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LENS

PANDEMIC
FUELLED
E-COMMERCE

**NUMBER
OF M&As
SOAR**



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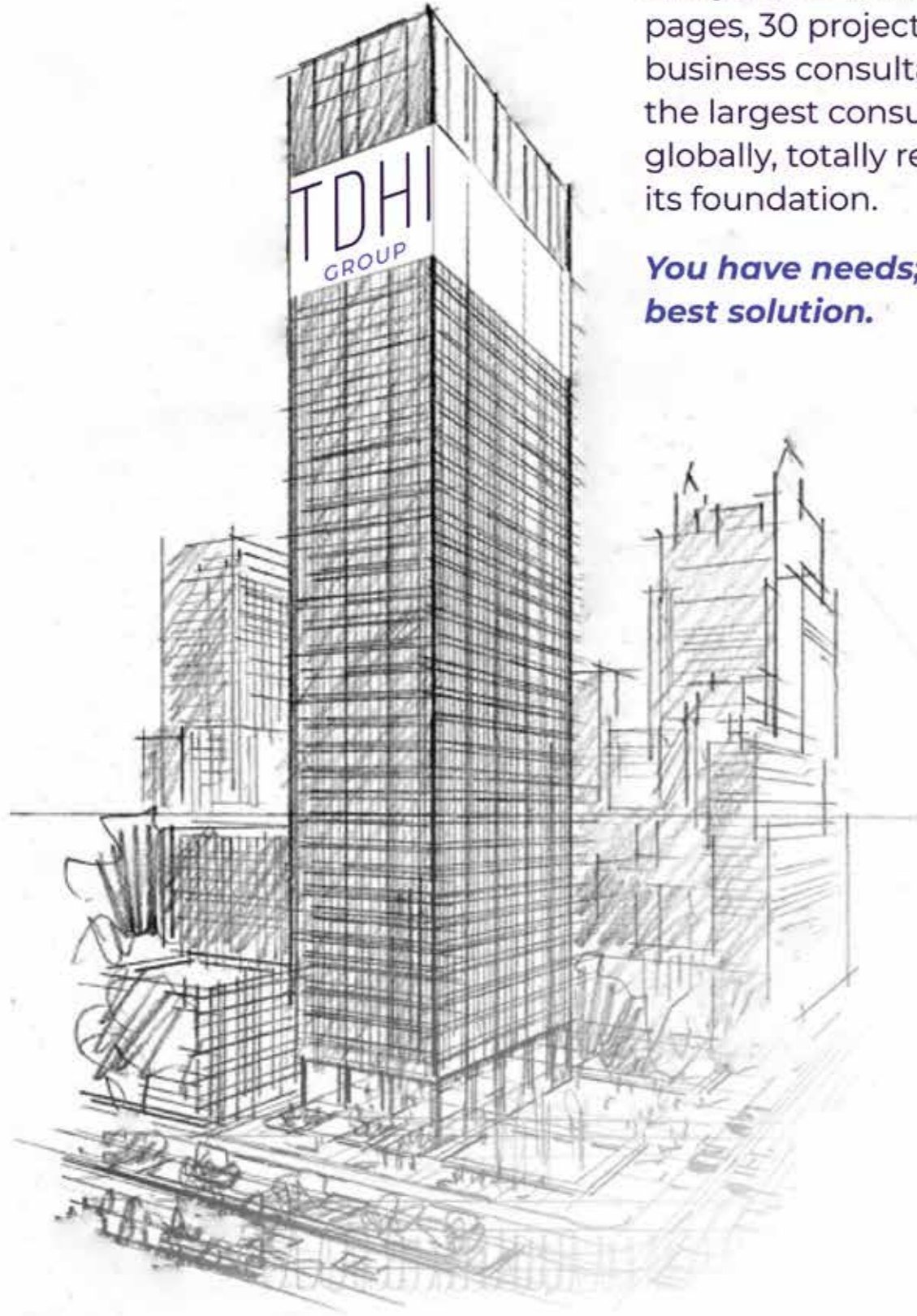
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POLISH DIASPORA: A BRIEF HISTORY | ABSL'S BUSINESS SERVICES SECTOR REPORT | AHK POLSKA SURVEY

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PUBLISHER'S NOTE

Pushing forward

AT VALKEA, WE HAVE BEEN PUSHING (AND PUSHING) FORWARD FOR THE LAST 15-16 MONTHS. AND IT HAS FELT LIKE A SISYPHEAN TASK. BUT SUDDENLY AROUND MID-JUNE THINGS JUST “POPPED” — MAYBE WE GOT OVER THE TOP OF THE HILL OR THE MARKET FINALLY STARTED BELIEVING THAT VACCINES ARE WORKING, INFECTIONS ARE THEIR LOWEST IN 14 MONTHS AND THE FUTURE SHINES BRIGHT (AT LEAST IN THE MIDTERM PICTURE).

But while it may look positive for our business in the marketing and media industry, it is still not easy for others. Cinemas running at half capacity without legal recourse to ask people to present vaccine certificates or the travel industry where some countries ask for test this and others for test that. How will it be possible to drive through Europe when the rules are uneven or unclear? We are still early in the “new world” and clearly have challenges ahead, not least due to the Delta and other variants and impending waves of “the new flu.”

What does it mean for businesses in the new world Poland is facing in the second half of 2021? To evaluate this issue we decided to let our contributors and editorial team take the temperature on key issues happening and shaping the market. We look at the markets for M&As so far in 2021. We take a deep dive into how Polish consumer behavior and spending have changed with movements between online and offline shopping being heavily influenced by the pandemic. Will the near-shoring discussion as the effect of the pandemic mean an opportunity for Poland for building more hubs for IT, R&D and service centers? We get an expert opinion on this. We also have a wonderful piece about Poland’s history with an interesting insight into what has been shaping the country and its people.

My feeling is very positive for the rest of the year. The atmosphere you can observe in the streets, in the shops and centers in offices and from correspondence with clients and partners — I am looking forward to a sprint to the end of 2021 with a lot of energy.

Have a good read and an amazing summer.

MORTEN LINDHOLM

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June 8, 2021

Amid growing calls highlighting the need to continue tackling climate change, Poland has said it plans to close Bełchatów — Europe's most polluting power plant — by the end of 2036, according to a draft document published by local authorities. The document, which is subject to public consultation, is part of the Łódź region's application for support from the EU's Just Transition Fund, aimed at helping regions bear the cost of shifting to a climate-neutral economy.

Cities in Poland and Italy are among Europe's worst for air quality, while those in Scandinavia and the Baltics are ranked the best, according to the European Environment Agency (EEA) data revealed on June 17.



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In Review

NEWS HIGHLIGHTS OF THE PAST MONTH FROM WBJ.PL

“

I can only say that as long as I am the prime minister, Poland will not pay for German crimes: neither zloty, nor euro, nor dollar”

Poland's Prime Minister Mateusz Morawiecki hit back on June 25 at Israeli Foreign Minister Yair Lapid's claim that new Polish legislation, which would bar Holocaust restitution claims in Poland, was “immoral.”

Lapid said that the bill was “a disgrace that will not erase the horrors or the memory of the Holocaust.”

SHUTTERSTOCK



BUSINESS & ECONOMY SoftBank to invest in eobuwie

Tokyo-headquartered multinational conglomerate holding company SoftBank will invest PLN 500 million in the Polish online shoe shop eobuwie ahead of its planned initial public offering (IPO), its majority shareholder retailer CCC has said. It will also bolster the ownership structure of eobuwie.pl, preceding its IPO, which is planned within the next 12-24 months, CCC added.

BUSINESS & ECONOMY 'Poland fifth globally for greenfield investments'

Poland is fifth globally with regard to the value of greenfield investment projects announced in 2020, according to a report by the United Nations Conference on Trade and Development (UNCTAD). Poland was

second only to the US, the UK and China outside the EU. The report shows that in 2020, investment outlays fell by 35% globally. In the case of developed economies, the drop in FDI was over half and in the EU as much as 73%. According to UNCTAD data, last year Poland attracted direct investments of \$10 billion, marking a decrease of 7% in comparison to a year earlier.

BUSINESS & ECONOMY Orlen opens new format retail outlet

PKN Orlen has launched its first new format retail outlet as part of the state-run oil refiner's plan to invest PLN 11 billion in the retail business by 2030. Orlen, which is diversifying into other sectors in response to an expected fall in oil demand, plans to open 40 new retail outlets this year and 900 within the next four and a half years, its chief executive Daniel Obajtek said.

CLIMATE & ENVIRONMENT Polish city has worst air quality

Nowy Sącz has the worst air quality in the EU, according to a new ranking released by the European Environmental Agency (EEA). A further four Polish cities are among the top 10 most polluted on the continent. The list of 323 European cities was created based on the average level of fine particulate matter (PM2.5) over the past two years. Nowy Sącz was found to have an annual mean concentration of 27.3 µg/m3 of PM2.5, while WHO recommends a maximum of 10 micrograms. Moreover, no Polish city was classified as having “good” quality air. A total of 27 Polish cities including Warsaw, Wrocław, Kraków, Poznań, Łódź and Siedlce were reported to have bad air quality. According to experts, the biggest contributor to the problem is home heating, with many Poles burning coal in domestic stoves as well as insufficient anti-smog measures on national and local levels.

ENERGY

Human error blamed for outage, fire at power unit

Polish energy officials say human error was to blame for a massive outage at Europe's largest brown coal power plant of Bełchatów recently and a separate fire there just days later. Poland needed snap energy imports on May 17 when 10 of Bełchatów's 11 units suddenly went out and the outage was felt across Europe's grid. Some 3.6 gigawatts of energy were lost and only the newest, 858-megawatt unit was operating. The problem was fixed that day and in the following days, the units were gradually restarted. Bełchatów plant, fed by an adjacent open-pit lignite mine, supplies over 20% of Poland's energy, serving some 11 million households.

HISTORY

Polish PM hits back

PM Mateusz Morawiecki hit back on June 25 at Israeli Foreign Minister Yair Lapid's claim that new Polish legislation, which would bar Holocaust restitution claims in Poland, was "immoral." Asked about the comments at a press conference, Morawiecki, without directly addressing the claims, said, "I can only say that as long as I am the prime minister, Poland will not pay for German crimes: neither złoty, nor euro, nor dollar." The legislation — which passed late June 24 evening with 309 votes in favor, zero votes opposed and 120 abstentions, according to PAP — sets a 30-year deadline for Jews to recover property seized by Nazi German forces, essentially preventing any WWII-era compensation claims or appeals of past decisions. The legislation must now reportedly

be approved by the Polish Senat, after being okayed by the Sejm, the lower house of Poland's parliament.

HISTORY

Outrage at Belarus Day of National Unity

Poland's foreign ministry has expressed its outrage over a decision by the Belarusian authorities to create a new national holiday on September 17, the date the Soviet Union invaded Poland in 1939. A decree introducing the new holiday, named "Day of National Unity," has been signed by President Alexander Lukashenko. September 17 is specified in official Belarusian history as the anniversary of the joining of the lands of western Belarus with the Soviet Socialist Republic of Belarus.

HISTORY

New human remains found

Polish experts say human remains uncovered in June near the former Nazi German death camp of Auschwitz date to after WWII and most probably belonged to German soldiers taken prisoner by Soviet forces. A local resident spotted 12 human skulls and many bones protruding from the banks of the Sola river that runs through the southern Polish town of Oświęcim. Nazi forces occupying Poland operated the Auschwitz camp there during the war. After the Nazi defeat, Polish and Soviet communist authorities held German prisoners of war — as well as political prisoners — there and in the surrounding area. They were subjected to brutal treatment.

INTERNATIONAL

Czechia demands Poland pays fine

Poland may face daily fines of €5 million over its failure to close the Turów mine as the Czech Republic plans to file such a demand with the EU Court of Justice (CJEU), according to the Czech press agency CTK. On May 21, the CJEU ruled that Poland should immediately cease lignite mining at the Turów mine which belongs to the state-owned energy group PGE. Poland declined to halt production of the mine, calling the decision "disproportional" and a threat to the stability of the country's energy system. The Turów open-cast mine is located close to Poland's border with the Czech Republic and Germany. The Czech Republic has been seeking its closure owing to environmental concerns.

INTERNATIONAL

Statue for WWII woman

A statue has been unveiled in honor of a Polish civil servant who saved hundreds of Jewish children from the Warsaw Ghetto during WWII. The sculpture of Irena Sendler, who passed away in May 2008, will stand in Newark, Nottinghamshire, UK. The town has several connections to Poland and plays home to a number of Polish war graves. Town mayor Lisa Geary said the statue was a "fitting tribute" to Ms Sendler's "inspirational" life. During WWII, Ms Sendler — also known as Irena Sendlerowa — worked at the Department for Social Welfare and Public Health in Nazi German-occupied Poland. She was part of a network of workers and volunteers in the department that smuggled Jewish children out of the Warsaw Ghetto. She would provide them with false identity documents and find them shelter with Polish families or in care facilities.

INTERNATIONAL

EC ready to help in Baltic Pipe stalemate

The European Commission has said it is ready to step in and help solve a problem threatening the completion of a pipeline that will bring Norwegian gas to Poland, a Commission spokesman told PAP recently. The Baltic Pipe faces delays after Denmark withdrew environmental permits for an overland stretch of the pipeline crossing its territory. With construction overseen by Danish gas and electricity operator Energinet and Polish gas operator Gaz-System, the pipeline will bring natural gas from the Norwegian sector of the North Sea to Poland and is due to be completed in October 2022.

INTERNATIONAL

Kaczyński join forces with far-right leaders

Rightwing and far-right parties from 16 EU countries, including Poland's PiS, France's Rassemblement National, Hungary's Fidesz and Italy's Lega, have united, with the declared objective of making their voice heard in the context of the debate on the future of Europe. According to press releases, the leaders of "right-wing parties" signed simultaneously in several European capitals a document calling for deep reform of the EU, because in their words, "instead of protecting Europe and its heritage, it is itself becoming a source of problems and anxiety." The



INTERNATIONAL

PM defends judicial overhaul

The Polish prime minister has defended his government's overhaul of the judicial system after the European Court of Human Rights (ECFR) ruled that Poland had violated the rights of two judges. The judges had lodged their complaint with the ECHR in 2019 after being dismissed from their posts under a controversial new law. "We hold the court in high regard but we have been implementing our programs, including a judicial system reform, in line with our priorities," Mateusz Morawiecki told reporters on June 29, adding that the Polish constitution had supremacy over the court. Morawiecki made the statement following the ECHR ruling, according to which, having dismissed two deputy heads of a district court in the town of Kielce before their six-year term of office ended and without giving them an explanation or letting them appeal the decision, Poland violated their right to a just court trial.

document is reportedly signed by Jarosław Kaczyński (PiS, Poland), Giorgia Meloni (Brothers of Italy), Santiago Abascal (VOX, Spain), Viktor Orbán (Fidesz, Hungary), Matteo Salvini (Lega, Italy), Marine le Pen (RN, France) and several other right-wing parties from Bulgaria (VMRO), Austria (FPÖ), Belgium (Vlaams Belang), Denmark (Dansk Folkeparti), Estonia (EKRE), Finland (Perussuomalaiset), Greece (Elliniki Lýsi), Netherlands (Ja21), Lithuania (Lietuvos lenkų rinkimų akcija) and Romania (Partidul Național Țărănesc Creștin Democrat).

INTERNATIONAL

German media praise Duda-Steinmeier talks

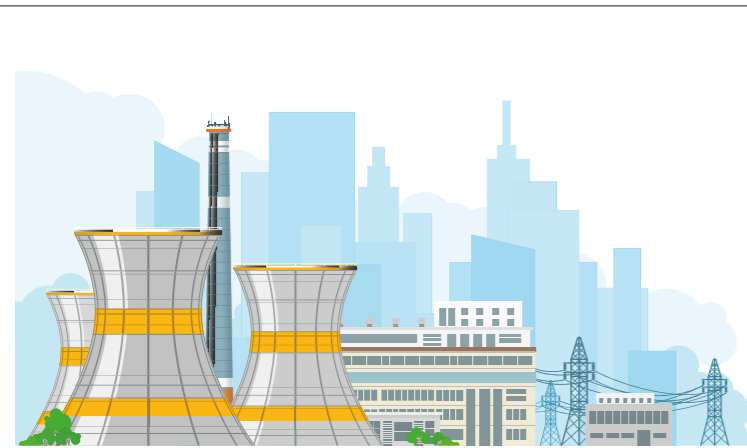
Talks between Polish and German presidents Andrzej Duda and Frank-Walter Steinmeier showed "cordiality" despite some unresolved issues between both countries, the German media said commenting on both presidents' recent meeting in Warsaw. Steinmeier and Duda met

in Warsaw on June 17 at the 30th-anniversary celebrations of the 1991 Polish-German Treaty of Good Neighbourship.

