Report on the aviation market in Poland

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Aims of the project

The main aim of the project was to analyse and profile the situation on the aviation market in Poland.

The detailed aims of the project were:

- to outline the current market situation, main trends and events
- to describe the market structure and market sub-segments
- to estimate the size of the aviation market by value
- to provide an overview of Polish law with regard to the aviation market
- to describe the Polish business environment
- to list existing clusters, associations and organisations in the sector
- to profile R&D activities on the Polish aviation market and list R&D centres and cooperating universities
- to provide forecasts for the aviation market for the years 2010–2013
- to give brief information on the aviation transportation market in Poland
- to give examples of successes in the aviation market.

Methodological notes, information sources

This report was prepared using PMR's MarketInsight Methodology. PMR MarketInsight is a methodology developed by PMR which assists in the preparation of industry reports, market sizing and forecasting. It defines the ways in which data should be collected for such reports and outlines the methods to be used in analysing the gathered information in order to obtain a true picture of the market in question. It also contains special procedures to follow in the case of incomplete market data. PMR MarketInsight precisely defines report content and structure.

Industry reports prepared using PMR MarketInsight are based on information from a variety of available statistical, industry (specialist press, the internet), general and official sources as well as information from PMR's own database and primary research independently carried out by PMR. The sources we use are individually tailored to each project.

PMR MarketInsight is the result of over 10 years of experience in conducting industry analysis on Central and Eastern European markets.

Sources of information used in this report

The report is based on information from three sources, namely:

- statistical data from ULC, the Civil Aviation Office
- desk research – we carried out a review of existing reports, articles and websites relevant to the subject of the report. We used the specialist press, the general economic press and the websites of public institutions such as the Ministry of Defence, Civil Aviation Office and others.
- 10 interviews with experts on market sector analysed in the report – mid- or top-level management personnel in the largest companies in the sector, representatives of main associations, journalists specialising in aviation market and other people who have knowledge on the aviation sector in Poland (i.e. representatives of universities conducting research and development projects in aviation).

Other remarks

To improve the legibility of the report, figures have in many cases been rounded to the nearest whole number. For this reason the data on some graphs and tables may not add up to exactly 100%.

All prices presented in the report exclude VAT.

Abbreviations and terms used in this report

EASA – European Aviation Safety Agency
EU – European Union
KRS - National Court Register (Krajowy Rejestr Sadowy)
ULC – Civil Aviation Office (Urzad Lotnictwa Cywilnego)

Polish aviation sector – general overview

Traditions of the aviation sector

Before 1939

The origins of the Polish aviation sector date back to the period immediately preceding the outbreak of the First World War and to Aviana, a plant manufacturing aircraft under a licence from Farman, established in 1910. After Poland regained its independence, the following enterprises were set up:

- 1918 – Centralne Warsztaty Lotnicze (CWS – central aviation workshops)
- 1920 – Plage & Miskiewicz
- 1923 – Podlaska Wytwornia Samolotow (PWS – an aircraft plant) and Samolot.

The first aircraft plant established by the state was Panstwowe Zaklady Lotnicze (PZL – State-Owned Aircraft Plant), which was created in 1928 on the basis of the former CWS. At first, Polish companies produced aircraft under licence from French companies (Poteza [PWS] and Wibault [PZL]).

In 1929 LOT Polish Airlines were established, as a result of a merger of companies formerly operating in the aviation transport sector. In 1930 the newly-established company joined the IATA and launched its services as an international carrier. Factors conducive to aircraft production included the growing popularity of flight and the modernisation of the Polish army. It was at that time that a series of globally unique P fighters (whose characteristic feature was a V-shaped wing) and the "Los" bomber were created. Both aircraft proved so good that they promptly found eager buyers abroad. In 1939 PZL had three plants, located in:

- Warsaw – two plants manufacturing aircraft and engines under a licence from Bristol
- Mielec – a plant producing aircraft parts, established as part of the Central Industrial District project, along with a plant manufacturing engines in Rzeszow.

On the eve of World War II, in addition to its broad aircraft portfolio, the company had also many interesting aircraft designs it planned to execute in the future.

For the Polish aviation sector, the period between the wars was also marked by several spectacular successes in the sporting arena, which led to keen public interest in the new industry. One of them was the victory of a Polish pilot in the 1936 Challenge international

aviation contest; another was a non-stop transatlantic flight from Senegal to Brazil. Both these successes were achieved using Polish RWD aircraft.

1939–1989

Much of the Polish aviation industry was destroyed during World War II, which in practice meant that the industry had to be rebuilt from scratch. The restoration of the sector was possible thanks to the creation of the network Wytwornia Sprzetu Komunikacyjnego (WSK, a transport equipment enterprise), which manufactured a wide range of products related to transport, from motorcycles through aeroplanes and helicopters. The major companies in the WSK network were as follows:

- WSK Okecie of Warsaw, which was created on the foundation of PZL Warszawa; it manufactured sport, training, agricultural and multi-task aircraft, including a number of widely-known models such as PZL-104 Wilga and PZL-106 Kruk.
- WSK Swidnik, created in 1951 out of PWS and LWS, and operating in Lublin and nearby cities. In 1958 the company launched the production of Mi-1 and Mi-2 helicopters under a Russian licence. In the 1980s it manufactured the W-3 Sokol, as well as parts for Il and An passenger aircraft.
- WSK Mielec, which was established on the basis of the Mielec PZL plant, manufactured aircrafts under a Russian licence (the An-2 bi-plane and MIG-15 and MIG-17 jet aeroplanes). In the 1960s WSK Mielec launched the production of its own training aircraft, TS-11 Iskra, and M-15 Belphegor, the only bi-plane jet aircraft in the world.
- WSK Kalisz, which was established in 1946, has produced aircraft engines since 1952 (radial, turbine, turbopropeller) and flap steering systems for passenger aircrafts.
- WSK Rzeszow, which continued the business of the pre-war PZL plant manufacturing engines; the company produced engines for MIG-15 and MIG-17 jet airplanes and turbopropeller engines.

A word should be added about Specjalne Zaklady Doswiadczalne (a special experimental centre) of Bielsko-Biala, where gliders were produced. Another important feature of the history of Polish aircraft manufacturing was Poland's specialisation in aircraft for agriculture within the Council for Mutual Economic Assistance, which followed from the internal division of tasks within that organisation.

Main players in the Polish aviation sector

During the post-1989 transition in Poland from a command economy to a free market system, the Polish aviation branch was also transformed. As a result of that transformation,

the aircraft sector can currently be divided into the following groups, depending on type and historical background:

- firms established as a result of the transformation of the former WSK enterprises (WSK – Wytwornia Sprzetu Komunikacyjnego – transport equipment companies manufacturing a wide range of products related to transport, from motorcycles through airplanes and helicopters) into commercial companies
- firms still partially or fully owned by the State Treasury
- firms established as a result of foreign direct investments
- aviation companies in the SME sector.

Firms established as a result of the transformation of former WSK enterprises into commercial companies

Company name	**WSK PZL-Rzeszow SA**
Turnover in 2007 (in PLN million)	574.5
Net profit/loss in 2007 (in PLN million)	11.6
Number of employees	3,998
Website	www.wskrz.com
Established in	1938
Company operates in production, maintenance, services, projects and research. It manufactures aircraft components, above all engine turbines, as well as complete engine units. The company specialises in manufacturing engines for business jets. Bought by United Technologies Holding in 2002.	

