

Economy

# New Opportunities for Polish-Japanese Cooperation: Diagnosis and Prospects

edited by Jolanta Młodawska-Bronowska

営業中

# Lodz – an attractive place for Japanese FDI

**Marcin Włodarczyk**

Director, Investor Service Office,  
City of Lodz

## 1. Lodz – a City of Opportunities

Lodz – a City of Opportunities as it is called by investors – is the third largest city in Poland, with 710,000 inhabitants. Its central location, developing transport infrastructure and access to qualified and well-educated human resources are only some of the major advantages the City offers. Lodz provides development ground for new industries that have not been identified with the city environment even ten years ago, like modern outsourcing business services (BPO, ITO, ITR&D, Shared Service Centres), production of household goods, the electronic industry and biotechnology.

## 2. Location and infrastructural projects

Lodz is located at the junction of the A1 and A2 motorways and the S8 expressway leading to Wrocław. As a result of road modernisation and new construction, the journey time from Lodz to Warsaw is only a 90 minute drive, and to Berlin – a 4 hour drive.

The City is currently running important infrastructure projects aiming at moving the Lodz Fabryczna train-station underground, modernising the Lodz–Warsaw railway line, thus reducing the journey time between the cities by train to 70 minutes, and expanding the Władysław Reymont International Lodz Airport. The new and recently opened III Terminal has a capacity to serve 2.5 million passengers per year and is mostly dedicated to international destinations. New destinations are

being developed, like connection to one of the biggest international hubs in Europe – the Munich Airport (presently one, and from March 2015, two flights daily). All these infrastructural projects have undoubtedly had a beneficial impact and contribute to the greater attractiveness of the city for investors.

### **3. The New Centre of Lodz – the greatest urban renovation project in Europe**

The City also launched, several years ago, one of the the largest European public programs – the construction of the “New Centre of Lodz”. The program comprises approximately 50 different projects, and its total cost is estimated at USD 549 million. The crucial project among them is a state-of-the-art underground train station – and a High-Speed Railway station in the future. This is the only construction project of such an extent in Europe – comprising about 100 hectares of developed and non-developed land in city centre to be reconstructed, reconverted or revitalised. The general development plan for this area was prepared by Rob Krier, a world-famous urban designer and architect. The New Centre of Lodz will feature commercial, public and cultural facilities. A good example of the latter is the on-going renovation of a heat-and-power plant EC-1, which today never fails to fascinate viewers with its unique Art Nouveau architecture.

The key element of the New Centre is a multi-level underground train station with multiple storeys down to 16.5 m below the ground. The project is worth USD 135,942,852. More than 50% of this amount will be co-financed by the EU. In accordance with the project’s objectives it will be completed by the end of 2015, and then put into service. The project is aimed at expanding the transportation infrastructure, including specifically public transportation needs by creating a multi-modal transport hub, linking railway lines with city transport, suburban transport and a system of car parks. This investment involves the creation of an integrated and safe system of city and regional transport offering a high level of services and compatible with the EU standards in relation to protection of the environment, while at the same time offering competitive prices compared to individual means of transportation.

The top priority aim of the New Centre of Lodz is to provide accessible, safe and attractive public space for residents and tourists, brownfield development and also to strengthen the cultural function of the city.

## 4. Investment incentives

It should be noted that Lodz offers attractive investment incentives for companies interested in starting or developing business operations in the city. The intensity of public assistance in Lodz is higher in comparison to other large cities and is running at a level of 35% in the case of large companies. The basic investment incentives include corporate tax exemptions in the Lodz Special Economic Zone, various types of property tax exemptions (five municipal assistance programmes), reimbursement of the costs of working equipment or additional working equipment, and co-financing trainings for employees, e.g. language courses.

The City Hall of Lodz has established an Investor Service Bureau, which is the key public partner supporting strategic investors in Lodz. It closely cooperates with the public administration at all levels, including the Polish Agency of Information and Foreign Investments, neighbouring communes, the Lodz Special Economic Zone, public employment agencies, and also universities, developers and employment counselling agencies. It provides a full portfolio of services for investors and a dedicated investor's attendant responsible for:

- providing basic information about investment conditions, necessary consents and permits, public assistance options and investment-related offers of the City;
- support throughout the investment process, including the selection of investment and recruitment locations;
- assistance in relations with public institutions and authorities.

The task of an investor's attendant, supported by top-ranked civil servants in the City Hall of Lodz, is pro-active acquisition and providing services for investors.

## 5. Development of companies

Thanks to the unique positive business atmosphere in Lodz, high quality of human resources and also its location close to the capital city of Warsaw, Lodz has moved away from an industry-based economy to an economy based on knowledge and services. Its consistent actions, as well as the creation and development of the Lodz Special Economic Zone, have brought about measurable benefits in the form of numerous investments, especially

in the priority sectors. The measurable effect of this work is the decrease in the rate of unemployment from 16.4% in 2005 to 10% in 2014.

As HR (human resources)-services companies have observed, Lodz, thanks to its very strong IT education base (University of Technology, IT department) is one of the best choices for development for companies representing the rapidly-developing IT sector, including software development, game development, and IT R&D.

