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Foreign Direct Investment from Asia-Pacific Countries in Poland

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Abstract

Theoretical background: The internationalization of the world economy has been progressing for decades. One of its elements is foreign direct investment (FDI), which can accelerate economic growth, additionally acting as a channel for technology transfer. According to the *World Investment Report 2024* published by UNCTAD, among twenty countries and territories with the largest outflow of FDI in 2023, six came from Asia-Pacific: China, Hong Kong SAR (China), Japan, Republic of Korea, Taiwan (Province of China), and Singapore. In this context, the question arises whether FDI from Asia-Pacific countries flows to Poland on an equally large scale.
Purpose of the article: The aim of this study is to analyze the investments from the Asia-Pacific region in Poland – to determine their value and industry structure, as well as geographical location.
Research methods: The study uses an analytical-descriptive method to analyze investment processes and a comparative method to compare the value and industry structure of FDI located in Poland from Asia-Pacific countries. Data collected by UNCTAD, and the Amadeus (Moody's) database, which collects financial statements of companies registered in Poland, were used.
Main findings: While the yearly value of the world FDI flows has been stagnant for about 2 decades, the countries of East and Southeast Asia have become the leading region of FDI outflow, with 42.7% share in 2020–23. In such conditions, attracting Asian investors can change Poland's situation in terms of capital inflow and enrich the Polish economy with modern technologies. Meanwhile, the FDI from Asia-Pacific

countries in Poland is of small value. It constitutes less than 7% of the total foreign capital stock invested. Around 75% of these investments are ventures undertaken by Korean and Japanese investors. Investments from China, Singapore, Hong Kong (SAR, China), and Taiwan are of marginal importance (less than 1% of all FDI in Poland). Only a few Korean investors – LG, SK Innovation and Samsung – invest in Poland in areas considered to be modern types of activity: manufacturing of batteries and accumulators for electric cars or establishing R&D centres. Other entrepreneurs from Asia-Pacific, even if they use modern technologies, invest in traditional industries. Finally, investors from Asia-Pacific countries invest their capital in Poland primarily in the manufacturing sector, not in services. As for the share of services among the top ten types of FDI activities, the only significant contribution is in case of Singapore: 81.5%. In case of China, the share of services is 26.8%, in case of South Korea: 18.2%, and for Japan: 0%. As this is the opposite of current trends in the world, it may negatively affect the value of investments directed to Poland from Asia-Pacific.

Introduction

We have been observing a process of increasing internationalization of the world economy in recent decades. Foreign direct investment (FDI) has become an essential element of this process. Investments of this type can accelerate economic growth, additionally acting as a channel for technology transfer.

According to the *World Investment Report 2024* published by UNCTAD, among 20 countries and territories with the largest outflow of FDI in 2023, six came from Asia-Pacific: China, Hong Kong SAR (China), Japan, Republic of Korea, Taiwan (Province of China) and Singapore (UNCTAD, 2024a, p. 20). In this context, the question arises whether FDI from Asia-Pacific countries flows to Poland on an equally large scale.

Literature review

The economic literature on FDI in Poland is extensive, although research on investment from Asia-Pacific is much more modest. Most often, it concerns the inflow of FDI to Poland from individual countries – from Japan (e.g. Wilczopolski, 2007, 2008) or from China (e.g. Łukaniszyn-Domaszewska et al., 2023). It is also worth noting the research on the attractiveness of Poland for the inflow of Asian FDI (Jankowiak, 2016), however, it focuses on the factors attracting those investments and not so much on the importance of these investments for individual regions and industries. On the other hand, there is a very rich literature on the causes of FDI and their importance for the economy of the home and host country.

For the purposes of this study, the author wants to focus on a summary of the decision-making process of multinational enterprises on undertaking FDI and on determining the recent trends in investment flows in the world.

Reasons for FDI

FDI is defined as an investment involving a long-term relationship and reflecting a lasting interest and control by a resident entity in one economy (foreign direct investor or parent enterprise) in an enterprise resident in an economy other than that of the foreign direct investor (IMF, 1993; OECD, 1996; UNCTAD, 2007).

Research on the location of economic activity dates to the first half of the 19th century. The first attempts to formulate a theory were made in 1826 by von Thunen, who analysed the problem of the distribution of agricultural production. The following years brought studies by economists such as Schumpeter (1912), Weber (1929) or Hoover (1948). After World War II, the efforts of economists gradually shifted from studying the choice of business location to analysing FDI. Investment flows were explained, among other things, by examining the activities of transnational enterprises, which include, for example, market imperfection theory (Hymer, 1960/1976) or internalization theory (Buckley & Casson, 1976).

Currently, the undertaking of direct investments abroad by enterprises is explained, among others, by the OLI paradigm developed by Dunning. He distinguished four types of motives for foreign activities undertaken by transnational corporations: searching for resources, searching for markets, searching for efficiency, searching for strategic assets (Dunning, 1992, p. 56).

Knowing the motives for locating operations abroad, the OLI paradigm is helpful to understand the decision-making process of a company. Engagement in foreign operations is the result of the following decision-making stages:

1. The extent to which a company has ownership-specific advantages (O) – tangible and intangible – which can give a competitive advantage also on foreign markets.

2. If the company has ownership-specific advantages, it assesses how profitable it is to use them within its own organization compared to selling the rights to these advantages to foreign companies. Keeping the production process in own hands is defined as internalization (I).

3. When the company has an ownership-specific advantage and has decided to use it within its own organizational structure, it examines whether efficiency could be increased through foreign localization (L).

4. If the requirements regarding ownership, internalization, and localization (OLI) are met, the company finally decides to what extent the level and structure of its foreign operations is consistent with its long-term management strategy.

