



Plastpol in Kielce, Poland: German enterprises can benefit from the Polish plastics processing industry's willingness to make high investments

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## Constant Higher-than-Average Growth

### *Poland's Market Offers Great Opportunities for the German Plastics Industry*

By European standards Poland records a higher-than-average demand for plastics. A constantly high willingness to invest within the customer industries will continue to ensure good market figures in the medium term. German enterprises can benefit from this positive development, too.

Since 2002, Poland's plastics market grows at an average of 4.7% per year. Today, the country ranks sixth in Europe after Germany, Italy, France, Great-Britain and Spain. Between 2002 and 2014 the demand for plastics in Poland's processing industry has grown more than 74% per year. According to the European inter-trade organisation PlasticsEurope, this positive trend lasts in 2015.

As recorded by the German marketing agency GTAI, the rapid development

of the sector is due to a growing domestic demand as well as extensive foreign investments. This applies above all for the production of household appliances and consumer electronics, the construction sector as well as the automotive and the aircraft construction industry. According to the Polish main office for statistics, GUS, the gross fixed asset investments of the plastics and rubber processing industries comprise a portion of more than 4% of the sales volume (GUS 2016).

### *Substantial Investment*

Big investments from German Volkswagen AG, Wolfsburg, and Daimler AG, Stuttgart, as well as Sumitomo Riko Co. Ltd, Komak, Japan, animate the automotive industry. For example, Sumitomo Riko plans to build a factory in Sosnowiec for auto parts made of polyamide. Sonoco from Hartsville, South Carolina, USA, stimulates the packaging industry by extending the work capacities of their »



## Polish Industry Fair

The 21. Plastpol takes place in Kielce from the 23rd to the 26th of May, 2017. The international fair for plastics and rubber processing is the leading fair in the plastics sector for Central and Eastern Europe. With a portion of more than 50%, the fair records the largest participation of foreign exhibitors in Poland; Germany representing the biggest foreign exhibitor group with more than 100 enterprises. Last year's fair attracted more than 18,500 professional visitors who were able to view the products of 770 exhibitors in an exhibition space of more than 33,000 square meters.

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plant in Kutno. Also, the special economy zone Mielec close to Lublin will benefit from a new factory for insulations built by Cega Sp z o.o., Warsaw, and the extension of the factory for plastics processing and injection mold production of the Grupa Sierosławski Sp. J., Mielec.

The plans of the state-run Grupa Azoty S.A., Tarnów, are also very ambitious: The group plans to build a new compounding factory at the main site, aiming to become BASF's biggest competitor in Europe for the production of polyamide 6. At the moment the group is building a production plant for polyamide at the cost of approx. EUR 80 million, which will enable them to produce an annual total of about 80,000 t of polyamide from 2017 onwards (GTAI 2016).

### In Search of New Investments

The country still produces fewer polymers than it uses. On account of its dependence on imports, the Polish plastics market remains interesting also for German enterprises. Over the last years, the profitability of many Polish manufacturers has increased and the industry has registered a solid employment growth (PlasticsEurope Poland 2016).

Nevertheless, if the Polish plastics branch wants to maintain a high position on the European market in the future, it will have to invest strongly in innovation. Up to now, the plastics industry doesn't show higher investments in investigation and development of modern technologies than other industrial sectors in the country. In 2015, the portion of research and development in the gross domestic

product of Poland was far less than 2% (GUS 2015). It will be crucial for the Polish plastics industry to find new niches to maintain its capacity to compete. In the future, the country has to invest even more in innovative design, materials and technologies.

Poland does have claim though on being a leading innovator in the Central and Eastern European region with regard to polyethylene films. An innovation project co-financed by a EU loan has enabled Ela Wyrób folii i opakowań Sp. z o.o. in past years to produce film bags made of a new combination of FPE foils, nano silver and montmorillonit. The films can be used for the automated packaging of food, fruits and vegetables. The company, founded in 1980 and located near Warsaw, has four factories in Poland and two production sites in Germany.

### Germany – the Most Important Partner

Ever since Poland has joined the EU, the country benefits from EU subsidies that facilitated the construction of numerous modern production plants, amongst other branches, for the plastics industry. Germany plays a leading role in this process as the biggest foreign investor in Poland. With regard to the plastics sector, Germany is the country's most important partner in the import and export of raw materials and manufactured articles. Also, many of the leading Polish enterprises are equipped with German capital. In addition, Polish enterprises increasingly invest capital in Germany (PlasticsEurope Poland 2016). ■

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