

INFORMATION AND COMMUNICATIONS TECHNOLOGIES



» ESTONIA

Opportunities: With its innovative policies and initiatives, the Estonian government is helping companies make the information technology sector one of the fastest-growing in the country. Estonia's telecommunications infrastructure is modern and has almost entirely been digitalized over the past years.

Today around 200 IT companies are operating in Estonia, employing over 3,000 highly qualified people. A number of the companies are offering training and integration services. The areas of competence of Estonian engineers include banking software systems, accounting software and encryption solutions.

Many Estonian start-ups have developed their own IT products, and are successfully marketing them both domestically and abroad.

Early introduction of e-commerce solutions by Estonian companies is another example of the society's acceptance of advanced applications. Widespread use of the Internet, combined with the sharp rise in demand for new ways of shopping on-line, has led to the emergence of e-commerce service providers.

OTHER INFORMATION SOURCES:

Estonian Information Technology Society: www.eits.ee
Home Technology Trade Show (May): www.fair.ee

» LATVIA

The information and communications technologies industry has experienced rapid growth since the early 1990s. The quality of access to modem telecommunications and data systems is high, given their modernization and new wireless networks. The number of mobile phone users has grown by

over 20% in the past year, and the number of Internet users by 55%. Internet access is almost universal in major urban centres, with prices dropping each year.

Opportunities: Innovative and high-quality products have potential in Latvia. Latvian companies are producing and exporting very cost-competitive software, assembling computers for local markets, and adapting U.S. software for East European markets. Western companies are entering the market through partnerships with local companies, by opening branch offices and by purchasing stakes in well-established local enterprises.

OTHER INFORMATION SOURCES:

Baltic Data House: www.bmf.lv
Baltic IT Review: www.ebaltics.com
IT&T Trade Show (March/April), Communications Trade Show (November)
Latvian Telecommunications Association: www.telecom.lv (Latvian only)

» LITHUANIA

This industry is one of the fastest-growing sectors in Lithuania. Starting from hardware distribution, the market now includes all major sectors. In absolute terms, the consumption of information technology is smaller in Lithuania than it is in Poland and Russia, but it is 30% higher if measured as a percentage of GDP. The market is highly segmented with about 140 active companies. During 2000, the telecommunications sector grew by 32%. Almost a third of the market consists of mobile phones. It is expected that 36% of the population will be using mobile phones in 2002. The Internet is the second fastest-growing service in terms of development and income, with an annual growth rate of

400%. As well, Lithuania adopted its *Law on Electronic Signature* at the same time as the United States, and the government's policy is to support e-commerce and a digital "business-to-business" environment.

Opportunities: European integration will require radical changes in the IT systems of most commercial industries, as well as the public sector (including the police, customs and border guard services). These factors are expected to contribute to the growth of both hardware and software sales, and IT services (systems and network integration). The privatization of Lithuanian Telecom, followed by large investments in the fixed line network, and the expansion

of mobile phones in Lithuania, are also contributing to the IT sector's rapid development.

OTHER INFORMATION SOURCES:

Association of Lithuanian ITC Companies: www.infobalt.lt
Infobalt Trade Show (October)
Internet service providers: www.lithuania.lt
Lithuanian Telecommunications Company: www.telecom.lt

As of April 1, 2002, a market study will be available at: www.infoexport.gc.ca

ADDITIONAL INFORMATION SOURCES

Companies interested in exports and/or investments in the Baltics should also contact Export Development Canada (www.edc.ca) and the Canadian International Development Agency, whose Renaissance Eastern Europe Program can provide various kinds of assistance (www.acdi-cida.gc.ca). Also, the Canada-Estonia Business Association (e-mail: canembt@uninet.ee) and the Canada-Latvia Business Association (www.clba.lv), both founded in 1999, are continuously expanding their network of contacts and can offer good advice to Canadian firms interested in exploring these markets. The *Baltic Course* provides decision makers with accurate information on the most vital developments taking place in the Baltic states and the Baltic Sea region. It is printed quarterly in English and Russian. Visit: www.baltkurs.com The Baltics Small Equity Fund (BSEF) is a developmental venture-capital firm that invests in small and medium-sized enterprises in Estonia, Latvia and Lithuania. BSEF invests in growth-oriented companies and trustworthy entrepreneurs (portfolio companies), providing them with financial partnership and technical assistance. BSEF's investment guidelines are available at: www.bsef.ee Note that the BSEF is managed by the Small Enterprise Assistance Funds: www.seafweb.org

» ESTONIA

Competitive labour costs, high skills levels and local management expertise have been Estonia's major advantages as an investment location for both domestic and foreign companies. In 2000, average monthly gross wages in Estonia were about C\$435.

The Moody's rating agency stated that the stable to positive ratings outlook for Estonian banks reflects banking consolidation and the presence of foreign strategic investors (67% of the sector's total stock capital). The agency added that the sector has solid financial fundamentals and satisfactory credit quality in the context of the country's emerging economic environment. In 2001, the Organization for Economic Cooperation and Development pointed out that Estonia's financial sector is one of the most developed among all transition countries. For more information on the Bank of Estonia, visit: www.ee/epbe

With its easy access to the wealthy Nordic and North European markets, Estonia provides an excellent base for production and export. The most recent Heritage Foundation Index ranks Estonia fourth in the world in terms of economic freedom.

Estonia lies within the EU tariff-free customs area, but offers far lower start-up and running costs than EU member countries. In addition, Estonia has virtually no customs duties (except for the agri-food sector). Liberal economic policies and an excellent business climate have led to a continuous growth in foreign direct investment (FDI). The country has received more than US\$2.5 billion of FDI, amounting to about 50% of GDP, and is second to Hungary in Central and Eastern Europe in terms of inward investment per capita.

FOR MORE INFORMATION, VISIT:

Estonian Institute on culture, history, society, nature and economy: www.einst.ee
Estonian Investment Agency—established in 1994 to promote FDI: www.eia.ee
Ministry of Foreign Affairs: www.vm.ee