

Environmental protection has become a high priority in the region. Compliance with international environmental norms and standards is fast becoming obligatory for the CEFTA countries, especially now that some belong to the OECD and all have applied to become members of the EU. Opportunities thus abound for Canadian companies offering environmental products or services, as the bill for environmental cleanup in the region will run into billions of dollars.

Environmental spending, as a share of the region's GDP, is expected to increase in the medium term. Poland alone estimates it will cost more than US\$ 9 billion over a six-year period to reach EU emission standards.

The market is promising for companies providing environmental products and related services, including technical services. In 1995, Canadian engineering and design for air protection systems generated significant revenues.

Opportunities and Constraints

Opportunities exist in wastewater treatment, air pollution and control, industrial waste treatment, soil and nuclear decontamination, and water and solid waste management.

Canadians should consider dealing with local companies, especially former state enterprises, which can offer experience in the domestic market, have established local contacts, and can

provide facilities and equipment for production. In Slovakia, domestic companies have found it advantageous to form alliances with municipal authorities that handle waste management activities. Joint ventures, representation agreements with local individuals or companies, and/or taking a minority interest in a firm are excellent mechanisms by which to establish a presence. Canadian companies which establish themselves locally via joint ventures may be eligible for PHARE (an EU transition program) assistance. Canadian companies can also approach organizations such as the European Bank for Reconstruction and Development (EBRD) and the World Bank's International Finance Corporation (IFC), which are interested in investing in local private sector projects.

Atomic Energy of Canada Limited (AECL) has been involved in a radioactive waste handling and storage project in Hungary. Nuclear waste handling is also a concern in the Czech Republic, Slovakia, and Slovenia, as all have nuclear power plants.

Among the challenges facing Canadian companies wishing to penetrate the market is the difficulty of gaining access to available financing, given the still limited participation of International Finance Institutions (IFIs) such as the EBRD, as well as the lack of well-developed environmental markets. Local companies with serious environmental problems usually have limited financial resources. Restrictions