In practice, transnational enterprises, striving to maximize their efficiency, fragment their production, i.e. divide the production process into stages (arranged sequentially in the Global Value Chain) and look for locations in different countries where the individual stages of value creation will be the most effective.

The order of value creation stages is commonly accepted as a criterion for ordering the value chain, e.g.: R&D => component production => assembly => sales and marketing => after-sales services.

In recent decades, standardization and robotization of production and assembly have made it easier to copy these processes, which, in turn, makes it difficult to achieve high added value at these stages. On the other hand, research and development or unique marketing activities require knowledge from entrepreneurs, but their effectiveness can bring substantial competitive advantage. For this reason, added value in the value chain is moving from the middle (production, assembly) to its initial (R&D) and final (marketing, sales, after-sales services) part. The so-called Smiley Curve illustrates this phenomenon (Figure 1).

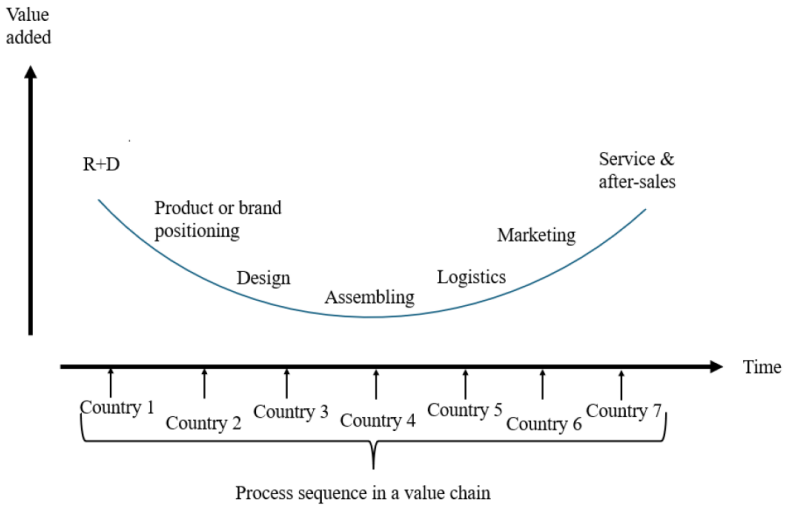

Figure 1. Sum of value added at subsequent stages of the global value chain located countries (so-called Smiley Curve)

Source: Author's own study based on: (Mudambi, 2007, p. 206; Mudambi, 2008).

The possibility of obtaining higher added value in processes at the beginning and end of the value chain encourages companies to locate their R&D, marketing or after-sales services in developed countries, and standardized processes (assembly, production) in countries with lower costs of establishing and running the production plants (Gereffi, 1999, pp. 37–70).

Selected trends in FDI flows in recent years

FDI flows in the world have started to grow very dynamically since 1985. While the net FDI flow was USD 12 billion in 1970, it increased to USD 51.5 billion in 1985, i.e. more than fourfold. After another 15 years it was USD 1.4 trillion in 2000, which was more than 27 times more than in 1985. In 2007, this flow reached a record value of USD 3.2 trillion (World Bank, n.d.). Unfortunately, there has been stagnation in global FDI flows for almost 20 years (Figure 2).

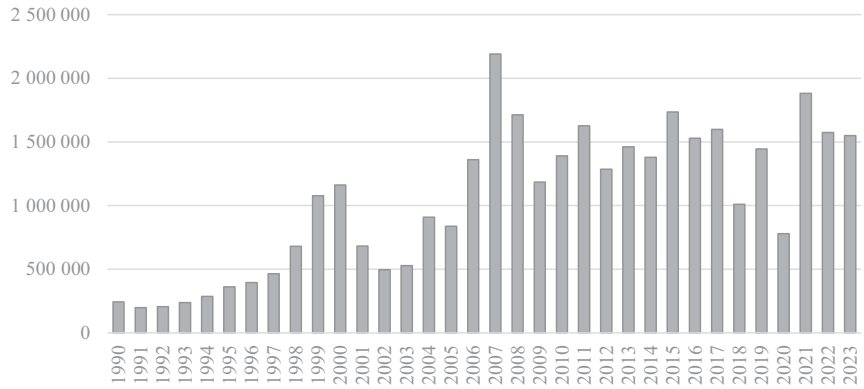

Figure 2. Value of annual FDI flows in the world in 1990–2023 (USD Mio., current prices)

Source: Author's own study based on (UNCTAD, n.d.).

The value of the annual investment flow in 2022–2023 was like that in 2010–2017, while after 2008 the annual value of FDI flow stopped growing.

Currently an additional problem in FDI flows appeared – their instability. Increased geopolitical tensions have increased the volatility of investment sources and destinations. The instability – in terms of the intensity of investment in a specific location – applies primarily to Asia and Europe. This trend is presented in Table 1.

Table 1. Relative gains and losses from the reallocation of outward cross-border greenfield projects

Recipient	2020–21 vs. 2018–19	2022–23 vs. 2020–21
Investor: United States		
Asia (excluding China + and West Asia)	-16%	+55%
Europe	+13%	-18%
China+	-40%	-26%
Investor: China		
Asia (excluding China + and West Asia)	-35%	+78%
Europe	+36%	-39%
United States	+26%	-19%
Investor: Europe		
Asia (excluding China + and West Asia)	-17%	+33%
China+	-21%	-18%
United States	+12%	+6%

Source: (UNCTAD, 2024b, p. 27).

As can be seen, the variability of new investment flows into these regions is significant, ranging from -40% (American investment in China) to +78% (Chinese investment in Asia). This makes planning extremely difficult and introduces uncertainty regarding the balance of payments and the impact on employment. There is also a change as for the regions of outward and inward FDI (Figure 3).

