

Central and Eastern Europe Business Opportunities



DID YOU KNOW...?

POLAND

... the **1st oil refinery in the world** was built in 1856 by Polish pharmacist and petroleum industry pioneer, Ignacy Lukasiewicz.

SLOVAKIA

... per-capita **GDP in Bratislava** (capital city) is 3x higher than in the country's poorest provinces, **30% above EU average**, and second in CEE only after Prague.

RUSSIA

... **oil & gas** account for **70%** of Russia's total goods **exports**, also almost **50%** of federal government revenues depends on proceeds from the energy (oil & gas) sectors.

HUNGARY

... Hungary has the world's **highest** standard **VAT** rate (27%)?

BULGARIA

... ranks **3rd** in Europe by number of **archaeological treasures** (after Greece and Italy)?



Strategic Market Research and
International Trade Consultancy
in Central and Eastern Europe
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COUNTRY NEWS

POLAND

Poland – a new hotspot for medical tourism

In 2011, **foreigners spent USD 270 million in Polish clinics and spas** and the sector is **expanding at double-digits**. There are over 40 health resorts, mostly in the Beskidy and Sudety mountain regions, a large number of private clinics attracting dental and cosmetic surgery tourists, as well as over 200 wellness and spa centres. Medical and health tourists are attracted by prices lower than in Western Europe, highly skilled staff and state-of-the-art equipment. In 2012 the government introduced a 3-year EU co-financed programme aimed at promoting medical tourism to Poland internationally.

CZECH REPUBLIC

Textile industry back in shape – revenues to grow by 20%

The first 6 months of this year put Czech textile companies on track for the **best industry results** since 2008, with **revenues of USD 400 million and y-y growth of 20%**. Both clothing and technical textiles have recorded improvement in sales, which is attributed to increasing consumer interest in European-made clothing & apparel, and to **product innovation and development of high-tech products**, such as nano fibres or carbon fibres. A focus on technical and value added textiles has helped Czech firms reclaim and redefine their spot on the market as they struggled against strong Asian competition. Growing exports reaching pre-crisis values of USD 1.3 billion are a key factor driving the whole industry.

LITHUANIA

Lithuania to apply for euro zone membership next spring

Latvia's officially approved accession to the euro zone planned for 1st January 2014 gives the whole Baltic region more credibility and has **paved way for neighbouring Lithuania**. According to Prime Minister Butkevicius, Lithuania **meets all Maastricht criteria** and will officially submit an application to the European Commission next spring. If the process goes smoothly, **Lithuania could adopt EUR as early as 2015**, as the last of the 3 Baltic countries.

ROMANIA

Romanian farmers to reap financial benefits from new CAP

Romania will harvest **higher subsidies** and better targeted **investments** on account of EU's Common Agricultural Policy (CAP) 2014-2020 reform. Romania has earmarked **EUR 17.5 billion to spend on agriculture** in the 2014-2020 budgetary period, a 27% increase from the previous period. The new CAP aims to be more flexible, more equitable, and not the least "greener". To receive subsidies, farmers must demonstrate that they preserve pastures, diversify crops and allocate at least 5% of arable area of their farm (7% in 2017) for areas of ecological interest. Expected improvements include increase in direct payments from EUR 135 per hectare this year to EUR 196 per hectare in 2019, support of young farmers, or an option to couple payments with production in order to support strategic sectors. These benefits are expected to increase Romanian farmers' buying power and positively impact on demand for imported products and technologies.

UKRAINE

Canada's Black Iron joins Metinvest to develop iron ore deposits

Ukraine's largest steel and mining group Metinvest has teamed up with a Canadian exploration company Black Iron Ltd. for a planned **1 billion dollar investment to build an iron ore mine at Shymanivske**, which would yield 9 million tonnes of iron concentrate annually. Black Iron also holds an exploration permit for the adjacent Zelenivske project, which it intends to further explore to determine its potential. **Ukraine is the 6th largest producer of iron ore** and hosts the world's **4th largest reserves by iron content** representing approx. **10% of the world's reserves**. According to a report by Deloitte, Ukraine's **metal and mining sector needs to invest USD 15-20 billion within 10 years** to overcome its current technological gap and reduce production costs.

COUNTRY IN
A NUTSHELL

POLAND

- ◆ Biggest consumer market in CEE with ever-growing purchasing power
- ◆ Uninterrupted GDP growth since 1991 – as the only country in the EU
- ◆ Strategic location for manufacturing and logistics companies – automotive, electronics, highly qualified workforce at relatively low cost
- ◆ Rapid expansion of transport infrastructure

Area & Capital	312,679 sq km / Warsaw
Population & Language	38.5 million / Polish
Currency	Zloty (PLN)
GDP per capita (PPP, 2012)	USD 20,592

MARKET AND SECTOR HIGHLIGHTS

Security: Russia**Upcoming sports events to push biometrics market in Russia**

By 2018 the **Russian biometrics market** is expected to **achieve revenues up to USD 393 million**, according to a recent report by TechSci Research. Traditionally driven by government initiatives, security threats, IT security spending, and growth in the construction market, the forecast confirms that the **opportunities found in the 2014 Sochi Winter Olympics and 2018's FIFA World Cup** will break the market right open in terms of demand. In the wake of next year's Olympic games, growth is expected to be strongest in the Central and North Caucasus regions and imports of security systems are forecasted to rise along the way. According to the report, fingerprint recognition technology already held the highest revenue share in 2012, alongside other physical access applications, and over 12 million citizens have been issued biometric passports.

Defence: Poland**Billions USD for purchase of weapons and modernization investments in the army**

Poland is one of few NATO countries planning to invest in defence sector despite budgetary austerity in the wake of the global crisis. The Minister of Defence (MOD) signed a plan for **major investments in the Polish army to be completed by 2022**. The funds will be used for anti-aircraft weapons, new helicopters, secure information systems, ships and military equipment. The **total budget** for the planned investment **exceeds USD 43 billion**. Priority in spending is in the construction of an air defence system, including missile defence, which will see 20% of the total budget for modernization. Next year the Army will select transport helicopters and contract the supply of 70 machines for about USD 4 billion. A consortium of 13 Polish companies in a project called "Titanium", aimed to revolutionize individual soldier equipment, will provide the army with first sets of new equipment for testing.

MARKET LEADER PROFILE

Transportation engineering: Czech Republic**Škoda Transportation has record half-year with orders over USD 880 billion**

Škoda Transportation, **the biggest Czech engineering group** and one of the largest manufacturers of transportation vehicles in Central and Eastern Europe **has won orders worth more than USD 880 billion** over the first six months of this year. **The company owes these record-high results to investment** in product development and research **amounting to USD 170 million in the past three years**. The biggest orders include six electric trains worth USD 135 million for German passenger carrier DB Regio and 60 trams for the Turkish city of Konya of roughly the same value.

EASYLINK'S CURRENT & RECENT PROJECTS

- ◆ Dutch **environmental** trade mission to Croatia and Czech Republic – 8 tailor-made partner search projects and meeting itineraries
- ◆ Customer satisfaction survey for a manufacturer of **blood management** devices
- ◆ Partner search and meetings for an Italian wholesaler of **grape** products
- ◆ Hong Kong trade mission of 8 **jewelry** companies

Newsletter resources: Warsaw Business Journal, Prague Daily Monitor, company press releases, other local media outlets