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## Press coverage

### Sea of opportunities



Brand new star in special economic zone in Stargard - photo by S. Mittelhäuser

**West Pomerania wants to attract investors with special economic zones.**

Westpomeranian Region, located in north-western Poland, makes one think almost exclusively of shipbuilding

industry and agriculture. But in the future greater emphasis is to be placed on attracting enterprises representing other industries. In this context the Region focuses more and more on special economic zones as an instrument of attraction. Incentives are considerable however competition, even within the Region, is quite strong, too.

*There are five subzones of Kostrzyn-Słubice Special Economic Zone in West Pomerania and the value of investments made so far by 69 enterprises operating there amounts to around 3,7 billion zloties – says Izabela Fechner, the project manager. It is worth mentioning that the enterprises investing in a special economic zone get a return of 40 to 60 per cent of the invested amount, depending on the size.*

Numerous daughter companies of German enterprises, first and foremost medium-size businesses, have established their production plants in special economic zones of West Pomerania. Industrial parks offer almost identical benefits. The promotion of the parks is based on their proximity to Germany, availability of modern infrastructure and a short distance both to Szczecin, the capital of the region and the Baltic port of Świnoujście, and Goleniów airport.

An investment of EUR 100 000 is a precondition that entitles an investor to benefit from special treatment. Moreover, the investor is not allowed to downsize as long as the support is offered. The existence and operation of special economic zones until 2020 has been negotiated successfully with the European Union. *We are in the process of negotiations with individual communities for prolongation, if any, of that deadline. But it will be possible only if measurable effects of the support are demonstrated* – added Mrs. Fechner.

#### Floating Gardens – empty shipyards

Urban planners from Szczecin have a vision: a plan, promoted as *Floating Gardens 2050*, has been developed to move the city towards water and ecology in the future and combine the strengths of an economic metropolis with advantages of a place which would be friendly to its inhabitants. *The Floating Gardens are an ideal and the goal for the distant future but we are already working on that on a daily basis* – declares Monika Wasilewska-Serwiak from Department of Development. As a result of that Szczecin is to become more competitive as compared with other cities and towns of the Euroregion.

However the current situation looks different, especially among the shipyard workers in the port district of Szczecin. The shipyard of established traditions, closed down because of the lack of orders, awaits revival. An investment bank from Qatar was to invest EUR 90 million in Szczecin and Gdynia. But the investor failed to meet several payment deadlines and the transfer has not been made to date. In the meantime a new investor is being looked for.

But the mood is rather sceptical: *Even if a new investor is found, this fact alone does not guarantee that ships will be built in Szczecin again* – concluded Witold Jabłoński, Deputy Marshal of Westpomeranian Region. Jabłoński is of the opinion that in the meantime the best employees have already found new jobs in other shipyards, e.g. in Norway. However the future is uncertain for a majority of the former shipyard workforce of 4 000. Personal development and re-qualification programmes might be considered a solution in the opinion of Marshal Jabłoński. New and perspective jobs will be created when other enterprises are successfully attracted to the region. According to the local government of the province in the future a mixed investment may be located on the former shipyard premises, combining the high-tech sector with boat and yacht building. *But it is fully up to a new investor, the Province can have no influence on that, unfortunately* – added Witold Jabłoński.

At the moment the hope still remains that at least some of the former shipyard employees will find jobs in the nearby industrial parks. They may succeed in an industrial park located 30 km north of Szczecin in Police. A part of the park enjoys the status of a special economic zone. The spokesperson for the industrial park emphasises the direct vicinity of Police Chemical Plant and points to the existing connection with the port. First and foremost, enterprises employing water-consuming technological processes can invest in this 227 ha park.

