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### Outward FDI from Poland and its policy context, 2012

by

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*During the transition toward a market economy, Poland's outward foreign direct investment (OFDI) was small and limited to trade-supporting activities in key export markets for many years. It took off and started growing rapidly only from 2005, when the Polish private sector had matured enough to start generating home-grown multinational enterprises (MNEs). Some state-owned enterprises (SOEs) also began investing abroad, sometimes with the Government's encouragement. In contrast, Poland adopted a laissez-faire policy toward private companies, leaving the emergence and expansion of private MNEs to market forces. In addition, Poland became a source and a transit country for large intra-corporate cross-border flows of funds within both foreign and Polish MNEs, classified as FDI flows, and inflating OFDI data. During the global economic turbulence of 2008–2011, Polish MNEs continued to invest abroad at quite elevated levels. Their profitability still depends to a considerable extent on the domestic market, and the Polish economy has performed well during the crisis and the subsequent economic slowdown in Europe.*

### **Trends and developments<sup>1</sup>**

Poland is, in absolute terms, the largest source of outward FDI among the new European Union (EU) members, with an OFDI stock of US\$ 50 billion in 2011 (annex table 1). However, it loses the leading position, becoming an average performer among those countries when OFDI is

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<sup>1</sup> The historical background and the longer-term development of Polish OFDI and its main determinants were analyzed in a previous Columbia FDI Profile (see Zbigniew Zimny, "Outward FDI from Poland and its policy context," *Columbia FDI Profiles*, June 24, 2011, ISSN: 2159-2268, available at: [www.vcc.columbia.edu](http://www.vcc.columbia.edu)). The present *Profile* is an update of that *Profile* and extends the analysis to developments with respect to OFDI in 2011 and 2012.

compared to the size of its economy or its population. For example, in 2011, Hungary, with an outward FDI stock much smaller than that of Poland, had a much higher ratio of OFDI stock to GDP (17% versus 10%). Other new EU member countries, such as Estonia and Slovenia, were also ahead of Poland in terms of the OFDI to GDP ratio and OFDI stock per capita.<sup>2</sup>

Most of Poland's OFDI stock (93%) has been accumulated since 2005. In the early 1990s, in the initial phase of the transition to a market economy, Poland (like other economies in transition) relied on inward FDI (IFDI) to realize one of the key tasks of the transition: creating and strengthening the private sector. IFDI took the form of cross-border acquisitions related to privatizations in such industries as telecommunications, banking and, partly, power generation, as well as greenfield FDI projects in a wide range of industries.<sup>3</sup> At the same time, private Polish firms were emerging, although it took time before they could expand abroad via FDI. Most of the companies that have remained under the control of the State were commercialized, and some of them also started investing abroad, often encouraged by their owner.

As a result of the emergence and rapid growth of OFDI, not only IFDI but also outward FDI started contributing to the internationalization of the Polish economy through international production. Although the ratio of OFDI stock to IFDI stock is still rather small (25% in 2011, compared to 126% in the European Union), it has grown rapidly from 3% in 2000 and 7% in 2005.<sup>4</sup>

### *Country-level developments*

Poland's OFDI took off and started growing rapidly only six or seven years ago. During 1994–2003, average annual FDI outflows were less than US\$ 100 million, fluctuating between US\$ 90 million in 2001 and US\$ 316 million in 1998. Outflows were concentrated in such trade-supporting activities as trading and marketing, finance, transportation, and storage in key export markets in Europe.<sup>5</sup> Flows then jumped to an annual average of over US\$ 5 billion during 2004–2011, reaching a peak in 2006, with more than US\$ 9 billion (annex table 2).<sup>6</sup> In 2006, the

<sup>2</sup> Author's calculations and UNCTAD FDI/TNC data base, available at:

<http://unctad.org/en/Pages/DIAE/World%20Investment%20Report/Annex-Tables.aspx>.

<sup>3</sup> Today, foreign firms form an important part of the Polish economy, accounting for some 40% of the assets and sales of all enterprises in the country. Some of them undertake FDI from Poland on behalf of their parent firms (see, Zbigniew Zimny, "Poland: Inward FDI and its policy context, 2010," in Karl P. Sauvant, Thomas Jost, Ken Davies, and Ana-Maria Poveda Garces, eds., *Inward and Outward FDI Country Profiles* (New York: Vale Columbia Center on Sustainable International Investment of Columbia University, 2011), available at:

[http://www.vcc.columbia.edu/files/vale/content/Profile\\_eBook\\_PDF\\_2\\_11.pdf](http://www.vcc.columbia.edu/files/vale/content/Profile_eBook_PDF_2_11.pdf).

<sup>4</sup> Calculated on the basis of data from Narodowy Bank Polski, Międzynarodowa pozycja inwestycyjna – dane roczne, available at [http://www.nbp.pl/home.aspx?f=/statystyka/m\\_poz\\_inwest.html](http://www.nbp.pl/home.aspx?f=/statystyka/m_poz_inwest.html); and UNCTAD, *World Investment Report 2012: Towards a New Generation of Investment Policies* (New York and Geneva: United Nations, 2012), p. 173.

<sup>5</sup> The share of these activities in total OFDI stock was 90% in 1996, and still as high as 73% in 2000. Later on, FDI in trade-supporting activities continued to grow, but as FDI in other activities took off, its share fell to 20% in 2005 (data are from Narodowy Bank Polski, Departament Statystyki, "Polskie inwestycje bezposrednie za granica w latach 1996-2002" (Warsaw, February 2009).

<sup>6</sup> For a detailed analysis of Polish OFDI during 2003–2006, see K. Blanke-Ławniczak, "Outward FDI from Central-East European economies in transition: Case of Poland", in W. M. Grudzewski, I. Hejduk and S. Trzcieliński, eds., *Organizations in Changing Environment: Current Problems, Concepts and Methods of Management* (Madison: IEA Press, 2007), pp. 128–141.

largest Polish oil refining and distribution company, the state-owned PKN Orlen, purchased a refinery in Mažeikiu (Lithuania). This was by far, until very recently (see below), the largest Polish OFDI project.<sup>7</sup>

As in many economies, Polish OFDI flows were lower during the worldwide financial and economic crisis of 2008–2009 than in the pre-crisis year, 2007, when they amounted to US\$ 5.7 billion. But the decreases were not drastic, and the annual levels of outflows were quite resilient, at US\$ 4.6 billion in both 2008 and 2009. After that, outflows recovered, reaching around US\$ 7.4 billion in both 2010 and 2011 (annex table 2). Positive and quite elevated FDI outflows have augmented the country's OFDI stock significantly, from some US\$ 21 billion in 2007, to US\$ 50 billion in 2011 (annex table 1).

