





# Poland – a Bridge between China and the European Union



Belt and Road Initiative 一带一路

Poland plays a vital role in the Belt and Road Initiative (一带一路). With an ambitious and well-educated workforce, modern infrastructure, and high-tech projects, it ranks among the most dynamic European economies – It is a perfect point of entry for Chinese investors wanting to enter the European market.

The initiative encompasses, among other things, three regular cargo rail links between China and Poland, connecting:

- Chongqing and Łódź;
- Suzhou and Warsaw; and
- Xi'an Małaszewicze Gdańsk.

The Belt and Road Initiative extends far beyond the development of transportation links between China and Poland. The frequent high level political visits demonstrate that economic and political ties between Poland and China are getting stronger each year.



Belt and Road Initiative has the potential to create many economic and business synergies between Poland and China. For example:

#### **Poland**

■ Poland is committed to significantly developing and improving its infrastructure, and the Central Communication Port, an infrastructure mega project, serves as a prime example.

#### China

 China has vast experience in the execution of large infrastructure projects and can offer cost-effective technologies and solutions.

#### **Poland**

■ Poland is rich in organic and high-quality food products.

#### China

China has great domestic market with an abundant demand for healthy food products.

#### **Poland**

Poland is transforming its energy sectors toward a green energy oriented.

#### China

China is the largest producer of PV panels in the world.

#### **Poland**

Poland is well known on the Asian market for its cosmetic companies, especially for organic and non-chemical products.

#### China

China customers are looking for the new organic cosmetic products.

**Poland** is in Central Eastern Europe, between Germany and Russia -China's two strategic trade partners. Thus, it can be regarded as a bridge between East and West.



## **Geopolitical Location of Poland**

As Poland is a member of the European Union, entrepreneurs who run their operations in and out of Poland, have access to all the benefits of the European Union's Single Market, which offers three freedoms:

- Free movement of **goods** - lack of customs duties and restrictions and the prohibition of measures having an equivalent effect.
- Freedom to establish and provide services - enables to carry on a stable and continuous economic activity in another Member State
- Free movement of capital - no restrictions on the movement of capital and payments between Member States, as well as between Member States and third countries.

#### **Transportation Infrastructure**

Near its eastern border with Belarus, Poland has built a modern dry carao train terminal in Małaszewicze. The terminal is also well connected to the Polish key seaport in Gdansk.

Given the substantial amount of trade volume between China and Europe that goes through it, this terminal will become more and more significant in the years to come.



This makes Poland a natural entry hub for the European Union's Single Market - enabling Chinese goods, products, and capital to reach all the destinations in Europe including Scandinavia and UK.

Moreover, Poland is also a key participant of the Rail Baltica project, which is a train connection between Finland, Estonia, Latvia,



Lithuania and Poland. Interestingly Sinohydro Corporation Limited is one of the main contractors in the Rail Baltica.

There is at least one direct flight to Beijing every day from the Warsaw Chopin Airport, including to Beijing Daxing Airport 北京大兴国际机场.





Poland is currently in the planning phase of the Central Transport Hub, an infrastructure mega project that comprises two major components – a new international airport in the suburbs of Warsaw and a new highspeed rail network. The aim is that it will link Poland's largest urban areas, with the seaport in Gdańsk (Poland's key maritime transportation hub) and serve the major international routes running across Central and Eastern Europe. Thus it will offer an unparalleled connection between Eastern and Western Europe

Completion of the Central Transportation Hub will, therefore, offer a wide range of efficient methods for onward transmission of Chinese goods to other parts of Europe.



For over a decade, the Polish economy has been experiencing the fastest pace of growth in Europe – being the only economy in the European Union unaffected by the 2008 financial crisis.

- According to data published by the World Bank, Polish GDP growth in 2019 reached 4.2%.
- FTSE Russell recognised Poland as a developed economy, ranking Poland within the top 25 most developed economies in the world.
- Strong work-ethos; cultural emphasis on technical education and vocational training; along with high rate of proficiency in English, makes for a highly qualified workforce, while the cost of labour in Poland remains much lower than in Western Europe.

