

SLOVAKIA

Slovakia retains a high ratio of IT spending to GDP and a high ratio of penetration of mobile phones. IT spending levels, as a percentage of GDP, are comparable to those of some Western European countries. IT spending per capita reached US\$130 in 2000. The value of the IT market reached US\$800 million in 2000, resulting in a year-to-year growth of 16%. For **voice/data transfer**, fixed-line penetration is at a 30% level. Following Deutsche Telekom's 2000 acquisition of Slovak Telecom (ST), British Telecom and the Irish group E-Tel, operations at the beginning of 2001 focussed on data transfer and Internet services. Also, since ST introduced B-ISDN lines in 2000, the number of users is growing quickly. In preparation for the end of Slovak Telecom's fixed-line monopoly at the end of 2002, the state is setting up a new telecommunications company, Energotel, to provide competition to ST. Using up-to-date optical cables already in place along oil/gas pipelines, Energotel is expected to be sold later to a strategic investor. The state also recently sold three operating licences for 26 GHz Fixed Wireless Access (FWA)/point-to-multipoint, a service that provides high-speed data transfer for telecommunications and Internet as a radio-based alternative to fixed-line networks. Licence holders for 26 GHz are Callino, GiTyCom Slovakia (<http://www.gity.sk>) and Nextra. Tenders for FWA 3.5 GHz frequency were called in 2001.

As to **Internet, e-commerce, hardware and software**, over 156,000 personal computers were sold in 2000, an 18% increase, along with 8,100 notebooks, 2,600 servers and 88,000 printers. 24% of Slovaks use Internet, and the number of Internet users doubles every year. The main barriers to its usage are relatively high ISP and telecommunications fees. It is expected that, with the end of the ST monopoly on local telephone connections by the end of 2002, increased competition will create a price-cutting effect and will boost Internet penetration. The major Internet providers are ST, Nextra, Euroweb, Slovanet, Sanet and Eurotel. E-commerce in Slovakia is not experiencing a fast growth, as lower Internet penetration and weak income levels depress the demand for online consumer transactions. E-commerce transactions accrued only US\$3 million this year. Far more promising are electronic finance and B2B applications. Internet banking is already well-established and is used by 50% of Internet users. B2B is quickly growing, adopted by a number of Western firms that have entered the region, together with strong local companies.

For **mobile telephony**, the GSM 900/1800 MHz mobile telecommunications sector is broad with 1.3-million mobile phones in Slovakia (with 5-million people). At the end of 2001, there was a 30% penetration. There are two mobile network operators in the

CANADA TRADE DAYS

A convenient and cost-efficient way of obtaining exposure to Central European markets is through the Canada Trade Days held by Canadian embassies. Canadian companies interested in doing business in this territory are welcome to participate in future Canada Trade Days to be held:

... in **Hungary, Slovenia, Croatia and Bosnia-Herzegovina**
The Embassy of Canada in Hungary is holding five Canada Trade Days from September 2001 to March 2002 in Hungary, Slovenia, Bosnia-Herzegovina and Croatia to encourage local importers, distributors and manufacturers to learn about Canadian businesses and to allow Canadians to identify local market prospects. Visitors, invited in co-operation with the local chambers of commerce, learn about Canadian products and services. In Budapest and Zagreb, more than 40 Canadian companies were represented, and 100 local contacts were made. For more information, contact:

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... in **the Czech Republic and Slovakia**
To broaden its contacts and provide information on Canadian companies to smaller industrial centres, the Canadian Embassy in Prague started its Canada Trade Days in March 2001. Companies in these centres are looking for partners and sourcing, but are not familiar with Canadian capabilities. In co-operation with regional chambers of commerce, Canada Trade Days were held in Jihlava, Ostrava and Zlin in the Czech Republic, and in Banska Bystrica and Kosice in Slovakia. More are being planned for 2002. For more information, contact:

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market: Globtel (57%) and Eurotel (43%). The tender for UMTS licences is planned for 2002. IT hardware continues to represent the chief IT investment. In 2000, basic hardware accounted for 54% of IT expenditures, followed by IT services (31%) and software (15%). The share of software and services as a percentage of overall spending is expanding.