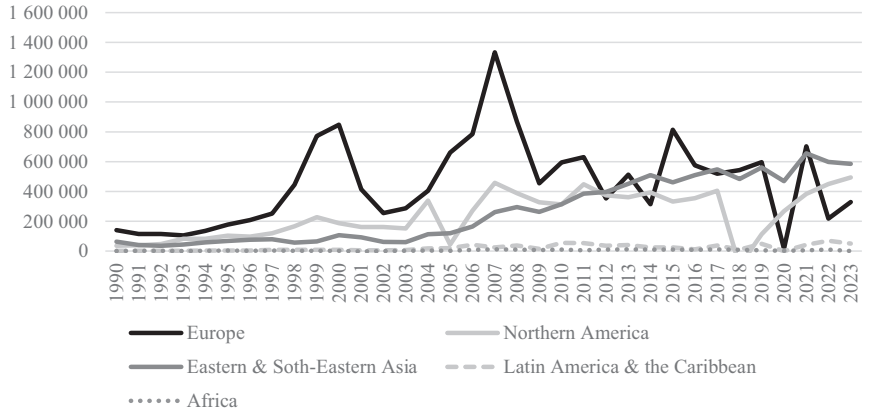

Figure 3. Value of annual outward FDI in the world in 1990–2023 by selected regions (USD Mio., current prices)

Source: Author's own study based on (UNCTAD, n.d.).

As for outward FDI, the decreasing importance of Europe and the dynamic growth of East and Southeast Asia after 2006 are noteworthy. While in the years 1990–2009, the average share of Europe in FDI outflow was about 56%, and East and Southeast Asia about 15.5%, in the years 2010–2019, this share was 37.9% and 32.6%, respectively, and in the period 2020–2023 – 18.6% and 42.7%. Thus, the countries of East and Southeast Asia have replaced Europe as the global leader in direct investment (Figure 4).

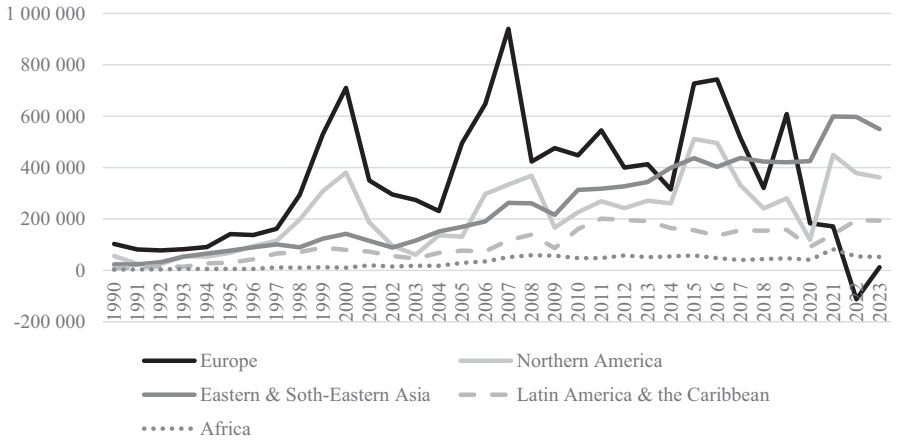

Figure 4. Value of annual inward FDI in the world in 1990–2023 by selected regions (USD Mio., current prices)

Source: Author's own study based on (UNCTAD, n.d.).

In case of inward FDI, the situation is similar – the importance of Europe is decreasing, while the share of East and South-East Asia is growing dynamically

after 2002. While in the years 1990–2009, the average share of Europe in receiving FDI was around 44%, and of East and South-East Asia around 17.5%, in the years 2010–2019, this share was 30.7% and 24%, respectively, and in the period 2020–2023 – 5.4% and 41.4%. The share of Africa (approx. 2% in 1990–1999 and 4.3% in 2020–2023) and Latin America (9% in 1990–1999 and approx. 11.7% in 2020–2023) is growing too, and during the pandemic the importance of North America has also increased (19% in 2000–2019 and 23.7% in 2020–2023).

Putting the above together, we can say that not only is the total value of FDI flows in the world not growing, but more countries are competing for this stagnant value of FDI, and European countries have been clearly losing this competition over the last 15 years. However, countries from East and Southeast Asia are significantly increasing their share in outward direct investment, so attracting Asian investors can change the situation of a given country in terms of capital inflow.

The sectoral structure of FDI has also changed over the past 20 years. The number of greenfield investment projects in manufacturing has been decreasing, while services have been growing (UNCTAD, 2024a, p. 22). Figure 5 illustrates this.

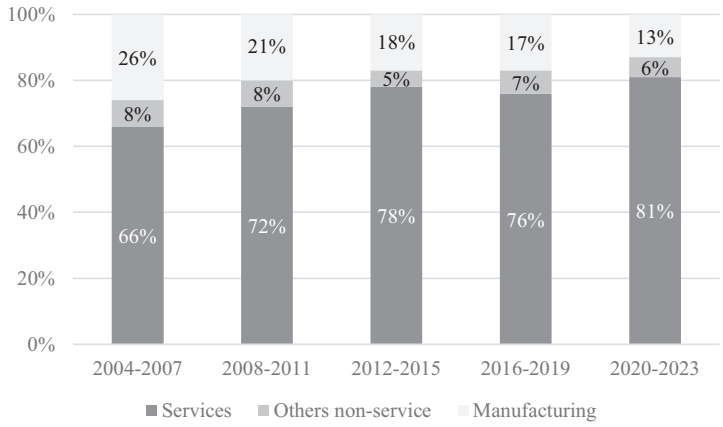

Figure 5. Cross-border greenfield projects by sector (%)

Source: Author's own study based on: (UNCTAD, 2024b).

