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Future unknown



Election results in France and Greece have produced more questions than answers for the European economic crisis. **WBJ** looks at the politics and the macroeconomics, and asks what the future holds

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Under pressure

European leaders threaten a boycott of Euro 2012 matches in Ukraine amid the Yulia Tymoshenko saga

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Pension protest

Unions protested outside parliament, but the government has finally pushed through its pension reform

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Interest rates

Poland hikes headline rate

The move was criticized by Poland's deputy PM and finance minister

Poland's Monetary Policy Council (RPP) last week raised the country's headline interest rate for the first time since June 2011, as inflation continues to exceed the central bank's target.

Last Wednesday the RPP announced that it had hiked the main interest rate by 0.25 basis points to 4.75 percent, its highest level since January 2009. Most economists had expected rates to be left unchanged, although the hike is not a complete surprise since policy makers had warned a rise was a possibility.

The hike comes at a time when central banks the world

over are choosing to keep interest rates low, in an effort to encourage spending and stimulate economies.

Polish central bank chief Marek Belka told reporters that the RPP can afford to pursue "a conventional monetary policy," underscoring Polish rate-setters' confidence in the country's economy.

"Our decision today was more of a step towards normalization of monetary policy rather than a sign of tightening," he added.

The RPP said in a statement that it had made the decision based on recent strong retail sales growth, indications of improved business sentiment and expectations of continued higher inflation.

The inflation rate has exceeded Poland's 2.5 percent

target for the last 18 months, despite falling in March to 3.9 percent on the year. Inflation is expected to remain at around 4 percent over the next few months before falling later in the year.

The move to hike rates met with sharp criticism from Poland's Deputy Prime Minister Waldemar Pawlak. "Unfortunately the council stabbed our development processes in the back by totally unnecessarily and totally over-zealously raising interest rates," Mr Pawlak told the Polish Press Agency (PAP).

"Another wave of the crisis is possible, and raising rates in this situation is a dramatic mistake. I hope that it will be possible to correct this decision if inflation begins to fall in the next couple of months," he added.



Mr Pawlak said the hike was a "dramatic mistake"

Finance Minister Jacek Rostowski also questioned the RPP's decision. "The constitution guarantees the full independence of the Monetary Policy Council – but it does not

guarantee its infallibility. I hope that the Council's decision will not prove wrong in a couple of months," Reuters reported Mr Rostowski as saying.

Gareth Price

Poland good at spending EU money

Poland has spent over zł.200 billion in EU funds in the last five years, which amounts to three quarters of the EU funds allotted to the country in the 2007-2013 budget. This makes it one of the biggest spenders of EU money in the bloc, according to *Dziennik Gazeta Prawna*. The majority of the money was spent on infrastructure improvements.

GDP to grow by 2.9% in 2013

The government has projected a growth in Poland's gross domestic product of 2.9% in its 2013 draft budget. The average annual inflation rate is expected to stand at 2.7%. The announcement added that in 2013, economic growth will be 0.4 percentage points higher than this year. Assuming a stabilization of prices in commodity markets, inflationary pressures will decrease in subsequent years, although they will still be high in 2012. ●

Polish industry weakened in April, sign of a slowdown

Poland's manufacturing Purchasing Managers' Index (PMI) reading eased to 49.2 points in April, below analysts' forecasts and nearly a point lower than the previous month's 50.1-point reading.

The reading below 50 points suggests a contraction

of Poland's manufacturing sector took place last month. Readings above 50 points indicate expansion.

HSBC wrote in a report that driving the overall deterioration in operating conditions in April was a decline in new business, a factor which

lead to a near-stagnation of production at the start of the second quarter.

"The economy is slowing as marked most recently by very poor industrial production growth in March," said Agata Urbańska, economist at the Central & Eastern Europe

division of HSBC.

"The negative drag comes from the external environment with the new export orders underperforming the new orders index in the second half of last year and both falling to a lowest level since mid-09 in April," she added.

Poland's PMI has come in below 50.0 three times in the past six months.

"We think the data confirms the expected slowdown in the Polish economy," analysts at Bank Zachodni WBK wrote in a research note.

Gareth Price

Media patronage

Training with horses

Bilans Consulting Development trains managers through innovative methods

Over the last four years Bilans Consulting Development, under the leadership of founder and director Zaneta Poirieux, has been pioneering an innovative method of manager and leadership training.

Horse Concept Poland starts from the premise that over 70 percent of human communication is non-verbal. By interacting with horses under the guidance of the firm's skilled trainers, managers learn to develop their emotional intelligence, which in turn helps them better communicate and collaborate in their work environment.

Horses are very sensitive and reactive to human behavior, and in this training, they become a mirror that allows managers to adjust their attitudes in real time, in a real situation. Horse Concept actively cooperates with French companies in Poland, and firms that have taken advantage of their original training include Auchan, Decathlon, EDF, Elea Immochan and Total.

A recent manager training with current and potential clients of BCD held at the Chojnów horse stable, a few kilometers south of Warsaw, illustrates the functioning of Horse Concept.

In the first part of the presentation, a certified trainer explained the main ele-

ments of horses' behavior. Participants then moved on to one-on-one exercises with a horse, where they had to try to communicate orders. The goal was that the horse recognize the trainee as the leader, and choose to cooperate with him or her voluntarily.

For some participants, this proved to be easier said than done, as horses reacted to lack of confidence by carelessly running around the horse arena. But participants who succeeded in overcoming their own fears, regaining confidence to show initiative, creativity and ability to compromise were rewarded with gaining the horse's trust, and these animals started to obediently follow directions.

In the last stage of the exercise, trainers debriefed with participants, going through each stage of the exercises and explaining how the skills required to successfully communicate with horses can apply to and help in a professional career.

Although still somewhat mysterious compared to more conventional leadership training methods, training with horses is gaining in popularity across Europe as its focus on effective relationships based on mutual respect and trust helps decision makers in managing the development of their firms and their teams. ●

For more information, log on to horseconcept.com.pl

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