Company name	**PZL Mielec SA**
Turnover in 2008 (in PLN million)	115.4
Net profit/loss in 2008 (in PLN million)	-65.6
Number of employees	1,600
Website	www.pzlmielec.pl
Established in	1938
For over 60 years the factory has been a producer of agricultural & fire-fighting planes, passenger/cargo commuters and trainer aircraft. The company cooperates with Spirit Aerosystems, Pratt&Whitney, GKN Westland, and SAAB Aerostructures. It was bought in 2007 by Sikorsky, whose holding company is United Technologies Corporation, whose stable, in addition to Sikorsky, also includes Hamilton Sundstrand, Otis, Pratt & Whitney, and UTH. The company's flagship products are the M28 Skytruck, the M28 Bryza; the agricultural & fire-fighting M18 Dromader; and M26 Little Spark, a trainer for military and civilian pilots. The Polish Ministry of Defence recently placed an order with PZL Mielec for Bryza aircraft.	

Company name	**EADS PZL Warszawa Okecie SA**
Turnover in 2008 (in PLN million)	62.5
Net profit/loss in 2008 (in PLN million)	-14.7
Number of employees	500
Website	www.pzl.eads.net
Established in	1928
The company is active in aircraft design technology, sub-structure assembly and component manufacturing (mainly for CASA and Airbus), as well as domestic and foreign agricultural services (in North Africa, Latin America and Europe). In 2001 it was bought by EADS and became a member of the EADS Group, under the management of EADS-CASA.	

Company name	**PZL Wola SA**
Turnover in 2008 (in PLN million)	40.5
Net profit/loss in 2008 (in PLN million)	-27
Number of employees	300
Website	www.pzl-wola.pl
Established in	1951
Producer of complete engines and engine parts, mostly for military machines. Only part of the production is dedicated to aircraft engine elements. In 2008 the company was taken over by Bumar Sp. z o.o. Since then it has had financial problems and is currently close to bankruptcy. Another Bumar Group company is WSK PZL Warszawa II SA (which manufactures aircraft instruments and devices, employing 400 people).	

Firms partially or fully owned by the State Treasury include:

Company name	**PZL Swidnik SA**
Turnover in 2008 (in PLN million)	471
Net profit/loss in 2008 (in PLN million)	-13.3
Number of employees	3,600
Website	www.pzl.swidnik.pl
Established in	1953
Producer of aircrafts and aviation elements: fuselages and components, centre wing boxes, door mechanisms, control surfaces, and fire protection linings. The factory offers also a wide range of production services including: machining, special surface treatments, welded constructions, bonded parts, die forgings of non-ferrous metals, and standardised and special bolts or screws. The company cooperates with EADS, Latecoere, Eurokopter, Agusta, Dassault, Snecma, Fokker, Ratier-Fegeeac and Boeing. PZL Swidnik used to be a world leader in helicopter production. It was famous for the PZL-Sokol (PZL-Falcon) helicopter. Its other flagship products are the SW-4 helicopter and the PW-5 Smyk glider. Nowadays it mostly provides global giants with composite aircraft components. The company is to be sold off to AgustaWestland in January 2010.	

Company name	**WSK PZL Kalisz SA**
Turnover in 2008 (in PLN million)	58.3
Net profit/loss in 2008 (in PLN million)	-2.9
Number of employees	800
Website	www.wsk.kalisz.pl
Established in	1952
The company manufactures aircraft pistons, engines and aircraft parts and also provides repairs and maintenance services. It cooperates with General Electric Transportation Systems, Allison Transmission, Turbomeca, Sulzer Textil, and Pratt&Whitney Kalisz. It produces parts for both to civilian and military aircraft. It is a joint-stock company, and its principal shareholders are as follows: the State Treasury (53.94%), Industrial Development Agency SA (21.50%), company employees (11.59%), and others.	

Company name	**PZL Hydral SA**
Turnover in 2007 (in PLN million)	55.7
Net profit/loss in 2007 (in PLN million)	n/a
Number of employees	600
Website	www.hydral.com.pl
Established in	1946
Manufactures power hydraulics, fuel supply and control systems for aviation, designs and produces industrial hydraulics for various sectors of the national economy. Currently in financial difficulties and undergoing privatisation. Put up for sale by Industrial Development Agency SA. The company's activity is on hold as it searches for a strategic investor.	

Company name	**Instytut Lotnictwa**
Turnover in 2008 (in PLN million)	51
Net profit/loss in 2008 (in PLN million)	4.6
Number of employees	500
Website	www.ilot.edu.pl
Established in	1995
The Institute of Aviation's mission is to provide high-quality research services.	

Company name	**Przemyslowy Instytut Telekomunikacji SA**
Turnover in 2008 (in PLN million)	42.3
Net profit/loss in 2008 (in PLN million)	1.3
Number of employees	720
Website	www.pit.edu.pl
Established in	1934
The Industrial Telecommunication Institute provides radar and telecommunication systems for air forces. It is headquartered in Warsaw and has regional agencies in Gdansk, Wroclaw and Kobylka.	

Company name	**Wojskowy Instytut Medycyny Lotniczej**
Turnover in 2008 (in PLN million)	25.8
Net profit/loss in 2008 (in PLN million)	0.76
Number of employees	300
Website	www.wiml.waw.pl
Established in	1928
The main areas of activity of the Military Institute of Aviation Medicine are research and development in aviation medicine, pilot examination, aviation physician training, and clinical and preventative work.	

Company name	**Wojskowe Zaklady Lotnicze SA**
Turnover in 2008 (in PLN million)	n.d.
Net profit/loss in 2008 (in PLN million)	n.d.
Number of employees	n.d.
Website	www.wzl1.mil.pl www.wzl2.mil.pl www.wzl3.mil.pl www.wzl4.mil.pl
Established in	n.d.
There are four autonomous units of the Military Aircraft Works: in Lodz, Bydgoszcz, Deblin and Warsaw, together employing approx. 1,600 people. The units manufacture aircraft parts and provide repair services for army purposes. Financial data are not available.	

Firms established as a result of foreign direct investments include:

Company name	**Pratt&Whitney Kalisz Sp. z o.o.**
Turnover in 2007 (in PLN million)	204
Net profit/loss in 2007 (in PLN million)	-86
Number of employees	1,700
Website	www.pwk.com.pl
Established in	1992
The company was established in 1992; it is entirely owned by Pratt & Whitney Canada. Pratt & Whitney Kalisz produces around 2,100 types of parts, including gear-wheels, pump components, reducers, transmission systems and compressors.	

Company name	**Avio Polska Sp. z o.o.**
Turnover in 2007 (in PLN million)	166.4
Net profit/loss in 2007 (in PLN million)	7.6
Number of employees	500
Website	www.aviogroup.com.pl
Established in	2001
Avio Polska Sp. z o.o. is a member of AVIO International Industrial Group. The company launched its operation in 2001 in Bielsko-Biala. Its core business is manufacturing rotor blades and stators for aeroengine turbines, supported by its own research and development centre cooperating with other local research centres and universities. The company cooperates with General Electric, Eurokopter and Sikorsky. Avio Polska is the leader of Silesian Aviation Cluster.	

Company name	**Goodrich Krosno Sp. z o.o.**
Turnover in 2007 (in PLN million)	75.6
Net profit/loss in 2007 (in PLN million)	2.5
Number of employees	418
Website	www.goodrich.com
Established in	1999
A manufacturer of chassis components for commercial and military aircraft with a plant in Krosno.	

