



Relocation and offshore outsourcing
A Polish perspective

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POLAND



Practical models

- Transfer of manufacturing or services from Western Europe and USA to new EU Member States (including Poland) aimed at labor cost reduction
- Transfer of production or services from Warsaw, to smaller towns (preferably with universities) aimed at labor, lease and rent cost reduction

Examples of Foreign Relocations to Poland (I)



→ offered over 3000 jobs in Olsztyn



→ bought and developed a tire business in Dębica



→ will build a new factory in Wrocław



→ set up a huge call-center in Olsztyn



→ business process offshoring in Łódź



→ support center in Łódź



→ wants to move production of flat monitors from Germany to Mława

Examples of Foreign Relocations to Poland (II)



→ produces in Gliwice Opel Astra, Corsa and Zafira



→ closed factory in France and moved to Pruszków

SIEMENS

→ dismissed over 2000 people and offers 700 jobs in a new factory in Łódź Special Economy Zone



→ transferred production of small transformers to Łódź



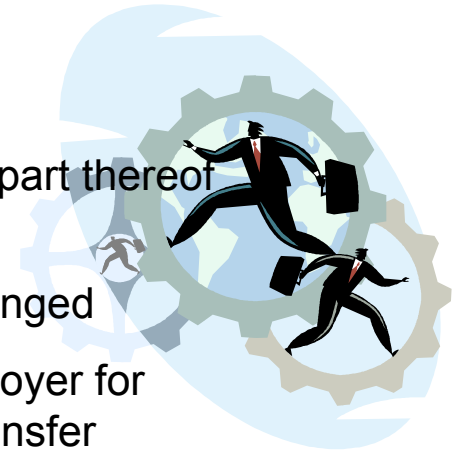
→ (British American Tobacco) transferred its Belgian production to Augustów

Employment costs in Poland

- **Minimum legal salary is to PLN 849 gross (appx. EUR 210)**
- **Average salary in Poland in 2004 was PLN 2400 gross (appx. EUR 600)**
- **Employee net salary of EUR 500 costs appx. EUR 750 (social and tax costs add an extra 49%)**

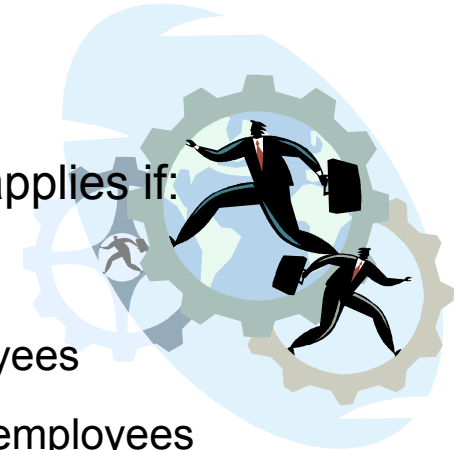
Business Transfer in Poland

- Takes place in case of transfer of a workplace or a part thereof to a new employer
- Terms and conditions of employment remain unchanged
- Joint and severable liability of new and former employer for employment – related debts occurred before the transfer
- Each employer (former and new one) informs and consults trade unions or employee representatives 30 days in advance
- Employees may terminate their contract with 2 weeks' notice in the 2 months following transfer
- Business transfer does not constitute a valid reason for termination by employer
- Collective Bargaining Agreements apply directly for the year following the transfer and then become part of individual employment contracts (may be amended by mutual consent of the parties or by "termination of employment terms and conditions")



Collective Redundancies in Poland

- The Act regulating collective redundancies applies if:
 - employer has more than 20 employees
 - employer has to terminate some or all employees
 - reason for termination does not relate to the employees (*i.e.* restructuring, financial problems, technological progress, liquidation, bankruptcy, etc.)
 - redundancy concerns 10 employees when there is less than 100, 10% employees when there is more than hundred, and at least 30 employees when there is more than 300 employees employed
 - termination by mutual consent of the parties concerns at least 5 employees and is made by employer's initiative



Practical Aspects of Redundancies

- Employer is required to:
 - consult redundancies with trade unions or employee representatives
 - provide trade unions with comprehensive information
 - notify regional labor office
 - within 20 days following disclosure of redundancies conclude an agreement with trade unions or issue regulations
 - offer new terms and conditions of employment to protected employees
 - give severance payments to terminated employees (1, 2 or 3 monthly salaries, maximum 15 times legal minimum salary, *i.e.* $849 \times 15 = \text{PLN } 12,735$, appx. EUR 3,180 gross)



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