The positive OFDI record during the crisis can be mainly attributed to Poland's relatively good economic performance. At the height of the crisis in 2009, Poland was the only EU member with a real GDP growth (1.6%), while in 2010 the economy grew at 3.9%, and in 2011 at 4.3% — one of the best performances among the EU countries.<sup>8</sup> Polish MNEs still rely mostly on the domestic market for their sales, and a good situation at home meant that the crisis did not adversely affect their profitability and capacity to invest abroad.

The rapid growth of Polish OFDI flows and, consequently, Poland's OFDI stock, reflects two factors. The first is the emergence of Polish public and private MNEs—that is, domestic state-owned and private firms that became competitive enough to seek opportunities abroad not only through exports but also by producing goods and/or services in countries other than their own (see the section on corporate players below).

Second, a substantial amount of recorded FDI flows from (and to) Poland consists of intra-corporate flows of funds within units of MNEs (including Polish MNEs) to other economies, undertaken for tax and regulation-related reasons. This “transit capital” FDI has been reported separately in the statistics since 2004 (when it occurred for the first time), but only for selected years for flows (but all years for stocks). Not representing investment involving lasting interest in production activity in the host economy,<sup>9</sup> such flows of funds distort the picture of both inward and outward FDI of the countries concerned. During 2005–2007, transit capital represented 33% to 44% of Poland's FDI outflows, and two host countries (Luxembourg and

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<sup>7</sup> In 2006, PKN Orlen acquired 53.7% of the shares of *Mažeikių Nafta* from the bankrupt Russian firm *Yukos International UK BV* for US\$ 1.5 billion and an additional 30.66% from the Government of Lithuania for US\$ 852 million; see Ministerstwo Gospodarki, Departament Analiz i Prognoz “Polskie Inwestycje Bezpośrednie 2006/2007” (Warsaw: March 2008), mimeo., p.16.

<sup>8</sup> See, Eurostat, Real GDP growth rate – volume, available at <http://epp.eurostat.ec.europa.eu/tgm/printTable.do?tab=table&plugin=1&language=en&pcode=tec00115&printPrevious=true#>.

<sup>9</sup> Foreign affiliates in Poland, established to channel these flows are called “Special Purpose Entities” (SPEs). They have minimal or no employment and do not produce anything; they only transfer capital among units of an MNE (often a financial group) located in different countries or undertake other (unspecified) financial operations on their behalf. The characteristic feature of this capital is that it arrives in a transit host country (and, satisfying statistical concepts, is registered there as inward FDI flow) and, typically in the same year it is invested by an SPE in another country (and, satisfying statistical concepts, is registered as outward FDI flow).

Switzerland) accounted for all of it.<sup>10</sup> During 2010–2011, this share was lower, some 27%.<sup>11</sup> As regards Poland’s OFDI stock, during 2005–2011, the share of such Special Purpose Entities (SPEs) fluctuated between over 41% in 2006 and over a quarter in 2010–2011.<sup>12</sup> This suggests that, at least recently, less than three quarters of Poland’s outward FDI represents international production of MNEs, or “genuine” FDI.

However, a closer look at the industry and geographical composition of Poland’s OFDI stock suggests that the share of genuine FDI in total OFDI stock may be less than one half of the OFDI stock, and perhaps even less than that. First, as regards the industry composition of the outward stock, the category of “activities non-classified elsewhere” (i.e., activities that do not fit the standard classification of industries) accounted for nearly half of the OFDI stock in 2005 (annex table 3), and two thirds of the total outward stock in 2006–2007, resulting, most likely, at least partly from the transfers of funds.<sup>13</sup> And although the non-allocated category’s share has gone down considerably since 2008 (annex table 3), the decline is due to a re-allocation of FDI stock data that may not reflect the real picture. Secondly, and more importantly, as regards the geographical composition of OFDI stock, in 2011 over 57% of the stock was located in six economies (annex tables 4 and 4a): Luxembourg (US\$ 11.8 billion), the United Kingdom (US\$ 5.4 billion), Cyprus (US\$ 3.3 billion), the Netherlands (US\$ 3 billion), Switzerland (US\$ 2.5 billion), and Belgium (US\$ 2.5 billion). These economies are known for being sources and destinations of intra-corporate fund transfers as well as convenient locations for registering companies (including holding companies) for tax and financing reasons. Thus, the genuine Polish FDI stock is not confirmed by the inward FDI data from these countries.<sup>14</sup> Nor are records

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<sup>10</sup> Narodowy Bank Polski, Departament Statystyki, “Polskie inwestycje bezpośrednie za granicą w 2007 roku” (Warsaw: December 2008), p. 11.

<sup>11</sup> Narodowy Bank Polski, Departament Statystyki, “Polskie inwestycje bezpośrednie za granicą w 2011 roku” (Warsaw: October 29, 2012), pp. 1 and 3.

<sup>12</sup> Narodowy Bank Polski, “Międzynarodowa pozycja inwestycyjna Polski w 2007 roku” (Warsaw: 2008), p. 44; and “Międzynarodowa pozycja inwestycyjna Polski w 2011 roku” (Warsaw: September 2012), p. 44.

<sup>13</sup> In 2008, OFDI stock in “other non-classified activities” was reported to be US\$ 5.7 billion, down from an average annual stock of over US\$ 12 billion during 2006–2007. The difference represented a re-allocation of stock in that year to “banking”, “other financial services” and “other business services”, in an apparent attempt to assign it to industries. As a result, the OFDI stock in these industries “increased” drastically between 2007 and 2008, from US\$ 0.8 billion to US\$ 5.7 billion in banking and other financial services, and from US\$ 0.2 billion to US\$ 4.6 billion in other business services (see NBP, Departament Statystyki, “Polskie inwestycje bezpośrednie za granicą”, issues for years 2006, 2007, 2008 and 2009). OFDI stock in non-allocated activities was similarly low in 2009, at US\$ 6.1 billion. Beginning in 2010, the industry codes have been changed from Polish ones to Eurostat codes. This has resulted in the reduction of OFDI stock in non-allocated activities to 3.5 per cent of the total and in skyrocketing OFDI stock in some industries, which does not seem to be supported by economic reality. Notably, the stock in banking increased to US\$ 7.7 billion (from US\$ 3.6 billion in 2008, not only at the cost of non-allocated activities but also “other financial services”, where the stock was reduced from US\$ 2.7 billion to US\$ 0.4 billion), that in business services to US\$ 7.2 billion in 2011 and that in manufacturing to over US\$ 17 billion in both 2010 and 2011, from US\$ 4.2 billion in 2009 (NBP, Departament Statystyki, “Polskie inwestycje bezpośrednie za granicą,” issues for 2010 and 2011).