Company name	**Hispano Suiza Polska Sp. z o.o.**
Turnover in 2007 (in PLN million)	67.8
Net profit/loss in 2007 (in PLN million)	-17
Number of employees	350
Website	www.hispano-suiza.pl
Established in	2001
A manufacturer of aircraft engine parts with a production plant in Sedziszow Malopolski.	

Company name	**Unison Engine Components Poland Sp. z o.o.**
Turnover in 2007 (in PLN million)	34.7
Net profit/loss in 2007 (in PLN million)	0.2
Number of employees	170
Website	www.dionar.com.pl
Established in	1991
A company designing and installing electronic and satellite equipment. Its main shareholder is the GE Aviation Systems Group Ltd. (84%).	

Company name	**Gardner Polska Sp. z o.o.**
Turnover in 2007 (in PLN million)	31.2
Net profit/loss in 2007 (in PLN million)	4.2
Number of employees	100
Website	www.gardner.pl
Established in	2000
The company is a member of Gardner Group Sp. z o.o. and is located in Tczew near Gdansk. Gardner specialises in precision machining of components designed for the aerospace and automotive markets.	

Company name	**VAC Aero Kalisz Sp. z o.o.**
Turnover in 2007 (in PLN million)	9.6
Net profit/loss in 2007 (in PLN million)	3.3
Number of employees	50
Website	www.vacaero.com
Established in	2003
The company specialises in high-technology, specialised processes applicable to steel, stainless steel, titanium, ceramic and other materials, mainly used in the aircraft industry. It is entirely owned by Vac Aero International.	

Company name	**Creuzet Polska Sp. z o.o.**
Turnover in 2007 (in PLN million)	6.8
Net profit/loss in 2007 (in PLN million)	0.3
Number of employees	24
Website	www.creuzet.pl
Established in	2003
The Polish branch of the French company Creuzet is located in Sedziszow Malopolski. It produces aircraft components.	

Company name	**MTU Aero Engines Polska Sp. z o.o.**
Turnover in 2008 (in PLN million)	0.34
Net profit/loss in 2008 (in PLN million)	-18.8
Number of employees	230
Website	www.mtu.de
Established in	2008
A new investment of German company MTU Aero Engines GMBH, in Trzebownisko Industrial Zone near Rzeszow. The company manufactures aircraft engine parts and provides repair services. Established in 2008 – hence the low turnover and the large loss (investments).	

Domestic SMEs in the aviation sector

Many companies from this segment operate in the sports, very light and ultra-light aircraft sectors and some are subcontractors of larger companies. There are around 20 such enterprises in the Bielsko-Biala region and several in other places in Poland. Aviation Valley near Rzeszow brings together 142 firms, scientific research units and other organisations, the majority of which are small private enterprises. Many small and medium companies in the aviation sector concentrate on innovation and designing and producing their own planes. Below is a list of the most interesting small and medium-sized companies:

Company name	**Aero AT Sp. z o.o.**
Turnover in 2007 (in PLN)	6,400,000
Net profit/loss in 2007 (in PLN)	-600,000
Number of employees	40
Website	www.aero.com.pl
Established in	1994
This company's mission is to bring to the market inexpensive two-seater aircraft for basic training and tourism. It is currently one of the most successful Polish aviation SMEs. It was established and is still owned by Tomasz Antoniewski. Its flagship products, the AT-3 Very Light Aeroplane and the AT-4 AT-4 Light Sport Aircraft, are very attractive for US clients. The shareholders are as follows: Capital Partners SA 34.83%, Gewa Sp. z o.o. 26.67%, auctioneers 19.58%, Chodzen sp.j. 18.92 %.	

Company name	**Aero-Kros Sp. z o.o.**
Turnover in 2008 (in PLN)	5,700,000
Net profit/loss in 2007 (in PLN)	-900,000
Number of employees	25
Website	www.aero-kros.com
Established in	2007
Technical servicing, overhaul and repair of aviation and auxiliary equipment; assembly of kit aircraft; production and modification of auxiliary equipment and manufacture of spare parts; production of ultra-light aircrafts and spare parts; distribution of aviation materials and spare parts for aviation equipment. Cooperates with Initziative Industriali Italiane S.p.A., Allstar PZL Glider, Stemme AG, and Tholander GmbH. Its flagship product is the ultra-light aeroplane MP-02 Czajka.	

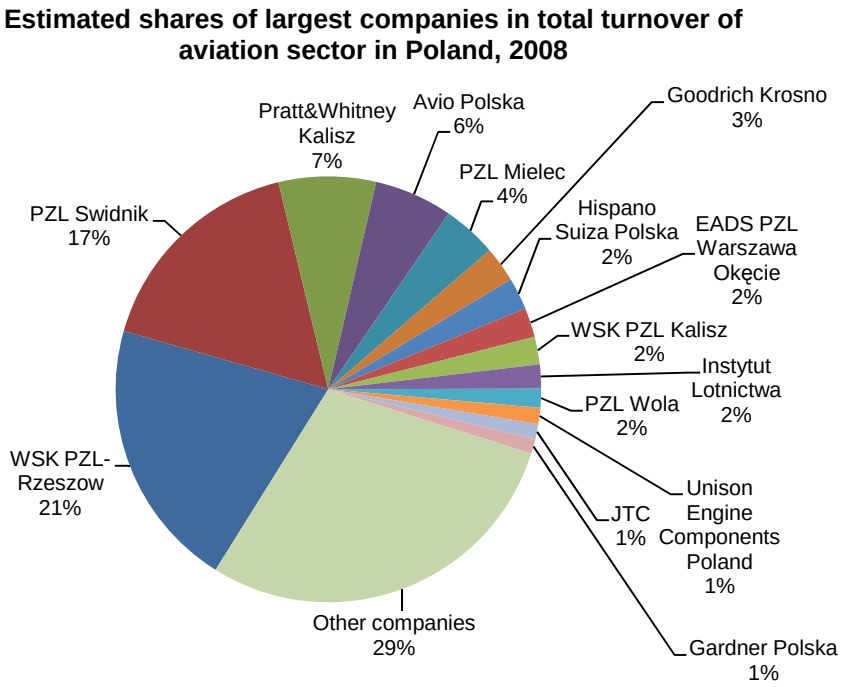
Company name	**Wytwornia Konstrukcji Kompozytowych Andrzej Papiorek Sp. z o.o.**
Turnover in 2008 (in PLN)	344,868
Net profit/loss in 2008 (in PLN)	-20
Number of employees	50
Website	www.papiorek.com.pl
Established in	1990
Current production is focused on composite elements and completed gliders. Its main products are parts, subassemblies and assemblies for gliders, motorgliders and aircrafts, as well as biofilters, and scrubbers and miscellaneous other equipment for air pollution control plants, fans and wind turbines. It is a small company, but the leader in the gliding and sports planes sector. It cooperates with Initziative Industriali Italiane S.p.A., Allstar PZL Glider, Stemme AG, Tholander GmbH. Its flagship product is the glider Perkoz.	

Company name	**Marganski & Myslowski Sp. z o.o.**
Turnover in 2008 (in PLN)	8,888
Net profit/loss in 2008 (in PLN)	-1,213,966
Number of employees	40
Website	www.marganski.com.pl
Established in	2005
The history of the company dates back to 1986, but it has been operating under its current profile and name since 2005. It designs and manufactures unlimited category aerobatic gliders and powered aircraft, wind turbines, and composite structures. The company's mission is to deliver ready-to-fly aircrafts based on its own designs. Its flagship products are the twin-engined four-seater monoplane EM-11C ORKA and the MDM FOX aerobatic glider. Marganski has designed aircraft currently in the test phase which could revolutionise the aviation industry. The idea is similar to the Starship airplane made by Beechcraft, but the innovation is the introduction of a moving wing in front of the light deck, which radically improves flight parameters. This idea won him the Polish Engineer of the Year Award.	