In Gryfino, 20 kilometres south of Szczecin, an industrial area of 350 hectares is being created. 60 hectares of the area are to be granted the status of a special economic zone. By 2010 the entire area will be equipped with necessary underground utilities. At present the S3 clearway running next to the industrial park is in construction. *When it is put into operation we will have an excellent connection to Berlin and Poznań* – notices Henryk Piłat, Mayor of Gryfino. It is this good connection, among other things, that encourages him to emphasise excellent opportunities offered by the industrial park to enterprises running wholesale and other warehouses. But all that is still a music of the future.

#### Quick start is possible

But in Goleniów Industrial Park, located 35 kilometres north-east of Szczecin, production activity is carried out at full speed. Since 2003 around 40 enterprises have established their production plants in the Park area of 405 hectares, including investors from Korea, Italy, the USA and Germany.

Andrzej Wojciechowski, Mayor of Goleniów who has occupied this position for the past 25 years is clearly proud of his industrial park: *Production can be started here instantly, the necessary infrastructure is complete and in place. Besides, the Mayor*

*instally, the necessary infrastructure is complete and in place. Besides, the Mayor points out that investors have two years to start business operations from the moment they apply for a location in the Park. If this deadline is not met, a conventional penalty of 300% of the plot price is collected – adds the Mayor.*

Since April 2008 Chemical Alliance Polska, a company established in the industrial park by Vosschemie, Uetersen has been producing surfacers and solvents sold to service stations and automotive industry retailers. *The possibility of receiving special allowances was a key factor behind our decision to open a factory here – says Hans-Joachim Rohde, General Manager of Chemical Alliance Polska.* It took three years to prepare and implement the investment project and the investment cost was PLN 3,4 million.

An advantage of low salaries

The production process is relatively laborious and there are few machines in the production room. Therefore low salaries are an important advantage. *A worker in the production department earns a gross wage of around EUR 800 but I can't see any qualitative differences between them and German workers – says Rohde, adding: The Polish employees know their duties better than their rights.* In Germany the opposite is the case rather frequently. A total of 74 employees work in the production room, including 50 people working full time. In the nearest future their number is to increase up to 100. The production is sold in Germany, but it is also available on the markets of Poland, Russia, Belarus and some other countries. In response to the question about the impact, if any, of the economic crisis on the company Rohde answers calmly: *There will always be road accidents, also in the period of crisis, or perhaps especially in such times.*

Opposite to the location of Chemical Alliance Polska production plant, Rasch Polska prints wallpapers for its mother company, a concern called Rasch GmbH & Co. KG located in Bramsche near Osnabrück. All raw materials, mainly paper and paints, are brought from Germany. The finished wallpapers are sent to Germany where they are distributed. *Labour is the only 'raw material' coming from Poland – says Błażej Dobersztyn, Production Manager in Rasch Polska.* One can see an *extended production bench* in Goleniów Industrial Park everywhere.

Stargard offers a lot of space

Stargard Szczeciński, a town with the population of 70 000 situated south-east of Goleniów, is the third largest urban centre of the Province. A total of 10 000 businesses is registered in the town and a majority of them operate in the service sector and metal industry. An average employment is up to ten people per company.

Bridgestone, a Japanese tyre manufacturer is the largest investor both in the local special economic zone and in Stargard itself. A new production plant of Bridgestone, built at the cost of EUR 200 million, was officially put into operation last May. *We consider ourselves as a complement to Goleniów – says Michał Kieliszak, Project Manager in a local development agency, adding: Investments which cannot be made in Goleniów because of localisation reasons can be implemented here.* Kieliszak hopes that the Japanese project will become a magnet attracting other entrepreneurs.

Indeed, Cargotec, a Finnish company considered to be another prominent investor has recently opened its production plant in the special economic zone. The company manufactures reloading equipment for ships and ports. The cornerstone for this EUR 70 million investment was laid early September in the presence of Mikael Mäkinen, President of Cargotec, Rafał Baniak, Under-Secretary of State from Ministry of Economy and Sławomir Majman, President of Polish Information and Foreign Investment Agency (PAIIZ). The plant is to start production in the second quarter of 2010, employing 200 people.

