawyers, medical professions, the specialists coming from abroad can only perform their services as employees of individuals who have the required license.

The recognition of skills and qualifications acquired by EU citizens in EU Member States, including the corresponding recognition procedures and charges are, in accordance with article 165 of the TFEU, the responsibility of Member States. Similarly, recognition of skills and qualifications earned in third countries is also a national responsibility.

However, the European Commission takes initiatives to facilitate recognition procedures. For example:

Recognition of professional qualifications obtained in one Member State for the purposes of access and pursuit of regulated professions in another Member State is subject to Directive 2005/36.

Recognition of qualifications for academic purposes in the higher education sector, including graduation certificates is subject to the *Lisbon Recognition Convention*. The ENIC-NARIC network provides advice on (cross-border) recognition of these qualifications.

Recognition in other cases is assessed and granted (or denied) by the receiving educational provider or employer. For them to be able to recognize skills and qualifications an **understanding of the level, content and quality** of the education is needed. The Commission currently explores the possibilities on how to better support these recognition decisions.

The "Your Europe" website maintains a webpage dedicated to helping citizens identify what the regulated professions are and what documents are needed for their recognition in each Member State..

Web Resources

TARIC

Reports and Publications

Foreign Agricultural Service

Import restrictions, Agricultural Products

The Single Administrative Document (SAD)

The Union Customs Code

Economic Operators Identification and Registration system (EORI)

International Customs Agreements USA

Commission Implementing Regulation (EU) No 58/2013

EU, US Fully Implement Mutual Recognition Decision

AEO guidelines

Market Research Reports

REACH

WEEE

The EU Cosmetics Regulation

FAIRS Export Certificate Report

NOAA Seafood Inspection Program

Bureau of Industry and Security

Department of Sensitive Goods Trading and Technical Security

Dual-use export controls

Commerce Control List

Recognizing and Reporting Possible Violations

Reporting Possible Violations

Export Control Reform

BIS Seminar Schedule

Consolidated Screening List API

ATA Carnet

Temporary importation

CE marking

Harmonized Standards

New Legislative Framework

Revised CE marking laws applicable in 2016

Waste Electrical & Electronic Equipment (WEEE)

Energy efficient products

Directive 2010/30/EU

Equipment for potentially explosive atmospheres (ATEX)

Directive 2014/34/EU

Noise Emissions from Outdoor Equipment

Directive 96/98/EC

Directive 2014/90/EC

Textiles and clothing legislation

Footwear industry

Regulation 1223/2009

Market Research Report on “EU Cosmetics Legislation”

Regulation 1272/2008/EC

Legal metrology

Directive 98/6/EC

Automotive Legislation

Energy topics

Directive 1222/2009/EC

Directive 228/2011/EC

Packaging and Packaging Waste

Requirements for wood packaging & dunnage

Food Safety Legislation

Pre-packaging

Guideline for the Eco-Labeling of Fish and Fishery Products from Marine Capture Fisheries

Fishwatch

The EU Ecolabel

EU ecolabel for fishery & aquaculture products

Waste Topics

Energy Star

PRO Europe Website

TARIC

Taxation and Customs

Customs Valuation

New Legislative Framework

Foreign Agricultural Service

FAIRS Export Certificate Report

PKN

CEN, European Committee for Standardization

CENELEC, European Committee for Electrotechnical Standardization

ETSI, European Telecommunications Standards Institute

Standardization

Standardization Policy

Nando (New Approach Notified and Designated Organisations) Information System

Polish Center for Testing and Certification

European Accreditation

Polish Center for Accreditation

Official Journal of the European Union

Harmonized Standards

Prevention of technical barriers to trade

NIST NotifyUS

National Institute of Standards & Technology

SBS – Small Business Standards

ANEC - European Association for the Co-ordination of Consumer Representation in Standardization

ECOS – European Environmental Citizens Organization for Standardization

EOTA – European Organization for Technical Assessment (for construction products)

Trade agreements with the EU

Your Europe

Investment Climate Statement

Executive Summary

In the twenty-seven years since Poland discarded communism and the thirteen years since it joined the European Union (EU), Poland's investment climate has improved and is highly conducive to U.S. investment. Poland's economy has experienced a long period of uninterrupted economic expansion since 1992. In 2016, Poland’s growth lost some momentum as a gap in spending EU funds curtailed public investment. Additionally, controversial economic legislation dampened optimism in some sectors. Poland’s prospects for future growth are mainly driven by domestic demand and inflows of EU funds from the 2014-2020 financial framework. These will likely continue to attract investors seeking access to its dynamic market of over 38 million people, and to the broader EU market of nearly 500 million.

Foreign investors cite Poland’s well-educated, skilled, and competitively-priced work force as a major reason to invest, as well as its proximity to major markets. U.S. firms represent one of the largest groups of foreign investors in Poland. While official U.S. statistics show the stock of U.S. FDI in Poland at USD 11 billion, the volume amounts to closer to USD 40 billion if taking into account the amounts routed through U.S. subsidiaries in other countries. In its strategy for Responsible Development the government prioritizes streamlining regulation and bureaucratic processes to make doing business easier.

The government seeks to expand the economy by supporting productivity and foreign trade, encouraging and facilitating entrepreneurship, scientific research, technological development, and innovation through the use of domestic and EU funding. Recent legislation increased tax breaks for entrepreneurs, and decreased corporate income tax rate on small and medium enterprises.

There are opportunities for foreign direct investment (FDI) in a number of Polish sectors. Historically FDI was largest in the automotive and food processing industries, followed by machinery and other metal products and petrochemicals. Business process outsourcing of accounting, legal, and information technology services, as well as research and development, are Poland's fastest-growing sectors, and will continue to attract FDI. Defense is another promising sector, as Poland will spend between USD 35-45 billion through 2022 on military

modernization. The government seeks to promote domestic production and technology transfer opportunities in awarding military tenders. There are investment and export opportunities in the energy sector (nuclear and natural gas) as Poland seeks to diversify its energy mix and reduce air pollution. Information technology and infrastructure also show promise, as Poland's municipalities focus on smart city networks and the government implements its plan to connect all Polish households to the internet by 2020. The government's plans to revitalize the shipbuilding sector may also provide opportunities for U.S. manufacturers and exporters of maritime equipment and technologies.

While the overall economic outlook is positive, recently proposed policies and newly passed legislation have tempered investor confidence. For example, the Polish tax system, particularly transfer pricing, and tax enforcement procedures underwent many changes in 2016 with the aim of increasing budget revenues. Some organizations claimed changes were introduced quickly and without broad consultation, increasing uncertainty about the stability and credibility of the Polish tax system. Recently introduced or announced measures (e.g. an increase of the minimum wage, lowering of the retirement age, and a new universal child benefit) may decrease labor force participation and increase cost of labor in light of existing demographic contraction and emigration. Legal, regulatory, and environmental uncertainty in the energy, healthcare, retail and banking sectors have recently also been areas of concern for investors.

On September 30, 2015, the Act on the Control of Certain Investments entered into force, which provides for the screening of acquisitions in energy generation and distribution, petroleum production, processing and distribution; telecommunications; as well as the manufacturing and trade of explosives, weapons and ammunition.

U.S. energy and investment firms have expressed concern about the recently passed "Law on Investments in Wind Power." The law specifies a wind turbine site must be placed at ten times the total height of the installation as measured from ground level to the highest point, which, on average, will be a minimum distance of two kilometers from residences and environmentally protected areas, precluding most site development in Poland.

U.S. companies invested in the pharmacy and healthcare sectors have expressed concern about multiple proposed regulatory and legislative changes which would limit competition and access to these markets.

Table 1

Measure	Year	Index/Rank
TI Corruption Perceptions Index	2016	29 of 175
World Bank's Doing Business Report "Ease of Doing Business"	2017	107 of 190
Global Innovation Index	2016	39 of 128
U.S. FDI in partner country ($M USD, stock positions)	2015	11,038 USD
World Bank GNI per capita	2015	13,340 USD

Openness to and Restrictions upon Foreign Investment

Policies Towards Foreign Direct Investment

Poland welcomes foreign investment as a source of capital, growth, and jobs, and as a vehicle for technology transfer, research and development (R&D), and integration into global supply chains. The government's Strategy for Responsible Development identifies key goals for attracting investment, including improving the investment climate, maintaining a stable macroeconomic and regulatory environment, and high quality corporate governance, including in state-owned companies.

Foreign companies generally enjoy unrestricted access to the Polish market. However, Polish law limits foreign ownership of companies in selected strategic sectors, and limits acquisition of real estate, especially agricultural and forest land. The current government has expressed a desire to increase the percentage of domestic ownership in some industries such as banking and retail dominated by foreign companies. Two new sectoral taxes, on assets of certain financial institutions and or retail sales, have been recently introduced. The first one is levied on banks and insurance companies with assets exceeding a certain threshold. The retail tax was suspended after the European Commission ruled it violated regulations on state aid. In January 2017, the Polish government dismissed draft legislation that would have imposed a Sunday trade ban, which caused particular concern among foreign-owned firms with large

logistics centers. The governing party has announced it is preparing a new, less restrictive proposal.

There are a variety of Polish agencies involved in investment promotion:

- The Economic Development Ministry has two departments involved in investment promotion and facilitation: the Large Investment Support Department and the International Relations Departments The Foreign Affairs Ministry (MFA) promotes Poland's foreign relations, including economic relations , and along with the Polish Chamber of Commerce (KIG), organizes missions of Polish firms abroad and hosts foreign trade missions to Poland.
- Starting February 3, 2017, the Polish Investment and Trade Agency (PAIH) replaced the Polish Information and Foreign Investment Agency (PAIiIZ) as the main institution responsible for promotion and facilitation of foreign investment. The rebranding is connected with the expansion of the scope of the agency's activities. Apart from providing services to investors in the country, PAIH will support Polish investors abroad. The agency will operate as part of the Polish Development Fund, which integrates government development agencies. PAIH will coordinate all operational instruments, such as diplomatic missions, commercial fairs and programs dedicated to specific markets and sectors, as well as promote the Polish economy and attract foreign investors to the country. The Agency is in the process of opening commercial offices abroad including one in San Francisco. PAIH services are available to all investors.

The Polish Investment and Trade Agency (PAIH) now serves as a spokesperson for investors. Also, the Ministry of Economic Development invites investors, including foreign ones, to discuss issues of general concern and/or related to a particular sector of Poland's economy.

By the end of 2015, according to IMF and National Bank of Poland data, Poland attracted over USD 180 billion (cumulative) in foreign direct investment (FDI), principally from Western Europe and the United States. The apparent decrease in cumulative investment relative to 2015 reflects a legal change in the reporting period, which led companies to change their investment vehicle to minimize their tax liabilities, thereby appearing as a domestic rather than foreign investment. It does not, according to several sources, reflect an actual decrease in cumulative FDI.

Limits on Foreign Control and Right to Private Ownership and Establishment

Foreign and domestic entities can establish and own business enterprises and engage in most forms of remunerative activity per the Law on Freedom of Economic Activity. Forms of business activity are described in the Commercial Companies Code. Poland places limits on foreign ownership and foreign equity for a limited number of sectors. Polish law limits non-EU citizens to 49 percent ownership of a company's capital shares in the air transport, radio and television broadcasting, and airport and seaport operations sectors. Licenses and concessions for defense production and management of seaports are granted on the basis of national treatment for investors from OECD countries.

Pursuant to the Broadcasting Law, a TV broadcasting company may only receive a license if the voting share of foreign owners does not exceed 49 percent and if the majority of the members of the management and supervisory boards are Polish citizens and hold permanent residence in Poland. In January 2017, a team comprised of officials of the Ministry of Culture and National Heritage, the National Broadcasting Council (KRRiT) and the Office of Competition and Consumer Protection (UOKiK) was created in order to review and tighten restrictions on large media and limit foreign ownership of the media. So far, the team has not made formal proposals.

In the insurance sector, at least two management board members, including the chair, must speak Polish. The Law on Freedom of Economic Activity (LFEA) requires companies to obtain government concessions, licenses, or permits to conduct business in certain sectors, such as broadcasting, aviation, energy, weapons/military equipment, mining, and private security services. The LFEA also requires a permit from the Treasury Ministry for certain major capital transactions (i.e., to establish a company when a wholly or partially Polish-owned enterprise has contributed in-kind to a company with foreign ownership by incorporating liabilities in equity, contributing assets, receivables, etc.). The Polish Investment and Trade Agency web-site provides detailed description of business activities that require concessions and licenses.

