

With a population of nearly 40 million, an expanding economy, a growing consumer base, a strategic location and its coming EU accession, Poland offers numerous opportunities for Canadian companies. Annual real GDP growth is likely to accelerate to 3.3% in 2003 and 4.8% in 2004 (from 1.4% in 2002). According to consulting firm A.T. Kearney, Poland is the fourth best country in the world in which to invest (after China, the United States and Mexico).

Canadian exports to Poland surged 30% from January to October 2003 and included goods and services in telecommunications, aerospace and pharmaceuticals. Current cumulative Canadian investment in Poland is about C\$350 million, spanning telecommunications, aerospace, transportation, agri-food, construction, energy and environmental industries.

Priority Sectors

Transportation: Opportunities range from infrastructure—road and highway development and construction, railway infrastructure, metro and light-rail transit systems—to privatization and restructuring of the national railway company (Poland's largest employer) to logistics, new rolling stock, natural gas engines for municipal transportation and more. The



European Commission has suggested that as much as one third of the EU's nearly C\$20 billion structural and cohesion funding should be spent on Poland's transportation infrastructure in the next three years. Key events: Canadian CNG Technologies Seminar,

Krakow, February 10, 2004; Canada Trade Day, Lodz, March 11 2004 (focus on transportation); Autostrada-Polska, Kielce, May 2004; Kolej – Interrail, June 2004.

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Electrical Power Equipment: Power generation in Poland has entered a period of transformation and restructuring, including the privatization of power generators and distributors, as well as radical changes in generation capacities. The sector must meet strict EU environmental requirements by 2008. This means replacing 60% of the 33,500 MW of installed capacity by 2010, much of which will be based on natural gas or clean coal-burning technologies. Estimates place investments required in the energy sector over the next six years at more than C\$46 billion. This will be accompanied by the upgrade and repair of high-voltage transmission lines both in Poland itself and beyond. Key event: Energetab 2004, Bielsko-Biala, September 14-16.

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Environmental Industries: Commitments to meet EU standards translate into investments of C\$48-\$64 billion in this sector by 2015. The main investment flows will go into water and wastewater management, including construction, extension and

Export Development Canada has responded to the new business dynamic in the region by opening a regional office in Warsaw and actively seeking projects to support. EDC is a commercially oriented corporation owned by the Canadian government. It has provided a unique range of services (including financing, bonding, insurance and equity financing) to Canadian exporters and investors overseas for 60 years. In 2002, EDC served over 7,200 clients, facilitating more than C\$51 billion in exports and investments. EDC can support a wide range of central European buyers and borrowers, including commercial companies, central governments, regional/ municipal governments and banks, interested in purchasing goods and services from Canada.

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modernization of wastewater treatment plants; water supply systems; and sewage systems. There are also opportunities in waste management, including sorting and recycling municipal and industrial (including hazardous) waste and modernizing and building municipal landfills; soil reclamation; air pollution reduction; modernization of power and heat generating plants and heavy industry plants; and encouraging broader use of alternative sources of energy. Key events: Wod-Kan (Water Supply and Sewage), Bydgoszcz, May 2004; WATER 2004, Poznan, September; Poleko 2004, Poznan, November.

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Information and Communication Technologies: This has been one of the most dynamic areas of the Polish economy. In 2002, the IT market was worth C\$4 billion (up 8% over the last year) and the telecommunication market was C\$12 billion. Poland's obligations to NATO and the EU have stimulated part of this growth. The country had to adjust standards, create or upgrade public systems and procedures, and prepare to face stiff EU competition—hence the many large public ICT projects and private sector tenders. Projects planned for the coming years include systems for police, border security and monitoring, taxes and duties, a real estate register and e-government. Key events: Intertelecom, Lodz, March 2-4, 2004; Komputer Expo, Warsaw, January 2005.

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HUNGARY

Hungary's trade and investment are heavily integrated with existing EU members. Located at the crossroads of Europe, Hungarian companies have traditionally been conduits to the growing markets of southeastern and eastern Europe, and Budapest has emerged as one of the leading business centres of the region.

EU accession will produce many challenges but is also expected to bring new foreign investment. As one of the first countries in the region to launch ambitious reforms (through privatization), Hungary was an early investment target for Canadian firms. With cumulative totals of over C\$1 billion, it is the largest destination

for Canadian investment in Central Europe. Hungary is now interested in attracting investment to its lower-cost, higher-productivity sectors such as manufacturing (automotive parts), biotechnology, and R&D facilities.