Opportunities

The IT market will expand through investment in upgrading the telecommunications and data communication infrastructure and preparation of foreign investors for liberalization of the fixed-line market at the end of 2002. The import market is estimated in 2001 at US\$120 million for parts/equipment for line telephony, US\$50 million for parts for radio transmission, US\$130 million for transmission equipment that incorporates reception equipment for radiotelephony and US\$12 million for insulated optical fibre cables. With Energotel's privatization, Canadian companies can either privatize or supply the buyer. Winners of FWA licences (26 GHz) will be investing substantially to build their FWA networks, so

Canadian companies could supply equipment and technology. Canadian investors can also participate in a tender called for sale of licences for FWA 3.5GHz. As well, there will be an expansion of the Internet infrastructure. B2B opportunities will increase, since many companies will be supplying packaged application solutions, and there will be a trend to share resources through networking. Banks will also have to upgrade their retail networks and electronic finance technologies.

Major Competition

The major competitors are the United States, Germany, France, the United Kingdom and Scandinavia.

Other Information Sources

Major ICT Trade Fair in Slovakia COFAX: <http://www.cofax.sk>

Slovak Telecommunications Authority: <http://www.teleoff.gov.sk>

Ministry of Transport and Telecommunications: <http://www.telecom.gov.sk>

Slovak E-commerce Association: <http://www.saec.sk>

CONSTRUCTION AND BUILDING MATERIALS

POLAND

Poland is Canada's largest construction and building materials' market in Central and Eastern Europe after Russia. More than 90% of construction enterprises are in the private sector. With its 39-million population and unsatisfied demand in **residential housing** (with a shortfall of at least 1.5-million housing units), Poland attracts many EU firms. In **residential construction**, traditional brick housing or houses from cement blocks or steel frame might sell better than wood frame. There is also a growing demand for new **industrial plants and warehousing**, as well as **sports and recreational facilities**. Construction of big shopping malls and cinema multiplexes is booming. Water parks grow in popularity in major cities and at Baltic sea resorts. Energy retrofitting of concrete high-rise apartment blocks is very trendy with styrofoam being preferred for thermal insulation. There is a demand for **steel fire-resistant and burglar-proof doors and fire-resistant plywood**. Local builders also ask for high-quality **wooden flooring planks, windows and doors**.

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BOMBARDIER IN POLAND

Bombardier Transportation employs 1,350 people in Katowice, Lodz, Warsaw and Wroclaw. It manufactures electrical locomotives, freight bogies, signalling equipment and converters. Customers include the Polish National Railways, city transport authorities and foreign customers from Belgium, the Czech Republic, Germany, Lithuania and Sweden. Recently, Bombardier was awarded a contract from the transport authority of Lodz for the design and production of 15 "CityRunner" street tram-type vehicles, valued at 17-million Euros. The first vehicle was delivered in December 2001.

Market-access Considerations

Patience and having a local partner are the keys to successful market-entry. Product certification and building-code standards are challenging, and residential housing projects require proper pricing. A good ballpark figure for Warsaw, for example, is US\$700 per square metre of unfurnished surface. Also, there are no mortgage insurance plans such as exist in Canada. However, many Polish construction workers have gained experience in Western Europe, so they are well-qualified. To have a good idea of the construction and building-materials market, one should visit the BUDMA annual trade show (<http://www.mtp.com.pl/en>), usually held in January in Poznan.

Major Competition

The Polish imported building products market is dominated by Germany (28%), then Italy, Belgium and the United States. Poland does not have a developed building-products distribution system, but some retail chains (like Praktiker or OBI) already have a strong