POLITICS

Tusk returns to Polish politics

Donald Tusk, the former prime minister, has announced his return to Polish politics with a stinging attack on the governing rightwing nationalist and populist Law and Justice (PiS) party and its de facto leader Jarosław Kaczyński. Tusk became leader of Civic Platform (PO), the main opposition party, on July 3 morning following the resignation of Borys Budka. One of Poland's most successful politicians and PO co-founder, the 64-year-old Tusk served as prime minister from 2007-14. After leaving Polish politics he became president of the European Council before becoming head of the European People's Party, the largest bloc in the European Parliament. "Today evil rules in Poland, and we are going to fight this evil," he told the Civic Platform national committee. "Kaczyński and PiS comrades should



ENERGY

More support for nuclear power

Thirty-nine percent of Poles are in favor of building nuclear power plants in Poland, 5 pp more than in 2018, a survey by the CBOS pollster has recently revealed. Forty-five percent of the respondents were against the construction of nuclear plants in Poland, 5 pp fewer than in 2018. According to the government's Energy Strategy, Poland plans to construct six nuclear power units. The first reactor may be operating in 2033 and all six should be up and running by 2043. Forty-four percent of those surveyed said nuclear energy was a necessary alternative for Poland if the country wanted to resign from coal as an energy fuel, while 37% disagreed. Forty-two percent believed modern technology permitted the construction of an environmentally safe nuclear plant. Nuclear energy finds more support among men (55%) than women (25%) and predominantly among educated urban dwellers under the age of 35. It is most opposed by medium- and low-bracket earners between the ages of 55 and 64 as well as small farmers, CBOS wrote. CBOS noted that one of the main reasons for continuing doubts about nuclear energy was the Fukushima nuclear power plant disaster in 2011. The survey was carried out from May 6-16 on a sample of 1,163 Poles.

today say 'I'm, sorry.' They have robbed us of our security and Poland is alone as it has ever been in decades. PiS implements Russia's agenda 100 percent of the time ... I get furious when I hear about what they do because the evil that PiS does is so evident, shameless and permanent."

POLITICS

Ruling coalition loses majority

Poland's ruling conservative coalition is facing the loss of its parliamentary majority after three MPs quit Law and Justice (PiS), the coalition's dominant party. The three defectors, Zbigniew Girzyński, Małgorzata Janowska and Arkadiusz Czartoryski, left PiS citing disappointment with the party's new mining and energy policy. According to their comments quoted by the news web service Onet, they also had problems with the Polish New Deal, the government's flagship investment and reform program. The three said they would form their own grouping in parliament called Polish Choice. Although the rebels will remain ideologically close to PiS, their departure could undermine government efforts to get its policies through parliament. The United Right coalition is now left with 229 seats in the lower house, two seats short of an outright majority, and dependent on the support of the four MPs from the Kukiz'15 grouping with which PiS recently signed a cooperation deal.

RELIGION

Catholic Church facing wave of sex abuse allegations

In Poland, the Catholic Church is facing a wave of allegations of sexual abuse, church authorities said on June 28, as they laid out statistics on the extent of abuse amid an investigation into alleged cover-ups by a senior clergyman. Seen by many as a

INTERNATIONAL

Hacking: Russia blamed

A far-reaching cyberattack in Poland in June hit over 100 email accounts used by current and former government officials, Polish counter-intelligence said on June 22, adding evidence showed links between the hackers and Russia's secret services. The Polish suggestion of Russian state complicity comes a week after US President Joe Biden told President Vladimir Putin at a meeting in Geneva that certain critical infrastructure should be "off-limits" to cyberattacks. The Russian government and the Kremlin have repeatedly denied carrying out or tolerating cyber attacks following allegations from the US and other nations about cyberattacks on US territory and elsewhere.



core element of Poland's national identity, the Catholic Church is a powerful force in public life. However, it has been rocked by a series of pedophilia scandals that have contributed to the erosion of its authority, especially among younger Poles.

SOCIETY

Rallygoers sentenced

Two ultranationalists in Poland were sentenced to prison in connection with a 2016 rally that featured chants about hanging "Zionists." One of the participants at the rally in Białystok was given a 12-month term — an unusually stiff punishment for such an offense in Poland — by the Criminal Tribunal in Warsaw on June 30,

news site Onet reported. The court imposed a six-month suspended sentence on the other rallygoer. The defendants were not named in the Polish media. The defendant who received the harsher sentence had led chants about how "Zionists will hang from the trees instead of leaves" at the rally, which also featured anti-Muslim chants, the court said. The chants were considered racist incitement to violence.

SOCIETY

Allocation of state funds to far-right groups condemned

A group of prominent Poles has condemned the funding of far-right, racist organizations in Poland, including groups that have

embraced antisemitism in the past. The government recently allocated PLN 3 million to the Patriotic Fund, which is overseen by the minister of culture and national heritage, who will distribute money to three highly problematic groups. One of them is the association that oversees the annual Independence March, which has frequently displayed antisemitic sentiments. Two other groups that will receive funding are the All-Polish Youth and the National Guard Association. One of the senior organizers behind the Independence March is far-right activist Robert Bakiewicz of the fascist National-Radical Camp, which seeks an "ethnically homogeneous" Poland. Bakiewicz has referred to Jews as "a fifth column." The National-Radical Camp could legally be described as fascist, the Polish Supreme Court ruled earlier this year. During the 2017 Independence March, organized by Bakiewicz and the National-Radical Camp, demonstrators called for "a Jew-free Poland" and "Jews out of Poland." The Israeli foreign ministry filed a complaint with the Polish authorities.

SOCIETY

Nurses go on strike

Nurses from 40 hospitals across Poland staged a warning strike on June 7 in protest against proposed pay rises they regard as too low. According to the National Board of the Trade Union of Nurses and Midwives, the new pay legislation "does not guarantee a stable framework for raising the basic remuneration of nurses and midwives." Apart from the 40 hospitals, nurses organized demonstrations at other facilities and in city centers. The union also vowed to follow the one-day strike with further action, if the government fails to increase the amount on offer.

SOCIETY

Paramedics hold protests

The Polish National Union of the State Medical Rescue Service organized demonstrations in several cities for June 30, among others in Warsaw, Katowice, Kraków, Wrocław and Olsztyn. Paramedics are demanding an amendment to the Act on the State Medical Rescue Service and an increase in salaries. The protests relate to the so-called labor factor at which the minimum wage is to be determined. Rescuers fear a drop in wages after losing the "rescue" allowance, which is currently to be paid by the end of June. Following the protest, a meeting with represen-

tatives of the health ministry is planned. If the talks do not bring the expected results, the paramedics will prepare a nationwide protest, whereby employees will not attend their places of work. On June 28, the health minister, Adam Niedzielski, said that there is an ongoing dialogue with various representatives of medical groups. He added that the minimum wage increase has been moved forward by half a year.

SOCIETY

LGBT+: EC considers legal action

The European Commission is considering legal steps against Poland over resolutions adopted by a host of Polish local governments that speak against "the promotion of LGBT ideology." The potential procedure

over a breach of a member state's obligation is still at a preparatory stage. "We are checking if there is a violation of EU treaties" in the creation of LGBT-free zones, said an EU official, adding the process has not yet been completed. A Polish government spokesman said: "There are no laws in Poland that would discriminate against people based on their sexual orientation." Over a hundred Polish local governments have passed such controversial resolutions, which triggered protests from LGBT+ communities in Poland and abroad as well as causing diplomatic backlash. In February, the south-eastern Podkarpackie province lost EUR 1.7 million in funding in Norway and EEA Grants after its regional assembly passed a resolution against "LGBT ideology."



SOCIETY

Lottery to promote Covid jobs

Poland launched a national lottery with money and material prizes for those fully vaccinated and to encourage the undecided to get a jab. The lottery, launched on July 1 and organized by the state-owned Totalizator Sportowy, will run to September 30. Participants must be of age and undergo the complete vaccination procedure, Totalizator Sportowy said in a statement. Health Minister Adam Niedzielski said that every method to increase the number of vaccinations is "invaluable." "We must do everything to ensure the number of vaccinations increases dynamically, as we are all aware that interest is slowly decreasing," he said. "We also see in public opinion polls that the number of people willing to get vaccinated has stopped at around 70 percent, and we have fifty-something percent getting the first dose," he added. Niedzielski also said that an incentive package is being prepared to target different age groups, including young people, which will be announced in the coming weeks. According to Totalizator Sportowy, each lottery participant will have four chances of winning. There will also be several prize categories: daily, weekly, monthly and the main prize. The Totalizator Sportowy press office said that the total prize pool in the lottery is over PLN 22.7 million, both in cash and in-kind.

QUOTE OF THE MONTH

Following improved clarity on the use of recovery funds from the EU, as well as a better-than-expected outcome in Q1, we are raising our growth forecast for Poland," global rating agency Standard & Poor has written in a statement published on June 28.

The Polish economy is expected to expand by 4.5% this year and by 5.4% next year, the agency said in its revised forecast. A previous forecast had put GDP growth at 3.4% in 2021 and 4.4% in 2022.

Ambassadors' Corner

Top diplomats in Warsaw tell the WBJ about...

restrictions within their countries, welcoming tourists and Q3 2021 growth



Orsolya Zsuzsanna Kovács
Hungarian ambassador



Aldo Amati
Italian ambassador



Jürg Burri,
Swiss ambassador



Juha Ottman
Finnish ambassador

The pandemic has subsided in many parts of the world. However, considering the variants, among others, Alpha (first reported in the UK) and Delta (India), and their mutations, the threat still remains at large. How severe are the restrictions within your country?

Special provisions are in place for foreigners entering Hungary. Relevant regulations permit their entry under certain conditions. Non-Hungarian citizens who are traveling to our country from EU member states to perform business or economic activity may also enter without restrictions. Separate provisions pertain to the participants and organizers of sports or cultural events and the employees of affiliated companies. Non-Hungarians arriving for international sports events or cultural events may also enter Hungary without restrictions if they possess a negative PCR test performed within three days prior to entry and a valid ticket for the event in question.

The summer of 2020 was the first Covid summer across the world. At the time, some nations and regions eased travel restrictions. One year on, how open is your country to tourists from Poland and beyond? Do travelers require vaccine passports?

Hungary — though has reached high vaccination levels compared to its population — did not so far decide to generally open its borders to foreigners, including tourists. The majority of internal restrictions has already been lifted, especially for holders of national immunity certificates. Budapest seeks to conclude bilateral agreements with other countries on the reciprocal acceptance of national immunity certificates, thus lifting the restrictions (incl. quarantine, mandatory testing) and allowing tourist flow. Several such agreements have been signed already. Hungary stresses the importance of the non-discriminatory treatment of citizens vaccinated by different vaccines, including those not at-tested by the EMA.

Many regions are experiencing unprecedented growth spurts as their economies reopen while some others are poised for a post-pandemic boom. What is the growth forecast for your country for Q3 2021? What are the key industries with the most favorable outlook?

Hungary's economy started its recovery far faster than expected, achieving the highest growth rate in the EU on a quarter-on-quarter basis. In a Q/Q comparison, GDP rose at a seasonal-and-calendar-year-adjusted 1.9 percent in Q1. Here, analysts had forecast growth of 0.3%. With that, a double-dip was clearly avoided with Hungary performing much better than the eurozone (-0.6% QoQ), continuing the catch-up even in the rebound phase of the crisis. On a yearly basis, the volume of GDP was only down by 2.3% in Q1.

Italy tackled the "third wave" of the pandemic using our experience gained in the past. We figured out an effective system to loosen or strengthen restrictions based on the trend of infections on a regional basis. The vaccination campaign, proceeding at an increasingly fast pace, has certainly helped and now we are looking at summer with great optimism. Almost the entire map of Italy is colored in white now, meaning the lowest epidemiological risk. Attention is always very high and measures to avert the risk of a new increase in infections are applied with utmost care.

Life has picked up. Thankfully! Switzerland chose its own path through the pandemic. The restrictions — even if severe sometimes — mostly remained below the level of other European countries. The population showed very high compliance with those restrictions. This was again proof of the Swiss people's confidence in their government. However, Switzerland has suffered a severe loss in this pandemic: many elderly people have died and younger generations were not spared either. We mourn this loss. With the easing of restrictions and the fast pace of the vaccination campaign, we are now again optimistic about the future.

As the pandemic situation in Finland has remained fairly good, only a partial lockdown was introduced in spring 2021, concerning mainly restaurants, sports and cultural facilities and public gatherings. No restrictions on movement within the country were introduced but the government has underlined the need to avoid all unnecessary foreign travel and placed restrictions on entry to almost all EU and third countries. As the pandemic situation is improving, the government has gradually lifted or relaxed internal and external restrictions. At the moment, the Covid-19 prevention focuses on regional restrictions and recommendations.

From May, anyone entering Italy who has only been to EU countries in the previous 14 days no longer has to undergo quarantine if they have a negative result from a swab taken within the previous 48 hours before arrival. In addition, with the "EU Digital COVID Certificate" approval there will be soon a new tool that will allow those who have already completed the vaccination process to travel within the EU more easily. In this context, Italy is ready to welcome everyone safely with its unique touristic offer.

Since May 31, fully-vaccinated people who received their last dose not more than six months ago and persons who have contracted Covid-19 (now cured) and whose isolation ended less than six months ago, can enter Switzerland freely. Others have to present a negative PCR test taken no longer than 72 hours before entry and fill in the registration form when traveling by plane. If traveling by train or bus, only the registration form is required but no PCR test. Switzerland remains a prime destination for safe and #swisstainable tourism. If you are thinking #IneedSwitzerland: Welcome to our beautiful country!

The Finnish government announced a relaxation of entry restrictions for EU and Schengen countries starting from June 21. Those who have received an approved Covid-19 vaccination series and those who have recovered from Covid-19 less than six months ago prior to entry will be allowed to enter the country for tourism or recreational purposes. Work-related travel from the EU and Schengen countries will be liberated. In addition, internal border controls between Finland and Poland will be lifted on June 21. This is due to the good epidemiological situation in Poland.

Estimates by the Centro Studi Confindustria already show the first signs of recovery, which could further improve over the next months. The slight increase in Q2 2021, according to the estimates of the industrialists, should be followed by a much more pronounced rebound in Q3 and Q4, when GDP should reach around 4%. The main driving force is the service sector. A boom dictated by the post-Covid reopenings and the vaccination campaign. I hope that this is only the first stage of a great post-pandemic economic recovery which will also be pushed further by the European Recovery Plan.

Our economy is expected to bounce back quickly after a comparatively mild contraction due to the pandemic. All industries are forecast to grow robustly this year, except the hospitality and leisure sectors. In Q1 2021, manufacturing grew 4.9% faster than in the previous quarter. Overall, our GDP is expected to grow by 3.2–3.5% in 2021. Every crisis is also an opportunity: I am confident that the Swiss economy is now more digitalized, more dynamic and lean than it was before the crisis. We will surely remain at the top of the world's most innovative countries.

According to the Spring 2021 Economic Forecast for Finland prepared by the European Commission, Finland's GDP is going to grow around 2.7% in 2021. The Bank of Finland predicts a 2.9% growth rate for 2021 and a 3% growth rate for 2022. The economic growth is driven especially by the pent-up private consumer demand after the pandemic. In addition to private consumption, other drivers of the Finnish economy are forestry, metal and machinery and ICT, while it still takes some time for the service sectors, such as hotels, catering and transport sectors, to recover from the pandemic.



POLAND, 'DEAL' WITH IT!

At the beginning of 2021, information appeared that the Polish government is planning an extensive program called the "New Deal," which refers to the name of the plan implemented in the US during the 1930s by President Franklin D Roosevelt, introducing fundamental changes to social security, minimum wage, regulations in the financial sector and many infrastructure investments. The announcement of the Polish program was supposed to take place on March 20 but due to the peak of the pandemic, it was postponed. In the meantime, the name "New Deal" changed into "Polish Deal." Although the program was finally announced on May 15, some ideas are still under discussion. Should we be wary of it?

BY SERGIUSZ PROKURAT

The original American "New Deal" was an attempt to change the paradigm. Thanks to it, the state was becoming an important player in the economy. Taxes rose dramatically. In the meantime, state investments emerged. The "New Deal" was in line with the economic theories of John Maynard Keynes, who emphasized that if consumption was too small, it should be stimulated and increased. Although the "Polish Deal" is more a correction of the regulations than a fundamental change of the economic system, it is packed spectacularly — with its own website and logo and presented as a film premiere, with more attention to presentation and little to the content.

A TELLTALE OR A TALL TALE?

