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**CENTRAL EUROPE — THE V4
MARKETS AS A SPRINGBOARD**

Targeting the V4 region, and perhaps using an individual country as a springboard to distribute products and services to surrounding markets, is a wise choice. Indeed, Poland, Hungary, the Czech Republic and Slovakia all actively promote their strategic location as an access point to third markets, whether in Eastern Europe, the Balkans or the EU. This is particularly the case with the Czech Republic and Slovakia, with their privileged access to Germany and Austria respectively. The benefits of the V4 markets' location increase, when lower production and labour costs, a highly trained workforce and investment incentives are considered.

AGRI-FOOD

POLAND

With almost 39-million consumers, Poland provides access to the very large markets of Eastern Europe. Its own market offers opportunities in primary agricultural products such as grains (mainly durum wheat, barley and corn), animal fodder, pork and poultry meat (including offal), fish and seafood, oils, fruits and nuts; and processed foods such as specialty and novelty foods, ethnic foods, frozen/precooked products and ready meals, snacks, fish and seafood products, healthy foods and selected food ingredients. Opportunities exist for investment in the Polish food-processing industry (e.g. in the meat, vegetable, fruit, dairy, bakery and beverage industries). Major Canadian companies active in Poland include McCain Foods, CSP Foods, Connors Brothers, Hybrid Turkey, Jamesway Incubator, Cuddy Farms, Shaver Poultry and Semex.

Market-access Considerations

There are major constraints and challenges to entering the Polish market, given the strong competition from EU countries; the preferential import tariffs for EU and Central European Free Trade Agreement (CEFTA) countries; the changing regulatory environment as local regulations are harmonized with the EU; the interim protectionism measures introduced on a basis of socio-political conditions; the insufficient presence of Canadian

exporters and products; and the lack of knowledge of Canadian products and technologies in the Polish marketplace, and the Canadian lack of recognition of opportunities offered by the Polish market.

Major Competition

Major competition in the agri-food sector comes from Europe, particularly Germany, France, Spain, Holland, Denmark and Italy, as well as from the United States and China.

Other Information Sources

ExportSource: <http://www.exportsource.gc.ca>

Foreign Agricultural Markets Monitoring Unit: <http://www.fapa.com.pl/fammu>

Governments on the WWW—Poland: <http://www.gksoft.com/govt/en/pl.html>

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HUNGARY

Persistence, patience and presence have brought success for the animal genetics and meat sectors in this market, as illustrated by the following examples.

In the late 1980s, Semex Alliances, Guelph, discovered a niche market for high-quality bovine genetics and established a joint venture with Mezohegyes Allami Menesbirtok Rt., placing four high-performing bulls from Canada in South Hungary and investing some capital, lab equipment and technology. Now with 12 employees, Semex's Gene Bank Co. Ltd. has 60 producing bulls and covers about 13% of the local bovine genetics market. They are also reaching the Serb, Macedonian, German and Belgian markets, with additional sales expected from Slovenia and Croatia.

By the mid-1990s, Rio Alto Ranch International, owned by three Alberta companies, started to supply high-quality beef genetics in Western Hungary with four purebred Red Angus bulls, three Canadian Red Angus cows and 78 Hungarian Spotted heifers purchased locally; the herd now has over 500 heads, and this is expected to rise.

Canada Pork International (CPI) of Ottawa secured business for Canadian meat exporters in the early 1990s. Given the capacities of Hungary's meat-processing plants and the lack of competitive local pork supplies, Canadian meat exports rose to 9,600 tonnes per annum by 1998. This included pork head, boneless "picnic" shoulder, belly and beef tripe. The main market for the finished product was Russia, and, with the collapse of the Russian economy in August 1998, Hungarian exports there dropped dramatically, resulting in a sharp decline of Canadian pork exports to Hungary. However, the meat market appears to be recovering slowly, with estimated Canadian export for 2001 in the range of 800-850 tonnes. Canadian meat exporters have also generated interest in Croatia. The country's number one meat processor, Gavrilovic, (Zagreb), has recently purchased pork from one CPI member. The Croatian meat-market demand is approximately 15,000 tonnes per annum for pork and 10,000 tonnes per annum for beef. For three years, Pickseed Canada Inc., Lindsay, Ontario, has planted their various forage seed varieties on adaptation trails, since the uncultivated pastures and grazing lands of Croatia have been scheduled for an upgrade to accommodate the introduction of beef cattle to their economy.

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CZECH REPUBLIC

While the Czech Republic has always been self-sufficient in agricultural products, seasonal shortages of certain commodities and unavailability of certain specialty products, have resulted in imports of about 25% of agri-food products. Agri-food imports to total Czech imports was 5% in 2000. Most significant imports that year were fruit, vegetable and nuts (14%), various edible preparations (9%), pet food (9%), tobacco and tobacco products (6%), and cereal products (5%). According to Czech statistics, Czech imports of agri-food products from Canada reached C\$17.4 million in 2000 or 12% of all Czech imports from Canada. The most successful Canadian commodities were lentils and beans (C\$6 million), cat and dog food (C\$3.6 million) and edible preparations (C\$3.5 million). Certain high-quality Canadian agri-food products can be competitive, such as dairy cattle (Holstein heifers and bulls, embryos and semen), beef cattle (Simmental, Hereford, Aberdeen-Angus, Charolais—live cattle or semen), breeding swine (Landrace, Duroc and Yorkshire), pulses (especially lentils and beans), soybeans, saltwater fish and fish products, pet food, and pork or poultry meat (if health certificates are renegotiated). Some Canadian companies already have successful joint ventures in Holstein genetics; and one joint-venture beef cattle farm has already supplied 72 farms with Aberdeen Angus (there are now 3,400 Angus cows, nearly all originating in Canada). There are also opportunities for unique specialty food products, liquors, juice concentrates, wild rice or rice mixes, smoked salmon or other fish products, if these commodities are price-competitive, especially with European or Asian suppliers.

