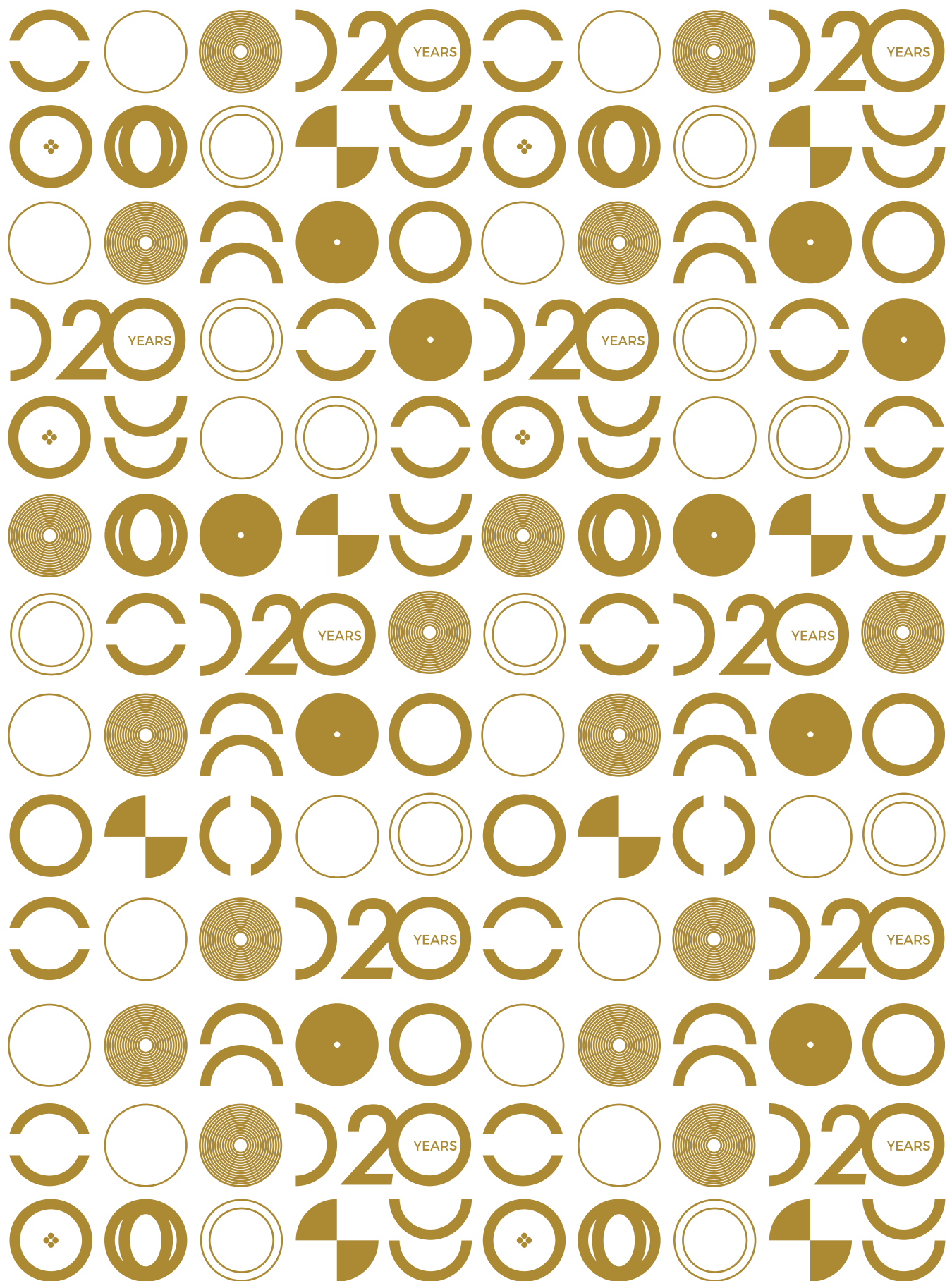


## 20 years of the Polish-Swiss Chamber of Commerce

Business relations between  
Switzerland and Poland  
– a success story  
to be continued





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## Foreword by the President of the Chamber

Dear Members and Friends,

I am pleased to present to you a unique publication summing up 20 years of activity and achievements of the Polish-Swiss Chamber of Commerce.

Over the 20 years the Chamber has grown from a small organisation to an association of nearly 200 companies representing the vast majority of Swiss investments in Poland. We also associate more and more Polish companies already present on the Swiss market or planning to enter it.

Regarding the Chamber's activity please have a look at the timeline (p.11). It highlights the first editions of events which are still present on our agenda. You can also see that our development has been triggered by the motivation to offer added value to our members.

„Serving a good cause” – this is for me the essence of the activity of the Chamber. We carry out bottom-up initiatives and respond to the needs of our companies. The exchange of experiences and mutual inspiration create value which strengthens our companies to become even better and more competitive.

The Chamber has been active as a meeting point between Poland and Switzerland for 20 years. Switzerland is now the second biggest investor from outside the European Union in our country. Swiss companies have a positive impact on the Polish economy also in terms of supporting the innovative eco-system which is so important for the future of Poland. I encourage you to read the report on the potential and direction of cooperation between Poland and Switzerland prepared for us on the occasion of the 20th anniversary by the company Deloitte (p.33). I would also like to draw your attention to the results of the research on the image of Switzerland and Swiss companies in Poland “Swissness in Poland” commissioned by the Chamber in cooperation with the University of St. Gallen at the end of 2017 (p.23).

Switzerland has been increasing its prosperity and enhancing economic growth for 150 years. Poland, as we all know, wasn't that lucky. However, when comparing both countries we can see how extraordinary was the development of the Polish economy over less than 30 years of political and economic freedom. The



driving force of the process were ambitions, diligence and entrepreneurship of the Poles. Will we ever catch up with Switzerland? I am sure it is possible. The key to success is, however, the institutional environment and cooperation skills – a lot of economic freedom combined with foreseeable and good quality law. One cannot achieve it without consultations; they also enhance cooperation and trust.

Summing up the 20 years of the Chamber, I would like to thank in the first place all member companies and partners for their contribution and engagement. In particular, I would like to thank Mr. Ambassador Andrej Motyl, his team and the Swiss Business Hub Poland. I also thank the Chamber's team headed by Mr. Ulrich Schwendimann for their intensive and fruitful work for the Chamber.

**Marek Szymański**  
President of the Polish-Swiss  
Chamber of Commerce

## Foreword by the Ambassador of Switzerland

### 20 years of a Community of Purpose

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When I started my career as diplomat the global trade and investment order has known an enormous boost through the Uruguay Round of the GATT. This extraordinary negotiation process seemed to promise a world trade based on meritocracy and fair competition - thus we had reasons to hope for massive reductions of corruption or protectionism or other governmental manipulation around the globe.

30 years later we are rubbing our eyes. Protectionism and other state interventionism have known a spectacular renaissance and seem to become the normality of the 21st century.

This is bad news for the whole world but particularly for Switzerland, which lives and thrives on exports. Consequently, the development is for us an existential challenge.

We the Swiss together with like-minded nations must do our utmost to counter these protectionist developments in international fora, through bilateral or regional agreements, and that is what we diplomats do these days.

But at the same time our companies must adapt to the stormier international environment and confirm and strengthen their comparative advantages:

1. Swiss Companies, have to continue to embark on **revolutionary business ideas and produce evolutionary Swiss masterpieces**, may they be products or services. To keep on achieving this, we have to connect and constantly reconnect our great universities as well as our vocational training systems with the research and development departments of our companies in an intricate, inspiring and fermenting "Swiss border and discipline crossing organism" with the aim to keep the communication between theory and practice permanently flowing, to keep the best brains of state, academia and business interconnected. In a nutshell, we must keep our position as the most innovative nation and promote the "Swiss Made" label as an imperative of excellence.

2. We will have to devise a system to still better protect the fruits of the afore - said hard work, creativity and innovativeness. **The protection of intellectual property and of patents must be our central common (Swiss companies and the "Smart Swiss State") effort - obviously we will have to create an international like-minded alliance.** This is an uphill task and the aspired result will only be reached, if the companies demand it clearly, loudly and persistently. We, the state servant have to be as inventive and determined in defending the intellectual property rights of our companies as private business is in its fields of activities.

3. In an era, when a romantic Marxist as Bernie Sanders almost won the US elections, and when a declared Marxist named Jeremy Corbin is heading the British Labor Party we must remember that our employees are by far our greatest and most precious assets and we must not permit to be divided by the above mentioned demagogues. Our employees are our most precious allies. Corporations in the United States are buying start-ups - not only to get some good inventions - but more importantly to get hold of the great employees behind those inventions. We the "Swiss Made Companies" must take our employees along on the exiting but also bumpy road ahead of us. We must give them the options to become the best qualified and most motivated in whatever task they are performing.

4. Besides being top edge in R&D, leading in quality of our products as well in marketing, we must always remember to attach another imperative to our Swiss made identity. I like to call it the "imperative of Swiss loyalty": when Swiss companies invest in a foreign country they come to stay and to become a part of that country. They do not "only create jobs" or "only pay taxes" they are training the local staff to the highest global standards, they name local country managers and they are introducing the Swiss companies' quintessential know-how to the country of their activities. In Poland companies like ABB, Roche, Sonova or Onet have even created R&D Centers which serve these groups worldwide. Thus, I dare to say, many Swiss companies have become





What struck me most was the Chamber's attitude of "no complaining but campaigning". The Chamber has been as innovative, ambitious and perseverant as its members.

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pillars - in their respective sectors - of the innovativeness domain of their host countries.

To put it in a nutshell: our Swiss companies belong to the league of the best international development experts I have ever observed - far superior to most of the state or international organizations-run or NGO - inspired development programs, because they are concretely helping the host countries in climbing the ladder towards highest global value added chain level.

All of the above are the key elements of our companies' flabbergasting success abroad and more particularly in Poland.

But:

The extraordinary dynamism with which these aims are pursued in Poland by the Swiss companies would hardly been achieved by sole individual efforts. We owe this "Swiss drive" also to the fact that we "Helvetians" (people who have congregated around the notion of permanent local micro revolutions while keeping the useful traditions alive) forcefully converged in and around a community of purpose: the Polish-Swiss Chamber of Commerce.

The Chamber has been innovative like its members, it has been ambitious as its members and it has been perseverant as its members. I am convinced therefore that our Chamber could be a case study for other Chambers to follow.

Its recipes are manifold:

- well chosen, tailor-made presence in essential trade fairs and other relevant events,
- permanently updated analysis of the legal and political environment and the adequate action if needed.
- "loyal sherpa commitment" towards its members.

What struck me most was the Chambers attitude of "no complaining but campaigning", of "very little socializing and a lot of realizing and implementing".

Our Helvetic Convergence Rectangle of:

1. Individual companies,
2. The Chamber,
3. Switzerland Global Enterprise and
4. The Embassy

has been a focused and unwavering joint venture that contributed greatly to the welcoming and inspiring environment which we are enjoying in Poland, even at times when the economic or political conjuncture is said to be more challenging.

It is always unfair to single out particular high performers but I do take the risk:

The two "Szs" in the Chamber (Szymanski und Schwendimann) have during my tenure been heavy duty locomotives - besides several others - they were moving our sophisticated train composition up any slope or despite any obstacle that appeared on our way.

We from the Embassy have tried to add any smart contribution or ingredient the "official or unofficial Switzerland" could offer, be it access and lobbying at the highest echelons of decision taking in the country, be it the pro-active blending of leading Swiss Academia with the brains of the Polish University Reform, the unwavering Swiss labor for the Polish Vocational Training Reform or finally the mobilizing of best Swiss governmental or other experts in our common events.

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To sum up, I have two short messages:

1. Let us carry on - we are doing really well.
2. Let us not become complaisant and work even harder and aim even higher.

Because when the Poles and the Swiss join forces – the sky is the only limit.

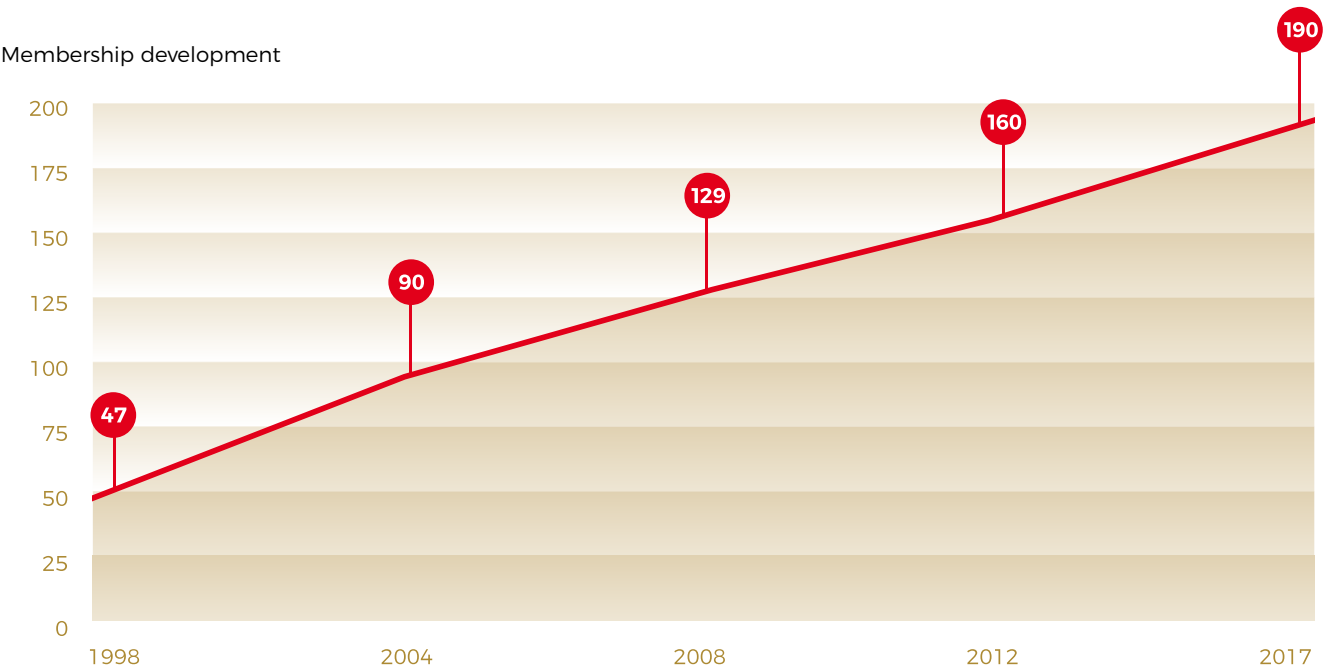
Andrej Motyl



The Polish-Swiss Chamber of Commerce 1998-2018

The Chamber in numbers

Membership development

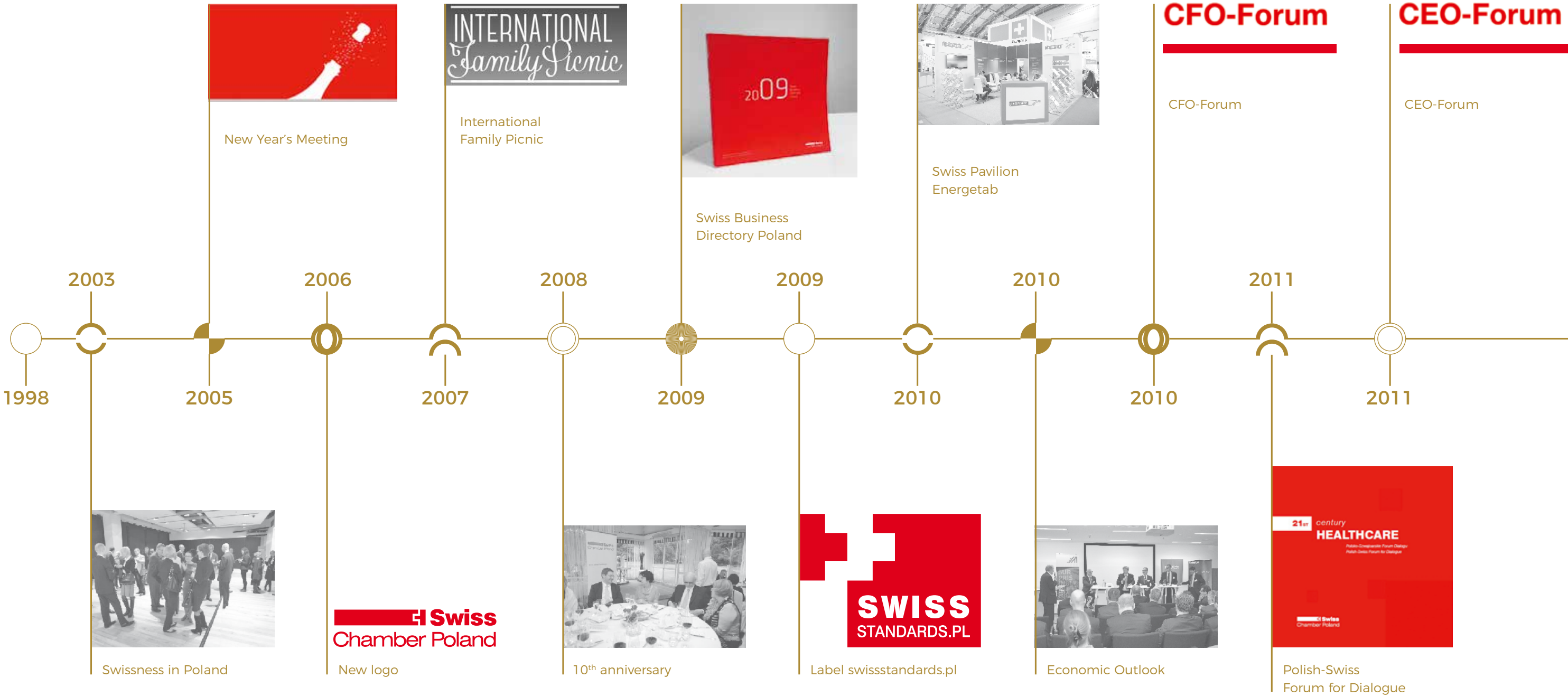


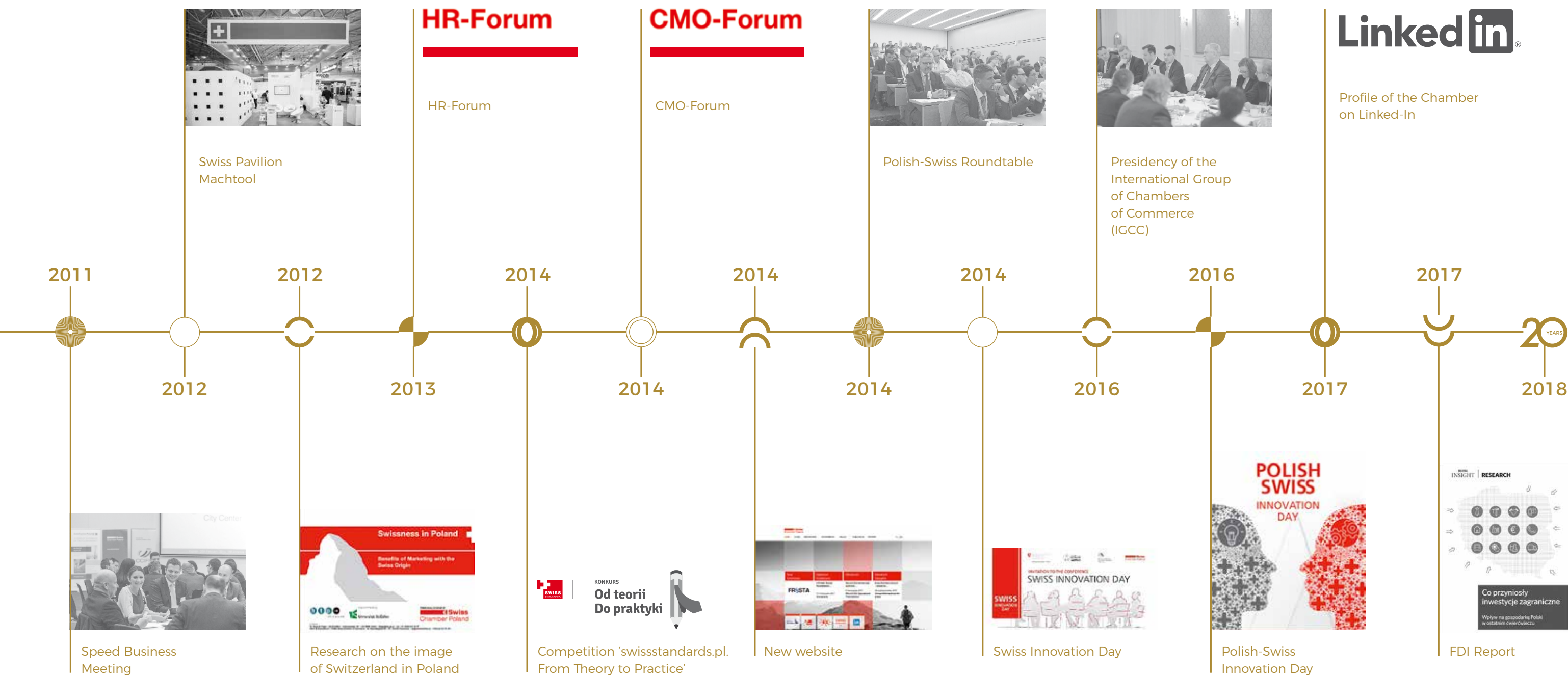
Events 2011-2017



The Polish-Swiss Chamber of Commerce 1998-2018

Activity development





## The Polish-Swiss Chamber of Commerce 1998-2018

### Flagship events and projects

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#### International Family Picnic

- a family meeting for member companies and their clients organized at the first September weekend together with bilateral chambers.



#### Swiss Pavilion at Energetab/Swiss Pavilion at Machtool

- a platform which helps Swiss companies enter the Polish market. For the companies which are already present on the market it provides an opportunity to present themselves with other Swiss companies. The Pavilion is organized in cooperation with the Swiss Business Hub Poland.



#### Competition swissstandards.pl. From Theory to Practice'

- the main goal of the competition is to create a bridge between business and academia. It is aimed at students of Polish universities.

#### CFO-Forum HR-Forum

#### CEO-Forum CMO-Forum

#### CFO-Forum, CEO-Forum, CMO-Forum, HR- Forum

- a platform facilitating the exchange of experiences and know-how for professionals:

- CFOs and chief accountants
- presidents and CEOs
- marketing managers
- HR managers from member companies





### Polish-Swiss Forum for Dialogue

- meetings aimed at inspiring dialogue on the shape and course of reforms in the Polish healthcare system based on Swiss experience. The meetings have been organized under the patronage of the Swiss Embassy and since 2017 in cooperation with the Embassy.



### Speed Business Meeting

- meetings during which the participants can make many direct business contacts in a short time. The meetings are held together with bilateral chambers of commerce.



### Polish-Swiss Roundtable

- meetings organized in Switzerland for Polish and Swiss ICT and Health Tech companies, in cooperation with the Health Tech Cluster Switzerland and Canton Schwyz.



### Polish-Swiss Innovation Day

- a platform for exchange of experiences and best practices between Poland and Switzerland in the field of innovation, organized together with the Swiss Embassy.