Polish law restricts foreign investment in land and real estate. Since Poland's EU accession in 2004, foreign citizens from EU member states and EFTA countries (Iceland, Liechtenstein, Norway, and Switzerland) do not need permission to purchase non-agricultural real estate, or to acquire or receive shares in a company owning non-agricultural real estate in Poland. Land usage types such as technology and industrial parks, business and logistic centers, transport,

housing plots, farmland in special economic zones, household gardens and plots up to 2 hectares are exempt from agricultural land purchase restrictions. Laws to restrict farm land and forest purchases came into force April 30, 2016 and are addressed in more detail in this report, in the section on Real Property.

Citizens from countries other than the EU and EFTA are allowed to purchase an apartment, 0.4 hectares (4,000 square meters) of urban land, or up to one-half hectare of agricultural land with building restrictions and restrictions on eligibility for government support programs. In order to make large commercial real estate purchases, foreign citizens must obtain a permit from the Ministry of Interior (with the consent of the Defense and Agriculture Ministries), pursuant to the Act on Acquisition of Real Estate by Foreigners. A foreign business intending to buy real estate in Poland may apply for a provisional permit from the Ministry of Interior, which is valid for two years from the date of issue, during which time the company is expected to assemble documents demonstrating it is a viable business. Permits may be refused for reasons of social policy or public security.

On September 30, 2015, the Act on the Control of Certain Investments entered into force, which provides for the screening of acquisitions in energy generation and distribution, petroleum production, processing and distribution; telecommunications; as well as the manufacturing and trade of explosives, weapons and ammunition.

U.S. energy and investment firms are concerned about the recently passed “Law on Investments in Wind Power.” The law specifies a wind turbine site must be placed at a distance of ten times the total height of the installation as measured from ground level to the highest point, which, on average, will be a minimum distance of two kilometers from residences and environmentally protected areas, precluding most site development in Poland.

U.S. companies invested in the pharmacy and healthcare sectors are concerned about multiple proposed regulatory and legislative changes which would limit competition and access to these markets.

Other Investment Policy Reviews

In the past three years, the Polish government has not conducted an investment policy review through the Organization for Economic Cooperation and Development (OECD); the World

Trade Organization (WTO); or the United Nations Conference on Trade and Development (UNCTAD).

Business Facilitation

The Polish government has continued to implement reforms aimed at improving the investment climate with a special focus on the SME sector and innovations. The so-called Small Law of Innovation entered into force January 1, 2017. Refer to section 5 of this report for more information Poland introduced changes to the public procurement law and contract enforcement in 2016. Bankruptcy and restructuring frameworks entered into force, which provide debtors more ways to restructure a company and limit their obligations towards creditors, making a firm's exit from the market easier.

In late 2016, under the Strategy for Responsible Development, authorities presented a number of tax simplification measures and an exemption from social security contributions for new entrepreneurs. The corporate income tax (CIT) rate for the lowest earning taxpayers and taxpayers in their first year of activity was reduced from 19 percent to 15 percent. Ongoing reform efforts seek to eliminate widespread inconsistencies in local tax rulings and address long standing complaints from foreign investors. Despite these reforms and others, investors complain of over-regulation, over-burdened courts and prosecutors, and burdensome bureaucratic processes.

In Poland, business activity may be conducted in forms of a sole proprietor, civil law partnership, as well as commercial partnerships and companies regulated in provisions of the Commercial Partnerships and Companies Code. Sole proprietor and civil law partnerships are registered in the Central Registration and Information on Business (CEIDG), which is housed by the Ministry of Economic Development.

Commercial companies are classified as partnerships (registered partnership, professional partnership, limited partnership, and limited joint-stock partnership) and companies (limited liability company and joint-stock company). A partnership or company is registered in the National Court Register (KRS) and kept by the competent district court for the registered office of the established partnership or company. Local corporate lawyers say starting a business remains costly in terms of time and money, though KRS registration in the National

Court Register averages less than two weeks according to the Ministry of Justice and four weeks according to the World Bank's 2017 Doing Business Report.

As part of its February 2016 development plan, the Polish government introduced the concept of a new simple joint-stock company (Prosta Spolka Akcyjna – PSA), which promotes start-ups. Its main advantages will include low initial capital requirements, investment incentives and fewer legal formalities. The PSA is expected to become available in 2017.

- General information, National Court Register (KRS)
- Forms in English, National Court Register (KRS)
- Electronic KRS access

Agencies a business will need to file with in order to register in the KRS

- Central Statistical Office
- ZUS - Social Insurance Agency
- Ministry of Finance
- Both registers are available in English and foreign companies may use them.
- Poland has a Single Point of Contact site for business registration and information and an online guide to choose a type of business registration.

Outward Investment

The recently established Polish Development Fund (PFR), supervised by the Ministry of Economic Development, is to play a key role in promoting Polish investment abroad. More information on PFR can be found in section 7 and at its website.

The Minister of Foreign Affairs and the Minister of Economic Development are carrying out a reform of Poland's economic diplomacy. Existing Trade and Investment Promotion Sections in embassies and consulates around the world will be replaced by trade offices and new offices will be established, 69 altogether.

The Polish Information and Foreign Investment Agency (PAIiIZ) was rebranded in February 2017 to Polish Agency for Investment and Trade (PAIH) and has recently opened Foreign Trade Offices in Singapore, San Francisco, Ho Chi Minh City, Shanghai, Tehran and Nairobi. In 2017,

it will establish offices in Budapest, Frankfurt, Dubai and Mexico. Trade offices will offer a range of services to include: finding potential partners for Polish manufacturers/exporters; providing information on business opportunities; assisting in the organization of business trips and study tours; and assisting in initiating first contacts between interested local importers, distributors or wholesalers and Polish manufacturers or service providers. PAIH has a number of investment/export-oriented government programs specially developed to promote Polish companies abroad such as Go China, Go Africa, and Go Arctic. Poland hopes to become a logistics hub for Chinese goods in Western Europe and actively supports the One Belt One Road initiative. Poland is a founding state member of the Asian Infrastructure Investment Bank (AIIB). Vietnam and Iran are also on the Polish government's list of key investment and export destinations.

State-backed BGK (Bank Gospodarstwa Krajowego) offers support for goods with a Polish component and depending on the credit can be a minimum of 30-40% of net contract revenue. BGK offers a number of short-term credit instruments like documentary letters of credit for post-financing. BGK offers direct credit for importers to purchase investment goods and services. KUKE insures the BGK-issued credit, including for companies from countries with higher trade risk.

BILATERAL INVESTMENT AGREEMENTS AND TAXATION TREATIES

Poland has concluded bilateral investment agreements with the following countries: Albania (1993); Argentina (1992); Australia (1992); Austria (1989); Azerbaijan (1999); Bangladesh (1999); Belgium and Luxembourg (1991); Belarus (1993); Bulgaria (1995); Canada (1990); Chile (2000); China (1989); Croatia (1995); Cyprus (1993); the Czech Republic (1994); Denmark (1990); Egypt (1998); Estonia (1993); Finland (1998); France (1990); Germany (1990); Greece (1995); Hungary (1995); India (1997 – terminated its treaty w/Poland; a 15 year sunset clause applies); Indonesia (1993); Iran (2001; although Poland supports international sanctions regimes); Israel (1992); Jordan; Kazakhstan (1995); Kuwait (1993); Latvia (1993); Lithuania (1993); Macedonia (1997); Malaysia (1994); Moldova (1995); Mongolia (1996); Morocco (1995); the Netherlands (1994); Norway (1990); Portugal (1993); Romania (1995); Serbia and Montenegro (1997); Singapore (1993); Slovenia (2000); Slovakia (1996); South Korea (1990); Spain (1993); Sweden (1990); Switzerland (1990); Thailand (1993); Tunisia (1993); Turkey

(1994); Ukraine (1993); United Arab Emirates (1994); the United Kingdom (1988); the United States (1994); Uruguay (1994); Uzbekistan (1995); Vietnam (1994).

For a full list of Polish treaties with investment provisions currently in force, see UNCTAD's investment treaty navigator.

The United States and Poland signed a Treaty Concerning Business and Economic Relations in 1990; it entered into force in 1994 for ten years, then was amended and ratified in October 2004.

In February 2016, Poland's State Treasury announced its intention to terminate intra-EU Bilateral Investment Treaties as requested by the European Commission; as of March 2017, Czech Rep, Denmark and Romania have sent their notifications.

Poland has signed (as of December 2016) Double Tax Treaties with:

Albania, Algeria (a), Armenia, Australia, Austria, Azerbaijan, Bangladesh, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Chile, China, Croatia, Cyprus, Czech Rep., Denmark, Estonia, Egypt, Ethiopia, Finland, France, Georgia, Germany, Greece, Guernsey, Hungary, Iceland, India, Indonesia, Iran, Ireland, Israel, Italy, Japan, Jersey, Jordan, Kazakhstan, Korea, Kuwait, Kyrgyzstan, Latvia, Lebanon, Lithuania, Luxembourg, Macedonia, Malaysia, Malta, Isle of Man, Mexico, Moldova, Mongolia, Montenegro, Morocco, Netherlands, New Zealand, Nigeria (a), Norway, Pakistan, Philippines, Portugal, Qatar, Romania, Russia, Serbia, Singapore, Slovakia, Slovenia, Saudi Arabia, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Syria, Tajikistan, Thailand, Tunisia, Turkey, Ukraine, UK , United Arab Emirates, Uruguay (a), United States, Uzbekistan, Vietnam, Zambia (a), Zimbabwe (Note: (a) Treaty signed, but not yet in force)

The United States has a double taxation treaty with Poland, and an updated bilateral tax treaty was signed in February 2013 and is awaiting U.S. ratification. A "totalization treaty" (The Agreement between the United States of America and the Republic of Poland on Social Security) prevents double taxation, enables resumption of payments to suspended beneficiaries, and allows transfer of benefit eligibility.

Recent amendments to Poland's Corporate Income Tax act include substantial changes to taxpayer's required transfer pricing documentation. The new rules effective January 1, 2017,

reflect harmonization with EU directives. Country by country (CBC) reporting obligations started in 2016. The transfer pricing requirements will be determined based on the taxpayer's business size. Additional changes to the tax code are as follows:

If in a preceding tax year the taxpayer's total annual revenue did not exceed €2m there will be no obligation for transfer pricing documentation for transactions with related parties.

Taxpayers exceeding the €2m threshold will be obligated to prepare transfer pricing documentation and to submit a statement confirming the completeness of the documentation within the annual income tax return deadline.

Above a €10m threshold, a Polish comparable data analysis (benchmarking study) and reconciliation of the financial data with the approved financial statements will be required. Also, submission of an addendum to the annual income tax return (CIT-TP form), being a summary of data presented in the documentation will be required.

If a taxpayer exceeds the €20m threshold, a master file (transfer pricing documentation at the parent company level) will be required. The value threshold of transactions subject to reporting will also, on principle, depend on the taxpayer's business size and will vary from €50,000 to €500,000.

Contacts in accounting firms note an increasing push to audit and collect taxes under existing laws. Since 2015, around 400 transfer pricing tax audits have been carried out resulting in hundreds of millions of USD in adjustments. The government will seek an ambitious 13.3 percent and 10 percent increase in VAT and excise tax collection respectively in 2017, mostly by improving collection.

LEGAL REGIME

Transparency of the Regulatory System

The Polish Constitution contains a number of provisions related to administrative law and procedures. It states administrative bodies have a duty to observe and comply with the law of Poland. The Code of Administrative Procedures (CAP) states rules and principles concerning participation and involvement of citizens in processes affecting them, the giving of reasons for decision, and forms of appeal and review.

As a member of the EU, Poland complies with EU directives by harmonizing rules or translating them into national legislation. Rule-making and regulatory authority exists at the central, regional, and municipal levels. Various ministries are engaged in rule-making that affects foreign business, such as pharmaceutical reimbursement at the Ministry of Health or incentives for R&D at the Ministry of Economic Development. Regional and municipal level governments can levy certain taxes and affect foreign investors through permitting and zoning.

Polish accounting standards do not differ significantly from international standards. Major international accounting firms provide services in Poland. In cases where there is no national accounting standard, the appropriate International Accounting Standard may be applied. However, investors complain of regulatory unpredictability and high levels of administrative red tape. Foreign and domestic investors must comply with a variety of laws concerning taxation, labor practices, health and safety, and the environment. Complaints about these laws, especially the tax system, center on frequent changes, lack of clarity and strict penalties for minor errors.

