

CHARACTERISTICS OF THE INDUSTRY IN MAŁOPOLSKA (PART I)

FOOD, WOOD, MINING, CONSTRUCTION, AGRICULTURAL PRODUCTION INDUSTRIES



Małopolska Agencja Rozwoju Regionalnego S.A., Krakowski Park Technologiczny sp. z o.o. and Kraków Nowa Huta Przyszłości S.A. jointly implement a project titled: **“POWER UP YOUR BUSINESS IN MAŁOPOLSKA”**, co-financed by the Regional Operational Programme for the Małopolska Region for 2014–2020 (RPO WM) under Priority Axis 3: “Entrepreneurial Małopolska”, measure: “The Internationalisation of Małopolska Economy”, sub-measure “The Economic Promotion of Małopolska”.

The objective of the project is to directly promote the economic potential of Małopolska on the international scene, improve the competitiveness of regional companies on foreign markets and support foreign investments in Małopolska.

The measures of the “Power up...” project include participating in foreign fairs, organising trade missions and regional workshops, issuing publications and creating a modern information system for the entrepreneurs of Małopolska.

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Table of contents

Glossary	5
Introduction	6
1. Food industry	7
1.1 Market size	7
1.2 Main industries	8
1.3 Employment dynamics and its perspective.....	10
1.4 Market dynamics and development prospects	11
1.5 Sizes of enterprises in terms of number of employees and the amount of capital.....	12
1.6 Division of enterprises in terms of the origin of capital	13
1.7 Domestic and foreign markets	15
1.8 The largest representatives	19
2. Agricultural manufacture	21
2.1 Market size	21
2.2 Main industries	24
2.3 Employment dynamics and its perspective.....	26
2.4 Market dynamics and development prospects	27
2.5 Sizes of enterprises in terms of number of employees and the amount of capital.....	28
3. Wood industry	29
3.1 Market size and main industries	29
3.2 Main industries	30
3.3 Employment dynamics and its perspective.....	31
3.4 Market dynamics and development prospects	32
3.5 Sizes of enterprises in terms of number of employees and the amount of capital.....	33
3.6 Division of enterprises by to the origin of capital	33
3.7 Domestic and foreign markets	34
3.8 The largest representatives of the sector.....	37

4. Mining industry	38
4.1 Market size	38
4.2 Main industries and centers.....	39
4.3 Employment dynamics and its perspective	40
4.4 Market dynamics and development prospects	41
4.5 Sizes of enterprises in terms of number of employees and the amount of capital.....	42
4.6 Division of enterprises by the origin of capital.....	43
4.7 Domestic and foreign markets	44
4.8 The largest representatives	44
5. Construction industry	45
5.1 Market size and main industries	45
5.2 Employment dynamics and its prospects.....	47
5.3 Market dynamics and development prospects	51
5.4 Sizes of enterprises in terms of number of employees and the amount of capital.....	52
5.5 Division of enterprises by to the origin of capital	52
5.6 Domestic and foreign markets	54
5.7 The largest representatives	54
6. Conclusion	56

Glossary

Current prices - prices actually used in the transactions of purchase and sale of goods and services in a given period. In statistics, the prices from a given year or month are usually assumed as current prices.

REGON – National Official Business Register;

Commune - the basic unit of local government, understood as a local government community, formed by the inhabitants and defined, separate territory. Local government authorities at the level of the commune introduced constitutional laws of 8 March 1990 establishing local government in Poland (Act of 8 March 1990 on local government, Journal of Laws of 9.05.2018 item 994, as amended)

District - a local government community formed by the inhabitants of a given territory. The district consists of the communes that are included in it. The area is defined by the regulation of the Council of Ministers appropriate for a given territory. The term was introduced in the Act of 5 June 1998 on district local government (consolidated text, Journal of Laws of 09/05/2018, item 995).

Sold production of industry - the value of sold finished products, works and services provided against payment, products in the form of settlements in kind, as well as products intended to increase the value of own fixed assets.

Agricultural land in good condition - land maintained in accordance with the standards set out in the Regulation of the Minister of Agriculture and Rural Development of March 12, 2018 amending the regulation on standards for good agricultural and environmental condition (Journal of Laws of 14/03/2018, item 532).

Province - the highest-level administrative local government unit in Poland, understood as a local government community, formed by the inhabitants and a separate territory (Act of 5 June 1998 on the local government of the province, Journal of Laws of 13/04/2018, item 913). The province consists of communes, districts that are part of its specific area.

Balance resources - resources that meet the limit values of parameters defining the deposit.

Industrial resources - resources that meet the criterion of industry (economic viability and technical feasibility). There is a part of the resources within the current mining area or a separated part of the deposit, planned for development, which may be subject to future use subject to the fulfillment of environmental protection requirements.

Introduction¹

Małopolska (the Małopolskie Province) is located in the central-southern part of the country, bordering with Slovakia. It is an important region for the Polish economy.

The Małopolskie province has a socio-economic potential that is significant in the whole country. Małopolska produces 8.0% of the domestic GDP and is characterized by a high level of economic growth. There are over 383.2 thousand business entities conducting their activities in Małopolska (July 2018, data of the Local Data Bank of the Central Statistical Office).

Exports of goods and services from Małopolska in 2016 reached EUR 8.8 billion. In Małopolska, there are over 3,200 companies that conduct export activities, which is an important basis for the development of foreign trade.

Foreign direct investments implemented in the region in the years 1989-2015 exceeded EUR 16.79 billion, and in 2015 alone they reached EUR 0.91 billion. Małopolska was ranked 4th in terms of the strategy of attracting foreign direct investments - FDI Intelligence "European Cities and Regions of Future 2016/2017".

In Małopolska there are favorable conditions for the development of food, mining, construction, wood and agricultural production industries, mainly due to the infrastructure, the research and education potential, the availability of qualified engineering staff and workforce as well as favorable natural and climatic conditions.

The average monthly gross remuneration in the enterprise sector is PLN 4 547.36, i.e. EUR 1 065,58 (1 EUR=4,2675 PLN - exchange rate of the National Bank of Poland of 02/05/2018) and is lower by 6.2% than the national average PLN 4 848,16, i.e. EUR 1 136,07 (1 EUR=4,2675 PLN - exchange rate of the National Bank of Poland of 02/05/2018). The number of professionally active people in Małopolska is approx. 1.48 million. In May 2018, the unemployment rate in the province amounted to 4.9% (73.2 thousand unemployed) and was lower compared to the national average, which amounted to 6.1% in the same period.

There are over 100 research and development units operating in Małopolska, which allows it to win the second place in Poland in this respect. In Małopolska, there are technological and industrial parks, such as the Kraków Technology Park, which also manages the Kraków Special Economic Zone (KSEZ) with an area of 949 hectares. The KSEZ covers 36 subzones in 35 communes.

¹ Developed based on: *Atrakcyjność inwestycyjna regionów 2017. Województwo małopolskie*, ed. H. Godlewska-Majkowska, Warszawa 2017.

1. Food industry

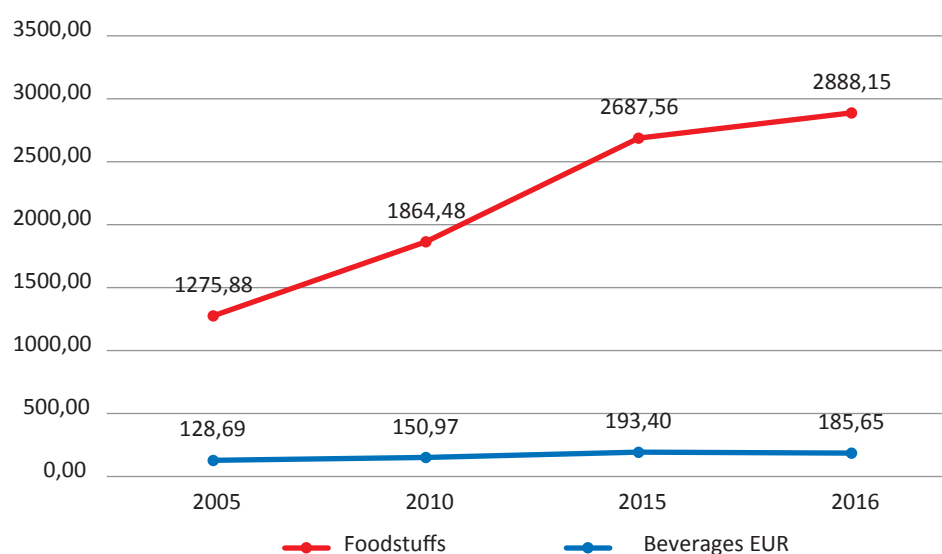
1.1. Market size²

The food industry is crucial for the economy at the national level³. Małopolska is responsible for 18% of the sold production of the domestic industry. The percentage share in the total Polish production sold was in the food industry 7.71% in 2016, while in the beverage industry it was 4.63%. The share of the food industry in generating GDP is estimated at 6%.

Revenues from sold production of the food industry have been growing dynamically since 2005. They increased respectively for foodstuffs by PLN 6949.2 million (EUR 1612,23 million), and for beverage production by PLN 245.5 million (EUR 56,96 million)⁴.

There has been an increase in the size of the food industry market in Małopolskie province since 2005 by 1.6%. The percentage share in the industry is 15.7%, and in the industrial processing alone it has been maintained at approx. 17.5% since 2015⁵. The growth trend of the food industry market, in relation to which an increase of over 1.6% has been recorded, has been maintained since 2005.

Chart 1. Sold production of food and beverages in Małopolskie province in 2005, 2010, 2015, 2016 [EUR million]



Source: *Statistical Yearbook of the Małopolskie Province 2017*, ed. A. Chochorowska, Kraków 2017

Since 2014, a sharp increase in the dynamics of sold production, especially for beverages, has been noticeable - by 59.8%. The Małopolskie province belongs to medium provinces when it comes to the dynamics of the production sold in the food industry at the national level. The level is relatively maintained.

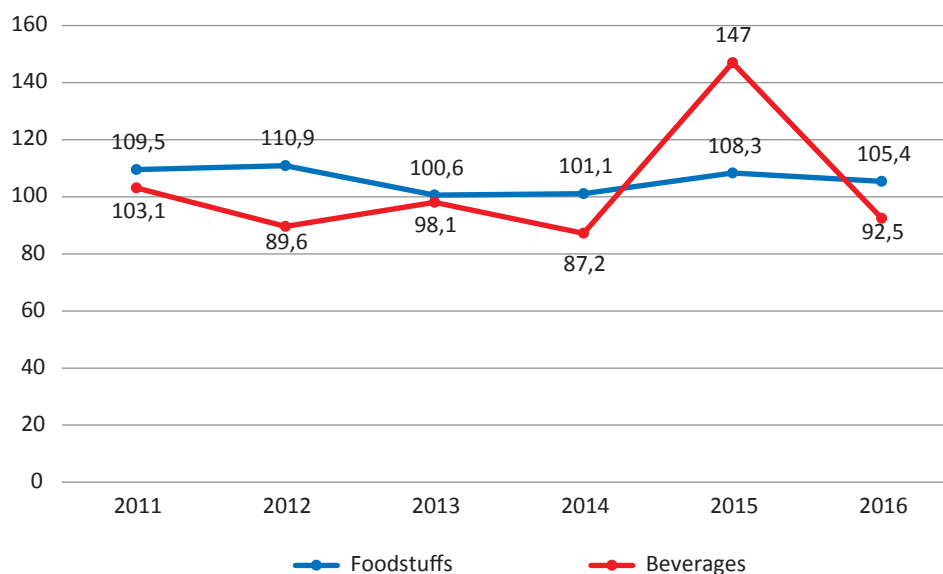
² Developed based on: *Statistical Yearbook of the Małopolskie Province 2017*, ed. A. Chochorowska, Kraków 2017

³ The food industry in this report is defined as the production of food and beverage.

⁴ Throughout this report, a conversion was adopted at the exchange rate of the National Bank of Poland of 13/09/2018: EUR 1 = PLN 4.3102. In exceptional cases indicated in the report, another exchange rate is indicated, which is indicated in the relevant footnote.

⁵ *Raport o sytuacji społeczno-gospodarczej województwa małopolskiego w 2017 r.*, ed. A. Szlubowska, Kraków 2018.

Chart 2. Dynamics of sold production for the Małopolskie province in 2011-2016 at constant prices from 2010.

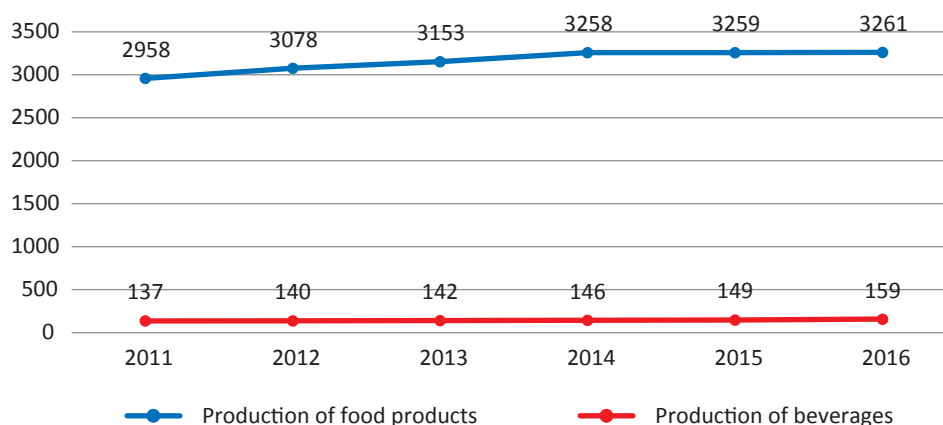


Source: Local Data Bank of the Central Statistical Office, <https://bdl.stat.gov.pl>

1.2. Main industries⁶

In 2016, there were 3,261 food manufacturers and 159 beverage manufacturers in the food industry, employing more than 9 people (Local Data Bank of the Central Statistical Office)⁷. In 2011-2016, new enterprises operating in the production of food and 22 new beverage manufacturers were registered in REGON.

Chart 3. Number of business entities entered into the REGON register as the food manufacturers in 2011-2016



Source: Central Statistical Office, REGON registry

All manufacturers of the analyzed products from the food industry recorded an increase in the

⁶ Developed on the basis of the Local Data Bank of the Central Statistical Office.

⁷ The main centers in individual analyzed industries are described in chapter 5 The largest representatives.





supply of products in 2005-2016. Małopolska is one of the manufacturers of fruit and vegetable juices, which are relevant at the national level. Their percentage share in 2016 was 10.6%, and the increase compared to 2005 was hl 198 thousand. The second place is the manufacture of beef and veal, i.e. 8.7% in domestic production. The largest increase in supply in the years 2005-2016 occurred in the production of processed liquid milk, i.e. by hl 329 thousand.

1.3. Employment dynamics and its perspective⁸

In 2017, in comparison to 2016, an increase in labor productivity in the food industry was recorded, measured by average employment and the dynamics of sold production.

Employment growth was recorded only in the manufacture of foodstuffs. The average employment in this sector in the Małopolskie province amounted to 29 083 people, which in comparison to 2010 represents an increase of 4.93% of the staff (Local Data Bank of the Central Statistical Office). A large drop in employment was recorded in the manufacture of beverages by more than 44.02%. Importantly, the reduction in average employment was accompanied by an increase in sold production of beverages by PLN 149.5 million, i.e. EUR 34.69 million during that period.

Table 1. Average employment in the food industry in the Małopolskie province

SPECIFICATION	2010	2015	2016	Increase
Total industrial processing	147,825	155,462	162,380	9.85%
Manufacture of foodstuffs	27,716	28,128	29,083	4.93%
Manufacture of beverages	2,217	1,238	1,241	-44.02%

Source: Local Data Bank of the Central Statistical Office, <https://bdl.stat.gov.pl>

⁸ Developed based on: Local Data Bank of the Central Statistical Office, <https://bdl.stat.gov.pl>



The average monthly gross remuneration increased the most in the beverage production sector by PLN 949.11 (EUR 220.20) in 2016 as compared to 2010. Those remunerations are higher than the average for industrial processing. Gross remunerations in the manufacture of foodstuffs are below the average.

A decline in employment in an industry is forecasted due to the increase in expenditure on production automation, which stimulates the replacement of human capital by modern technologies.

1.4. Market dynamics and development prospects⁹

The food industry in Małopolska is developing dynamically compared to other domestic industries, and also records optimistic development forecasts¹⁰. The factor that had a positive impact on economic development was Poland's accession to the European Union, which facilitated the global development of the food industry, acquiring new personnel and foreign investors.

Currently, in the food industry, the share of net revenues from the sale of new or significantly improved products is 6.3%, of which 4.9% are products that are new on the market. Their share in export revenues is 1.2%.

⁹ Developed based on: *Statistical Yearbook of the Małopolskie Province 2017*, ed. A. Chochorowska, Kraków 2017

¹⁰ *Analiza strategiczna wybranych branż przemysłu rolno- spożywczego w Polsce*, ed. K. Firlej, Kraków 2013.

The percentage share of enterprises in the food industry, which in 2014-2016 introduced a new or significantly improved product or process is 31.8%.

Expenditures on innovative activity are currently at a high level and suggest the boom in an industry. Over 74% are investment expenditures for the purchase of machinery or equipment for conducting innovative activities.

Enterprises finance innovative activity mainly from their own funds, which accounted for 97.4% in 2016. The remaining ones are financed from EU funds, as well as bank loans (less than 0.5%).

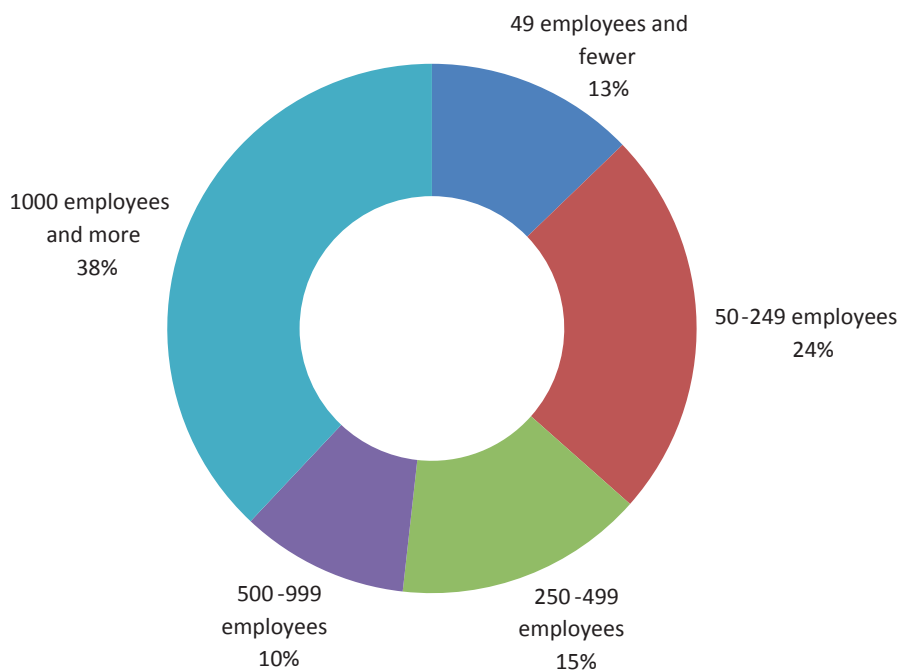
The most important directions of development of the food industry include:

- certification of organic food,
- promoting food brands,
- brand building in particular industries of the food industry of Małopolska.