The manufacturing sector is another dynamically developing non-BPO (business process outsourcing) branch. Thus, many employers report a demand for engineering positions, especially Process Engineers, Project Engineers, Lean Manufacturing Engineers, but also Mechanics and Automatiicians. Manufacturing companies – thanks to the unique positive business atmosphere and high quality of human resources – can develop by investing in both services and research and development (R&D). This will be carried out with the participation of the academic environment of Lodz, represented by the Technical University of Lodz and the University of Lodz.

There are several reasons explaining the attractiveness of Lodz for investors. One of them is its strong academic and scientific environment, and thus qualified human resources. Each year the labour market in Lodz is supplied by approximately 20,000 new university graduates (source: Statistical Office in Lodz). Many graduates continue their education in post-graduate studies. Each year several thousand of them enrol in BPO post-graduate studies at the University of Lodz – a unique form of studies in Poland. The advantages of Lodz also include the competitive costs of labour. The difference in labour costs amounted to 5% compared to Cracow, nearly 14% compared to Poznan, and almost 30% compared to Warsaw (source: Central Statistical Office), which undoubtedly boosts the investment-related attractiveness of Lodz. Another advantage is its immense potential in terms of office space, which should be about 300,000 sqm at the end of 2014, mostly located in the city centre, which increases the accessibility of services offered by a wide variety of companies.

Thus all the above-described factors depict the attractiveness of Lodz for potential investors from Japan.. As a centre of BPO and shared services, Lodz specializes first of all in finances, accounting, and IT, and provides space for 30 BPO companies which offer employment for several thousand residents of Lodz.

Furthermore, in cooperation with IT companies, BPO and Shared Services Centres in Lodz, the City Hall has created the program called “Lodz – Centre of Opportunities”, aimed at developing a range of various activities (e.g. the BPO conference, “Youth in Lodz – Linguistically Centred”) to strengthen the image of Lodz as the best location for outsourcing and IT projects.

## 6. Universities

In Lodz, there are 22 universities with nearly 100,000 students. Most graduates have a fluent command of at least one foreign language. The group of public universities includes, *inter alia*, the University of Lodz and the Technical University of Lodz, where educational programs are often dedicated to cooperation with the business sector. The University of Lodz offers more than 40 study majors and more than 150 specialities. The educational offer of the university includes also post-graduate studies programmes in “organizing and administering BPO (Business Process Outsourcing/Offshoring) centres.”

The high level of education at the universities of Lodz is shown by their positions in Polish rankings. In the annual ranking of Polish universities prepared by the “Rzeczpospolita” daily and “Perspektywy” monthly, the Technical University of Lodz has been ranked at one of the top positions for the last 6 years – number 4 among Polish technical universities. It is the only technical university in the region and one of the largest in Poland. It currently has 20 000 students in nine departments and 36 majors. It offers the unique International Education Centre with English and French as languages of instruction. Currently, the International Education Centre (IFE) has about 1200 students and each of them studies at least one semester abroad. Each year the IFE has more than 250 foreign students who study one or two semesters at the Technical University of Lodz.

Since its inception the university has cooperated with industry. It has agreements with large companies supported with foreign capital as well as with private and state-owned entities. These forms of cooperation include projects related to science, research, development, services and expert advice. Each year several hundreds of research projects and services for business entities are carried out.

To ensure wide access to its well-educated human resources, the City’s authorities, universities and employers of Lodz cooperate within a programme entitled “Youth in Lodz” ([www.mlodziwlodzi.pl](http://www.mlodziwlodzi.pl)). The aim of this programme is to create a communication platform which could enable cooperation between science and business, and to create a process of commercializing innovative technologies.

## 7. Lodz as a cultural and entertainment centre

Lodz is also a centre of cultural events at both the national and international level. Among more than 70 events organized over the year in the City there are Lodz Ballet Meetings, Fotofestiwal, Four Cultures Festival, CINERGIA European Cinema Forum, International Festival of Pleasant and Unpleasant Plays, and also those referring to the textile tradition of the City: Golden Thread Contest, Fashion Week, or Fashion Philosophy, which are the greatest fashion events in Poland. Fashion Week Poland features first of all the shows of famous designers "Designer Avenue", off-fashion shows and a contest for debutants "OFF out of Schedule"; presentations as part of "Showroom" projects – presentations of fashion designers and Concept Store – presentations of clothesmakers/brands, and also trainings and seminars within "Let Them Know". Thanks to Fashion Week (and Fotofestiwal and Design Festival) Lodz received the "Excellent City 2010" award from the "Twój Styl" fashion magazine and the event was awarded the title of "Event of the Year 2010" by the "Aktivist" magazine.

A great attraction of the city is undoubtedly its unique 19th-century architecture, especially visible in its main Piotrkowska street and "Manufaktura" – one of the largest shopping-culture-entertainment centres in Europe. There is also the most modern Polish multi-purpose sports arena – Atlas Arena, opened in 2009 with a capacity of 12,000 as well as the City Stadium (capacity of about 20,000) planned nearby, compatible with all UEFA requirements, together with Fala Aquapark, all of which together will be the greatest sports and recreation complex in Poland.

