



Weekly Briefing

**Poland Economy briefing:
Economy and Congress 590
Dominik Mierzejewski**

China-CEE Institute

Kiadó: Kína-KKE Intézet Nonprofit Kft.
Szerkesztésért felelős személy: Chen Xin
Kiadásért felelős személy: Huang Ping

 1052 Budapest Petőfi Sándor utca 11.
 +36 1 5858 690
 office@china-cee.eu
 china-cee.eu

Economy and Congress 590

The Congress 590 was held between 15 and 16 November this year in Jasionka, close to Rzeszow in Podkarpackie region. The name of Congress 590 comes from the barcode prefix, which is used to denote goods manufactured or distributed by Polish enterprises. The main idea of the Congress is to support the potential of the Polish economy and promote Polish products and services. Moreover, the major goal of the Forum is to create space for cooperation for Polish entrepreneurs, scientists, and policymakers. Mainly this congress is addressed to companies like startups, SME and large companies.

The congress started with the speech delivered by the President of the Republic of Poland Andrzej Duda. He discussed the Strategy for Responsible Development as the key issue for future development in Poland. In general, the Polish entrepreneurs are satisfied with the economic situation at the moment, however, as they observed there should be more capital for investment in Poland. Moreover, the President discussed the issue of the new law the Employee Capital Plans, which will be signed by the President later this month.

The Prime Minister of Poland Mateusz Morawiecki said that the model of economic growth proposed by the government is a model of sustainable growth. The head of government stressed that "the economy is going in the right direction". *We want our employees' salaries to grow quickly. We believe that then employers, entrepreneurs, and the state will appreciate them even more* - said the Prime Minister. The rate of economic growth will be four percent this year and the further progress in improving tax collection and appealed to entrepreneurs for the courage to invest will be done.

The third important message was delivered by vice prime minister Jarosław Gowin who declared that Poland is a step away from the fact that non-emission vehicles appear on Polish streets. Triggo, the vehicle is called that name can

accommodate two persons. The electric engine provides it with a range of 100 kilometers and a maximum speed of 90 km/h. What is important the owner can also convert the car yourself into a motor - then the speed drops to 20 km/h, but Trigo will be able to overcome urban traffic jams. We will also park it on the smallest streets without any problem.

Jadwiga Emilewicz emphasized that the first effects of introducing the Constitution for Business are already visible. Although with a full assessment of the regulations, we will have to wait a bit longer. The Minister of Entrepreneurship and Technology said that in practice it works well a relief to start, thanks to which new companies do not have to pay social security contributions at the beginning of their operations. This six-month 'runway' for those who are starting their business for the first time has a real effect because we can see it in the Central Register of Economic Activities. From May, month to month, 10 to 15 percent of the new companies were registered 10-15 percent than last year at the same time. This is a real incentive - said Jadwiga Emilewicz. More to the point the organizational culture is changing at the slowest pace and the effects of changes will have to wait longer. But we do not wait passively. The new law dedicated to less bureaucracy will be introduced later this year.

On the occasion of the 100th anniversary of Poland's regaining its independence, the president handed out a special prize to the Warsaw HEFRA Plotter Factory. The special prize is awarded to a Polish company that has been operating on the market for at least 100 years. In the Leader of Small and Medium Enterprises category, the president awarded the Ultratech company, which was reported by the Marshal's Office of the Podkarpackie Voivodeship. The company was established in 2000 in Rzeszów. He manufactures parts and subassemblies for global aviation and energy companies. In the National Success category, the Ceramika Paradyż company was awarded by the Marshal's Office of the Lodzkie Voivodship. It's a ceramic tile manufacturer. It has five production plants. It exports its products to 50 countries around the world. In the category of International Success, the prize was awarded to Vigo System by the

Industrial Development Agency and the Marshal's Office of the Mazowieckie Voivodeship. The company was founded in 1987. The company specializes in photon infrared detector technology. Most of its products go to the German and American market.