Market size, market structure and current situation in the Polish aviation sector

The total turnover of the aviation sector in Poland (all companies active in the sector, generated from sales of complete aeroplanes, helicopters, parts and components, including turnover of subcontractors working for large companies) in 2009 was about PLN 2.8 billion (EUR 680 million) and this was about the same as in 2008. In the years 2003–2008 the sector grew very fast. In 2003 its total turnover was PLN 710 million (EUR 170 million) – four times less than in 2008 and 2009. Over the same period, employment in the sector increased from 9,000 employees in 2003 to 22,000 employees.

The two largest companies in the sector – WSK PZL Rzeszow and PZL Swidnik – together have about a 38% share in the total turnover of the aviation sector in Poland. Together with the third and fourth companies (Pratt&Whitney Kalisz and PZL Mielec) they have about a 50% share.



Shares shown are estimates based on companies' financial data for the years 2007 and 2008 (for some companies data for 2008 were not available).
Source: PMR Research, 2008

The years 2003–2008 were a good period for the aviation sector in Poland, and the sector noted strong growth, but in 2009 the situation changed somewhat. Owing to the global financial crisis new orders for aeroplanes, helicopters, parts and components have dropped. Companies are currently still working on orders from previous years, but if the crisis proves protracted the global (and also Polish) aviation sector will find itself in trouble.

The major part of turnover comes from production of parts and components rather than complete aeroplanes or helicopters.

About 90% of all output is exported (mainly parts and components sold to global giants such as Boeing, Eurocopter, Agusta, the EADS Group, etc.); only about 10% is sold in Poland. According to Eurostat data, among the largest foreign customers are the United States of America, Italy, Canada, Russia, France, the United Kingdom and Germany. The largest exporters of "aircraft, spacecraft and parts thereof" to Poland are the United States and Spain.

The largest domestic client is the Polish government (which buys aeroplanes, helicopters and spare parts for the army, the police, the border guard, and the air ambulance service). There is also a market for small aeroplanes (general aviation – all flights other than military and scheduled airline flights, both private and commercial). At present this market is rather small (10-20 small planes sold per year, mainly to aeroclubs or private owners), but has growth potential.

As about 90% of production is exported, the situation in the Polish aviation sector is closely linked to the situation in the global aviation sector.

Compared to other Central and Eastern European countries the Polish aviation sector is strong. Countries like Hungary, Lithuania or Latvia have no traditions in the aviation sector and are not currently developing this sector. They mainly import aeroplanes and helicopters – only in Hungary there is any production of small, very light airplanes. The situation in the Czech Republic and Slovakia is better. The Czech Republic in particular has a strong aviation sector, smaller than in Poland (the Czech Republic is much smaller than Poland), but well organised with a very strong general aviation and small aeroplane segment. Their largest factory is Aero Vodochody, which cooperates with leading aerospace manufacturers (Sikorsky, Alenia Aeronautica, Sonaca, Latecoere, Saab, EADS) and manufactures military aircraft for the Czech Air Force.

Countries such as Ukraine or Russia have strong traditions, considerable potential, and large factories, but the aviation sectors in these countries are currently in deep crisis. They have very weak general aviation segments and big problems with civilian aeroplanes (they do not have products capable of competing with Airbus or Boeing). The best situation is in the military aircraft segment, but they sell these only on their own markets as they do not have the necessary certificates to access the European Union or US markets.

Main market events and trends

The whole sector in Poland is in the process of being privatised, and this is the dominant trend. Most companies have already been sold off to private investors, but some are still owned by the State Treasury. The privatisation process is always difficult for the company in question, so the situation of many Polish companies is currently unstable as they undergo transformation and alter their priorities in an attempt to adapt to the global market.

Main market events and trends over the past three years include the following:

- Sale of PZL Swidnik to AgustaWestland in Jan 2010 for PLN 339 million (EUR 81 million).
- Sale of PZL Mielec to Sikorsky Aircraft in 2007 for PLN 250 million (EUR 60 million).
- MTU Aero Engines Polska – a new investment of the German company MTU Aero Engines GMBH, launched in 2008. The new company is located near Rzeszow in southern Poland, and manufactures aircraft engine parts and provides repair services. By 2012 it will employ 400 people, including 100 engineers working in its research centre. According to MTU Aero Engines' plans, a total of EUR 50 million will be invested in the company in the period to the end of 2010.
- Cooperation of Aviation Valley Association of Aviation Manufacturers with universities and secondary schools in order to adjust curricula (in secondary schools and higher education) to the needs of aviation companies.

- Avio Polska has succesfully implemented a new component for the JumboJet engine (rotor blades of low-pressure turbines for the GEnx-2B engine) and received funds from the Polish Agency for Enterprise Development to build up a production line for this component. The value of the project is about PLN 100 million (EUR 24 million), one-third of which comes from EU funds.
- Aviation Valley Association is in the process of implementing the project "Areas of material techonology development for the needs of the Aviation Valley cluster", worth almost PLN 300,000 (EUR 72,000), the aim of which is to prepare forecasts for the next 15 years regarding development of material technologies most important for aviation companies. The project is part of the National Foresight Programme "Polska 2020" (http://foresight.polska2020.pl/mis/en/).

Forecasts for the aviation market

Despite the current difficult situation on the global aviation market, long-term forecasts for this market sector are very positive. According to a report prepared by Airbus, in the next 20 years the global market will need 25,000 aeroplanes. The greatest demand for new aircraft will come from emerging countries, especially in the Asia and Pacific area. In the shorter term the forecasts are also quite positive. Everybody in the aviation sector is simply waiting for the end of the crisis and the first signs of economic revival.

The Polish aviation sector is closely connected with the global industry, so it is very possible that global tendencies will also affect the Polish market. Large companies which used to produce complete aeroplanes are now becoming manufacturers of parts and components and these companies will be dependent on the situation of their mother-companies.

In the years 2003–2008 the Polish aviation sector saw steady growth. In 2009 this situation changed – the growth stopped and the total turnover of the sector was at a similar level to that in 2008. This was largely as a result of the global crisis. The market is expected to start growing again, but the timescale for this depends on when the global crisis ends.

Another positive signal for the sector is that in the relatively short term the Polish government is expected to place orders for new helicopters for the police and border guard, as well as for military training planes.

However, some manufacturers in Poland expect next year to be better than this, especially as in the near future the Polish government is likely to want to buy new helicopters for the army, police and border guard, as well as military training airplanes.

Doing business on the Polish aviation market

Business activity

The Business Freedom Act of 2 July 2004 is the piece of legislation with the greatest bearing on business activity in any sector in Poland. It regulates the commencement, performance and discontinuation of business activity in the territory of Poland as well as the related tasks of public administration bodies. Foreign legal and natural persons[1] from member states of the European Union and the European Free Trade Agreement (EFTA) – signatories to the agreement on the European Economic Area (EEA) – may commence and engage in business activity in Poland on the same conditions as Polish entrepreneurs.