Foreign investors are encouraged to take advantage of Polish Special Economic Zones.



According to the fDi Magazine's ranking for 2019, the Polish Special Economic Zones were among the most attractive special economic zones in the world. For example, the Special Economic Zone in Katowice was recognised for developing 66 projects within only two years, which total investment in that zone amounted to EUR 1.14 billion.

#### **Taxes**

Polish Corporate Income Tax rate is set at

- which is one of the lowest
in the EU.

Value Added Tax rate is set at either

23%, 8%, 5%, or 0%

- depending on the type of goods or service.

**Notably, if you run your operations in Poland and your goods or services are sold in another member state of the European Union – that VAT rate is equal to 0%.** Intra-community supply of goods (ICD) is the export of goods from the territory of Poland, to the territory of another country, classified as a European Union country, and the transfer of the right to dispose of goods as the owner. It should be noted, however, that this supply is made to an entity holding a valid EU VAT number.



Chinese investors may be interested in investing or engaging in these attractive sectors of the Polish economy:



#### **ENERGY**

Poland is currently in the process of transitioning from coal-based energy to eco-friendly renewable energy sources, including primarily onshore and offshore wind and solar energy. It is increasingly becoming one of the most attractive countries for such investments in Europe.



#### **INFRASTRUCTURE**

Poland is currently in the planning phase of infrastructural mega-projects, including CEE's largest infrastructure project, the Central Transport Hub. Other projects include the Rail Baltica project, linking Finland, Estonia, Latvia, Lithuania and Poland and its first nuclear power plant.



#### **NEW ENERGY VEHICLES**

The Polish government is strongly committed to supporting the development and production of New Energy Vehicles. According to the Polish government's projections, Poland should reach one million New Energy Vehicles by 2025. This market sector is not saturated, and there is a lot of place for newcomers.



#### **HIGH-TECH**

Thanks to its highly innovative and well-educated workforce, as well as consistent supply of funding from both private and public investors. As new start-ups are being founded regularly, this sector offers a great opportunity for foreign private equity and venture capital investors.



#### **FOOD PROCESSING & AGRICULTURAL PRODUCTS**

With an average annual growth of seven percent since 2005, convenient geographical location and position in European Union's food supply chain, as well as sizeable, wage-competitive labour force, Poland boasts one of the most attractive food-processing sectors to invest in.



SSW is a leading Polish law firm with extensive experience of working with foreign clients. With almost 150 lawyers and offices in Poland's three key cities (Warsaw, Poznań and Cracow), we are perfectly positioned to assist with any matter of Polish and European Union law. In addition, our senior lawyers are qualified in other European countries and provide advice with respect to English, German, Spanish, and French law. Furthermore, our lawyers speak many foreign languages, including Mandarin.













In line with our one-stop shop approach, in addition to being a full-service law firm, we also provide tax advice, as well as accounting and financial advisory services across all sectors of economy.

#### **Services**

**Infrastructure & Energy** – We routinely assist our clients in public tenders for infrastructural projects including roads, power grids, and power plants. SSW actively encourages Chinese investors to take part in public tenders and has a vast experience in representing clients in such proceedings.

Commercial & Investment Arbitration – We support investors at the stage of investment planning, while drawing up the agreements between the investors and the state authorities and in representation before common courts in proceedings connected with the arbitration. Piotr Spaczyński is on the list of arbiters Panel of International Investment Arbitrators CIETAC, run by China International Economic and Trade Arbitration Commission in Beijing.

**Green Field Investment** – We advise our clients on all aspects of Green Field Investment, including corporate structuring; building factories; funding acquisition; and matters in relation to state aid.

**Capital Markets** – We coordinate the actions of our corporate clients and their various advisors so that the commencement of public trading occurs efficiently and effectively. We comprehensively manage an IPO from the moment of first preparing the company for GPW, through to developing a prospectus and conducting proceedings before the Financial Supervision Commission, to the company's debut on the GPW.