<sup>14</sup> For 2006, e. g., Dutch data indicated a Polish FDI stock of US\$ 21 million and those for the United Kingdom US\$ 171 million (Ministerstwo Gospodarki, op. cit., 2008, p. 23). In an updated 2011 report, the Ministry of the Economy stated that information collected from monitoring specialized press and Polish embassies in at least three of these countries (Luxembourg, the Netherlands and Switzerland) “does not indicate that Polish investors have undertaken [in these countries] investment projects suggested by statistical data” (Ministerstwo Gospodarki, Departament Analiz i Prognoz “Polskie Inwestycje Bezpośrednie w 2009 roku”, Warsaw, May 2011, mimeo., pp. 20–21). The OECD reports for 2010 inward FDI stock from Poland amounting to US\$ 1.6 billion in the Netherlands

of Polish OFDI stock supported by information on other indicators of production activities of Polish foreign affiliates in these economies (see discussion below, of the geographic distribution): as shown in annex table 4a, the six economies mentioned accounted for less than 1% of the total employment and 5% of total sales of Polish foreign affiliates world-wide.

When, instead of FDI stock, foreign affiliates' sales or employment numbers are taken as measures of the international production of Polish MNEs, the geographical distribution of this production becomes similar to that predicted by the theory of the internationalization of enterprises:<sup>15</sup> with one exception (Cyprus for the sales of foreign affiliates), the most important five (for sales) to six (for employment) host countries for Polish foreign affiliates are its neighbors or nearby countries of Central and Eastern Europe (including both members and non-members of the European Union): Germany, Czech Republic, Ukraine, Russia, Slovakia, Romania, and Belarus. Together, they account for 50% of the total number and total employment of Polish foreign affiliates and, excluding Cyprus, for 56% of those affiliates' total sales (annex table 4b).

As regards the sectoral composition of Poland's outward FDI stock, services account for the largest stock, with business services (US\$ 11.4 billion in 2011, including, since 2010, head offices and "management consultancy activities", accounting for the bulk of this category) and financial services (US\$ 8 billion in 2011, including, since 2010, holding companies) the largest service-categories for OFDI (annex table 3). They are followed by trading services (US\$ 5.7 billion in 2011, which increased from US\$ 1.5 billion in 2009, after the 2010 re-classification of OFDI by activities). The steadily growing OFDI in manufacturing, which rose from a stock of US\$ 100 million in 2000 to US\$ 1 billion in 2005 and US\$ 4.3 billion in 2009, originating from small and medium-sized Polish companies, is noteworthy. Most large manufacturing companies are foreign-owned, and they do not undertake significant FDI from Poland. After re-classification, as mentioned earlier, the OFDI stock in manufacturing skyrocketed to US\$ 17.2 billion. Because of re-classification, the industry data on OFDI stock should be treated with caution, in particular, as regards comparisons over time. As noted below (see the next subsection on the corporate players), when the employment in foreign affiliates of Polish MNEs is taken as a measure, services remain the largest sector for OFDI; in terms of sales, however, foreign affiliates of manufacturing parents account for the largest share of the total.

### *The corporate players*

Major Polish MNEs include a number of state-owned (or state-controlled) enterprises (SOEs) in the petroleum (PKN Orlen, LOTOS), gas (PGNiG) and chemical (Ciech) industries (annex table

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(up from US\$ 357 million in 2009), US\$ 750 million in Belgium (up from some US\$ 268 million in 2009), US\$ 41 million in the United Kingdom and no stock in Luxembourg (OECD.StatExtracts, available at <http://stats.oecd.org/>). But, according to the same source, Polish affiliates in the Netherlands produced merely US\$ 11 million of value added (in 2009), suggesting that their investments are of a purely financial nature.

<sup>15</sup> John Dunning and Sarianna Lundan, *Multinational Enterprises and the Global Economy* (Cheltenham: Edward Elgar, 2008), pp. 91–93. For a review of some of these theories by Polish authors, see R. Ławniczak and K. Blanke-Ławniczak, "Reverse globalization: the new phenomenon in the world economy of 21st century", in D. Kopycińska, ed., *Economic Challenges of Contemporary World* (Szczecin: University of Szczecin, Microeconomics Department, 2010), pp. 21–35.

5). PKN Orlen had become the largest Polish MNE through the purchase of the Mažeikiu refinery in Lithuania, as noted earlier. PGNiG made some investments in Libya, Norway, Egypt, and the Czech Republic. Another SOE in the copper industry, KGHM Polska Miedź, joined the ranks of the largest Polish MNEs in terms of foreign assets in March 2012 after acquiring a Canadian copper mining company, Quadra FNX Mining, for US\$ 2.8 billion.<sup>16</sup> On this occasion, it changed its name to KGHM International.

In addition to SOEs that are MNEs, selected key private players are listed in table 5. The largest among them (in terms of foreign assets) is, quite unexpectedly, Asseco Poland. It operates in the software industry, which is not characterized by large physical assets and large companies. It has grown large abroad through an aggressive foreign acquisitions campaign pursued over a decade. In 2009 and 2010, Asseco acquired a further six companies in Croatia, Denmark, Romania, Spain, and Turkey, for a total of US\$ 67 million (annex table 6). Consequently, it became the largest software company in Central and Eastern Europe, and number seven on the list of the largest software firms in Europe, with total revenues of over US\$ 1.6 billion and employment of 14,000 (out of which 9,500 were abroad) in 2011.<sup>17</sup> Two other IT industry companies in annex table 5, Comarch (also a software producer, 50th among Europe's top 100 software vendors) and AB (a distributor of software and IT equipment), are much smaller than Asseco. All other private MNEs listed in the table are manufacturing companies.

Three additional MNEs in the food, wood and roof windows industries (not included in annex table 5) are worth mentioning:

- Maspex Wadowice Group, one of the largest food industry companies in Central and Eastern Europe, specializes in beverages, with sales of US\$ 853 million and employment of 5,000 in 2009. Foreign sales are 40% of total sales and include exports to some 50 countries, as well as foreign production.<sup>18</sup>
- Barlinek, a wood industry company producing floorboard, veneer, pellets, and skirting boards, is one of the world's largest suppliers of triple layer wooden floors. The company has production plants in Ukraine and Romania (and a new production facility is under construction in Russia) and marketing affiliates in Norway, Germany and Russia.<sup>19</sup>
- FAKRO, established in 1991, has grown rapidly to become the world's second largest producer of roof windows, with a 15% share in the global market. FAKRO has 15 distribution foreign affiliates (in the United States, the United Kingdom, France, Spain, Germany, Austria, the Netherlands, Hungary, Russia, Ukraine, Slovakia, Italy, Czech Republic, Latvia, and China) and 12 foreign manufacturing affiliates (out of which seven, among others, in Europe and one in each Russia and China).<sup>20</sup>

<sup>16</sup> "Inwestycja KGHM szansą dla innych", *Rzeczpospolita*, March 7, 2012, p. B4.