Member companies



## Members of the Board

16



**President**  
**Marek Szymański**  
Franke Polska



**Vice-President**  
**Anna Holnicka-Szulc**  
Credit Suisse



**Vice-President**  
**Marek Kondrat**  
Mettler-Toledo



**Vice-President**  
**Janusz Petrykowski**  
ZPUE



**Board Member**  
**Tomasz Gutowski**  
Sika Poland



**Board Member**  
**Dominique Petit**  
Sandoz Polska



**Board Member**  
**Wiktor Janicki**  
Roche Polska



**Board Member**  
**Rafał Kijonka**  
Swisslinx



**Board Member**  
**Marek Łuczak**  
Syngenta Polska



**Board Member**  
**Przemysław Powalacz**  
Geberit



**Board Member**  
**Monika Ruggli**  
GRP Gloor Ruggli Partner



**Board Member**  
**Simon Smith**  
Nestlé Polska



**Board Member**  
**Christian Spichiger**  
Stadler Rail



**Board Member**  
**Michał Stępień**  
UBS



**Board Member**  
**Tomasz Tutak**  
TAT



**Board Member**  
**Paweł Wierzbiński**  
Schindler Polska

## Audit Committee and Staff

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Audit Committee  
**Marcin Diakonowicz**  
Deloitte



Audit Committee  
**Andrzej Jeż**  
Schindler



Audit Committee  
**Anna Starkowska-Łach**



Managing Director  
**Ulrich**  
Schwendimann



Marketing Project  
Manager  
**Katarzyna Kołowiecka**



Event Manager  
**Małgorzata Kalińska**



Project Coordinator  
**Aleksandra Taciak**

## Presidents of the Chamber 1998-2018

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**1998 – 2002**  
**Mirosław Gryszka**

” Several months after taking over the position of the President of ABB in Poland I made acquaintance with the Polish Office of the Swiss-Polish Chamber of Industry in Warsaw. It was 1997. I was then offered to head the organisation. I accepted under the condition that we would put in order all the formal, legal and financial issues, turn the office into the Polish-Swiss Chamber of Industry by registering it according to Polish law. We immediately received full support from the board of the Swiss-Polish Chamber, the Ambassador of Switzerland to Poland and Polish institutions engaged in the registration process. The registration was carried out quite quickly and easily in 1998.

The second half of the 90s was still the beginning of the transformation process of the Polish economy, and the Chamber was welcomed as a source of information and a platform of exchange of experiences between Polish and Swiss businessmen who wished to start or develop their business activity in Poland and in Switzerland. Each contact and each new member was great news for me because it proved the legitimacy of setting up our Chamber.

I would like to wish the Chamber and their current Board the same enthusiasm and determination which accompanied the Board and member companies 20 years ago.”



**2002 – 2004**  
**Ryszard Wojtkowski**

” The Chamber was a place for me where I could pay off my debt to Switzerland. I used to live in Switzerland and gained global corporate experience as the President of Novartis Consumer Health International.

The most important task for me after being elected President of the Chamber was ensuring financial stability of the Chamber in a short time. Apart from some ad hoc support we were looking for a way to systematically generate income. Finally, we decided to recruit more staff to strengthen the Chamber's office and enable it to carry out business activity. For this undertaking, hiring Mr. Ulrich Schwendimann, the Director of the Chamber, was a decisive moment, not only during my tenure but in the years that followed.

It is my hope that the Chamber continues to effectively represent the interests of Swiss companies in Poland as well as remaining a platform which facilitates the establishing of contacts between the Swiss business community and the Polish business community in Switzerland.”



**2004 – 2006**  
**Maria Kowalewska**

” Becoming President of the Board was both a great honour and a personal obligation. I was fortunate to have worked with outstanding people who shared the same objectives and vision of the role of the Chamber, both at the current time and yet, with the future in mind.. When taking over the presidency I was faced with ambitious goals to achieve in a short space of time.

First of all on the agenda – an image change for the Chamber – ensuring its integrity and building its brand while developing a stable financial basis and proposing an activity program for the member companies that would provide them with added value. We decided to create a diverse activity plan promoting the Chamber and positioning it as a substantial partner in economic dialogue. This resulted in cooperation with bilateral chambers and increased participation of the Chamber in various economic events. The excellent cooperation between the Board Members and Mr. Ulrich Schwendimann’s personal engagement turned each ‘step forward’ in implementation of the plan into a source of great satisfaction.

An important event was the first New Year’s Meeting in 2005 held at Hotel Bristol, which gathered members of the Chamber, representatives of politics, business and media.

The Chamber faces new challenges. I wish the Chamber further success and passion in carrying out ambitious plans.”



**2006 – 2010**  
**Jolanta Samochowiec Mathys**

” Since its inception in 1998, I have felt a personal responsibility towards the Chamber. The initiative to found the Chamber had been put forward by the Swiss-Polish Chamber of Industry based in Basel, which was dynamically active at that time. My task as a lawyer encompassed the preparation of documents, especially the statutes, collecting fifteen founding members and swiftly carrying out the registration. As a private Polish organisation the Chamber was not financially supported by any side, neither Swiss nor Polish. I was a member of the Board from the very beginning and I can recall meetings during which we discussed how to avoid liquidation. It was our member companies who helped us. The situation started to improve since the presidency of Mr. Ryszard Wojtkowski and since hiring Mr. Ulrich Schwendimann for the position of the Director of the Chamber. As exceptional events I always considered the openings of new Swiss companies in Poland to which we were invited by our member companies.

The most delightful experience, however, was the 10th anniversary of the Chamber, a summer evening in the beautiful Lazienki park, where we could cherish the fact that our organisation became strong and our member companies clearly benefited from the activity of the Chamber.

For the future, my wish for the Chamber is that it retains its independence both organisationally and politically, in the interest of our member companies and the good tradition of Swiss neutrality.”



**2010 – 2014**  
**Marek Kondrat**

” My activity in the Chamber has always been an opportunity for me to meet many fantastic people. We have succeeded in building a community in which we share our experiences. I have drawn inspiration from it many times. For me, the Chamber also consists of Uli and his team, always perfect.

When I took over the presidency of the Chamber it was already performing well, in both the financial and organisational aspects, served ably by the development program – [swissstandards.pl](http://swissstandards.pl). Our next step was to introduce a number of standard business solutions. The most important one was creating a development strategy for the Chamber aimed at providing concrete benefits for their members.

The strategy is still up-to-date and is based on four pillars: networking, segment activities, consulting and the flagship projects ‘[swissstandards.pl](http://swissstandards.pl)’ and ‘From Theory to Practice’. All that is supported by a solid marketing strategy.

I wish the Chamber further growth and that it retains its Swiss character and actively supports the constantly growing group of Swiss companies locating their investments in Poland. And, of course, further successful anniversaries.”



**2014 – 2018**  
**Marek Szymański**

” In my view, the Chamber represents on the one hand – common values, wonderful, inspiring people willing to share their knowledge and experience, and on the other hand – our small but very engaged and efficient team that I am very proud of.

The most important event for me was of course being elected President of the Chamber, taking responsibility for leading the Chamber and participating in the creation of its strategy. The most interesting event was the Polish-Swiss Innovation Day, which attracted a lot of interest from the media and gathered a wide audience.

I wish the Chamber and all involved that the activity of the Chamber can focus entirely on the representation of the interests of its member companies and that less time is spent on defending democracy and the rule of law.”









## Swissness in Poland

### Why do we conduct research on the image of Switzerland and Swiss companies in Poland?

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Swiss companies operating in Poland do not need to prove that they are reliable and that their services or products are of good quality. Polish business partners or clients take it for granted. This is reflected in the results of the latest research 'Swissness in Poland' which we present on the next pages.

The positive image of Switzerland in Poland bears a great potential. What is interesting, Polish managers running Swiss companies in Poland are usually more aware of this fact than managers at their head offices in Switzerland. It is Polish CEOs who often have to convince their superiors that it is worth underlying to a greater extent the Swiss origin of the company, products or services in marketing or corporate communication.

In order to support them with reliable data, in 2011 the Chamber commissioned for the first time a survey on the image of Switzerland in Poland. It is worth mentioning that 'Swissness', i.e. the perception of a country as a brand was at that time a new discipline in Switzerland launched by the University of St. Gallen. The first survey was carried out in 2006. Since then the research on the image of Switzerland and Swiss products and services has been conducted every few years. The survey is carried out in 15 countries – neighbouring countries and biggest export markets.

Poland is not (yet) on the list, that is why in Poland the research is commissioned by the Polish-Swiss Chamber of Commerce together with a number of Swiss

member companies. In 2014, following a request of the Chamber additional questions concerning the image of Swiss companies in Poland were added to the survey. The reason was that there are many member companies which position themselves on the Polish market by indicating their Swiss origin and not necessarily by selling products 'Made in Switzerland'.

The image of Switzerland is an asset from which all Swiss companies can benefit. As an example, it affects the attractiveness of companies as employers („employer branding“). Moreover, the research may provide answers to more specific questions:

- Brand recognition of a company in Poland and associations with the brand,
- Does the industry benefit from the so called 'Swissness effect'? Is it worth underlying the Swiss origin of the company?
- How high is the 'Swissness Premium', i.e. how much more are clients willing to pay for a Swiss product compared to a similar product without the indication of origin?

I am pleased that we were again able to conduct the newest, third edition of the research in cooperation with Swiss companies and institutions.

I wish you a pleasant reading.

**Ulrich Schwendimann**  
Managing Director of the Polish-Swiss  
Chamber of Commerce

# Swissness in Poland 2018

Benefits of Marketing with the  
Swiss Origin



## Partners:



## Polish Study conducted by



Polish study on behalf of:  
 **Swiss**  
Chamber Poland

## Summary of the research 'Swissness in Poland'

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Polish population recalls cheese, watches, the Alps and banks when thinking of Switzerland. Switzerland therefore stands especially for a high quality of life, beautiful landscapes and reliability and is perceived at the same time as rationally well respected and emotionally friendly. This impression has been stable over the years since 2012 – when the first study was conducted – to now.

Switzerland is perceived especially for its watches, banking, luxury goods and holiday industries. Also pharmaceuticals and research are often associated with Switzerland. However, fashion, bathrooms appliances, IT and kitchenware are not searched in Switzerland by the broad mass primarily. Therefore, companies of those industries have to point out their “Swissness” more intensively and have to explain the customers their Swiss approach in more detail.

Swiss companies have an excellent image in Poland. They are seen as reliable towards business partners, as attractive employers and they respect their clients as well as the laws. They are perceived still good, but not as excellent as for the above-mentioned characteristics, in respect to “very fast”, flexible” and “easy to work with”. In comparison, Polish companies have their relative strengths in flexibility and value for money. They are perceived weaker especially from the employee perspective.

Products and services from Poland score above average in terms of price performance ratio, tradition and sympathy whereas Swiss products have their relative and absolute strengths in “luxury and exclusivity”, “reliability” and “high level of technology”. Altogether, this leads to a higher willingness to pay for Swiss products and services in Poland. If a company is targeting the premium market, a consumer product might be up to 50% more expensive than the market average.

Swissness consequently should be part of any price strategy of Swiss companies, no matter if a product is manufactured in Switzerland or the company is just “acting Swiss”. As since January 1st 2017 a new Swiss law protecting the “brand Switzerland” was introduced (concerning Switzerland as country of origin of products and services as well as typical Swiss symbols as the Matterhorn, the Swiss cross and the like) a sound strategy is required.

**Dr. Stephan Feige**  
Managing Partner  
htp St.Gallen  
Managementberatung AG

The study was conducted by IPSOS among a sample of over thousand people

HOW?

CAWI (Computer Assisted Webinterview) from Ipsos Access Panel

WHO?

National representative 18+ for:

sample n=1000

- gender
- age
- education
- place of living

WHEN?

November / December 2017

WHERE?

Poland

QUESTIONNAIRE?

comparable with the "Swissness Worldwide" conducted in 15 countries



Polish study on behalf of:

**Swiss**  
Chamber Poland

## Associations with Switzerland

Products and services as watches, cheese and banking are the main associations to Switzerland, beside the beautiful landscape...



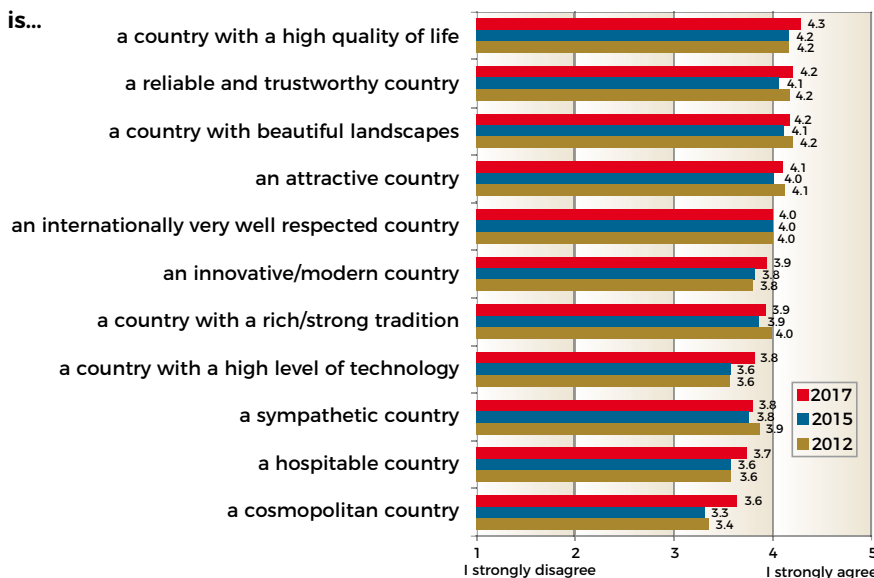
Polish study on behalf of:

**Swiss**  
Chamber Poland

## General Image of Switzerland

Switzerland stands especially for a high quality of life, beautiful landscapes and reliability...

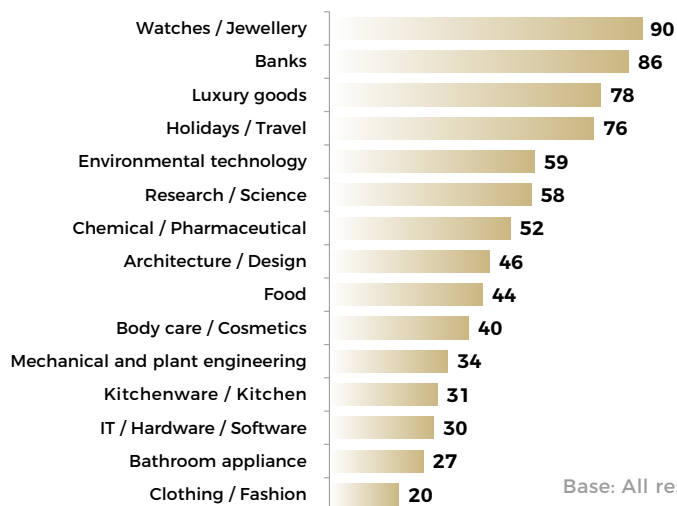
Switzerland is...



## General Image of Switzerland

Switzerland is traditionally associated with watches/ jewellery and banks.  
Luxury goods and holidays/travel are also industries perceived as typically Swiss.

### Typical Swiss industries



Base: All respondents, results shown in %

## Consumers' Image of Switzerland

### IDEAL WORLD



### HIGH PERFORMANCE



### COSMOPOLITANISM



Polish study on behalf of:

**Swiss**  
Chamber Poland

## Image of Swiss and Polish Companies

**Swiss companies have an excellent image in Poland**

How do you rate Companies from Switzerland in terms of...



Ø Swiss Companies 3.8  
Ø Polish Companies 3.0

1 - I strongly disagree  
5 - I strongly agree



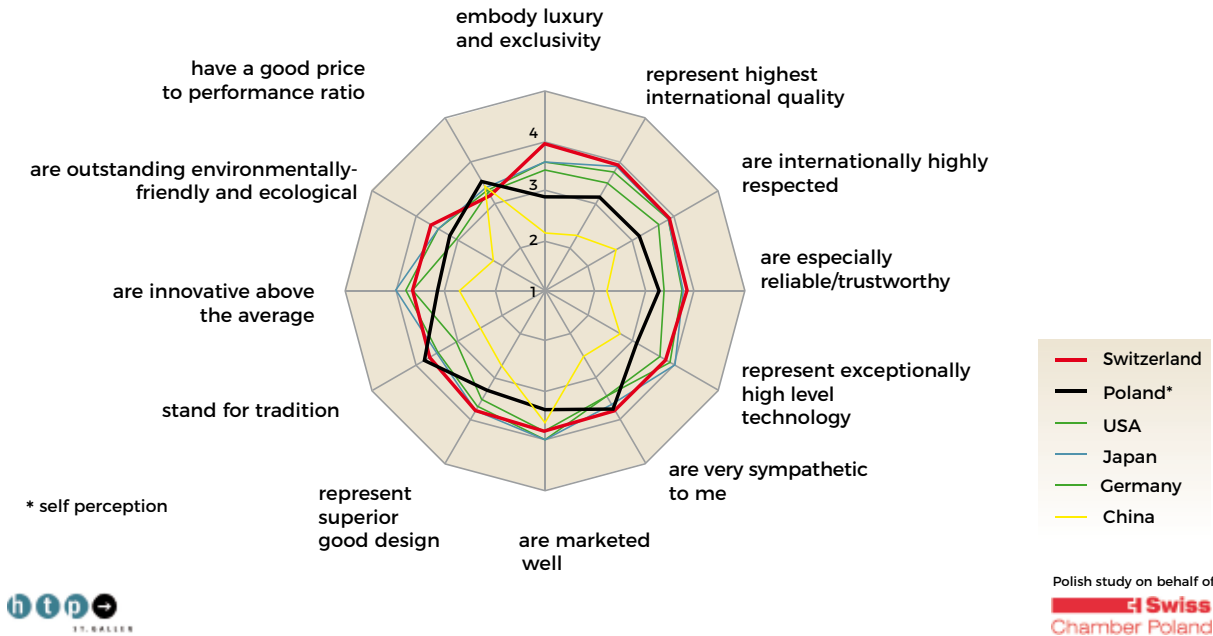
Polish study on behalf of:

**Swiss**  
Chamber Poland



## Image of Swiss Products and Services vs. Competition

**Swiss Products and services are especially reliable and trendy compared to the competition...**

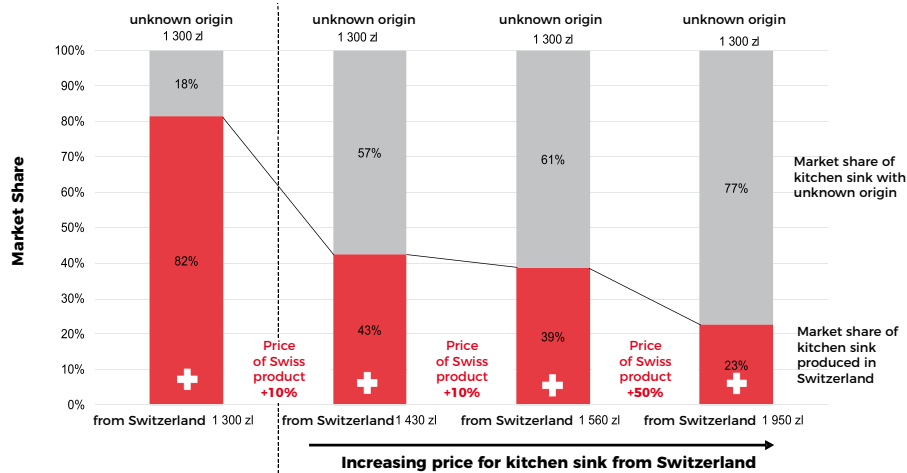


## Does it pay? – Price Premium Swissness

**80% of people prefer a Swiss product if the price is the same. If the Swiss Product is more expensive the share of customers buying it gets smaller. The optimal price has to be figured out between margin and quantity...**

Comparing a kitchen sink of unknown origin and a kitchen sink from Switzerland. Which kitchen sink do you prefer?

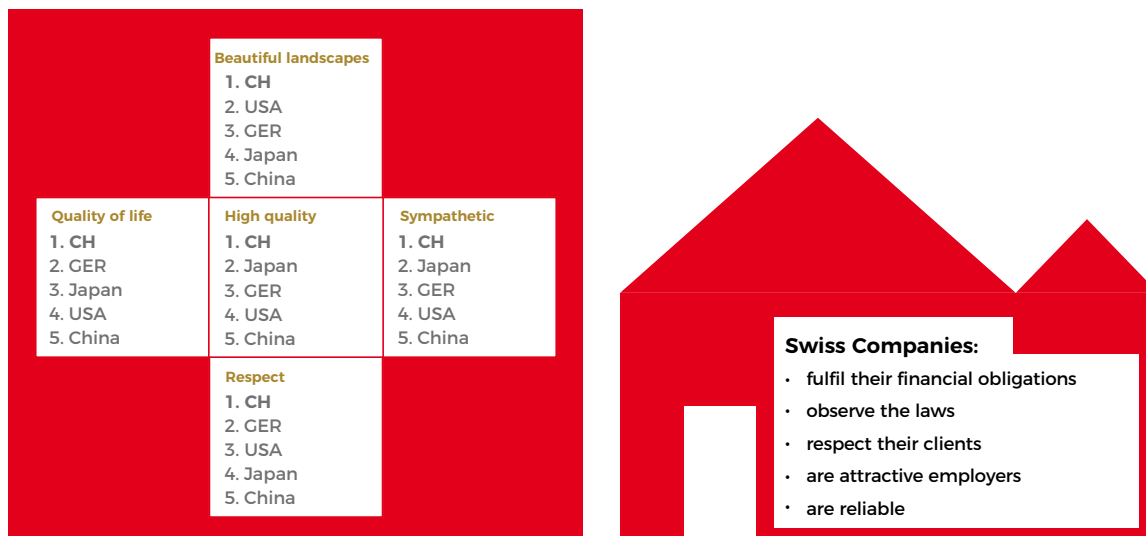
Swissness Price Premium (Price Premium to which 50% of customers buy the Swiss kitchen sink): +8.1%

