Czech Republic: Numerous opportunities exist throughout the Czech Republic both for Canadian business expertise and Canadian technology. In chemical and metallurgy-related industries, for example, projects are either under way or are being developed with the goal of modernizing existing plants and researching and/or developing new chemical preparations, including organic plants, epoxy resins, surface finishes, preparations for veterinary and human medicines, synthetic lubricants, and cement. Canadian expertise may also be required in the ongoing transformation of the food industry from large-scale enterprises toward small- and medium-sized plants, which involves, among other things, the modernization of processing equipment and the need for modern packaging and labelling technology. In the textiles and garment manufacturing fields, the relatively low wages and high level of craftsmanship found in the Czech Republic may provide the foundation for promising partnerships with Canadian and other foreign companies active in this field. Similar conditions exist in the leather and footwear sectors.

In the field of wood processing, opportunities are arising from the need to manage the exploitation of available domestic raw materials, as well as the introduction of new products such as recycled paper, thermal insulation panels and multi-layered cardboard. In the agricultural sector, there is a considerable need for modern technology and expertise in the wake of large-scale privatization over the last year. The construction and telecommunications sectors are also promising.

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Eastern Europe

Introduction

The region includes the countries of Russia, Ukraine, the Baltics (Latvia, Lithuania, Estonia), Kazakhstan, Uzbekistan, Tajikistan, Turkmenistan, Kyrgyz Republic, Georgia, Armenia, Azerbaijan and Belarus. The population of the region is approximately 285 million and the priority countries for Canada in the region are Russia (population 148 million), Ukraine (51 million) and Kazakhstan (17 million). In 1993, Russia was Canada's twentieth-largest market for exports, totalling $464 million.

Business Environment

Two-way trade between Canada and Russia in 1993 amounted to almost $1 billion, with Canada enjoying a small surplus. The recent events in the break up of the former Soviet Union (FSU), the coming of the market economy and the change-over from central planning to free markets has resulted in a breakdown of the old social structures. In spite of the difficulties, over the long term Russia will remain a major economic and political power in the region. The FSU market comprises over one-half billion people; Russia's natural resources are immense and its industrial base is established. The task is to find a way to enter the market while controlling the economic and political risks of doing business. There is a great deal of poverty, social dislocation and fear for the future. As a result, crime and corruption are major problems.

The markets in this region must be approached with a great deal of preparation. Market research, legal, auditing and other Western business support services are now available in Moscow and some regional capitals. However, local authorities are demanding a piece of the action and asserting their decision-making, taxation, and territorial ownership rights. The business person must deal with them, as well as regulators, tax officials and import/export bureaucracies. There is a slowness