EU membership will also require Hungary to comply with standards in a number of sectors. The upgrades, eligible for structural funding, will provide attractive opportunities for Canadian companies. Sectors such as energy are undergoing reorganization to retain their competitiveness. Consumer spending is increasing due to a growing middle class. Job creation is at record levels, and GDP growth is expected to exceed 3% in 2004. Canadian companies have responded, with exports to Hungary increasing 40% in the first 10 months of 2003.

Priority Sectors

Environment: Hungary requires investment in wastewater and landfill systems to comply with EU requirements. Authorities are also committed to promoting alternative energy sources (wind, geothermal, biomass) and energy efficiency. Hungary offers high-quality research resources as well. Buyers from the region will attend Globe 2004 in Vancouver in March.



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Information and Communication Technologies: Hungary has achieved fairly high saturation for mobile telephone and Internet use, but areas such as broadband deployment, provision of e-government and e-business services, the privatization of postal and logistics services, and specialized products (command and control, secure transmission, industrial process communication) offer good prospects for medium-sized and larger Canadian enterprises. Hungarian buyers will participate in CeBIT in Hannover in March.

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Construction Technology: Much of Hungary's housing needs replacement, creating demand for innovative building technologies. With the development of commercial financing, Hungarian homebuyers have access to better financing options. Lower-cost and efficient housing technologies developed in

One way of reducing investment risk in Central Europe is to involve the **European Bank for Reconstruction and Development** in your projects. The EBRD was established in 1991 to help build market economies and democracies in 27 countries from Central Europe to Central Asia. The largest single investor in the region, it mainly invests in private enterprises, usually with commercial partners. It provides project financing for banks, industries and businesses, for both new ventures and existing companies. It also works with publicly owned companies to support privatization, restructuring of state-owned firms and improvement of municipal services. The EBRD uses its close relationship with governments in the region to promote policies that will bolster the business environment. For more information on investment and tender opportunities, contact Sandy Ferguson, Advisor to the Executive Director for Canada and Morocco, tel (011-44-207) 338-6509, e-mail Ferguso5@ebrd.com (Web site: www.ebrd.com)

Regional Opportunities for Clean Energy Investments. In 2002, a Regional Climate Change Office opened at the Canadian Embassy in Warsaw to promote clean energy technologies (renewables and energy efficiency) across various sectors—industrial, residential and commercial—in the region. This means finding opportunities to use Canadian technologies that reduce greenhouse gas emissions.

Funding for clean energy projects is available through the Canadian International Initiative for Technology Transfer (CIITT) for feasibility studies, and through Technology Early Action Measures (TEAM) for demonstration projects. Information about these funding mechanisms and about Canada's innovative clean energy companies can be found at www.cleanenergy.gc.ca. Contact in Warsaw: ramona.baksh@dfait-maeci.gc.ca

Canada could be successful. The Embassy invites Canadian companies to Construma, a major Hungarian show in April.


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Transportation/Auto Parts: Hungary plays a key role in auto parts, serving the growing number of original equipment manufacturers in the region. Canadian parts suppliers already have facilities in the country. At the same time, Hungary is overhauling its rail network and upgrading its highway system to EU standards.

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SLOVENIA

The Canadian Embassy in Budapest is also responsible for trade development in Slovenia, Croatia and Bosnia-Herzegovina. Slovenia will be an EU member in 2004, and Canadian exports there have also been on the rise, up 42% from January to October 2003. Opportunities in this small but dynamic market include aerospace, industrial equipment, and services.


CZECH REPUBLIC

Over the past five years, the Czech Republic has attracted an average of US\$5 billion annually in foreign direct investment. Flows even reached US\$10 billion in 2002. In the automotive sector alone, almost 30% of FDI projects in Europe's projects ended up here, by far the best result on the continent. Why so much success for a country whose population barely exceeds 10 million? In the Czech Republic, you will discover what others have already found: high productivity, skilled labour, an ideal location in the heart of Europe, a sophisticated government support program for investment, and a good quality of life. These conditions make the Czech Republic the ideal springboard for exports to other countries in the region.

