

SHIPPING REVIEW



INTRODUCTION

Poland has a population of over 38 million which offers a large internal market. It joined the EU in 2004 and consequently many obstacles to doing business were removed and regulation was harmonised with EU law. Since the 1990's Poland has pursued a policy of economic liberalisation and in 2008 GDP grew by 4.9% stimulated by rising private consumption, a jump in corporate investment and EU funds inflow. This is also reflected in the steady rise in trade between Ireland and Poland, with double digit growth in trade from 2006 - 2008.

Poland is strategically positioned to provide access to the Baltic region. The Polish ports of Gdynia, Gdansk and Szczecin serve as primary gateways to the Baltic countries. EU accession has opened new opportunities to expand existing short-sea links between Ireland and Poland. The main shipping services are tramp services, although increased throughput of containers at the ports of Szczecin, Gdynia and the new deep water development at Gdansk are all expected to increase the choice and frequency of liner services. There has been strong growth of investments particularly in the financial services, retail and construction sectors. According to Enterprise Ireland over 150 Irish companies export to Poland with half destined for industrial markets, including electronics, engineering and life-sciences, a quarter are in software, services and emerging sectors and another quarter are in food and consumer retail markets.

TRAFFIC

Shortsea Services

Fast Shipping based in Drogheda provides a regular direct scheduled service between Ireland and Poland. The line offers a conventional cargo service twice a month between Drogheda Port and Szczecin. EuroAfrica of Poland has two vessels serving Ireland via UK ports. Forwarders in Ireland which specialise in Poland include DFDS Transport, DHL Freight, ILCS and Irish Shipping and Transport. Containerships offer a door-to-door service from ports in Ireland to Gdansk in Poland. Although there is no direct service from Ireland, Containerships utilises the Shortsea operators to Rotterdam/Tilbury and trans-ship onto their own services to Gdansk. Regarding additional forwarding services, the Jenkinson group and Kuehne & Nagel include Poland in their scheduled itinerary, with weekly departures to Poland.

Traffic growth

Most Polish ports benefited from increased container traffic in recent years linked to an increase in foreign trade caused by Poland's accession to the EU. In 2008, the Port Gdynia handled 610,767 TEU, only slightly down on 2007's figure of 614,373 TEU¹. Meanwhile, the port of Gdansk has seen tremendous growth; in 2007 the port handled 96,873 TEUs however in 2008 this almost doubled to 185,661 TEUs. The outlook for 2009 is similar with 115,868 TEUs passing through the port in the first six months². Poland is currently undergoing developments to create feeder links to Western Europe and now has successful links with hub ports such as Rotterdam. The new

terminal at Gdansk also allows access for deep-sea shipping. The character of Poland's trade is illustrated by the breakdown of traffic handled at Polish ports. In 2006, bulk traffic accounted for the lion's share of tonnage handled at Polish ports, 69% of all tonnes handled. By contrast, the proportion of unutilised traffic accounted for 31% of tonnage handled³. Similar to Ireland, it is expected that the trend toward more unutilised trade will continue in the medium to long term as trade is opened up as a result of accession.

PORT FACILITIES

The Port of Gdansk is divided into two areas. The inner port caters for general cargo, including container and bulk cargoes and is capable of accommodating vessels of up to 225 metres and 10.2m draught. The northern port specialises in the handling of coal, crude oil, LPG and other liquefied fuels. It can accommodate tankers and bulk carriers of up to 330 metres length, and a maximum draught of 15m. Future investments include expansion of the port through the completion of the Sucharski Route, including a tunnel under the port canal of the Dead Vistula river, and the construction of a new railway bridge. Part of the railway track from the Northern Port to the main railway line will connect Gdansk with the south of Poland. Both projects have been short listed under the European support framework Operational Programme Infrastructure and Environment⁴.

Port Gdynia maritime bulk terminal is equipped to handle, store and distribute all types of dry and liquid bulk cargoes and offers handling facilities for all throughput. The Baltic grain terminal has two berths equipped with Swiss and Italian handling facilities for the transfer of grain. The terminal at Gdynia can also facilitate all bulk and break bulk cargoes with warehouses and a dedicated ro/ro terminal. For container traffic, the Baltic terminal has 4 container berths with ship to shore gantry cranes and rail links.

