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Polish and Central European Review



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Warsaw could soon become a financial hub of Central and Eastern Europe, a high-level international conference in the capital hears.

But Leszek Balcerowicz, who masterminded Poland's transition to a free market, warns that without more reforms, the country's strong economic performance may prove short-lived.



SPECIAL SECTION: Warsaw—CEE Financial Hub Conference



INTERNATIONAL CONFERENCE**Ambitious Plans Debated**

Thanks to Poland's growing economy, Warsaw stands a chance of becoming a financial hub in Central and Eastern Europe in the near future, said participants in the international Warsaw—CEE Financial Hub conference that was held in the Warsaw Stock Exchange (WSE) Nov. 26-27.

Warsaw is considered to be one of the most attractive business locations in Europe and the WSE is in many respects the largest stock market in the region. Poland's capital city may soon become the most important financial center in this part of Europe, said conference participants, who discussed Warsaw's chances to become a regional financial center.

The conference was organized by *The Warsaw Voice* in association with the *International Herald Tribune*, the WSE and municipal authorities. Taking part in the conference were government and municipal officials, experts on finance and investors, in addition to securities issuers.

Warsaw is Poland's business capital and one of the largest and most important urban centers in Central and Eastern Europe, conference participants said. One in four new Polish businesses is launched in Warsaw and 30 percent of the foreign-owned companies active in Poland have chosen the city as their headquarters.

"The latest *European Cities Monitor* report by Cushman & Wakefield confirms Warsaw's attractiveness, putting the Polish capital in 23rd place among European cities in terms of business friendliness," said Jarosław Kochaniak, deputy mayor of Warsaw. "The survey also showed that Warsaw is the place where the largest number of Western European businesses want to set up shop in the next five years."

Foreign investors would be less interested in Warsaw if the Polish economy were not coping with the crisis so well, conference participants said.

"Poland will be the only European Union country to avoid recession and it will also be the OECD country with the highest economic growth in 2009," said Finance Minister Jacek Rostowski at the conference. According to Rostowski, Poland is doing better than other economies thanks to the flexibility and

efficiency of local businesses and consumers, in addition to well-judged government policies.

Slawomir Majman, president of the Polish Information and Foreign Investment Agency, said, "I have no doubts that Poland has recently become even more attractive to foreign investors. This is proven by the fact that, for the first time in three years, Poland has improved its ratings in terms of the investment climate."

Leszek Balcerowicz, the former deputy prime minister, finance minister and central bank chief, said that, while being happy about the strength of the Polish economy, one should not forget that this success story may prove to be short-lived unless further reforms are carried out.

"The greatest problem is the poor state of public finances caused by extensive public spending, especially welfare expenditure, because much of the money is not going to those who really need it," Balcerowicz said. He added that a public finance reform was the most needed.

Balcerowicz criticized measures recently taken by various countries to stimulate economic growth. Economist Witold Orłowski voiced a similar view. "We must not let ourselves be lulled into a belief that we no longer need to reform the economy," Orłowski said.

The Warsaw Stock Exchange stands out among other European bourses and would be the core of the prospective financial hub, according to conference participants.

"According to the most recent data, we are number one in Central and Eastern Europe in terms of the number of companies listed, capitalization and turnover," said Ludwik Sobolewski, president of the WSE. "One can say today that the WSE is not only the largest stock exchange in the region, but also the most innovative one. Moreover, ➔



Finance Minister Jacek Rostowski



Prof. Witold Orłowski and Prof. Leszek Balcerowicz



Iwona Sroka, President of the Polish National Depository for Securities



Henryka Bochniarz, PKPP Lewiatan President, and Ludwik Sobolewski, President of the WSE



Prof. Stefan Kuryłowicz, Kuryłowicz & Associates architects

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Prof. Danuta Hübner



Jarosław Kochaniak, Warsaw Deputy Mayor



Roman Durka, President of Fujitsu Technology Solutions, and Ludwik Sobolewski



Olgiard Dziekoński, Undersecretary of State, and Jarosław Pasek, director of the Department of EU Funds at the Ministry of Infrastructure

Ambitious Plans Debated

▶ after the recent series of projects such as NewConnect and Catalyst, we are the most complete market.”