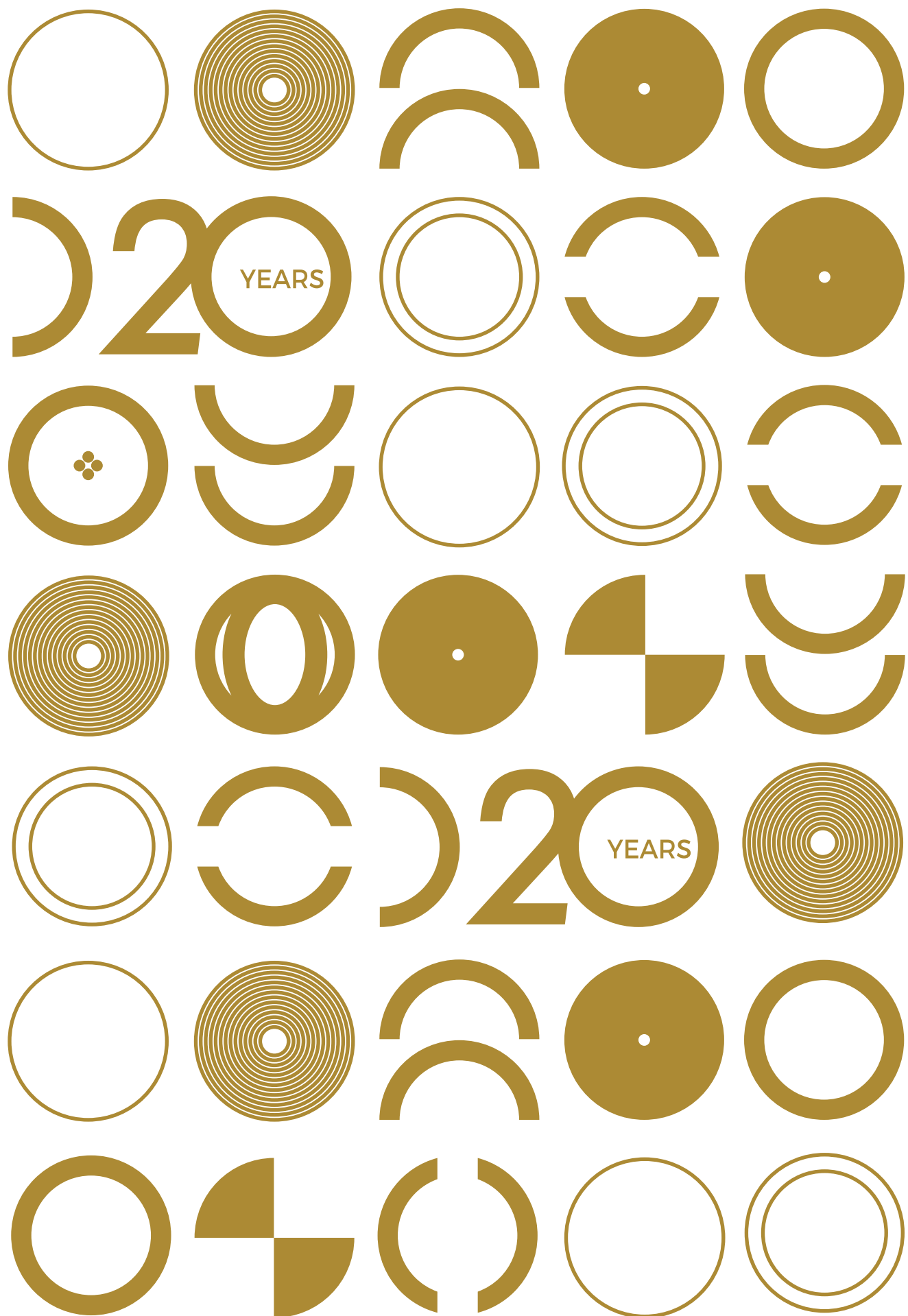


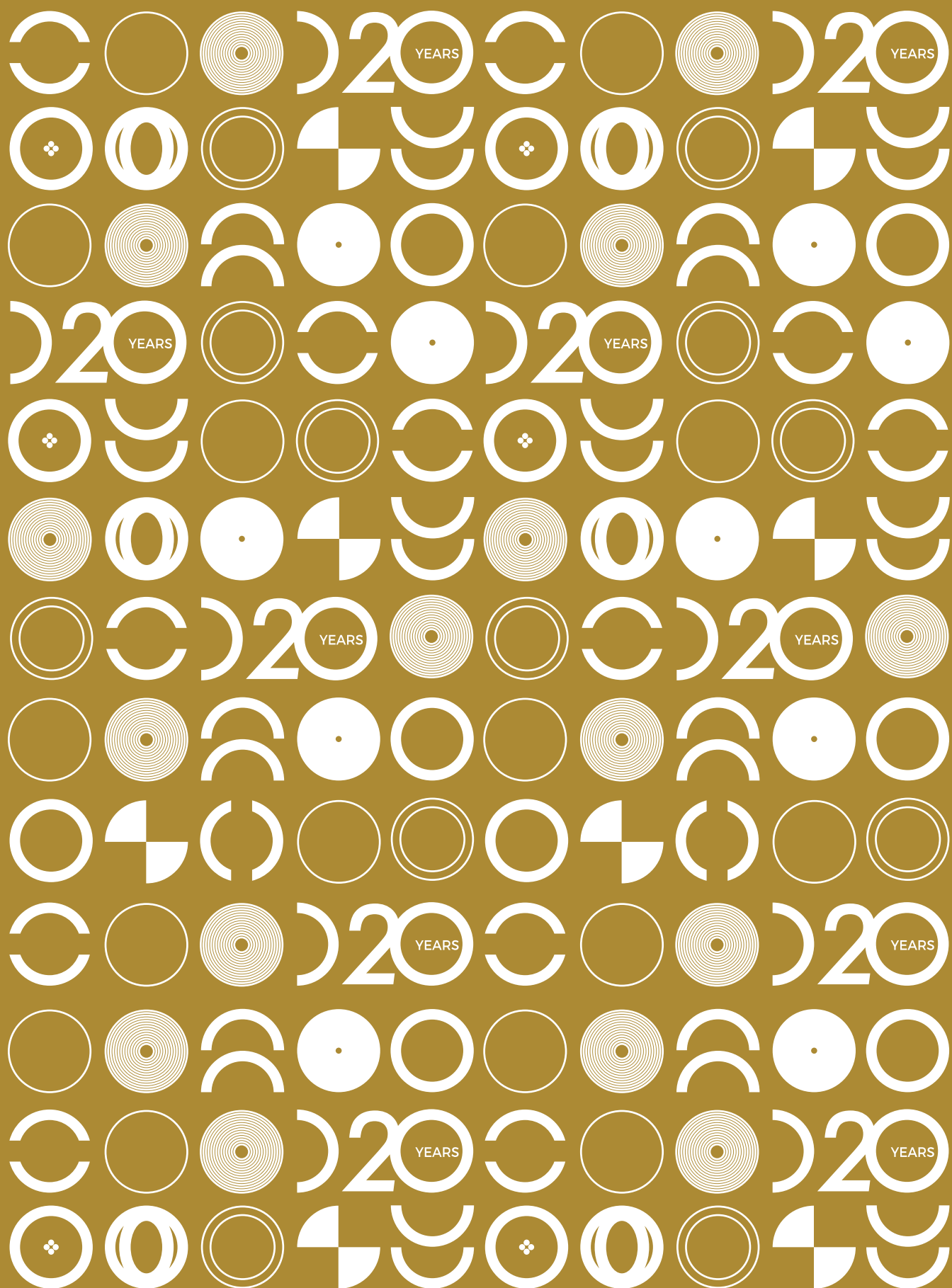


## Profile of Switzerland and Swiss Companies

Swiss products are seen at the top end by many quality measures...







Report  
Cooperation, growth, innovations  
20 years of Swiss investments in Poland

**Deloitte.**



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For over one hundred years, Switzerland can proudly claim to be one of the richest and most developed countries in the world. Meanwhile, Poland was deprived of the possibility to even participate on the international economic platform until 1989. In the last two and a half decades, Poland has been trying to catch up with developed countries in Western Europe in terms of civilization and its economy. Can two countries with totally different starting positions create a fruitful and long-term economic cooperation which will generate mutual benefits, support innovations and foster social development?

The last 20 years of the Polish-Swiss economic exchange clearly shows that it is possible. Among other key factors for this success, lies certainly the huge capital surplus of Swiss investors and the characteristics of the Polish economy in which the surplus could be efficiently allocated in the form of direct foreign investments. However, the decision of Swiss companies to invest in Poland and the continuing strengthening of the cooperation between Swiss and Polish businesses are not purely due to economic considerations.

In this report, prepared jointly by Deloitte and the Polish-Swiss Chamber of Commerce, you will discover other factors which convinced the Swiss to invest and develop their business activity in Poland; other non-economic factors which created the competitive advantage of the country according to foreign investors; and how the Swiss presence impacts the development of innovation in Poland.

The comprehensive analysis of macroeconomic data was accompanied by 20 in-depth interviews conducted with Swiss investors. We invited representatives of different industry sectors who are developing their activities in Poland to participate in the interviews. Our interviewees included representatives from the pharmaceutical, financial, production and technology industries who located their production, R&D centers or shared service centers in Poland. The interviews enabled us to explain the trends and macroeconomic data in the context of business needs of foreign investors in Poland.

We would like to thank all our interviewees for their willingness to share their experiences and we hope you will enjoy reading this report.



### **Marcin Diakonowicz**

Partner  
Vice-President of the Board  
Deloitte Polska Sp. z o.o.



### **Ulrich Schwendimann**

Managing Director  
Polish-Swiss Chamber of Commerce

## Key findings

36

- **For almost 150 years, Switzerland has been among the global leaders in terms of wealth and economic development.** Broad economic freedom, openness to international trade and immigration, stable and predictable laws, low taxes and responsible fiscal policy, as well as excellent dual education system are the most commonly cited sources of the country's economic success.



- **For almost 25 years, the Polish economy has been developing very dynamically, growing faster than those of Western European countries.** Average growth in per capita GDP at purchasing power parity in Poland (6%) is higher than in Switzerland (2.9%), and also higher than the average growth rate for EU countries (4.2%). Another important advantage for Poland is its **large domestic market, as well as qualified, motivated workers.**



- **Economic cooperation between Poland and Switzerland is developing dynamically, particularly in the areas of trade and investment.** Over the past 20 years, Polish exports to Switzerland have increased more than nine-fold; in the same period, Switzerland has almost tripled exports to Poland. These trends are supported not only by factors related to good economic performance, but also to a range of structural conditions, primarily large capital resources in Switzerland and the need to seek attractive returns, and on the other hand demand for capital in Poland, where availability is low and development needs are high. Bilateral economic exchange also supports the well-developed industrial base in each country, the high level of human capital and geographical position.







- **Switzerland has built a highly effective innovation development ecosystem.** Its strength is attested to by a range of indicators that show the share of investment in fixed assets related to intellectual property, the percentage of companies producing advanced-technology goods, productivity in leading industries and the number of patent applications. For years Switzerland has had the world's highest Summary Innovation Index (SII) according to the European Innovation Scoreboard.



- **Poland represents significant innovation potential, though the level of research and development spending in relation to GDP remains lower than in the world's most innovative economies.** The Polish economy has extensive reserves to increase innovation and productivity, including by increasing the intensity of competition and improving the quality of secondary (particularly vocational) and university education. An effective way to increase innovation may also be to attract foreign investment and implement ready technological and business solutions, which will support companies' organic development. In this area, Swiss companies' investments in Poland make an important contribution to the development of the country's investment potential in light of the sophistication of the technological and business solutions they apply, and their transfer of know-how.



- **Swiss companies have made more than PLN 17.5 billion of foreign direct investments into Poland.** These investments are to a high degree a vehicle for the transfer of innovative solutions. Swiss companies have a positive effect on the Polish economy by developing networks of suppliers, employing and training specialists and managers, and also supplying innovative technological and business solutions.



The past two decades have been a period of dynamic growth in bilateral economic exchange between Poland and Switzerland, particularly in trade of goods and services. Over the last 20 years, Polish exports to Switzerland have increased more than nine-fold. During that same period, Swiss exports to Poland almost tripled. That means trade between the two countries grew faster than trade between Switzerland and the EU-28. This is particularly true of Polish exports.

Polish exports to Switzerland grew significantly faster than imports in recent years, partly because of the intense strengthening of the franc against the złoty. Additionally, during the period of turbulence in the eurozone (from 2009), franc-denominated assets became a safe haven, and the franc's strengthening against the euro also reduced the competitiveness of exports to neighbouring countries.

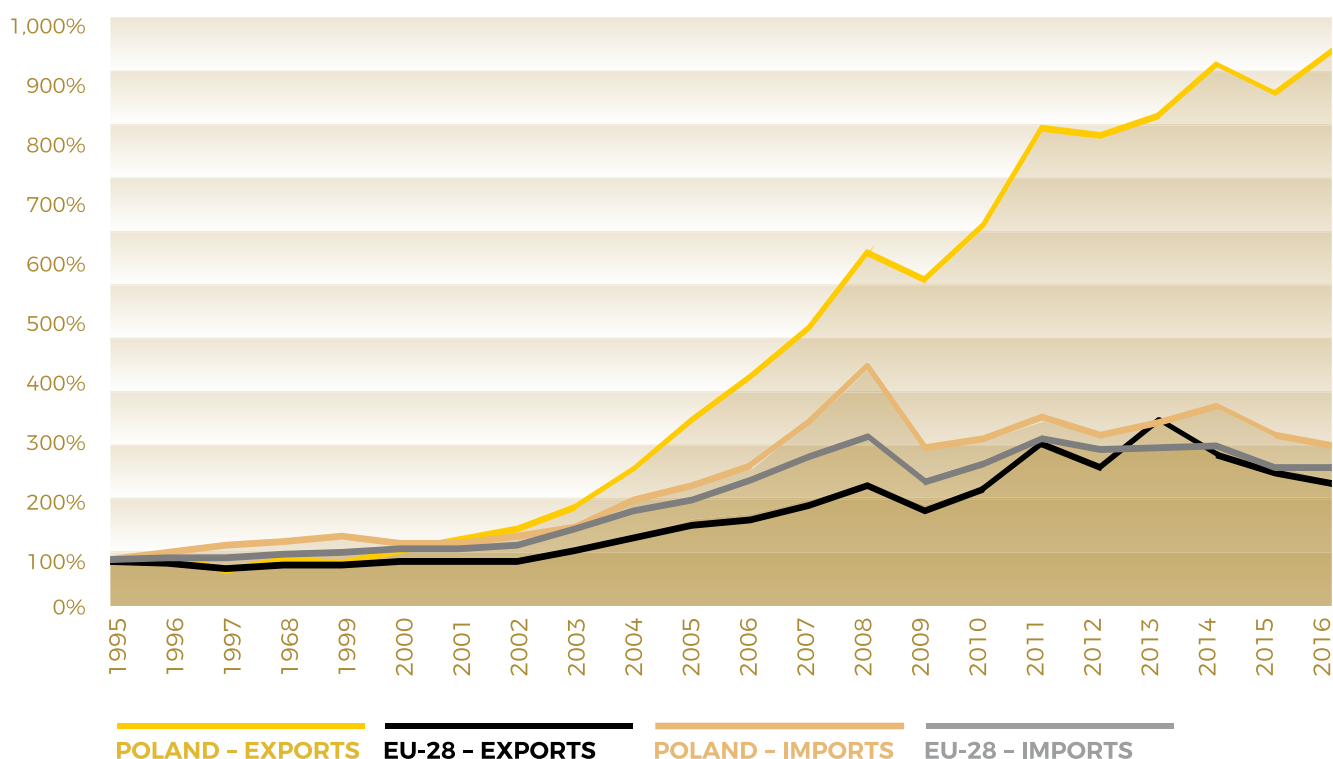
Additionally, the franc's strong growth was accompanied by a downturn in the eurozone, which resulted in reduced demand for Swiss goods and services. As a result, a combination of unfavourable trends for the Swiss economy emerged, which countries such as Germany<sup>1</sup> and Poland didn't face.

Earlier, a similar situation had occurred twice, in 1991 and 2002, when the franc's strength led to a drop in exports, and then to recession.<sup>2</sup> Thus, because of the current recovery in Europe (including the eurozone), Swit-

<sup>1</sup> The largest EU economy, a member of the eurozone, which maintained moderate wage growth, and high competitiveness with respect to its largest trading partners. Polish exporters, in turn, took advantage of the weakening of the złoty against major currencies.

<sup>2</sup> M. Hołda, "Dlaczego Austria (niemal) dogoniła Szwajcarię?" (Why did Austria (almost) catch up to Switzerland?), in Leszek Balcerowicz, Andrzej Rzońca (eds), *Zagadki wzrostu gospodarczego. Siły napędowe i kryzysy - analiza porównawcza* (The puzzles of economic growth: driving forces and crises - a comparative analysis), Warsaw: Wydawnictwo C.H. Beck, 2010

Figure 1: Swiss trade with Poland and with the EU-28, 1995 = 100%



Source: Deloitte, based on UNCTAD data

zerland, as a relatively small and open economy, must constantly search for new ways to limit the influence of external shocks.

**One way to limit risk while simultaneously supporting growth is to increase the diversification of exports, as well as foreign investments on promising markets**, including foreign direct investment (FDI). Similarly to Switzerland, Poland also needs to diversify its exports, but due to its relatively small capital resources, it still needs significant inflows of foreign investment. The Swiss economy is a good deal richer in capital, which on the one hand reduces potential return on investments in that country, and on the other supports investment in foreign markets that are more capital-poor.

Our analysis indicates that **further growth in economic exchange between Poland and Switzerland is supported not only by factors related to the current economic situation, but also by a range of structural fac-**

**tors, such as capital resources, the existing industrial base and human capital.** Poland offers one of the highest rates of return on investment, while simultaneously being a stable economy;<sup>3</sup> Switzerland in turn boasts leading universities and research institutions, and an impressive system of vocational education, which along with the enterprise sector has created one of the most effective “mechanisms” for creating innovation.<sup>4</sup>

<sup>3</sup> Deloitte, Investing in Poland: Untapped Potential – The Experience of German Investors, [https://www2.deloitte.com/content/dam/Deloitte/pl/Documents/Reports/pl\\_investing\\_in\\_Poland\\_Untapped\\_Potential\\_Report\\_EN.pdf](https://www2.deloitte.com/content/dam/Deloitte/pl/Documents/Reports/pl_investing_in_Poland_Untapped_Potential_Report_EN.pdf)






<sup>4</sup> T. Geiger, “What makes Switzerland so competitive?”, World Economic Forum, <https://www.weforum.org/agenda/2014/09/makes-switzerland-competitive/>

<sup>5</sup> Aged 15-64

<sup>6</sup> Purchasing-power parity

<sup>7</sup> Purchasing-power parity

Basic data on the Polish and Swiss economies in 2016

				
POLAND				SWITZERLAND
POPULATION AND LABOUR MARKET				
38,4	POPULATION (M)	8,3		
16,1	WORKFORCE (M)	4,9		
68,9	WORKING-AGE POPULATION <sup>5</sup> (%)	66,9		
60,5	URBAN POPULATION (%)	74		
				
ECONOMIC STRUCTURE				
1051,33 <sup>6</sup>	GDP AT PPP (CURRENT PRICES, \$ B)	502,7 <sup>7</sup>		
25,7	GDP PER CAPITA AT PPP (FIXED PRICES, \$ TH.)	55,9		
2,4	AGRICULTURE (% OF GDP)	0,7		
33,3	INDUSTRY (% OF GDP)	25,5		
64,3	SERVICES (% OF GDP)	73,8		
				
INTERNATIONAL EXCHANGE				
196,3	GOODS EXPORTS (\$ B)	315,9		
193,0	GOODS IMPORTS (\$ B)	266,4		
49,8	SERVICES EXPORTS (\$ B)	118,9		
34,2	SERVICES IMPORTS (\$ B)	99,6		
47,9	INWARD FDI (% OF GDP)	181,9		
13,8	OUTWARD FDI (% OF GDP)	228,4		

## Economic exchange between Poland and Switzerland

### Cooperation and economic transformation in Poland over the last 20 years

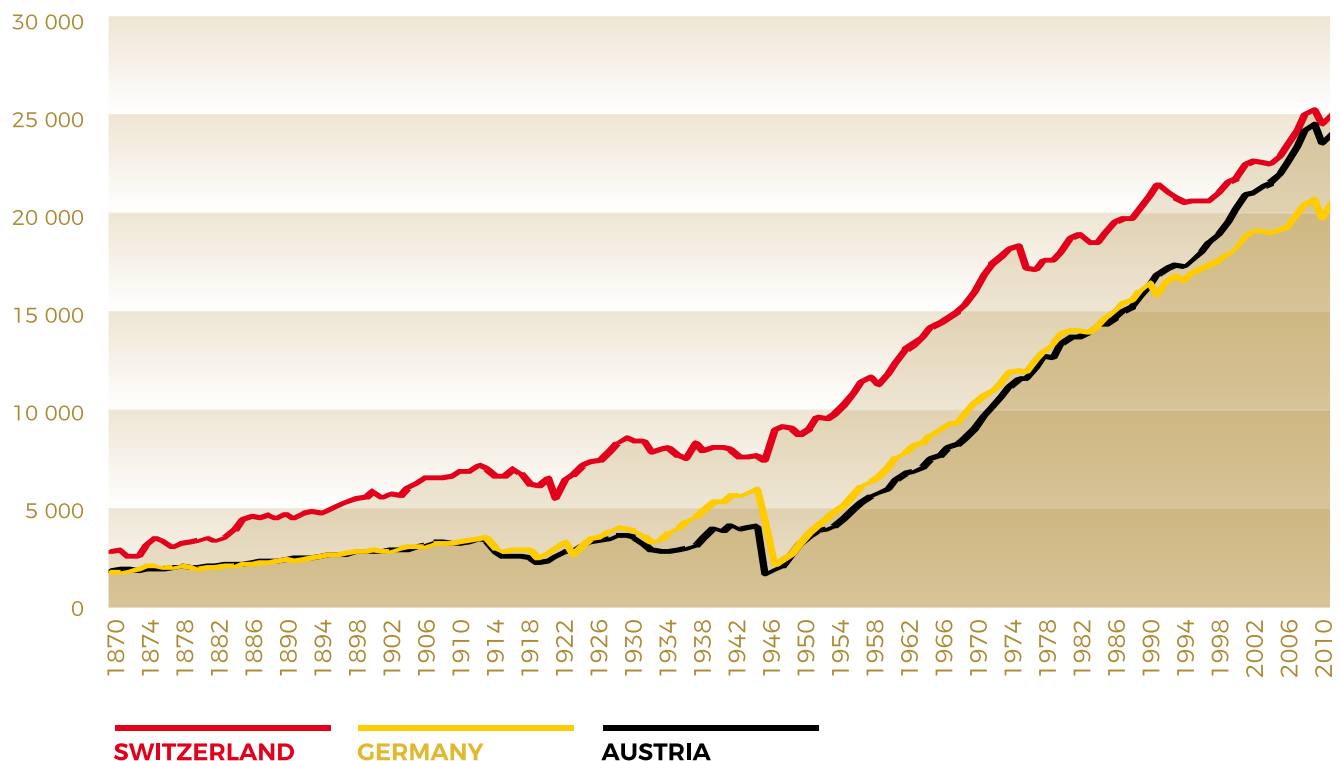
Poland established diplomatic relations with Switzerland in March 1919. This had great significance, both symbolically and primarily politically, when Switzerland became one of the first states to recognise the rebirth of an independent Poland after 123 years of partition among its neighbours. Since that time, all important events for the Polish state in the international arena – such as the emblematic overthrow of Communism in 1989, NATO entry in 1999 and accession to the European Union in 2004 – also led to tighter Polish economic and political cooperation with Switzerland. Poland was once again integrated with the West understood as a political and cultural community, of which Switzerland is an inseparable part. The building of Poland's strong ties with the Western world and the

model chosen for market reforms created the essential guarantees for foreign investors and contractors in international trade.

For Poland, accession to the European Union was of fundamental significance, both in the economic sphere as well as the political, legal and international-security spaces. From Switzerland's point of view, EU membership does not have such great significance, or at least it is not perceived as fundamentally important by the country's citizens and their elected representatives. In June 2016 the Swiss Cantonal Council made a final decision to rescind its request to commence accession talks with the EU, which was filed in 1992.<sup>8</sup> Nor is Switzerland a member of the European Economic Area or NATO (as a neu-

<sup>8</sup> [https://www.eda.admin.ch/dam/dea/fr/documents/bundesrat/160727-Lettre-retrait-adhesion-CH\\_fr.pdf](https://www.eda.admin.ch/dam/dea/fr/documents/bundesrat/160727-Lettre-retrait-adhesion-CH_fr.pdf)

Figure 2: GDP per capita in Switzerland, Germany and Austria, 1870-2010 (constant 1990 dollars)



Source: Deloitte based on The Maddison Project, <http://www.ggdc.net/maddison/maddison-project/home.htm>, 2013 version.

tral country), though it does belong to the European Free Trade Association (EFTA) and the Schengen Agreement.