The share of services in cross-border greenfield projects by sector was already large over 20 years ago, amounting to 66%, but in the recent period (2020–2023) it exceeded 80%. One of the reasons for the increase in the share of investment in services abroad may be the so-called boomerang effect – i.e. the return of the production process to the developed home countries (Budnikowski, 2021, p. 26).

It is also worth noting that the inflow of capital to the service sector concerns primarily high-value-added services (concept/R&D/management, senior support functions, marketing). When we examine the share of high-value added services in distribution of cross-border greenfield projects, it changed as follows: in 2004–2007, it was

45%, in 2008–2011, it rose to 52%, then in 2012–2015 to 56%, in 2016–2019, it fell to 54%, and in 2020–2023, it reached a record level of 63% (UNCTAD, 2024b, p. 17).

The increase in FDI inflow to the services sector is accompanied by the process of deglobalisation of manufacturing. As UNCTAD experts note, "while global manufacturing activity and investment remain robust, their international component is shrinking. This trend is reinforced by the growing prevalence of non-equity modes of international production" (UNCTAD, 2024b, p. 14). Manufacturing FDI has been stagnant for two decades. If the Compound Annual Growth Rate (CAGR) is analyzed, it was 0% in 2003–2009, then 1% in 2010–2018, and dropped to -12% during the COVID-19 pandemic (in 2019–2022). Although there was an increase of 31% in FDI inflow to manufacturing in 2023, however, this may only be a post-pandemic recovery, not a permanent trend reversal (all data based on: UNCTAD, 2024b, p. 14).

The ongoing digitalization also has a significant impact on FDI flows, changing not only the service sector, but also increasingly influencing the manufacturing. Monitoring of the devices, as well as diagnosing and removing faults can be done online, without the physical presence of service employees. This reduces the need to engage assets in the investment process, as production-supporting services can remain in home countries (UNCTAD, 2024b, p. 27).

The coronavirus pandemic – and later also Russia's aggression against Ukraine – have initiated the process of shortening value chains by transnational companies, both geographically and by reducing the number of stages in the production process (UNCTAD, 2020, pp. 156–167). These changes may lead to a decline in international flows of productive capital.

The shortening of value chains in the geographical sense results from the experience of transnational companies during the pandemic. The benefits of locating the stages of value creation in the most convenient places have proven to be insufficient to eliminate the risks resulting from the distance or the proximity to territories where political or military conflicts have taken place. High-tech industries, in turn, may reduce the number of chain links due to robotization, which reduces the importance of labor costs abroad.

Sustainable development issues and the return to industrial policy may also influence FDI flows. The sustainable development policy has been defined in the so-called 2030 Agenda (Transforming Our World: The 2030 Agenda for Sustainable Development), a document approved by the UN in 2015. It contains seventeen goals, and two of them may impact on multinational enterprises considering FDI: affordable and clean energy (goal 7) and climate action (goal 13). Firstly, such enterprises consider the impact of ecology on company's image in their investment decisions; secondly, taxes and emission fees imposed on energy from coal combustion may affect production costs.

Industrial policy, in turn, criticized for years by mainstream economists, is increasingly being considered and implemented by individual governments. According to the UNCTAD report, in 2013–2018, over eighty countries used solutions con-

sidered as tools of this type of policy (UNCTAD, 2018, pp. 165–177). While the industrial policy applied in the 1960s and 1970s was sector-specific, it later took on a problem-oriented character (e.g. creation of infrastructure, innovations, development of specific technologies) and therefore may have a significant impact on the directions of FDI flows.

As for the future directions of FDI flows, they may be influenced by the nature of modern production, based on the use of so-called rare-earth elements (REE), also called rare-earth metals. Their resources are rare and are in China and – to a lesser extent – in Russia, India, the USA, and selected African countries (Budnikowski et al., 2022, p. 17). For this reason, an increased inflow of FDI to these countries can be expected.

Research methods

The aim of this study is to analyze the investments from the Asia-Pacific region in Poland – to determine their value and industry structure, as well as geographical location.The author also wants to check whether direct investments from the Asia-Pacific region in Poland are consistent with the latest trends in FDI flows worldwide.

The thesis of the study is that investments from Asia-Pacific countries constitute only a marginal share in all FDI located in Poland, and one of the reasons may be the fact that investors from this region perceive Poland primarily as a place for the production and assembly of products, and not for service activities.

The basis for selecting the countries for this analysis was the approach of Preston, who defined the mentioned region as: China, Hong Kong, Taiwan, South Korea, North Korea, Mongolia, a part of Russia which is Sakhalin and the Kuril Islands, Myanmar, Thailand, Cambodia, Laos, Vietnam, Thailand, Malaysia, Indonesia, the Philippines, Singapore, Brunei, Papua New Guinea, future East Timor and northern part of Australia (Preston, 1998, p. 5). The author of this study has also included India in the data analysis, however, excluded Australia and Russia. The reason for this is the feature that allows us to perceive Asia-Pacific as a distinct region. Preston (1998) describes it as "the shift to the modern world (…) and the way in which they have moved towards the status of an integrated block within the global system" (p. 5). Russia – due to its culture, language, economic ties, and its economic history – belongs to Europe. Similarly, Australia – despite its geographical location, its culture and economic past are much more reminiscent of a Western country than Indonesia or Japan. India, on the other hand, fulfils the characteristic identified by Preston – through economic opening and integration with the global system, it is following a path like South Korea, Thailand, or Malaysia.

The study uses an analytical-descriptive method to analyze investment processes worldwide, and to capture the latest trends in FDI flows worldwide. In turn, a comparative method was used to compare the value and industry structure of FDI

located in Poland from Asia-Pacific countries. Data by UNCTAD, and the Amadeus (Moody's) database, which collects financial statements of companies registered in Poland, were used.