The Port of Szczecin has 5 general cargo terminals capable of handling and storing bulk and break-bulk cargoes including containers. The port also has 4 grain terminals capable of handling and discharging cargo with specialised conveyor and pneumatic handling facilities. Szczecin handles coal and cement at specialist bulk terminals.⁵ Investment in the port for the 2009-2010 period includes extending the SNOP II quay another 30 meters and dredging it to a technical depth of 7 m.⁶

Investment in infrastructure

Baltic maritime trade is increasing primarily due to the accession of Baltic States into the EU, and the maturity of older ro-ro and ro-pax markets such as Ireland and the UK. Stena-line has invested \$61 million in the ro-pax vessel 'Stena Nordica' which began service on the Karlskrona - Gdynia⁷ route; however this was moved to the Dublin - Holyhead route in 2008. There are 2 ro-pax vessels remaining on the Karlskrona - Gdynia route; Stena Baltica and the Finnarrow. While the main ports in Poland have the ability to deal with increased volume of cargoes, it is feared that the supporting infrastructure may be inadequate. Consequently, new logistics centres are

¹ http://www.port.gdynia.pl/a_stat0.php

² <http://www.portgdansk.pl/about-port/cargo-statistics>

³ Central Statistics Office, Poland

⁴ <http://www.portgdansk.pl/about-port/port-development-projects>

⁵ www.maritime.com.pl

⁶ <http://www.port.szczecin.pl>

⁷ Fairplay 26th May 2005

being created and the national infrastructure is being developed with €40.6 million of EU aid. All three major ports are connected to the A1 motorway, which will be substantially completed by 2011 and will provide access to port hinterlands and Central Europe. In conjunction with Poland's investment in infrastructure and the increase in trade volume, the new deep-water container terminal at Gdansk will serve vessels of up to a maximum draught of 16.5m and has a turnover capacity of 500,000 TEU.

TRADE

Poland is the largest of the accession states to join the EU by geographical coverage (312,685 sq km) and population (38.5 million). In 2008, GDP grew by an estimated 4.9% based on rising private consumption and a jump in corporate investment. While the financial turmoil did dampen Polish growth in the third quarter of 2008, the Polish economy has coped better than its peers because of lower levels of private sector debt and a relatively modest dependence upon external trade.⁸ GDP per capita at \$17,300 (2008 est.) is still far below the EU average, but is similar to that of the three Baltic states.⁹

Since 2006 trade flows between Poland and Ireland have experienced considerable growth. The total value of exports from Ireland into Poland reached €746 million in 2008, up 27% since 2007, while imports from Poland surged 72% since 2007, amounting to €456 million by the end of 2008. This places Poland as 13th amongst Ireland's trading partners.¹⁰ Between 1998 and 2008 the aggregate value of exports to Poland has effectively tripled from €243 million to €746 million.¹¹

Irish trade values with Poland between 1998 and 2008 indicate strengthening trading links between the two countries. The value of exports to Poland shows an overall increase between 1998 and 2008, with an average annual growth of 14% for the period. A key driver in this growth is demand in the information and communications technology (ICT) sector. In 2008, the largest export commodity to Poland was office machines and data processing equipment, accounting for 42% of total exports in terms of value. The second largest export commodity by value was medical and pharmaceutical products, accounting for 11% of the value of exports from Ireland to Poland.

A different picture emerges when examining exports from Ireland to Poland by volume. In 2006, cereal exports amounted to 106,323 tonnes, or over half of Irish exports to Poland by volume. This trade ceased in 2007, leading to a dramatic fall in the volume of goods exported. In 2008, the volume of exports remained relatively low at 86,159 tonnes, nearly 40% of which, or 34,295 tonnes, was comprised of metalliferous ores and metal scrap. Despite being the main export by volume, metalliferous ores and metal scrap failed to reach the top ten exports by value indicative of Ireland's shift toward more value added exports. Other notable voluminous exports include: office machines and automatic data processing machines (8,113 tonnes) and meat and meat preparations (6,123 tonnes).

Symptomatic of high levels of intra-industry trade within the EU, in 2008 the main commodity imported into Ireland from Poland was office machines & automatic data processing machines, worth €187 million and accounting for approximately 40% of total imports by value. This trend demonstrates the shift from the more traditional import commodities of coal, coke and briquettes, which still account for 10% of all imports, to more value added commodities. Two other key Polish exports into Ireland are electrical machinery and feeding stuff for animals, which in 2008 were worth €18 million and €17 million respectively.

BUSINESS LINKS

Poland as a newly acceded state to the EU and a member of the European Commission is regulated by EC trade regulations. Such regulations as the EC directive on the free flow of goods and services reduce the barriers to foreign trade. The restructuring of Poland's economy has also seen a change to more modern industries such as IT, office equipment and telecommunications. Poland's currency remains the Zloty and since their accession to the EU the currency had appreciated causing some concerns to industry such as shipbuilding whereby the increase in the cost of steel has affected companies' profit margins. However since the financial crisis in 2008 Poland has experienced a rapid capital outflow and a significant depreciation of the Zloty.