Poland has substantially improved its regulatory policy system over the last years. The government introduced a central online system to provide access to the general public to regulatory impact assessment (RIA) and other documents sent for consultation to selected groups such as trade unions and business. Proposed laws and regulations are published in draft form for public comment, and ministries must conduct public consultations. Poland follows OECD recognized good regulatory practices, but investors say the lack of regulations governing the role of stakeholders in the legislative process is a problem. Participation in public consultations and the time period allotted for them are often limited.

New guidelines for RIA, consultation and *ex post* evaluation were adopted under the Better Regulation Program in 2015, providing more detailed guidance and stronger emphasis on public consultation. Like many countries Poland faces challenges to fully implement its regulatory policy requirements and to ensure that RIA and consultation comments are used to improve decision making. For example, minimum periods for consultation with stakeholders are not always respected. The OECD suggests Poland extend its online public consultation system and consider using instruments such as green papers more systematically for early-

stage consultation to identify options for addressing a policy problem, but considers steps taken to introduce *ex post* evaluation of regulations are encouraging.

Bills can be submitted to the parliament for debate as "citizen's bills" if authors can collect 100,000 signatures. NGOs and private sector associations most often take advantage of this avenue. Parliamentary bills can also be submitted by a group of parliamentarians, a mechanism that bypasses public consultation and which both domestic and foreign investors have criticized. Changes to the government's rules of procedure introduced in June 2016 reduced the requirements for RIA for preparations of new legislation.

Administrative authorities are subject to oversight by courts and other bodies, the Office of the Ombudsman, special commissions (e.g., Supreme Audit Chamber – NIK), inspectorates, the Prosecutor and parliamentary committees. Polish Parliamentary committees utilize a distinct system to examine and instruct ministries and administrative agency heads. Committees' oversight of administrative matters consists of: reports on state budgets implementation and preparation of new budgets, citizens' complaints, and reports from the external audit agency (NIK). reports. In addition, courts and prosecutors' offices sometimes bring cases to parliament's attention. The Ombudsman's institution works relatively well in Poland. Polish citizens have a right to complain and to put forward grievances before administrative bodies.

Proposed legislation can be tracked on the Prime Minister's webpage and Parliament's webpage.

International Regulatory Considerations

Since Poland's EU accession (May 2004) Poland has been transposing European legislation and reforming its regulations in compliance with the EU regulatory system. Poland sometimes disagrees with EU regulations related to renewable energy and emissions due to its important domestic coal industry.

Poland participates in the process of creation of European Norms. There is strong encouragement for non-governmental organizations, such as environmental and consumer groups, to actively participate in European standardization. In areas not covered by the European normalization the Polish Committee for Standardization (PKN) introduces norms

identical with international norms i.e., PN-ISO i PN-IEC. PKN actively cooperates with international and European standards organizations and with standards bodies from other countries. PKN is a member-founder of International Organization for Standardization (ISO) and a member of International Electro-technical Commission (IEC) since 1923.

PKN also cooperates with ASTM International (American Society for Testing and Materials) (ASTM) International and the World Trade Organization's WTO Agreement on Technical Barriers to Trade (WTO/TBT). Poland has been a member of WTO since 1 July 1, 1995 and was a member of GATT since 18 October 18, 1967. As of 1 May 1, 2004 it is a member state of the European Union. All EU member States are WTO members, as is the EU in its own right. While the member states coordinate their position in Brussels and Geneva, the European Commission alone speaks for the EU and its members at almost all WTO meetings and in almost all WTO affairs. PKN runs the WTO/TBT National Information Point in order to apply the provisions of the Agreement on Technical Barriers to Trade with respect to information exchange concerning national standardization.

Useful Links:

- Harmonised Standards
- Official Journal of the European Union

Legal System and Judicial Independence

The Polish legal system is code-based and prosecutorial. The main source of the country's law is the Constitution of 1997. The legal system is a mix of Continental civil law (Napoleonic) and remnants of communist legal theory. Poland accepts the obligatory jurisdiction of the International Court of Justice (ICJ), but with reservations. In civil and commercial matters first instance courts sit in single-judge panels, while courts handling appeals sit in three-judge panels. District Courts (Sad Rejonowy) handle the majority of disputes in the first instance. When the value of a dispute exceeds a certain amount or the subject matter requires more expertise (such as in intellectual property right matters), Circuit Courts (Sad Okregowy) serve as first instance courts. Circuit Courts also handle appeals from District Court verdicts. Courts of Appeal (Sad Apelacyjny) handle appeals from verdicts of Circuit Courts as well as generally supervise the courts in their region.

The judiciary acts independently. The Polish judicial system generally upholds the sanctity of contracts. Foreign court judgements, under the Polish Civil Procedure Code and European Community regulation, can be recognized. However, there are many foreign court judgments which Polish courts do not accept or accept partially. One of the reasons for delays in the recognition of judgments of foreign courts is an insufficient number of judges with specialized expertise. Generally, foreign firms are wary of the slow and over-burdened Polish court system, preferring other means to defend their rights. Contracts involving foreign parties often include a clause specifying that disputes will be resolved in a third-country court or through offshore arbitration.

Laws and Regulations on Foreign Direct Investment

Poland is a constitutional State and a member of the European Union. Foreign nationals can expect to obtain impartial proceedings in legal matters. Polish is the official language and must be used in all legal proceedings. It is possible to obtain an interpreter. The basic legal framework for establishing and operating companies in Poland, including companies with foreign investors, is found in the Commercial Companies Code. The code provides for establishment of joint-stock companies, limited liability companies, or partnerships (e.g., limited joint-stock partnerships, professional partnerships). These corporate forms are available to foreign investors who come from an EU or European Free Trade Area (EFTA) member state or from a country that offers reciprocity to Polish enterprises, including the United States.

With few exceptions, foreign investors are guaranteed national treatment. Companies that establish an EU subsidiary after May 1, 2004, and conduct, or plan to commence business operations in Poland must observe all EU regulations and may not be able to benefit from all privileges afforded to EU companies. Foreign investors without permanent residence and the right to work in Poland may be restricted from participating in day-to-day operations of a company. Parties can freely determine the content of contracts within the limits of European contract law. All parties must agree on essential terms, including the price and the subject matter of the contract. Written agreements, although not always mandatory, enable an investor to avoid future disputes. Civil Code is the law applicable to contracts. Post is not aware of executive or other interference in the court system that could affect foreign investors.

Useful websites (in English) to help navigate laws, rules, procedures and reporting requirements for foreign investors:

- Polish Investment & Trade Agency
- Polish Financial Supervision Authority (KNF)
- Office of Competition and Consumer Protection (UOKIK)
- BIZNES.GOV.PL: Information and services website for entrepreneurs

Competition and Anti-Trust Laws

Poland's anti-trust authority, the Office of Competition and Consumer Protection (UOKiK), reviews investment and merger transactions for competition-related concerns. Its mandate covers transactions of a magnitude which could influence the Polish market. The Act on Competition and Consumer Protection empowers UOKiK to block any merger that would capture of 40 percent or more of market share. It does not oppose vertical mergers that would not have monopolistic consequences. UOKiK also imposes reporting requirements for acquisitions of existing companies. Participants in planned transactions must obtain UOKiK's advance clearance if their turnover in the year preceding the application exceeded either EUR 1 billion globally or EUR 50 million in Poland. The law provides for a waiver of obligation to notify UOKiK in certain situations, if the annual turnover in Poland of the target enterprise was less than EUR 10 million in the two previous years, or if parties to the merger already belong to the same capital group. No merger filing is required if the target company's sales in Poland were less than EUR 10 million during the previous two years. All multinational companies must notify UOKiK of a proposed merger if any party to it has subsidiaries, distribution networks or permanent sales in Poland. UOKiK's website.

Examples of competition cases can be found under this link:

- UOKIK Issues Objections to a Concentration – Nord Stream 2
- Judicial Decisions: Protection of Competition (various)

Expropriation and Compensation

Article 21 of the Polish Constitution states: "expropriation is admissible only for public purposes and upon equitable compensation." The Law on Land Management and Expropriation

of Real Estate provides property may be expropriated only in accordance with statutory provisions such as construction of public works, national security considerations, or other specified cases of public interest. The government must pay full compensation at market value for expropriated property. Acquiring land for road construction investment has been liberalized and simplified to accelerate property acquisition. Most acquisitions for road construction are resolved without problems. However, there have been a few cases in which inability to reach agreement on remuneration has resulted in expropriation and compensation protests/disputes. Post is not aware of expropriation actions against U.S. investors, companies, or representatives. New laws regulating wind farm construction caused sharp valuation drops in wind energy sector assets – more than half of which are owned by foreign investors—and curbed new investments in wind energy infrastructure.

Dispute Settlement

ICSID Convention and New York Convention

Poland is not a party to the International Convention on the Settlement of Investment Disputes between States and Nationals of Other States (Washington Convention). Poland is a party to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention).

Investor-State Dispute Settlement

Poland is party to the following international agreements on dispute resolution, with the Ministry of Finance acting as the government's representative: the 1923 Geneva Protocol on Arbitration Clauses; the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention); the 1961 Geneva European Convention on International Trade Arbitration; the 1972 Moscow Convention on Arbitration Resolution of Civil Law Disputes in Economic and Scientific Cooperation Claims under the U.S.-Poland Bilateral Investment Treaty (BIT) (with further amendments).

- Ryan & others v. Poland (2011); Decided in favor of State
- Minnotte v. Poland (2010); Decided in favor of State.
- Cargill v. Poland (2004); Decided in favor of investor.
- Ameritech v. Poland (1996); Data not available on decision rendered.

- Two cases in progress.

Post is aware of seven U.S. investment disputes (eight claimants) within the past 10 years. Some details of past disputes may be found on the UNCTAD database. The majority of Poland's investment disputes are with other EU-member states. According to the UNCTAD database, over the last 10 years, there were 14 disputes with other than U.S. foreign investors.

International Commercial Arbitration and Foreign Courts

Poland does not have an arbitration law, but provisions in the Polish Code of Civil Procedures of 1964, as amended, which is based to a large extent on UNCITRAL Model Law. Under the Code of Civil Procedure, an arbitration agreement must be concluded in writing. Commercial contracts between Polish and foreign companies often contain an arbitration clause. Arbitration tribunals operate through the Polish Chamber of Commerce, and other sector-specific organizations. A permanent court of arbitration is also at the Confederation Lewiatan in Warsaw.

There is no distinction in law between domestic and international arbitration. The law only distinguishes between foreign and domestic arbitral awards for the purpose of their recognition and enforcement. The decisions of arbitration entities are not automatically enforceable in Poland, but must be confirmed and upheld in a Polish court. Under Polish Civil Code, local courts accept and enforce the judgments of foreign courts, however, in practice; the acceptance of foreign court decisions varies.

A Civil Procedures Code amendment in January 2016 implements internationally recognized arbitration standards, and creates an arbitration-friendly legal regime in Poland. The amendment applies to arbitral proceedings initiated on or after January 1, 2016, and introduces one-instance proceedings to repeal an arbitration award (instead of two-instance proceedings). This change encourages mediation and arbitration to solve business disputes and aims to strengthen expeditious proceedings. The Courts of Appeal (instead of District Courts) will handle complaints. In cases of foreign arbitral awards, the court of appeal will be the only instance. In certain cases it is possible to file a cassation (or extraordinary) appeal with the Supreme Court of the Republic of Poland. In the case of a domestic arbitral award, it will be possible to file an appeal to a different panel of the court of appeal.

Investors say the timely process of energy policy consolidation has made the legal, regulatory and investment environment for the energy sector uncertain in terms of how the Polish judicial system deals with questions and disputes around energy investments by foreign investors, and in foreign investor interactions with state owned or affiliated energy enterprises.

Bankruptcy Regulations

Poland's bankruptcy law underwent significant change and modernization in recent years. There is now a bankruptcy law and a separate, distinct restructuring law. Poland ranks 27 for ease of resolving insolvency in the World Bank's Doing Business report 2017. Bankruptcy in Poland is criminalized if a company's management does not file a petition to declare bankruptcy when company becomes illiquid for an extended period of time, or if a company ceases to pay its liabilities.

The Bankruptcy Law entered into force January 1, 2016 and changed conditions for declaring bankruptcy, including statutory grounds for insolvency (i.e. financial liquidity and indebtedness). The law is more favorable to creditors in terms of asset determination, and introduces a new bankruptcy procedure known as "pre-packaged" liquidation dividing creditors into five classes in order of priority in satisfying their claims. If an amount to be distributed is not sufficient to fully satisfy all outstanding claims, claims falling under consecutive categories are satisfied after the full satisfaction of claims falling under the preceding category. If an estate is insufficient to fully satisfy all claims within the same category, claims are satisfied proportionally to the amount of respective claims in the category.