Results

Analysis of FDI in Poland from Asia-Pacific countries

Here, an analysis of the value of shareholders' funds contributed to companies established in Poland by entities originating from Asia-Pacific countries will be conducted. Shareholders' funds are defined as the sum of funds contributed to the company by shareholders, partners or stockholders or generated by the company during its business and represent the real amount that investors could recover if they decided to terminate their business in each country.

The value of shareholders' funds of enterprises with foreign capital registered in Poland is presented in Table 2.

Table 2. Value of shareholders' capital of enterprises registered in Poland with foreign capital by country of the Global Ultimate Owner, as of the end of 2022

Country of origin	Value of investment (USD Mio.)	Share in TTL investment (%)
Germany	36 541	16.70
United States	26 757	12.23
France	17 348	7.93
United Kingdom	13 882	6.34
Netherlands	11 345	5.18
Luxembourg	10 826	4.95
Switzerland	7 952	3.63
Italy	6 008	2.74
Republic of Korea	5 902	2.70
Spain	5 762	2.63
Japan	5 167	2.36
China (position no. 29)	1 051	0.48

Source: Author's own study based on (Moody's. n.d.).

Among the Asia-Pacific countries, only South Korea's share in investments in Poland (2.7%) is higher than this country's share in total FDI in the world (approx. 2.2%). As for Japan and China, the total value of investments from these countries is approx. USD 6.2 billion, which together constitutes less than 3% of all FDI in our country. On the other hand, the capital from other Asian countries is of too small a value for these countries to be among the top thirty largest investors in Poland. Confirmation of the above can be found in the data contained in Table 3.

Table 3. Value of shareholders' capital of enterprises registered in Poland with foreign capital from Asia-Pacific by country of the Global Ultimate Owner, as of the end of 2022

Country	Shareholders' funds (USD thou)	Share in all FDI in Poland (%)	Share in FDI of Asia Pacific in Poland (%)
Republic of Korea	5 901 633	2.70	25.39
Japan	5 167 040	2.36	11.57
China	1 051 901	0.48	9.30
Singapore	882 797	0.40	6.60
India	653 825	0.30	6.54
Malaysia	351 441	0.16	6.35
Hong Kong SAR, China	267 676	0.12	5.66
Taiwan, Province of China	174 392	0.08	4.53
Thailand	49 242	0.02	3.96
Philippines	48 706	0.02	2.95
Indonesia	29 350	0.01	2.20
Vietnam	6 105	0.00	1.89
Lao People's Dem. Rep.	25	0.00	1.89
Mongolia	2	0.00	1.82
Brunei Darussalam	-21	0.00	1.57

Source: Author's own study based on (Moody's, n.d.).

Apart from South Korea and Japan, the capital that flowed to Poland from other countries covered by this study constitutes less than 1.6% of the total foreign funds invested in Poland in the form of FDI. A particularly low value of capital came to Poland from China, Hong Kong, Singapore, and Taiwan – i.e. from countries or territories that are among the top world investors. The question arises as to why Poland attracts so little FDI from Asia-Pacific countries. A detailed answer would require a separate study and extensive elaboration, but it is worth attempting at least a brief response.

The low amount of funds from Asia-Pacific countries in Poland is likely partly due to Europe's overall declining share in global FDI. This may be particularly evident in Asian investments, which are primarily directed not towards services but towards manufacturing, and in this area, Europe appears to be losing competitiveness. Data confirms this statement. FDI stocks from Asia-Pacific in other European countries do not differ significantly from those in Poland. For example, the share of Japanese investments in FDI acquired by selected other European countries is as follows: in the Czech Republic: 4.4%, in Hungary: 2.2%, in Germany: 4.2%, in France: 1.6%. Meanwhile, the share of Korean investments is in the Czech Republic: 4.1%, in Hungary: 2.6%, in Germany: 0.6%, in France: 0.1%. As for the share of Chinese investments, it is as follows: in the Czech Republic: 1.0%, in Hungary: 2.9%, in Germany: 1.6%, in France: 1.0% (own calculations based on Moody's [n.d.] data).

It is important to remember that individual investment decisions are made by companies, not by states. Companies, in turn, are faced with the choice of a specific location. They then compare individual countries based on their political, economic, social, technological, environmental, legal, and other factors. If enterprises from Asia-Pacific

might perceive Central European countries as relatively similar, this would mean that Poland competes for investments with, for example, the Czech Republic, Hungary, and Slovakia. Therefore, it is worth examining how Poland compares to these countries in selected rankings from specialized international organizations, as this may influence location choices. For this study, the World Competitiveness Ranking, published by the International Institute for Management Development (IMD), and the Index of Economic Freedom, developed by the American Heritage Foundation, were selected. The Heritage Foundation advocates and promotes public policy based on freedom of entrepreneurship, individual liberty, and a limited role for the state.

In the World Competitiveness Ranking for 2023–2025, Poland ranks around 45th, the Czech Republic around 25th, Hungary around 50th, and Slovakia around 58th. This clearly shows that the Czech Republic is rated significantly better than other countries in the region. It is worth noting that in 2025, the Czech Republic (25th) ranked ahead of Austria (26th), South Korea (27th), the United Kingdom (29th), New Zealand (31st), France (32nd), and Japan (35th) (IMD, n.d.). The components of the World Competitiveness Ranking for Poland, the Czech Republic, Hungary, and Slovakia are presented in Table 4.

Table 4. Components of the World Competitiveness Ranking for Poland, the Czech Republic, Hungary, and Slovakia in 2025

Country	Economic performance	Government efficiency	Business efficiency	Infrastructure
Poland	58.6	36.9	17.4	46.8
Czech Republic	57.8	63.3	57.2	60.4
Hungary	51.8	44.1	21.8	53.2
Slovakia	41.5	25.6	9.9	38.3

Source: Author's own study based on (IMD, n.d.).