Full of energy for the future

Koszalin, a town with the population of 108 000 is the second largest urban centre of West Pomerania. A total of 206 foreign capital companies operate in the town. Słupsk Special Economic Zone has been established within the boundaries of the town to stimulate local economic growth. Production activity is carried out there by Nordglass, Linea, Romex and other enterprises. *Our goal is to develop local economy continuously to generate positive effects for the local community. The unemployment rate has dropped from 20% recorded some time ago down to 9% - emphasises Andrzej Jakubowski, Deputy President of Koszalin.* But there are some failures, as well: *Brose, a German company cooperating with the automotive industry was planning to invest here but has abandoned that plan for the time being due to the crisis. But we keep in touch with them – says Jakubowski.*

Key investments that the town wants to implement are quite diverse. For example, millions of zloties are to be invested in a municipal ring road, a concert palace and extension of the special economic zone. Extension of the Koszalin Airport is another big target project. The latter is the top-rank priority because it will improve the framework conditions for other future investments. Of course, it is impossible to implement those investments on the basis of own funds exclusively, therefore the EU assistance is an important element of the finance. In the opinion of Mr. Jakubowski another investment opportunity results, quite naturally, from the fact that Koszalin is surrounded by bodies of water: *In principle, we could imagine a nuclear power plant being built in the neighbourhood. There's plenty of room for that and necessary process water would be available on the spot. As far as the response of the general public is concerned I can't see any problems with that: the project would create many new jobs – adds Jakubowski.*

Wardrobe walls from Karlino

The things look much smoother in a special economic zone located in Karlino community 136 kilometres from Szczecin. So far, three enterprises have settled down there in the area of around 250 hectares.

But there is also a big investor among them: in 2005 a company called Homanit with the principal place of business in Herzberg in Harz Mountains took over Plyty, a former manufacturer of hardboards. The company employs the most advanced production line in Europe to manufacture high density fibreboards used mainly as back walls of wardrobes. Following several stages of extension the new production plant was officially opened last April. In the past two years EUR 100 million was invested in that project.

According to Agnieszka Chmielewska, President of Management Board of Homanit Polska the excellent supply of raw materials, the proximity to Scandinavia and Russia, and an investment-friendly climate were the crucial factors behind their decision to choose the location. A total of 390 workers is employed producing HDF

boards. The capital consumption of this production is relatively low. *Every day 40 lorries bring wood and shavings coming in 80% from Poland. We work four shifts, 24 hours a day* – tells us Reinhard Henkel, Procurement Manager and Marketing Director. *In Germany we've achieved the market share of 65%. Around 35% of our production is sold to IKEA, a Swedish furniture manufacturer* - analyses Henkel.

In spite of unsuccessful attempts of two previous investors to take the plant over Waldemar Miško, Mayor of Karlino hopes for the best: *This time the production plant shall be kept in operation and the jobs shall be secured permanently. The enterprise enjoys our full support.*

#### Information & contacts

Kostrzyn-Słubice Special Economic Zone  
Tel. 0048/ 95/ 721 98 00  
[www.kssse.pl](http://www.kssse.pl)

Goleniów Industrial Park  
Józef Kazaniecki  
inspector  
Tel.: 0048/ 91/ 46 98 206  
[www.goleniow.pl](http://www.goleniow.pl)

Stargard Industrial Park  
Michał Kieliszak  
project manager  
Tel.: 0048/ 91/ 834 90 88  
[michal.kieliszak@sarl.pl](mailto:michal.kieliszak@sarl.pl)

Industrial Park in Koszalin  
Andrzej Jakubowski  
Deputy President of Koszalin  
Tel.: 0048/ 94/ 348 88 52  
[andrzej.jakubowski@um.man.koszalin.pl](mailto:andrzej.jakubowski@um.man.koszalin.pl)

Stephan Mittelhäuser, „Ost-West-Contact“ (Germany), November 2009

#### Załączniki:

##### **Ein Meer an Möglichkeiten**

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