

POLAND, SITUATED AT THE CROSSROADS OF EUROPE, HAS LONG BEEN A FOCAL POINT FOR SUBSTANTIAL FOREIGN INVESTMENTS. ITS ROBUST FOREIGN DIRECT INVESTMENT (FDI) INFLOWS, COUPLED WITH GROWING POLITICAL INFLUENCE, HAVE DRAWN EVEN MORE INTERNATIONAL ATTENTION LATELY. THESE FACTORS HAVE PLAYED A PIVOTAL ROLE IN TRANSFORMING THE NATION, MARKING AN IMPRESSIVE TURNAROUND FROM ITS DAYS UNDER THE POLISH PEOPLE'S REPUBLIC (PRL).

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SHORING UP INVESTMENTS FROM THE BALTIC TO THE TATRA MOUNTAINS



PRESS MATERIAL

Poland's infrastructure, even though greatly improved over the past two decades of Poland's EU membership, remains a significant challenge to its progress. While substantial investments have been made in transportation networks such as roads, bridges, and rail since the PRL era, recent flooding highlighted the pressing need for further development.

Critical infrastructure

Energy, above all, stands out as a critical vulnerability, exacerbated by the loss of inexpensive Russian oil and the EU's push to phase out coal power plants. For businesses operating in Poland, reliable and sustainable energy is an essential but increasingly complex necessity.

Enter the United States and South Korea. The U.S. International Development Finance Corporation (DFC) is considering an investment exceeding PLN 4 billion (approximately \$975.7 million) in Poland's first nuclear power plant. The project, with an estimated total cost of \$40 billion, aims to reduce Poland's reliance on coal—an ecological sore spot between Poland, the EU and investors. According to Reuters, the contractor for the project, slated for completion in 2040, will be the American giant Westinghouse Electric. The United States has long seen Poland as a strategic ally in this part of Europe, and is willing to shore up Poland's defenses, also to protect its own interests. Overall, the US has invested \$62.7 billion in total, according to KPMG, including providing assistance in Poland's national defense.

Tanks before appliances

South Korea, which shares a similarly abusive history with its neighbors, is heavily invested in Poland too, seeing the country as its path towards EU engagement. According to PAIH, South Korea has 550 companies operating within Poland, making it the second-largest non-European investor after the United States. The cumulative value of South Korean investments in Poland reached €7.7 billion by April of 2024, and this is apart from the framework agreement between South Korea and Poland for defense contracts to

provide K2 tanks, K9 howitzers, and FA-50 fighter jets.

European countries like Germany and France lead the way in independent, European investment in Poland. Germans outsource production to Poland, mostly because of lower labor costs and favorable administrative conditions, according to Le Monde. Most FDI from Germany and France went to industrial manufacturing, financial activities, wholesale trade, and real estate, according to Invest in Poland.

European troubles

With Germany's recent political turmoil, as well as its growing economic crisis, Poland

has seen a sharp decline in new orders since at least March 2022, according to Reuters. Germany's energy crisis and economic challenges have indirectly affected Poland, and may disrupt regional supply chains as uncertainty settles in.

Poland stands at a pivotal junction: while it has historically attracted significant foreign investment, particularly from its western European neighbors, the recent economic slowdown in the EU has prompted the country to look further away for inflows. Additionally, the geopolitical instability across its eastern border had shifted the investment profile from purely manufacturing-oriented to more heavily focused on defense. ●

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POLAND HAS HISTORICALLY ATTRACTED SIGNIFICANT FOREIGN INVESTMENT, BUT THE RECENT ECONOMIC SLOWDOWN IN THE EU HAS PROMPTED THE COUNTRY TO LOOK FURTHER AWAY FOR INFLOWS