Economic relations with Switzerland are not insignificant for Poland. This is largely because Switzerland is one of the world's richest countries, with a highly productive and innovative economy. Interestingly, in the Middle Ages Switzerland was a poor Alpine country, almost devoid of natural resources. The country started growing dynamically during the Industrial Revolution, when it quickly found itself among the European leaders in terms of wealth. Broad economic freedom, openness to international trade and immigration, stable and predictable laws, low taxes and responsible fiscal policy are the most commonly cited sources of Switzerland's economic success.<sup>9</sup>

Over the past 150 years, Switzerland has managed to maintain its advantage in terms of its level of development, including with respect to its German-speaking neighbours, Austria and Germany. By contrast, 20 years ago Poland was still one of the poorest countries in Europe, which had to make up a huge development gap. Thanks to broad and decisive institutional reforms, privatisation and stabilisation of the economy, Poland became one of today's best-known success stories. Foreign capital played a huge role in this process, contributing to growth in productivity (and de facto in innovation), including through the

inflow of new technologies and know-how, which replaced the ineffective technological and "business" solutions left over from the days of the Polish People's Republic.

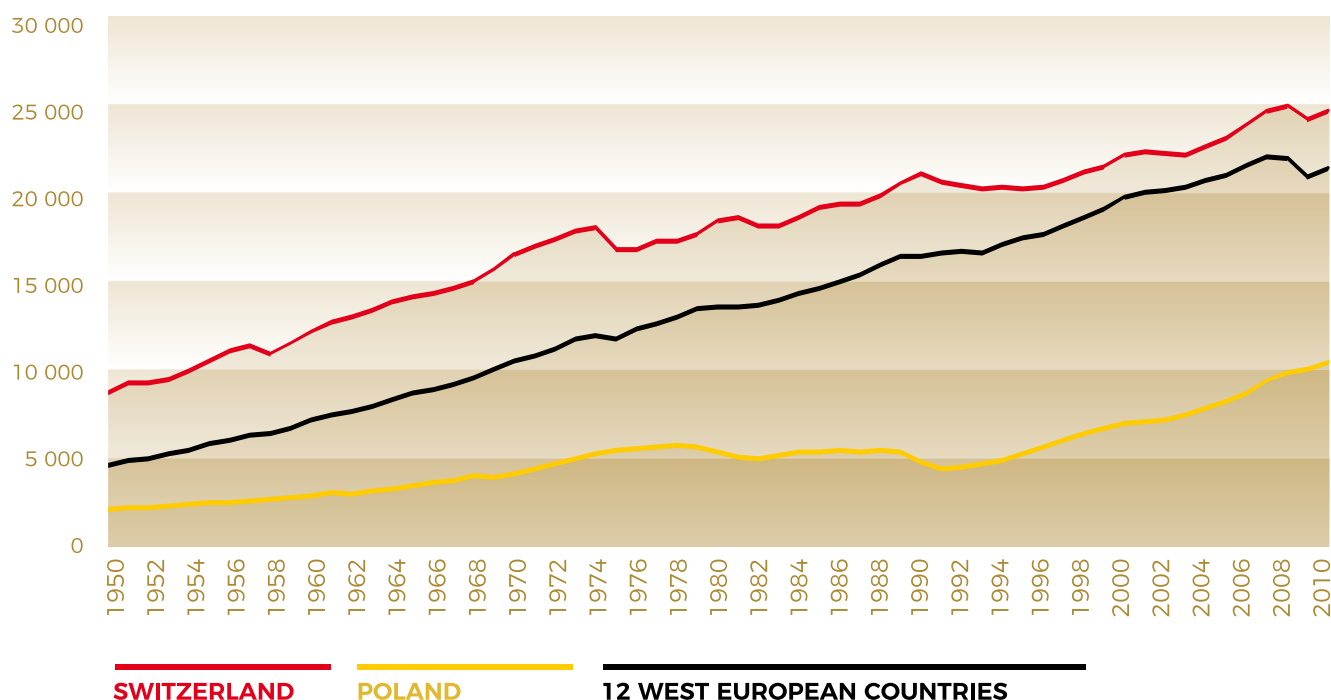


**Alexander Zschokke**  
President / CEO  
Franke Group

*"In Poland, we have two successful daughter companies – one in Gdynia with ca. 300 employees and another in Warsaw with around 150 staff. Since the launch of their operations in Poland twenty-four years ago both these entities have regularly been reporting exponential growth and now form an important part of the Group. A large and stable internal market is one of the most considerable assets of Poland. Undoubtedly, another advantage is qualified employees, fluent in foreign languages, who are available not only in Warsaw or Cracow but also across the country."*

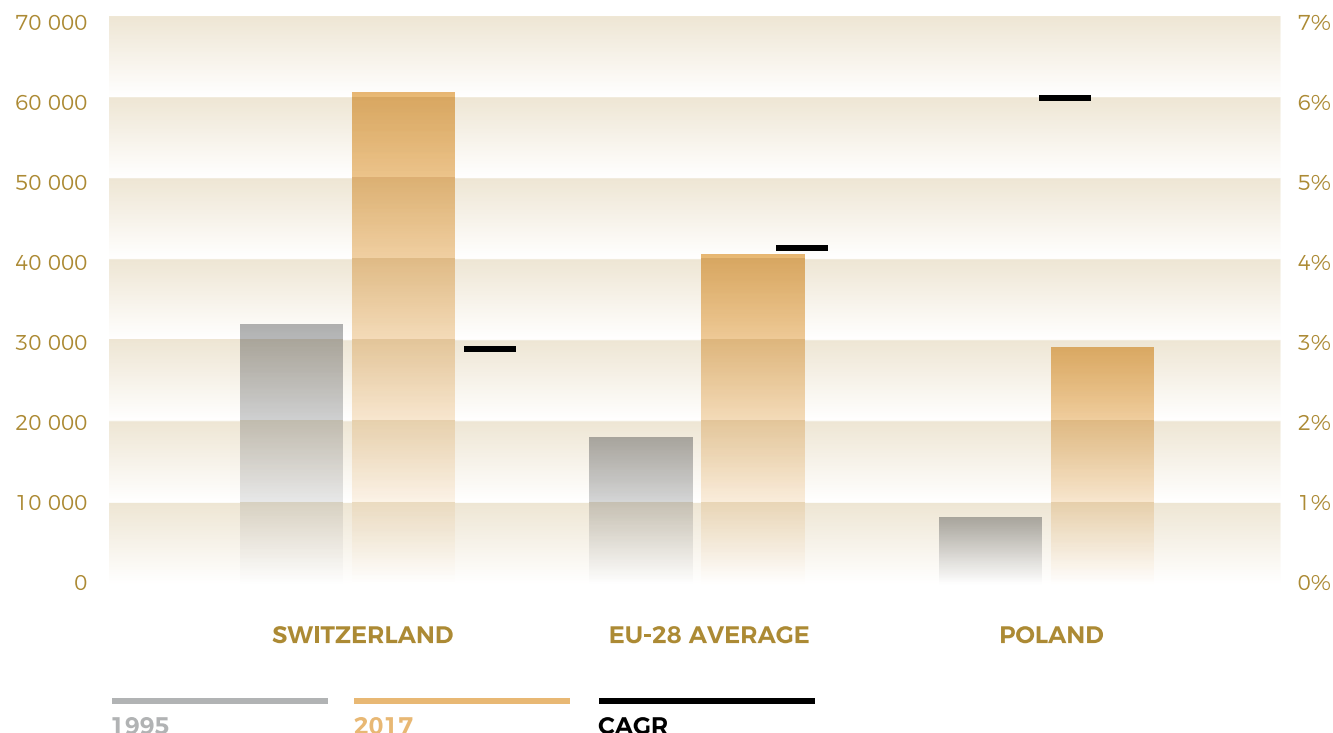
<sup>9</sup> B. Rutschi, How Did Switzerland Become the World's Most Innovative Country?, Credit Suisse, <https://www.credit-suisse.com/corporate/en/articles/news-and-expertise/innovation-switzerland-201603.html>; T. Geiger, What makes Switzerland so competitive?, World Economic Forum, <https://www.weforum.org/agenda/2014/09/makes-switzerland-competitive/>

Figure 3: GDP per capita in Switzerland, Poland and 12 Western European countries (average), 1950-2010 (in constant 1990 dollars)



Source: Deloitte, based on The Maddison Project, <http://www.ggdc.net/maddison/maddison-project/home.htm>, 2013 version. The 12 Western European countries are Austria, Belgium, Denmark, Finland, France, Germany, Italy (central and northern), the Netherlands, Norway, Sweden, Switzerland and the United Kingdom.

Figure 4. GDP per capital at purchasing-power parity, 1995 and 2017, and CAGR, 1995-2017



Source: Deloitte, based on IMF data

After the first phase of transformation in the 1990s, a very important growth impulse came from Poland's aforementioned accession to the European Union, whose effects included increasing institutional and regulatory quality and the predictability of public policies, and guarantees of the so-called "Four Freedoms" in relations with the other countries of the bloc: free movement of labour, capital, goods and services. Another significant factor was prudent monetary policy and financial-market regulation, which prevented the emergence of a credit-driven economic boom that sooner or later would have to end in collapse.<sup>10</sup>

For 25 years, the Polish economy has been developing very dynamically, growing faster than the economies of Western Europe. Average growth in GDP per capita at PPP in Poland (a CAGR of 6%)<sup>11</sup> was faster than in Switzerland (2.9%), and also faster than the average rate in the European Union (4.2%).

Recent years have also seen dynamic growth in Polish exports to Switzerland. In the first half of 2017, Poland exported PLN 4.24 billion of goods to the country, about 13% more than in the first half of 2016. The surplus over imports from Switzerland was almost PLN 1.3 billion in the first half of 2017, following a 3.5% decline in Polish imports from Switzerland.<sup>12</sup>

The growth in exports from Poland to Switzerland arose from the intense strengthening of the franc against the złoty, as well as inflows of FDI into Poland, which generate turnover between companies. On the Swiss market, firms operating in Poland primarily sell industrial goods, electronics, vehicles, furniture, metals, textiles and shoes. Poland's imports from Switzerland are primarily pharmaceuticals and chemical products, machines, electronics, precision goods and watches.<sup>13</sup>

<sup>10</sup> Civil Development Forum, *Perspektywy dla Polski. Polska gospodarka w latach 2015-2017 na tle lat wcześniejszych i prognozy na przyszłość* (Prospects for Poland: The Polish economy in 2015-2017 against the backdrop of earlier years, and forecasts), 2017, [https://perspektywy.for.org.pl/wpcontent/uploads/2017/11/Raport\\_Perspektywy\\_internet.pdf](https://perspektywy.for.org.pl/wpcontent/uploads/2017/11/Raport_Perspektywy_internet.pdf)

<sup>11</sup> Compound annual growth rate.

<sup>12</sup> Central Statistics Office, *Handel zagraniczny. I-VI 2017 r.* (Foreign Trade: January-June 2017) <https://stat.gov.pl/obszary-tematyczne/ceny-handel/handel/handel-zagraniczny-i-vi-2017-r-5,13.html>

<sup>13</sup> Ministry of Development, "Notatka informacyjna o Szwajcarii i współpracy gospodarczej z Polską" (Informational note on Switzerland and economic cooperation with Poland), [https://www.mr.gov.pl/media/18391/KE\\_Szwajcaria\\_7\\_04\\_2016.pdf](https://www.mr.gov.pl/media/18391/KE_Szwajcaria_7_04_2016.pdf)



Switzerland and Poland are an example of very good bilateral cooperation in Europe. In 2017 the Swiss-Polish Cooperation Programme concluded, under which Poland received almost PLN 2 billion (CHF 489 million) to narrow the gap with developed EU countries. These funds financed 58 large projects and 1,700 smaller initiatives, and about 40% went to the less developed eastern Poland. The programme primarily financed projects related to public transport, energy and environmental protection.<sup>14</sup>



**Paweł Łojaszczyk**  
Managing  
Director of ABB  
in Poland,  
President of  
ABB Sp.z o.o.

*"We've been present in Poland for more than 25 years, and we employ more than 5,000 people, including about 1,000 employees in the area of IT. Our country is also home to a range of research and development centres, such as the Regional Centre for Robotics Applications in Warsaw and the Shared Services Centre in Kraków, providing support in the area of finance, information systems, human resources and supply chain management for the ABB Group around the world. A large part of ABB's operations in Poland is global competencies, which require huge intellectual and development potential. I think this is the best testimony to Poland's investment attractiveness and innovation potential."*

faster than the average rate in the European Union (4.2%).

- **Over the past 20 years, Polish exports to Switzerland grew more than nine-fold.** During the same period, the Alpine country almost tripled exports to Poland.
- **Further growth in economic exchange between Poland and Switzerland is supported not only by factors related to current economic performance but also a range of structural factors, such as capital resources, the existing industrial base, geographical position and human capital.**

#### Chapter summary:

- **For almost 150 years, Switzerland has been among the world leaders, and top in Europe, in terms of wealth and economic development.** Broad economic freedom, openness to international trade and immigration, stable and predictable laws, low taxes and responsible fiscal policy are the most frequently cited sources of the country's success.
- **For 25 years, the Polish economy has been developing very dynamically, outpacing the economies of Western Europe.** Average growth in GDP per capita at purchasing-power parity in Poland (a CAGR of 6%)<sup>1</sup> is faster than in Switzerland (2.9%), and also

<sup>14</sup> [www.parkiet.com](http://www.parkiet.com), "2 mld zł z Funduszu Szwajcarskiego dla Polski" (Two billion złoty from the Swiss Fund for Poland), <http://www.parkiet.com/Gospodarka---Kraj/305199860-2-mld-zl-z-Funduszu-Szwajcarskiego-dla-Polski.html>

<sup>15</sup> Compound Annual Growth Rate.

## The exceptional nature of the Swiss economy – structure and innovation model

### Switzerland, Poland and the EU-28: similarities and differences in economic structure

The structure of economies is a question that in recent years has enjoyed great interest from economists, and which gradually is also translating into economic policy, both at the EU level and that of the member countries. It is based on analysis of structure that **the view is becoming increasingly popular that the industrial sector, and the accompanying advanced services sector, is particularly important for long-term, sustainable GDP growth.**



**Michał Stępień**  
Country Head Poland and Head of Strategic Delivery Centers EMEA  
UBS

*"The bank started operating in Poland in 1994 as a representative office. It was only later, in 2007, that the decision was taken to open a global services centre in Poland. The location decision was preceded by a rigorous selection process, and Poland was not the only country taken into account. In the end, Kraków won out as the most attractive place for this investment. This was determined by factors including Poland's EU and NATO membership and its stable legal system, which allows us to conduct business safely. That is the country's main competitive advantage. Poland doesn't offer the lowest costs, but it guarantees certainty and stability of processes and a feeling of security for doing business, which are key from the perspective of a global financial institution."*

Among the reasons for the period of slow productivity growth and low investment attractiveness that is playing out in many countries – particularly in the eurozone – economists identify a decline in the significance of industry from the start of the 1990s. Other challenges for EU economies include low investment in intangible assets, such as information and communication technologies, human capital and organisational innovations.<sup>16</sup> In Poland, a key challenge from the point of view of strengthening industry remains the recon-

struction of the vocational education system, ideally in the dual model that operates in countries including Germany and Switzerland.

This chapter's analysis of structural similarities and differences between the economies focuses on the sector level and is supplemented by commentary on the macroeconomic level. It covers the following factors:

1. GDP growth structure: labour productivity and labour inputs (working time)
2. company size
3. gross investment in fixed assets by asset type
4. number of companies by sector
5. company revenues by sector
6. gross value added by sector
7. employment by sector
8. productivity by sector



**Marek Noculak**  
General Manager  
Farby KABE  
Polska  
Sp. z o.o.

*"The company's experiences with investing in Poland are positive, and all our decisions in this area so far have turned out to be correct. Today we have to assess Poland's innovation potential particularly highly. I think the reason is Poles' very strong engagement in and drive for catching up, and actually passing, Western Europe in areas such as cutting-edge technologies, digitalisation, labour productivity and in the end quality of life. Simultaneously, Poland is still attractive from the investor's perspective in light of its continued low costs of labour, raw materials and energy, and additionally it offers a very large, deep internal market."*

<sup>16</sup> B. van Ark, From Mind the Gap to Closing the Gap. Avenues to Reverse Stagnation in Europe through Investment and Productivity Growth, Discussion Papers 6, September 2015, Brussels, [https://ec.europa.eu/info/publications/economy-finance/mind-gap-closing-gap-avenues-reverse-stagnation-europe-through-investment-and-productivity-growth\\_en](https://ec.europa.eu/info/publications/economy-finance/mind-gap-closing-gap-avenues-reverse-stagnation-europe-through-investment-and-productivity-growth_en)

# 1. GDP growth structure: labour productivity and labour inputs (working time)

## Key facts:

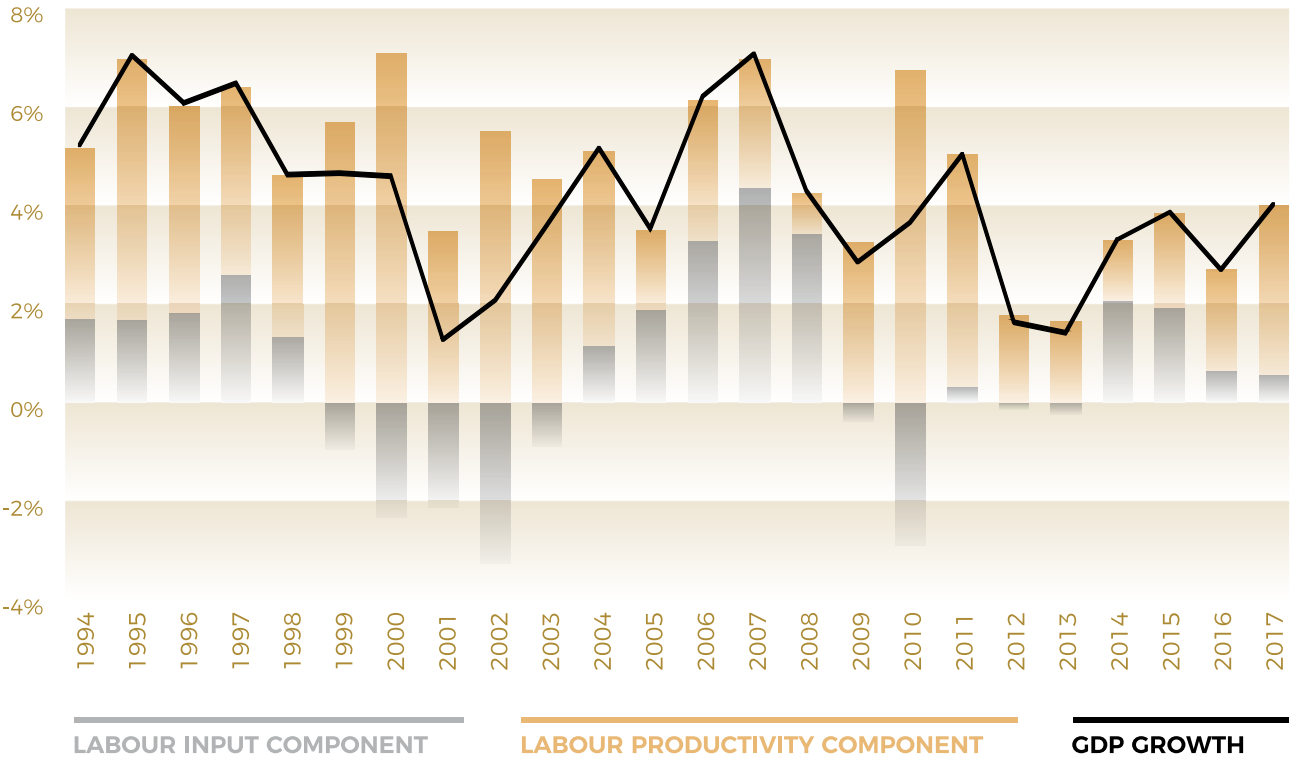
- The key factor in Poland's GDP growth in the past two decades was an improvement in labour productivity, measured as GDP per hour worked.
- In 2016 Poland's GDP growth was driven primarily by an improvement in labour productivity, as record-low unemployment (and a high average number of hours worked per employee) makes it practically impossible to increase labour inputs in the short term.
- In Switzerland in recent years, growth in labour inputs, measured as the number of hours worked, has been more significant for GDP growth. In 2015, growth in hours worked was so strong that it had a negative effect on average labour productivity (GDP per hour worked). But the maintenance of the positive effect of working time on GDP during a slow-down caused by factors including the strengthening of the franc testifies to the high effectiveness of the Swiss labour market.



**Christian Spichiger**  
Executive Vice President  
Division CE  
Stadler Rail AG

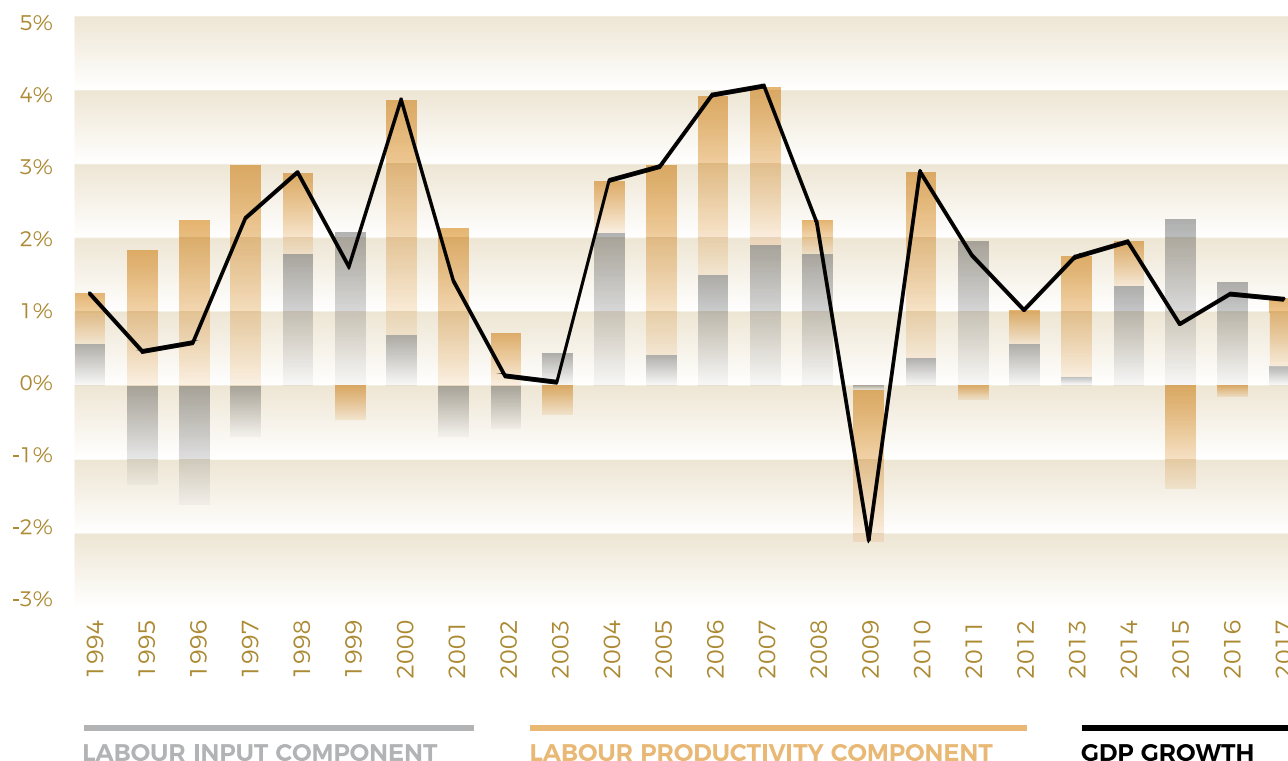
"In terms of planned investment and reinvestment projects, Poland definitely continues to be an attractive location even though its unemployment rate is currently the lowest on record and a noticeable increase has been observed in salaries for some time. Most of all, Poland is a particularly attractive market in and of itself. It is a large country in the very heart of Central Europe, whose geographical location is undoubtedly a tremendous asset. What is more, Poland simply has skilled workforce. Over the past two decades, the country has made a great economic leap forward, which is immediately noticeable at present."