The Restructuring Law came into force as of January 1, 2016. The law promotes restructuring as a measure to prevent insolvency and reflects a policy of second chance, similar to United States' Chapter 11 measures. The law allows earlier institution of court proceedings at a financially-distressed company to limit further indebtedness and prevent "harmful" disposal of assets by a debtor (e.g. to benefit one creditor at the expense of others).

INDUSTRIAL POLICIES

Investment Incentives

Poland's support for foreign investors is generally sectoral in focus; regional support is provided in the context of sectoral investments. Any company investing in Poland, either foreign or domestic, may apply for assistance from the Polish government. Foreign investors have the potential to access certain incentives such as: income tax and real estate tax exemptions in Special Economic Zones (SEZ); investment grants of up to 50 percent of investment costs (70 percent for small or medium-sized enterprises); grants for research and development; grants for other activities such as environmental protection, training, logistics, or use of renewable energy sources.

Regulations for special economic zones and public assistance to entrepreneurs provide the basis for exemptions from income tax or other incentives. Assistance (e.g., tax exemptions, grants) available for investments outside of SEZs vary with the development needs of each region. The government maintains a regional aid map which specifies an assistance ceiling for each region, expressed as a percentage of a project's new investment or employment costs. Poland does not have restrictions on government financed or subsidized national research and development programs. U.S. firms can participate in these programs if their company is registered in Poland.

- More information on government grants
- SEZs
- SEZ Guide (Colliers 2016)

Poland's Plan for Responsible Development identifies eight industries for development and incentives: aviation, defense, automotive parts manufacturing, ship building, information technology, chemical, furniture manufacturing and food processing. The full text of the plan can be found here. Poland encourages energy sector development through its energy policy. Supporting measures are explained in the document "Energy Policy of Poland until 2030" on page 23. The government will likely release a new energy policy in 2017.

Large priority sector investments may qualify for the "Program for Supporting Investment of Considerable Importance for the Polish Economy for 2011-2020" which provides grants to large investments that create jobs in sectors including automotive, electronics, aviation, biotechnology, R&D, agriculture and food processing, and services (finance, information and

communication, professional business services). U.S. Companies may apply for European funds through a Polish subsidiary or partner.

EU Funds support investment in: e-administration, e-economy (Digital Poland Operational Plan); R&D support (Smart Growth Operational Plan); transport infrastructure, water and waste management and renewable energy systems (Infrastructure & Environment Operational Plan); Eastern region development (Eastern Poland Operational Plan); and support for education and training (Knowledge, Education and Development Operational Plan) and 16 Regional Operational Programs (for each voivodship).

Research and Development

The Polish government is seeking to increase Poland's economic competitiveness by transitioning to a more knowledge-based economy. The government would like public and private sector investment in research and development (R&D) to reach 2.0 percent of GDP by 2020. USD 88.85 billion in EU Structural and Cohesion funds have been dedicated to R&D in Poland for the period of 2014 – 2020. Polish government programs such as the Responsible Development Plan focus on promoting an innovation-friendly business environment and improving R&D support system financing with better financial instruments and tax incentives. Businesses may also take advantage of the European Union's primary research funding program, Horizon 2020.

- More information: Ministry of Economic Development

On November 4, 2016 the Parliament adopted a law amending the Law on Supporting Innovation. President Duda signed the so-called Small Law on Innovation on November 23, 2016; it entered into force on January 1, 2017. The law's main objective is to encourage Polish entrepreneurs and researchers to undertake innovative activity through the introduction of tax relief for entrepreneurs who want to engage in scientific research. The new rules introduce the following:

- doubling of tax relief subject to annual increase depending on capacity of the state budget;
- the total abolition of income tax on intellectual property used by commercial companies;

- the possibility for small and medium-sized enterprises to deduct costs for obtaining a patent;
- the extension of the period in which it is possible to deduct the cost spent on R&D activities from three to six years; and
- A “super deduction” for costs of R&D as a percentage of salary costs for employees involved in R&D activities (the deduction ranges from 110 to 130 percent of salaries for 2016, with the percentage scheduled to increase for 2017)

The law also aims to streamline existing procedures related intellectual property from scientific research. Other regulations promote direct employment of researchers in business, subsidies for universities and research institutes to promote training of researchers in how to work with commercial sector, as well as obliging universities and research institutes to use 0.5 percent of received subsidies for commercialization of their research and maintaining research capacity.

The act abolishes the current five-year ceiling during which scientists can reap financial benefits from the commercialization of research. While positive, stakeholders say these reforms will have limited capacity to spur new investments in R&D and eagerly await incentives to boost innovation through the so-called Big Innovation Law. Some stakeholders additionally opine that draft investment incentives in healthcare would favor existing production and generics.

Foreign Trade Zones/Free Ports/Trade Facilitation

Foreign-owned firms have the same opportunities as Polish firms to benefit from foreign trade zones (FTZs), free ports, and special economic zones. The 2004 Customs Law regulates operation of FTZs in Poland. The Minister of Finance and the Minister of Economy, establish duty-free zones. The Ministers designate the zone’s managing authorities, usually provincial governors who issue operating permits to interested companies for a given zone.

Most activity in FTZs involves storage, packaging, and repackaging. As of January 2015, there were seven FTZs: Gliwice, near Poland’s southern border; Terespol, near Poland’s eastern border; Mszczonow, near Warsaw; Warsaw’s Frederic Chopin International Airport; Szczecin; Swinoujscie; and Gdansk. Duty-free shops are available only for travelers to non-EU countries.

There are fourteen bonded warehouses (airports unless specified): Bydgoszcz-Biale Blota; Krakow-Balice; Wroclaw-Strachowice; Katowice-Pyrzowice; Gdansk-Trojmiasto; Lodz; Braniewo; Poznan-Lawica; Rzeszow-Jasionka, Warszawa-Modlin, Lublin, Szczecin-Goleniow; Radom, Olsztyn-Mazury. Commercial companies can operate bonded warehouses. Customs and storage facilities must operate pursuant to custom authorities' permission. Only persons established in the EU can receive authorization to operate a customs warehouse.

Performance and Data Localization Requirements

Post is not aware of excessively onerous visa, residence, work permit, or similar requirements inhibiting mobility of foreign investors and their employees. Generally Poland does not mandate the hiring of local employees, but there are a few regulations that place de facto restrictions e.g. a certain number of board members of insurance companies must speak Polish.

Polish law limits non-EU citizens to 49 percent ownership of a company's capital shares in the air transport, radio and television broadcasting, sectors as well as airport and seaport operations. There are also legal limits on foreign ownership of farm and forest lands. Pursuant to the Broadcasting Law, a TV broadcasting company may only receive a license if the voting share of its foreign owners does not exceed 49 percent and if they hold permanent residence in Poland. In the insurance sector, at least two members of management boards, including the chair, must speak Polish.

Poland has no policy of "forced localization" designed to force foreign investors to use domestic content in goods or technology. Investment incentives apply equally to foreign and domestic firms. Over 40 percent of firms in Special Economic Zones are Polish.

There are very few data localization requirements in Poland and no requirements for foreign information technology (IT) providers to turn over source code and/or provide access to surveillance (backdoors into hardware and software or turn over keys for encryption). Exceptions exist in sectors where data are important for national security such as critical telecommunications infrastructure and in gambling. In Poland, the national law on data retention is still in force despite the ECJ ruling invalidating the Data Retention Directive. The data retention period is 24 months. Poland previously required e-commerce entities to store customer details in Poland. After intervention by the European Commission, Poland was

forced to lift the requirement and it is now sufficient the servers are located in one of the EU countries.

In the telecommunication sector, the Office of Electronic Communication (UKE) ensures telecommunication operators fulfill their obligations. In radio and television, National Broadcasting Council (KRRiT) acts as the regulator. Polish regulations protect an individual's personal data that is collected in Poland regardless of where the data is physically stored. The Bureau of the Inspector General for Personal Data Protection (GIODO) enforces personal data regulation. In mid-2016, the U.S. and EU launched a new Privacy Shield agreement, which allows companies to continue transferring EU consumer data to the United States. The scheme replaced the previous safe-harbor arrangement, which the ECJ ruled invalid in late 2015.

PROTECTION OF PROPERTY RIGHTS

Real Property

Poland recognizes and enforces secured interests in property, movable and real. The concept of a mortgage exists in Poland, and there is a recognized system of recording such secured interests. There are two types of publicly available land registers in Poland: the land and mortgage register (*ksiegi wieczyste*), the purpose of which is to register titles to land and encumbrances thereon, and the land and buildings register (*ewidencja gruntow i budynkow*), whose function is more technical as it contains information concerning physical features of the land, class of land, and its use. Generally, real estate in Poland is registered and legal title can be identified on the basis of entries in the land and mortgage registers which are maintained by relevant district courts. Each register is accessible to the public and excerpts are available upon application, subject to a nominal fee. The registers are available online.

Poland has a non-discriminatory legal system, accessible to foreign investors, that protects and facilitates acquisition and disposition of all property rights, including land, buildings, and mortgages. Many investors, foreign and domestic, complain the judicial system is slow in adjudicating property rights cases.

Widespread nationalization of property during and after World War II has complicated the ability to establish clear title to land in Poland, especially in major municipalities. While the

Polish government has an administrative system for reviewing claims for the restitution of communal property, former individual property owners must file and pursue claims in the Polish court system in order to receive restitution. There is no general statute of limitations regarding the filing or litigation of private property restitution claims, but there are exceptions for specific cases. For example, in cases involving the communist-era nationalization of Warsaw under the Beirut Decree, there were claims deadlines that have now passed, and under current law, those who did not meet the deadlines would no longer be able to make a claim for either restitution or compensation.

On February 22, 2017, the city of Warsaw published the names of 48 properties where a property restitution claim was made in the past, but no further action was taken to pursue the case. Under a law enacted in September 2016, any claims to these Warsaw properties will be extinguished if no one comes forward to pursue a restitution claim within six months after publication of the affected property, and any potential claimants will have an additional three months to establish their claim after the initial six-month period. The city's website contains further information on these cases and the process to pursue a claim: .

The city is expected to publish many similar property cases in 2017. It is sometimes difficult to establish clear title to properties. There are no comprehensive estimates of land without clear title in Poland.

Foreigners can (and do) lease agricultural land. Two new land use laws, in force as of April 30, 2016, restrict free purchase of land by Polish and foreign investors. The Agricultural Land Law bans sale of Agricultural Property Agency (APA) (state-owned) farmland for five years. The impact of this five-year ban is not generally deemed to be significant, as at present more than 90 percent of all agricultural land is already privately owned. The law imposes that state-owned farm land is now only available under long-term lease for farmers who want to enlarge their farms, to a maximum of 300 hectares (new and old land combined size). Agricultural firms currently on the Polish market, including U.S. firms, express concern the 300 hectares limitation gives large, established farms a competitive advantage over smaller farms that wish to expand. The Agricultural Land Law also imposes restrictions on sale of privately owned farm land, and gives the APA preemptive right to purchase in case of land sales by a private owner. These limitations effectively block access to land for investors and other industries; some large-scale farmers believe it restricts further expansion. The APA is

obliged to offer market rate compensation under the law. Technology and industrial parks, business and logistic centers, transport objects, housing terrain, farmland in special economic zones, household gardens and plots up to two hectares are exempt from the ban. Official statistics on the impact of the new law on prices and turnover of land is not available.

The Law on Forest land similarly prevents Polish and foreign investors from purchasing privately-held forests and gives state-owned forestry agency Lasy Panstwowe preemptive right to buy privately-held forests.

Intellectual Property Rights

Polish intellectual property rights (IPR) law is stricter than European Commission directives require. Enforcement is good and improving across all IP types. Physical piracy (*e.g.*, optical discs) is not a problem in Poland. However, online piracy continues to be widespread, despite progress in enforcement. Poland has four notorious online markets. Poland is not listed in USTR's Special 301 report.

Polish law requires a rights holder to start the prosecution process. In Poland, authors' and creators' organizations and associations track violations and present motions to prosecutors. Rights holders express concern that penalties for digital IPR infringement are not high enough to deter violators. In an effort to address these concerns, the Polish government established a national IPR strategy for 2015-2017 to address penalties.