1.5. Sizes of enterprises in terms of number of employees and the amount of capital¹¹

Almost PLN 3 billion (EUR 0.69 billion) of the income was achieved by medium-sized enterprises in 2016. The largest increase in revenues was recorded by large companies: 71.91% of the recorded revenue from sold production.

Chart 4. Percentage share in sold production of foodstuffs by number of employees in 2016 in the Małopolskie province



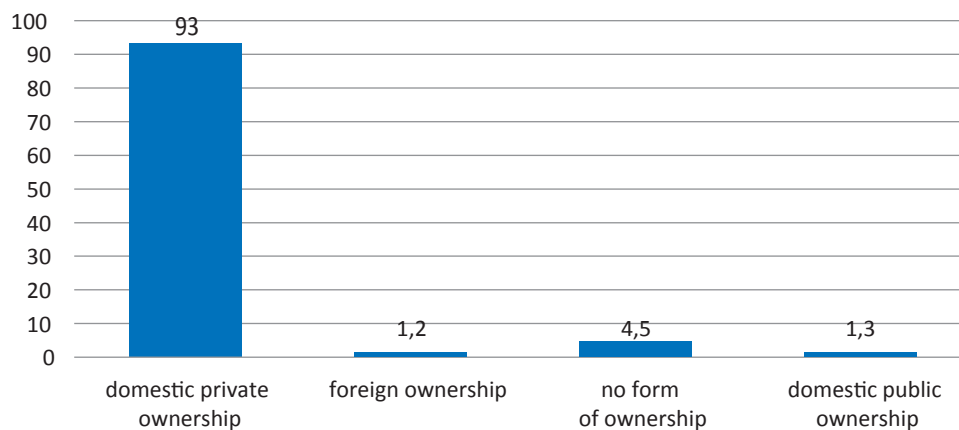
Source: Local Data Bank of the Central Statistical Office, <https://bdl.stat.gov.pl>

¹¹ Developed based on: Local Data Bank of the Central Statistical Office, <https://bdl.stat.gov.pl>

1.6. Division of enterprises in terms of the origin of capital

It was estimated that private domestic ownership in the food industry accounts for 93% of all entities¹²¹³. The ownership of domestic natural persons is dominant with a share of 74%. The activity is also characterized by a relatively high share of foreign ownership - 1.2%. Public property was estimated at 1.3%.

Chart 5. Estimated structure of enterprises dealing in the food industry in the Małopolskie province by ownership sectors, December 2017 [%]



Source: *Quarterly information on the entities of the national economy in the REGON register declaring the operation*. Data from December 2017

The total volume of capital invested in the region since 1989 has been approx. 67.68 billion PLN/15.88 billion EUR, which per 1 inhabitant of the province is equal to PLN 20 079,01/EUR 4 710.84¹⁴¹⁵. The largest expenditures were incurred for greenfield investments, whose share in 2014 amounted to 46% and reached PLN 1993,9 million/EUR 467.80 million.¹⁶ As at the end of 2014, the sum of greenfield investments in the province since 1989 has reached the value of PLN 24.76 million/EUR 5.81 billion. Reinvestments in the audited period amounted to PLN 12.78 billion/EUR 3.0 billion, acquisitions and mergers reached the value of EUR 23.74 billion/EUR 5.57 billion. According to the Central Statistical Office data, 31.5% of foreign capital located in Małopolska is Dutch capital.

¹² The structure of enterprises by the origin of capital in Małopolskie province, based on the proportion by ownership sectors for Małopolska was developed using data for the whole country. Thus, the estimated numbers of enterprises from each category for the analyzed province were determined. This approach was applied in the analysis of the structure of origin of capital for all the analyzed types of industry.

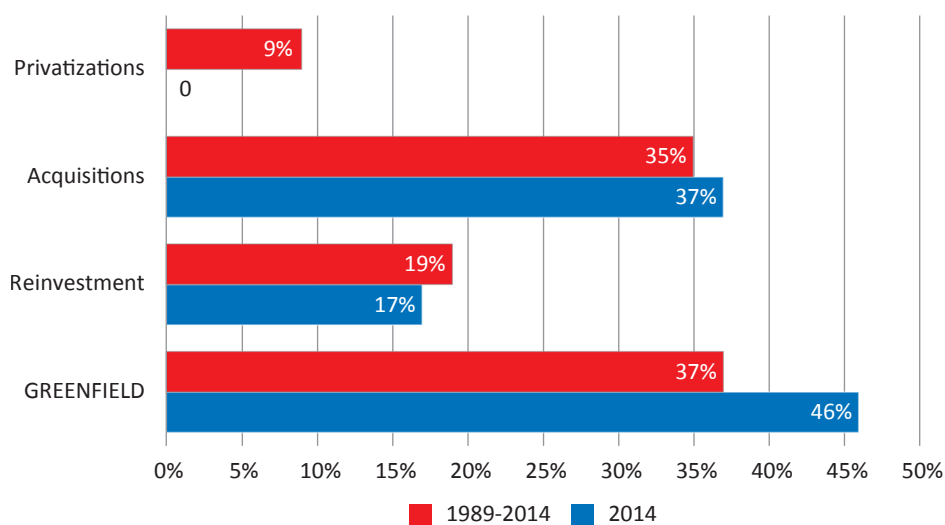
¹³ *Quarterly information on the entities of the national economy in the REGON register declaring their operation*. Data from December 2017

¹⁴ The exchange rate of the National Bank of Poland of December 31, 2014 was adopted which amounted to EUR 1 = PLN 4.2623.

¹⁵ D. Dec, K. Dobrowolska, M. Pierzchała, M. Żmigrodzka, *Inwestorzy zagraniczni w Małopolsce w 2014 roku*, Małopolskie Obserwatorium Rozwoju Regionalnego, Warszawa 2016.

¹⁶ *Potencjał eksportowy przedsiębiorstw w Małopolsce*, ed. B. Plawgo, Małopolskie Obserwatorium Rozwoju Regionalnego, Kraków 2017.

Chart 6. Foreign investments in 2014 and in the years 1989-2014: comparison [%]



Source: D. Dec, K. Dobrowolska, M. Pierzchała, M. Żmigrodzka, *Inwestorzy zagraniczni w Małopolsce w 2014 roku*, Małopolskie Obserwatorium Rozwoju Regionalnego, Warszawa 2016.

In 2014, the following enterprises incurred the largest expenditure in the food industry in Małopolska¹⁷:

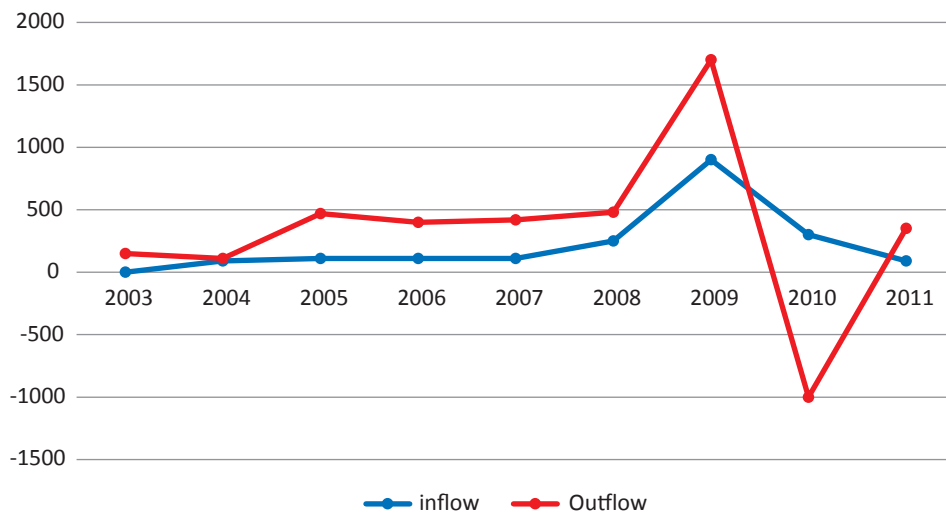
- Dan Cake (Chrzanów) - pastry and bread manufacturer (Danish capital),
- Wawel (Kraków) - manufacturer of sweets (the main shareholder is the Swiss Host),
- Intersnack (Niedźwiedź) - snacks manufacturer
- Bahlsen (Skawina) - confectionery manufacturer (German capital)
- Bell (Niepołomice) - manufacturer of meat products (Swiss capital).

The inflow of investments in the food industry has been gradually increasing since 2004, after accession to the EU, and has been halted after the global economic crisis. Since 2011, a gradual increase has been recorded.



¹⁷ D. Dec, K. Dobrowolska, M. Pierzchała, M. Żmigrodzka, *Inwestorzy zagraniczni w Małopolsce w 2014 roku*, Małopolskie Obserwatorium Rozwoju Regionalnego, Warszawa 2016.

Chart 7. Foreign direct investment in the food industry - inflow and outflow in 2003 -2011 [EUR million]



Source: Own study based on: Ł. Ambroziak, *Bezpośrednie inwestycje zagraniczne w przemyśle spożywczym – inwestycje zagraniczne w Polsce i inwestycje polskie za granicą*, <http://www.ierigz.waw.pl/>

The main foreign investors in the food industry are: Germany, France, Denmark, the Netherlands, USA, while the main directions of expansion of Polish enterprises are: the UK, Ukraine, Czech Republic, Russia, Norway, Slovakia, Hungary, Romania¹⁸.

The largest foreign investments in 2014 in Małopolska related to the manufacture of foodstuffs:

- City of Tarnów - PLN 119.6 million (EUR 28.06 million),
- district of Chrzanów - PLN 57.9 million (EUR 13,58 million),
- district of Myślenice - PLN 44.54 million (EUR 10.45 million),
- district of Limanowa - PLN 33.39m (EUR 7.83m),
- district of Krakow - PLN 15.29 million (EUR 3.59 million),
- district of Wieliczka - PLN 4.0m (EUR 0.94m).

1.7. Domestic and foreign markets

In 2016, the enterprises from the industrial processing industry included 388 entities, which constituted 10.15% of exporters.

¹⁸ There are no data on the percentage of investors from individual countries in total investments for individual industries.

Table 4. Value of exports in Małopolska in 2014, and in 2015 and in Poland in 2015 [PLN million, EUR million]

Specification	2014		2015		Poland 2015	
	PLN million	EUR million	PLN million	EUR million	PLN million	EUR million
Industrial processing	27209.43	6312.8	28986.53	6725.1	480492.91	111,478.1
Mining and quarrying	263.35	61.1	59.91	13.9	15468.45	3588.8
Agriculture, forestry, hunting and fishing	57.76	13.4	36.21	8.4	3359.80	779.5

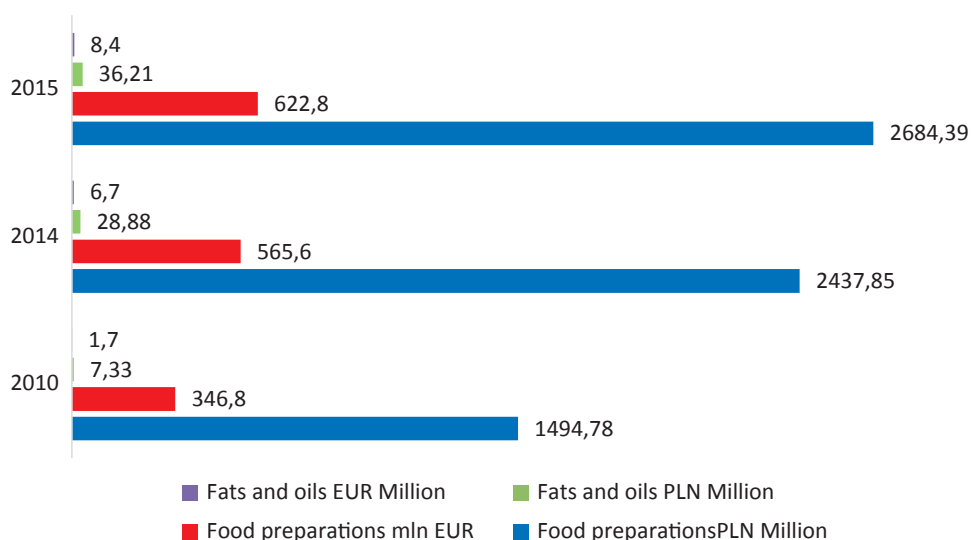
Source: Potencjał eksportowy przedsiębiorstw w Małopolsce, ed. B. Pławgo, Małopolskie Obserwatorium Rozwoju Regionalnego, Kraków 2017

Joining the European Union has increased and facilitated access to European markets. Revenues from exports have more than tripled since 2004.

The export of agri-foodstuffs in Poland was estimated at PLN 75.43 billion/EUR 17.5 billion, of which share in the revenues of the Małopolskie province is estimated at approx. 6%¹⁹. The balance of foreign trade in agri-foodstuffs amounted to PLN 18.1 billion/EUR 4.2 billion.

The value of revenues from the export of goods such as food preparations and fats and oils increased in 2010-2015 respectively by: 79.58% and 394.12%²⁰. There is a noticeable increase in the export of goods of food industry from the Małopolskie province. The percentage share in the revenue from food industry exports from Małopolska in the domestic export has been since 2010 maintained at the level of approx. 5.6%.

Chart 8. Export goods groups of Małopolska in 2010, 2014 and 2015 (EUR million)

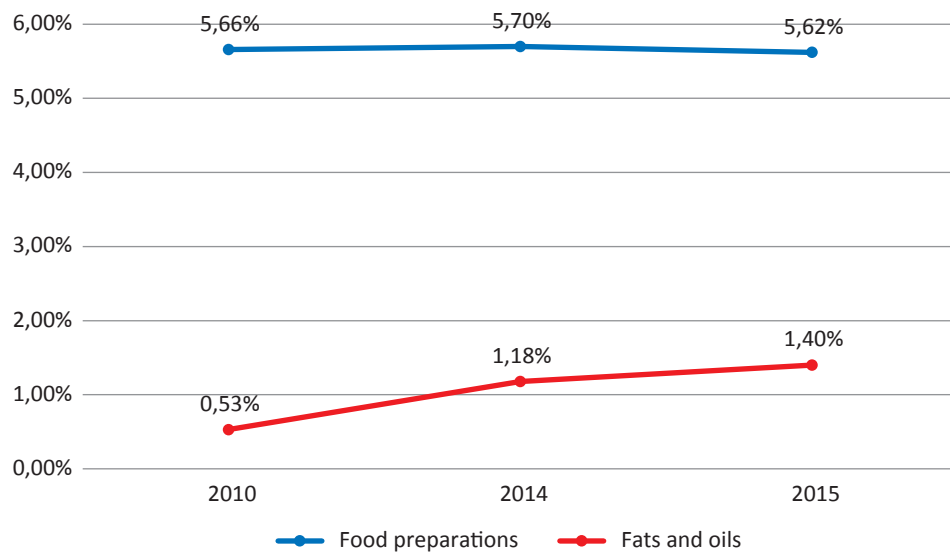


Source: Potencjał eksportowy przedsiębiorstw w Małopolsce, ed. dr hab. Bogusław Pławgo, Małopolskie Obserwatorium Rozwoju Regionalnego, Kraków 2017

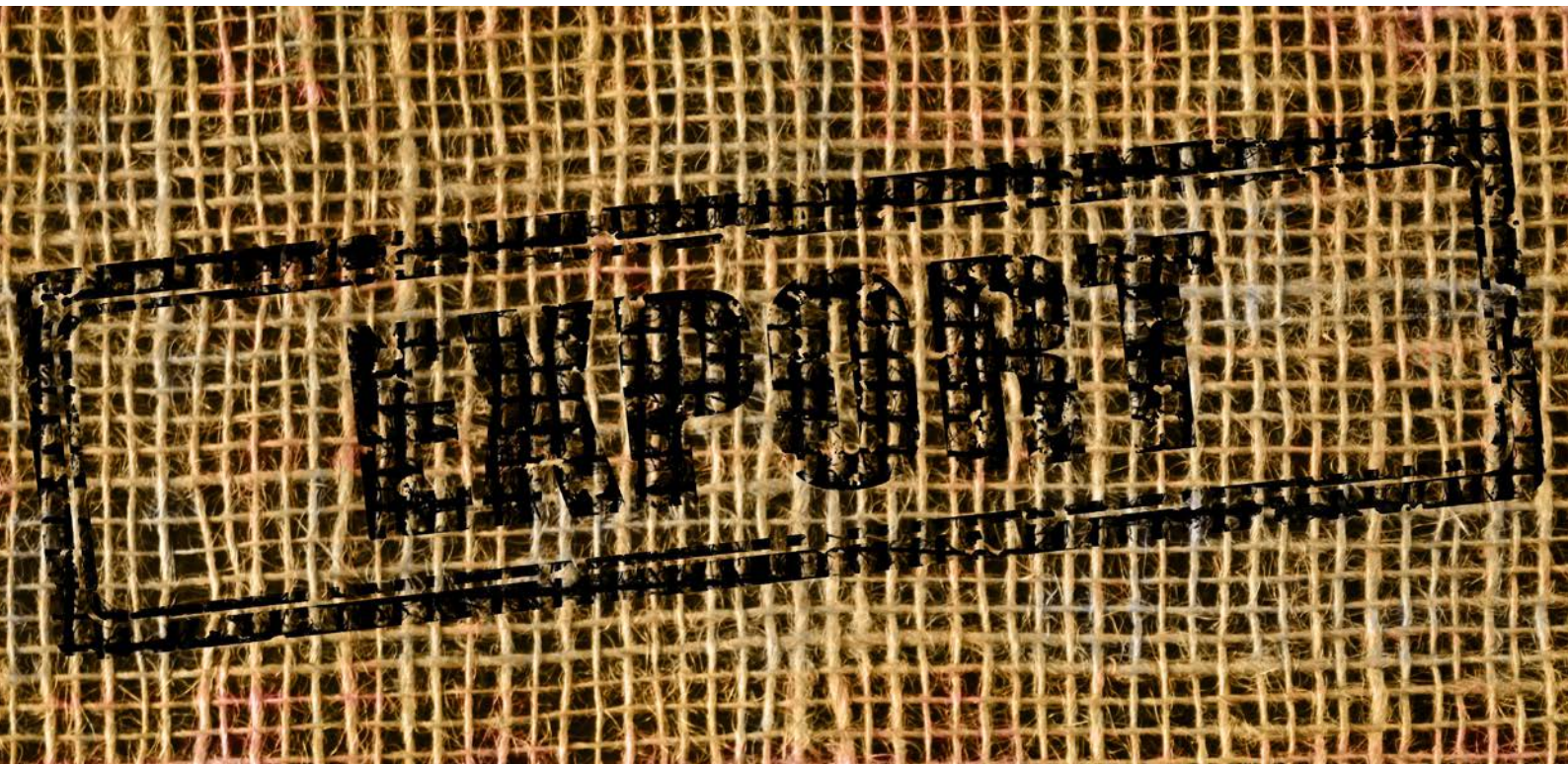
¹⁹ Potencjał eksportowy przedsiębiorstw w Małopolsce, ed. B. Pławgo, Małopolskie Obserwatorium Rozwoju Regionalnego, Kraków 2017.