<sup>17</sup> Ranking of the top 100 European software vendors, Truffle 100, available at <http://www.truffle100.com/downloads/2012/TruffleEurope-2012-v9.pdf>; and <http://www.asseco.pl/en>.

<sup>18</sup> See, <http://www.maspex.com.pl/en/>. For more on Maspex, see Katarzyna Blanke-Lawniczak, "Marketing dynamics and management excellence: the source of successful internationalization of a food processing company from transition economy (Case: Maspex Poland)", *Journal of International Food and Agribusiness Marketing*, vol. 21, issue 2 (April 2009), pp. 134–148.

<sup>19</sup> See, [http://relacje.barlinek.com.pl/en/For\\_investors/Groups\\_strategy.html](http://relacje.barlinek.com.pl/en/For_investors/Groups_strategy.html).

<sup>20</sup> See, <http://www.fakro.com/>.

In all, by 2010, Poland had a total of some 1,443 MNEs, out of which the largest number were in manufacturing (488), followed by MNEs in trading (328) and in construction (189) (annex table 5a). These MNEs had 2,988 foreign affiliates, out of which 921 affiliates were owned by manufacturing parent firms and 709 by trading parent firms. Most foreign affiliates in construction, trading, information and communication services, finance, and business services were in the same industry as their parent firms. Manufacturing MNEs had 45% of their affiliates in the same sector and 38% in trading services, with the balance spread over several industries such as business services, construction and finance. Foreign affiliates generated in 2010 US\$ 35 billion of sales and employed close to 150,000 people in host countries (annex table 5a). This is not yet much: in 2010, just one company, General Electric, the world's largest MNE (in terms of foreign assets) had employment in its foreign affiliates larger than that of all 2,988 foreign affiliates of Polish MNEs. Its sales were more than twice as large.<sup>21</sup> Foreign affiliates of Polish MNEs in the services sector accounted for the largest share of employment in Polish foreign affiliates abroad, while those of Polish firms in manufacturing generated the largest share (67%) of foreign affiliates' sales (annex table 5a).

As annex table 6 shows, a number of Polish MNEs are expanding through cross-border mergers and acquisitions (M&As). The largest M&A transactions in 2011 were headed by the acquisition of the Spanish firm Restauravia by AmRest Holdings for US\$ 284 million, and that of Novaservis (Czech Republic) by FERRO for US\$ 68 million.

### **The policy scene**

Most Polish OFDI is located in Europe and governed by EU and OECD rules and treaties concerning FDI. As of June 1, 2012, Poland had signed 63 bilateral investment treaties (BITs), of which 60 were in force, and 92 double-taxation treaties (DTTs).<sup>22</sup> They cover all important host economies for Polish FDI. One of the three non-ratified BITs is with Russia, a significant host economy for Polish FDI (hosting over US\$ 1.1 billion of Poland's OFDI stock in 2011).

Successive Polish governments have been neutral about OFDI or Polish MNEs. Consequently, private Polish MNEs are a result of market forces and *laissez-faire* policy, without any government intervention or support. The Ministry of the Economy admitted that in a report on OFDI: "all activities of Polish enterprises related to investment abroad result in the overwhelming majority from their very own initiative. Polish firms are able to identify, select and use alone their chances to grow and develop through FDI. It does not mean, however, that they do not need encouragement and support from adequate state institutions."<sup>23</sup> Possible or existing forms of such a support are not mentioned, because there are hardly any, as regards OFDI.<sup>24</sup> An FDI insurance scheme offered since a number of years by a state-owned corporation

<sup>21</sup> Data on General Electric are from UNCTAD's TNC/FDI data base, available at [www.unctad.org/wir](http://www.unctad.org/wir).

<sup>22</sup> UNCTAD BITs and DTTs database, available at: [www.unctad.org/ia](http://www.unctad.org/ia).

<sup>23</sup> Ministerstwo Gospodarki, Departament Analiz i Prognoz, *Polskie Inwestycje Bezpośrednie w 2009 roku* (Warsaw: May 2011), mimeo., p. 7.

<sup>24</sup> A KPMG publication asked surveyed firms about assistance by various institutions (private institutions such as consultancy firms and banks and government agencies including Polish embassies and consulates) as regards their foreign expansion (not distinguishing the forms of this expansion such as exports or FDI). Almost half of the respondents had not used any assistance. Around 30% used the services of business chambers and embassies and consulates, and 20%, of business consultancy firms. Only 9% had turned for assistance to government agencies

for export credit insurance (KUKI) does not seem to be working, as so far no foreign investor from Poland has used it.<sup>25</sup>

Government involvement could be found in at least some foreign investments by SOEs. The biggest FDI project until 2012 (when KGHM International acquired Quadra FNX Mining), the purchase of the Mažeikių refinery in Lithuania by PKN ORLEN, mentioned earlier — in spite of the claims of the former management that it was a transaction based purely on business considerations — was actively encouraged and discussed at the political level with Lithuanian counterparts by the Polish Presidency. Investments by PGNiG, the gas giant, had also been encouraged as a means to diversify the sources of gas imports. In the past two years, the Government has been suspected of pursuing a policy of creating “national champions”. First, it openly supported the (failed) acquisition of a foreign affiliate (BZ WBK) of an Irish multinational bank by a state-owned bank, PKO BP. Secondly, it chose to try to “privatize” a regional energy concern, Energa, by selling it to another SOE, PGE (Polish Energy Group), in spite of a warning from the competition authority that the transaction will significantly reduce competition in the energy market. Thirdly, these attempts were related to the fact that Government advisors openly talk about the need to protect the remaining large Polish SOEs<sup>26</sup> (other large firms are typically foreign affiliates). Fourthly, in the second half of 2011, a new dimension was added to the debate, as some prominent economists and government advisors started talking openly about the need to “re-polonize” foreign-owned banks (through buy-backs, not through nationalization). Some officials, including the President of the National Bank of Poland, have spoken in favor of this idea.<sup>27</sup>

While the discussion at the national level continues, action has taken place at the local level: quite recently, in 2012, the city of Wrocław, which has attracted FDI by a number of prominent MNEs such as Google, IBM, HP, Nokia–Siemens, and McKinsey & Company, has launched a program called “Polish Champions” in co-operation with the Ministry of Economy and Polish Agency for Information and Foreign Investment. The objective of the program is to support the worldwide expansion of firms from the city. The program has signed up 11 Polish companies headquartered in Wrocław, including two firms that are already MNEs, AB and Selena (annex table 5). In the future, the city hopes to attract headquarters of new Polish MNEs. Several Polish cities have shown interest in joining the program. The means of support are still rather vague. So far the program has generated a series of workshops, a communication platform and media interest.<sup>28</sup> It remains to be seen if it results in a meaningful support to companies wishing to invest abroad.