**EU Trademarks and Patents** – We register trademarks and file patents at European Union Intellectual Property Office as well as World Intellectual Property Organization.

**Mergers & Acquisitions** – We represent foreign investors in acquiring Polish businesses, assisting on all stages of M&A and financing transactions.

**Tax** – We provide comprehensive tax compliance services as well as accounting and legal tax advice.

**Corporate & Compliance** - We help our Client with establishing companies or branches of foreign enterprises by providing day-to-day corporate services for companies, branches, closed investment funds and alternative investment companies. We are experts at negotiating and drafting commercial contracts as well as supporting the implementation of restructurings including transformations, divisions, mergers, and liquidation.

**Finance** – We routinely advise on the a spectrum of finance-related transactions, including, in connection with investments and corporate M&A. We also have expertise in financial modelling and a variety of commercial, financial, legal and tax analysis. Whether you are seeking to expand or restructure your current business or commence a commercial dispute, we can help.

**Accounting** – Accounting is a vital element of every company's operations. Modern technologies enable accounting services to be provided from places other than the client's location.

**Family Office** – We help to administer the various elements of our private clients' property, including financial assets, real estate and businesses operating in various jurisdictions. Thanks to our assistance, our clients are free to focus on their other important interests and pursuits.



SSW has a dedicated team for Chinese clients. The team comprises lawyers who lived and studied in China. Not only do we are able to communicate with clients in Chinese, but foremost we have a deep understanding and appreciation of Chinese culture, history and ways of conducting business.

Our focus is on establishing a relationship with client and fostering it to develop a long lasting cooperation.

We are proud to work closely with our friends from China including Chinese banks, chambers of commerce and clients from various sectors.



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Artur advises Polish entrepreneurs on transactions with Chinese partners and support Chinese entities that conduct business or plan to invest in Poland. He also offers advice to clients from the FMCG sector, including tobacco and alcohol products manufacturers and distributors, on trade and marketing regulations, product labelling requirements and legal sanctions for incorrect product labelling. Artur is also a Member of the Supervisory Board of Chinese- Polish Chamber of Commerce.



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Specializes in providing legal advice on business cooperation with China. He is one of the founders of the Polish Research Centre for Law and the Economy of China. At the Centre, Maximilian cooperates with the self-government, government and other public institutions on Polish-Chinese economic relations. He also advises Polish and foreign beauty, energy and technology companies. Prior to joining the SSW team, he gained experience also in Chinese law firm Long An (Shanghai). He also studied at Fudan University, China University of Political Science and Law and Southwest University of Political Science and Law. Maximilian speaks Chinese.



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Specializes in corporate, commercial law and compliance. She has a solid academic background gained in Poland (Koźmiński University) and in Hong Kong (Hong Kong Baptist University). She is also a Chinese-speaker and a graduate of the School of Law and Economy of China at the Warsaw University as well as the China Youth University of Political Studies – School of Chinese Law at the Gdansk University in Poland. Iwona speaks Chinese.



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Specializes in the international business transactions and arbitration. Julita Tatałaj is graduated from law at Nicolaus Copernicus University in Toruń. She also studied at Beijing Institute of Technology in China. She received her LL.M. in transnational law from Peking University School of Transnational Law in Shenzhen. Prior to joining SSW, she also gained experience at the Embassy of the Republic of Poland in Beijing and Global Law Office in Shenzhen. Julita speaks Chinese.

### **Contact with us**



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**SSW Pragmatic Solutions** combines innovation and experience to provide clients with pragmatic solutions to their commercial, legal and tax challenges.

Whether you are looking for efficient tax structures or opportunities to expand your business to new markets, we provide pragmatic advice tailored to your individual needs.

We do not simply follow the latest legal, tax and business trends – we stay ahead of them. As a result, our solutions help you to prepare in advance for any challenges arising from business realities, both now and in the nearest future.

Our competencies have been confirmed in international rankings such as Legal 500, Chambers Europe and IFLR 1000, based solely on clients' opinions.