Changes in Poland's trademark registration process entered into force on April 15, 2016. These changes clarify and make the registration process more transparent, and include obligations for the trademark office to notify the filer of similar trademarks and a three month opposition procedure after a trademark registration is published in the Patent Office Bulletin. The bill on Reuse of Public Information (which implements EU 2013/37/EU Directive) was approved by the Lower House of Parliament on January 30, 2016 and was signed by the President on March 12, 2016. The bill expands the use of public information by libraries, museums, and archives. All information gathered by those institutions, which are not protected by copyright law, (i.e., digitalized art work, archives materials reproductions or electronic publications) will be available for reuse.

EU Regulation No 2015/2424 amends EU trademark regulation and entered into force on March 23, 2016 and harmonizes EU members' laws on trademarks. EU members including Poland have three years to implement the regulation and up to six years for annulment and termination of trademarks. See the European Union Investment Climate Statement for details. As of March 23, 2016 it is not possible to apply for the European Union Trademark EUTM through the Patent Office of the Republic of Poland. The certification marks will be introduced October 1 2017. A trade mark may be filed to EUIPO individually or by a representative using the web-site of the Agency of the European Union for the Intellectual Property. Polish customs tracks seizures of counterfeit goods, but failed to provide this information for the reporting period.

- General information on copyright in Poland
- Polish Patent Office
- Ministry of Digitalization
- For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles.

FINANCIAL SECTOR

Capital Markets and Portfolio Investment

The Polish regulatory system is effective in encouraging and facilitating portfolio investment. Both foreign and domestic investors may place funds in demand and time deposits, stocks, bonds, futures, and derivatives. Poland has healthy equity markets that facilitate the free flow of financial resources. Poland's stock market is the largest and most developed in central Europe. Its capitalization amounts to a quarter of Poland's GDP. The Warsaw Stock Exchange (WSE) is itself a publicly traded company with shares listed on its own exchange after its privatization in 2010. WSE has become a hub for foreign institutional investors targeting equity investments in the region. In addition to the equity market, Poland has a wholesale market dedicated to the trading of treasury bills and bonds (Treasury BondSpot Poland). This treasury market is an integral part of the Primary Dealers System organized by the Finance Ministry and part of the pan-European bond platform. Wholesale treasury bonds and bills denominated in PLN and some securities denominated in Euros are traded on the Treasury BondSpot market. Non-government bonds are traded on Catlyst, a WSE managed platform. The capital market is an important source of funding for Polish companies. The

Polish government acknowledges the capital market's role in the economy in its development plan. Foreigners may invest in listed Polish shares, but they are subject to some restrictions in buying large packages of shares. Liquidity remains tight on the exchange.

Poland provides full IMF Article VIII convertibility for current transactions. Banks can and do lend to foreign and domestic companies. Companies can and do borrow abroad and issue commercial paper, but the market is less robust than in Western European countries or the United States. The Act on Investment Funds allows for open-end, closed-end, and mixed investment funds, and the development of securitization instruments in Poland. In general, no special restrictions apply to foreign investors purchasing Polish securities.

Credit allocation is on market terms. The government maintains some programs offering below-market rate loans to certain domestic groups, such as farmers and homeowners. Foreign investors and domestic investors have equal access to Polish financial markets. Private Polish investment is usually financed from retained earnings and credits, while foreign investors utilize funds obtained outside of Poland as well as retained earnings. Polish firms raise capital in Poland and abroad. Inflation picked up in early 2017, but tightening monetary policy is not likely in 2017.

Money and Banking System

The banking sector is liquid, profitable and major banks are well capitalized. Profitability decreased in 2015 but stabilized thereafter and remains at a reasonable level (ROE at 7.7 percent in mid-2016). Profits are likely to be under pressure due to record low interest rates, measures to encourage conversion of Swiss Francs mortgage portfolios into PLN, and a possible revision to the tax on financial sector assets that entered into force in February 2016. The financial sector assets tax is a monthly 0.0366 percent tax on lenders' assets.

The two largest banks are under state control, but the sector is predominantly privately owned. In general, supervision and risk management have contained excessive risk-taking. Poland's Treasury ministry encouraged Poland's state-owned institutions such as insurer PZU to buy more banks to increase domestic bank holdings. In 2015, PZU bought mid-tier lender Alior Bank, and Italian UniCredit's shares in Pekao S.A. in 2016. With these acquisitions, the state share of direct and indirect controlled banks has reached 36 percent of the sector's total

assets. At the end of September 2016, total assets of the five biggest banks in Poland amounted to $ 197.9 billion, representing almost 50 percent of total assets of the sector.

The Polish National Bank (NBP) is Poland's central bank. NBP's recent stress tests and loss absorption capacity simulation indicate the banking sector's resilience to shocks has weakened, mainly as a result of falling profitability and decreased ability to raise capital from earned profits, partly due to fiscal burdens imposed on banks. At the end of November 2016, most banks met regulatory capital adequacy ratios. Poland's banking sector meets European Banking Authority regulatory requirements. The share of non-performing loans is close to the EU average and recently has been falling. Between January-June 2016 non-performing loans were five percent of portfolios. Bank credit plays a limited role in financing business investment in Poland.

Credit unions (SKOK) have faced difficulties in recent years. Authorities have intensified efforts to resolve the small but vulnerable credit union segment with a number of institutions developing rehabilitation plans and merger and takeovers occurring. The credit union segment accounts for less than 2 percent of the banking sector's assets and does not pose a systemic risk.

Amendments to Poland's covered bonds law entered into effect on January 1, 2016. The amendments improve liquidity of this instrument in Poland and reduce the asset-liability maturity mismatch, which results from banks' reliance on customer deposits to support lending growth. The amendments also increase investor protection by limiting time subordination -- i.e., certain tranches being paid ahead of others -- and reduce refinancing risk. A draft bill on merging bank the Polish Financial Supervision Authority (KNF) with the National Bank (NBP) is awaiting approval.

Foreign Exchange and Remittances

Foreign Exchange

Poland is not part of the Eurozone. The Polish Zloty (PLN) is the official currency. Foreign exchange is available through commercial banks and exchange offices. Payments and remittances in convertible currency may be made and received through a bank authorized to engage in foreign exchange transactions, and most banks have authorization. Foreign

investors have not complained of significant difficulties or delays in remitting investment returns such as dividends, return of capital, interest and principal on private foreign debt, lease payments, royalties, or management fees. Foreign currencies can freely be used for settling accounts.

Poland provides full IMF Article VIII convertibility for current transactions. Polish Foreign Exchange Law, as amended, fully conforms to OECD Codes of Liberalization of Capital Movements and Current Invisible Operations. In general, foreign exchange transactions with the EU, OECD, and European Economic Area (EEA) are accorded equal treatment and are not restricted.

Except in limited cases which require a permit, foreigners may convert or transfer currency to make payments abroad for goods or services and may transfer abroad their shares of after-tax profit from operations in Poland. Foreign investors may freely withdraw their capital from Poland. Full repatriation of profits and dividend payments is allowed without obtaining a permit. However, a Polish company (including a Polish subsidiary of a foreign company) must pay withholding taxes to Polish tax authorities on distributable dividends unless a double taxation treaty is in effect. A double taxation treaty is in place between Poland and the United States. The United States and Poland signed an updated bilateral tax treaty in February 2013, but the United States had not yet ratified it as of March 2017. As a rule, a company headquartered outside of Poland is subject to corporate income tax on income earned in Poland, under the same rules as Polish companies.

Foreign exchange regulations require those non-bank entities that deal in foreign exchange or act as a currency exchange bureau to submit reports electronically to the National Bank of Poland (NBP). An exporter may open foreign exchange accounts in the currency it chooses.

The Polish Zloty (PLN) is a floating currency. It has largely tracked the euro (EUR) at approximately PLN 4.2 to 1 EUR in recent years. The international uncertainty around the UK's Brexit vote and domestic budget concerns led to a weakening in September 2016 to 4.3PLN to 1 EUR.

Remittance Policies

Poland does not prohibit remittance through legal parallel markets utilizing convertible negotiable instruments (such as dollar-denominated Polish bonds in lieu of immediate payment in dollars). As a practical matter, such payment methods are rarely, if ever, used.

Poland is not currently a Financial Action Task Force (FATF) member, but is seeking membership.

Sovereign Wealth Funds

The Polish government does not maintain a sovereign wealth fund, however, the Polish Development Fund (PFR), an umbrella organization pooling resources of several governmental agencies and departments, including EU funds. to implement programs enhancing long-term investment and support for entrepreneurs. The strategy for the Fund was adopted in September 2016; it was registered in February 2017, at which point the Ministry of Economic Development assumed supervision of the Fund. PFR will support the implementation of the ministry's Responsible Development Plan. About a quarter of initiatives outlined as part of the Strategy are correlated with the objectives of the PFR.

The PFR will operate as a loose financial group of state-owned banks and insurers, investment bodies and promotion agencies. The budget of PFR group has reaches PLN 14bn, which managers hope will be sufficient to raise capital worth PLN 90-100bn. It is envisioned that various actors within the organization will invest through acquisition of shares, through direct financing, seed funding, and co-financing venture capital.

STATE-OWNED ENTERPRISES

State owned enterprises (SOEs) still exist, mainly in the energy and financial sectors. Legislation abolishing the Ministry of Treasury (MOT) entered into force January 2017. SOEs previously under MOT supervision have been divided among other ministries according to relevant portfolio. The government intends to keep majority share ownership and/or state-control of strategically important firms. Companies classified as "strategically important" are under the supervision of the Council of Ministers (note: the list has not been finalized as of March 29, 2017).

- These links reflect the situation as of December 31, 2016: https://www.msp.gov.pl/pl/polityka-wlascicielska/podmioty-nadzorowane-pr-1/37,Podmioty-nadzorowane-przez-MSP-stan-na-31-grudnia-2016-r.html?szukaj=64240; and
- minority ownership of 346 companies (as of June 2015): https://www.msp.gov.pl/pl/polityka-wlascicielska/podmioty-nadzorowane-pr-1/37,Podmioty-nadzorowane-przez-MSP-stan-na-31-grudnia-2016-r.html?szukaj=963315790.

As of December 31, 2016, the Minister of Treasury supervised around 400 entities including 230 active entities (conducting business operations). The remaining part represents companies under bankruptcy, in liquidation and companies where Treasury held employee shareholding. Information from early 2017 indicates some of the most important SOEs moved to other ministries as follows:

- Ministry of Energy: 42 firms including KGHM, Enea, Energa, Lotos, Orlen, Tauron, Huta Labedy, JSW, Kompania Weglowa, PGE, PGNiG, PAK, Siarkopol.
- Ministry of Maritime Economy: 11 firms including Dalmor, Polska Zegluga Baltycka, Stocznia Szczecinska Porta Holding, Stocznia Szczecinska Nowa, Stocznia Gdynia, Stocznia Gdanska.
- Ministry of Construction and Infrastructure: 47 firms including Polish Postal Service, Polish Real Estate Holding, national train operator PKP.
- Ministry of Culture: Polskie Radio, public television TVP, Polish Press Agency.
- Ministry of Defense: 20 firms including Mesko, PGZ Polskie Grupe Zbrojeniowa and Polski Holding Obronny.
- Ministry of Economic Development and Finance: 240+, + firms, including PKO BP, PZU, PLL LOT, GPW, Totalizator Sportowy, Grupa Azoty, Agencja Rozwoju Przemyshu, and Polski Fundusz Rozwoju.

Polish SOEs have been valued at more than USD 60 billion and many are the biggest companies in their sectors. The same standards are generally applied to private and public companies with respect to access to markets, credit, and other business operations such as licenses and supplies. Government officials occasionally exercise discretionary authority to assist SOEs. In general, SOEs are expected to pay their own way, finance their operations and fund further

expansion through profits generated from their own operations. SOEs are governed by boards of directors and most pay an annual dividend to the government. SOEs prepare and disclose annual reports. Since Poland's EU accession, government activity favoring state-owned firms has received careful scrutiny from Brussels.

Poland as an EU member is a party to the Government Procurement Agreement (GPA) within the World Trade Organization. There is no consolidated government information on SOE budgets for research and development available to Post. The Polish government works to improve the efficiency of SOEs through enhancement of corporate governance standards.