Citizens of countries that are not EU (EEA) members may also commence and conduct business activity in Poland on the same conditions as Polish entrepreneurs as long as they:

- have been permitted to reside in the territory of Poland
- have been granted a tolerated stay permit or refugee status in Poland
- are subject to temporary protection in the territory of Poland.

As long as international treaties do not provide otherwise, other foreign persons have the right to commence and engage in business activity in Poland only in incorporated form, as:

- limited partnerships
- limited joint-stock partnerships
- limited-liability companies or
- joint-stock companies.

Persons in the above categories may also join the types of companies listed here above and acquire or purchase shares in them. In addition, foreign entrepreneurs[2] may also engage in business activity by establishing branches or representative offices in Poland.

Tax system

The Polish tax system identifies 12 types of taxes, including:

- direct taxes:

[1] Under the act, a foreign person is: 1. natural person domiciled outside of Poland, not a holder of Polish citizenship; 2. legal person with registered offices abroad; 3. non-incorporated organisational unit with the right to engage in legal actions, with registered offices abroad.
[2] Under the act, a foreign entrepreneur is a foreign person conducting business activity abroad.

  - corporate income tax (CIT)
  - personal income tax (PIT)
  - tax on civil law transactions
  - property tax
  - vehicle tax
  - donation and inheritance tax
  - agricultural tax
  - forest tax
  - dog tax
- indirect taxes:
  - value added tax (VAT)
  - excise tax
  - gaming tax.

Polish law on business activity in the aviation market

Business activity in the aviation market is regulated by additional rules governing safety, mainly arising from the work of the EASA (European Aviation Safety Agency). This includes the requirement to hold special licences and certificates for manufacturing aeroplanes and components for aeroplanes, as well as aviation transport licences. Polish law regarding the aviation sector is in the process of being adapted to EU regulations and in most cases it is the same as in other EU countries. However, experts have indicated that Polish law in this field is very complex and vague, and procedures are more expensive and time-consuming then in other EU countries, which may be considered a barrier to doing business. One example of this is certification and registration of light aeroplanes, which in Poland is much more complicated than in the Czech Republic, so it is popular to register such planes in the Czech Republic to save time and money.

The main certification institutions are the EASA (European Aviation Safety Agency) and the Civil Aviation Office (ULC – Urzad Lotnictwa Cywilnego), which perform the functions of an aviation administration and supervision authority in areas including the following:

- compliance with legal provisions relating to civil and commercial aviation
- operation of aircraft and certification of entities conducting civil aviation activity
- airworthiness of aeronautical equipment and competence of flight personnel
- registers of aircraft, aerodromes, aviation ground facilities, flight personnel and landing areas
- co-operation with state aviation authorities and other bodies regarding air traffic management and air traffic safety & services

- co-operation with the aviation administration and supervision authorities of foreign states and with local authorities on matters related to civil aviation, and with ICAO & other international civil aviation organisations
- flight safety in civil aviation, including examination and evaluation of safety standards in civil aviation
- implementation of civil aviation regulations
- approval of the boundaries of aerodrome manoeuvring areas
- preparation and negotiation of international agreements and legislative acts in the field of civil aviation
- National Civil Aviation Security Programme & National Civil Aviation Facilitation Programme – designing & directing supervision of its implementation
- approval of aerodrome security programmes and civil aviation companies' security programmes, and supervision of their implementation
- organisation of aviation medical examination services
- coordination of local zoning plans in boroughs where new aerodromes are planned or existing aerodromes and ground facilities are to be upgraded.

Examples of activities which require special certificates/permits:

- provision of air transport services by Polish companies – Air Operator Certificate (AOC) and Aerial Works Certificate (AWC) needed
- provision of air transport services into or out of the Republic of Poland by foreign air carriers – entry permission needed
- provision of ground services in aerodromes – Airport Handling Agent Certificate (AHAC) and additional permission needed
- design and manufacture of parts and components for aeroplanes – special EASA certificates needed
- design and manufacture of complete airplanes – special EASA certificates needed.

Aviation organisations in Poland

There are many organisations and associations in Poland connected with the aviation sector. All joint-stock companies, limited liability companies, organisations, federations and associations in Poland should be entered in the National Court Register *(*KRS – Krajowy Rejestr Sadowy*)*. There are over 250 players operating in the aviation sector registered in the KRS. In this subchapter only federations and associations in Poland will be profiled.

One of the most important in the Polish aviation sector is an organisation named the Aviation Valley Association of Aviation Manufacturers (www.dolinalotnicza.pl). This organisation brings together the majority of aviation companies operating in Poland, including manufacturers of aircraft and aircraft components, their suppliers, aircraft research and development and logistics service providers, and educational institutions training future aircraft personnel. The objectives of the Association are as follows:

- organisation and development of a low-cost supply chain
- creating conditions conducive to the development of the aviation industry enterprises in the region
- further development of aviation studies, and of the competences and qualifications of industry personnel
- cooperation with universities of technology to promote new ideas and continued scientific research within the aviation industry
- promotion of the Polish aviation industry
- support for aviation industry enterprises
- influencing the Polish government's economic policy in the favour of the aviation industry.

As a result of the concentration of the Polish aviation industry in one specific part of the country, "Aviation Valley" is becoming a geographically descriptive term which covers the Podkarpackie region, though there are also member companies in the Lubelskie and Slaskie regions. Currently, south-eastern Poland is home to approximately 85% of all investments in the sector.

Other important organisation is Silesian Aviation Cluster – a association of 18 companies from the area of Bielsko-Biala (city in southern Poland) with revenues on the level of 80 million euro and about 700 employees. The leader of the cluster is AvioPolska (www.aviopolska.com), a part of AVIO international industry group. AvioPolska is focused on manufacturing of blades of rotors and stators for aero-engine turbines. The Silesian Aviation Cluster cooperates closely with the Aviation Valley Association (all members of the Silesian Aviation Cluster are also members of the Aviation Valley Association).

The table below includes a selection of major organisations from the aviation sector in Poland that operate nationwide, and about which we assume that knowledge might be useful. Trade unions and veterans' associations have deliberately been omitted in this table.

Name	Website	Description of activities
"AERONET – Aviation Valley" Centre of Advanced Technologies	www.aeronet.pl	Created in 2004. Among its members are five universities and The Aviation Valley Assiciation. It conducts research and development activity regarding technologies important for the aviation sector.
Aircraft Owners and Pilots Association (AOPA)	www.aopa.pl	The aims of this association are promoting and supporting General Aviation (GA) in Poland. This includes representing the interests of Polish aviation in government, improving flight safety, protecting airports and airfields, and informing society about the advantages of developing GA.
Aviation Accord Network "AVIA – SPLot"	www.splot.org.pl	This organisation includes aviation companies, associations and institutions in the Podkarpackie voivodship. Its mission is to offer specialised partnership in the technical and production field to support the aviation industry's development and to fulfill potential clients' needs.
Polish Air Traffic Controllers' Association "POLCATA"	www.polatca.pata.pl	The Association's mission is to increase aviation safety in Polish air space, by ensuring the high professional qualifications and appropriate work ethic of its members.
Polish Airlines Representatives Council "BARIP"	No website available. Tel. no. +48 22 3381365	Affiliates agents of airlines operating in Poland to protect their interests.
Polish Aviation Industry Association	www.sppl.org.pl	Set up in 2004 to support the dynamic expansion of the aviation industry in Poland. The association is a non-profit organisation representing companies and institutions from the aviation, space and defence sectors.
Polish Aviation Medicine Association	www.nil.org.pl	Associates physicians and scientists interested in and practising aviation medicine.
Polish Aviation Promotion Association "PROMLOT"	www.promlot.ptc.pl	The association's main goals are to promote Polish aviation abroad and support the national aviation industry.
Silesian Aviation Cluster	No website available, although contact is possible via www.aviopolska.pl	Affiliates 18 aviation companies and organisations in the Bielsko-Biala area of southern Poland. The Silesian Aviation Cluster cooperates with the Aviation Valley Association in the Podkarpackie voivodship.
The Aviation Valley Association	www.dolinalotnicza.pl	An association of aviation industry traders. The main objective of the association is to transform southeastern Poland into one of Europe's leading aerospace regions, able to provide a diverse cross-section of products and services for even the most demanding clients.