²⁰ Ibidem.

Chart 9. Percentage of Małopolska export goods groups in the domestic exports in 2010, 2014, 2015 [%]



Source: Potencjał eksportowy przedsiębiorstw w Małopolsce, ed. dr hab. Bogusław Plawgo, Małopolskie Obserwatorium Rozwoju Regionalnego, Kraków 2017

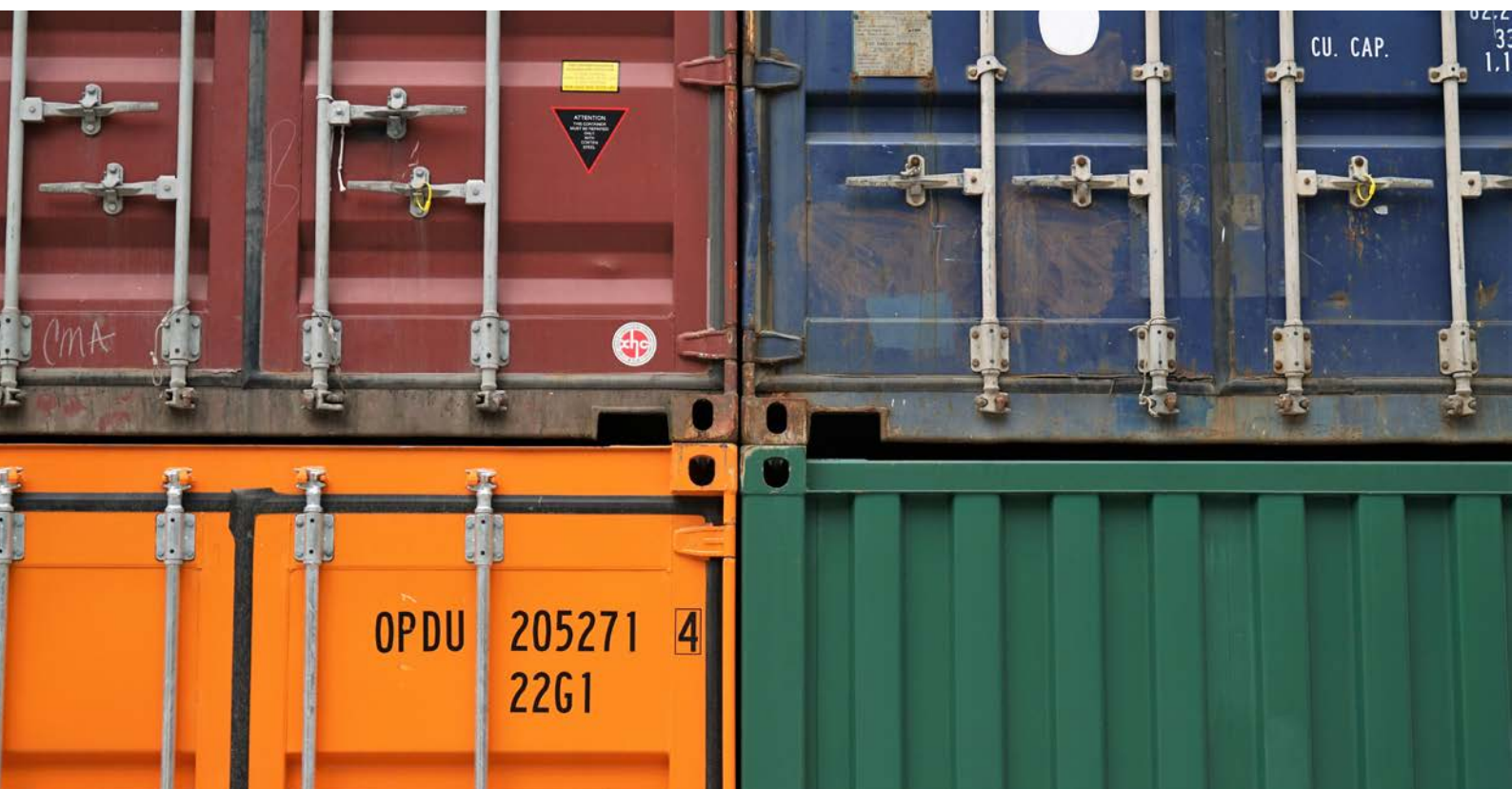


As much as 77% of the value of foreign sales of agri-foodstuffs goes to the markets of the European Union. The largest recipients of Polish food from EU countries are²¹:

- Germany (the value of exports is estimated at PLN 16.38 billion/EUR 3.8 billion),
- United Kingdom (PLN 5.6 b/EUR 1.3 b),
- Czech Republic (PLN 4.74 b/EUR 1.1 b),
- France (PLN 4.31 b/EUR 1 b),
- The Netherlands (EUR 4129.17 b/EUR 958 m),
- Italy (EUR 3741.25 b/EUR 868 b)
- Slovakia (EUR 2439.57 m/EUR 566 m).

Producers and exporters of food from the Małopolskie province constantly diversify supply directions. The new markets include mainly the Middle Eastern, Far Eastern and Asian markets. Over the last decade, the conditions for access of Polish foodstuffs to the markets, among others to Japan, China, Vietnam, Singapore have been agreed.

The value of Poland's exports to the Commonwealth of Independent States in 2016 was PLN 8.62 billion/EUR 2 billion, of which PLN 4.74 billion /EUR 1.1 billion went to Russia²².



²¹ *Sektor spożywczy w Polsce. Profil sektorowy*, Departament Informacji Gospodarczej Polska Agencja Informacji i Inwestycji Zagranicznych S.A., Warszawa 2016.

²² *Rocznik statystyczny handlu zagranicznego 2017*, ed. D. Rozkrut, Warszawa 2018.

For several years, a slow decline in the EU's share in Polish food exports has been noticeable. Moreover, the aspects of the Russian embargo on selected Polish products are important.²³ However, it is forecasted that the good conditions for food exports to such countries as Vietnam, Japan, Saudi Arabia and the United Arab Emirates will be maintained.²⁴

1.8. The largest representatives

The following list is the author's selection of enterprises based on the conducted desk research, published ranking lists of companies in industry magazines, "Forbes Diamonds" awards.

Table 2. The largest representatives of the food industry in the Małopolskie province

Company name	City:	Revenue for 2017	Additional information
Coca-Cola HBC Polska Sp. z o.o. Zakład Produkcyjny Staniątki	Staniątki, commune of Niepołomice	EUR 5.61 b (EUR 1.32 b) – Coca Cola HBC AG ²⁵	Beverages bottling plant belonging to the Coca-Cola group
Żywiec Trade Sp. z o.o.	Krakow	N/A	brewery
Carlsberg Polska Oddział Okocim	Brzesko	N/A	Beverages manufacturer - brewery
Lajkonik Snacks S.A.	Skawina	N/A	Manufacturer of snacks and bakery products
FoodCare Sp. z o.o.	Zabierzów	PLN 0.5 m (EUR 0.12 m) ²⁶	Zabierzów - Specializes in the manufacture of loose products Niepołomice – specializes in the manufacture of beverages for brands like: Black Energy, 4MOVE, N-gine, Frugo.
Maspex Group	Wadowice	PLN 4.42 b (EUR 1.04 b) ²⁷	The company's brands: Tymbark, Kubuś, Lubella, Łowicz, Krakus, Kotlin, Puchatek, Ekland, Deco-Morreno, Cremona, La Festa and Plusssz. Exporter to the following countries: the Czech Republic, Slovakia, Hungary, Romania, Bulgaria and Lithuania.
Wawel S.A.	Krakow	PLN 880.35 m	The Wawel brands include: Danusia, Malaga, Tiki Taki i Kasztanki, Fistaszkowe, Raczki, Kukułka, Orzeźwiający and Mieszanka Krakowska.
Przedsiębiorstwo Produkcji Lodów Koral Józef Koral Spółka Jawna	Limanowa	PLN 35.3 m	Ice cream brand Koral.
Consofrut Polska Sp. z o.o.	Krakow	PLN 567.1 m	Private labels: Sunflavour and Privilege.
Aksam Sp. z o.o. Sp. k.	Osiek	PLN 79.6 m	Owner of the following brands: paluszki Beskidzkie, Beskidzkie Łakocie, Aksam.

²³ Sektor spożywczy w Polsce. Profil sektorowy, Departament Informacji Gospodarczej Polska Agencja Informacji i Inwestycji Zagranicznych S.A., Warszawa 2016.

²⁴ As above.

²⁵ Google Finance Data, <https://www.google.com>

²⁶ Diamenty Forbesa, <https://www.forbes.pl>

²⁷ Exchange rate of the of the National Bank of Poland EUR 1 = 4.3102. See footnote 4 within this report.

Company name	City:	Revenue for 2017	Additional information
Dan Cake Polonia Sp. z o.o.	Chrzanów	PLN 203.4 m	Owner of the Dan Cake brand - bread, snacks, cakes, semi-finished products.
Agrofood Poland Chmielnicki Ferenc Sp. J.	Nowy Sącz	PLN 78.4 m	Meat manufacturer
Wosana S.A.	Andrychów	PLN 96.8 m	Manufacturer of spring water Mama i ja, Wosana juices and nectars.
Poprad Sp. z o.o.	Milik	PLN 25.2 m	“Poprad” water manufacturer.
Fantic Górszczak Sp. J.	Głogoczków	PLN 15.8 m	Fantic juices Manufacturer.
Spółka Jawna Mikulec	Moszczenica Niżna	PLN 31.5 m	Meat manufacturer
GFT Goldfruct Sp. z o.o.	Krakow	PLN 27.6 m	The “Kinga Pienińska” water bottling plant.
Zakłady Mięsne Brado 2 S.A.	Tomice	PLN 893.3 m	Meat manufacturer
Okręgowa Spółdzielnia Mleczarska w Skale	Skała	PLN 19.6 m	Manufacturer of milk and milk products
Zakłady Mięsne Unimięś Sp. z o.o.	Chrzanów	PLN 281.1 m	Meat manufacturer
Zakład Produkcji Cukierniczej JIW L.Holewa R.Holewa Sp. J.	Zakrzów	PLN 9.2 m	Manufacturer of confectionery
Piwniczanka Spółdzielnia Pracy	Piwniczna Zdrój	PLN 3.7 m	Manufacturer of mineral water

Source: Own study.



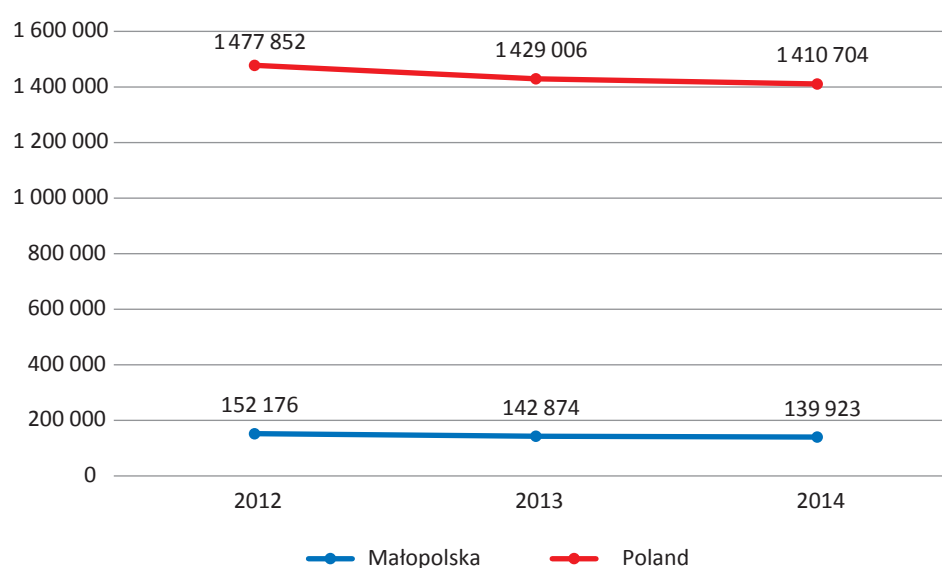
2. Agricultural manufacture

2.1. Market size²⁸

In the Małopolskie province, almost 140,000 farms operate, which accounts for almost 10% of all farms in Poland (Małopolska ranks third, for Mazowieckie and Lubelskie provinces)²⁹

From 2012, the number of farms has gradually decreased. Both in Małopolskie province (decrease by 8.05%), as well as on the national scale (by 4.54%). In 2016, the percentage share of Małopolska farms was 9.92%.

Chart 10. Number of farms in Małopolska in 2012, 2013, 2016



Source: Local Data Bank of the Central Statistical Office.

The share of individual farms in the total number of farms is close to the country share and amounts to 99.8% (in the country 99.7%)³⁰.

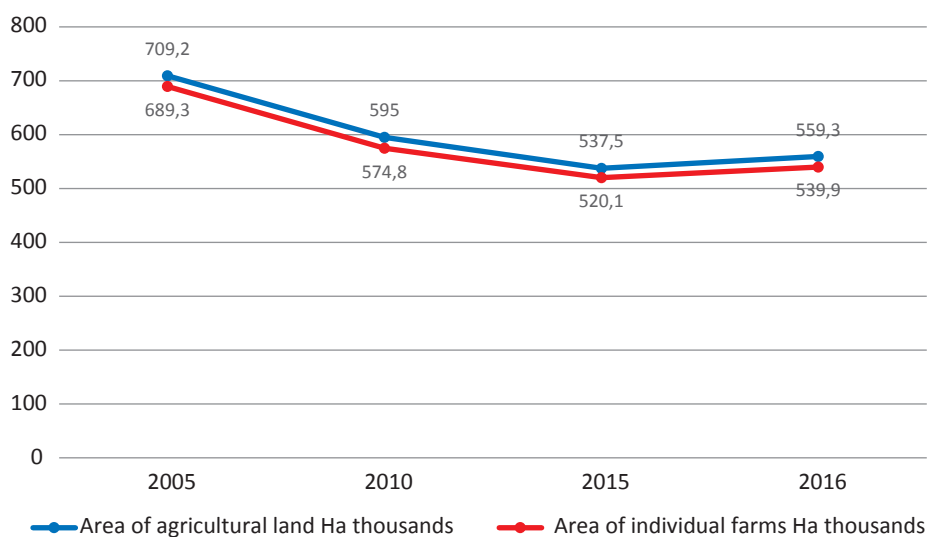
The total area of agricultural land was 559.3 hectares in 2016, of which 96.5% are private farms. Agricultural holdings occupy 43.6% of the total area of the province.

²⁸ Prepared on the basis of the Local Data Bank of the Central Statistical Office and the report entitled *Rolnictwo w województwie małopolskim w 2016 r.*, ed. A. Chochorowska, Urząd Statystyczny w Krakowie, Kraków 2017.

²⁹ See: *Rolnictwo w województwie małopolskim w 2016 r.*, ed. A. Chochorowska, Urząd Statystyczny w Krakowie, Kraków 2017.

³⁰ Ibidem.

Chart 11. Agricultural land area [in thous. ha]



Source: Local Data Bank of the Central Statistical Office.

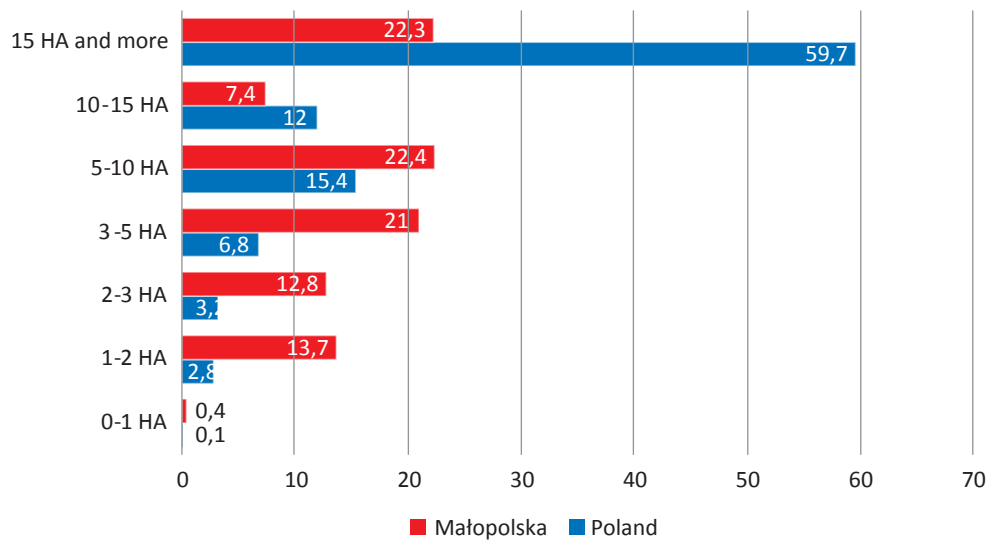
Agricultural land in good condition constituted 81%, while forests and forest land accounted for 12% of the area of cultivated land in the Małopolskie province.

A characteristic feature of agriculture in the Małopolskie province is the large fragmentation of farms³¹. In 2016, the largest (36.9% of all farms possessing arable land) farms cultivated the area of 1-2 ha of arable land. The average area of agricultural land in the Małopolskie province was 3.95 ha (in Poland - 10.21 ha), compared to 4.01 ha in 2015. Farms with a utilized agricultural area of less than 5 ha accounted for 82.0% of agricultural holdings in the province. Their share in the total area of agricultural land was 47.9%. However, the largest farms with an area of over 15 ha of agricultural land accounted for 2.2% of the total number of farms but operated on the area constituting 22.3% of the area of agricultural land in the province. The structure of farms in particular groups of arable land in Małopolska differs significantly from the structure of farms in Poland, which is presented in the chart below.



³¹ *Rolnictwo w województwie małopolskim w 2016 r.*, ed. A. Chochorowska, Urząd Statystyczny w Krakowie, Kraków 2017.

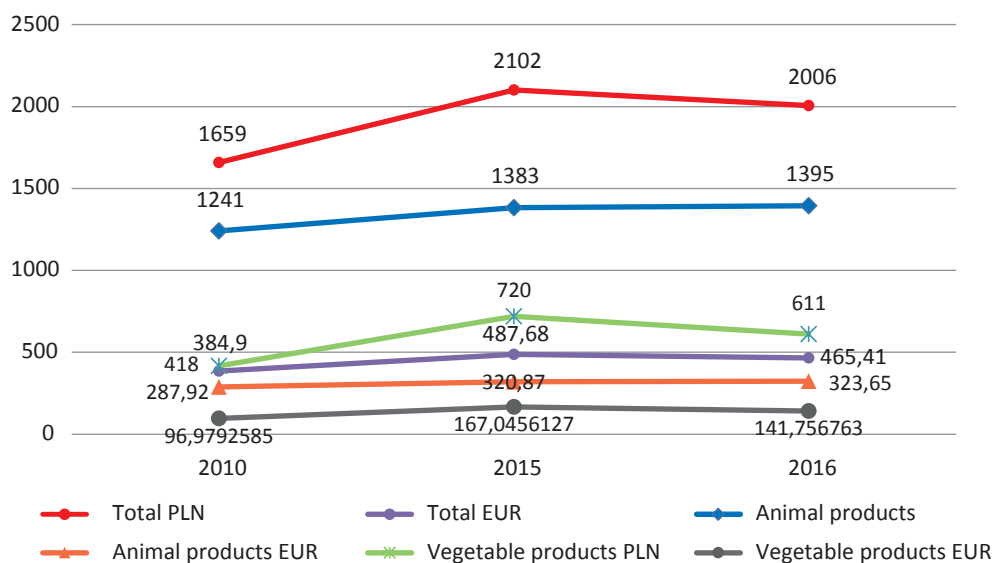
Chart 12. The usable area of agricultural holdings in Poland and Małopolska in 2016 [%]



Source: *Rolnictwo w województwie małopolskim w 2016 r.*, ed. A. Chochorowska, Urząd Statystyczny w Krakowie, Kraków 2017.