OECD Guidelines on Corporate Governance of SOEs

In Poland, the same rules apply to SOEs and publicly listed companies unless statutes provide otherwise. In 2016, the newly formed Ministry of Energy started to supervise state-owned power utilities, oil and gas firms, as well as coal mining companies. The State exercises its influence through its rights as a shareholder in proportion to the number of voting shares it holds (or through shareholder proxies). In some cases, an SOE is afforded special rights as specified in the company's articles, and in compliance with Polish and EU laws. In some non-strategic companies, the state exercises special rights as a result of its majority ownership but not as a result of any specific strategic interest. Despite some of these specific rights, the state's aim is to create long-term value for shareholders of its listed companies by adhering to the OECD SOE Guidelines. State representatives who sit on supervisory boards must comply with the Commercial Companies Code and are expected to act in the best interests of the company and its shareholders.

In SOEs, employees may designate two fifths of the Supervisory Board's composition. In addition, according to the privatization law, in wholly state-owned companies with more than 500 employees, the employees are allowed to elect one member of the Management Board. SOEs are subject to a series of additional disclosure requirements above those set forth in the Company Law. The supervising ministry prepares specific guidelines on annual financial reporting to explain and clarify these requirements. SOEs are required to prepare detailed reports on management board activity, plus a report on previous financial year activity, and a report on the result of the examination of financial reports. State representatives to supervisory boards have to go through examinations to be able to apply for a board position.

Many major SOEs are listed on the Warsaw Stock Exchange (WSE) and are subject to the "Code of Best Practice for WSE Listed Companies."

On September 30, 2015, the Act on Control of Certain Investments entered into force. The act creates mechanisms to protect against hostile takeovers of companies operating in strategic sectors (gas, power generation, chemical, petrochemical and defense sectors) of the Polish economy. According to the Act, prior to the acquisition of shares of strategic companies (including the acquisition of proprietary interests in entities and/or their enterprises) the purchaser must notify the Treasury Minister and receive approval. The obligation to inform the Minister applies to transactions involving the acquisition of a "material stake" in companies doing business in strategic sectors. Furthermore, the Act gives the Minister the opportunity to create, by way of an ordinance, a list of entities subject to protection under the new regulation. The Act stipulates failure to notify carries a fine of up to PLN 100,000,000 (+/- USD 25,575,500) or a penalty of imprisonment between six months and five years (or both penalties together) for a person acting on behalf of a legal person or organizational unit that acquires a material stake without prior notification

Privatization Program

After 26 years of privatization, the Polish government has completed the privatization of most SOEs it deems are not of national strategic importance. There are nearly 50 SOEs classified as strategically important, most in the energy, mining, and financial sectors. The government intends to keep majority share ownership of these firms, or to sell tranches of shares such that it maintains state control. With few exceptions, the Polish government invited foreign investors to participate in major privatization projects. In general, privatization bidding criteria has been clear and the process transparent. The government is now focused on consolidating and improving the efficiency of the remaining state-controlled entities.

RESPONSIBLE BUSINESS CONDUCT

As a member of the Organization for Economic Cooperation and Development (OECD), Poland adheres to the OECD Guidelines for Multinational Enterprises, including a National Contact Point (NCP) who promotes the Guidelines to companies and provides good offices to facilitate the resolution of disputes arising in the context of the Guidelines.

The NCP distributes the OECD Guidelines during seminars and workshops. Investors are informed about the Guidelines and their implementation through Regional Investor Assistance Centers. Some specific instances of disputes handled by the NCP are listed here: http://www.paiz.gov.pl/OECD_National_Contact_Point/major_cases

After October 2015 elections, a new advisory group responsible was established by the Ministry of Economic Development (MED) to advise the NCP. The group consists of representatives of federal and local governments, trade unions and employer organizations and representatives of social organizations and scientific institutions. In October 2016 the MED hosted an international conference on best practices in responsible business practices for Polish overseas business.

Poland's MED promotes corporate social responsibility among companies and supports implementation of CSR programs, including through a draft Action Plan, intended as an eventual National Action Plan that is responsive to the UN Working Group on Business and Human Rights. The Ministry of Foreign Affairs is also involved in drafting Poland's National Action Plan on Business and Human Rights.

Independent organizations including non-governmental organizations (NGOs), business and employee associations also promote CSR in Poland. The Responsible Business Forum (RBF), founded in 2000, is the oldest and largest NGO in Poland to focus on corporate social responsibility. RBF's latest report is: "Vision of Sustainable Development of Polish Business 2050" a joint project with the former Ministry of Economy (now the MED) and Deloitte. In November 2015, CSR Watch Coalition Poland joined the OECD Watch international network. CSR Watch Coalition Poland aims to advance respect for human rights in the context of business activity in Poland in line with the spirit of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines.

Companies often compile CSR activity reports based on international reporting standards. Currently, there are many CSR standards e.g., GRI guidelines, ISO 26000. The MED supports Polish translation of social reporting standard GRI G4.

Poland is not a member of the Extractive Industries Transparency Initiative (EITI) or the Voluntary Principles on Security and Human Rights. The primary extractive industries in Poland are coal, lignite and copper mining. Onshore, there is also hydrocarbon extraction,

primarily conventional natural gas production, with limited exploration for shale gas. The Polish government exercises legal authority and receives revenues from the extraction of natural resources and from infrastructure related to extractive industries such as oil and gas pipelines through a concessions-granting system, and in most cases through shareholder rights in state-owned enterprises. The GOP has two revenue streams from natural resources: 1) from concession licenses; and 2) from corporate taxes on the concession holders. License and tax revenues apply equally to both state-owned and private companies. Natural resources are brought to market through market-based mechanisms by both state-owned enterprises and private companies.

Concession maps are also available on the Polish Geological Institute website:

CORRUPTION

In 2016, the Transparency International (TI) index of perceived public corruption ranked Poland as the 29th least corrupt among 176 countries. Due to the downward trend of corruption in Poland, Transparency International closed its Polish chapter in 2011. Poland has laws, regulations, and penalties aimed at combating corruption of public officials and counteracting conflict of interest. Anti-corruption laws extend to family members of officials and to members of political parties who are members of parliament. There are also anti-corruption laws regulating the finances of political parties. According to local NGOs, an increasing number of companies implement internal codes of ethics.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

The Polish Central Anti-Corruption Bureau (CBA) and national police investigate public corruption. The Justice Ministry and the police are responsible for enforcing Poland's anti-corruption criminal laws. The Finance Ministry administers tax collection and is responsible for denying the tax deductibility of bribes. Reports of alleged corruption most frequently appear in connection with government contracting and the issuance of a regulation or permit that benefits a particular company. Allegations of corruption by customs and border guard officials, tax authorities, and local government officials show a decreasing trend. If such corruption is proven, it is usually punished.

Overall, U.S. firms have found that maintaining policies of full compliance with the U.S. Foreign Corrupt Practices Act (FCPA) is effective in building a reputation for good corporate governance and that doing so is not an impediment to profitable operations in Poland. Poland ratified the UN Anticorruption Convention in 2006 and the OECD Convention on Combating Bribery in 2000. Polish law classifies the payment of a bribe to a foreign official as a criminal offense, the same as if it were a bribe to a Polish official.

Resources to Report Corruption

Centralne Biuro Antykorupcyjne (Central Anti-Corruption Bureau - CBA)
al. Ujazdowskie 9, 00-583 Warszawa
+48 800 808 808
kontakt@cba.gov.pl
Zglos Korupcje (report corruption)

The Batory Foundation, Public Integrity Program serves as a non-governmental watchdog organization. The foundation can be reached at +48 (22) 536 0257 or op@batory.org.pl.

Batory Foundation's contact information is for whistleblowers only.

POLITICAL AND SECURITY ENVIRONMENT

Poland is a politically stable country. Constitutional transfers of power are orderly. The last parliamentary elections took place in October 2015 and presidential elections took place in May 2015; observers considered both elections free and fair; the new government formed in November 2015. The next elections will be held in 2019 for the national parliament and in 2020 for the presidency.

There have been no confirmed incidents of politically motivated violence toward foreign investment projects in recent years. Poland has neither insurgent groups nor belligerent neighbors.

LABOR POLICIES AND PRACTICES

Poland has a well-educated, skilled labor force. Productivity remains below Western standards but is rising rapidly, and unit costs are competitive. In the last quarter of 2016, the

average gross wage in Poland was PLN 4,219 (approximately USD 1200 per month), according to the Central Statistical Office (GUS). Poland's economy employed roughly 16 million people in the third quarter of 2016. The EU measured total Polish unemployment at 5.5 percent, with youth unemployment at 15.1 percent in December 2016. GUS reports unemployment rates differently and tends to be higher than EU figures. Unemployment varies substantially between regions, the highest rate (13.7 percent) in north-eastern part of Poland (Warmia and Mazury), and the lowest at 5.1 percent in the western province of Wielkopolska, as of the end of September 2016. At the end of 2016, unemployment was lowest in major urban areas. Polish workers are usually eager to work for foreign companies, in Poland and abroad. Since Poland joined the EU, up to two million Poles have sought work in other EU member states.

During the last two years there has been a considerable increase in the number of Ukrainian migrant workers. According to the recent National Bank of Poland’s report (published in December 2016), in 2015 almost 800,000 Ukrainians entered the Polish labor market. The Ministry of Family, Labor and Social Policy statistics show that in 2016, 1.3 million Ukrainians undertook employment in Poland.

Some Polish companies report a shortage of qualified workers. The most sought-after specialists are engineers, IT specialists, salespersons, project managers, and technical advisors. Manufacturing companies seek welders, bricklayers, and machinery operators. Employment has expanded in service industries such as information technology, manufacturing, administrative and support service activities. The business process outsourcing industry in Poland has experienced dynamic growth. The state-owned sector employs about a quarter of the work force, although employment in coal mining and steel are declining.

On December 19, the President signed a law lowering the retirement age for men (from 67 to 65) and for women (from 67 to 60). The revised law will enter into force in October 2017. Labor laws differentiate between layoffs and firing. In the case of layoffs (when workers are dismissed for economic reasons in companies which hire more than twenty employees), employers are required to offer severance pay; in the case of firing, the labor law does not require severance pay.

Most workers hired under labor contracts have the legal right to establish and join independent trade unions and to bargain collectively. Workers hired on civil contracts and the

self-employed do not have the right to join a trade union. In June, 2015, the Constitutional Court ruled the limitation on establishing and joining a trade union is unconstitutional, and a revision to the law to this effect has been drafted. Trade union influence is declining, though unions remain powerful in coal-mining and shipyards.

The Polish labor code outlines employee and employer rights in all sectors, both public and private, and has been gradually revised to adapt to EU standards. The Polish government adheres to the ILO's core conventions. Employers tend to use temporary and contract workers for jobs that are not temporary in nature. Employers use short-term contracts because they allow firing with two weeks' notice and without consulting trade unions on the decision. Employers also tend to use civil instead of labor contracts because of ease of hiring and firing, even in situations where work performed meets all requirements of a regular labor contract. According to the National Labor Inspectorate (NLI,), in one-fifth of cases, employers tend to use civil contracts where regular labor contracts are required.

The law requires equal pay for equal work and equal treatment with respect to signing labor contracts, employment conditions, promotion, and access to training. The law defines equal treatment as nondiscrimination in any way, directly or indirectly on the grounds of gender, age, disability, race, religion, nationality, political opinion, ethnic origin, denomination, sexual orientation, whether or not the person is employed temporarily or permanently, full time or part time.

The 1991 law on conflict resolution defines the mechanism for labor dispute resolution. It consists of four stages; first, the employer is obliged to conduct negotiations with his employees; the second stage is a mediation process, including an independent mediator. If an agreement is not reached through mediation, the next stage is formal arbitration, which takes place at the regional court. The final stage of conflict resolution is a strike.

The government generally complies with international labor standards; however there are several gaps in enforcing the law, including legal restrictions on the rights of workers to form and join independent unions. Cumbersome procedures make it difficult for workers to meet all of the technical requirements for a legal strike. The law prohibits collective bargaining for key civil servants, appointed or elected employees of state and municipal bodies, court judges and prosecutors. There were some limitations with respect to identification of victims of forced labor. The law prohibits discrimination with respect to employment or occupation

but discrimination in employment and occupation occurred. Authorities did not effectively enforce minimum wage, hours of work and occupational health and safety in the formal or informal sectors.

The NLI is responsible for identifying possible labor violations; it may issue fines and notify the prosecutor's office in cases of severe violations. According to the trade unions, however, the NLI does not have adequate tools to hold violators accountable and the small fines imposed as punishment are an ineffective deterrent to employers.

In February, 2016, the June 2015 labor law revision entered into force. The revised law affected more than two million employees hired on short-term labor contracts. Under the revised law, employees may be hired on short-term contracts for a maximum of 33 months, at which point contracts automatically change into unlimited labor contracts. On August 8, the president signed a law establishing PLN 12 ($3) as the minimum hourly wage to cover formal and informal work agreements. The law entered into force on January 1, 2017. This law affects persons hired on civil contracts.