Beside the organisations mentioned above, there are many more, mostly active on the regional and local level. In Poland there are associations organising air shows and other family events, supporting the development of regional airports (as these also present opportunities for region development), and affiliating air sports instructors. It is worth mentioning that there are also many organisations catering to people with a passion for model aircraft and ultra light planes, as well as gliding and areobatics (Poland has international successes in both fields). The Polish Aeroclub (www.aeroklubpolski.pl) organises and

coordinates all aerial sports events and competitions, training for instructors and coaches, and licensing, as well as promoting aerial sports and being responsible for selecting the national squad for international sports events. There are 67 regional aeroclubs. All of them are listed, together with contact information, on the Polish Aeroclub website (www.aeroklubpolski.pl/aerokluby_regionalne). Of all the regional aeroclubs operating in Poland, only Lebus Land Aeroclub (www.azl.pl) serves almost the full range of aerial activities.

Polish aviation market R&D activities

Large aviation companies in Poland declare that research and development activity is important for them and point out that privatisation and investments enable them to work on new technologies. Small private companies also have ambitions to be innovative, but in the case of small companies, innovations tend to be hampered by lack of funds.

Examples of R&D projects

AvioPolska has carried out reasearch and development and design work on prototypes for low-pressure turbine stators for new-generation GEnx-2B turbofan engines. This is a significant event in the history of the Polish aircraft industry because it has been long time since Poland was a world leader in the design and implementation of the newest aviation technology.

AvioPolska, as a company specialising in design and manufacture of components for turbine engines, has performed this task as a member of an international consortium led by General Electric. Polish engineers from Avio and researchers from the University of Bielsko-Biala are also working on the project. GEnx-2B will be the most innovative aircraft engine in the world. It is purposed as the propulsion for the latest long-range aircraft Boeing 747-8, the successor of the "Jumbo Jet" – the largest aircraft produced by the American Boeing.

The technological solutions used in the manufacture of the engine are state-of-the-art: they outclass current technology levels and meet the requirements set down by the Advisory Council for Aeronautics Research in Europe (ACARE) with regard to noise and exhaust gas reduction. The GEnX, designed in response to customers' needs, is a great step forward in propulsion systems. The newest generation of materials, and processes reducing weight, increasing performance and cutting engine maintenance costs during operation have been employed in the construction of the engine.

The many innovative solutions in the engine (including those regarding research, design and manufacture of blades with new thermodynamic and strength characteristics) give it the following advantages:

- 15% reduction in specific fuel consumption
- 30% longer airborne time and 30% fewer parts, significantly reducing maintenance costs in comparison with the engines it supersedes,

exhaust gas emissions 95% lower than admissible levels; the quietest, most passenger-friendly commercial engine ever built.[3]

Aviation Valley Association is in the process of implementing the project "Areas of material techonology development for the needs of the Aviation Valley cluster", worth almost PLN 300,000 (EUR 72,000), the aim of which is to prepare forecasts for the next 15 years

[3] Avio Polska, http://www.aviopolska.pl/texts/view/18

regarding development of material technologies most important for aviation companies. The project is part of the National Foresight Programme "Polska 2020" (http://foresight.polska2020.pl/mis/en/).

Other interesting example of R&D projects include a monocrystals technology project involving cooperation between WSK PZL Rzeszow and Rzeszow University of Technology. The research is advanced, but nothing has been patented yet.

R&D centres and cooperating universities

In addition to manufacturers and service providers, the Polish aircraft sector also comprises scientific and educational institutions. At the moment, these organisations include:

- Rzeszow University of Technology – the Faculty of Aircraft and Mechanical Engineering offers studies with the following degree specialisations: aircraft, aircraft engines, avionics and pilotage.
- Lublin University of Technology – the Department of Mechanics and Mechanical Engineering offers studies at the Helicopter Engineering programme (M.Sc. programme).
- Warsaw University of Technology – the Faculty of Power and Aircraft Engineering, which offers the following specialisations: the Automatics and Aircraft Systems, Astronautics, Aircraft Propulsion and Aircraft. The Transport Department offers studies at the Air Traffic Management specialisation. The Department of Automation and Aircraft Systems conducts research work in aircraft-related fields.
- Warsaw Military University of Technology – the following departments operate as part of the Institute of Aircraft Technology: Aerodynamics and Thermodynamics, Avionics and Aircraft Armament, Aircraft Engineering and Operation, all of which perform educational and scientific work.
- State Higher Vocational School of Chelm – the Department of Mechanics and Mechanical Engineering offers the following specialisations: aircraft engineering, aircraft and land navigation, aircraft pilotage, machine technology, production system IT science. First students are due to graduate in 2007.
- State Higher Vocational School of Kalisz – B.Sc. studies at the Department of Mechanics and Mechanical Engineering, the specialisation of aircraft engine engineering.
- Institute of Aviation of Warsaw – set up in 1926, it is the main research and development and design centre in Poland in aviation and related sciences. The Institute is a research and development unit, which offers research, design and research and development work for the aircraft industry.

- ITWL Warszawa – the company provides scientific and research support for the operation of military aircraft. It is specialised in the research of aircraft and its weapons in terms of broadly understood flight safety, logistics reliability and maintainability.

There are also secondary schools which provide vocational education in professions associated with the aviation industry. They include:

- European Aviation Technical Secondary School at the Complex of Agricultural and Technical Schools in Powodow (avionics technician).
- Private Aviation Schools of Warsaw – a complex of three schools: a general secondary school, a technical secondary school and a post-secondary school, which provides education in aviation professions.
- European Aviation Technical Secondary School of Warsaw, which provides aviation education in the following professions: aviation mechanic and avionics technician.

