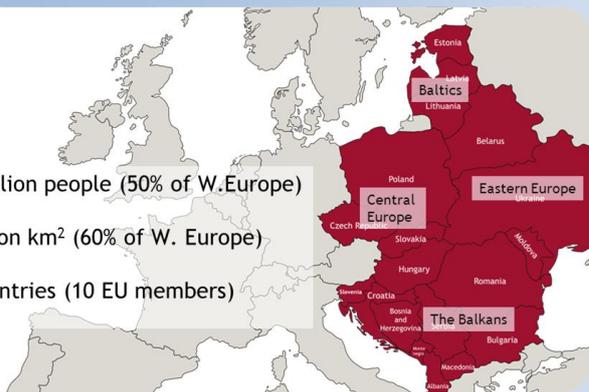


CENTRAL & EASTERN EUROPE

- 190 million people (50% of W. Europe)
- 2 million km² (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 (9th in the world); large diverse country with vast natural resources; important neighbor and major trading partner of CEE countries and 3rd 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

1st in the CEE region in R&D expenditure, 2nd in nominal GDP, 2nd 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

1st in nominal GDP, 1st in total imports and exports, 2nd in R&D expenditure

Slovakia

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

1st in exports/GDP (95.6%), 2nd 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

2nd highest export/GDP (94.7%), 3rd 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

1st 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, 7th largest in the EU; 2nd poorest in the EU; low-cost manufacturing, strong in IT. 7% of GDP and 30% of population in agriculture and primary production, 3rd 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