"Polish Deal" is not a program to fight the pandemic. It's a beautifully crafted promise. It is what the rulers claim it to be. "It is to fulfill Polish aspirations, or maybe something more difficult, Polish dreams," said Jarosław Kaczyński, the de facto leader of Poland's governing rightwing PiS party, during the presentation of the "Polish Deal," proposing to make a huge developmental leap to achieve prosperity that is shared by the residents of the wealthiest countries in Europe and proposing to build a "Polish welfare state." It is for such occasions that the Czech writer Milan Kundera in his book "The Unbearable Lightness of Being" (1984) wrote that when the heart speaks, the mind finds it indecent to object. In the realm of kitsch, the dictatorship of the heart reigns supreme. The feeling induced by kitsch must be the kind multitudes can share.

“
**'Polish Deal'
will not
help Poland
achieve
prosperity**

It is worth separating the propaganda layer from the actual assumptions and looking at the reason for introducing the program. For a long time, the same argument has been constantly present in the public debate — social justice. This is an argument that is difficult to argue against. Free-market solutions may be effective but they generate inequalities. Of course, the idea of reducing inequalities may seem noble, even moral, which explains its appeal. Its supporters will advertise that their goal is to help the poorest and weakest. In particular, it talks to those who still see the world through the prism of class struggle and the clash of rich and poor. "Polish Deal" is a response to such a call. A vision of a world where high taxes are fair, government intervention is welcomed and equality is more important than freedom and economic growth. In democracies where voters vote for solutions designed specifically for their income group, those programs that are targeted toward the widest group of the population typically gain popularity.

WHAT'S THE DEAL?

Although the "Polish Deal" once again offers, besides the 500+ child benefit program, additional financial incentives to people with children, taxes are the most important and more specific area of the proposed changes. There are three main points in the "Polish Deal." The first is an increase in the tax-free amount, which is to increase from PLN 8,000 to PLN 30,000. It is a long-awaited and clearly positive change. The second important announcement is the raising of the second tax threshold from PLN 85,528 up to PLN 120,000. This threshold has not been changed for 14 years, which means that currently workers earning

slightly above the national average exceed this sample and pay a higher, 32% tax. This, too, is to be considered a move in the right direction. Both of these changes will be costly for the budget because everyone will benefit from them, while more money is needed for other government programs. Typically, governments lower some taxes with one hand and raise them with the other. This is the case with the “Polish Deal,” as it plans to change the method of calculating the health insurance contribution. Currently, health insurance premium (9%) is calculated on an amount lower than a person’s gross salary and of this amount 7.75% is tax-deductible. Under the Program, the health insurance contribution will become non-deductible. Individuals running a business will be required to pay a health insurance contribution calculated in proportion to their income at the rate of 9%, without the possibility of deducting it from tax. A painful stab in the back of those who use private health insurance.

The government claims that the changes will be positive or neutral for the vast majority of taxpayers. All those who earn less than PLN 5,000 gross are to be on the “winners” side. Actually, only two social groups will benefit from significant benefits: people earning near the minimum wage and the majority of retirees, that is, the majority of supporters of PiS. Corporations, entrepreneurs, a large proportion of the self-employed and people earning over PLN 11,500 (EUR 2,500) gross will lose the most. The goal of social engineering here is the flow of income from middle and high earners to the lowest income. The implementation of the idea of social justice will result in an increase in consumption, as people from lower-income groups are characterized by a lower saving rate and a higher propensity to consume than people from higher-income groups. As a result, it is a program geared towards increasing consumption at the expense of savings. But also, interestingly, at the expense of investments, because since 2016 we have been dealing in Poland an increase in social transfers (500+, 13th and 14th pensions), accompanied by a declining investment rate. The rate of investment depends on the savings rate, not the other way round. This will lead to a reduction in the future production potential of the Polish economy and, consequently, to a slowdown in productivity growth. When confronted with the increase in consumer demand, this will result in greater pressure on price increases and, consequently, higher inflation.

“**Polish Deal' is not a program to fight the pandemic. It's a beautifully crafted promise**”

AT WHAT COST?

The authors of the “Polish Deal” estimated its total costs at PLN 650 billion in 2021-30, which is PLN 72 billion annually. Increasing the tax-free amount while recognizing the separation of the health insurance contribution as a separate tax means an increase in the pool of money for the state medical sector, but also more pressure on the state budget and increase of deficit and public debt. Admittedly, the government already started to withdraw from some of the proposals under pressure from businesses and introduce the first amendments to the already announced program, but entire legal acts are yet to come. To sum up, the behavior of the state is a bit like a wanna-be entrepreneur living on a credit who would buy a Ferrari first, then a Valentino suit followed by an expensive watch and when they have it all, they start drawing up a business plan, which says that assumptions need to be changed.

In the introduction to the “Polish Deal,” we can read: “The history of world crises teaches one thing. In an uncertain time, it is up to the state to take the initiative and take responsibility. This was the case in the 1930s when the “New Deal” was created in response to the Great Depression. This was what happened after the war when Europe was rebuilt thanks to the Marshall Plan. It must be so now.” Unfortunately, this is the one-sided version in which only politicians and officials “build up” the economy. In fact, it’s quite the opposite — it is ordinary people and their work coordinated by entrepreneurs that create wealth that society can benefit from. Increasing the redistribution of income from entrepreneurs, the best educated and hardworking, to the inactive and the lowest-paid employees cannot ensure sustainable economic development.

“Polish Deal” seems to be a policy that demotivates people to educate themselves, work harder and take economic risks. It favors a demanding attitude and prefers state investments, steered by politically-appointed officials, with a questionable rate of return over projects implemented by the private sector. Based on the redistribution of income, promotion of consumption at the expense of savings and increasing the role of the state in the economy, the “Polish Deal” will not help Poland achieve prosperity. It is beautifully packaged and attractive in scope, so it will speak charmingly to the hearts of most of the citizens. ●



“POLISH DEAL” — the most important assumptions:

- increasing spending on state health fund to 7% in relation to GDP
- increasing the tax-free amount to PLN 30,000
- raising the second tax threshold from PLN 85,000 to PLN 120,000 annually
- abolition of certain contracts (umowa o dzieło/specific-task contract)
- act on the quality of medical services, establishment of the Hospital Modernization Fund
- construction of single-family buildings with a development area of up to 70 sqm will be possible only on the basis of notification, without the approval of bureaucrats
- the act on the family farm, an agricultural code will be developed
- 4,000 community centers, 100 swimming pools, 300 sports fields in municipalities
- the creation of professional artists occupation
- history will be taught in schools in two currents: universal history and Polish history
- the Saski Palace will be rebuilt
- pensions up to PLN 2,500 without tax
- unlimited admissions to free specialist doctors
- support for the parents in the first three years after the birth of a child, family care capital - PLN 12,000 to be used between the 12th and the 36th month of a child's life,
- housing program: there will be a state guarantee of own contribution up to the amount of PLN 100,000 when buying an apartment; in the case of the second and subsequent children, cancellation of a loan taken up to PLN 150,000.
- investment program; establishment of an Investment Fund worth PLN 650 billion within 5-7 years.
- 2,500km of new roads and highways in the next seven years,
- broadband internet for homes that do not have it yet
- free prenatal tests for women 40+, financed from public funds
- students will be provided with psychological help

M&A IN THE TIME OF PANDEMIC

Mergers and acquisitions (M&A) surged in Poland this year, reflecting the global trend, as companies embrace the changes in people's lifestyles after the coronavirus-related slowdown. The first half of 2021 became a continuation of the last year's trend when markets went from gloomy moods amid the pandemic uncertainty to optimism as vaccination rollout gave hopes for the economic rebound.

BY ANNA ZHURAVLEVA

In the earliest months of the pandemic, M&A activities were suspended. The companies shifted the attention to keeping business running, adapting to new conditions and safety of their employees. Deals were postponed or even canceled. In the second half of the year, however, decision-makers realized the importance of acting fast to help their businesses adapt to the changing realities and emerge out of the downturn as winners. The decline in GDP meant limited perspectives for organic growth. Poland recorded a GDP decline of 2.8% last year, while in the euro area it was 6.6%, according to Statistics Poland (GUS) and Eurostat data. As companies had to look for growth opportunities elsewhere, they turned to M&As, Piotr Mietkowski, head of investment banking for CEE, CIS, Greece and Turkey at BNP Paribas Group, explained in an interview with Business Insider. Grzegorz Piechowiak, a co-founder of consultancy firm JP Weber, expects M&A activity to stay high for another two or three years — a trend similar to the period after the financial crisis of 2008-2009. After the pandemic came, some business owners started considering selling and monetizing their assets, he told Polish daily Rzeczpospolita.

IT, PHARMA, AND SERVICES IN THE SPOTLIGHT

In Q1, there were 76 M&A deals on the Polish market — 21 more versus a year ago. Investors were particularly interested in the IT, media, and telecommunications sectors amid growing demand for e-commerce and online entertainment services. The deals in this sector accounted for about 16% of all acquired entities. In absolute numbers, however, the number of transactions decreased to 12 from 19 in Q4 2020, online database

provider Fordata reported. It attributes the decline to overvalued prices, reduced investment budgets and to pandemic-related uncertainties that remained from last year.

The medical and biotechnology sectors came into the spotlight as pharmaceutical companies are gaining investment attractiveness in the long term. The number of deals grew to 10 from eight in the previous quarter. In the first three months of the year, DOZ, the operator of Apteka Dbam o Zdrowie pharmacy chain and one of the main players on the Polish



GLOBALLY, M&A DEALS HAVE SURGED IN MOST SECTORS OF THE ECONOMY, WITH THE TECHNOLOGY INDUSTRY TAKING THE LEAD

pharmacy market, took over Euro-Apteka, Super Zdrowie, and MLV 18. Polmed, which offers health-care services through a chain of clinics, purchased Starmedica, Medyk Szpital and Romed, while Neuca acquired Pomerania Investment, the owner of the private insurer Zdrowie SA. The interest in the service sector returned after the silent Q4 as investors are looking for ways to strengthen the supply chain, dis-

tribution and sales. In Q1, the deals accounted for just over 9% of the total, while a quarter earlier there were no transactions at all.

TOP THREE

In Poland, the largest deal this year so far was Germany's Allianz's purchase of Aviva's Polish business in March for PLN 11.7 billion (about €2.5 billion). The deal, which should double Allianz's revenue in Poland, involves the sale of life and non-life insurance, pensions, and asset management businesses.



COVID-19 ACCELERATED M&A DIGITALIZATION BY MANY YEARS

It completed the plan of Aviva's CEO Amanda Blanc to boost the insurer's share price by offloading non-core assets and shifting the company's focus to its core operations in Britain, Canada and Ireland. Polish deal followed the disposal of Singapore business and sale of units in Italy and France. "The sale of our Polish business is an excellent conclusion to the refocusing of our portfolio announced just eight months ago," Blanc said after the deal announcement toward the end of March. The same month Polish parcel locker operator InPost agreed to acquire French logistics company Mondial Relay from Hamburg-

based Otto Group in a move to expand internationally. InPost, which owns over 12,000 parcel lockers in Poland and Britain, said it was planning to spend about PLN 2.5 billion on the acquisition, which is expected to almost double its revenue.

"Mondial Relay gives us an immediate footprint in one of Europe's largest e-commerce markets," Rafał Brzoska, founder and CEO of InPost said in a statement. The acquisition also includes the Mondial Relay's activities in Belgium, Luxembourg, the Netherlands, Portugal and Spain.

In February, Spanish Cellnex announced a PLN 7.1-billion agreement with Poland's Cyfrowy Polsat to take over Polkomtel Infrastruktura. Mirosław Błaszczuk, CEO of Cyfrowy Polsat, said the deal with Cellnex would allow for the faster and more cost-efficient deployment of connectivity services for the customers. The Polish company has been looking to sell its mobile towers as it seeks to offset some of the costs of upgrading its network. Polkomtel Infrastruktura operates both the passive and active telecoms infrastructure for Cyfrowy Polsat, which encompasses around 7,000 telecommunication towers and sites.

M&A GOES DIGITAL

Globally, M&A deals have surged in most sectors of the economy, with the technology industry taking the lead. Covid-19 gave businesses in all industries a preview of their virtual futures and both tech and non-tech companies rushed to buy and build their way into the opportunity, Bain & Company consultancy wrote in "Global M&A Report 2021." Rapid digitalization has underpinned the M&A recovery by enabling M&A processes to be

conducted virtually, even as the world was in lockdown. Covid-19 accelerated M&A digitalization by many years, Bain & Company said. It says M&A plays a key role in meeting growth goals and developing new capabilities to compete in an increasingly disruptive environment and expects a further surge in deals this year.

More support for M&A came from growing interest in special purpose acquisition companies — vehicles formed solely to raise capital through an initial public offering (IPO) and then acquire an

existing private company. SPACs have emerged as an alternative to IPOs because they provide companies with a faster way to enter the public markets and investors with more time and flexibility to find the best acquisition targets.

"For the last six to eight months, SPACs and direct listings have been on the top of the agenda of every client call and all accompanying conversations with lawyers, banks and so on," said Peter Fricke, head of Deutsche Börse Venture Network, cited by S&P Global. ●



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UPWARD TRAJECTORY

The Polish economy has been stabilized by the ever-growing business services sector.

SHUTTERSTOCK

"Business services sector in Poland 2021" — the latest report by the Association of Business Service Leaders (ABSL) — shows that with 13,500 new jobs created in 2020, 3.5 percent share of Polish GDP and USD 22.9 billion worth of export, the sector's development not only continues its upward trajectory but also influences the stabilization of the Polish economy.

Despite the pandemic, the sector proved to be resilient and showed significant adaptive capacity. In 2020, employment increased up to 335,000 (by 3.9 percent), with most new jobs created in the Tri-City, Warsaw and Poznań. At least 74 new service centers were opened, helping raise the overall foothold in the business landscape to 1,602 business services centers in 57 cities. In the optimistic scenario, within 10 years the sector is expected to grow by almost 100 percent — up to 650,000 employees.



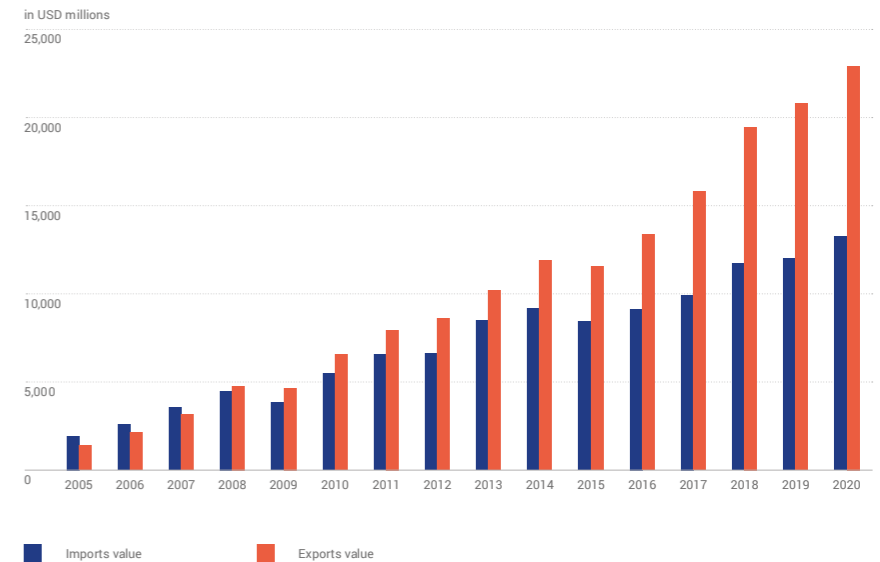
ONE OF THE MAIN CHALLENGES FOR FURTHER DEVELOPMENT IS THE AVAILABILITY OF ADEQUATELY TRAINED STAFF

BOOSTER OF INNOVATION

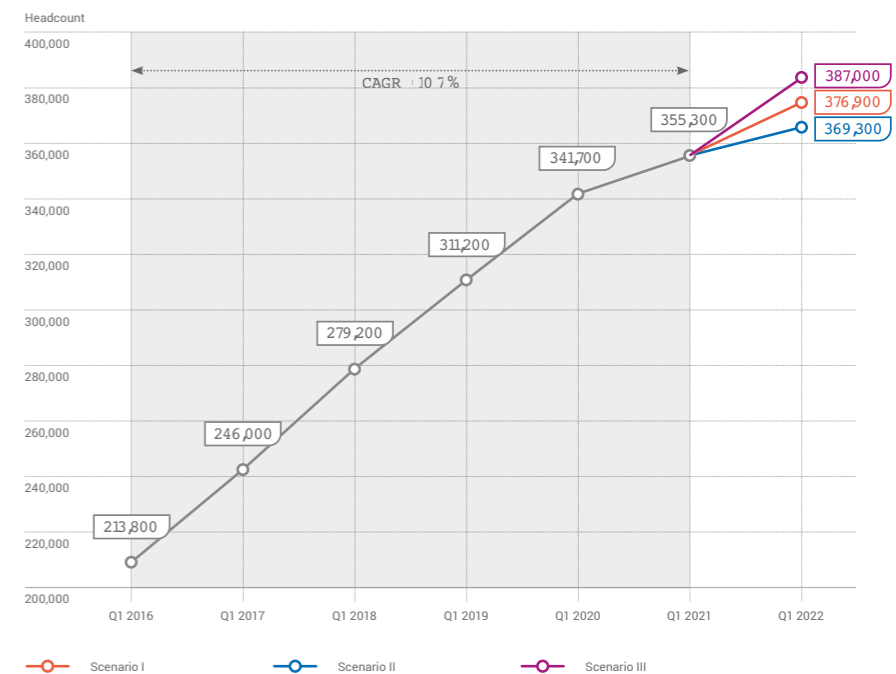
The ABSL report shows that the business services sector in Poland is increasingly innovative. As many as 72.9 percent of representatives of the sector declared introducing innovations in the last three years, compared to 26.1 percent recorded by Statistics Poland (GUS) in the enterprise sector. The innovations concerned, inter alia, changes to the product, processes and organization of the company. Currently, one of the main challenges of the business services sector is the transition from being a follower to being a creator of global trends. The greater presence of Fortune Global 500 companies in the Polish business services sector — five new multinational corporations opened their facilities last year — shows that centers



Janusz Dziurzyński
Association of Business Service Leaders (ABSL) is a Poland-based organization representing some 200 companies from the business services sector. Janusz Dziurzyński is the vice president of ABSL.