In terms of economic performance (comprising such components as price levels, employment, foreign trade, and foreign investment), Poland performs similarly to the Czech Republic and Hungary and even achieves a slightly better result. In terms of infrastructure (basic-, technical-, and scientific infrastructure, health and environmental, and education), Poland lags slightly behind Hungary, but the Czech Republic's advantage is quite clear. Similarly, significant differences in favour of the Czech Republic can be observed in the following areas: government effectiveness – which includes public finances, tax policy, institutional and social frameworks, and business regulations – as well as business effectiveness, encompassing such areas as productivity and efficiency, the labour market, finance, management practices, attitudes, and values. In terms of government effectiveness, the Czech Republic ranks 21st in the IMD ranking, while Poland ranks 58th. In terms of business effectiveness, the Czech Republic ranks 30th and Poland 64th, near the bottom of the ranking (Slovakia is second to last at 68th).

The Index of Economic Freedom for 2025 also looks favourable for the Czech Republic. The country's score is 72.9, Slovakia's: 68.4, Poland's: 67.1, and Hun-

gary's: 61.4. It is also worth noting that the index value for the Czech Republic is higher than, for example, Austria's (69.7) or Japan's (70.2) (Heritage Foundation, n.d.). The components of the Index of Economic Freedom for Poland, the Czech Republic, Hungary and Slovakia are presented in Table 5.

Table 5. The components of the Index of Economic Freedom for Poland, the Czech Republic, Hungary, and Slovakia in 2025

Component	Poland	Czech Republic	Hungary	Slovakia
Government Integrity	58.4	62.8	42.2	57.2
Property Rights	72.3	89.9	69.2	84.3
Judicial Effectiveness	52.3	92	62.7	69.9
Tax Burden	73.8	78.9	85.3	76.7
Government Spending	39.7	42.2	28.5	38.7
Fiscal Health	75.9	71.5	17.6	69.8
Business Freedom	77.8	81.4	76.1	77
Labor Freedom	56.8	57.9	60.3	70
Monetary Freedom	68.5	68.9	65.1	64.5
Trade Freedom	79.6	79.6	79.6	79.6
Investment Freedom	80	70	80	75
Financial Freedom	70	80	70	70

Source: (Heritage Foundation, n.d.).

Research by the Heritage Foundation shows that Poland fares worse than other Visegrad Group countries on three dimensions – property rights, judicial effectiveness, and tax burden. In terms of judicial effectiveness and tax burden, Poland ranks behind both the Czech Republic, Slovakia, and Hungary, with the difference in judicial effectiveness being significant. In the case of property rights, the Czech Republic and Slovakia fare significantly better than Poland. It should be noted that these three areas – particularly tax burden – can significantly impact business operations, which may determine the choice of a country for investment. The largest investors in Poland from Asia Pacific countries come from South Korea and Japan (Table 6).

Table 6. The largest investors in Poland from Asia-Pacific countries by value of shareholders' capital invested, as at the end of 2022

Rank	Global Ultimate Owner (GUO) name	GUO country	Companies in Poland	Share in Asia--Pacific FDI in Poland (%)	Share in all FDI in Poland (%)
1	LG Chem Ltd.	Korea	LG Energy Solution Wrocław Sp. z o.o.	11.20	0.74
2	Samsung Electronics Co., Ltd.	Korea	Samsung Electronics Polska Sp. z o.o. Samsung Electronics Poland Manufacturing Sp. z o.o.	7.00	0.46
3	SK Innovation Co., Ltd.	Korea	SK Hi-Tech Battery Materials Poland Sp. z o.o.	6.00	0.40
4	LG Corp.	Korea	LG Electronics Mława Sp. z o.o.	5.50	0.37

Rank	Global Ultimate Owner (GUO) name	GUO country	Companies in Poland	Share in Asia--Pacific FDI in Poland (%)	Share in all FDI in Poland (%)
5	NGK Insulators, Ltd.	Japan	NGK Ceramics Polska Sp. z o.o.	4.60	0.31
6	Asahi Group Holdings Ltd.	Japan	Kompania Piwowarska S.A.	3.51	0.23
7	Bridgestone Corporation	Japan	Bridgestone Poznań Sp. z o.o. Bridgestone Stargard Sp. z o.o.	2.87	0.19
8	Government of Singapore	Singa-pore	West Station Investment Sp. z o.o. Alexandralog PLSW01 (PLN01) Sp. z o.o.	2.73	0.18
9	Japan Tobacco Inc.	Japan	JTI Polska Sp. z o.o.	2.71	0.18
10	Employees Provident Fund Board	Malay-sia	PDC Industrial Center 70 Sp. z o.o. Estlin Investments Sp. z o.o. Haxley Investments Sp. z o.o.	2.38	0.16

Source: Author's own study based on (Moody's, n.d.).

In the ranking of the largest investors from Asia-Pacific, Korean companies occupy the first four places. It is worth paying attention to the investments of LG; the total value of the shareholders' funds of LG Chem Ltd. and LG Corp. is higher than the capital invested in Poland by Deutsche Telekom AG (the largest German investor) or by Canpack Group, Inc. (the largest American investor). The absence of any Chinese company in the top ten may be surprising. It is worth mentioning that in case of China and Singapore, the largest investors in Poland are the governments of those countries.

As for the regional distribution of FDI from Asia-Pacific countries, it is more evenly distributed across voivodeships than the distribution of all FDI in Poland (Table 7).