Figure 5: GDP growth in Poland, broken down into hours worked and labour productivity (% change)



Source: Deloitte based on data from The Conference Board, Total Economy Database™, November 2017.

Figure 6: GDP growth in Switzerland, broken down into hours worked and labour productivity



Source: Deloitte based on data from The Conference Board, Total Economy Database™, November 2017.

## 2. Company size

### Key facts:

- Switzerland has a significantly smaller share of micro-enterprises in the total number of companies, and a significantly higher share of small, medium and large enterprises – in comparison to both Poland and the EU-28. While in Poland this share is more than 95.5%, and in the EU-28 93%, in Switzerland it is only 67.1%.
- Meanwhile, the Swiss economy has a significantly higher share of small enterprises (10-49 people): as much as 27.5%, compared with 5.9% in the EU-28 and 3.4% in Poland.
- Larger companies have greater abilities to invest in R&D, so a high percentage of them support innovation.

## 3. Gross investment in fixed assets by asset type

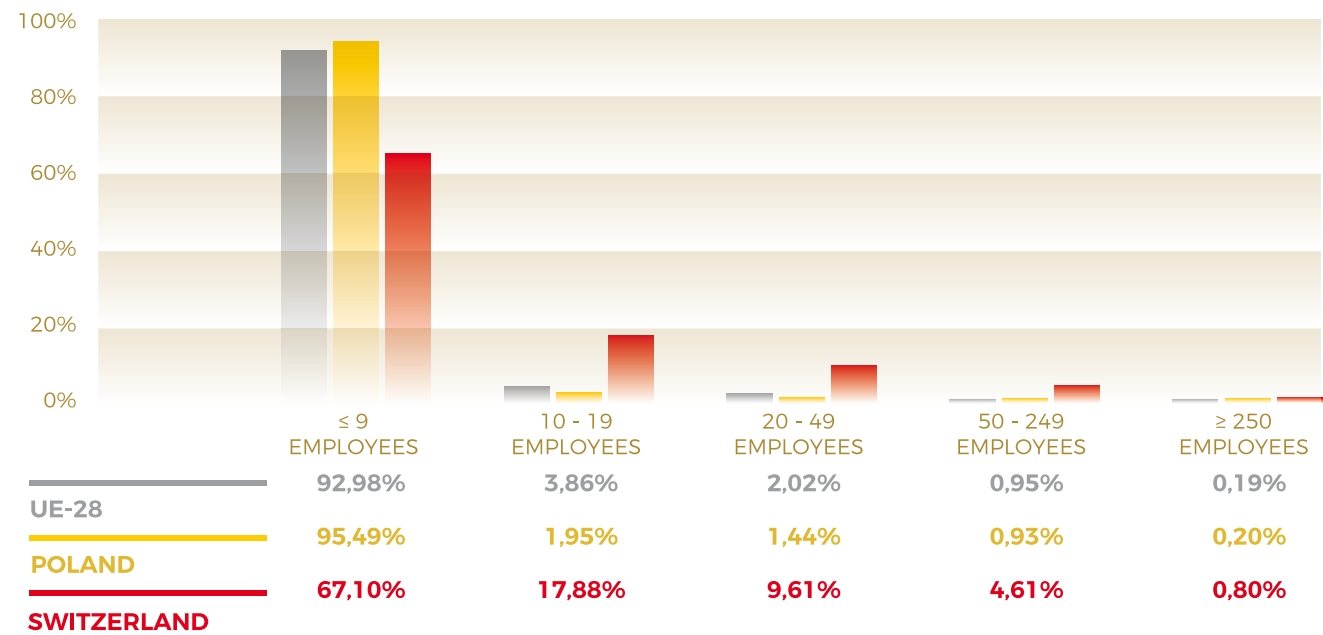
### Key facts:

- Gross investment in fixed assets in Poland differs only slightly from the EU average (at 18.1% and 19.8% of GDP respectively). Switzerland is

characterised by significantly higher outlays, at 24.1%.

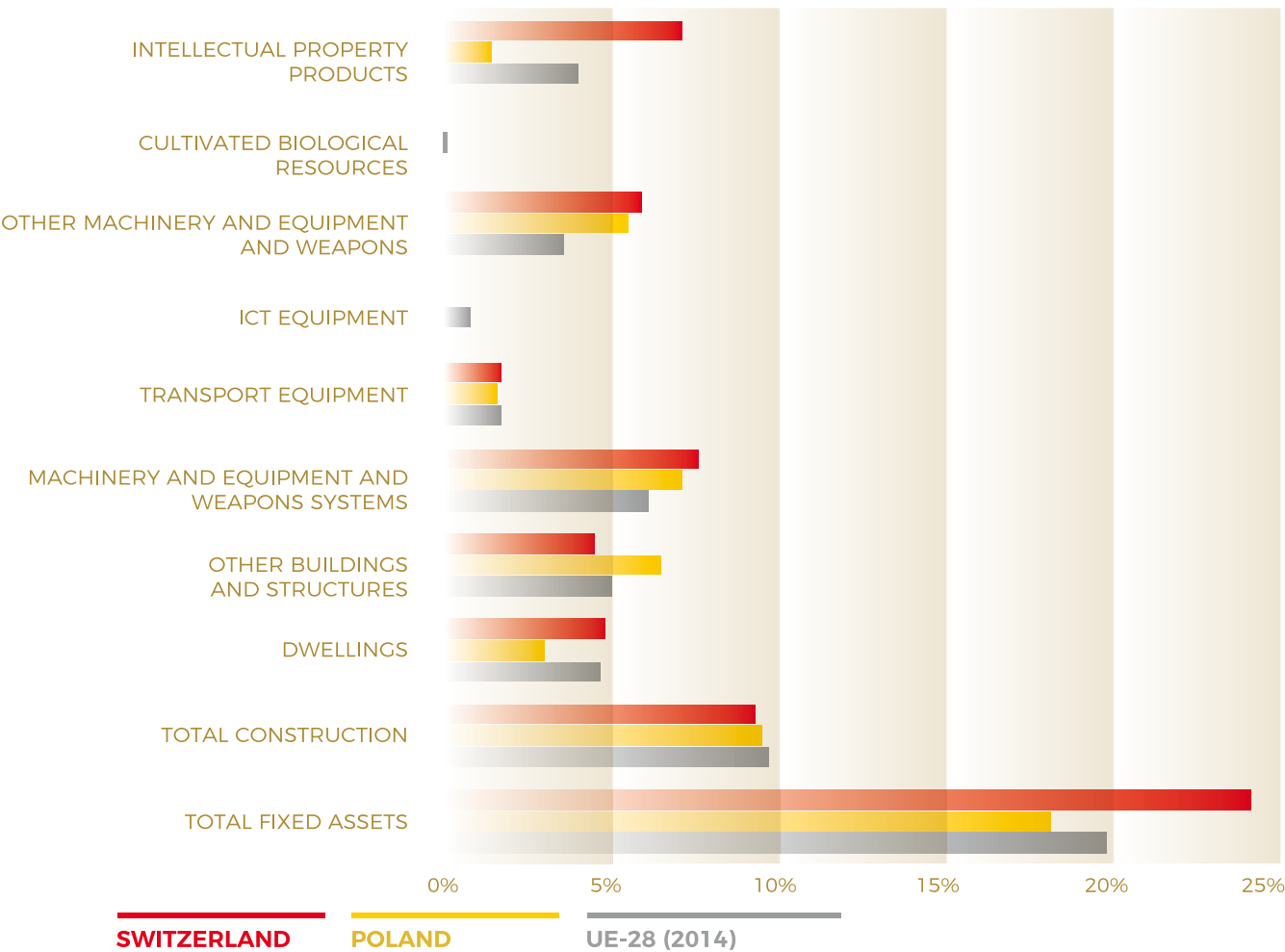
- The highest share can be assigned to real estate, for both residential and production purposes. But interestingly, Switzerland is characterised by the lowest outlays in this area, at 9.3% of GDP, while in Poland the level is 9.5%, and in the EU-28 an average of 9.7%.
- Switzerland has a significantly higher share in the case of intellectual property – here outlays on fixed assets reach as much as 7.1%, meaning almost twice the EU-28 average (4%) and more than four times the Polish level in relation to GDP (1.4%).
- The difference in outlays on fixed assets between Poland and Switzerland is almost twofold (nearly EUR 77 billion in Poland versus EUR 145.5 billion in Switzerland), even though Switzerland is a significantly smaller country.
- The greatest difference is again visible in outlays on intellectual property fixed assets: In Poland this is just under EUR 6 billion, and in Switzerland EUR 43 billion.
- The higher investment rate, especially on R&D, has a positive effect on innovation and on labour productivity.

Figure 7: Structure of company size in the economy



Source: Deloitte based on Eurostat data

Figure 8: Gross investment in fixed assets as a percentage of GDP



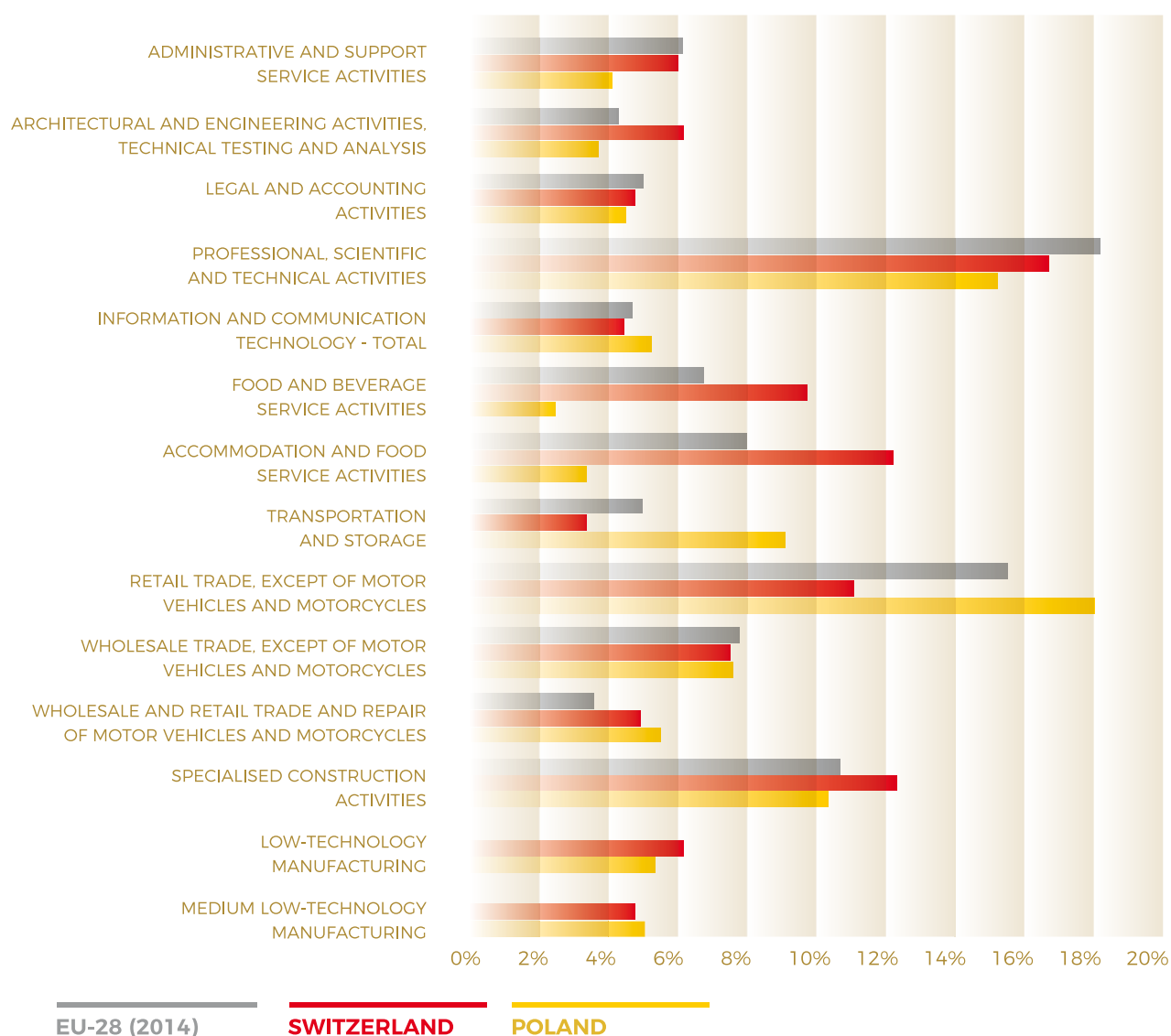
Source: Deloitte based on Eurostat data (for 2014 and 2015)

#### 4. Number of companies by sector

##### Key facts:

- The manufacturing sector, both in Switzerland and in Poland, comprises a higher percentage of companies than the EU average. In the EU this percentage is 9.0%, while in Poland and Switzerland it is 11.7% and 14.4% respectively.
- The share of companies producing advanced technological goods in this sector is significantly higher in Switzerland than in Poland. In percentage terms the difference is more than five-fold (0.2% in Poland, compared with 1.1%).
- The services sector: The clearest disproportion occurs in the case of companies providing accommodation and culinary services, where the percentage in Poland is a fraction of that in Switzerland. In Poland the level is 3.4%, while in Switzerland it is 12.2%. The EU-28 average falls in between, at 8.0%. Meanwhile, Poland is significantly ahead of both Switzerland and the EU-28 in the percentage of transport and storage companies, at 9.1%, compared with 3.4% in Switzerland and almost 5% in the EU-28.
- Even though both economies are more strongly oriented to the manufacturing sector than the EU-28 average, a difference can be seen in the goods produced. In light of its orientation toward innovation and sectors with high productivity, Switzerland has a higher share in production of goods requiring advanced technologies, such as the pharmaceuticals industry.

Figure 9: Number of companies by sector (breakdown by percentage)



5. Companies' revenues by sector

Key facts:

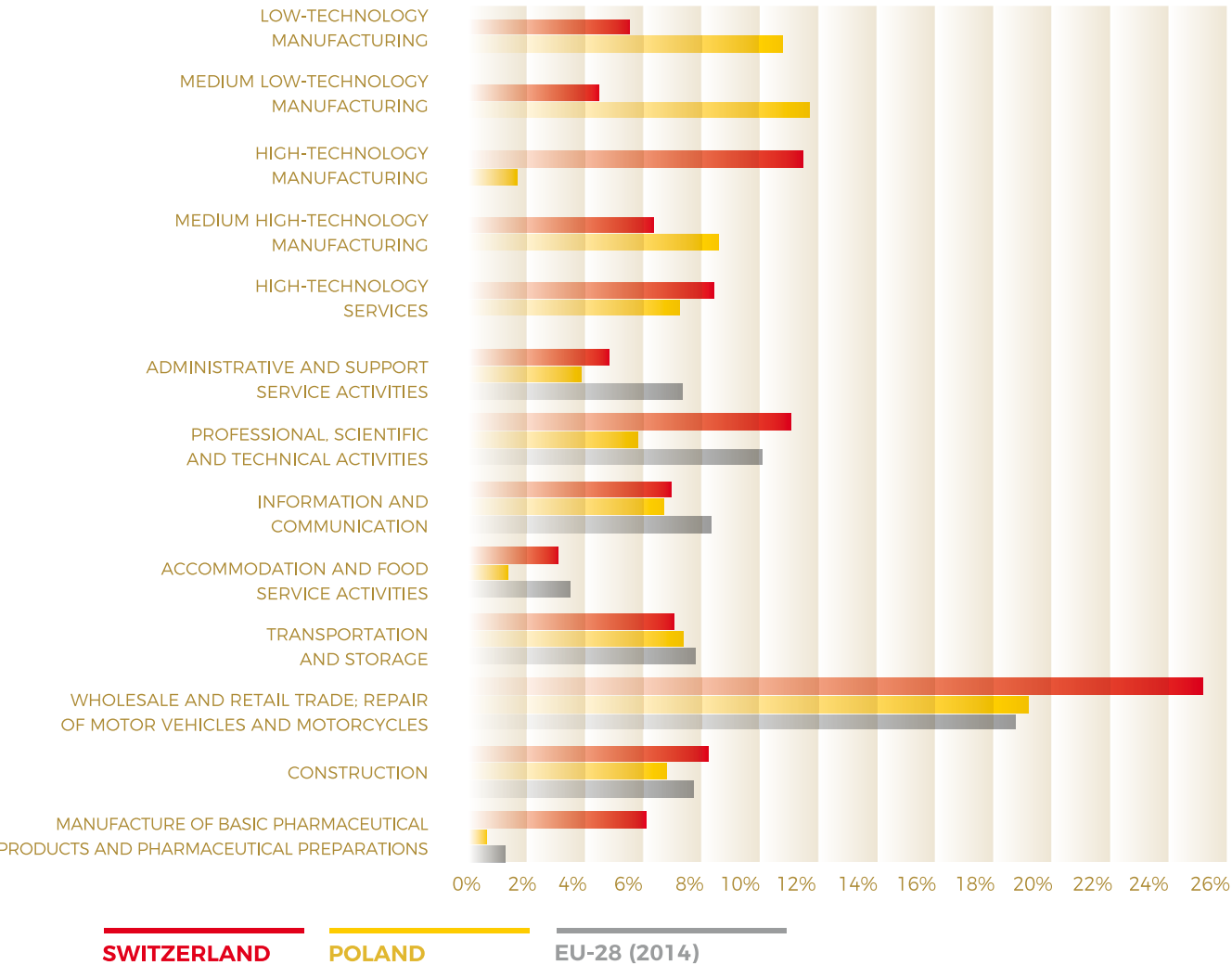
- A clearly higher share in turnover for the manufacturing sector in Poland (above the EU-28 average), and lower in Switzerland. PL 31.5%, EU-28 26.7%, Switzerland 14.8%.
- Simultaneously it can be seen that Poland is dominated by lower-technology production, while Switzerland relies on high tech. The latter sector accounts for just 1.62% of total turnover in Poland, while in Switzerland it's as much as 6.10%. Simultaneously, so-called "medium-low" products are as much as 11.1% of Poland's GDP, and in Switzerland 1.96%.
- Switzerland has a very high share of wholesale and retail trade (almost double the Polish and EU-28 levels), because it is a global platform for commodities trading. Respectively 65.4% for Switzerland, 37.3% for the EU-28 and 38.1% for Poland.

6. Gross value added by sector

Key facts:

- In Switzerland the share of the wholesale and retail sector in total value added is about 5 percentage points higher than in Poland and the EU-28. This is an interesting result, as trade (other than e-commerce) is seen as a sector with low innovation.
- Switzerland has a 10 times higher share of production of pharmaceuticals in value added than Poland (6.1% versus 0.62%). In comparison to the EU-28, the Alpine country's advantage is more than four-fold.
- Technologically advanced industry in Switzerland contributes to the country's GDP almost 7 times more than the same sector in Poland (11.6% versus 1.7% of value added).

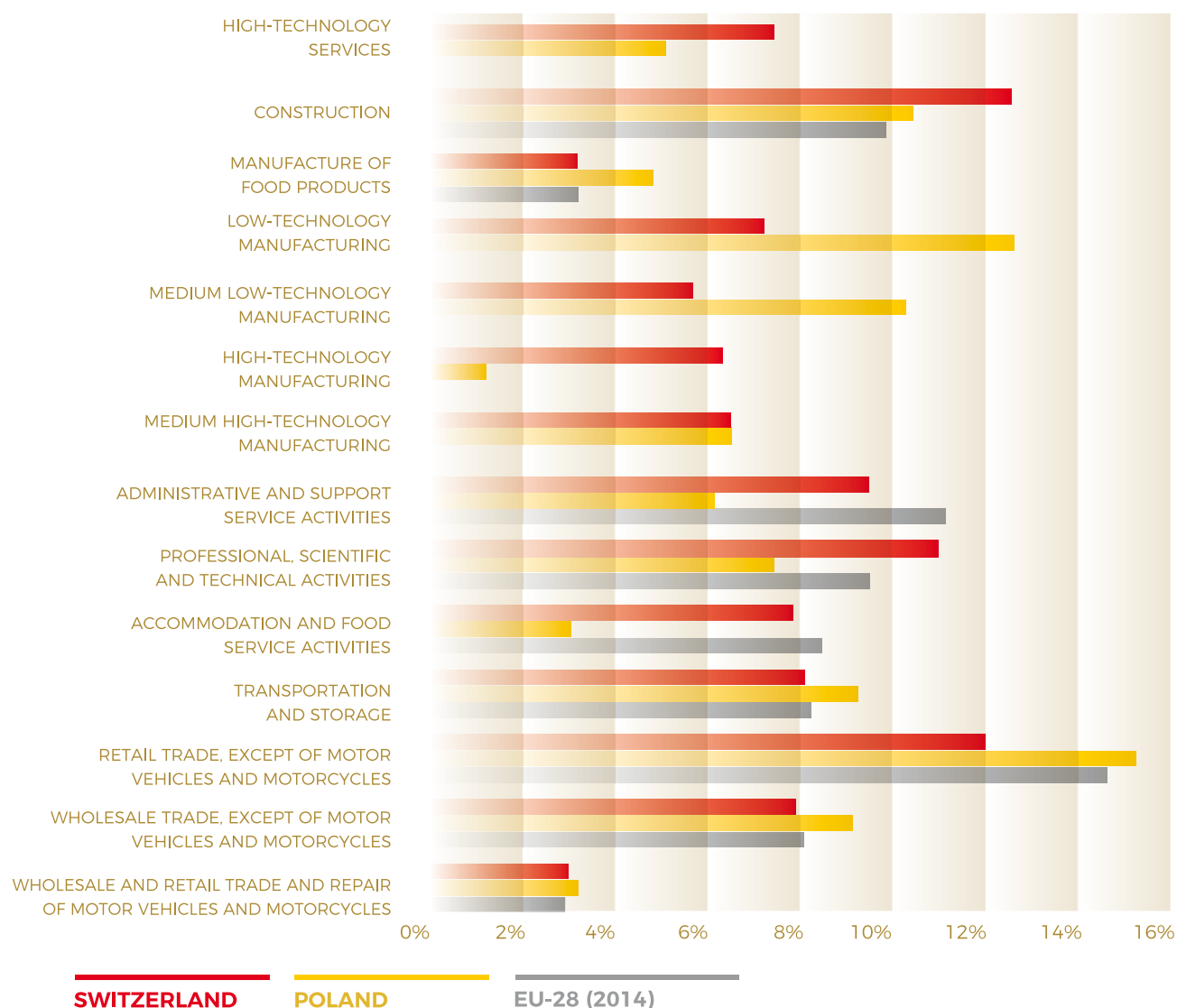
Figure 10: Share of selected sectors in gross value added in the entire economy (%)