Source: ABSL estimates based on WTO TiSMoS database & NBP Balance of payments data



Source: ABSL's study based on the business services centers' database

IN FOCUS REPORT FINDINGS















located in Poland are increasingly crucial for business operations of multinational enterprises. Currently, 100 global companies from the Fortune Global 500 list operate 162 facilities in Poland.

CREATOR OF GLOBAL ROLES

In addition, the latest data confirms that the complexity of services provided in Poland is systematically increasing. There is a clear trend towards a greater role of end-to-end processes and a further shift from back-office to middle-office functions that generate higher added value and prompt to locate global roles in Poland. The competencies that determine their success are critical thinking, competencies of the future and soft skills such as teamwork and communication. At the same time, changes resulting from the trends create demand for employees with high-level digital skills. The labor market shows increased demand for competencies related to process automation, cloud architecture, analysis and mining of big data sets.

“Our analyses confirm the increase in the complexity of tasks performed in service centers, which require increasingly higher qualifications and competencies of employees. One of the main challenges for further development is the availability of adequately trained staff. To maintain Poland’s competitiveness, especially in terms of the location of global roles and to transform from settlement centers to decision support centers, systemic, often long-term solutions are needed, including the expansion of the talent pool. We must foster competencies related to innovation, modern technologies, digitization, as well as well-thought-out solutions encouraging highly qualified specialists to stay in Poland. The lack of qualified employees who could implement innovations is also perceived as a barrier to the sector’s development,” emphasizes Janusz Dziurzyński, vice president of ABSL.

Foreign capital continues to prefer the main business locations in Poland (Tier 1 and Tier 2 cities), reinvesting over time in smaller locations. Yet, over the past two years, there has been a clear increase in the importance of Polish investors. They are opening centers in Tier 3 and Tier 4 locations, as well as in mid-sized towns, contributing to a gradual transformation of local economies. The leader in terms of headcount at business services centers in Poland is still Kraków, where 82,100 people work. Overall 70,200 jobs in the sector are provided in the number two city, Warsaw, and 52,500 in Wrocław. ●

	<p>355,300</p> <p>Total number of jobs in business services centers; 290,300 of which in foreign centers (82%) and 65,000 in Polish centers (18%).</p>	 <p>141,500</p> <p>The number of jobs created in the sector since Q1 2016.</p>
	<p>5.6%</p> <p>The share of the sector in overall business sector employment in Poland (5.2% in 2020).</p>	 <p>1,602</p> <p>The number of BPO, SSC/ GBS, IT, and R&D business services centers in Poland, 67% of which are owned by foreign investors.</p>
	<p>74</p> <p>The number of business services centers that began operations in Poland from the beginning of 2020 till the end of the first quarter of 2021, constituting the same number as in previous year. The new investments (2020 and Q1 2021) generated more than 4,800 new jobs.</p>	 <p>1,045</p> <p>The number of investor companies with business services centers in Poland (73% of which are foreign investors).</p>
	<p>65</p> <p>The number of business services centers with at least 1,000 employees.</p>	 <p>100</p> <p>Fortune Global 500 investors operating in the business services sector in Poland.</p>
	<p>41</p> <p>The number of countries of origin of centers operating in Poland.</p>	 <p>3.9%</p> <p>Growth in the number of jobs at business services centers in Poland in the last year (Q1 2020 – Q1 2021). Since Q1 2016, the overall number of jobs has increased by 66%.</p>
	<p>24</p> <p>The largest number of business services centers owned by a single investor in Poland.</p>	 <p>3.9%</p> <p>The number of locations where business services centers employ more than 10,000 people.</p>
	<p>376,900</p> <p>The number of jobs in the sector in Q1 2022 as forecast by ABSL. Compared to Q1 2020, an increase by 21,600 (or 6.1% year on year).</p>	 <p>13.7%</p> <p>of the share of foreigners in employment. The number of foreigners employed at services centers nationwide is at least 48,000.</p>

HAS THE PANDEMIC ALREADY MOVED SHOPPING TO THE ONLINE WORLD?

Pandemic accelerated the development of e-commerce. Stores were closed, so Poles switched to online channels. Even after the malls re-opened, e-commerce continues to grow. The increase in sales on online platforms in Poland in April was 14% y/y [1], and nearly 11% of all transactions were conducted online [2]. Does e-commerce have a golden era ahead or is it a temporary boom?

BY MACIEJ MINISZEWSKI



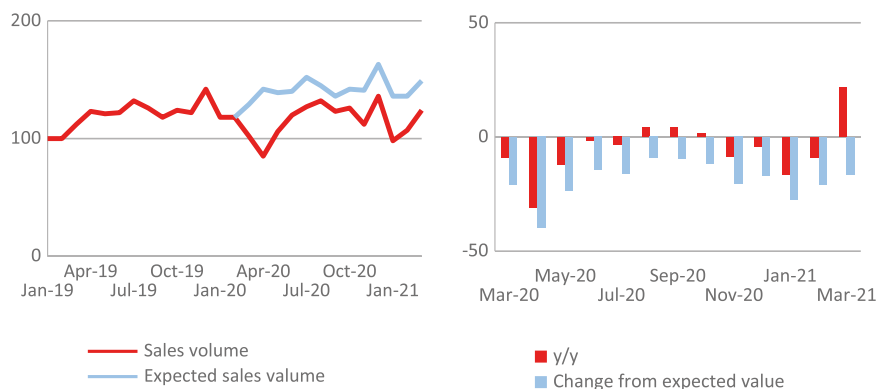
Maciej Miniszewski
The Polish Economic Institute (PIE) is a Warsaw-headquartered public economic think-tank dating back to 1928. Maciej Miniszewski is a senior analyst at the institute in the field of strategy and macro-economics.

How has the pandemic affected the consumption basket?

According to estimates of spending by Mastercard, in spring 2020, total spending was 40% lower than expected (resulting from natural dynamics and seasonality of trade) and more than 30% lower than in the same period of the previous year. During the subsequent trade restrictions (November-December), we saw a smaller impact on consumption — there was a slowdown (about 15-20%) compared to the expected values [3].

1. Estimated consumer spending from 2019 to 2021

Sales volume index (January 2019 = 100), change (%)



Source: own elaboration based on spending estimates by Mastercard.

2. Structure of Mastercard's consumption basket in 2019-2021

Share of spending by category (%)

CATEGORIES	MASTERCARD'S CONSUMPTION BASKET		
	2019	2020	Q1 2021
Food & Beverages	38.95	45.28	46.40
Clothing and footwear	7.53	5.72	4.70
Apartment or house furnishings and housekeeping	7.89	7.12	7.77
Health	5.78	6.13	6.30
Transportation	16.79	13.50	13.72
Recreation & culture	9.99	9.64	9.03
Restaurants & hotels	7.10	5.58	3.82
Other goods & services	5.96	7.01	8.26

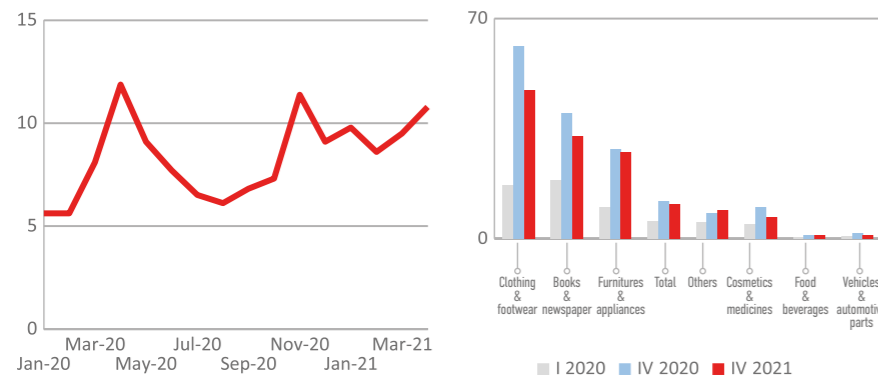
Source: own elaboration based on spending estimates by Mastercard.

The pandemic in 2020 has changed consumers' shopping habits. Poles increased the share of basic needs categories in total expenditures, including groceries (+6.3 pp y/y).

On the other hand, we saw a decline in clothing purchases (-1.8 pp.) and spending on restaurants and hotels (-3.3 pp.). The largest reductions were seen in categories related to travel and entertainment. These are characteristic changes in times of crisis. The results of the August 2020 PIE survey indicated that 80% of consumers attended cultural and entertainment events less frequently. In addition, 68% of respondents reduced going to restaurants and pubs, and 58% reduced going to supermarkets and shopping malls [4].

3. Internet sales in Poland in 2020-2021

Share of online sales in total retail sales in total and by category (%)



Data on the share of internet sales in total retail sales are for transactions at firms with more than nine employees. Source: own elaboration based on GUS.

The response of the economy during each successive wave of the pandemic was different, with less disruption to the pattern of purchases.

Additionally, the easing of restrictions at the beginning of Q2 2021 triggered the gradual realization of deferred demand. In June this year, spending on accommodation and food service was higher than at the peak of the previous 2020 holiday season, when restrictions were also loosened.

How have sales channels changed in the last year?

The share of online sales in retail sales in Poland rose to 10.8% from 9.5% in March and 8.6% in February [2]. Estimated spending by Mastercard shows a clear movement between sales channels — the rapid e-commerce growth was driven by introduced restrictions. These changes were not long-term at first, but we see e-commerce strengthening in 2021.

The pandemic has accelerated the growth of online sales.

There are industries in which e-commerce has grown a lot and those in which it has grown less. Somewhere it was resilient and somewhere else it was dependent on the opening of retail and service establishments. In general, the annual dynamics of growth in online sales in April this year was on average in the EU about 18%. Despite a high reference point, a higher result was achieved than the average annual pace in previous years (about 10%). In Poland, the growth rate was less than 14%, but with a much higher base of 60-65% in the same period of the previous year [1]. According to analysts, this indicates an increased companies' and consumers' capacity to carry out transactions online [5].

Mastercard spending estimates show that online sales volume in the clothing and footwear sector nearly doubled y/y in early 2021.

E-commerce accounted for 65% of all sales in the industry, higher than official GUS data indicated. Online sales of electronics and home appliances were influenced by the degree of trade closures. However, the volume increased by 2.5 times during the year [3].

4. Internet sales in 2020-2021 based on card transaction data and other payment methods

Share of online sales in selected industries (%)

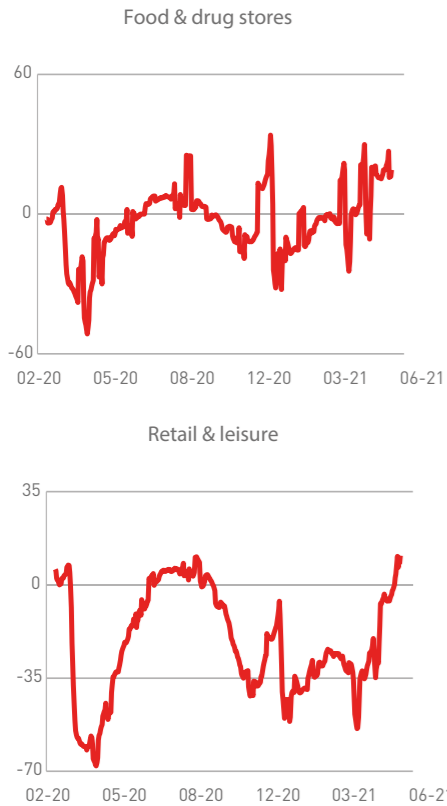


Source: own elaboration based on spending estimates by Mastercard.



5. Pandemic mobility in shopping malls and stores

Google mobility index



Source: own elaboration based on Google.



Has e-commerce reached its peak yet?

After the surges of the first lockdown and the return to stationary stores in the 2020 holiday season, it seemed that the high share of e-commerce would be short-lived. In 2021, we saw steady growth in online sales despite open stores and services.

According to a McKinsey study, 9 out of 10 Europeans will continue e-shopping even after the pandemic. The lasting nature of the changes in Poland was also noted by PwC. The company's report indicates that nearly 85% of Poles do not intend to reduce the frequency of shopping online after the end of the pandemic, while 82% will

spend the same or more on e-shopping this year compared to 2020 [6]. SpotData and Mazars estimated that the growth rate of e-commerce in Poland will be close to 15% in the coming years [7].

Google mobility data shows that retail traffic is returning to pre-pandemic levels [8]. According to EY, Mastercard and TOP-KEY, turnover in shopping malls fell faster than traffic during the first lockdown, then came back faster. It indicates that the style of visiting stationary stores has changed [9]. Although shopping malls and stores are now open, we have not given up on e-shopping. The share of online sales is growing and this will not change soon. ●

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Polish labor market more attractive to foreigners

Since 2015, Poland, on the one hand, internationally presents itself as a country definitely unfriendly to foreigners — every week politicians scare Poles on TV with problems that immigration entails. Meanwhile, on the other hand, in the last eight years, the country has become a mecca for work seekers from abroad — Poland has the largest inflow of foreigners in Europe. This is not a coincidence. Officials try to make it easier for certain foreigners to come to Poland, start working here, especially in professions where there is a shortage of local workers.

BY SERGIUSZ PROKURAT

Over the past 30 years, the Polish labor market has changed dramatically. Over that time, unemployment fell, wages increased and work in the budget sector ceased to be the model professional goal of Poles. In the 1980s, there was no unemployment in the communist regime. It was discovered after the economic transformation in 1989. In January 1990, only 56,000 people were without work and unemployment started to grow dynamically until 2004. The worst situation on the Polish labor market was in February 2003, when the rate recorded was 20.7%. In the 1990s, the state was still the most attractive employer. Although Poles saw more opportunities in the private market, they were afraid of it. Since Poland's accession to the EU in 2004, the belief

that finding a job is not a problem has also been growing. Recent years have been the best in history when it comes to the labor market.

LOW UNEMPLOYMENT

Even before the pandemic, many employers noted problems with recruiting due to the insufficient number of people willing to work. When Covid-19 struck, it was said to create a mess in the job market, but ultimately it didn't have that much of an impact. At the beginning of 2021, Poland recorded the lowest unemployment in the EU, according to its official statistics agency, Eurostat: 3.1% for March and April, while unemployment in the entire EU was 7.3%. Low unemployment benefits, acceptance of the spirit of entrepreneurship and positive incentives created between 1990-2020 made Poles diligent and successful employ-

ees. The support that the government provided for entrepreneurs during the pandemic also achieved the desired effect, as we didn't observe an increase in unemployment. Although, it must be taken into consideration that governmental money increased the public debt, which we will have to pay off sooner or later. Polish enterprises, especially those producing for export, tried to operate dynamically even during the pandemic, which meant that many companies had to look for additional employees to fill the vacancies. If there are not enough Poles, the idea is pretty simple, why not immigrants? Especially those coming to Poland from across its eastern border?

more than before the pandemic. This leads to conclusions that, first, entrepreneurs could get help during the pandemic from the government to "maintain jobs," no matter if it's for Poles or not, and secondly, on the eastern side of the border, the pandemic only popularized the mass exodus, which was huge anyway in the past years.

LIES, DAMNED LIES?