Cooperation between companies and universities

Polish aviation sector companies cooperate with universities in the area of research and development. Sometimes such cooperation is treated only as a chance to obtain a grant or subsidy (i.e. from European Union funds). According to one market expert, it is much easier for a university to receive a grant if it cooperates with a market company. When the university gets the grant, the company also benefits. However, there are aviation companies that cooperate with universities on a more permanent basis. Examples of cooperation between company and university include:

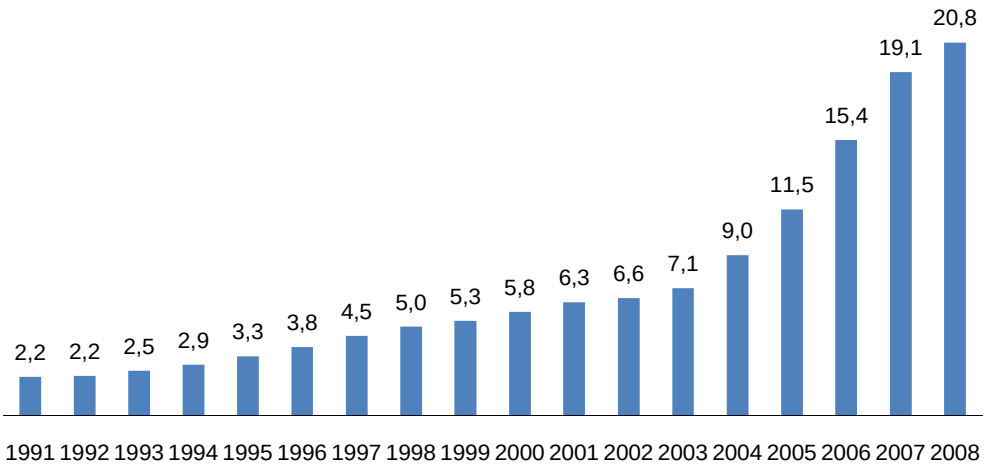
- Avio Polska and Silesian University of Technology (currently two research projects in progress)
- Avio Polska and Warsaw University of Technology
- Avio Polska and the Military University of Technology
- Pratt & Whitney and Rzeszow University of Technology
- General Electric and Warsaw University of Technology
- WSK Rzeszow and Rzeszow University of Technology.

The aviation transportation market in Poland

General overview

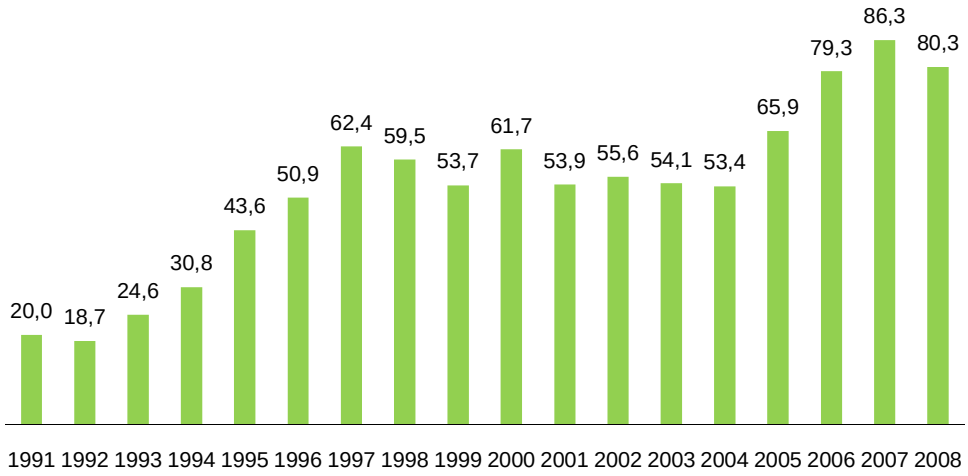
In 2008 Polish airports checked in almost 21 million passengers (including charters; this was 8% more than in 2007) and about 80,000 tonnes of cargo (7% less than in 2007). According to the forecasts of the Civil Aviation Office (ULC – Urzad Lotnictwa Cywilnego) in 2009 the number of passengers will drop to about 19 million (about 2 million fewer than in 2008), and so far this forecast seems accurate. In the first half of 2009 passenger numbers dropped by 12.4% compared to the first half of 2008.[4] However, in the long run the prognosis for the aviation transportation market in Poland is positive: passenger numbers are expected to grow at an average of 5.5% per year till 2030.[5]

Passenger transport in Poland in the years 1991-2008 (in millions of passengers)



Source: ULC, Dzialalnosc polskich portow, 2008

[4] Rynek Turystyczny, "Raport na temat polskiego ruchu lotniczego", 2009, http://www.tur-info.pl/p/ak_id,3845,,lotniska,podrozni,linie_lotnicze,porty_lotnicze,inwestycje,raport,podsumowanie.html
[5] ULC, "Prognozy rozwoju rynku lotniczego", 2009, http://dziennikturystyczny.pl/2009/04/ulc-aktualizuje-prognozy-rozwoju-rynku-lotniczego/



Source: ULC, Dzialalnosc polskich portow, 2008

The most popular directions of regular international flights from/to Poland are Great Britain (about 30% of all passengers travelling abroad in the first half of 2009), Germany (18%) and Ireland (8%). The pattern is very similar as regards the most popular cities. In first place is London (19% of passengers travelling abroad in the first half of 2009), second Frankfurt (7%), and third Dublin (6%).

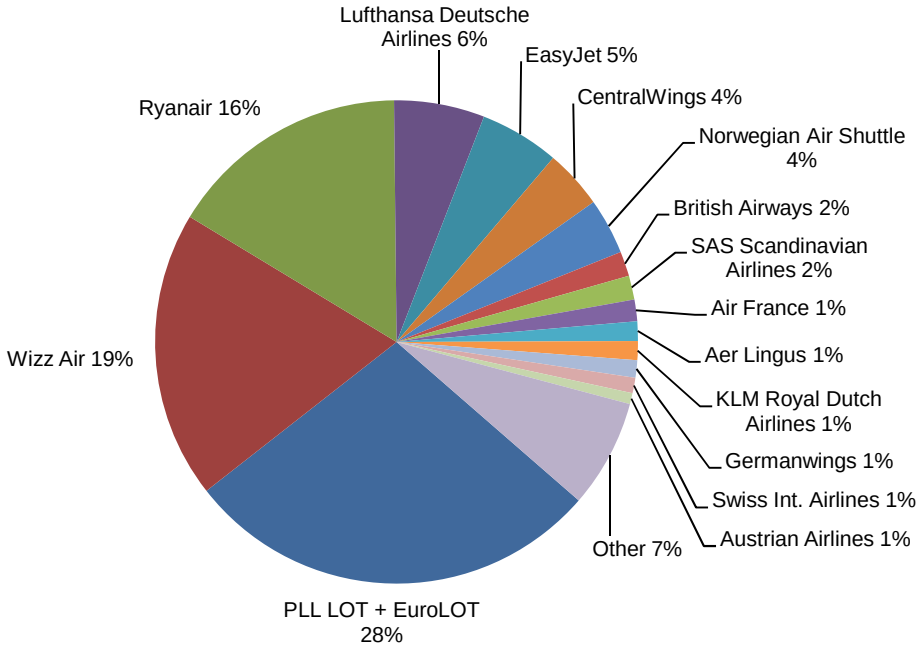
A breakdown of the aviation transportation market by sub-segment reveals that charters are the segment with the highest growth potential. In the first half of 2009 this segment grew by 5.7% year on year (while regular air traffic dwindled by 14.1%), and in the middle of 2009 its share in total air traffic was almost 14%.[6]

Airlines

The largest airline in Poland is PLL LOT which, together with EuroLOT, has a 28% share in the total number of passengers. Of the remaining airlines, the two most important are Wizz Air (with a 19% share) and Ryanair (16%).

[6] *Dziennik Turystyczny, "Polskie lotniska: 12,4 proc. pasazerow mniej, 2009",* *http://dziennikturystyczny.pl/2009/07/polskie-lotniska-124-proc-pasazerow-mniej/*

Shares of airlines in regular traffic passenger transportation in 2008



Source: ULC, Dzialalnosc polskich portow, 2008

The market share of PLL LOT has been declining steadily for the past four years, but it still remains the largest airline in Poland.