Table 7. Regional distribution of FDI from Asia-Pacific countries in Poland, as of the end of 2022

Region	Share of Asia-Pacific FDI in Poland (%)	Share of all FDI in Poland (%)
Warsaw	25.76	38.59
Dolnośląskie	21.06	7.68
Śląskie	17.48	8.87
Wielkopolskie	10.91	9.22
Mazowieckie (except Warsaw)	5.64	1.73
Łódzkie	5.05	3.75
Świętokrzyskie	2.38	1.37
Pomorskie	2.38	4.83
Małopolskie	2.34	4.46
Zachodniopomorskie	1.97	2.59
Podkarpackie	1.58	2.62
Lubuskie	1.28	1.76
Kujawsko-Pomorskie	0.85	1.40
Lubelskie	0.47	0.87
Podlaskie	0.44	0.54
Opolskie	0.22	1.45
Warmińsko-Mazurskie	0.04	0.57

Source: Author's own study based on (Moody's, n.d.).

While all FDI stock is concentrated primarily in Warsaw (almost 40% of invested capital), investors from Asia – primarily from South Korea and Japan – invest to a similar extent also in the Lower Silesian and Silesian Voivodeships. Unfortunately, all FDI and those from the analyzed region bypass the so-called eastern wall (Lubelskie, Podlaskie Voivodeships).

The sectoral structure of investments in Poland from all Asia-Pacific countries according to the four-digit NACE code (statistical classification of economic activities in the European Union; *Nomenclature statistique des activités économiques dans la Communauté européenne*) is presented in Table 8.

Table 8. Investments with capital from Asia-Pacific in Poland by activity in 2022 (top 10 activities with the highest investment value)

Rank	Activity, NACE Rev. 2	Value of investment (USD Mio.)	Share in TTL Asia Pacific FDI in Poland (%)
1	Manufacture of batteries and accumulators	2 437.4	11.20
2	Non-specialised wholesale trade	787.4	7.00
3	Manufacture of other ceramic products	670.0	6.00
4	Manufacture of consumer electronics	666.9	5.50
5	Manufacture of electric domestic appliances	567.0	4.60
6	Renting and operating of own or leased real estate	562.3	3.51
7	Manufacture of beer	512.6	2.87
8	Manufacture of other parts and accessories for motor vehicles	506.5	2.73
9	Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	414.7	2.71
10	Business and other management consultancy activities	393.5	2.38%

Source: Author's own study based on (Moody's, n.d.).

When analyzing the above list, it is worth paying attention to two aspects. Firstly, the industry that has attracted the highest value of capital is the production of batteries and accumulators – primarily for automotive industry. It is important to note about the Korean Samsung. It has invested in Poland in its own R&D centres in Warsaw and Krakow – named Samsung R&D Institute Poland – but in accounting terms, a Polish company classified as "non-specialised wholesale trade" did these investments. So, this is an investment in a very modern type of service, with high added value. Anyway, the above are the only areas of activity that are currently considered modern; the rest represent traditional types of activities.

Secondly, only to a small extent do Asian countries perceive Poland as a convenient place to locate services. The top ten activities with highest invested value account for almost half of the value of capital that has flowed to Poland, and of this half, only slightly over 23% in services. These are the opposite proportions than in the case of all contemporary FDI projects in the world.

It is worth considering the industry structure of FDI stock in Poland from the largest investors among Asia-Pacific countries, i.e. South Korea, Japan, China, and Singapore. The relevant data is presented in Tables 9, 10, 11, and 12.

Table 9. Investments with Korean capital in Poland by activity in 2022 (top 10 activities with the highest investment value)

Activity – NACE rev. 2	Value of investment (USD Mio.)	Share in TTL Korean investments in Poland (%)
Manufacture of batteries and accumulators	2 437.4	41.19
Non-specialised wholesale trade	648.8	10.96
Manufacture of consumer electronics	552.6	9.34
Manufacture of electric domestic appliances	550.4	9.30
Construction of residential and non-residential buildings	213.6	3.61
Manufacture of cocoa, chocolate, and sugar confectionery	193.0	3.26
Copper production	188.2	3.18
Sale of cars and light motor vehicles	156.0	2.64
Wholesale of electronic and telecommunications equipment and parts	143.5	2.43
Manufacture of plastics in primary forms	113.1	1.91

Source: Author's own study based on (Moody's, n.d.).

Table 10. Investments with Japanese capital in Poland by activity in 2022 (Top 10 activities with the highest investment value)

Activity – NACE rev. 2	Value of investment (USD Mio.)	Share in TTL Japanese investments in Poland (%)
Manufacture of other ceramic products	670.1	12.96
Manufacture of beer	512.6	9.92
Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	414.8	8.02
Manufacture of tobacco products	390.2	7.55
Manufacture of motor vehicles	306.3	5.93
Manufacture of other non-metallic mineral products nec	285.2	5.52
Shaping and processing of flat glass	207.4	4.01
Manufacture of bearings, gears, gearing and driving elements	197.9	3.83
Manufacture of electric motors, generators, and transformers	197.7	3.83
Manufacture of metal forming machinery	189.8	3.67

Source: Author's own study based on (Moody's, n.d.).

Table 11. Investments with Chinese capital in Poland by activity in 2022
(top 10 activities with the highest investment value)

Activity – NACE rev. 2	Value of investment (USD Mio.)	Share in TTL Chinese investments in Poland (%)
Manufacture of other parts and accessories for motor vehicles	192.3	16.69
Manufacture of consumer electronics	110.1	9.55
Manufacture of electronic components	104.2	9.04
Manufacture of other special-purpose machinery nec	67.4	5.85
Renting and operating of own or leased real estate	62.4	5.41
Activities of head offices	61.0	5.29
Wholesale of chemical products	52.3	4.54
Manufacture of other inorganic basic chemicals	52.2	4.53
Manufacture of bearings, gears, gearing and driving elements	36.0	3.13
Wholesale of electrical household appliances	30.6	2.66

Source: Author's own study based on (Moody's, n.d.).

