

POLAND KEY INVESTMENTS 2018-2028

Poland is focusing on the development and construction of a number of new large-scale infrastructure projects. Currently planned are five key investment projects which the Polish government regards as priorities for the next ten years.

The government's investment plans have been formed with a view, among other things, to implementing the construction of the New Silk Route and meeting the infrastructural challenges posed by the scale of this project. Owing to its geopolitical location, Poland is perceived as an important transit route for goods and passengers in the direction of Western Europe and the country plans to play a key role in the implementation of the One Belt One Road initiative. The authorities wish to contribute to this project by, among other things, opening air, road and sea connections, which will facilitate trade and transport. The government stresses the significant role that trade relations with China will have for Poland in the future. This partnership with the Red Dragon takes on less a political dimension than a business one, and the role of Chinese capital and Chinese partners in the implementation of the planned projects may be fundamental.

Key issues

- "Solidarność" Central Communications Port
- Central Logistics Hub Cooperating with the Central Communications Port
- Nuclear Power Plant in Poland
- Electric Car Factory
- Canal through the Vistula Spit

"SOLIDARNOŚĆ" CENTRAL COMMUNICATIONS PORT

PROJECT INVESTMENT SCOPE	A new airport comprising four runways with a total area of 3,000 hectares plus the accompanying road and railway infrastructure, encompassing nearly 248 kilometres of new roads in total
PROJECT INVESTMENT LOCATION	Stanisławów, a town located approx. 45 km west of the centre of Warsaw
PROJECT INVESTMENT COSTS	Approx. PLN 35bn (approx. USD 10bn)
ESTIMATED PROJECT DELIVERY DATE	2027-2028

In November of this year, the government adopted a plan and initiative for the construction of the "Solidarność" Central Communications Port (the "CCP"). The ambition of the plan's authors is to create one of the largest, best

connected and most modern airports in the world. The plan assumes that the CCP is to provide an all-in-one intercontinental air and railway hub, supported by a road and motorway network, to serve as a centre for transportation within Poland. The project is aimed not only at connecting Poland with the rest of the world, but also as an access point for investors and travellers from outside of Poland. The intention of the project's developers is for the CCP to take on the form of a city (Aeropolis), serving as an industrial and commercial centre where many enterprises will be able to grow and develop as a result of the CCP.

The CCP investment project will be one of the biggest infrastructure projects in Poland's history. The government's plans envisage investing in the most modern airport and railway infrastructure (such as the building of a Hyperloop railway network) to place the CCP among the ten best airports in the world. The plan is for the CCP to be a single communications point where two transport hubs will intersect. The core of the Central Communications Port will be an international, intercontinental air hub for Central and Eastern Europe, which will also provide competition for Europe's largest hub airports, such as Frankfurt and Amsterdam. The assumption is that the CCP will ultimately handle up to 100 million passengers per year. The second transport hub that will form the basis of the CCP is a railway hub, which will serve as a central point for passenger rail transportation in Poland, containing a high-speed railway link and enhanced regional rail network. It is planned that travel between the "Solidarność" Central Communications Port and most major Polish cities will take 2-2.5 hours. Moreover, in connection with the CCP investment project, it is envisaged that the existing motorways, the ring road around Warsaw and road connections to nearby cities will also be expanded.

As reported by Polish and Chinese media, the first discussions regarding the construction of the Central Communications Port have already been held with Chinese investors. The government's representatives working on the project have emphasised the role of Chinese partners in the investment project, which would be of a significant geopolitical importance, as the construction of the CCP is largely part of the implementation of the New Silk Route project, in which Poland has announced its participation. Politicians have stressed that the CCP may become a gateway to Europe not only for Chinese goods, but also for passengers from China for whom the CCP could represent a stopover from which to continue their travels across the rest of Europe.

CENTRAL LOGISTICS HUB COOPERATING WITH THE CENTRAL COMMUNICATIONS PORT

PROJECT INVESTMENT SCOPE	Construction of a logistics hub, i.e. central goods collection, sorting, transshipment and distribution point
PROJECT INVESTMENT LOCATION	Central Communications Port
PROJECT INVESTMENT COSTS	Approx. PLN 1bn (approx. USD 300m)
ESTIMATED PROJECT DELIVERY DATE	2021

Poczta Polska, whose popularity as a courier service in Poland ranks just behind the largest international corporations such as DPD, UPS and GLS, is also planning to invest in the construction of the CCP. Poczta Polska is planning to build a Central Logistics Hub in Poland, which will ultimately service domestic and international e-commerce and cooperate with the Central Communications Port. Poczta Polska wishes to become a company with international reach, a logistics operator that coordinates trade between China and other Asian countries and Europe. In September 2017, Poczta Polska signed an agreement with the China Post Group, on the basis of which it will deliver parcels from China to 30 European countries. It was stressed in the discussions concerning the planned investment that the construction of the central hub will help, among other things, in providing postal services along the New Silk Route. The quick development of retail trade can already be seen thanks, among other things, to the Aliexpress service, which belongs to the Chinese Alibaba Group, and which is at present the third most popular e-commerce service in Poland, thus making it possible to forecast that the future of Polish e-commerce lies primarily in China, with Poczta Polska intending to develop in this direction.

The decision over the investment project is in itself dictated by the growing popularity of purchases made via the Internet, the dynamic development of the market for courier, express and parcel services and the falling popularity of traditional letters. The decision to transform the logistics network and build a central hub is of strategic significance and, to achieve that, investing in logistics infrastructure which will handle the growing demand is key. The operators' development plans also assume that the expansion of infrastructure will be accompanied by investments in IT solutions and a fleet of vehicles running on alternative energy. Poczta Polska is also not ruling out investing in its own fleet of aircraft.