Iwona Sroka, head of the National Depository for Securities, said, “Poland’s economic potential contributes to the development of the country’s financial market and vice versa.” According to Sroka, a regional financial hub cannot be built in Warsaw without cooperation from all market players.

Wiesław Rozłucki of the Polish Institute of Directors, who was the first president of the WSE, said that WSE managers are doing much to strengthen the position of the Warsaw exchange in the region, but only joint efforts can lead to real success.

“Large-scale measures should be taken as soon as possible to promote Warsaw as a regional financial hub,” Rozłucki said.

Polish financial market players are pinning a lot of hope on the government’s new privatization plan for Treasury-owned companies.

“Under the government’s plan, large companies in sectors such as energy and financial services will be sold via the stock exchange,” said

Deputy Treasury Minister Adam Leszkiewicz.

Other factors contributing to Poland’s upbeat economic performance include the region’s highest volume of structural funds and preparations for the Euro 2012 soccer championships to be held in Poland and Ukraine, the two largest countries in the region.

Projects related to Euro 2012 are expected to spur Poland’s economy. Alongside the construction of new sports venues, Euro 2012 involves huge investment in infrastructure, roads, airports and hotels, experts say. Many of these projects will be carried out in Warsaw.

“Some projects would have to be carried out regardless of Euro 2012,” said Olgiard Dziekoński, the deputy minister of infrastructure.

Marcin Herra, chairman of the PL.2012 company, tasked with coordinating Poland’s preparations for the event, said, “The event will definitely help speed up many projects. Euro 2012 involves substantial investment totaling around 20 billion euros.”

Not all championships-related projects are free from problems. Some are encountering financial obstacles along the way. Anna Nietyksza, president of Eficom SA, said, “My observations indicate that there are considerable delays in obtaining EU funds for some projects. The delays are caused by lingering procedures related to factors such as feasibility studies and public procurement regulations.”

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Ambitious Plans Debated

➤ According to Danuta Hübner, chair of the European Parliament’s committee on regional development, Poland is facing the double challenge of maintaining its current economic growth rate and “leaping” over consecutive development phases. “Poland should put a greater focus on innovation,” Hübner said, for example by investing in the IT sector, which offers many development opportunities for the country.

Roman Durka, president of Fujitsu Technology Solutions, echoed, “Polish

companies should search for niches on the IT market so that they can successfully compete internationally. Software seems to be the field in which we stand a big chance to succeed.”

According to Hübner, EU funds are a sign of European solidarity and play a major role in ensuring equal development opportunities. “Although the crisis has impaired international solidarity, in Europe solidarity remains a defining feature,” Hübner said. “Solving global problems, however, takes global solidarity.” A.R.

Photos by Dominik Skurzak



Marcin Herra, PL.2012 chief; Marcin Krakowiak, partner in Domański Zakrzewski Palinka law firm

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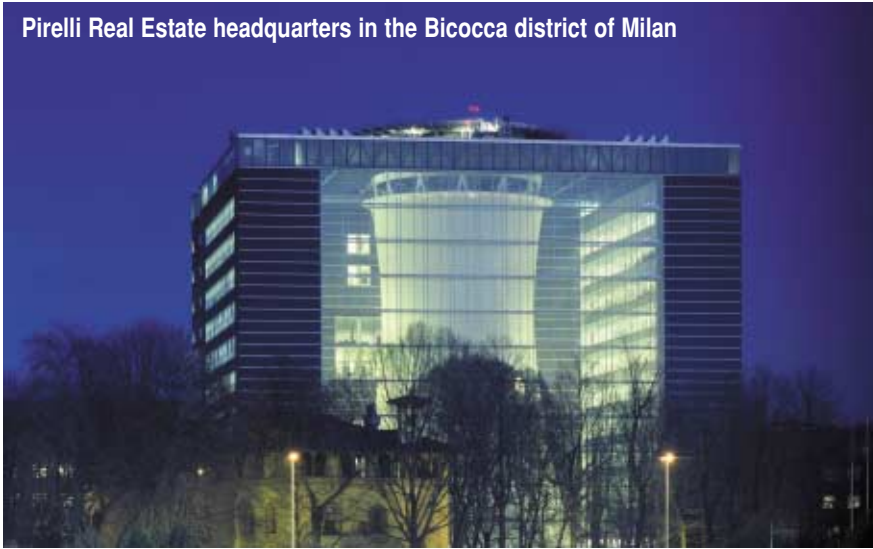
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Pirelli Real Estate headquarters in the Bicocca district of Milan