The value of the purchase of agricultural products in Małopolskie province per 1 ha was PLN 2,006.00 (EUR 465.40) in 2016, constituting an increase of 20.92% compared to 2010³². The highest revenues are obtained from animal products, i.e. PLN 1,394.00 (EUR 323.65) from 1 ha in 2016. However, the highest increase in the value of the purchase was recorded for plant products, i.e., by 46.17% in comparison to 2005.

Chart 13. Value of purchase of agricultural products in Małopolska per 1 ha of agricultural land (current prices, EUR)



Source: *Statistical Yearbook of the Małopolskie Province 2017*, ed. A. Chochorowska, Kraków 2017

³² *Rolnictwo w województwie małopolskim w 2016 r.*, ed. A. Chochorowska, Urząd Statystyczny w Krakowie, Kraków 2017.

In 2016, the purchase values of particular groups of agricultural products increased in aggregate by 39.8%, in comparison to 2005³³. The largest increase in the value of the purchase included: cereals (215.24%), potatoes (198.85%), rape and turnip rape (545.4%), vegetables (141.52%), chicken eggs (139.77%).

The decrease in the value of the purchase of agricultural products was mainly related to: sugar beets (-32.37%), calves (-55.78%), sheep (-41.42%), horses (-20.20%).

2.2. Main industries³⁴

The Małopolskie province is distinguished by a high share of meadows and permanent pastures, orchards, home gardens and forests and forest land. That division results, among others from natural conditions (more than half of the area of the province is subject to legal protection, due to nature and landscape values), the shape of the area of the province (heights, mountains), weaker soil, climate, a location of arable land³⁵.

LAND UNDER THE SOWING

Over half (55.1%) of the area of agricultural land in good condition IN agricultural holdings was occupied by sown plots - 295.4 thous. ha, and accounted for 44.6% of the total land area of the province (65.8% in the country)³⁶.

In comparison to the previous year, the area of crops of: cereals, potatoes, legumes, fodder decreased, but the industrial crops increased.

In the Małopolskie province, the largest percentage of crops are wheat, maize for grain, barley. Their share is higher than on the national average.

MEADOWS

The second group of land belonging to agricultural land in good condition in terms of the area occupied were permanent meadows (206.0 thousand ha), accounting for 38.5% of agricultural land in good agricultural condition.³⁷ The Małopolskie province is ranked the first in terms of the share of the area of permanent meadows in total lands (31.1%).

ORCHARDS AND PROTECTION GARDENS

Out of permanent crops, orchards (with an area of 9.9 thousand hectares) accounted for 1.8% of arable lands in good condition, ranked as the 7th in Poland^{38 39}. The area of home gardens on farms was 3.9 thousand ha, while in 2015 it was 2.5 thousand ha. Their share in the land area was 12.5% (placing Małopolska in the 3rd place in Poland).

³³ *Rolnictwo w województwie małopolskim w 2016 r.*, ed. A. Chochorowska, Urząd Statystyczny w Krakowie, Kraków 2017.

³⁴ Developed based on: *Rolnictwo w województwie małopolskim w 2016 r.*, ed. A. Chochorowska, Urząd Statystyczny w Krakowie, Kraków 2017.

³⁵ *Rolnictwo w województwie małopolskim w 2016 r.*, ed. A. Chochorowska, Urząd Statystyczny w Krakowie, Kraków 2017.

³⁶ Ibidem.

³⁷ Ibidem.

³⁸ Ibidem.

³⁹ For the term "agricultural land in good condition" - see section called Glossary.

The harvest of fruit from trees in orchards was in total higher by 14.2% compared to 2015 and amounted to 136.9 thousand tonnes (6th place among provinces with a share of 3.4% in national collections). The highest yields were recorded for apples and pears.

In 2016, 564.6 thousand tonnes of ground vegetables were collected, i.e. by 123.9 thousand tons more than in the previous year (by 28.1%)⁴⁰. The harvest in the province accounted for 12.4% of national harvest and placed the province on the 3rd place among provinces. The largest percentage was the harvest of cabbage, cauliflower and edible carrots.

The obtained yields of individual fruit from fruit bushes and berry plantations in orchards, as well as, strawberries and wild strawberries exceeded the average national yields e.g. of gooseberries: 69.4 dt/ha (with the national average of 52.4 dt/ha)⁴¹.

FORESTS AND FOREST LAND⁴²

The area occupied by forests and forest land in Małopolska is 76.7 thousand ha, which is 11.6% of the area of farms (in Poland - 5.9%). In terms of forest area and forest land, Małopolska, with 8.1% of forest area in Poland, ranked 5th after the Mazowieckie, Podlaskie, Lubelskie and Łódzkie provinces.



⁴⁰ Ibidem.

⁴¹ Dt/ha – [Read. decyton/hectare] unit of measurement used in agriculture. It replaced the previously used unit of measure of a quintal. Conversion: 1 deciton [dt] = 100 kg
This measure in statistics is given when calculating agricultural products.

⁴² Developed based on: *Rolnictwo w województwie małopolskim w 2016 r.*, ed. A. Chochorowska, Urząd Statystyczny w Krakowie, Kraków 2017.

CATTLE BREEDING⁴³

The number of cattle in 2016 was 178.1 thousand units and increased by 8.5 thousand units (by 5.0%) in comparison to 2015 (in Poland an increase by 3.6%)⁴⁴.

In 2016, the number of sheep in Małopolska was 78.5 thousand units and was greater by 15.5 thousand units compared to 2015. The share of Małopolska in the number of sheep was the highest in Poland and amounted to 32.1%.

As of December 2016, the number of pigs in the Małopolskie province amounted to 168.7 thousand. The number of pigs in the Małopolskie province accounted for 1.5% of the national stock.

The total number of poultry in 2016 was 4213,1 thousand units. The number of poultry in Małopolska accounted for 2.8% of the national stock.

In 2016, the largest number was the number of poultry (over 91% of the total breeding).

2.3. Employment dynamics and its perspective⁴⁵

Out of the total number of persons working in the national economy in the Małopolskie province, as at the end of December 2015, 272.8 thous. people (i.e. 20.6% of the total) were employed in the „Agriculture, forestry, hunting and fishing” section, and this constituted 11.4% of all employees working in the country in that section. Persons working in entities from the agricultural sector employing more than 9 persons constituted 26.5% of all employees in the province.

The average gross monthly remuneration in the agricultural sector in 2016 amounted to PLN 4,328.69 (EUR 1015.58) and was by 18.0% higher than the average wage in the province.

The highest share of employees in the „Agriculture, forestry, hunting and fishing” section was recorded in the districts:

- of Proszowice (70.1% of all employed in the district),
- of Dąbrowa Tarnowska (65.5% of the total),
- of Miechów (64.5% of the total),
- of Tarnów (60.5% of the total).

In turn, the lowest share of employees concerned cities with district rights: Kraków (1.4% of the total working population in the city), Nowy Sącz (3.2% of the total), Tarnów (3.4% of the total) and the district of Chrzanów (8.8% of the total).

⁴³ Developed based on: *Rolnictwo w województwie małopolskim w 2016 r.*, ed. A. Chochorowska, Urząd Statystyczny w Krakowie, Kraków 2017.

⁴⁴ *Rolnictwo w województwie małopolskim w 2016 r.*, ed. A. Chochorowska, Urząd Statystyczny w Krakowie, Kraków 2017.

⁴⁵ Developed on the basis of the Local Data Bank of the Central Statistical Office.

2.4. Market dynamics and development prospects⁴⁶

Investment expenditures incurred in 2015 in the province on agriculture and hunting amounted to PLN 215.8 million, i.e. EUR 65.2 million (according to current prices) and was increased by 19.3% compared to the previous year.

The expenditures amounted to PLN 402, i.e. EUR 94.32 (against an average of PLN 365 in the country, or EUR 84.68) per 1 ha of agricultural land. On the other hand, the gross value of fixed assets in agriculture and hunting was PLN 7,006.1 million, i.e. EUR 1 625.47 (according to current fixed prices) and was higher than a year before by 1.7%.

In the Małopolskie province, EU funds were implemented, including Rural Development Programme (RDP) for 2014-2020, from which funds were earmarked, among others to improve the competitiveness of the agri-food sector, conduct of agricultural activity consistent with the protection of the natural environment, sustainable territorial development of rural areas. An important instrument of support are also direct payments, financed from the funds of the first pillar of the Common Agricultural Policy of the European Union. Their aim is to provide farmers with a stable source of income while ensuring stability of supply of agricultural production and ecologically sustainable use of the natural environment. As part of direct payments in the years 2004-2016, the Agency for Restructuring and Modernization of Agriculture paid out more than PLN 4.6 billion to the Małopolska farmers (EUR 1.08 billion).

In 2015, revenues of budgets of local government units in respect of agricultural tax, in the Małopolskie province, amounted to PLN 89.9 million (EUR 20.85 million).

The decisive influence on the development of agricultural production have, in particular, legislation (including the so-called Act on Land) and environmental regulations, including regulations imposed by EU law.

The key directions of agricultural production development are to increase the profitability of agricultural production by:

- investments in infrastructure, automation and robotization of agricultural production;
- certification of ecological farms,
- increasing the area of agricultural production through the purchase, lease.

⁴⁶ Developed on the basis of the Local Data Bank of the Central Statistical Office.

2.5. Sizes of enterprises in terms of number of employees and the amount of capital⁴⁷

A characteristic feature of Małopolska agriculture is its high fragmentation. Most farms do not exceed 5 ha. The number of farms to 1 ha had the largest decrease in 2014-2016. The number of farms with the area of 10-15 ha and 20-30 ha increased.

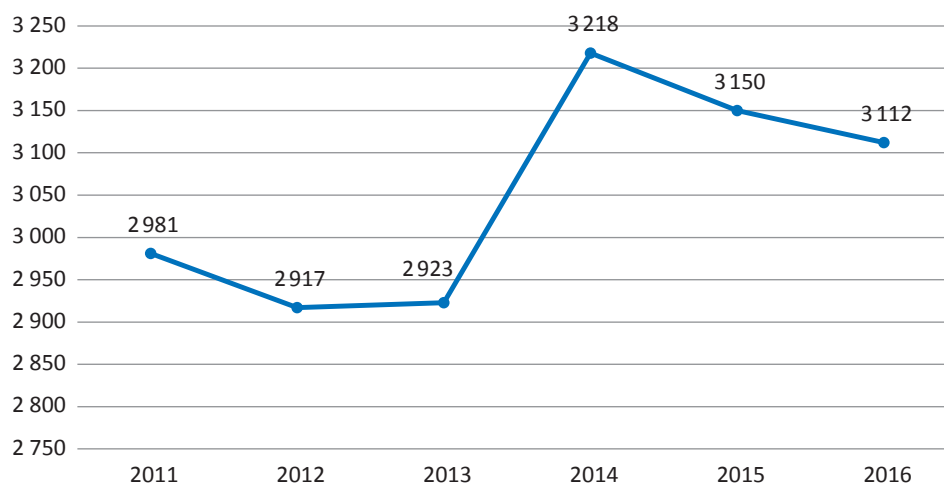
Table 3. Number of farms by area groups in Małopolskie province in 2014-2016

Specification	2014	2015	2016	Increase
In total	152,176	142,874	139,923	-8.05%
up to 1 ha	3,060	6,042	2,074	-32.22%
1-2 ha	54,250	46,788	50,522	-6.87%
2-5 ha	68,988	65,123	62,689	-9.13%
5-10 ha	19,853	18,065	18,280	-7.92%
10-15 ha	3,131	3,606	3,318	5.97%
15-20 ha	1,293	1,484	1,077	-16.71%
20-30 ha	802	854	869	8.35%
30 ha and more	362	413	581	60.50%

Source: Local Data Bank of the Central Statistical Office.

The number of employees in the agriculture increased in 2011-2016 by 4.39%. This is a trend that also occurs at the national level (an increase of 10.5%).

Chart No. 14. Employees in the agriculture, in Małopolska, in 2011-2016 [person]



Source: Local Data Bank of the Central Statistical Office.

In agricultural production, no foreign investment was recorded in farms in 1989-2014⁴⁸.

⁴⁷Developed based on the Local Data Bank of the Central Statistical Office.

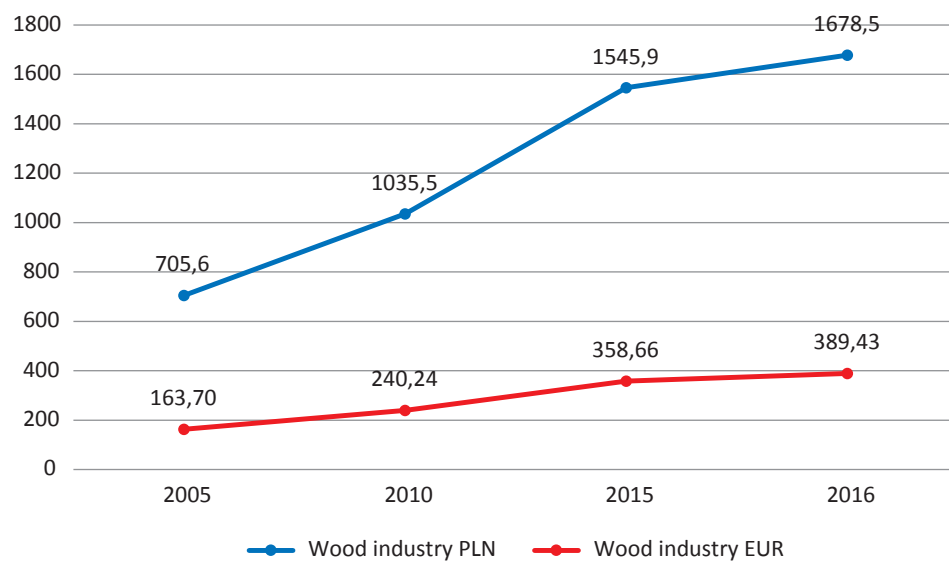
⁴⁸ D. Dec, K. Dobrowolska, M. Pierzchała, M. Żmigrodzka, Inwestorzy zagraniczni w Małopolsce w 2014 roku, Małopolskie Obserwatorium Rozwoju Regionalnego, Warszawa 2016.

3. Wood industry

3.1. Market size and main industries⁴⁹

The wood industry is a dynamically developing sector of the economy in Małopolska, as evidenced by the increase in sold production of the wood industry in the years 2005-2016 - 137.88%, i.e. PLN 972.9 m/ EUR 225.72 m⁵⁰.

Chart 15. Sold production of the wood industry in 2005-2016 [EUR million]



Source: *Statistical Yearbook of the Małopolskie Province 2017*, ed. A. Chochorowska, Kraków 2017

Table 4. Sold production of industry in Poland and Małopolska in 2016 [current prices]

Specification	Total industrial processing		Manufacture of wood, cork, straw and wicker products	
	PLN million	EUR million	PLN million	EUR million
Poland	923201.4	214189.92	22143.8	5137.53
Małopolska Region	71 018.5	16476.85	1678.5	389.43
Percentage share in domestic sold production of industry	7.69%		7.58%	

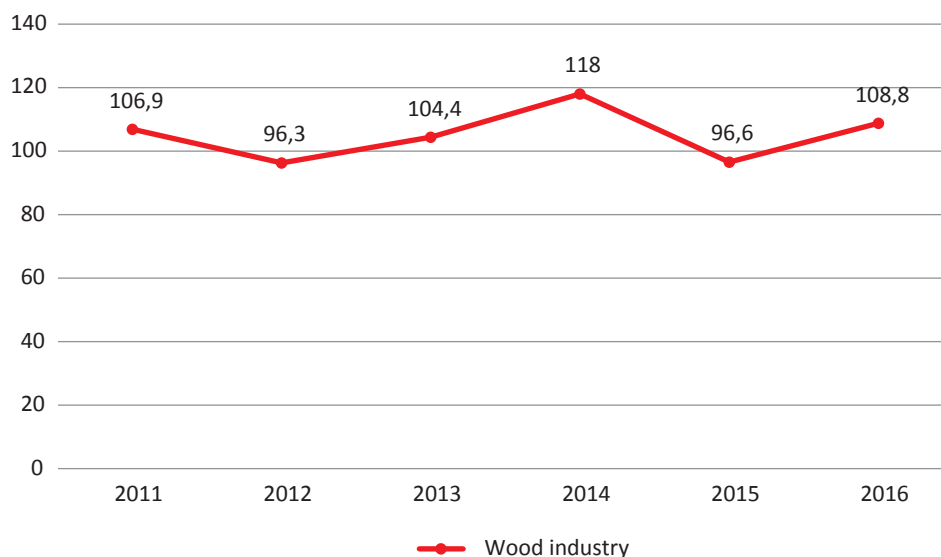
Source: *Statistical Yearbook of the Małopolskie Province 2017*, ed. A. Chochorowska, Kraków 2017; *Statistical Yearbook of the Industry 2017*, ed. D. Rozkrut, Warszawa 2017.

From 2015, an increase in the dynamics of sold production with a forecast of maintaining the volume of income from the wood industry has been noticeable.

⁴⁹ Developed on the basis of the Local Data Bank of the Central Statistical Office.

⁵⁰ The wood industry is defined in statistics as the manufacture of wooden products.

Chart 16. Dynamics of sold production for the Małopolskie province in 2011-2016 at constant prices from 2010.