PKO Bank Polski became a laureate in the Responsible Business category. The company was notified by the Marshal's Office of the Mazowieckie Voivodeship. In the Family Company category, MB - Pneumatyka was awarded. This is a company submitted by the Association of Entrepreneurs and Employers. The company manufactures connectors for pneumatic braking systems in commercial vehicles, such as trucks, buses, and semi-trailers. In the STARTUP_PL category, Photon Entertainment won the "Techno talents" Foundation. The startup is the creator and producer of the world's first interactive educational robot for children, which develops with the child. The device was created by graduates and students of the Białystok University of Technology. The robot is used in over 1000 educational institutions in Poland, Germany, Sweden, Australia, and Singapore. In the special research and development category, the Astronika company won. Reported by the Polish Investment and Trade Agency. The company was founded in 2013. The basic area of Astronika's activity is the design, construction, integration, and testing of mechanical systems used in vehicles and space devices.

Conclusion

The government has very ambitious plans for the development of the Polish economy. The future development should be driven by high technology and the development of high-end industries. Moreover, the government is interested in delivering technologies to cities via smart cities projects. The idea of Smart City through the use of ICT technologies, including telecommunications network, cloud computing, and other solutions, helps to quickly integrate objectives resulting from urban infrastructure management, entrepreneurship development as well as needs reported by city residents. From this point of view, Huawei is

the natural partner. Huawei was present during the Congress 590 and show on display its products. This cooperation, however, might be threatened by the growing skepticism about the cooperation with Huawei in Germany, broaden Western Europe and the United States. Apart from the cooperation with external partners, the Polish technological sector will deal with the problem of employees. The technology market is global. The Polish companies must compete with the largest corporations by focusing on quality. New employees have the opportunity to work with people open to new opportunities. The scale of our projects and the challenges faced by millennials are comprehensive. An excellent project for supporting innovation is the so-called "pioneers' school". The companies put on their mentors who will pass knowledge, enthusiasm, motivation, and experience to new employees.

The second important issue for the development of the economy is the cooperation between companies and educational units. Less than half of the companies in Poland are interested or already have some experience in cooperation with the education sector. Half of them cooperate with industry schools and the rest with other educational institutions. Against the background of other countries, we are pale in this respect. As the report prepared by the Educational Development Foundation, in Germany, Austria or Switzerland, this type of cooperation is something completely normal. *In Germany, for example, the authorities do not have to use any incentives or instruments to bring this cooperation in. Employers already have such a reflex* the report says. The Foundation's research also shows that if such cooperation is already taking place, it is primarily in the form of internships. "A very small percentage of entrepreneurs, only 12 percent, engage in didactics - try to cooperate with education and co-create the core curriculum, not to mention engaging in the examination system, which is the order of the day in Germany.

The third issue is the future cooperation between the Polish railway and China. As declared by Czesław Wersewicz, president of PKP Cargo during the Congress 590 PKP Cargo will transport every container, every quantity that will

appear on the market, hence it wants to be directly involved in the Chinese market. In the first stage, we want to have a representative office, then maybe a company, to be directly close to China. In November this year, PKP LHS announced the signing of agreements with China Railway Tielong Specialized Container Logistics and the China Communications and Transport Association. The agreements provide for the opening of a new railway connection on the route from Chengdu to Slawkowo, through Kazakhstan, Russia, and Ukraine. In the future, Chongqing, Xi'an, Wuhan, Changsha, Zhengzhou, and other cities will be included in the project. On the way back, the trains can drive the TMTM route, bypassing Russia, which will enable food exports from Poland. Apart from debating the international cooperation the Polish companies namely H. Cegielski - Fabryka Pojazdów Szynowych (FPS) joined the agreement of PKP Cargo and Jastrzębska Spółka Węglowa¹ on the construction of hydrogen locomotives. Jastrzębska Spółka Węglowa intends to start hydrogen production on the industrial scale. The hydrogen can be extracted from coke oven gas, which is a by-product of coal during carbon coking. Isolated and purified hydrogen can be used for the production of ecological and emission-free electricity, heat can power transport means. The above discussed technological inventions might be the key issue in developing rail transportation between Asia and Europe.

¹ **Jastrzębska Spółka Węglowa SA** is a large coal mining company in Poland producing around 12 million tonnes of coal every year. The company has proven recoverable reserves of 503.4 million tonnes of coal.