Lodz is a city open to development and oriented toward development in support of the initiatives and creativity of its residents.

Welcome to Lodz!

## Streszczenie

Autor artykułu na wstępie opatruje Łódź przydomkiem „miasta nowych możliwości”. Przekonanie to wynika z kilku ważnych charakterystyk Łodzi: (1) korzystnej lokalizacji; (2) istotnych projektów infrastrukturalnych podejmowanych w ostatnim czasie; (3) zachęt inwestycyjnych, szczególnie wobec strategicznych inwestorów zagranicznych; (4) powstawania nowych sektorów działalności; (5) rozwoju bazy naukowo-badaw-

czej oraz kulturalnej miasta. Leżąca na przecięciu autostrad A-1 i A-2 Łódź rozwija system dróg szybkiego ruchu, modernizowane są ponadto połączenia kolejowe, a międzynarodowe lotnisko im. Władysława Reymonta otworzyło już trzeci terminal. Od paru lat realizowane jest wielkie przedsięwzięcie „Nowe centrum Łodzi”, będące jednym z największych infrastrukturalnych programów publicznych w Europie. Obejmuje ono przede wszystkim budowę bardzo nowoczesnej, szybkiej i wielopoziomowej kolei podziemnej. Koszt tej inwestycji, a zarazem renowacji, szacowany jest na ok. 550 mln dolarów amerykańskich, a ponad połowa tej kwoty będzie sfinansowana za pośrednictwem Unii Europejskiej. Miasto liczy na duże inwestycje zagraniczne, stosując środki pomocy publicznej (np. zwolnienia z podatku dochodowego itd. dla firm w Specjalnej Strefie Ekonomicznej), a ogólnie ich wartość jest wyższa niż przeciętna w Polsce.

Urząd Miasta uruchomił specjalne Biuro Obsługi Inwestora, które zatrudnia także Japonkę, bezpośrednio współpracującą z potencjalnymi inwestorami z Kraju Kwitnącej Wiśni. W drugiej części artykułu M. Włodarczyk wskazuje na pozytywne zmiany w profilu rozwojowym Łodzi – nasze miasto odchodząc od produkcji przemysłu przetwórczego, przede wszystkim branży włókienniczej, w coraz większym stopniu angażuje się w rozwój gospodarki opartej na wiedzy i na usługach. Jako centrum outsourcingowych procesów biznesowych (BPO), Łódź specjalizuje się głównie w finansach, księgowości i technologiach informatycznych. Wzrasta jednocześnie produkcja artykułów gospodarstwa domowego, rozwija się biotechnologia i elektronika. Tak dynamiczne zmiany w Łodzi i regionie związane są w dużej mierze z działającym tutaj silnym środowiskiem naukowym Uniwersytetu Łódzkiego i Politechniki. W dynamiczny rozwój miasta wpisuje się organizacja wielu imprez kulturalnych o ogólnokrajowym i międzynarodowym znaczeniu. W podsumowaniu należy stwierdzić, że przedstawiona przez autora artykułu „oferta” promocyjna miasta stanowi znakomitą propozycję współpracy dla obcego, w tym japońskiego, kapitału.



## References

“Economic Guide” (2013). Publisher: Bureau of Promotion, Tourism & International Cooperation, City of Lodz

“Labour Market in Lodz” (2013). Publisher: Bureau of Promotion, Tourism & International Cooperation, City of Lodz

“Investor’s Guide” (2013). Publisher: Bureau of Promotion, Tourism & International Cooperation, City of Lodz

“Break in Lodz” (2013). Publisher: Bureau of Promotion, Tourism & International Cooperation, City of Lodz

“The New Centre of Lodz – 100 hectares in the heart of the City”. Publisher: The New Centre of Lodz Authority

This monograph covers the output of the conference titled “2014 – New Opportunities for Japan and V-4 Cooperation” and contains Japanese and Polish contributions. It offers reflections on the *statu nascendi* of economic and cultural relations between the two nations. Viewpoints and research results mirror the various interests and arguments of the scholars (mainly economists, sociologists, and japanologists), businessmen, and representatives of administrative bodies (central and local governments) who participated in the conference, all of whom are searching for common solutions.

The presented papers are very much diversified with respect to their content and writing styles. The book itself reflects an eclectic approach. The multifaceted approach to the discussed issues facilitates the comparison of expectations against real life activities. The most important goal of the book is to identify the potential for collaboration and crucial fields in which there exist challenges and a need for changes, all in the interest of leading to a new stage of reciprocally profitable relations between Poland and Japan in today’s globalised world.



WYDAWNICTWO  
UNIwersYTETU  
ŁÓDZKIEGO

[www.wydawnictwo.uni.lodz.pl](http://www.wydawnictwo.uni.lodz.pl)  
e-mail: [ksiegarnia@uni.lodz.pl](mailto:ksiegarnia@uni.lodz.pl)  
tel. (42) 665 58 63, faks (42) 665 58 62

ISBN 978-83-7969-832-5



9 788379 698325