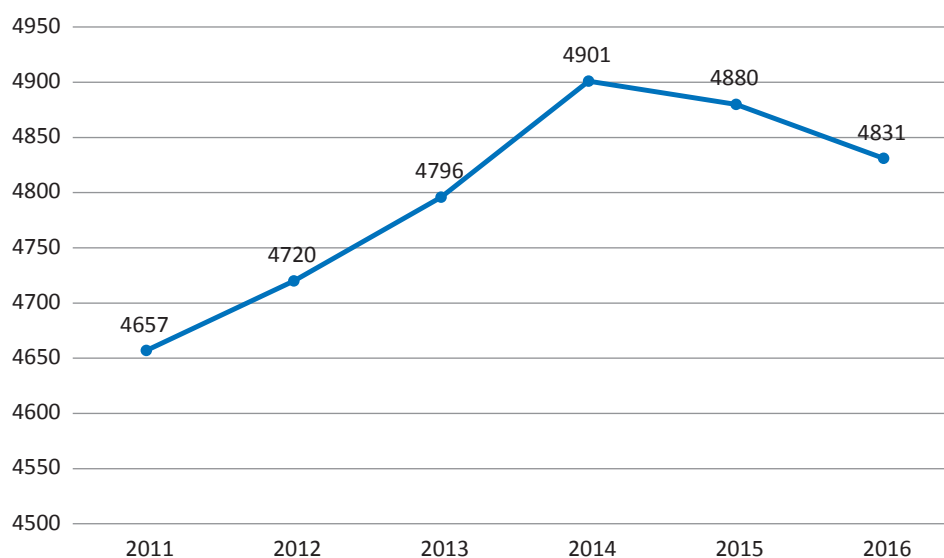


Source: Local Data Bank of the Central Statistical Office, <https://bdl.stat.gov.pl>

3.2. Main industries⁵¹

In the wood industry in Małopolska there are 4 831 registered enterprises employing more than 9 people (Local Data Bank of the Central Statistical Office, 2016). In 2011-2016, 171 new enterprises were registered.

Chart 17. Number of business entities entered in the REGON register as part of the wood industry



Source: Central Statistical Office, REGON (company statistical number) register

⁵¹ Prepared on the basis of CSO data from the REGON Register.

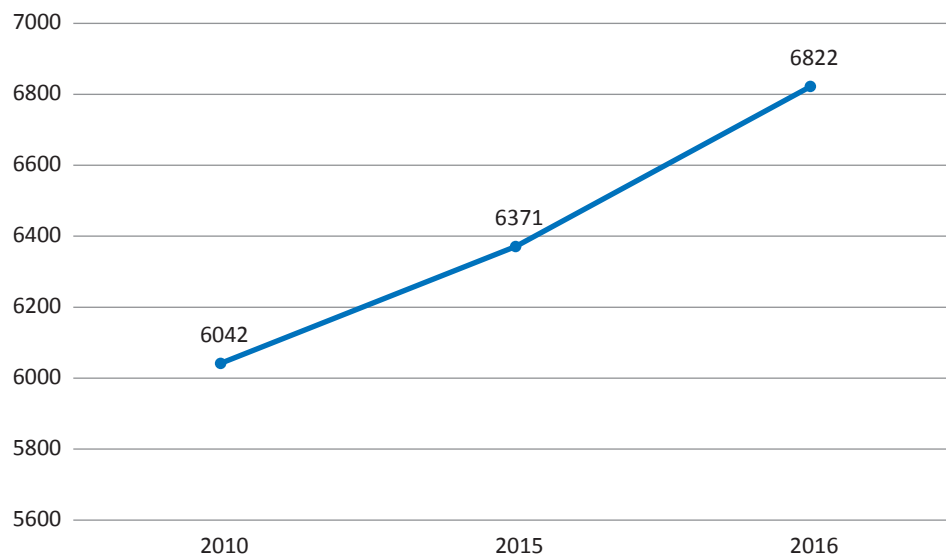
The wood industry products are primarily: sawmill products, wood products, veneer sheets and wood-based boards. Processors are engaged in the manufacture of ready-made parquet floors, wooden packaging, pulp, paper and cardboard, carpentry and woodwork for construction (carpentry industry), etc.

The largest number of entities is involved in the manufacture of wood products, cork, straw (74%), while the rest deal with the manufacture of sawmill products.

3.3. Employment dynamics and its perspective⁵²

In the wood industry, an increase in employment by 12.9% has been recorded since 2010. The average employment in this sector in the Małopolskie province amounted to 6 822 people. An increase in labor productivity is observed related to an increase in average employment by 12.91% and an increase in sold production by 137.88%.

Chart 18. Average employment in the wood industry in the Małopolska province [person]



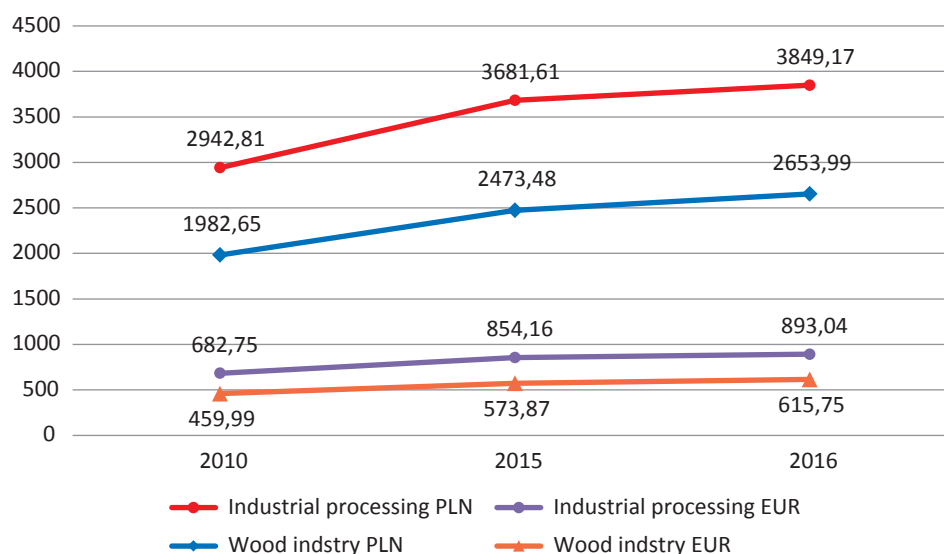
Source: Local Data Bank of the Central Statistical Office, <https://bdl.stat.gov.pl>

The average monthly gross remunerations in the wood industry in Małopolska between 2010 and 2016 increased by PLN 671.34/EUR 155.76 (Those remunerations are lower than the average ones for industrial processing). The difference between total processing and the manufacture of timber and wood products amounts to PLN 1195.18 /EUR 277.29 .⁵³

⁵² Developed based on: Local Data Bank of the Central Statistical Office, <https://bdl.stat.gov.pl>.

⁵³ Local Data Bank of the Central Statistical Office, <https://bdl.stat.gov.pl>

Chart 19. Average monthly gross remunerations in the wood industry in the Małopolskie province in 2010, 2015, 2016 [EUR]



Source: Local Data Bank of the Central Statistical Office, <https://bdl.stat.gov.pl>

Considering the possibilities and needs of employment in the Polish wood industry, one should underline a relatively small increase due to stable development, investments in modern machines, optimization of operating costs of enterprises in order to achieve competitive advantage on the domestic and foreign markets.

3.4. Market dynamics and development prospects

The wood industry of the Małopolskie province is important at the national level, as it accounts for 7.58% of sold production in Poland⁵⁴. The sector also records optimistic development forecasts⁵⁵.

The wood sector is changing due to legal and environmental requirements, priorities also set at the level of European Union policy. Indeed, the economic reforms, as well as restructuring and privatization processes, have contributed to changes in the sector. The factor that significantly changed the development of the wood industry was Poland's accession to the European Union. It was also related to the stream of pre- and post-accession subsidies enabling the adjustment of manufacturing enterprises to EU standards.

Further development of the sector is possible thanks to:

- increase in exports,
- implementation of new or significantly improved (in particular technological) products and processes on the market and their export.

Good results of the wood industry and high position on the national scale have been achieved, among others thanks to the industry's adaptation to EU norms and environmental standards. The modernization processes of enterprises have been supported by funds from EU funds and the na-

⁵⁴Local Data Bank of the Central Statistical Office, 2016.

⁵⁵ *Potencjał eksportowy przedsiębiorstw w Małopolsce*, ed. B. Pławgo, Kraków 2017.

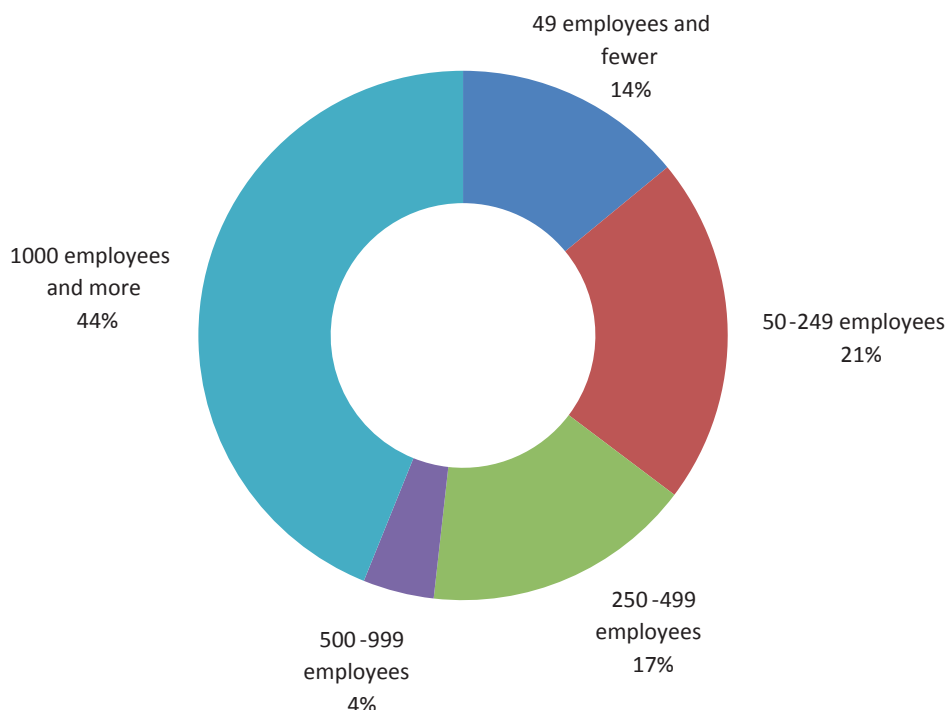
tional budget. One of the institutions that provide financial support for investments in the wood industry is the Agency for Restructuring and Modernization of Agriculture.

Major foreign investors in the wood industry in Małopolskie province: Germany, the Netherlands, USA⁵⁶.

3.5. Sizes of enterprises in terms of number of employees and the amount of capital⁵⁷

Over PLN 630 million /EUR 146,16 were earned by large enterprises in 2016 r.⁵⁸ The largest increase in revenues was recorded by medium and large companies employing over 1000 employees (286.44% increase in sold production).

Chart 20. Percentage share in sold production in the woodworking industry by number of employees in 2016 in the Małopolskie province



Source: Local Data Bank of the Central Statistical Office, <https://bdl.stat.gov.pl>

3.6. Division of enterprises by to the origin of capital

It was estimated that private domestic ownership in the wood industry accounts for 97.1% of all entities⁵⁹. The ownership of domestic natural persons is dominant with a share of 79%. The activity is also characterized by a relatively low share of foreign ownership - 0.5%. Public ownership is only 0.2%.

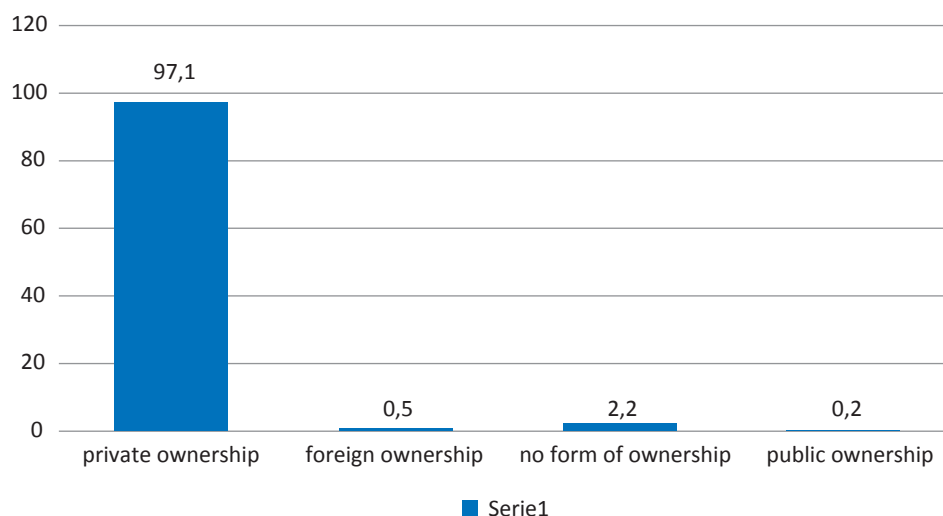
⁵⁶ There is no detailed data on the size and type of investment.

⁵⁷ Developed based on: Local Data Bank of the Central Statistical Office, <https://bdl.stat.gov.pl>.

⁵⁸ The estimation results from the percentage of sold production of the wood industry in Małopolskie province in total value. In 2010, 2015 and 2016, it was respectively: 14.11%, 14.07%, 15.13%.

⁵⁹ The structure of enterprises by the origin of capital in Małopolskie province, based on the proportion by ownership sectors for Małopolska was developed using data for the whole country. Thus, the estimated numbers of enterprises from each category for the analyzed province were determined. This approach was applied in the analysis of the structure of origin of capital for all the analyzed types of industry.

Chart 21. Estimated structure of enterprises dealing in the wood industry in the Małopolskie province by ownership sectors, December 2017 [%]



Source: Quarterly information on the entities of the national economy in the REGON register declaring the operation. Data from December 2017

Relatively low investment expenditures in the wood industry were made by foreign investors. In the years 1989-2014, they were estimated at EUR 34.05 million/EUR 7.9 million⁶⁰⁶¹.

3.7. Domestic and foreign markets

The wood industry in Małopolska has many years of tradition. In recent years it has been experiencing a period of rapid development. This industry is considered one of the most important driving forces of the Polish economy and exports. Thanks to this, Poland belongs to the group of leaders in the manufacture of wood products. Compared to European and global trade, the Polish wood industry maintains a leading position. In terms of the trade balance in international trade, the Polish wood industry is second only to the Chinese and Italian industries.

Joining the European Union has facilitated access to European markets. In 2010-2015, the value of revenues from the export of goods such as wood and wood products increased by 71.7%. There is a noticeable increase in exports of export goods from the wood industry from the Małopolskie province. Since 2010, the percentage share of revenues from the export of timber and timber products from Małopolska in the national export has been maintained at the level of approx. 5.1%⁶².

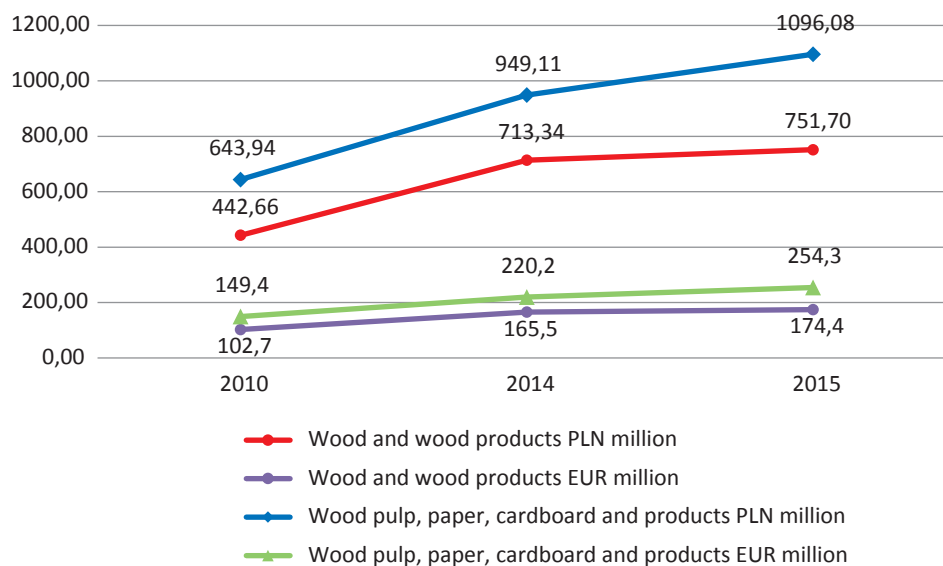
⁶⁰ The exchange rate of the National Bank of Poland of December 31, 2014 was adopted which amounted to EUR 1 = PLN 4.2623.

⁶¹D. Dec, K. Dobrowolska, M. Pierzchała, M. Żmigrodzka, Inwestorzy zagraniczni w Małopolsce w 2014 roku, Małopolskie Obserwatorium Rozwoju Regionalnego, Warszawa 2016.

⁶² *Potencjał eksportowy przedsiębiorstw w Małopolsce*, ed. B. Pławgo, Małopolskie Obserwatorium Rozwoju Regionalnego, Kraków 2017.