Obviously, we can also say that there are lies, damned lies and statistics, as unofficially three times more Ukrainians work in Poland. Some of them are studying. How many of them are in Poland now, during the pandemic, no one knows.



Currently, Poland is an absolute record holder when it comes to working migrants. In the last 10 years, the largest number of immigrants coming to the EU came to Poland. In 2020, according to Eurostat data, Poland had the third-highest employment rate for non-EU citizens. Only the Czech Republic and Lithuania had more foreign-born workers. Migrants have been instrumental in contributing to the growth of Poland's GDP in recent years. Now Polish labor market is slowly saturating with manual workers from the eastern border. These people feel more and more at home here. More and more foreigners also work non-physically. They have decided to stay longer, while many of them decided to legalize their stay. An increase in legal employment among foreigners has also been observed in the last five years.

In 2020, according to Poland's Social Insurance Institution (ZUS) data, as many as 725,000 foreigners were registered for pension insurance. The latest data from the labor market indicate that almost 800,000 foreigners were registered with ZUS as of May 31. The majority, over 500,000, of all economic migrants come from Ukraine. Surprisingly, the total number of foreigners is 127,000

“**At present, it is not the unemployment rate, which is the lowest in the entire EU, that is the challenge, but increasing the labor force participation rate, which is still lower than in the Western countries**”

Nevertheless, during the pandemic, new regulations were introduced in Poland to simplify the procedure for legalizing the stay and foster employment of foreigners from outside the EU and the EEA. These regulations, adopted in the period March-May 2020 in Poland, automatically extended the validity of work and residence permits for foreigners, up to 30 days after the end of the epidemic threat is announced. The supposed end of the pandemic in Poland will mean that some foreigners will have to extend the validity of work permits and legalize their stay.

At the moment, "Poland under the Plan for Labour and Economic Development" (Krajowy Plan Odbudowy/the National Reconstruction Plan/KPO) aims to reform the labor market. This will be happening under the European Reconstruction Fund and Poland will receive approximately €58.1 billion in grants and loans, of which €23.9 billion are non-returnable grants and €34.2 billion is what has been described as a "possible loan." KPO is nothing more than a formal framework for managing European funds. First and foremost, the money will be spent on modernizing public institutions. The aim of the new package of

regulations will be to better adjust the labor market to the requirements of the modern economy. At present, it is not the unemployment rate, which is the lowest in the entire EU, that is the challenge, but increasing the labor force participation rate, which is still lower than in the Western countries.

Ambitious plans include separating the unemployed status from health insurance, changing the job-seekers labor offices into employment support centers, simplifying the conditions for acquiring the status of the unemployed, reducing bureaucracy and increasing the unemployment benefit to PLN 1,400. Also, simplification of procedures for employing foreigners is planned, with a faster time of issuing permits, limiting short-term and circular migrations in favor of medium-term and continuous migrations. The current year has already brought some other changes. It is, for example, the obligation to have health insurance for people coming to Poland, either for a shorter period or longer. If they start working, of course,



this requirement will disappear. In addition, the finance ministry would like every foreigner to have a PESEL (Universal Electronic System for Registration of the Population) or NIP (Tax Identification Number) soon, which is important when completing the tax declaration.

Although it is expected that the labor market will again start to fully flourish in the third quarter of 2021, there is concern that the following fall may be associated with another lockdown due to the recurring Covid-19 pandemic. Regardless of whether this happens, due to the aging of the Polish society and the ongoing demographic crisis, immigrants have become the key to the current system. The participation of foreigners in the Polish labor market — with a low retirement age in Poland, a high labor supply and a low unemployment rate — constitutes a significant contribution to Polish GDP and a "source of funds" for the Polish pension system. ●

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Recent years have been the best in history when it comes to the labor market

KEY DATA — migration and un/employment:

- **In the 1980s, there was no unemployment** in the communist regime.
- **In January 1990, only 56,000 people were without work** and unemployment started to grow dynamically until 2004.
- The worst situation on the Polish labor market was in February **2003**, when the rate recorded was **20.7%**.
- Since Poland's **accession to the EU in 2004**, the belief that finding a job is not a problem has also been growing.
- At the beginning of **2021**, Poland recorded the lowest unemployment in the EU, according to its official statistics agency, Eurostat: **3.1%** for March and April, while unemployment in the entire EU was **7.3%**.
- Currently, Poland is an absolute **record holder when it comes to working migrants**.
- In the last 10 years, the **largest number of immigrants** coming to the EU **came to Poland**.
- In 2020, according to Eurostat data, Poland had the **third-highest employment rate for non-EU citizens**. Only the Czech Republic and Lithuania had more foreign-born workers.
- In 2020, according to Poland's Social Insurance Institution (ZUS) data, as many as **725,000 foreigners** were registered for pension insurance.
- The latest data from the labor market indicate that almost **800,000 foreigners** were registered with ZUS as of May 31. The majority, over **500,000**, of all economic migrants come from Ukraine. Surprisingly, the total number of foreigners is **127,000 more than before the pandemic**.

200 YEARS (AND COUNTING) ...



Some 20 million people of Polish ancestry live outside Poland, making the Polish diaspora (Polonia) one of the largest and one of the most widely dispersed in the world. With a history stretching over 200 years, reasons for the displacement include border shifts, forced expulsions, resettlement by voluntary and forced exile and political and economic emigration. Professor Joanna Wojdon simplifies Polonia's history.

INTERVIEW BY EWA BONIECKA

WBJ: It is important to understand that the existence and activity of Polonia and the attitude of other countries toward it are connected with the history of Poland.

Professor Joanna Wojdon: Yes, it is important to understand the beginning of Polonia and its history, as this allows us to better understand its current situation, ambitions and problems, now that Poland is a free and independent state and a member of the EU and NATO. I would like to speak especially about the history of Polonia in the United States, which counts now over 10 million members. It was created in the second half of the 19th century when Poles moved to the US to work there and send money home. Also, the political leaders who fought for Poland's independence came to the US to collect money from immigrants and groups were being created which manifested a desire for an independent Poland and fought for preserving the Polish culture and set up Polish schools. The social life of Poles in large

American cities as well as in villages is part of the collective memory and mythology of the American Polonia. And later this Polonia lobbied among important American politicians and strived to make Poles accede to important positions. For example, as members of the US Congress or mayors of cities. And during WWI, the Polish armed units were formed in the US and the famous Blue Army of General Józef Haller, made up of Polish volunteers from America, helped to create an independent Polish state.

What was the situation of Polonia in different countries after Poland regained independence in 1918?

The relations between an independent Poland and Poles living abroad proved more complicated than expected. This was due to several factors. Also, the assimilation into Polish society of Poles who returned to Poland was not easy and they felt different from the locals who treated them as Americans. Apart from these cultural matters, there were important economic factors

because hyperinflation in Poland took from them the money which they expected to invest in Poland as their native country was poorer than America. Those in political power in Poland underestimated the devotions of the Haller soldiers, who became the object of political confrontation and after the introduction of American restrictions toward immigrants, they could not return to their families in the US. This also cast a shadow on Poland's relations with its diaspora. The pre-WWII Polish governments did not understand the political changes which affected immigrant Poles. They treated members of Polonia as Poles living abroad who only have obligations toward their native Polish country. The Polish authorities' idea of the integration of immigrants and strengthening Poland's position was to set up a Union of Poles Abroad with an office in Warsaw. But at its inaugural meeting in 1927 the delegation from America refused to join this organization, arguing that members of the American Polonia could no longer be seen as native Poles but as

Americans of Polish origin and that having American citizenship meant that they couldn't allow any other country — including Poland — tell them what to do. And without American Poles joining this organization its position declined. But later, Polish authorities did manage to establish cooperation with some members of Polonia by granting economic concessions and Polish diplomatic and consular offices abroad cooperated with Polonia.

What actions did Polonia undertake during WWII when Poles fought as much as was possible with Hitler's army occupying their country?

The fate of the Polish state, which lost its independence and was occupied by Nazi Germany, with Poles being treated not as humans and Polish Jews being murdered, was seen by Polonia as a tragedy and Poles living abroad appealed to countries in the West to go to war and fight against the Nazis. When Great Britain entered the war Polish soldiers who escaped to Britain joined the British army and Polish



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The question which we are currently facing is what political decisions are possible and how to defend the rights and lives of opposition activists in Belarus

pilots formed a squadron that fought the Nazis alongside British pilots. A Polish government-in-exile was formed in London and Polonia in Britain and other countries helped Poles and supported the actions taken against the Nazis in Poland. The US entered the war only after Japan attacked Pearl Harbor, so at the beginning of the war, the American Polonia organized and collected funds and helped Poles in their country. When the US declared war, Poles living there joined the American army. At the beginning of 1944, Polonia began to develop its political activity toward

Poland, which after the Teheran Conference found itself in a difficult political situation. Newly arrived Poles in the US, war refugees, members of the cultural intelligentsia, all of them helped to organize the Polish American Congress, but its protests against the situation in Poland, including notes sent to various US state departments and White House, could not change Eastern Europe's new position after WWII. Poland was alone and Polonia could not help her.

So how did contacts develop between Polonia and Poland, which after 1945 was controlled by the Soviet Union and was building a communist system?

At the time of the Polish People's Republic, Polonia found itself in a situation that resembled that of the 19th century when Poland was partitioned by three foreign powers. Now once again Poland was controlled by a foreign power and the Polish American Congress and other Polonia organizations in various democratic countries engaged in political lobbying. They wanted Poland to participate in important international conferences but Poland was not invited to the conference in San Francisco, at which the United Nations Organisation was founded, because the Soviet Union did not recognize the Polish government in London, while the US and the UK did not approve the Moscow-dependent government in Poland. In the following years, representatives of the Polish American Congress demanded the respect of human rights in Poland.

Talking Points

Later, when the trade union Solidarity and the democratic opposition in Poland were formed, Polish expatriate organizations in the West helped them financially.

Jan Nowak-Jeziorański and Radio Free Europe/Radio Liberty reported Poles' situation and their opposition toward the communist regime. When the Soviet Union changed its name to Russia and established its new position in countries in its western neighborhood, Polonia organizations in many countries provided help to Poles living in Russia, Ukraine and Belarus. In 1978, the Coordination Council of Free World was established, mostly on the initiative of members of the Polish emigration and during Edward Gierek's rule in Poland in the 1970s, they strongly supported the Polish democratic opposition and cooperated with Poles living in other countries.

Let's move to the present-day Polonia. Now Poland is a free and democratic country, a member of the EU and is open to the whole world. And many Poles live permanently abroad: in the US they are over 10 million, in Germany 2 million, in France 1.5 million,

in Ukraine 1.1 million, in Russia 400,000, in Lithuania 350,000 and so on. How would you describe their cooperation with Poland?

Polish foreign affairs ministry is responsible for cooperation with Polonia. The government accepted a program of such cooperation for the years 2015-2020, which foresees, among other things, the preservation and strengthening of Polish identity, helping Polonia to learn the Polish language and culture. Meetings are being organized with teachers of Polish schools abroad, as well as various conferences and support is given to initiatives aimed at protecting Polish heritage abroad, both in the West and in the East. Polish archivists are helping to protect Polish archive materials and conservators are renovating Polish monuments and historical sites. Those efforts are being financed by foreign as well as Polish sources and also by the Kosciuszko Foundation. So, the activity of Polonia is being supported, and "the activity undertaken by Polonia for Polonia" is continued. The ministry is tasked with representing and protecting Poles living abroad, who are treated as

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The answer does not lie in armed conflict but in exerting political and legal pressure on the Lukashenko regime

a national minority in the context of multilateral and bilateral agreements.

But Poles living abroad and those living in Poland are also very interested in developing mutual, warm and personal contacts. So, on May 2, on the initiative of the Warsaw Chamber of Commerce led by its Chairman Marek Traczyk, an online event took place, which consisted of the joint singing of the Polish national anthem, the "Mazurek Dąbrowskiego" by 300 hundred Poles from 30 countries, including in Canada, Italy, Ukraine and Scotland. But the Polish foreign ministry did not inform Poles living in Poland about this event even though it was organized on the official Day of the Polonia.

It was a pleasant ceremony but in terms of our contact with Polonia and the difficulties they are experiencing we are first of all concerned with the basic problems and the tragic situation of Poles living in Belarus, who are being arrested and prosecuted by the Lukashenko regime. Poland is doing everything it can to protect and help them in cooperation with EU member states, the US and

other countries.

Poland's historical experiences with Polonia in the US show the need to have a long-term approach to the expatriate community. All forms of activity related to helping it have to be linked with the policy of the native community. When American Polonia was sending financial help to the Solidarity trade union it was Polonia who was giving the money but it was the community in Poland that decided whom to give it to and for what kind of activity in a particular community. The question which we are currently facing is what political decisions are possible and how to defend the rights and lives of opposition activists in Belarus. The answer does not lie in armed conflict but in exerting political and legal pressure on the Lukashenko regime. The activity of Polish people and institutions and politicians from all democratic countries can be very helpful for Belarusian society. With such help and under such pressure the Belarusian society will decide how to change the political situation in its country. And looking at Poland they can remember what the Solidarity union managed to do in the past in our country. ●



Professor Joanna Wojdon is a Polish historian and is an associate professor at the University of Wrocław. Her research interest includes also the history of the Polish Americans and public history.



BUSINESS BRIEFS

BY BEN ESMAEL

FASTER THAN EXPECTED

The Polish economy is emerging strongly from the pandemic faster than expected. It is ready for a rebound to the pre-Covid boom. However, it is running too hot for the liking of decision-makers, including Jaroslaw Gowin, deputy prime minister, who sees high inflation as undesirable for Poles' savings. Despite the sudden shock, Poland weathered it better than its neighbors and emerged relatively unscathed than most countries in the EU from its first economic depression in three decades. No mean feat, though, following the same monetary and fiscal policies of major economies. The Polish government pumped 9% of GDP as a stimulus into the economy. The country's central bank, NBP, slashed rates and bought government bonds to combat the effects of shutting down the economy. That helped exports with a weak zloty and relatively stable unemployment rates and prevented the economy from a total crash. However, public debt and inflations seem to be a growing concern as Gowin said in a recent interview with Bloomberg: "It's a delicate issue which should be solved independently from the government. In respect to economic growth, for the purchasing power of the income of Poles and care for their savings, excessive inflation is not desirable."

SOLID OUTLOOK

The Polish economy performed better than expected and expanded every quarter, as 1Q21 GDP growth arrived at 1.1% q/q (seasonally adjusted), translating to -0.9% y/y. Household consumption growth returned to positive territory and increased by 0.2% y/y, while investments surprised the upside and came in at +1.3% y/y. Poland's GDP is expected to rebound by 4.8% in 2021 and 5.4% in 2022, thanks to rising consumer confidence and better than forecasted labor market condition translating into positive growth of private consumptions. Additionally, investment spending that turned positive earlier than expected, supported further with the funds available within the Recovery and Resilience Fund (RRF) program, will

All in all, I'm still convinced that Poland will continue to be that green spot in the European economy as a hub of skilled labor and supply chain for the continent and beyond. However, uncertainty is at an all-time high and we all need to see through and hopefully grab the opportunities that come with it.

solidify a positive outlook for the economy starting from 2022, with the highest inflow planned for 2023-2025. However, the uncertainties around the Polish Deal and tax reforms could, if increased, hinder household spending next year and create an environment that discourages both foreign and local private investments.

'IT IS TRANSITORY'

Poland's Monetary Policy Council turned a blind eye to its inflation target. Headline CPI neared the 5% outside of the tolerance band of the MPC of 2.5% +/- 1%. It jumped to 4.8% y/y in May 2021, mainly driven by a surge in fuel prices. Economists see the inflation averaging 4% this year with a risk of even a higher rate due to a sudden increase in private spending and supply-side bottlenecks. However, the MPC and the president of NBP have called it transitory. Forecasts read that the rate will continue to be elevated around the current level. The 5Y inflation average will reach NBP's target of 2.5% in September 2021, while 5Y core inflation will reach that target in Apr 2022, justifying policy normalization anytime between 4Q21 and 1Q22.

The question is, will NBP change its dovish rhetoric of considering the rate as of a transitory and exogenous nature, thus, calling out the matter as outside and ruling out any normalization in the near term? In contrast, central banks in the neighboring countries of Czechia and Hungary are expected to normalize the rate as soon as June. In 2Q21, the 2Y rate reached 0.4%, 10Y yield is likely to be above the 2% mark at the end of the year. Regardless of NBP playing its next card, the expectation of monetary tightening by tapering the asset purchases

program affecting the short end of the curve could explain the bond market's upward move.