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other than consulates and embassies. Among the firms that had used assistance, more than half assessed it negatively, because of excessive bureaucracy and the low quality of information (for further discussion see KPMG and Invest in Poland, *Ekspansja międzynarodowa polskich przedsiębiorstw produkcyjnych* (Warsaw: 2010), pp. 40–41.

<sup>25</sup> KUKI, *Raport roczny za rok 2011* (Warsaw: 2012); and Najwyższa Izba Kontroli, *Informacja o wynikach kontroli funkcjonowania systemu wspierania kredytów eksportowych* (Warsaw: March 2010).

<sup>26</sup> Jan Krzysztof Bielecki, „Narodowe ciągoty liberała”, in *businessman.pl*, No. 10 (37), October 2010, pp. 10–14.

<sup>27</sup> “Czasy są takie, że trzeba być orłem”, interview with Marek Belka, President of the NBP, November 14, 2011, available at <http://wyborcza.biz/biznes/2029020>.

<sup>28</sup> <http://polskiczempion.pl/o-programie-polski-czempion>; and “Polscy Czempioni idą w świat”, *Rzeczpospolita*, April 10, 2012.



## Conclusion

At the beginning of the 21st century, Polish firms hardly engaged in the foreign production of goods and services, limiting OFDI to the support of trading activities. The build-up of Poland's OFDI has taken place only since around 2005. In only seven years, Poland's OFDI stock ballooned nearly fifteen times, from US\$ 3.4 billion in 2004 to US\$ 50 billion in 2011, reflecting the emergence of Polish MNEs, both public and private, their continued investment abroad to support the country's ever growing exports, as well as an increasing involvement of both Polish and foreign MNEs in the intra-corporate transfers of funds for tax optimization reasons.

The trend toward a further growth of Polish private MNEs is set to continue, as a growing number of domestic enterprises discover the benefits of investing abroad, and acquire competitive advantages that allow them to undertake such investments. In two years only, from 2008 to 2010, the number of Polish MNEs increased by 337 companies.<sup>29</sup> Data on cross-border acquisitions by Polish companies during 2009–2011 suggest that several new firms are engaging for the first time in FDI. *Laissez-faire policy* combined with relatively stable and good economic conditions in recent years, including during the global crisis, and a general support by successive governments of competition in the domestic market have helped Polish firms to expand abroad through both exports and FDI.<sup>30</sup> Whether Poland will adopt a policy to turn SOEs into national champions and, eventually, into MNEs, will depend on the outcome of the current debate on the future of, and limits to, further privatizations.

## Additional readings

Cieślak, Jerzy, *Internacjonalizacja polskich przedsiębiorstw. Aktualne tendencje – implikacje dla polityki gospodarczej* (Warsaw: Akademia Leona Koźmińskiego, 2010).

Instytut Badań Rynku, Konsumpcji i Koniunktur (IBRKK), „Polskie inwestycje za granicą”, *Studia i materiały*, no. 93 (Warsaw: June 2012).

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Ministerstwo Gospodarki, Departament Analiz i Prognoz, „Polskie Inwestycje Bezpośrednie w 2009 roku,” Warsaw, May 2011, mimeo.

Rosati, Dariusz and Witold Wiliński "Outward foreign direct investment from Poland," in Marjan Svetlicic and Matija Rojec, eds., *Facilitating Transition by Internationalization: Outward Direct Investment from Central European Economies in Transition* (Aldershot: Ashgate, 2003), pp. 175–204.

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<sup>29</sup> Główny Urząd Statystyczny (GUS), *Działalność podmiotów posiadających udziały w podmiotach z siedzibą za granicą w 2010 roku*, Wyniki wstępne, Informacje bieżące (Warsaw, April 30, 2012); and Główny Urząd Statystyczny (GUS), *Działalność podmiotów posiadających udziały w podmiotach z siedzibą za granicą w 2008 roku*, Wyniki wstępne, Informacje bieżące (GUS, Warsaw, June 10, 2010).

<sup>30</sup>As noted, for example, in the case of Chile, a successful country as regards OFDI, “the best policy to support OFDI is perhaps a sound policy to promote stability and competition in national markets” (Carlo Razo and Alvaro Calderon, “Chile’s outward FDI and its policy context” in Sauvant, et al., op. cit., p. 79).

*Useful websites*

National Bank of Poland, for data on Polish OFDI:

<http://www.nbp.pl/homen.aspx?f=/en/statystyka/bilansplatniczy.html> for balance of payments data (in English) and Poland's OFDI data (only in Polish).

Ministry of the Economy for the only two analyses of the OFDI by a government agency, listed above (Ministerstwo Gospodarki, Departament Analiz i Prognoz "Polskie Inwestycje Bezpośrednie w 2009 roku", Warsaw, May 2011; and "Polskie Inwestycje Bezpośrednie 2006/2007", Warsaw: March 2008): <http://www.mg.gov.pl/NR/rdonlyres/F91B004A-083D-439F-87CB-A964981E4B5F/44283/PBIZ2006fin3p2.pdf>.

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The Vale Columbia Center on Sustainable International Investment (VCC), led by Lisa Sachs, is a joint center of Columbia Law School and The Earth Institute at Columbia University. It seeks to be a leader on issues related to foreign direct investment (FDI) in the global economy. VCC focuses on the analysis and teaching of the implications of FDI for public policy and international investment law.

## Statistical Annex

**Annex table 1. Poland: outward FDI stock, 2000–2011**

(US\$ billion)

Economy	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Poland	1.0	1.2	1.5	2.1	3.4	6.3	14.3	21.2	24.0	29.6	44.4	49.7
Memorandum: comparator economies												
Bulgaria	0.03	0.03	0.04	0.1	-0.2	0.1	0.5	0.8	1.4	1.4	1.5	1.7
Czech Republic	0.7	1.1	1.5	2.3	3.8	3.6	5.0	8.6	12.5	14.8	14.9	15.5
Hungary	1.3	1.6	2.2	3.5	6.0	7.8	12.4	17.3	17.6	19.2	20.0	23.8
Romania	0.1	0.1	0.1	0.2	0.3	0.2	0.9	1.2	1.5	1.4	1.5	1.5
Slovakia	0.4	0.5	0.5	0.8	0.8	0.6	1.3	1.9	3.0	3.2	3.3	4.2

Sources: For Poland, annual publications of the National Bank of Poland (NBP), "Polskie inwestycje bezpośrednie za granicą", various years, available at <http://www.nbp.pl/home.aspx?f=/publikacje/pib/pib.html>; for other countries, UNCTAD, UNCTADstat, available at: <http://unctadstat.unctad.org/TableViewer/tableView.aspx>

