

BUILDING MATERIALS, CONSTRUCTION AND FOREST INDUSTRIES

» ESTONIA

The construction industry is an important branch of the economy, contributing about 5.7% of GDP. Construction ranks sixth as an economic activity (US\$523.6 million in 2000, of which almost 50% is attributed to renovation/reconstruction). Over 2,900 enterprises are involved in the sector, with several large companies leading the market (MERKO, FKSM, EMV, Lemmink'inen Eesti and Skanska Ehitus). Major construction projects have reached undeveloped areas outside the capital. Building materials (lime, dolomite, gravel and clay, and moulding sands) are produced locally.

Opportunities: The market is attractive because a skilled, low-cost labour force and a well-developed transportation and communications infrastructure contribute to rapid development. There are niche opportunities in interior finishing products, tapes for finishing, flooring materials, ventilation and heating systems, new materials and technologies that are still not common in the market such as indoor and outdoor swimming pool technologies, and light-metal construction technologies. Canadian products are price- and quality-competitive (because of similar climatic conditions), and Estonia is a gateway to the East and to North European markets.

Estonia's **wood-processing industries** underwent a rapid restructuring process in the early 1990s. Today, the forest and woodworking industries, including primary wood processing, furniture manufacturing, and pulp and paper production,

are the third-largest industrial sector with 14.3% of total industrial output. Furniture production in 2000 grew by 13.2% compared to 1999. Foreign investments have played a vital role in restructuring the Estonian wood-processing industry. An abundant supply of raw materials and a strong local industrial base offer excellent investment opportunities in all subsectors of this industry. The increased capacity in primary processing sectors provides new opportunities for the development of companies in the secondary processing sector.

The **construction joinery and prefabricated building** subsector is one of the fastest-growing segments within manufacturing. Recent developments in the sawmilling industry and an increase in drying facilities have created a good base for future development of the sector. With exports tripling in recent years, 60% of production is currently exported—mainly to Germany, the United Kingdom and Scandinavia.

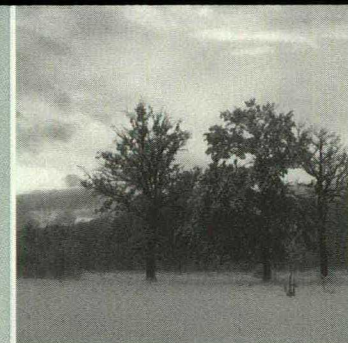
OTHER INFORMATION SOURCES:

Building Portal in Estonia: www.buildingestonia.com

Estonian Association of Construction Entrepreneurs:
www.hot.ee/eeel

Estonian Association of Forest Industries: www.emtl.ee

Ideal Home Trade Show (May), EstBuild Trade Show (April),
Wood and Furniture Trade Show (October): www.fair.ee



» LATVIA

The construction industry is one of the fastest-growing sectors in Latvia, since Riga and other main cities are undergoing a construction and renovation boom. A strong and well-developed retail network of construction material suppliers has been established. The production of local building materials is largely confined to cement/brick/tile products and timber materials. There is a clear reorientation toward Western building materials and technologies, with up to 80% of all building materials being imported, mostly from Europe.

Opportunities: There are tremendous market opportunities in building renovation and restoration—with the completion of privatization in the housing sector, there is a significant demand from homeowners to improve the quality of their homes, giving a boost to the renovation market—and insulation of blocks of flats. The most dynamic growth has been observed in the import of roofing, floor and wall coverings, interior and exterior finishing products, and HVAC systems. Capital projects related to refurbishing transportation and utilities infrastructure provide other opportunities for engineering services and technologies. Some major competitors are Paroc, Isover, Velux, Bosch, Danfoss, Rannilla, Uponor, Knauf and Sadolin.

OTHER INFORMATION SOURCES:

Association of Latvian Construction, Building and Design Enterprises,
E-mail: lba@latnet.lv

Building Materials Certification Centre:
<http://home.delfi.lv/bbanc> (Latvian only)

Building Portal in Latvia: www.building.lv (Latvian only)

Maja Trade Show (March and October)

» LITHUANIA

This is one of the most developed sectors in Lithuania, with approximately 12,000 companies employing 7% of the labour force. About 20% of total construction work is performed outside Lithuania (in Russia, Belarus and Ukraine). Construction companies use modern technologies, high-quality materials and a skilled labour force. Reconstruction, repair and renovation represent two thirds of total activity, while new construction represents one third.



Opportunities: There is a significant demand for building materials relating to renovation and repair. Thermal insulation materials (such as rock wool), concrete and ferroconcrete products, gypsum, bricks, plywood, particle board, wood fibreboard, windows and doors, plastic pipes, nails and wires are produced locally. But building products from Canada have proven to be price- and quality-competitive, and are suitable for the Lithuanian climate (cold and wet winter, warm summer). The main constraints and challenges in the market are competition (especially from products from Italy, Poland and the Czech Republic) and comparatively low purchasing power. A suggested strategy for penetrating the market is to use a local distributor.

OTHER INFORMATION SOURCES:

Resta Trade Show (March), Statyba Trade Show (October):
www.litexpo.lt

Lithuanian Builders Association, **E-mail:** lba@post.omnitel.net

Lithuanian Association of Construction Industry,
E-mail: scancem@post.omnitel.net

Certification Centre of Building Products:
www.spsc.lt

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