OPIC AND OTHER INVESTMENT INSURANCE PROGRAMS

The Overseas Private Investment Corporation (OPIC) provides political risk insurance for U.S. companies investing in Poland against political violence, expropriation, and inconvertibility of local currency. OPIC offers medium- and long-term financing in Poland through its direct loan and guarantee programs. Direct loans are reserved for U.S. businesses or cooperatives. Loan guarantees are issued to U.S. lending institutions.

FOREIGN DIRECT INVESTMENT AND FOREIGN PORTFOLIO INVESTMENT STATISTICS

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical Source*		**USG or International Statistical Source**		**USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other**
Economic Data	**Year**	**Amount**	**Year**	**Amount**	

Host Country Gross Domestic Product (GDP) ($M USD)	2015	$474.8	2015	$477,100	World Bank
Foreign Direct Investment	**Host Country Statistical Source***		**USG or International Statistical Source**		**USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other**
U.S. FDI in partner country ($M USD, stock positions)	2015	$5,357	2015	$11,038	BEA
Host country's FDI in the United States ($M USD, stock positions)	2015	$0,714	2015	$1,456	BEA
Total inbound stock of FDI as % host GDP	2015	38.4	2015	38.5	N/A

* In Poland, the National Bank of Poland (NBP) collects data on FDI. Annual FDI report/data is published at the end of the following year. GDP data is published by the Central Statistical Office. Final annual data is available at the end of May or beginning of June of the following year.

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*					
Inward Direct Investment			**Outward Direct Investment**		
Total Inward	183,533	100%	Total Outward	24,433	100%
Netherlands	33,304	18%	Cyprus	8,996	37%
Germany	29,889	16%	Luxemburg	4,950	20%
Luxemburg	21,106	11%	Switzerland	2,059	8%

France	20,004	11%	Netherlands	1,905	8%
Spain	11,120	6%	Czech Rep.	1,871	8%
"0" reflects amounts rounded to +/- USD 500,000.					

Results of table are consistent with the data of the National Bank of Poland (NBP). NBP publishes FDI data in October/November. A number of third-country investors register businesses in the Netherlands, Luxembourg and Cyprus hence results for these countries include investments from other countries/economies.

Table 4: Sources of Portfolio Investment IMF Data

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			**Equity Securities**			**Total Debt Securities**		
All Countries	30,805	100%	All Countries	22,719	100%	All Countries	8,086	100%
Luxemburg	11,539	37%	Luxemburg	10,783	47%	Sweden	1,358	17%
U.S.	2,745	9%	Germany	1,097	5%	France	1,124	14%
France	1,619	5%	Austria	711	3%	Luxemburg	756	9%
Germany	1,520	5%	U.K.	599	3%	Hungary	486	6%
Sweden	1,389	5%	France	495	2%	Turkey	481	6%

Note: NBP publishes only total amounts of portfolio investment assets

Results of table are consistent with the data of the National Bank of Poland (NBP)

A number of foreign companies register businesses in the Netherlands, Luxembourg and Cyprus so results for these countries include investments from other countries/economies.

CONTACT FOR MORE INFORMATION

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Trade & Project Financing

Methods of Payment

Import financing procedures in Poland take place under seller-buyer terms. Popular payment mechanisms include payment against documents and electronic funds transfers. The safest method of receiving payment for a U.S. export sale is through an irrevocable letter of credit (L/C). However, since most banks in Poland require the importer to deposit funds prior to issuance of a L/C, few buyers and sellers use this method due to its cost. The most popular payment mechanism is electronic funds transfer (SWIFT or wire transfers) as it is the fastest and cheapest way to transfer funds. Cash payment or down payments provide an extra measure of security for export sales. Leasing is a popular method of financing vehicles, heavy equipment, and other capital-intensive items. Both private and public insurance is available in Poland.

The following rating agencies maintain offices in Poland: Fitch Polska S.A.; EuroRating Sp. z o.o.; INC Rating Sp.z o.o.; Moody's Investors Service Limited, Polish Branch; Standard & Poor, Representative Office. The first three agencies appear on the European Securities and Markets Authority (ESMA) list of registered and certified credit rating agencies.
There are dozens of collection agencies in Poland. The major ones are listed in the Warsaw Business Journal's Book of Lists.

Payment cards are commonly used with debit cards constituting the majority. Both ATMs and commercial entities accept popular credit cards (VISA, MasterCard, Diner's Club and American Express) and payment cards (VISA Electron and Maestro). Checks as a means of payment are available but have never enjoyed widespread use in Poland.

Banking Systems

Poland has a sound, non-discriminatory financial services infrastructure. The banking sector plays a dominant role in the financial system, accounting for around 70% of financial sector assets. The state owns several banksbut the sector is largely privately owned with private banks controlling approximately 80 percent of the market. The government launched a drive to increase local ownership of the banking sector through acquisitions of foreign-owned banks

by state-owned banks, as a result foreign banks' share in total assets of the sector fell in mid-2017 from around 60 percent to 47 percent. The top five banks account for 48% of banking assets and 47% of deposits, according to the Financial Supervision Authority (KNF), following a series of mergers. There are many cooperative banks (564), but collectively they account for a relatively small share of the market. All three types of banks offer a wide range of services to their customers.

There has been some reshaping of the banking system in recent years. Locally owned PKO Bank Polski bought the Polish banking and life insurance operations of the Swedish-Finnish Nordea group in 2014. In 2016, Alior, which is owned by a state-run insurer PZU, bought BPH—the Polish unit of GE Capital. In July 2016, UniCredit (Italy) sold a 10 percent controlling stake in the second-biggest bank Pekao SA to institutional investors. On 7 June 2017, state-owned insurer PZU and state investment vehicle PFR finalized the takeover of Pekao from Italian UniCredit, which sold a 32.8 percent stake in Poland's second biggest bank for PLN 10.6 billion ($2.7 bn. By completing the acquisition of Bank Pekao, PZU became the largest financial group in the CEE region, and the leader in both the insurance and banking sectors and in asset management.

The Polish bank sector had PLN 13.91 billion in net profits in 2016, per data released by the financial authority watchdog KNF, which is a 24.3 percent increase year-on-year. This result is mostly attributable to one-off factors, i.e., the sales of Visa Europe to Visa Inc., for which Polish banks received some PLN 2 billion ($0.5 billion). Without similar one-offs and in an environment of low interest rates, coupled with the new bank asset tax (introduced in March 2016), and with Swiss Franc denominated housing loans remaining a weak point in the system, similar results are unlike to be maintained in 2017. Poland's universal banking system provides deposits, loans, and securities trading services. State-owned bank BGK administers target funds (e.g., municipal development, road, housing, technology); is responsible for the payment of the majority of EU funds granted to Poland; provides special credit services, including homeowner mortgages and guarantees to export companies; and issues bonds for financing infrastructure (road) projects. BGK is also involved in the execution of the Responsible Development Strategy (Poland's conservative Law and Justice (PiS) government's long-term economic development plan approved in February 2016) (which aims to boost industry, innovation and exports, and it is also designed to enable the country to escape the so-called middle-income trap, while creating opportunities for Poles to earn more money.

BGK is an important part of the Development Fund created from several state agencies. BGK also supports SMEs with credit guarantees as part of the so-called de minimis aid program.

Internet banking is developing rapidly. All major Polish banks offer online services, from balance-cheque functions to cash transfers and deposits. Deposits and loans are available in the national currency, the Polish zloty (PLN) and foreign currencies. The Financial Supervision Commission (KNF) has restricted the availability of loans in euros and Swiss francs in order to minimize the banking system's exposure to the exchange risk resulting from exchange rate fluctuations. Only individuals who earn salaries denominated in foreign currencies (i.e. Euros, Swiss francs, U.S. dollars) continue to enjoy easy access to loans in foreign currencies. Tight controls on foreign currency lending seek to limit banks' and borrowers' exposure to a sharp decline in the value of the PLN Credit agreements require borrowers to provide data on their economic and financial standing. It is common practice when granting credit to require bank guarantees, drafts, or other forms of collateral.

KNF oversees banks as well as other financial market entities. If an investor intends to exceed a 10%, 20%, 33.3% or 50% threshold in a bank, insurance company, mutual fund or a brokerage house, the investor needs to notify KNF of its plans. KNF then has up to 60 days to object to the investor's acquisition plans if it believes that the acquiring company will not be able to guarantee stable management of the financial institution it seeks to acquire.

The Polish government has not yet decided whether it intends to join the European Union banking union as a non-euro zone member.

Foreign Exchange Controls

The PLN is fully convertible and there are no foreign exchange controls affecting trade in goods. Companies operating in Poland have free access to foreign currency, and there have been no failures of the banking system to provide hard currency on demand. Polish law allows repatriation of profits, including through bonds and securities.

Under the terms of its EU Accession, Poland is required to adopt the Euro. However, the government has no fixed date for Euro adoption.

Project Financing

The EU supports projects within its Member States, as well as EU-wide economic integration projects that cross both internal and external EU borders.

The European Union provides project financing through grants from the European Commission and loans from the European Investment Bank. EU Structural Funds are distributed through the Member States' national and regional authorities, and are only available for projects in the 28 EU Member States.

The CSEU Tenders Database

The U.S. Commercial Service at the U.S. Mission to the European Union offers a tool on its website to help U.S.-based companies identify European public procurement opportunities. The database features all current public procurement tenders issued by European public authorities (at national and regional levels, as well as public institutions and city authorities). All contracts above established thresholds are open to U.S.-based firms under the terms of the Government Procurement Agreement (GPA) of which the U.S. and the EU are parties. The database, which is updated twice weekly, includes all tenders based on a selection of tenders published in the EU Official Journal that are open to GPA member countries.

Readers may access the database at:

EU Tenders Databases

Loans from the European Investment Bank

Headquartered in Luxembourg, the European Investment Bank (EIB) is the financing arm of the European Union. Since its creation in 1958, the EIB has been a key player in building Europe. As the EIB's lending practices evolved over the years, it became highly competent in assessing, reviewing and monitoring projects. As a non-profit banking institution, the EIB offers cost-competitive, long-term lending in Europe. Best known for its project financial and economic analysis, the Bank makes loans to both private and public EU-based borrowers for projects in all sectors of the economy, such as telecommunications, transport, energy infrastructure and environment, with the goal of contributing towards the integration, balanced development and economic and social cohesion of the member countries.

The EIB website is a source of information on upcoming tenders related to EIB-financed projects.

The European Bank for Reconstruction and Development (EBRD)

The EBRD operates in Poland and aims to provide support in those areas where transition challenges remain significant, where reforms can be deepened to improve energy efficiency, strengthen Poland's competitiveness and expand export potential.
In Poland, the Bank is focused on promoting a low-carbon economy, enhancing the private sector's role in the economy and assisting in development of a sustainable financial sector and capital markets. Since the beginning of its operations in 1991, the EBRD has invested almost € 8.5 billion (almost $ 9.9 billion) in Poland in over 385 projects.

Polish Development Fund

The Polish government does not maintain a sovereign wealth fund, however, the Polish Development Fund (PFR) is an umbrella organization pooling resources of several governmental agencies and departments, including EU funds to implement programs enhancing long-term investment and support for entrepreneurs. The strategy for the Fund was adopted in September 2016; it was registered in February 2017, at which point the Ministry of Economic Development assumed supervision of the Fund. PFR will support the implementation of the ministry's Responsible Development Plan. About a quarter of initiatives outlined as part of the Strategy are correlated with the objectives of the PFR.

The PFR will operate as a loose financial group of state-owned banks and insurers, investment bodies and promotion agencies, including the development bank BGK, Export Credit Insurance Corporation (KUKE), Industrial Development Agency (ARP), Polish Agency for Enterprise Development (PARP), Polish Investment and Trade Agency (PAIH) and Polish Investment and Development (PIR). The budget of PFR group has reaches PLN 14bn, which managers hope will be sufficient to raise capital worth PLN 90-100bn. It is envisioned that various actors within the organization will invest through acquisition of shares, through direct financing, seed funding, and co-financing venture capital.

EU Structural Funds, including the European Regional Development Fund, were created in 1975 to assist economically depressed regions of the European Union that required industrial restructuring. For the period of 2014 – 2020, the EU has earmarked € 352 billion for projects under the EU's cohesion policy. In addition to funding economic development projects

proposed by member states or local authorities, EU Structural and Investment Funds (ESIF) also support specialized projects promoting EU environmental and socioeconomic objectives. Member states negotiate regional and "sectoral" programs with EC officials. For information on approved programs that will result in future project proposals can be found at European Union Regional Policy web-site.