**Annex table 2. Poland: outward FDI flows, 2000–2011**

(US\$ million)

Economy	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Poland	16	-90	230	305	955	3 392	9 168	5 664	4 613	4 562	7 484	7 335
Memorandum: comparator economies												
Bulgaria	3	10	27	26	-206	310	177	282	765	-95	229	190
Czech Republic	43	165	206	206	1 014	-19	1 468	1 620	4 323	949	1 167	1 152
Hungary	620	368	278	1 644	1 119	2 179	3 877	3 621	2 234	1 984	1 307	4 530
Romania	-13	-16	17	41	70	-31	423	279	274	-88	-20	32
Slovakia	29	65	11	247	-21	150	511	600	530	904	327	490

Sources: For Poland, the website of the National Bank of Poland, available at [http://www.nbp.pl/home.aspx?f=/statystyka/bilans\\_platniczy/bilansplatniczy\\_r.html](http://www.nbp.pl/home.aspx?f=/statystyka/bilans_platniczy/bilansplatniczy_r.html); for other countries, UNCTAD, UNCTADstat, available at <http://unctadstat.unctad.org/TableViewer/tableView.aspx>.

**Annex table 3. Poland: sectoral distribution of outward FDI stock, by the industry of affiliates, 2000, 2005 and 2009–2011**

(US\$ million)

Sector/industry	2000	2005	2009	2010	2011
<b>All sectors/industries</b>	<b>1 018</b>	<b>6 279</b>	<b>29 557</b>	<b>44 444</b>	<b>49 657</b>
<b>Primary</b>	<b>27</b>	<b>9</b>	<b>125</b>	<b>643</b>	<b>909</b>
<b>Manufacturing</b>	<b>113</b>	<b>1 076</b>	<b>4 255</b>	<b>17 095</b>	<b>17 200</b>
Refined petroleum products	0	89	312	4 627	3 609
Vehicles and transport equipment	62	149	261	1 435	2 565
Food and beverages	2	179	1 699	3 099	2 464
Metal products	11	110	281	1 483	1 961
Rubber and plastic	3	51	200	1 150	1 203
Chemicals	26	36	630	1 052	1 079
<b>Services</b>	<b>878</b>	<b>2 108</b>	<b>19 066</b>	<b>24 504</b>	<b>29 788</b>
Business <sup>a</sup>	14	159	5 784	7 161	11 415
Financial <sup>b</sup>	355	623	6 377	8 520	7 994
Trading	150	383	1 526	5 376	5 662
Construction	23	212	423	1 439	2 090
Real estate	2	149	2 794	1 950	2 003
Power, gas and water	0	5	664	978	1 202
Transport and storage	242	244	345	508	419
Hotels and restaurants	1	2	82	172	261
<b>Not allocated</b>	<b>0</b>	<b>3 086</b>	<b>6 111</b>	<b>2 202</b>	<b>1 760</b>

Source: Annual publications of the National Bank of Poland, “Polskie inwestycje bezposrednie za granica”, various years, available at: [www.nbp.pl/home.aspx?f=/publikacje.pib.html](http://www.nbp.pl/home.aspx?f=/publikacje.pib.html)

a Including head offices since 2010.

b Including holding companies since 2010.

**Annex table 4. Poland: geographical distribution of outward FDI stock, 2000, 2005 and 2009–2011**

(US\$ million)

Country/region	2000	2005	2009	2010	2011
<b>World</b>	<b>1 018</b>	<b>6 279</b>	<b>29 557</b>	<b>44 444</b>	<b>49 657</b>
<b>Developed economies</b>	<b>733</b>	<b>5 803</b>	<b>27 877</b>	<b>42 865</b>	<b>47 954</b>
<b>Europe</b>	<b>639</b>	<b>5 667</b>	<b>27 422</b>	<b>40 837</b>	<b>45 744</b>
Switzerland	62	1 958	6 724	3 054	2 487
Norway	0	14	1 096	1 293	1 422
<b>European Union – 15</b>	<b>406</b>	<b>1 859</b>	<b>13 243</b>	<b>25 245</b>	<b>28 503</b>
<b>European Union – 27</b>	<b>492</b>	<b>3 032</b>	<b>17 823</b>	<b>33 442</b>	<b>38 329</b>
Luxembourg	133	185	5 879	9 030	11 816
United Kingdom	118	284	1 304	5 600	5 457
Cyprus	32	153	826	1 909	3 271
Netherlands	7	471	2 306	3 153	3 007
Belgium	0	2	1 182	2 281	2 463
Lithuania	12	68	1 234	2 178	2 463
Czech Republic	33	713	1 520	2 415	2 453
<b>North America</b>	<b>95</b>	<b>141</b>	<b>444</b>	<b>2 027</b>	<b>2 200</b>
United States	95	138	431	1 964	2 115
<b>Other developed countries</b>	<b>-1</b>	<b>-4</b>	<b>11</b>	<b>1</b>	<b>10</b>
<b>Developing economies</b>	<b>198</b>	<b>385</b>	<b>1 569</b>	<b>1 572</b>	<b>1 562</b>
Africa	20	90	174	197	202
Asia and Oceania	169	261	808	1 241	1 239
Singapore	6	17	113	350	295
India	0	5	142	174	182
China	139	153	181	115	127
Latin America	9	34	587	134	121
<b>Memorandum:</b>					
<b>Transition Europe<sup>a</sup></b>	<b>83</b>	<b>1 541</b>	<b>5 365</b>	<b>8 668</b>	<b>9 098</b>

Source: Annual publications of the National Bank of Poland, "Polskie inwestycje bezposrednie za granica", various years, available at: [www.nbp.pl/home.aspx?f=/publikacje.pib.html](http://www.nbp.pl/home.aspx?f=/publikacje.pib.html).

a Including new 2004 EU members, South-East Europe, Belarus, Russia, and Ukraine.

**Annex table 4a. The largest host countries for Poland's OFDI stock and their shares in the OFDI stock, 2011, and in the sales, employment and number of Polish foreign affiliates, 2010**

(Percent)

<b>Host country</b>	<b>FDI stock, 2011</b>	<b>Sales of FAs<sup>a/</sup>, 2010</b>	<b>Employment of FAs<sup>a/</sup>, 2010</b>	<b>Number of FAs<sup>a/</sup>, 2010</b>
Luxembourg	23.8	0.7	0.1	1.7
United Kingdom	11.0	1.1	0.3	2.1
Cyprus	6.6	2.3	0.03	3.4
Netherlands	6.1	0.4	0.3	2.2
Switzerland	5.0	0.5	0.02	0.8
Belgium	5.0	0.1	0.1	0.7
<b>Total above</b>	<b>57.4</b>	<b>5.0</b>	<b>0.9</b>	<b>11.0</b>

Sources: The National Bank of Poland, "Polskie inwestycje bezpośrednie za granicą w 2011 roku", available at <http://www.nbp.pl/home.aspx?f=/publikacje/pib/pib.html>; and Główny Urząd Statystyczny, "Działalność podmiotów posiadających udziały w podmiotach z siedzibą za granicą w 2010 roku", Informacje bieżące (Warsaw: April 30, 2012), available at: [http://www.stat.gov.pl/cps/rde/xbcr/gus/pgwf\\_dzialalnosc\\_podm\\_posiad\\_udzialy\\_2010.pdf](http://www.stat.gov.pl/cps/rde/xbcr/gus/pgwf_dzialalnosc_podm_posiad_udzialy_2010.pdf).

a/ 'FAs' indicates foreign affiliates.

