

# Central and Eastern Europe Business Opportunities



## DID YOU KNOW...?

### CZECH REPUBLIC

... the name of the US currency, the *dollar*, is derived from the Czech coin known as the *tolar*, minted from 1519 in Jachymov, West Bohemia.

### ESTONIA

... Estonia is the homeland of *Skype*, *Hotmail* and *KaZaA*.

### POLAND

... is one of the world's biggest producers of *hard coal*, with reserves estimated at 45.4 billion tons, enough to meet the country's demand for 500 years, twice as long as the world's average.

### CROATIA

... the *first hydropower* plant in the world ("Iskrice") was built in Sibenik, Croatia, in 1895?  
... that *neckties* come from Croatia?



Strategic Market Research and  
International Trade Consultancy  
in Central and Eastern Europe  
[www.easylink-cee.eu](http://www.easylink-cee.eu)

## COUNTRY NEWS

### CROATIA

#### Croatia officially joins European Union

Croatia joins the EU as 28<sup>th</sup> member more than two decades after splitting from former Yugoslavia and after ten years of tough membership negotiations. Croatia's formal **entry on July 1<sup>st</sup>** is the bloc's first addition since Bulgaria and Romania joined in 2007. The membership comes at a difficult time for both sides - the EU stuck in recession, while many countries are struggling to stimulate growth amid spending cuts and rising taxes to deal with a debt crisis, and Croatia faces challenges such as high unemployment rate and stagnant economy. However, the country is now expected to attract more foreign investment and the EU leadership should largely improve the country's economic management and bring funds for local development projects. Talks on EU accession are also underway in neighbouring Serbia and Montenegro.

**Be among the first to explore opportunities in this new EU member with EasyLink in-market consultants in Croatia at your service!**

### HUNGARY

#### New Hungarian LEGO factory goes green, investing EUR 200 million

The Hungarian unit of Danish construction-toy manufacturer **Legó** announced it would make a **EUR 200 million greenfield investment** in Nyíregyháza. When the factory is fully operational in 2015, it will cover more than 120,000 sq m – nearly **3x the size of the current factory** in Nyíregyháza. The new factory will focus on employee safety; include energy efficient production equipment and technologies, as well as investments to increase recycling of waste and water. The plant will be equipped with **768 moulding machines** and create jobs for **1,500 employees**.

### ESTONIA

#### Estonia ranks 22nd in Global IT report

Estonia climbed two places to 22nd in the Global Information Technology Report 2013 of the World Economic Forum. **Estonia** was the **highest ranked Central and Eastern European country** also beating France, Ireland, Italy, Austria and other Western European countries.

### SLOVAKIA

#### Ministry of Transport opens tenders on highways

The National Highway Company (NDS) announced **tenders** for five highway- and dual-carriageway sections **totalling 44.3 kilometres**. **Total cost** is estimated at more than **EUR 1.2 billion** and will be co-funded from the EU Operational Programme Transport. The new road sections will be connected to the major arteries R2, D1 and D3. Until 2016, the Slovak Ministry of Transport plans to have underway construction of 310 km of highways and expressways. Slovakia has built 615 kilometres of highways and dual carriageways over the last 45 years, which represents only one third of the planned 1,864 kilometres.

### UKRAINE

#### DuPont opens EUR 30 million seed facility in Poltava Oblast

Global agribusiness giant DuPont Pioneer is opening a **seed plant to meet increasing demand** in the region that supplies corn and sunflower products. Ukraine is the **world's biggest supplier of sunflower seed oil and the fourth-biggest exporter of corn**. Local farmers **increased corn plantings** for the 2013 harvest **by 48 per cent** to 2.8 million ha. The facility, with a planned **annual capacity of 500,000 units** and the potential to expand, **cost DuPont EUR 31.3 million** and will process seeds from this year's harvest mostly for sale to domestic customers in 2014.

