



Martin Oxley

Martin Oxley has spent the last 20 years working in a number of leadership roles in the top pharmaceutical companies in CEE. Two of those companies rank among the leading investments in the sector in Poland. For the last 5 years he has lead the British Polish Chamber of Commerce to become the pre-eminent British Chamber of Commerce in Europe. The Chamber's member companies account for 25% of the invested capital in Poland since 1990. He is a recognized expert and speaker on Poland.

It's time for Poland

By Martin Oxley, Chief Executive Officer, BPCC

Two decades have passed since Poland wrested itself free of communism. The country has moved fast to catch up with western Europe. In the 20 years since becoming a free market democracy, Poland's GDP per capita, adjusted by purchasing power, has tripled from \$6,000 to \$18,000, and now stands at 56% of the EU average. Industrial production and productivity have also surged and are rapidly catching up.

Poland is the only EU member state to have avoided recession last year – and is proud of it. GDP grew by 3.1% year to year in the fourth quarter of 2009, while GDP in the Czech Republic shrank by 4.2%, in Hungary by 4% and the big five economies of western Europe also contracted (UK –3.2%, Spain –3.1%, Italy –2.8%, Germany –2.4% and France –0.3%).

Banker magazine's award for Europe's Best Finance Minister was won by Poland's Jacek Rostowski, for taking the necessary macroeconomic steps to prevent the global economic crisis from hurting the Polish economy too badly.

Poland's economic star is rising; analysts and commentators are talking the economy up on its sound fundamentals, political stability and long-term prospects for continued growth.

Unlike its neighbours, which are essentially one-city economies, over-dependent on exports and beset by the fallout from bursting property bubbles, Poland has a geographically diverse economy and a robust consumer market. Polish banks, said to be unimaginative and overly cautious when times were good, are now being praised for their conservative approach to lending.

Long-term, Poland is on a convergence path with western Europe. Its people, open to the west, are working hard to eliminate that gap. They are motivated, hard working, and as a population younger than the peoples of western Europe. This motivation will be the main driver for economic growth over the coming two decades.

EU structural and cohesion funds are being put to good use in Poland; the zloty devaluation in early 2009, reducing the currency's value by 40% to the euro, made the EU money stretch a long way further, and the global economic crisis meant that construction companies were bidding far more competitively in tenders for infrastructure work. This is noticeably accelerating the development of sorely-needed roads and other public works.

Investors are noticing too. Last year was tough for foreign direct investment, yet Poland only saw a small dip in inbound FDI (see article on page 10). Now, with news of Poland's solid economic performance percolating into the consciousness of business development directors, fund managers, investment bankers and private equity, we are seeing increased interest in Poland as an investment destination.

Because Poland is so much larger than the other the EU's other new member states, the opportunities here are seen as more diverse. The commercial property market is starting to move again, with much interest in the secondary cities, of 200,000 to 500,000 population, where provision of office and retail space lags behind the largest agglomerations.

The road-building boom is creating new opportunities for warehousing, while the constant need to drive down corporate costs in western Europe and the US mean that Poland continues to be an interesting destination for outsourced back office services.

Manufacturing is also expanding, with more and more high-tech production. Aerospace, automotive, and life sciences are areas which alongside consumer goods continue to show solid growth. R&D is becoming increasingly visible as an area for FDI. Renewable energy, environmental protection (especially water treatment) are also sectors that are currently attracting much interest from foreign investors.

Poland offers the ideal balance between the high business opportunities, associated with emerging markets like Brazil, Russia and Indonesia – and low business risk.