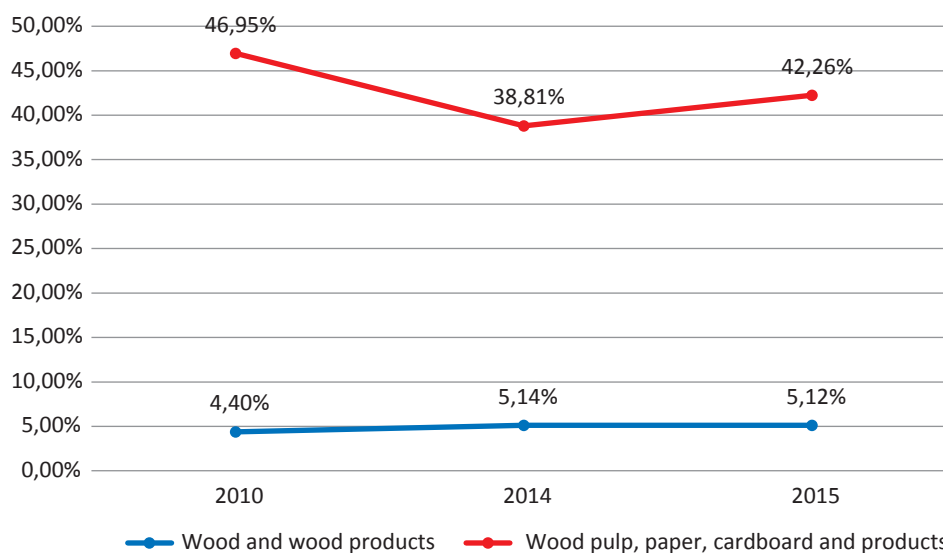


Chart 22. Export goods groups of Małopolska in 2010, 2014 and 2015 (EUR million)



Source: *Potencjał eksportowy przedsiębiorstw w Małopolsce*, ed. B. Plawgo, Małopolskie Obserwatorium Rozwoju Regionalnego, Kraków 2017

Chart 23. Percentage of Małopolska export goods groups in the domestic exports in 2010, 2014, 2015 [%]



Source: *Potencjał eksportowy przedsiębiorstw w Małopolsce*, ed. B. Plawgo, Małopolskie Obserwatorium Rozwoju Regionalnego, Kraków 2017

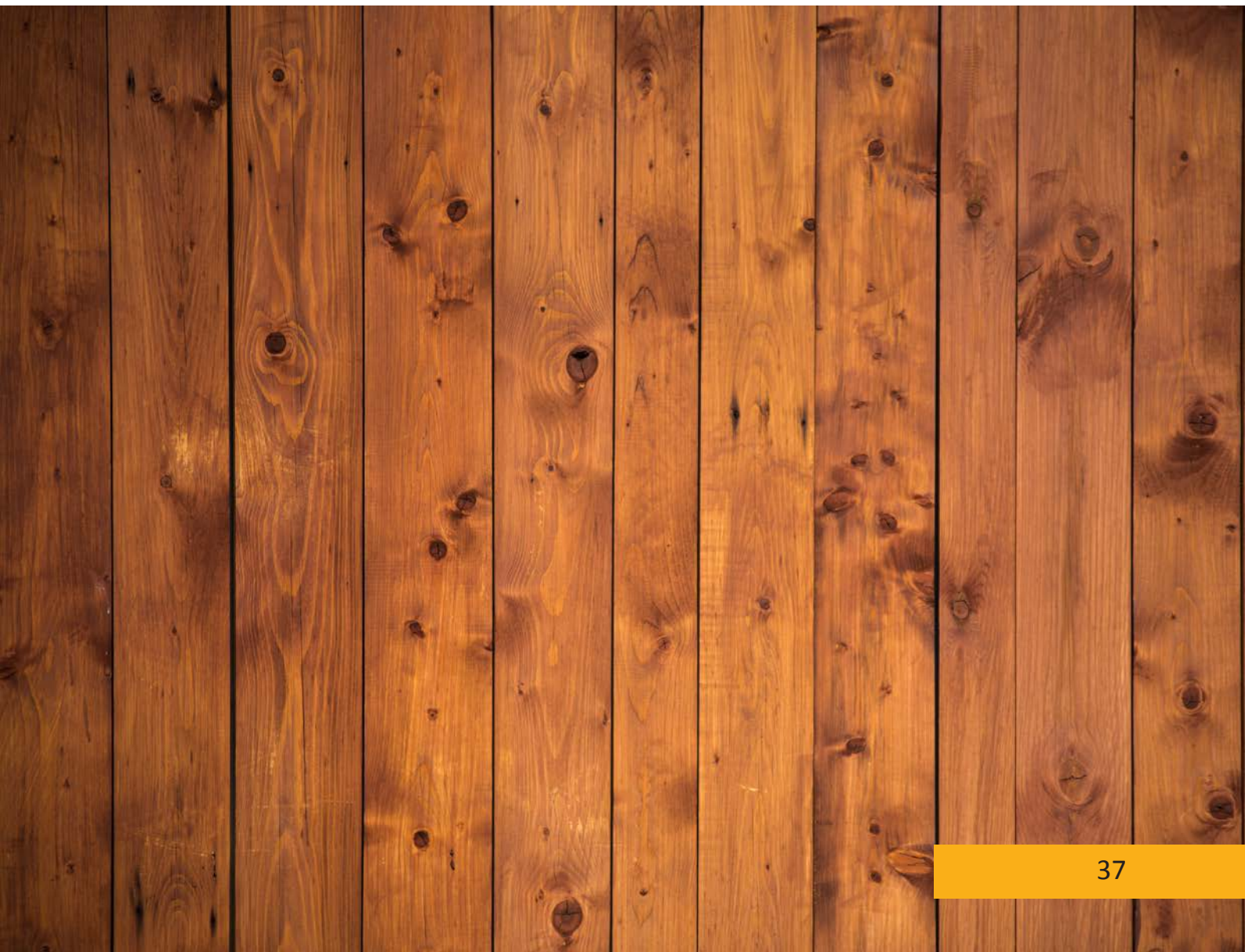
3.8. The largest representatives of the sector

The list below is the author's selection of enterprises from the Małopolskie province based on the conducted desk research analysis, published ranking lists of enterprises in industry magazines.

Table 5. Representatives of the wood industry in the Małopolskie province

Company name	City:	Revenue for 2017	Additional information
Effatha Marek Oczkowski	Krakow	PLN 2.1 m/EUR 0.49 m	Wooden products, a furniture manufacturer, wood products cut and laser engraved
"JANDREW"S.C. Iwona, Jan Filipek	Szaflary	PLN 1.8 m/EUR 0.42 m	Wood products, a furniture manufacturer. The company has its own production plant, a stationary and internet store.
DRENO Produkcja Wyrobów z Drewna Eugeniusz Dziurny Czesław Nowak Sp. J.	Śnietnica	PLN 10.4 m/EUR 2.44 m	Wood products, among others EPAL pallets, other types of wooden pallets, complete roof trusses, squares, edged timber, railing.
Korona P.P.H.U.	Mogilany	N/A	manufacture and sale of wooden products, including solid wood furniture, finishing strips, garden products

Source: Own study based on desk research.



4. Mining industry

4.1. Market size

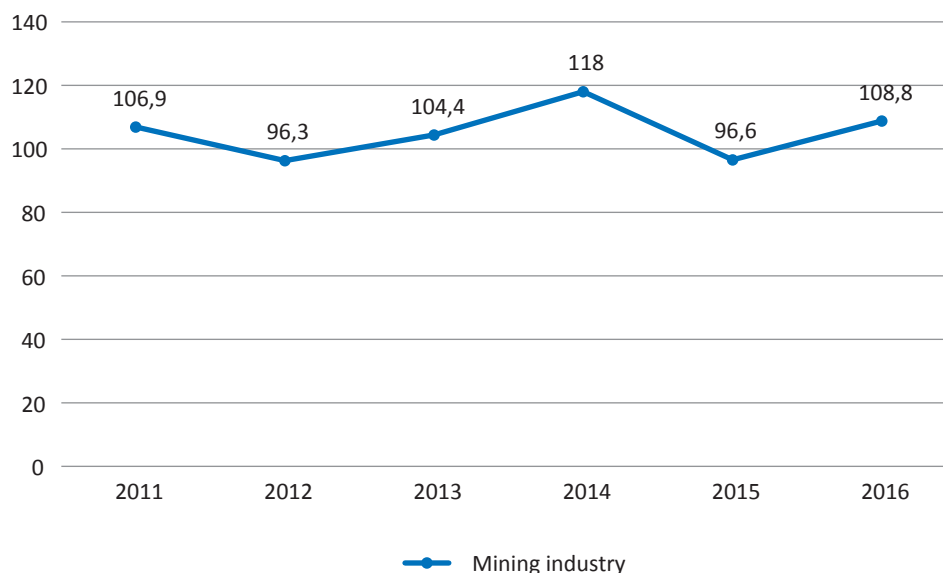
The Małopolskie province is very diverse in terms of its geological structure. This has an impact on the resource base of mineral resources, which is a key competitive advantage of the region. There are numerous deposits of coal, dolomites, diabase, porphyry, sandstones, gravels, backfilling sands in the province⁶³.

The main challenge of the mining industry are environmental law, conditions related to the extraction of mineral resources, the profitability of mining, restructuring of mines (in particular coal mines). It is necessary to obtain new concessions for the extraction of aggregates, which is related to the environmental and urban analysis of Małopolska.

The share of the Małopolskie province in domestic manufacture for various raw materials varies from several percents to over 50%⁶⁴. The balance sheet resources amount to 5.654 billion Mg, constituting 10.1% of national resources. Due to limitations, industrial resources account for approximately 11% of balance resources and approx. 6% of national resources.

Since 2014, a sharp increase in the dynamics of sold production in the mining industry by 59.8%, has been noticeable⁶⁵.

Chart 24. Dynamics of sold production in the mining industry for the Małopolskie province in 2011-2016 at constant prices from 2010



Source: Local Data Bank of the Central Statistical Office, <https://bdl.stat.gov.pl>

⁶³ W. Kozioł, A. Ciepliński, Ł. Machniak, A. Borcz, *Małopolskie kruszywa*, „Surowce i Minerale”, 2/2014, access: www.surowce.e-bmp.pl

⁶⁴ W. Kozioł, A. Ciepliński, Ł. Machniak, A. Borcz, *Małopolskie kruszywa*, „Surowce i Minerale”, 2/2014, access: www.surowce.e-bmp.pl

⁶⁵ Local Data Bank of the Central Statistical Office, <https://bdl.stat.gov.pl>

4.2. Main industries and centers⁶⁶

Recipients of mineral resources mined by the Małopolska mines sell above all in the province and in the neighboring regions, thanks to which transport costs are minimized.

An important area of the mining industry are Małopolska industrial areas:

- Krakow Industrial District: Wieliczka, Bochnia (salt mines), up to 1999 hard coal, zinc and lead ores in Trzebinia,
- Industrial District of Jaworzno and Chrzanów,
- Tarnów and Rzeszów Industrial District
- Carpathian Industrial District - a dominant mining industry, processing of crude oil and natural gas.

The Małopolska province is an important manufacturer of natural aggregates, as well as other rock products, such as limestone powders from Czatkowice mine, dolomite from the Żelatowa mine, and block elements from the Libiąż mine.

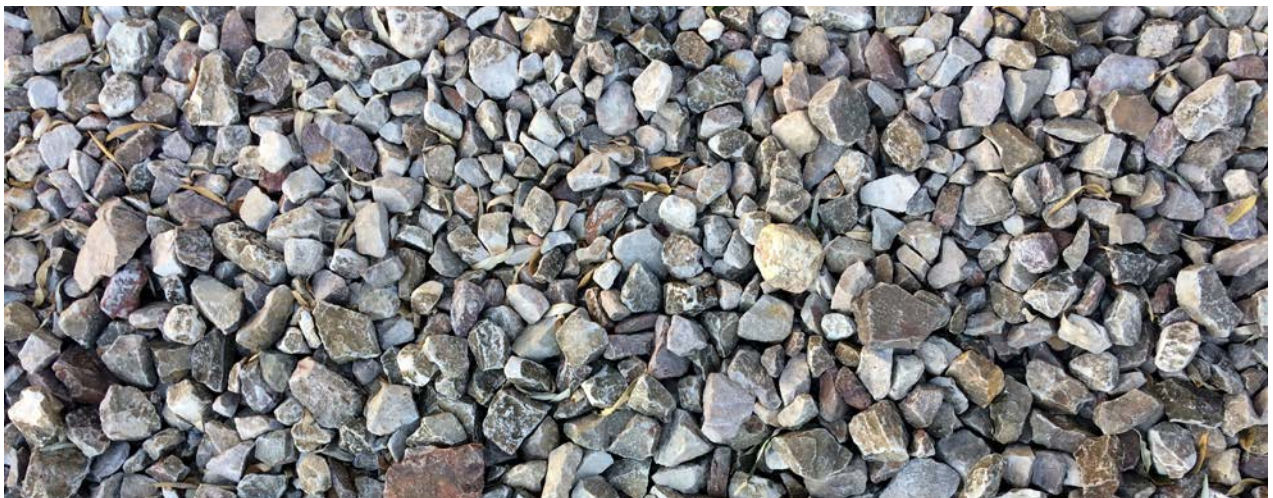
The largest share of sands and gravels is found in districts of:

- Tarnów - 54.6%,
- Brześć - 20.5%.

Gravel aggregates are of local importance and satisfy demand within a radius of a few to several kilometers from the place of extraction. For example, Krakow is supplied from the Raba valley (30 km) and the Dunajec valley (100 km).

The location of the mines is in the industrialized zones. Czatkowice and Zalas Mines have their own railway sidings. Mines in Libiąż, Żelatowa and Wierchomla have the possibility of exporting production via rail transport.

Broken and limestone aggregates are mined in the district of Krakow, near Nowy Sącz, Olkusz and Wadowice.

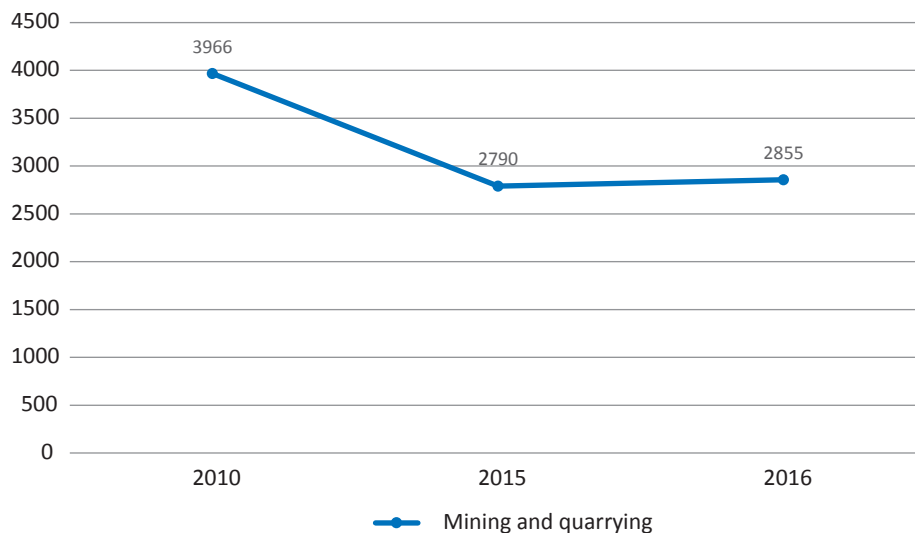


⁶⁶ Developed based on: *Bilans zasobów złóż kopalin w Polsce. Stan na 31.12.2017 r.*, ed. M. Szuflickiego, A. Malon, M. Tymińskiego, Państwowy Instytut Geologiczny Państwowy Instytut Badawczy, Warszawa 2018.

4.3. Employment dynamics and its perspective ⁶⁷

In the mining industry understood as the entire industry, an increase in employment by 12.9% has been recorded since 2010. In 2016, the average employment in this sector in the Małopolskie province was 1241 people.

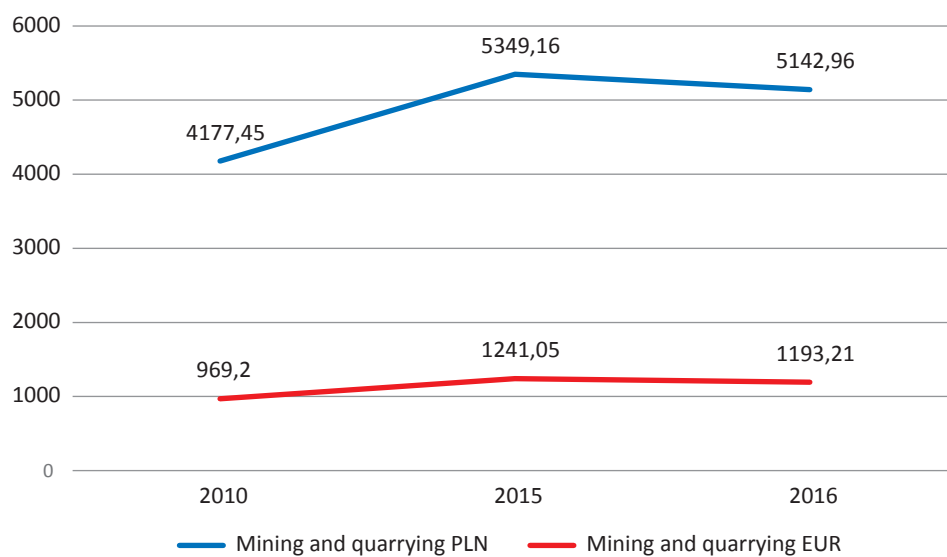
Chart 25. Average employment in the mining industry in the Małopolskie province



Source: Local Data Bank of the Central Statistical Office, <https://bdl.stat.gov.pl>

In 2010-2016, the average monthly gross remuneration increased by PLN 965.51 (EUR 224.00). The remuneration in the mining industry was also by PLN 1110.90 (EUR 257.73) higher than the average remuneration in industry.

Chart 26. Average monthly gross remunerations in the mining industry in the Małopolska province in 2010, 2015, 2016 [PLN, EUR]



Source: Local Data Bank of the Central Statistical Office, <https://bdl.stat.gov.pl>

⁶⁷ Developed based on: Local Data Bank of the Central Statistical Office, <https://bdl.stat.gov.pl>

Thus, prospective markets are primarily gravel aggregates and broken aggregates, which constitute a significant share in the current mining industry. This is the forecasted increase in employment in the perspective until 2025.⁶⁸

4.4. Market dynamics and development prospects

An important element of the development of the mining industry is the activity of research and development institutes and universities such as:

- Oil and Gas Institute in Kraków - National Research Institute (Instytut Nafty i Gazu w Krakowie) - www.inig.pl.
- Mining of Chemical Resources Research and Development Institute Chemkop Sp. z o.o. (Ośrodek Badawczo - Rozwojowy Górnictwa Surowców Chemicznych „Chemkop”) – www.chemkop.pl.
- AGH University of Science and Technology in Kraków (Akademia Górniczo- Hutnicza w Krakowie) - www.agh.edu.pl.

The further dynamic development of the mining industry will be determined primarily by access to resources of natural resources and the costs of its extraction (profitability of manufacture)⁶⁹.

Considering the consumption of individual minerals, the amount of documented balance resources ensures sufficiency for over 45 years of:

- gravel-sand aggregates - 89 years (in Poland on average: 69 years),
- broken and blunt stones - 147 years (in Poland: 123 years on average),
- dolomites - 45 years (in Poland: an average of 96 years),
- molding sands - 82 years (in Poland: average 227 years),
- Quartz sands for brick manufacture - 449 years,
- clayey clay raw materials - 437 years (in Poland on average: 875 years),
- limestones for the lime industry - 95 years (in Poland on average: 258 years)⁷⁰.

As far as the coal mining industry is concerned, due to the high price of the raw material, lower parameters than competitive ones, coal exports decrease and its imports, among others from Russia increase. Therefore, a further decline in the importance of coal mining is forecasted, both on the scale of the Małopolskie province, as well as the entire country⁷¹.

The development forecast for the mining industry depends primarily on the obtained concessions for the extraction of raw materials. It is necessary that the investors take action in the scope of:

⁶⁸ *Bilans perspektywicznych zasobów kopalin Polski wg stanu na 31 XII 2009 r.*, ed. S. Wołkowicz, T. Smakowski, S. Speczik, Państwowy Instytut Geologiczny Państwowy Instytut Badawczy, Warszawa 2011.

⁶⁹ Ibidem.

⁷⁰ W. Kozioł, A. Ciepliński, Ł. Machniak, A. Borcz, *Małopolskie kruszywa*, „Surowce i Minerale”, 2/2014, access: www.surowce.e-bmp.pl.

⁷¹ *The transformation of the Polish Coal Sector*, ed. A. Szpor, Geneva 2018.

