**MARKET REPORT**

Poland is one of the few countries with sustained economic growth of around 4% GDP (2019) and is the largest recipient of EU Structural and Investment Funds. Since 2007, Poland’s economy has grown over 32% compared with the EU’s average growth of 4.1%. It is a key market in Europe that offers significant opportunities for UK defence & security industry.

**Defence Industry**

Poland is an active member of NATO, upgrading its armed forces and participating in joint peacekeeping activities.  NATO force requirements are driving equipment-related decisions.



Poland has a large funded defence Technical Modernisation Plan totalling £104.8bn for the years 2021 – 2035. Its key programmes include air defence, land forces, combating threats at sea, cyber defence, national cryptology and territorial defence. Military spending is aligned with GDP growth and is currently set at 2% of the country’s GDP with a pledge to grow to 2.5% by 2030. The Polish Armed Forces are seeking to build capable and mobile NATO forces.

The new modernisation programme has created many opportunities for companies involved in defence-related products. The programme involves the purchase of military equipment (armoured transportation vehicles and military transportation aircraft) and ammunition (armour piercing guided missiles and a ship-to-ship missile system for the Polish Navy

Poland's military is continuously undergoing changes - all of which are designed to transform it into a more capable and mobile force, compatible with NATO troops.  Change is occurring in every area of operation: force structure, staff organizations, training programs, doctrine, security procedures, etc.  The modernisation of the Polish army also includes the improvement of troop capacity, mobility and air defence systems. Poland leads the former Eastern-bloc countries in parting from Soviet-era equipment. Increased tension with Russia has also led to Polish government plans to strengthen and modernise its defence forces. Significant new contracts are anticipated in the areas of missile defence, attack helicopters and unmanned aerial systems (UAS). Poland uses its Foreign Military Financing (FMF) for UAS procurement and sustainment, signal intelligence, airfield navigational aids and tactical airlift support.

The modernisation of the Polish army includes the improvement of troop capacity and mobility, air defence systems, as well as the development of a professional army.  The Polish Armed Forces consist of 130,000 active and 62,000 reserve personnel in Land Forces, Air Force, Navy and Special Forces).

The new Territorial Defence Force was organised in 2017. The force is made up of professional and part-time volunteer soldiers, forming part of the country's defence and deterrence system and it plans to add 53,000 personnel by 2021.

The planned modernisation involves spending for:

* Air defence systems
* Helicopters (combat support, security, and VIP)
* Integrated command support and battlefield imaging systems
* Unmanned reconnaissance systems and reconnaissance-strike systems
* Individual soldier equipment and weapons;
* Simulators and trainers
* Air transport
* Modernisation of army missile and artillery
* Armoured transportation carriers
* Anti-tank missiles
* Combating risks at sea
* Trainer aircraft
* Modernisation of Polish Armoured Forces and Transportation Troops

The modernisation plan is based on three principles: assessment of Polish military needs, timeframe for delivery of equipment, and Polish industry participation. It has been noticed that the costs of individual programs set up by their predecessor have far exceed available funds. Thus, it would be necessary to set new priorities.  These priorities will include air defence system, cyber security, and modernisation of the Navy, Polish Armed Forces and Territorial Defence Forces.

 The implementation of a revised technical modernisation programme will put special emphasis on the importance of using Polish defence industry capacities, with special emphasis on the Polish Armament Group (PGZ). ).

Opportunities also exist in investment, technology transfer, and co-production work.  Polish defence companies seek cooperation agreements or joint venture opportunities with foreign defence companies that, combined with the relatively lower cost of production in Poland (tanks, armoured vehicles, artillery, ships, aircraft, and helicopters), will be attractive to potential customers.

**Security/Digital Technologies**

A programme of modernisation of uniformed services is underway with plans to continue the programme with the next phase for 2021-2024. The programme, among others, includes replacement of old equipment as well as infrastructure modernisation. The main opportunities are around cyber security, surveillance, special techniques & anti-terrorist equipment (minimising terrorist threats, security at mass events & crisis management systems).

Digital technologies are an important and growing sector in Poland.  There is a strong demand for information technology and solutions to support advanced manufacturing, smart cities, the Internet of Things (IoT), cloud computing and cybersecurity all offering potential for UK exporters.

Poland’s 1,100-kilometer eastern border is the longest external border in the European Union. Poland’s geographic location within Europe makes it a logical gateway for legal and illegal immigrants entering the EU.  Law enforcement experts indicate that drug and weapons traffickers transporting their prohibited cargo into the rest of Europe also use the pathways used by illegal immigrants.

The current National Counter-Terrorism Programme, prepared by the Ministry of Internal Affairs, together with other agencies and institutions involved in activities carried out by the Inter-ministerial Group, is dealing with the terrorism-related threats.  Its main goal is to reinforce anti-terrorist system and to increase the citizens’ awareness within the scope of the terrorists-related threats.

There are several factors driving the sales of security products and in Poland.  Among these contributing elements are:

* A NATO member, Poland participates in numerous military and police missions worldwide.
* Poland became a U.S. close ally in Europe through its support in international intervention including Iraq and Afghanistan, and in doing so became a potential target for terrorist attacks.
* Poland joined the EU in May 2004 and the Schengen Zone on 21 December 2007. With effect from March 2008, checks at border crossing points have been carried out by customs service and border guards in line with the Schengen Agreement.
* Poland has the EU’s longest external border so strengthening public services responsible for border control has been one of the Polish government’s major objectives.

Public security and crime reduction remains one of the Polish government’s prime targets.

The Polish security system is constantly being upgraded.  Although crime level is falling, the public sector is still one of the largest buyers of security products in Poland. It is, in general, a good market for innovative safety and security products, and the western technologies supplying up-to-date safety and security equipment have good potential to serve the Polish market.  However, technological advantage is not the only factor determining success in the market.  Western companies must focus more on educating systems users and other players in the distribution network channel.

**Market Trends**

The ability to provide back-up service is often the most important criteria for being successful in marketing products in Poland.  It is important to work through an established agent or representative so that equipment installation is done properly and adequate after-sales service is provided. Poland collaborates with other EU countries on the European Security Programmes including the Critical Infrastructure Protection Programme, a strategy to defend citizens from terrorism and protect against all hazards, including natural disasters and industrial accidents.

There are several areas of interest in the safety-security products in Poland:

* city and public transport monitoring systems, airport and railway security systems, intelligent building systems and access control technologies;
* road safety, high speed cameras;
* integrated online security systems for businesses:
* cyber-security;
* border control, police and fire-fighting technologies.

**MARKET ENTRY**

The MSPO International Defence Industry Exhibition, held from 7th – 10th September 2021, is the largest annual event for the defence and security industries in Central and Eastern Europe, and one of Europe’s three largest trade shows dedicated to the defence sector, after Paris and London.

In 2019, MSPO brought 624 companies from 31 countries, including 328 Polish companies. The event hosted 53 official delegations from 46 countries and attracted over 35,000 visitors.

The event is organised under Honorary Patronage of the President of the Republic of Poland.

The UK suppliers are being selected through Intec Export Intelligence, who are the official DIT/UKDSE delivery partner organising and jointly managing the participant companies in a dedicated UK Pavilion.

*Sources: DIT, export.gov*