

# CENTRAL & EASTERN EUROPE

- 190 million people (50% of W. Europe)
- 2 million km<sup>2</sup> (60% of W. Europe)
- 20 countries (10 EU members)



**Largest population:** Ukraine, Poland, Czech Republic  
**Largest economy (GDP):** Poland, Czech Republic, Romania  
**Top 3 by ease of doing business:** Slovakia, Hungary, Poland  
**Top buying power per capita:** Slovenia, Czech Republic, Slovakia

#### Target markets for US exporters recommended by EasyLink:

**Tier I:** Poland, Czech Republic, Slovakia, Romania, Russia  
**Tier II:** Baltic states, Hungary, Bulgaria, Ukraine

#### Why CEE?

**Growing consumer market:** Fast-growing disposable incomes; sizeable populations; improving living standards and increasing demand for quality, healthy, environmental and luxury items, presence of all major Western European retailers

**Manufacturing capabilities:** Skilled labor, high quality manufacturing in Central Europe, low-cost manufacturing in Eastern Europe & Balkans

**Emerging high-tech industries, knowledge-based services and green technologies:** High quality education, advanced R&D, nanotechnology, biotech, life sciences, energy-efficiency and modern waste management technologies

**Regional headquarters:** A fast improving infrastructure attracts FDI and opens ways to Eastern markets; Czech Republic, Poland, Slovakia, Hungary – preferred locations for regional HQs

**EU support:** EU projects to improve transport infrastructure, power grids, ICT networks; to support farmers, SMEs, business environment development and other entrepreneurial activities

**Focus on 4 key countries in "Central Europe",** namely the **Czech Republic, Slovakia, Poland, Hungary**, who have been the leaders in the region with stable and strong economies. Central Europe has become an attractive target for exporters across a large portfolio of market segments, as well as for investors in various manufacturing industries (automotive, electronics, engineering etc.) and service sectors (IT development, BPO etc.) creating entire new clusters consisting of OEM manufacturers and their suppliers.

#### RUSSIA

Population of 143 million (9<sup>th</sup> in the world); large diverse country with vast natural resources; important neighbor and major trading partner of CEE countries and 3<sup>rd</sup> largest trading partner of the EU; commodity-driven economy relying on heavy industry, very minor share in light industry, high-tech and consumer goods sector; outdated infrastructure; software outsourcing destination

#### Key CEE markets in brief

##### Czech Republic

10.5 million people; strong manufacturing industries; excellent infrastructure, high level of FDI, open liberal economy with focus on international trade

**1<sup>st</sup> in the CEE region in R&D expenditure, 2<sup>nd</sup> in nominal GDP, 2<sup>nd</sup> highest GDP per capita (PPS)**

##### Poland

38.5 million people – largest consumer market in CEE, strong manufacturing, continued solid growth from a lower GDP/capita base – the only EU country with positive GDP growth in 2009

**1<sup>st</sup> in nominal GDP, 1<sup>st</sup> in total imports and exports, 2<sup>nd</sup> in R&D expenditure**

##### Slovakia

Central Europe's "tiger" economy – 15 years of growth till 2008 (10.4% in 2007, 3<sup>rd</sup> highest GDP per capita), adopted EUR in 2008 (2<sup>nd</sup> in CEE), strong manufacturing industries, low costs & taxes, strategic central location

**1<sup>st</sup> in exports/GDP (95.6%), 2<sup>nd</sup> highest imports per capita**

##### Hungary

popular FDI destination, hosting 30,000 firms with foreign share; strong in automotive, electronics, biotech, machinery; good buying power (pop. 10 mil.), links to the Balkan region

**2<sup>nd</sup> highest export/GDP (94.7%), 3<sup>rd</sup> in R&D expenditure**

##### Slovenia

2 million people, CEE's highest GDP per capita; small economy with strong ties to Italy and Austria; strong role of government in the economy; first CEE country to adopt the Euro currency; beautiful part of Alps

**1<sup>st</sup> in GDP per capita, imports and exports per capita**

##### Croatia

4.4 million people, small and open economy focused on tourism (Mediterranean coast), manufacture of food and beverages, chemical and petroleum products; entering the EU in 2013

##### Romania

21.4 million people, 7<sup>th</sup> largest in the EU; 2<sup>nd</sup> poorest in the EU; low-cost manufacturing, strong in IT. 7% of GDP and 30% of population in agriculture and primary production, 3<sup>rd</sup> in nominal GDP in the region

##### Bulgaria

7.3 million people, poorest EU country; 65% of GDP in services, 30% in industry and 5% in agriculture.

##### Estonia, Latvia, Lithuania

combined population 6.5 million, EU members s. 2004; after major GDP loss in 2008-09, rebounded swiftly to lead EU economic growth with highest y/y growth rates in 2011 and 2012 of more than 5 and 3% respectively; flexible, open markets with strong links to Russia

##### Ukraine

44.6 million people – largest population in CEE, largest territory; strong ties with Russia; rich in natural resources & heavy industries, vast grey economy, very narrow middle class