**Annex table 4b. The largest host countries for Poland's OFDI and their shares in the OFDI stock, 2011, and in the sales, employment and number of foreign affiliates, 2010**  
(Percent)

<b>Largest host countries</b>	<b>FDI stock, 2011</b>	<b>Largest host countries</b>	<b>Sales of FAs<sup>a/</sup></b>	<b>Largest host countries</b>	<b>Employment in FAs<sup>a/</sup></b>	<b>Largest host countries</b>	<b>Number of FAs<sup>a/</sup></b>
Luxembourg	23.8	Czech Republic	22.1	Germany	14.9	Germany	13,3
United Kingdom	11.0	Germany	22.0	Czech Republic	9.2	Ukraine	11,9
Cyprus	6.6	Russia	4.6	Ukraine	8.8	Czech Republic	8,2
Netherlands	6.1	Ukraine	2.7	Russia	8.4	Russia	7,7
Switzerland	5.0	Slovakia	2.5	Romania	5.1	Romania	5,0
Belgium	5.0	Cyprus	2.3	Belarus	3,3	Slovakia	4,2
<b>Total above</b>	<b>57.4</b>	<b>Total above</b>	<b>56.2</b>	<b>Total above</b>	<b>49,7</b>	<b>Total above</b>	<b>50,3</b>

Sources:

The National Bank of Poland, "Polskie inwestycje bezpośrednie za granicą w 2011 roku", available at <http://www.nbp.pl/home.aspx?f=/publikacje/pib/pib.html> ; and Główny Urząd Statystyczny, "Działalność podmiotów posiadających udziały w podmiotach z siedzibą za granicą w 2010 roku", Informacje bieżące (Warsaw: April 30, 2012), available at: [http://www.stat.gov.pl/cps/rde/xbcr/gus/pgwf\\_dzialalnosc\\_podm\\_posiad\\_udzialy\\_2010.pdf](http://www.stat.gov.pl/cps/rde/xbcr/gus/pgwf_dzialalnosc_podm_posiad_udzialy_2010.pdf).

a/ 'FAs' indicates foreign affiliates.

**Annex table 5. Poland: selected major non-financial MNEs, 2010, ranked by foreign assets**

Rank	Company	Industry	Foreign assets (US\$ million)
1	Polski Koncern Naftowy Orlen (PKN Orlen)	Petroleum	6 222
2	Asseco	IT	1 194
3	Polskie Górnictwo Naftowe i Gazownictwo (PGNiG)	Gas	1 149
4	Synthos	Chemical	619
5	Morpol	Food	505
6	LOTOS	Petroleum	452
7	Ciech	Chemical	430
8	Bioton	Pharmaceuticals	293
9	Złomrex	Metallurgy	252
10	Selena FM	Building materials	160
11	Polimex–Mostostal	Construction and machinery and equipment production	139
12	Koelner	Fixings for construction and industry	135
13	AB	IT	100
14	Boryszew	Metal, chemical and automotive products	85
15	KGHM Polska Miedź	Copper	82
16	Comarch	IT	54
17	Grupa Kęty	Metal products	24
18	Decora	Building materials	24
19	Fabryki Sprzętu i Narzędzi Górniczych "Fasing"	Machinery and equipment	19
20	Ferro	Sanitary and installation equipment	17

Source: Instytut Badań Rynku, Konsumpcji i Koniunktur (IBRKK) and Vale Columbia Center on Sustainable International Investment, "Polish multinationals go beyond Europe" (Warsaw and New York: June 14, 2012), available at [http://ibrkk.pl/id/109/Projekt\\_Emerging\\_Market\\_Global\\_Players](http://ibrkk.pl/id/109/Projekt_Emerging_Market_Global_Players) or [http://www.vcc.columbia.edu/files/vale/documents/EMGP-Poland-Report-2012- FINAL\\_0.pdf](http://www.vcc.columbia.edu/files/vale/documents/EMGP-Poland-Report-2012- FINAL_0.pdf).



**Annex table 5a. Profile of Polish non-financial MNEs and their affiliates in host countries, total and by industry of parent MNE, various measures, 2010**

**A. Values**

<b>Category</b>	<b>Total</b>	<b>Manufacturing</b>	<b>Construction</b>	<b>Trading</b>	<b>Business services</b>	<b>Other</b>
Number of parent MNEs	1 443	488	189	328	113	325
Number foreign affiliates	2 988	921	288	709	258	812
Sales of foreign affiliates (US\$ million)	34 774	23 346	879	4 149	3 105	3 296
Employment foreign affiliates(number)	148 083	47 567	11 561	24 863	36 954	27 138
Exports of foreign affiliates (US\$ million)	9 196	7 879	81	621	59	557
Imports of foreign affiliates (US\$ million)	14 135	11 807	42	1 649	94	542
GFCF <sup>3</sup> / of foreign affiliates (US\$ million)	1 170	381	18	105	33	634

**B. Composition by industry, percent**

Number of parent MNEs	100	34	13	23	8	23
Number of foreign affiliates	100	31	10	24	9	27
Sales of foreign affiliates	100	67	3	12	9	9
Employment	100	32	8	17	25	18
Exports	100	86	1	7	1	6
Imports	100	84	0	12	1	4
GFCF	100	33	2	9	3	54

Source: Główny Urząd Statystyczny, "Działalność podmiotów posiadających udziały w podmiotach z siedzibą za granicą w 2010 roku", Informacje bieżące (Warsaw: April 30, 2012), available at: [http://www.stat.gov.pl/cps/rde/xbcr/gus/pgwf\\_dzialalnosc\\_podm\\_posiad\\_udzialy\\_2010.pdf](http://www.stat.gov.pl/cps/rde/xbcr/gus/pgwf_dzialalnosc_podm_posiad_udzialy_2010.pdf).

Note: Values converted from Polish złoty into US dollars using the average exchange rate for 2010, 3.0157 Polish złoty = 1US\$.