Share of airlines in numbers of passengers in 2008 (regular flights)

Rank	Airline	Number of passengers (in million)	Change in comparison to 2007 (%)
1	PLL LOT + EuroLOT	4.9999	-8%
2	Wizz Air	3.4316	24%
3	Ryanair	2.8847	25%
4	Lufthansa Deutsche Airlines	1.0825	27%
5	EasyJet	0.9497	47%
6	CentralWings	0.7069	-45%
7	Norwegian Air Shuttle	0.6719	23%
8	British Airways	0.2925	0%
9	SAS Scandinavian Airlines	0.2846	26%
10	Air France	0.2608	-2%
11	Aer Lingus	0.2329	41%
12	KLM Royal Dutch Airlines	0.2263	9%
13	Germanwings	0.2049	1%
14	Swiss Int. Airlines	0.1868	13%
15	Austrian Airlines	0.1303	3%
Others		1.2922	n/a
Total		17.8385	9%

Source: ULC, Dzialalnosc polskich portow, 2008

Airports

Poland has too few airports. The existing airport infrastructure for civil passenger transport comprises only 12 airports: one central airport and 11 regional airports. By way of comparison, in Germany there are more than 500 airports, in France 460 and in Great Britain 390. According to the International Civil Aviation Organisation (ICAO), Poland has the potential for 170 airports.[7]

Warszawa-Okecie, located in Warsaw (Mazowieckie voivodship) is the largest airport in Poland. The other regional airports are located in 10 voivodships. The largest ports are located within the boundaries of the largest cities – Warsaw, Krakow, Katowice, Gdansk, Poznan and Wroclaw.

Volume of passengers and cargo transportation in Poland in year 2008 by airport

Airport	Number of passengers	Cargo (in tonnes)
Warszawa – Okecie	9,460,594	54,667
Krakow – Balice	2,923,961	2,428
Katowice - Pyrzowice	2,426,942	12,703
Gdansk - Rebiechowo	1,954,166	4,610
Wroclaw - Starachowice	1,486,442	1,100
Poznan - Lawica	1,274,500	2,665
Szczecin - Goleniow	302,486	1,113
Rzeszow - Jasionka	323,838	515
Bydgoszcz - Szwederowo	280,152	454
Lodz - Lublinek	339,622	0
Zielona Gora - Babimost	5,689	0

Source: ULC, Dzialalnosc polskich portow, 2008

[7] *Puls Biznesu, 5 Nov. 2004.*

Aviation success stories in Poland

Avio Polska, a company operating in Poland since 2001 (in 2001–2003 as part of Fiat Avio Polska), has a dual focus: manufacturing in its Manufacturing Centre, and R&D pursued by its own Research and Development Centre. Its history to date has been a strong of great successes. In 2003 it generated turnover of approximately PLN 18.5 million, in 2005 this figure had risen to PLN 60 million, and in 2008 this had soared to PLN 166 million. In five years the company grew almost nine times. At present the Manufacturing Center in Bielsko-Biala manufactures rotor blades and stators for aeroengine turbines. The center is equipped with high-precision CNC machine tools, automated stands for heat and surface treatment, an automated line for non-destructive fluorescent penetrant (FPI) testing, and a high-quality measuring machine – the DEA. There are also plans for the Manufacturing Centre to expand into maintenance, overhaul and repair of jet engines for the aviation, navy and industrial sectors. The company also has a Research and Development Centre employing over 70 engineers. Its cooperation with Polish universities (Warsaw University of Technology, the Military University of Technology, the Silesian University of Technology in Gliwice, and the University of Bielsko-Biala) have helped to make the company more innovative. One of its greatest success is the design and implementation of a new component for the new GEnx-2B engine and the award of funds from the Polish Agency for Enterprise Development to build up a production line for this component. The value of the project is about PLN 100 million (EUR 24 million), one-third of which has come from EU funds.[8]

It is also worth mentioning a successful project by another company – the AT-3 Very Light Aeroplane and the AT-4 Light Sport Aircraft designed and manufactured by Aero AT Sp. z o.o. These general aviation planes seem to atract significant interest from clients, especially those from the United States. In 2007 Aero AT sold 20 such aeroplanes. In 2008 because of the crisis sales were lower, but the company currently has orders for 40 new planes – 20 from European clients and 20 from the United States. This is a very good example of a successful small company offering a final product that is valued all over the world.

[8] Source: Avio Polska, www.aviopolska.pl

About PMR

PMR Ltd. (www.pmrcorporate.com) is a publishing, consulting and market research company providing information, advice and services to international businesses interested in Central and Eastern Europe. With highly skilled staff, top ranked web sites and over 10 years of experience, PMR is one of the largest companies of its type in the region.

PMR has **three divisions**: PMR Publications, PMR Consulting and PMR Research.

PMR Research (www.research-pmr.com) is the specialised custom market research unit of PMR Ltd.

Services provided by PMR Research include:

- customer satisfaction studies (consumer and B2B)
- brand awareness and brand image studies using our own PMR Brand Image Insight methodology
- segmentation, distribution and competition studies
- in-depth sector analyses prepared using PMR Research's proprietary methodology; PMR MarketInsight
- market research in the pharma/medical area conducted on a proprietary PMR Research Medical Panel.

We conduct research in Poland and other Central and Eastern European countries (including the Czech Republic, Hungary, the Ukraine, Russia). We offer a full range of research services including quantitative (telephone CATI, face-to-face, central location tests) and qualitative research (focus group interviews, in-depth interviews). We conduct both business-to-business and typical business-to-consumer projects.

Further cooperation possibilities

Thanks to our expertise and local presence PMR can help in further market research steps in Central and Eastern Europe e.g.:

- Conduct research in any country of Europe (separately or in many countries at the same time).
- Analyse the market.
- Provide any other help with market research issues.
- Provide consulting and business intelligence services, such as:
  - **Market entry feasibility studies**
    PMR could recommend a market entry feasibility study for countries where the client is still not present, if there is a question as to whether the potential market entrant has a reasonable chance of being successful. The purpose of this study is to save our client's money by honestly assessing their chance of succeeding on the market and if there is a chance, to prepare a report facilitating the next steps, which includes recommendations and next steps, which should be taken.
  - **Competitive Intelligence services**
    PMR could help the client identify how their competitors behave in selected or all markets of the region answering for example the following questions:
    - What niches competitors decided to explore?
    - What is their sales and distribution strategy?
    - What are competitors' strengths and weaknesses and how to use them to increase competitive advantage?
  - **Sourcing strategy evaluation and partner search**
    PMR could prepare a study of whether there is a sourcing opportunity for your the client in Central and Eastern European country at all. This service gives an overview of the sector our client could be interested in, your potential partners and your likelihood of success according to the objectives you specify. The study may include our recommendation for your sourcing strategy in the region. The purpose of this study is to save our client money by honestly assessing their chance of succeeding in the region.
  - **M&A target identification and due diligence process**
    If the client's route to market is blocked by well-established competitors, or you would like to set up operations in any of the Central or Eastern European countries to increase sales, cut costs or increase production capacity an acquisition may be a recommended route to achieving business success. PMR supports target identification and initial negotiation process, as well as due diligence process, final negotiations and deal closure.

- Conduct a similar research project on additional markets such as:
  - Bosnia and Herzegovina
  - Bulgaria
  - Croatia
  - Czech Republic
  - Montenegro
  - Estonia
  - Hungary
  - Latvia
  - Lithuania
  - Macedonia
  - Poland
  - Romania
  - Russia
  - Serbia
  - Slovakia
  - Slovenia
  - Turkey
  - Ukraine
  - Apart from CEE countries we could conduct the research on this subject also in most Western European countries.

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