retailers the correct way to carry, display, and track products sold, providing retail displays and persuading their retailers to replenish their stock.

STRATEGIC ALLIANCES

Business ventures based on strategic alliances can be structured in a number of ways in CEFTA countries, including business corporations or joint stock companies, limited liability companies, co-operatives, branch offices, general partnerships and limited partnerships. Franchising is also a popular and successful form of business alliance. Licensing agreements in the region are less common than in Western countries.

Initially, joint ventures have been the preferred mode of operation in some sectors, in part because of existing customer/supplier contracts and relationships, and also to take advantage of the partner's local market knowledge.

Selecting the right partner or agent is still one of the greatest challenges. It can be difficult to judge the performance of a potential local partner, since accounting practices differ from those used in Canada. Resolving differences through legal channels is likely to be slow and cumbersome, and should be considered only as a last resort.

When dealing with partners, expect delays in project development and approvals. Good knowledge of the local language and culture can increase the pace and success of market penetration.

It is not uncommon for foreign companies to engage in joint ventures which involve shipping knocked-down kits (unassembled products) for assembly in the target market, a strategy which reduces import charges and keeps prices competitive. This consideration is important because although regional disposable income is rising, it remains low by European standards, making consumers more price sensitive.

Customer service remains relatively undeveloped. How well distributors and retailers will be able to service clients and develop an effective marketing strategy should be key considerations when evaluating a local partner.

FOREIGN DIRECT INVESTMENT

Before becoming involved in foreign direct investment (FDI) in a CEFTA country, most Canadian companies will already have gained local market experience through exporting.

One option is participation in privatized state or municipal enterprises; another is "greenfield" investment. The advantages of buying into an already existing operation include the acquisition of an already trained workforce (although it may need retraining) and an existing network of