### BULGARIA

#### Sofia Tech Park to generate revenue after 2015

Bulgaria's **first technological park** will be complete and start generating revenue no earlier than end-2015, when it is expected to start functioning at full capacity. The **investment program**, which is to be implemented within 2.5 years, **will cost EUR 50 million**. The slot earmarked for the project is on the 4th kilometre intersection of the Tsarigradsko Shose Blvd in Sofia.

**COUNTRY IN  
A NUTSHELL**

**CROATIA**

- ◆ At the crossroads of Central Europe, the Balkans, and the Mediterranean
- ◆ Political and economic stability, efficient legal system and free enterprise within a democratic environment were the basic preconditions for economic development which led Croatia towards EU membership.
- ◆ Leading production sectors include food and beverages; electricity, gas and water supply; manufacture of chemicals and chemical products; refined petroleum products; fabricated metal; and tourism (15% of GDP). Major revenues come from tourism to the Croatian coast of the Mediterranean sea.

Area & Capital	56,594 sq km / Zagreb
Population & Language	4.3 million / Croatian
Currency	Kuna (HRK)
GDP per capita (PPP, 2012)	USD 17,800

## MARKET AND SECTOR HIGHLIGHTS

### Military equipment: Czech Republic

#### Ceska zbrojovka to supply Egypt with 50,000 pistols

The arms manufacturer Ceska zbrojovka has secured an order for 50,000 pistols from the Egyptian Interior Ministry after winning an international tender. The contract relates to CZ P-07 pistols and is worth hundreds of millions of crowns. The guns, some of which have already been sent to Egypt, are smaller than those supplied by the company to the Czech military and security forces. The one-year contract will be followed by the supply of several hundred Scorpion submachine guns to Egypt. Ceska zbrojovka is major arms manufacturer in the region with annual sales topping EUR 80 bln. and is also in talks to supply rifles, automatic rifles and pistols to Iraq.

### Energy sector: Poland and Ukraine

#### Poland and Ukraine to be European shale gas production leaders

According to consultancy firm A.T. Kearney, Poland and Ukraine will be the leaders of the European shale gas market by 2035. Europe has about 7 per cent of the world's recoverable shale gas reserves and may produce as much as 58 billion cubic meters in 2035. Shale gas is to make about 45 per cent of Europe's natural gas production, and besides Norway, Poland and Ukraine will lead Europe, partly because of political backing. Poland is to adopt a new, more investor-friendly law on shale gas exploration activity this year and has already issued more than 100 shale gas exploration licenses, with some 40 test wells in operation currently, though none is expected to start producing gas before 2015.

## MARKET LEADER PROFILE

### Tourism: Croatia

#### Croatia – a rising star of European tourism – building more infrastructure and attractions

After the very successful year 2012 when growth of 5% in tourism put Croatia in top place in the Mediterranean and also boosted GDP by bringing in EUR 7 billion from foreign tourists, Croatia is set to repeat, if not improve on last year's results. Croatia belongs amongst one of the most favourite holiday destinations in Europe, especially favoured by Germans, Czechs and Poles, and plans on further development of the industry. To name a few examples, works on Croatia's largest water park of its type worth EUR 30 mln started in June, a spa complex project in Sisak worth almost EUR 50 mln is in talks and construction of a new adventure park has recently started in the Lika region.

### EASYLINK'S CURRENT & RECENT PROJECTS

- ◆ Dutch environmental trade mission to Croatia and Czech Republic
- ◆ Trade mission of Northern Ireland companies to Poland – 9 partner search projects and meeting itineraries
- ◆ Lithuanian mission of 7 food companies to the Czech Republic and Slovakia
- ◆ Distributor search for an Indian producer of industrial coatings
- ◆ Materials handling market study on Poland, Czech Republic, Romania and Bulgaria
- ◆ Market research and partner search for a US manufacturer of narcotics identification equipment
- ◆ Named patient drug import regulations in Germany and France

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