**Annex table 6. Poland: main M&A deals, by outward investing firm, 2009–2011**

Year	Target company	Target economy	Acquiring company	Industry of the acquiring company	Shares acquired (%)	Value US\$ million
2011	Restauravia Grupo Empresarial	Spain	AmRest Holdings	Eating places	76	284
2011	Novaservis	Czech Republic	FERRO	Plumbing fixture fittings	100	68
2011	Mecom Poland Holdings AS	Norway	Gremi Media	Publishing & printing	-	30
2011	AKRIKHIN	Russian Federation	Polpharma	Pharmaceuticals	26	20
2011	Rehab-Trade Kft	Hungary	Medort	Medical instruments	100	7
2011	WoodinterKom GmbH	Austria	Pronox Technology	IT facilities management	19	6
2011	KBP Kettenwerk Becker-Pruente	Germany	Grupa Kapitałowa Fasing	Hardware	40	3
2011	Global Bioenergies SA	France	Synthos	Synthetic rubber	4	2
2011	Audit Diagnostics Ltd	Ireland	PZ Cormay	Laboratory equipment	99	2
2011	Automotorsport Centrum SRO	Slovakia	Fota	Transportation equipment	20	0,3
2011	COGNOR Stahlhandel GmbH	Austria	COGNOR	Steel	25	-
2011	BM Partners as	Czech Republic	Fortuna	Amusement devices	100	-
2011	AdMarket.cz as	Czech Republic	Grupa Allegro	Business services	100	-
2011	PostalNL NV-Mail Activities	Czech Republic	ID Marketing	Air courier services	100	-
2011	Transfinance as	Czech Republic	BRE BankA	Banks	50	-
2011	OLT GmbH	Germany	Amber Gold	Investment advice	100	-
2011	Comarch AG	Germany	Comarch	IT facilities management	40	-
2011	Weco Polstermoebel GmbH	Germany	Mebelplast	Fabricated metal products	100	-
2011	Rehab-Trademark Kft	Hungary	Medort	Medical instruments	100	-
2011	Khimfarm	Kazakhstan	Polpharma	Pharmaceuticals	-	-
2011	Vilniaus Pergale-factory	Lithuania	ZPC Mieszko	Confectionery products	100	-
2011	Euro MGA Product SRL	Romania	Selena FM	Adhesives and sealants	100	-
2011	Provus Services Provider SA	Romania	Innova Capital	Investors	96	-
2011	AKRIKHIN	Russian Federation	Polpharma	Pharmaceuticals	20	-
2011	PostNL NV-Mail Activities	Slovakia	ID Marketing	Air courier services	100	-
2011	Quilosa	Spain	Selena FM	Adhesives and sealants	49	-

2011	Markafoni.com	Turkey	Grupa Allegro	Business services	71	-
2011	TS3 Services Ltd	United Kingdom	Platforma Mediowa Point Group	Advertising	100	-
2010	Fesenko	Ukraine	Broad Gate	Chemicals	100	-
2010	Agroton PLC	Cyprus	BPH TFI	Investment advice	5	-
2010	Prodavalnik.com	Bulgaria	Grupa Allegro	Business services	100	-
2010	GVA Grimley-Outlet Business	United Kingdom	Liebrecht & Wood Poland	Land development	100	-
2010	Scop Computers SRL	Romania	ABC Data	Computers and software	51	8
2010	Romcolor SA	Romania	Atlas	Industrial chemicals	-	-
2010	Maflow Components-Plant	Spain	Boryszew	Chemicals	100	-
2010	Syzranskaya Keramika	Russian Federation	Cersanit	Iron and metal ware	100	-
2010	Dial Telecom AS	Czech Republic	GTS Central Europe	Telecommunications	100	-
2010	Biro Data Servis doo	Croatia	Asseco South Eastern Europe	IT	100	5
2010	Man Servizi Srl	Italy	Boryszew	Chemicals	100	2
2010	WMG AS	Estonia	Enterprise Investors	Investors	36	9
2010	Maflow BRS Srl	Italy	Boryszew	Chemicals	100	8
2010	Kahibah Ltd	British Virgin Islands.	Designer Export	Apparel and stores	100	-
2010	AG Foods Group as	Czech Republic	Avallon	Investors	100	15
2010	Iletisim Teknoloji Danismanlik	Turkey	Asseco South Eastern Europe	IT	35	4
2010	Hedef Menkul Degerler AS	Turkey	X-Trade Brokers	Security brokers	100	1
2010	Warimpex Finanz	Austria	BZ WBK AIB TFI	Investors	10	13
2010	Afton-Ajax Copper-Gold	Canada	KGHM Polska Miedz	Copper ores	51	37
2010	Geonafta AB	Lithuania	Petrobaltic SA	Petroleum and gas	59	-
2010	Profi Rom Food SRL	Romania	Polish Enterprise Fund VI	Investment offices	100	99
2010	Grycksbo Paper Holding AB	Sweden	Arctic Paper	Paper mills	100	91
2010	UNYLON POLYMERS GmbH	Germany	Azoty Tarnów	Plastics and synthetics	100	-

2009	PROBASS	Romania	Asseco South Eastern Europe	IT	100	20
2009	Plaza Centers NV	Netherlands	BZ WBK AIB Asset Mngmnt.	Investment advice	6	-
2009	Copecresto Enterprises Ltd	Russian Federation	CEDC	Liquors	15	70
2009	Terminal Systems SA	Spain	Asseco Poland	IT	85	6
2009	IT Practice A/S	Denmark	Asseco Poland	IT	52	18
2009	Quilosa	Spain	Selena FM	Adhesives and sealants	51	-
2009	Cortria Corp	United	Pharmena	Pharmaceuticals	50	-

		States				
2009	AOZST Energopol-Ukraina	Ukraine	Wschodni Invest	Investors	51	-
2009	SwePol Link AB	Sweden	Polska Grupa Energetyczna	Electric services	16	-
2009	Electro World Hungary	Hungary	EW Electro Retail	Household appl. stores	100	-
2009	Velvet Telecom LLC	United States	Mediatel	Telecommunications	100	3
2009	Russian Alcohol CJSC Group	Russian Federation	CEDC	Liquors	36	84
2009	OOO Kvadro	Russian Federation	Selena	Chemicals	100	1
2009	Raxon Informatica SA	Spain	Asseco Poland	Prepackaged software	55	20
2009	Pernod Ricard SA-Lubuski Brand	France	Vinpol	Wines and brandy	100	-
2009	PL350	Norway	PGNiG	Petroleum and gas	-	-
2009	Marila Balirny-Coffee & Bakery	Czech Republic	Mokate	Roasted coffee	100	-

*Source:* The author, based on fDi Intelligence, a service from the Financial Times Ltd.

Note: ‘-’ indicates that data are not available.