FOREIGN TRADE: STRONGER ZŁOTY AHEAD

Foreign trade turnover in 1Q21 in exports at current prices amounted to PLN 298.8 billion, while in imports PLN 287.9bn. The positive balance reached PLN 10.9bn compared to PLN 4.3bn a year earlier. Compared to the corresponding period of 2020, exports increased by 14.6%, while imports by 12.3%. Germany, France, and Czechia are the top three trading partners for exports. On the other hand, Germany, China and Italy are the leading three suppliers, according to a May report from Statistics Poland (GUS). More robust economic fundamentals, high inflation and expectation of monetary policy normalization lead to a more desirable zloty outlook versus euros and US dollars. Despite the Supreme Court ruling regarding CHF loans, the market didn't fully impact the zloty against the euro moving

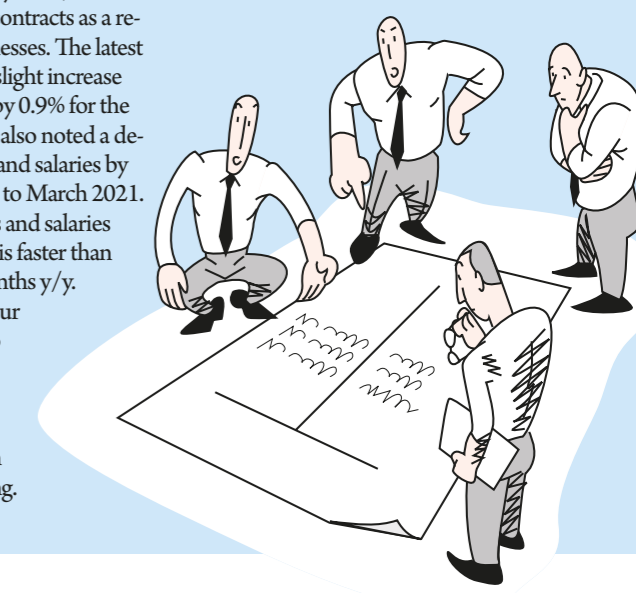
the exchange below 4.50. As high inflation will warrant a monetary normalization, a hike in the NBP's rate by 15 basis points is expected by November. We might see the exchange moving toward 4.42 by the end of the year and 4.35 by 2Q22. Furthermore, if the US Fed continues its current monetary policy, we might see the zloty appreciate by 2.2% by year-end and 3.5% by 2Q22.

RISING EMPLOYMENT AND AVERAGE WAGES

Poland's unemployment rate in April 2021 fell to 6.3% from the 6.4% level recorded in the previous month and registered a 6.1% in May. There's a slight decrease in average paid employment in the enterprise sector compared to a month earlier (by 0.2%) due to a reduction in part of full employment, end of fixed-term or termination of contracts as a result of shutting down of businesses. The latest report from GUS recorded a slight increase in average paid employment by 0.9% for the first time in a year. The report also noted a decrease of average gross wages and salaries by 2.1% in April 2021 compared to March 2021. However, average gross wages and salaries increased by 9.9% y/y, which is faster than that observed in previous months y/y. In the cumulative period of four months of 2021, compared to the same period a year earlier, average gross salaries grew by 1.5% in the arts and entertainment industry and 11% in agriculture, forestry and fishing.

FAST FORWARD

According to GUS, the general business climate indicator in May is higher than the previous month in most of the sectors. However, the most pessimistic assessments are noted among companies from the hospitality sector. At the same time, communications and IT lead the way in a favorable business climate. However, the uncertainties around the "Polish Deal," especially when it comes to a potential tax hike, could become a headwind for sectors of the economy that are already fragile and are in recovery mode following the pandemic. The value of zloty, inflation and monetary policy are also other risks. We know that the interest rate has to normalize following an overheated economy and high inflation but that means stronger zloty and higher financing costs. Both aren't positive for an economy where half of its GDP relies on exports and cheap debt that funded the government budget to face the pandemic and shield businesses during 2020 and 2021. When it comes to the labor market, there is an urgent need to drive efficiency and invest in the peripheral employment hubs away from the traditional cities of Warsaw, Krakow, Katowice and others. Otherwise, high salaries and social contribution anticipated in the new deal could push employment further east, particularly in the service sector.



ECONOMIC CLIMATE SURVEY 2021



Assessment of the economic situation and investors' expectations in Poland

Foreign investors expect an improvement in the economic situation in Poland this year, both for the entire economy and for their companies. At the same time, satisfaction with the factors determining the business climate has increased — this is what the latest survey of the economic situation conducted by the Polish-German Chamber of Industry and Commerce (AHK Polska) among member companies and members of the chambers of the international IGCC network shows.

BY POLISH-GERMAN CHAMBER OF INDUSTRY AND COMMERCE (AHK POLSKA)

Although the overall economic situation was assessed worse than in previous years due to the coronavirus pandemic, according to their own declarations, most companies are in a stable situation and expect an increase in sales as well as an increase in investments," emphasizes Dr Lars Gutheil, managing director of AHK Poland. "Compared to other European locations, the country [Poland], therefore, continues to be at the forefront of attractiveness for multinational companies." The survey shows that many more companies plan to increase employment than to reduce it. Similarly, every third investor would like to increase their investment expenditure in Poland. Among the factors influencing the attractiveness of running a business in Poland, the surveyed companies rated membership in the EU the highest (93.3% of positive opinions). Poland also highly values the

qualifications of its employees as well as the quality and availability of local suppliers. However, according to Gutheil, there are also threats to its location. For example, respondents rate the fight against corruption and crime, labor law flexibility and labor costs as lower than in the past. The worst assessed are the unpredictability of economic policy (66% of negative assessments) and the country's political and social instability (55%).

THE IMPACT OF THE CORONAVIRUS PANDEMIC

The study also looks at the economic consequences of the coronavirus pandemic separately. Overall 39.9% of the surveyed entrepreneurs say that they had already returned to sales results as "before the coronavirus." However, nearly 30% do not expect to return to pre-crisis levels by 2022 and 16% even later. The long-term consequence of the crisis may be a change in the shape of

global supply chains. This is expected to be beneficial for Central and Eastern Europe, with existing manufacturing plants in Poland not being relocated. As many as 60% of companies surveyed do not consider relocating their plants and 31% believe a relocation is unlikely. However, relatively high prices of energy and raw materials in the country seem to be problematic, which are assessed as the greatest threat to business development in the coming year.

POLAND'S INVESTMENT ATTRACTIVENESS AS A PLACE FOR DOING BUSINESS

Poland is at the forefront of the most attractive investment locations in the region, just behind Estonia and the Czech Republic (3rd place out of 20 locations). The vast majority of the surveyed companies — 96% — would choose Poland again as a place of investment. This is the highest percentage ever recorded by the Chamber in the survey.

ECONOMIC SITUATION AND EXPECTATIONS

At first glance, there are not many surprises here: after the economic slowdown in 2020, most companies in Poland expect a recovery this year, both for the entire economy and for their own company. More than four out of five surveyed companies predict that sales will increase or remain at the same level. The condition of the Polish economy is positively assessed by 68.8% of the surveyed companies. However, last year it was 87.7%.

EMPLOYMENT GROWTH AND SHORTAGE OF QUALIFIED PERSONNEL

More than one-third of the surveyed companies expect an increase in the number of employees. In the opinion of the surveyed entrepreneurs, the shortage of employees primar-

ily affects the increase in labor costs and causes disruptions in current production. The availability of skilled workers has improved compared to previous years, but with the expected economic recovery, labor shortages could increase again this year.

ECONOMIC POLICY

One of the most important factors influencing the attractiveness of running a business in Poland is membership in the EU. More than half of the respondents are in favor of Poland joining the Eurozone. The fight against corruption and crime, the flexibility of labor law, labor costs, as well as the unpredictability of economic policy and the country's political and social instability, the tax system and tax burdens are assessed as low.

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[Poland] continues to be at the forefront of attractiveness for multinational companies

INFORMATION ABOUT THE STUDY

AHK Polska conducted the study between March 15 and April 16 through an online survey among member companies of chambers and international chambers associated with the Network of International Chambers in Poland (IGCC). A total of 241 managers participated in the survey. The economic survey focuses primarily on assessing the economic situation and prospects, as well as assessing the quality of locations among member companies. The research results were presented at a virtual press conference on May 20. ●

AHK Polska survey cheatsheet

- Among the factors influencing the attractiveness of running a business in Poland, the surveyed companies rated membership in the EU the highest (**93.3% of positive opinions**).
- Respondents rate the fight against corruption and crime, labor law flexibility and labor costs lower than in the past. The worst assessed are the unpredictability of economic policy (**66% of negative assessments**) and the country's political and social instability (**55%**).
- Overall **39.9%** of the surveyed entrepreneurs say that they had already returned to sales results as "before the coronavirus."
- Nearly **30% do not expect to return to pre-crisis** levels by 2022 and **16%** even later.
- The long-term consequence of the crisis may be a change in the shape of global supply chains. This is expected to be beneficial for Central and Eastern Europe, with existing manufacturing plants in Poland not being relocated.
- As many as **60%** of companies surveyed do not consider relocating their plants and **31% believe a relocation is unlikely**.
- Relatively high prices of energy and raw materials in the country seem to be problematic, which are assessed as the greatest threat to business development in the coming year
- The vast majority of the surveyed companies — **96%** — would choose Poland again as a place of investment. This is the highest percentage ever recorded by the Chamber in the survey.
- After the economic slowdown in 2020, most companies in Poland expect a recovery this year, both for the entire economy and for their own company. More than four out of five surveyed companies predict that sales will increase or remain at the same level.
- The condition of the Polish economy is positively assessed by **68.8%** of the surveyed companies. However, last year it was **87.7%**.



THE ELECTRIFICATION OF ROAD TRANSPORT IN POLAND DRIVES FORWARD

The Polish EV car park continues to grow.

BY ALEKSANDER RAJCH

The E-Mobility Index, operated by the Polish Alternative Fuels Association (PSPA) and the Polish Automotive Industry Association (PZPM), shows that at the end of May there were jointly 25,407 electric personal vehicles registered in Poland. This means that a new 6,671 electric cars were added during the first five months of 2021, providing a 149% increase against the same period in the previous year.

Fully electric BEVs made up 49% of the numbers listed above (with 12,432 units), while the other 51% were PHEVs (plug-in hybrid electric vehicles) with 12,975 such cars. These statistics show a positive trend, where the proportion of BEVs is becoming more balanced and continues to grow. Moreover, numbers are rising in other areas of e-mobility as well. The utility and heavy electric car park now counts 966 vehicles. There is also an observable growth in the number of e-bicycles and e-motorbikes, which reached 10,105 in May.

SHUTTERSTOCK

Poland continues to hold its position as an e-bus hub in the CEE region, with 526 such buses in the country. The fleet of e-buses increased by 94 zero-emission vehicles between January and May. The growth in this segment is very impressive, as it constituted a rise of 203% against the analogous period of 2020 when only 31 such vehicles were registered in this timeframe.

The development of the electric car park is supported by higher statistics in the EV charging infrastructure. At the end of May, 1,495 public charging stations were available, which constitute 2,897 charging points. As many as 33% of these were DC-type chargers and 67% were AC, lower power or 22kW chargers. Just in May alone, 39 new public charging stations were launched (providing 59 new charging points). The pace of growth in this area is slower, however than in previous periods. Between June 2019 and May 2020, nearly 500 public stations were installed in Poland. Only 322 were installed in the following 12 months.

Unfortunately, the positive signals for the industry still meet negative counterparts. The introduction of the e-tariff was definitely a great breakthrough for the Polish EV charging infrastructure industry but the fact that Poland continues to have the most time-consuming connection procedures for charging stations does not help the development of this segment.

A new step in making e-mobility a reality was introduced, however, with no small input from PSPA. The website operated by the Polish Government Legislation Center (RCL) informed that the resolutions regulating signs and road signals, as well as other relevant acts of law will be amended in order to introduce new road signs dedicated to EV drivers.



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The fact that Poland continues to have the most time-consuming connection procedures for charging stations does not help the development of the Polish EV charging infrastructure industry

The new signs, based on the proposals recommended by the White Book on E-Mobility, authored by PSPA and proposed during the 2019 New Mobility Congress in Lublin comprise but are not limited to the directions regarding the location of an EV charging point (sign D-23C) and a gas station with a charging point (D-23b). There will also be a sign with information regarding charging stations or charging points on signboards with other road information as well (D-34b). The new signs will provide the EV community with the necessary information about where the charging stations are and they will also be installed on highways and expressways. Hence, another important step is made in the strive for zero-emission road transport in Poland. ●



Aleksander Rajch
The Polish Alternative Fuels Association (PSPA) states that it is the largest, fully representative industry organization, which promotes zero- and low-emission technologies in transport in Poland. Aleksander Rajch is the director for external relations and board member at PSPA.

FRANC-LY SPEAKING



Borrowers with loans in Swiss francs (CHF), as well as banks, are waiting impatiently for the full Civil Law Division of the Supreme Court (SN) to take a stand on the most important issues related to pursuing claims arising from loans in CHF.

BY KATARZYNA ULMA-RASZKOWSKA

Even though courts have recently ruled on cancellation of credit agreements indexed and denominated in CHF in the majority of cases, there is still no unequivocal answer to a number of questions, among others, establishing the rate of exchange or a way to make mutual settlements between parties relating in particular to compensation for the use of the capital. In view of uncertainty and the need to consolidate the adjudication, the first president of SN has decided that the full Civil Law Division of the Court should answer those questions.

It is necessary to establish how to determine the exchange rate:

- If clauses in the agreement are considered abusive and do not bind the consumer, can the agreement still bind both parties in other respects?
- If it is impossible to determine the exchange rate, is there any possibility of deduction of mutual claims already at the time of adjudication about the invalidity of the agreement?
- When the limitation period of claims raised by parties for repayments of amounts paid on loan begins — in the case of invalidation of the agreement or proving to be ineffective — can a party demand compensation for the use of the capital by the other party, in case there are claims for repayment of the compensation paid in the implementation of the invalid or ineffective agreement?

The date, when the decision was to

be taken by the Civil Law Division of SN, has been postponed three times. Ultimately, the decision was to be taken on May 11, however, on that day the Civil Law Division decided to request the opinion of the ombudsman, financial advocate, Polish National Bank, the Polish Financial Supervision Authority and the ombudsman for children before they take a substantive position on this. The last authority is surprising, whilst the president of the Office of Competition and Consumer Protection is missing and he seems to be the most competent to speak about abusive clauses.

Another decision on indefinite postponing of the issue of resolution stirred disappointment and grief among borrowers. Admittedly, the top court issued a resolution of seven judges of the Civil Law Division on May 7 regarding III CZP 6/21. The resolution has the force of the legal principle, however, it does not raise all the matters of interest for borrowers and banks.

SN pointed out that since the beginning, abusive clauses (article 385(1)§1 Civil Code) have been ineffective to the benefit of the consumer, who can later consciously agree to this clause and restore its effectiveness retroactively in this way. Furthermore, they indicated that if the credit agreement without an abusive clause can't bind, both a consumer and a creditor are entitled to separate claims for repayment of the compensation paid in the implementation of the agreement (article 410 §1 in regard

to article 405 Civil Code). The creditor can reclaim the payment from the moment the credit agreement became permanently ineffective. In other words, in the case of cancellation of Credit Agreement, the borrower should pay back the capital provided to the bank and the bank should return all paid installments to the borrower. If the balance is to the disadvantage of the borrower, he/she will be obliged to pay back the missing capital to the bank.

It follows from the above that claims of both parties are clearly separate, which means they do not automatically cross-compensate and the consumer may request the reimbursement of all paid installments of the credit, regardless of being or not a bank's debtor on account of the unduly paid amount of the credit. Borrowers will certainly benefit from this solution. Much less favorable for borrowers are arrangements concerning the date, from which the period of limitation shall be counted.