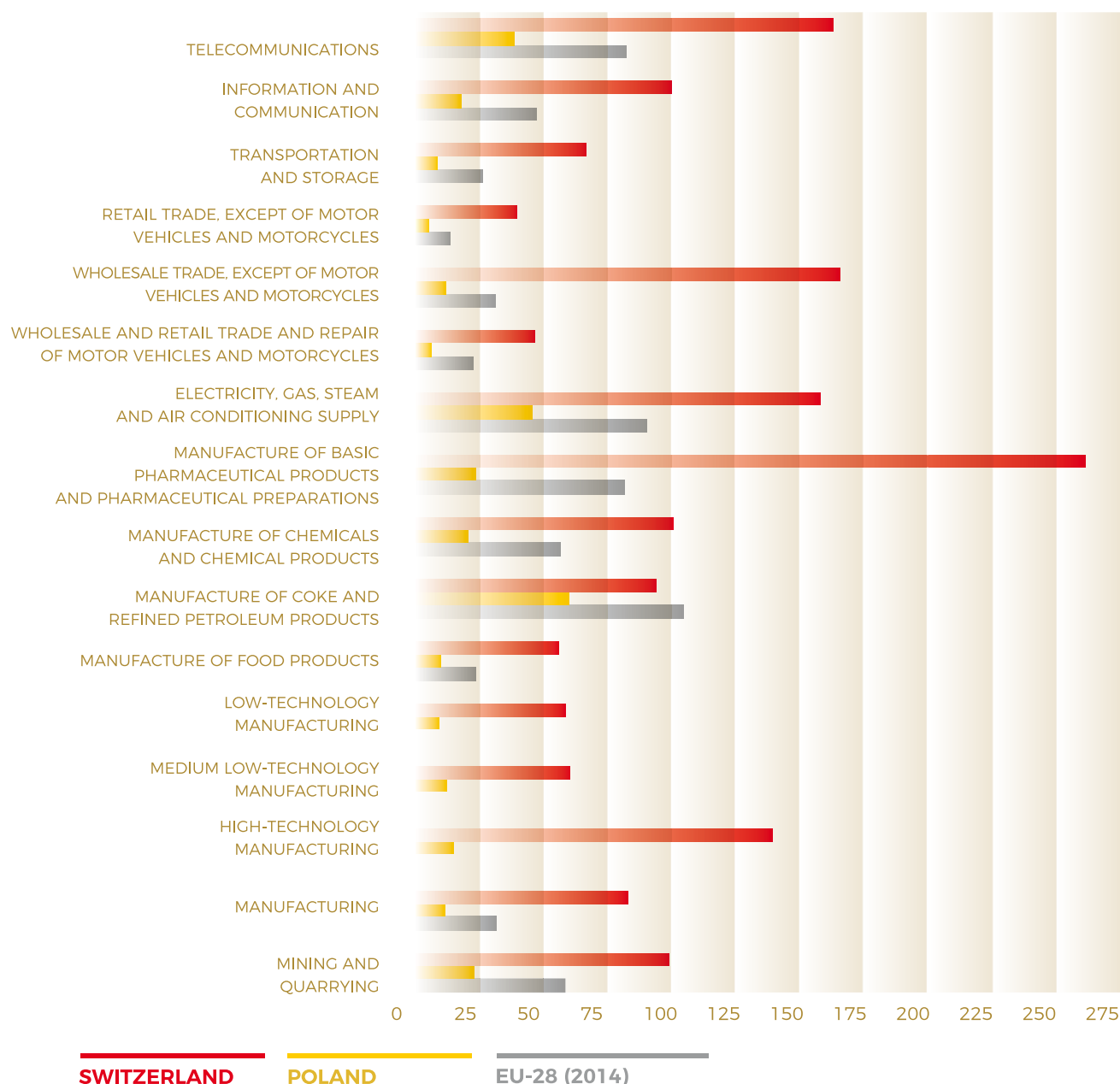
- In terms of value added in the non-financial services sector (professional, scientific and technical services), Switzerland's level is almost two times higher than Poland's. It accounts for almost 11% of total value added in the Helvetic economy, while in Poland the share is 5.8%.
  - A higher percentage of people employed in trade services in Poland (26.0%) than in Switzerland (21.6%), even though in the Alpine country this is more profitable. This attests to the low productivity of labour per person in trade in Poland.
  - The transport and storage sector employs similar percentages of people in Poland, the EU-28 and Switzerland (8.7%, compared with 7.7% and 7.6%). Because Poland significantly outpaces the EU-28 and Switzerland in the share of companies from this sector, this indicates a higher percentage of small businesses in Poland.
  - A higher percentage of Swiss people working in companies related to advanced technologies.
- 7. Employment by sector**
- Key facts:**
- Differences in the percentage of employment in the industrial sector in Switzerland and Poland are not as great as could be concluded e.g. from the number of companies or turnover. In Poland this amounts to 28.8%, and in Switzerland 24.2%, with an EU-28 average of 22.1%.

Figure 11: Employment in selected sectors (% of total employment in the enterprise sector)



Source: Deloitte based on Eurostat data

Figure 12: Labour productivity – value added by hour worked, by sector (euros)



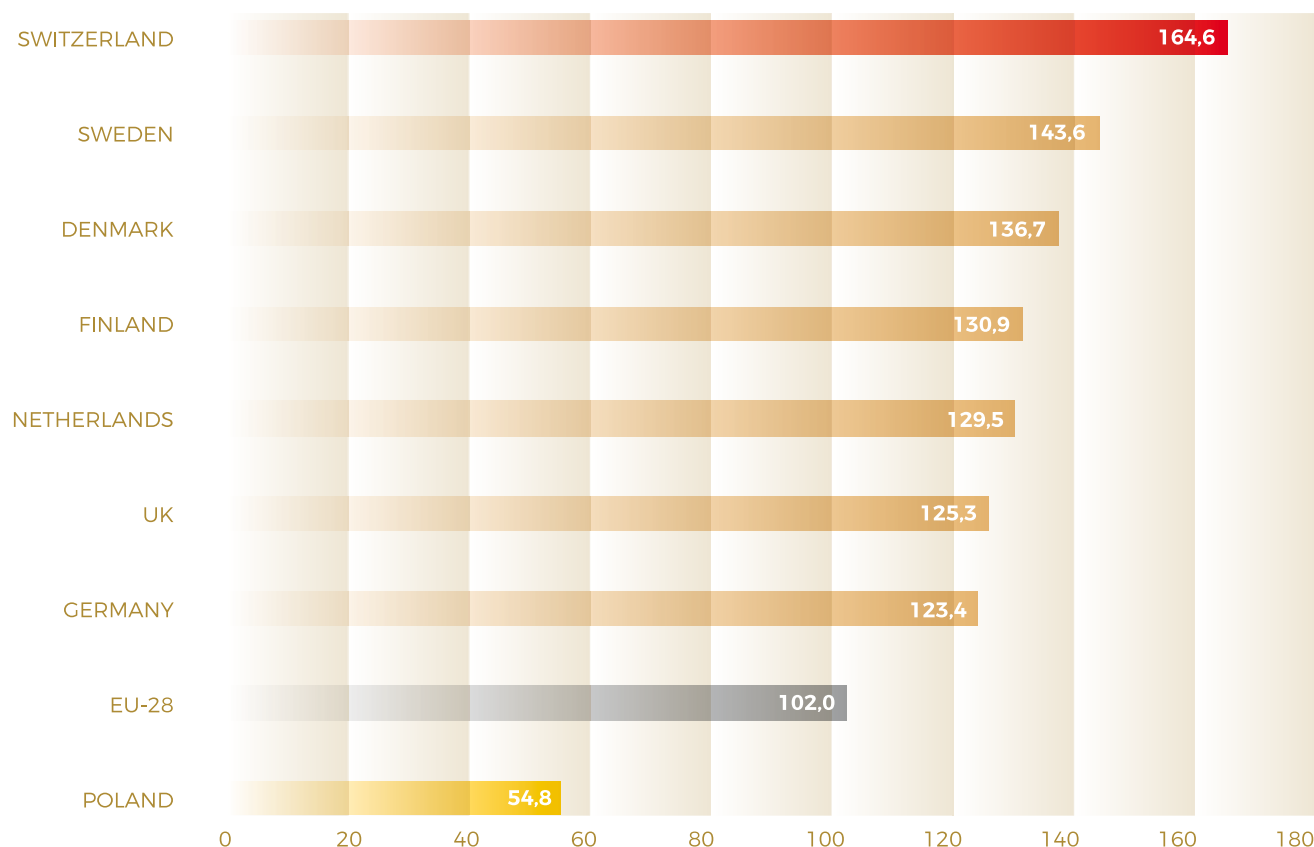
Source: Deloitte based on Eurostat data

## 8. Productivity by sector

### Key facts:

- Labour productivity calculated in gross value added per person-hour averages EUR 10.30 in Poland, and EUR 72.20 in Switzerland.
- In the production sector, in both cases these values are somewhat higher than the average. They reach EUR 11.70 for Poland and EUR 83.60 in Switzerland.
- An interesting example is the coke production and oil refining sector. Labour productivity in Poland is close to six times higher than the average in this sector, reaching EUR 60.80, while in Switzerland it is EUR 94.70.
- The Swiss in turn stand out significantly in the pharmaceutical sector. Here, labour productivity is as much as EUR 263.20 (in Poland EUR 23.90)
- It is worth noting the wholesale and retail trade sector. In Poland its productivity is below the average, reaching EUR 7.70, while in Switzerland it is higher, at EUR 84.80.

Figure 13: Level of innovation in selected countries - Summary Innovation Index (SII), European Innovation Scoreboard 2017



Source: Deloitte based on European Innovation Scoreboard 2017  
[http://ec.europa.eu/growth/industry/innovation/facts-figures/scoreboards\\_en](http://ec.europa.eu/growth/industry/innovation/facts-figures/scoreboards_en)

### Innovation in the Swiss economy

#### Switzerland in the context of the *European Innovation Scorecard 2017*

Switzerland is consistently building a model ecosystem friendly to the development of market innovations. The country's success can be explained by at least five important characteristics, which are deeply rooted in the economic, political and social spheres.<sup>17</sup>

1. **High abilities to adapt to new market conditions** lead to its above-average economic competitiveness.
2. **An effective model of cooperation between the market and scientific and research centres** ensures a constant and unlimited flow of knowledge and highly qualified workers.
3. **Decentralisation of power** allows better understanding and consistent addressing of local needs, and simultaneously constructive competition among cantons for the quality and quantity of jobs, through tax incentives and the effectiveness of public spending.

4. **Social-political relations are shaped in a sustainable, serious way, based on the institution of the referendum.** This creates a positive atmosphere of cooperation and predictability for the development of business.

5. **Switzerland's openness to immigrants**, and thus clear, accessible legal regulations in this area, make it a migration destination for scientists and qualified workers from other countries.

**Switzerland won the title of the most innovative state among those assessed by the Summary Innovation Index (SII). Categorising the entire research group, Switzerland is among the leaders of innovation along with Sweden, Denmark, Finland, Germany, the Netherlands and the UK.**

<sup>17</sup> D. Szymański, "5 przyczyn gospodarczego sukcesu Szwajcarii" (Five reasons for Switzerland's economic success), Business Insider Polska, 2016 ([businessinsider.com.pl/finanse/gospodarka-szwajcarii-jak-osignac-sukces/3jm86lx](http://businessinsider.com.pl/finanse/gospodarka-szwajcarii-jak-osignac-sukces/3jm86lx)), based on the debate „Jak Szwajcaria osiągnęła sukces? Idee dla Polski” (How did Switzerland achieve success? Ideas for Poland) organised by the Polish-Swiss Chamber of Commerce, the Swiss Embassy and the Civil Development Forum.

In 2016 the country saw expansion in its SII lead over the EU average by 9.2 percentage points in relation to the 2010 level. This means that in relation to the EU average, Switzerland achieved results around 61% better; Sweden was second, with almost 41%, and Germany took last place among the leaders of innovation, almost 21% better.

**In 2011-2015 the indicator of employment in high and medium technologies in Switzerland was on average 25% higher than in the EU. Additionally, more than 3.3 times as many companies with significant investments in research and development operate there, and their average spending in this area is almost 2.7 times higher than the EU average.**

This is supported by a strong and effective educational sector, in forms including research institutes and universities that take top places in international rankings. For example, in 2016 the Swiss Federal Institute of Technology ETH Zurich took fourth place in the Times Higher Education World Reputation ranking, right behind three UK institutions: Oxford, Cambridge and Imperial College London.

**Employers use and invest in the work of highly qualified people starting from the early years of education, in the form of apprenticeships and internships.** This works directly with an attractive research system, bearing fruit in international scientific publications and an inflow of foreign doctoral students. This increases the higher education system's absorption capacity and openness to new ideas and talented scientists from the entire world.

**Another effect of this is Europe's highest number of patent applications per capita.** According to data from the European Patent Office, in Switzerland in 2015 there were 873 applicants per million residents, two times more than the Netherlands, the second-place finisher; compared with the leading global economies, this was more than five times more than in Japan, and almost seven times higher than in the US. Additionally, for 46 years Geneva has hosted an annual exhibition during which inventors from around the world have the opportunity to present their work and meet potential clients.

**The public sector is increasingly supportive of R&D, but the private sector plays the dominant role.** In recent years an increase in the scale of public-private partnerships and companies' direct investments into R&D can be observed. One of the sectors investing intensively in this area is pharmaceuticals.

**Another part of the system is social-legal institutions, encompassing principles, norms, restrictions and interactions building economic and social networks of interpersonal dependencies.** The effectiveness and efficiency of flows of know-how in this model is also confirmed by Switzerland's leading position (for the seventh year in a row) in the Global Innovation Index compiled by the World Intellectual Property Organisation, Cornell SC Johnson College of Business and INSEAD.

**The results confirm the Swiss economy's high innovation potential.** Strong human capital, particularly taking into account growth in the percentage of the population with higher education, supplies the intellectual resources for current and future investors. This is supported by a strong and effective educational sector, in forms including research institutions and universities with top positions in international rankings. Additionally, a key role in the Swiss innovation system is played by an energetic and competitive private sector.

#### Chapter summary:

- Switzerland is one of the global leaders in innovation.
- The percentage of large companies in Switzerland is higher than in Poland and in the EU-28. Large companies have greater abilities to invest in research and development. A reflection of this is the decidedly higher share of investments in fixed assets related to intellectual property.
- The Swiss have a significantly higher percentage of companies making technologically advanced products (according to Eurostat, this sector comprises pharmaceutical companies, producers of computers, electronics and optics, as well as companies making aircraft and spacecraft) than Poland or the EU average.
- A good reflection of the positive influence of innovation is the productivity of the pharmaceutical sector, which in 2015 reached EUR 263.20 per hour worked.

## The experience of Swiss companies in Poland – potential and directions for growth in economic cooperation

### Swiss companies' presence in Poland

Switzerland enjoys an international reputation as a trustworthy country, credible and most of all a global centre of innovation. Its many years of experience in the banking and insurance sector, combined with technical knowledge and well-developed infrastructure, create a top-class ecosystem for the fintech sector and the creation of innovation.

The Swiss economy is also about highly competitive industry, based on high technologies. Turbines, precision goods, drugs, nanotechnology and financial services are the Swiss economy's calling cards around the world. Companies from the Alpine country have had a significant influence on the development of the electrotechnical, mechanical, and textile sectors; they have helped create the pharmaceutical industry, producing innovative drugs. Machines made in Switzerland are universally known and used, including lifts, endoprotheses and hearing aids. Consumers of luxury goods around the world value Swiss watches, a symbol of luxury.



**Thomas Schaller**  
Chief  
Operations  
Officer  
Angst+Pfister  
Group

*"Why are we present in Poland? Because we are of the opinion that it is a particularly interesting and promising market. The rapidly growing Polish market – in terms of size of our concerned industries about 60%-70% of the German market – offers attractive upside potential for the Angst+Pfister Group.*

*As our international clients have their production facilities located here, we are now able to support them directly thanks to our business model, which is based primarily on engineering expertises and solutions as well as advanced technology production. Thus, we are partnering with the Polish branches of our clients in their efforts to develop innovation and value added."*

Many producers from these industries have also invested in Poland. **Switzerland is second only to the US among non-EU economies in terms of inward FDI to Poland. According to the latest available data, the value is close to PLN 17.5 billion.** When EU economies are included, Germany is the leader with almost PLN 140 billion złoty of FDI, followed by France with 79.3 billion, the US with PLN 77.3 billion, the UK at PLN 44.3 billion and Italy at PLN 40.2 billion.

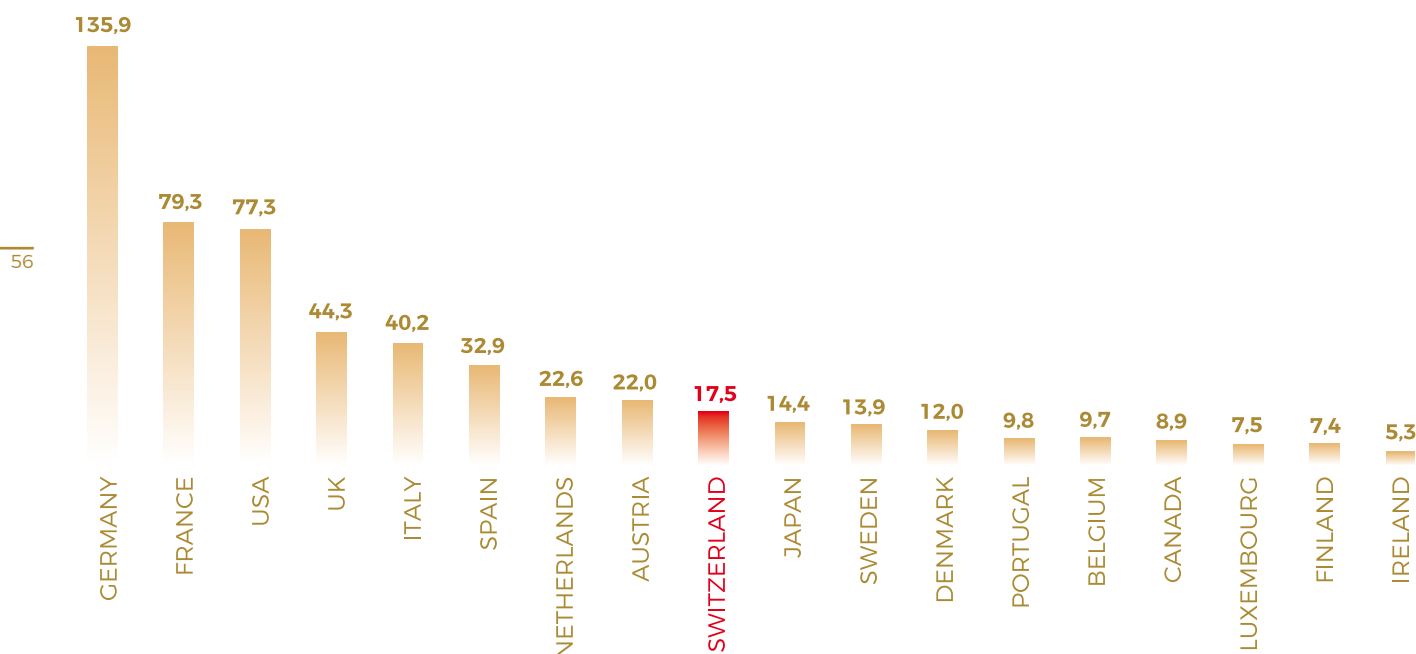


**Simon Smith**  
Market Head  
Nestlé  
Poland&Baltics

*"The past few years of our activity in Poland may be seen as continuous investment. We have invested more than €200 million and hired around a thousand people, and we now employ over 5000 people in our various locations. Poland has become an important production center for Nestlé in Europe.*

*We genuinely believe in Poland and importantly the quality of the people in Poland and we will continue to expand our business here in the upcoming years."*

Figure 14: FDI in Poland by ultimate country of origin (2015, PLN bn)



Source: Deloitte based on OECD data

**At the moment, Swiss companies Employ in Poland about 35,000 people.**<sup>18</sup> Swiss companies are present in practically all the most important sectors of the Polish economy, measured both by R&D and by job creation. Additionally, the presence of Swiss companies allows Polish suppliers and other companies to develop, as well as gaining additional revenues that allow them to increase employment or wages. This synergy effect is particularly visible in the manufacturing industry, in which individual producers create complex international supply chains.

It is worth stressing that **the Swiss companies with operations in Poland come from sectors in which the Swiss economy has exceptional competitive advantages, which is seen in productivity data.**<sup>19</sup> Here we must mention in particular pharmaceutical producers, telecommunications, energy and high-tech production.

Poland's investment attractiveness in the eyes of Swiss investors and in the light of macroeconomic indicators



**Tomas Trocil**  
General Manager  
Hilti (Poland)  
Sp. z o.o.

*"I believe deeply in Poland's investment potential. We have ambitious plans for the future. Our strategy calls for significant investments in people who are our main potential. By 2020 we plan to increase employment in Poland to 550 people. At the moment we employ 450, while in 2013, when the strategy was established, there were just 370 of us. A significant percentage of the new employees will be people with education in economic and technical subjects. Their level of qualification and motivation is truly impressive."*

<sup>18</sup> Ministry of Development, "Notatka informacyjna o Szwajcarii i współpracy gospodarczej z Polską" (Informational note on Switzerland and economic cooperation with Poland) [https://www.mr.gov.pl/media/18391/KE\\_Szwajcaria\\_7\\_04\\_2016.pdf](https://www.mr.gov.pl/media/18391/KE_Szwajcaria_7_04_2016.pdf)

<sup>19</sup> See Figure 12. Labour productivity: value added in euros per hour worked, by sector



## 1. The labour market

**Swiss companies cite workers' high qualifications and competences, interdisciplinarity and creative thinking, and first and foremost their very good education level, as some of the main advantages of the Polish economy.** This has increasing significance, as companies deciding, for example, to bring business processes to Poland are starting to look for very advanced types of services, based on specialist knowledge. An example is data-analysis specialists (data scientists, econometricians, physicists and mathematicians in financial institutions), programmers and those who combine IT and analytical skills.

**Swiss investors also appreciate the Polish work ethic: diligence, engagement and identification with the company's goals.** They believe that against the backdrop of other European countries, Poles' engagement in work, loyalty and ability to identify with their organisations' goals is at the highest level. Investors indicate that among their Polish workers they find a combination of efficiency with the highest quality and punctuality. Paradoxically, as one respondent noted, this may also be a source of problems, if ambitious and well-educated people work too long in a position that's below their abilities and aspirations.

