

Central and Eastern Europe Business Opportunities



COUNTRY NEWS

CZECH REPUBLIC

Czech trams bought by US, Germany and others
Skoda Transportation, a Czech manufacturer of rail vehicles for municipal and suburban public transportation, is boosting exports of its trams as the company recently received **new orders from the US and began expanding in Germany**. The company also won a tender to supply 31 trams to Miskolc in Hungary. Besides many Czech cities, Škoda Transportation's trams already run in Warsaw (Poland), Riga (Latvia), Sardinian city of Cagliari (Italy), Portland, Oregon (USA) and others.



DID YOU KNOW THAT...?

BULGARIA

... when Bulgarians nod their heads up and down, they mean 'NO', and turning head from side to side means 'YES'?

CZECH REPUBLIC

... the first sugar cubes were made in the Czech town of Dacice in 1841?

HUNGARY

... is one the oldest countries in Europe - founded in 896?

HUNGARY

... Hungarian language, which is a part of the Finno-Ugrian language family, is said to be one of the most difficult languages in the world?

HUNGARY

German carmakers Audi and Mercedes expand production

German carmaker **Audi invests EUR 900 million** in expanding its production plant in Győr. This summer, the plant will launch trial production of Audi A3. Starting from 2013, around 125,000 cars will roll off the line annually, including the Audi TT Coupé and TT Roadster sports cars, the A3 Cabriolet and another A3 derivative. At the same time, German car manufacturer **Mercedes-Benz** has just opened a **new factory in Kecskemét** in central Hungary, 4 years after announcing to invest around EUR 800 million in the country, creating roughly 3,000 jobs. Up to 120,000 cars per year (both A and B series) should eventually be produced at the factory, which will constitute around 1% of the country's entire GDP.

CZECH REPUBLIC

Czech tire producer opens first plant in the USA to supply US farmers

One of Europe's leading producers of agricultural tires headquartered in Czech Republic – Mitas - has launched production in its **new factory in Iowa, USA**. The company invested US\$ 52 million in a plant in Charles City, where the first tractor was produced in early 19th century and just 20 miles from a tractor factory of John Deere, one of the largest customers for Mitas. Mitas, which brought 260 jobs, received 10-year tax relieves from the Iowa state for what is the largest Czech investment in the US to date. The factory will manufacture large tires for tractors above 50 hp for farmers in the USA and Canada, and expects later sales to Russia, which uses similar agricultural machinery on its vast fields. Based in Prague, Czech Republic, Mitas also has a plant in Serbia (ex-Yugoslavia), which has a free trade agreement with Russia.

CONSUMER TRENDS

LITHUANIA

20% computer sales growth

The number of computer users in Lithuania, the largest of the three Baltic states, grew by 10% over the last year, and computer sales have surged 20% in that span. Among the country's current trends is an increasing demand for tablets, laptops, cameras and hard discs, while interest in stationary computers is steadily falling. ACC, one of the largest IT companies in the Baltics, had a **31% increase in laptop computer sales** in 2011 (reaching EUR 119 million) in comparison to 2010. The turnover of another Lithuanian distributor of digital and computer appliances, Skytech, doubled last year in comparison to 2010, reaching EUR 4.3 million.

CZECH REPUBLIC

Internet retailing up by 21%, double of Europe's average growth

While average annual growth of online shopping in Europe was around 12% in 2011, Czech Internet retailing surged at 21%. Driving factors were **growing popularity of e-shopping** among Czech consumers due to bigger convenience and time- and money-saving benefits. Internet retail sales in Europe are predicted to reach **EUR 170 billion a year** by 2016.



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COUNTRY IN A NUTSHELL HUNGARY

- ◆ a parliamentary democracy; EU member since May 2004
- ◆ well-known for thermal springs, 1,500+ spas and 450 public baths
- ◆ private sector generates over 80% of Hungary's GDP

Area	93,028 sq km	Capital	Budapest
Population	9.96 million	Language	Hungarian
GDP per capita (PPP, 2011)	\$19,600/€ 14,092	Currency	Forint (HUF)

MARKET AND SECTOR HIGHLIGHTS

Energy-efficient construction: Poland

New opportunities as Poland will boost eco-friendly housing construction with subsidies

The Polish National Fund for Environmental Protection and Water Management recently announced it would begin subsidizing energy-efficient housing construction. Details have not yet been revealed. State funding for eco-friendly housing is to come with a new law on Renewable Energy Sources, expected to enter into force in early 2013. The law brings new obligations for the private and public sector, and offers **tax deductions and grants** aimed at boosting the **Polish market of eco-friendly construction technologies** in the long term. Low-energy housing started in Poland shortly after Poland entered the EU in 2004. In 2009, it got a further boost as the EU passed guidelines requiring all new houses to be certified to meet energy-performance standards.

Real estate: Ukraine

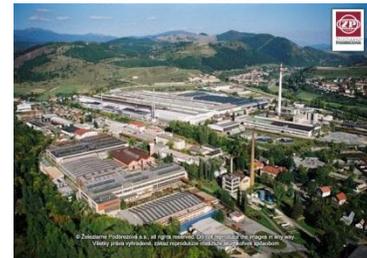
Lack of modern shopping malls blocks international brands on Ukrainian retail market

As Ukraine recovers from the crisis and growing numbers of Ukrainians shop at Western-style malls, international brands are trying to boost their presence in Kiev and beyond the capital city. However, Kiev and especially other Ukrainian cities trail noticeably behind other European cities such as Warsaw or Prague in terms of availability of quality retail and office space per capita. High demand for shopping space caused a **10-12% increase in price of shopping mall rent** in 2011. In Donetsk the current vacancy rate is around 7% and is predicted to fall even lower by the end of this year. Analysts say that **16 shopping centers are currently under construction in Kyiv**; about 10 new malls are scheduled to open this year.

MARKET LEADER PROFILE

SLOVAK REPUBLIC - one of largest European manufacturers of pipes

Zelezniarne Podbrezová a.s. (ZP), **one of the oldest and largest metallurgical companies in Central Europe**, headquartered at Podbrezova, Slovakia, employs almost 4,000 people and exports to 50 countries worldwide. ZP manufactures hot-rolled and cold drawn seamless tubes, pressure welded tubes and various pipes from iron ores, carbon and other non-ferrous metals. Established in 1840 as a rails manufacturer, ZP started to produce steel tubes in 1930 and has developed into one of Europe's largest producers with 14 domestic and 5 foreign subsidiaries, supplying customers in the automobile industry, power sector, engineering production as well as producers of structures, distribution systems and piping.



EASYLINK'S CURRENT & RECENT PROJECTS



- ◆ US manufacturer of industrial automation systems to meet prospective partners in Czech Republic, Poland and Ukraine
- ◆ Review of consumer credit market in Czech Republic & Slovakia
- ◆ Customer search in Czech Republic and Poland for U.S. provider of precision components and tooling
- ◆ Business development in Russia for a U.S. art design and publishing company
- ◆ Trade mission of 8 Northern Ireland companies to Poland
- ◆ Insurance sales leads among logistics companies and terminals in Bulgaria, Croatia and Slovenia
- ◆ Interviews with shopping mall developers in Russia, Ukraine, Poland

Newsletter resources: Company websites, E15.cz, Budapest Business Journal, the Kyiv Post, PMR, Warsaw Business Journal, and other local media.