The top court decided that an abusive clause does not bind from the very start. Only the consumer's consent can fix the clause and bring back its effectiveness if it is free and conscious. At that time, the consumer restores its effectiveness retroactively. As a result, SN considered that the period of limitation runs from the date when the credit's agreement became permanently ineffective (it can be, for example, the agreement's annulment by Court or consumer's decision to refuse to fix the abusive clause

SHUTTERSTOCK



BORROWERS ARE NOW IN A MUCH BETTER LEGAL SITUATION THAN EVEN A FEW YEARS AGO WHEN COURTS OFTEN RECOGNIZED THE POSITION OF BANKS AND EVEN WHEN BORROWERS WON, IT WAS USUALLY A CHANGE OF CREDIT'S CURRENCY

and agree to the cancellation of the agreement). In other words, the limitation period for a bank's claims starts when the agreement becomes definitely ineffective, not from the moment when the ineffective agreement was signed. Such a ruling opens the way for banks to sue borrowers for the return of the paid-out credit. This ruling has some bright sides for borrowers too. Borrowers' claims for the reimbursement of paid installments are also due from the moment when the agreement was consciously questioned. To date, in principle, borrowers have been asserting their claims, that go back 10 years, recognizing claims for installments paid earlier as expired. It seems that in the light of the abovementioned resolution, borrowers can recover paid installments for the entire credit period. It is still unresolved if parties are entitled to compensation for the use of means of the other party. It is an important question, especially for banks, which often assert their claims for the compensation for the use of capital, after the credit agreements' cancellation. It seems that the resolution of the Civil Law Division of SN should clearly solve

this case. It will also let borrowers assess the financial aspects of settlements with banks. Keeping in mind the line of jurisprudence so far, the recent stance of the top court and TSUE (among others, TSUE took a stand, beneficial for borrowers, in its judgment of April 29, where TSUE referred to an issue of concluding annexes to the agreements, stating that unfair contractual conditions, concluded at the date of signature, can't be repealed by annex if the consumer has not been informed about the actual purpose and effect of the annex conclusion unless a conscious consumer resigned from such restoration by changing the unfair condition), it should be considered that borrowers are now in a much better legal situation than even a few years ago when courts often recognized the position of banks and even when borrowers won, it was usually a change of credit's currency. Cancellation of the agreement was kind of rare. Now, this trend has reversed. Undoubtedly, it is also beneficial that the full Civil Law Division of SN finally handled this case (even though we still have to wait for the resolution), because for both

parties the legal certainty and establishing a line of jurisprudence should be crucial, especially for borrowers — consumers — to be able to assess the risk connected with directing the case to court and a potential win. Referring to the current situation of banks, with a view to the recent jurisprudence, it seems that after the resolution of the top court from May 7, a huge burden has been lifted from banks, as the worst scenario will not come true. Banks, despite losing a case brought by a borrower to cancel the agreement, still can assert their claims in court, because their claim will not be expired.

It is unknown when the Civil Law Division of SN is going to issue the resolution, which will draw a final and clear trend in CHF credit cases. It should be noted that indefinite postponing the issue of resolution does not stop borrowers from asserting their claims in court. Consumers know the stance of the Court and TSUE, which permits a beneficial (for consumers) interpretation of provisions and can result in winning a lawsuit. ●



Katarzyna Ulma-Raszowska
Family Business Initiative Association (IFR) is a Warsaw-based alliance that groups entrepreneurs who own family businesses, as well as experts and scientists who support this community. Katarzyna Ulma-Raszowska is an IFR expert, CHF advisor in the law firm Grabowski & Partners (GWLAW).

The tremendous progress in medicine means that we can now use methods for treating diseases previously considered incurable. Modern ophthalmology uses lasers to treat myopia, farsightedness and astigmatism. Lasers are extremely precise, sterile and very fast. The effects of laser vision correction are spectacular, which is why an increasing number of patients choose this method of treatment.

LASER VISION CORRECTION: MODERN TECHNOLOGY EFFECTIVELY FREES PATIENTS FROM GLASSES AND LENSES



Laser vision correction is a safe alternative to traditional glasses and contact lenses. It involves modeling the patient's cornea in order to reduce the sight defect.

The laser vision correction procedure takes a short time — only several minutes — and the following stay in the treatment room is about 20-30 minutes, in total.

The treatment is intended for people with hyperopia (up to +6 diopters), myopia (up to -12 diopters) or astigmatism (up to 6 diopters).

Patients who have undergone laser treatment confirm an immediate improvement in vision quality, within a day following the treatment the patient can see well and even very well. Over

the following days, their vision continues to stabilize.

Qualification for laser vision correction surgery

People in the 21–45 age range with stabilized vision defects can undergo laser vision correction. In exceptional circumstances, after consultation and thorough examinations, a physician may qualify slightly older people for the procedure. The physician always decides on qualification for the procedure based on a detailed medical interview and conducted tests. Necessary tests include optometric examination, corneal topography, eyeball ultrasound, ophthalmological examination of the anterior and posterior eye segments.

What are the contraindications for such a procedure?

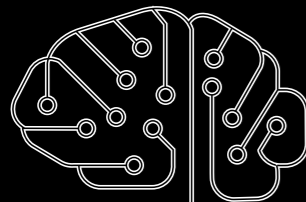
The most common contraindications include:

- an unstable or excessively high vision defect,
- pregnancy and lactation,
- age: below 18,
- autoimmune diseases,
- certain eye diseases (glaucoma, cataracts, retinal detachment, inflammation of the eyes, changes in the cornea or the back of the eye),
- cancers,
- diabetes,
- heart diseases,
- tendency to develop keloids.

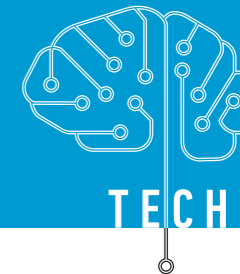
There are also other contraindications to the procedure. During the qualifying visit, one should inform their physician of all medications taken, operations, diseases and any other ailments. The ophthalmologist may order in-depth diagnostics and refer the patient to a doctor of another specialization in order to exclude the presence of contraindications to laser vision correction surgery.

Laser vision correction is one of the safest treatments that permanently treat vision defects. Its effectiveness is very high. However, the eyes are sensitive and susceptible to any interference, so after the laser treatment, certain complications may occur — these are mainly temporary. More severe vision problems do not occur if the patient is thoroughly examined and correctly qualified for the procedure. Ophthalmologists from the Sensor Clinique in Warsaw emphasize that correct qualification is essential in order to achieve the best treatment effects without complications. ●

www.sensorclinique.eu



TECH insights



TECHNEWS

Huawei ex-director on trial

An espionage trial involving a former Polish secret services agent and an ex-employee of Huawei begun in a Warsaw court on June 1 as some European states consider whether to exclude the Chinese group's equipment from their 5G telecom networks. Poland arrested the two men in January 2019 on suspicion of spying for China, in a move that has ramped up international debate over the potential security risks of using Huawei equipment in communications networks. Huawei has repeatedly denied its equipment can be used for espionage by authorities in Beijing, but the United States has been pressuring countries to ban it. In Europe, only Britain and Sweden have so far done so.



ACCESSORIES

Oppo Enco Air headphones in Poland

Oppo Enco Air headphones are available in Poland from June 11. These are the latest wireless headphones from this brand, which are supposed to offer high sound quality and up to 24 hours of work if we use the energy stored in the charging case. The headphones are equipped with 12-millimeter drivers that provide solid bass, smooth high tones and rich mids. The AAC HD codec is also supposed to have a positive impact on the quality of sound transmission, as it allows you to emphasize more sonic details. The equipment also includes two microphones, one of which picks up sounds from the environment and the other picks up the human voice. In conjunction with the intelligent Enco Air voice recognition technology, they are able to, in real-time, separate the sound of the human voice from background noise, which translates into a high-quality call and gives the impression that the interlocutor is right next to us.

APPS & PHONES

RedMagic 6R in Poland from June

RedMagic 6R is the newest gaming smartphone from Nubia. Although created for players, it may also be of interest to people who are simply looking

for an efficient phone with an AMOLED screen and Snapdragon 888 for everyday use. In Europe, RedMagic 6R is set to debut on June 24. RedMagic 6R is a phone that does not look like models for players, it can be used every day for any application and according to the manufacturer, this is one of its main advantages. RedMagic 6R has no details that are projecting from a distance, emphasizing that it is gaming equipment, but it looks like many other smartphones. With its camera module, it evokes a bit of association with the Samsung Galaxy S21 series. The smartphone case is 7.88mm thick and weighs 186g.



BUSINESS & ECONOMY

Polsat and Plus with new logos

The Polsat Group, controlled by its billionaire founder Zygmunt Solorz, will soon introduce new logos of its brands and change its name to Polsat Plus Group. The first changes concern the graphic symbols of the key brands — the telecommunications operator Plus and the TV company Polsat. The new branding has been designed to clearly describe the services and products of Polsat Plus Group, states the press release. The logos of Plus and Polsat "were designed with the future in mind and transparency," adds the press statement.



BUSINESS & ECONOMY

Comarch data center in US

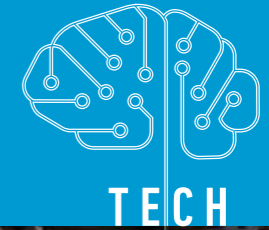
Poland-headquartered software and IT services firm Comarch is to build a 32,000 sq ft data center in Mesa, Arizona. Its North American Data Center will be located on three acres at Ellsworth Road and Prairie Avenue. The company expects to begin construction this month and start operations in mid-2022. Investing in its own infrastructure is part of the tech giant's ongoing strategy as it plans to expand its business in the American market, where the company has been implementing IT projects since 1999. Comarch currently provides data center services for clients from North and South America in rented spaces in Chicago and Columbus, as well as in Montreal and Toronto. When the US facility is launched, all of these servers will be moved to Mesa. The tech titan founded in 1993 and with over 6,500 staff in more than 30 countries already has its own server rooms in Poland (Kraków and Warsaw), as well as in France and Germany.

CYBERSECURITY

Pole at top of EU team to bust Russian disinfo

Polish information expert Martyna Bildziukiewicz will head the EU's East Stratcom Task Force, a special team

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set up to combat Russian-authored fake news campaigns. Peter Stano, spokesperson for EU High Representative Josep Borrell, confirmed Bildziukiewicz's appointment to PAP on May 18. Founded in 2015, in response to Russia's mounting fake news operations following its annexation of Ukraine's Crimean Peninsula, the East Stratcom Force is part of the EU's European External Action Service (EEAS). The team's main job is to seek out disinformation trends and develop counteracting information campaigns. Prior to her appointment, Bildziukiewicz was one of the East Stratcom Task Force's 16 members.

stealing data and money. The biggest groups affected by this type of fraud are women and those under the age of 34, the report states.



M&A Competition watchdog okays Polkomtel Infrastruktura acquisition

The Office of Competition and Consumer Protection (UOKiK) approved the takeover of Polkomtel Infrastruktura by Cellnex Poland. According to the regulator, despite the significant market shares of the participants, competition will not be restricted and the transaction may strengthen the competitiveness of the telecommunications market. Polkomtel Infrastruktura, part of the Cyfrowy Polsat group in Poland, supports both passive infrastructure (telecommunications towers) and active infrastructure (voice and data transmission equipment and optical fibers to the tower). In February, Cellnex announced that it intends to acquire 99.9% of shares in the company belonging to the Cyfrowy Polsat. The transaction required, inter alia, mandatory consent of UOKiK as the competition regulator. The companies predict that the deal will close in the summer.



CYBERSECURITY Over 50% of Poles have been cheated online

Online crime is becoming more common and also affects younger internet users. Overall 58% of respondents admit that they or their relatives have come across such online scams, according to a study commissioned by mBank. The survey shows that the highest percentage of Poles (43%) was affected by false SMSes. Slightly more than four out of ten adult Poles (personally or their family and friends) have experienced a fraud involving the receipt of fake text messages with a link aimed at

Private investors from the fashion industry and leaders of sustainable development are on board for Clothes to Donate (in Polish: Ubrania do Oddania). The startup obtained PLN 1.5 million in the pre-seed round. It aims to convince Poles to use second-hand clothes, in addition to persuading clothing brands to try sustainable fashion that can be profitable.

BY MAGDALENA MIKULSKA

RAISING MILLIONS



The growing popularity of the platform ubraniadooddania.pl, thanks to which millions of Poles can get rid of clothes stuck in wardrobes and give it a new life, prompted the founders to further revolutionize the second-hand clothing market in Poland. The company wants to enable fashion brands to enter the second-hand market and argues that it can be profitable.

The idea of creating a circular second-hand clothing market in Poland, which fits in with global trends, was supported by as many as eight private investors, including leaders in the fashion industry, such as Zofia Dzik — an investor in socially important projects, founder of the Humanites Institute and an independent member of supervisory boards in many companies, including CCC, Tomasz Ciąpała — founder and CEO of the Lancerto clothing brand, as well as Grzegorz Pilch — a long-term member of the management boards of firms such as VRG group that includes brands like Vistula, Wólczanka.

The group of investors also includes, among others, Bartosz Ciołkowski (MasterCard), Krzysztof Czuba (aion Bank) and Łukasz Chojnowski (United Ideas). The funds raised (PLN 1.5 million) will allow to develop cooperation with brands, increase clothing collections

and build the first network of circular second-hand boutiques in Poland. "The development potential of UDO is defined by global trends in the circular economy and sustainable consumption of clothing and the dynamically growing demand for second hand, amplified by the ideas of zero waste and sustainable fashion, which shot up during the pandemic and the related crisis," emphasizes Ciąpała.



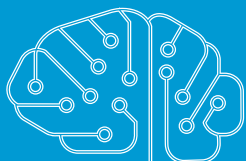
THANKS TO UDO, EVERY CLOTHING BRAND CAN PROFIT FROM THE RESALE OF PREVIOUSLY PRODUCED CLOTHES OR SHOES AND AT THE SAME TIME ACT MORE RESPONSIBLY

According to Statistics Poland (GUS), the second-hand clothing market in Poland is worth nearly PLN 6 billion a year and more than 10 million adult Poles wear clothes bought in "thrift shops." At the same time, ubraniadooddania.pl already has more active users than before the pandemic. In 2021, Poles have re-circulated through UDO an average of 1.5 tons of clothes a day.

CLEAN UP AFTER FAST FASHION

The startup wants to introduce a circular model of operation and enable fashion brands to earn on what they have previously treated as waste. Our own sorting plant will be used for this and the original CLEAR Sorting process, which enables the selection of used clothing according to any category — brand, purpose or age group. The company also wants to collect returns or complaints from stores and recirculate them after being repaired and refreshed.

"We will not make the fast fashion industry produce less but we will help it see the value of secondhand and clean up after itself. Thanks to us, every clothing brand can profit from the resale of previously produced clothes or shoes and at the same time act more responsibly," notes Zosia Zochniak, owner and co-founder of UDO. ●



TECH

EASY PEASY



Kraków-headquartered medical services startup uPacjenta makes it easier for Poles to access health preventive laboratory tests every day by offering blood tests and other medical services in the comfort of clients' homes.

BY MAGDALENA MIKULSKA

With nearly half a million laboratory examinations and tests under their belt and nearly 160,000 Poles tested in homes and offices, uPacjenta — the world's first smart lab — is revolutionizing the market of medical services and health prophylaxis in Poland. The popularity of the platform, thanks to which people living in Poland can perform blood tests and consult the results online without having to leave their home or office, is growing at a dizzying pace. In 2020, the number of tests performed with it soared almost five times. Monthly, its services are used by nearly 20,000 individual clients, including company employees. It is the world's first smart lab platform that carries out blood tests and Covid-19 tests with transport to the customer.

HEALTH 'DELIVERY'

"We addressed a very important market need. Poles who fell in love with food or

shopping with delivery saw that it was also possible to order tests home and at the office. In 2020, the number of people actively using our platform increased almost threefold," says Dominik Swadźba, CEO and co-founder.

The trend of ordering home examinations was exacerbated by the pandemic that led to difficulties in moving and limited access to health care. By March, the number uPacjenta's home visits had increased more than 2.5 times compared to the time at the beginning of the pandemic. The platform was created for people who perform regular blood tests — pregnant women and parents with young children, the elderly, disabled or chronically ill for whom visiting a stationary collection point is difficult, involves risk or stress, as well as working people who don't want to waste time in queues. The patient selects the service they are interested in on the website, sets the date and time as well as the place of the examination. They can choose a specialist who will conduct the visit — each member of the medical team has a profile with a description and the opinions of other patients about the expert. Test results can be checked online and sent for consultation to a specialist who responds within 24 hours.

"Companies constitute a large group of our clients. While many offer medical packages, employees do not get regular checkups. That is why companies invite us to visit them. It is a guarantee for them that the employee will be examined. So far, we have completed

nearly 2,500 such visits, including for Play [a telecommunications company]," Swadźba adds. "Preventive health in companies has become especially important in the pandemic era. For corporations, it is also an element of responsible business, increasing the employer's attractiveness in the labor market," he emphasizes.

PREVENTIVE HEALTH IN COMPANIES HAS BECOME ESPECIALLY IMPORTANT IN THE PANDEMIC ERA

uPacjenta focuses its mobile activities in the largest cities in Poland. But thanks to the cooperation with the network of Diagnostyka medical laboratories, over 1,200 stationary collection points in the country are at the disposal of platform users. The offer includes over 700 different laboratory tests, including Covid-19 tests. By the end of next year, the founders intend to establish a leadership position on the domestic market and begin a dynamic expansion in Europe, including Italy and Spain. They also plan to introduce shipping tests, popular in Europe and the US, to the Polish market. ●

LOKALE IMMOBILIA



NEWS

OFFICE

ELECTRONIC ARTS stays in AMBASSADOR OFFICE BUILDING

International real estate firm Hines has announced a new lease that demonstrates how the firm has successfully managed and commercialized its office buildings, despite the pandemic. Electronic Arts, one of the leading American producers and publishers of computer games, has just renewed its lease agreement in the Ambassador Office Building. The company occupies 528 sqm on the 10th floor.