The relationship between Ireland and Poland has continued to strengthen politically, economically and culturally since Poland's economic transformation from a centrally planned economy into a market economy in 1990. Irish-Polish trade by value has broadly increased since 1998 and Poland's accession to the EU in 2004 has enabled foreign investors to benefit from Poland's growing economic markets.

The Polish community in Ireland now contribute to the economic and social life of the country, since the Irish government's decision to open up its labour market to Poland and other EU member states. The Polish Embassy, based in Dublin, offers support and advice to the Polish community who wish to develop business and trade links with Ireland.

Agency Details:

Polish Embassy in Ireland: www.polishembassy.ie
Poland is committed to the development of shortsea shipping and is a member of the European Short-Sea Network (ESN) <http://www.shortsea.pl>

Business Links:

Polska (Official Promotional Website of Poland)
www.poland.gov.pl

Embassy of Ireland
E-mail: warsawembassy@dfa.ie

Irish Chamber of Commerce
www.icc.org.pl

Doing Business in Poland
<http://www.doingbusiness.org/ExploreEconomies/?economyid=154>

Major Trade Fairs in Poland
www.polfair.com.pl

News about Poland in English
www.wbj.pl

Prime Minister's Office (links to ministries)
www.kprm.gov.pl/english

National Bank of Poland
www.nbp.gov.pl/

Polish Central Statistical Office
www.stat.gov.pl/

Polish Information and Foreign Investment Agency
www.paiiz.gov.pl/

⁸ OECD Economic Outlook No.85 – Poland, available at: http://www.oecd.org/country/0,3377,en_33873108_33873739_1_1_1_1_1,00.html (accessed 29/07/09)

⁹ CIA World Factbook, available at: <https://www.cia.gov/library/publications/the-world-factbook/geos/PL.html> (accessed 08/07/09)

¹⁰ Central Statistics Office, Ireland

¹¹ IMDO, CSO

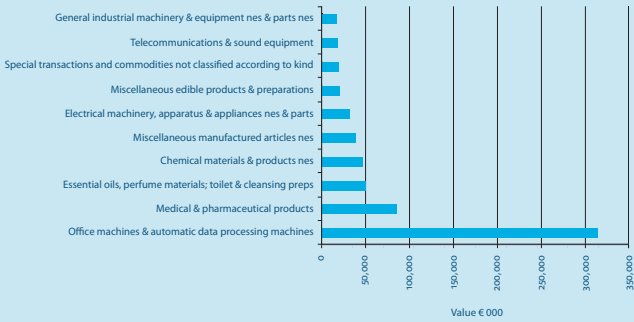
Value of Trade Between Ireland and Poland

Period	Exports (€000)	% Change	Imports (€000)	% Change
1998	243,438		72,078	
1999	254,026	4%	87,604	22%
2000	361,023	42%	102,607	17%
2001	319,093	-12%	120,952	18%
2002	282,908	-11%	126,612	5%
2003	259,607	-8%	158,139	25%
2004	263,207	1%	129,467	-18%
2005	292,113	11%	126,396	2%
2006	416,977	43%	181,881	44%
2007	586,289	41%	264,924	46%
2008	746,360	27%	456,447	72%

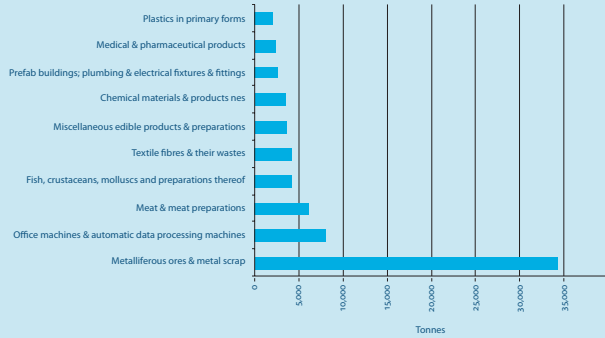
Value of Trade Between Ireland and Poland



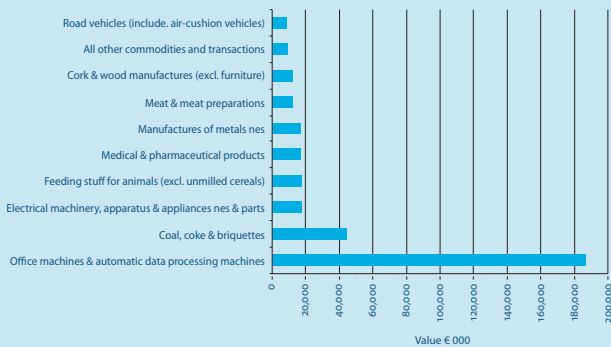
Value of Commodities Exported to Poland 2008



Volume of Commodities Exported to Poland 2008



Value of Commodities Imported from Poland 2008



Volume of Commodities Imported from Poland 2008

