

Poland as a Business Opportunity in Road Construction.

1. Road Construction in Poland - Situation Report.

As a result of Poland's entry into the European Union in 2004, the country is now one of the largest construction markets in Central and Eastern Europe and currently undergoing dynamic growth. However, decades of neglect under the centrally planned economy have left Poland with a poor road infrastructure and the transformation to a market based economy in the early 90-ties has brought an exponential growth in motor vehicles including large trucks and busses which stole the market from the ailing state railway.

Today, the Polish Government targets the construction and renovation of over 900 km of highways between the period 2007-2013 at total estimated cost of 43 billion Euro.

In total the Government's proposal includes construction of:

- 770 km of highways in traditional system
- 375 km of concession highways
- 2,817 km of expressways
- 487 km of 62 ring roads
- modernization of 1990 km of current national roads

Major projects include:

- Completion of construction of A-1 and A-4 Highway
- Completion of construction of A-2 highway from German border to Siedlce, North Eastern Poland
- Key investments in connection to Euro 2012
- Construction of express way S19 and S3

In connection with the Euro soccer championship, the trans-border portions of highways A-1, A-2, A-4 and 9 expressways have been included on the list of priority projects.

2. Budget and Timelines.

As a result of Poland's entry into the European Union in 2004, the country has embarked on a major overhaul of its infrastructure with the support of EU funds. For the period 2007-13 over 55 Billion Euro have been earmarked for implementation of EU structural and cohesion funds which includes constructions of roads and development of a Trans-European Transport Network. **The deadline to implement projects under the EU Funds is 2013.**

Euro 2012 is generating an additional need for 10.7 billion Euro of investment in preparation of the transport infrastructure.

3. Procedures.

Tenders: All projects receiving support from the EU are subject to Public Procurement Law and to public tenders. To view published tenders for road projects please consult: <http://www.ted.europa.eu>

New Product Certification. Technologies and building materials, which are not European Union certified (CE) are required to be approved by the Polish Road and Bridge Research Institute. An English language Application for Issuing Technical Approval may be obtained at <http://www.ibdim.edu.pl>. The approval process may take approximately 6 months and the associated costs are approximately 5,000 Euro depending on the complexity of the laboratory tests.

4. Main Players.

GDDKiA - The General Directorate of National Roads and Highways is the central government ministry responsible for policy formulation and implementation of highway construction and renovation projects. www.gddkia.gov.pl

In the regions, the local government is responsible with implementing local road construction and modernization projects.

5. Competition: Foreign and Local.

The road construction industry in Poland is dominated by large firms such as: Budimex-Dromex (Polish firm with capital of Spanish Ferrovial), Strabag (Austria), Hermann Kirchner (Germany), Skanska (Sweden) and WPRD (Polish firm- part of German capital holding group Bilfinger Berger). Local medium and small size firms have formed into consortia and gaining a larger market share.

The market of domestic construction firms is also undergoing a transformation with company consolidations and take-overs in order to increase capacity. Domestic firms lack large capital and experience and new technologies, and are frequently hired as subcontractors. On the other hand, they offer qualified staff at competitive prices.

6. Opportunities for Canadian Firms.

In order to satisfy the large demand driven by national policy and EU funds, Poland needs to increase capacity in people and technology. This presents a window of opportunity for Canadians to enter the market as constructors, sub-contractors and suppliers bringing in new technologies and construction materials.

As large projects tend to overlap in time, availability and transport of materials becomes a challenge during annual peak periods which usually occurs in the Fall. This creates an opportunity for suppliers of technologies and materials allowing to diversify sources and increase efficiency.

7. Possible Barriers and Strategies to Overcome Them.

Possible barriers include language, different corporate culture, lack of familiarity with public tender procedures and the costs of doing business overseas.

Recommended strategies include:

- Establish a local presence,
- Partner with a local firm and establish local manufacturing for building products,
- Enter consortia with other large foreign companies and local firms to gain entry into the market and large contracts,
- Identify a market niche, which will also facilitate entry into other EU markets,
- EDC offers a wide range of financial products that help reduce the risk of doing business abroad.

8. Canadian Government Contacts.

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9. Upcoming Events:

Autostrada Polska 14th International Fair of Road Construction Industry - May 14-16, 2008
Kielce Trade Fair, Kielce, Poland

Registration and Trade Fair Program: www.targikielce.pl

For visit and other country information: www.infoexport.gc.ca . search under the Poland section.