For projects financed through ESIF, member state regional authorities are the key decision-makers. They assess the needs of their country, investigate projects, evaluate bids, and award contracts. To become familiar with available financial support programs in the member states, it is advisable for would-be contractors to develop a sound understanding of the country's cohesion policy indicators.

Tenders issued by member states' public contracting authorities for projects supported by EU grants are subject to EU public procurement legislation. All ESIF projects are co-financed by national authorities and many may also qualify for a loan from the European Investment Bank and EU research funds under Horizon 2020, in addition to private sector contribution. For more information on these programs, please see the market research section on the website of the U.S. Mission to the EU.

The Cohesion Fund

The Cohesion Fund is another instrument of the EU's policy. Its € 63 billion (2014-2020) budget will fund projects in two areas: Trans-European Network projects in transport infrastructure and environmental projects, including areas related to sustainable development, and energy for projects with environmental benefits.

The fund will support projects in Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia.

These projects are, in principle, co-financed by national authorities, the European Investment Bank, and the private sector: See Regional Policy: Cohesion Fund and Connecting Europe Facility.

Other EU Grants for Member States

Another set of sector-specific grants offer assistance to EU member states in the fields of science, technology, communications, energy, security, environmental protection, education,

training and research. Tenders related to these grants are posted on the various websites of the directorates-generals of the European Commission. Conditions for participation are strict and participation is usually restricted to EU firms or tied to EU content. Information pertaining to each of these programs can be found at the EU Funding and Tenders website.

Financing Web Resources

CRA Authorization

BGK

Citi Handlowy

BPH

J.P. Morgan

PKO BP

PEKAO

BZW BK

mBANK

ING

EU Tenders Databases

EIB

The EBRD and Poland

Regional Policy

Market Research

Cohesion Fund

Infrastructure - TEN-T - Connecting Europe:

Public contracts and funding

Business Travel

Business Customs

In general, conducting business in Poland is highly compatible with our expectations of doing business in the U.S. Poles are, in general, hard -working and trustworthy. The following discussion illustrates a few examples of some potential situations you may encounter when in Poland on business.

It is customary to greet by shaking hands in Poland. A good eye contact and a firm hand-shake are most appropriate. A businesswoman should not be surprised if a Polish man kisses her hand upon introduction, at subsequent meetings or when saying goodbye. American men are not expected to kiss a Polish woman's hand, but may simply shake hands.

Poland is a hierarchical country and it is important to know that while greeting it is appropriate that someone of a higher rank extends his hand first. In case of a man and a woman, usually, out of politeness, the woman is the one expected to extend her hand. With younger generations, this custom may not be observed.

When meeting someone for the first time it is more appropriate NOT to address him/her by his/her first name. “Pan” and “Pani” – which might be translated as equivalents of “Sir” and “Madam”, are used in initial contacts. The American way of overcoming formalities and addressing almost everybody by his/her first name is growing in popularity. Again, this is particularly true in case of the younger generation of business representatives in Poland.

Business cards are the norm in Poland and are generally given to each person present in a meeting. As Poles tend to bring more than one person to their meetings, U.S. visitors should bring plenty of business cards. It is not necessary to have business cards printed in Polish.

Business hours for offices start at 8:00 AM and end by 5:00 PM. Try to schedule your business meetings within this time frame. Poles might be reluctant to meet at an earlier hour or later in the day.

Although your business contacts may speak English, communication in Polish is recommended when dealing with the Polish government on official business. Just remember that even if you speak fluent Polish, you may still find yourself mired in red tape when doing business with the Polish government.

Business attire is generally formal, including a suit and tie for men, and a suit or a dress for women. Casual wear, including jeans, is suitable for informal occasions, but more formal dress is usually customary for visiting or entertaining in the evening. Flowers, always an odd number, are the most common gift among friends and acquaintances. Sunday is the traditional day for visiting family and friends in Poland.

When planning a business trip to Poland, it is worthwhile to check Polish holidays. Poles are reluctant to schedule appointments on Sundays or Polish holidays. During summer months – July and August – the majority of Poles take vacation; therefore, securing business appointments with decision makers might be difficult.

Travel Advisory

State Department Travel & Business Advisory

Visa Requirements

American companies that require travel of foreign business persons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website

Visa applicants should go to the following links: U.S. Embassy in Warsaw, Consular Section

For persons traveling to the U.S. on business.

Currency

Poland is not a member of the Euro currency system and the legal currency in Poland is the Polish zloty (PLN). In most places, it is impossible to pay with Euro or US dollars, only some hotels and few shopping malls will accept Euro. Money can be exchanged in banks or exchange offices (kantors) that are widely present in Poland, both in large and small cities. Over the counter exchange is also available at larger hotels, at border crossings or in dedicated outlets across towns and cities. All major foreign currencies may be exchanged for Polish zloty. Since Poland's accession to the EU, the exchange rates have proved fairly stable even if the zloty has appreciated over the years. As a rule of thumb, kantors buy currencies dearer and sell cheaper than banks.

Visitors to Poland may be assured of easy access to banks and cash dispensers, particularly in larger towns. In Poland, ATM's, which operate 24 hours a day, offer far easier access to money

than banks. They can normally be found near such places as banks, rail stations, airports, supermarkets, town centers and other places popular with visitors. Poland has a dense network of ATM's, which are connected to all international networks. There are more than twenty-two thousand ATM's located across Poland.

Debit and credit cards are widely accepted, and payment by debit or credit card is considered a standard form of payment. All large retail outlets and majority of other shops and restaurants accept debit and credit cards. The most popular are VISA, MasterCard and Maestro, with American Express and Diners also present and accepted by major ATMs. Travelers checks are not popular in Poland. Only selected units of two Polish banks (PKO BP and Pekao SA) cash travelers checks. They also may be cashed in the Currency Express at the Warsaw Chopin International Airport. Travelers checks are of little use in Poland as only some large hotels may accept them as a means of payment. They are not accepted in other places.

Telecommunications/Electric

Cellular phone services are GSM/DCS/UMTS/LTE-based systems, with the coverage throughout the country. Internet access is available at all business-class hotels, though some at an extra fee. Free Wi-Fi internet access is available at random, mostly in large cities, gas stations, shopping centers and restaurants. Visitors can save on international and long-distance phone connections using the U.S. toll-free service provided by AT&T, Verizon and other service providers, or IP-based access numbers.

In an emergency, there is a unified 112 number, available from cellular and fixed-line phones.

To call Poland from abroad: +48 and telephone number (include a city prefix in case of calls to fixed-line, no prefix needed while dialing to cellular phones).

To call the U.S. from Poland: 001 and telephone number.

The electricity in Poland is 230V and 50 Hz, with the European continental standard sockets (same as Germany and France).

Transportation

Transportation by air to and from Poland is excellent. International carriers fly to Poland many times per day from all over the world, and LOT Polish Airlines has direct flights to Warsaw from Chicago, New York and Newark.

Transportation within Poland is quite convenient, especially by air and by train. Flights operate between major cities. Railway routes are extensive and usually reliable, with the "Inter-City" line providing first-class, express service to several cities. Travel time by rail to some destinations might take much more time than expected, but recently this mode of transportation has been seeing a lot of investment in terms of infrastructure and rolling stock.

Rental cars are abundant, but due to significantly increased traffic over the past few years and a highway system that has not kept up, driving between Polish cities, especially at night, can be quite dangerous. Poland's highway network, which is generally underdeveloped, is undergoing a major improvement to meet EU standards. Major highways A1, A2 and A4 are still under construction, but many parts of these highways are already in operation. Thus, travel from Warsaw to other major cities (Krakow, Poznan, Gdansk) became significantly shorter, safer and more comfortable.

Taxis are very affordable. It is advisable to call ahead to a reputable taxi company for radio dispatch for personal security, as well as to avoid overcharges. Ride hailing services, such as Uber and MyTaxi are also available. Some cities have also introduced car sharing services.

Major taxi companies in Warsaw include:

Sawa – tel. 22 644 4444

Korpo – tel. 22 196 24

MPT– tel. 22 19191

Basic English is widely spoken in most hotels and restaurants. International hotels and restaurants catering to foreigners accept major credit cards, although smaller hotels and restaurants may not. Currency exchange is widely available, as are local currency Polish Zloty (PLN)-dispensing ATM's, that accept most U.S. bankcards. Please note that the Euro has not been adopted in Poland.

First class business hotels are available in most major Polish cities, and many are in the heart of business districts. Major western hotels offer air-conditioned rooms with access to the Internet and direct dial telephone capability. Many hotels offer business center amenities with computers, fax, business assistance services, and Internet capabilities. All business hotels take major credit cards. Availability and room rates are seasonal and competitive, and business

travelers are advised to check and confirm rates at hotels in advance of their travel. Room rates may be higher during longer off-season breaks close to public holidays.

Language

Polish is the official language in Poland. Communication in Polish is recommended if the seller would like to receive a speedy reply to correspondence and inquiries. U.S.companies should ensure that translations from English into Polish are performed only by professional translators who are fluent in modern business Polish and grammar. When conducting business in Poland, a qualified Polish -language interpreter is recommended. CS Warsaw can provide lists of interpreters

Health

In general, American travelers should familiarize themselves with conditions at their destination that could affect their health (high altitude or pollution, types of medical facilities, required immunizations, availability of required pharmaceuticals, etc.). This important information is available at "Travel.State.Gov" website.

under "Passports & International Travel - Before You Go - Your Health Abroad"

Get Help with a Medical Emergency Abroad

Find an Air Ambulance/Medical Evacuation Company

American citizens are welcome to consult a list of doctors compiled by the U.S. Embassy and Consulate General in Poland. The Embassy does not assume responsibility for the professional ability or integrity of persons appearing on that list. The list of health care providers is not meant to be exhaustive or definitive, nor does it represent either a guarantee of competence or endorsement by the Department of State or the American Embassy. Inclusion indicates that these health care providers have been utilized by the American community in the past.

Medical Assistance

U.S. Embassy List of Local Doctors

Local Time, Business Hours and Holidays

Poland is on Central European Time (CET) and, as such, is six hours ahead of the U.S. East Coast (EST).

Regular business hours in most cases are from 8:00-4:00PM in governmental offices and 9:00-5:00PM in the private sector.

Locally observed holidays in 2017:

January 1(Sun):	New Year's Day
January 6 (Fri):	Epiphany
April 16 (Sun):	Easter
April 17 (Mon):	Easter Monday
May 1 (Mon):	Labor Day
May 3 (Wed):	Constitution Day
June 4 (Sun):	Pentecost
June 15 (Thu):	Corpus Christi Day
August 15 (Tue):	Assumption Day
November 1 (Wed):	All Saints' Day
November 11 (Sat):	National Independence Day
December 25 (Mon):	Christmas Day
December 26 (Tue):	Boxing Day

Poland follows European Daylight Savings Time, which begins the last Sunday in March and end on the last Sunday of October.

The U.S. Commercial Service is closed on most U.S. and Polish holidays. During the month of July and August, most Polish institutions are staffed with minimum personnel. For local time and business hours, please contact the Commercial Service in advance. The Commercial Service can be reached by telephone at +48 -22-625-43-74, fax at +48-22-625 43 73, or e-mail at office.warsaw@trade.gov. A current directory of staff and locations worldwide may be accessed on the Commercial Service website.

Temporary Entry of Materials or Personal Belongings

There are no restrictions on the temporary entry of personal laptop computers or other personal belongings into Poland.

As a result of various customs agreements, simplified procedures are available to US business and professional people for the temporary importation of commercial samples and professional equipment to the EU. Polish law requires materials that enter Poland temporarily and return to the United States, such as exhibition goods, are delivered with ATA Carnet documentation.

An ATA carnet is a customs document that facilitates customs clearance for temporary imports of samples or equipment into foreign countries. With the carnet, goods may be imported without the payment of duty, tax, or additional security. The carnet also saves time since formalities are all arranged before leaving the United States. An ATA carnet is valid for one year from the date of issuance.

To read more about ATA carnet please see: Export.gov 3-ATA Carnet.

Web Resources

Travel Documents

Travel to the United States

Visas

Tourism & Visit

Medical Emergency Abroad

Insurance Providers for Overseas Coverage

Medical Assistance

U.S. Commercial Service - Warsaw Poland

ATA Carnet