Table 12. Investments with Singapore capital in Poland by activity in 2022
(top 10 activities with the highest investment value)

Activity – NACE rev. 2	Value of investment (USD Mio.)	Share in TTL Singapore investments in Poland (%)
Renting and operating of own or leased real estate	308.2	31.71
Manufacture of communication equipment	177.2	18.23
Business and other management consultancy activities	151.5	15.59
Development of building projects	118.4	12.18
Management of real estate on a fee or contract basis	82.8	8.52
Buying and selling of own real estate	63.9	6.57
Warehousing and storage	27.9	2.87
Wholesale of dairy products, eggs and edible oils and fats	22.1	2.28
Wholesale of other machinery and equipment	4.1	0.42
Wholesale of beverages	3.4	0.35

Source: Author's own study based on (Moody's, n.d.).

Comparing the industry structure of inward FDI in Poland from the countries discussed, one can notice the small share of investments in services, with a large share of capital invested in manufacturing. As for the share of services among the top ten types of activities receiving FDI, for countries it is as follows: Singapore: 81.5%, China: 26.8%, South Korea 18.2%, Japan: 0%. Even if we considered all investments – and not only top ten activities – the share of services in case of China does not exceed one-third, in case of South Korea it is about 20.5%, and in case of Japan it is about 19%.

Conclusions

Entrepreneurs from some countries and areas of Asia-Pacific – e.g. China, Hong Kong SAR (China), Japan, Republic of Korea, Taiwan (Province of China), Singapore – are among the largest investors in the world in terms of FDI. In this context, the question arises whether direct investments from Asia-Pacific flow to Poland on an equally large scale.

This question is particularly important in the situation that has characterized FDI flows in recent years. First, the yearly value of FDI flows has not been growing for about 2 decades. Second, their inflows to regions are characterized by huge volatility – one year they can increase by 30–40%, and the next year they fall by over 70%. Third, more countries are competing to attract this non-growing and unstable value of investment. The share of Africa and Latin America in hosting FDI is growing, however, above all the leading recipients of global FDI have become the countries of East and Southeast Asia. In 2020–2023, they attracted over 40% of global investment capital. The countries of East and Southeast Asia have also become the leading region from which FDI comes. In 2020–2023, reaching a share of 42.7%, they have replaced Europe as the global leader in direct investment. In such conditions, attracting Asian investors can change Poland's situation in terms of capital inflow, increase the investment rate and enrich the Polish economy with modern technologies.

Meanwhile, the FDI from Asia-Pacific countries in Poland is of small value. It constitutes less than 7% of the total capital stock in Poland. Around 75% of these investments are ventures undertaken by Korean and Japanese investors. Investments from China, Singapore, Hong Kong (SAR, China), and Taiwan – i.e. from the world's leading investors – are of marginal importance (less than 1% of all FDI in Poland).

As for the other Asia-Pacific countries that have become important economies in the world, investments from Thailand constitute only 0.02% of all FDI located in Poland. The share of the Philippines is similar (0.02%), and investments from Indonesia are only 0.01% of all invested foreign capital. There is no investment from Vietnam. Having a significant Vietnamese community living in Poland, the total value of FDI from this country is only USD 6.1 million, or about PLN 24 million.

Capital from Asia-Pacific is more evenly distributed in Poland than investments from all over the world (which are concentrated primarily in Warsaw). Asian investors are more willing to invest in the Lower Silesian Voivodeship (around Wrocław) and the Silesian Voivodeship (Dąbrowa Górnicza, Gliwice), as well as in the Mazovian Voivodeship outside Warsaw (LG investments in Mława) than investors from other countries.

Only Korean investors – LG, SK Innovation and Samsung – invest in Poland in areas considered as modern production. LG Chem. Ltd., by establishing the Polish company LG Energy Solution Wrocław Sp. z o.o., invested in manufacturing of batteries and accumulators for electric cars in Biskupice Podgórne. A similar type of production was undertaken in Dąbrowa Górnicza by the Korean concern SK In-

novation Co., Ltd. through the established company SK Hi-Tech Battery Materials Poland Sp. z o.o. Finally, the Korean Samsung has invested in its own R&D centres in Warsaw and Krakow – so-called Samsung R&D Institute Poland – which is a very modern type of service, with high added value. Other entrepreneurs from Asia-Pacific (e.g. Asahi Group Holdings Ltd. or Bridgestone Corporation), even if they use modern technologies, invest their capital in traditional industries.

Unfortunately, investment from Asia Pacific also runs counter to another trend that has been observed in FDI flows for years. Manufacturing FDI have been stagnant for two decades. The Compound Annual Growth Rate in manufacturing in 2003–2018 was 0~1%, and it dropped to -12% during the COVID-19 pandemic. UNCTAD has defined this phenomenon as deglobalisation of manufacturing. On the contrary, the number of greenfield investment projects in services have been growing. The share of services in cross-border greenfield projects by sector in 2020–2023 exceeded 80%. Additionally, the inflow of capital to the service sector primarily concerns high-value-added services (concept/R&D/management, senior support functions, marketing). In 2020–2023, the share of services of this nature in distribution of cross-border greenfield projects reached a record level of 63%.

However, investors from Asia-Pacific countries invest their capital in Poland primarily in the manufacturing sector, not in services. As for the share of services among the top ten types of FDI activities, the only significant contribution is in case of Singapore: 81.5%. In case of China, the share of services is 26.8%, in case of South Korea: 18.2%, and for Japan: 0%. Even if we considered all investments (not only top ten activities), the share of services in Japanese FDI in Poland is about 19%. As this is the opposite of current trends in the world, it may negatively affect the value of investments directed to our country from this area.

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