- an environmental and urban analysis in the field of obtaining permits for mining natural resources,
- ensuring profitability and competitiveness of mining,

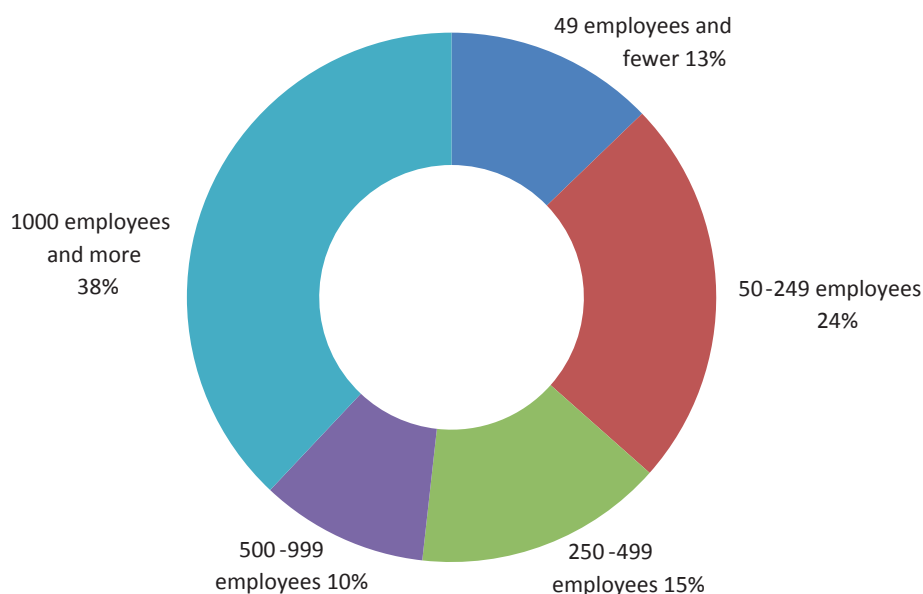
The legal regulations and political activities supporting this branch of the economy, especially those reforming, restructuring industry, supporting the revitalization of post-industrial areas, including the change of geological and mining law, have also a significant impact on the dynamics of development of raw material extraction. The implementation of policies supporting the mining industry is also dependent on:

- amount of investment expenditures in the Małopolska region for the modernization of the mining industry, conducting research and development works in the scope of new/significantly changed technological processes;
- environmental support for entities from the mining industry and lobbying for changes by industry business environment institutions such as: Organization of the Polish Exploration and Production Industry (OPPPW), Polish Association of the Employers of the Extractive Industry (PZPPW), Lewiatan Confederation and the Association of Engineers and Technicians of the Oil Industry (SITPNiG).

4.5. Sizes of enterprises in terms of number of employees and the amount of capital⁷²

Over PLN 629.2 million (EUR 145.98 million) of revenues were recorded by large enterprises in 2016.⁷³ The largest increase in revenues was recorded by large companies employing over 1000 employees (236.6% increase in sold production).

Chart 27. Percentage share in sold production in the mining industry by number of employees in 2016 in the Małopolskie province



Source: Local Data Bank of the Central Statistical Office, <https://bdl.stat.gov.pl>

⁷² Developed based on: Local Data Bank of the Central Statistical Office, <https://bdl.stat.gov.pl>

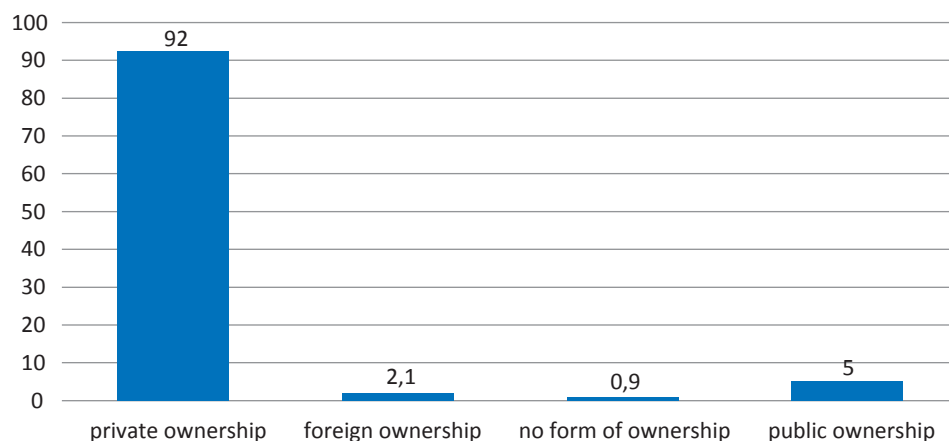
⁷³ The estimation results from the percentage of sold production of the mining industry in Małopolskie province in total value. In 2010, it was: 2%. Therefore, the result of a 2% share in total industry was assumed for the following years.

4.6. Division of enterprises by the origin of capital

It was estimated that private domestic ownership in the mining industry accounts for 92% of all entities⁷⁴. The ownership of domestic legal persons is dominant with a share of 87%. The activity is also characterized by a relatively high share of foreign ownership - 2.1%. Public property was estimated at 5%.



Chart No. 28. Estimated structure of enterprises dealing in the mining industry in the Małopolskie province by ownership sectors, December 2017 [%]



Source: *Quarterly information on the entities of the national economy in the REGON register declaring the operation*. Data from December 2017

The largest capital expenditures made by foreign investors were recorded in the sectors of the mining industry other than oil and natural gas mining industry. The largest export goods are the current sands and gravels and they attract the largest group of investors⁷⁵.

The largest investments with foreign capital regarding the mining industry were conducted in the city of Krakow. In 2016, the number of expenditures was estimated at PLN 37.84 million (EUR 8.78 million).

⁷⁴ The structure of enterprises by the origin of capital in Małopolskie province, based on the proportion by ownership sectors for Małopolska was developed using data for the whole country. Thus, the estimated numbers of enterprises from each category for the analyzed province were determined. This approach was applied in the analysis of the structure of origin of capital for all the analyzed types of industry.

⁷⁵ D. Dec, K. Dobrowolska, M. Pierzchała, M. Żmigrodzka, *Inwestorzy zagraniczni w Małopolsce w 2014 roku*, Małopolskie Obserwatorium Rozwoju Regionalnego, Warszawa 2016.

Table 6. Foreign investments of enterprises in 2016 [EUR million, PLN million]

Specification	Amount of expenditure [PLN m]	Amount of expenditure [EUR m]
MINING AND QUARRYING	37.84	8.78
Mining of oil and natural gas	3.51	0.81
Other mining and quarrying	31.78	7.37
Service activities supporting mining and quarrying	2.56	0.59

Source: *Bilans zasobów złóż kopalin w Polsce. Stan na 31.12.2017 r.*, ed. M. Szuflickiego, A. Malon, M. Ty mińskiego, Państwowy Instytut Geologiczny Państwowy Instytut Badawczy, Warszawa 2018.

4.7. Domestic and foreign markets

The manufacturing volume of gravel-sand aggregates in Małopolska remains at the level of 9-12 million tonnes/year. The province's consumption is approx. 5 million tons/year, and the surplus is delivered to the Śląskie and Świętokrzyskie provinces⁷⁶.

The manufacture of broken aggregates is estimated at about 10 million tons/year, approx. 5 million tons/year of which is consumed and the remaining part supplies the provinces, in particular: Śląskie, Podkarpackie, Łódzkie, Mazowieckie and Lubelskie provinces. The demand for aggregates produced from igneous rocks (Zalas mine) is particularly high due to its physical and mechanical properties.

The sales market for other natural resources is narrowed to the region. Other raw materials have a marginal position in terms of manufacture at the national level⁷⁷.

4.8. The largest representatives

Below, the selection of the largest representatives of the mining industry in the Małopolskie province is presented.

Table 7. Representatives of the mining industry in the Małopolskie province

Company name	City:	Revenue for 2017	Additional information
Tauron Dystrybucja S.A.	Krakow	PLN 4.83 b/EUR 1.12 b)	Owner of the mine KWK Janina, ZG Nowe Brzeszcze
Rafineria Trzebinia S.A.	Trzebinia	N/A	It deals with: oil distillation, biodiesel manufacture, fuel storage, paraffin manufacture. The owner of Rafineria Trzebinia S.A. is the PKN Orlen SA Group.
Kopalnia Soli Wieliczka S.A.	Wieliczka	PLN 71.3 m/EUR 16.54 m	Salt manufacturer
Kopalnia Surowców Skalnych Kłęczany Sp. z o.o.	Kłęczany	PLN 40.4 m/EUR 9.37 m	Manufacturer of broken aggregates such as a wedge, crushed stone.
ZGH Bolesław	Bukowno	N/A	A mining and processing complex whose principal activity is the extraction of zinc and lead ores

Source: Own study based on desk research.

⁷⁶ Coal exports - see chapter 2.5.

⁷⁷ *Bilans zasobów złóż kopalin w Polsce. Stan na 31.12.2017 r.*, ed. M. Szuflickiego, A. Malon, M. Ty mińskiego, Państwowy Instytut Geologiczny Państwowy Instytut Badawczy, Warszawa 2018.

5. Construction industry

5.1. Market size and main industries⁷⁸

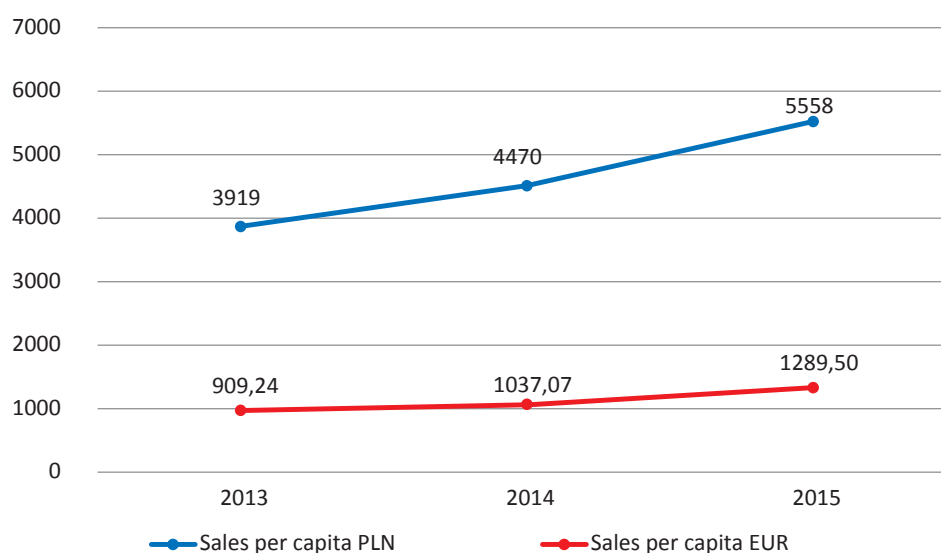
The following industry sections are distinguished within the construction industry:

- construction works related to buildings;
- works related to the construction of civil engineering structures;
- specialised construction activities

The construction industry in the Małopolskie province is growing dynamically. This is evidenced by data of the CSO Local Data Bank from 2013-2016, including:

- an increase in sales in construction per capita in 2013-2016 by 27.53%;
- revenues from completed construction projects in the province - in total - increase by 28.52%;
- revenues from realized investments in the province by entities having a head office in a given province - increase by 33.59%;
- revenues from completed construction projects in the country by entities based in the province - overall - increase of 13.84%;
- increase of 7.74% of manufacture according to the prevailing activity of enterprises - performing specialized construction works.

Chart 29. Sales in the construction industry per capita in the Małopolskie province [EUR thous.]



Source: Data of the Local Data Bank of the Central Statistical Office.

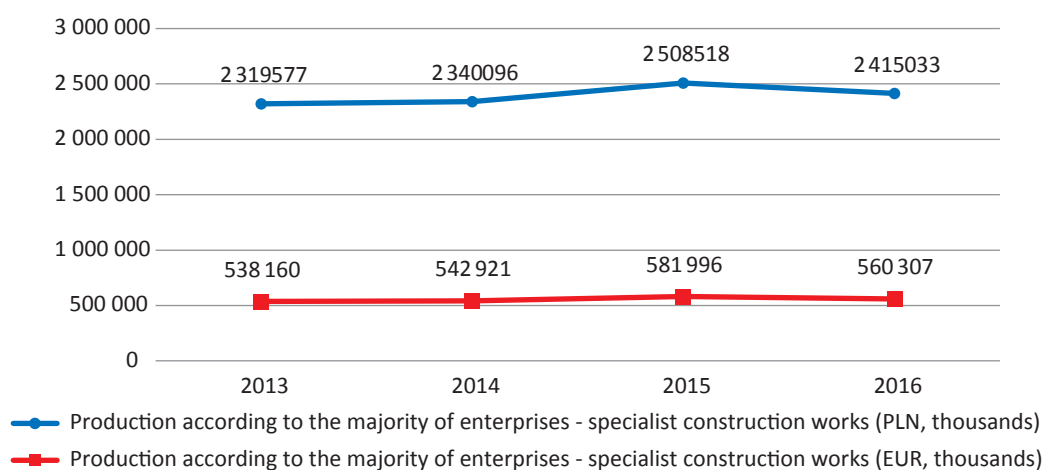
⁷⁸ Developed based on the Local Data Bank of the Central Statistical Office.



Revenues from construction projects completed in 2013-2016 grew year on year. In the case of companies that are based in Małopolskie province, revenues from the implementation of investments in the territory of Małopolska, have decreased, while they grew from projects implemented in the country.

Compared to 2013, revenues from specialist construction work in 2016 increased by PLN 95,456 thousand (EUR 22 146.54 thousand).

Chart 30. Income from specialist construction works in 2013-2016 [EUR thous.]



Source: Data of the Local Data Bank of the Central Statistical Office.

In 2016, the construction and assembly production in the Małopolskie province increased in total by 160.32% compared to 2005. It is important because it shows the development trends of the industry after joining the European Union. Companies employing more than 9 people achieved an increase of 136.68% in that period. In the period 2005-2016, revenues from industry in the Małopolskie province increased from:

- construction of buildings: 138.9%
- construction of civil engineering structures: 119.64%,
- specialized construction works: 157%.

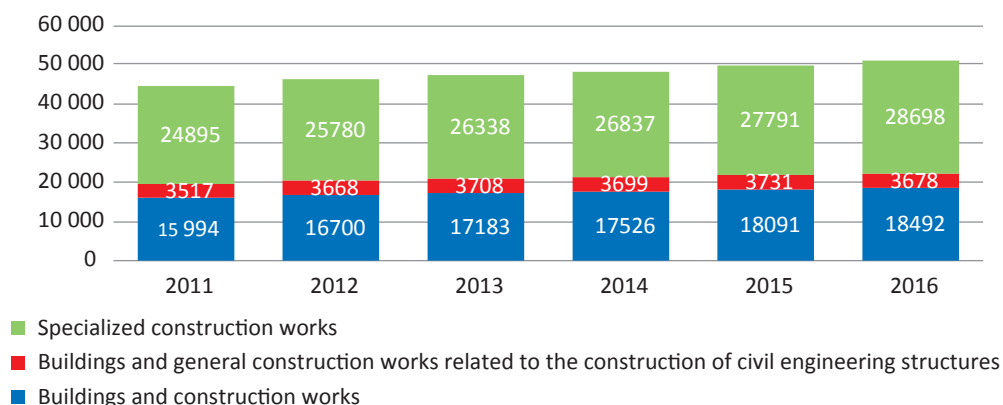
5.2. Employment dynamics and its prospects⁷⁹

In 2016, 50 868 enterprises in the construction industry were registered in the Małopolskie province (employing over 9 people). In the years 2011-2016, 6 462 new enterprises operating in the construction industry were registered in the National Economy Registry (REGON).

⁷⁹ Prepared on the basis of data of the Local Data Bank of the Central Statistical Office.



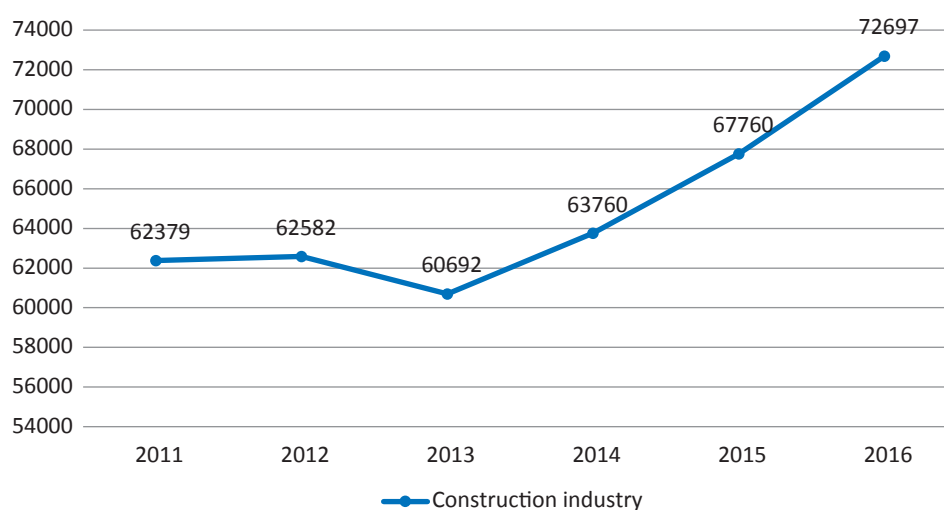
Chart 31. Number of business entities entered in the REGON register in the construction industry in Małopolska in 2011-2016



Source: Central Statistical Office, REGON (company statistical number) register

In 2016, the number of employees working in the construction industry in the Małopolskie province accounted for over 10.7% of people working in construction on a nationwide scale⁸⁰. In 2011-2016, the number of employees in this sector gradually increased, both in Poland and in Małopolska - respectively: 9.34% and 16.54%.

Chart 32. Employees of the construction industry in 2011-2016 in the Małopolskie province



Source: Local Data Bank of the Central Statistical Office.

In the construction industry, there is a decrease in average employment compared to 2010⁸¹. The average employment rate in this sector in the Małopolskie province amounted to 40,330 people in 2016. The decrease in average employment by over 12% did not weaken construction companies, whose revenues from construction investments increased by 28.52%. The largest employment in construction is in the private sector, which accounts for 91% of the total average employment in this sector.

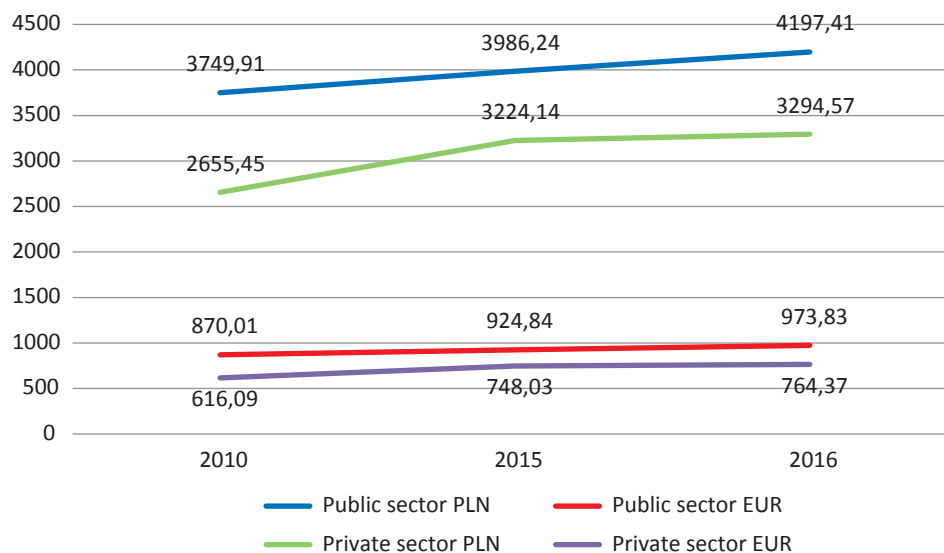
⁸⁰ The number of employees includes not only persons employed under a contract of employment in accordance with the Labor Code, but also business owners, as well as persons working on other basis, i.e. primarily civil law contracts.