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**Dr. Ulrich  
Schaumann**  
Chief  
Operations &  
IT Officer  
HUBER  
+SUHNER

*"Our facilities are located in Tczew, which is close to the University City of Gdańsk. The significant number of highly-qualified graduates of the engineering faculties in Gdańsk was one of the important reasons for our decision to establish our center of excellence in Tczew. R&D work focused on innovative products is carried out in Switzerland, while in Poland we conduct process development activities that enable us to manufacture new products efficiently. Additionally, in Poland we have put together a team of experts to create custom-tailored engineering solutions and prototypes for our automotive industry clients. Well-educated and skilled people are one of the decisive assets of Poland in the international competition for attractive Industry locations."*



**Dominik  
Berchtold**  
Chairman  
of the Group  
Executive  
Committee  
CEO  
Zehnder  
Group  
International  
AG

*"Poland not only has a convenient geographical location but it is also attractive as far as the skills, mindset and attitudes of staff are concerned. (...) I am enormously impressed whenever I discuss different visions or ideas with my Polish colleagues and have never heard 'we can't do that' but 'ok, let's see what we can do' as an answer. What is more, I truly appreciate their professionalism and the energy they channel to work, hence to our company. This is definitely an overwhelming advantage of Poland as compared to other European countries. Quality and employee attitudes play a crucial, positive role."*



**Wiktor Janicki**  
General  
Manager  
Roche Polska  
Sp. z o.o.

*"Polish workers stand out from other Central European countries not only in terms of their level of education and competence, but also by their work ethic. Looking around the region at people with similar education levels, you'll see that Poles' engagement in work and ability to identify with organisational goals stands out. (...) Another encouraging thing for foreign investors is undoubtedly the size of the Polish market, the sixth-largest in the EU. These are very important arguments for foreign investors, including for global companies from the pharmaceutical industry, which are looking for the best places, taking into account not only simple financial returns, but first of all investment quality."*

Similar conclusions arise from the results of the 2017 edition of a survey on Poland's economic performance and investment attractiveness, conducted by 14 bilateral chambers of commerce, where the surveyed companies also identified as important a range of variables related to the labour market: workers' qualifications, education, productivity and motivation.<sup>20</sup>

One very important attribute of Polish workers is their good knowledge of foreign languages, particularly English. Swiss companies operating in large cities usually have no problem recruiting people who speak German, Spanish or Italian, particularly compared with companies or branches operating in other parts of Europe. Interestingly, manufacturers also have a high assessment of Poles' language abilities.



**PhD Eng. Marek Danis**  
General  
Manager  
Oerlikon  
Balzers Coating  
Poland  
Sp. z o.o.

*"The experiences of our company thus far related to investing in Poland are certainly positive. The procedures related to investment, the legal environment and regulations on environmental protection are quite transparent. The advantages also include constantly improving road and transport infrastructure. In our case this is particularly important, as we have three factories in various regions of Poland. "However, we're disturbed by current trends in the political situation in Poland and its potential negative effect on the conditions of doing business in the future."*

In the view of some respondents, Polish workers sometimes lag behind their colleagues from Western companies in terms of soft skills, particularly social or interpersonal competences. They believe this may result from insufficient international experience during university studies, internships or experience in working abroad. It is also possible that the reasons for such observations are cultural differences. Swiss companies are happy to employ candidates for managerial positions who have this kind of experience, as they achieve better results. The HR departments of some Swiss companies, in response to this phenomenon, are introducing international exchange programmes for their employees.

The vocational education system, in light of the bilateral chambers' competitiveness research, is one of the weakest investment attractiveness factors in Poland. This conclusion is also reflected in the comments of some of the respondents from Swiss firms, who also believe that vocational education in Poland must be reformed. A good example to follow is Switzerland's two-track education system, which supports young people's entry into the labour market. Some representatives of Swiss business believe that Poland needs more professionals with specific skills, and there is no point in further increasing the percentage of people with higher education.

<sup>20</sup> [https://ahk.pl/index.php?id=887&L=37&tx\\_news\\_pi1%5Bnews%5D=3221&cHash=ca6afe494640dba14b6b6b9c4b7bf501](https://ahk.pl/index.php?id=887&L=37&tx_news_pi1%5Bnews%5D=3221&cHash=ca6afe494640dba14b6b6b9c4b7bf501)

Figure 15: Assessment of the importance of factors influencing Poland's investment attractiveness – Competitiveness research (2017).

<b>ASSESSMENT OF THE IMPORTANCE OF FACTORS INFLUENCING POLAND'S INVESTMENT ATTRACTIVENESS – RESEARCH ON POLAND'S INVESTMENT ATTRACTIVENESS AND ECONOMIC PERFORMANCE (2017 EDITION)</b>	<b>2016</b>	<b>2017</b>	<b>CHANGE 2017/2016, %</b>
EU MEMBERSHIP	4,3	4,37	1,6%
WORKER QUALIFICATIONS	3,9	3,66	-6,2%
QUALITY AND AVAILABILITY OF LOCAL SUPPLIERS	3,7	3,61	-2,4%
ACADEMIC EDUCATION	3,7	3,6	-2,7%
WORKER PRODUCTIVITY AND MOTIVATION	3,6	3,59	-0,3%
INFRASTRUCTURE (TRANSPORT, IT COMMUNICATION, ENERGY)	3,5	3,35	-4,3%
PAYMENT DISCIPLINE	3,2	3,14	-1,9%
LABOUR COSTS	3,1	3,12	0,6%
R&D CONDITIONS	3	3,06	2,0%
ACCESS TO EU AND PUBLIC SUBSIDIES	3,1	3,05	-1,6%
FIGHT AGAINST CORRUPTION AND CRIME	2,9	3,01	3,8%
AVAILABILITY OF QUALIFIED STAFF	3,2	2,89	-9,7%
TRANSPARENCY IN THE PUBLIC PROCUREMENT SYSTEM	2,7	2,8	3,7%
PUBLIC ADMINISTRATION	2,8	2,78	-0,7%
LEGAL SECURITY	3	2,75	-8,3%
TAX BURDEN	2,7	2,72	0,7%
FLEXIBILITY OF LABOUR LAW	2,8	2,7	-3,6%
VOCATIONAL EDUCATION SYSTEM	2,9	2,67	-7,9%
TAX SYSTEM AND INSTITUTIONS	2,7	2,64	-2,2%
POLITICAL AND SOCIAL STABILITY	2,5	2,39	-4,4%
PREDICTABILITY OF ECONOMIC POLICY	2,3	2,24	-2,6%

LOWEST VALUES

HIGHEST VALUES

Source: Deloitte based on research on Poland's economic performance and investment attractiveness conducted by 14 bilateral chambers operating in Poland and brought together in the International Group of Chambers of Commerce (2017 edition). Participants comprised 369 foreign companies operating in Poland: 235 from Germany, 16 from Scandinavia, 15 from the US, 13 from Italy, 11 each from France and Austria and nine from Switzerland. [https://ahk.pl/fileadmin/AHK\\_Polen/user\\_upload/informacja\\_prasowa\\_MOE\\_2017.pdf](https://ahk.pl/fileadmin/AHK_Polen/user_upload/informacja_prasowa_MOE_2017.pdf)

**Another challenge identified by Swiss investors is low unemployment and difficulty recruiting workers, particularly in manufacturing. For this reason, they are stepping up investments in fixed assets and process automation.** Rising wage pressure and growth in the minimum wage are pushing up companies' costs on the one hand, but on the other hand they are leading to higher consumption for those manufactured products for a market of 38 million people.

The performance of Poland's labour market remains very good. In October 2017, wages in the corporate sector grew by 7.4% year on year, and employment in companies rose by 4.4%. As a result, the BAEL unemployment rate fell to 4.7% in the third quarter. This means companies are increasingly noting problems with recruitment, and for investors the availability of workers is one of the main criteria influencing location decisions.

A very important factor from Swiss investors' point of view is the growing number of workers from Ukraine, Belarus and other Eastern European countries. They find employment both in manufacturing and services companies, as well as seasonal work. Swiss companies also are increasingly recruiting highly qualified specialists, such as programmers and analysts, from Poland's eastern neighbours. The immigrants are also a very important group of workers in construction, where, as one of the surveyed companies says, in infrastructure construction alone the shortage of workers can be estimated at 150,000 people.

Despite growing labour costs, Poland is still perceived by Swiss investors as a country that can offer a good ratio of labour productivity to labour costs, particularly compared with Western Europe. But salary levels are not the factor that determines the attractiveness of Poland's economy: According to foreign companies operating in Poland, significantly more important are qualifications and a good work culture, which supports the growth of operations. This is also why the rather quick growth of the minimum wage in recent years hasn't been a big problem for the companies surveyed, as objective market conditions have led to significantly higher wages.

## 2. The tax system and legal regulations

**Representatives of Swiss companies indicate that the changes taking place in the legal regulations, mainly on tax, are causing them concern.** Some of them also point to the problem of the complexity and opacity of regulations, particularly those that introduce new restrictions or reporting requirements. This problem is exacerbated by very meticulous in-

spections by the authorities, particularly tax authorities, which requires companies to spend significant amounts of labour on compliance. Some companies believe that the Polish administration still has an insufficiently partnership-oriented approach to companies. In assessing their difficulties related to bureaucracy as a whole, Swiss companies don't perceive it as a factor that paralyses the economy. The reasons include the high motivation and engagement of Polish workers and the companies they work with, which have learned to operate in such conditions.

Swiss companies are in agreement in their assessment of the high level of political risk, in relation both to policy at the domestic level and to foreign policy. For them, a particular reason for concern is the current state of Poland's relations with EU institutions and selected member states, which over the longer term may increase the risk of doing business in Poland. In recent years, the European Union has also been going through a range of political and economic problems, but for investors it remains a guarantor of legal security, freedom on the single market and high institutional quality.

**A significant area indicated by investors as a space that leaves room for improvement in Poland is the overdeveloped bureaucracy. This translates into a complicated process of obtaining permits, local urban development plans or building permits.** But it is worth stressing that investors' experiences in this area vary widely, as do their strategies for dealing with these obstacles. Some of them add that they also have positive experiences in working with local governments that are seeking to attract investors. But it is rare to find employees in public administration assigned to working with particular companies, particularly with those that have completed the investment phase. A common solution is to hire local companies or consultants who are familiar with the regulations and the peculiarities of the local administration's functioning, which allows investors to smoothly navigate the entire process of setting up operations in Poland.

Figure 16: Most important barriers for companies in Poland and Switzerland, according to the Global Competitiveness Index 2017/2018

<b>MOST PROBLEMATIC FACTORS FOR DOING BUSINESS</b>	<b>POLAND 2017/2018 (39TH PLACE)</b>	<b>SWITZERLAND 2017/2018 (1ST PLACE)</b>	<b>POLAND: CHANGE FROM 2016/2017</b>	<b>SWITZERLAND: CHANGE FROM 2016/2017</b>
TAX REGULATIONS	17,6	10,1	-3	-5,5
TAX RATES	13,8	6,8	1,5	-2,5
RESTRICTIVE LABOUR REGULATIONS	12,5	18	-1,6	3,6
POLITICAL INSTABILITY	11,5	5,6	-1	1,7
INEFFICIENT GOVERNMENT BUREAUCRACY	8,4	19	-0,3	3,4
INADEQUATELY EDUCATED WORKFORCE	7	13,7	0,8	1,2
ACCESS TO FINANCING	6,9	9,7	0,8	2,1
GOVERNMENT INSTABILITY	6,5	0	4,2	0
INADEQUATE SUPPLY OF INFRASTRUCTURE	4	0,2	-1	-3
INSUFFICIENT CAPACITY TO INNOVATE	3,3	9,9	-1,3	-0,4
POOR WORK ETHIC	3,3	2,7	0,8	-0,5
POOR PUBLIC HEALTH	1,5	0,2	-0,7	0,2
CORRUPTION	1,5	0,6	0	0,4
FOREIGN CURRENCY REGULATIONS	0,8	3,7	0,5	0,3
CRIME AND THEFT	0,7	0	0,2	-0,5
INFLATION	0,6	0	0,1	-0,2

**LOWEST BARRIERS**

**HIGHEST BARRIERS**

Source: Deloitte based on [http://www3.weforum.org/docs/GCR2016-2017/05FullReport/TheGlobalCompetitivenessReport2016-2017\\_FINAL.pdf](http://www3.weforum.org/docs/GCR2016-2017/05FullReport/TheGlobalCompetitivenessReport2016-2017_FINAL.pdf) and <http://www3.weforum.org/docs/GCR2017-2018/05FullReport/TheGlobalCompetitivenessReport2017%E2%80%932018.pdf>



**Marc Züllig**  
CEO  
IGP  
Pulvertechnik  
AG

*"Our decision to enter the Polish market seventeen years ago was mainly driven by its size. Thus far, our business here has been brisk. We have great trust in our management in Poland and have learnt that it is key to have very good people locally. For that reason, two years ago, when we decided to launch our most recent investment project here, we were able to find the right land, obtain the required permits, start the construction and work faster than in Switzerland. The burden of red tape in Poland may be heavy but the country has both enterprises and people that are capable of navigating a foreign investor successfully through the whole process. That's why I consider my investment experiences in Poland to be definitely positive."*

The responses to the survey confirm the results of the 2017/2018 Global Competitiveness Index (GCI) for Poland, particularly in relation to the critical assessment of tax law and administrative inefficiency. According to the 2017/2018 report, political instability, high tax rates and labour regulations continue to be significant problems. Interestingly, in comparison to the previous edition of the survey, fewer companies point to tax regulations as a significant barrier (a decline by 3 percentage points), while 4.2 points more perceive the instability of the administration as a problem.<sup>21</sup>

Some Swiss investors pointed to the problem of increasingly common protectionist practices, i.e. favouring domestic companies at the cost of foreign ones. But the respondents also added that a similar trend can be seen in many other EU countries, particularly in the area of public procurement. They believe that in the public debate there is too little discussion of the advantages of foreign investment, which was and remains the driver of growth in many economies, including Poland. In effect, confidence in investors is at an unsatisfactory level.

### 3. The macroeconomic environment and the domestic market

The Polish economy's dynamic growth is perceived by investors as an undoubted advantage, especially compared with Western European countries. In the third quarter of 2017, Poland's GDP grew by 4.9% year on year, faster than the of 4.0% rate in the previous quarter. The clearly decisive share in GDP growth was consumption (about 2.9 percentage points), but there was also a clearly positive contribution from net exports (1.1 points).



**Paweł Pawłowski**  
General  
Manager  
Aebi Schmidt  
Polska  
Sp. z o.o.

*"At this point Poland isn't the cheapest location for manufacturing, and we have to acknowledge this. But that's also not the main goal of an investor who's seeking a location for technologically advanced manufacturing of machines. Poland is a combination of good price and quality, on-time performance and educated staff, and I think that's the key to our success."*

For about two years, low investment has been a problem, which despite such healthy general growth delivered barely 0.6 percentage points of GDP growth in the third quarter. The reason was primarily low public investment, both in the area of large infrastructure projects and that of local governments' projects. According to some of the Swiss companies, the situation in construction, especially on the market for public orders, remains poor, worsening the situation of the industry, which is grappling with a shortage of workers and growing costs. On the scale of the entire economy, quite high investment activity can be seen only in the case of foreign investment.

<sup>21</sup> <http://www3.weforum.org/docs/GCR2017-2018/05FullReport/The-GlobalCompetitivenessReport2017%E2%80%932018.pdf>





**Julia Patorska**  
Senior manager,  
Leader of  
Economic  
Analysis Team,  
Deloitte

*"Investments in Poland are being held back by factors including supply-side limitations on the labour market, but it may soon turn out that this factor alone will be the determinant of investment growth. Still, it will be of a different character, because shortages of human resources may support investment in process automation, which as a result may increase productivity with an unchanged or even declining number of workers. For this to happen, accessible technologies are needed, as well as the desire to take bold decisions on the operations of many companies. With a stable institutional and regulatory environment, this change will be made faster."*

The clear majority of representatives of Swiss companies said they plan further investments in Poland, where positive economic trends are expected to continue. In industrial manufacturing and many services sectors the situation today is significantly better than in construction. According to one of the Swiss companies, investments in robots have increased in Poland by 44% recently, which may mean that Industrial Revolution 4.0 has already arrived in Poland.



**Dr. Armin Raiber**  
CEO  
3A  
Composites  
Mass  
Transportation

*"In Poland you definitely get the feeling that the country is highly experienced in attracting foreign investors, which translates into the availability of diverse and comprehensive forms of professional support at each phase of the investment project."*

*Those who are considering the entry into the Polish market should not look at the country through the prism of low labor costs. In the longer term, they should focus mainly on value-added activities, to include R&D, IT or financial services, which may currently offer a considerably higher return on investment in Poland. Workforce in Poland may not be the cheapest in Europe but it definitely offers excellent qualifications."*

In 2018 and 2019, economists expect increases in investment, particularly public spending related to the expansion of road and rail infrastructure. Swiss companies see clear progress in this area, thanks to factors including EU cohesion policy. The Global Competitiveness Index 2017/2018 also indicates that Poland has achieved the greatest progress in the area of infrastructure. Still, according to Swiss investors, distinct regional differences in the level of development remain, particularly between large cities and peripheral areas.

**Thanks to the good economic performance, which helped cut the budget deficit and slowed the growth of public debt in 2017, evaluations of the macroeconomic environment have improved.** Representatives of Swiss companies point to the high potential and stability of the domestic market and the significance of Poland as an exporter. They believe the scale of Poland's economic progress in the last 10 years is hard to compare with that achieved by any other EU economy. This is attested to by the fact that thanks to skilful use of access to the EU single market and the large inflow of EU funds, Poland has managed to avoid a recession.

**Swiss companies point to Poland's geographical location as an important advantage, just behind its large domestic market.** They stress proximity to the German market and good infrastructure, which allows them to find demand not only in the country, but also – thanks to Poland's central position in Europe – other markets in Eastern Europe.



**Przemysław Powalacz**  
Managing  
Director  
Geberit  
Sp. z o.o.

*"The system of incentives available for investment and for research and development operations in Poland is relatively attractive. We use three elements of support: EU funds, grants from the Economy Ministry and special economic zone benefits. I think there may be room for improvement in the way infrastructure for investment is prepared, e.g. in relation to local town planning, and administrative procedures regulating the process of obtaining permits, including construction and use permits. Poland isn't the only place we encounter these problems, so reducing bureaucratic barriers would be sure to significantly increase the country's investment attractiveness compared to the rest of the region."*

Figure 17: The Polish and Swiss economies' rankings in the Global Competitiveness Index 2017/2018

POLISH AND SWISS RAKINGS IN THE GLOBAL COMPETITIVENESS INDEX 2017/2018	POLAND 2017/2018 (39TH PLACE)	SWITZERLAND 2017/2018 (1ST PLACE)	POLAND: CHANGE FROM 2016/2017	SWITZERLAND: CHANGE FROM 2016/2017
INSTITUTIONS	3,8	5,9	-0,2	0
INFRASTRUCTURE	4,7	6,3	0,4	0,1
MACROECONOMIC ENVIRONMENT	5,2	6,6	0,1	0,1
HEALTH AND PRIMARY EDUCATION	6,2	6,8	0	0,2
HIGHER EDUCATION AND TRAINING	5	6,1	0	0,1
GOODS MARKET EFFICIENCY	4,6	5,5	0	0,1
LABOUR MARKET EFFICIENCY	4,1	5,9	0	0
FINANCIAL MARKET DEVELOPMENT	4,2	5,3	0	0
TECHNOLOGICAL READINESS	4,9	6,4	0,1	0
MARKET SIZE	5,2	4,7	0,1	0,1
BUSINESS SOPHISTICATION	4,1	5,9	0	0,1
INNOVATION	3,4	5,9	0	0,1

LOWEST VALUES

HIGHEST VALUES

Source: Deloitte based on [http://www3.weforum.org/docs/GCR2016-2017/05FullReport/TheGlobalCompetitivenessReport2016-2017\\_FINAL.pdf](http://www3.weforum.org/docs/GCR2016-2017/05FullReport/TheGlobalCompetitivenessReport2016-2017_FINAL.pdf) i <http://www3.weforum.org/docs/GCR2017-2018/05FullReport/TheGlobalCompetitivenessReport2017%E2%80%932018.pdf>

**Alongside the size of the domestic market itself, one of Poland's basic competitive advantages is its relatively fast, stable growth.** For example, from the pharmaceutical industry's perspective, Poland is the EU's sixth-largest market, and as a result of society's ageing and further growth in incomes, it should maintain further dynamic growth. Alongside consumption, demand for industrial goods is also marked by a high rate of growth, which has an obvious influence on potential returns on investment. Many respondents represent companies that are subcontractors to Polish and foreign producers from the machine-building, rail and automotive industries. Swiss investors also value the high stability of the Polish economy, measured by indicators such as GDP growth, employment and inflation.



**Dominique Petit**  
Country Head  
Sandoz Poland

*„Novartis Group has a long investing history in Poland. The first products of Lek company – now Sandoz, which belongs to Novartis appeared in Polish pharmacies in 1966. Since then, we are constantly investing. The medications produced in Poland are shipped to 60 countries worldwide, which illustrates the importance of the country for world-wide business operations. Overall, our experience has been positive. Our Polish facilities belong to the top-5 in the world in terms of quality and cost-effectiveness.”*

#### 4. Economic policy and investment incentives

The Responsible Development Strategy (SOR) is a key document presenting goals, areas and tools for domestic economic policy and the public policies supporting it. The document presents the thesis that the continuing **Industrial Revolution 4.0 offers a chance to change the competitiveness model of the Polish economy, i.e. to transition from competing on low labour costs toward competing on innovation, quality and unique specialisations (brands)**. According to the SOR, the accomplishment of this goal requires the generation of high investment outlays in the private and public sectors, and support of industrialisation processes, but also increasing social cohesion.

**Very briefly, the SOR calls for an increase in state intervention, which its authors believe should have a greater role in shaping development processes.** That means decisions such as conducting active industrial policy, and thus working for the development of selected industries. The SOR stresses the necessity of increasing the savings rate and domestic investments, which are essential for growth in productivity and innovation. Thus far, it has not been possible to achieve this goal: The investment rate (in relation to GDP) fell in 2016 to 18.1%, the lowest level since 1995.<sup>22</sup>

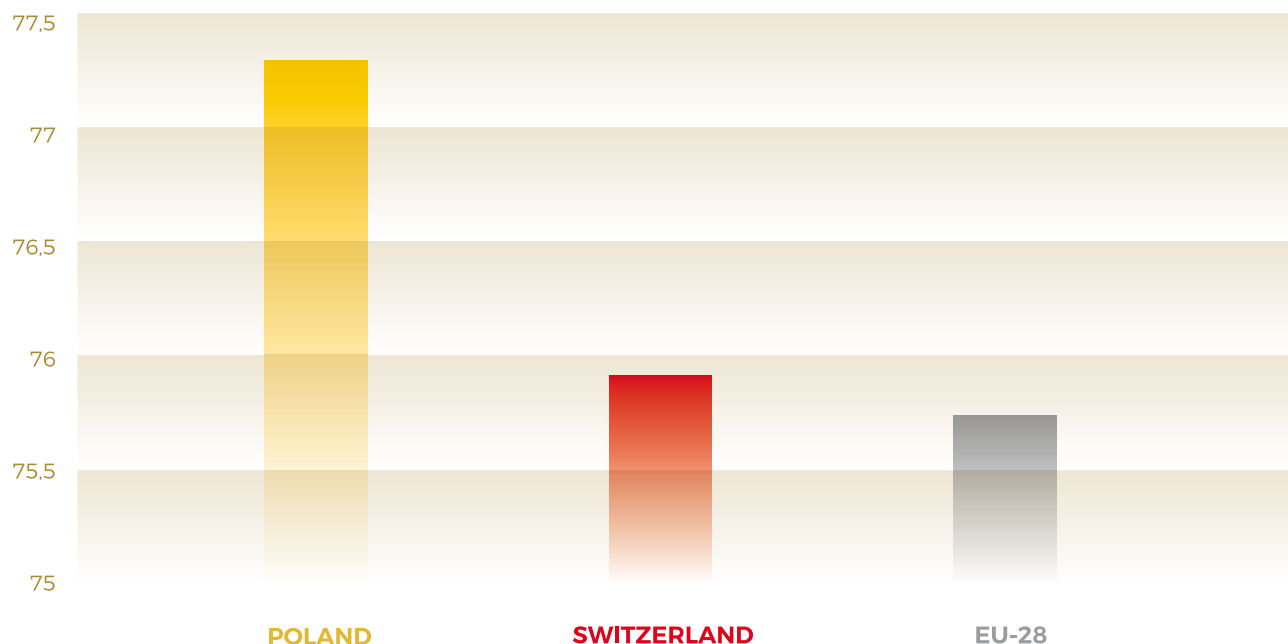
**Another important initiative of the current government is the Constitution for Business, whose goal is**

**to improve the regulatory environment for companies.** Interestingly, in the Doing Business 2018 ranking Poland took 27th place, and Switzerland 33rd, among 190 states. According to the ranking, the greatest improvement over the previous year came in the area of obtaining building permits, both in Poland and in Switzerland. But factors including the conditions for setting up companies and protection for minority investors worsened.