OFFICE

The Park Warsaw contracts extended

Eaton and Kuehne + Nagel have extended their lease agreements in The Park Warsaw — an investment carried out by White Star Real Estate. The total area of both leases is over 3,500 sqm. Eaton Electric, a manufacturer of the highest quality industrial automation, signaling, switch-

ing, security and installation equipment as well as low voltage energy distribution systems, has extended the lease agreement of 1,500 sqm of office space in The Park Warsaw for the next five years. Another tenant who decided to continue the contract with The Park Warsaw is Kuehne + Nagel. The Polish branch of an international transport and logistics company occupies over 1,100 sqm in the Warsaw complex. The lease was extended for seven years.



OFFICE

CA Immo welcomes new tenant

CA Immo signed a new lease agreement at Sienna Center in Warsaw. The group of tenants of the office building belonging to the CA Immo portfolio has been expanded by another international company — WestRock. As a leading provider of differentiated, sustainable paper and packaging solutions, WestRock has leased 400 sqm of space on the 2nd floor of the building. WestRock is an NYSE-listed world leader in the production of paper and the highest quality packaging dedicated to various industries. The company, ranked among the largest global enterprises according to the prestigious Fortune 500 ranking, serves clients around the world and its offices, research centers and production plants employing a total of over 50,000 employees are located in more than 300 locations in North and South America, Europe, Asia and Australia.

OFFICE

Grunwaldzki Center in Wroclaw to be commercialized

Real estate advisory firm Savills has been appointed as sole letting agent for office space in the Grunwaldzki Center in Wroclaw. The Grunwaldzki Center has 27,400 sqm of office space and is among the tallest office buildings in Wroclaw. Its windows overlook the city's skyline, including the nearby zoo and the Centennial Hall. It is named after its location in Grunwaldzki Square, which is a major transportation hub in the city. There are three universities nearby: the Medical University, the University of Environmental and Life Sciences and the University of Science and Technology. The property, on which Savills will act as a letting agent, is currently undergoing a refurbishment that has already seen reception desk areas revamped. Tenant amenities include a canteen, a kiosk, a Starbucks, two bank branches, a PZU office and a Żabka store. Looking ahead, more services for tenants are scheduled to be added to the office building in the near future.



7 million

In May 2021, the total office stock in Warsaw exceeded 7 million sqm, according to REDD data. "There is still over 500,000 sqm of office space under construction

Piotr Smagała, REDD managing director, has said.

OFFICE

Answer.com with new studio

Despite the pandemic, in Kraków's Galeria Kazimierz in April this year, Answer.com joined the group of tenants of the shopping center, renting over 1,700 sqm in the office part on the roof of the building. A photo studio was established there, where catalogs and campaigns for the brand's latest collections are prepared. Galeria Kazimierz is a modern shopping center operating since 2005, located in the historic center of Kraków, at ul. Podgórska. There are over 160 stores of well-known Polish and foreign brands on two levels of the gallery. The facility offers almost 40,000 sqm retail space and over 2,000 sqm office space. Since 2014, the owner of the gallery has been the Invesco Real Estate European Fund (IREEF) from the Invesco Real Estate group.



OFFICE

Infinity with general contractor

Avestus Real Estate has selected the general contractor of the Infinity office building in Wroclaw. Eiffage Polska Budownictwo will be responsible for the comprehensive implementation of the investment at Jana Pawła II Square (intersection of Legnicka and Nabyścińska streets). Completion of the investment with a total leasable area of almost 22,000 sqm is planned for the first quarter of 2023. Eiffage Polska Budownictwo will perform a full range of construction works related to the construction of the Infinity office building — from foundation works, building construction, installation works, façade assembly, to finishing works and landscaping of the area surrounding the investment. So far, under a separate contract, Eiffage has built a diaphragm wall of this office complex.





LOGISTICS & WAREHOUSE

Panattoni stays strong in Bielsko-Biala

Leading European industrial real estate developer Panattoni is to increase the supply of warehouse space in Bielsko-Biala, an industrial area bordering Silesia and Malopolska. The developer has started construction work on another park in the region — Panattoni Park Bielsko Biala IV. Three buildings with a combined area of 96,000 sqm are under construction, all of which are to be completed this year. The entire project is being developed in line with the Go Earthwise with Panattoni policy for sustainable development, which means that the project is to be certified under BREEAM for a rating of “Very Good.” The construction of another park in Bielsko-Biala is a response to the unwavering interest shown by potential tenants — the company’s three other parks in the region have now been fully leased out.



LOGISTICS & WAREHOUSE

P3 welcomes two tenants

Long-term investor and developer of warehouse facilities in Europe, P3, has now fully leased out the first phase of its DC9 warehouse in the P3 Poznań parks. Tenants of this newly constructed building include Green Factory Logistics (5,510 sqm) and Colian Logistic (4,800 sqm). Thus, the whole of the P3 Poznań parks’ 200,000 sqm leasable space has been commercialized.

RESIDENTIAL

Aurec Home buys new land

Aurec Home has strengthened its commitment to Warsaw’s Wlochy district. The developer has finalized the purchase of a plot of land with an area of over 1.5 ha near the Salomea transport hub. Aurec Home will build the next stages of the Miasteczko Jutrzenki (The Town of Dawn) on the new plot. This investment turned out to hit the bull’s eye of customer needs. The first stage was sold in only six months, and in the second stage, only single units remained vacant.



RESIDENTIAL

Pre-sale of flats in center of Chorzów begins

Osiedle Kościuszki (The Kościuszko Estate) is another, after Osiedle Nowe Tysiąclecie, investment by the nationwide developer J.W. Construction in the Silesian metropolis. Ultimately, 256 apartments with an area of 25.75–82.65 sqm will be built there. The Kościuszko Estate will consist of six buildings — two six- and seven-story corridor type and four small,



intimate, point buildings. In the first stage, which has just been put on sale, as many as 110 apartments with areas ranging from 28-74 sqm will be built in two buildings with adjacent storage rooms. In the second stage of the investment, another four buildings with approx. 20 flats in each will be built.



RESIDENTIAL

Heimstaden leader of rental housing

Heimstaden Bostad, the third-largest European company in the real estate for rent sector, is finalizing the purchase of 2,500 units from Budimex Nieruchomości for SEK 3.1 billion (approximately PLN 1.4 billion). As a result of the transaction, Heimstaden Bostad will become the leader in the rental housing market in Poland in the coming years. Heimstaden has bought approx. 40% of the current portfolio of Budimex Nieruchomości in Poland. The Swedish company will take over these properties in the next 2-5 years.

RESIDENTIAL

Bacciarelli 54 estate enters third stage of construction

The developer Trei Real Estate Poland has started the construction of the third stage of the Bacciarelli 54 estate in <https://wbj.pl/bacciarelli-54-estate-in-wroclaw-enters-third-stage-of-construction/post/130881> Wrocław. As part of the investment, it will build 91 apartments with areas ranging from 29-120 sqm. The planned completion date for this phase of works on Wielka Island is the third quarter of 2022.



“We are observing new trends and business transformations that are appearing in the market, which will shape the future. They create new opportunities and the new normal which will be our reality going forward ... we are convinced that CEE has a bright future and is a good place to invest”



Katarzyna Zawodna-Bijoch, CEO and president at Skanska’s commercial development business in CEE, was quoted as saying on May 27.



HOPE AND DREAM

Robert Baj, president of the management board of CBR Events that operates Warsaw's Hala Gwardii, shares his thoughts on the hall.

BY MORTEN LINDHOLM

WBJ: How did you (CBR Events) get the idea for Hala Gwardii?

Robert Baj: The owners of CBR Events share a passion for food and travel. In many countries where we have lived and visited, we have been to wonderful markets where you can shop, eat, meet, talk and play with children and grandmother under one roof. A place that you do not have to book a table, where you wear a white shirt and come as you are. You will find something nice for yourself at every moment. We wanted to create the same for ourselves in the city where we live: a place where we can work pleasantly but also a place where we can go like an ordinary client and that can make Warsaw unique and recognized for it. It is not only mixing restaurants with a food and vegetable market, it is a meeting place, a place for socializing. You do not need a smartphone to enter — here is space and options for everyone.

HG is a public-private partnership (PPP) — how has that worked and what are your expectations for the future?

The City of Warsaw is the owner of Hala Gwardii and it is their decision to operate the hall as a PPP. For the five years that we have been working together, it has been working well, both parties have gained from each other and learned from each other. We believe that also in the future the city will consult and rely on the extensive experience and knowledge CBR Events has gained from work with clients, tenants and partnerships for very unique events

and actions arranged in Hala Gwardii over the years. For us, it is important to have a transparent partnership where it is clear for both parties what is expected, what additional development may be taken, making sure that city inhabitants' needs are considered and that not only finance and development will be driving the decisions on keeping this historic and special Warsaw heritage authentic.

The Hala Gwardii is a "kamienica". How has it been over the years to



OUR DREAM IS THAT HALA GWARDII REMAINS AS IT IS AT THE MOMENT

provide business and comfort for tenants and consumers in the "old" building?

It is correct. Hala Gwardii is a tenement house standing here for over 100 years. Can you imagine how many different things and activities have happened here that give the hall a soul? You feel it as soon as you enter the hall. You can't really decide what it is. It is just a feeling of authenticity. We have tried to keep it that way, avoiding too much interference in the original setup. Despite the opportunity, we did not build an additional floor that would destroy the entire volume and spirit of this place. We kept investments in the things that were required by the PPOŻ (fire safety) and by the tenants, like electricity and sanitary issues for our guests (toilets, etc.). We also took a strategic decision to keep the project local and original.

So, we did not invite network brands as they would not fit the place.

You have done a lot of non-standard events and exhibitions in the Hala — where do you get the ideas and partners from?

Our initiatives come from within us, from our tenants and partners. But the overall strategy for the implementation has always been an idea that must be interesting for everyone and for free. We make the hall available for free. So, even young talented musicians, unknown artists or other supporting organizations have the possibility to be seen and heard and bring out their message to the people. We support idea takers and the finances should not be an issue as long as the idea and realization are reasonable.

Do you (CBR Events) have plans for further development or adding to the existing setup?

For CBR events, plans for the future are connected with the City's final decisions about the place. Should the city expect to extend the space or the hall — using extra floor or underground, widening the useable areas outside today's spaces — we will find out when we know the tender results. For us, however, the whole building is intended to serve one purpose — "a meeting place for everyone, with food, culture and fun, while remembering the history of the hall." In our opinion, for this purpose, the hall doesn't need additional space — neither the extra floor nor the orangery (greenhouses). However, outside gardens would be very useful and great for both tenants and visitors.

What has been the biggest surprise in the period you have managed the project?

I must say that our biggest "surprise" was probably that we from the opening weekend became a "lightning success." We were not really 100%

A renovated indoor market hall in Warsaw's CBD, Hala Gwardii, is operated by CBR Events. Robert Baj is the head of the operator's management board.

prepared at the beginning. Remember, that we opened the hall four months after signing the contract with the city. The local newspapers even compared Hala Gwardii with Hala Koszyki, which was for me a great shock, taking into consideration the investments in both projects. We had a lot of guests in Hala Gwardii from the beginning and we have been able to keep the interest, renew ourselves and constantly develop the mix of food, experiences and socializing. So, we are a celebrated and important meeting spot for Varsovians.

What are the latest trends you observe in terms of audience visits and consumption behaviors?

During the last year of operation in the new reality of Covid-19, we have noticed a change in customer behavior. First, before Covid, on Fridays, we had a lot of clients from office buildings who used to come to the hall for lunch and then started working from home. So, our Friday lunch hours are different now. Secondly, before Covid, we also had a lot of clients from the senior group who used the food court, and during the pandemic, they could use only the market. However, we noticed that younger customers during this period came to the hall, even though



it was not possible to eat on the spot because the whole gastronomy was only take away.

What are your (CBR Events) dreams about the project for the future?







Our dream is that Hala Gwardii remains as it is at the moment. Obviously, the

building needs renovation. But we hope that the city will stay clear of financial and other development goals in this project and keep the originality and leave Warsaw as a space for everyone, like famous southern European cities have, where fresh local food is brought in from the countryside, where local passionate food lovers can find gastronomy made with love and where visitors — old, young, local and foreign — can meet and socialize in a relaxed and lovely atmosphere. We also hope the city in its PPP choice has been convinced during our five successful years of cooperation, that the most important thing for Warsaw residents is the choice of a partner who will take care of the hall for another 15 or 20 years, as an operator, not a partner who will renovate it and treat it as a developer for selling it for a profit. For us at CBR Events, we hope and dream that the city will appreciate Hala Gwardii's amazing guests, our passionate work, the satisfied local surroundings and will continue to choose us as a trusted partner for this project.



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EVENTS

The WBJ relives or looks forward to the most important events from the world of business and economy

IX EDITION OF EXECUTIVE INNOVATION FORUM

On June 17 at the Sheraton Grand Warsaw Hotel the 9th edition of the Executive Club — Executive Innovation Forum took place. The substantive part of the event included three panel discussions and six speeches and in the evening, during the Gala, the results of two competitions "Diamonds of Innovation" and "Sustainable Economy Awards" were announced.

The conference was inaugurated by the speech of the Guest of Honour, Marek Niedużak, PhD, Undersecretary of State in the Ministry of Development, Labour and Technology. The speaker pointed out that the economy should be opened to new solutions.

Next on the agenda was the speech of Special Guest, Magnus Penker — a world-renowned expert in innovation. Penker pointed out the most important factors of organizational success and encouraged people to take more control over their lives.

Another guest speaker at the conference was **Professor Witold Orłowski**, economist and lecturer at the Warsaw University of Technology Business School. In his speech entitled "Economic Outlook 2021," he discussed the most important economic issues of the country.

After the first speeches, there was time for a panel discussion on the digital transformation of business. The panelists agreed that the era of cheap costs is coming to an end in Poland and the only way to compete is through innovation and employee qualifications.



After the first panel discussion **Dariusz Kwieciński**, president of the board, Fujitsu Poland, conducted a case study entitled "Digital transformation is not IT transformation" in which he convinced the audience that transformation should not be treated as changes in technology.

After the presentation and short networking, the discussion began with a summary of Poland's place in the rankings of innovation and the opinions of Poles. The experts tried to indicate what could improve the country's position and what are the barriers associated with the involvement in the development of innovation.

After a break, it was time for the case study "Use of artificial intelligence in cervical prevention," prepared by **Jakub Barbasz**, DSc, co-founder of Digitmed. The

speaker pointed out the need to improve interpersonal communication skills and highlighted the problem of women in Poland skipping screening tests.

The panelists of the third panel discussion "Innovative power industry" focused on the future of the energy sector, engaging in a conversation about the necessary means to improve innovation.

After the content-related part of the conference the Evening Gala began, during which "Innovation Diamonds" and "Sustainable Economy Awards" were handed out. After the awards ceremony, a presentation entitled "For Good. Movement — Time for Change" was delivered by **Sylvia Biłska**, general manager, Edenred Polska. The evening ended with a concert of "Cookies Band" and a networking banquet.



The child in me

The sky is overcast. A flurry of rain is pattering against my window. The mercury is comfortably hovering around 20C. Through the window, I can see runners, cyclists and umbrella-holding, presumably, office goers (it's still early morning in the city of Poznań) going about their business.

This last month, though, temperatures steadfastly rose north before reaching 35C across some parts of Poland. Swelteringly hot, if you ask me.

So, when torrential rains lashed Poznań on June 22 and flash floods swamped the streets as a direct consequence, despite the deluge-induced damage — reported later to have run into millions of zlotys — people were seen welcoming the relief rainstorms brought.

In my neighborhood, toddlers, preschoolers and pre-teens were beside themselves with joy and excitement. The reason: at least a foot-deep pool of water nearly half the size of a football field. Kids splashed about the “lake” for hours after the heavy downpour had subsided.



The sight, among others, was reminiscent of my childhood. I remember — invariably and deliberately — waddling through the biggest puddles on the way back home from the school bus stop. Over the decades, remnants of that time have shown up occasionally. I (still) kick a stone down the road while walking to a nearby supermarket or precariously and painstakingly try to balance myself on the raised edge of a pavement farthest from the street with a phone in one hand and a light shopping bag in the other.

However, on the 22nd — because I reckon it's flagrantly inappropriate to jump into a pool of water with kids in it (even without, on second thoughts, for a 35-year-old) — I had to rein the child in me — SD

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A close-up photograph of a person's hand holding a thin wooden plank over a model of a staircase. The staircase has white steps and a dark wooden base. The background is dark and out of focus.

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