⁸¹ Local Data Bank of the Central Statistical Office, <https://bdl.stat.gov.pl>



The average monthly gross remuneration increased in 2010-2016 by PLN 602.86 (EUR 139.87). The remuneration in the public sector is higher by PLN 902.84 (EUR 209.47) than in the private sector. On the other hand, the payroll rate is the fastest in the private sector.

Chart 33. Average monthly gross remunerations in the construction industry in the public and private sector in the Małopolska province in 2010, 2015, 2016 [EUR]



Source: Local Data Bank of the Central Statistical Office, <https://bdl.stat.gov.pl>

The highest level of gross remunerations was recorded in the construction of civil engineering works - on average PLN 3731.03 (EUR 885.63) in 2016. The fastest rate of remuneration growth was recorded in specialist construction works, i.e., by 34.13% compared to 2010.

At present, employers report a staff gap problem in terms of unskilled manual workers, such as bricklayers or plasterers, as well as experienced engineers⁸².

In the construction industry, technology has changed (in favor of work automation) as well as employment models. Over 40% of companies from Małopolskie province indicate as one of the main development barriers the issue of the lack of qualified staff on the market⁸³. Employers are increasingly employing employees from abroad. Construction staff is acquired, among others from the East (Ukraine, Belarus, Russia) and from Asian countries.

From year to year, there are more foreigners willing to work in Małopolska. In 2011, 2,922 immigrants applied for a work permit⁸⁴. In 2016, there were eight times more such people. At the same time, in the years 2011-2014 the increase of interest in working in Małopolska was rather gradual, in 2015 there was a definite boom, and the record was broken in 2016. The number of applications for a work permit between 2015 and 2016 increased by 127%.

⁸² T. Darowski, T. Koryakina, *Zatrudnianie cudzoziemców - sytuacja prawna a potrzeby branży budowlanej*, Warszawa 2018, <https://portal.dzp.pl/files/shares/Publikacje/Raport%20Zatrudnianie%20cudzoziemc%C3%B3w.pdf>.

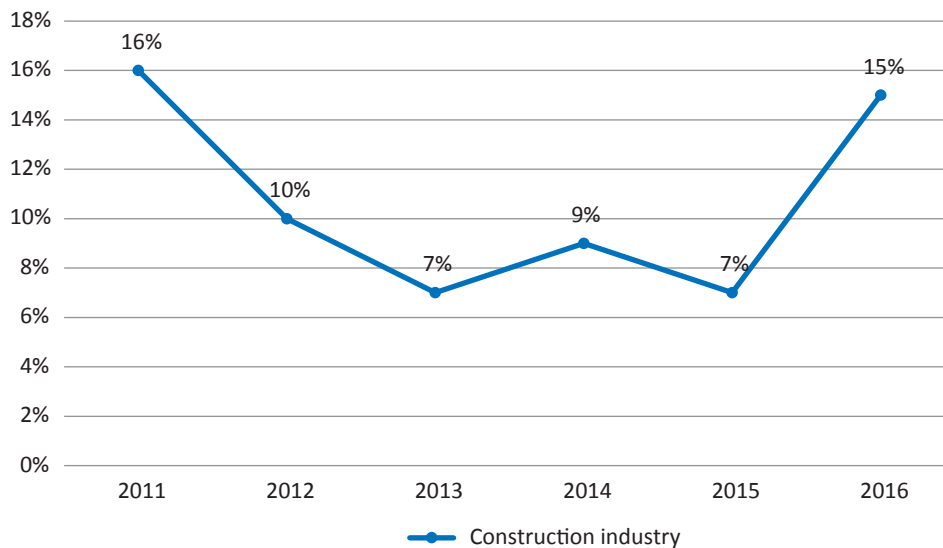
⁸³ Ibidem.

⁸⁴ A. Górniak, R. Kusek, *Ruch migracyjny w Małopolsce – imigranci z zagranicy*, Małopolskie Obserwatorium Rozwoju Regionalnego, Departament Polityki Regionalnej, Kraków 2017.

15% of the labor permits issued in 2016 in Małopolska were issued for employees in the construction industry. Citizens of Ukraine are more likely to work in construction than other immigrants (a difference of 13 percentage points)

Since 2015, there has been a noticeable trend in the growth in the number of work permits among foreign employees in Małopolska.

Chart 34. Percentage of employees from abroad in construction in 2011-2016 in Małopolska



Source: own study based on data from the Ministry of Family, Labor and Social Policy, <http://www.mpips.gov.pl/analizy-i-raporty/cudzoziemcy-pracujacy-w-polsce-statystyki/>

Prospects for employment development in construction depend on the construction investments obtained by the companies - their scale, demand for staff. In subsequent years, large investments including within the National Road Construction Programme for 2014-2023, the National Railway Programme, the *Mieszkanie Plus* Programme and numerous development investments, are planned to be implemented in the Małopolskie province. Therefore, the demand for construction workers and engineering staff is forecasted.

5.3. Market dynamics and development prospects

In September 2016, as compared to September 2015, construction output grew fastest in Poland (18.1%), Hungary (by 23.8%) and Slovenia (7%), which proves a very high position of Poland construction on a European scale⁸⁵.

The construction sector is changing due to legal requirements (construction law, public procurement law) and environmental regulations, as well as regulations set at the European Union policy level⁸⁶. Indeed, the economic reforms, as well as restructuring and privatization processes, have contributed to changes in the sector.

⁸⁵ <https://www.bankier.pl/wiadomosc/Eurostat-sektor-budowlany-rosnie-najszybciej-na-Wegrzech-i-w-Polsce-4035887.html>

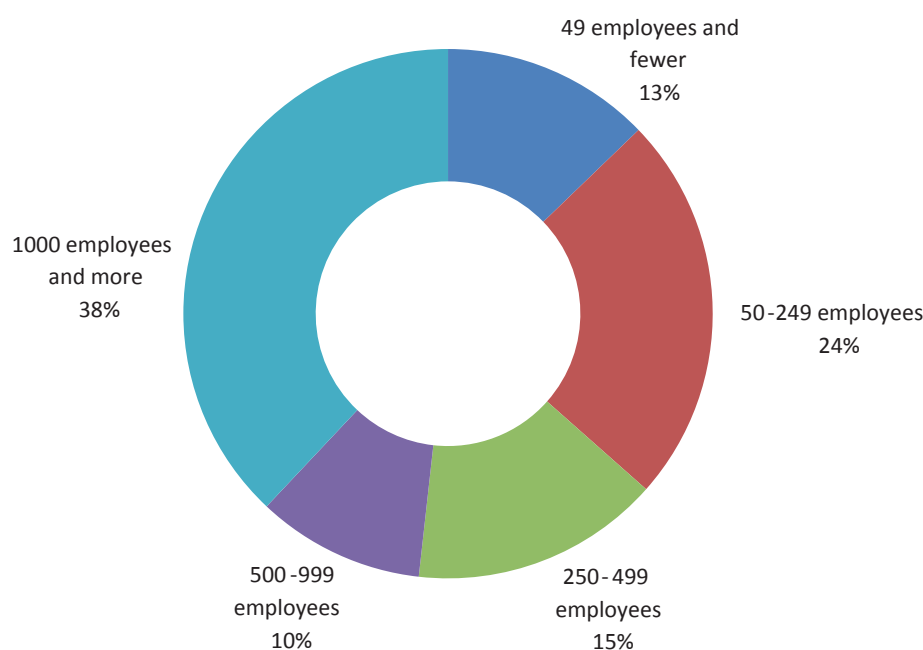
⁸⁶ *Polskie spółki budowlane 2017. Najważniejsi gracze, kluczowe czynniki wzrostu i perspektywy rozwoju branży*, ed. M. Krasoń, raport Deloitte, Warszawa 2017

The challenge for the industry will be to obtain a workforce with appropriate qualifications for the implementation of construction projects. At present, the employment of foreigners in construction is increasing. It is forecasted that this tendency will be maintained in the long-term perspective⁸⁷.

5.4. Sizes of enterprises in terms of number of employees and the amount of capital⁸⁸

In 2016, over PLN 637.5 million (EUR 147.90 million) of revenues were achieved by large enterprises in the construction industry in Małopolska⁸⁹. The largest increase in revenues was recorded by large companies employing over 1000 employees (283.1% increase in sold production). A high growth rate was also maintained in medium-sized companies.

Chart 35. Percentage share in sold production in the construction industry by number of employees in 2016 in the Małopolskie province



Source: Local Data Bank of the Central Statistical Office, <https://bdl.stat.gov.pl>

5.5. Division of enterprises by to the origin of capital

It was estimated that private domestic ownership in the construction industry accounts for 95% of all entities⁹⁰. The ownership of domestic natural persons is dominant with a share of 78%. The activity is also characterized by a relatively high share of foreign ownership - 0.7%. Public ownership is only 0.2%.

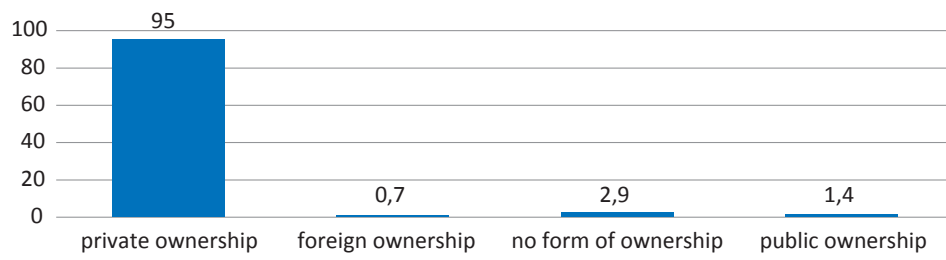
⁸⁷ T. Darowski, T. Koryakina, *Zatrudnianie cudzoziemców - sytuacja prawna a potrzeby branży budowlanej*, Warszawa 2018. For more on foreigners in the construction industry, see chapter 6.2.

⁸⁸ Developed based on the Local Data Bank of the Central Statistical Office.

⁸⁹ The estimation results from the percentage of sold production of the construction industry in Małopolskie province in total value. In 2010, 2015 and 2016, it was respectively: 1.82% 1.96% 2.04%.

⁹⁰ The structure of enterprises by the origin of capital in Małopolskie province, based on the proportion by ownership sectors for Małopolska was developed using data for the whole country. Thus, the estimated numbers of enterprises from each category for the analyzed province were determined. This approach was applied in the analysis of the structure of origin of capital for all the analyzed types of industry.

Chart 36. Estimated structure of enterprises dealing in the construction industry in the Małopolskie province by ownership sectors, December 2017 [%]



Source: Quarterly information on the entities of the national economy in the REGON register declaring the operation. Data from December 2017



The main projects in the Construction section belong to two entities:

- Skanska Property Poland - Swedish capital
- Mostostal Kraków S.A., in which the Spanish investor holds shares.

The largest investments in construction with foreign capital were made in the city of Krakow. In 2016, their amount was estimated at PLN 231.26 million (EUR 53.65 million)⁹¹.

The following is the size of foreign enterprises' investments in the construction industry in 1989-2016.

Table 9. Foreign investments of enterprises by the Construction sector in the years 1989-2016 [PLN million, EUR million]⁹²

Specification	Amount of expenditure in 2016		Investment expenditures in the years 1989- 2014	
	PLN million	EUR million	PLN million	EUR million
CONSTRUCTION INDUSTRY	231.26	54.26	1152.61	270.42
Construction works related to erection of buildings;	178.90	41.97	406.87	95.46
Construction works related to the construction of civil engineering structures;	9.22	2.16	626.49	146.98
Specialised construction activities	42.09	9.87	119.24	27.98

Source: D. Dec, K. Dobrowolska, M. Pierzchała, M. Żmigrodzka, *Inwestorzy zagraniczni w Małopolsce w 2014 roku*, Małopolskie Obserwatorium Rozwoju Regionalnego, Warszawa 2016. *Statistical Yearbook of the Małopolskie Province 2017*, ed. A. Chochorowska, Kraków 2017

5.6. Domestic and foreign markets

The directions of sales for the construction industry are related to the orders obtained for construction projects - buildings, specialist works, etc. Thus, the main sales directions for Małopolska are the neighboring provinces as well as Slovakia and Ukraine⁹³.

5.7. The largest representatives

Below, the selection of the largest representatives of the construction industry in the Małopolskie province is presented.

⁹¹ *Statistical Yearbook of the Małopolskie Province 2017*, ed. A. Chochorowska, Kraków 2017. Data according to the exchange rate of the National Bank of Poland EUR 1 = PLN 4,3102 from 14/09/2018

⁹² The exchange rate of the National Bank of Poland of 31/12/2014 was adopted: EUR 1 = PLN 4.2623.

⁹³ *Polskie spółki budowlane 2017. Najważniejsi gracze, kluczowe czynniki wzrostu i perspektywy rozwoju branży*, ed. M. Krasoń, raport Deloitte, Warszawa 2017.

Table 10. Construction industry in Małopolskie province - the largest representatives⁹⁴

Company name	City:	Revenue for 2017	Additional information
Leier Polska S.A.	Wola Rzędzińska	PLN 156.9 m/EUR 36.81 m	Manufacturer of building materials
Skanska S.A. Wytwórnia Mas Bitumicznych	Skawina	N/A	Manufacturer of bituminous masses
Mostostal Kraków S.A.	Skawina	N/A	General contractor
Grupa Kęty S.A.	Kęty	PLN 799.4 m/EUR 187.55 m	Manufacturer of aluminum profiles
Bud Dróg Usługi Budowy i Modernizacji Dróg Łagosz Sp. J.	Przyborów	PLN 42.1 m/EUR 9.88 m	Construction of roads
DES Henryk Dowgier Anna Dowgier Sp. J.	Krakow	PLN 22.5 m/EUR 5.28 m	Comprehensive renovation and adaptation of historic buildings to the full extent.
Przedsiębiorstwo Budowlano Produkcyjne Łęgprzem Sp. z o.o.	Krakow	PLN 122.3 m/EUR 28.69 m	Construction projects
Przedsiębiorstwo Budowlane Budomax Sp. z o.o.	Krakow	PLN 41.8 m/EUR 9.81 m	General contractor in the Małopolskie province
Przedsiębiorstwo Budownictwa Wodno-Inżynieryjnego w Krakowie Sp. z o.o.	Wieliczka	PLN 80.8 m/EUR 18.96 m	Water and engineering construction, mechanized earthworks, works with the use of vessels

Source: Own study based on desk research.

⁹⁴ The following exchange rate of the National Bank of Poland of December 31, 2014 was adopted which amounted to EUR 1 = PLN 4.2623.



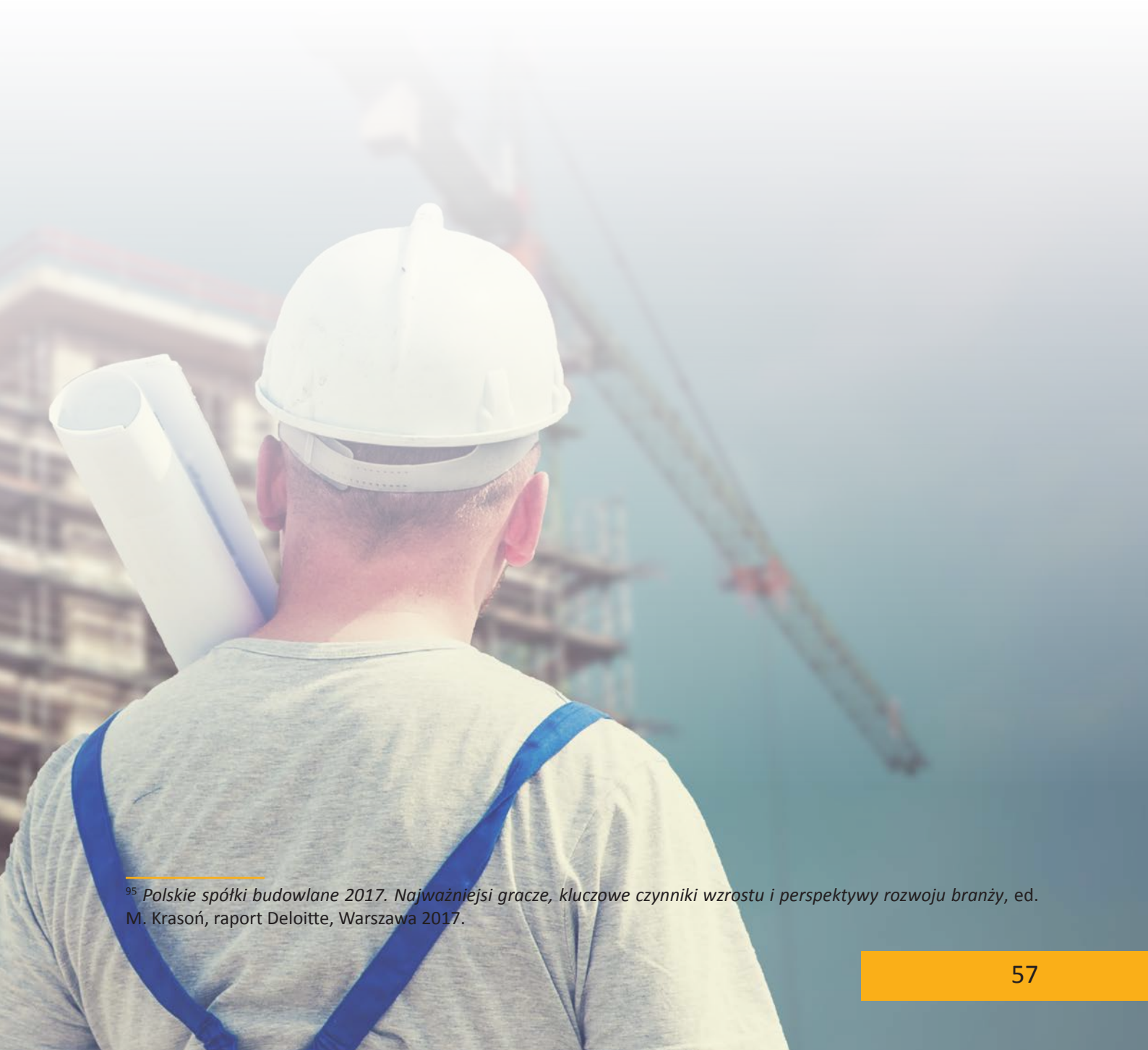
6. Conclusion

In Małopolska, there are favorable conditions for investing and developing business operations within the food, mining, construction, wood and agricultural production industries.

The Małopolskie province possesses very good infrastructure, staff and scientific potential, as well as favorable conditions for business development. This translates into previous achievements of companies from the described industries. Since 2005, we have been observing a steady increase in sold production in each of the presented industries.

The food industry has the largest share in the Małopolska economy in terms of the volume of sold production.

The largest percentage share in the market is industrial processing, which in 2017 amounted to 37%. The food industry accounts for approx. 15% of industrial processing and has a significant share in the economy of the Małopolskie province. The mining industry is the smallest share of less than 1%. On the other hand, the share of total revenues for construction industry companies is decreasing every year. This is despite the increase in sold production, which is associated with the increase in the costs of business operations (remunerations, building materials, etc.)⁹⁵.



⁹⁵ *Polskie spółki budowlane 2017. Najważniejsi gracze, kluczowe czynniki wzrostu i perspektywy rozwoju branży*, ed. M. Krasoń, raport Deloitte, Warszawa 2017.



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