



Poland ranks third. Legal uncertainty affects companies.

Poland placed third in the ranking of investment attractiveness among CEE and Baltic countries. In conditions of more intense competition, Estonia and Czech Republic are slightly ahead of Poland. In 2016-2018 it ranked second, and before, from 2013 to 2015, it was the ranking's leader. Poland receives positive marks from foreign investors most of all thanks to its membership in the EU, quality staff and availability of suppliers. Critical marks are given for low predictability of economic policy – these are the results of the 14th issue of the Economic Survey conducted by the Polish-German Chamber of Commerce and Industry in cooperation with 14 other bilateral chambers in Poland, associated in the International Group of Chambers of Commerce. The survey included 205 foreign companies operating in Poland and, in total, ca. 1400 in Europe.

What is going fine, and what should be corrected?

EU membership and staff quality (well-qualified employees, their engagement and motivation), as well as good availability of local suppliers, create a positive image of Poland in the last editions of the survey. In 2019, payment morale has

been added to the most highly valued factors of Poland's investment attractiveness. It is followed by good level of college education and condition of infrastructure. Just like in previous years, the lowest marks were given for matters related to the legal framework: predictability of economic policy, political and social stability, as well as the taxation system, agencies, and tax burden. The predictability of economic policy received 2.3 points (out of 5), and it has fallen, for the first time, to the very last position on the list of 21 investment factors taken into account in the survey.

Similarly to last year, companies pointed out the low availability of highly qualified staff and the pressure of labour costs. Nonetheless, the expected average growth of remuneration in Polish economy in 2019 is much lower than in last year's survey: 3.7% in 2019, versus 6.2% foreseen in spring 2018.

Good current condition of economy, but worse perspectives

Over a half (54.4%) of the foreign investors in Poland who responded to the survey consider that the economic situation in this country is currently favourable. Other 37.7% say it's satisfactory, while only 7.8% of the respondents consider it to be bad. However, future economic prospects have been evaluated

more poorly than last year: barely 15% of the respondents think that the economic situation will improve in the future (last year, ca. 34%); most of them believe that it will remain unchanged, but over ¼ of entrepreneurs suppose that it will decline in 2019. Therefore, the percentage of pessimistic prospects for the economy has increased more than twofold in comparison to last year's survey.

Companies are still optimistic about their situation

In spite of the above, entrepreneurs are quite optimistic when evaluating the condition of their own companies. 60% consider it to be good, and 36% view it as satisfactory. Over a half of the respondents expect that the situation of their company will remain similar to that from 2018, and 36% of the surveyed entrepreneurs think that it will improve. Additionally, almost a half of the companies (48%) foresee that they will increase their turnover, 39% plan to employ new people, and 37.4% will spend more on investments. Therefore, despite the legal uncertainty generated by sudden changes in economic regulations and the challenging climate in the labour market, entrepreneurs remain optimistic considering the prospects of their own companies in the following months of 2019.

International competition growing harder, Poland ranks third

For the 205 foreign companies operating in Poland and included in this year's survey, Poland is the leader in investment attractiveness among CEE countries. Nonetheless, according to the aggregate assessment from about 1400 businesses from over a dozen European countries included in the 2019 Economic Survey, Poland is the third most attractive investment destination, after Estonia and Czech Republic. This means a drop after three years of being the runner-up (2016-2018). Before that, in the years 2013-2015, Poland was the leader of the CEE investment attractiveness ranking.

International competition is growing more intense, and differences in the number of points received by different countries get smaller year by year. Estonia – the leader of this year's ranking – received 4.2 points out of 6 and climbed from the third position it occupied last year. The Czech Republic moved to the second place with 4.16 points. Poland fell to the third position, receiving 4.05 points, slightly ahead of Slovakia (4.02 pts) and Slovenia (3.98). In total, this year's ranking covers 20 countries: Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Macedonia, Montenegro, Poland, Russia, Romania, Serbia, Slovakia, Slovenia, and Ukraine.

About the survey

Respondents give marks to European countries, including Poland, in 21 categories of investment attractiveness, each evaluated on a scale from 1 to 5 points, and also directly give an overall mark for individual European economies (on a scale from 1 to 6). They also express their opinion on the current economic situation in the countries where they operate, as well as the condition of their companies and the prospects for their development.

The survey was carried out in February and March 2019 by the Polish-German Chamber of Commerce and Industry, in cooperation with 14 other bilateral chambers in Poland, associated in the International Group of Chambers of Commerce (IGCC): American, Austrian, Belgian, British, Canadian, Dutch, French, Irish, Italian, Portuguese, Romanian, Scandinavian, Spanish, and Swiss. It's already the 14th edition of the survey. The survey has been completed by 205 foreign companies operating in Poland and, at the same time, about 1400 foreign investors in 20 countries.

The Polish sample included 205 companies: 137 foreign investors from Germany, 12 from the USA, 9 each from Austria and Switzerland, and 4 each from

Ireland, Spain and Italy. The remaining respondents were foreign investors from other European countries operating in Poland.



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