**The Swiss companies in Poland that took part in the survey expressed the opinion that the role of the state is not so much to encourage business as not to interfere with it.** They say it is particularly important for governments to take economic policy decisions on the basis of clear and transparent principles and criteria. **According to the majority of respondents, much more important than investment incentives and tax relief is the stability of the law and tax regulations, as well as clear communication of the government's plans for the economy.** Respondents say support should be based on actions that reduce business risk, particularly in relation to developing and implementing innovative solutions and products.

<sup>22</sup> Central Statistical Office, Polska – wskaźniki makroekonomiczne (Poland – macroeconomic indicators), <http://stat.gov.pl/wskazniki-makroekonomiczne/>

Figure 18: The Doing Business 2017 index for Poland, Switzerland and the EU-28 average



Source: Deloitte based on <http://www.doingbusiness.org/data/exploretopics/registering-property>

Figure 19: Doing Business 2018 (ranking among 190 states)

DOING BUSINESS 2018 RANKING (AMONG 190 COUNTRIES)	POLAND 2018	SWITZERLAND 2018	POLAND: CHANGE FROM 2017	SWITZERLAND: CHANGE FROM 2017
OVERALL RANKING	27	33	-3	-2
STARTING A BUSINESS	120	73	-13	-2
DEALING WITH CONSTRUCTION PERMITS	41	62	5	6
GETTING ELECTRICITY	54	7	-8	0
REGISTERING PROPERTY	38	16	0	0
GETTING CREDIT	29	68	-9	-6
PROTECTING MINORITY INVESTORS	51	108	-9	-2
PAYING TAXES	51	19	-4	-1
TRADING ACROSS BORDERS	1	38	0	-1
ENFORCING CONTRACTS	55	45	0	-6
BANKRUPTCY PROCEDURES	22	45	5	0

#### LOWEST VALUES

#### HIGHEST VALUES

Source: Deloitte based on: <http://www.doingbusiness.org/reports/global-reports/-/media/WBG/DoingBusiness/Documents/Annual-Reports/English/DB18-Chapters/DB18-CountryTables.pdf>; <http://www.doingbusiness.org/-/media/WBG/DoingBusiness/Documents/Annual-Reports/English/DB17-Chapters/DB17-Country-Tables.pdf>

Swiss companies perceive that the advantages outweigh the disadvantages in the current structure of Special Economic Zone system. Interestingly, some of them also believe that the benefits primarily flow to individual investors, while on the scale of industries or the entire economy, the SEZs lead to the distortion of competition, as they favour certain entities.

For the majority of representatives of Swiss business, **investment incentives in the form of subsidies or tax relief are not the decisive factor in investment location decisions.** Swiss companies believe the business model must ensure profitability even without such a support system. The most commonly cited reason is the inflexibility of the principles on which support is granted, which may create the risk of criteria being unsuited to a changing market situation. This is also a typical problem for projects with EU financing, where the conditions of support may unnecessarily hamper the development of businesses.



**Mariusz Witek**  
General Manager  
Dobroplast  
Fabryka Okien  
Sp. z o.o.

*"I think Poland doesn't just have innovation potential; it has no choice but to innovate. Satisfying the aspirations that have been built up over 25 years – on the part of both companies and people – will soon require a transition to a new kind of economy. In the case of manufacturing companies, maintaining their market position or a satisfactory level of growth will require a completely new way of operating. I believe both Polish and foreign investors understand this."*

For this reason the Polish government's decision to move away from geographically defined SEZs and transition to a model of selective support for investments (regardless of location) shouldn't significantly affect the Polish economy's attractiveness in the eyes of Swiss investors.

**Meanwhile, the companies positively evaluate the laws and initiatives aimed at increasing Poland's innovation potential:** the Refund-based Development Model, introducing initiatives in the form of better access to refunds for investors in Poland, and the Biotechnology Development Programme, whose goal is to build a supportive ecosystem for the development of the pharmaceutical industry in Poland, which will help create innovative medications and technologies, with the potential to achieve global reach. Also important is dialogue between the public sector and business.

Some of the representatives of Swiss companies believe that greater public support should apply to projects whose direct purpose isn't necessarily profit, but which can contribute to an improvement in environmental quality. Examples include renewable energy, improvements in energy efficiency and cutting pollution. They point out that this area offers room for improvement in Poland in the context

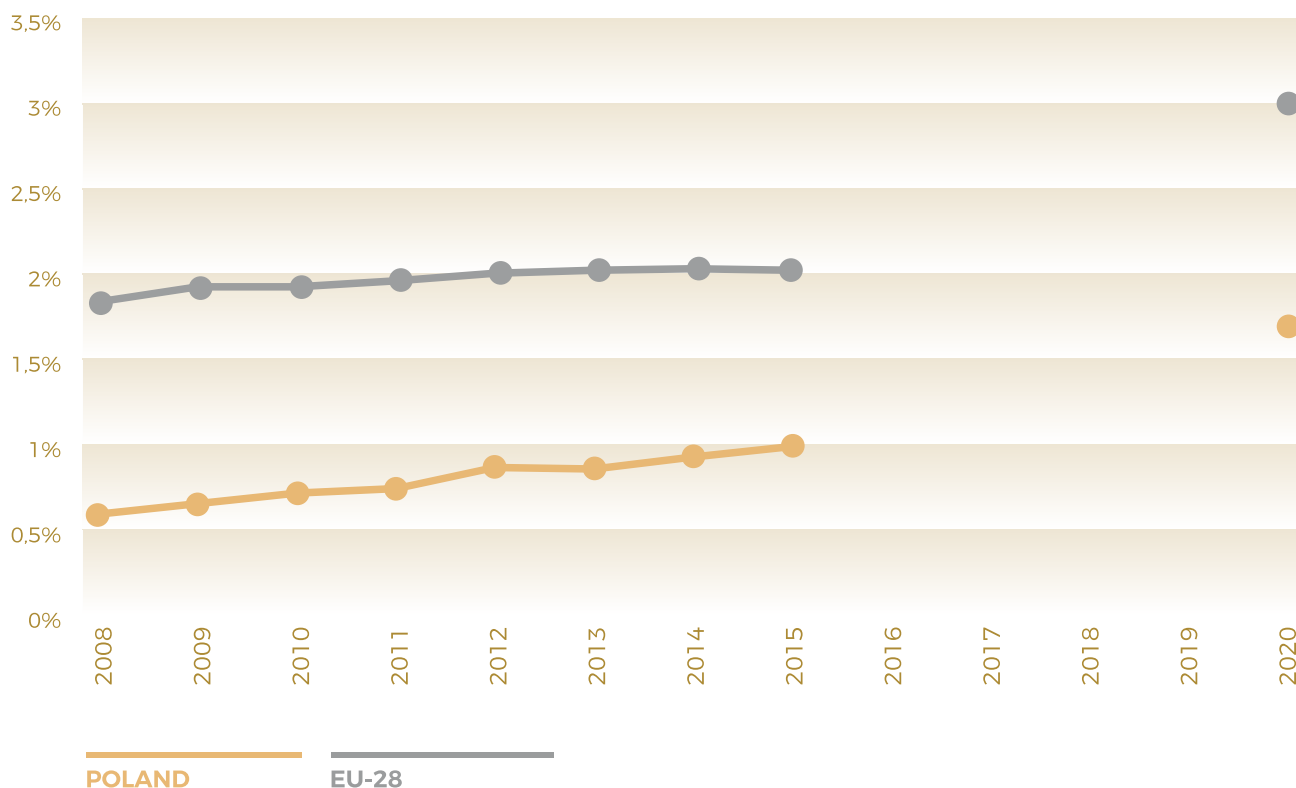
both of policy and legal solutions and of increasing social consciousness and educating specialists in areas where there are shortages.

### Innovation: a chance to achieve Polish-Swiss synergies

The gradually narrowing distance in terms of the technological and product advancement of Poland's economy with respect to highly developed countries means domestic innovation should have increasing significance. From the start of the transformation, Poland's technological underdevelopment meant that from companies' point of view it was more effective to import ready solutions (which flowed in along with FDI) than to attempt to invent them based on the country's relatively poor domestic resources. This is also why the low historical R&D outlays in Poland cannot be assessed unequivocally negatively, because they were compensated for by high growth in labour productivity, and in the end this is the main goal of creating and implementing innovations.

Regardless of one's view of the suitability of this goal, the fact remains that increasing outlays on research and development is a goal of economic policy both in Poland and at the EU level. It is precisely research and development that is one of the priorities of the Europe 2020 Strategy, which seeks to achieve R&D spending at 3% of GDP

Figure 20: Ratio of R&D spending to GDP



Source: Deloitte based on Eurostat



on the European level (currently it is 2.03%). In Poland, the strategic target calls for a level of 1.7% of GDP; the level currently hovers around 1%. It's worth adding that it has almost doubled from the 2008 level.

A rational conclusion arises from the statements of Swiss companies' representatives: **Advancing to the ranks of the most innovative economies is a process that takes decades.** They point to the examples of renowned Swiss companies that built their market positions and brands over dozens of years, starting with much simpler products and processes than they now make and apply. Foreign capital may help drive innovation more quickly in sectors where it is present to a greater degree; innovation may be stimulated by, for example, inflows of increasingly advanced FDI in the BPO/SSC sector.

Most respondents agree that the Polish economy must move in the direction of increasing innovation to maintain competitiveness, as well as the level of social development, and to satisfy society's aspirations in the context of wage growth. Swiss investors cite the example of grow-

backdrop of other Central European countries, most of them are very cautious in formulating unequivocal forecasts. They believe **opportunities for lasting success shouldn't be sought in a few large government programmes, but in the painstaking building of an ecosystem that allows the unique advantages and specialisations of the Polish economy to develop. What's more, one doesn't have to look far to find examples that encourage the choice of this path: One is provided by the city of Rzeszów and its surrounding communities, in which a cluster led by the aviation industry is developing.**

According to Swiss companies, one factor supporting the building of an innovative economy is maintaining openness to international competition within the country, as well as seeking opportunities for development abroad. Companies from the Alpine country stress that many of their suppliers – companies with Polish capital – have begun exporting, conquering external markets, thanks to their work with foreign companies operating in Poland. This is particularly true of small and medium-sized companies. Increasing the scale of this positive development of "learning and growth" by Polish SMEs would undoubtedly be one of the most effective pro-growth mechanisms, as in Poland there are too few large, productive and export-oriented companies.



**Paweł Wierzbicki**  
General  
Manager  
Schindler  
Polska Sp. z o.o.

*"For our company, innovation is expressed not only in the products themselves, but also in the systems and services that go with the product. This is one of the most important market trends, including in our industry. Control of access to buildings and lifts at the same level of banking security, including using smartphones, has become a reality.*

*It's worth pointing out the digital tools that we offer: online platforms for architects and building managers, which support the processes of design and management of an equipment portfolio. This allows us to offer a '360-degree' product, meaning Swiss technology and support, from the moment of the concept to the stage of managing the product. We're especially proud that we're accomplishing these tasks through our Polish branch and our Polish specialists."*

ing competition from the eastern states of Germany, which are characterised by higher labour efficiency than, for example, in Poland's western provinces.

Although almost all surveyed investors state that Poland has great innovation potential, especially against the



**Damian Olko**  
Senior  
Consultant,  
Economic  
Analysis Team,  
Deloitte

*"In the context of discussing innovation in the Polish economy, we can't forget the still significant reserves that can be used more efficiently for the purpose of increasing the level of advancement and productivity. For example, Poland still has a high percentage of people employed in agriculture, a low-productivity sector, in proportion to the richest countries. There is also significant room for improving productivity by strengthening the process of market-driven "creative destruction" – both through more dynamic reorganisation within companies, and through restructuring entire industries. Unproductive companies should be pushed out of the market, so that workers and capital are available for more promising enterprises. The economic history of Switzerland shows that nothing is as supportive of innovation as free exchange and tough competition, both domestic and international."*



Another large reservoir that could be tapped to drive dynamic innovation growth are Polish emigrants, many of whom are well educated. The condition for success in this case is the creation of an environment allowing and encouraging them to return to Poland, which also depends on economic growth and the direction of social and economic development. In this context, Swiss investors point to a significant barrier in the form of low investments in human capital, and thus the development of knowledge, skills and attitudes. Some of them argue that the Polish education system is not prepared for the coming great transformation of the labour market, which will be driven by factors including the development of artificial intelligence.

Another important determinant of innovation potential is the accumulation of social capital. In Poland this remains a factor limiting development of both the largest companies and micro-enterprises and start-ups. Even so, the development of the start-up scene in Poland has sped up slightly, which may in coming years be a significant driver of growth in innovation. Still, according to Deloitte analysis on the maturity of the start-up ecosystem, Poland remains average in comparison to foreign benchmarks. A particular problem is the aforementioned low level of social capital, but also insufficient access to VC financing, which may significantly restrain innovation growth.



**Max von Tippelskirch**  
Member  
of the  
Executive  
Committee /  
CSCO  
SWISS  
KRONO Group

*"The Poles are very open to new technologies and belong to the best IT specialists in Europe. The rising number of start-ups supports the thesis. At the same time Poland has no other choice. Taking into account the rising production costs, the level of remunerations and global competition the Polish economy must modernise quickly and become more and more innovative in order to remain one of the most attractive investment locations in Europe."*

Swiss investors stress that they invest actively in innovative activities in Poland, most often process innovation and development, or innovation in the area of business models that provide support and implementation of innovative products developed in Switzerland. Swiss companies' Polish research and development centres are also dedicated to development of specific products, production lines or technologies. This is an interesting example of creating synergies in the area of innovation, and compromises allowing the transfer of know-how to Poland.



**Marek Gul**  
Managing  
Director  
Senior  
Advisor  
Investment  
Banking  
Credit Suisse

*"What supports Polish innovation is a relatively high level and breadth of education, particularly in technical and mathematical areas. Poles have proved many times that they can create interesting, original solutions. Perhaps they don't always know how to implement them, but they're not afraid of new ideas, and for me that's precisely what drives innovation. Great ideas don't just emerge in global corporations, but often in small companies and start-ups. Support for them should be based first of all on showing the way, business support and assistance in assessing the risks of implementing innovations."*

Swiss investors believe Poland has the potential to become an innovative and highly efficient economy. But this is a long-term process, requiring a comprehensive approach: the building of an ecosystem of connections among the private sector, universities, research institutes, investors and the public sector. The economy's openness to competition is key, particularly international competition, so that it can consistently raise the bar in development of products and processes, or basic research.

Maturity of the start-up ecosystem in Poland

Deloitte research on the maturity of the national start-up ecosystem indicates that Poland's position is average (the result hovers around 2 points on a scale of 1 to 4). The best scores go to the legal and regulatory framework, the institutional environment and human capital. The Polish ecosystem is least developed in the area of access to financing, particularly at later phases of development, and social capital. The good result in the category of human capital is an effect of the high number of students and graduates in engineering and the hard sciences. In turn, the low level of confidence determines the ecosystem's weak position in the area of social capital. Poles are risk averse and have a negative attitude to failure, which makes it difficult to begin innovative and simultaneously uncertain undertakings. There is a lack of openness to sharing knowledge and engaging in social life. Another problem is the low participation of VC in investments, which makes it hard for Polish start-ups to find financing, but also has a negative effect on the Polish market's attractiveness for foreign entities.

Polish start-ups are some of the youngest in Europe: Their average age is two years. The most innovative hubs include Warsaw, Wrocław, Kraków, Poznań and Gdańsk. Polish start-ups most commonly operate in the field of big data, e-commerce, the IoT, enterprise systems and innovative educational services.

According to Deloitte analysis, Poland's start-up sector in 2023 may generate more than PLN 2.2 billion of added value. This is almost PLN 500 million more than the planned budget spending on education in 2016. Simultaneously, start-ups may create more than 50,300 jobs in 2023. Meanwhile, we estimate total household income created by these entities in 2023 at PLN 757 million.

MATURITY OF POLAND'S ECOSYSTEM ACCORDING TO THE DELOITTE MODEL (SCALE OF 1 TO 4)

	2017	2015
FINANCING	1,73	1,68
LEGAL REGULATIONS	2,55	2,55
HUMAN CAPITAL	2,36	2,27
SOCIAL CAPITAL	1,35	1,5
INSTITUTIONAL ENVIRONMENT	2,5	2,5

LOWEST VALUES

HIGHEST VALUES

- Significant institutions in the ecosystem include:
- Public entities: National R&D Centre, Polish Agency for Enterprise Development, Polish Development Fund
  - Accelerators and incubators: MIT Enterprise Forum Poland, InCredibles, Academic Enterprise Incubators
  - VC Funds: Innovation Nest, SpeedUp Venture Capital Group, Gizy, MCI tech ventures, Innovo, Black Pearls VC, BlueSoft VC, TDJ Venture
  - Knowledge Investment Communities: InnoEnergy, Climate-KIC, EIT Digital, EIT Raw Material
  - Technology Parks: Wrocław Technology Park, Kraków Technology Park, Warsaw Industrial Park, EIT+

## Chapter summary:

1. **Poland has significant innovation potential. Investors stress that it is important that the Polish economy is developing faster than the countries of the “old EU”, and some sectors in Poland are growing at a double-digit rate.** Swiss firms gladly choose Poland as a location for their new investments, and companies already present in Poland are constantly developing their operations on the local market, bringing in processes from other European countries as well as creating product innovations.
2. **Poland’s main advantages** as described by investors are a large domestic market, but also its geographical location (the proximity of the German market is stressed) and good infrastructure, which allows investors not only to find markets within the country, but also easy access to other markets. Poland’s membership in the EU and NATO are also mentioned as positives.
3. **The minuses include the low unemployment rate and difficulties with recruiting workers, particularly in manufacturing, which is why companies are increasingly investing in fixed assets and automating processes.** Growing wage pressure and the rise in the minimum wage on the one hand are driving growth in companies’ costs, but on the other are causing growth in consumption, on a market for products of 38 million people. Areas indicated as needing improvement include urban planning, which varies depending on the location, and the speed of the administrative process.
4. **Swiss companies present in Poland are starting to seek more advanced knowledge-based processes for adding value, which could be brought to Poland.** The reason is the country’s very well educated employees, often with foreign experience. Poles’ work ethic, hard-working nature, engagement and ability to identify with the company’s goals are also valued. Investors indicate that in Poland they find a combination of good prices with quality and timeliness. Companies also stress the openness of Polish consumers to innovative products, and even the creation of innovation based on client needs.
5. **Some companies point to elements of support and investment incentives they’ve benefited from:** EU funds, other European funds, Economy Ministry grants and benefits from tax zones. Positive marks are given to laws intended to increase Poland’s innovative potential: The Refund-based

Development Model, introducing incentives in the form of better access to refunds for investors in Poland; the Biotechnology Development Programme; as well as public sector dialogue with business. Poland offers foreign investors the ability to invest in Special Economic Zones on preferential terms. The Swiss system of vocational schools is indicated as a model where Poland should seek inspiration in the area of professional education, by introducing a dual system to the Polish education system.

## Methodology and sample

To research the investment experiences of Swiss companies in Poland, 21 more intensive individual interviews were conducted with people managing companies with Swiss capital in Poland, representing various industries and ownership structures.

The main purposes of the research were:

- assessing Poland's investment and reinvestment potential,
- identifying Poland's strong and weak points according to Swiss investors,
- assessing Poland's investment incentive system,
- assessing Poland's innovation potential.

## Companies that took part in the research:

ABB, Aebi Schmidt, Angst+Pfister, Arbonia / Dobroplast, Credit Suisse, Franke, Geberit, Hilti, Huber+Suher, IGP Pulvertechnik, Farby Kabe, Nestlé, Oerlikon Balzers, Roche, Sandoz, Schindler, Schweiter, Stadler, Swiss Krono, UBS, Zehnder

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- **For almost 150 years, Switzerland has been among the world leaders, and top in Europe, in terms of wealth and level of economic development.** The broad scope of economic freedom, openness to international trade and immigration, stable and predictable laws, low taxes and responsible fiscal policy, as well as excellent dual education system are the most commonly cited sources of that country's economic success.
- **Economic cooperation between Poland and Switzerland is developing dynamically, particularly in the area of trade and investment.** This is supported not only by factors related to the current good economic performance, but also a range of structural conditions. This is primarily large capital resources in Switzerland and the need to seek attractive rates of return on the one hand, and on the other – the need for capital in Poland, connected with its low accessibility and development needs. Bilateral economic exchange is also supported by the well-developed and competitive industrial base in both countries, the high level of human capital and geographical location.
- **Switzerland has built a highly effective innovation development ecosystem.** Its strength is attested to by a range of indicators that show the share of investment in fixed assets related to intellectual property, productivity in leading industries and the number of patent applications.
- **Poland's main advantage is its dynamic and simultaneously stable economy with a large domestic market, as well as qualified and motivated workers. Swiss companies also praise the quality of Polish suppliers and improving cooperation with the public sector.** According to Swiss investors, problems of the Polish economy include the high unpredictability of economic policy, capricious and burdensome regulations and a worsening shortage of workers, particularly professionals and people with technical education. Foreign policy, particularly relations with EU institutions, is indicated as a significant risk factor.
- **Poland has significant innovative potential, though it is not always well understood – often only through the size of R&D spending in relation to GDP.** Economic research and conversations with Swiss companies indicate that this doesn't have to be the only way to increase an economy's development (and thus its wealth). In the case of some companies and industries, particularly at low or medium levels of development, a better market justification can be to purchase ready technological or business solutions, which will support the organic development of companies. In the case of world-renowned Swiss firms, achieving today's unique advantages and competences was a process that often lasted several decades. Polish companies and the entire economy still have great reserves to increase innovation and productivity through actions such as increasing competitive pressure and improving the quality of education.
- **Swiss companies have made about PLN 17.5 billion of Foreign Direct Investment into Poland. These investments are a mechanism and transmitter of innovative solutions that allow Poland to build its own unique competitive model.** Swiss companies have a positive effect on the Polish economy by developing networks of suppliers, hiring and investing in specialists and managers, and supplying innovative technical and business solutions. The international scale of Swiss companies' operations helps the Polish companies that work with them to enter foreign markets. By operating in Poland, they also increase tax revenues to the central and local budgets.

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# Swiss Chamber Poland

Representing the vast majority of Swiss companies, the Polish-Swiss Chamber of Commerce is the leading platform for Polish-Swiss business and trade relations. For its members, it acts as a service center, which conceives and organizes initiatives for different industry groups, arranges networking events and provides consultancy for both Polish and Swiss companies seeking to develop their activities in the respective markets.

The Polish-Swiss Chamber of Commerce with its seat in Warsaw was founded in 1998. It is a voluntary, not funded by public institutions association under Polish law. The Chamber has currently about 200 members. The current list of our member companies is available on the website [www.swisschamber.pl](http://www.swisschamber.pl).

#### Partners:

Swiss Embassy in Poland  
Swiss Business Hub Poland  
Chamber of Commerce Switzerland – Central Europe  
Association of Swiss Foreign Trade Chambers Swisscham

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