City for the People

The Warsaw—CEE Financial Hub conference focused on the prospects for the development of the real estate market in Central and Eastern Europe. At the conference, experts from the sector discussed issues including the redevelopment of post-industrial sites, an increasingly important trend in the European construction business.

■ The second half of the 20th century marked a decline in heavy industry worldwide, in particular in Europe. While economies continued to rely on industry, they increasingly eyed the rapidly developing service sector. Finally, an information society began to develop following the dawn of the era of the internet, which brought about a revolution in all areas of life. As a result of these processes, urban development has gained momentum. Cities are expanding to include suburban areas, which subsequently gain the status of full-fledged city districts. They need more space to meet the requirements of the growing number of new residents.

In this context, it becomes clear how important well prepared post-industrial site redevelopment projects are for cities if these want to develop further. If a city like Warsaw is to continue developing as a resident-friendly place, sooner or later these ideas will need to be applied.

The most remarkable redevelopment projects, such as those in Barcelona, the Borneo Sporenburg in Amsterdam, the Hafencity in Hamburg, and the

Bicocca district in Milan, have breathed new life into areas that had long remained unused. These kinds of undertakings offer comprehensive urban planning ideas and opportunities to mark out new directions for the sustainable development of cities.

Brescia in northern Italy is an example of a city where hectares of post-industrial wasteland have been redeveloped; Italians have also found a way to enable heavy industry to coexist in harmony with large residential estates. Brescia's Alfa Acciai steelworks launched production in the mid-1950s. Today, the plant's annual output exceeds 2 million metric tons of steel products. Thanks to cooperation with the city and the local community, this giant industrial plant operates in symbiosis with the local housing estates without disturbing the life of their residents. This symbiosis has been made possible by special buffer zones, including acoustic barriers and greenery, strict waste emission and soil protection policies, and other environmental measures that do not restrict the development of Alfa Acciai.

A similar model of harmonious development could be at work in Warsaw. The Pirelli Pekao Real Estate company, together with architects at Autorska Pracownia Architektury Kuryłowicz & Associates studio, has prepared an urban planning proposal for the development of a site formerly occupied by the Huta Warszawa steelworks in Warsaw's Bielany district. This residential/services project is to be located on two plots of 94 hectares altogether. The land designated for construction lies right next to the Młociny metro station and includes an area near the Huta ArcelorMittal steelworks.

The project provides for building about 7,000 apartments and ensuring space for the development of infrastructure indispensable for this kind of estate to function properly. The Bielany project may well satisfy a considerable part of Warsaw's residential needs: it would provide housing for 20,000 over about 15 years.

The new residential estate in Bielany would set new standards in the layout of green areas and landscaping. The project earmarks 30 hectares of land, or one-third of the total area, for sports and recreation. The part of the residential estate near the former Huta Warszawa steelworks would be separated from the post-industrial site by means of a specially designed green buffer zone. An added value of the project is the proximity of vast green areas, including the Młociński forest, the Kampinoski National Park, the Warsaw Escarpment area, and the Vistula river bank.

Will Warsaw follow in the footsteps of other European metropolises and develop while adapting its post-industrial sites and giving them a new lease of life? Considering the pace of the city's development, its increasing number of residents and their growing needs, projects similar to that in Bicocca will be built here sooner or later. This also applies to other Polish cities, including the Gdańsk-Sopot-Gdynia Tricity on the Baltic coast, the western city of Poznań, and the central city of Łódź. These projects will come about as a natural consequence of the development of modern conurbations. The only question is when the process gets under way.

Mark your calendar: November 26-27, 2009 at the Warsaw Stock Exchange

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