NUCLEAR POWER PLANT IN POLAND

PROJECT INVESTMENT SCOPE	Construction of a nuclear power plant with a reactor capacity of up to 10GW
PROJECT INVESTMENT LOCATION	Lubiatowo- Kopalino or Żarnowiec, towns in northwestern Poland
PROJECT INVESTMENT COSTS	Approx. PLN 220-250bn (approx. USD 60-70bn)
ESTIMATED PROJECT DELIVERY DATE	To be announced

According to media reports, a decision was due to be made in August 2017 on the construction of the first nuclear power plant in Poland. Although the construction of the power plant has not been officially confirmed by the government, it is being stressed that its construction in Poland is unavoidable due to Poland's problems with air pollution, the increasingly restrictive EU regulations on emissions and forecast shortages in the production of energy in Poland.

The role of Chinese capital and Chinese technology is being stressed during the discussions being held by the government on the construction of the

nuclear power plant. According to China Daily, the China General Nuclear Power Group (CGN) is in discussions over the construction of the first nuclear power plant in Poland. At the same time, the government's representatives have ruled out financing the construction of the power plant from the state budget, and the media are reporting that it is being considered whether funds borrowed from Chinese investors can be used for the construction of the plant. The Ministry of Energy is contemplating the possibility of China building reactors in Poland with a capacity of up to 10 GW.

ELECTRIC CAR FACTORY

PROJECT INVESTMENT SCOPE	Construction of an electric car factory
PROJECT INVESTMENT LOCATION	Siedlce, a city located approx. 100 km from Warsaw, central Poland
PROJECT INVESTMENT COSTS	To be announced
ESTIMATED PROJECT DELIVERY DATE	To be announced

As reported by the Polish media, the construction of the nuclear power plant is to be accompanied by an offset programme that envisages the construction of an electric car factory in Poland (although the construction of a house factory using 3D technology and a biomass fired power plant is also being mentioned). The Polish government is planning to negotiate a complex offset programme with China, within which Chinese investors would invest up to PLN 250bn in Poland in, among other things, the electric car factory in return for approval of the use of Chinese nuclear technology. The cars would be manufactured by the Jiangxi Special Electric Motor company, which specialises in the production of electric cars in China. Currently, the Jiangxi Special Electric Motor company sells cars in more than 50 countries around the world, and is planning to build its next factory in Poland.

The plan to build the factory and the nuclear power plant is consistent with the government's strategy of developing trade relations with China. Among other things, it delivers on the partnership agreement signed in June 2016 between the President of Poland, Andrzej Duda, and the President of China, Xi Jinping, and the declarations associated therewith concerning new investments in the power sector. The plans of the Chinese company fit in with projects for the development of electromobility in Poland, as presented by representatives of the Ministry of Development and Ministry of Energy. Pursuant to the government's plans, one million electric cars made in Poland should appear on Polish roads by 2025. The plans also include expanding the electric bus market, which would replace traditional urban public transport.

As politicians point out, investing in the development of the electric car sector in Poland is not only desirable with a view to reducing air pollution in Poland, but it is first and foremost a technology of the future, in which investments should already be being made. It is being said that the value of the electromobility sector will reach USD 2.6bn by 2030. By 2040, there will be 2 billion cars in the world, a quarter of which will be electric powered. The above forecasts and plans of the Polish government fit in with the project announced concerning the construction of a nuclear power plant since, the Ministry of

Energy estimates that electromobility in Poland will generate electricity consumption needs with a value of PLN 20bn.

CANAL THROUGH THE VISTULA SPIT

PROJECT INVESTMENT SCOPE	Digging of a channel through the Vistula Spit and construction of accompanying road and bridge infrastructure
PROJECT INVESTMENT LOCATION	Nowy Świat, a village located on the Vistula Spit, northern Poland
PROJECT INVESTMENT COSTS	Approx. PLN 880m (approx. USD 250m)
ESTIMATED PROJECT DELIVERY DATE	2022

The digging of a canal through the Vistula Spit is a strategic project which has been mooted in Poland for many years. The Vistula Spit is a 96 km-long peninsular stretch of land that separates the Vistula Lagoon and coastal ports and cities from access to the Baltic Sea. This canal through the Vistula Spit will create a new waterway that will be open all year long, leading from the Bay of Gdansk in the Baltic Sea to the Vistula Lagoon, thus shortening the sea route from the ports of the Vistula Lagoon to the Baltic Sea and both facilitating and expanding trade with the coastal cities of the Lagoon. Yachting tourism would also develop. Owing to the fact that the Vistula Lagoon constitutes a section of NATO's Eastern flank, the special act adopted by the government to regulate this investment project mentions the safeguarding of national security as the main argument in favour of the project.

The plan for the canal was presented for the first time in 2016. At the same time, the choice of its location and name – Kanał Żeglugowy Nowy Świat (the "New World Shipping Channel") – were confirmed. The shipping channel through the Vistula Lagoon will be approx. 1 km long, up to 80 m wide and will have a depth of 5 metres. It will enable vessels with a draught of up to 4 m, a length of up to 100 m and a width of up to 20 m to enter the Lagoon. Along with the digging of the canal through the spit, new road and bridge infrastructure will also be built. Among other things, two bascule bridges will be built over the canal, which will ensure an undisturbed connection for vehicles between both banks of the canal.

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